

NEWS ANALYSIS

Condition stable

Acturis analysis of the commercial lines market in 2009 reveals that the struggling economy cancelled out the effects of rate increases and, overall, the market remained soft

THE SOFT MARKET lingered through 2009, Acturis's preliminary annual data confirms. Business analyst Theo Duchen says: "Despite some promising signs, 2009 has not ended well and average premiums for most classes are no higher than they were in 2008, and below 2007.

"Hopefully in 2010 the positive signs from Q2 and Q3 2009 will continue, and average premiums will increase as the economy improves."

HOW THE FIGURES WERE CALCULATED

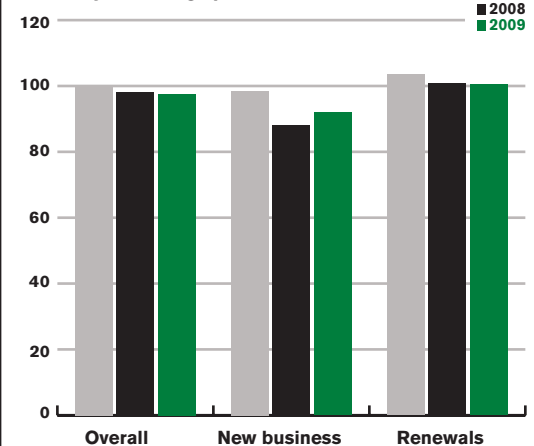
All renewal and new business trades on the Acturis system in a particular class for 2007, 2008 and 2009 with extreme values removed:

Combined	£500-£65,000 premiums
Packages	£50-£4,000 premiums
Property owners	£125-£60,000 premiums
Fleet	£500-£60,000 premiums

Property owners includes commercial, residential and mixed business.

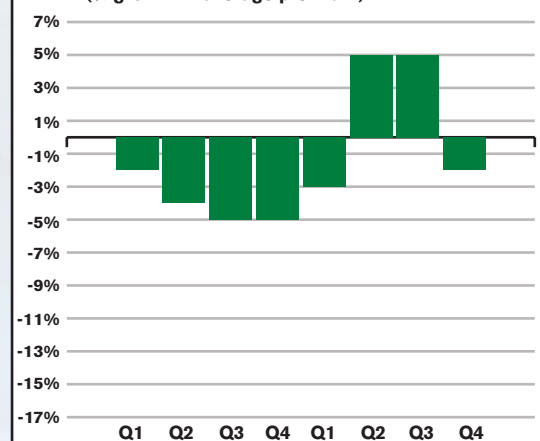
Commercial combined

Year-on-year average premium (2007=100)



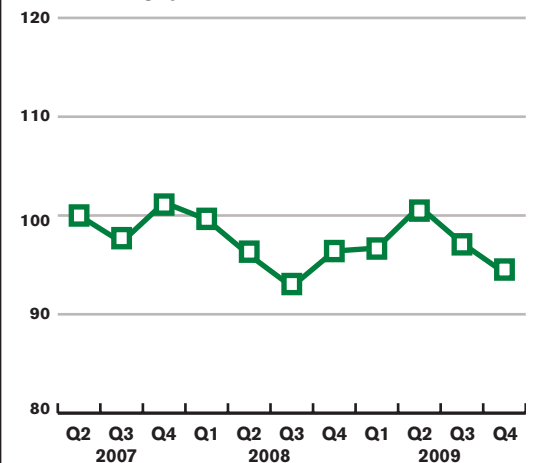
Taking the overall average premium for commercial combined for 2009, we see a 1.46% increase from 2008 to 2009, primarily driven by the 4.2% increase in new business premiums. But the total premiums for 2009 remain at 97.5% of the values for 2007.

Year-on-year comparatives by quarter (% growth in average premium)

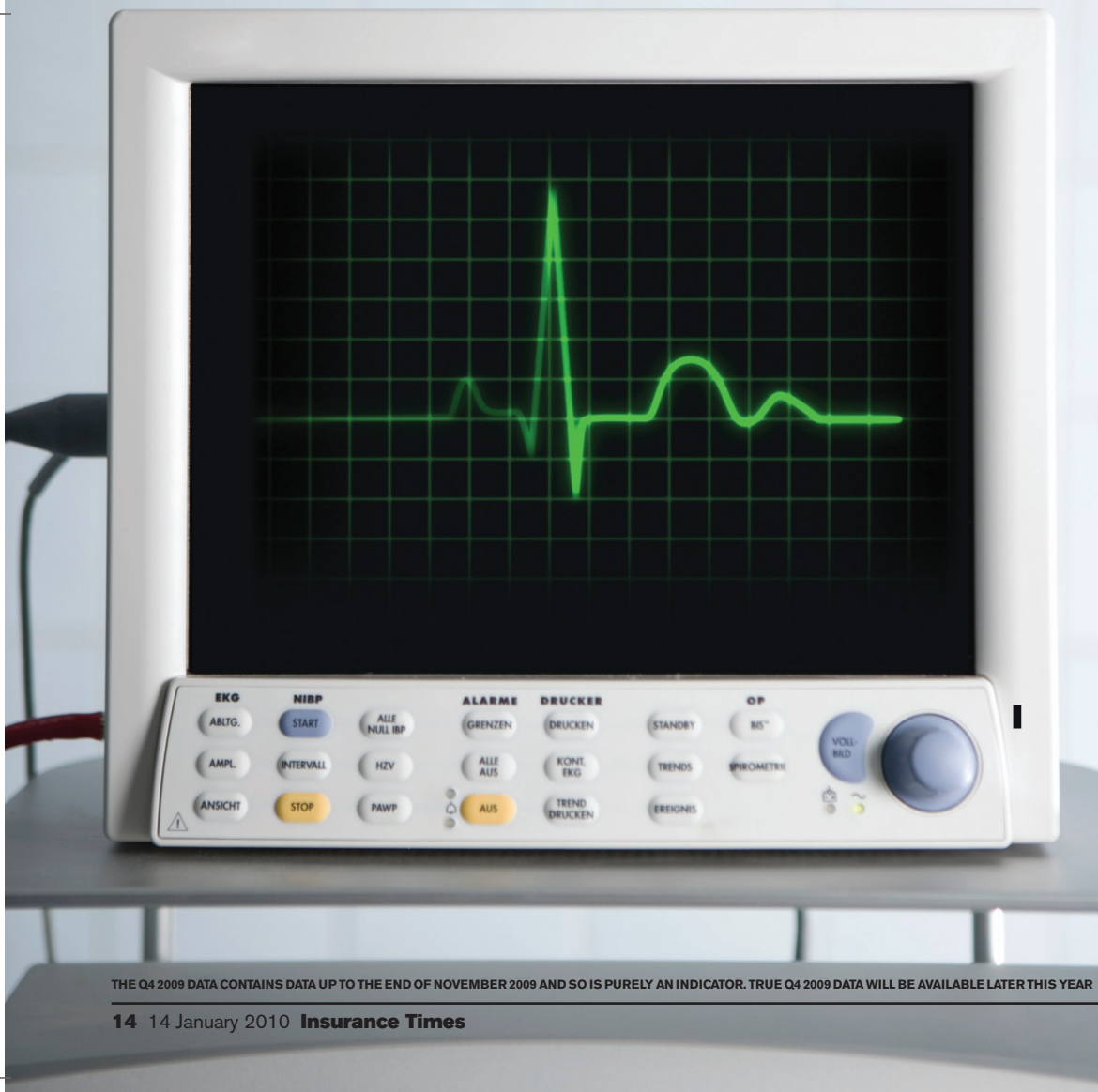


Looking at the year-on-year comparatives by quarter, the indication for Q4 2009 is a drop compared to Q4 2008 (this analysis does not yet include December). A strong showing during Q2 and Q3 has resulted in an overall increase in average premiums for the year compared to 2008.

Indexed average premium (Q2 2007=100)



In Q2 2009, we saw indexed quarterly average premiums above those in Q2 2007. The second half of the year did not continue the trend: average premiums now stand at some 15%-16% less than they were when the index started in Q2 2007.



THE Q4 2009 DATA CONTAINS DATA UP TO THE END OF NOVEMBER 2009 AND SO IS PURELY AN INDICATOR. TRUE Q4 2009 DATA WILL BE AVAILABLE LATER THIS YEAR