



**Tentative shoots of recovery are making slow progress in the market, but Acturis's quarterly analysis of average premium reveals that sustainable growth is not yet fully rooted**

Analysis of data for Q2 2010 reveals no significant change in average premium across the major classes of business covered. In most sectors, there is some quarter-on-quarter growth in average premium, but it is too early to tell if this is sustainable.

Acturis co-chief executive Theo Duchon comments: "The data from the second quarter of 2010 is certainly more encouraging than that of the first quarter, or that at the end of last year, but we seem to be a long way from the elusive hard market that we have been told is coming. No index is higher than the level it was at in Q2 2007 – some three years ago."

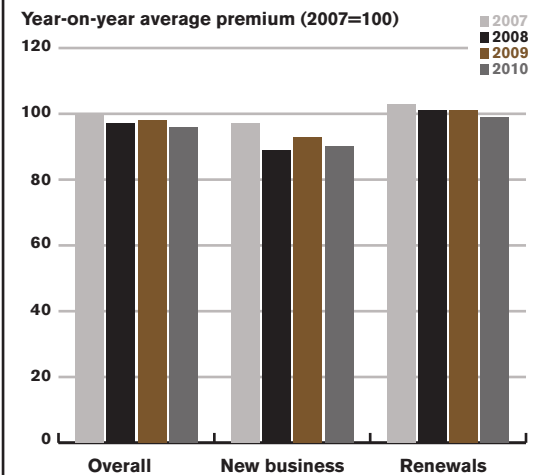
**HOW THE FIGURES HAVE BEEN CALCULATED**

All renewal and new business trades on the Acturis system in a particular class for 2007, 2008, 2009 and 2010, with extreme values removed:

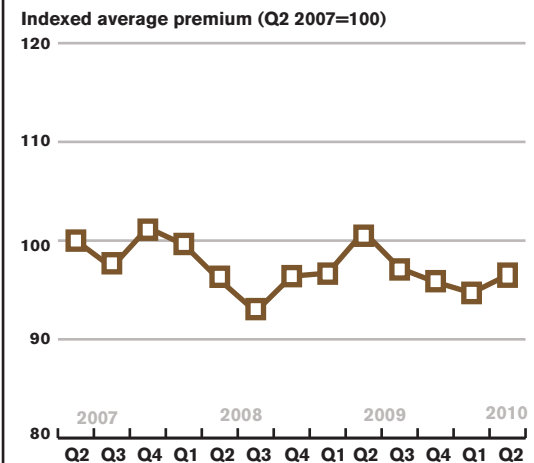
<b>Combined</b>	£500-£65,000 premiums
<b>Packages</b>	£50-£4,000 premiums
<b>Property owners</b>	£125-£60,000 premiums
<b>Fleet</b>	£500-£60,000 premiums

Property owners includes commercial, residential and mixed business.

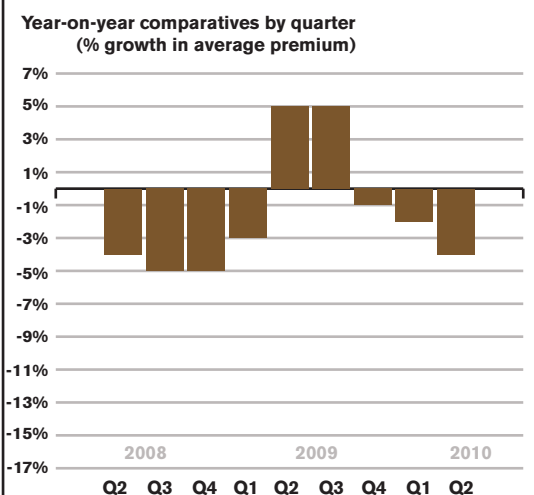
**Commercial combined** ALL DATA: ACTURIS



At some 21% of all premium, the commercial combined index is an extremely significant portion of a commercial gross written premium portfolio. Average premium in this class has fallen on a year-on-year basis by some 4% since 2007, mirroring the reductions seen in both new business and renewals.

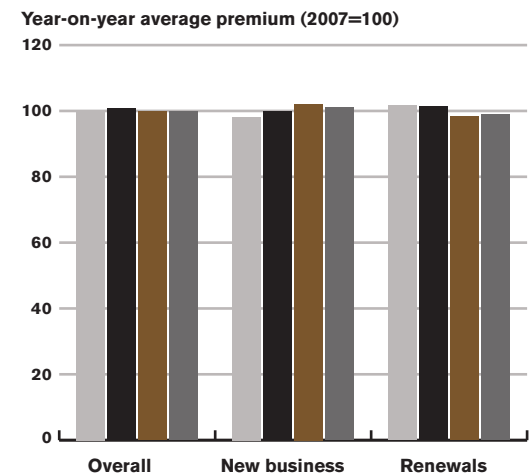


Taking a look at the quarterly index for commercial combined, for the first time since the first and second quarters of 2009, indexed average premium has increased between quarters, from 94.7% in Q1 2010 to 96.5% in Q2 2010.

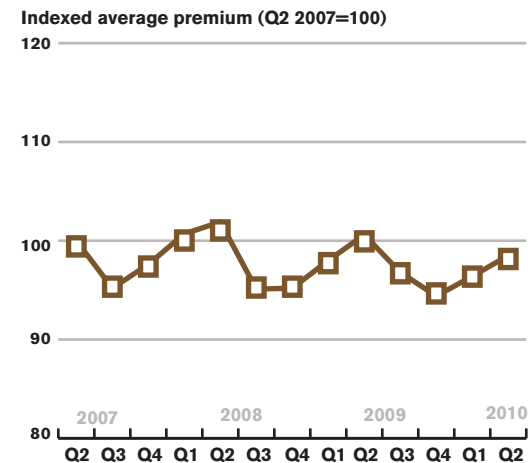


This rise is encouraging following the prolonged decrease in indexed average premium in the last three quarters. But it is sobering to recognise that average premiums in this class are still below 2007 levels (-4% in Q2 2010).

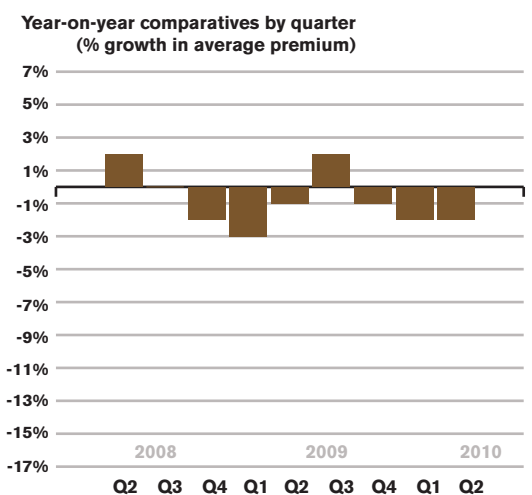
**Motor fleet**



Fleet comprises some 18% of GWP in a typical commercial portfolio. Average premiums have been stable over the past few years, although interestingly, and in contrast to all other product classes covered, it is renewals where the fall in average premium has occurred (-2% since 2007).

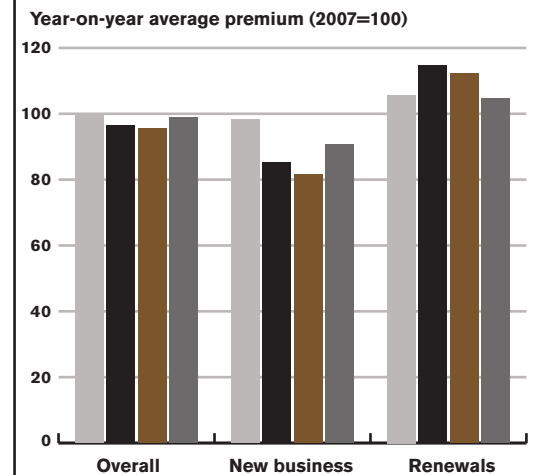


The quarterly index shows that indexed average premiums for the motor fleet market have increased significantly in the first two quarters this year, reaching 98.5% from a low of 94.4% in the fourth quarter of 2009.

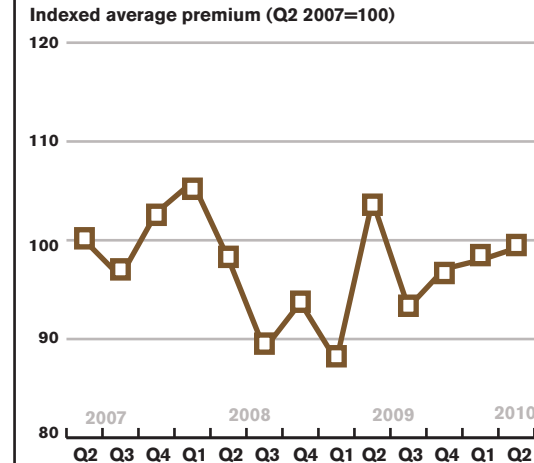


Looking at the year-on-year comparatives by quarter, however, we see that Q2 2010's indexed average premium is still below that of the equivalent quarter in 2009 – or 2008 for that matter.

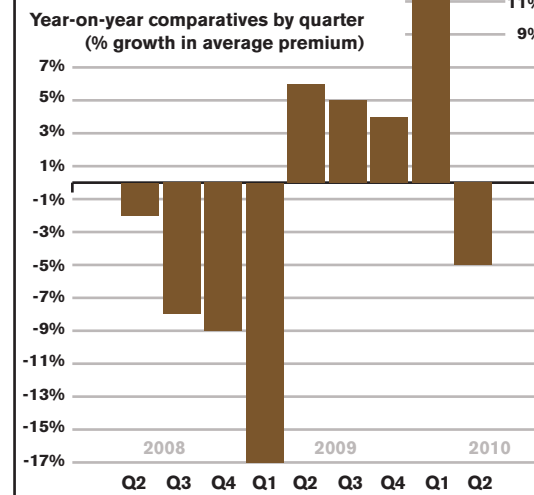
**Property owners**



The property index covers around 10% of GWP in a typical portfolio and is one of the more encouraging indices for the market as a whole. The year-on-year index shows that nothing much has happened over the past few years, with the overall movement in average premiums being some -1%.

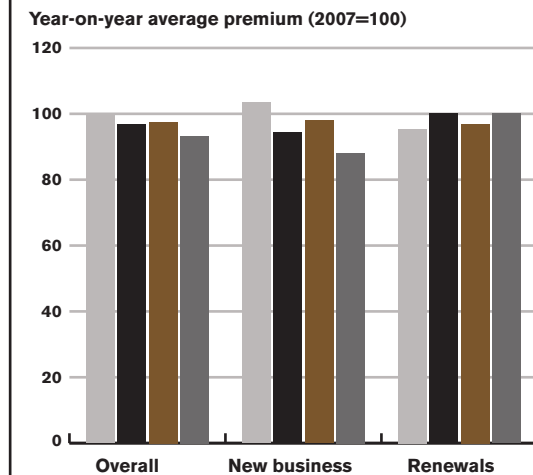


Encouragingly, looking at the quarterly index we see sustained growth in average indexed premiums since Q3 last year, and it is heartening to note that average premiums have crept back up towards 2007 levels over the last three quarters.

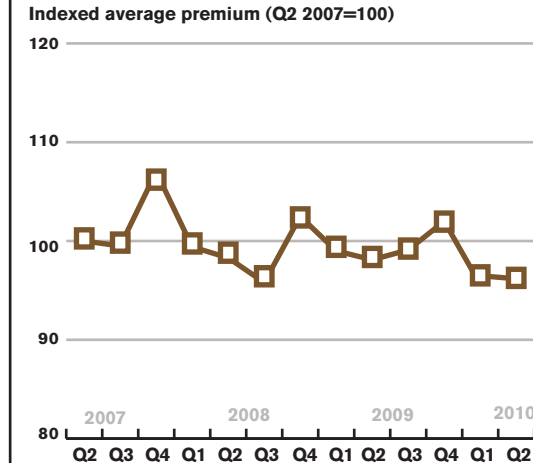


Consequently, this peak in average premium results in an artificially large fall in year-on-year comparative by quarter growth in Q2 2010, which would otherwise be positive since the second quarter of 2009.

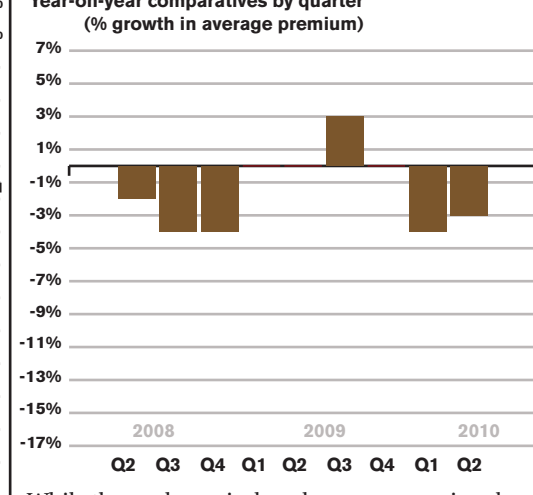
**Packages**



Packages comprises some 9% of total commercial premium, and consists of shops, contractors, offices packages and so on. It remains one of the most competitive classes of business. Overall, average premium is down some 7% since 2007, with new business average premium down 15%.



Looking at the quarterly index, we can see that average premiums have fallen successively over each of the last two years despite some seasonal effects in Q4 of each calendar year, where average premium increased for that quarter alone.



While the packages indexed average premium has remained stable between Q1 and Q2 2010, at around 95.3% of the 2007 value, the year-on-year comparatives by quarter graph shows a negative growth in average premium this year relative to the previous year's equivalent quarter. **IT**