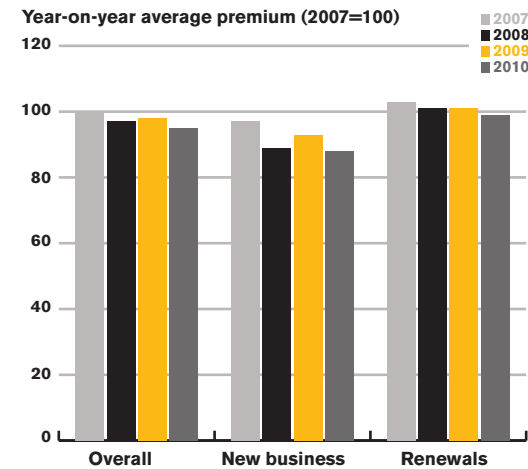


Acturis quarterly rates index reveals pricing squeeze

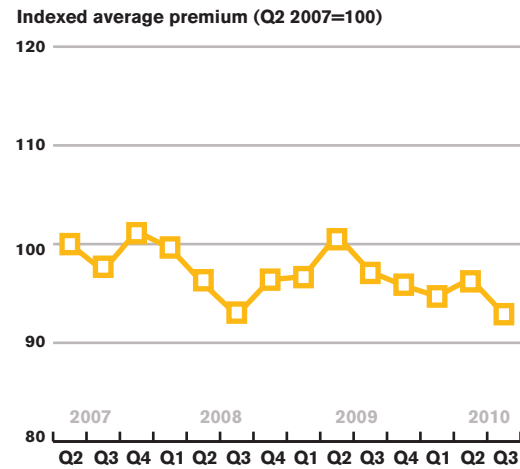
Commercial premiums show shrinkage in commercial combined, packages and liability indices

ALL DATA: ACTURIS

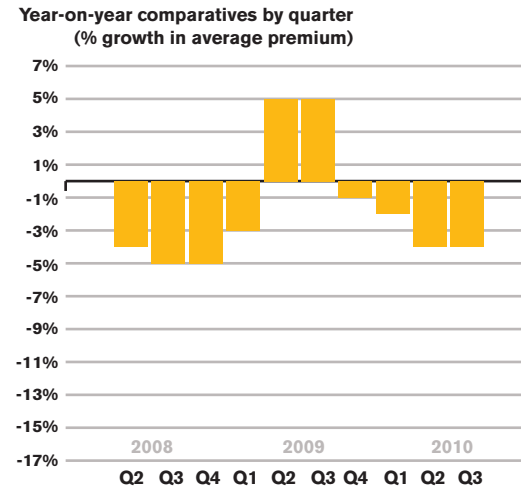
Commercial combined



The Acturis commercial combined index has fallen by some 3 percentage points in 2010 on a year-on-year basis – a worrying trend.



The quarterly index also highlights this negative trend: average premium has fallen 3.6 percentage points from Q2 to Q3 of 2010.

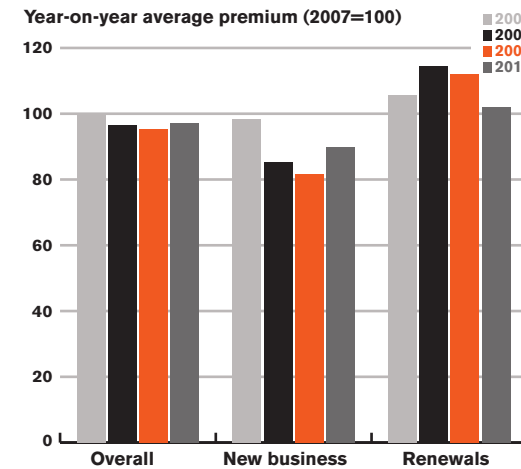


And after strong growth in Q2 and Q3 2009, there have been four consecutive quarters of negative growth relative to the same quarter a year earlier.

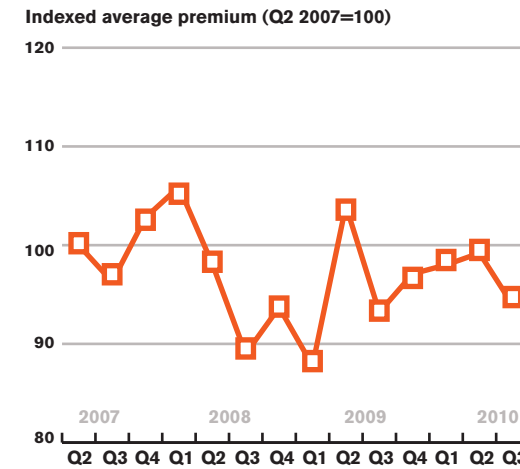
In the latest Acturis index of commercial premiums, property owners is the surprising star. Based on data so far this year, it is the only index performing positively against 2009. While fleet has remained stable, commercial combined and packages have both turned negative by some 4 percentage points. Our newest addition, the combined liability index, has also fallen for the first time after six consecutive quarters of positive growth (see insurancetimes.co.uk/researchzone).

Acturis business analyst Will Smith said: "The third quarter of 2010 has not been great for the market, with average premiums for most classes below the previous quarter's figures and below those of the same quarter last year. This correlates with what we have been hearing from brokers and insurers – the market is as competitive as ever."

Property owners



Some better news on the property owners front: the indexed average has increased in 2010 by 1.7% (although renewals are still significantly lower).



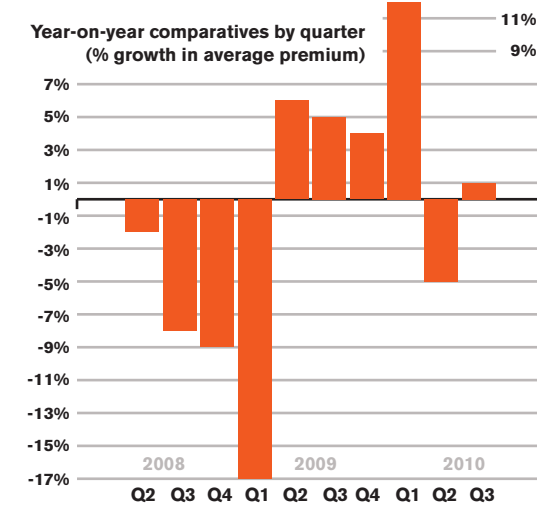
Although the property owners quarterly index fell in Q3 versus Q2 2010, this is typical for all Q3s since 2007 and the fall is less severe than previous Q3s.

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:

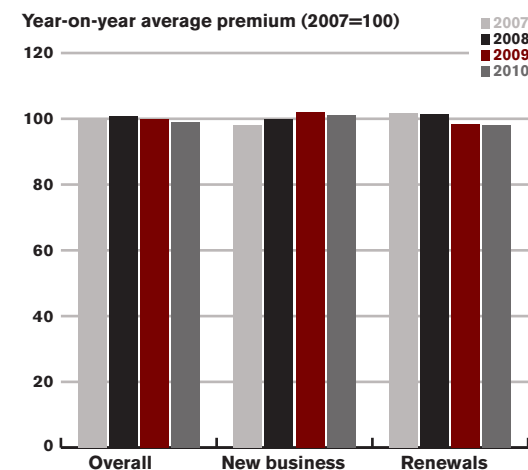
- Combined** £500-£65,000 premiums
- Packages** £50-£4,000 premiums
- Property owners** £125-£60,000 premiums
- Fleet** £500-£60,000 premiums

Property owners includes commercial, residential and mixed business.

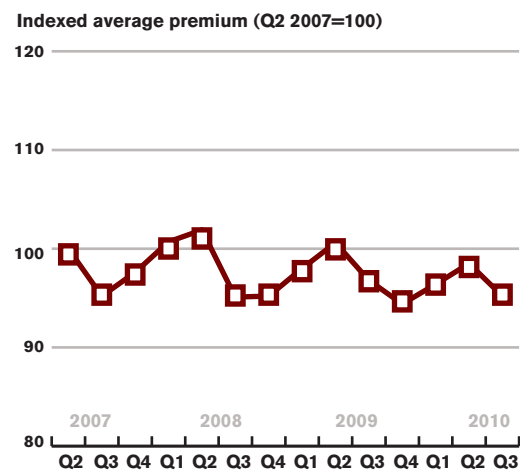


Also encouraging: five of the last six quarters showed positive year-on-year growth in average premiums relative to the same quarter a year ago.

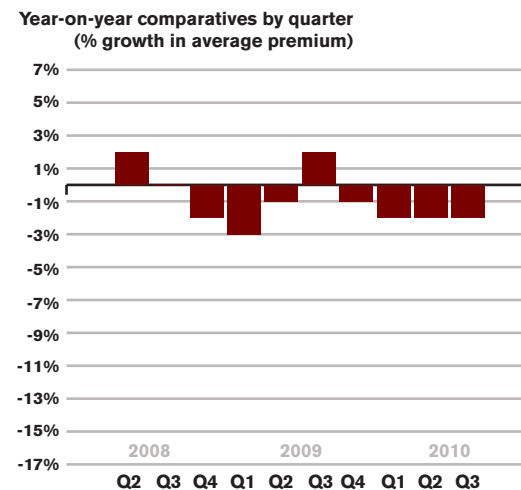
Motor fleet



Motor fleet premiums continue to exhibit stable but negative behaviour, with the Acturis fleet index moving slightly lower on a year-on-year basis.

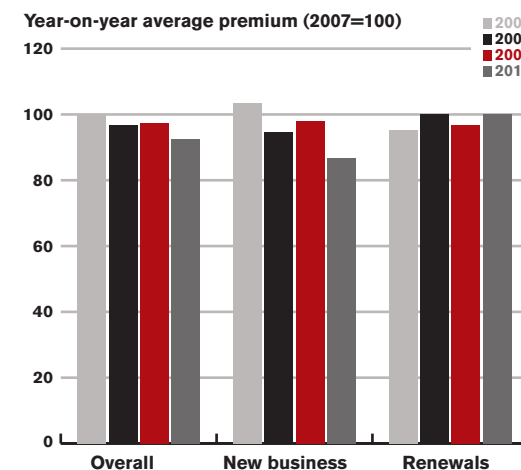


On a quarterly basis, we notice a small drop in average premium between Q2 and Q3 2010, from 98.5% to 95.2% of the Q2 2007 value.

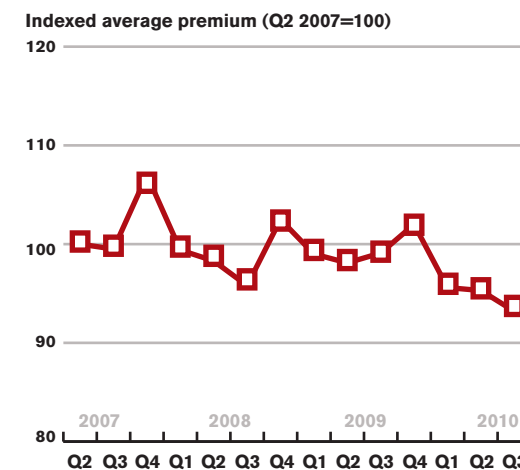


Year-on-year comparatives by quarter continue to show steady – if small – decreases in premium for Q3 relative to the same quarter the previous year.

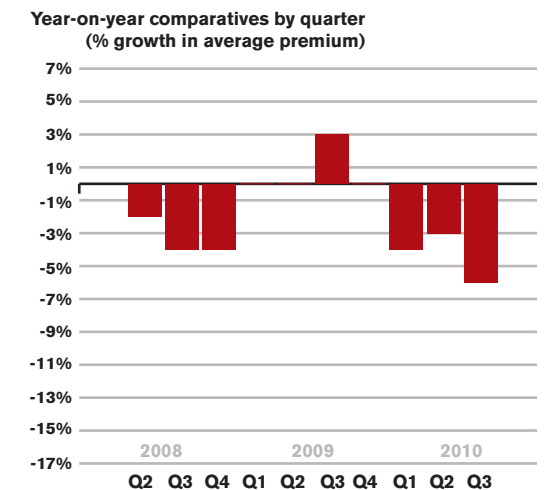
Packages



The performance of the packages index underlines the competitiveness of the SME market, reducing by some 5 percentage points from 2009 to 2010.



A 2% negative movement in the quarterly index underlines this. How much lower can the SME sector go before action is taken by insurers?



Year-on-year comparatives by quarter show a fall in premium for the third consecutive quarter – and the highest reduction in the history of the index.