

## Top-ranking insurers 2011

1

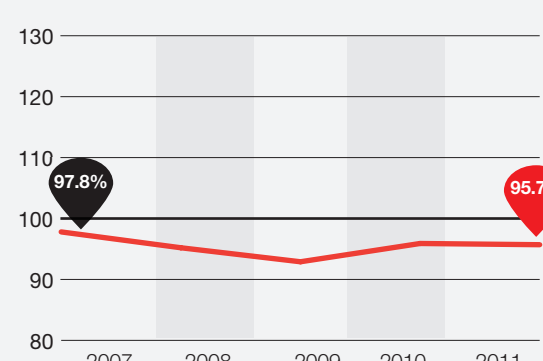
### ALLIANZ

Allianz impresses the market with its solidity. Allianz and Admiral are the only companies whose COR has not strayed above 100% for the past five years.

"It was a very positive performance and certainly one that we were very pleased with, and it exceeded our expectations for 2011."  
**Andrew Torrance**, chief executive



#### FIVE-YEAR COR %



#### BROKER OFFERING

NATIONAL	REGIONAL	INDEPENDENT
<p>✓</p> <p>Allianz's expertise and flexibility at the top end of the market is appreciated by brokers.</p>	<p>✓</p> <p>Good relations with the consolidators – it is now Towergate Underwriting's main capacity provider.</p>	<p>✗</p> <p>Unlike rivals with a stronger SME focus, Allianz has no club or network for independents.</p>

#### WE SAY ...

A strong player rightly renowned for its consistency, Allianz avoids gimmicks and focuses on maintaining excellent relationships with its chosen broker partners.

Allianz has been a model for other insurers to follow in terms of staff training, and has its own underwriting academy.

2

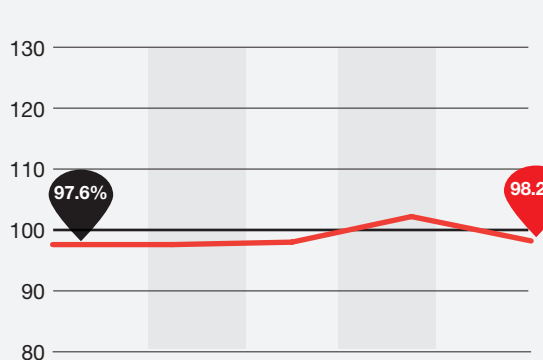
### RSA

RSA turned in a solid all-round performance in 2011, doubling operating profits. The company still needs to work to turn around its commercial motor and property books.

"It is a story of two halves. I am absolutely delighted with the result of our personal lines business. Commercial lines is still a tough, tough market."  
**Adrian Brown**, UK chief executive



#### FIVE-YEAR COR %



#### BROKER OFFERING

NATIONAL	REGIONAL	INDEPENDENT
<p>✓</p> <p>RSA has extended its Global Promise from 15 to 50 firms to give tailored policies for major corporates.</p>	<p>✓</p> <p>Broker Promise – a vow to respond to a risk within three hours – is taken well by mid-market regional brokers.</p>	<p>✗</p> <p>It plans to cull 200 smaller agencies, though maturing of its e-trading offering will help expand its high street footprint.</p>

#### WE SAY ...

RSA has shown consistency and good levels of service to brokers in mid-market and corporate. A historic UK insurer with a good reputation, and still a first choice for many brokers in marine.

There is work still to be done in expanding RSA's footprint in SME. It is stepping up its game in e-trading in 2012, but is still behind rivals.

3

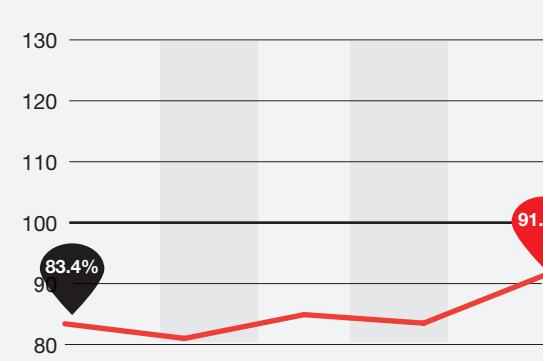
### ADMIRAL

Admiral's halo slipped in 2011 after large bodily injury claims sharply eroded reserve release levels. But the company still posted a market-beating combined ratio.

"If this is, as Dickens put it, the winter of despair, then I say: Please, sir, may I have some more?"  
**Henry Engelhardt**, chief executive



#### FIVE-YEAR COR %



#### BROKER OFFERING (NOT APPLICABLE)

NATIONAL	REGIONAL	INDEPENDENT
<p>✓</p>		

#### WE SAY ...

Admiral's unique business model means it only retains 25% of the risk it writes, ceding the rest to its panel of reinsurers. This allows it to hold much less capital.

The model has allowed it to vastly outperform the rest of the industry. However, the large reduction in reserve releases in 2011 may have made a mockery of Admiral's previous assertions that it has bodily injury claims inflation in check.

4=

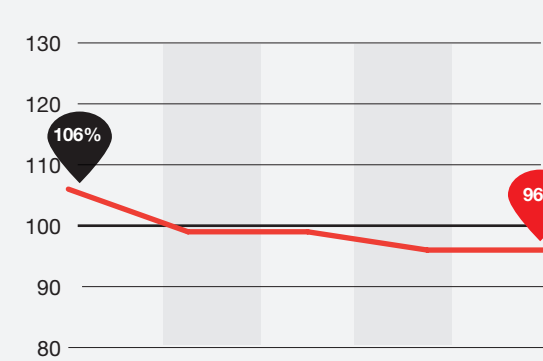
### AVIVA

Aviva's underwriting performance has been very consistent over the past four years in a tough environment. However, it was hit harder than its peers by commercial motor woes, posting a COR in this line of 113%.

"We have moved quite purposefully in the second half of 2011 ... We are expecting our commercial result to improve quite significantly in 2012."  
**David McMillan**, UK GI chief executive



#### FIVE-YEAR COR %



#### BROKER OFFERING

NATIONAL	REGIONAL	INDEPENDENT
<p>✓</p> <p>The largest UK branch network means Aviva has strong relationships with the mega brokers.</p>	<p>✓</p> <p>Bonus underwriter system and branch network makes Aviva number one with regionals.</p>	<p>✗</p> <p>Broker Independence Group captures many smaller brokers, and wrote £70m in e-trading last year.</p>

#### WE SAY ...

Aviva is strong with the regionals and independents, and its Bonus underwriter system has been a big success. It notched up an excellent COR in 2011 despite its size, helped by a low expenses base of 10.5%, and success with personal lines brokers.

Aviva is in a good place, but for an insurer of its size it should be stronger in corporate, where it is slowly expanding.

4=

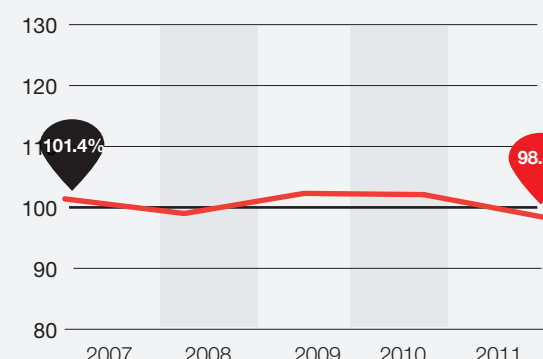
### AXA

AXA's performance in 2011 was a big improvement over 2010, but the reported numbers, which include Ireland and AXA PPP, mask the UK picture. UK COR, including reserve movements, was 100.9%.

"There is an inference in the market that motor insurers are suddenly making profits because premiums have gone up. I'm not sure that is going to be universally true."  
**Paul Evans**, group chief executive, UK and Ireland



#### FIVE-YEAR COR %



#### BROKER OFFERING

NATIONAL	REGIONAL	INDEPENDENT
<p>✓</p> <p>A global insurer makes Zurich a top national player.</p>	<p>✓</p> <p>Under new chief executive Amanda Blanc, AXA Commercial has focused on regions with new offices.</p>	<p>✗</p> <p>Limited commercial business with national brokers, but it is building PL party through nationals.</p>

#### WE SAY ...

AXA Commercial has a new lease of life under Amanda Blanc and, with a strong focus on the regions, initial signs are good.

AXA is making a big effort to attack Aviva's SME heartland, marketing itself as an easy to deal with insurer. It has revamped its e-trading proposition for 2012.

4=

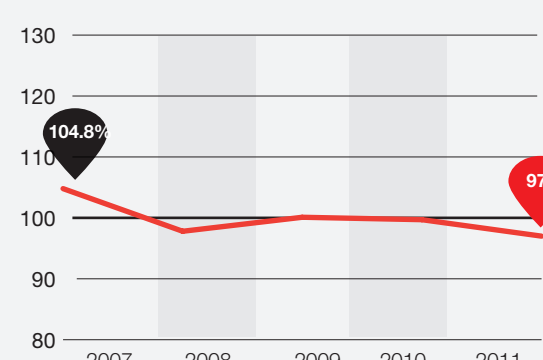
### ZURICH

Zurich's re-underwriting and re-pricing of its motor book paid off in 2011. Profits were up 23% and the combined ratio improved two points to 97%.

"As soon as you go above 20%, in my book it is a pretty damn good result."  
**Stephen Lewis**, UK chief executive



#### FIVE-YEAR COR %



#### BROKER OFFERING

NATIONAL	REGIONAL	INDEPENDENT
<p>✓</p> <p>Strength as a global insurer makes Zurich a top national player.</p>	<p>✓</p> <p>It supports a club of 70 elite brokers in commercial; refuses to pay high commissions to consolidators.</p>	<p>✗</p> <p>Independent brokers are not known as Zurich's strong point, but it is thought to be stepping up in SME.</p>

#### WE SAY ...

As one of the world's largest insurers, Zurich has a well of expertise to draw upon. UK chief executive Stephen Lewis has done well to simplify its previously complex structure, which baffled many brokers.

It is not the strongest in SME and seems to have fallen behind AXA, Aviva and RSA. It is likely to be brewing up big plans.

7

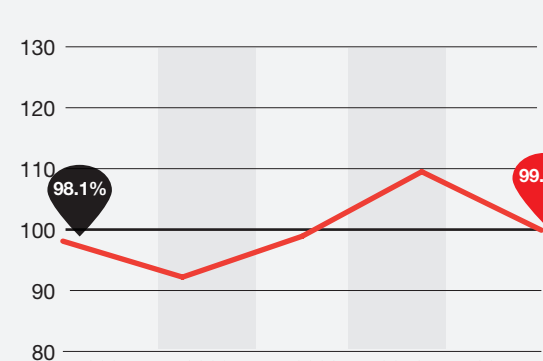
### AGEAS

Ageas pulled itself out of loss-making territory with aplomb in 2011, largely thanks to improvements in UK motor. Its Tesco joint venture has also been a big boost to top line and turned its first profit.

"2012 is not just a year of consolidation, it is a year of capitalising on where we've got to, and continuing the relentless journey of growing our business profitably in the UK."  
**Barry Smith**, UK chief executive



#### FIVE-YEAR COR %



#### BROKER OFFERING

NATIONAL	REGIONAL	INDEPENDENT
<p>✓</p>	<p>✓</p> <p>Ageas covers more than 2,000 brokers. It has a good personal lines reputation with brokers of all backgrounds.</p>	<p>✗</p> <p>Very strong in personal lines and expanding in commercial; the high street is bread and butter for Ageas.</p>

#### WE SAY ...

Service consistency and reliability make Ageas a natural first choice for many personal lines brokers. It has a strong, well-respected management team in chief executive Barry Smith and Ageas Insurance managing director Mark Cliff.

The insurer is keen to diversify its book deeper into commercial, but that seems to be a very slow process.

8=

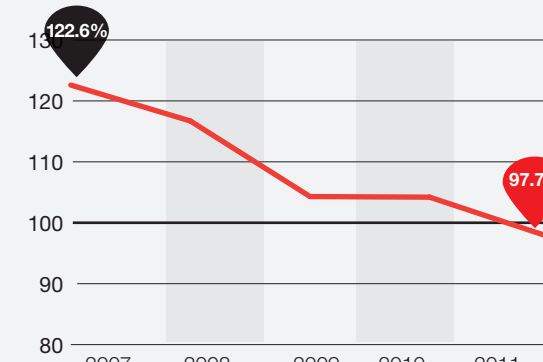
### LV=

Like its peers, the personal lines-heavy LV= reported much-improved results, with a doubling of profits and return to underwriting profitability. However, 2011 was its first combined ratio below 100% for the past five years.

"The days of running at 100% as a target because you could then make a profit on the investment income are no longer with us."  
**John O'Roarke**, GI managing director



#### FIVE-YEAR COR %



#### BROKER OFFERING

NATIONAL	REGIONAL	INDEPENDENT
<p>✓</p>	<p>✗</p> <p>LV='s broker business has climbed 29% as it targets regions including Bristol, where it added 50 staff.</p>	

#### WE SAY ...

LV= has confounded its critics with this year's results and seems set for further growth.

LV= has a good reputation for service and consistency with brokers in SME. It is similar to Ageas, in that it is cautious on growth in commercial.

8=

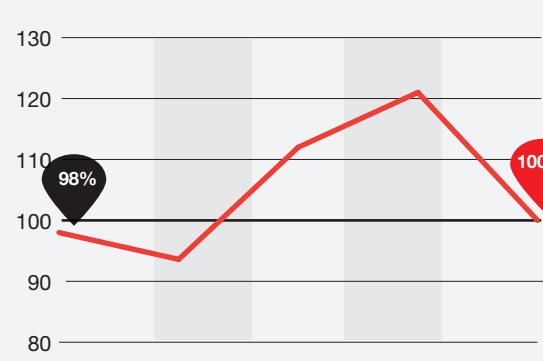
### RBSI

RBSI, now known as Direct Line Group, silenced its critics in 2011 with a strong return to profitability. The company needed a good year in advance of its split from the RBS group. Its brokered commercial business NIG also returned to profit.

"We have turned around our financial performance and successfully completed the first phase of our transformation plan: to return to profit."  
**Paul Geddes**, chief executive



#### FIVE-YEAR COR %



#### BROKER OFFERING

NATIONAL	REGIONAL	INDEPENDENT
<p>✓</p>	<p>✓</p> <p>NIG launched a network for its preferred brokers, NIG First, last year as it looks to deepen relationships.</p>	<p>✗</p> <p>NIG has rolled out several new products and is boosting its e-trading capability.</p>

#### WE SAY ...

NIG is a solid market for smaller brokers and has overcome a period of instability to rebuild its reputation. It will unveil its renewed e-trading proposition later this year, something that will be crucial to its success.

#### Score table: how we worked it out

	Round 1	Round 2	Round 3	Round 4	Total
Allianz	8	3	8	7	26
RSA	4	6	7	8	25
Admiral	9	1	9	4	23
Aviva	7	2	6	5	20
AXA (inc Ireland)	3	5	3	9	20
Zurich	6	4	4	6	20
Ageas	2	8	5	3	18
LV=	5	7	1	1	14
RBSI	1	9	2	2	14

2011 COR improvement 2010-11

#### Objective

Insurance Times's Top-ranking Insurers 2011 was created to provide a high-level overview and analysis of the financial performance of leading UK general insurers.

The insurers listed are among the best in the UK, and this ranking puts a marker in the sand about the relative performance of what could be thought of as the insurance premier league.

Ranking the insurers according to their financial performance gives a clear view of how effectively the companies are being run and, specifically, how sound the underwriting is.

High and low points in the insurers' broker offering are included because they are crucial to the overall performance of the business and therefore an important part of reading the headline figures. The comments about broker offering relate to the 2011 year.

The Insurance Times reporting team has added its own comments too, providing an independent counterbalance to company announcements.

Background context to the 2011 annual figures has been added in the form of the five-year COR graph, providing a clean way to compare visually the companies' performances over time.

#### Methodology

Insurance Times opted to use combined ratio to rank insurers' financial performance because it provides the best available consistent measure of underwriting performance, accepting that the companies listed have varying books of business and operating models.

The nine insurers featured represent the UK's largest and most influential insurers for which financial results are publicly available. All reported gross written premium of more than £1bn in 2011.

The ranking method used was to score the insurers using four different COR measures and awarding points 9 to 1 for each, and then combining these to create an overall ranking (see table, opposite). The four COR measures were chosen to balance a short-term performance rating with a longer-term view. They are: 2011 COR, COR improvement 2010-11, average five-year COR and COR five-year volatility.