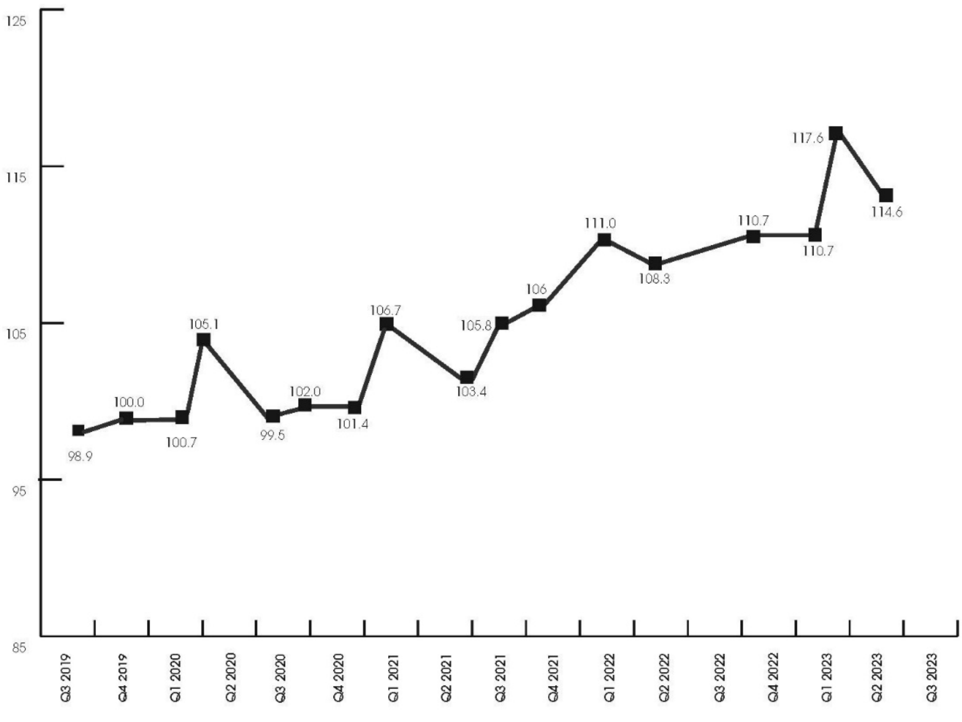
insuranceage
CHAMPIONING THE INSURANCE BROKER COMMUNITY

The Stats: Q3 hit by rocketing property owners and fleet rates.

Rachel Gordon 21st November 2023

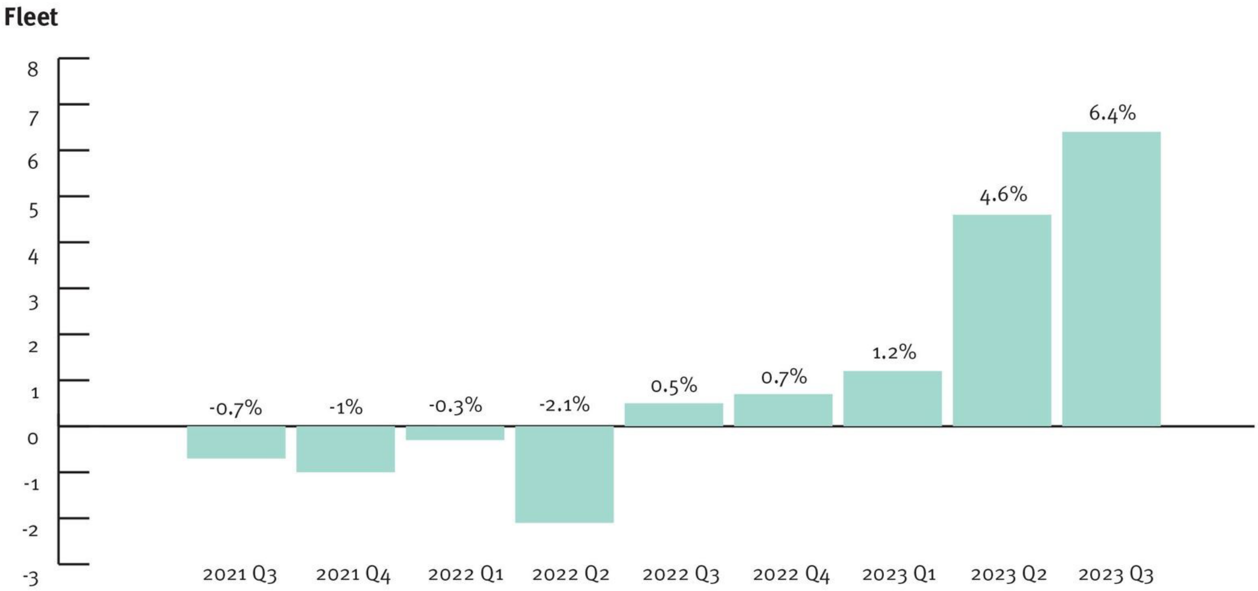
The latest figures from Acturis show that commercial insurance premiums continue to rise, resulting in an increasingly challenging environment for brokers and their clients, reports Rachel Gordon. Figures for the third quarter of 2023 from the Acturis Commercial Broking Index reveal that the cost of business cover is 5.8% more than when compared to the same quarter of 2022, with increases driven by hikes in property owners and fleet insurance. The Acturis Commercial Broking Index looks at the average premium in commercial combined, combined liability, fleet, property owners and packages.



The Acturis Commercial Broking Index (% growth in average premium)

Ascend Broking Group
Business Insurance Solutions

Fleet – movement in average premium compared to the same quarter in the previous year:



Motor fleet is also experiencing sharp rate increases in 2023. The first quarter saw a modest 1.25% rise, which then increased to 4.6% in the second quarter and for the third quarter, it jumped to 6.4%.

Matthew Collins, managing director of Ascend Broking Group, says the challenging conditions can be seen across all areas of commercial motor from company car fleets to haulage as well as sectors. He comments: "*The market has been affected by a number of issues. Certainly for a number of years, motor insurance was too cheap, and there were widespread losses.*"

"Insurers now need to return to profitability, which is why the hard market looks set to remain for many months. The January reinsurance renewal season also resulted in increased cost and pushed up premiums."

"There has also been a reduction in capacity, which makes it even harder for brokers to find competitive pricing."

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The haulage sector is under particular pressure. There remains a shortage of drivers, and the workforce is ageing, while accidents involving lorries tend to be the most serious – road casualties are returning to pre-Covid-19 pandemic levels.

Collins adds that claims costs are rising further because of delays. “*We’re finding clients are being told there are hold-ups before work can start, it’s not uncommon for someone to be told they will have to wait at least a month for a repair.*”
The broker carries out regular assessments of insurer performance – known as the Ascend Index – which takes into account claims service.

We’re finding delays across the market and we share our findings with clients - it can be a factor in paying a slightly higher rate if the claims service is better,” he added.

Repairs

Even if an insurer has a repairer network, Collins points out that it may make little difference to starting work promptly if there are labour and parts shortages.
“*We’re seeing a lot of these insurers now trying to outsource more work to independent repairers to deal with the backlogs, but these too are turning work away or saying they can’t start until after Christmas.*”

Marianne Turner, senior claims manager for Ascend, says front-line staff within brokers spend an increasing amount of time chasing up claims. Turner had recently spent an hour and a half waiting to get through to one of the largest fleet insurers, which is not untypical.

“*Brokers are having to bear the brunt of customer dissatisfaction and trying to manage expectations. You can understand the frustration, particularly if they have had to absorb a higher premium and they find there is a shortage of courtesy cars,*” Turner says.

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Monitoring service

"*We monitor service carefully. Among the larger insurers, Allianz is proving more efficient and they have invested in some useful technology such as online reporting and you can get through to someone quickly through the online chat facility.*"

"*We also rate DCL [Direct Commercial Ltd], a specialist MGA, where you can get through on the phone in minutes – these are the exceptions at present.*" Meanwhile, a sense of perspective should be retained – fleet is going up, but from a low base. As Gerry Ross, head of commercial motor for Allianz Commercial, says increases have been higher in private motor, even though commercial has the same inflationary pressures. Ross adds that underwriters are remaining disciplined to ensure the market stays sustainable.