

OVERALL COMMERCIAL

Direct Line Group (DLG) suffered a worst commercial result overall in 2013, with a combined operating ratio (COR) of 127.3%.

While reserve strengthening affected many insurers' commercial results overall, DLG reported a small release, which reduced the COR by 0.4 percentage points.

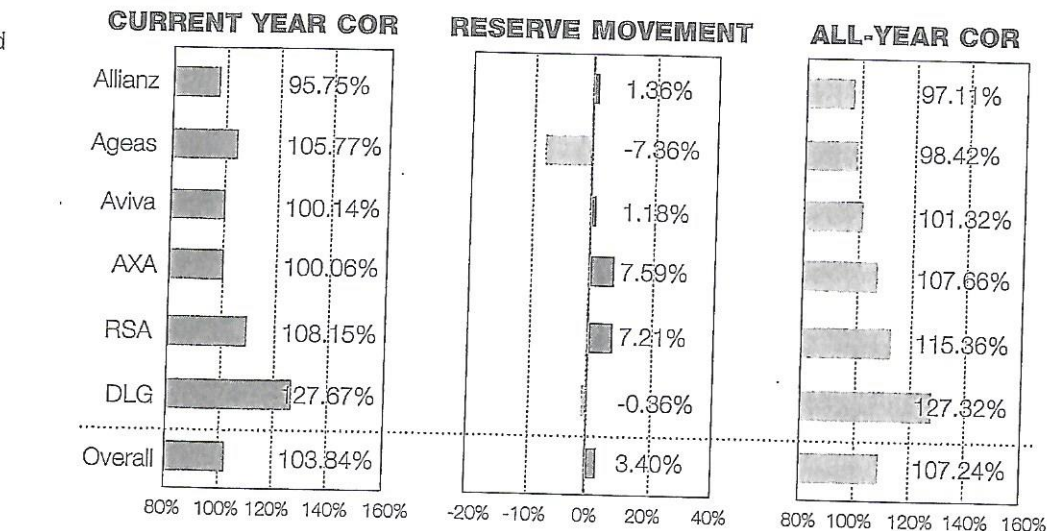
The insurer's commercial results were skewed because the company transferred its commercial van business to personal lines from commercial lines.

Excluding this, DLG's 2013 commercial COR was 106.8%.

DLG also had a particularly strong year in commercial lines, reporting a COR of 115.4%.

Reserve strengthening played a part in RSA's underwriting profit, adding 7.2 points to its COR.

Consistent with the market overall, DLG's biggest problem was



commercial liability, where the company had to strengthen reserves against professional indemnity as well as industrial deafness. Reserve strengthening here offset RSA's releases in motor and property.

The company with the biggest commercial reserve hike was AXA.

Reserve strengthening pushed the insurer's COR up by 7.6 points – again driven by deafness reserve strengthening.

Meanwhile, the top performer in the study was Allianz, with a profitable COR of 97.7%. It was one of two insurers in the study to make an underwriting profit in commercial. The other was Ageas, with a COR of 98.4%.

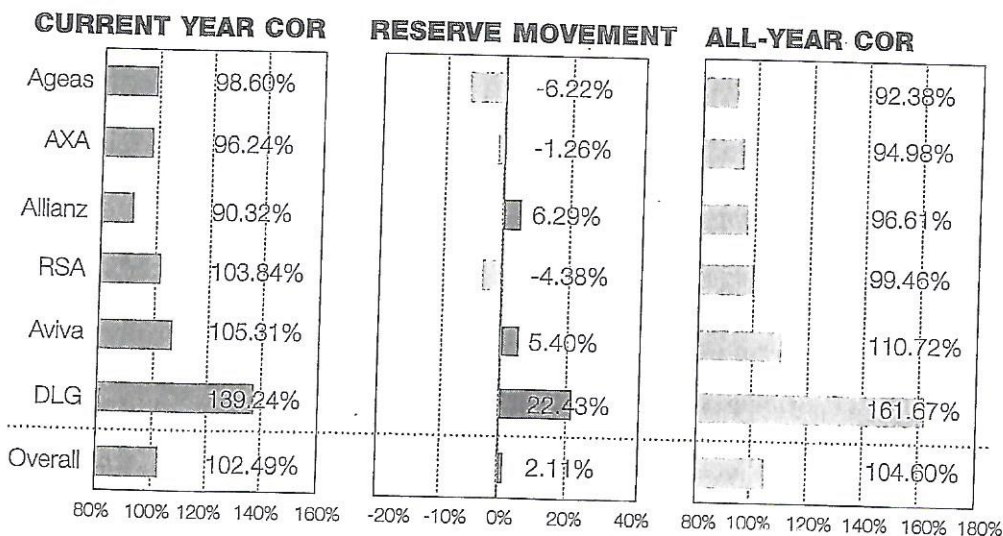
MOTOR

Insurers' commercial motor results were profitable in 2013. Performance was generally mixed on 2012. But the result was partly skewed by Direct Line Group's (DLG) combined operating ratio (COR) of 161.7% (all-year COR, right).

The 22.4 percentage point of reserve strengthening reported to DLG's high COR, was caused by the insurer moving its van business into commercial segment.

Meanwhile, Aviva reported a commercial motor COR of 105.31% – 2.3 points worse than the market overall.

The cause here was reserve strengthening, which added 5.4 points to the COR. Aviva's ability to release commercial reserves in 2012, which reduced its COR by 0.7 points. However, the company with the biggest commercial motor



best performing commercial motor results was Allianz, where the commercial motor COR jumped by 15.1 points to 96.6% in 2013.

Commercial motor has suffered from the same rise in

bodily injury claims that blighted the personal lines motor market three years ago.

It appears that, as in personal motor, companies are

tackling the effects of this trend at different speeds.

The best performing insurer in commercial motor was Ageas, with a COR of 92.4%.