

# THE NUMBERS

## PRA returns show depth of commercial woes

- Collective 2013 combined operating ratio for insurers still firmly in loss-making territory
- But commercial liability remains biggest worry

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The UK general insurance industry's problems with commercial business are far from over, according to the *Insurance Times's* analysis of the 2013 PRA returns.

Commercial business once again generated an underwriting loss for the industry's most prominent players, despite positive comments about rising rates.

Analysis shows that the industry's biggest worry is commercial liability. The saving grace was commercial property.

The collective commercial combined operating ratio (COR) for 2013 for the six insurers studied was 107.2%. This is a slight improvement on the 108.4% reported in 2012.

And insurers had to strengthen commercial reserves, which added 3.4 percentage points to the collective COR.

Even so, the COR would still have been well above the 100% break-even point at 103.8%.

By contrast, the insurers' personal lines businesses reported a profitable COR of 96.8%. We will publish a full breakdown of these results in the 15 October issue.

But in commercial liability, many insurers have had to strengthen their reserves against the rise in industrial deafness claims.

The collective commercial liability COR for the six insurers was 125.3% – 3.4 percentage points worse than the 121.9% reported in 2012.

Insurers will be glad that commercial property returned to profitability in 2013, with a COR of 96.8%, compared with 2012's loss-making 105.7%.

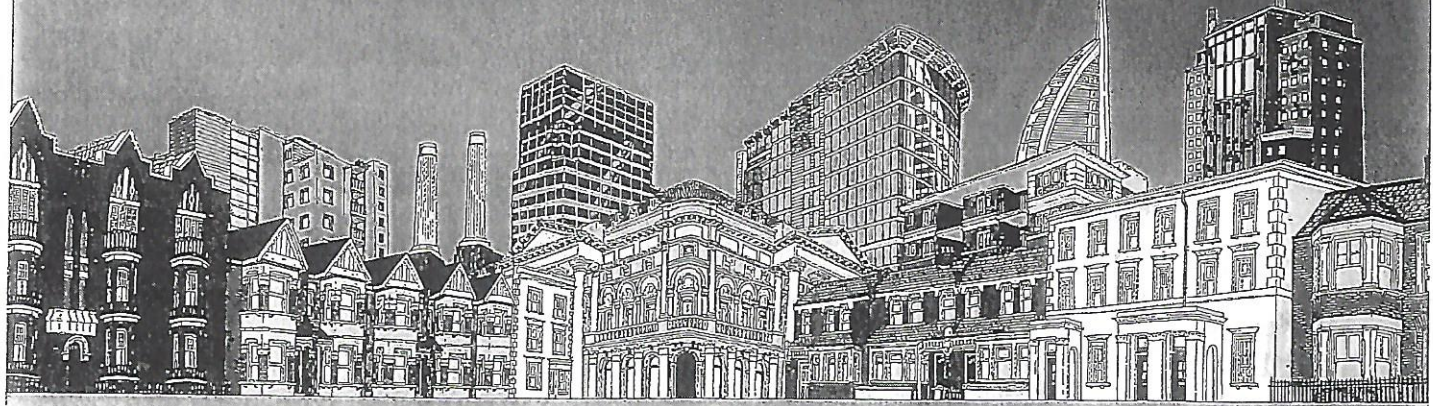
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