

# Profitability and Performance

Alex Marcuson

# Agenda

1. UK Motor Market Performance

2. Interpreting Individual Firm Performance

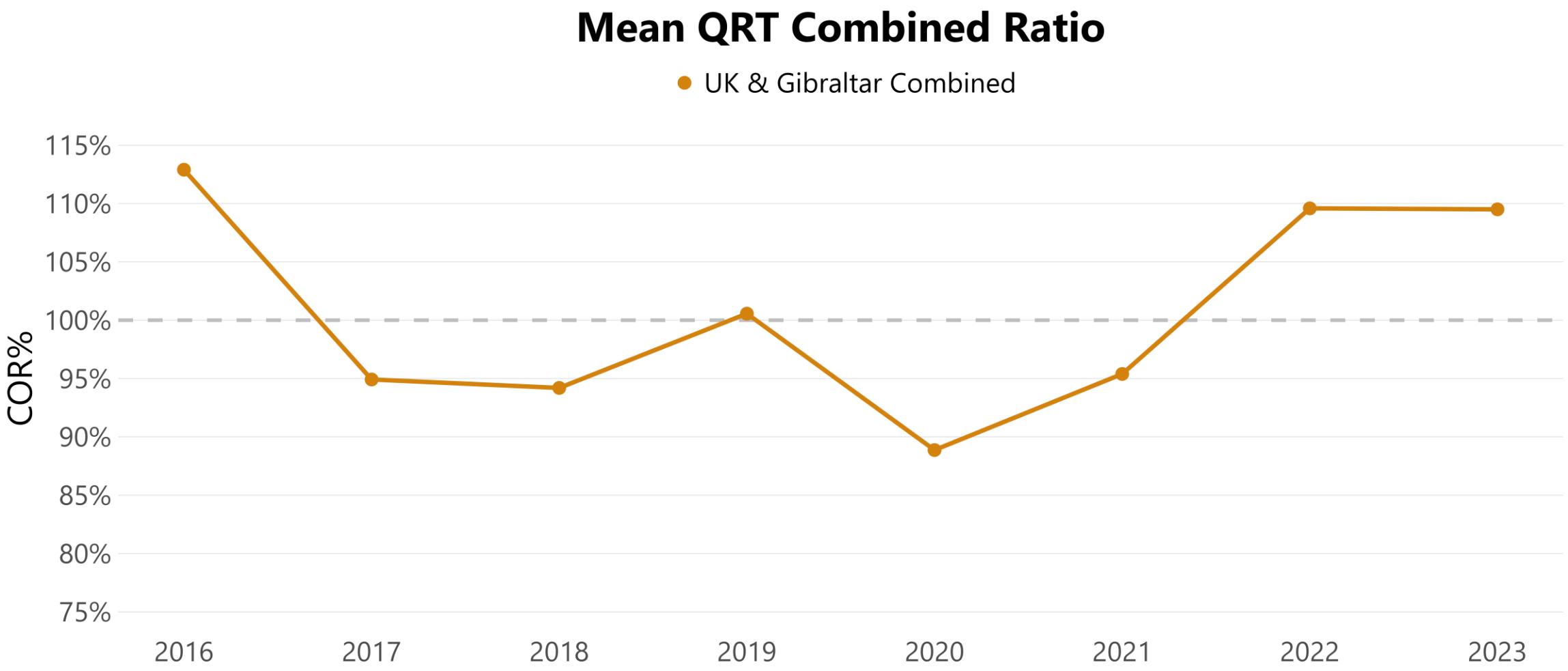
3. Drivers of Profitability


Copyright © 2024 Marcuson Consulting Ltd

# UK MOTOR MARKET PERFORMANCE


Copyright © 2024 Marcuson Consulting Ltd

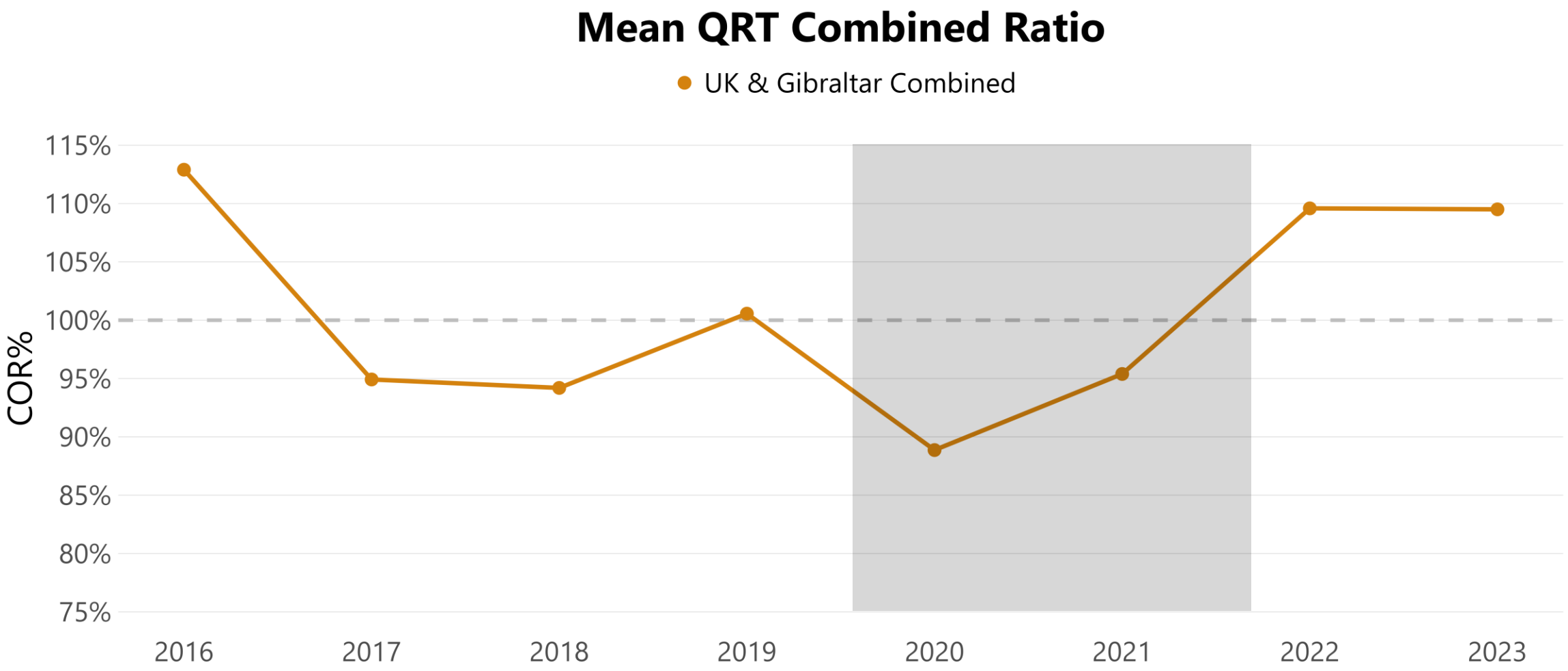
# UK Motor Combined Ratio Trend





Copyright © 2024 Marcuson Consulting Ltd

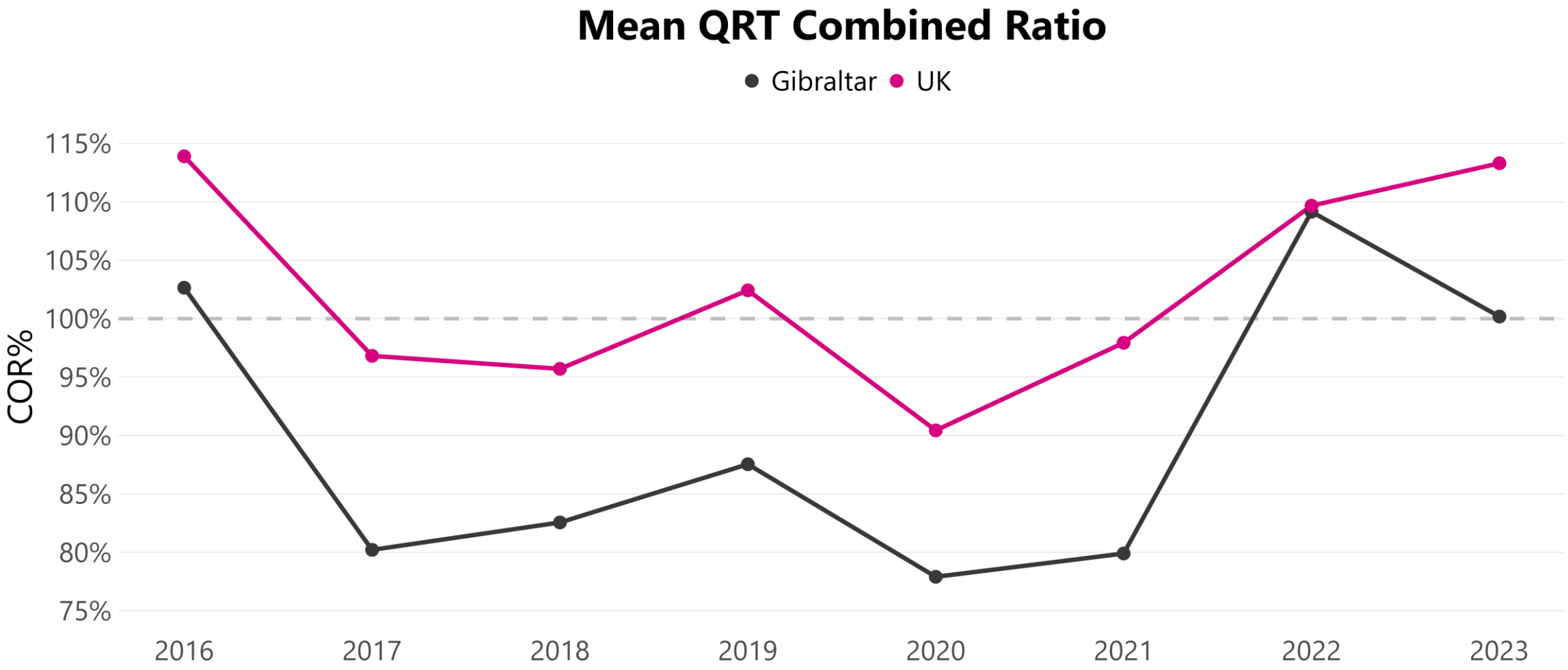
# UK Motor Combined Ratio Trend





Copyright © 2024 Marcuson Consulting Ltd

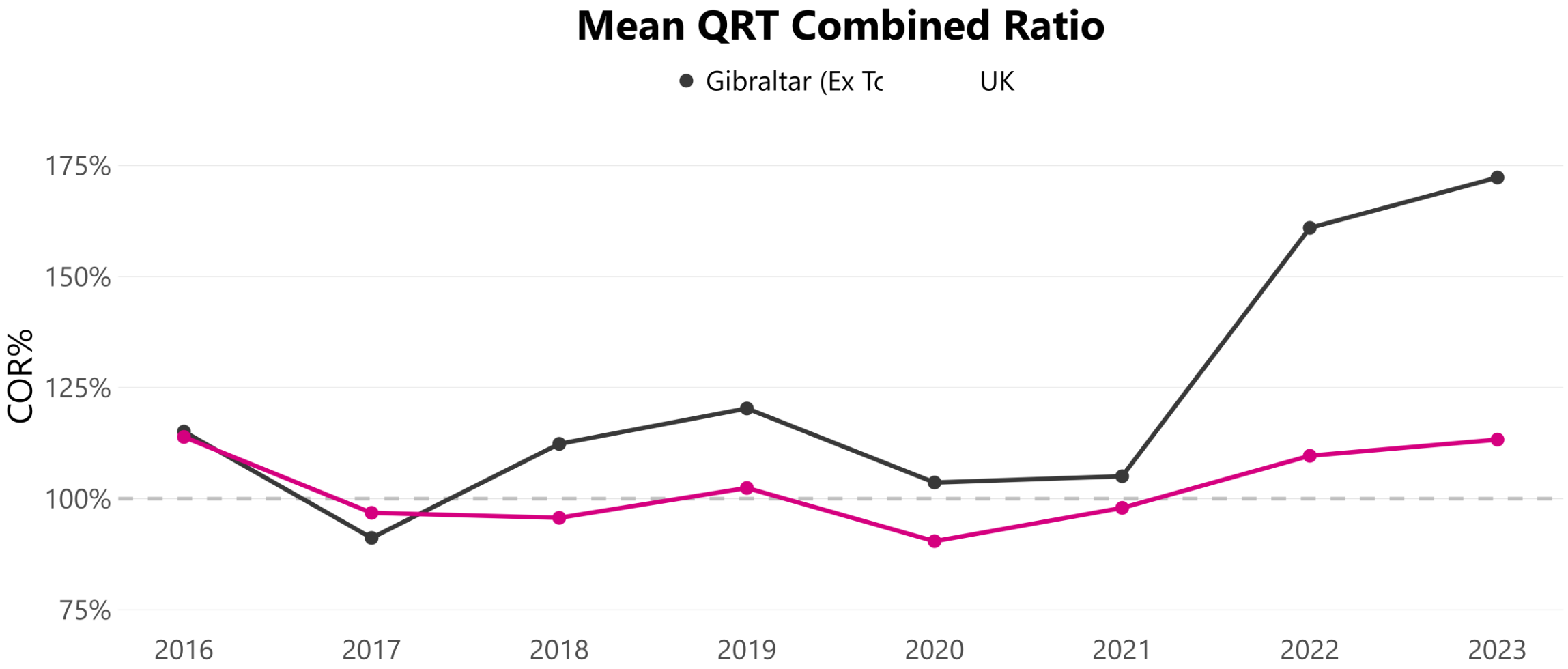
# UK Motor Combined Ratio Trend





Copyright © 2024 Marcuson Consulting Ltd

# UK Motor Combined Ratio Trend



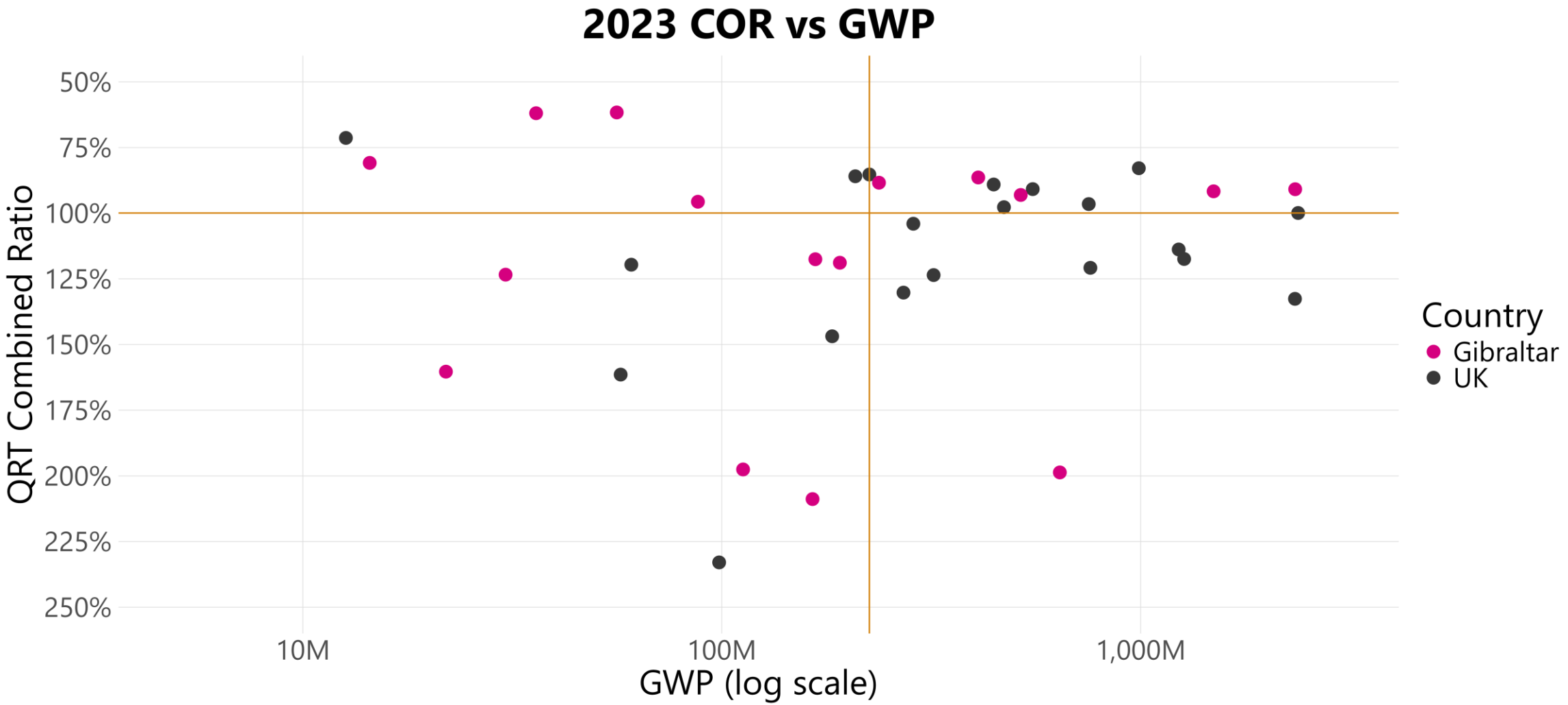


Copyright © 2024 Marcuson Consulting Ltd

# INTERPRETING INDIVIDUAL FIRM PERFORMANCE


Copyright © 2024 Marcuson Consulting Ltd

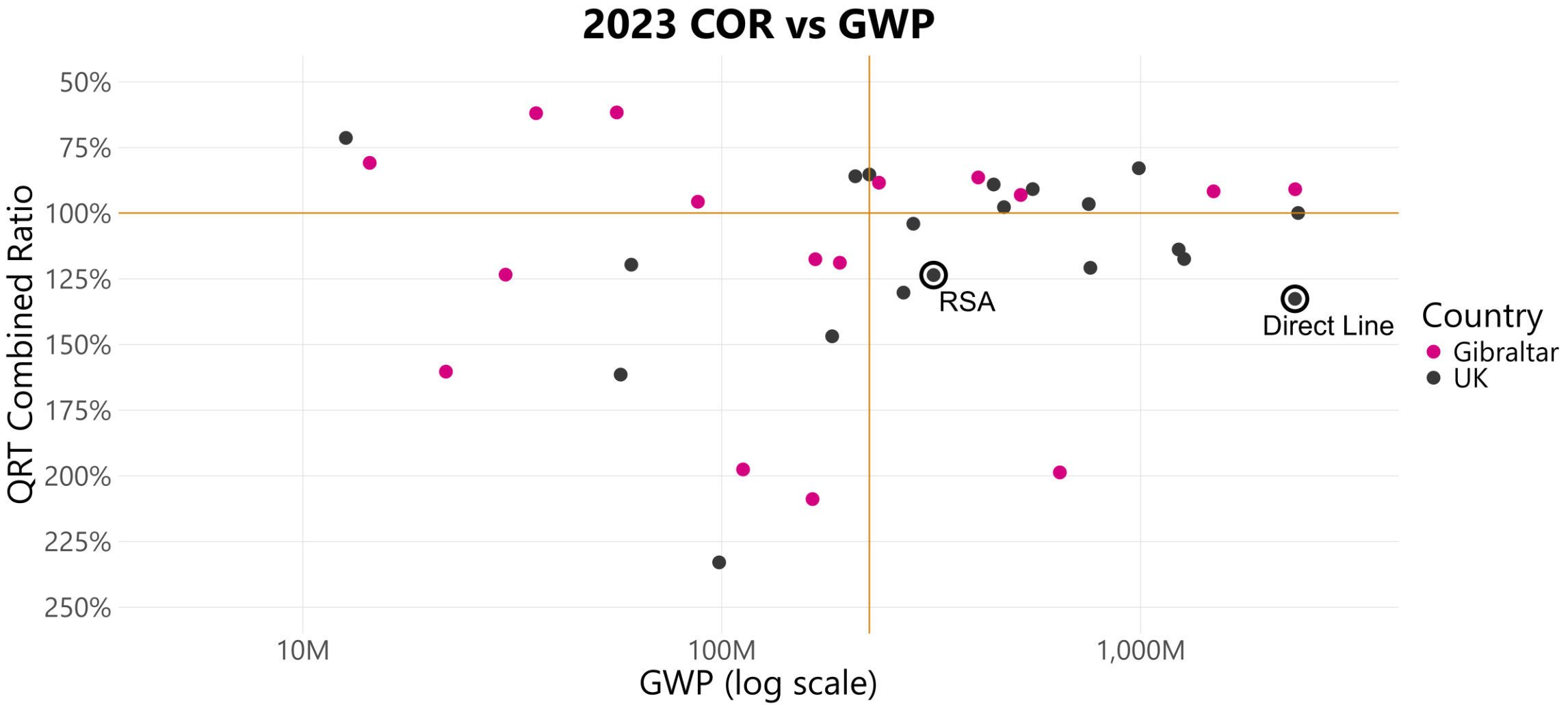
# Motor COR vs GWP





Copyright © 2024 Marcuson Consulting Ltd

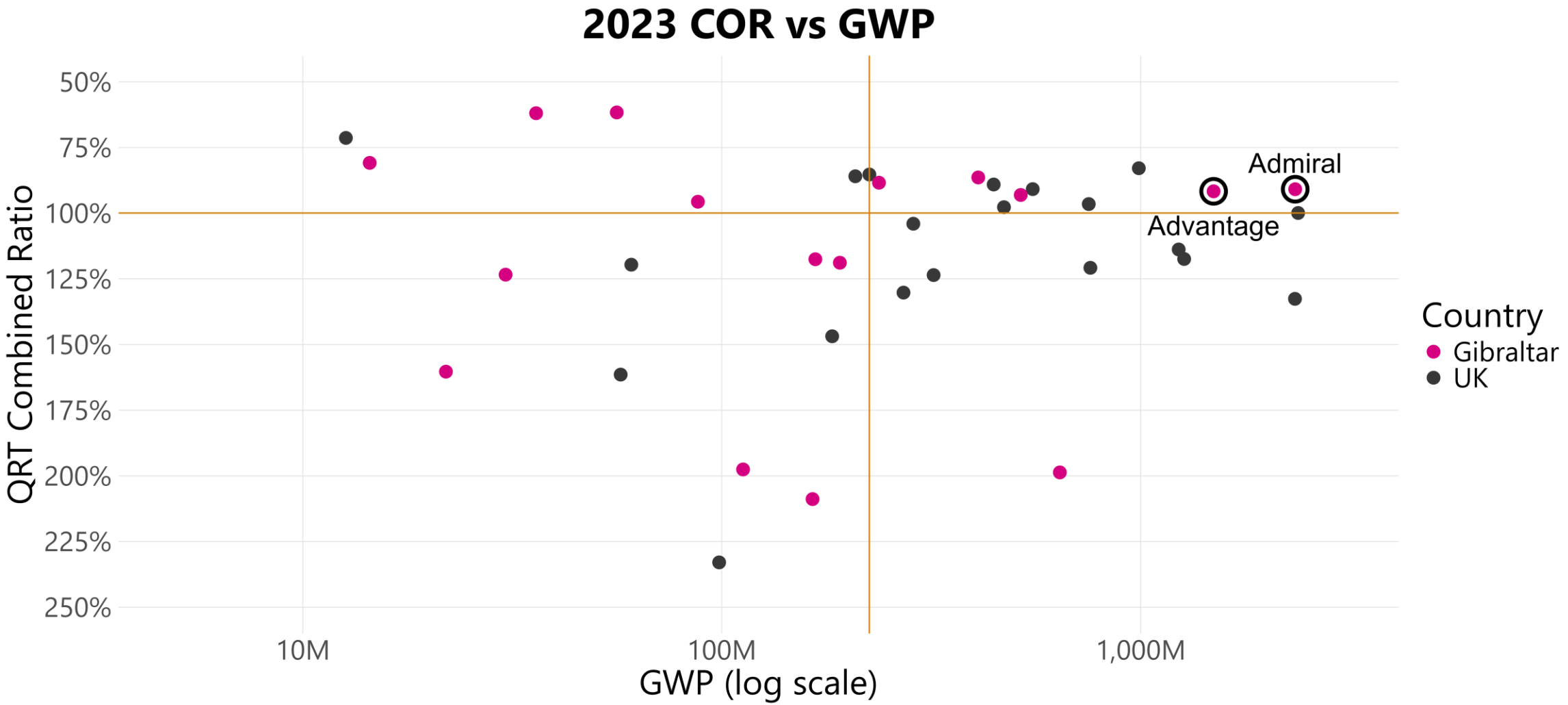
# Motor COR vs GWP





Copyright © 2024 Marcuson Consulting Ltd

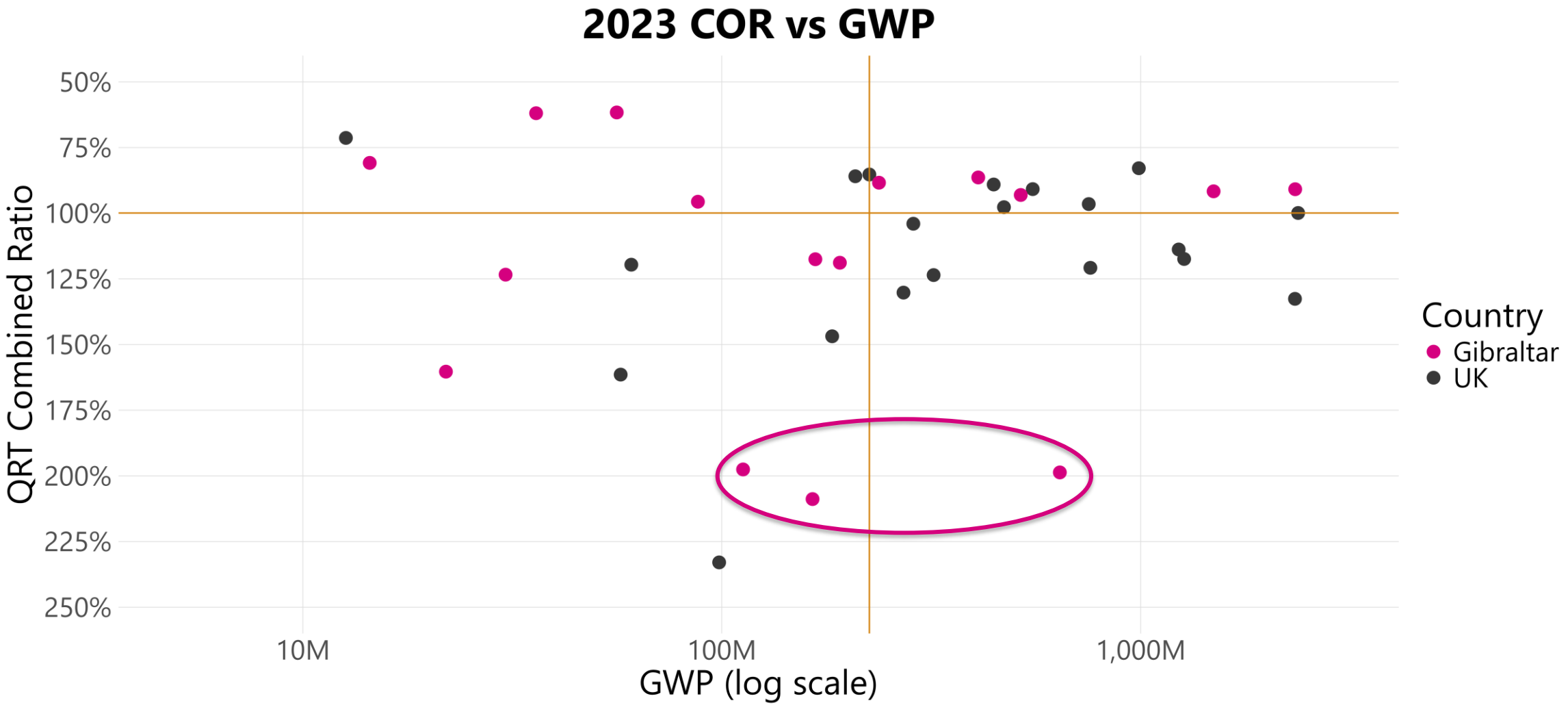
# Motor COR vs GWP





Copyright © 2024 Marcuson Consulting Ltd

# Motor COR vs GWP





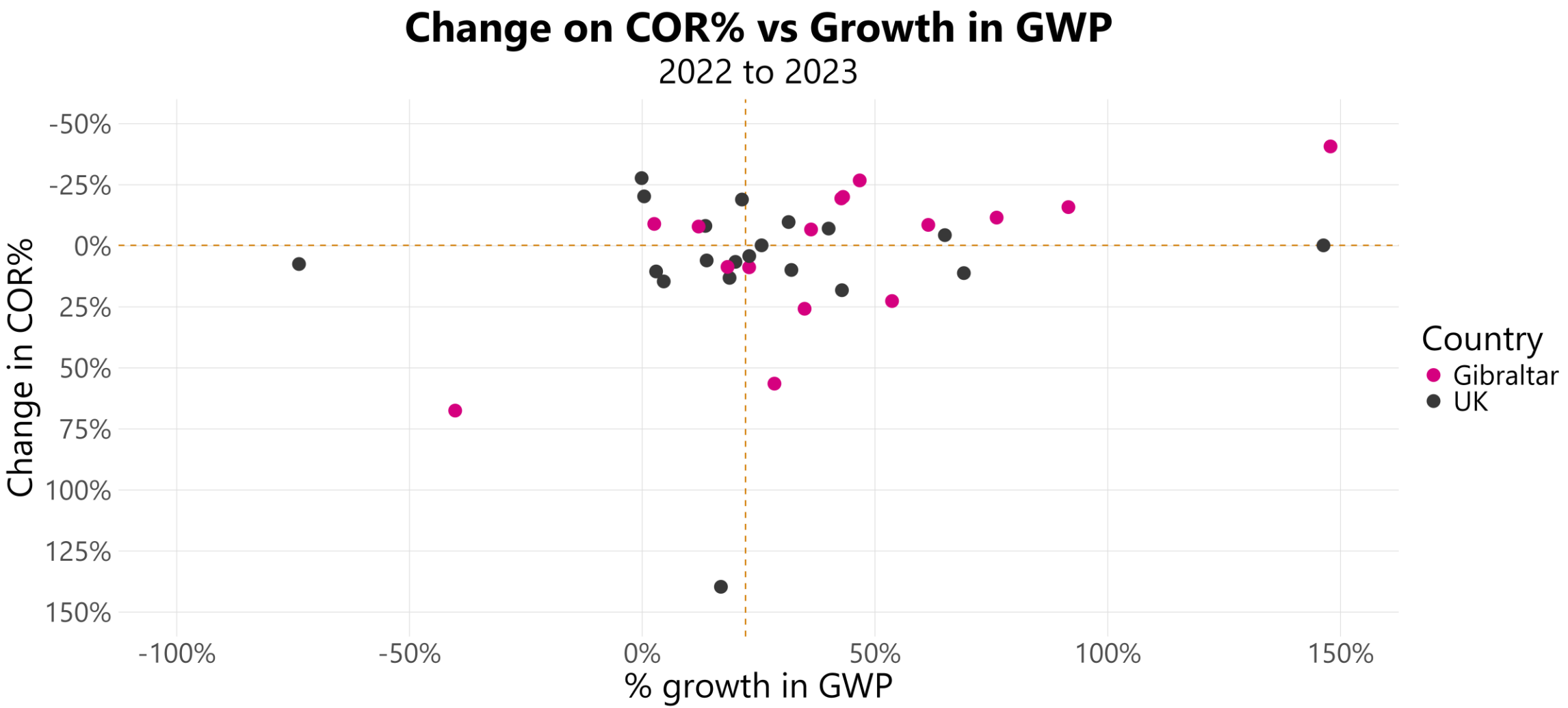
Copyright © 2024 Marcuson Consulting Ltd

# Challenges with QRT Combined Ratio Data

- IFRS 17
- Reinsurance Commissions
- Other Technical Income
- Expenses


Copyright © 2024 Marcuson Consulting Ltd

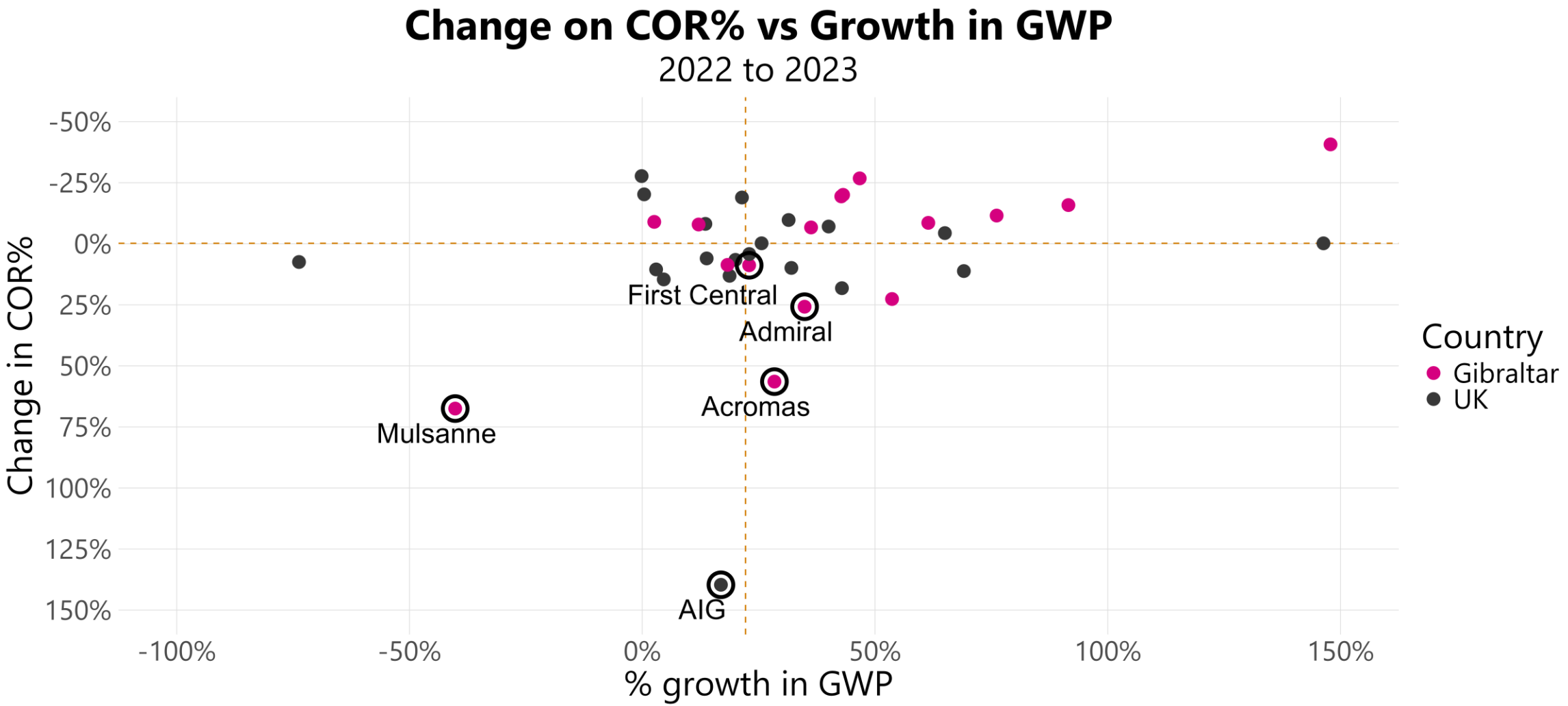
# COR movement vs GWP growth – 2022 to 2023





Copyright © 2024 Marcuson Consulting Ltd

# COR movement vs GWP growth – 2022 to 2023





Copyright © 2024 Marcuson Consulting Ltd

# DRIVERS OF PROFITABILITY


Copyright © 2024 Marcuson Consulting Ltd

# [Key Risks]

## Exposure

- Driving Patterns
- EV Risk Profile

## Premium

- Softening Rates
- Poverty Premium

## Claims

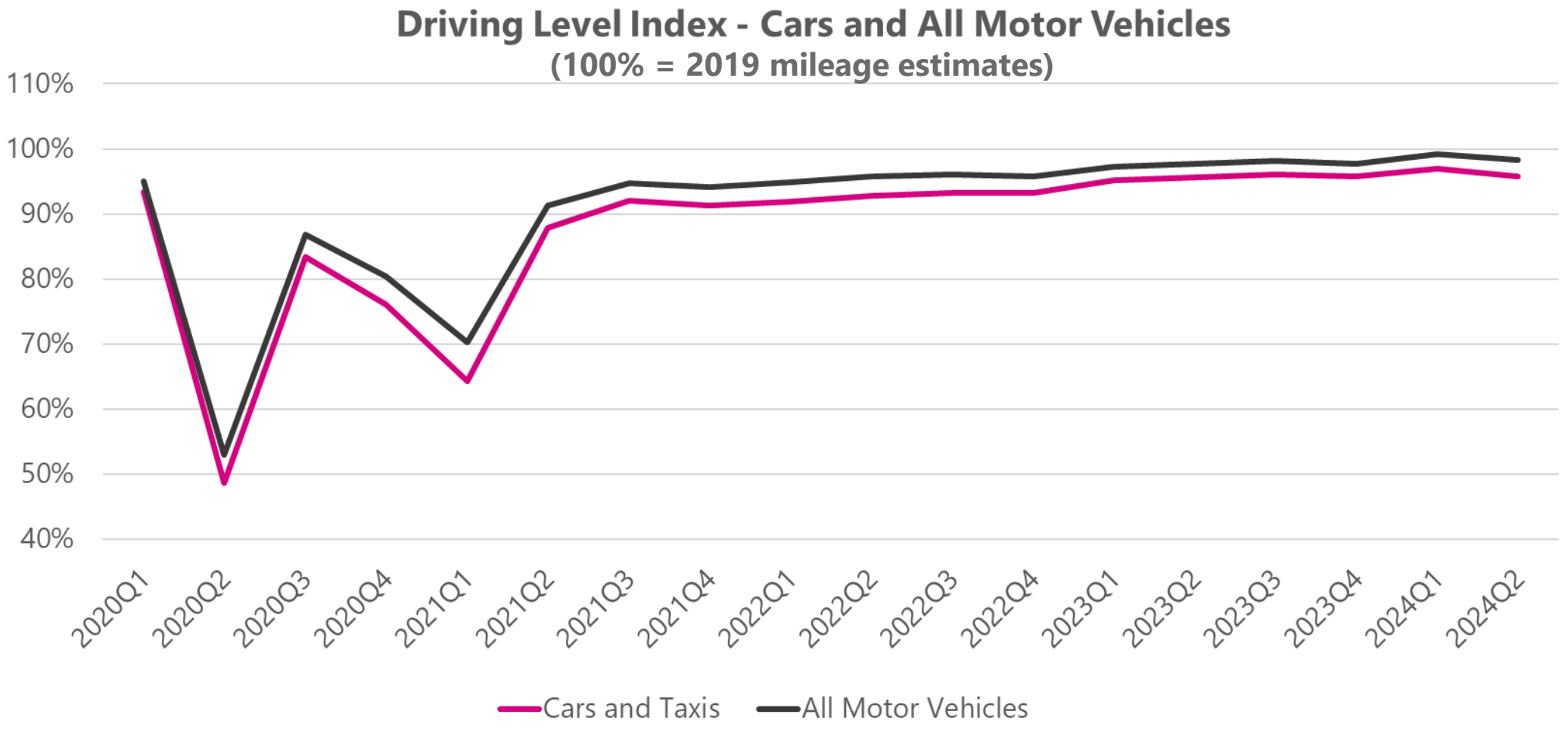
- Ogden Discount Rate
- Whiplash
- Judicial College
- Inflation & Macroeconomics

## Regulation and other

- Consumer Duty
- Business Models
- Motor Mis-selling Fallout


Copyright © 2024 Marcuson Consulting Ltd

# Mileage close to pre-pandemic levels

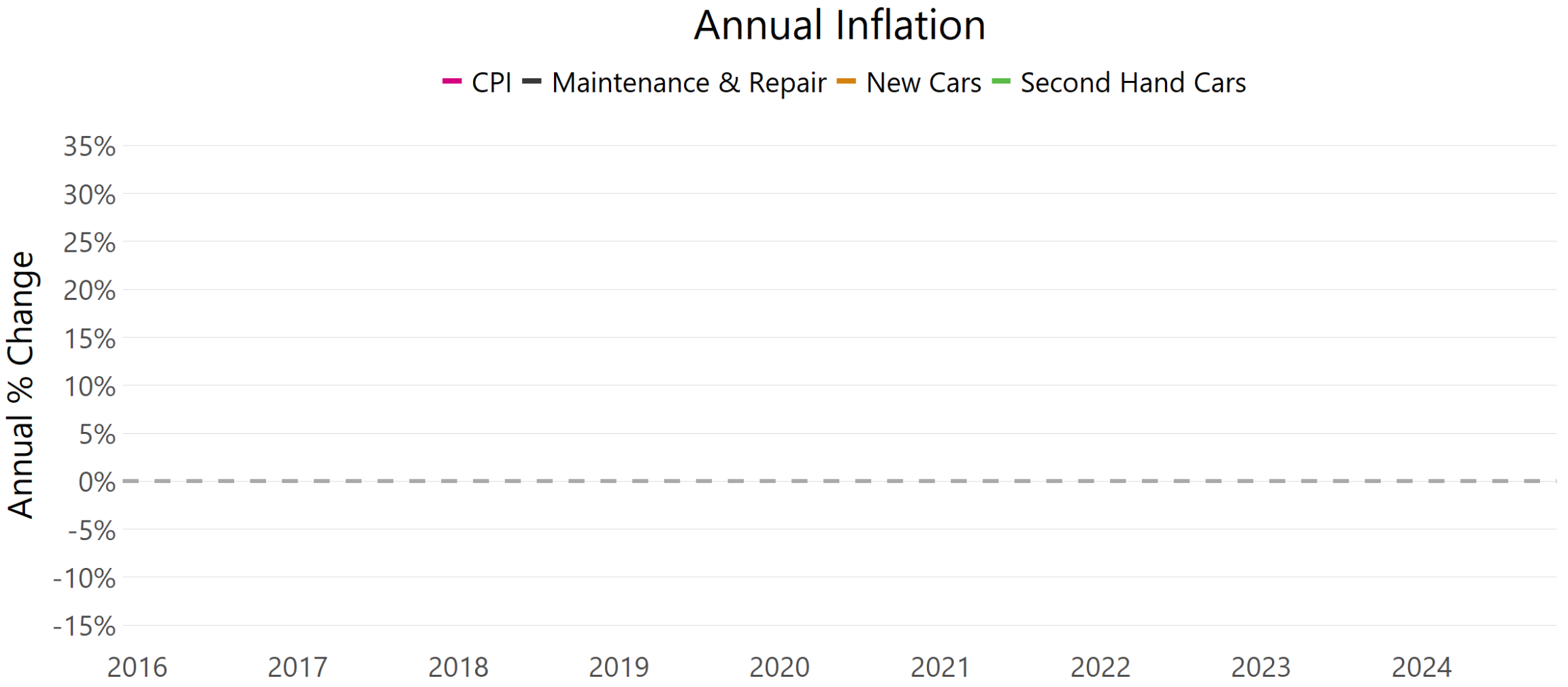




Copyright © 2024 Marcuson Consulting Ltd

Source: Department for Transport

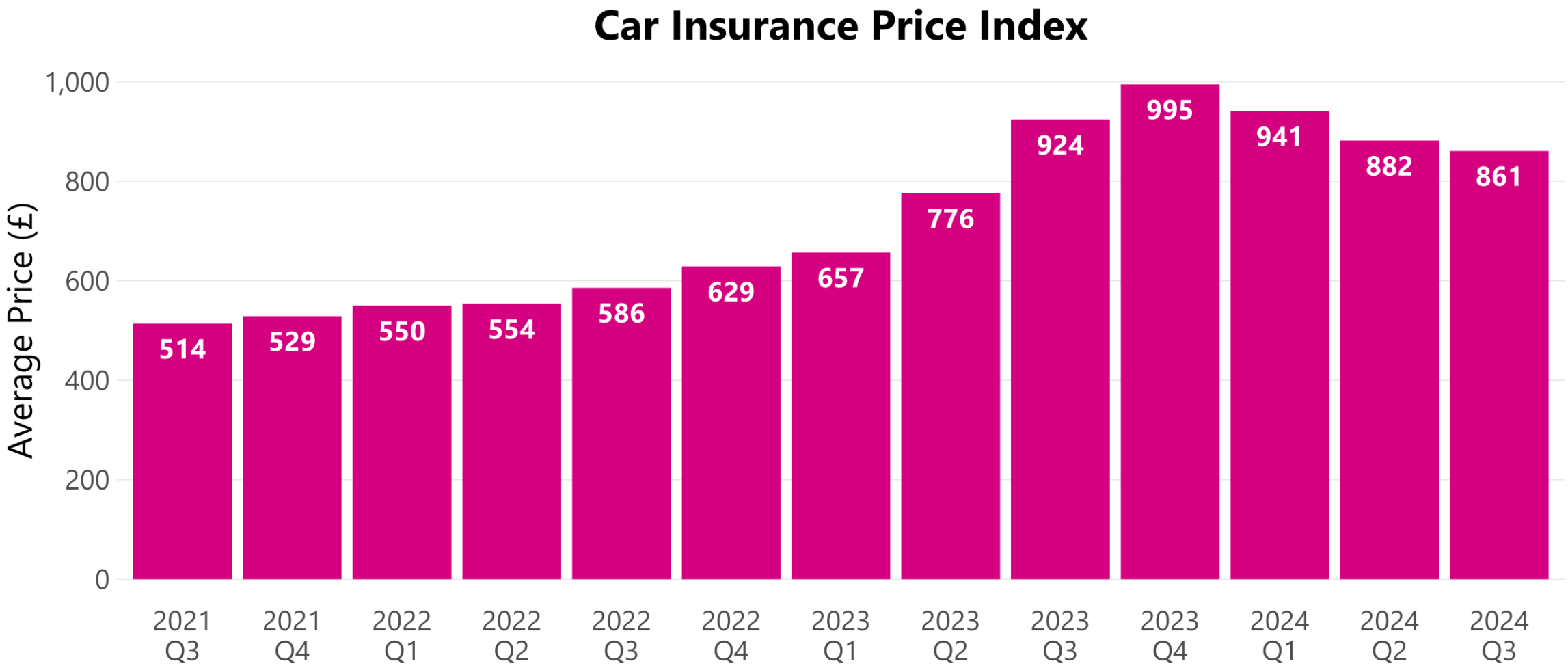
# Inflation





Copyright © 2024 Marcuson Consulting Ltd

# Strong rate increases in 2023




Source: Confused.com Car insurance Price Index


Copyright © 2024 Marcuson Consulting Ltd

# Personal injury

- **Whiplash reforms 2021**
  - Continued reduction in claim frequency
  - Offset by strong severity inflation
  - Post-reforms, low settlement rates
  - Incoming tariff increases 14-15%
- **Judicial College Guidelines**
  - March 2024: +22% in amounts.
- **Ogden discount rate**
  - Scotland & NI: +0.5% (September 2024)
  - E&W update by 11 January 2025




Copyright © 2024 Marcuson Consulting Ltd

# Wider Risks

- Macroeconomics and geopolitics
- UK Domestic Politics
- UK Regulatory Landscape


Copyright © 2024 Marcuson Consulting Ltd



# Key Messages

- 2023 Performed similarly to 2022
- Outlook for 2024 positive
- Micro and Macro risk on the horizon require continued attention


Copyright © 2024 Marcuson Consulting Ltd

# QUESTIONS


Copyright © 2024 Marcuson Consulting Ltd