Marcuson Consulting

Briefing Note:

Preliminary Analysis
UK Motor market 2024

May 2025



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Introduction

This Briefing Note presents the findings from our preliminary analysis of the UK motor market. It is based on the 2024 public disclosures of the UK motor insurance firms who published their SFCRs in time for inclusion.

2024 saw two developments for the UK motor market:

1. Market consolidation at the larger end of the market with the rise of the "A Team" : Aviva, Admiral, Allianz, Ageas and Advantage (the insurance carrier within the Hastings group).

2. An upswing in profitability. Coupled with a benign claims environment, the strong rate increases achieved late in 2023 have now fully shown up in firms' bottom lines.

Analysis undertaken

We have gathered data from the QRT disclosures in the SFCRs of a sample of 22 firms who are earliest to publish. This group represented over 80% of the UK motor market by gross written premium in 2023. The study looks at three key aspects of these firms: market share, profitability and financial strength.

Later in 2025 we plan to expand this dataset to include the remaining firms, many of whom are based in Gibraltar.

Key Findings

The total gross written premium in the UK motor insurance market grew by 25% between 2023 and 2024.

Disclosed motor combined ratios in Solvency UK regulatory returns* have improved, falling from 109% to 87%. 18 out of the 22 firms included in this report disclosed combined ratios below 100% in their QRTs, up from 10 last year.

The median Solvency Ratio among firms in this study was 174%, a 16% increase from last year.

Allowing for market consolidations announced to date**, the A Team insurers may soon now account for 60% of the UK motor market, an increase from 53% last year.

Based on disclosures included in this report, we expect Gibraltar-based insurers to make-up approximately 35% of UK motor insurance premium underwritten during 2024***, up from 34% in 2023.

* *See page 9 for methodology.*
** *See page 3.*
*** *Excludes Lloyd's and UK branches of non-UK insurers.*

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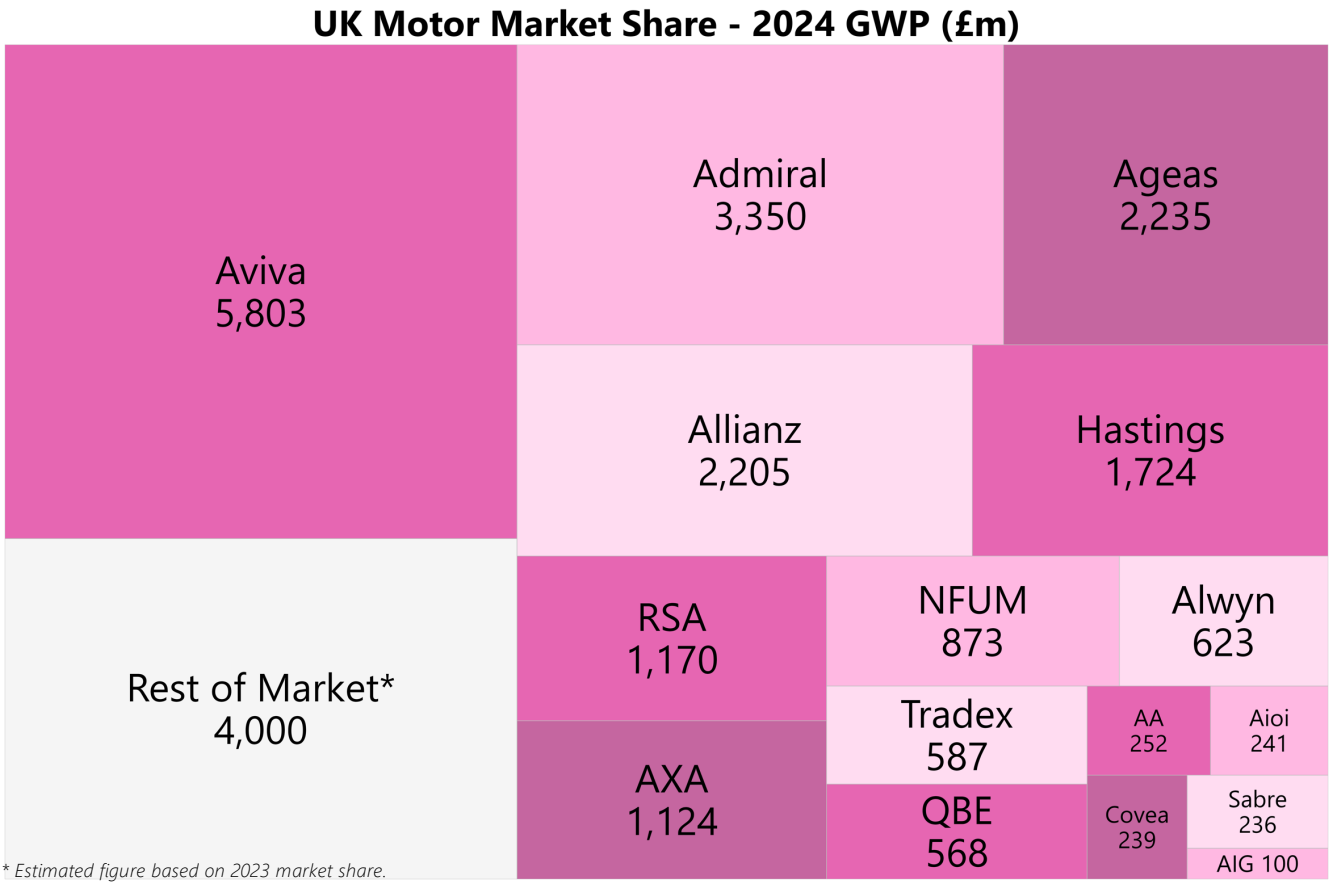
Which way for the A Team?

Following the acquisitions of DLG, esure and Acromas, over 60% of Gross Written Premium (GWP) is concentrated in the five insurance groups that we have collectively termed the A Team. They are: Aviva (including DLG), Admiral (combining both its UK and Gibraltar carriers), Ageas (with esure and Acromas), Allianz (plus LV and Highway) and Advantage (the insurance carrier for Hastings).

Whether this consolidation will continue may depend upon three areas:

- Can these five use their scale to drive value for shareholders, making use of better customer insights and streamlined claims handling to drive down costs and compete well on premium?
- Is the Consumer Duty, with its stronger consumer protection obligations, at risk of reducing competition and through this putting up prices for UK motorists?
- How will competition authorities react to consolidation? And will any review carried out focus on competition at the point of sale or explore the whole of the motor insurance industry value chain?

Chart 1 UK motor market 2024 gross written premium grid. Firms under common control (including announced mergers) have been consolidated into a single box.

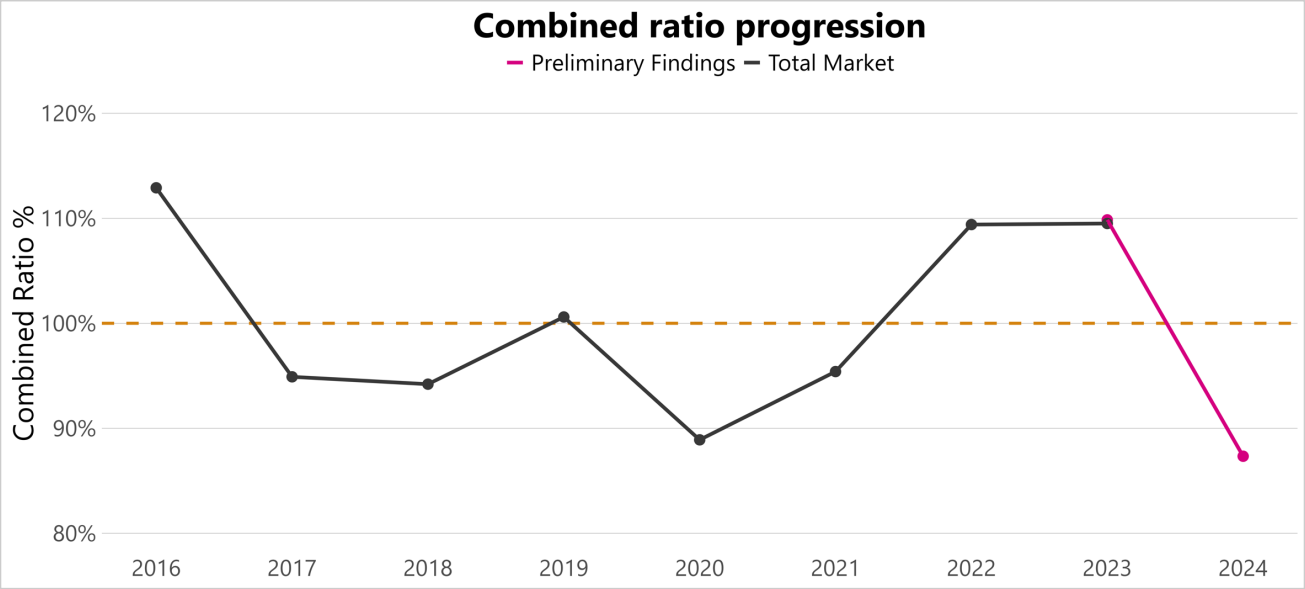


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An overdue return to profit

At last, the rate increases that arose in late-2023 have fed through to the bottom line, with the industry disclosing the best results of the last decade. Coupled with a relatively benign claims environment, the market Combined Ratio (COR) disclosed in the 2024 QRTs fell 22% from the corresponding 2023 metric. Firms that managed to time their growth to capture this hard market will have been well rewarded by this exceptionally good year.

Chart 2 Progression of the UK motor insurance industry's combined ratio from 2016 to 2024 inclusive showing the expected sharp improvement in profitability. The black line (2016 to 2023 inclusive) shows the total market. The pink line (2023 and 2024 only) shows aggregate position of the firms included in this preliminary analysis. Comprising over 80% of the market by gross written premium, we expect that (as last year) the total market position will follow the pink line closely.



The transition to Solvency UK

This year marks the first year in which insurers have transitioned their reporting framework from Solvency II to Solvency UK. Care is therefore needed in comparing results between 2023 and 2024 as there are some differences arising.

Firms are seeing an uplift in their Solvency UK "profits", as risk margins have been cut by one third.

The presentation of expenses in SFCRs has changed. Greater clarity has been provided by the PRA regarding the treatment of expenses and contributions towards them from reinsurers.

Allocated loss adjustment expenses are now included within claims incurred. Remaining expenses are split between allocated and unallocated elements, and other non-technical expenses. Only allocated expenses are included in the CORs shown in this report.

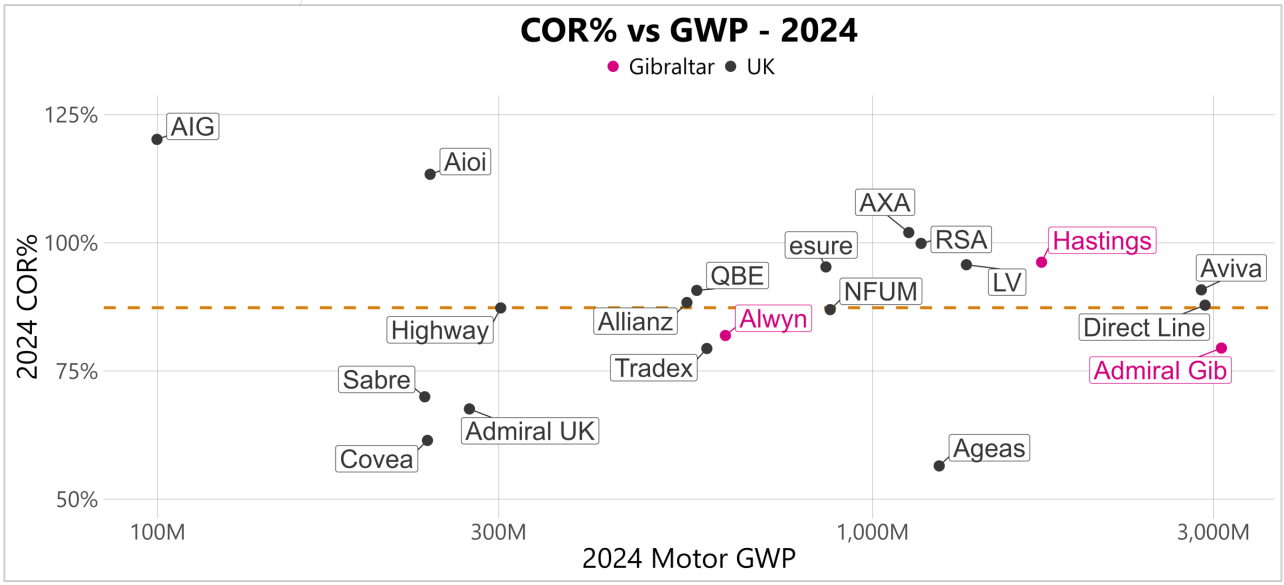
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Detailed Exhibits

The charts on the next few pages plot the following disclosures for the firms included in this preliminary analysis against one another. See page 9 for methodology details.

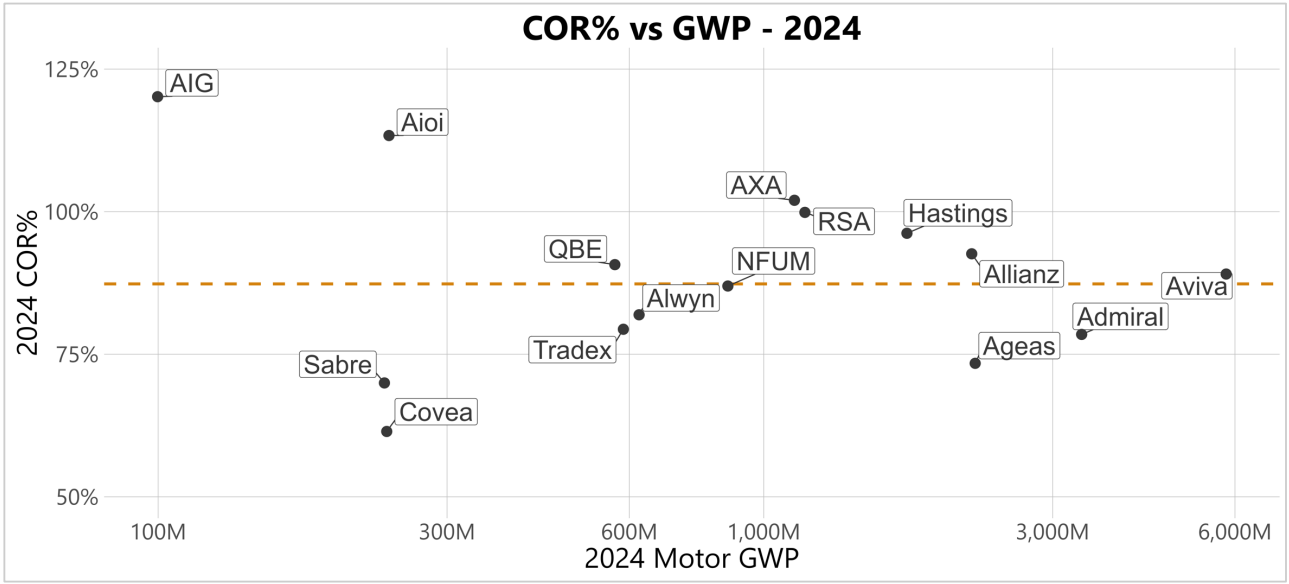
- Gross Written Premium (GWP)
- Combined ratio (COR)
- Solvency Ratio
- GWP Growth: (2024 GWP *divided* by 2023 GWP) *minus* 1
- Change in COR: 2024 COR *minus* 2023 COR

Chart 3 2024 COR plotted against 2024 GWP. Almost all firms disclosed CORs below 100% for 2024. There is no clear pattern suggesting that either larger or smaller firms have disclosed better results.



The following firms are not shown due to having data points outside the plotted range: Acromas and AA.

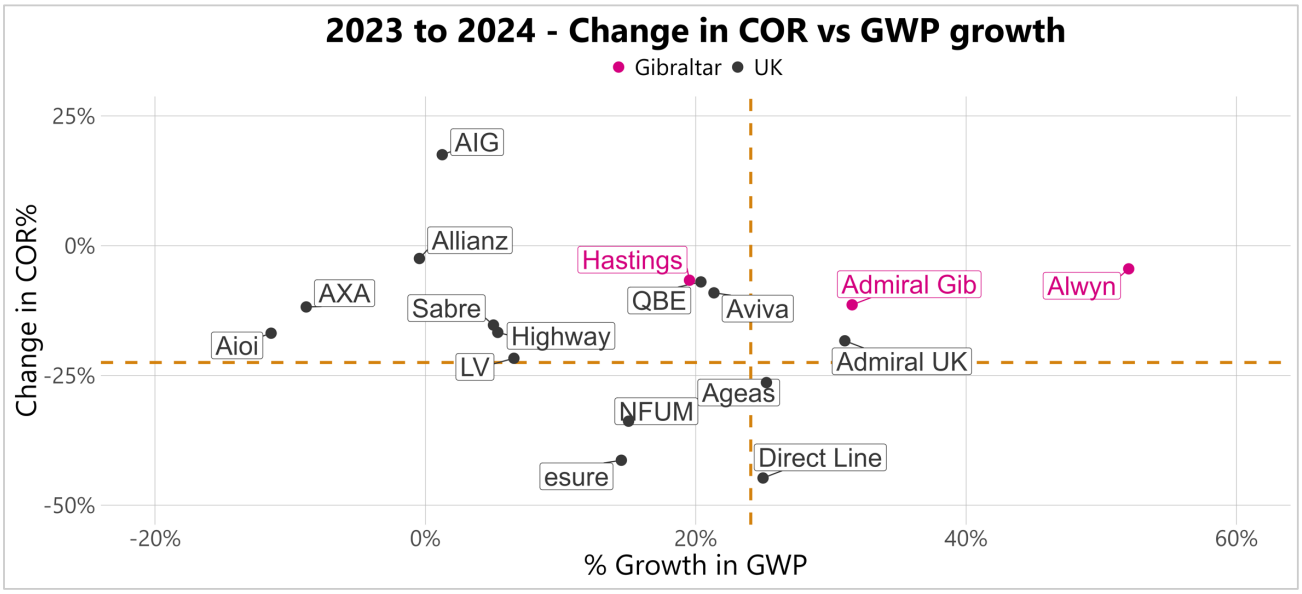
Chart 4 2024 COR plotted against 2024 GWP with the A Team of insurers (see page 3) presented on an as-if consolidated basis. While the logarithmic scale used here masks the effect, the smallest of this group (Hastings) had 2024 GWP that was almost 50% larger than the next largest firm (RSA).



The following firm is not shown due to having data outside the plotted range: AA.

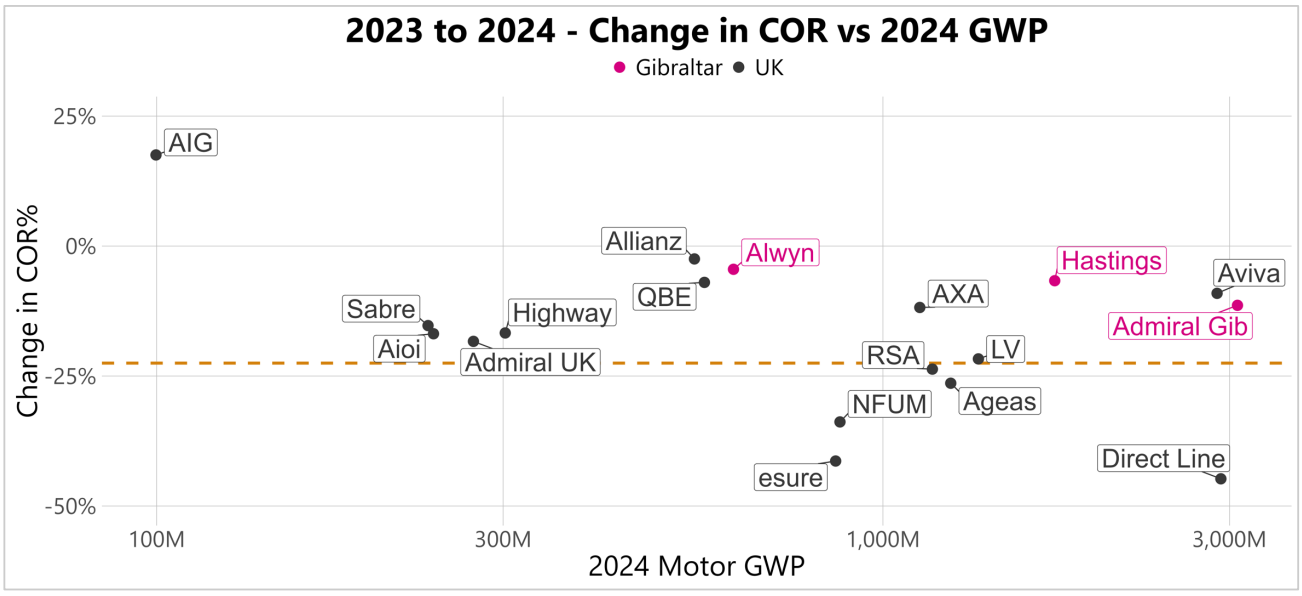
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Chart 5 Change in COR plotted against Growth in GWP. The vertical and horizonal lines show the aggregate change across the firms reviewed, with the GWP growing by 25% and the COR falling by 22%. Almost all firms both grew their GWP and reduced their COR in 2024.



The following firms are not shown due to having data points outside the plotted range: AA, Acromas, Covea, RSA and Tradex.

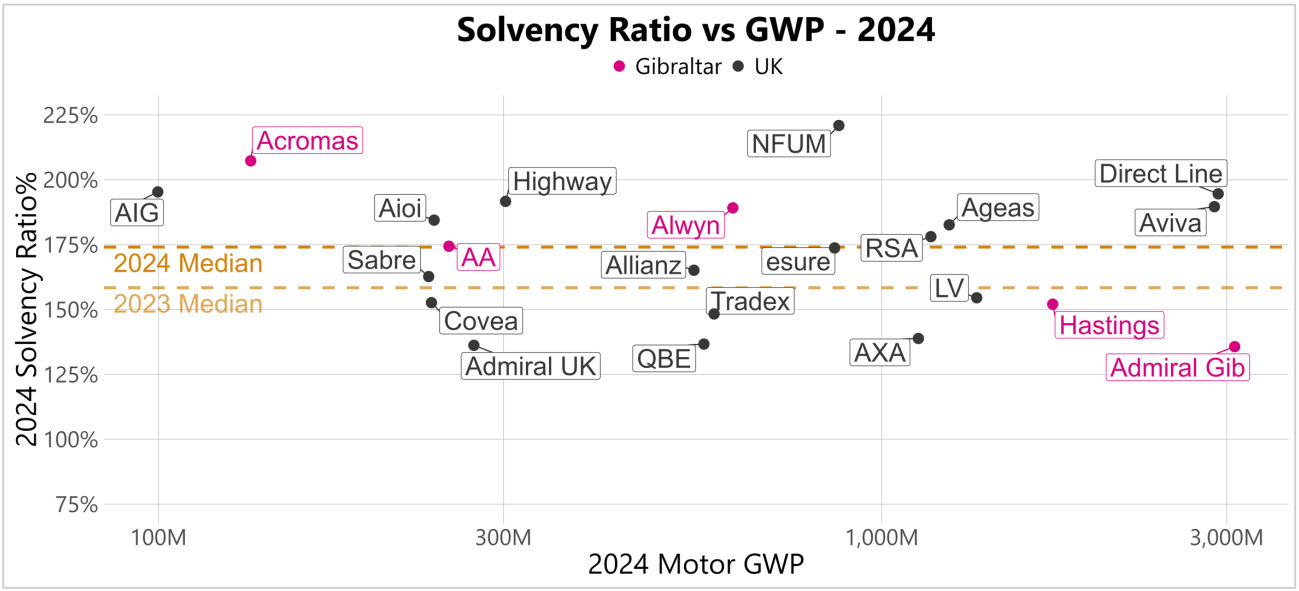
Chart 6 Change in COR plotted against 2024 GWP.



The following firms are not shown due to having data points outside the plotted range: AA, Acromas, Covea and Tradex.

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Chart 7 2024 Solvency Ratio plotted against 2024 GWP. All insurers in this preliminary analysis disclosed financial resources well in excess of their regulatory requirements. NFUM, the only mutual insurer in the market, maintains the highest solvency ratio. The dashed horizontal lines show the median solvency ratios for these firms in 2023 and 2024, increasing by 16% to 174% this year.





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Summary of data

Table 1 shows the data used in this report. Data in this table was collated by Marcuson Consulting staff using firms' published QRTs and SFCRs.

	2023			2024		
Firm	GWP £m	COR %	Solvency Ratio	GWP £m	COR %	Solvency Ratio
AA Underwriting Insurance Company Limited	237	88%	160%	252	159%	174%
Acromas Insurance Company Limited	165	209%	154%	134	24%	207%
Admiral Insurance (Gibraltar) Limited	2,338	91%	156%	3,077	79%	136%
Admiral Insurance Company Limited	208	86%	140%	273	68%	136%
Ageas Insurance Limited	990	83%	159%	1,240	56%	183%
AIG UK Limited *	99	103%	186%	100	120%	195%
Aioi Nissay Dowa Insurance UK Limited	272	130%	141%	241	113%	184%
Allianz Insurance plc	553	91%	169%	550	88%	165%
Alwyn Insurance Company Limited	410	86%	197%	623	82%	189%
Aviva Insurance Limited	2,376	100%	182%	2,884	91%	190%
AXA Insurance UK plc	1,233	114%	150%	1,124	102%	139%
Covea Insurance PLC	264	5,847%	139%	239	61%	153%
Direct Line Insurance Group plc	2,335	133%	197%	2,919	88%	195%
esure Insurance Limited	752	136%	144%	861	95%	174%
Hastings Group Holdings Limited	1,442	103%	143%	1,724	96%	152%
Highway Insurance Company Limited	287	104%	159%	302	87%	192%
Liverpool Victoria Insurance Company Limited	1,270	117%	137%	1,353	96%	155%
The National Farmers Union Mutual Insurance Society Limited	759	121%	218%	873	87%	221%
QBE UK Limited	472	98%	158%	568	91%	137%
Royal & Sun Alliance Insurance Limited	320	124%	169%	1,170	100%	178%
Sabre Insurance Company Limited	225	85%	171%	236	70%	163%
Tradex Insurance Company plc**	183	147%	121%	587	79%	148%
Total * **	**17,188**	**109%**	**158%**	**21,326**	**87%**	**174%**

* *2023 COR% restated in AIG 2024 SFCR following a reallocation of exposures.*

** *2023 Solvency Ratio restated in Tradex 2024 SFCR to align with statutory accounts post-audit.*

*** *Total COR is weighted average using firm's net earned premium; Total Solvency Ratio is median solvency ratio..*

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Methodology

2023 data: Premium, claims and expenses were extracted from the Motor vehicle liability insurance and Other motor insurance lines of business as reported in form S05.01.02 for UK and Gibraltar domiciled insurance company QRTs.

2024 data: Premiums, claims and expenses were extracted from the Motor vehicle liability insurance and Other motor insurance (Personal and Non-Personal) lines of business as reported in form IR.05.04.02 for UK and Gibraltar domiciled insurance company QRTs.

We have not included Lloyd's Syndicates, or branches of overseas insurers with permission to write UK business.

The 2023 QRTs were prepared by firms on a Solvency II basis. The 2024 reporting templates, on a Solvency UK basis.

While there are some differences in the allocation of expenses under Solvency UK, we believe that the figures presented are the most appropriate for comparison purposes.

Combined Ratio was calculated as (Net Incurred Claims + Allocated Expenses Incurred) divided by Net Earned Premium.

Allocated Expenses were taken from row R0550 in form S05.01.02 for the 2023 figures and from row R0985 in form IR.05.04.02 for the 2024 figures.

Solvency Ratio was calculated as Eligible Own Funds (financial resources calculated for regulatory purposes) divided by Solvency Capital Requirement (SCR).

Data for 2023 and prior combined ratios in Chart 2 were taken from Solvency II Wire database, available on subscription (www.solvencyiiwire.com)

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