

# MARKET FORECAST FOR 2025 AND 2026

# What are other forecasts predicting?

Forecaster	Timing	2024 NCR	2025 f/c NCR	2026 f/c NCR
Ernst & Young	Jan 2025	97%	100%	107%
Oxbow	May 2025	90%	93%	96%

## Note:

- Each forecasts may include and exclude different elements (e.g. non-risk income, ULAE etc) and baseline set of firms.
- QRT data quality may limit reliability of 2024 baseline.
- Forecasts may be incorrect, potentially materially. Any reliance placed on them is at the user's own risk.

Source:

[EY's Latest Motor Results Analysis | EY – UK / https://www.ey.com/en\\_uk/newsroom/2025/06/ey-latest-motor-results-analysis](https://www.ey.com/en_uk/newsroom/2025/06/ey-latest-motor-results-analysis)  
[Avoiding the Potholes - Profitability in the UK Motor Market - Oxbow Partners / https://oxbowpartners.com/blog/avoiding-the-potholes-profitability-in-the-uk-motor-market/](https://oxbowpartners.com/blog/avoiding-the-potholes-profitability-in-the-uk-motor-market/)

# Profitability drivers

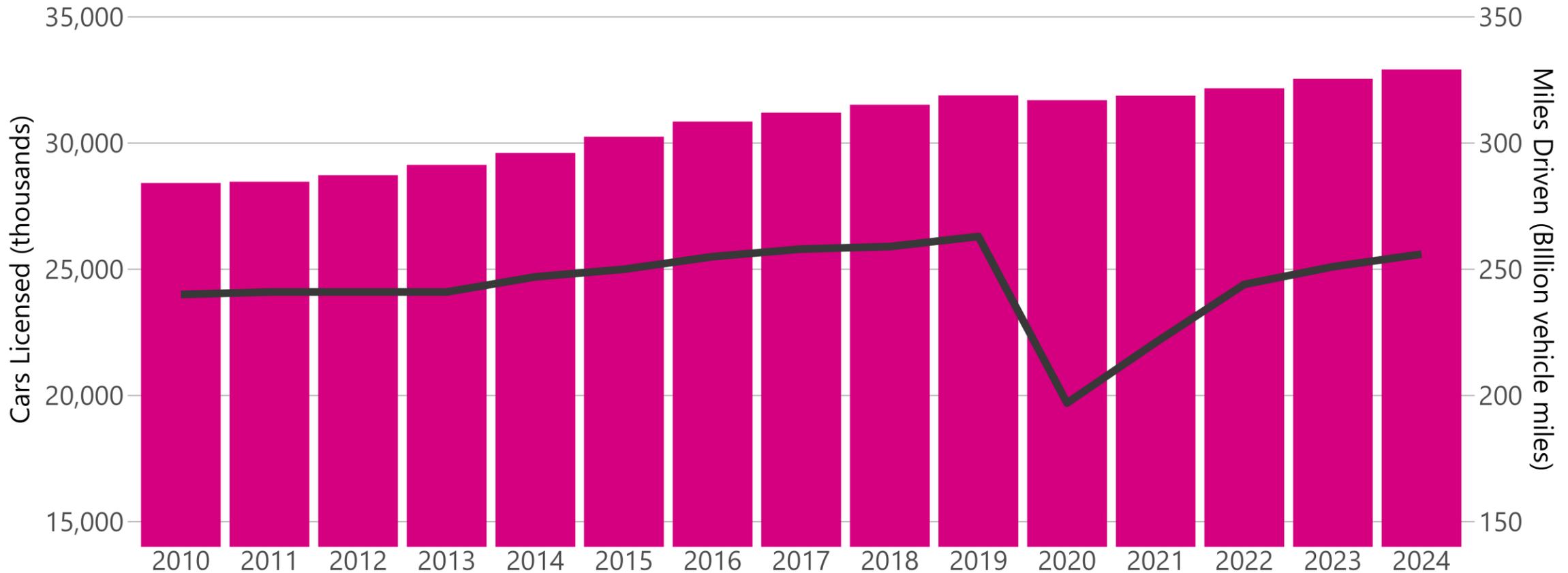


# Car numbers rising, but miles driven level



## Comparison of Licensed Cars to Miles Driven

— Miles Driven   ■ Licensed Cars

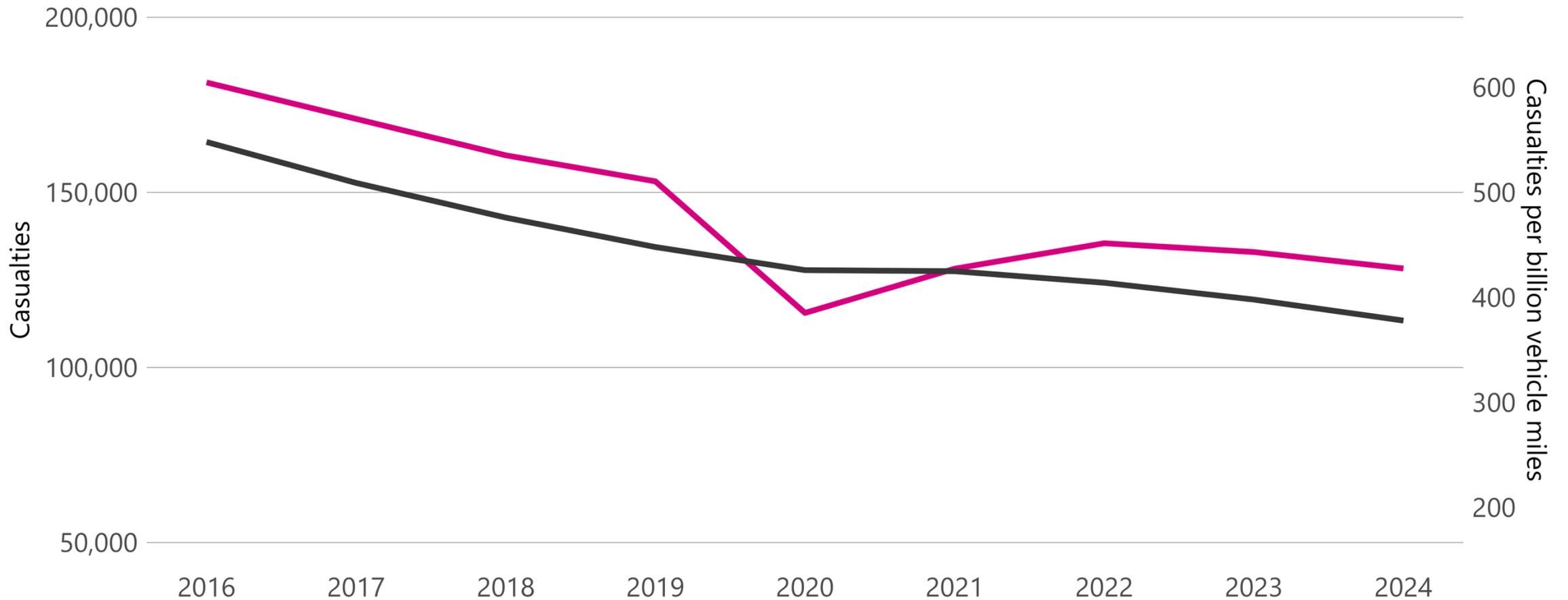


Source: Department for Transport and DVLA

# Steady reduction in reported road accidents

## Casualties in reported road accidents GB 2016-2024

— Casualties — Casualty Rate

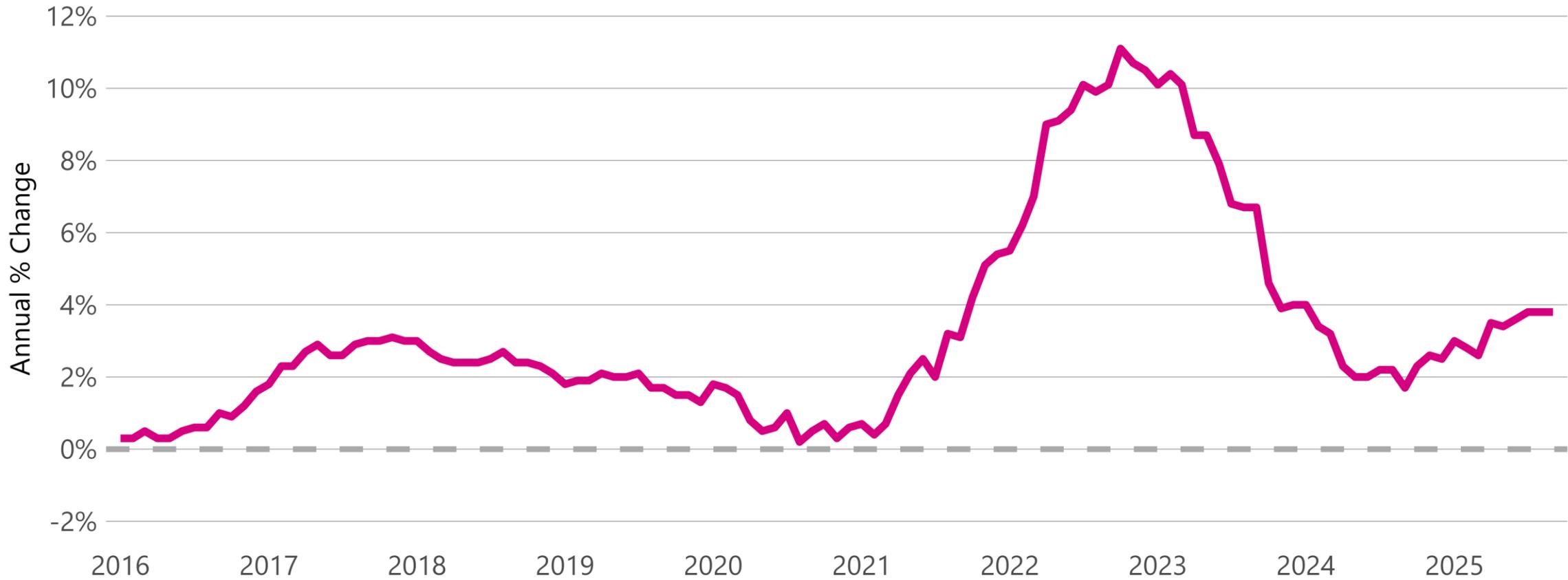


Source: Department for Transport

# UK Inflation

## Annual Inflation

— CPI

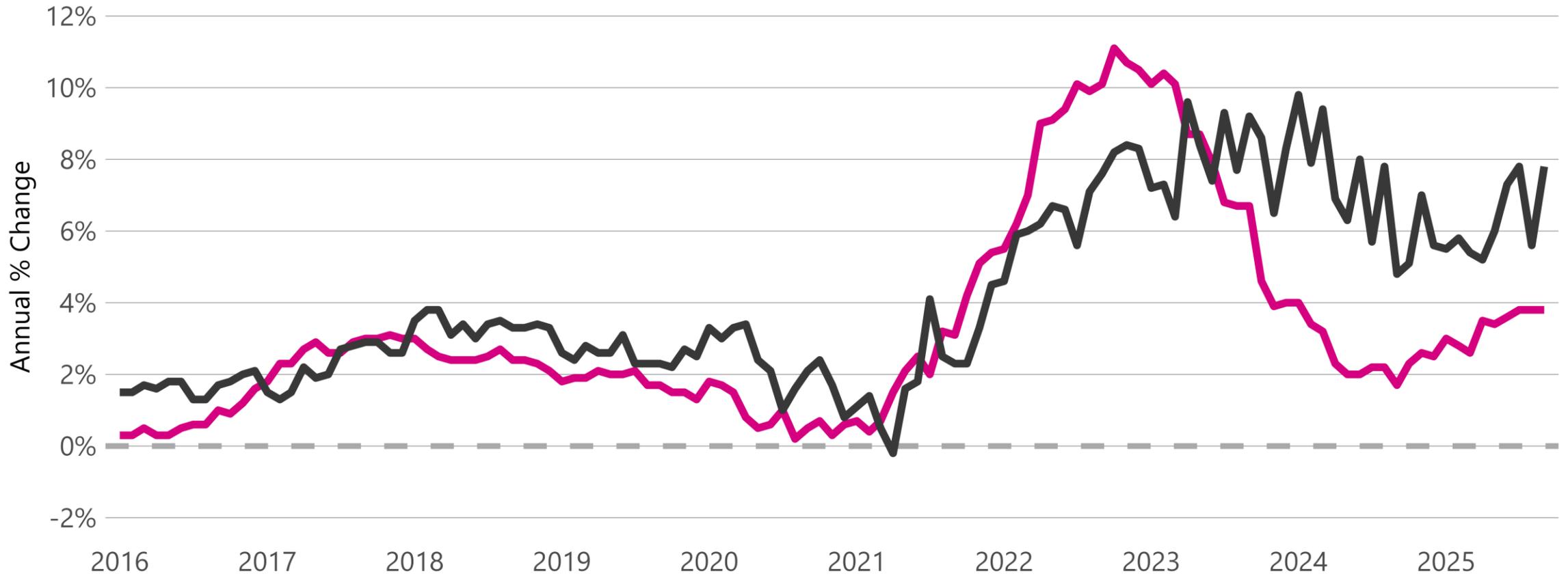


Source: Office for National Statistics

# UK Inflation – Repair costs

## Annual Inflation

— CPI — Maintenance & Repair

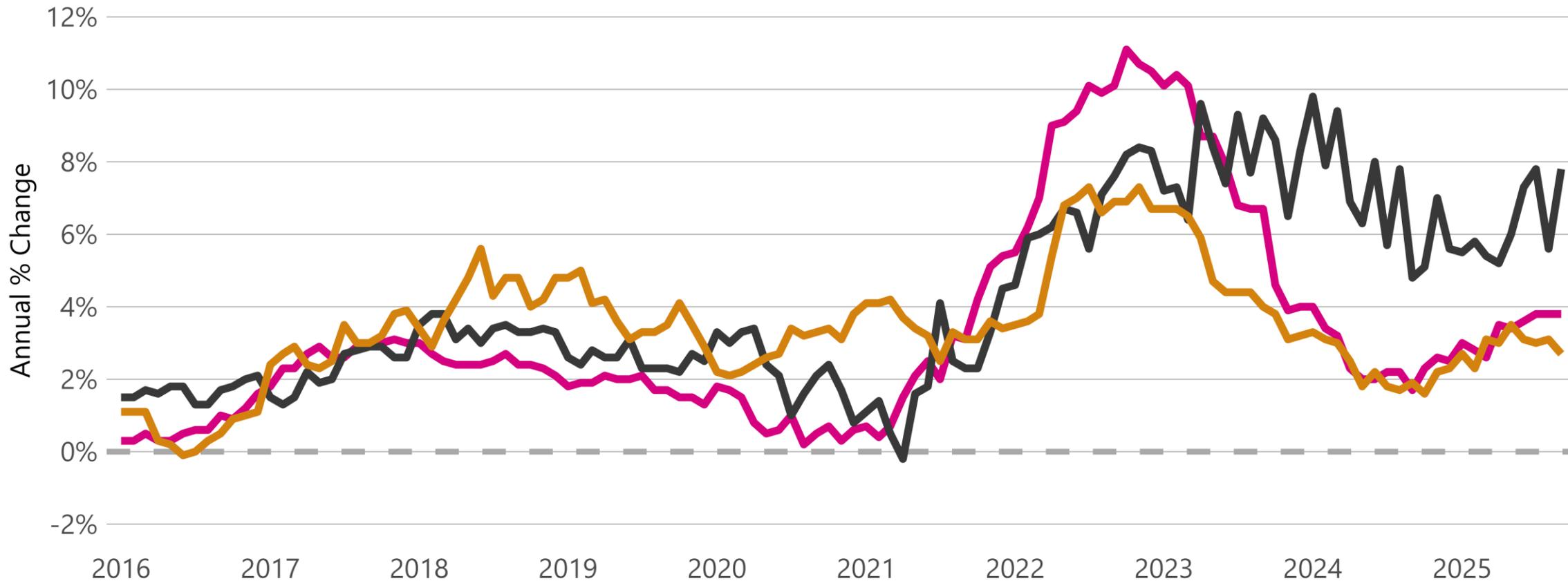


Source: Office for National Statistics

# UK Inflation – New Car Prices

## Annual Inflation

CPI Maintenance & Repair New Cars

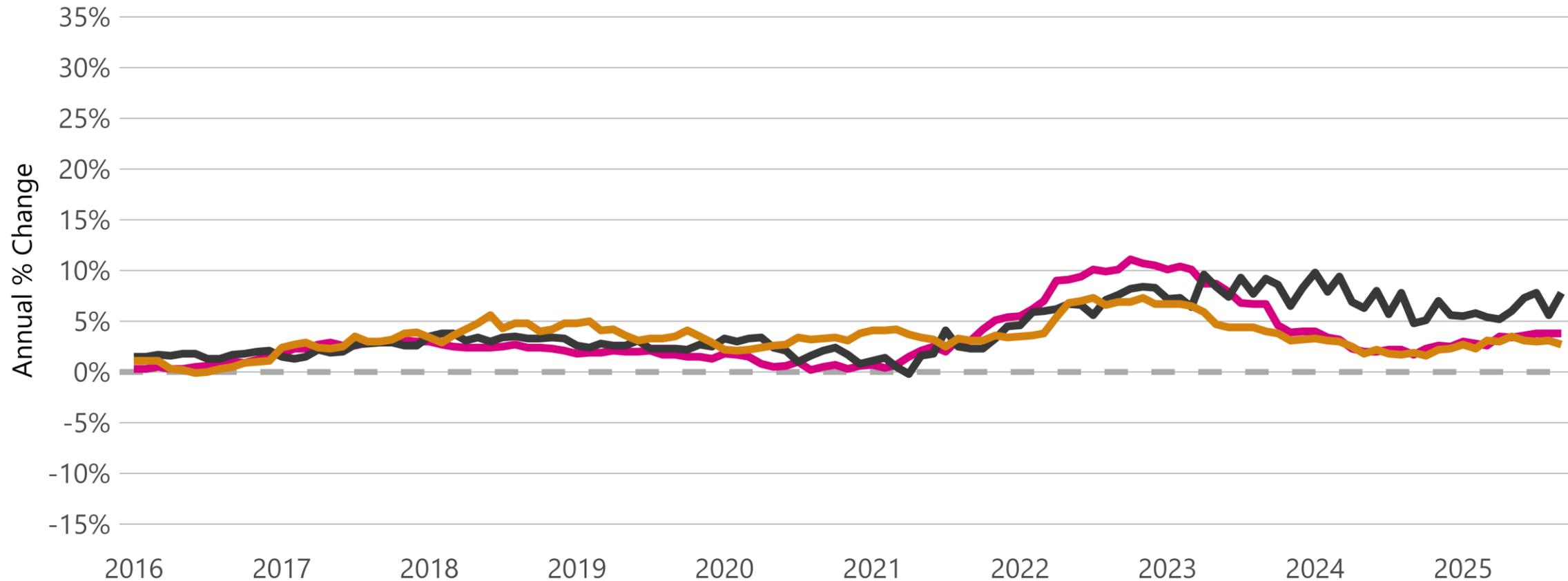


Source: Office for National Statistics

# UK Inflation – New Car Prices

## Annual Inflation

CPI Maintenance & Repair New Cars

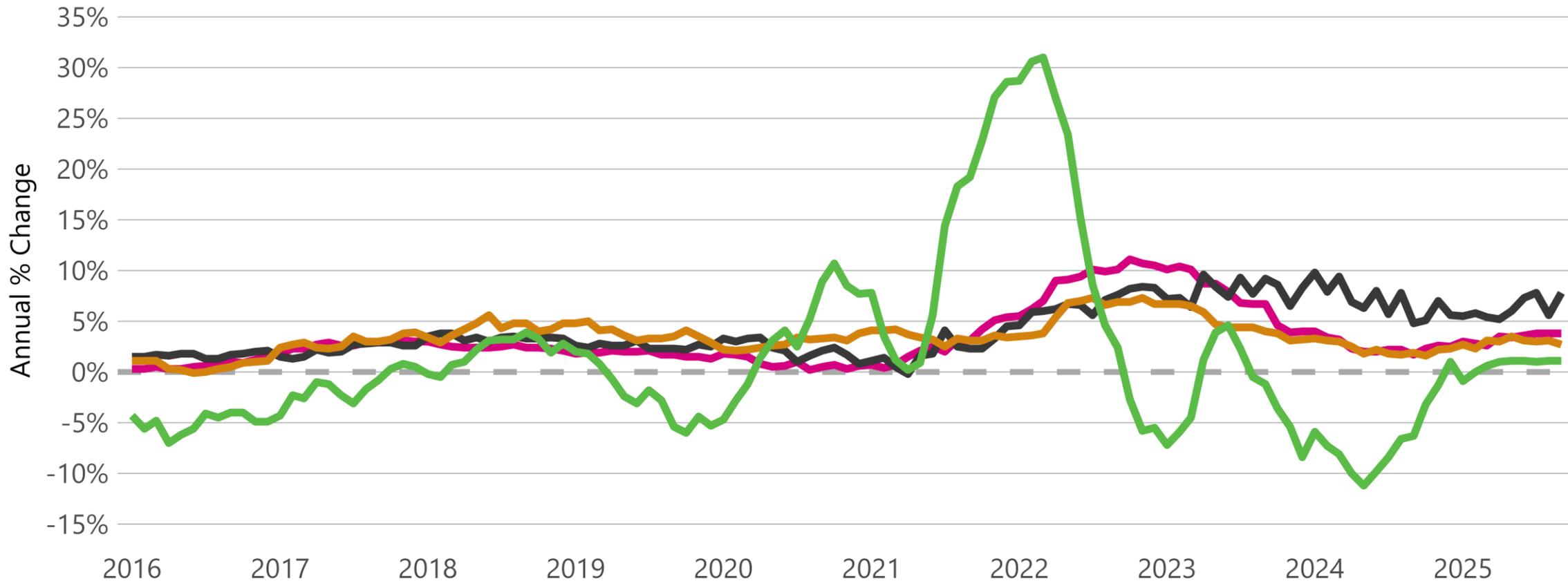


Source: Office for National Statistics

# UK Inflation – Second Hand Car Prices

## Annual Inflation

CPI Maintenance & Repair New Cars Second Hand Cars



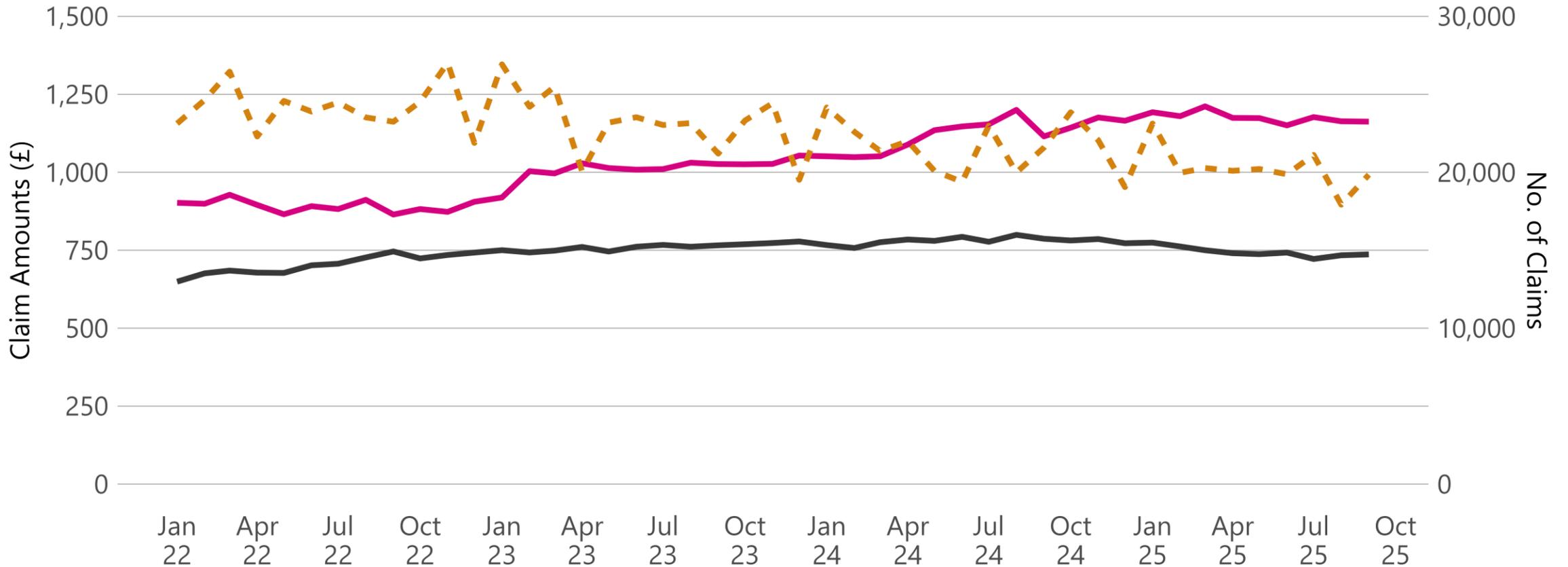
Source: Office for National Statistics

# Personal Injury Claims stabilising?

## Historical Personal Injury Claims

OIC Portal

Average Non-Tariff Average Tariff Reported Claims

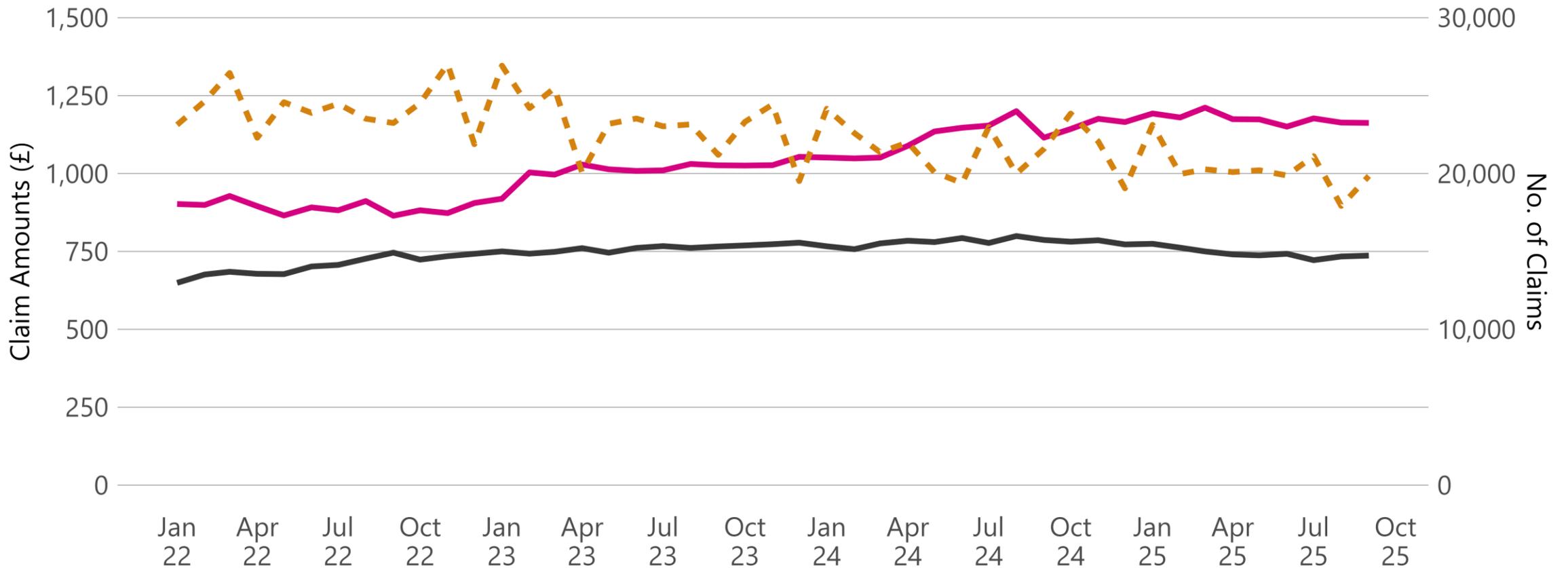


# Personal Injury Claims stabilising?

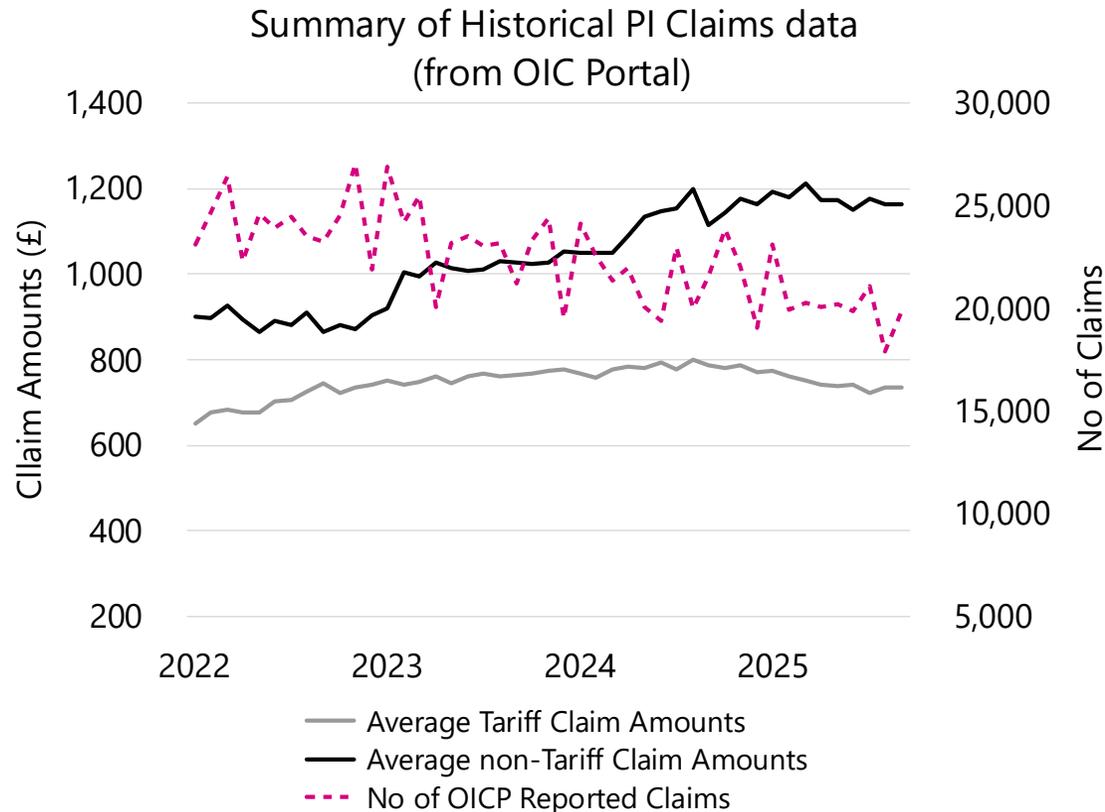
## Historical Personal Injury Claims

OIC Portal

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# Personal Injury Claims stabilising?

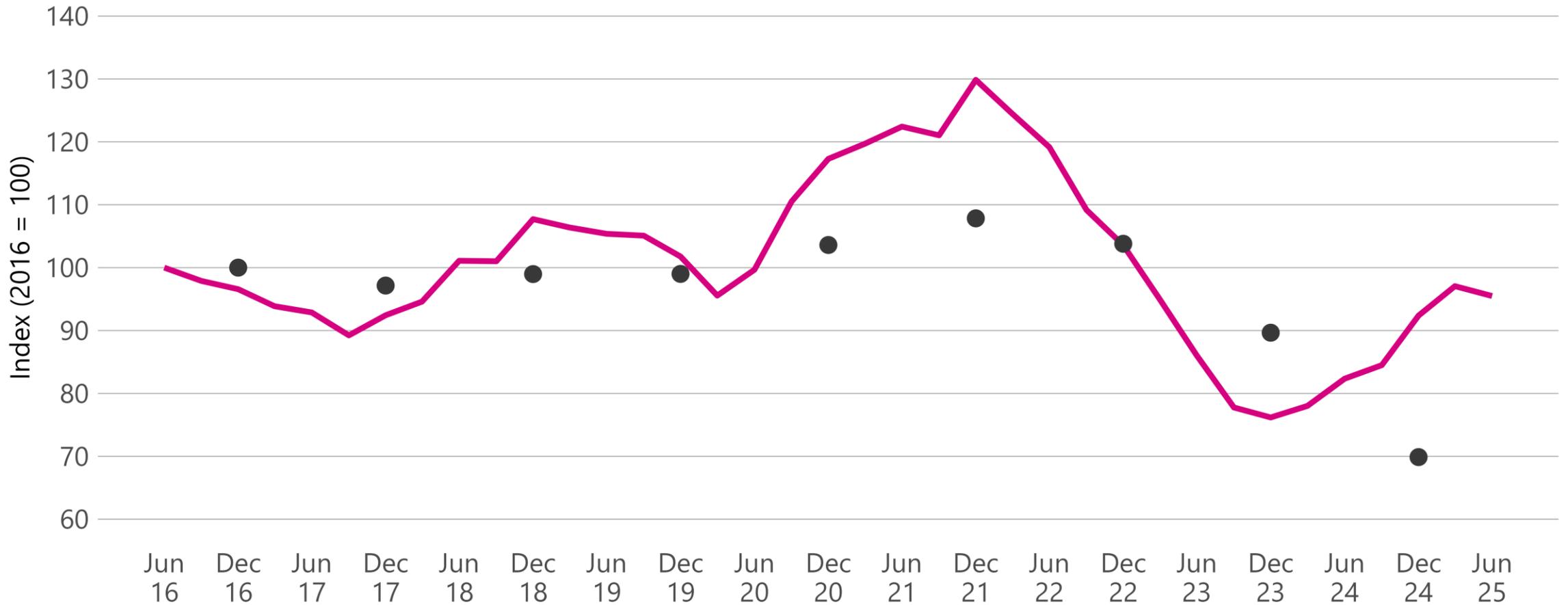


- OICP claim notifications reducing in line with reducing casualty rates.
  - OICP claim settlement amounts stabilising.
  - Judicial College Guidelines for general damages increased by 22% in March 2024.
- 
- Larger personal injury claim amounts appear stable following Ogden rate increases in late-2024/early-2025.
  - IFoA TPWP 2024 analysis indicated some increases in large personal injury claim frequency.

# Expenses

## Premium Adjusted Wage Index vs Net Expense Ratio

● Expense Ratio    — Premium to Wage Index



# Expenses and Reinsurance Rates

- Historically, expense ratios seem unaffected by premium rate movements.
- Recent drop in reported expense ratios appear consistent with changes in how expenses are reported under Solvency UK.
- Anecdotal stabilisation of XoL rates. Impact of shift to IFRS17 on reinsurance costs.

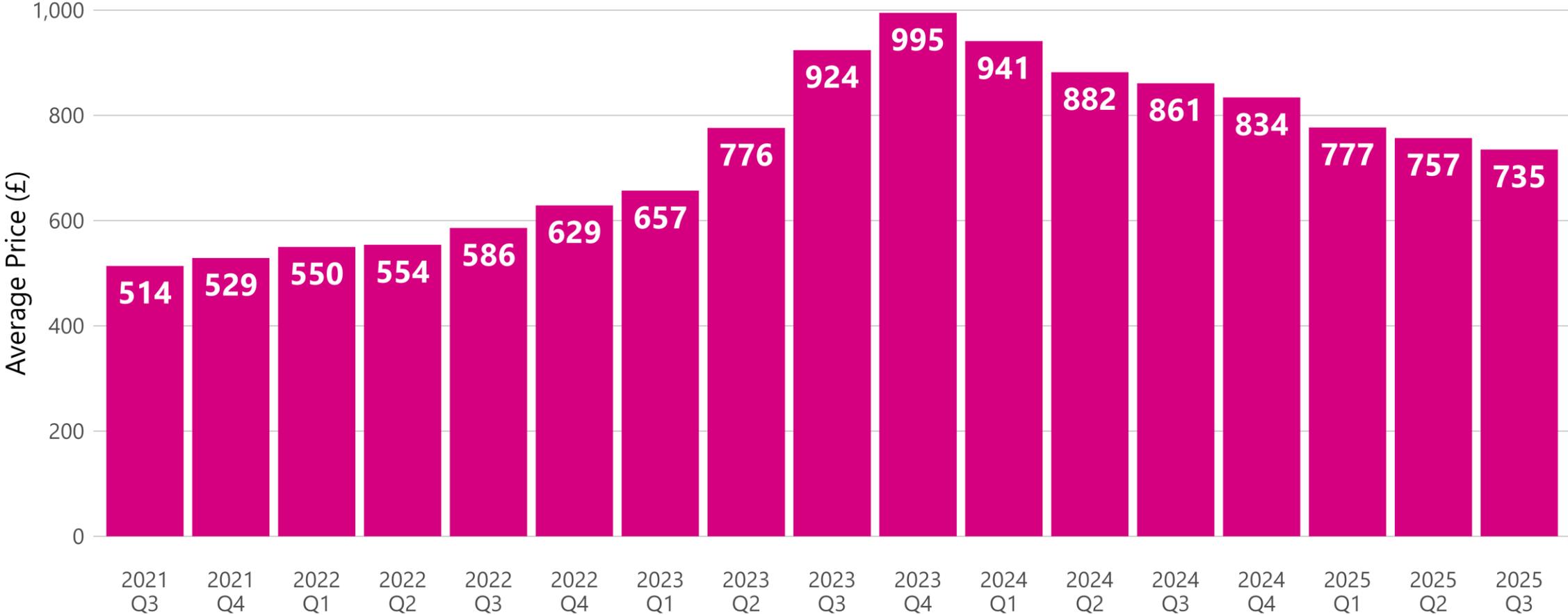
Comparison between premium-adjusted wage index and net expense ratio



# Did Premium Rates soften throughout 2025?



### Car Insurance Price Index

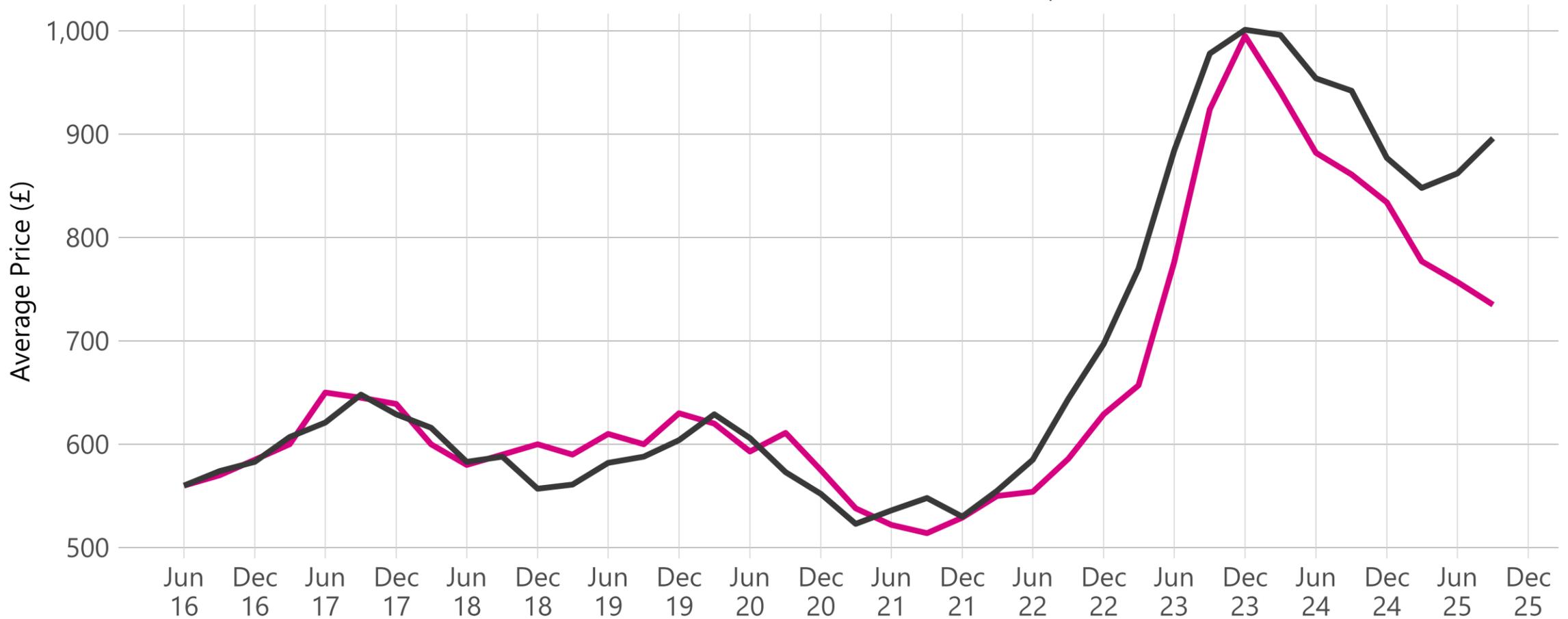


Source: Confused.com Car insurance Price Index

# Or did they turn from 2025 Q2?

## Premium Price Index Comparison

— Confused.com — CPI - Motor Insurance Premium Component (rebased)



Source: Confused.com Car insurance Price Index  
Office for National Statistics

# PROFITABILITY FORECASTS 2025 & 2026

# UK Motor Profitability Forecasts – 2025 and 2026

## Summary

Element	Baseline Outlook	Adverse	Favourable
<b>Narrative</b>	<b>Steady state</b>	<b>Competition and Inflation</b>	<b>Market dominance and cost control</b>
<b>Premiums</b>	3% hardening per quarter to end-2026.	Flat or slight weakening during 2026 H1 before recovery in H2.	Stronger hardening (4-5% p.q.) to end-2026.
<b>Claims and Expenses Average Inflation</b>	6% p.a.	8-10% p.a.	4-5% p.a.

### Assumptions:

- No allowance for significant prior year reserve movements.
- No market-wide / economic shocks.

### Note:

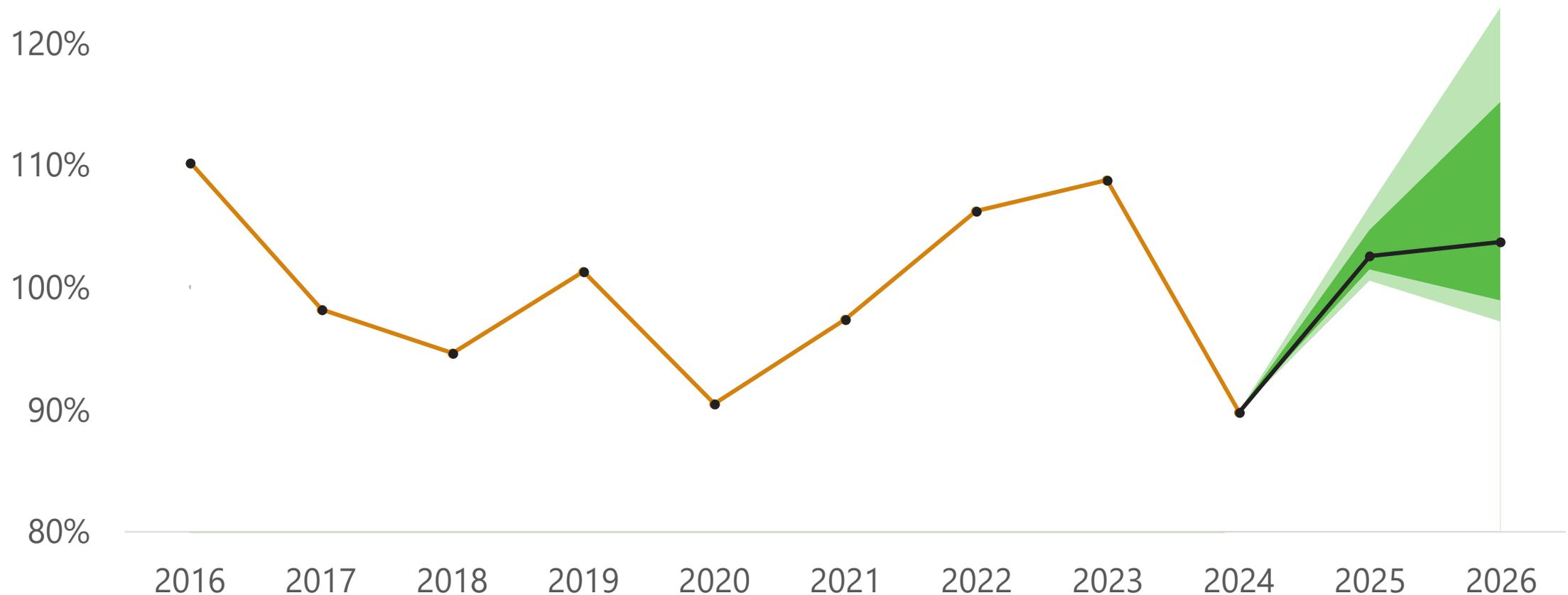
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# UK Motor Profitability Forecast – 2025 and 2026



## Results

### Motor COR Projections



# UK Motor Profitability Forecasts – 2025 and 2026

## Results



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Oxbow		May 2025	90%	93%	96%
Marcuson	<b>Central</b>	<b>Nov 2025</b>	<b>90%</b>	<b>103%</b>	<b>104%</b>
	<b>Range</b>			<b>100% - 107%</b>	<b>97% - 123%</b>

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2025 headed for underwriting loss after stellar 2024

Market underwriting profit in 2026 will be challenging

Are there any prior year reserve surprises out there?

# Q & A