PROPERTY

Property was the most profitable commercial line for the UK's most prominent general insurers, thanks in part to a relatively low level of weather claims in 2013.

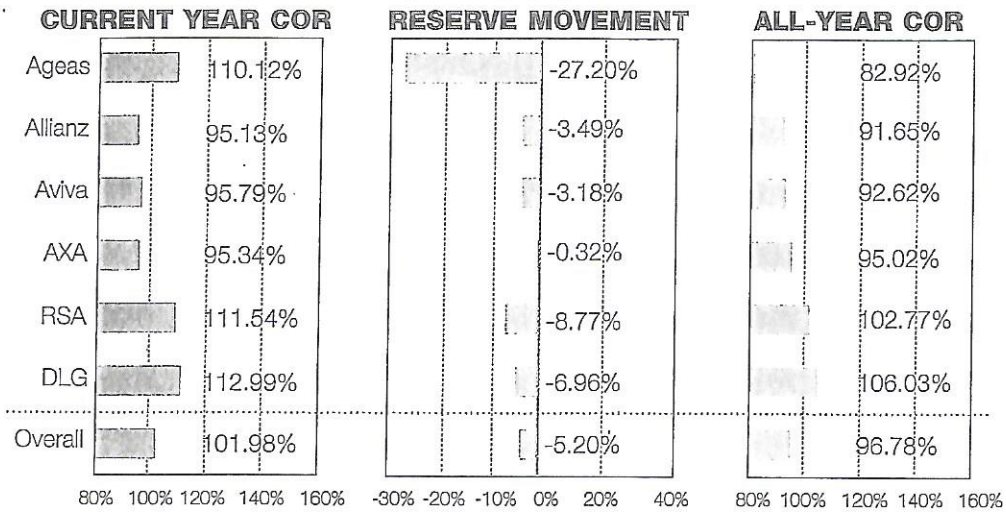
This has allowed several companies to benefit from large reserve releases in this line.

Most companies not only made an underwriting profit, but also improved their combined operating ratios (CORs).

The biggest beneficiary was Ageas, which was able to release commercial property reserves equivalent to 27.2% of net earned premium.

As a result, it reported the best commercial property COR of the group at 82.9% – a big improvement over 2013's loss-making 113.4%.

Two of the six insurers failed to make an underwriting profit in commercial property. The worst performer was Direct Line Group (DLG), with a 106% COR.



RSA was also in loss-making territory with a COR of 102.8%.

Both can take comfort from a raised commercial property underwriting performance. DLG's COR was 8.3 points better than 2012's 114.3% and RSA reported a 9.8 point improvement over 2012's COR of 112.6%.

Both benefited from reserve releases: DLG's releases lowered its property COR by 7% and RSA's by 8.8%.

While property cushioned insurers' overall results in 2013, 2014 may be a different story if there are more weather claims.

LIABILITY

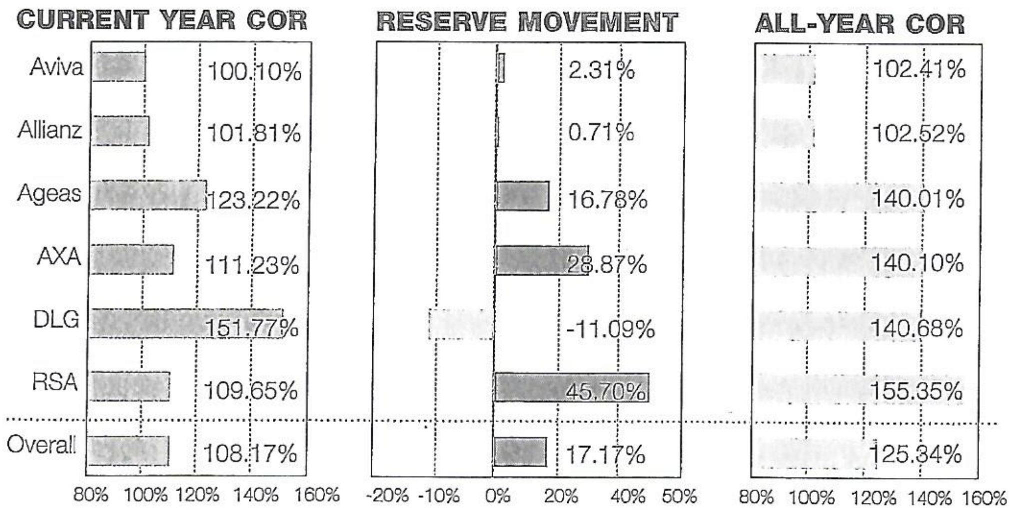
All six insurers studied made an underwriting loss in commercial liability, cementing the business line's position as the industry's biggest worry.

Four of the six insurers reported combined operating ratios (CORs) above 140%, with one insurer breaching 150%.

A big cause of the continued woes in 2013 was the rise of industrial deafness claims, which some companies blame on claims management companies and claimant lawyers seeking a new source of income since the clampdown in motor personal injury legal fees.

Insurers also suffered rising claims in other areas such as 'slips and trips' and professional indemnity.

The worst performer here was RSA with a COR of 155% – 42.3 points worse than 2012's 114.1%. The company had to boost reserves for both professional indemnity and industrial deafness. The strengthening added 45.7 points to its COR.



Ageas, AXA and Direct Line Group all reported CORs around the 140% mark. But while all made an underwriting loss, not all suffered as badly. Aviva was the best of a bad bunch, reporting a COR of 102.4% after a relatively modest 2.3 points of reserve strengthening. Allianz reported a very similar 102.5%.

Both companies have taken action to improve their liability performance – Aviva pulled out of SME professional indemnity in March 2013, for example – which appears to have paid off.