

UK Motorcycle Insurance 2010

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Abstracts

Introduction

The report examines key distribution trends taking place in the motorcycle insurance market and offers insight into the advertising strategies of the top motorcycle insurance distributors. It also analyses which underwriters are leading the way in this market and forecasts what the future holds for the sector over the next four years.

Scope

Analysis of market size and the drivers behind recent developments.

Insight into the main competitive developments taking place in the UK motorcycle insurance market.

GWP forecasts to 2014, based on Datamonitor's in-house expertise and proprietary model.

Highlights

In 2008, total advertising spend on motorcycle insurance fell by a significant 60.0% to £323,985 from £810,683 in 2007. It is likely that the recession was a significant driver behind many firms' decisions to reduce their spending on marketing that year in a bid to decrease expenses.

Industry executives stated that the popularity of aggregators had peaked in 2009, with the recession driving many consumers onto price comparison sites in a bid to generate

cost savings. One industry executive interviewed by Datamonitor claimed that as much as 40% of new business sales were being delivered through aggregators in 2009.

Under Datamonitor's base case scenario it is assumed that the tough market conditions in 2009 led to a decline of 3.2% in policies-in-force due to a reduction in penetration rates. However, 2010 will see a return to growth in policy numbers as recreational motorcyclists return to the market.

Reasons to Purchase

Benchmark your performance against that of your competitors.

Plan your future motorcycle insurance strategy using Datamonitor's market size forecasts.

Keep abreast with the latest competitor developments taking place in the market.

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OVERVIEW

Catalyst
Summary

EXECUTIVE SUMMARY

Aggregators are causing a stir in the motorcycle insurance market

The top three aggregators are pushing motorcycle insurance sales on their sites

Aggregators are diminishing traditional motorcycle broker brands

Groupama is growing its share rapidly in a market estimated to be worth &#pound;176m in 2009

The market remains attractive though pillion passenger claims represent a risk to profitability

Groupama has been making a big play in the market

The return of the 'recreational biker' is central to the market achieving growth

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MARKET CONTEXT

Introduction

The motorcycle insurance market has attractive profit margins

GWP contracted in 2009 as a result of the recession and strong competitive pressures in the market

Aggregators are bringing dynamic changes to the market

There are good margins to be had in the motorcycle insurance business

The total motorcycle parc has continued to increase, though new registrations have declined significantly

The number of registered motorcycles has been steadily increasing in Great Britain

New motorcycle registrations fell by 9.0% in Great Britain in 2009

Powerbikes continue to dominate the UK motorcycle parc, which is continuing to age

More than half of motorcycles in Great Britain were first registered more than six years ago

The number of motorcycles with engine sizes above 1,000cc have increased significantly in Great Britain

Powerbikes comprise half of the top 10 models of motorcycles sold in the UK
Improvements in road safety are positively impacting claims costs for insurers
Greater awareness of road safety issues has resulted in a decline in the number of motorcycle casualties
The risk of death or serious injury remains considerably higher for motorcyclists than other road users
Claims frequency fell in the UK motorcycle market in 2008
Claims costs relating to theft have been reduced significantly in 2008

COMPETITIVE DYNAMICS

Introduction

Carole Nash has launched a policy covering cars and motorcycles
Carole Nash introduced a new product that covers cars as well as motorcycles, and took over the Harley Davidson Insurance Scheme
Saga launched a motorcycle insurance product for the over-50s
Brokers continue to dominate the distribution of motorcycle insurance, although aggregators are emerging as a powerful force
Carole Nash, Bennetts and Devitt are the largest distributors of motorcycle insurance in the UK
Most aggregators offer comparison services for motorcycle insurance
Groupama has made a big play in the market in recent years
Five of the top 10 witnessed their premium income contract in the motorcycle insurance market
Market leader Equity Red Star continued to witness a contraction in its motorcycle GWP
AXA's premium income declined by 11.7% to £13.6m
HSBC and QBE witnessed substantial falls in their premium income
RSA experienced a 1.3% fall in its premium income
Three of the top 10 witnessed growth in their motorcycle books of business in 2008
Aviva and Groupama experienced double-digit growth in 2008
RBS experienced modest growth in its motorcycle business during 2008
Advertising spending on motorcycle insurance has fallen considerably since 2006
Competitors spent less of their advertising budgets on direct mail in 2008
Bennetts significantly reduced its marketing spend on motorcycle insurance in H1 2009
Devitt was the only motorcycle insurance advertiser to spend a proportion of its budget on direct mail advertising

FUTURE DECODED

Introduction

Base case: moderate increases in price will lead to the market reaching &#pound;204.2m in GWP by 2014

Underlying increases in the motorcycle parc and increases to price will result in moderate growth in GWP

GWP is forecast to grow at a CAGR of 2.9% between 2010 and 2014

Best case: strong price increases will drive GWP growth in the market

Underwriters will achieve strong rate rises as competitive pressures ease in the market

Strong rate increases will drive GWP upwards to &#pound;251.7m by 2014

Worst case: GWP growth remains subdued after experiencing a significant fall in 2009

Policies-in-force are expected to increase by an average annual rate of 3% between 2010 and 2014

Motorcycle GWP is forecast to recover slowly under the worst case scenario

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Premium income measures

Earned premiums

Gross Premium

Net Premium

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Other definitions

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Direct insurer/writer

Brokers

Bancassurers

Brandassurers

Platform

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