

IMIA Country Analysis 2009

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
<p>AUSTRALIA</p> <p>National Report 2009</p>	<p>In the Machinery and Machinery Loss of Profits segments premiums remain close to A\$100million and have increased by approximately 10% from prior year. The Machinery segment continues to be impacted by both the inclusion of Machinery / Boiler into Commercial package policies or incorporated into Property IISR programs on a sub limited basis.</p> <p>CAR - Construction premiums have also maintained a relatively consistent pattern at slightly greater than A\$200 million, however much supported by a strong government stimulus program in the education segment.</p> <p>EAR and ALOP premiums have returned to pre GFC levels off the back of renewed investment in the mining sector after coming off historical lows in 2008.</p> <p>Electronic Equipment continues as relatively small segment with the majority of coverage typically incorporated within Commercial Packages and as sub limits within Commercial Property programs.</p>	<p>Total amount of claims increased by some 6.5 % which is mainly due to an increased amount for CAR claims compared with previous years.</p>	<p>Machinery and Machinery Loss of Profits: Loss ratio at 60% continues at unsustainable levels and significantly impacted by a A\$10 million ALOP loss.</p> <p>CAR Construction loss ratios as in prior years continue to be impacted by both historically low rate levels and adverse weather related losses across all States of Australia.</p>	<p>Across 2009 aggregate construction activity was relatively static with a very small number of new projects being announced outside of government infrastructure work, most notably the Federal Governments schools upgrade program. Importantly however during 2009 approval was finally given for Australia's largest ever single investment project, the \$43 billion Gorgon LNG project.</p> <p>Private sector investment was really a wait and see game until it became clearer as to what transpired in the broader economic landscape both in Australia and Internationally. The problem was further exacerbated through difficulty in getting access to funds to finance projects.</p> <p>Business and consumer confidence is now strong and the unemployment rate dropped from its peak of 5.8% back to 5.5%. The result, all of a sudden, is that skills shortages are back on the agenda across the construction sector specifically in the resourcel mining rich states of Queensland and Western Australia.</p>