

IMIA Country Analysis 2010

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
FINLAND	<p>Engineering premium income 2010 was 34.1 mio € against 33.8 mio € in 2009, which is a plus of 1.2 %.</p> <p>The machinery breakdown premiums increased approximately by 4 % to 19.2 mio € (18.5 mio in 2009), and the loss of profit premiums increased from 6.1 to 7.0 mio € (by some 15 %).</p> <p>But the combined premiums for EAR, CAR and Guarantee decreased considerably from 9.2 mio in 2009 to 7.9 mio € in 2010, i.e. by 13.3 %.</p>	<p>The overall loss ratio for 2010 was 63.4% compared with 46.7% in 2009 and 65.8% in 2008.</p> <p>From 2005 to 2009 a five years average gives around 60.1%. Thus the last year, although worse than the year before, can still be considered as on normal level and in line with the multi-year average of the overall loss ratio.</p> <p>Compared to last year, the claims increased significantly in all lines of businesses, i.e. for MB/BE with around 10% and for LOP with almost 160% and for EAR/ CAR with as much as 185%.</p> <p>Nevertheless, it is again worth noticing that claims figures fluctuate greatly in Finland within one company from year to year. As an example one could mention that in 2007 the loss ratios ranged from 57% to 85%, in 2008 they ranged from 41% to 94%, in 2009 from 30% to 62%.</p> <p>In 2010 one large claim (> 1mio USD resp. 700,000 €) was reported.</p>	<p>At the end of 2010 the rolls in our industry started to revolve again at an increasing pace.</p> <p>As a result of this, capacity deployed increased sharply in most of Finland's industries, mainly in machinery break down and following LOP. This was especially the case in the energy sector which experienced a higher energy consumption and rising electricity prices at the same time.</p> <p>Reasons are Scandinavian water reserves have become scarce after an unusually hot and rainless summer and Finland's fifth nuclear power plant Olkiluoto III with a capacity of 1600 MWE, still under construction, is heavily delayed , which requires the import of power in the meantime.</p> <p>Industry investments started to get going but their influence on the underwriting profitability can only be felt later on.</p>	<p>Both the confidence indicators and the business trend survey confirm that the Finnish economy begins to grow rapidly.</p> <p>Investments in production capacity are expected to materialize soon and will offer new opportunities for CAR/EAR business.</p> <p>The majority of Finnish pulp and paper mills are jointly insured by the three IMIA members from our country and risk surveys are planned and divided up together.</p>