

IMIA 2007 Country Analysis Germany

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook 2008
<p>Germany</p> <p>National Report 2007 by GDV, German Insurance Association</p>	<p>German engineering premium income (without others) decreased in 2007 by -1.7 % to 1.16 billion €.</p> <p>As reported for the previous year, especially engineering lines took profit again in 2007 from a favourable economic environment with growing investments, resulting in a rising demand for insurance covers domestic and international. Moreover, many investments financed by third parties increased the demand for ALOP (DSU/BI) due to lenders requirements. On the other hand the German insurance market faced an ongoing increase in competition which resulted in declining rates.</p> <p>Influenced by the special effect of raised insurance premium tax from the 1st of January 2007, the German market showed an increased premium volume compared to the previous year. But this assumed growth in premium volume is not "visible" in the statistics.</p>	<p>Engineering claims (without others) increased by 2.8 % to 0.9 billion €.</p> <p>The overall loss ratio averaged 78.3 %.</p> <p>The share of the amount of large losses to the total annual loss amount has decreased to 17.6 % compared to 18.9 % in 2006, but stays within the limits of the long term annual average.</p> <p>The increase in loss ratios shows the under-proportional growth in premium due to decreasing rates. Influence of the winter storm "Kyrill" in the beginning of 2007 was not significant for the loss development in Engineering Lines.</p>	<p>In 2007 the combined ratio for engineering insurance in Germany is 93 % (in 2006: 87.1 %, corrected data).</p> <p>The development of this figure compared to the previous year is in accordance to the loss ratio development.</p>	<p>Following the trouble at the finance markets worldwide and rising energy costs, the German economy is facing a decreasing demand of private consumers and industry. The forecasted GDP growth for the current year has been newly confirmed by the government to be around 1.7 % and will be carried by investments in traffic infrastructure as well as in energy supply and distribution including renewable energies.</p> <p>Based on this economical development, a further small increase in demand of engineering line covers - especially in EAR/CAR - can be expected. The development of the resulting market premium volume will depend on further rate development. Premium growth proportional to the growth of exposure seems to be rather unlikely due to ongoing competition.</p>