

IMIA Country Analysis 2009

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
<p>United Kingdom</p> <p>National Report 2009</p>	<p>Gross Written Premiums reported by BMIA members contracted sharply to GBP347 million in 2009, with all major classes showing revenue shrinkage. BMIA members represent less than 50% of the domestic engineering insurance market.</p> <p>The traditional MD/BI engineering classes showed a 25% decrease in GWP. Decrease in the GWP is due in part to one BMIA member no longer writing this business.</p> <p>Both EAR and CAR moved downward, with EAR dropping more than 20% given the poor economic climate of 2009. Computer and Electronic revenues for reporting members also declined by more than 20%. This is due to a combination of price reductions and combining this cover into packages.</p> <p>IDI / Decennial Insurance was the only segment showing an increase, however this is not broadly sold in the UK.</p> <p>Contractors Plant (reported as Others) had a third year of premium decline.</p> <p>Although it is not known what proportion of CPE revenue is contained in the CAR number, the reduced revenue likely reflects the impact of the economic crisis as plant is idled or no longer insured. The move towards hiring rather than owning plant continued.</p>	<p>Where 2008 saw a large increase in claims with dramatic changes in some classes, 2009 returned to claims levels seen in previous years.</p> <p>The number of claims in the UK engineering market exceeding \$1m, as reported by BMIA members in 2008 was 13. This was much lower than the 26 reported in 2008 and the 25 in 2007. MB losses were the largest 2 events.</p>	<p>The total Engineering Insurance account loss ratio in 2009 was 34.5% down from the 45.3%, of 2008, and similar to the 31.5% seen in 2007. CPE returned to having the highest loss ratio of the recognised classes.</p> <p>MB/LOP experience improved from 2008, but was still well above the loss ratios recorded in 2007 and prior. CAR experience was relatively stable in 2009.</p> <p>EAR business continued to perform well, with only 1 large loss reported.</p> <p>Computer and electronic business remained the major segment with the lowest reported loss ratio, however this segment saw its loss ratio climb nearly 5% over the 2007 and 2008 levels.</p> <p>A small amount of Decennial Insurance was reported, with no losses to date.</p>	<p>In 2010, there continues to be mixed competitive pressures. There is mild upward rate movement in some segments, while other lines have remained competitive resulting in rate reductions on individual accounts.</p> <p>In 2010, the UK had an unusually severe winter with snowfall at unexpected levels. While Engineering lines were less impacted than other insurance segments, there was some increase in losses due to the severity of the weather.</p> <p>The economic crisis has affected all lines, but the Annual Construction policies were most deeply affected. In 2009, turnovers reported for renewal were generally down by an average of 30%, with some insureds reporting decreases of greater than 50%. In 2010, turnovers have been more stable, with overall indications that turnovers have strengthened slightly.</p> <p>In the Plant portfolio, we have experienced insureds reducing the scope of their cover. Additionally, the Hired-in Plant fees have dropped dramatically for many insureds.</p> <p>The potential for bankruptcies and fraudulent claims remains high, with carriers on the alert for suspicious incidents.</p>