

IMIA Country Analysis 2010

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
<p>UNITED KINGDOM</p>	<p>Figures represent approximately 55% of the domestic engineering insurance market (BMIA).</p> <p>Gross Written Premiums grew slightly in 2010 to 319.4 mio GBP against 2009 310.4 mio GBP in 2009, after a sharp decline from 391.1 mio GBP in 2008. Growth was limited to Electronic Equipment with other major classes showing either flat or declining revenue.</p> <p>MD/BI engineering classes showed a very small 2% increase in GWP, however reported revenue in this class remains 36% below that reported in 2008.</p> <p>Both EAR and CAR moved downward again in 2010, with GWP falling 10% following a 12% decline in 2009. Little relief from this downward trend is expected.</p> <p>Computer and Electronic revenues for reporting members rebounded by more than 20%, returning almost to the 2008 revenue levels.</p>	<p>After a very poor 2008 (154.1 mio GBP), claims ratios in 2009 (98.3 mio GBP) and 2010 (106.4 mio GBP) have moderated, with some minor deterioration in 2010 as compared to 2009.</p> <p>The number of claims in the UK engineering market exceeding \$1m, as reported by BMIA members in 2010 was 25. This was much higher than the 13 reported in 2009 and equal to the 25 in 2008.</p> <p>As with 2009, MB losses were the largest 2 events.</p>	<p>The total Engineering Insurance account loss ratio in 2010 was 33.3% up from the 31.7% reported for 2009, however down markedly from the 40.4%, experienced in 2008. MLOP and Other (Plant) experienced the highest loss ratios of the recognised classes.</p> <p>The LOP experience for MB, for the second time in three years, had a loss ratio well in excess of 100%.</p> <p>CAR experience deteriorated by 7% in 2010, but is currently at an acceptable level.</p> <p>EAR business also showed a 7% increase in loss ratio remaining marginally below that of the CAR segment.</p> <p>Computer and electronic business again showed the lowest loss ratio moving downward by 3%.</p>	<p>In 2011, there continues to be mixed competitive pressures.</p> <p>Competitive situations are still experienced on individual accounts in all classes.</p> <p>In 2011, the UK had its second consecutive year of unusually severe winter with snowfall at unexpected levels. While Engineering lines were less impacted than other insurance segments, there was still a material increase in Engineering losses as a result.</p> <p>Turnovers in the Annual Construction policies have been deeply affected during the past couple of years. Companies are reporting flat to slightly strengthened turnovers in 2010. Further improvement in turnovers is unlikely, as economic activity remains weak.</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>