

Country Analysis Report for IMIA

IMIA 2007 Country Analysis

Country	Premium development	Claims development	Underwriting Profitability	Business Outlook
<p>Israel 2007</p>	<p>Despite the relatively soft market, premium income increased by 4.7% to NIS 342.7m (approximately US\$ 80m) and this can mainly be attributed to an increase in the number of civil engineering and commercial construction projects. It should be stressed that since many policies are linked to the US Dollar, which depreciated by 10% against the Shekel over the course of the year, the increase in real terms is actually higher.</p>	<p>Following the exceptionally poor loss ratio in 2005, the recovery of the engineering class in 2006 (which produced a loss ratio of 56%) continued into 2007 with a loss ratio of 53%.</p>	<p>The ongoing improvement in results displays that engineering business in Israel remains a profitable class of business in the long term.</p> <p>The profitability of the insurance industry as a whole and the engineering sector in particular, has led insurers to take a keen interest in expanding their book of business in the engineering sector. As a consequence, rates have been reduced, especially for clients with good claims records. Competition for large new civil engineering projects is widespread however meticulous underwriting and risk management disciplines have been maintained.</p>	<p>2007 was characterised by the accelerated growth of the Israeli economy as result of favourable background conditions: the improvement in the global economy in general and in the local hi-tech markets in particular, a supportive governmental economic policy. GDP increased by 5.3%, being the fourth year in succession in which GDP increased by more than 5%. Unemployment shrunk to 6.7% - its lowest level in 13 years.</p> <p>The State of Israel attracted \$ 9.5bn of foreign investments in 2007, the second highest figure on record after \$ 14.3bn in 2006.</p>