

Country Analysis Report -2007

Country	Premium Development	Claims Development / Underwriting Profitability	Business Outlook
<p style="text-align: center;">Italy</p> <p style="text-align: center;">2007</p>	<p>The developing trend of the premium volume persists in the Italian market continuously during 2007.</p> <p>In particular a positive develop is shown in MB (+ 24,8 %) and IDI (+44,7 %). Regarding this LoB it is to underline that the increasing trend is sustained by the compulsory coverage both, for public works and for private buildings.</p> <p>Despite the increase of the volume of the risks underwritten, the CAR premium volume is relatively stable because of the decreasing trend of the rates.</p>	<p>Despite of no cat nat events having occurred during 2007, the overall loss ratio appears to have deteriorated from 54.0 % (2006) to 59.9 % (2007). This negative tendency is mainly due to the result of CAR (LR 86.5 %) which is mostly caused by the low level of the rates used.</p> <p>Still remarkable, notwithstanding the improvement in comparison with the result registered in 2006, is the good claims situation relating to IDI/Decennial business.</p>	<p>The competition in the Italian insurance market, harder than in the years before, together with the economic situation, create the conditions for a probable deterioration of the profitability not only in CAR sector but also in EAR and MB/BI. In confirmation of that, during the first part of 2008 a fierce competition has been registered.</p> <p>On the front of the compulsory IDI/Decennial policies, an important change of the market with a widening of the coverages and an important increase of the rates is to be expected.</p> <p>Within the next three years important private and public investments are expected with the potential of a further impulse for the development of the volume of CAR and IDI/Decennial business.</p>