

## Country Analysis Report - México

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
<b>MEXICO 2007</b>	<p>Gross written premiums from 2006 to 2007 have an increase of 23% from USCy 267 to USCy 327 millions for the engineering branch.</p> <p>This growth rate is relatively high due to presidential elections in 2006 where investments are usually retained.</p> <p>In 2007 we started to register premiums separately between one off projects and annual coverages.</p> <p>In 2007 one off projects represent 37% of total earned premiums.</p> <p>In the next 4 years we are expecting an important increase in the private/government infrastructure investment.</p>	<p>During the year 2007, the engineering insurance segment had a good result (loss ratio of 30 %)</p> <p>Reasons for this good result are:</p> <ul style="list-style-type: none"> <li>• Lack of catastrophic events</li> <li>• Higher rates as a consequence of severe losses in 2005</li> <li>• Cancellation of reserves due to hurricane season in 2005 (Wilma)</li> </ul> <p>The one off projects represent 37% of the total losses due to lack of catastrophic events with a loss ratio of 17% in the last year.</p>	<p>Companies are trying to implement expense reduction plans without affecting service to final clients and improving commission ratio in order to increase profitability.</p> <p>In the same way the underwriting is based on the kind of the business and in general terms, rates and deductibles are in accordance to the risk exposure</p>	<p>The local market has been influenced by the decrease of the US real estate investment; however the government has taken measures to increase infrastructure investment.</p> <p>In general terms the market is conservative in order to avoid aggressive competition.</p> <p>In middle long term, Mexico needs an important investment in respect of power generation and oil and petrol facilities and there is a huge opportunity to develop engineering lines nevertheless in this moment exist legal restrictions for private investment and government doesn't have enough funds.</p>