

Country Analysis Report - Spain

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
<p>SPAIN 2007</p>	<p>Gross written premiums 2007 for the engineering branch totalled 860 millions €, with a reduction of 4.47 % over the previous year.</p> <p>This situation shows a change of tendency from previous years, because of the increasing interest rates, the raise of the price of the petro-oil and, in general the beginning of an economy slowdown, especially in the building sector.</p>	<p>During the year 2007, the engineering insurance segment has had a similar good result (loss ratio of 55.64 %) than in 2006 (51.22 %).</p> <p>All branches maintain good loss ratios with the only exception of Machinery Breakdown that it has passed from 52.4% to 85.30%, due to premium reductions, the consequence of a strong competition and increased claims costs for this branch.</p> <p>Decennial insurance maintains a very good result (6.80 %), however IBNR provision is not included.</p>	<p>Insurance companies are doing special efforts in order to reduce the administration costs and to improve their risks management.</p> <p>This tendency is expected to continue in the next years.</p>	<p>The rising trend in interest rates, together with the increasingly higher price of housing shows a slowdown in the construction industry.</p> <p>New businesses around the renewable energies are expected to mitigate a drop in the growth of this branch.</p>