

IMIA Country Analysis 2010

Country	Premium Development	Claims development	Underwriting Profitability	Business Outlook
TAIWAN	<ul style="list-style-type: none"> ◆ In 2010, the total premium income of Engineering insurance reached NT\$4,156 million; it decreased by 652 million from the previous year's premium of NT\$4,808 million, down of 13.56%. Its market share was 3.93% of the entire insurance premium income of NT\$105,806 million in 2010, a fall of 0.79% in comparison with the previous year's market share of 4.72%. ◆ The minor decrease of the engineering insurance total premium in 2010 primarily was due to competition of market price. 	<ul style="list-style-type: none"> ◆ The claims amount of the Engineering insurance drastically increased from NT\$3,368.18 million in 2009 to NT\$2,536.08 million in 2010 with a decrease of -24.70% since no large natural disasters hit Taiwan in 2010. ◆ The loss ratio of the Engineering insurance increased moderately from 67.59% in 2009 to 55.43% in 2010. ◆ The loss ratio of MI and EEI are increased since few large claims occurred in 2010 with limited premium collected and accumulated. 	<ul style="list-style-type: none"> ◆ The underwriting profit for Engineering insurance was satisfactory for the past ten years except 2009. ◆ The underwriting profit for 2010 is acceptable due to a combined ratio of less than 96% if the loading is estimated to be 40%. 	<ul style="list-style-type: none"> ◆ Taiwan's gross domestic product (GDP) in 2011 is projected to rise by 5 % due to favorable domestic and global factors. ◆ According to the figures, in 2011 it will mark a high point in public construction for Taiwan, with a government budget of NT\$500.2 billion and an additional NT\$224 billion worth of private-participation projects. However, according to the statistics of the local property insurance market in the first quarter of 2011, the written premium decreased slightly, if the mega project of Linkou Thermal Power Plant installing three 800 MW supercritical coal-fired units by the end of 2021 is excluded. ◆ The engineering insurance market is expected to remain competitive for the foreseeable future until the end of this year. ◆ In a nutshell, with severe competition in Engineering insurance markets as well as stable capacity maintained in the market, it suggests that the market is still set on a softening phase of the cycle.