

IMIA 2009 Country Analysis				
	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
Taiwan	<p>In 2009, the total gross written premium income of engineering insurance reached NT\$4,831.09 million, increased by 9.61%. Its market share was 4.72% of the entire non-life insurance premium income in 2009, up 0.61% compared to the previous year's market share.</p> <p>The minor increase of the engineering insurance total premium in 2009 primarily was due to contracting out of significant infrastructure including power plant, mass rapid transit, and harbour works, etc.</p> <p>As usual, the majority of the premium income of engineering insurance came from non-renewable business, only 8.41% of its premium income generated from renewable engineering insurance.</p>	<p>The claims of the engineering insurance sector drastically increased from NT\$1,624.80 million in 2008 to NT\$3,275.85 million in 2009 with 101.62% rate of growth as a result of terrible invading of Typhoon Morakot principally at the south island on August 8, 2009. The total claims amount of engineering insurance caused by Typhoon Morakot was estimated to NT\$1,200 million.</p>	<p>The loss ratio of engineering insurance increased moderately from 34.83% in 2008 to 65.74% in 2009. The market situation is still soft since there are nearly 20 insurers providing engineering insurance capacity in Taiwan. The capacity available is not increasing, but more and more local insurers retain risks which they write as acceptable.</p>	<p>Taiwan will post a growth of 5.11 percent in real gross domestic product (GDP) in 2010 based on the trends observed including an increase in corporate intention and ability to launch investment projects. However, probably not taken into account the impact of a planned economic cooperation framework agreement (ECFA) with Mainland China. Not to mention that the government's finances would be affected if an industrial innovation bill, which slashes the corporate income tax rate to 17 percent (from the current 20 percent), passes the Legislative Yuan, an outcome that could affect public investment in the future.</p> <p>The four-year "Economic Revitalization Policy - Project to Expand Investment in Public Works" calling for total investment of NT\$500 billion has been being implemented since 2009.</p> <p>CMI businesses will be launched by the end of this year. Insurers and brokers have seen the risk sharing mechanism of CECR product, which will grow gradually subject to the law stipulated by the government to purchase CECR for public infrastructures. Besides, as last year, the market competition would become much severer in the future.</p>