

IMIA - Country Analysis 2007

Country	Premium Development	Claims development	Underwriting Profitability	Business Outlook
Taiwan	<ul style="list-style-type: none"> ◆ The total earned premium of engineering insurance in 2007 improved to NT\$ 5,259.65 million. The written premium in 2007 increased by 4.78 % up to NT\$ 5,267 million compared with the previous year. In addition, MI /BPV written premium decreased by 4.74%; EAR increased by 6.70%; CAR increased by 10.28%; EEI decreased by 24.57%; CPM decreased by 32.97%. ◆ The slight increase of engineering insurance written premium in 2007 was fortuitous since market competition has been getting more intense and the whole investment has performed in deceleration. 	<ul style="list-style-type: none"> ◆ The overall loss ratio in 2007 was 26.11%, it decreased extensively by 21.78% from 33.38% in 2006. The loss ratio of machinery breakdown and boiler explosion decreased significantly by 28.17% from 5.75% in 2006 to 4.13% in 2007. The loss ratio of EEI increased considerably by 26.68% from 6.41% in 2006 to 8.12% in 2007. EAR and CAR loss ratios were 25.21% and 28.57% respectively, which was quite acceptable. 	<ul style="list-style-type: none"> ◆ Without major fire or natural catastrophe losses, the engineering market enjoyed a satisfactory loss ratio 26.11% in 2007, which resulted in constant profitability for last 5 years in spite of rates for medium and large sized businesses still continued to decline. 	<ul style="list-style-type: none"> ◆ With economic recession and higher oil price significantly impacting the whole investment in the coming year, the research unit still raised its economic growth forecast to 4.67%. ◆ The government just approved a program to expand domestic market demand. It suggests potential opportunities for engineering insurers. ◆ CMI businesses are about to be developed in 2008. ◆ Since no big expansion of activity combined with stable capacity maintained in the market, it suggests that the market is set on a softening phase of the cycle.