

## IMIA 2013 COUNTRY ANALYSIS - FRANCE

Country	Premium development	Claim development	Underwriting profitability	Business outlook
<p><b>France 2013</b></p>	<p>Globally there is a decreasing of incomes of Engineering insurance premium compared with 2011 and 2012, (-12%). The year 2013 was showing an important bellowing of projects, more than expected. This situation is mainly due to the reduction in or delaying of financing of projects which were scheduled, and lack of investments in industry (especially for EAR).</p> <p>The MB &amp; BE business is remaining at stable position with a slight contraction of 8%, but always above the 2011 figure.</p> <p>The Electronic premium is growing up 18%.</p> <p>French decennial insurance is also on pressure with erosion of the rates, minimum premium is necessary to lets business fly normally. Not taken into account consideration of the special feature of this business (capitalisation 10 years).</p>	<p>Globally the 2013 figures are quite identical to previous years. (No major claims).</p> <p>. Global L/R rather good about 28% in 2012 and 37% in 2011, is increasing to 47%, mainly due to the contraction of the premiums. No claims in Loss of Profits insurance which is due to the very small share of the market.</p>	<p>The Competition in the Engineering lines of business is strong and reinforced due to the low premium income. There are always large capacities available which are maintaining a high level of competition and putting pressure on players forcing them finding new method of work, cover etc... .</p>	<p>The French business is slowing down from 2007 to 2010, then a coming back is noted for 2011 and 2012. Confirming the above, in 2010 and 2009 20% less new construction sites were declared, and between 2011 and 2010, a restart was noted, showing a restart of activity. After that coming back taking into account the economic situation as anticipated, a new go down is registered for 2013. The attached graph is in line with the consequence noted in insurance business (CAR/EAR), and certainly the 2014 will continue to show a bellowing of the market.</p> <p>Concerning CAR, main players are always SMABTP, COVEA and AXA. 60% of the market on 6 companies. As noted past year the situation will stay complex until 2017 taking into account the reimbursement of debt. The French exporting figures are always showing a reduction.</p> <p>The French construction industry is valued at EUR 268.0 billion (US\$ 355.4 billion) in 2013. The industry registered a low growth of 1.5% in 2009 and declined by 4.2% in 2010, following the Eurozone crisis. The country's export-oriented manufacturing sector's reduced investment, alongside a decline in employment and low wage growth, led to a steady decline in domestic economic activity and demand for new construction projects.</p> <p>Supply has been hampered as developers are wary of the economic situation and have postponed new projects until conditions improve. Consequently, the industry again recorded a decline of 2.8% in 2013. Due to a recovery in business confidence, the industry is anticipated to regain momentum over the forecast period, to a value of EUR288.4 billion (US\$ 406.2 billion) in 2018, with a growth expected at a moderate CAGR of 1.47%.</p>





