

IMIA 2011 Country Analysis

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
Russia National Report 2011	<p>Engineering insurance premium increased by 32.1%, which is higher than the growth in overall P&C segment (17%). Contribution of CAR/EAR lines remained unchanged - 93% of all engineering premiums. The premium growth in 2011 reflects the general economy development and increased investments in infrastructure, power utilities, oil and gas projects, and partly – a high inflation rate (6.1% in 2011).</p> <p>The share of Engineering insurance in Property and Casualty market increased from 5.8% in 2010 to 6.4% in 2011.</p>	<p>Engineering claims paid in 2011 increased by 41% to 3,119 million rubles; 77.7% out of which were CAR/EAR claims and 22% - MB claims.</p> <p>Fortunately, no natural disasters or large catastrophic claims in engineering insurance were reported in the last year.</p>	<p>Loss ratio in 2011 was 13%, approximately at the same level as in several previous years (12.2% in 2010). This is better than, for example, in commercial property insurance (28.15%). Combined ratio separately for engineering insurance is not available, but the expenses and commissions are unusually high, especially for CAR/EAR, and according to some experts may reach 45-50%.</p> <p>Increasing capacity and good profitability kept the market soft, with stronger competition and further drop of premium rates.</p>	<p>In 2012 Russian economy continued its growth though with some slowdown: GDP increased by 4% in the first quarter and the forecast for the whole year is in the range of 3.7- 4%. According to the government official forecast industrial production is expected to increase by 3.9%, investments in capital assets will grow by 7.8%. The volume of construction market went up by 5.4% in January-May</p> <p>Insurance market posted 25% growth in the 1Q of this year and majority of largest insurers reported of increase of their 6 month premiums by 15-35%. It is expected that engineering insurance will grow by 20-25% this year.</p>