

## Country Analysis Report 2012 – Finland

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
<b>FINLAND</b>	<p>The premium income for the engineering lines in the year 2012 was 54.7M€ which means a 12.6 per cent growth compared to the previous year. The increase was welcome after the recession that hit Finland, perhaps harder than most other countries, in 2009-2011. The engineering insurance potential has not grown much during last years with the exception of some new investments in mining and energy sectors. The investments both in private and public sectors have been on a low level producing only a few new potentials. Competition in the Finnish market has been continuously hard.</p> <p>The machinery breakdown premiums in 2012 decreased approximately by 0.4 per cent, whereas the loss of profit premiums increased by some 8.1 per cent. The premiums for EAR&amp;CAR increased even more by 56 per cent.</p> <p>Since the year 2000 the IMIA statistics for Finland has comprised the three biggest insurers, i.e. If P&amp;C Insurance Company Ltd, LocalTapiola General Mutual Insurance Company and Pohjola Insurance Ltd. This report represents approximately 82 % of the market.</p>	<p>The overall loss ratio for 2012 was 68.7 per cent compared with 56.9 per cent in 2011 and 54.0 per cent in 2010 as can be seen in the table above. Thus the last year represented a slightly declining situation compared to the loss ratio of recent years.</p> <p>The number of claims increased significantly in MB/BE line with from 36 per cent to 81.5 per cent and slightly in Loss of Profits line. This development is influenced mostly by two large claims reported in 2012. The loss ratio for EAR/ CAR improved significantly from 64.1 per cent to 31.7 per cent. A concerning development of increased MB&amp;BI losses of steam powered turbo sets seems to be tendency in Finland.</p> <p>Nevertheless, it is again worth noting that the Finnish market is so restricted that the claims development fluctuates greatly from year to year and between the companies</p>	<p>The worsening risk trend of power producing machines, especially steam and gas turbines, being the most critical items for the insurance companies has continued. The risk is greater for the LOP line than for the MB line of business due to the fluctuating energy market prices and inadequate repair service providers followed by long shutdown periods in case of machinery breakdown.</p> <p>The market continued quite soft. Due to worsening loss development profitability precautions and careful underwriting of engineering risks has become into focus. The Loss of Profits of energy sector will need a significant improvement by better rating, higher deductibles and/or restriction of cover especially of the aging power plants</p>	<p>Finnish economy is not growing. Both private and public investments are declining in an uncertain economic atmosphere. Growth is expected in energy production and mining sectors.</p> <p>It is expected that the recovery after the recession is not starting during this year. In this situation engineering insurance in Finland is probably not going to grow through growing insurance risk potential.</p> <p>There is a need to improve profitability especially in the energy sector.</p> <p>The badly delayed fifth nuclear power plant Olkiluoto III with a capacity of 1600 MWe is still under construction. The startup is expected to happen in 2016.</p>