

IMIA 2012 COUNTRY ANALYSIS

Country	Premium development	Claim development	Underwriting profitability	Business Outlook
<p>France 2012</p>	<p>Globally there is a slight increasing in income of Engineering insurance premium compared with 2011, (1% which is not representative).</p> <p>There is an erosion of the premium concerning the CAR, due to lowering of the activities in the buildings construction.</p> <p>French decennial is also under pressure with erosion of the rates. Minimum premium is necessary to lets business fly normally. Consideration of the special feature of this business (capitalisation 10 years) is not taken into account), but the premium is, as for CAR, reflecting the situation due to the economic crisis.</p>	<p>Globally the 2012 figures are lower than 2011 and 2010 (no major claims). The global figures show a permanent slight decrease as from 2008.</p> <p>The global L/R is rather good, about 28% (37% in 2011). The reduction is 7%, without taking into account possible late claims.</p> <p>This result is due to the very good return from EAR and CAR, nevertheless this should be taken with caution as the L/R for Loss of profits is on the high side.</p>	<p>The Competition on the Engineering lines business is strong and the large capacities available are maintaining a high level of competition, putting pressure on players and forcing them finding new methods of working, cover etc... .</p>	<p>DSU cover is always in progress. Medium players are looking to get into international markets.</p> <p>The French business is slowing down from 2007 to 2010 then a slight coming back is noted.</p> <p>In 2010 and 2009, 20% less new construction sites were declared, but then between 2011 and 2010, an increase of 17,9% was declared, showing a restart of activity. A stabilisation is noted for 2012. Taking into account the economic situation a slight new downturn can be anticipated for 2013. Despite these cycles, the global level is growing very slowly, showing that Engineering business is, as usual, a long term business.</p> <p>Concerning CAR, main players are SMABTP, COVEA and AXA. 60% of the market is written by 6 companies.</p> <p>Concerning the prices, the repair of the damages is always above the costs of new works, showing an inflation above average in the country. The situation will stay complex until 2017 taking into account the reimbursement of debts.</p> <p>For EAR, main players are Allianz, Zurich and AXA. The market remains difficult due to the reduction of investments and export figures, except for some jumbo companies which are living on previous years' orders, whereas medium size companies are impacted by the slowdown of the global activity. The strong international competition, in particular the coming up of new players is putting a great pressure on Insurers.</p>