

## Country Analysis Report 2012 – Italy

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
ITALY	<p>The general economic recession affected the Italian economy during 2012 on both public and private investments. Project funding. With heavy consequences on construction market. The impact was quite negative on EAR sector too. The trend for Engineering was not too negative (-2.68%), due to increase of MB/MLOP&amp;EE premium and Decennial covers contribution. Most of Decennial premium is being included in CAR figures. Considering the number of Decennial policies activated at project completion we believe the actual Decennial GWP significantly increased in 2012 while the actual CAR premium decrease was more dramatic. This trend was reconfirmed beginning 2013.</p>	<p>Paid &amp; Reserved claims amount increased dramatically in 2012 by 31%.</p> <p>Natural events (North Italy earthquake and floods) affected CAR business. However EAR claims reduction almost balanced the increase in CAR claims amount.</p> <p>MB/MLOP/EE Loss Ratios increased significantly also due to a factor linked with economic crunch: reduction of budgets for maintenance activities. And, in general, a more aggressive claims handling approach by insured must be reported.</p> <p>About the IDI, the reported loss ratio is stabilizing after the heavy increase shown in 2011 (from 6.3% to 29.2%), however actual loss ratio is very difficult to estimate due to uncertainty on actual Decennial policies premium.</p>		<p>During 2013 the effects of economic crunch are still evident.</p> <p>In 2014 the economic market is expected to register a moderate growth rate and construction LoBs should gain from the trend.</p>