

Country Analysis Report 2012 – Taiwan

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
<p>TAIWAN</p>	<p>The total premium income of engineering insurance has increased slightly from NT\$4.46 billion (153 million USD) in 2011 to NT\$4.67 billion (160 million USD) in 2012. The share Engineering holds of the total premium spent on Commercial Property & Casualty (P&C) insurance in our market was 3.89% with the entire insurance premium income of NT\$119,939 million (5.2 billion USD) in 2012 and fell by 0.08% in comparison with the previous year's share of 3.97%.</p> <p>As usual, the majority of engineering insurance premium income came from non-renewable business, such as Contractors' All Risks and Erection All Risks insurances. Only 9.37% of its premium income was generated from renewable engineering insurances, such as CPM, BPV, MI and EEI. Loss of Profits & IDI do not prevail at all in this market.</p>	<p>The claim of the engineering insurance increased from NT\$1,617,376,570 (70 million USD) in 2011 to NT\$2,166,806,926 (94 million USD) in 2012 with 33.97% rate of growth due to a chemical plant explosion occurred in EAR insurances and general mild control of CAR business in 2012. Loss amount in other line of business is insignificant due to the scale and exposure of risk is small.</p>	<p>The loss ratio of engineering insurance increased moderately from 36.24% in 2011 to 46.41% in 2012. The market situation is still soft since there are nearly 20 insurers providing engineering insurance capacity in Taiwan. The capacity available is not increasing, but more and more local insurers retain risks which they write as acceptable.</p> <p>The underwriting profit for engineering insurance is satisfactory for the past ten years since 2002 except 2009. The combined ratio in 2012 would be 86.41% if the loading is estimated to be 40%.</p>	<p>The nation's economy may grow moderately this year at a forecasted 3.63%.</p> <p>In order to boost the economy, the government expands the investment of app. NTD500Bio (27.7 billion USD) in infrastructure projects. For one example, there are three important schemes conducted by Ministry of Transportation and Communications (MOTC) as (1) A Fast and Convenient Island-wide Transportation Network, (2) Taoyuan International Air City and (3) Kaohsiung Port-City Regeneration.</p> <p>Taiwan's engineering insurance premium basically comes from non-renewable project insurance, i.e. CAR & EAR, which mainly depends on the government infrastructure projects. Just like last year, it is still a 'soft' period in the cycle in which premiums are low, capital base is high, capacity is high and competition is high. It is expected the engineering insurance market in Taiwan to be softening further in 2013.</p>