

IMIA Country Analysis 2013

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
<p>United Kingdom</p>	<p>Overall premium income reported by BMIA members was very steady in 2013 at GBP 238,561,045 which shows a small growth of 0.2% from 2012. 2011 had seen a large premium income reduction in the electronics line as a significant programme was re-classified out of the Engineering division of one member into the Consumer division.</p> <p>The key product lines with significant premium movement worth comment are as follows:</p> <ul style="list-style-type: none"> • MB&BE has shown significant growth from 2012 of +GBP 7M (14%). May be a result of an increased breakdown as an insured peril in smaller risks; other factors - movement in premium from non-members to members and moderate pricing increase in the power generation and renewable energy sector. • CAR: For the third consecutive year shows a significant reduction (-GBP9M / -9%), there has been a continuation of the softening of market conditions. <p>BMIA members represent 50-55% of the domestic engineering insurance market.</p>	<p>2013 the claims reduced from 80 million (2012) to 78 million GBP. However the loss ratio did not change. The majority of losses resulted in CAR.</p>	<p>The total Engineering Insurance account loss ratio in 2013 was just under 33% which is a slight improvement on 2012 which was just over 33%.</p> <p>Loss ratios in 2013 for each product line remained within acceptable ranges and the poor performance in Loss of Profit was reversed by claims adjustments taking this line to a large negative loss ratio of -200%.</p> <p>There have been two large publicly reported CAR losses in 2013 and a continuation of the trend of regular tower crane collapses on construction sites caused by weather and/or faulty operation or erection.</p> <p>Waste and recycling industry continued to suffer from a high incidence of fires.</p>	<p>In 2013 UK GDP grew by 1.8%, the strongest annual rate of growth since 2007. PwC predict the economy to continue growing strongly with estimates of 2.6% in 2014 and 2.4% in 2015.</p> <p>The construction industry grew by 1.3% in 2013 with an estimated annual output of GBP112.6bn. Strong house price increases in London and the South East had a positive effect on the industry.</p> <p>Insurance pricing remained very competitive in 2013. The UK suffered its wettest winter on record in 2013-2014 which caused an estimated GBP451M in losses. An unprecedented number of winter storms and prolonged flooding in parts of the UK, while causing localised severe disruption, flooded fewer homes than the 2007 UK floods.</p> <p>The Association of British Insurers and the UK Government have agreed a memorandum of understanding to develop a not-for profit scheme called "Flood Re" that will cover household insurers to go live in 2015. The scheme will not cover commercial risks.</p> <p>2013 saw the introduction of the twin peaks regulatory regime of the Prudential Regulation Authority and the Financial Conduct Authority formed from the previous single regulator the Financial Services Authority.</p>