

IMIA Country Analysis 2014

Country	Premium development	Claims development	Underwriting Profitability	Business Outlook
Finland 2014	<p>The premium income in engineering lines decreased by 2.6 per cent compared with the previous year. The MB&BE+LoP premiums decreased by 3.6 per cent. The premiums for EAR&CAR+ALoP decreased only slightly by 0.8 per cent.</p>	<p>The overall loss ratio in engineering lines for 2014 was 77.0 per cent compared with 64.9 per cent in 2013 and 81.8 per cent in 2012. The profitability turned slightly down due to increased major MB losses for industrial and power production machinery. Six major losses exceeding 1MUSD were reported 2014. Four of them occurred to industrial production machinery. Aging of the machinery and inadequate maintenance is frequently involved in losses. Lack of strategic spare parts increased the BI loss amount.</p>	<p>The loss trend of power producing machines i.e. steam, gas and wind turbines and generators continued. Also production machinery suffered from several major claims including heavy LoP-losses. Inadequate maintenance combined with lack of critical spare components is often involved in losses. The insurers have focused on improving the terms of the policies increasing time deductibles in LOP covers for especially energy sector. This is also meant to encourage the clients to improve risk prevention. The market continued soft. However, underwriting is now giving more focus to risk management activities and maintenance.</p>	<p>The prolonged period of contraction in the economy will hopefully come to an end powered by the earlier recovery in the Euro Area and USA. Some new, major investments in pulp and paper and power industries are published and planned. However, uncertain and cautious economic atmosphere continues. In this situation engineering insurance in Finland is probably not going to grow by increasing number of potential clients or risks. Investment projects may generate new CAR&EAR business. Insurers emphasize the importance of risk prevention and maintenance to ensure profitability of engineering insurance.</p>