

IMIA Country Analysis 2015

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
<p>Canada</p> <p>National Report 2015</p>	<p>Commercial property net earned premium rose 4.4% to \$6.7 billion in 2015. CAR and EAR are not listed as separate lines of business in Canada and are included as part of Property (Personal and Commercial). It is estimated the premium associated with such contracts for 2015 was \$256 million, a decrease of 6.2% due to flat industrial/commercial building.</p> <p>For Machinery Breakdown, which includes Boiler Explosion and Loss of Profits, the net earned premiums had a healthy increase to \$441 million from \$395 million in 2014. However, many larger risks are going into combined all risk policies. There was significant competition on the larger accounts that have a good loss ratio.</p> <p>Machinery Breakdown premiums equate to approximately 6% of the premium spent on Commercial Property insurance.</p>	<p>2015 was a year of wind and hailstorms. However, overall an overall reduction in natural catastrophes resulted in an improvement in the overall Property loss ratio.</p> <p>For all lines combined the overall market produced a combined ratio of 86.5%, down from 98.5% the previous year. The industry as a whole produced a return on equity of 11.3%.</p> <p>Machinery Breakdown losses showed a slight decrease, from net claims incurred of \$280 million in 2014 to \$228 million in 2015. Together with increased net earned premiums this resulted in a decline in loss ratio from 58% to 52%.</p>	<p>The Canadian insurance industry demonstrated a strong underwriting performance in 2015, booking the best underwriting profit in recent years. The combined ratio for 2015 was 94.8%, the best combined ratio for the P&C industry of the last five years.</p> <p>Machinery Breakdown (not including EAR/CAR) premium for 2015 was up 11.6%, from \$395 million in 2014 to \$441 million in 2015. The claims ratio decreased to 52% from 58% in 2014.</p>	<p>The Canadian insurance marketplace continues to be affected by the slumping global economy.</p> <p>The Canadian insurers continue to investigate other opportunities and markets. Market consolidation is expected to continue in 2016. Aviva acquired RBC General Insurance Company and ACE completed its acquisition of Chubb in early 2016.</p> <p>With emerging risks on the rise, insurers will have ample opportunities to investigate new products.</p> <p>Although 2015 saw a decrease in catastrophic weather activity, Canada continues to be hit by natural catastrophes and their frequency and severity are difficult to predict. Canadian insurers may need to re-evaluate how to underwrite these risks and better manage their CAT exposures.</p>