

Country Analysis Report 2015– México

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
<p>MEXICO</p>	<p>From 2014 to 2015, the gross written premium has increased 1%, from USCy 696 to USCy 703 million for engineering insurance.</p> <p>Renewable insurance got a market share of 56%, which is USCy 393 million. Meanwhile, Non-Renewable insurance share was 44%, for a total of USCy 310 million.</p> <p>Renewable insurance reported an increase of 33% and Non-Renewable reported a decrease of 22%, both measured for the same period as of last year.</p> <p>Premium volume in Mexican pesos remained the same from 2014 to 2015.</p> <p>Considering a devaluation of the Mexican peso of roughly 10% against the USCy, the market grew slightly.</p>	<p>Reported losses decreased 32% from USCy 249 million in 2014 to USCy 170 million in 2015.</p> <p>Loss ratio decreased from 35.8% in 2014 to 24.2% in 2015.</p> <p>In 2015 loss ratios for Renewable and Non-Renewable insurance was 31.5% and 15% respectively.</p> <p>Of the USCy 170 million in reported losses, Renewable insurance represented 73%; and Non-Renewable 27%, resulting in USCy 124 million and USCy 47 million, respectively.</p> <p>In 2015, 64 losses larger than USCy one million amounted USCy 120 million Paid and USCy 85 million Estimated.</p> <p>From the 64 large losses:</p> <p>1) The most important cause of these losses (20 claims) is “Faulty Operation” representing 31.3% (USCy 74 million).</p> <p>2) The largest single loss amounted USCy 12 million and the reported cause is faulty operation and the second largest amounted USCy 10 million and the reported cause is faulty operation as well.</p>	<p>The market combined ratio was 48% in 2015 compared with 60% in 2014.</p> <p>In 2015 no major Nat Cat event affected the market unlike previous years. Past Reserves were cancelled</p>	<p>The soft market remained in 2015.</p> <p>The premium level stayed stable from 2014 to 2015.</p> <p>New Projects:</p> <ul style="list-style-type: none"> • Since large infrastructure projects depend on federal government investment and its income depends on oil prices, many of the new released projects remain delayed. • Private investment has suffered from higher requests from local communities. • As expected no major premium increase occurred in 2015 and the same tendency may continue in 2016. <p>Reinsurance</p> <ul style="list-style-type: none"> • The reinsurance of many projects won by foreign contractors was placed in the country of the contractor thus decreasing the ceded premium locally. • Coinsurance among local Companies is helping to avoid using the international insurance market, holding premiums locally.