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IMIA LAUNCHES RATING INDEX QUANTIFYING THE SOFT MARKET



6 September 2017 – The International Association of Engineering Insurers (IMIA), a global network of engineering insurance experts, has launched a dedicated rating index for engineering insurers showing just how much rates have softened in the last years by comparison with the 100 point reference set at 2010 levels.

The IMIA Index compares the movement of rates from a base point in 2010 (reference point 100). It reveals rates today have dropped to 60 points for civil/infrastructure covers, to 80 points for buildings and to 65 for power from 2010. The drop would have been even more significant if the reference point had been set earlier than 2010.

For operational covers the level of softening has been less severe with power down to 80 points, oil and gas to 90 points and heavy industries to 95 points.

The IMIA index brings together rating data from IMIA insurer members for engineering project and operational lines of business. All data based on standard conditions, which is provided completely anonymously, has been analysed to create an average reference index for coverages including construction and erection project risks and operational risks in specific sectors such as oil and gas, power plants and heavy industries.

The IMIA Index will provide an annual indicator for engineering insurance rate variations on a worldwide basis. It will allow insurers to keep track of current pricing trends, compare them with past levels, and use the

information to complement or fine-tune their available rating tools. It also serves as an indicator to steer portfolio strategy and risk appetite decisions.

The IMIA index was launched at the Association's 50th annual conference taking place in Munich, Germany from 4th to 6th September 2017.

Oscar Treceno, chairman of IMIA said: "The level of support and engagement from the engineering insurance sector in compiling this first index means we can replace anecdotal evidence and speculation about how the market is changing with numerically defined trends.

The launch of the index is a major part of the IMIA's long-term strategic roadmap and perfectly reflects our core value to offer a forum for understanding and promoting best practice in the field of engineering insurance."

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Notes to editors

The IMIA index collects companies' experience of changing trends in premiums rather than hard premium data. Information supplied by participating companies is completely anonymous. It is weighted according to the total size of the book of business that the company writes, to produce an index representative of those that have contributed.

The International Association of Engineering Insurers (IMIA) comprises a network of engineering insurance experts from around the world, who share their experience and knowledge, and together investigate critical and emerging issues relevant to the engineering insurance sector.