

## **Analysis Report 2017 - Germany**

### **- Engineering Insurance -**

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#### **A. Premium Development**

In 2017, German engineering premium income was reduced by -0.7 % to € 2.0 billion, based on the estimation by the German Insurance Association of June 2018. The total non-private property & casualty written premium increased by 2.6 % to € 8.7 billion with a combined ratio of 98 %. Engineering insurance had a share of 23,0 % of the total non-private property & casualty premium.

Excluding Other and non-German Business abroad, the actual German Engineering business was € 1.515 billion. MB had a 55% share of it, CAR/EAR 16% and EEI 29%.

#### **B. Claims Development**

Claims in engineering insurance increased in 2017 slightly to a total of € 1.388 Billion, without Other and external business the total claims increased to € 1,067 million. The share of large losses was € 72.7 million with € 46.4 million from CAR/EAR business.

It is observed that natural hazards are not as relevant for claims in engineering as for the property insurance, nevertheless currently, these effects are recorded by the GDV.

Compared to the previous year, 2017 was average in claims.

#### **C: Underwriting Profitability**

Engineering total loss ratio increased to 71 % (2016: 68.6 %) with a combined ratio of 91% in 2017 (previous year: 86.1 %). Thereby engineering insurance generated underwriting profits in 2017 as uninterrupted since 2003. Due to natural hazards the loss ratio for CAR/EAR was above 100%.

#### **D. Business Outlook 2018**

GDV's extrapolation for engineering premium income is expected in 2018 at 0.0%. Based on statistical data available at the end of the first quarter of 2018, GDV's extrapolation shows loss ratio at 73% and combined ratio level at 94%. The premium growth in non-private property insurance (including engineering insurance) is expected to be 1.5%.

As projected by GDV, German property & casualty written premium will grow by 3.5% in 2018, while the combined ratio will increase to 96% with a loss ratio of 77%.

It can be assumed further on, that renewable energies still have a positive effect on engineering insurance premium income. Due to the energy transition and its demand for renewable energies, major projects like offshore windfarms are to be realized in the next few years. This even though the political environment has obscured.