Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
National Report 2011 **CANADA**	P&C company growth rate as measured by Net Written Premium has been one of steady modest increases over the past 5 years. NWP has increased from $37.7 billion in 2006 to $40.3 billion in 2010. NEP painted a similar picture increasing from $32.2 billion in 2005 to $38.3 billion in 2011. Commercial property premiums increased by $371 Million (7.6%) over 2010, as a result of new business opportunities and stable economic conditions. CAR and EAR premiums are not listed as separate lines of business in Canada and are typically included as part of Property (Personal and Commercial). It is estimated the premium associated with such contracts for 2011 was $238.9 million, an increase of 19% over the $192.9 million in 2010. For Machinery Breakdown business, which includes Boiler Explosion and Loss of Profits, the Net Earned Premium in 2011 was $318.8 million little changed from 2010's $307.6 million. The market was stable with little change in rates but there was some competition in large accounts reflecting the extremely good loss ratio. Although not premium, Engineering-related inspection activity is estimated to be $28.0 million for 2011 continuing the inflationary trends seen in recent years; 2010 was $27.4 and back in 2005 was $22.9 million. For 2011 the result is likely to be similar. Machinery Breakdown premiums equate to approximately 6% of the premium spent on Commercial Property insurance, or less than 1% of the total P&C industry writings.	Claims, on a Net Losses incurred basis for the P&C business in general (basis as above) increased slightly, coming in at $32.1 billion, compared to $30.8 billion in 2010, but this, as last year, includes positive run off. Property losses (Commercial and Personal) increased to $9.0 billion from $8.0 billion in 2010. On the Commercial side premium increased 7.6% and the loss ratio increased by 14.8% 2011 saw an increase in catastrophic natural disasters with an increase in flooding and severe weather events. A wildfire in Slave Lake, Alberta caused insured losses of over $600 million. Machinery Breakdown losses noticeably increased from 2010. The B&M Claims Ratio had been on a steady decrease since 2003 when it was at 54%. 2008 saw it shoot up to 73% to $209.3 million followed by 26.7% in 2009 with $80.7 million. 2010 had an average loss ratio of 36.7% totaling $114 Million. However in 2011, the loss ratio increased again up to 51.30% which is due to some major B&M losses in the Pulp & Paper Industry Overall claims frequency appears to be steady but severity is increasing. As indicated, EAR and CAR business is recorded as Property business in Canada and no separate loss statistics are available.	The Canadian P&C industry wrote $46.4 billion in direct written premium in 2011, up 4.9% from the $44.2 billion in 2010. Underwriting expenses, including claims and acquisition costs, amounted to $45.2 billion, $4.4 billion more than previous year. Underwriting income overall was up from $129.9 million in 2010, to $368.1 million. Investment income decreased from $4.8 billion to $4.4 billion. With regard to Machinery Breakdown business, premium for 2011 was up 14.2% over 2010. The claims ratio of 51.30% produced modest returns with an estimated combined ratio above 90.0%.	The Canadian economy continues to slowly improve from 2011 into 2012. Economic recovery is proceeding and Canada continues to benefit from its history of fiscal prudence. Consumer confidence is relatively high and new home construction is at a stable and sustainable level. Although Canada's economy is relatively stable, it is commodity driven and economic uncertainty in Europe and the USA continues to have a negative effect on economic activity, however the overall growth in energy and metal prices have had a positive effect in the first half of 2012. GDP in the first quarter of 2012 increased at a rate of 1.8%, which was the same as the revised increase in the fourth quarter of 2011. The Bank of Canada's core inflation rate is running at an annualized 1.5% and is expected to stay at this level throughout the year. Economic data just released shows that unemployment at the end of June has fallen to 7.4%, lower than previous quarters and more in line with the historical levels The insurance market cycle seems to in a state of equilibrium – no rate increases or decreases – which is mainly due to increased loss ratios in the previous year and the continuation of catastrophic events. Rate reductions for personal and commercial property have largely ceased, small rate increases are being seen in certain segments. This pattern is expected to continue throughout the year. Most of the insurers have also started re-evaluating their books to classify their risk appetite, which may result in some pricing adjustments.