Country analysis Report - AUSTRALIA

Premium Development	Claims Development	Underwriting Profitability	Business Outlook
P&C company growth rate (Direct Written Premium) has been one of steady modest increases over the past 7 years (from $37.7 Billion in 2006 to $45.2 Billion in 2013) and Net Earned Premium from $35.8 Billion in 2006 to $43.3 Billion in 2013. Engineering-related inspection activity is estimated to be $27.0 Million down from $28.5 Million for 2013 as there is some competition for inspection work. Commercial property premiums were virtually flat again in 2013 at $6.15 billion reflecting. 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 2013 was $259.6 Million, a decrease of 0.01% over the $259.7 Million in 2012. For Machinery Breakdown business, including Boiler Explosion and Loss of Profits, the Net Earned Premium in 2013 was $394 Million slightly more than 2012's $350 Million. The Machinery Breakdown market was affected by CAT losses this year like any other line of business. There was some competition on the larger accounts that have a good loss ratio.	Revenue has been down significantly compared to 2012. This year's record losses from severe weather incidents have had a major impact on property lines. Overall, combined ratio rose to 99% from 95.4%, loss ratio was up 68.3% from 64.9%. Canada saw $3.2 Billion in insured losses from severe weather in 2013 - the primary share of which is related to the severe flooding in southern Alberta and flash flooding in Toronto. To end the year with a bang, an ice storm hit Toronto and Southern Ontario. 2013 was the costliest year for insured catastrophe losses since tracking began in 1983. 2013 marked the 5th consecutive year of Billion-dollar insured loss events for Canadian insurers. For commercial property, claims grew by 31%, and the loss ratio went from 62% to 77%. Machinery Breakdown showed a similar trend, losses increased from $122 Million to $140 Million (+ approx. 15.2%). The B&M Claims Ratio has risen from 35.84% to 39.6%. As indicated, EAR and CAR business is recorded as Property business in Canada and no separate loss statistics are available.	Insurers and reinsurers, in the midst of trying to enhance their underwriting capabilities and manage their costs to improve bottom-line growth were hit hard by catastrophes in 2013. The Canadian P&C industry wrote $45.2 Billion in direct written premium in 2013, up 4.1% from the $43.4 Billion in 2012. Underwriting profit in an industry as a whole staggered in 2013, with a profit outcome of $285 Million, down from $1.8 Billion in 2012 a variance of -84.7%. Underwriting expenses, including claims and acquisition costs, amounted to $48 Billion, an increase from $45 Billion in the previous year. With regards to the Machinery Breakdown business, premium for 2013 was up 4.4% at $394 Million over 2012. The claims ratio increased to 39.6% from 35.8% in 2012.	The Canadian insurance market saw some turbulence in 2013, as catastrophic weather is becoming a reoccurring theme year after year. There will be rate firming in catastrophe-exposed areas. As technology advances, the aptitude for mapping will increase; allowing insurers to get improved data to better evaluate & underwrite risks. Steady Economic Growth: The Canadian P&C insurance industry, which currently operates in a slow economic growth environment, is mature, competitive and fragmented. Despite the recent consolidation over the last few years, the industry remains highly fragmented. Some companies are looking at growth through acquisition to drive additional scale. That means they are leveraging back office platforms to gain efficiency and cost savings in operations, under-writing and claims. There is an emphasis today on underwriting profitability. The overall economy continues to grow slowly. Canada's gross domestic product (GDP) grew by 2% in 2013, with growth for 2014 and 2015 expected to be 2.5%. Stronger GDP growth means stronger demand for P&C products. We will expect to see momentum in premium volume and take up rates across most lines. It looks as though 2014 is picking up where 2013 left off. Severe weather conditions will continue to be a standard in Canada. Canadian insurers have made changes on their policies, increasing premiums, deductibles, and coverage changes to adapt to more frequent weather disasters. Flooding is of increasing concern. The country needs better flood mapping.