

National Report 2019

Germany

- Engineering Insurance -

A. Premium Development

In 2019, German engineering premium income grew by 9.3 % to € 2.3 billion, based on the estimation done by the German Insurance Association in July 2019.

The total non-private property & casualty written premium increased by 6.4 % to € 9.6 billion with a combined ratio of 94 %.

Engineering insurance had a share of 23,6 % of the total non-private property & casualty premium.

Type of Insurance	2017		2018		2019	
	Premium* € Million	Growth %	Premium* € Million	Growth %	Premium* € Million	Growth %
Machinery Breakdown + ALOP, LP (M)	828	-0.6	857	3.5	909	6.1
EAR	105	-10.2	93	-11.6	91	-1.6
CAR	142	12.2	145	2.2	159	9.4
Electronic Equipment	440	-0.9	441	0.4	429	-2,9
Total (without others**)	1.515	-0.4	1.536	1.4	1.588	3.4

* these figures do not include some large risks covered by German insurers "abroad", because they are not counted as "national" and therefore not included in GDV's statistic data

** lines of business in conformity with IMIA statistic rules, but without Domestic Appliances Insurance and Other Engineering Insurances, usually included in GDV's Engineering data)

B. Claims Development

Claims in engineering insurance decreased in 2019 by 1.8% to a total of € 1.349 Billion, while total property and casualty claims grew by 1,6%.

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

Compared to the previous year, 2019 was average in claims.

Large Losses

On the German Market, large claims are not imposed any more.

C: Underwriting Profitability

Engineering total loss ratio decreased to 60,7 % (2018: 66.2 %) with a combined ratio of 83.2% in 2019 (previous year: 86.9 %). Thereby engineering insurance had underwriting profits in 2019 as uninterrupted since 2003.

Loss Ratio* (single ratio, without expenses)

	2017	2018	2019
Type of Insurance	Loss Ratio* %	Loss Ratio* %	Loss Ratio* %
Machinery Breakdown + ALOP, LP (M)	65.6	65.9	62.6
EAR	94.2	80.9	72.8
CAR	112.7	86.7	96.5
Electronic Equipment	62.9	60.9	58.5
Total (without others**)	70.4	67.4	65.3

* these figures do not include some large claims covered by German insurers "abroad", because they are not counted as "national" and therefore not included in GDV's statistics

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D. Business Outlook 2020

GDV's extrapolation for engineering premium income shows an increase by 7.0%. Based on statistical data available at the end of the first quarter of 2020, GDV's extrapolation shows loss ratio (57%) and combined ratio level (77%). The premium growth in non-private property insurance (including engineering insurance) is expected to be 5.0%.

As projected by GDV, German property & casualty written premium will grow by 2.2% in 2020, while the combined ratio will increase to 96% with a loss ratio of 77%.

It can be assumed that renewable energies still have a positive effect on engineering insurance premium income. Due to the energy transition (Energiewende) and its demand for renewable energies, major projects like offshore windfarms are to be realized in the next few years.

GDV, Berlin, 28. July 2020