

National Report 2020

Germany

- Engineering Insurance -

A. Premium Development

In 2020, German engineering premium income grew by 7.9% to € 2.4 billion, based on the estimation done by the German Insurance Association (GDV) in July 2021.

The total non-private property & casualty written premium increased by 6.9% to € 10.1 billion with a combined ratio of 104%.

Engineering insurance had a share of 23,8% of the total non-private property & casualty premium.

Type of Insurance	2018		2019		2020	
	Premium* € Million	Growth %	Premium* € Million	Growth %	Premium* € Million	Growth %
Machinery Breakdown + ALOP, LP (M)	857	3.5	909	6.1	949	4.4
EAR	93	-11.6	91	-1.6	95	4.4
CAR	145	2.2	159	9.4	166	4.4
Electronic Equipment	441	0.4	429	-2.9	422	-1.6
Total (without others**)	1.536	1.4	1.588	3.4	1.632	2.8

* 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 2020 by 1.1% to a total of € 1.333 Billion, while total property and casualty claims decreased by 2.8%.

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, 2020 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 58.1% (2019: 60,7%) with a combined ratio of 82.1% in 2020 (previous year: 83.2%). Thereby engineering insurance achieved underwriting profits in 2020 as uninterrupted since 2003.

Loss Ratio* (single ratio, without expenses)

	2018	2019	2020
Type of Insurance	Loss Ratio* %	Loss Ratio* %	Loss Ratio* %
Machinery Breakdown + ALOP, LP (M)	65.9	62.6	60,8
EAR	80.9	72.8	77.8
CAR	86.7	96.5	86.5
Electronic Equipment	60.9	58.5	56.8
Total (without others**)	67,4	65.3	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

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

D. Business Outlook 2021

GDV's extrapolation for engineering premium income shows an increase by 2.0%. Based on statistical data available at the end of the first quarter of 2021, GDV's extrapolation shows a loss ratio of 58% and a combined ratio level of 78%. 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 1.9% in 2021, while the combined ratio will increase to 92% with a loss ratio of 72%.

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 wind farms are to be realized in the next few years.

GDV, Berlin, July 30th, 2021