

Country Analysis Report – 2012

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
INDIA	<p>The Engineering Line of Business has grown by 8.32% to about 440 million USD and contributes 3.5% to the total Non-Life premium of 12.5 billion USD) whereas in the financial year (FY) 2011-12 it contributed to 3.8% and at a growth of 18%. The Major portion of Premium in the Engineering Lines of Business comes from the Erection All Risk. The percentage of the EAR Composition varies from 47% to 50% year to year.</p>	<p>The loss ratio for the total of Engineering lines is 33.16% which was 45.08% in the previous year. The major portion of claims is seen in the MB & BE sector followed by EAR and then by Contractors Plant and Machinery. The claim amount has reduced by 20% as compared to the previous year where it increased by 9%.</p>	<p>The Indian Insurance market today has software and programs which provide NATCAT exposure across the country and helps the underwriters to avoid writing badly exposed risks and enabling them to write better risks. Thus averting large losses by underwriting better risks has helped in reducing our loss ratios over the years. The Loss Ratio for the Engineering line of business has reduced from 49.04% in the FY 2010-11 to 45.08% in FY 2011-12 and to 33.16% in FY 2012-13.</p>	<p>The Indian Insurance Industry despite the aggressive competition due to de-tariffing continued to report robust growth in GDPI reflecting significant underlying volume growth. However, despite volume growth, almost all non-life insurers are suffering heavy underwriting losses stemming from downward spiraling prices. The Engineering and Fire Line of Business will continue to see pricing pressure with insurer's continuing to risk capacity and therefore capital. The slowdown in the economy means fewer capacity expansion and lesser infrastructure projects. Thus the Engineering premiums especially construction related will not see much growth.</p>