IMIA Country Analysis 2010

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
INDIA	The total premium production in the Indian non-life insurance industry has reached INR 469,985 Mln. in 2011 which is an increase of 22.50% in comparison to the previous year's total premium production of INR 383,737 Mln. 53.25% of total non-life premium was produced by the Public Sector non-life cies., 37.38% by the Private Sector non-life cies. and 9.37% by specialised institutions. Total Engineering lines premium in 2010/11 has grown by 13.8 % against the previous period compared to a growth of 6.7 % in 2009/2010, again against the previous period. With this premium, Engg. Insurance has produced 4.06% of the whole non-life premium in 2010/11, against 4.37% in 2009/10. EAR took the first rank with 47.22% of total premium production of Engineering insurance lines, followed by CAR with a market share of 19.56 % and MB with 12.74%.	The overall loss ratio for Engineering insurance was approximately 52.9%. Total paid losses in Erection All Risk Insurance took the first place in 2011 with an amount of INR 6340.7 Mln. which corresponds to 48.28% of the whole Engineering lines. MB paid losses reached 2356.1 Mln (17.94% of the total losses paid), followed by CAR paid losses which amount to INR 1951.6 Mln (14.86 % of the total losses paid). Compared to 2010, total paid losses of INR 6340.7 Mln. increased by 11.26%	The Fire & Engineering portfolios (~16.1% of the general insurance market) were de-tariffed after 2006-07 and saw drastic reduction in growth. Various players offered steep price discounts and companies did not adhere to risk based pricing norms. Moreover, new players saw this as an opportunity to scale up market share. The increase in discounts was compensated to an extent by an improvement of risk management. The slowdown in growth that happened in the fire and engineering portfolio during 2007-2011 was accentuated by increase in claims outflow as risk coverage remained at prior levels even as the premium rates dropped. Initial discounts after 2006-07 continued even during 2011. Overall, the claims ratio increased from 35-40% prior to de-tariffing to 70-75 % after de-tariffing.	With price discounts on the retreat and the economic climate improving, the growth rate for the Fire and Engineering portfolio has improved although pricing sufficiency may remain under strain in the near term. With individual players reviewing their business models with a definite move towards better Risk Management practices, greater regulation and control in the market, sharing of information, etc, it is expected that pricing in these two lines of business would stabilise gradually. at the current levels and hopefully evolve to risk-based pricing over the long run.