Country Analysis Report 2014– México

Country	Premium Development	Claims Development	Underwriting Profitability	Business Outlook
MEXICO	From 2013 to 2014, the gross written premium has increased 10%, from USCy 632 to USCy 696 million for engineering insurance. Renewable insurance got a market share of 43% which is USCy 297 million. Meanwhile, Non-Renewable insurance share 57%, for a total of USCy 399 million. Renewable insurance reported a decrease of 8.0% and Non-Renewable also reported an increase of 8.6%, both measured for the same period of last year. The increase in written premium from 2013 to 2014 can be explained due to: • Construction of new gas pipelines and power plants. • Upgrading of a PEMEX refinery. • New private drilling platforms working for PEMEX. • Construction of new automobile assembly plants. • Construction of new harbour infrastructure	Losses increased 11% from USCy 224 million in 2013 to USCy 249 million in 2014. Nevertheless, Loss ratio decreased from 39.5% in 2013 to 35.8% in 2014. In 2014 Loss ratio for Renewable and Non-Renewable insurances were 47% and 28% respectively. Out of the USCy 249 million in reported losses, Renewable insurances represented 56%; whereas, Non-Renewable insurances represented 44%, resulting in USCy 139 million and USCy 110 million, respectively. In 2014, only 31 losses larger than USCy one million amounted USCy 120 million, i.e. 48% of total losses. From the 31 large losses: 1) 7 claims reported as “Storm” represent 20% (USCy 24 million). 2) The most important cause of these losses is faulty material or workmanship with an amount of USCy 64 million, i.e. 53% of losses larger one million dollar. 3) The largest single loss amounted USCy 45 million and the reported cause is faulty material or workmanship.	The market combined ratio is 60% in 2014 compared with 62% in 2013.	The soft market remains. The premium increase is apparently due to new insured risks. **New Projects:** • Once large infrastructure projects depend on federal government investment and its income depends on oil prices, many of the new released projects have been delayed. • Consequently the private investment is being destined to oil & gas exploration and drilling, as well as to gas piping. • It is estimated that with the projects in process the premium amount of non-renewable insurance will be held in 2015. **Reinsurance** • The reinsurance of many of the projects is placed in the origin countries of the contractors in charge thus decreasing the ceded premium. • The use of Coinsurance among Companies is helping to keep local premiums.