

# SWEDEN

## ANALYSIS REPORT – Engineering Insurance 2017

### A) Premium Development

Unfortunately for 2017 we cannot give any statistics over premiums since some insurers with reference to competition laws no longer are willing to provide such numbers

Overall comments (same as from last year)

- The competition in the Swedish market has been very hard for many years now and there are still no signs of changes even though that some actors on the market have lately become somewhat more restrictive to write some business.
- The tendency of not only low rates but also widening policy wordings is still ongoing.
- Even though Sweden still is a 100% quote market some large investments have recently been placed with co-insurance project insurance solutions which gives an opening for smaller insurers and new insurers to enter the engineering market

### B) Claims Development

Unfortunately for 2017 we cannot give any statistics over claims development since some insurers with reference to competition laws no longer are willing to provide such numbers

Overall comments to 2017 claims year:

- 2017 has continued as a very good year with few large losses known to the market. The number of attritional claims continued however to increase.
- The trend that CAR/EAR + ALOP loss ratio result deteriorate was broken in 2016. MB & BE + LOP claims result continues to improve.
- Aging of the machinery and inadequate maintenance is frequently involved in MB & BE losses.

### C) Underwriting profitability

Engineering business as such has during many years been profitable but we have now for the last 4-5 years noted that the profit is slowly reducing.

- The high claims frequency for wind turbines has continued.
- Few major losses exceeding 1MUS\$ was reported in 2017.
- Inadequate maintenance and postponing of critical replacement investments are still often involved in losses.

The fierce competition leading to reduced rates and wider wordings is most likely the reason for the continuing eroding figures.

## **D) Business Outlook**

Downturn in housing market and lower level of residential construction due to stricter amortisation requirements aimed at households.

Financial stimulus expected in the election year of 2018

Capacity utilisation is high which indicates higher investment levels (excl. residential)

Weaker SEK to increase inflation. Limited long term effect as SEK appreciates

Continuing investments in Renewable Energies

Decommissioning projects on Nuclear will soon start

Infrastructure projects expected to continue, but a bit smaller level after the major projects Västlänken (The West Link project) and Förbifart Stockholm (The Stockholm Bypass project) that's under construction.

New investments are published and already under progress in healthcare and infrastructure.

Some new, major investments in pulp and paper industry are under construction.

Uncertain and cautious economic atmosphere continues.

Stockholm, July 14, 2018

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