

NATIONAL REPORT

TAIWAN – 2018

A. Premium Development

The total premium income of engineering insurance has increased slightly from NT\$3.83 billion in 2017 to NT\$4.40 billion in 2018. The share Engineering Insurance holds of the total premium spent on Property & Casualty (P&C) insurance in Taiwanese market was 2.66% with the entire insurance premium income of NT\$165,611 million in 2018 and increased by 0.2% in comparison with the previous year's share of 2.46%.

As usual, the majority of engineering insurance premium income came from non-renewable business(81.92%), as relied mostly on government's policies of Contractors' All Risks and Erection All Risks insurances. Only 18.08% of its premium income was generated from renewable engineering insurances in 2018, such as CPM, BPV, MI and EEI. Loss of Profits & IDI has not developed at all in this market so far.

Type of Insurance	Gross Premium written (NT\$)				
	2016	2017	Change	2018	Change
MB / BE + LoP *)	84,515,162	95,116,123	10,600,961	150,617,702	55,501,579
EAR + ALoP *)	728,448,519	792,825,094	64,376,575	967,873,974	175,048,880
CAR + ALoP *)	2,163,309,414	2,370,684,833	207,375,419	2,637,747,389	267,062,556
EEI *)	250,139,530	285,686,111	35,546,581	363,227,693	77,541,582
CPM	282,969,645	293,109,039	10,139,394	282,163,039	-10,946,000
CECR					
IDI *)					
TOTAL	3,509,382,270	3,837,421,200	328,038,930	4,401,629,797	564,208,597

Source: Taiwan Insurance Institute

There is no LoP & IDI business in Taiwanese market

1 US\$ = 31.82 NT\$

B. Claims Development

The claim of the engineering insurance increased from NT\$1,727,483,557 in 2017 to NT\$2,086,878,231 in 2018 with percentage of 17.22%. There is no major Typhoon and other territorial natural hazard events of CAR & EAR insurance business (Taiwanese market major business) in 2018. Loss amount in other line of business is insignificant due to the scale and exposure of risk is small.

Type of Insurance	Claims (paid & reserved) NT\$				
	2016	2017	Change	2018	Change
MB / BE + LoP *)	1,435,779	17,139,929	15,704,150	82,748,274	65,608,345
EAR + ALoP *)	158,565,504	200,266,586	41,701,082	598,820,726	398,554,140
CAR + ALoP *)	1,354,660,668	1,376,666,126	22,005,458	1,177,175,242	-199,490,884
EEI *)	79,159,828	27,071,843	-52,087,985	97,757,829	70,685,986
CPM	117,576,540	106,339,073	-11,237,467	130,376,160	24,037,087
CECR	0	0	0		0
IDI *)					
TOTAL	1,711,398,319	1,727,483,557	16,085,238	2,086,878,231	359,394,674

Source: Taiwan Insurance Institute

There is no LoP & IDI business in Taiwanese market.

1 US\$ = 31.82 NT\$

C. Underwriting Profitability

The loss ratio of overall engineering insurance increased from 45.02% in 2017 to 47.41% in 2018. The local market situation is still very soft since there are nearly 17 insurers providing engineering insurance capacity in Taiwan. The capacity available is not increasing, but more and more local insurers retain risks which they write as in a tough situation.

Type of Insurance	Loss ratio %				
	2016	2017	Change	2018	Change
MB / BE + LoP *)	1.70%	18.02%	16.32%	54.94%	36.92%
EAR + ALoP *)	21.77%	25.26%	3.49%	61.87%	36.61%
CAR + ALoP *)	62.62%	58.07%	-4.55%	44.63%	-13.44%
EEI *)	31.65%	9.48%	-22.17%	26.91%	17.44%
CPM	41.55%	36.28%	-5.27%	46.21%	9.93%
IDI *)					
Overall	48.77%	45.02%	-3.75%	47.41%	2.39%

Source: Taiwan Insurance Institute

There is no LoP & IDI business in Taiwanese market 1

US\$ = 31.82 NT\$

D. Business Outlook

While Taiwan is faced with the challenges of a slower pace of global economic growth, the country is expected to maintain GDP growth for 2019 of no less than 2 percent.

Taiwan's economy is entering a downward phase, and will be influenced by a range of external factors. The U.S.-China trade war potentially affects Taiwanese exports financial instability in the U.S., Europe, emerging markets and geopolitical risks.

The government's "Forward-looking Infrastructure Development Program" funding for 8 categories of infrastructures will be executed as from this year. The total budget for the ambitious infrastructure plan over the coming years is NT\$420 billion (US\$14 billion).