

SINGAPORE ENGINEERING INSURANCE MARKET IN 2019

Note; all numbers presented below are based on those through the Singapore GIA (General Insurance Association) members which are typically locally registered insurers (domestic and international insurers). It does not include reinsurers such as Munich Re, Swiss Re Fac, Partner Re, Scor Re, etc.

A. Premium Development

For the Singapore **Retail** market (local Singapore based customers) GWP was SGD103,005,000 for GIA members, up from SGD79,470,000 in 2018.

For the Singapore **Wholesale** market (regional reinsurance business into Singapore) GWP was SGD175,436,000 for GIA members. There are no figures available for 2018

Market rates for Wholesale (reinsurance inwards into Singapore mostly from around the region & Middle East) business and Singapore large complex risks (i.e. waste to energy plants, Metro's, power plants, etc, which require strong leaders and capacity) starting increasing Q4 2018 following losses for international carriers. These increases continued into 2019, in some cases 200-300% above previous years as a result of renewed underwriting discipline and capacity withdrawals.

The Retail market (local Singapore risks, typically real estate) saw little increase as domestic players continued with their underwriting philosophies in a moderately profitable segment, however, one which could easily be burned for a number of years by one sizeable loss.

B. CLAIMS DEVELOPMENT

Overall GIA claims ratio for Engineering in the Singapore **Retail** segment for 2019 was 45.1% compared to 28.2% in 2018.

Overall GIA claims ratio for Engineering in the Singapore **Wholesale** business for 2019 was 135.5%. There are no figures available for 2018.

We are unable to determine specific large claims but there were a number of project & operational power claims from Asia and the Middle East. There were also some larger losses for petrochemical plants under construction, one currently estimated around USD100m.

C. Underwriting Profitability

It is difficult to determine the ultimate profitability of the Singapore market due to reporting in Net, with some considerable premium going to international carriers reinsurance country. Overall, it is accepted that the Wholesale market was unprofitable with losses coming through from prior years and newer risks at much higher rates will take time to wash through the prior underwriting years.

D. Business Outlook

Rates have increased considerably since Q4 2018 but it would appear that carriers require further increases to achieve a 'Technical' level, for both projects and operational power. The market is also working on turning back on the wide scope of coverage afforded to Insureds over the previous 7 years.

Covid has had a big impact this year on smaller projects but we have still seen governments pushing on with large projects, albeit with some delays. Asia appears to have handled the situation a lot better than most regions.

We expect more new players enter the market, or existing players pus strongly into selected segments, such as renewable energy.