

# IMIA NATIONAL REPORT 2020 SPAIN

## 1. PREMIUMS DEVELOPMENT.

P&C premiums for 2020 reached EUR 37,052 million that means an increase of 1.09% compared to the previous year. Gross written premiums in 2020 for the whole Engineering line of business is EUR 343.72 million (that represents the 1.2% of P&C insurance).

Premium Booked totaled for the whole Engineering line (including accepted Reinsurance) is EUR 430.9 million<sup>1</sup>, which entails an increase of 13.91% over the previous year 2019.

The weight of each line of insurance with respect to the total and the growth experienced is shown in the following table:

LINES	% WEIGHT	% GROWTH 20/19
Machinery breakdown	36.76%	12.30%
EAR	5.54%	45.19%
CAR	32.11%	19.53%
Electronic equipment	13.66%	9.70%
Decennial Insurance	11.92%	0.05%
<b>TOTAL</b>	<b>100.00%</b>	<b>13.91%</b>

Source: ICEA

We can confirm the change of the trend of premium decrease observed in recent years. In 2020 all the business lines increased their premiums, highlighting EAR and CAR, showing a slight improvement of the economy in the engineering field.

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<sup>1</sup> The attached table at the end of the report shows the trend in premiums over the last three years in the different lines of engineering insurance business.

## 2. CLAIMS DEVELOPMENT.

The total cost of claims in 2020 for the whole engineering line of business reached totaled EUR 312.91 million<sup>2</sup>, which entails a significant increase of 52.39% over 2019. Below is set out an analysis of claims weights and the loss ratio in 2020<sup>3</sup>:

LINES	% / TOTAL	% LOSS RATIO
Machinery breakdown	26.23%	51.82%
EAR	3.44%	45,08% <sup>4</sup>
CAR	65.74%	148.65%
Electronic equipment	6.59%	35.02%
Decennial Insurance	-2.00%	-12.20%
<b>TOTAL</b>	<b>100%</b>	<b>72.61%</b>

Source: ICEA

The total Engineering loss ratio in 2020 (72.61%) experienced an important increase (54.28% in 2019) mainly driven by the significant figures of CAR (61.30% in 2019), even though the rest of engineering lines decreased their loss ratio compared to the previous year. It is striking the case of DI (-12.20% vs 17.60% in 2019).

In terms of combined loss ratio, taking into consideration the acquisition and administration expenses, in 2020 the figure leads to an unsatisfactory 102.99% (mainly due to CAR)<sup>3</sup>.

## 3. UNDERWRITING PROFITABILITY.

Three main factors may be highlighted:

- 1) Reduction of investment in protection and security of the facilities due to the economic situation, with the potential increase of the associated LR.
- 2) Lack of public investment in facilities and new developments.
- 3) Very competitive insurance market environment.

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<sup>2</sup> The attached table at the end of the report sets out the trend for claims over the last three years in the different lines of engineering insurance.

<sup>3</sup> IBNR figures have not been considered and they are especially relevant for IDI.

<sup>4</sup> Accountable losses.

#### 4. BUSINESS OUTLOOK.

The situation in 2021 for the engineering insurance is to expect the 2020 growth trend, especially in CAR/EAR and machinery insurance. Regarding EAR insurance, the expected growth is mainly due to the expansion of renewable energy installations (photovoltaic, wind).

However, the actual situation resulting from COVID-19 (work stoppages, delays, postponements of the start of new works, machinery stops...) is affecting the initially expected growth.

Country:	SPAIN			Currency:	EUR			Exchange rate (Dec. 31, 2020) US\$ :	1,222810	
Type of Insurance	2018			2019			2020			
	Premium booked (Million)	Claims (Million)	Loss Ratio (%)	Premium booked (Million)	Claims (Million)	Loss Ratio (%)	Premium booked (Million)	Claims (Million)	Loss Ratio (%)	
MB & BE +LoP *)	131,60	69,02	52,45	141,06	79,18	56,13	158,41	82,09	51,82	
EAR +ALoP *)	25,98	19,63	75,56	16,45	19,16	116,47	23,88	70,76	296,31	
CAR +ALoP *)	124,89	208,13	166,65	115,77	70,97	61,30	138,38	205,71	148,66	
EEl *)	55,86	31,70	56,75	53,68	26,99	50,28	58,88	20,62	35,02	
IDI *)	87,76	-14,70	-16,75	51,34	9,04	17,61	51,37	-6,27	-12,21	
<b>TOTAL</b>	426,09	313,78	73,64	378,30	205,34	54,28	430,92	372,91	86,54	