MARSH

NAVIGATING THE RISK AND INSURANCE LANDSCAPE

EUROPE, MIDDLE EAST AND AFRICA (EMEA) INSURANCE MARKET REPORT 2012

LEADERSHIP, KNOWLEDGE, SOLUTIONS...WORLDWIDE.

MARSH & McLENNAN COMPANIES

EMEA INSURANCE MARKET REPORT 2012

This Europe/Middle East/Africa (EMEA) Insurance Market Report is published by Marsh's Market Relationship Management EMEA team to keep clients, Marsh colleagues and other stakeholders informed of developments in the insurance marketplace across the EMEA region.

This year, 12 lines of business have been surveyed across over 40 countries. The information has been supplied by Marsh's insurance placement and business segment leaders in each country. The EMEA report also contains feedback on premium rates and a general market update on major lines of business.

Publisher's Note 1

Executive Summary 2

Insurance Market Report by Country

Northwestern 6
- Belgium 6
- France 7
- Germany 8
- Netherlands 9
- United Kingdom 10

Southern 12
- Croatia 12
- Greece 13
- India 14
- Italy 16
- Portugal 17
- Spain 18
- Turkey 20

Nordic 21
- Denmark 21
- Finland 21
- Norway 22

Central and Eastern Europe (CEE) and Commonwealth of Independent States (CIS) 23
- Czech Republic 23
- Poland 24
- Romania 25
- Russia 25
- Slovakia 26
- United Arab Emirates (UAE) 26

Middle East 28
- Oman 28
- Qatar 28

Africa 30
- Nigeria 30
- South Africa 31

Insurance Market Report by Specialty and Industry
- Aviation 34
- Employee Benefits 36
- Energy 38
- Marine 40
- Trade Credit 42

EMEA Insurance Market Report • 2012

Publisher
David Batchelor,
President International Division

Art Director
Scot Hansen

Graphic Designer
Kenton Holden

Report compiled and edited by
Candice Micale
candice.micale@marsh.com

Published in EMEA by
Carole Porter
carole.porter@marsh.com

For more information contact Candice Micale of Marsh's Market Relationship Management team in EMEA.

PUBLISHER'S NOTE

Marsh is pleased to share with you our EMEA Insurance Market Report 2012.

2011 was one of the most costly on record, with insured catastrophe losses of more than US$100 billion. Insurance rates continued their upward trajectory for natural catastrophe and supply chain perils, but relatively benevolent market conditions still prevailed in the fourth quarter of 2011 across EMEA. Rate reductions were still achievable for those clients with attractive risks and a good loss history. The previously-fierce competition among carriers for the more lucrative books of business has eased and excess capacity is less bountiful.

We anticipate little movement in the EMEA insurance market in the first half of 2012. However, Solvency II—scheduled to be implemented in 2013—and the continuation of the euro crisis may influence the market to harden.

Your Marsh client executive and other members of the client service team welcome the opportunity to discuss with you the Report's insights and their specific implications for your organisation in greater depth. As is the case with all we do, the report is part of our commitment to helping your business thrive.

David Batchelor
President, International Division

EXECUTIVE SUMMARY

Rate reductions have still been achievable for those clients with favourable loss histories, in particular for property and liability lines.

Although rates have continued to decline for some clients in EMEA, particularly those with a good loss history and who are non-catastrophe exposed, others have seen their rates stabilise or even increase in the latter part of 2011. Excess capacity and competition between carriers has not been as intense as that reported in previous EMEA Insurance Market Reports, and it is thought that rate reductions are becoming increasingly difficult to secure as underwriters continue to push rates forward. Notwithstanding this, market conditions remain such that clients with a favourable claims record are usually still able to secure rate reductions at renewal for property and liability lines.

The economic condition of the EMEA region has been put under threat as a result of the Euro zone crisis. Insurer security has been put in the spotlight, although many market commentators have stated the financial strength of most insurers will remain resilient.

The property market across EMEA remains soft/stable for insureds with good loss history and quality data. However, there is a recurring theme in our comments across the region in relation to claims history, natural catastrophe (NAT CAT) and contingent business interruption. We can work on the presentation of claims data, and focus on future risk management improvements to minimise impact of losses. Recent NAT CAT events have highlighted the other two areas where alternative markets are springing up supply chain and NAT CAT.

SUPPLY CHAIN

There is evidence of restrictions in traditional markets (suppliers extension clauses) after Japan and Thailand in particular, with availability decreasing—limits, perils and territories, more information being required and prices increasing. An alternative market has been created with the opposite occurring—pricing decreasing and availability increasing.

Interest in this alternative market is therefore still increasing and market and competition is building. Recent events have highlighted the need for additional cover (including non-damage). Brokers, insurers and insureds need to work together to build data and understand exposures, and this highlights the importance of risk management not just risk transfer—know your exposures so you can make informed decisions.

NAT CAT

This market is having the same impact—in terms of pricing, availability of limits, restriction on territories and perils. Therefore such restrictions or changes in traditional cover encourage alternatives such as CAT bonds, parametric trigger policies and County Weighted Industry Loss (CWIL). The aim is not necessarily full indemnity—but instead an amount paid based on a single trigger (not always damage).

Again, the importance of 'perception of risk' and knowledge of your exposures is key—data collection for presentation to the market is essential (this is covered in our NAT CAT Pack).

The motor market in EMEA has seen increases in almost all geographies as insurers' loss ratios are unsustainable at current levels. However, there are exceptions depending on the client's profile. It is expected that the market will continue to harden in 2012.

Financial and professional lines of business have not provided such a consistent trend across the region. There is still capacity and competition between insurers for professional indemnity (PI) clients. Commercial directors' and officers' liability rates have continued to decline as underwriters view the middle market business as 'better risks'. In general, larger financial institutions (FIs) have not been able to achieve further rate reductions as these are the institutions the insurers are most concerned about in terms of exposure to the euro crisis and those with ongoing claims.

Looking ahead, it is likely that Solvency II, which is set to be implemented in 2013, will also contribute to rate increases in the region. Changes to insurers' documentation, transparency and disclosure requirements will be costly and as a result underwriters may attempt to adjust rates in order to make up for the cost of Solvency II compliance.

The Eurozone crisis has put pressure on the economic conditions of the EMEA insurance market.

INSURANCE MARKET REPORT BY COUNTRY

5,3 km
0,47 h

NORTHWESTERN

HIGHLIGHTS

- Solvency II has provided uncertainty about the market conditions for those liability lines.
- Non-CAT exposed clients have been able to secure rate reductions when a good risk is presented, however, CAT exposed risks are the most scrutinised and rate increases can be expected.

Contact:

MARIKA HOET
Placement Leader
+32 674 9750
marika.hoet@marsh.com

BELGIUM

OVERVIEW

The market in Belgium has remained generally flat. Having said this workers' compensation has been the only market that has seen a change. Major carriers are starting to increase their rates from approximately 2.5% to 4%.

Ranges of Typical Rate Change at Renewal in Q4 2011

General Liability	Rates stable
Trends and Development: Although the average trend is stabilising, we continue to experience decreases in the region of 10% generally for middle market and risk management depending on the client.	
Looking Ahead: It is difficult to predict what the market will do as profitability is rising again as underwriting's main driver. There is uncertainty about the delayed application of Solvency II and its effect. However, the general liability market in Belgium remains competitive.	

Property (CAT exposed)	Rates increase 0 to 10%
Property (Non-CAT exposed)	**Rates stable**
Trends and Development: Clients remain focused on cost reduction and the results in the industry are not anticipated to be positive in view of the general financial crisis. For clients with normal claims statistics and no catastrophe (CAT) exposures, rates have been generally stable. Having said that the market is still competitive and some of these clients are still able to secure a discount, for example where there is a good relationship with the insurer, strong competition and a very well presented risk. For those clients with CAT exposures an increase of rates may be expected. In terms of underwriting trends, CAT exposures and contingent business interruption are interpendently the most scrutinised risks while the FINC clause is becoming more and more popular. Long-term agreements (LTAs) are generally not the preferred option and more attention has been focused on local legislation within international programmes.	
Looking Ahead: CAT deductibles have been revised and it is thought that the markets will have more and more discipline in handling their own business in anticipation of losses. Insurers may adopt stricter guidelines in terms of response time for quotes and negotiation of terms which may be supported by clients promptly providing risk information.	

Workers' Compensation	Rates stable
Trends and Development: The three major players (market share > 50%) have put emphasis on profitability. This has led to a more technical underwriting policy and an increase of premium rates.	
Looking Ahead: Having said this, it is difficult to foresee what the market will do in 2012.	

Motor	Rates increase 0 to 10%
Trends and Development: The Belgian motor market has seen an increase in private lines ranging from 2% to 6% which are being applied by most carriers at the time of renewal. The market remains stable and competitive for new business when rated on claims history. All carriers have been implementing increases on legal assistance cover for private and corporate risks ranging from 2% to 3% for private risks to over 50% for underrated risks.	
Looking Ahead: For private risks, it is expected that the role of aggregators' websites is gaining more ground on the Belgian motor market and adding pressure on premium rates.	

Environmental	Rates stable

Trends and Development: The environmental market in Belgium has remained stable and transactions are increasing. Clients are increasingly seeking environmental insurance solutions for environmental legacy claims. Prospects for operational coverage are postponing their decision until the financial outlook improves. New business for operational coverage is mainly risk management prospects out of risk awareness and compliance, or extension to additional or new locations. Risk management clients and prospects seeking environmental insurance tend to be driven by the biodiversity liability component in the European Union (EU). Middle market clients and prospects are more concerned with pollution liability risks.

Looking Ahead: Growth is expected to derive from risk management and multinational clients/prospects.

Directors and Officers	Rates decrease 0 to 10%

Trends and Development: The Belgium D&O market has seen slight rate reductions and for risk management clients, several important accounts are being renewed with significant premium reductions (> 10 %) and wording enhancements. Overall clients are still seeing rate reductions from 0% to10% on average at renewal and there is still a lot of capacity available.

Looking Ahead: It is expected this trend will continue into 2012.

Financial Institutions	Rates stable

Trends and Development: The Belgian financial institutions market has seen any slight reductions stabilise which suggests a turn into a hard market. It has been observed that a decrease in capacity is offered by some insurers on accounts with stable or decreasing premiums. Some insurers have demonstrated a stricter underwriting process (including stricter wording) and increased scrutiny on investment portfolio (sovereign debt exposure).

Looking Ahead: It is expected that the market will continue to harden in 2012.

FRANCE

OVERVIEW

The market in France has remained soft or stable on most lines except for financial institutions. Having said this, both the property and motor markets have hardened in the latter half of 2011.

Ranges of Typical Rate Change at Renewal in Q4 2011

General Liability	Rates stable

Trends and Development: The French general liability market has remained stable although clients with an adverse loss experience have seen increases up to 30%, whilst attractive submissions have achieved rate reductions of 10% to 15%.

Looking Ahead: The market is expected to harden and insurers will impose stricter loss provisions.

Property (CAT exposed)	Rates increase 0 to 10%
Property (Non-CAT exposed)	Rates decrease 0 to 10%

Trends and Development: French property clients without any CAT exposures or claims have been able to secure small decreases in rates although those with CAT exposures have seen small increases. The upper middle market space remains very competitive between insurers while the lower middle market insurers are looking to increase rates by approximately 10% for renewals. Having said that, underwriters are still prepared to offer discounts of 10% to 20% for new business. New players have entered the French market bringing additional capacities but clients with adverse loss records and/or financial difficulties are harder to place.

Looking Ahead: It is expected that the market for those attractive risks will be easier to place in 2012. Having said this, the market may start to harden for those risks with adverse loss records/ financial issues.

Professional Indemnity	Rates decrease 0 to 10%

Trends and Development: Most PI clients have seen the primary layer of their cover renew as expiring or with small decreases. In comparison excess layers are highly competitive due to overcapacity in the market.

Looking Ahead: No major changes are expected in the near future.

HIGHLIGHTS

- Although there have been new insurers enter the property market, those clients with adverse loss histories or financial issues are still proving difficult to place.
- Overcapacity for excess layers in professional indemnity lines have ensured this market remains highly competitive.
- Competition has remained for medium-sized clients in financial institutions whereas primary layers have seen conservative underwriting guidelines.

Contact:

JEAN-MICHEL GEY
Placement Leader
+33 1 41 34 59 75
jean-michel.gey@marsh.com

Financial Institutions	Rates stable

Trends and Development: For large French FI clients the market softened in the third quarter except for clients with adverse loss history and reached a plateau in fourth quarter. PI remains the line of business raising most concerns amongst FI underwriters followed by crime-bankers blanket bond and D&O. Insurers are concerned that the current Eurozone crisis may lead to PI claims on asset management activities. They expect an increase in fraud with the economic slow down and have concerns with D&O in the event that FIs have to make more write-offs. Traditional insurers are quite conservative in their use of their working capacity therefore, there is little competition on primary. Insurers are being very reluctant if something derives from "as expiring" terms. Insurers are demanding sophisticated underwriting information from the broker, therefore it is essential that the client is able to provide detailed information on sovereign debt exposures and financial analysis. There is still competition between insurers for medium sized accounts and insurers tend to review their standard wordings on the basis of the best market practices.

Looking Ahead: Large accounts are expected to stabilise in 2012, if not harden particularly for PI due to the very conservative use of working capacity. Competition is expected to remain for medium sized clients

HIGHLIGHTS

- CAT cover has been difficult to place and limits for interdependency losses are under pressure.
- Premiums may be increased for those motor clients with a combined ratio of 100% and renewals have been declined for those with a high claims experience.
- The financial crisis has seen many banks have to turn in more risk information.

Contact:

THOMAS OLAYNIG
Placement Leader
+49 711 2380 580
thomas.olaynig@marsh.com

GERMANY

OVERVIEW

The market in Germany has remained competitive. Premium reductions have been possible for some clients with good loss ratio and risk management. Hardening tendencies have only been seen in certain lines of business, however local capacity remains abundant.

Ranges of Typical Rate Change at Renewal in Q4 2011

General Liability	Rates decrease 0 to 10%

Trends and Development: German general liability clients have continued to experience a soft market, however this is likely to change in the near future. There have been some small reductions seen depending on the risk exposure and the line of business.

Looking Ahead: It's expected that markets will stabilise and premium reductions will be more and more difficult, except for those clients with an attractive programme.

Property (CAT exposed)	Rates decrease 0 to 10%
Property (Non-CAT exposed)	Rates decrease 10 to 20%

Trends and Development: The German property market has continued to see small rate reductions in the second half of 2011 although CAT cover in exposed countries is difficult to place and limits for interdependency losses are under pressure.

Looking Ahead: Conditions will be tougher for several branches of property insurance including wood, pulp, and paper and recycling. However, the market will remain soft for those non-CAT exposed risks without previous claims. For those CAT exposed risks it is expected that limits will either decrease or premium rates will increase.

Motor	Rates increase 0 to 10%

Trends and Development: As a reaction to combined ratios greater than 100%, insurers have amended their underwriting guidelines. Premiums may be increased and some insurers are declining the renewal of those policies that have had a high claims experience. A previous court decision has led to higher premiums for semi-trailers and some insurers will not provide coverage for pure semi-trailer hirers.

Looking Ahead: It is expected the motor market in Germany will continue to harden and insurers may use a combination of individual price increases and general price increases (on average between 6% and 25%).

Medical Malpractice	Rates increase 0 to 10%

Trends and Development: There are a limited number of active insurers in the German medical malpractice market. Some insurers are not willing to take on new programmes and there is still only occurrence-based coverage available.

Looking Ahead: This decrease in participating insurers may see premiums rise which makes placement of risks more difficult.

Environmental	Rates decrease 0 to 10%
Trends and Development: Environmental cover in Germany follows general liability and in most cases both are insured in the one policy.	
Looking Ahead: The market remained stable in the second half of 2011 and this is expected to continue into 2012.	

Directors and Officers	Rates decrease 0 to 10%
Trends and Development: There is an increase in mid-market companies focusing on compliance and international programmes and competition between insurers in the middle market/small and medium enterprises (SME) and risk management segments with the entrance of a new insurer. Due to soft market conditions, some clients have increased their policy limits.	
Looking Ahead: It is expected the market will continue to see flat renewals and ongoing competition in the primary market.	

Professional Indemnity	Rates decrease 0 to 10%
Trends and Development: The German professional indemnity market remained stable in the second half of 2011, with some slight decreases.	
Looking Ahead: It is expected that this trend will continue in 2012.	

Financial Institutions	Rates increase 0 to 10%
Trends and Development: Some insurers in the German financial institutions market have reduced D&O and PI capacities on complex accounts or accounts with loss history. Premiums have remained mostly flat with some slight increases of 5% on average. The financial crisis (PIIGS[1] exposure) has seen many banks having to turn in more risk information. Premium trends differ between the exact FI segment (bank/insurer/PE firm/asset manager) and the individual loss history.	
Looking Ahead: It is expected this market will remain generally flat or see some slight increases on difficult accounts. It is foreseen that there will be a higher demand of underwriting/risk information from insurers.	

NETHERLANDS

OVERVIEW

The market is generally stable overall with some clients experiencing slight rate reductions. New carriers are constantly entering the market and there is plenty of underwriting capacity available.

Ranges of Typical Rate Change at Renewal in Q4 2011

General Liability	Rates decrease 0 to 10%
Trends and Development: The general liability market has remained stable, although it is still competitive.	
Looking Ahead: It is expected that 2012 will bring a limited number of increased premiums.	

Property (CAT exposed)	Rates increase 10 to 20%
Property (Non-CAT exposed)	**Rates stable**
Trends and Development: Whilst the property market has remained stable, premium rates for CAT-exposed limits have seen increases of 10% to 20%. LTAs are under scrutiny.	
Looking Ahead: It is expected this trend will continue into 2012.	

Motor	Rates stable
Trends and Development: The motor market in the Netherlands remained stable in the second half of 2011.	
Looking Ahead: It is expected that this trend will continue and we may only see a limited increase of premiums.	

HIGHLIGHTS

- Premium rates for CAT-exposed limits have experienced increases of 10% to 20% on average and LTAs have been placed under scrutiny.
- New entrance of carriers in the D&O market has seen capacity increase; rates reduce; policy wordings improve and the abundance of facilities and managing general agency solutions to increase.

Contact:

FRED WILLEMZE
Managing Director
+31 10 406 0922
fred.willemze@marsh.com

1. PIIGS refers to Portugal, Ireland, Italy, Greece and Spain.

Professional Indemnity	Rates decrease 10 to 20%
Trends and Development: The professional indemnity market has seen rate reductions of 10% to 20% on average with the entrance of new underwriters in the market.	
Looking Ahead: In 2012 it is expected that there will be more underwriters entering the market which will lead to a further decrease of premiums.	

Financial Institutions	Rates decrease 0 to 10%
Trends and Development: Although the financial institutions market has seen slight decreases of up to 10%, the market is starting to harden.	
Looking Ahead: It is expected that there will be further hardening of the market with less insurers and less capacity available.	

Directors and Officers	Rates decrease 0 to 10%
Trends and Development: The D&O market has seen the entrance of new underwriters which is providing overcapacity in the Netherlands. This overcapacity has influenced the rates to reduce, policy wordings to improve and the abundance of facilities and Managing General Agency solutions to increase.	
Looking Ahead: It is expected that premiums are soon to reach a low point.	

HIGHLIGHTS

- The general liability market has seen carrier competitiveness and availability of capacity increase which has enabled some clients to secure rate reductions of up to 10%.
- Two insurers have ceased underwriting in the motor market and rates have been slowly increasing due to losses sustained.
- The implementation of the Environmental Liability Directive will continue to drive the need for environmental insurance.
- Double digit premium decreases are still available for commercial D&O risks with an attractive risk profile and loss experience.
- Competition is still commonplace in the middle market financial institutions section whereas global institutions have seen rates stabilise due to the nervousness surrounding the current economic conditions.

Contact:

GRAEME MACMILLAN
Managing Director
+44 20 7357 2465
graeme.macmillan@marsh.com

UNITED KINGDOM

OVERVIEW

For property and liability lines the market has started to harden but rate reductions are still possible for clients with a good loss record. For financial and professional lines of business, the insurance market remains competitive and commercial clients can often secure discounts on their premium. Having said this, many large financial institutions are facing rate increases as underwriters monitor the effect of the Eurozone crisis.

Ranges of Typical Rate Change at Renewal in Q4 2011

General Liability	Rates decrease 0 to 10%
Trends and Development: There has been a general rate reduction of 0% to 10% in the general liability market due to availability of capacity and carrier competitiveness. Some poor performing risks are likely to start seeing an increase in rates.	
Looking Ahead: Whilst carriers are talking about moving rates forward, the reality is that well managed risks will continue to benefit from rate reduction. The expectation is that the market will continue in a similar vein for 2012.	

Workers' Compensation	Rates decrease 0 to 10%
Trends and Development: The majority of renewals are flat but when clients' business is being tendered to the market, rate reductions are still available. Insurers are starting to ask more questions around health and safety, and risk management, and prefer clients with good risk awareness.	
Looking Ahead: It is expected that the market may start to stabilise in 2012.	

Property (CAT exposed)	Rates increase 0 to 10%
Property (Non-CAT exposed)	Rates decrease 0 to 10%
Trends and Development: With continued capacity and new players entering the market the availability of rate reductions will continue on non-CAT business. CAT rates are increasing for risks within critical CAT zones.	
Looking Ahead: This is expected to remain much the same for 2012 although better risk presentation and information will benefit the most from any reductions.	

Motor	Rates increase 0 to 10%

Trends and Development: There has been a steady increase in rates due to losses sustained in the motor markets. The average net operating loss ratio for commercial motor insurance was 109.6% in 2010 with only three insurers below 100%.

Looking Ahead: Rates are increasing by about 5% to 10% and it is understood that loss ratios in 2011 are improving. Two insurers have decided to cease writing motor insurance in 2011. Having said this, it is expected the market will continue to harden slightly in 2012.

Medical Malpractice	Rates decrease 0 to 10%

Trends and Development: Medical malpractice in the UK has seen continuing soft market conditions. Additional new competitive capacity has entered the market in the last twelve months. Insurers are struggling to maintain their income base, but in most cases business remains profitable.

Looking Ahead: This trend is expected to continue in the next twelve months.

Environmental	Rates stable

Trends and Development: Additional market entrants have continued the trend for increased competition in the environmental insurance market. The number of markets providing coverage for environmental damage, as distinct from pollution, has increased.

Looking Ahead: The implementation of the Environmental Liability Directive will continue to drive requirements for environmental insurance.

Directors and Officers	Rates decrease 0 to 10%

Trends and Development: There continues to be a clear distinction between the conditions in the commercial and financial institution D&O markets. Commercial D&O market conditions are still soft. A long anticipated "plateau" in commercial D&O pricing has not materialised, however, on a very small number of risks with very significant U.S. American Depository Receipt (ADR) exposure, some insurers have become rather more cautious on pricing of late but this should be regarded as more risk-specific than a broader market change at this point.

Looking Ahead: In the main, however, double and single digit premium decreases are still available for commercial risks, dependent on risk profile, loss experience and base pricing.

Professional Indemnity	Rates increase 0 to 10%

Trends and Development: There is a still a great deal of capacity in the market, however, insurers are not looking to offer rate reductions. Therefore if the revenues of a client are up on last year the insurer will look to increase the premium.

Looking Ahead: The fact that there is still so much capacity available means that any premium increase can be countered to a certain extent by introducing competition.

Financial Institutions	Rates decrease 0 to 10%

Trends and Development: There remains a discrepancy within the FI market between differing client types. Those larger tier 1 clients that tend to buy market capacity have seen end to reductions during the last quarter (of not more than 10%). This is because these are the institutions the insurers are most concerned about in terms of exposure to the euro crisis and those with ongoing claims. Capacity drives the premium. With regard to middle market business, which all insurers wish to write, reductions have been more in the 10% to 20% category. Products continue to be improved. The UK financial institutions market is in a state of change. There is considerable nervousness in the insurer community regarding the euro crisis and what this may mean for the claims environment. As a result we are beginning to see rates stabilising and capacity being more carefully provided (particularly where a client is buying market capacity). The main concerns still centre on the major global institutions rather than middle market business (such as fund managers, small stockbrokers, insurance companies) where competition is still commonplace.

Looking Ahead: The landscape for next year will be different. The FI market is expected to stabilise and rates may be flat to 10% as an average, driven by insurers' ongoing concerns regarding the euro crisis, management pressure and reinsurance costs. It is expected that capacity will be down but not significantly. Insurers might not be able to support reductions on existing business but those who need to grow their business, particularly in the middle market space, will support reductions for new business.

SOUTHERN

HIGHLIGHTS

- Previous court cases where higher penalties have been imposed is expected to influence higher limit requests in the workers' compensation lines.
- There have been difficulties maintaining 'new replacement value' arrangements for property risks as insurance markets want to keep 'actual value cover' in case of total loss events.

Contact:

SVANIMIR STEINER
Vice President
+385 16060400
svanimir.steiner@marsh.com

CROATIA

OVERVIEW

Due to the euro crisis and decreased investments, the Croatian insurance market has recorded a 2% decrease of total premium paid when compared to 2010. Corporate buyers have been delaying premium payments—the majority of payments are agreed to be made in instalments. Once the first instalment is paid, subsequent payment is often delayed. Insurers do not cancel contracts in order to keep the clients in a competitive environment. This becomes an issue for brokers and agents who record revenue only when the premium is paid.

Ranges of Typical Rate Change at Renewal in Q4 2011

Motor	Rates stable
Trends and Development: Motor third party liability rates are controlled by the Supervising Authority Agency and no changes are expected. In motor hull, there have been some premium reductions when the fleet is contracted.	
Looking Ahead: It is expected that car sales will increase in 2012 and this should put clients in a stronger position to negotiate insurance terms for larger insured volumes.	

Workers' Compensation	Rates stable
Trends and Development: The employers' liability market in Croatia has remained stable in the second half of 2011. It is expected that higher limits will be requested due to previous court cases where higher penalties have been imposed upon employers.	
Looking Ahead: It is expected that higher limits will be requested due to previous court cases where higher penalties have been imposed upon employers.	

Property	Rates stable
Trends and Development: The Croatian property market has remained stable with named risk types of policies being replaced by "all risk" arrangements including machinery breakdown. The purchase of electronic equipment cover is to increase due to acceptable prices now being available. There have been difficulties maintaining "new replacement value" arrangements because insurance markets want to keep principle of "actual value" cover in case of total loss events.	
Looking Ahead: It is expected that the market will continue to remain stable in 2012.	

GREECE

OVERVIEW

Greece has suffered from the recent economic downturn. As a result, the commercial/industrial sectors are strongly influenced with liquidity problems and significant reductions in turnovers. The insurance industry is also deeply influenced by the crisis as well as the NAT CAT exposure reinsurance costs. Almost all markets have established strict rules for premium collections and the underwriting strategies have become harder for unattractive risks and those clients with high loss ratios. Premium stability and in some cases signs of hardening have appeared although capacities remain high. It is expected that this trend will continue into the first half of 2012.

Ranges of Typical Rate Change at Renewal in Q4 2011

General Liability	Rates stable
Trends and Development: The general liability market in Greece has experienced stable premiums during Q3 and Q4 2011. Due to the economic downturn, the reduction in turnover has led to small premium reductions as is the case for risks with a low loss ratio. The food industry, and energy/renewable energy risks are the major sectors requesting liability coverage in Greece. Construction/erection of medium/large scale projects require liability insurance although, general liability is not compulsory in Greece.	
Looking Ahead: Stability or rather small rate increase are expected for the Q1 and Q2 2012.	

Workers' Compensation	Rates stable
Trends and Development: The employers' liability market has remained stable and seen minor premium reductions on some attractive risks. The loss ratio remains the critical factor that determines risk appetite and affects premium ratings. There have been no legislative changes during the last semester 2011. Employers' liability coverage is not compulsory in Greece. The market has continued to remain soft.	
Looking Ahead: It is expected that the market will stablise with some small rate reductions for Q1 and Q2 2012. The reduction of employee numbers in companies caused by the economic downturn is a factor that could lead to further premium reductions.	

Property	Rates stable
Trends and Development: There have been signs of stabilisation or even hardening of the market in the second half of 2011. Poor quality risks or lack of risk management as well as the previous year's loss history can influence rate increases by up to 10%. Clients are seeking reductions of up to 20% in order to control administrative costs. In some cases cash flow or liquidity problems can lead to big delays in premium payment and as a result clients ask to pay their premium in instalments. Competition between intermediaries is strong due to the current economic environment affecting all sectors and almost all renewals are at risk.	
Looking Ahead: Small hardening is expected in the next semester of 2012 due to these continuing trends and the deepening of the economic downturn.	

Motor	Rates increase 0 to 10%
Trends and Development: New legislation imposing higher statutory indemnity limits from 1 January 2011 (for both bodily injury and property damage EUR 750,000 up from EUR 500,000) has led several insurers to increase their rates by between 5% and 8%, in the first half of 2011. For the fourth quarter of 2011, insurance markets, especially the "strong players", are looking to restore profitability on loss making or under-rated accounts and as a consequence they implement stricter underwriting rules despite the unstable economic situation in Greece. There are other insurers, on the other hand, who are keen to retain their clients by offering moderate premium, despite the poor loss ratios on their portfolios. Some sectors—in particular rental fleets, buses and machinery equipment—remain especially difficult to find appropriate cover for. Insurance buyers, especially those with fleets, are forced to reduce the number of their vehicles, due to the difficult economic situation and this appears to be a solution for them to avoid premium increases. As far as the private motor market is concerned, there are developments in the direct approach of Internet-based insurance. Retail clients are asking for simple coverage, in order to lower their premiums, or, as a new trend, do not use their cars, to avoid paying car taxes and insurance fees.	
Looking Ahead: New legislation imposing higher indemnity limits from 1 June 2012 (for both bodily injury and property damage EUR 1,000,000 up from EUR 750,000) and also the target set from insurers to restore their profitability, are expected to lead several insurers to increase their rates by between 3% and 7%. Motor rates are likely to continue to spiral upwards, mainly as a result of theft losses, rather than an increase in the number of accidents.	

HIGHLIGHTS

- Loss ratio for commercial workers' compensation risks remains the critical factor that determines risk appetite and affects premium rating.
- Property clients are seeking reductions of up to 20% in order to control administrative costs.
- Motor insurance buyers, especially with fleets, are forced to reduce the number of their vehicles, due to the difficult economic situation and this appears to be a short-term solution for them to avoid premium increases.

Contact:

THEODORA (DORINA) I. ECONOMOPOULOU
Placement Leader
+30 2108176000
ioannatheodora.economopoulou@marsh.com

Environmental	Rates stable

Trends and Development: There have been no significant changes in the environmental market in Greece. The rates remain stable as only two carriers offer this product. Only a few clients purchase this coverage due to cost cutting.

Looking Ahead: EIL (environmental impairment liability) has been compulsory in Greece since May 2010, but as the Greek State has not yet adapted the EU directive into National Law, there are no signs of new markets offering products or capacity for environmental liability.

Directors and Officers	Rates increase 0 to 10%

Trends and Development: D&O rates continue to decrease. For commercial clients, the pace of these rate reductions is slowing and some insurers have stronger underwriting discipline. Large commercial buyers of D&O liability experienced rate reductions, but in general the market trend shows stability in rates and costs as a consequence of the unstable economic situation which has caused underwriters to be increasingly cautious. The SME segment is extremely competitive and many insureds are still suffering from economic pressures and therefore are very price sensitive.

Looking Ahead: We expect the market to have an appetite to provide products in the near future and therefore clients should anticipate continued improvement in terms and conditions. This trend is expected to continue for the first half of 2012.

Professional Indemnity	Rates stable

Trends and Development: Demand for PI insurance has been limited to those clients who are required to purchase it under regulatory or contractual obligation. Local capacity is limited and therefore rates remain high.

Looking Ahead: As PI insurance is not obligatory for most professions (other than insurance intermediaries, travel agents and auditors for example) the demand for this type of insurance is expected to remain low.

HIGHLIGHTS

- Workers' compensation rates have increased as a result of revisions to the Employee Compensation Act.
- The General Insurance Council has increased property deductibles across the board for property damage and loss of profit insurance policies.
- Motor insurance rates have had an annual review put in place based on average claims costs, frequency of claims and cost inflation index.

Contact:

P BALASUBRAMANIAM
Placement Leader
+91 22 6651 2919
p.balasubramaniam@marsh.com

INDIA

OVERVIEW

The general insurance sector in India is showing robust growth of around 22% year on year. Motor (Auto) and employee benefits are the fastest growing lines of business. Rates have bottomed out in property and projects and the employee benefits market has shown signs of hardening. Motor liability has seen a significant rate increase in the latter half of 2011 and grievance timelines and guidelines have been established by the regulator.

Ranges of Typical Rate Change at Renewal in Q4 2011

General Liability	Rate decrease 0 to 10%

Trends and Development: General liability rates have been stable with some seeing a reduction of no more than 5%.

Looking Ahead: It is expected that rates will continue to be soft in the coming quarter.

Workers' Compensation	Rates increase 0 to 10%

Trends and Development: Revisions to the Employee Compensation Act have raised the limits of liability and therefore there has been a commensurate increase in premiums. Medical costs have increased and insurers are reluctant to provide this cover under a workers' compensation policy, hence the exposure needs to be covered as an additional accidental mediclaims cover.

Looking Ahead: Rates are likely to be stable with increased structuring of accident mediclaim cover along with workers' compensation insurance to fully cover the legal changes.

Property	Rates decrease 0 to 10%

Trends and Development: Terrorism cover up to US$150m has been made compulsory to be covered in the country's market pool. Machinery breakdown and electronic equipment covers with adverse claims ratio have seen rates harden by 10%, more than the burning cost rate calculations. The General Insurance Council (GIC) which is a body comprising of the CEOs of all general insurance companies has increased the deductible across the board for property damage and loss of profit insurance policies. Multiple factors such as the soft market, increasing loss ratio, strict reinsurer treaty terms and low existing deductibles are possible causes towards such a step. Claims have moved from being a specified amount to a dynamic amount expressed as a percent of the claim or sum insured. In large risks, increases have been as high as 300%.

Looking Ahead: It is expected this trend will continue into 2012.

Environmental	No market

Trends and Development: There is currently no environmental insurance market in India but developing legislation, mining sector reforms, metal industries and Indian companies going abroad for securing fuel like coal are driving demand for this type of insurance.

Looking Ahead: Due to the lack of environmental market in India it is difficult to predict what 2012 will bring.

Motor	Rates increase 0 to 10%

Trends and Development: Motor third party liability rates have been revised upward, with an increase of 9% to 10% in private vehicles and around 56% to 70% in commercial and passenger carrying vehicles. An annual review has been put in place of the rates based on the following parameters built into the formula. The parameters for each class of vehicle being 1) Average claims cost 2) Frequency of claims 3) Cost inflation index. Motor own damage rates have been stable.

Looking Ahead: Motor third party liability is expected to continue to harden based on the annual review which has been put in place.

Medical Malpractice	Rates increase 0 to 10%

Trends and Development: Major hospitals buy the minimum required medical malpractice cover. Increasing sporadic incidents have raised awareness of the need for this type of insurance. India is slowly gaining a foothold in the clinical trials area.

Looking Ahead: There is an increasing number of people coming under the fold of the health sector and awareness is likely to increase the cover and limits in mediclaim malpractice.

Directors and Officers	No market

Trends and Development: D&O rates have decreased by up to 25%. The trend is to increase limits from US$3m to US$5m (AOA : AOY) from base level limits of US$1m. There has been an increase in requests to extend the full scale benefits available to the employee to the entity also.

Looking Ahead: A New Companies Act is likely to be passed which puts in place class action law suits, Corporate Social Responsibility (CSR) and more emphasis on corporate governance which is likely to deepen and strengthen this cover in future.

HIGHLIGHTS

- Recent workers' compensation legislation that has resulted in higher exposure for employers, has influenced increased risk in this line of business.
- The Gynaecology, Obstetrics and Orthopaedics industry have seen increased deductibles in medical malpractice and have been proving difficult to place.
- PI cover for single projects and cyber risks extensions are increasingly requested and PI is going to become mandatory for many professions in 2012.

Contact:

LUCIO BARBATI
Managing Director
+39 02 4853 8427
lucio.barbati@marsh.com

ITALY

OVERVIEW

According to a recent report of ANIA (the Italian Insurance Company Association), the overall result of the industry in the first half of 2011 has improved over the first six months of 2010, but was lower than that recorded in the first six months of 2009. In the second part of 2012 the prospects on the profitability of the sector might get worse due to the tension in the euro area of the financial markets, especially in the areas of sovereign bonds. This situation, where not recovered, might affect the Italian insurance market over next year. Concerning the non-life insurance sector, ISVAP (the Italian Insurance Authority) reported for the first nine months of 2011 an increase of 2.8% in premium, with respect to the same 2010 period. Given this situation, it is expected that there will be greater attention upon the Italian insurance market to increase profitability in a price focused environment. It is expected that the market in Italy will be stable in 2012 or will experience a slight increase (except for specific "hard-marketed" lines of business, i.e. motor liability, medical malpractice and employee benefits). This is primarily determined by the increase of the quality and quantity of underwriting information and the retention of risks with a good loss experience.

Ranges of Typical Rate Change at Renewal in Q4 2011

General Liability	Rates increase 0 to 10%
Trends and Development: General liability rates in Italy have been stable or have slightly reduced for clients with a good claims history. Insurers are requesting more underwriting information in order to quote.	
Looking Ahead: This trend is expected to continue into 2012.	

Property (CAT exposed)	Rates increase 10 to 20%
Property (Non-CAT exposed)	Rates stable
Trends and Development: As to risks which are not exposed to CAT, the market is stable both in terms of coverage conditions and prices. CAT exposures (both earthquake and flood) are becoming a problem. Coverages rates (all risks including CAT) are no longer sufficient since insurers' quotation tools require minimum premium for CAT exposures. Furthermore, for certain areas, capacity is lacking. More and more attention is focused on contingent business interruption coverages where risk mapping is not possible.	
Looking Ahead: This trend is expected to continue in 2012.	

Motor	Rates increase > 30%
Trends and Development: Motor rates have increased by as much as 30% in Italy. Underwriters are showing a reduced willingness to provide fleet policies.	
Looking Ahead: It is currently unclear what attitude underwriters will take in 2012.	

Workers' Compensation	Rates increase 10 to 20%
Trends and Development: The workers' compensation industry in Italy has seen increased risk due to recent legislation that resulted in higher exposure for employers.	
Looking Ahead: This trend is expected to continue into 2012.	

Medical Malpractice	Rates increase > 30%
Trends and Development: Rates in Italy have increased by up to 30% with no new insurers entering the market. Deductibles have increased and it is particularly difficult to place risks in the areas of Gynaecology, Obstetrics and Orthopaedics.	
Looking Ahead: No changes are expected from the current trend.	

Environmental	Rates decrease 0 to 10%
Trends and Development: Lower premiums are driven by the low penetration of this line of business and the competition between insurance carriers. Despite some serious contamination cases that have occurred, the benefit of having a proper risk transfer solution continues to be under perceived and is not bought as it is not a compulsory insurance.	
Looking Ahead: Due to the lack of environmental market in India it is difficult to predict what 2012 will bring.	

Directors and Officers	Rates decrease 0 to 10%
Trends and Development: D&O rates in Italy have declined by up to 10%.	
Looking Ahead: The poor financial situation of many industrial companies is expected to lead to an increasing number of bankruptcies which will in turn lead to more D&O claims.	

Professional Indemnity	Rates stable
Trends and Development: While the market is generally stable, PI is going to become mandatory for many professions in 2012 and insurance brokers are already working on these lines. PI cover for single projects and cyber risk extensions are increasingly requested.	
Looking Ahead: Having said this, it is difficult to foresee what 2012 will bring.	

Financial Institutions	Rates stable
Trends and Development: As a result of the economic downturn small banks are finding the financial situation more difficult than the big banks due to write offs and bad investments. The D&O risk is increasing with an increase of fraud due to the financial crisis and miss-selling of financial products.	
Looking Ahead: Having said this, it is difficult to foresee what 2012 will bring.	

PORTUGAL

OVERVIEW

Market conditions remain generally soft in Portugal due to continuing capacity and fierce competition in the major lines of business including workmen's compensation, motor, property, and general liability. The market is small in size and thus for more specialised lines such as Financial and Professional (FINPRO) and when larger financial capacity is needed, we look to overseas markets and are subject to their conditions. In these cases those larger risks have seen significant rate increases when placed overseas.

Ranges of Typical Rate Change at Renewal in Q4 2011

General Liability	Rates stable
Trends and Development: The general liability market in Portugal has been stable in the latter half of 2011. Having said this, some insurers are looking to increase rates for those clients with a poor loss history.	
Looking Ahead: It is expected this trend will continue into 2012.	

Property	Rates decrease 0 to 10%
Trends and Development: The property market has stablised in the latter half of 2011, although aggressive competition has seen some clients secure rate reductions. For larger risks where substantial financial capacity is needed, overseas markets are required and rates tend to be higher than if placed with Portuguese insurers.	
Looking Ahead: The market is expected to continue to stablise in 2012.	

Motor	Rates stable
Trends and Development: Competition in the motor market has remained competitive and some clients have been able to secure a rate reduction of up to 10%. Rate increases have been applied to some clients with a poor loss history.	
Looking Ahead: It is expected that the soft market will start to stablise as insurers push for rate increases.	

HIGHLIGHTS

- For larger property risks where substantial financial capacity is required, overseas placement has led to increased rates.
- 2011 has brought major hardening of the financial institutions market due to the economic downturn and the severe loss of rating at the hands of rating agencies.

Contact:

LUIS GOMES
Placement Leader
+351 213 113 741
luis.gomes@marsh.com

Directors and Officers	Rates stable

Trends and Development: The market for D&O has continued to remain stable for most risks, with the exception of financial institutions where large rate increases of 50% to 100% on average have been seen. The client's claims history has a major impact, when underwriters are rating a risk.

Looking Ahead: The market for financial institutions is expected to continue to harden in 2012, while the rest of the D&O market is likely to remain stable.

Financial Institutions	Rates increase > 30%

Trends and Development: 2011 saw a major hardening in the financial institutions market due to the economic downturn and notably the severe loss of rating at the hands of the rating agencies. Due to the lack of local capacity, larger risks have required overseas placement which has in turn influenced some clients' rates to increase significantly by approximately 50% to 100%.

Looking Ahead: The appetites of lead underwriters is likely to become more discerning which will continue to cause the market to harden.

Professional Indemnity	Rates increase 0 to 10%

Trends and Development: Some clients have experienced a slight rate increase of up to 10% which may be a result of insurers seeking to achieve a higher premium volume due to the limited market availability. For those clients who have not taken advantage of the previous soft market, lower rates have been achievable. Most financial institutions have experienced increases of up to 30%.

Looking Ahead: Due to the limited markets available, rates are likely to continue to harden in 2012.

HIGHLIGHTS

- There have been a number of insurers enter the general liability market which has seen premiums decrease by up to 20%.
- Carriers are striving to meet their motor insurance budgets and thus most clients have been able to secure a discount of up to 20%.
- Financial institutions have seen the market for bond insurance decrease substantially as public entities are not currently tendering their business.

Contact:

JESUS ALONSO PEREZ
Placement Leader
+34 914 568 487
jesus.alonsoperez@marsh.com

SPAIN

OVERVIEW

The Spanish market remains very soft. There are many insurers that are eager to write business and provide a lot of capacity. From an overall view, the loss history in the market is favourable and this encourages most carriers to be more aggressive come renewal.

Ranges of Typical Rate Change at Renewal in Q4 2011

General Liability	Rates decrease 10 to 20%

Trends and Development: The general liability market in Spain has seen premiums decrease by 10% to 20% on average and in most cases there are numerous insurers pushing to write business. There have been a number of insurers enter the market in 2011.

Looking Ahead: It is expected that this trend will continue into 2012.

Property (CAT exposed)	Rates stable
Property (Non-CAT exposed)	Rates decrease 10 to 20%

Trends and Development: The leading conditions and rates of some pieces of business are so aggressive, that there can be real problems to fill capacity. Some carriers have withdrawn from some activities such as food and beverages due to bad claims ratios. In Spain, the CAT exposures are covered by the Consorcio de Compensación de Seguros.

Looking Ahead: This trend is expected to continue into 2012.

Workers' Compensation	Rates decrease 10 to 20%

Trends and Development: There are many carriers competing for this line of business across most industries which is encouraging premium rate reductions. There are several new carriers to the market, although in Spain workers' compensation/employers' liability is included in general liability.

Looking Ahead: The market is expected to remain competitive in 2012.

Motor	Rates decrease 10 to 20%

Trends and Development: Motor rates in Spain continued to decline by 10% to 20% and clients can secure discounts regardless of loss history as carriers are aggressive in striving to meet their budgets.

Looking Ahead: There are some signs that the market is beginning to harden as some carriers look more carefully at the loss history before providing terms.

Medical Malpractice	Rates decrease 10 to 20%

Trends and Development: Although the medical malpractice industry in Spain has seen rate reductions of 10-20% the market is not very aggressive as there are few carriers present.

Looking Ahead: Some new carriers are known to be preparing to enter the market in 2012 and as a result it is expected that the market will become more aggressive over the course of 2012.

Environmental	Rates decrease 0 to 10%

Trends and Development: Due to the current economic situation in Spain there is not high demand for environmental liability insurance as it is not mandatory.

Looking Ahead: It is thought that new players are researching the market with a view to introducing an environmental product next year.

Directors and Officers	Rates decrease 0 to 10%

Trends and Development: In general, D&O is one of the more stable lines of business in Spain with the exception of those industries most affected by the downturn in the economic situation such as construction.

Looking Ahead: It is expected that the market will remain stable.

Professional Indemnity	Rates decrease 0 to 10%

Trends and Development: The Spanish PI market is not particularly aggressive due to industry loss results and as a result many accounts have been renewed as expiring.

Looking Ahead: There are some carriers that have started to write this line of business in 2011 and consequently it is expected that at some stage of 2012 the market will become more aggressive.

Financial Institutions	Rates increase 0 to 10%

Trends and Development: The market for bond insurance has declined substantially since public entities are not tendering their business at present. At the same time a major carrier has re-entered the market bringing additional capacity. For D&O and PI the market has started to harden and it is expected that the situation will remain stable.

Looking Ahead: For D&O and PI the market has started to harden and it is expected that the situation will remain stable.

HIGHLIGHTS

- With the changing Commercial Code in Turkey, D&O liabilities are further clarified and thus the demand for this insurance is increasing.
- Although many local Turkish companies export their goods abroad appetite to purchase general liability insurance is still rare.

Contact:

EBRU YUKSEKBILGILI
Placement Leader
+90 21235 54536
ebru.yuksekbilgili@marsh.com

TURKEY

OVERVIEW

The Turkish insurance market has been highly competitive, price oriented and agency driven (brokers' share is approximately 11%) with most insurers being based internationally. The major growth areas in Turkey in the latter half of 2011 were financial lines, power and energy. The insurance market is still soft, in regards to retaining renewals and writing profitable business. Having said this, insurers are more regulated than ever through the European rules and solvency. The financial system has changed for reserves and IBNR (incurred but not reported). Audits are now more structured through the insurance office of treasury and some insurers are having issues with profit figures.

Ranges of Typical Rate Change at Renewal in Q4 2011

General Liability	Rates stable
Trends and Development: Rates in general liability insurance stabilised over the latter part of 2011. Despite many local Turkish companies exporting their goods abroad, appetite from clients to purchase this line of business is still rare. Underwriting information is limited, especially loss history. Product guarantee and recall cover is not easily available in the local market so is dependant on European insurers or Lloyd's markets. In most cases people do not sue as the court cases last too long and legislation is currently limited.	
Looking Ahead: There are not many experienced casualty underwriters in the Turkish market but this is expected to change in the short term.	

Property	Rates decrease 10 to 20%
Trends and Development: Property rates in the Turkish market have decreased by 10% to 20% on average although plastics, textile, and chemicals have seen higher rate reductions. If the company has a loss history it is difficult to find any insurer to provide cover.	
Looking Ahead: It is thought the market will start to harden in 2012 and more technical underwriting will be expected.	

Environmental	No market
Trends and Development: Although there is currently no environmental market in Turkey, there is now legislation to push companies to purchase environmental insurance but insurers are reluctant to provide cover.	
Looking Ahead: Due to the lack of market for environmental insurance it is difficult to predict what will happen in 2012.	

Motor	Rates increase 10 to 20%
Trends and Development: Motor insurance rates in Turkey have increased by 10% to 20% on average although this is dependant on the client's loss history.	
Looking Ahead: The market is still hard and experiencing very rigid underwriting guidelines; technical underwriting is expected to continue in the same manner.	

Directors and Officers	Rates stable
Trends and Development: The D&O market in Turkey is soft and premiums are already very competitive. The typical average limits purchased by clients are in the range of US$10m to US$25m. With the changing Commercial Code in Turkey, D&O liabilities are further clarified, thus the demand for the product is increasing. Country specific extensions are required in order to better market the product.	
Looking Ahead: It is expected this trend will continue into 2012.	

Financial Institutions	Rates increase 0 to 10%
Trends and Development: Most of the Turkish banks have fidelity losses and underwriters generally ask for surveys to be undertaken before renewal. PI losses are not yet sizeable and the market on the crime side is hardening.	
Looking Ahead: It is expected this trend will continue into 2012.	

Professional Indemnity	Rates stable
Trends and Development: There is a very limited PI market in Turkey. Clients usually purchase cover if they are required to by their clients or by a contract.	
Looking Ahead: This line of business will become more sought after in the future.	

NORDIC

DENMARK

OVERVIEW

The insurance market in Denmark has remained stable in the latter half of 2011. Those clients with D&O and property insurance have been able to secure small rate decreases due to a competitive market. The reinsurance industry for property will influence the next twelve months after the 2011 flood claims.

Ranges of Typical Rate Change at Renewal in Q4 2011

Property	Rates decrease 0 to 10%
Trends and Development: There have been small rate reductions across the Danish property market; insurers are focusing on good risks rather than volume. Generally the market is still considered to be soft and it is foreseen that it will remain this way in 2012. However, the market will be more likely than normal to react to severe storms, snow pressure and heavy rain losses in the next six months due to the recent July 2011 flood claims and heavy rainfall. Those losses will cost the industry about 10% of the total annual property premiums. Most of the claims, however, are carried by reinsurers and their models on flood and storm will naturally have significant influence on the long-term outlook.	
Looking Ahead: Those losses will cost the Industry about 10% of the total annual property premiums. Most of the claims, however, are carried by reinsurers and their models on flood and storm will naturally have big influences in the long term perspective.	

Directors and Officers	Rates decrease 0 to 10%
Trends and Development: There have been small rate decreases over the last six months as the market is still competitive. 2012 is likely to see the same trends as 2011.	
Looking Ahead: 2012 is likely to see the same trends as 2011.	

HIGHLIGHTS

- The property market has seen small rate reductions due to insurers focusing on good risks rather than volume.
- The July 2011 flood claims are expected to cost the industry 10% of the total annual property premium.

Contact:

PALLE KENSOE
Placement Leader
+45 45959566
palle.kensoe@marsh.com

FINLAND

OVERVIEW

In general the market has remained much the same as it has been in the past year. Insurers are looking for the opportunity to increase premiums, however, with the abundant capacity available this has not been achievable. Having said this, those clients with a poor loss history can expect rate increases. In order to avoid rate reductions, most insurers have some flexibility to add new extensions to coverage.

Ranges of Typical Rate Change at Renewal in Q4 2011

Motor	Rates increase 0 to 10%
Trends and Development: Motor rates in Finland have seen increases of up to 10%. It is thought this is because of claims inflation due to higher repair costs.	
Looking Ahead: Having said this, it is difficult to predict what the market will do in 2012.	

HIGHLIGHTS

- Claims inflation due to higher repair costs is thought to have increased motor rates by up to 10%.
- D&O rate reductions for many clients have been achievable as a result of Marsh's regional facility.

Contact:

PETER LUNDBERG
CEO Marsh Finland
+358 986774228
peter.lundberg@marsh.com

Directors and Officers	Rates decrease 10 to 20%
Trends and Development: The D&O market has softened over the last six months of 2011 particularly for smaller companies. Marsh's regional facility has generated rate reductions for many clients.	
Looking Ahead: This trend is expected to continue in 2012.	

Workers' Compensation	Rates decrease 0 to 10%
Trends and Development: Changes in legislation for workers' compensation insurance have allowed insurers increased flexibility in setting premiums and as a result there have been small premium reductions.	
Looking Ahead: No drastic changes to premiums are expected.	

HIGHLIGHTS

- Some tendered liability business has secured slight rate reductions.
- The demand for D&O insurance has increased and insurers have introduced improved wordings.

Contact:

DAG BIRKELAND
Placement Leader
+47 9 151 1462
dag.birkeland@marsh.com

NORWAY

OVERVIEW

The insurance market in Norway has remained generally stable in the latter half of 2011 with only slight increases and decreases of no more than 10% on some lines of insurance. It is expected the market will stabilise further in 2012.

Ranges of Typical Rate Change at Renewal in Q4 2011

General Liability	Rates decrease 0 to 10%
Trends and Development: Liability rates in Norway have stablised in the latter half of 2011. Some clients have been able to secure a reduction when their business is tendered.	
Looking Ahead: The market is expected to stablise further in 2012.	

Directors and Officers	Rates decrease 0 to 10%
Trends and Development: Some clients have seen rates reduce slightly by up to 10% in the last six months. Insurers have introduced improved wordings and there has been an increase in demand for D&O Insurance.	
Looking Ahead: The volume of claims has increased which may cause the market to harden in 2012.	

CENTRAL AND EASTERN EUROPE (CEE) AND COMMONWEALTH OF INDEPENDENT STATES (CIS)

CZECH REPUBLIC

OVERVIEW

The overall insurance market is stagnating, growing only in the life segment. For those non-life clients, growth is decreasing and these lines are mainly driven by motor insurance. Insurance rates in the non-life sector are still decreasing and insurance companies are expecting this trend to continue into 2012.

Ranges of Typical Rate Change at Renewal in Q4 2011

Property (CAT exposed)	**Rates decrease 0 to 10%**
Property (Non-CAT exposed)	**Rates decrease 10 to 20%**
Trends and Development: Property rates in the Czech Republic have declined by 10% to 20% on average although no major losses have occurred. The role of the broker around public tenders is a source of major discussion.	
Looking Ahead: It is difficult to foresee what the market will do in 2012.	
Environmental	**Rates stable**
Trends and Development: This is a new market in the Czech Republic and therefore there is no trend to report yet.	
Looking Ahead: This year we should start to see the impact of new legislation, where companies will be obliged to conduct a risk survey and buy insurance.	
Motor	**Rates decrease 10 to 20%**
Trends and Development: Although rates have stabilised, insurance companies admit that the loss ratio is not favourable and when renewing accounts are reviewing the loss ratio.	
Looking Ahead: Although rates have been on the decline in the latter half of 2011, it is difficult to foresee whether the market will start to stabilise in 2012.	
Directors and Officers	**Rates decrease 10 to 20%**
Trends and Development: There have been no D&O losses in the Czech Republic for many years and as a result rates have declined by 10% to 20%. Penetration is still low and this insurance is not popular to buy due to taxation. The average premium has dropped to about Euro 2,000 with many small policies.	
Looking Ahead: Expected regulation is being delayed until 2013, which is when we should see more requests to buy this type of insurance.	

HIGHLIGHTS

- The role of the broker around public tenders for property lines of business have become a major source of discussion.
- D&O insurance is not a major line of business due to taxation and as a result of limited claims in the past few years rates have continued to decline.

Contact:

LUDEK MENCIK
CEO Marsh Czech Republic
+420 221418111
ludek.mencik@marsh.com

HIGHLIGHTS

- General liability rates are expected to increase in 2012 to ensure adequate indemnification in the event of a claim.
- Demand for warehouse space increased significantly in 2011 which has in turn increased property premium rates by up to 20%.
- New regulatory developments passed back in August 2011 will have an effect on the motor insurance industry in the latter half of 2012.

Contact:

MAREK PORCZYNKSI
Placement Leader
+48 22 456 4200
marek.porczynksi@marsh.com

POLAND

OVERVIEW

It is anticipated that 2012 will be a difficult year for Polish insurers due to international markets and, in particular, the Euro crisis. Banks may be forced to dispose of their agency networks, and as bancassurance is a significant distribution channel in Poland, this is expected to cause some rate inflation for clients. Property and casualty rates are expected to be impacted the least as they are less reliant on bancassurance.

Ranges of Typical Rate Change at Renewal in Q4 2011

General Liability	Rates increase 0 to 10%
Trends and Development: In Poland, there is rising insurance awareness, which directly translates into an increase in claims. Insurers pay out compensation which is too low due to underinsurance.	
Looking Ahead: Next year prices are expected to increase to ensure adequate indemnification in the event of a claim. Today's experience shows that the provision for personal injury will be increasingly higher.	

Property (CAT exposed)	Rates increase 10 to 20%
Property (Non-CAT exposed)	Rates increase 0 to 10%
Trends and Development: In the latter part of 2011, premium rates increased by 10% to 20% on average as demand for warehouse space in Poland increased significantly. Most property policies are covered for fire and other natural accidents. These clients experienced rate increases due to the requirements to adjust rates to market conditions, especially in the context of the floods last year, where insurers paid out significant claims.	
Looking Ahead: Property rates are expected to remain generally quite stable, although there will be some increases.	

Motor	Rates increase 10 to 20%
Trends and Development: Motor insurance rates in Poland have increased by 10% to 20% on average. Insurers are approaching new fleet business selectively; fleets with high claims ratios are particularly difficult to place. While "named perils" basis still works for the majority of the market, the trend is to move towards an "all risks" basis of cover.	
Looking Ahead: Regulatory developments passed back in August will see changes to the Act of May 22, 2003 on compulsory insurance, Insurance Guarantee Fund and Polish Motor Insurer's Bureau becoming effective from February 2012. The most important change introduces the possibility of termination when there is more than one Motor TPL policy held by the policy holder, at any time during the insurance period.	

ROMANIA

OVERVIEW

The Romanian market has remained soft in the latter half of 2011. Clients across most lines of business have been able to secure rate reductions on those attractive risks with a good claims history. It is expected that this trend will continue into 2012.

Ranges of Typical Rate Change at Renewal in Q4 2011

General Liability	Rates decrease 10 to 20%
Trends and Development: Market pressure is high on general liability as insureds are still looking to cut costs. The market is highly competitive and due to good claims ratios, insurers were able to decrease prices by 10% to 20% on average.	
Looking Ahead: We see a continuation of this downward trend in the next quarter.	

Property (CAT exposed)	Rates stable
Property (Non-CAT exposed)	**No market**
Trends and Development: Competition in the local property market is also extremely strong and prices are stable as loss ratios this year have been low. Local carriers are monitoring the renewal pricing of their reinsurance programmes.	
Looking Ahead: There is not expected to be any real change unless there is pressure from the reinsurance market or CAT risks occur.	

Motor	Rates decrease 10 to 20%
Trends and Development: There has been an increase of losses in the Romanian motor market in the last six months, but due to the fact that motor lines comprise 60% of the total market, competition is very high. This has pushed prices to new lows having declined by 10% to 20% on average.	
Looking Ahead: There are many voices in the market that claim current prices are not sustainable, thus, it is likely that the current trend will end and prices will stabilise.	

HIGHLIGHTS

- Motor lines of business comprise 60% of the total insurance market and therefore competition is high.
- Local insurers are monitoring renewal pricing of reinsurance business.

Contact:

ANCA DOLETE
Placement Leader
+40 212321874
anca.dolete@marsh.com

RUSSIA

OVERVIEW

The insurance market has remained soft in the middle market and risk management segments whilst the majority of the non-life lines of business have seen rates stabilise.

Ranges of Typical Rate Change at Renewal in Q4 2011

General Liability	Rates stable
Trends and Development: The general liability market in Russia is still underdeveloped with the exception of activity related to new legislation for compulsory liability insurance for clients with high exposure (hazardous objects) like boilers, ammonia and mining, etc.	
Looking Ahead: There have been long and extensive discussions between insurers and clients on the suggested tariff system, and new legislation should be effective from 2012. The tariff system provides quite narrow coverage with extensive premium and low limits.	

Property	Rates stable
Trends and Development: The insurance market for real estate and other middle market areas remains competitive. Having said this, the rates for power and utilities have declined to a minimum and many insurers are not prepared to support this rate reduction, therefore, the market has seen reduced capacities with not all insurers continuing to provide lower rates.	
Looking Ahead: It is expected this trend will continue into 2012.	

HIGHLIGHTS

- New legislation is expected to be effective from 2012 and this may influence the narrow coverage in the general liability lines of business with extensive premium and low limits.
- The property market has seen reduced capacity due to power and utilities rates declining to a minimum.

Contact:

ALEXEI MAXIMOV
Placement Leader
+7 495 787 77 08
alexei.maximov@marsh.com

HIGHLIGHTS

- Strong competition between the top three insurers remains in the general liability market.
- EU legislation effective July 2012, has introduced the demand for environmental liability insurance.

Contact:

TOMAS JANOVICKY
Placement Leader
+421 259205430
tomas.janovicky@marsh.com

SLOVAKIA

OVERVIEW

The general market status and expectations for 2012 show that the insurance market remains soft with no hardening trend foreseen. There were no significant losses affecting the Slovak insurance market in 2010 or 2011. The property, liability and motor insurance markets remain soft with no hardening trend expected, and both the rates and deductibles remain without significant changes as compared to the previous years. There is strong competition within the general insurance market although there have been no newcomers.

Ranges of Typical Rate Change at Renewal in Q4 2011

General Liability	Rates stable
Trends and Development: The Slovak insurance market continues to show no sign of hardening; both the rates and deductibles remain unchanged. There is strong competition between the top three carriers. There are no newcomers to the market and no major losses affecting rates.	
Looking Ahead: The market is expected to continue to stabilise in 2012.	

Environmental	Rates stable
Trends and Development: Environmental liability insurance has been introduced to the Slovak market as a result of the transposition of the EU legislation effective 1 July 2012.	
Looking Ahead: It remains to be seen what effect this will have on rates in 2012.	

HIGHLIGHTS

- 2010/2011 fire losses have influenced a decrease in insurer appetite for property warehouse risks.
- There are now restrictions on Iranian and Syrian exposures due to sanctions which may influence the expected soft general liability market to harden.
- Legislative requirements and increased corporatisation of healthcare businesses has seen the demand for medical malpractice cover increase.

Contact:

CHETAN ANAND
Placement Leader
+971 2 672-2664
chetan.anand@marsh.com

UNITED ARAB EMIRATES (UAE)

OVERVIEW

The insurance market in the UAE has remained soft with no signs of hardening. Oversupply of local/regional capacity and the battle for market share in a recessionary business climate have ensured the market remains soft. Having said this, there have been signs of hardening of terms (not rates) for those difficult/high hazard risks and those clients with adverse loss history. We expect this trend will continue in 2012.

Ranges of Typical Rate Change at Renewal in Q4 2011

Property (CAT exposed)	Rates stable
Property (Non-CAT exposed)	**Rates decrease 10 to 20%**
Trends and Development: Good risks continue to see rate reductions. However, there is an increasing trend amongst insurers to avoid poor risks/high hazard exposures like paper, plastic, furniture, chemicals etc/risks with a poor loss record. Insurers have very little appetite for warehouse risks due to a spate of fire losses in 2010 and 2011 and underwriting/treaty restrictions have been imposed on local markets by reinsurers.	
Looking Ahead: Insurers are restricting or sub-limiting strike, riot and civil commotion cover under property following the Arab Spring, especially for exposures in other Gulf Cooperation Council/Middle Eastern countries. Low sub-limits of 5% to 10% are only available for such exposures. This is largely set to continue in 2012.	

General Liability	Rates decrease 10 to 20%

Trends and Development: There is excess capacity, including Takaful insurance, in this market due to a number of international insurers setting up in the local and regional financial free zones. There is a continued absence of large or frequent losses in the region as the social and legal environment is not very litigious. However the perception is that there has been an increase in litigation/disputes and larger clients are looking for larger policy limits/limits of liability due to increased risk awareness.

Looking Ahead: The soft market is set to continue for the foreseeable future although there may be some hardening of terms in 2012 especially for risks with poor loss records. There are now restrictions on Iranian and Syrian exposures due to sanctions.

Workers' Compensation	Rates decrease 10 to 20%

Trends and Development: Soft market conditions have continued unabated with reductions of 10% to 20% seen on average.

Looking Ahead: This trend is expected to continue over the first half of 2012.

Motor	Rates decrease 20 to 30%

Trends and Development: Fierce competition amongst insurers for market share and cash flow is leading to plummeting rates (20% to 30%) and relaxation of terms and conditions. Clients with poor loss records are still able to secure motor rate reductions. Local insurers/Takaful insurers are offering significant rate reductions forcing international players to fall in line.

Looking Ahead: Rates are likely to stabilise at low levels by the latter half of 2012.

Directors and Officers	Rates decrease 10 to 20%

Trends and Development: Soft market trends continue mainly on account of oversupply of capacity and absence of losses. There is plenty of additional onshore and offshore capacity in the local and regional financial free zones. Larger clients, especially those with expatriate directors/managers are looking to buy enhanced limits.

Looking Ahead: This is largely set to continue in 2012.

Professional Indemnity	Rates decrease 0 to 10%

Trends and Development: As with D&O soft market conditions prevail for PI as more and more clients are looking for professional liability cover due to increased risk awareness, corporatisation of businesses, regulatory (lawyer/healthcare providers) and borrowing requirements.

Looking Ahead: 2011 trends are set to continue in 2012 without much change.

Financial Institutions	Rates decrease 10 to 20%

Trends and Development: Premium rates for financial institutions have declined by 10% to 20% on average due to excess capacity and good loss ratios. There are an increasing number of clients looking for financial lines cover particularly those with expatriate directors/managers.

Looking Ahead: This is likely to continue in 2012.

Medical Malpractice	Rates decrease 10 to 20%

Trends and Development: There is increased demand for medical malpractice cover from hospitals, clinics and medical practitioners due to legislative requirements and increased corporatisation of healthcare businesses. There is an increased supply of market capacity although increased losses are being reported.

Looking Ahead: Whilst some small rate reductions have been possible, the market is likely to stabilise in 2012.

MIDDLE EAST

OMAN

HIGHLIGHTS

- Those clients with CAT-exposed risks have begun to see slight rate increases.

Contact:

SAJITH KUMAR
CEO Marsh Oman
+968 24564271
sajith.kumar@marsh.com

OVERVIEW

The insurance market in Oman is very soft which can be attributed to the overcapacity available locally. Having said this, the recent floods may influence the market to harden in 2012.

Ranges of Typical Rate Change at Renewal in Q4 2011

General Liability	Rates decrease 0 to 10%
Trends and Development: There have been few claims in the local liability market and therefore ongoing reductions in premium are possible.	
Looking Ahead: This trend is likely to continue into 2012.	

Property (CAT exposed)	Rates increase 0 to 10%
Property (Non-CAT exposed)	Rates decrease 0 to 10%
Trends and Development: Clients with CAT exposed risks have started to see small premium increases in Oman although non-CAT exposed clients have been able to renew their policies as expiring.	
Looking Ahead: It is anticipated that this trend will continue.	

Motor	Rates stable
Trends and Development: Motor rates in Oman have remained generally stable although this very much depends on the individual claims experience of the fleet.	
Looking Ahead: It is expected that premium rates will increase due to recent flood claims.	

QATAR

HIGHLIGHTS

- Qatar's construction boom has been tapering off and it has a telling impact on the property business.
- The influx in design and build contracts on the anvil has spurred an increase in the demand for PI insurance for architects and consultants.
- Reinsurers have been introduced into the general liability market with sound financial ratings.

Contact:

PRASAD ANIYIL
CEO Marsh Qatar
+974 44967325
prasad.aniyil@marsh.com

OVERVIEW

The insurance market remains soft in Qatar and the entry of new insurers has led to increased capacity for an almost stagnant business base. Qatar is making preparations to kick-start activities relating to the FIFA World Cup in 2022, although no major projects have been announced/ tendered yet and this would suggest increased (infrastructure projects) activity by the end of 2012.

Ranges of Typical Rate Change at Renewal in Q4 2011

General Liability	Rates decrease 10 to 20%
Trends and Development: The liability sector in Qatar has not seen any major claims during the review period or even for a longer term. As a reflection, the market is very soft and minimum premium levels are often squeezed. With the arrival of reinsurers with sound financial rating in DIFC (Dubai), local insurers have more flexibility and options in securing support for risks remain extremely competitive.	
Looking Ahead: We expect the market to be more aggressive during the forthcoming renewal season for capturing better market share.	

Workers' Compensation	Rates decrease 10-20%

Trends and Development: The workers' compensation/employee liability (EL) market has become a preferred class of business for most of the local insurers who are prepared to write such risks on a stand-alone basis. Rates have seen significant reductions, especially on the 'admin' staff category. EL claims are not very common. The same trend is expected to continue for the foreseeable future.

Looking Ahead: The same trend is expected to continue for the foreseeable future.

Property (CAT exposed)	No market
Property (Non-CAT exposed)	Rates decrease 10 to 20%

Trends and Development: The property market is seeing aggressive underwriting on account of more capacity/new insurers competing for less business. Qatar's construction boom is tapering off and it has a telling impact on the property business. Rates are on a steady decline and perhaps reaching unsustainable levels.

Looking Ahead: We expect the rates to see further pressure during the renewal season ahead with more capacity entering the Qatar market. Another major global carrier is expected to start their (general insurance) operations in Qatar in early 2012.

Motor	Rates decrease 0 to 10%

Trends and Development: The market on average remains stable. However, there is differentiation between commercial fleets and retail segments; insurers are often more aggressive for individual motor business. This provides them with more visibility whilst offering some selection. Fleets with favourable loss records are able to obtain better rates at renewal. Generally, the portfolio is still loss making for most.

Looking Ahead: The market is expected to continue in the same trend until the long-term tail effects are felt by the new players for any rate adjustments.

Directors and Officers	Rates decrease 0 to 10%

Trends and Development: There is little demand for D&O cover in Qatar with limited available local capacity. There are no known losses in this segment so far. The arrival of joint venture companies with partners from developed markets is bringing awareness of this risk; also influenced by brokers' educative sessions.

Looking Ahead: We expect to see more demand for D&O during 2012. The rates are unlikely to be impacted significantly.

Professional Indemnity	Rates decrease 0 to 10%

Trends and Development: There is growing demand for PI cover for architects and consultants in general. There are more and more design and build contracts on the anvil, which will spur further interest for this class. Although the market is stagnant currently, we are seeing consultancy contract awards in the infrastructure segment. Most of the awards are made to global players and therefore little activity is expected in the local market.

Looking Ahead: Given the prospect of contracts anticipated to be awarded for the 2022 World Cup; we are hopeful that there will be more demand for this class. The premium rates will often follow the global insurance market as there is limited capacity locally.

AFRICA

HIGHLIGHTS

- The Workman's Compensation Act has been repealed and replaced with the Employee Compensation Act.
- Increased awareness of the liability exposure to those PI risks has influenced the rates to increase by up to 30%.

Contact:

ANDE BUSOLA
Placement Leader
+234 8066064470
ande.busola@ibnmarsh.com

NIGERIA

OVERVIEW

The implementation of the Local Content law by which Nigerian underwriters are to retain 70% of risks in the local market has influenced the capacity of underwriters and the rating of risks in Nigeria. Rate increases have been experienced across most lines of insurance and it is expected the market will continue to harden in 2012.

Ranges of Typical Rate Change at Renewal in Q4 2011

General Liability	Rates increase 10 to 20%
Trends and Development: As general liability insurance is required for many business contracts in Nigeria, the demand for this insurance has remained high due to partnerships with multinational companies.	
Looking Ahead: It is expected that the increase in claims will encourage a rate increase and this trend is likely to continue in the coming year.	

Workers' Compensation	Rates decrease 0 to 10%
Trends and Development: The Workmen's Compensation Act has been repealed and replaced with the Employee Compensation Act. This effectively removed the workers' compensation and replaced it with a trust board for administration. However, the employers liability section is not covered under the new act and will have to be purchased for the insured.	
Looking Ahead: It is expected that workers compensation rates will decline in the coming year.	

Motor	Rates increase 10 to 20%
Trends and Development: The motor rates in Nigeria have increased slightly which can be attributed to an influx of vintage cars. The cost of third party claims has increased at the same time.	
Looking Ahead: This trend is expected to continue in the coming year.	

Professional Indemnity	Rates increase 20 to 30%
Trends and Development: PI rates in Nigeria have increased by 20% to 30% as a result of increased awareness of the liability exposure that professional clients have in the event of negligence.	
Looking Ahead: It is likely that the market will continue to grow in 2012.	

Financial Institutions	Rates increase 10 to 20%
Trends and Development: Due to an increase in cyber crime and ATM card fraud, the rates for financial institutions insurance has increased by 10% to 20%.	
Looking Ahead: It is expected that this will continue in the coming year.	

Directors and Officers	Rates increase 10 to 20%
Trends and Development: Failure of corporate governance and an increase in errors and omissions has influenced a rate increase of 10% to 20% in the last six months of 2011.	
Looking Ahead: This trend is thought to continue in 2012.	

SOUTH AFRICA

OVERVIEW

Following a very profitable 2010 for the South African insurance industry, the 2011 year is thus far faring even better with the overall loss ratio running at only 58%. This excellent result is due mainly to a lack of natural catastrophes in the region as well as very few large industrial fires. Rates have continued to follow the downward trend in claims to a level that has not been seen for some time.

Ranges of Typical Rate Change at Renewal in Q4 2011

General Liability	Rates decrease 0 to 10%
Trends and Development: A number of new entrants to the market are trying to make inroads into the relatively large market share held by the leader in the casualty market. Whilst they do not appear to be having any major success in winning business off this market leader, the competition continues to bring rates down. The recently introduced Consumer Protection Act has increased the awareness of consumers regarding their legal rights and the amounts being claimed for injuries have increased markedly over the past two years.	
Looking Ahead: These developments do not appear to be having any material impact on the actual awards being made by the courts. It is generally thought that the market has reached the bottom of the cycle and premiums will remain flat for the foreseeable future.	

Workers' Compensation	Rates increase 0 to 10%
Trends and Development: The Constitutional Court recently delivered judgement on whether the Compensation for Occupational Injuries and Diseases Act (Coida) prohibits the common law right of mineworkers to recover damages against their employers, even though mineworkers were covered by the Occupational Diseases in Mines and Works Act (Odimwa) and therefore not entitled to claim under Coida. The Constitutional Court surprisingly ruled that workers were indeed allowed to sue for health damages under common law. This has opened the door to a litany of claims which has caused liability insurers to tighten up on exclusions to ensure that they are not providing cover for industrial related diseases contracted by employees or contractors working in highly exposed industries such as mining.	
Looking Ahead: The recent Constitutional Court ruling only gives employees the right to sue; they still have to prove negligence. In addition, insurers restricted coverage for industrial disease many years ago. It is therefore unlikely that the court ruling will have a major impact going forward.	

Property	Rates decrease 0 to 10%
Trends and Development: In view of the lack of natural catastrophes in the region as well as very few industrial fires, rates continue to soften. Following the experience elsewhere in the world, reinsurers are imposing restrictions on insurers regarding flood, earthquake and contingent business interruption. Insurers are in consequence trying to impose the restrictions on locally based insureds.	
Looking Ahead: Following an exceptionally poor claims experience on a global basis, it remains to be seen whether treaty reinsurers will on 1 January 2012 impose premium increases or coverage restrictions on local insurers that they are expected to impose on insureds in many other regions of the world. In the absence of any such increases and/or any material deterioration in the claims experience locally, the market is expected to remain flat.	

Directors and Officers	Rates stable
Trends and Development: Notwithstanding that the new Companies Act has become law since April 2011, the lack of claims together with an extremely competitive market has kept rates stable.	
Looking Ahead: The South African market continues to develop its D&O capabilities and the capacity it is offering. New products are being developed in the SME space. We can expect to see healthy competition keeping rates stable. There will be more focus on regulatory issues regarding the use of admitted and non-admitted markets.	

HIGHLIGHTS

- The recent Constitutional court ruling which affects the workers' compensation market gives employers the right to sue, however, they still have to prove negligence.
- As a result of natural catastrophes elsewhere in the world, reinsurers are imposing restrictions on insurers regarding flood, earthquake and contingent business interruption.

Contact:

CLIVE BOYD
Placement Leader
+27 11 506 5210
clive.boyd@marsh.com

INSURANCE MARKET REPORT BY SPECIALTY AND INDUSTRY

Boulevard
Antoine-Cabana
Avenue
Oliviers
Laurier
Sylva-
Clapin
Avenue
Raymond
Bourdages
Nord
Avenue
Sylva-Clapin
Morin
Rue
Bachand
Rue
Bruère
Laval
Duvernay
Rue Bourassa
Rue Cherrier
De La Bruère
Sainte-Catherine
Nelson
Boulevard Choquette
Saint-Laurent
Avenue Sainte-Catherine
Desaulniers
Choquette
Boulevard
Casavant
Boulevard
Clapin
Bourdages
Duvernay
St-Joseph
Papineau
Raymond
Morison
RTE-137
Laframboise
Moreau
St-Dominique
Sicotte
Sylva-Clapin
Ste-Anne
Dessaulles
17:53

AVIATION

HIGHLIGHTS

- Average 8% reduction in rates for 2011.
- 18 airline losses in 2011 exceeded the US$10m mark.
- No major losses in 2011 involving significant loss of life.
- The MRO book continued to see modest reductions.
- Capacity looks set to remain high for 2012.

Contact:

STEWART WILSON
Senior Vice President Aviation
+44 20 7357 1000
stewart.wilson@marsh.com

RISK TRENDS

AIRLINES

The second half of 2011 continued to enjoy below average airline losses with the total for the year expected to just exceed US$1bn, providing underwriters with a healthy return on their airline portfolio.

This lack of losses and the continued abundance of capacity, especially for the more desirable risks, have meant that rates have continued to fall, the average for the year being an 8% reduction in rates. This has been offset by increased exposure which has resulted in the premium for 2011 falling less than 0.5% compared with 2010.

One note of caution; while the headline "lead" rates may show a softening in the airline market, there has been resistance from some of the following markets to the level of rate and premium reductions being sought by brokers and the overall composite renewal result may in some cases not reflect what the "lead" indicates. In some instances, especially on the more "distressed" (i.e. loss active/subject to sanctions) risks the "lead" price has been the lowest achieved at renewal with other markets at considerably higher terms.

AIRLINE LOSSES

2011 has seen its fair share of major losses with 18 exceeding US$10m during the year. However, with no major loss involving significant loss of life, there is very little liability exposure and the majority of claims in 2011 involve hull settlements.

However, the deterioration in the liability reserve for the 2009 Turkish Airlines loss has reminded underwriters of how quickly any profit margin can be eroded. Furthermore, the tragic accident at the Reno air races in 2011 has potential to be one of the largest aviation claims in recent times, this on a minor sub-class of the aviation portfolio.

MANUFACTURERS

The second half of 2011 continued to see the trend set in the previous months continue. The Airframe portfolio saw a good deal of activity during the period with over 20 renewals. The majority were able to obtain modest premium reductions but were charged for significant growth in estimated turnover and/or claims deterioration. Of note in this class were the three manufacturers' hull losses that occurred in 2011, totalling just under US$130m, a significant inroad in to the premium base, something underwriters may be mindful off in 2012 renewal negotiations.

Engine and critical component manufacturers received similar treatment to airframe manufacturers, but where competition was introduced between potential lead markets, results were slightly improved.

The non-critical component manufacturers once again enjoyed a greater degree of competition as smaller limits increased the available capacity. So while those renewals with reduced limits and/or turnover were able to obtain premium reductions, the average for the period has been distorted due to renewals purchasing higher limits and one renewal in particular presenting a severe deterioration in its historical claims figures.

The MRO book continued to see modest premium reductions as the norm, though once again any renewal presenting a worsening claims picture was charged an increase on their premium level.

AIRPORTS AND AIR TRAFFIC CONTROL (ATC)

Soft market conditions continued to prevail in this book, with the majority of renewals able to enjoy premium reductions. Only where the level of premium was deemed to be at a minimum or where the limit purchased was increased did premium levels remain static or indeed increase.

Air Navigation Service providers continued to obtain modest premium reductions as in the previous months of the year.

GROUND SERVICE PROVIDERS

Premium levels remained static for this class of business which has always been seen as claims active with profit margins extremely tight and vulnerable. Loss active renewals saw their premium increase or decided to increase their deductible/self-insured retention levels in order to mitigate against premium hikes, while others saw static premium levels with modest growth in turnover thrown in.

REFUELLERS

Refuellers continued to enjoy premium reductions during the second half of 2011, with certain markets having a big appetite for this class at the moment. However, with the level of premium available for the entire portfolio falling, one major loss may well result in premium levels rapidly escalating.

LOOKING AHEAD

Overcapacity is driving the entire aviation portfolio, and with most areas expected to return a profit for 2011, capacity looks set to remain high for 2012. So with overcapacity and if the current level of loss activity continues, 2012 is expected to see “soft” market conditions continue with any hardening only likely to occur if one or maybe two market losses take place.

EMPLOYEE BENEFITS

HIGHLIGHTS

- Allowing employees to prioritise their own benefit requirements can both reduce costs and ensure a better return on investment.
- Emerging markets are expected to drive life insurance growth in the next decade.
- Employers in Egypt and Bahrain seek security and evacuation solutions for their expatriate staff, and work to prevent skilled staff from relocating.
- Medical plan costs and accident rates are increasing in Europe.
- Employers in mature countries are facing an ageing employee population.
- The global recession has heightened the focus on cost control measures.

Contact:

JESSICA FULLER
International Knowledge Manager
+1 212 345 6600
jessica.fuller@marsh.com

RISK TRENDS

The employee benefits industry has experienced an increase in shared responsibility for benefits between the employer and employee. Healthcare issues are high on companies' agendas as costs continue to increase. While medical trend factors used to price healthcare vary by country, the trend is advancing everywhere, and the global recession has heightened the focus on cost control measures.

- The economic downturn has intensified employers' focus on optimising their employee benefits spend and minimising expenses. Employers are searching for a strategy to help better manage costs and control plan design. Employers increasingly rely on their insurance brokers to administer employee benefits plans thereby reducing their human resources and administrative expenses.
- Demographic changes have been well documented as exerting further inflationary pressure on benefit costs. In addition the shift of healthcare and welfare responsibility from State to employer and individual is accelerating as Governments seek to lower public expenditure. Linked to this, regulatory changes are dramatically altering the healthcare marketplace. Mandatory healthcare plans are being implemented in several countries in the Middle East; an unexpected result of which is increasing demand for other benefits, such as death and disability coverage. In many countries in Europe, employer-sponsored benefits plans are increasingly filling the gaps as national social security programmes limit their offerings or accessibility.
- In addition to the traditional method of introducing deductibles and coinsurance, wellness and absence management programmes are increasingly popular as ways to contain medical costs in the medium to long term. Wellness programmes motivate employees to take responsibility for their own health, resulting in increased productivity and eventually reduced healthcare costs.
- In Europe, more employers are offering Flexible Benefits. Allowing employees to prioritise their own benefit requirements can both reduce costs and ensure a better return on investment.
- Throughout the region, many insurers have become less financially stable, putting additional pressure on brokers to select secure carriers with strong financial ratings.
- Life insurance companies are updating their business strategies and investing for organic growth and focusing on acquisitions. Emerging markets are expected to drive life insurance growth over the next decade and yet many so-called 'mature markets' are still relatively immature in this sector. Saudi Arabia recently emerged as the world's fastest growing life market.

- The 'Arab Spring' has profoundly impacted benefits decision makers throughout the Middle East and Northern Africa as political violence must now be considered amongst the most important employee risks. Employers in Egypt and Bahrain seek security and evacuation solutions for their expatriate staff and work to prevent skilled staff from relocating to other Gulf countries.
- In France, the transfer from Social Security (SS) towards occupational schemes is going to accelerate but is halted by the financial abilities of both employers and employees. It is expected that the capacity of the market will decrease to meet clients' requests to reduce prices. Solvency II and the lack of financial revenues in the insurance industry lead to harder subscription behaviour. There is an increasing need for the brokers to rationalise their buying organisation.
- In India, rates are determined by projected claims plus medical inflation which shows a clear move away from cross subsidy and deliberate underwriting of losses. The public sector is still a major player in this sector and with the rationalisation of rates, the sector is becoming viable for private sector and stand-alone health insurers. Service standards are set to improve and clients who are unable to withstand the hike in rates/premiums are using loss control measures like copay, limits in Room rent and disease cap to contain the premiums at manageable levels. Many Governments (State) are going in for insurance covers for BPL (below poverty line) sector portability of health insurance policies across non-life insurance companies including stand-alone health insurance companies. This is the right to transfer the credit gained by the insured for pre-existing conditions and time bound exclusions if the policyholder chooses to switch from one insurer to another.

RATES

IN THE MIDDLE EAST

- Many countries experienced medical inflation of 10% to 15%.
- There is downward pressure on death and disability rates as more carriers update their mortality and morbidity tables and as the workforce population trends younger.
- The high incidence of road traffic accidents in the Gulf countries put negative pressure on the personal accident line of business in the long term.

IN EUROPE

- Medical plan costs are increasing, due to cutbacks in national health systems, higher claims ratios, and insurers looking for higher technical margins.
- Accident rates are also increasing.

LOOKING AHEAD

Competition for talent is becoming increasingly fierce, forcing employers to increase their focus on talent retention and employee engagement. At the same time, employers in mature countries will be faced with an ageing employee population, due to increasing retirement ages, which are being introduced as a response to government debt. Product based solutions in employee benefits strategies can assist companies to reduce the strain on their human resources administration, improve employee satisfaction and productivity and rebuild employee loyalty.

- Expense control will remain a priority for employers, as they focus on improving benefit design and introducing disease and absence management initiatives.
- Heightened focus on benefit communication strategies is likely. Benefits plans with effective and relevant communications strategies will become a larger focus for employers.
- Increased demand for web enabled IT applications to allow employers better access to their employee benefits data and expedite connectivity to insurance carriers, providers and consultants.
- Increased need to review current programmes for older employees, both in terms of cost control as well as with the objective of maintaining productivity.

Employers are advised to consider the long-term impacts of plan design changes and implementing new programmes and to develop a strong understanding of claims trends and legislative changes. Innovative employee benefits solutions that are more flexible and responsive are more likely in the future to meet the needs of employers and their employees.

ENERGY

HIGHLIGHTS

- There is now an expectation that there will be no Gulf of Mexico windstorm losses between now and the end of the hurricane season.
- For upstream energy risks, it is expected rates will hardly rise at all.
- There is no sign of an overall significant shift in the capacity available for 2012.
- Premiums did not reduce in 2011, there were no new players in the market and underwriters did not need to increase their capacity.

Contact:

CAROLINE BEATRICE
Global Marketing Manager—Energy
+44 20 7357 2714
caroline.beatrice@marsh.com

RISK TRENDS

There is no doubt that we have entered into a period where the energy market is more challenging, more difficult to read, where the fundamentals still point to a soft environment, but where the reality of the marketplace is more complex.

Conflicting signs abound:

- A few underwriters are planning to reduce capacity for 2012, some have already done so in 2011 for liability.
- Some carriers are looking to expand and some new dedicated capacity is being created.
- The referral process for many carriers has become more cumbersome over the last few months, signalling more control and management oversight on underwriting decisions.
- Natural catastrophe capacity is becoming much tighter and more expensive.
- There is no sign of an overall significant shift in the capacity available for 2012 and there seems to be a consensus that capacity will continue to be plentiful next year.

UPSTREAM

Ninety percent of offshore energy business has now been renewed for 2011. The market is now waiting for two things. Firstly, the renewal of underwriters' reinsurance programmes which happens at year end. Already the usual reinsurance jamborees at Monte Carlo, Paris and Baden are underway. We believe that energy rates will hardly rise at all, as much as underwriters would like this not to be the case, as they are convinced that their reinsurances will effectively be paying a rise, either by increased costs or retentions. What will happen is that energy underwriters will be expected to retain more, i.e. push up their retentions. In theory this means that underwriters will need to charge more to pay for the higher retention. In practice what invariably happens is that underwriters write more business to generate income, thus creating competition, which leads to reductions.

Secondly, there is now an expectation that there will be no Gulf of Mexico windstorm losses between now and the end of the hurricane season. There hasn't been a major windstorm in the Gulf after October that has affected the offshore market. For those writing windstorm risks another quiet season will yield good results for all those who stayed in this class. Premiums have not reduced this year, there were no new players in the market and underwriters did not need to increase their capacity; in previous years some underwriters

had bought expensive reinsurance programmes that were not economically sound. It is very much a balancing act for underwriters to continue to write the class, pay losses, pay for retentions and make a profit.

DOWNSTREAM

As we move into the autumn and winter months, the significant Q4 renewals historical data shows that the downstream market never stays static for long. Since the beginning of the year, little has changed. We are still awaiting the outcome of the hurricane season. Although hurricane Irene caused significant damage, no oil and gas companies were, to our knowledge, seriously affected. Currently, it appears as though the season will not bring the large number of losses anticipated and therefore the market will remain unaffected. After an almost flat market period during Q1, Q2 and Q3 we believe developments in Q4 should be much more interesting for buyers of international oil and gas property insurance. There is no doubt there will be resistance to a softening of rates, particularly as a result of underwriting management dictates. However, the market fundamentals of the international oil and gas book are such that we feel it is that this part of the overall energy book, at least for non natural catastrophe business, may soften to some degree over the next two quarters.

For more information please visit *http://uk.marsh.com/NewsInsights/Articles/ID/12943/Marsh-Insights-Energy-Market-Monitor-November-2011.aspx* for the complete Energy Market Monitor.

LOOKING AHEAD

For the overall energy market, there is no sign of a shift in the capacity available for 2012; it is expected capacity will remain plentiful.

OIL

It would appear that OIL is seeking to continuously adapt to the requirements of its members and the new (increased) limits will have a bearing on the interaction between OIL and its commercial market competition.

However, as we approach the major first January treaty renewal season, there does appear to be considerable 'sabre rattling' from the major reinsurers. It is yet to be seen if this will have an effect on reducing market capacity in 2012.

After a relatively quiet and flat mid year in the international oil and gas stream market, it is expected that there will be better news for buyers with some competition resuming and rating levels softening.

CONSTRUCTION LIABILITY

There is concern that reinsurance costs for energy liability will increase significantly in 2012 and this could lead to a further hardening of the market.

CASUALTY

There remains concern that there will continue to be inflationary pressure on the pricing of energy liabilities going forward and as underwriters look to manage their aggregation amongst insureds, liability capacity is expected to be restricted within Lloyd's in 2012.

There is also concern that reinsurance costs for energy liability will increase significantly in 2012 which may lead to a further hardening of this market.

MARINE

HIGHLIGHTS

- Underwriting capacity exceeds buyer demand which will influence the market to remain soft.
- Excess capacity in Hull and Machinery has fuelled hunger for income which in turn has encouraged underwriters to compete aggressively for market share.
- The market continues to remain competitive for ports and terminal business with a significant number of insurers looking to write more of this class.
- Aggregation of risks for all marine business continues to be a hot topic with insurers and reinsurers.
- The market must develop innovative solutions to meet challenging risk profiles.
- The overall impact of the severe natural disasters will result in an increase in the cost of reinsurance, however it is foreseen insurers will restructure their reinsurance programmes in order to avoid such increases.

Contact:

CAROLINE BEATRICE
Vice President
+44 20 7357 2714
caroline.beatrice@marsh.com

RISK TRENDS

The Japanese earthquake and tsunami in March 2011 fed expectations that the long-awaited hardening of insurance markets would shortly follow. In fact the opposite has been the case and the first half of 2011 has seen continuing and wide-ranging softness across marine insurance markets. This softness has been encountered worldwide throughout most marine insurance business sectors. Some underwriters will do their best to push premium higher, however, it is foreseen that conditions will remain soft while underwriting capacity exceeds buyer demand. At this point we don't see an end to oversupply.

Piracy: The escalating threat of piracy from Somalia and elsewhere has resulted in a growing industry of maritime security providers, many of whom offer armed protection on board ships sailing through pirate infested seas. Armed guards may be an effective deterrent and may encourage war risks underwriters to reduce additional war risks premiums, but carrying weapons on board ships needs to be considered carefully to ensure ongoing compliance with insurance conditions' contractual requirements, flag state, port state laws and other national laws.

INSURANCE MARKET CONDITIONS

HULL AND MACHINERY

The soft market conditions experienced in 2010 have become even more widespread during 2011. It was expected that the Japanese earthquake and tsunami in March 2011 would be a turning point leading to immediate hardening of market conditions. However, the market has continued to soften. Excess capacity has fuelled hunger for income that has encouraged underwriters to compete aggressively for market share.

SHIPBUILDING AND THE INSURANCE MARKET

The shipbuilding industry has forged an enviable position amongst industry peers by its rapid and progressive change of fortunes since the start of the recovery, which ensued post the downturn in the global economy. Generally, insurance pricing for shipyards has stabilised in recent years. However, many insurers still feel that this sector of the marine market is underpriced and believe that increased pricing levels are required to produce profitable underwriting results. In reality this is unlikely to happen, at least in the short term, except for those shipyards with poor loss experience.

PROTECTION AND INDEMNITY

With most clubs having published their annual report and accounts, we have to conclude that the health and welfare of the community of International Group Clubs has probably never been stronger. Many of the alarmist noises about evidence of the return of claims inflation have been found to be unjustified with all of the S&P 'A' rated clubs generating combined net ratios of 99% or less.

MARINE LIABILITIES

Following another benign period for marine liability losses together with an introduction of additional capacity and with insurers looking to reduce their exposures to energy-related risks, we find ourselves in a competitive marketplace again. Whilst reductions are limited to those with exceptional loss records we see the market softening as insurers look to increase their portfolio of business. However, we believe this will be short lived. The market continues to remain competitive for ports and terminal business with a significant number of insurers looking to write more of this class. There is evidence of strategic initiatives being employed by insurers to secure their market share of this class; we have seen some key movement in personnel over the course of the last few months. Aggregation of risks for all marine business continues to be a hot topic with insurers and reinsurers, as everyone continues to monitor and restrict their exposure to multiple client losses from one single event, be it vessel owner, charterer, cargo owner, terminal operator/vessel owner, rig owner, field operator, etc. Many insurers have begun to reduce their maximum line sizes to better manage their overall single event exposure, and so in this regard the new capacity and markets we have seen introduced during the past 12 months has helped keep the overall capacity available from the market at similar levels.

CARGO

Prior to Q4 2010, the market had seen minimal catastrophe activity and with the influx of new underwriting capacity over the past couple of years, it has resulted in a continuing downward trend in pricing and a general broadening of terms and conditions. With an ever present pressure on cost reduction, this has been welcome news for clients who are generally reporting a slower than expected recovery and continue to trade in a very difficult financial environment. Sovereign debt is currently the topic of the moment. This, coupled with low consumer confidence, and all financial indicators and markets being in a highly volatile state, is leading to an assumption that trading volumes will continue to be adversely effected throughout 2011. Despite reduced underwriting margins and fears of future increased reinsurance costs resulting from the Q1 catastrophes, it is still a buyer's market and with the increased capacity that continues to come into the cargo marketplace, it follows that this has maintained a competitive tension that our clients benefit from. We have continued to see rating reductions, are successfully negotiating longer term policies and the cargo market remains a highly attractive option for stock throughput alternatives given the hardening of the property market.

For more information please visit *http://uk.marsh.com/NewsInsights/Articles/ID/11584/Marsh-Insights-Marine-Market-Monitor-Issue-2-September-2011.aspx* for the complete Marine Market Monitor.

LOOKING AHEAD

Although some underwriters will do their best to push premiums upwards, it is expected conditions will remain soft while underwriting capacity exceeds buyer demand and at this point we do not see an end to oversupply. The overall impact of the severe natural disasters will result in an increase in the cost of reinsurance. However, it is likely that many marine insurers will restructure their reinsurance programmes and reduce the level of protection in place in order to minimise any increase in premium.

The downward pressure on rating levels of hull and machinery appears set to continue for the foreseeable future as yet more underwriting capital comes to the market. The shipbuilding market will continue to evolve and with that the marine insurance market must grasp the opportunities in order to maximise profitability. At the same time the market must develop innovative solutions to meet challenging risk profiles where capacity potential, new exposures and breadth of coverage are concerned.

Prospects of a strong contribution from the investment of club funds in the professional and indemnity industry are not very encouraging; clubs that have been surviving on their non-technical gains might be concerned. Depending on developments in the coming months in respect of catastrophic losses and the evolution of 'new' risk areas for cargo underwriters, the markets will remain competitive and for those clients with good statistics, rate reductions (15% to 20%) are still achievable.

Clearly at some point the bottom of the market cycle will be reached and premiums will rise, but for the time being it is a buyer's market and shipowners can make the most of a highly competitive environment to keep the cost of insurance under control.

TRADE CREDIT

HIGHLIGHTS

- Insurers are becoming more cautious on exposure levels and specifically reviewing cover levels in key European markets—Greece and Italy.
- Appetite from insurers is still high and competition exists. However, premium rates have stabilised with most insurers insisting premium rates will harden throughout the year.
- Insurers are better prepared to handle a second crisis as they now have better financial information and more sophisticated techniques to assess the probability of default.
- Overdue reporting has escalated in Q3 2011. It is likely this will result in greater levels of losses in 2012.

Contact:

TIM SMITH
EMEA Trade Credit Practice Leader
+44 20 7357 5493
tim.j.smith@marsh.com

RATES

Typical Rate Change at Renewal (Average/Good Risk Profile)

Coverage	Rate Change Q4 2011	Rate Change Q4 2010
Whole Turnover	Flat to 5% decrease	5% to 15% decrease
Catastrophe	Flat to 5% decrease	5% to 15% decrease

The EMEA region covers such a large geography there are differences from one country to another. Further notes are listed below:

- Europe—concern continues around some key countries, namely Greece, Italy, Portugal, Spain and Ireland. Despite this, there is still market competition and insurers are willing to compete for new business
- Central and Eastern Europe—including the Baltic States, the former CIS and Russia. This geography continues to see increasing interest in the product. Cover is more difficult to secure, not because of a lack of appetite from insurers, more the lack of transparent information on a company's financials. Losses here are relatively low, but the perceived risk is high.
- Middle East—product awareness in the Middle East is growing rapidly. The number of enquiries is increasing and product range growing.

RISK TRENDS

The market for short term trade credit insurance continues to rise. Demand for credit cover remains strong with ongoing concerns about a second credit crisis. Reinsurance capacity is increasing with new reinsurers entering the market.

One of the consequences of the recent credit crisis has been that credit is viewed as a scarce commodity and more attention is now focused on obtaining credit, justifying the capacity and pricing this capacity properly.

Insurers are now more diligent about assessing information on the parties involved within these trade transactions. Depending upon the underwriting approach, reasonable financial disclosure is sought on each debtor.

Most financial institutions have considered trade credit insurance to offset the effects of Basel II and the proposed Basel III guidelines. The use of trade credit insurance will continue to play a significant role supporting asset based funding facilities for corporate borrowers.

CLAIMS

Loss ratios continue to improve and remain at pre-recessionary levels. Most insurers anticipate increasing losses through 2012.

The information contained herein is based on sources we believe reliable and should be understood to be general risk management and insurance information only. The information is not intended to be taken as advice with respect to any individual situation and cannot be relied upon as such.

In the United Kingdom, Marsh Ltd is authorised and regulated by the Financial Services Authority for insurance mediation activities only.

Marsh Ltd, trading as Marsh Ireland is authorised by the Financial Services Authority in the UK and is regulated by the Central Bank of Ireland for conduct of business rules only.

Registered number:1507274 Registered office:1 Tower Place, London, EC3R 5BU

© Copyright 2012 Marsh Ltd. All rights reserved.

USDG1807

MARSH

For further information, please contact your local Marsh office
or visit our website at marsh.com