Ã Axco

Topical views: Property

How **INSURANCE** emerging are the Emerging Markets?

How mature / reflective of advanced economies are the **property** components of the emerging markets?

Are the market **property** premium and claims trends / ratios / proportions similar?
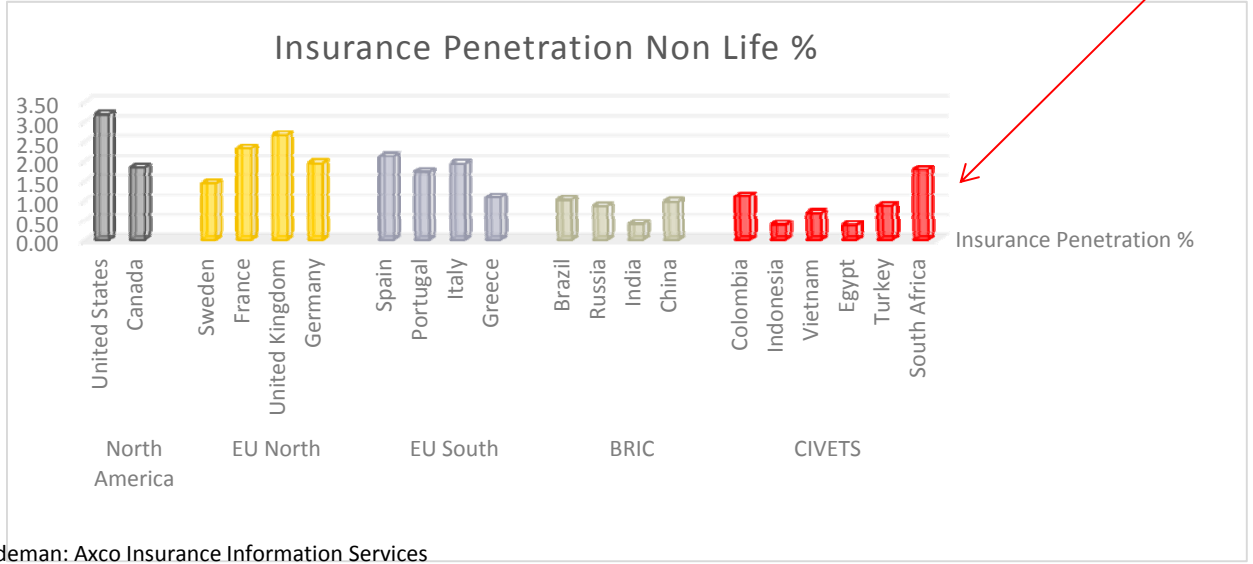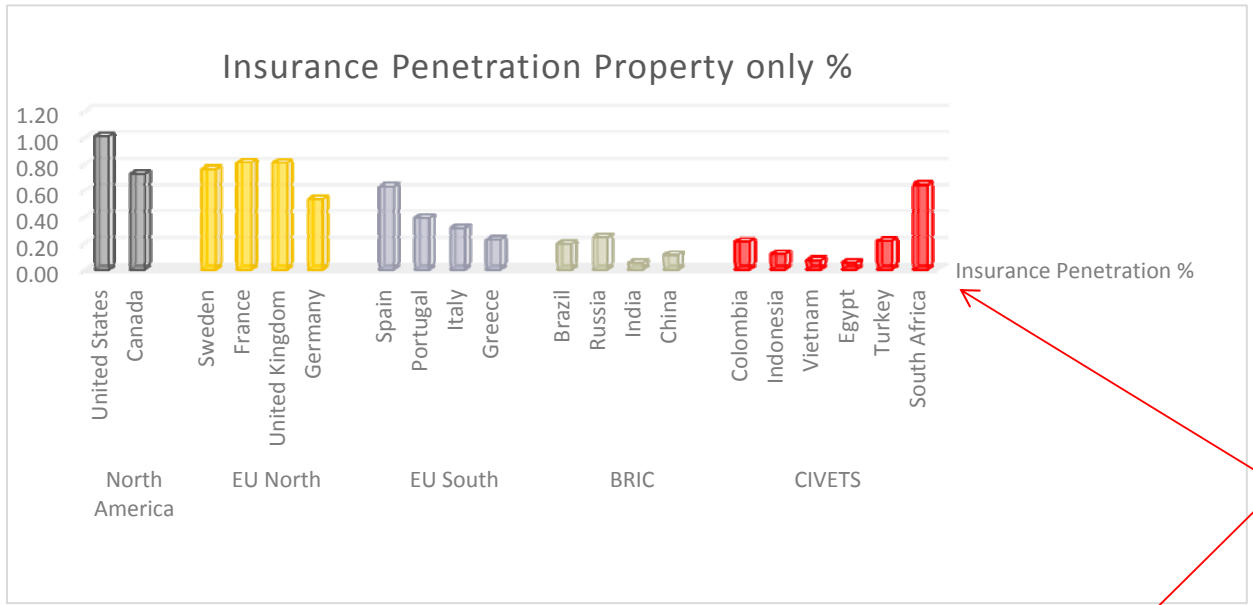
CS-2
INTERNATIONAL PROPERTY
This session will provide a survey of the International Property market and benchmarking methodologies, with an emphasis on per risk covers. Similarities and differences between US and various European, Asia-Pacific and other developed and developing country data sources will be discussed. Various curve applications and adjustments for differences such as construction, occupancy, and protection differences (COPEA adjustments) and resulting macro country-wide validations will be explored. This session will include a case study approach to highlighting sensitivities and pitfalls of having incomplete data.
Moderator:*John W. Buchanan, Principal, Reinsurance, Insurance Services Office*

Dave Sandeman: Axco Insurance Information Services

CARe Bermuda – International Property
Survey of Europe/Worldwide / Developed & Developing PROPERTY Markets

Axco

How "INSURANCE" emerging are the Emerging Markets?

		Region	Country	Insurance Penetration % Market	Insurance Penetration % Property	Property as % of I.P.
North America's - Mature		North America	United States	3.19	1.01	32%
			Canada	1.85	0.73	39%
EU North	**Mature**	EU North	Sweden	1.44	0.76	53%
			France	2.33	0.81	35%
			United Kingdom	2.66	0.81	30%
			Germany	1.95	0.54	28%
South EU	**Mature**	EU South	Spain	2.13	0.63	30%
			Portugal	1.73	0.39	23%
			Italy	1.94	0.32	16%
			Greece	1.09	0.23	21%
BRICS	**Emerging (no more?)**	BRIC	Brazil	1.03	0.19	18%
			Russia	0.87	0.25	29%
			India	0.40	0.06	15%
			China	0.98	0.11	11%
CIVETS	**Nascent & Early Emerging & Mature?**	CIVETS	Colombia	1.12	0.21	19%
			Indonesia	0.39	0.12	31%
			Vietnam	0.68	0.07	10%
			Egypt	0.38	0.06	16%
			Turkey	0.88	0.22	25%
			South Africa	1.79	0.64	36%

Dave Sandeman: Axco Insurance Information Services

Axco

Insurance Penetration Property only %

Insurance Penetration %

| North America | EU North | EU South | BRIC | CIVETS |

Understanding the **Influencers**

(First World Financial Services
 Third World Population
 Major players look North)

Insurance Penetration Non Life %

Insurance Penetration %

| North America | EU North | EU South | BRIC | CIVETS |

Dave Sandeman: Axco Insurance Information Services

Connecting the Dots: - Which Dots?

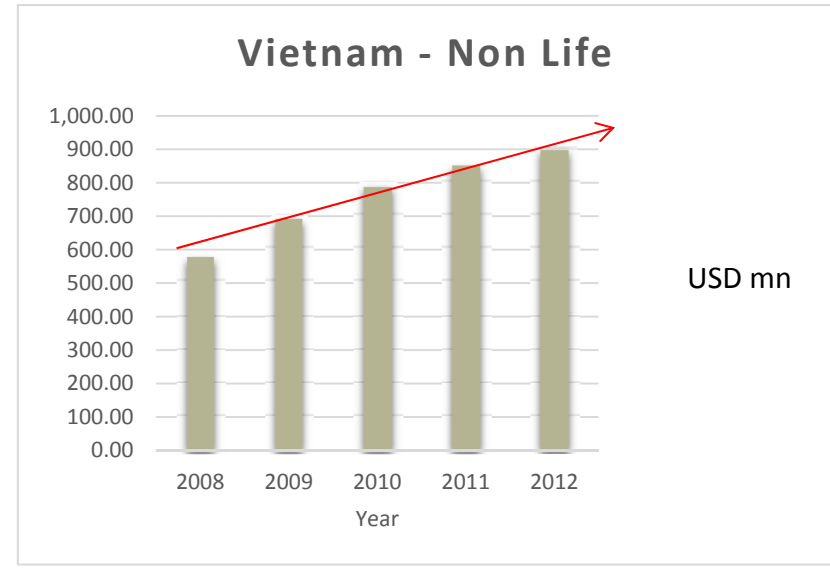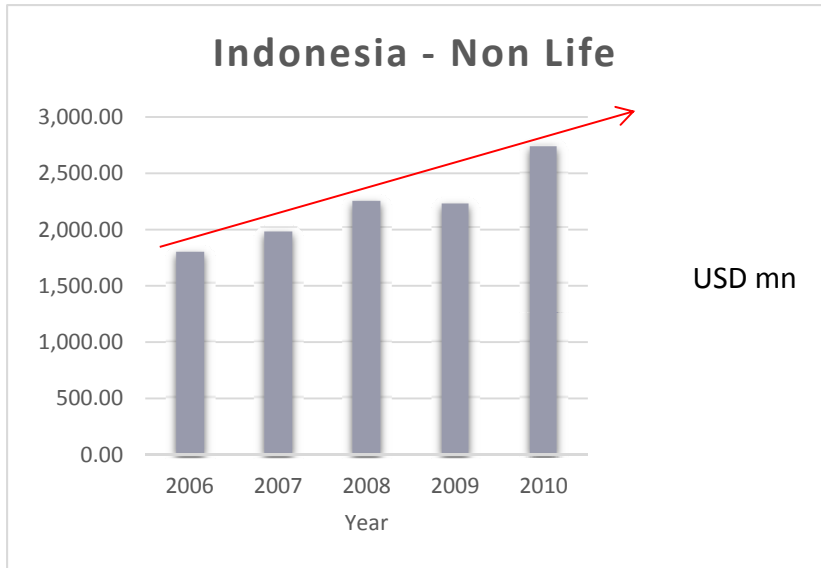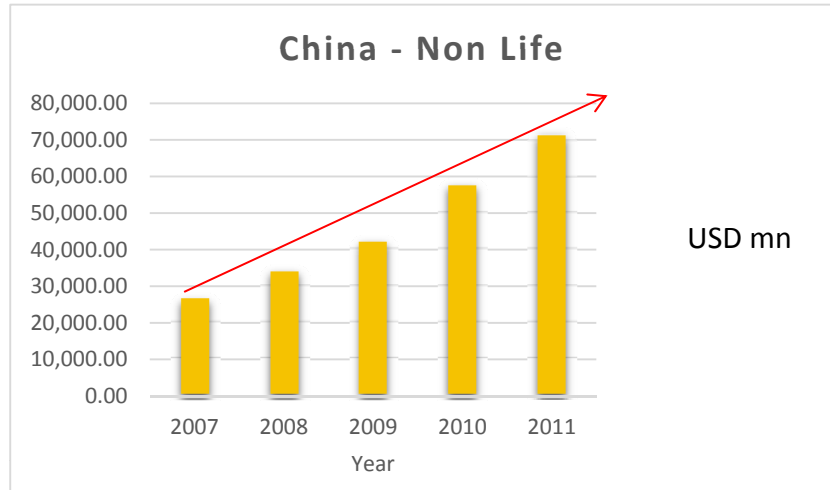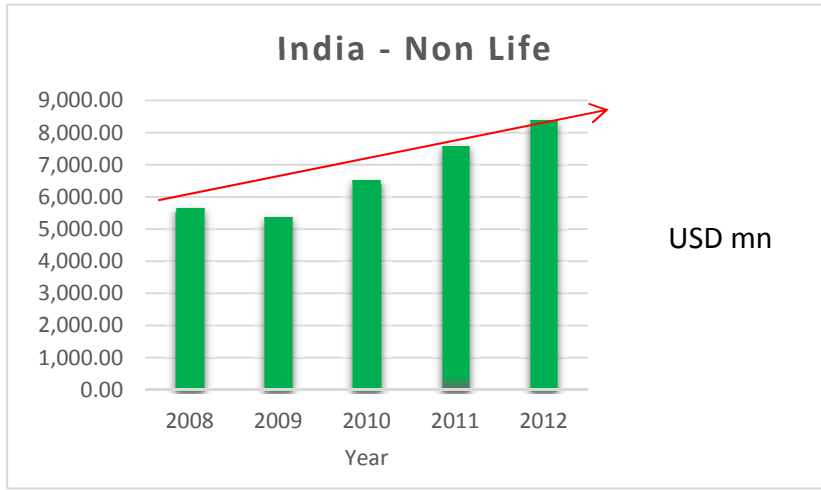Tenuous Connection or Real Connection? (first world assumptions – value and reliance on data types)

Who makes the decision? (normal underwriting criteria? – what am I insuring?)
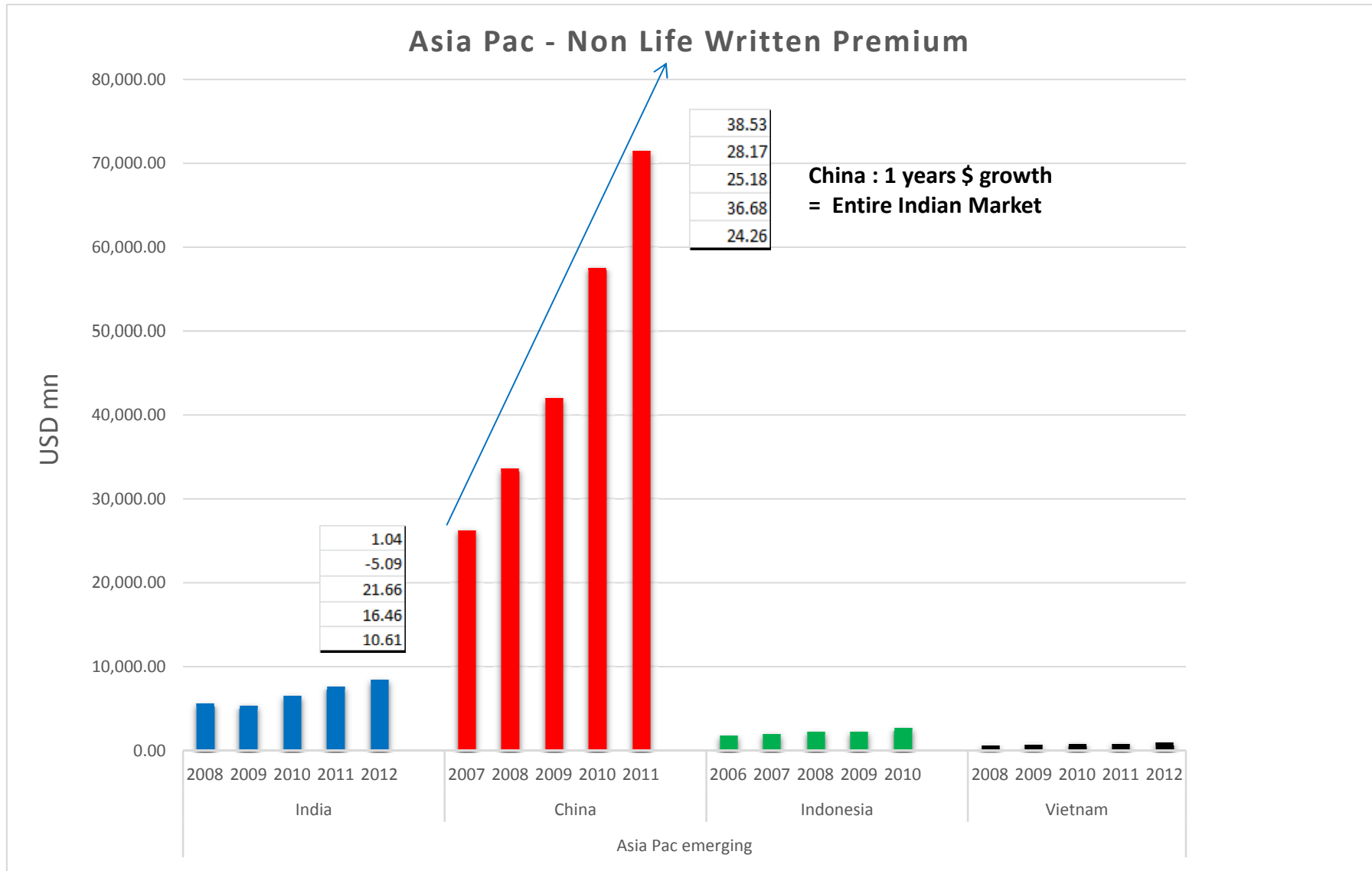
What gets missed?

How deep do you dive? (the GRANULAR data you are used to is not there……yet)

Narrative **and** Data are Big Data, not just numeric data……….the Story behind the individual Dots (data) is real

Contrarian view for Property? Forget the Numeric/Statistical Dots, focus on the Local & COPE! (actual not written)

Dave Sandeman: Axco Insurance Information Services

CARe Bermuda – International Property
Survey of Europe/Worldwide / Developed & Developing PROPERTY Markets

Axco

India - Non Life

USD mn

China - Non Life

USD mn

Indonesia - Non Life

USD mn

Vietnam - Non Life

USD mn

Dave Sandeman: Axco Insurance Information Services

Asia Pac - Non Life Written Premium

China : 1 years $ growth = Entire Indian Market

China values:
38.53
28.17
25.18
36.68
24.26

India values:
1.04
-5.09
21.66
16.46
10.61

Y-axis: USD mn

Categories: India (2008 2009 2010 2011 2012), China (2007 2008 2009 2010 2011), Indonesia (2006 2007 2008 2009 2010), Vietnam (2008 2009 2010 2011 2012) — Asia Pac emerging

Dave Sandeman: Axco Insurance Information Services

Axco

Property Loss Ratio Range Bands - Are the Property market premium & claims trends / ratios / similar?

Dave Sandeman: Axco Insurance Information Services

Axco
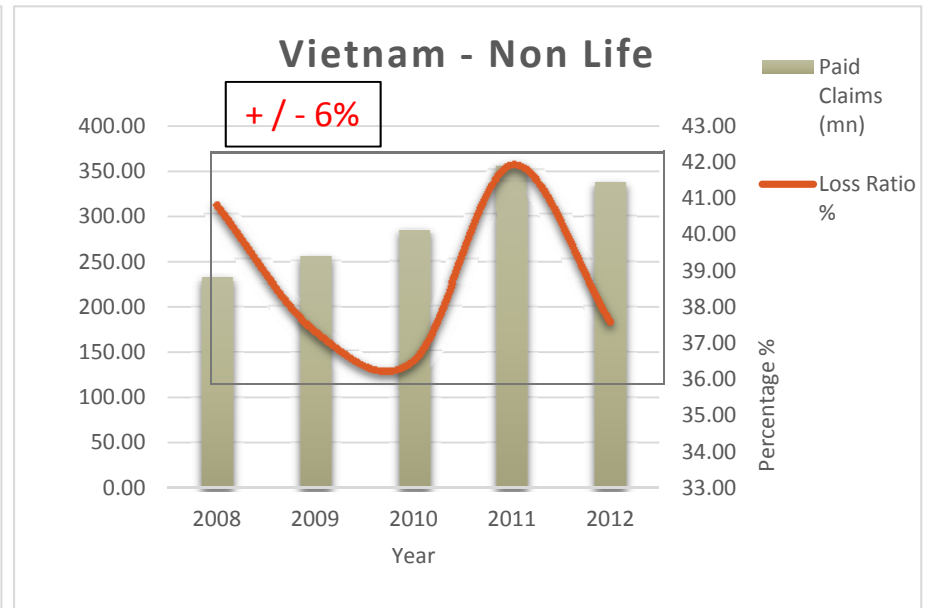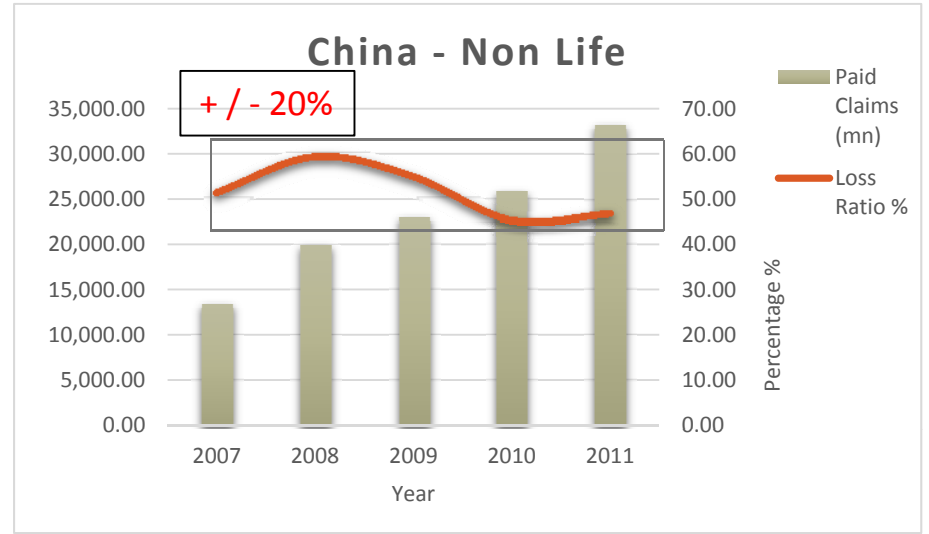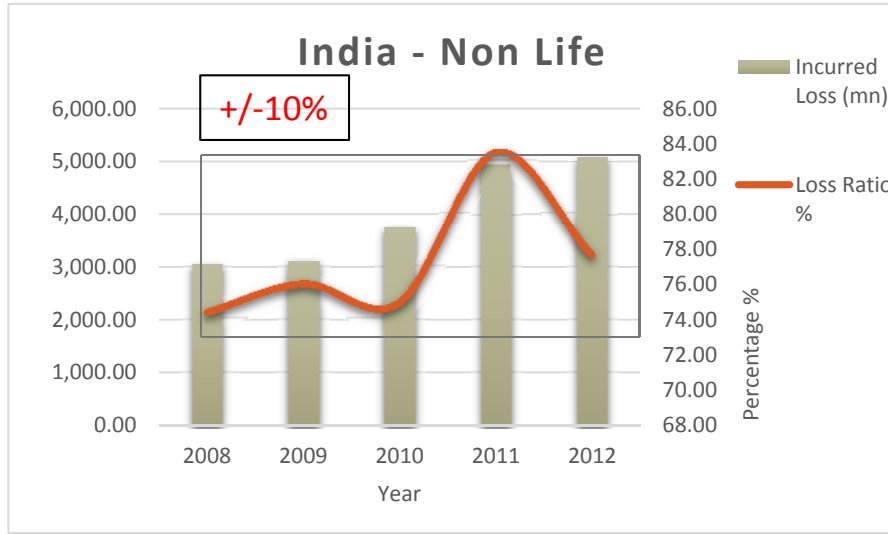
International Property in Perspective

Property GWP $ b

(Bar chart — North America, EU North, EU South, BRIC, CIVETS; y-axis 0 to 180000)
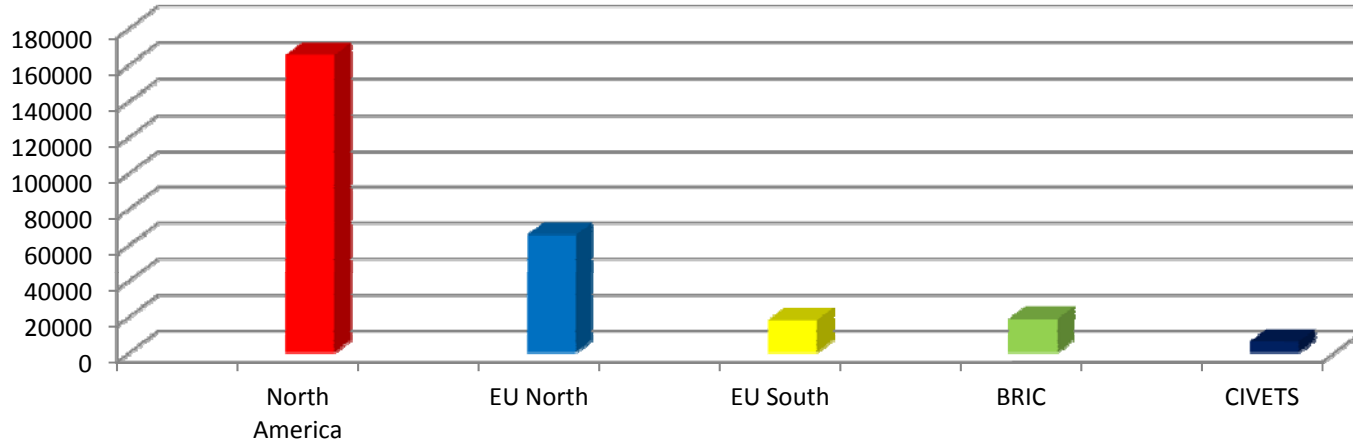
A lot of catching up to do?

Property GWP $ b

	North America + EU	BRIC's & CIVETS
■ Series1	248,627	24,809

Dave Sandeman: Axco Insurance Information Services
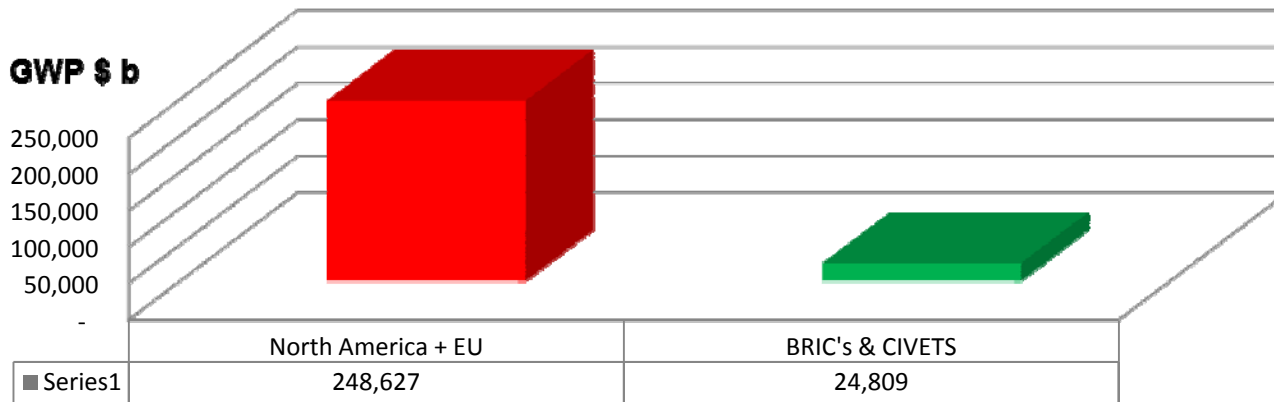
Are the Property market premium & claims trends / ratios / similar?

PREMIUMS	2007	2008	2009	2010	2011	5 years
North America's	146,426.57	148,405.00	152,510.49	151,617.18	165,162.05	764,121.29
EU North	65,741.79	68,956.05	63,591.17	62,466.07	65,972.99	326,728.07
EU South	16,188.41	18,397.31	17,847.60	16,726.52	17,972.76	87,132.60
BRIC's	9,998.05	13,014.42	12,817.22	14,900.38	18,353.82	69,083.89
CIVETS	4,680.72	4,580.38	4,616.24	5,569.60	5,251.46	24,698.41
CLAIMS						
North America's	70,634.71	89,427.33	88,689.38	79,273.03	106,539.36	434,563.81
EU North	48,592.95	42,916.10	41,902.11	43,465.17	38,562.82	215,439.14
EU South	8,702.68	10,876.60	11,528.45	9,998.04	10,158.00	51,263.77
BRIC's	4,001.17	6,292.23	5,815.59	8,963.65	9,891.96	34,964.58
CIVETS	2,170.24	2,070.30	2,393.20	2,513.39	2,373.43	11,520.55
Loss Ratios						
North America's	48%	60%	58%	52%	65%	57%
EU North	74%	62%	66%	70%	58%	66%
EU South	54%	59%	65%	60%	57%	59%
BRIC's	40%	48%	45%	60%	54%	51%
CIVETS	46%	45%	52%	45%	45%	47%

Dave Sandeman: Axco Insurance Information Services

Do markets understand the RISK of Geographical/Socio-Economic/Demographic influences?

Non Statistical Factors (influencers)

Culture & Religion   Community vs. Balance Sheets - Takaful / Sharia

COPE   Written vs. Actual – Services & Enforcement **(Levy spent?)**

UK example = Maturation following Risk Controls & Management ?

Wales 1 /Scotland 1 / England 63   Cut backs = reduction in Fire Services?

Incidence = Down - Severity = Down   -   Facilities = Reduce?

Economic Activity (Manufacturing vs. Services)   Many vs. Major (Thailand Supply Chain Concentration)

Economic Asset make up   Again – COPE and focus

Value Perception   Insured Values / Insured Risks / Insurance as a "Value"

Assume nothing – investigate how your traditional risk pricing expectations will be **influenced**

"sensitivities and pitfalls of having incomplete data"

Dave Sandeman: Axco Insurance Information Services