

International Insurance Solutions  
Risk Management  
Credit Management  
Employee Benefits  
Professional Lines



# Market Report 2020/2021

## PROPERTY AND BUSINESS INTERRUPTION



In 2019 insurers increased the premiums nationwide - partly considerably – irrespective of the claims history of the individual risk – without the possibility of being able to build up alternatives to this. The premium increases were associated with a shortage of capacities as many insurers reduced their shares in the contracts. The efforts of the insurers for premium increases will continue further due to the unchanged more than average loss ratio. Even with risks, which do not feature any claims history and are not classified as „critical“ by the insurers, a further demand for premium increase is expected. In particular, policies which remained untouched in the last year (owing to an agreed long term), will be burdened with substantial demands for additional premiums. Several insurers only wanted to offer one-year extensions still towards the end of last year. It remains to be seen whether two-year terms can now increasingly be agreed again. Besides the premium increases many insurers are using their capacities much more specifically and therefore ultimately more restrained. This leads to increased challenges with the placement of large capacities or of risks estimated as „problematic“. Increasing importance will be attached to the field of prevention, prevention of losses, handling of hazardous situations – in short: Risk Management. Companies, which also assist in improving operational safety in their own interest, will continue to profit from the competition of the insurers in future. Companies, which only assist in the process of risk improvement to a limited extent, will have to expect noticeable premium increases and, if applicable, also have to bear part of their risk themselves.



## LIABILITY INSURANCE



Apart from selected industries (e.g. automotive) the market remains in a buyer-friendly environment. There are no indications yet of broad-based endeavors at reorganization of the insurers. With regards to certain industry related matters and also risks with notable frequency of losses, however, time renewal negotiations are to be expected.

A shortage of capacities caused by mergers/business discontinuation on the part of the insurers in the last few years is also hardly noticeable still at present. However, the group of those insurers, which can present worldwide insurance programs, has become consistently smaller in the past few years.

The market is still soft with regard to conditions. Creative solutions for the protection of product financial losses or also for subject areas such as „Industry 4.0“ are currently on the increase.

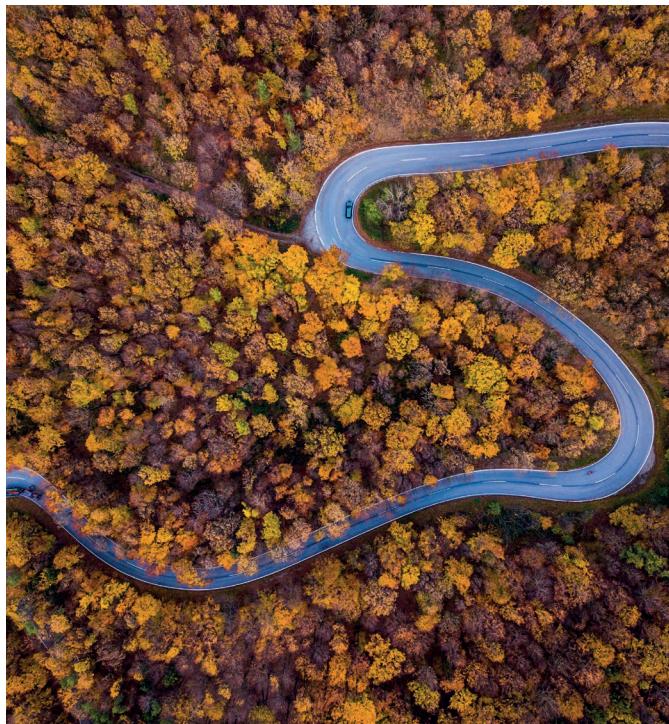
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LEGEND: hard:   increasingly hard:   constant:   increasingly soft:   soft:

## COLLECTIVE ACCIDENT INSURANCE



After the extensive expansions in conditions of the last few years loss-encumbered contracts will also continue to be consistently reorganized. Possible reorganizations are therefore not associated with special industries but are of a more general nature - with regard to the claims development of the respective contract. Good conditions can, however, still be achieved in case of a good loss ratio.



## AUTOMOBILE INSURANCE



Due to the adjustments to the premiums in the motor fleet insurance in the previous years, the cost/loss ratio of the insurers has relaxed in the meantime. Therefore, customers with a positive loss ratio will continue to be rewarded by the fact that the premiums remain stable and reductions are partly even possible. In case of motor fleets with substantial losses the insurers are willing to waive reorganizations or to reduce these if the policyholder enters more into the own assumption of costs, and self-retentions are introduced or increased. Methods for the prevention of damages such as e.g. driving training and training measures are also increasingly being taken into consideration in the premium calculation. On the part of the insurers, besides the premium, services are increasingly playing a role, which the policyholder can partly even use without additional costs.

## TRANSPORT INSURANCE



Many policies are principally substantially underpriced because of transport insurance that was intensively renegotiated for many years. In these cases, the premium is no longer suitable for the requirements so that the insurers derive a need for adjustment from this. In case of risks with a positive development there is still a willingness to negotiate on the part of the insurers with stable to good loss ratios. The partly strong wave of reorganizations within the UK market as well as reduced, local underwriting capacities is currently more critical. Foreign risks are penetrating the German insurance market due to this, which with a selective underwriting also react to risks within Germany.

Thanks to new technologies and the increasing technologization of transport, the industry hopes to create a risk/premium structure suitable for the needs within the next few years. The loss experience with mega-container ships certainly remains to be seen, which will play a substantial role with premium provisions of the insurers for accumulation risks in future.

Coverages for scheduled warehouses through the transport insurance will continue to only be underwritten selectively. In particular, through losses caused by natural hazards, premium increases will be expected for the upcoming renewal in line with those for property insurance. Transport policies with warehouse covers will be subjected to geographical natural hazard analyses. The reinsurance market often does not make any capacities available any more for unnamed warehouses. Risks in restrictive countries are avoided completely.

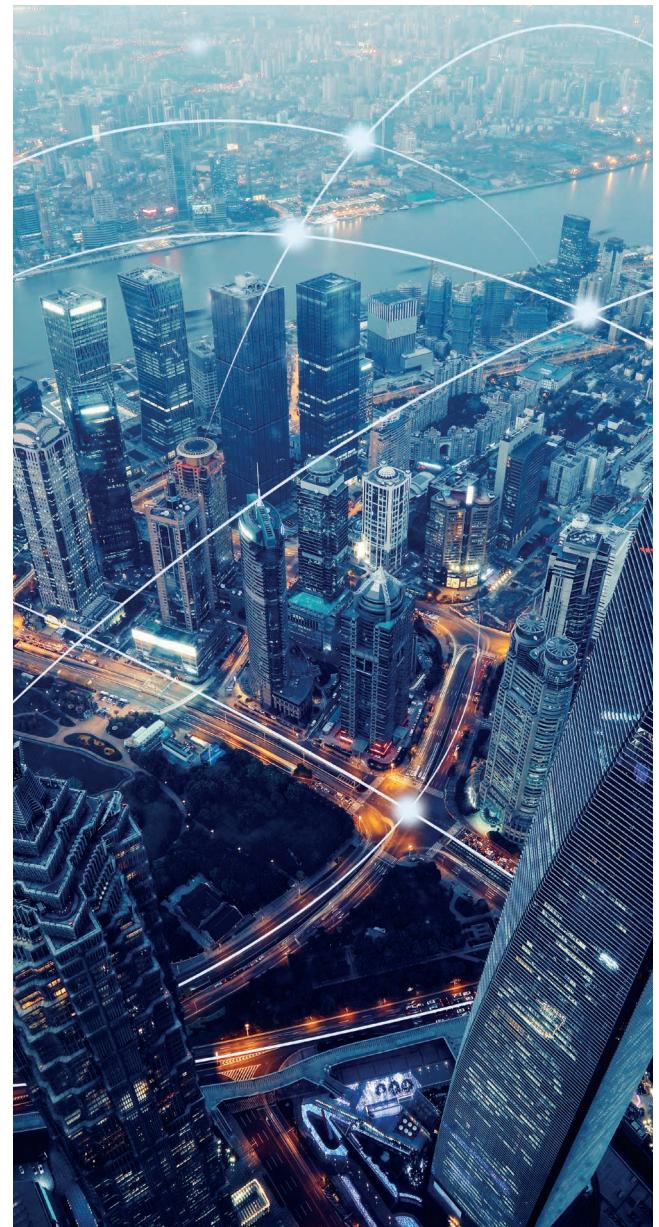
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## TECHNICAL INSURANCE



In the field of the technical insurances stable premiums are to be expected on average. The machine insurance contributes to this among others, which marked by high competition of the insurers, offers requested capacities for risks with good claims histories at stable premiums. The insurer market is principally open for „new technologies“ and exposed technical insurance risks, however, partly underwrites these more strategically restrictive or more cautiously. The electronics insurance class is continuing to develop constantly despite an industry-wide positive claims history, without significant changes in premiums.

A slight increase in losses in the field of the construction service insurance as well as the personnel expenses for the processing at the insurers contribute to a slightly rising premium trend.



## FIDELITY INSURANCE



Owing to rapidly rising numbers of losses, which will continue to rise even more due to the increased working in the home office with often reduced safety measures and changed organizational flows, premium increases can be expected in future. In order to counteract this a multi-year extension and therefore fixation of the current premium should be taken advantage of.

## CREDIT INSURANCE



Owing to expected sharply rising insolvencies, particularly overseas, however, also in Germany, the thus associated increase in damaging events, premium increases can be expected. No-claims bonuses in existing contracts will fall owing to the described economic situation. Limit drawings by insurers will become more restrictive, seen in the prospective future, and will therefore lead to limit problems with certain buyers. This will particularly be noticeable with the industries of printing, textile, automotive, tourism as well as in the hotel and restaurant trade.

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## D&O INSURANCE

The trends for a hardening insurance market in the D&O sector from the last year are reinforced even more in 2020. This is above all reinforced by the drastic implications of the corona pandemic in the meantime in almost all industries of the economy.

In view of the massive price competition among the insurers, a very high and further rising burden with losses and also the very broad-based contents of conditions, the D&O class has undisputedly shown a deficit development for years already. Without substantial premium increases negative implications on the willingness of the insurers for a beneficial loss adjustment are therefore to be feared, which in view of the sensitivity of D&O losses for the responsible managers and the companies should be avoided in any case.

Owing to the implications of the corona pandemic there is now a rampant need for information on the part of the insurers, as also formerly healthy companies can be affected by the recession irrespective of the industry. All insurers are increasing the D&O premiums in the meantime, partly moderately still, mainly however very substantially throughout all industries and risks already. Besides these substantial premium increases the insurers are massively reducing the coverage capacities owing to an impending worldwide recession and the thus resulting company insolvencies on the market both in the new as well as in the portfolio business. This is carried out in the form of reductions in the sums insured particularly in the higher sum insured segment of more than EUR 15 million. In addition, contract extensions and changes in coverage within the scope of invitations to tender will often only be possible with serious restrictions to conditions.

## CYBER INSURANCE

The demand for cyber insurance is continuing to rise very rapidly in the era of digitalization. The companies are seeing more need for protection owing to more and more greater threats. Proved by cyber-attacks in the last few months cyber hackers are now proceeding more target-oriented and are increasingly also attacking medium-sized enterprises as well as public institutions. These specific attacks lead to higher demands for blackmail money.

Therefore, in 2020 there will be a substantial increase in the premiums in the cyber market owing to the increased risk situation and the substantial rise in cyber damages with rising claim payments. It will therefore principally no longer be possible to assert substantial extensions in coverage. In addition, with higher sums insured there will be reductions in capacity as above all in the new business no insurer on the market will underwrite a higher sum insured than EUR 15 million.



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