Executive summary – EN

Facts and figures
Mutual and cooperative insurance in Europe
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Excerpt
Foreword

In 2007, shortly before the merger with ACME and the resulting constitution of AMICE, AISAM published its ground-breaking study “Mutual insurance in figures”, based on 2000-2004 data.

Now, just over 4 years later, AMICE is proud to present its statistical overview “Facts & Figures – Mutual and cooperative insurance in Europe”, including 2008 data. The study demonstrates that our sector is a strong force in the European insurance landscape, making up more than 55% of all insurers and with a market share of some 18% (applying a narrow definition of “mutual and cooperative”) or over 26%, applying a wider definition.

Mutual and cooperative insurers, i.e. insurers in the legal form of a mutual or a cooperative, are owned or controlled and governed by their members. Their objective is to insure their members, natural or legal persons, against risks they face.

Mutual insurers commonly have no share capital and cooperative insurers have (only) cooperative shares held by their members. What unites them is their primary focus on maximising the benefit for their stakeholders: member-policyholders, customers, employees, the local community, and wider society. It is not their objective to maximise profits for outside shareholders; they do not follow the shareholder-oriented, but a stakeholder-oriented, business model.

AMICE has members of different types: small and large mutuals, cooperative insurers, insurance companies owned by mutuals or cooperatives, and insurers owned by associations or foundations. Jointly, they make up our sector. What makes this sector different and important was summarised last year in a study for the European Parliament:

- It appears that mutuals tend to be better connected to their client-members than their joint stock peers.
- In general, mutual insurers focus on less risky business activities and product offerings; mutuals are less dependent on capital markets and have greater alignment of owner-policyholders with longer-term orientation.
- It is argued that mixed insurance sectors containing both mutuals and joint stock companies create a systemic advantage, since a diversified landscape of ownership structures contributes to a more competitive and less risky market.

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1 These features can also be found in the business model of some other insurers – some of them subsidiaries of mutuals and cooperatives, others with a mutual/cooperative history – even if their legal form is that of a joint stock company. Such insurers are included in this publication as “definition 2” and “definition 3” insurers, respectively (see the introductory chapter on methodology).

The mutual and cooperative insurance sector is (almost) omnipresent throughout Europe, albeit to a varying degree in the different countries. Compiling the information in this statistical publication was a huge task and AMICE is therefore most thankful to all who contributed to this effort.

The solid basis of this report is a study of 27 country chapters provided by Lieve Lowet, owner of Lowet & Co, and partner of ICODA European Affairs. This study extended the AISAM study of 2007 by adding information on 2008, by adding the new EU members Bulgaria and Romania and by including cooperative insurers, thus reflecting the broader membership of AMICE. Our thanks go to Lieve Lowet, last Secretary General of AISAM and mastermind of the AISAM study, and to her collaborators at Lowet & Co.

All per-country information was carefully checked against sources in the 27 Member States and we have to thank AMICE’s contacts in these countries: AMICE members and their dedicated staff, national associations of mutuals and of insurers in general, national supervisors, and other local experts. We have received valuable insight from them. Equally, our thanks go to ICMIF, the International Cooperative and Mutual Insurance Federation, for sharing their knowledge about markets and about market participants from our sector.

I would like to particularly thank all the staff at the AMICE secretariat, especially Catherine Hock and Helen Sheppard, for making this publication possible.

This “Facts & Figures” project is a work in progress. This means that there is ample room for improvement. We apologise if we have omitted one or the other market participant or misunderstood legal concepts, market structures or characteristics of market players. We welcome additional information and constructive criticism.

Mutuals should, thus conclude the authors of the European Parliament study, be better recognised as a distinct and important actor within the European economy and society. We hope that this publication contributes to a higher level of awareness of our sector and its relevance – today and in the future.

We hope you enjoy reading this report.

Gregor Pozniak
Secretary General
Executive summary

- At the end of 2008, more than 55% of all insurers in Europe were mutuals or cooperatives. An additional 10% were subsidiaries of mutuals/cooperatives or other insurers operating on the basis of mutualist/cooperative business principles and/or governance.
- In 2008, mutual and cooperative insurers (in the strict sense, but including their subsidiaries) had a market share of over 18%, slightly down on 2004. In non-life insurance, their market share had slightly increased since 2004 to more than 29%, in life insurance it had fallen to just over 11%.
- The mutual and cooperative insurance sector as a whole (encompassing stakeholder-driven undertakings in a wider sense) had a market share of 26%: almost 40% in non-life insurance and 17% in life insurance.
- The sector provides more than 150 million Europeans with insurance services and employs close to 300,000 people.

THE NUMBER OF MUTUAL AND COOPERATIVE INSURERS

Based on data compiled from sources in all 27 Member States of the European Union, there were over 3,300 mutual and cooperative insurers (definition 1) in the EU at the end of 2008. This figures includes, where reliable data was available, small mutual insurers that were not or not fully under supervision by the (central) national supervisor, but came under supervision of regional supervisors or were – based on the exemptions in the still prevailing European legislation on life and non-life insurers – exempt from supervision altogether.

Between 2004 and 2008, their number decreased by some 430 or close to 9%. The drop in numbers was most significant in France (-127), Germany (-119) and the Netherlands (-49) due to a strong trend in these countries of merging mutuals into larger units. Market share figures clearly show that this restructuring process does not necessarily go hand in hand with a loss in market share, but that merging mutuals often are very successful in retaining their member-clients throughout a consolidation process.

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1 In the EU-27. Definition 1 insurers are insurance undertakings in the legal form of a mutual or cooperative. See the introductory chapter on the methodology applied in this publication.
The total number of insurers in the EU-27 at the end of 2008 was just under 6,000, also decreasing against 2004, but at a slightly slower pace. Still, this means that at the end of 2008, more than 55% of all European insurance undertakings were mutuals or cooperatives.

As mentioned above, the figure of 3,300 relates to those insurers alone that have the legal form of a mutual or a cooperative. Adding definition 2 insurers brings in more than 300 extra undertakings; including definition 3 insurers as well adds a few hundred more, thus bringing the percentage of insurance undertakings belonging to the mutual and cooperative sector (in the wider sense of definitions 1 to 3) to approximately two thirds of all insurers in the EU.²,³

THE MARKET SHARE OF MUTUAL AND COOPERATIVE INSURERS

The market share of mutual and cooperative insurers (definition 1) including subsidiaries of such insurers (definition 2) stood at 18.3% in 2008. Compared to 2004, statistics show a slight decline, down from 20.3%, partially due to demutualisations and other changes of legal form that caused some large European players to fall outside the scope of these definitions.⁴

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² Definition 2 insurers are subsidiaries (and sub-subsidiaries etc) of mutual and cooperative insurers.
³ Definition 3 insurers are insurers that are controlled by mutuals or cooperatives, that are in another way controlled or influenced by their clients, or that are inspired by mutualist and/or cooperative ideas, and/or are structured in such a way that they are not controlled by outside capital interests.
⁴ Some of these large players, however, remained in the wider scope of this study and their business is included in the overall figure for definition 1 to 3 insurers.
In six countries, the market share of mutual and cooperative insurers and their subsidiaries amounted to more than 15%. The development in the market varied: the sector increased its overall market share in the large German and Italian markets as well as in some of the smaller Eastern European countries – in the latter mostly due to market share gains by the subsidiaries of foreign mutual insurers. In the Netherlands, the mutual sector benefitted strongly from the privatisation of the health insurance sector, mutuals obtaining a considerable part of the market after this reform.
Applying the wider concept of the mutual and cooperative insurance sector by including definition 3 insurers, the picture changes considerably. In 2008, the sector that AMICE represents had a market share of 26.1% throughout the 27 Member States of the EU.

The most significant effects of this inclusion on the market shares per country can be seen in Austria and the Netherlands where, in both cases, two very strong national players fall under the wider definition as applied in this study. The two largest insurance players in Austria as well as the largest Dutch insurance group with a mutual/cooperative background are also active in several Eastern European markets, thus securing sizable market shares there, too, for the sector.5

As the preceding study by AISAM restricted itself to definition 1 and 2 insurers and figures were only adapted to include cooperative insurers, but not definition 3, no comparison was made with the situation four years earlier.

Mutual and cooperative insurers in Europe are active in all lines of insurance, life, non-life and health insurance. The picture differs across countries, but overall, the position of the sector is stronger in non-life insurance, which includes, for the purpose of this study, health insurance.

As shown in graph 2, the market share of mutual and cooperative insurers and their subsidiaries (definitions 1 & 2) declined from 2004 until 2008 by some three percentage points to just over 11% in the life segment while it increased slightly to more than 29% in non-life insurance (including health insurance).

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5 This can, however, not conceal that mutual and cooperative insurance does not have a solid footing in the ten Central and Eastern European Member States (nor in Cyprus or Malta). In many of these countries, the insurance business is exclusively restricted to joint stock companies; in others, where the legal possibility exists, the market share of domestic mutual/cooperative insurers is very small.
In France, Germany and the Netherlands, it was particularly the health insurance sector that contributed strongly to the market position of the sector while for example in Finland and Sweden, the property and casualty lines were strong with market shares for the sector of over 40%.\(^6\)

Looking at the total figures for the mutual and cooperative insurance sector, the market share of its constituents reached the impressive level of 40% in non-life insurance and 17% in life insurance, resulting in an overall market share of over 26%.

**NUMBER OF CLIENT-MEMBERS AND/OR OF CUSTOMERS INSURED**

**NUMBER OF STAFF EMPLOYED**

No comprehensive and reliable data has so far been compiled for the number of members or customers of mutual and cooperative insurers and for staff levels. In both areas, significant conceptual challenges arise.\(^7\)

For 2008, ICMIF estimated the total number of employees of mutual and cooperative insurers in Europe at close to 300,000.\(^8\)

AMICE estimates that currently – and we have no reason to assume that the overall picture has changed significantly since 2008 – between 150 and 200 million Europeans benefit directly or indirectly from mutual or cooperative insurance, hence potentially up to 40% of the citizens of the EU.

We will continue our research into the size and the relevance of the mutual and cooperative insurance sector in Europe, with the double aim of updating the statistics in due course and of adding to the information produced on our sector.

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\(^6\) In this aspect, AMICE has corrected the main results of its 2010 publication “The market share of Mutual and Cooperative Insurance in Europe 2008”; health insurance was consistently classified as non-life insurance, resulting in a clearly higher market share for the sector in non-life insurance and a lower one in life insurance.

\(^7\) Staff levels differ considerably between countries, partially depending on insurance distribution models (through own sales staff or through agents) prevailing in the markets. When analysing member or customer numbers, figures provided by mutual and cooperative insurers are not homogeneous, in some cases referring to member-policyholders, in other cases to beneficiaries including household members under the same policy or including numbers of beneficiary employees in the case of employer’s group insurance, in again other cases to the number of policies (often more than one per member or household).

\(^8\) The International Cooperative and Mutual Insurance Federation, in its publication “Annual Mutual Market Share 2007-2008 & Global 500 for 2007-2008”, Bowden (UK), 2010
# Numbers and market shares of mutual and cooperative insurers in Europe

<table>
<thead>
<tr>
<th>Number of mutual/cooperative insurers</th>
<th>Mutual/cooperative market share (definition 1 &amp; 2), 2008 in %</th>
<th>Mutual/cooperative market share (definition 1 &amp; 2) change 2004-2008 in percentage points</th>
<th>Mutual/cooperative market share (definition 1-3), 2008 in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria 59</td>
<td>Total 4.0, Life 2.4, Non-life 5.3</td>
<td>Total -0.1, Life -0.3, Non-life +0.1</td>
<td>Total 61, Life 59, Non-life 63</td>
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<td>Belgium 57</td>
<td>Total 7.9, Life 5.4, Non-life 13.1</td>
<td>Total -12.6, Life -13.8, Non-life -11.1</td>
<td>Total 19, Life 10, Non-life 37</td>
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<tr>
<td>Bulgaria 2</td>
<td>Total 2.3, Life 6.3, Non-life 1.5</td>
<td>Total n.a., Life n.a., Non-life n.a.</td>
<td>Total 29, Life 37, Non-life 27</td>
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<td>Cyprus 0</td>
<td>Total 0.0, Life 0.0, Non-life 0.0</td>
<td>Total +0.1, Life -1.5, Non-life +0.2</td>
<td>Total 4, Life 6, Non-life 2</td>
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<td>Czech Republic 1</td>
<td>Total 0.3, Life 0.0, Non-life 0.4</td>
<td>Total -11, Life -1.5, Non-life +0.8</td>
<td>Total 28, Life 22, Non-life 34</td>
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<td>Denmark 87</td>
<td>Total 19.6, Life 19.5, Non-life 19.9</td>
<td>Total -12.9, Life -9.8, Non-life -13.9</td>
<td>Total 45, Life 56, Non-life 21</td>
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<tr>
<td>Estonia 1</td>
<td>Total 0.0, Life 0.0, Non-life 0.0</td>
<td>Total +0.1, Life -1.5, Non-life +0.2</td>
<td>Total 4, Life 9, Non-life 3</td>
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<td>Finland 97</td>
<td>Total 32.5, Life 16.9, Non-life 46.6</td>
<td>Total -3.4, Life -1.2, Non-life +4.1</td>
<td>Total 33, Life 17, Non-life 47</td>
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<td>France 716</td>
<td>Total 31.6, Life 15.7, Non-life 59.9</td>
<td>Total -0.4, Life -0.6, Non-life +0.6</td>
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<td>Germany 1.120</td>
<td>Total 33.8, Life 29.4, Non-life 37.8</td>
<td>Total +2.5, Life +3.0, Non-life +2.4</td>
<td>Total 40, Life 37, Non-life 44</td>
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<tr>
<td>Greece 47</td>
<td>Total 3.7, Life 2.6, Non-life 4.8</td>
<td>Total n.a., Life n.a., Non-life n.a.</td>
<td>Total 11, Life 7, Non-life 15</td>
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<td>Hungary 31</td>
<td>Total 7.2, Life 8.3, Non-life 6.1</td>
<td>Total n.a., Life n.a., Non-life n.a.</td>
<td>Total 20, Life 22, Non-life 18</td>
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<td>Ireland 1</td>
<td>Total 2.1, Life 1.8, Non-life 3.0</td>
<td>Total +1.2, Life +1.3, Non-life +0.3</td>
<td>Total 4, Life 5, Non-life 3</td>
</tr>
<tr>
<td>Italy 5</td>
<td>Total 9.3, Life 7.5, Non-life 11.9</td>
<td>Total -1.5, Life -1.0, Non-life -1.7</td>
<td>Total 18, Life 15, Non-life 21</td>
</tr>
<tr>
<td>Latvia 1</td>
<td>Total 14.4, Life 0.0, Non-life 15.3</td>
<td>Total +10.7, Life -17.7, Non-life +12.6</td>
<td>Total 16, Life 20, Non-life 15</td>
</tr>
<tr>
<td>Lithuania 0</td>
<td>Total 0.0, Life 0.0, Non-life 0.0</td>
<td>Total -5.1, Life -5.8, Non-life -6.3</td>
<td>Total 56, Life 1, Non-life 7</td>
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<tr>
<td>Luxembourg 4</td>
<td>Total 9.4, Life 6.7, Non-life 21.8</td>
<td>Total -5.1, Life -5.8, Non-life -6.3</td>
<td>Total 16, Life 15, Non-life 21</td>
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<td>Malta 0</td>
<td>Total 0.0, Life 0.0, Non-life 0.0</td>
<td>Total -0.0, Life -0.4, Non-life +1.3</td>
<td>Total 47, Life 29, Non-life 56</td>
</tr>
<tr>
<td>Netherlands 104</td>
<td>Total 18.9, Life 1.5, Non-life 27.8</td>
<td>Total +10.6, Life +1.0, Non-life +10.9</td>
<td>Total 12, Life 7, Non-life 23</td>
</tr>
<tr>
<td>Poland 9</td>
<td>Total 3.1, Life 0.7, Non-life 7.7</td>
<td>Total 1.6, Life -2.7, Non-life +6.8</td>
<td>Total 5, Life 2, Non-life 14</td>
</tr>
<tr>
<td>Portugal 1</td>
<td>Total 1.9, Life 1.1, Non-life 4.0</td>
<td>Total -0.0, Life -0.4, Non-life +1.3</td>
<td>Total 39, Life 18, Non-life 45</td>
</tr>
<tr>
<td>Romania 0</td>
<td>Total 11.3, Life 6.4, Non-life 12.5</td>
<td>Total n.a., Life n.a., Non-life n.a.</td>
<td>Total 32, Life 17, Non-life 18</td>
</tr>
<tr>
<td>Slovenia 1</td>
<td>Total 12.3, Life 0.0, Non-life 17.0</td>
<td>Total -5.3, Life -5.9, Non-life -5.9</td>
<td>Total 17, Life 12, Non-life 18</td>
</tr>
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<td>Slovakia 0</td>
<td>Total 0.7, Life 0.1, Non-life 1.4</td>
<td>Total +0.7, Life +0.1, Non-life +1.4</td>
<td>Total 38, Life 31, Non-life 46</td>
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<td>Spain 488.3</td>
<td>Total 11.9, Life 5.0, Non-life 17.5</td>
<td>Total -14.3, Life -9.8, Non-life -17.0</td>
<td>Total 27, Life 14, Non-life 38</td>
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<td>Sweden 296</td>
<td>Total 35.3, Life 33.5, Non-life 39.1</td>
<td>Total -1.9, Life +3.4, Non-life +12.0</td>
<td>Total 41, Life 34, Non-life 55</td>
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<tr>
<td>United Kingdom 205</td>
<td>Total 5.4, Life 3.6, Non-life 11.2</td>
<td>Total -6.8, Life -8.8, Non-life -0.3</td>
<td>Total 6, Life 5, Non-life 12</td>
</tr>
</tbody>
</table>

1. Does not include the subsidiaries and sub-subsidiaries of mutual/cooperative insurers. In Europe, there are more than 300 of these.
2. The main reason for the decline is that some insurers fell outside the scope of the study (definitions 1 & 2), generally due to demutualisation. Some of these insurers are, however, included in the figures for definition 1-3.
3. Includes mutual provident societies whose number was (optimistically) estimated at about 400. Their figures are not included in market and market share data.
4. If the statutory pensions business had been included in both overall market data and data for the mutual sector, the mutual market share in life insurance (including statutory pensions) would have been close to 80%.
5. The main reason for the increase is the privatisation of health insurance in 2005; mutuals obtained a significant share of that market.
6. Subsidiaries of foreign mutual/cooperative insurers were however active in the market.