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International Cooperative and Mutual Insurance Federation

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# Facts and figures

Mutual and cooperative insurance in Europe  
Vol 2

## Excerpt: Austria

*Facts and figures: Mutual and cooperative insurance in Europe Vol 2*

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# Methodology

## Business scope

The study focuses on the direct insurance sector and does not in principle include reinsurance. Therefore, the report is based on direct (gross) premiums written by insurance companies (in both the total market and mutual/cooperative market) and reinsurance premiums have, where possible, been eliminated.

## Types of insurers included

The main purpose of the study is to describe the mutual and cooperative insurance sector by highlighting the size, relevance and socio-economic importance of mutual and cooperative insurers in the region.

The definition of the “total mutual/cooperative insurance sector” in this report<sup>1</sup> includes insurance undertakings whose legal status is classified as “mutual” or “cooperative” in their national law, as well as insurers whose structure and values reflect the mutual/cooperative form (see definition 3 below).

Extending the definition in this way has enabled the study to include all organisations which operate on mutual/cooperative principles, in line with the report’s research objectives, without being restricted by legal definitions, of which there is a wide variety across Europe.

Insurance companies included in this study have been categorised by three definitions relating to their legal structure and ownership.

### 1. Mutual/cooperative insurers in the legal form (definition 1)

Mutual and cooperative insurers in a legal form of a (insurance) mutual or cooperative.

In addition, insurance undertakings whose legal structure corresponds to or is in some way aligned with the mutual/cooperative model and whose legal structure is different to a joint-stock (limited) company. These include friendly societies, community benefit societies<sup>2</sup> and protection and indemnity (P&I) clubs.<sup>3,4</sup>

### 2. Subsidiaries of mutual/cooperative insurers in the legal form (definition 2)

Subsidiaries of a (definition 1) mutual or cooperative insurer in the legal form.<sup>5</sup> These are commonly operated in the legal form of a joint stock or limited company. In any given market, insurance companies within this definition include subsidiaries of both domestic and foreign-based (including non-European markets) mutual/cooperative insurers in the legal form.

### 3. Mutual/cooperative-type insurers (definition 3)

This encompasses the remaining mutual/cooperative insurance companies not classified by definition 1 or definition 2. It includes companies that:

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<sup>1</sup> Note that while this definition is the same as the definition used by ICMIF in its *Global Mutual Market Share* reports, there are a number of instances where various companies’ data included in the ICMIF research have been excluded (or classified differently) in this study. These differences will be noted.

<sup>2</sup> See chapter on the UK.

<sup>3</sup> A P&I club is a mutual insurance association that provides risk pooling, information and representation for its members. Unlike a marine insurance company, which reports to its shareholders, a P&I club reports only to its members. Originally, P&I Club members were typically ship owners, ship operators or demise charterers, but more recently freight forwarders and warehouse operators have been able to join.

<sup>4</sup> Due to the international nature of P&I Clubs, premium data on domestic risks only (if known) are included in each chapter’s figures. For this reason, P&I Clubs in Europe (either registered in or operating within) have been excluded from the ranking of the largest mutual/cooperative insurers (see Top 100 chapter).

<sup>5</sup> The main condition for inclusion in this category is that the ultimate parent company is itself actively engaged in insurance activities, even if only to a limited extent.

- are owned by, governed by and operated in the interests of their members or policyholders;
- are inspired by mutualist and/or cooperative ideas; and/or
- are structured in such a way that they are not (majority) controlled by outside capital interests.

It features a range of different company structures, often in the legal form of a limited insurance company,<sup>6</sup> which is majority-owned by a non-insurance mutual or cooperative organisation or group (including banks). It also includes insurance undertakings that are owned by or governed by a membership or community organisation, charitable trust, foundation, union or other non-profit organisation.

*Note that when reference is made throughout the report to the “total mutual/cooperative insurance sector (or market)” or the “total number of mutual/cooperative insurance companies”, this refers to all definitions (1-3) of insurers categorised above.*

## Legal research

Desk research was carried out to produce the legal sections of the report. When information was not readily available, national supervisors, national insurance associations and trade bodies have been consulted where possible.

The ECB annual average exchange rates have been used in the legal part of the report where necessary.

## Total insurance market figures

In each chapter, the total number of licensed insurance undertakings has been taken from the national insurance regulator or supervisory body where available. In certain instances, the totals have been adjusted to include insurance undertakings that are licenced and operating within the market, but were not included in the figures produced by the supervisor. Where data was not available from the national supervisor, national insurance associations and trade bodies have been consulted where possible.

To ensure consistency across all markets in this study, figures on the total insurance market in each country have been taken from Swiss Re’s *sigma* data.<sup>7</sup> These have also been compared against additional data obtained from national supervisors/regulators, although some differences between Swiss Re’s data and supervisory data may be noted. In certain instances, figures produced by Swiss Re have also been adjusted to ensure reporting year consistencies and to include insurance business that is not covered in their data.

Life and non-life business in this study are categorised according to standard EU conventions, which is the same categorisation as in Swiss Re’s data. In relation to health insurance, this is classified as non-life insurance throughout the study, even where it is classified differently in individual markets.<sup>8</sup>

For the statistical part of the report, variable currency exchange rates have been used for the different years, with all figures converted into euros (EUR). To allow for more accurate market share calculations, exchange rates used for the mutual/cooperative insurance sector are the same as those used by Swiss Re in order to be consistent with the euro conversion of the total market figures.

Growth figures of individual markets have been calculated in local currency terms throughout the report unless otherwise stated in order to eliminate misleading effects of exchange rate fluctuations and thus ensure accurate year-on-year comparisons.

## Number of members/policyholders

The definition of “members/policyholders” in this instance may refer to the number of customers, clients or people insured by mutual/cooperative insurers, as there is no consistency between markets or companies regarding which figure (if any) is reported.

<sup>6</sup> In certain markets where insurance companies cannot take the legal form of a mutual or cooperative (or have restrictions on the line of business which they can offer), figures may nevertheless be indicated for the mutual/cooperative insurance market due to the presence of definition 2 and definition 3 insurers.

<sup>7</sup> Data has been taken from updated statistics, originally published in Swiss Re Institute’s *sigma World Insurance* reports. The most recent report was Swiss Re Institute, *Q3/2016 World insurance in 2015: steady growth amid regional disparities*.

<sup>8</sup> The major example of this is in Germany, where health insurance is classed as a life insurance product.

However, it should be noted that each policy issued by a mutual/cooperative insurer equates to a single member/policyholder. If an individual person or entity purchases more than one insurance product from mutual/cooperative insurers, that multiplicity of policies will be recognised in the overall member/policyholder figures for each country.



## Mutual/cooperative insurance companies

### Landscape

The Financial Market Authority of Austria – FMA (*Finanzmarktaufsicht Österreich*) is the independent, autonomous and integrated supervisory authority for the Austrian financial market.<sup>1</sup> The FMA monitors all business activities of insurance and reinsurance undertakings, in accordance with the scope of the licences granted pursuant to Article 6 of the 2016 Insurance Supervision Act – VAG 2016 (*Bundesgesetz über den Betrieb und die Beaufsichtigung der Vertragsversicherung*).<sup>2</sup> Moreover, the FMA exercises powers that are assigned to it by various other pieces of legislation, such as the 1994 Motor Insurance Act – KHVG (*Kraftfahrzeug-Haftpflichtversicherungsgesetz*) and the Act on the Compensation of Road Accident Victims – VOEG (*Verkehrsoffer-Entschädigungsgesetz*).

With the entry into force of the VAG 2016, transposing Directive 2009/138/EC into Austrian law, the Solvency II supervisory regime for insurance undertakings became fully applicable in Austria. The VAG 2016 follows the exemption regime contained in Article 4(1) of Solvency II, in relation to small insurance undertakings.<sup>3</sup> Insurance undertakings which fulfil the listed criteria (premium income does not exceed EUR 5 million, total of technical provisions does not exceed EUR 25 million, etc.) are exempt from the general provisions regarding licensing, governance and solvency margin. They are granted a license which is only valid in Austria and can solely operate in the legal form of a joint stock company or a mutual insurer.<sup>4</sup> Chapter 3 of the VAG 2016 includes special provisions on the governance of small insurance undertakings.

The VAG 2016 excludes from its scope pension companies, activities in insurance classes belonging to personal insurance by corporations under public law and assistance activities provided in the event of accident or motor vehicle breakdown.<sup>5</sup>

Insurance and reinsurance undertakings in Austria can operate with the legal form of:<sup>6</sup>

- a joint stock company (*Aktiengesellschaft*)
- a European Company (*Europäischen Gesellschaft*)
- a mutual insurance company (*Versicherungsverein auf Gegenseitigkeit*)

The Austrian legislation does not foresee the possibility of establishing an insurance cooperative.

The license for the insurance classes of life assurance and the license for other insurance classes, except for accident insurance, health insurance and reinsurance, are mutually exclusive.<sup>7</sup>

Chapter 2 of VAG 2016 contains special rules for mutual insurance companies regarding their establishment, organisation, finances, winding up and mergers. The Austrian legislation also foresees special provisions for small mutual insurance companies.

<sup>1</sup> FMA's [website](#).

<sup>2</sup> Federal Act on the operation and supervision of contractual insurance – VAG 2016.

<sup>3</sup> Article 83 of the VAG 2016.

<sup>4</sup> Article 83(1) of the VAG 2016.

<sup>5</sup> Articles 2-3 of the VAG 2016.

<sup>6</sup> Article 8 of the VAG 2016.

<sup>7</sup> Article 7(3) of the VAG 2016.

Mutual insurance companies are allowed to be active in all insurance classes, both life and non-life. However, small mutual insurers are restricted to some non-life lines and subject to additional restrictions (see below).

In terms of governance, mutual insurance companies consist of three bodies: a management board, a supervisory board, and a supreme board (general meeting of members).<sup>8</sup>

A mutual insurance company can transform into a joint stock company<sup>9</sup> or transfer its insurance activities to the latter.<sup>10</sup> A transfer requires the consent of the supreme body, with a majority of at least three-quarters of the votes cast. Upon transfer, the mutual insurance company continues to exist with its objective being limited to asset management, and membership is tied to the existence of an insurance relationship with the joint stock company to which the insurance activities are transferred. In a situation where the share of a mutual insurance company in a joint stock company falls below 26%, the FMA is notified immediately, and in case of non-restoration of compliance, it dissolves the insurance company and adopts a winding-up plan.

Mutual insurance companies that have transferred their entire insurance activities to joint stock companies can also, by resolution of the supreme body, be transformed into a private foundation for an indefinite period, pursuant to the Private Foundation Act – PSG (*Privatstiftungsgesetz*).<sup>11</sup> The arrangements between the private foundation and the operative joint stock company determine whether insurance customers obtain beneficiary status within the private foundation when taking out an insurance contract with the operative company.

Section 2 of Chapter 2 of VAG 2016 sets out provisions in relation to small mutual insurance companies. These companies enjoy lighter reporting and accounting/disclosure requirements, as well as less strict governance rules. A mutual insurance company may be considered as small when the following conditions concerning territory, type of business and group of persons apply:<sup>12</sup>

- the mutual insurance company's activity extends to the federal province in which it has its head offices as well as to certain immediately neighbouring regions.
- the mutual insurance company's activities cover the risks specified in their licence, restricted to the risks of fire, storm, hail and other natural forces other than storm, and theft,<sup>13</sup> with the exception of damage caused by nuclear energy.
- the mutual insurance company does not comprise more than 20,000 members.

The FMA is responsible for designating a mutual insurer as 'small'.<sup>14</sup> The licence of a mutual insurance company is only valid within the territory of Austria. Any coverage of risks situated in another country is excluded.<sup>15</sup>

## Number of licensed insurance undertakings

At the end of 2015, 93 domestic insurance undertakings supervised by the FMA were pursuing activities in Austria.<sup>16</sup> Of these, six were life insurers and 67 were non-life insurers. Composite insurers accounted for a further 20 insurance companies active in 2015.

Of the total 93 insurance undertakings, 35 were joint stock companies, six were (large) mutual insurance companies and 52 were small mutual insurance companies.

The total number of insurance companies active in the Austrian market has fallen by 13 since 2007 (106 insurance undertakings).

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<sup>8</sup> Article 48(1) of the VAG 2016.

<sup>9</sup> Article 61 of the VAG 2016.

<sup>10</sup> Article 62 of the VAG 2016.

<sup>11</sup> Article 66 of the VAG 2016.

<sup>12</sup> Article 68(1) of the VAG 2016.

<sup>13</sup> Nos. 8 and 9 of Annex A to the VAG 2016.

<sup>14</sup> Article 68(2) of the VAG 2016.

<sup>15</sup> Article 68(3) of the VAG 2016.

<sup>16</sup> FMA, *Annual Report of the Financial Market Authority 2015*.

## Number of mutual/cooperative insurers

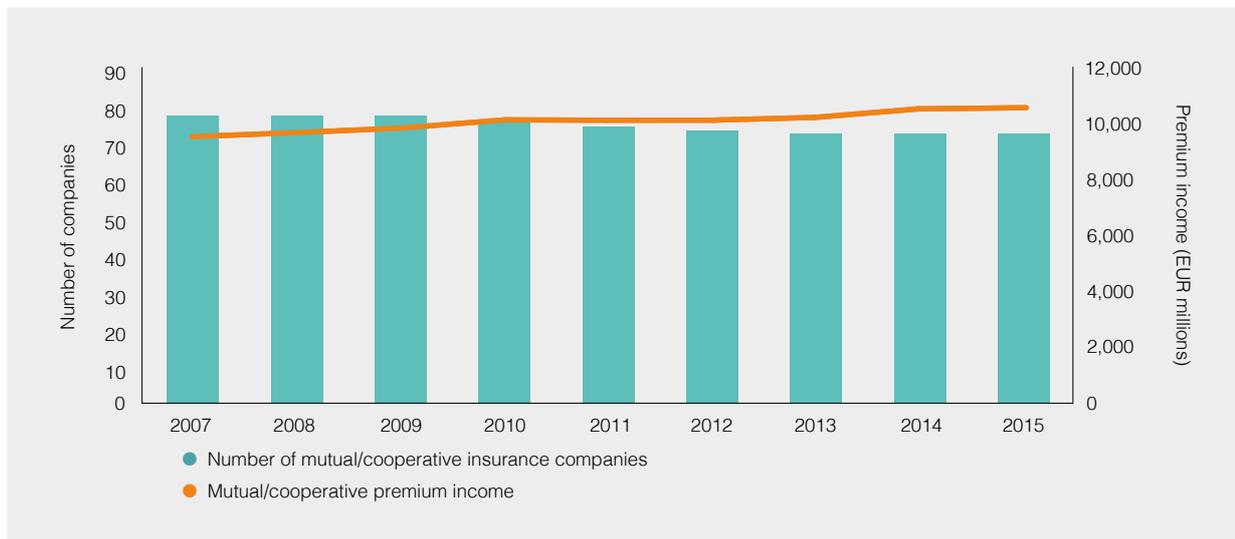
There was a total of 72 insurers that were part of the Austrian mutual/cooperative insurance sector in 2015. This figure comprised one life insurer, 57 non-life insurers and 14 composite insurers.

There were 58 mutual insurers in the legal form present in 2015. Of these, 52 were designated small mutual insurers, all of which were engaged in non-life insurance. Of these, two-thirds (34) were active in fire insurance, 17 in animal insurance and there was one reinsurance mutual. Of the six mutual insurers not designated as small, two were non-life insurers and four were composite insurers.

The remaining 14 insurance undertakings were mutual/cooperative-type insurers, of which one was a life insurer, three were non-life insurers and ten were composite insurers. These insurers made a significant contribution to the total level of mutual/cooperative insurance premium in the Austrian market,<sup>17</sup> and also had a presence in a number of other European markets through subsidiary companies.

Since 2007, there has been a loss of five mutual/cooperative insurers from the Austrian market (see Figure 1). Four small and one regular sized mutual insurance company have left the market between 2007 and 2015.

Figure 1  
Number of mutual/cooperative insurance companies and total mutual/cooperative premium income (2007-2015)



<sup>17</sup> Austrian mutual/cooperative-type insurers contributed EUR 9.9 billion to total mutual/cooperative premium income in 2015 (equivalent to 94%). The largest of these include Wiener Städtische Versicherung (VIG Insurance Group), UNIQA, Grazer Wechselseitige (Grawe) and Wüstenrot Versicherung. Also included in this study as a mutual/cooperative-type insurer is Niederösterreichische Versicherung AG, which is owned indirectly by the Austrian province of Lower Austria, but managed according to mutualist principles.

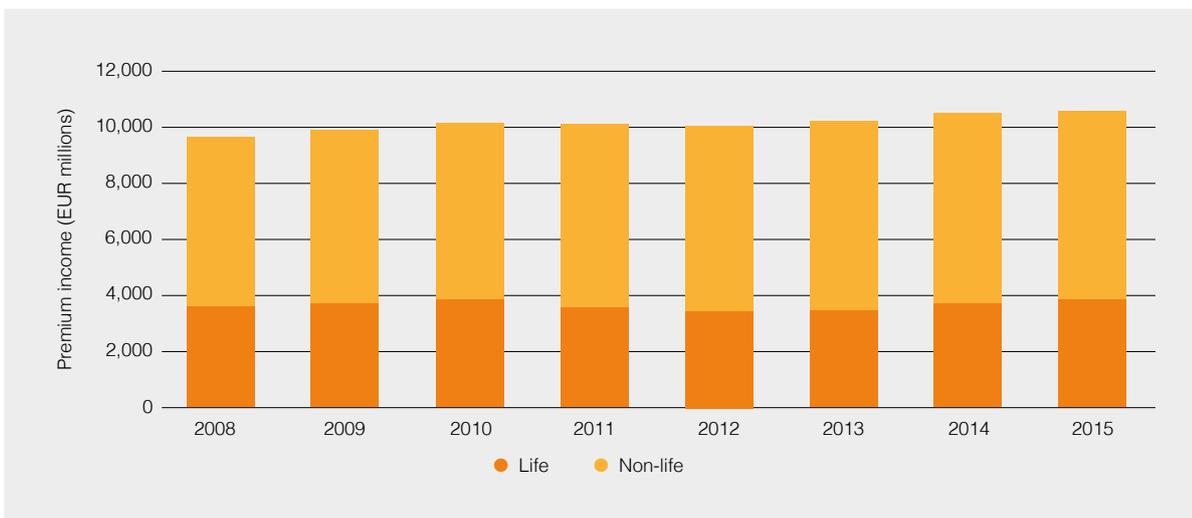
## Size and growth of the mutual/cooperative insurance sector

### Total

The total Austrian insurance market wrote EUR 17.5 billion in insurance premiums in 2015, an overall growth of 10.2% since 2007 (EUR 15.9 billion). In 2015, EUR 6.8 billion of premium income was written in life insurance and EUR 10.7 billion was written in the non-life sector.

Mutual/cooperative insurers in Austria collectively wrote EUR 10.6 billion in premiums in 2015 (see Figure 2). The life sector contributed 36% of mutual/cooperative total business in 2015, but the majority (64%) was written in non-life insurance. Total premiums have grown steadily since 2007, equating to a CAGR of 1.3%, which was slightly more than the total market CAGR (1.2%). Overall, premium volumes in 2015 were 11.3% greater compared to 2007 levels (EUR 9.5 billion).

Figure 2  
Premium income of mutual/cooperative insurance companies (2007-2015)



### Life

The life insurance sector in Austria contracted by 6.1% between 2007 and 2015, falling from EUR 7.2 billion. In contrast, the mutual/cooperative sector reported a 3.1% increase in life business during this period, growing from EUR 3.7 billion in 2007 to EUR 3.8 billion in 2015. The eight-year CAGR of the mutual/cooperative life sector was 0.4% compared to -0.8% for the total market.

### Non-life

In comparison to the life segment, Austrian non-life insurers have performed more robustly since 2007 and recorded an overall premium development of 23.7% since 2007 (EUR 8.7 billion). Mutual/cooperative insurers also posted stronger growth figures in non-life business and reached premium volumes of EUR 6.8 billion in 2015, a growth of 16.5% from EUR 5.8 billion in 2007. The mutual/cooperative sector registered a CAGR of 1.9%, weaker than the market average CAGR (2.7%).

## Market share of mutual/cooperative insurance sector

Austria was the largest insurance market in the world<sup>18</sup> in terms of mutual/cooperative market share in 2015, accounting for 60.5% of the national market (see Figure 3). The majority of this market share was held by mutual/cooperative-type insurers, which held a 56.6% share of the Austrian market in 2015.

Mutual insurers in the legal form represented 3.9% of the total market in 2015. These insurers had a slightly higher share of the non-life market (4.3%) compared to the life market (3.3%).

In the life insurance sector, mutual/cooperative market share gained a further five percentage points since 2007, rising from 51.4% in 2007 to 56.4% in 2015. The mutual/cooperative insurance sector held a larger share of the non-life market in 2015 (63.0%) compared to the life market, although their share had fallen from 66.9% in 2007 (and a peak of 69.2% in 2011).

In terms of growth (see Figure 4), the overall market share of the Austrian mutual/cooperative insurance sector has remained consistent since 2007 (59.9%). Both mutual insurers in the legal form and mutual/cooperative-type insurers have gained extra market share since 2007 (from 3.0% and 55.9% respectively).

Figure 3  
Market share of mutual/cooperative insurance companies (2015)

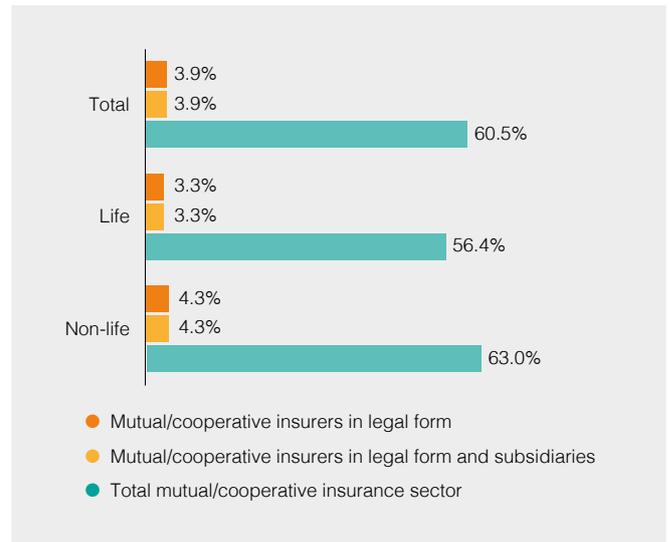
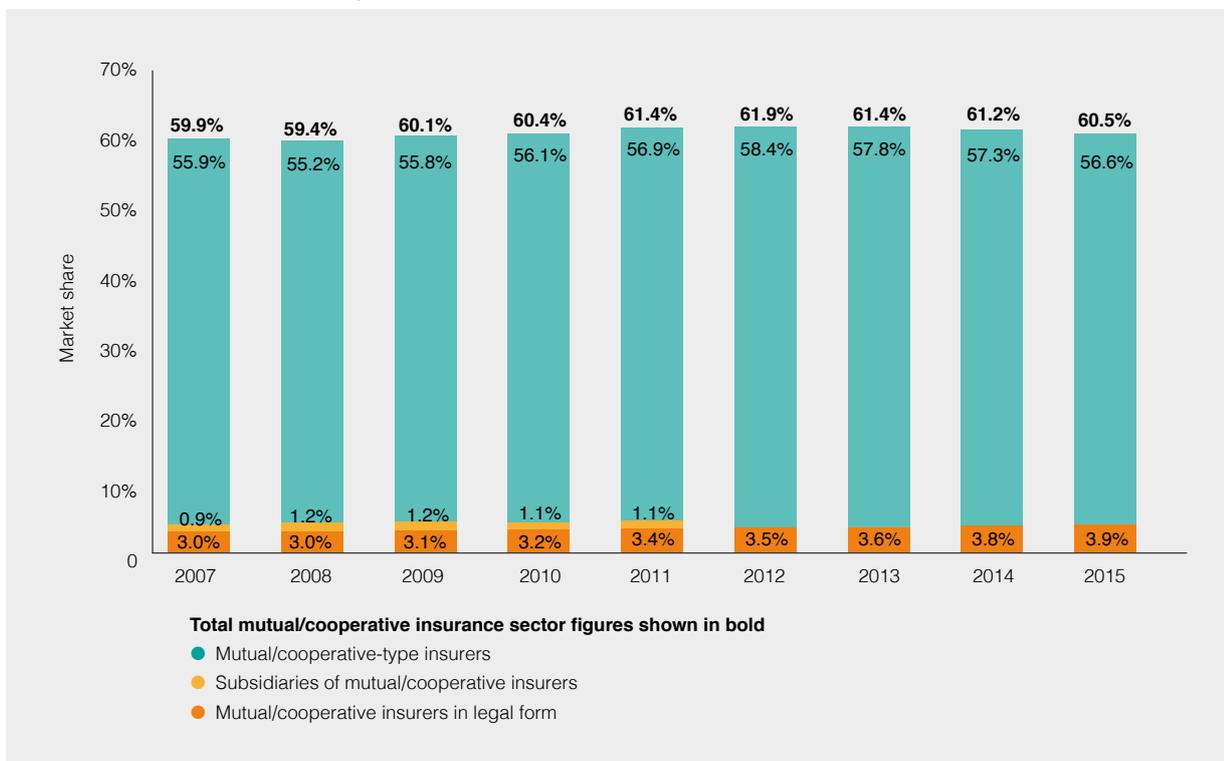


Figure 4  
Market share of the mutual/cooperative insurance sector (2007-2015)

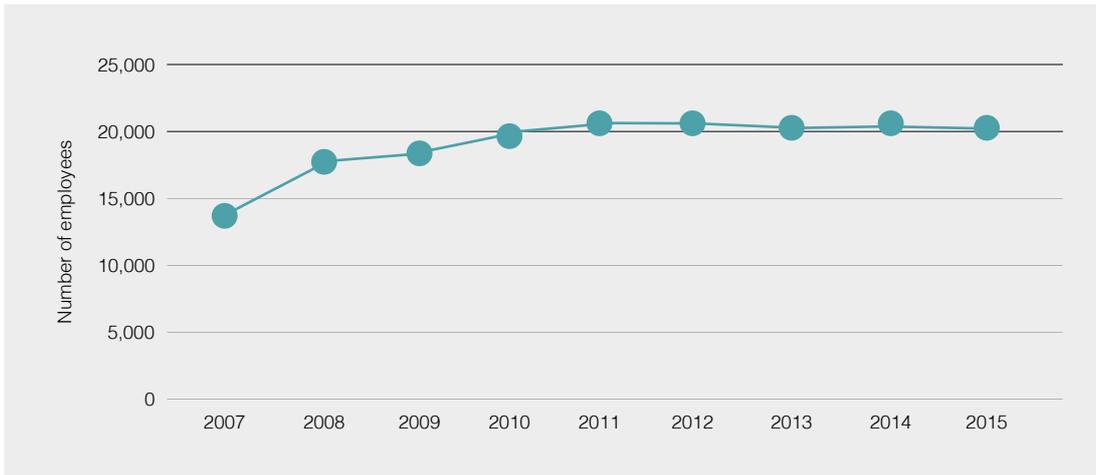


<sup>18</sup> ICMIF (2016) *Global Mutual Market Share 2015*.

## Number of employees

More than 20,000 people were employed by the mutual/cooperative insurance sector in 2015 (see Figure 5). Even though employment levels have remained consistent since 2011, this figure represents an increase of 47% from the number of employees in 2007 (13,712). The majority of this growth occurred in 2008, as the number of people employed rose by 29% from the previous year to 17,741.

Figure 5  
Number of employees of the mutual/cooperative insurance sector (2007-2015)

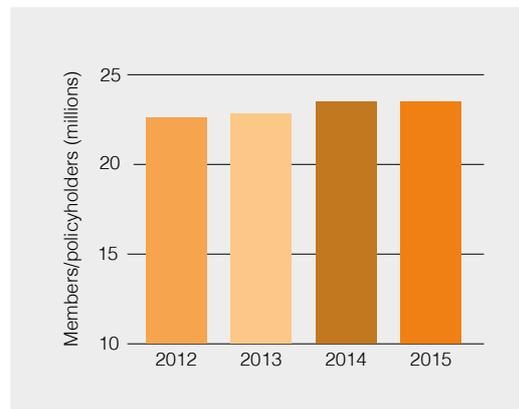


## Number of members/policyholders

In total, there were 23.5 million members/policyholders\* of the Austrian mutual/cooperative sector in 2015 (see Figure 6).

Membership numbers have steadily increased since 2012 (22.6 million), accumulating to an overall growth of 4.2% over this three-year period.

Figure 6  
Number of members/policyholders of the mutual/cooperative insurance sector (2012-2015)



\* See methodology.

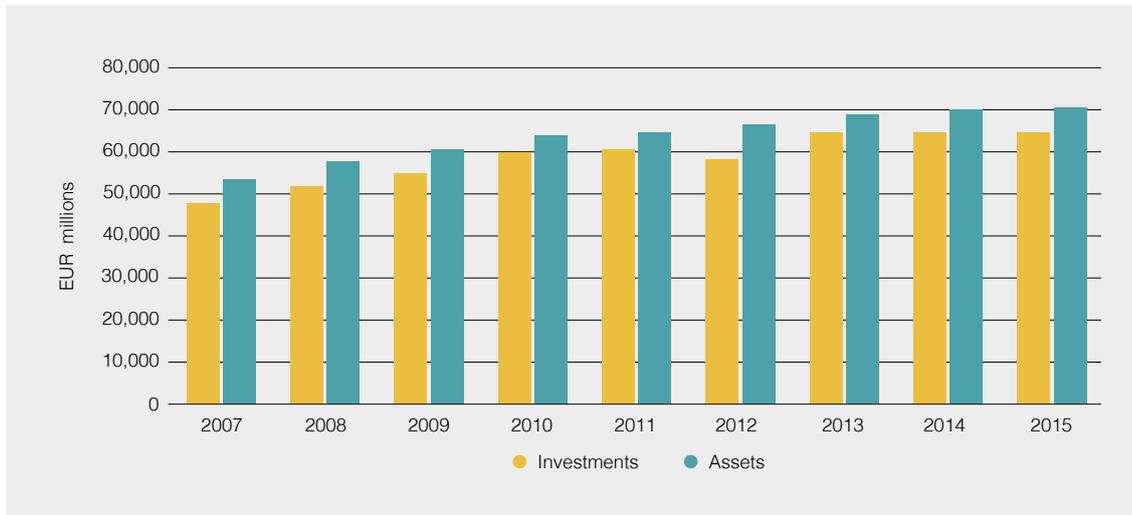
## Assets and investments

Total assets held by the mutual/cooperative insurance sector surpassed the EUR 70 billion mark for the first time in 2015 (see Figure 7). Since 2007, assets values of the sector have increased by a total of 32% from EUR 53.3 billion to EUR 70.3 billion.

In terms of invested asset values, these have grown by 35% over the same period, rising from EUR 47.6 billion to EUR 64.4 billion in 2015.

Figure 7

Total assets and investment assets of the mutual/cooperative insurance sector (2007-2015)



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The Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE) represents the interests of mutual and cooperative insurers in Europe with one united voice and ensures the interests of its members are taken into account in securing a level playing field for all insurers in Europe regardless of their legal form.



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Insurance Cooperatives in Europe