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International Cooperative and Mutual Insurance Federation

Facts and figures

Mutual and cooperative insurance in Europe
Vol 2

Excerpt: Belgium

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

Published May 2018

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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 report¹ 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 societies² and protection and indemnity (P&I) clubs.^{3,4}

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.⁵ 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:

¹ 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.

² See chapter on the UK.

³ 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.

⁴ 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).

⁵ 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,⁶ 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.⁷ 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.⁸

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.

⁶ 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.

⁷ 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*.

⁸ 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 Belgian insurance market is regulated by a dual governance system, whereby responsibility is split between the National Bank of Belgium – NBB (*Nationale Bank van België – Banque nationale de Belgique*)¹ and the Financial Services and Markets Authority – FSMA (*Autoriteit voor Financiële Diensten en Markten – L’Autorité des services et marchés financiers*).² The NBB is in charge of the microprudential supervision of the insurance market, whereas the FSMA is responsible for the supervision of codes of conduct and consumer protection, and the supervision of insurers and intermediaries.

Belgian insurance and reinsurance undertakings must be licensed by the NBB.³

The insurance market in Belgium is governed by the Law of 4 April 2014 on insurance (*Wet betreffende de verzekeringen – Loi relative aux assurances*) and the Law of 13 March 2016 on the status and supervision of insurance or reinsurance undertakings (*Wet op het statuut van en het toezicht op de verzekerings- of herverzekeringsondernemingen – Loi relative au statut et au contrôle des entreprises d’assurance ou de réassurance*). Both pieces of legislation transpose the Solvency II Directive into Belgian Law.⁴

The 2016 Act incorporates the same exclusions from its scope as Solvency II, concerning statutory systems of social security, pension funds, road-side assistance, etc.⁵

The 2016 Act implemented Article 4 of Solvency II Directive by providing for three simplified supervisory regimes:

- a lighter regime for non-life and life insurance companies that meet certain criteria of size and limitation of their activities.⁶
- an exemption scheme for insurance undertakings which, in addition to the criteria of size and limitation of activities, have concluded an agreement involving the full and systematic reinsurance of the insurance contracts they subscribe to or the assignment of contractual commitments.⁷
- a simplified supervisory system for local insurance companies, i.e. those which limit their activities to cover certain non-life risks located in the municipality of their head office or in the neighbouring Belgian municipalities.⁸

Article 11 of the 2016 Act introduces a new exclusion in relation to mutual insurers. Mutual insurance associations which pursue non-life insurance activities, and which are completely reinsured by another mutual undertaking which is subject to the rules of the 2016 Act, fall outside the scope of the 2016 Act.

In Belgium, insurance undertakings cannot exercise both life and non-life activities at the same time.⁹ Life insurance undertakings may be licensed to carry out accident and sickness insurance, while insurance undertakings carrying out accident and sickness insurance can obtain a licence to underwrite life insurance.

¹ National Bank of Belgium’s [website](#).

² Financial Services and Markets Authority’s [website](#).

³ Article 22 of the Law on the status and supervision of insurance or reinsurance undertakings 2016.

⁴ Article 2 of the Insurance Law 2014 and Article 2 of the Law on the status and supervision of insurance or reinsurance undertakings 2016.

⁵ Articles 8-14 of the Law on the status and supervision of insurance or reinsurance undertakings 2016.

⁶ Article 272 of the Law on the status and supervision of insurance or reinsurance undertakings 2016.

⁷ Article 275 of the Law on the status and supervision of insurance or reinsurance undertakings 2016.

⁸ Article 294 of the Law on the status and supervision of insurance or reinsurance undertakings 2016.

⁹ Article 222 of the Law on the status and supervision of insurance and reinsurance undertakings 2016. Pursuant to Article 223, this provision does not apply to undertakings which on 15 March 1979 exercised simultaneously life and non-life activities.

Insurance undertakings in Belgium can have the legal form of:¹⁰

- a joint-stock company (*naamloze vennootschap – société anonyme*)
- a cooperative company (*coöperatieve vennootschap – société coopérative*)
- a mutual insurance association (*onderlinge verzekeringsvereniging – association d'assurance mutuelle*)
- a mutual assistance/benefit society (*verzekeringsmaatschappij van onderlinge bijstand – société mutualiste d'assurance*)¹¹
- a workers' compensation mutual (*gemeenschappelijke verzekeringskas – caisse commune d'assurances*)¹²
- a European Company (*Europese vennootschap – société européenne*)
- a European Cooperative Company (*Europese coöperatieve vennootschap – société coopérative européenne*)

Mutual insurance associations can be active in all insurance classes, both in life and non-life.

Mutual insurance associations have a civil personality and they fall under the jurisdiction of the civil branch of the Court of First Instance.¹³ They have the possibility, under certain conditions, to transform into any other of the legal forms mentioned above.¹⁴ Cooperative companies are governed by the Belgian Companies' Code and are considered trading companies.¹⁵

Workers' compensation mutuals are mutual insurance associations specific for workers' compensation cover¹⁶ and pension insurance. They are considered to be mutual insurance companies for prudential supervisory purposes and are supervised by the National Bank of Belgium.

Number of licensed insurance undertakings

There were 65 insurance undertakings authorised by the FSMA in 2015.¹⁷ Of these, 16 were life insurers, 33 were non-life insurers and 16 were composite insurers.

The number of insurers supervised by the FMSA has declined by more than a third, from more than 100 insurance undertakings authorised in 2007.

Number of mutual/cooperative insurers

In 2015, of the 65 insurance undertakings authorised in Belgium, six were cooperative companies and 14 were mutual insurance companies or workers' compensation mutuals. Both of these are classified as mutual/cooperative insurers in the legal form.

In total, the Belgium mutual/cooperative insurance sector comprised 27 companies in 2015 (there were seven insurers classed as subsidiaries of mutual/cooperative insurers or mutual/cooperative-type insurers). The majority of mutual/cooperative insurers were non-life insurance companies (18), while there were five life insurance companies and four composite insurance companies.

Since 2007, there had been little change in the number of mutual/cooperative insurance companies active in the Belgium market (see Figure 1).

¹⁰ Article 33 of the Law on the status and supervision of insurance or reinsurance undertakings 2016.

¹¹ The Law of 26 April 2010 concerning the organisation of complementary health insurance (*26 april 2010 - Wet houdende diverse bepalingen inzake de organisatie van de aanvullende ziekteverzekering – 26 avril 2010 - Loi portant des dispositions diverses en matière d'organisation de l'assurance maladie complémentaire*) obliges the providers of obligatory health insurance to separate their (private) insurance business (health/medical costs and assistance insurance) from their other activities as administrators of social security-related health benefits. These mutuals are supervised and controlled by the Mutual Health Societies Supervision Authority and not by the NBB and the FSMA.

¹² Article 246 of the Law on the status and supervision of insurance or reinsurance undertakings 2016.

¹³ Article 245 of the Law on the status and supervision of insurance or reinsurance undertakings 2016.

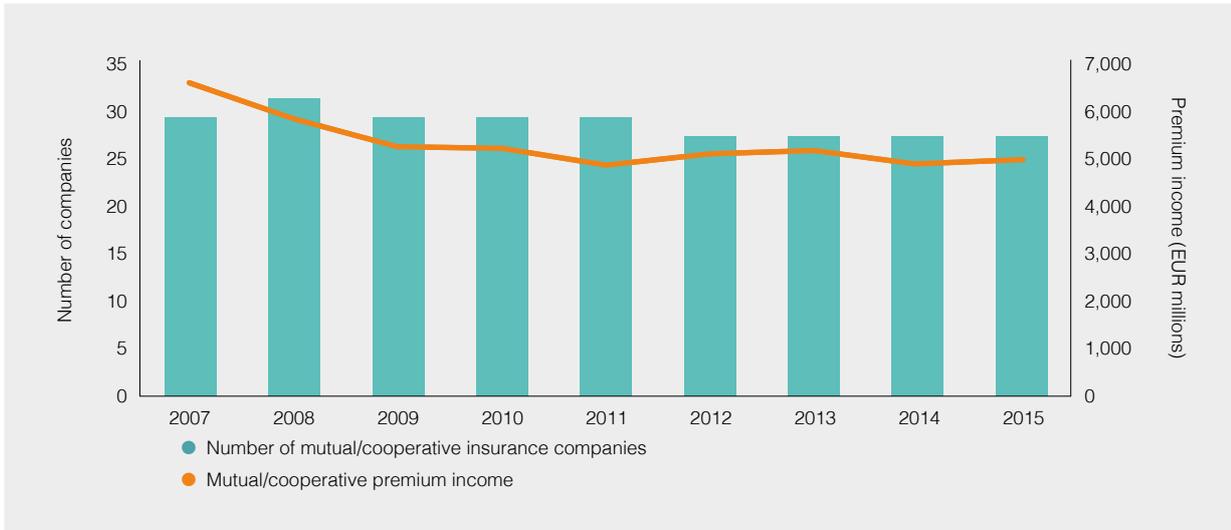
¹⁴ Article 248 of the Law on the status and supervision of insurance or reinsurance undertakings 2016.

¹⁵ Article 350 of the Companies' Code (*7 mei 1999 - Wet houdende het wetboek van vennootschappen – 7 mai 1999 - Loi contenant le Code des sociétés*).

¹⁶ Law of 10 April 1971 on workers' compensation (*10 april 1971 - Arbeidsongevallenwet – 10 avril 1971 - Loi sur les accidents du travail*).

¹⁷ Financial Services and Markets Authority's [website, Authorised insurance undertakings](#).

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



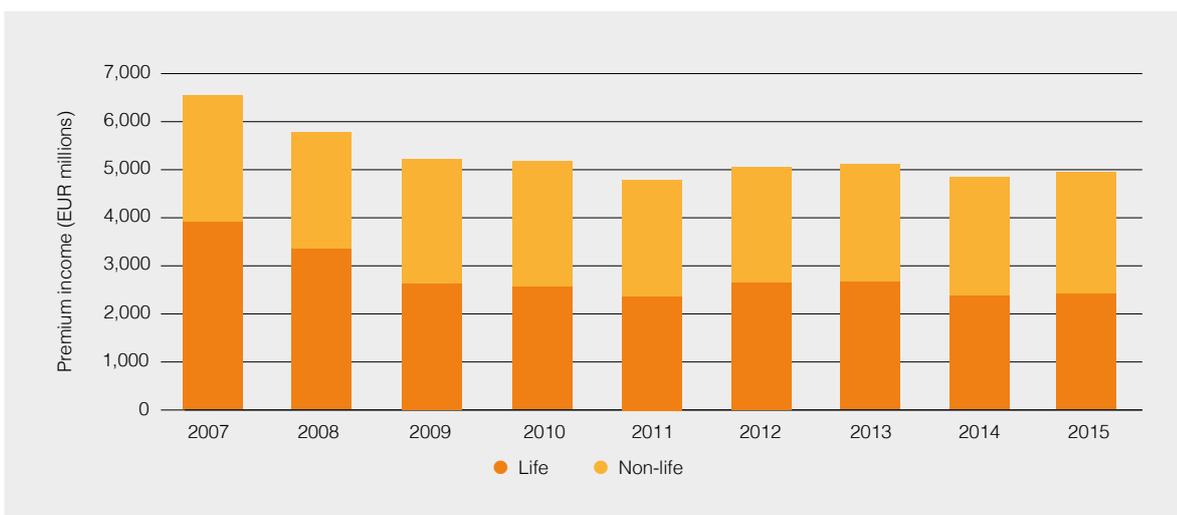
Size and growth of the mutual/cooperative insurance sector

Total

The total Belgium insurance market was worth EUR 29.8 billion in premiums in 2015. About 52% of total premiums in 2015 were written in the life sector (EUR 15.5 billion) and the remaining 48% in non-life insurance (EUR 14.3 billion). Over the eight-year period since 2007, the Belgium market declined by a total of 9.1% from EUR 32.8 billion (CAGR of -1.2%).

The mutual/cooperative sector wrote EUR 4.9 billion in total premium income in 2015 (see Figure 2), evenly split between the life and non-life sectors. Premiums volumes in 2015 were almost a quarter less in comparison with 2007 levels (EUR 6.5 billion), equivalent to a CAGR of -3.5% over this period.

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



Life

Contraction in the total Belgium life market was the main contributor to the overall drop in total premiums since 2007. Life premium volumes in 2015 were 30% lower than in 2007 (EUR 22.2 billion). In the mutual/cooperative sector, life premium development has also suffered since 2007, declining by a total of 38.2% from EUR 3.9 billion to EUR 2.4 billion in 2015. As a result, the contribution of life business to total mutual/cooperative premiums fell from 60% in 2007 to just 49% in 2015.

Non-life

The total Belgium non-life market has performed far stronger relative to the life market since 2007. Non-life premiums increased by 34.5% between 2007 and 2015, equivalent to a CAGR of 3.8% (in comparison the CAGR of the life market was -4.3%). However, premium growth since 2007 for mutual/cooperative insurers was also negative in non-life business, albeit not as severe as in the life sector. Non-life premiums had decreased by 4.4% since 2007 (EUR 2.6 billion) to EUR 2.5 billion in 2015, resulting in a CAGR of -0.6%.

Market share of mutual/cooperative insurance sector

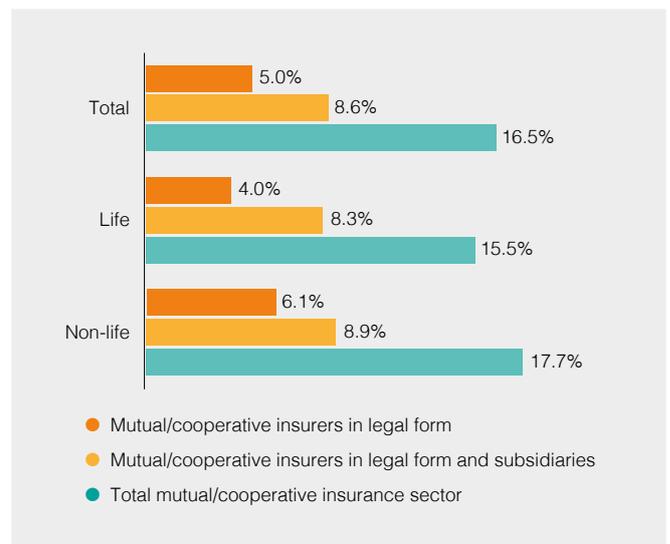
The mutual/cooperative insurance sector had a total market share of 16.5% in 2015 (see Figure 3). In the life market, mutual/cooperative insurers accounted for 15.5% and in the non-life market this was slightly higher at 17.7%.

The total market share of mutual/cooperative insurers in the legal form was 5.0% in 2015. Again, the market share of legal form mutual/cooperative insurers was greater in the non-life sector (6.1%) compared to the life sector (4.0%).

The overall market share of the mutual/cooperative insurance sector in 2015 had fallen from a peak of just below 20% (19.9%) in 2007 to 16.5% in 2015 (see Figure 4). The market share of mutual/cooperative insurers in the legal form saw the greatest loss of market share, dropping from 12.3% in 2007 to 5.5% in 2015 (and life market share decreasing from a 14.3% share in 2007 to 4.0% in 2015). This loss in market share can largely be attributed to the restructuring of the Ethias group¹⁸ in 2008.

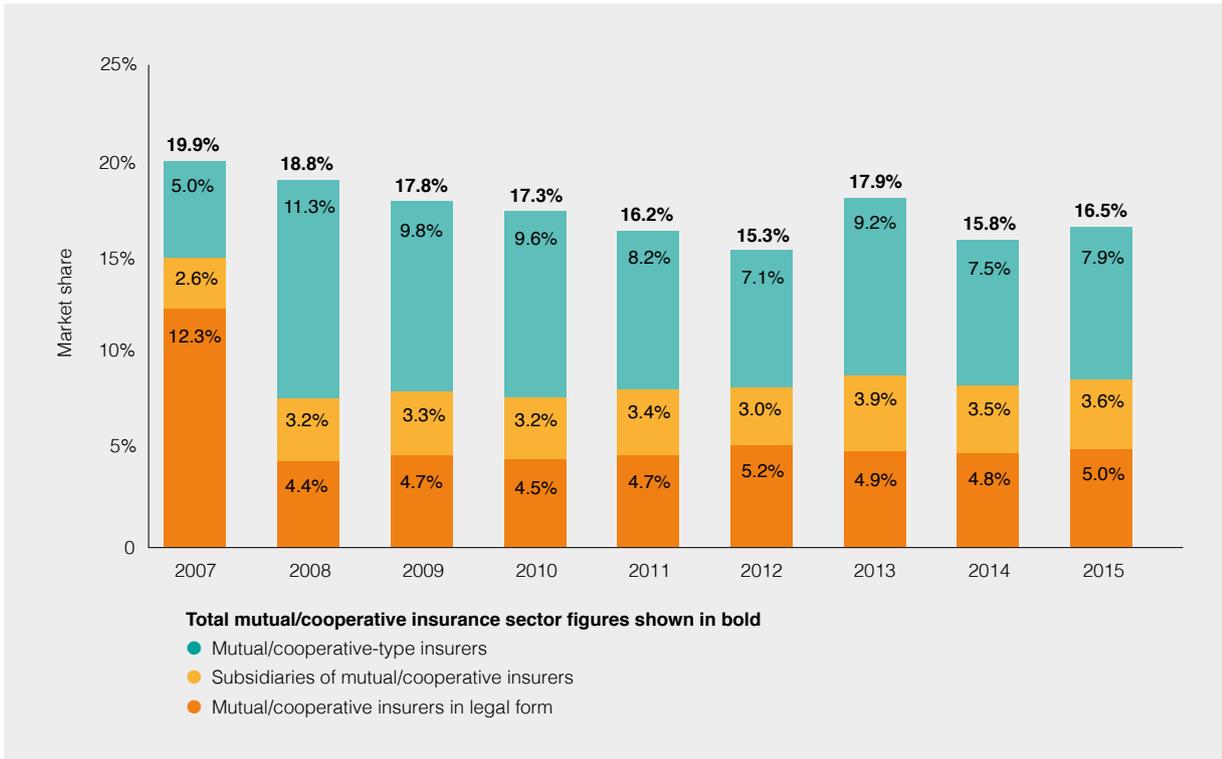
In life insurance, the mutual/cooperative sector's market share fell by more than two percentage points from 17.6% in 2007. However, the loss in market share was more severe in the non-life sector, as this fell from 24.9% in 2007 to 17.7% in 2015 (a proportional decrease of almost 30%).

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



¹⁸ In 2008, most of the life and non-life business of the Ethias group was transferred to Ethias S.A. (a limited company) and so the majority of Ethias' premiums were classified as a mutual/cooperative-type insurer rather than a mutual/cooperative insurer in the legal form.

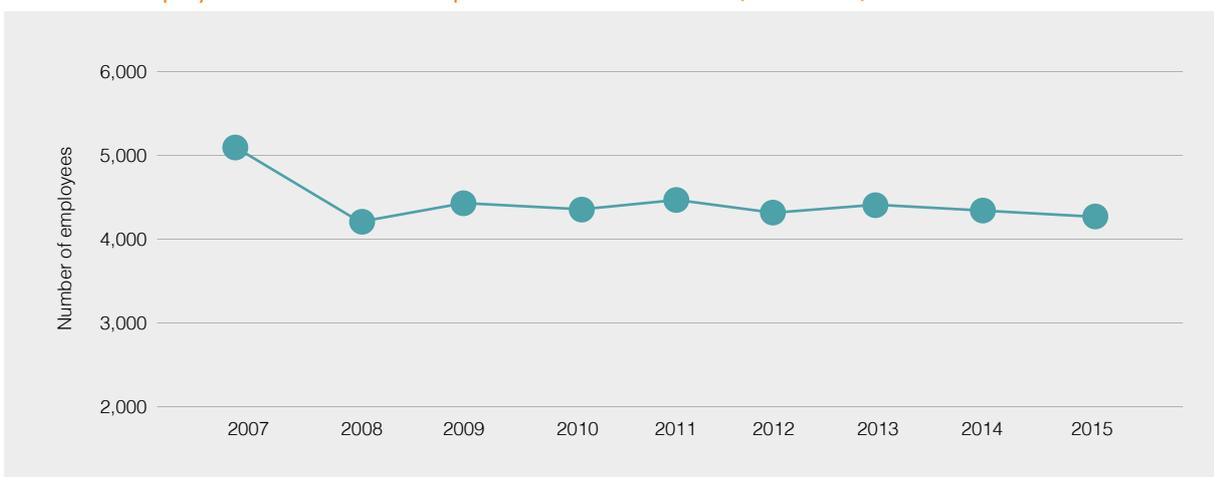
Figure 4
Market share of the mutual/cooperative insurance sector (2007-2015)



Number of employees

There were 4,293 employees of mutual/cooperative insurers in 2015 (see Figure 5). This represents a fall in employment numbers of 15% since 2007, when the Belgium mutual/cooperative sector employed in excess of 5,000 people. However, since 2008, employment levels have been relatively consistent.

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

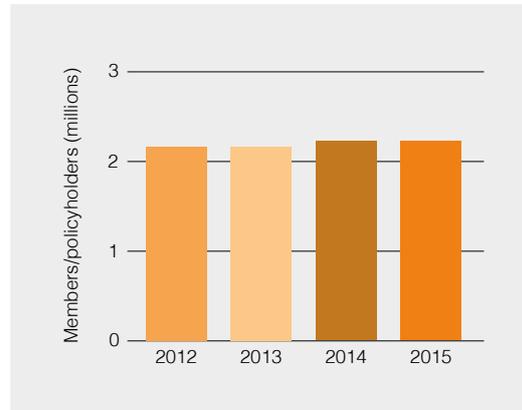


Number of members/policyholders

In 2015, Belgium mutual/cooperative insurers served 2.2 million members or policyholders (see Figure 6).

Despite the decline in the amount of premiums written by Belgium mutual/cooperative insurers, the number of members/policyholders has increased by a total of 2.6% since 2012.

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

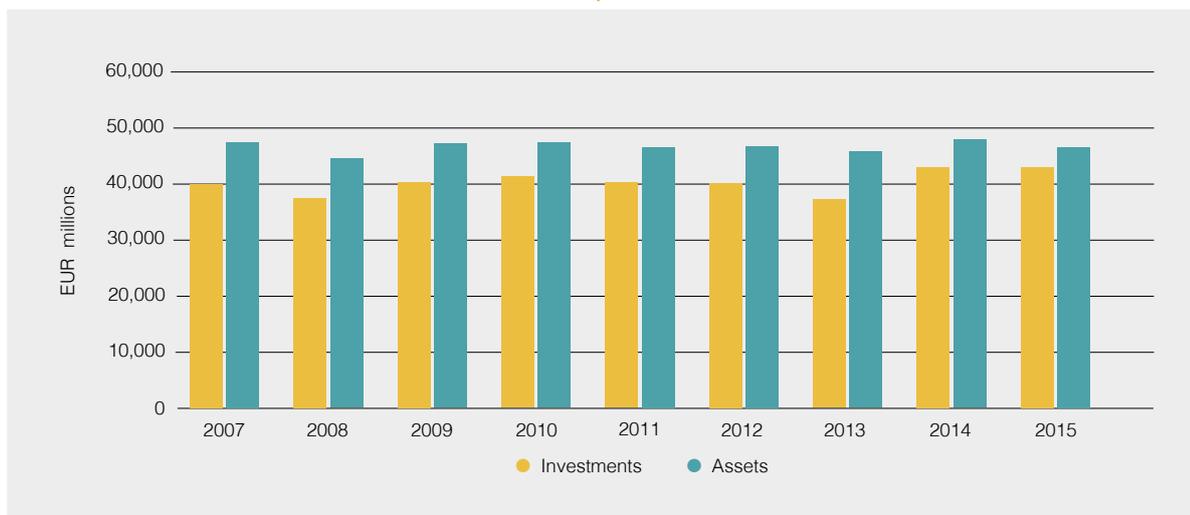


Assets and investments

Mutual/cooperative insurers in Belgium held total assets amounting to EUR 46.4 billion in 2015 (see Figure 7). Since 2007, asset values have declined slightly (-2.0%) from EUR 47.4 billion.

In contrast, investments of the Belgian mutual/cooperative sector grew by 7.6% in the period between 2007 and 2015, from EUR 39.9 billion to EUR 42.9 billion. As a result, invested assets represented more than 90% of mutual/cooperative insurers' aggregate assets in 2015, compared to just 84% in 2007.

Figure 7
Total assets and investment assets of the mutual/cooperative insurance sector (2007-2015)



ICMIF

Denzell House, Dunham Road, Bowdon, Cheshire,
WA14 4QE, UK
Tel: +44 161 929 5090 Fax: +44 161 929 5163

The International Cooperative and Mutual Insurance Federation (ICMIF) is a best practice organisation committed to giving its members from around the world a competitive advantage. ICMIF helps to grow its mutual and cooperative insurance member organisations by sharing strategies and the latest market intelligence.

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International Cooperative and
Mutual Insurance Federation

AMICE aisbl

Rue du Trône 98/14, BE-1050 Brussels, Belgium
Tel: +32 2 503 38 78 Fax: +32 2 503 30 55

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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