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Facts and figures

Mutual and cooperative insurance in Europe
Vol 2

Excerpt: Switzerland

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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.



Switzerland

Mutual/cooperative insurance companies

Landscape

Insurance companies that wish to operate in Switzerland are required to obtain an authorisation from the Swiss Financial Market Supervisory Authority – FINMA (*Eidgenössische Finanzmarktaufsicht – Autorité fédérale de surveillance des marchés financiers*).¹ Following authorisation, FINMA assigns supervised institutions to one of five risk categories, depending on the potential risks for creditors, investors, insured persons, the system as a whole and the reputation of the Swiss financial centre.² The intensity of supervision is determined by the risk category to which each undertaking is assigned.

The Swiss regulatory framework for the insurance market is governed by two main legislative acts supplemented by a number of implementing ordinances: The Federal Insurance Supervision Act of 17 December 2004 961.01 – ISA (*Bundesgesetz betreffend die Aufsicht über Versicherungsunternehmen 961.01 vom 17. Dezember 2004 – Loi fédérale sur la surveillance des entreprises d'assurance 961.01 du 17 décembre 2004*) and the Federal Insurance Contract Act of 2 April 1908 221.229.1 – ICA (*Das Bundesgesetz über den Versicherungsvertrag vom 2. April 1908 – La loi fédérale du 2 avril 1908 sur le contrat d'assurance*).³

Certain private undertakings fall outside the scope of the ISA. Firstly, there are insurance undertakings whose insurance activity is subject to special supervision under either federal or cantonal law, such as health, accident and military insurance.⁴ Secondly, insurance cooperatives which fulfil certain criteria listed in Article 2(2)(d) of ISA – namely, a very limited scope of business and the requirement that the insureds are also members of the cooperative – do not fall within the scope of the ISA, and consequently they are not supervised by FINMA, instead coming under private law. Finally, and where special circumstances allow, FINMA can exempt from its supervision insurance undertakings whose activity is economically insignificant or only pertains to a small group of insured persons.⁵

In June 2015, the European Commission adopted a third country equivalence decision, by virtue of which Switzerland was granted full equivalence in all three areas of Solvency II: solvency calculation, group supervision and reinsurance.⁶ As a consequence, the Swiss insurance regulatory regime is fully equivalent to Solvency II.

An insurance undertaking in Switzerland can take the following legal form:⁷

- a company limited by shares (*Aktiengesellschaft – société anonyme*)
- a cooperative (*Genossenschaft – société coopérative*)

Cooperatives in Switzerland are governed by the Federal Act on the Amendment of the Swiss Civil Code.⁸

The possibility to establish a mutual insurance undertaking is not foreseen under Swiss law.

¹ Article 3(1) of the Federal Insurance Supervision Act of 17 December 2004 961.01 – ISA.

² FINMA's [website](#).

³ Federal Insurance Contract Act of 2 April 1908 221.229.1 – ICA.

⁴ Article 2(2)(b) of the ISA.

⁵ Article 2(3) of the ISA.

⁶ Commission Delegated Decision (EU) 2015/1602 of 5 June 2015 on the equivalence of the solvency and prudential regime for insurance and reinsurance undertaking in force in Switzerland based on Articles 172(2), 227(4) and 260(3) of the Directive 2009/138/EC of the European Parliament and of the Council [2015] L 248/95.

⁷ Article 7 of the ISA.

⁸ Federal Act on the Amendment of the Swiss Civil Code (Part Five: The Code of Obligations) of 30 March 1911 220, Title 29.

There are no special arrangements as to what types of insurance activity cooperatives are permitted to pursue, thus they can be active in both life and non-life classes.

However, all life insurers are only permitted to write accident and health insurance, and no other lines of non-life insurance, irrespective of whether they are stock companies or mutual/cooperative insurers.⁹

Number of licensed insurance undertakings

In total, there were 214 supervised insurance companies¹⁰ present in the Swiss market in 2015 including general health insurance companies, reinsurers and branches of foreign insurance companies.¹¹ In terms of insurance companies domiciled in Switzerland, FINMA supervised a total of 93 insurers in 2015: 17 life insurers and 76 non-life insurers.

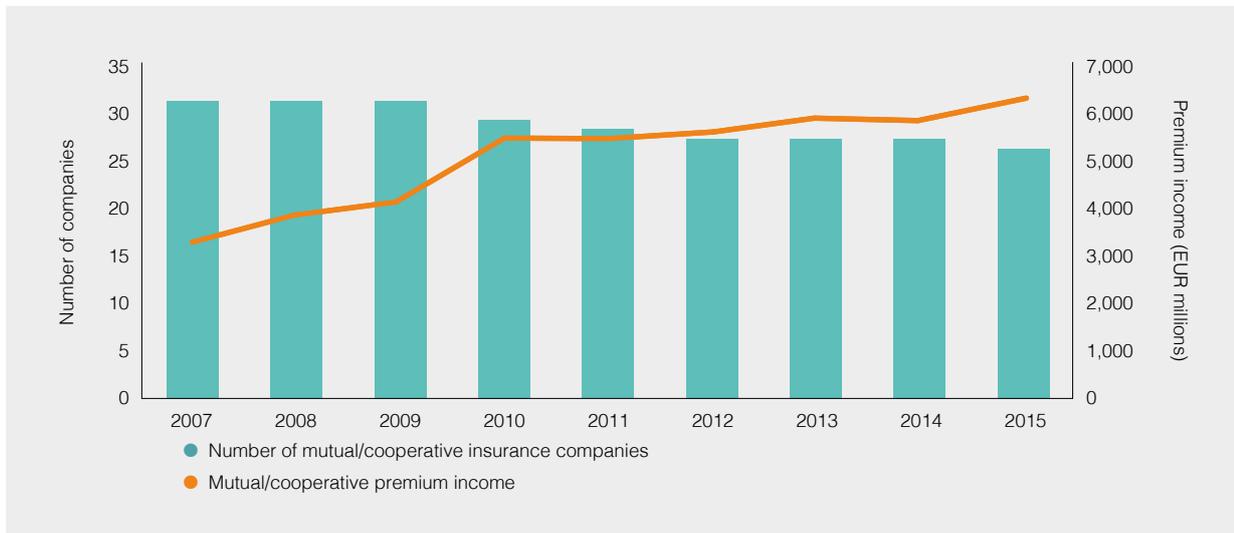
There had been little change in the total number of insurers active in Switzerland since 2007. A total of 218 insurance companies were supervised by FINMA in 2007, including 22 Swiss-domiciled life insurers and 78 non-life insurers.

Number of mutual/cooperative insurers

There were a total of 26 mutual/cooperative insurance companies present in Switzerland in 2015, of which four were life insurers and 22 were non-life insurers. Of these 26 companies, 13 insurers were cooperative insurance companies (in the legal form) and eight were subsidiaries of mutual/cooperative insurers in the legal form (the remaining 5 were mutual/cooperative-type insurers).

There has been a loss of five mutual/cooperative insurers since 2007, when there were 31 active companies (see Figure 1).

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



⁹ Article 12 of the ISA.

¹⁰ FINMA (2016) *Insurance market report 2015*.

¹¹ In 2015, there were 49 branches of foreign insurance companies (three life insurers and 46 non-life insurers); 59 reinsurers (including 30 reinsurers and 29 reinsurance captives) and 13 general health insurance companies offering supplementary health cover.

Size and growth of the mutual/cooperative insurance sector

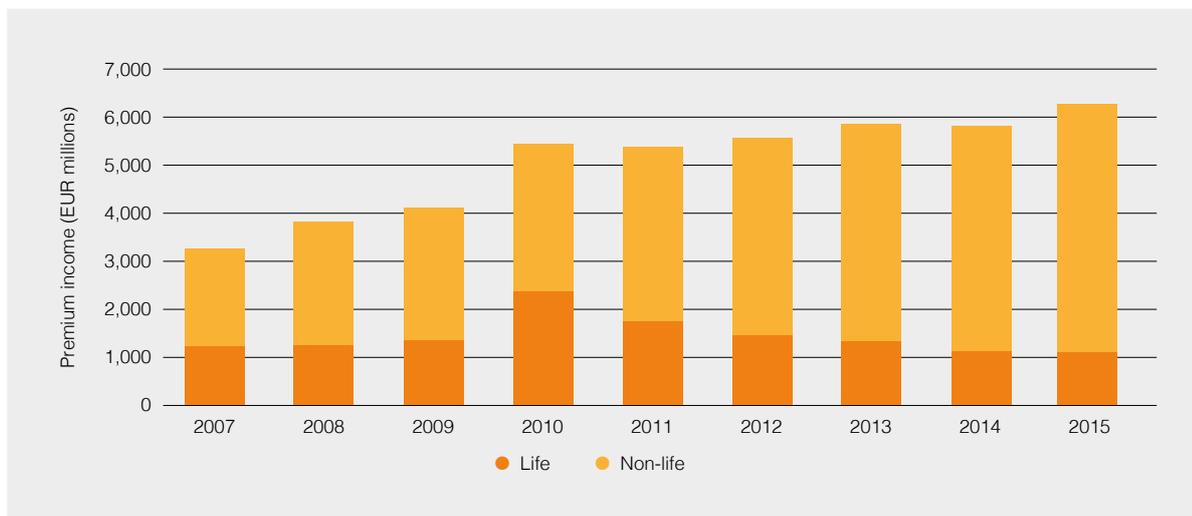
Total

The total Swiss insurance market amounted to EUR 55.2 billion in insurance premiums in 2015, an overall growth of 13.4%¹² since 2007 (EUR 31.6 billion¹³). Life insurance revenues totalled EUR 30.6 billion in 2015 and EUR 24.7 billion of premium was written by the non-life sector.

Mutual/cooperative insurers in Switzerland collectively wrote EUR 6.3 billion in premiums in 2015. The majority (83%) of insurance business in 2015 was written in non-life insurance (see Figure 2). Overall, premium volumes in 2015 were 25.2%¹⁴ greater compared to 2007 levels (EUR 3.2 billion), equivalent to a CAGR of 2.8% during this period (in comparison, the market average CAGR was 1.6%).

Figure 2

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



Life

Premiums of the life insurance sector in Switzerland increased by 13.7% between 2007 and 2015, growing from EUR 17.5 billion. In contrast, the mutual/cooperative sector reported a steep decline of 42%¹² in life business during this period, falling from EUR 1.2 billion in 2007 to EUR 1.1 billion¹⁵ in 2015. The eight-year CAGR of the mutual/cooperative life sector was -6.5% compared to 1.6% for the total market.

Non-life

Growth in the Swiss non-life market mirrored the life market, showing a 13.2% increase since 2007 (EUR 14.2 billion). However, mutual/cooperative insurers performed far stronger in the non-life sector, recording an overall premium increase of 65.2% between 2007 (EUR 2.0 billion) and 2015 (EUR 5.2 billion). The mutual/cooperative sector registered a CAGR of 6.5%, almost five percentage points ahead of the total non-life market (1.6%).

¹² All growth figures are in local currency (Swiss franc) terms to avoid any misleading effects of exchange rate fluctuations.

¹³ Due to the appreciation of the Swiss franc against the euro since 2007, in euro terms, premium volumes were 74.8% greater in 2015 compared to 2007.

¹⁴ In euro terms, this growth was 92.8% due to the appreciation of the Swiss franc.

¹⁵ In euro terms, premium values fell by 10.3%.

Market share of mutual/cooperative insurance sector

The mutual/cooperative sector accounted for an 11.3% share of the Swiss insurance market in 2015 (see Figure 3). Mutual/cooperative insurers in the legal form represented just 0.5% of the total market in 2015, although subsidiaries and legal form mutual/cooperative insurers combined held a 9.1% market share.

Market share was higher in the non-life market compared to the life market. For the total mutual/cooperative sector, non-life market share was 20.9% in 2015 (compared to 3.6% in the life market) and for legal form mutual/cooperative insurers plus subsidiaries, market share was 16.0% (3.6% in life).

The overall market share of the Swiss mutual/cooperative insurance sector has remained consistent since 2007, increasing slightly from 10.3% in 2007 (see Figure 4). The market share of subsidiaries of mutual/cooperative insurers has fallen over this period, down to 8.6% in 2015 from 9.3% in 2007 (and a peak of 11.7% in 2010).

In terms of life business, mutual/cooperative insurers' share of the market has declined over the eight-year period, dropping from 7.0% in 2007 and a high of 10.8% in 2010. In the non-life market, mutual/cooperative share experienced a steady growth during this period, rising from 14.3% in 2007.

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

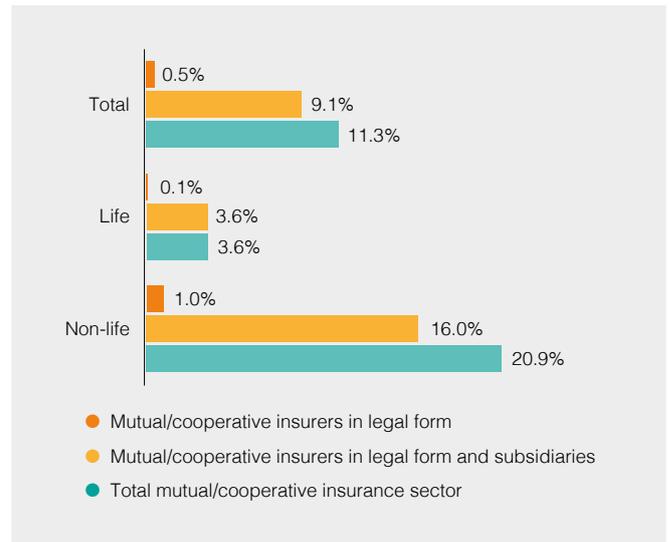
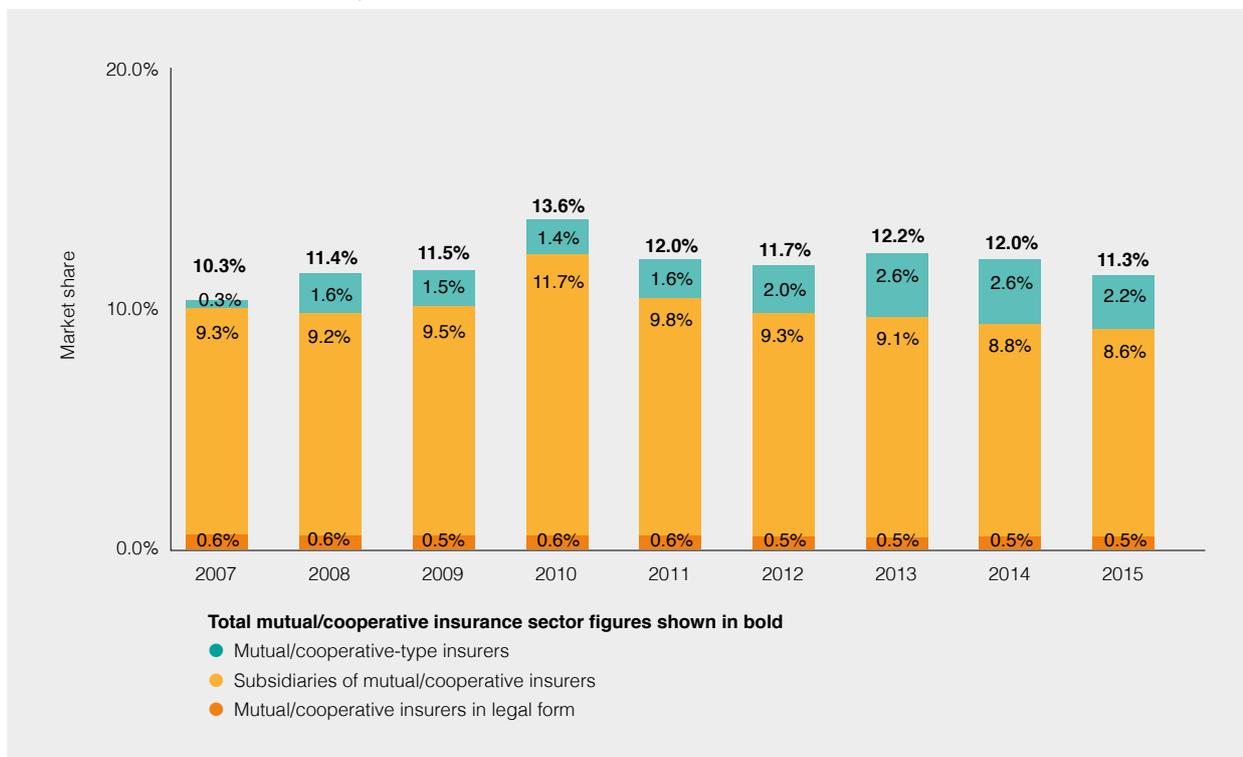


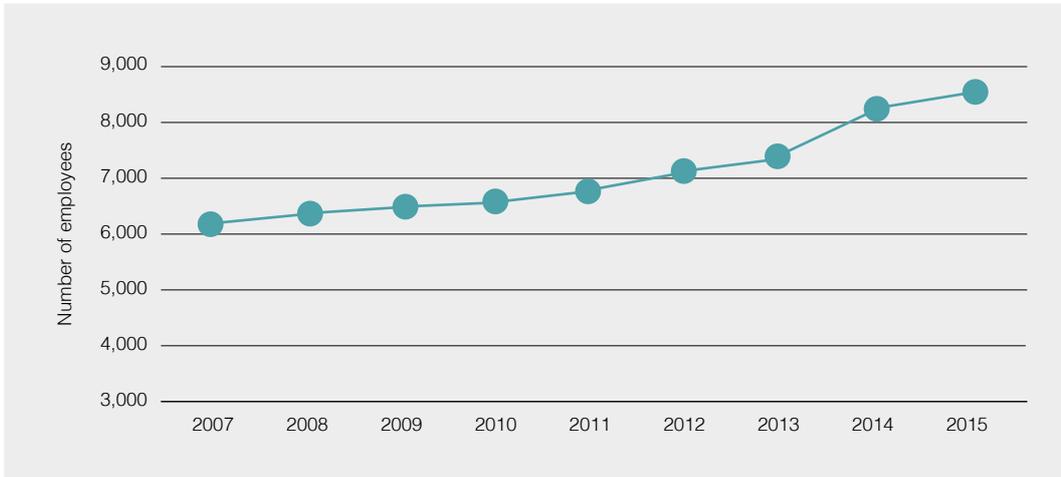
Figure 4
Market share of the mutual/cooperative insurance sector (2007-2015)



Number of employees

The number of employees in the Swiss mutual/cooperative insurance sector has grown consistently since 2007, reaching 8,543 in 2015 (see Figure 5). This represented an overall increase of 38% compared to 2007 (6,188 employees).

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

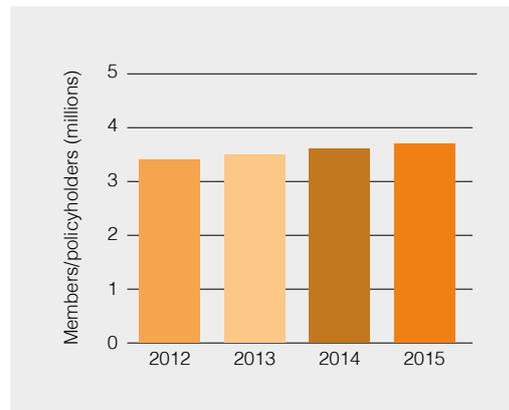


Number of members/policyholders

In total, there were 3.7 million members/policyholders* of the mutual/cooperative sector in 2015 (see Figure 6).

Membership numbers have increased year-on-year since 2012 (3.4 million), reaching an overall growth rate of 7.1% over the three-year period.

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



* See methodology.

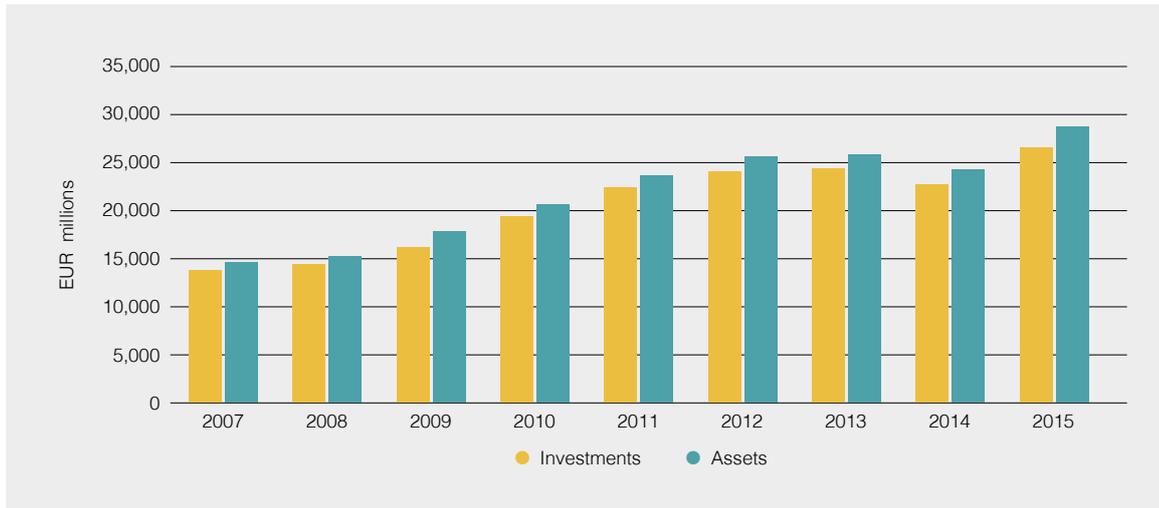
Assets and investments

Total assets held by the mutual/cooperative insurance sector have almost doubled between 2007 (EUR 14.6 billion) and 2015 (EUR 28.7 billion), and recorded a positive annual growth in seven of the previous eight years (see Figure 7).

Assets held as investments have experienced a similar growth, increasing from 13.8 billion in 2007 to EUR 26.5 billion in 2015.

Figure 7

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



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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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