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Facts and figures

Mutual and cooperative insurance in Europe
Vol 2

Excerpt: Sweden

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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 Financial Supervisory Authority of Sweden – FI (*Finansinspektionen*) is responsible for supervision, authorisations, sanction assessments, regulations and reporting matters for insurance undertakings.¹ FI was established in 1991 with the aim of creating a single integrated regulator covering banking, securities and insurance, and is accountable to the Ministry of Finance. Insurance undertakings must obtain a licence from FI in order to be able to operate in the Swedish market.²

The Insurance Business Act – SFS 2010:2043 (*Försäkringsrörelselagen*) is the main law governing insurance activities in Sweden and transposing Solvency II into domestic law. The Insurance Business Act only applies to Swedish companies, while the operations of foreign insurers³ in Sweden are regulated in the Law on Foreign Insurers (*Lag (1998:293) om utländska försäkringsgivares och tjänstepensionsinstituts verksamhet i Sverige*).

The Insurance Business Act implements the conditions set out in Article 4 of Solvency II and thus certain small insurance undertakings can, on a case-by-case basis, be exempted from obligations relating, among others, to assets, liabilities, own funds, capital requirements and investments.⁴

Exclusions from the Insurance Business Act can be decided on a case-by-case basis for insurance undertakings which only provide an average amount of insurance benefits in the event of death and small local non-life insurance undertakings providing assistance insurance.⁵ Additionally, exclusions can be decided on a case-by-case basis for activities abroad, if due to the content of foreign law or foreign law enforcement there are reasons to do so.⁶

Life insurance operations can only be combined with non-life accident and sickness classes. However, life and non-life insurance operations can be conducted by the same undertaking, if they were carried out simultaneously at the date of signing of the EEA Agreement (2 May 1992). These activities must be managed separately.⁷

Insurance undertakings can have one of the following legal forms:⁸

- a limited liability company (*aktiebolag*)
- a mutual insurance company (*ömsesidigt försäkringsbolag*)
- an insurance association (*försäkringsförening*)
- a European Company (*europabolag*)
- a European Cooperative Society (*Europakooperativ*)

¹ FI's [website](#).

² Article 1 of Chapter 2 of the Insurance Business Act – SFS 2010:2043.

³ A foreign insurer authorised and established outside the EEA may not write insurance or reinsurance business concerning risks situated in Sweden without authorisation by the FI. However, a foreign insurer established and authorised within the EEA – and which is not a reinsurance undertaking – may establish a branch or carry out business on a cross-border basis in Sweden without applying for an authorisation. Before doing so, the insurance undertaking is required to notify its home supervisory authority.

⁴ Article 19 of Chapter 1 of the Insurance Business Act. An exempted company has to apply regulations issued by FI.

⁵ Article 20 of Chapter 1 of the Insurance Business Act.

⁶ Article 21 of Chapter 1 of the Insurance Business Act.

⁷ Article 7 of Chapter 4 of the Insurance Business Act.

⁸ Articles 1-2 of Chapter 2 of the Insurance Business Act.

Chapter 12 of the Insurance Business Act contains special provisions in relation to mutual insurance companies. These provisions address issues such as owners' responsibilities, guarantee capital, company registration, management and distribution of surplus. Mutual insurance companies can be active in both life and non-life insurance classes.

Chapter 13 of the Insurance Business Act focusses on insurance associations. These are associations which have the objective of promoting members' interests by conducting insurance business in which members participate by using the association's services as policyholders or insured persons.⁹ They are also subject to special provisions pertaining to their management and governance, and are permitted to be active in life and non-life insurance classes.

Number of licensed insurance undertakings

There were 329 domestic insurance companies¹⁰ operating in the Swedish insurance market in 2015. In addition, there were a further 40 foreign insurance companies, branches and agencies active in the Swedish market.¹¹

Of the 329 domestic insurers, 127 were national insurance companies (39 life insurers and 88 non-life insurers), 138 were local non-life insurance companies (41 large local companies and 97 small local companies) and 64 were friendly societies,¹² active in either life or non-life insurance.

Since 2007, the number of Swedish insurance undertakings has declined by 27%. There were 506 insurance companies (36 foreign and 470 domestic) present in the Swedish market in 2007. Of the 470 domestic insurers, 152 were national insurance companies, 231 were local insurance companies and 87 were friendly societies.

Number of mutual/cooperative insurers

In 2015, there were 233 mutual/cooperative insurance companies present in Sweden. Around two-thirds (153) of these companies were non-life insurance undertakings. Of these, 41 were large local insurance companies and 97 were small local insurance companies, including 23 local companies that make up the Länsförsäkringar Alliance and 11 local companies of Dina Försäkringar.¹³ There were also an additional six "national" mutual/cooperative non-life insurers in the legal form, and the remaining 9 companies were not mutuals in the legal form (6 subsidiaries of legal form mutuals and 3 mutual/coop-type insurers).

In the life sector, there were 16 mutual/cooperative life insurers operating in 2015, including five in the legal form.

The remaining 64 mutual/cooperative companies active in Sweden in 2015 were friendly societies.¹⁴

Since 2007, there has been a 25% drop in the total number of mutual/cooperative insurance companies active in Sweden, despite a significant increase in aggregate premium income (see Figure 1).¹⁵ In 2007, there were 309 mutual/cooperative insurers in operation, which included over 200 local insurance companies (43 large and 160 small companies) and 78 friendly societies.¹⁶

⁹ Article 1 of Chapter 13 of the Insurance Business Act.

¹⁰ Insurance Sweden (*Svensk Försäkring*) (2016) *Insurance in Sweden Statistics 2015*.

¹¹ FI also has limited supervision over approximately 80 pension foundations.

¹² In general, Swedish statistics often do not include friendly societies. However, as friendly societies are licensed and supervised, they are included in the overall figure for the number of (mutual/cooperative) insurers.

¹³ For comparison, in 2007 there were 24 local insurance companies that were part of the Länsförsäkringar Alliance and 60 local companies that were part of the Dina Group.

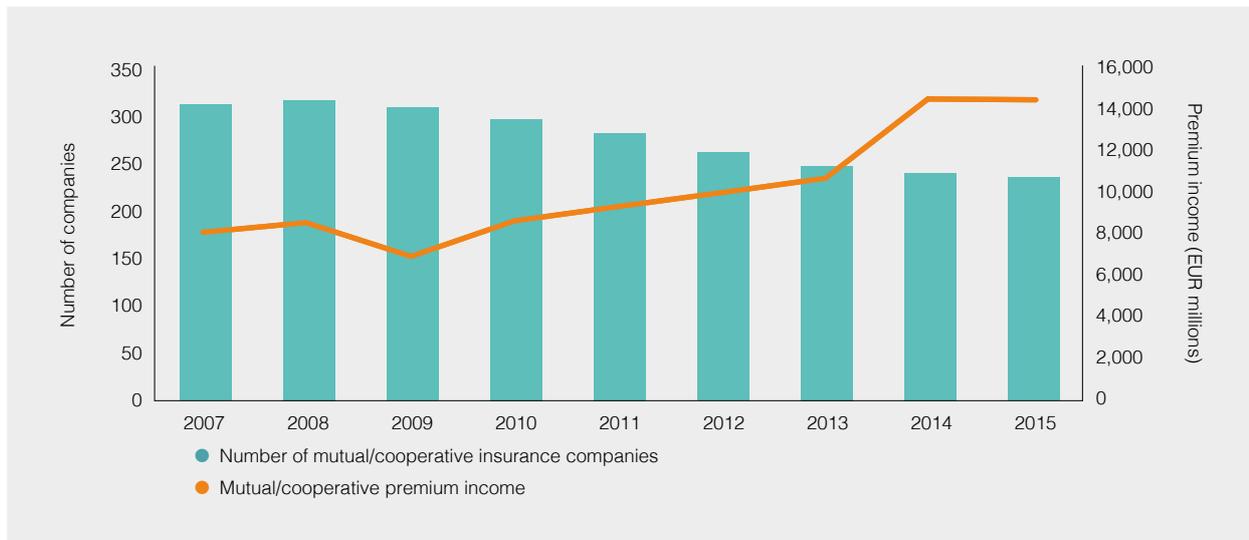
¹⁴ There was no information available on the split between life insurers and non-life insurers for friendly societies, although the majority of these are funeral or pension insurers. For this reason, they have not been included in the split between life insurers and non-life insurers.

¹⁵ Annual data on the number of small local insurance companies and friendly societies is not available for the period 2009-2013. Figures for these years were adjusted to show an average annual reduction in the number of insurers between the closest years that data was available (2008 and 2014).

¹⁶ There were no 2007 figures available for the number of small local insurance companies or friendly societies, and so the 2008 figures were used instead.

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 insurance market in Sweden amounted to EUR 30.2 billion in insurance premiums in 2015, more than 22%¹⁷ greater compared to 2007 premium levels (EUR 25.0 billion).

Mutual/cooperative insurers collectively wrote a total of EUR 14.4 billion in premium income in 2015 (see Figure 2), of which 70% was generated from the life sector. Total premiums written by the Swedish mutual/cooperative insurance sector grew by 81% from 2007 (EUR 8.0 billion). This represents a CAGR of 7.7%, which was more than five percentage points greater than the market average CAGR (2.5%).

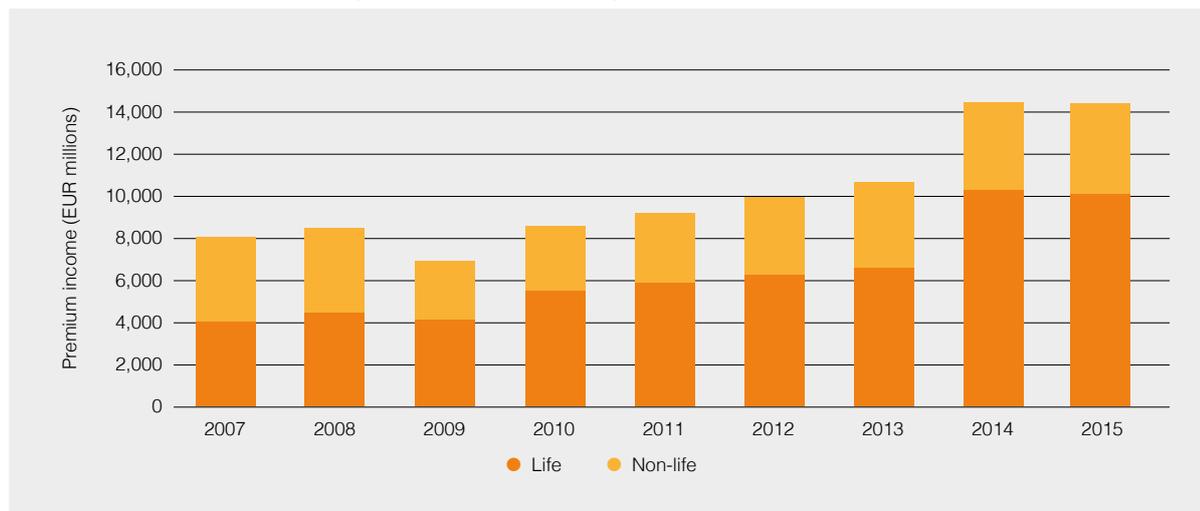
The main driver for the overall growth of the mutual/cooperative sector since 2007 was a 43% annual increase (equivalent to EUR 3.7 billion in additional premium volume) in 2014, largely due to the “mutualisation” of Skandia.¹⁸ However, if the additional premiums from the inclusion of Skandia (from 2014) were ignored, organic premium growth (on a like-for-like basis) of the Swedish mutual/cooperative sector between 2007 and 2015 would still be 47.5% (5.0% CAGR), more than double the growth of the total Swedish market over this period.

¹⁷ All growth figures are in local currency (Swedish krona) terms to avoid any misleading effects of exchange rate fluctuations.

¹⁸ In January 2014, Swedish life insurer Skandia was transformed into a fully member-owned mutual company. In 2012, Skandia Liv re-acquired Skandia's Nordic insurance and banking business from parent company Old Mutual. A new mutual life insurer (in the legal form) was then established, Livförsäkringsbolaget Skandia, ömsesidigt, to acquire the business from Skandia Liv, subsequently followed by the merger of Skandia Liv into Livförsäkringsbolaget Skandia, ömsesidigt.

Figure 2

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



Life

Life insurance premiums in Sweden totalled EUR 21.9 billion in 2015. This represented an increase of 26.4% from 2007 (EUR 17.5 billion) and CAGR of 3.0%.

In the mutual/cooperative sector, premium levels reached EUR 10.1 billion 2015. Business volumes have more than doubled compared to 2007 levels (2007: EUR 4.0 billion), as much of this growth was concentrated in 2014 (annual growth of 65%). However, there was still a long-term trend of growth, as the mutual/cooperative sector outperformed the total market in six of the eight years since 2007, registering a CAGR of 12.3% over this period.

Non-life

In the Swedish non-life insurance market, premium volumes grew to EUR 8.3 billion in 2015 from EUR 7.5 billion in 2007 (increase of 12.0%).

Non-life premium income in the mutual/cooperative sector rose to EUR 4.3 billion in 2015, although overall growth (8.8%) compared to 2007 levels (2007: EUR 4.0 billion) was not as strong as the mutual/cooperative life sector in Sweden. Mutual/cooperative CAGR in non-life business between 2007 and 2015 was 1.1%, marginally weaker than the total market CAGR (1.4%).

Market share of mutual/cooperative insurance sector

Collectively, mutual/cooperative insurers accounted for just under half (47.6%) of the Swedish insurance market by premiums in 2015 (see Figure 3), making it the fifth largest European market in terms of total mutual/cooperative market share.

However, in the legal form, mutual/cooperative market share in 2015 was 36.8%, putting Sweden as the largest market in Europe in terms of share held by mutual/cooperative insurers in the legal form. Swedish market share rose to 47.4% when subsidiaries of mutual/cooperative insurers (in the legal form) were also included.

Turning to the split between life and non-life insurance, Swedish mutual/cooperative insurers had the one of the highest mutual/cooperative market shares in Europe (and globally¹⁹) in terms of life and non-life insurance business in 2015 (46.0% and 51.8% respectively). In the life sector, the market share of mutual/cooperative insurers in the legal form was 34.5% (46.0% including subsidiaries). In non-life business, legal form mutual/cooperative insurers' market share was 42.9% in 2015 and represented more than half (50.9%) of the total non-life market when subsidiaries were added.

The total market share of the mutual/cooperative sector experienced a significant expansion since 2007, gaining a further 15 percentage points of the market since 2007 (32.1%). The largest upturn in market share occurred in 2014 (see Figure 4), rising by 12 percentage points to 49.4% (from 37.0% in 2013).

Mutual/cooperative insurers in the legal form also recorded a sizeable increase in their share of the total market over this period, increasing from 20.3% in 2007.

In terms of life business, total mutual/cooperative insurers' share of the market has doubled, growing from 23.0% in 2007 to 46.0% in 2015. In the legal form, the mutual/cooperative life market share has seen an even stronger expansion in this period, rising from 14.8% to 34.5%.

In the non-life market, overall mutual/cooperative share saw a slight fall between 2007 and 2015, decreasing from 53.3% to 51.8%. However, mutual/cooperative insurers in the legal form saw their non-life market share grow from 33.2% in 2007 to 42.9% in 2015.

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

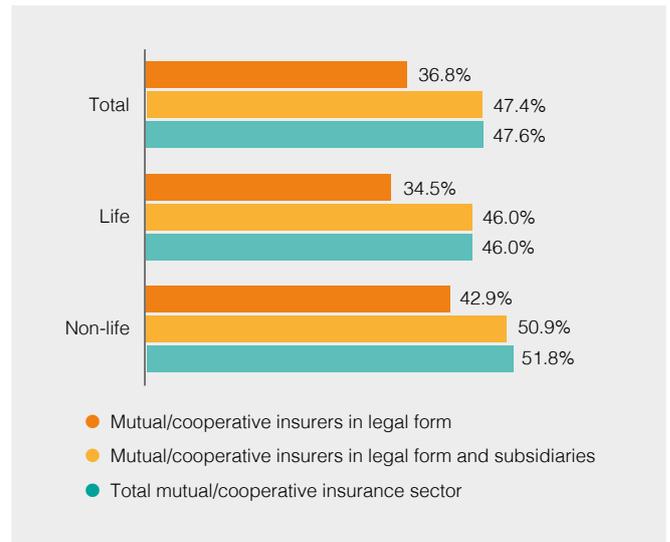
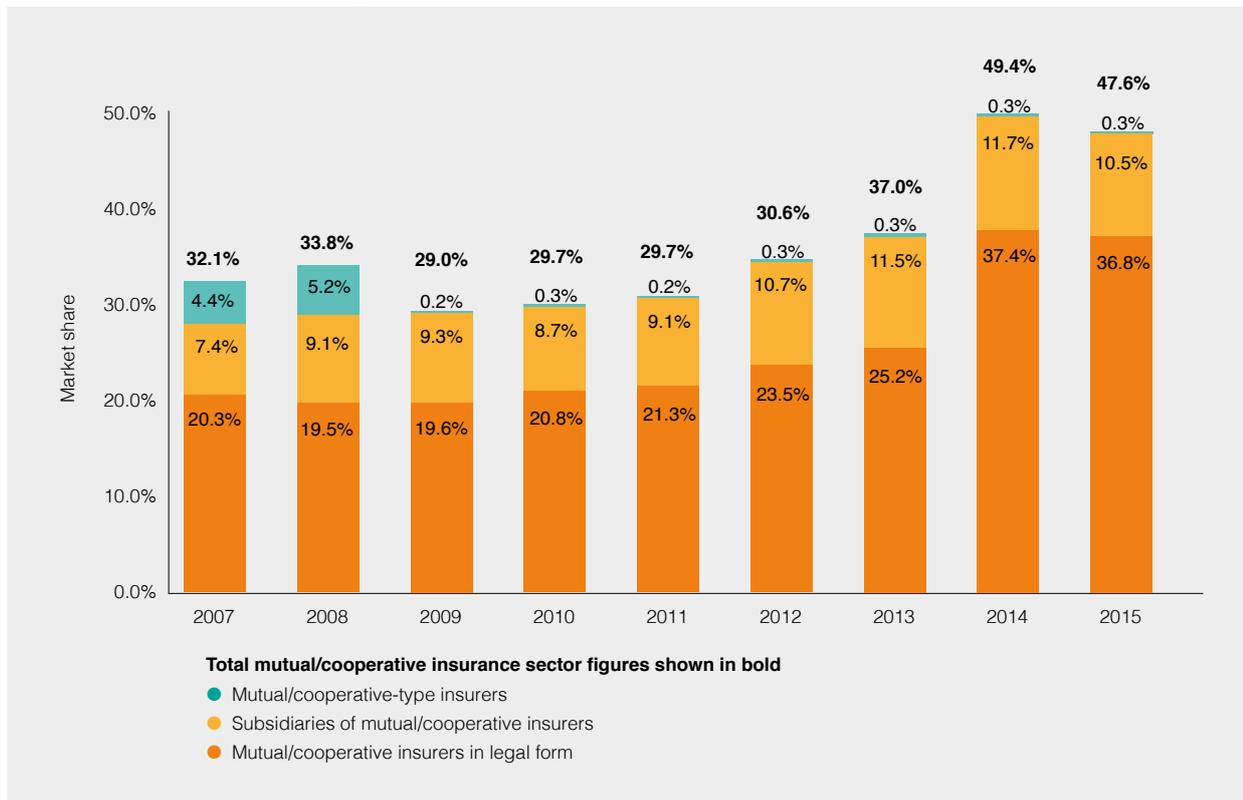


Figure 4
Market share of the mutual/cooperative insurance sector (2007-2015)

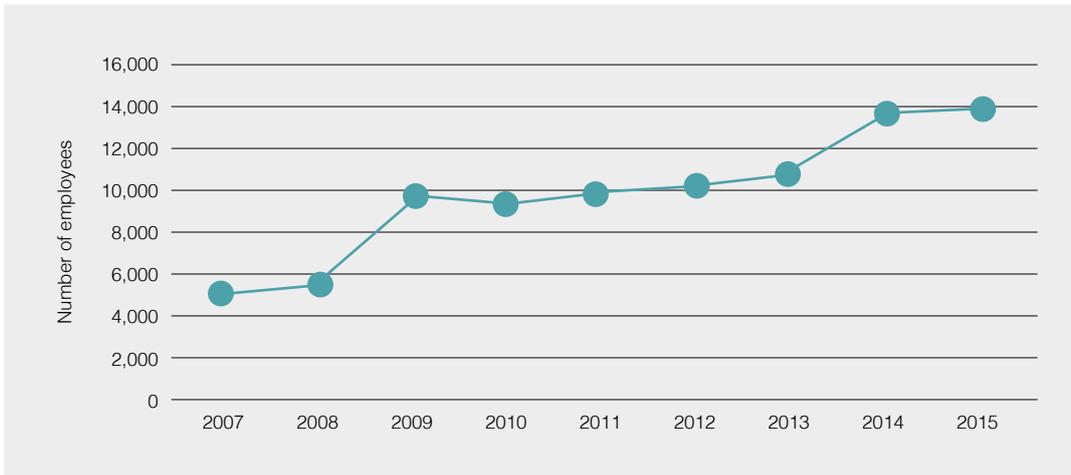


¹⁹ At a global level, Sweden was ranked as the eighth largest life market and seventh largest non-life market in terms of total mutual/cooperative market share in 2015 (see ICMIF's *Global Mutual Market Share 2015* report).

Number of employees

The Swedish mutual/cooperative sector employed just under 14,000 people in 2015 (see Figure 5). This represented an increase of 8,900 employees since 2007, when just over 5,000 people were employed by mutual/cooperative insurance companies.

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

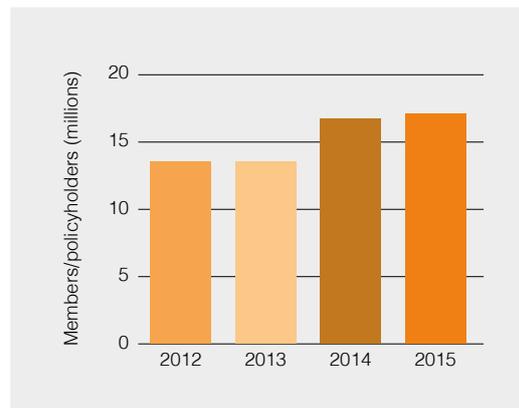


Number of members/policyholders

In 2015, there were more than 17 million members/policyholders of mutual/cooperative insurers in Sweden (see Figure 6).

The overall increase in membership numbers compared to 2012 (13.5 million) was 26.4%. Although the number of member/policyholders had grown year-on-year since 2012, much of this growth was recorded in 2014, with a 24% increase (up from 13.5 million in 2013 to 16.7 million).

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



Assets and investments

The Swedish mutual/cooperative sector held total assets valued at over EUR 200 billion (EUR 226.2 billion) in 2016. Asset values had almost doubled compared to 2007 (EUR 115.4 billion) and had grown annually since a fall in 2008, with the strongest annual growth in 2014.

Aggregate investment assets held by mutual/cooperative insurers followed a similar pattern to total assets. Overall, invested assets rose from EUR 103.9 billion in 2007 to EUR 204.3 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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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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