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International Cooperative and Mutual Insurance Federation

Facts and figures

Mutual and cooperative insurance in Europe
Vol 2

Excerpt: Slovenia

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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 Insurance Supervision Agency – AZN (*Agencija za zavarovalni nadzor*) is an independent legal entity which is the central supervisory institution in the Slovenian insurance industry. The AZN aims to mitigate and eliminate irregularities, protect policyholder interests and facilitate the smooth functioning of the insurance industry in general. It is accountable to the National Assembly for the work it performs.¹ Insurance undertakings that wish to conduct business in the Republic of Slovenia are required to obtain an authorisation from the AZN.²

The Insurance Act of 2015 – Zzavar-1 (*Zakon o zavarovalništvu*) is the law governing the insurance market in Slovenia and transposing Solvency II into national law.³ The Insurance Act – Zzavar-1 includes no exclusion provisions relating to insurance undertakings' size and form. In addition, there are some special legal acts according to line of business, e.g. the Compulsory Motor Third-Party Liability Act, Pension and Disability Insurance Act and the Health Care and Health Insurance Act.

Insurance undertakings in Slovenia can normally not be active in both life and non-life insurance simultaneously.⁴ However, a life insurance undertaking can obtain an authorisation to carry out accident and health insurance.⁵ In addition, insurance undertakings that were active in both classes of insurance (composite companies) on 1 May 2004 can continue their operation in the same way.⁶

An insurance undertaking in Slovenia can be established as:⁷

- a public limited liability company (*Delniška družba*)
- a European public limited liability company (*Evropska delniška družba*)
- a mutual insurance company (*Družba za vzajemno zavarovanje*)

Cooperative insurance is not legally foreseen.

The provisions of the Companies Act apply to insurance undertakings organised as (European) public limited liability companies and *mutatis mutandis* to mutual insurance companies, unless otherwise stipulated in Zzavar-1.⁸

Articles 76-112 of Zzavar-1 contain special provisions in relation to mutual insurance companies, including establishment, articles of association, membership, capital requirements, general meeting and winding up of a mutual insurance company.

¹ AZN's website.

² Article 21(1) of the Insurance Act of 2015 - Zzavar-1.

³ Article 2(5) of Zzavar-1.

⁴ Article 26(2) of Zzavar-1.

⁵ Article 26(3) of Zzavar-1.

⁶ Article 26(5) of Zzavar-1.

⁷ Article 24(1) of Zzavar-1.

⁸ Article 25 of Zzavar-1.

Number of licensed insurance undertakings

In 2015, there were 15 insurance companies active in the Slovenian market, plus two reinsurance companies and three pension companies with their head office in Slovenia.⁹

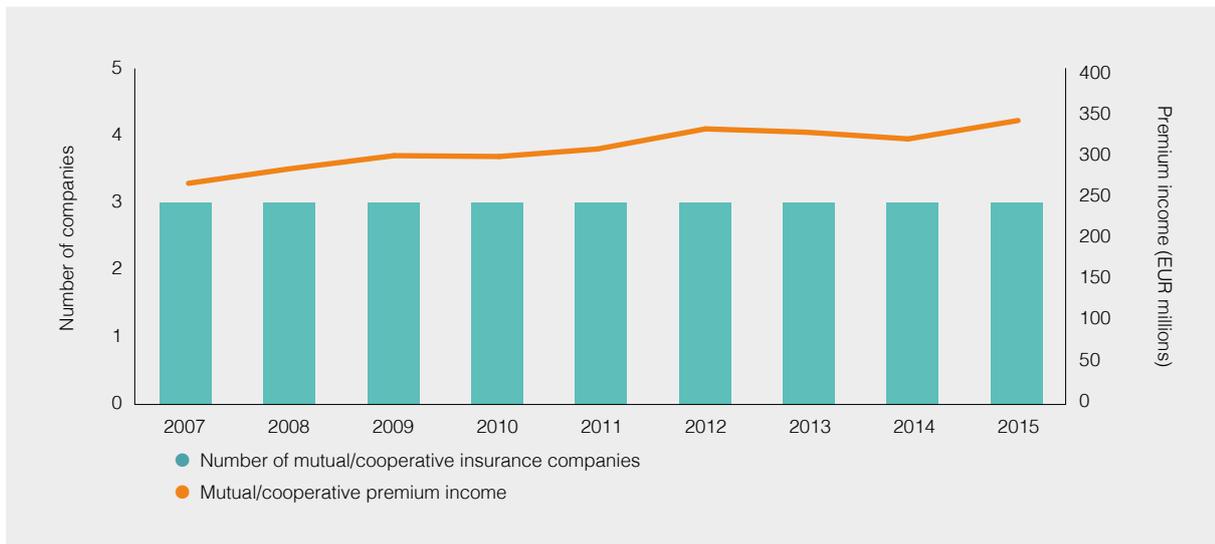
In comparison, there were 14 insurance companies (plus two reinsurance companies and four pension companies) active in the market in 2007.¹⁰

Number of mutual/cooperative insurers

There were only three mutual/cooperative insurers in the Slovenian market in 2015 (see Figure 1). Of these, one was a mutual insurance company in the legal form, accident and health insurer Vzajemna zdravstvena zavarovalnica (Vzajemna Mutual).¹¹ The two others, both composite insurers, were subsidiaries of Austrian mutual/cooperative-type insurers Vienna Insurance Group (VIG) and Grawe.

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 Slovenian insurance market reported aggregate insurance premiums of just under EUR 2 billion in 2015, a growth of 4.3% from 2007 premium levels (EUR 1,894 million). The majority of Slovenian insurance business was written in the non-life sector (71%), with the balance in life insurance (29%).

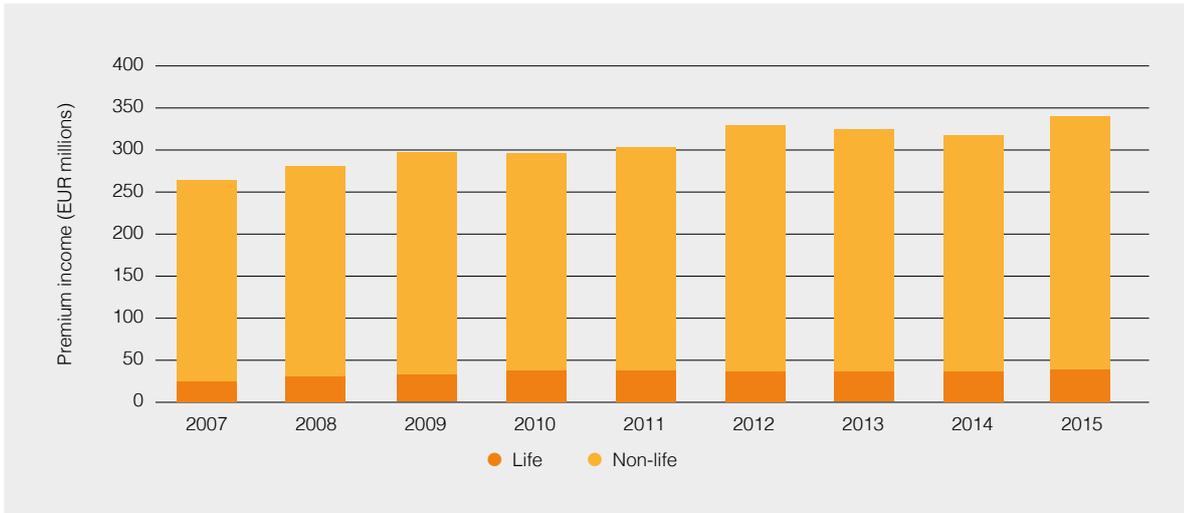
Premium income of mutual/cooperative insurers reached EUR 338 million in 2015, a growth of 28.7% from EUR 263 million in 2007 (see Figure 2). The CAGR of the mutual/cooperative market was 3.2% between 2007 and 2015, significantly greater than the total market average CAGR (0.5%). Almost 90% of mutual/cooperative business was written in the non-life sector, with most of this written in health insurance.

⁹ AZN (2016) *Report of the Insurance Supervision Agency for 2015*.

¹⁰ AZN (2008) *Report on business performance of the insurance industry in 2007*.

¹¹ AZN (2016) *Report of the Insurance Supervision Agency for 2015*.

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



Life

The total Slovenian life insurance market declined by 7.1% between 2007 and 2015, dropping from EUR 609 million to EUR 566 million. The mutual/cooperative sector registered a 54.9% growth in life insurance premiums, albeit from a lower base, during the same period. Premiums increased from EUR 24 million to EUR 38 million in 2015, representing a CAGR of 5.6% compared to the total market CAGR of -0.9%.

Non-life

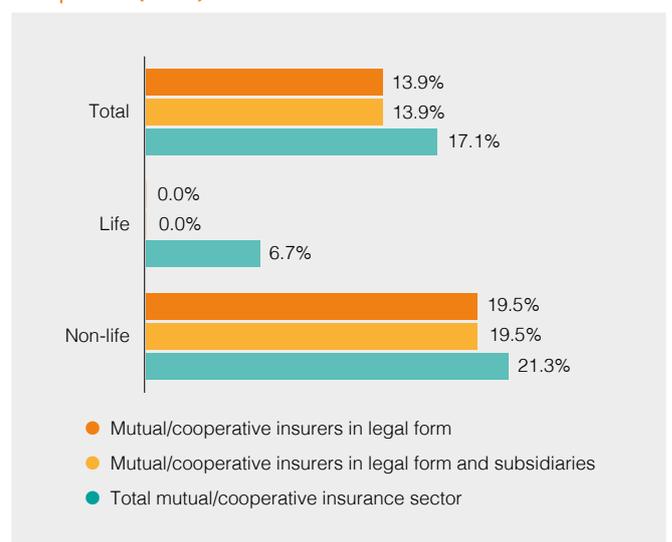
The non-life insurance market was much more consistent than the life market as insurance premiums were almost 10% greater in 2015 (EUR 1,409 million) than to 2007 (EUR 1,285 million). The mutual/cooperative insurance sector outperformed the total market average over this period, premium volumes increasing to EUR 301 million in 2015 from EUR 239 million in 2007 (a total growth of 26.1% and CAGR of 2.9%).

Market share of mutual/cooperative insurance sector

The total market share of Slovenian mutual/cooperative insurers was 17.1% in 2015 (see Figure 3). The mutual/cooperative sector had a higher proportion of the national non-life market at 21.3% in 2015, compared to the life market (6.7%).

Mutual insurers in the legal form held a 13.9% share of the total Slovenian market in 2015 and 19.5% of the non-life sector (there were no legal form mutual insurers or subsidiaries active in the life segment).

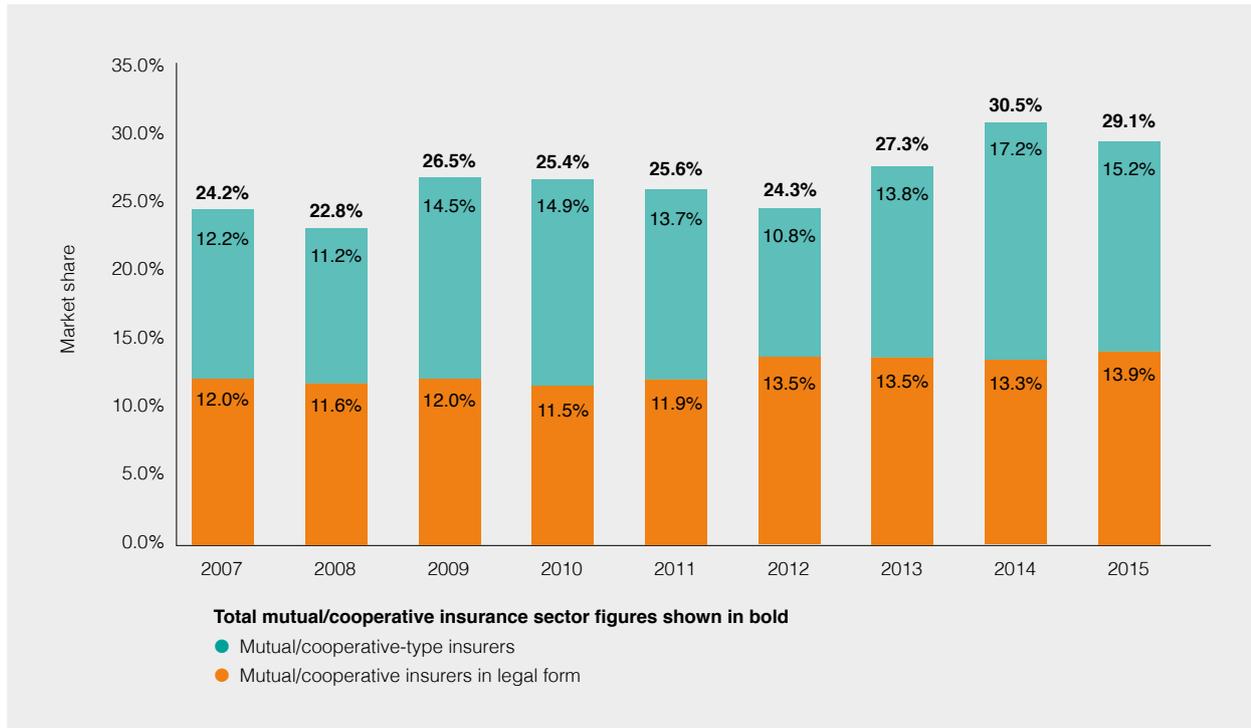
Figure 3
 Market share of mutual/cooperative insurance companies (2015)



The total market share of the mutual/cooperative insurance sector grew steadily in the eight-year period (see Figure 4), gaining a further three percentage points since 2007. Growth was stimulated by legal form mutual insurers as their share of the total market rose to 13.9% in 2015 from 12.0% in 2007.

In the life insurance market, mutual/cooperative-type insurers recorded an increase in their market share, rising from 4.0% in 2007 to 6.7%. In the non-life sector, the mutual/cooperative sector's market share rose from 18.6% in 2007 to a record 21.3% in 2015, boosted by strong growth in 2015 from the previous year (market share in 2014 of 20.0%).

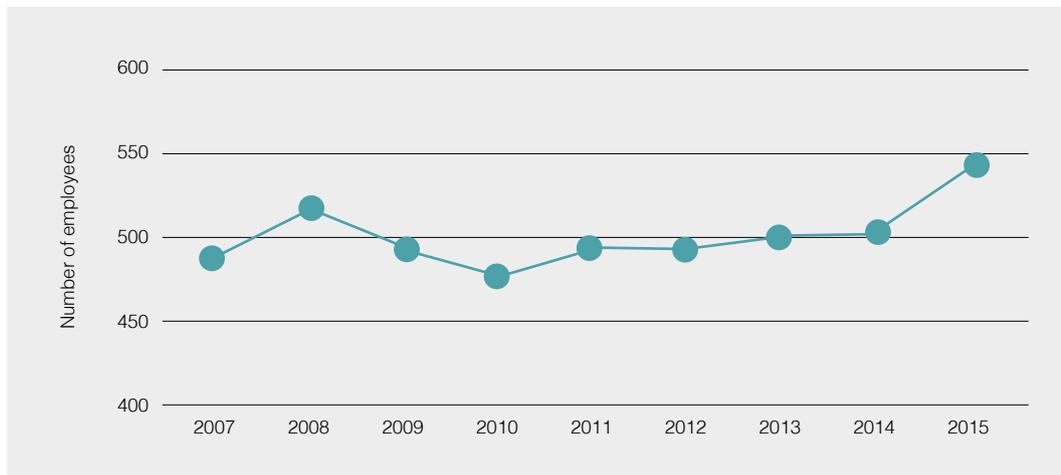
Figure 4
Market share of the mutual/cooperative insurance sector (2007-2015)



Number of employees

There were 544 people in total employed by mutual/cooperative insurance companies in 2015 (see Figure 5). This figure was 11.7% greater than the number of people employed by the sector in 2007 (487).

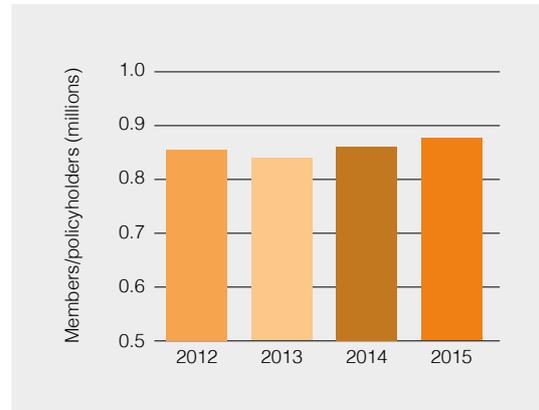
Figure 5
Number of employees of the mutual/cooperative insurance sector (2007-2015)



Number of members/policyholders

Just under one million people were members or policyholders of Slovenian mutual/cooperative insurance companies in 2015 (see Figure 6). There was little change in the number of members/policyholders since 2012, with a moderate growth of 2.6% in membership numbers over the three-year period.

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

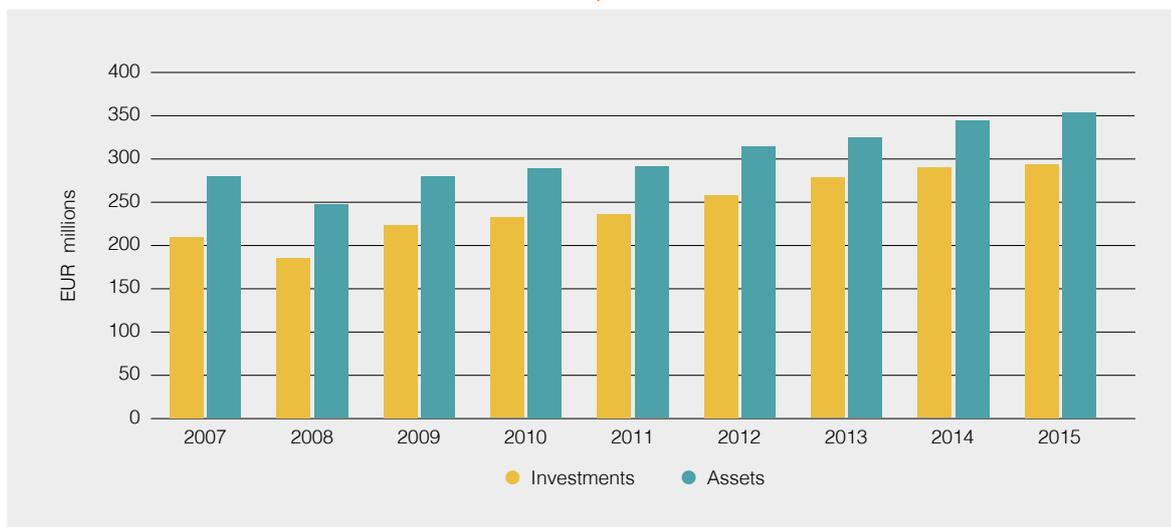


Assets and investments

Total assets held by Slovenian mutual/cooperative insurance companies topped EUR 350 million for the first time in 2015 (EUR 353 million). Asset values were 26% greater compared to 2007 (EUR 279 million) and had grown at a CAGR of 3.0%.

Investments of the mutual/cooperative sector, which accounted for 83% of total assets held, saw stronger growth over the eight-year period. Invested assets were valued at EUR 293 million in 2015, a greater than 40% increase from 2007 (EUR 209 million).

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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