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International Cooperative and Mutual Insurance Federation

Facts and figures

Mutual and cooperative insurance in Europe
Vol 2

Excerpt: Slovakia

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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 National Bank of Slovakia – NBS (*Národná banka Slovenska*) is responsible for the supervision and regulation of the insurance sector in Slovakia.¹ Insurance undertakings in Slovakia are required to obtain an authorisation from the National Bank in order to be able to conduct insurance business.²

The primary law governing the insurance market in Slovakia is Act No 39/2015 of 3 February 2015 on insurance and amending certain laws – Insurance Act (*Zákon č. 39/2015 Z. z. o poisťovníctve a o zmene a doplnení niektorých zákonov*). The Insurance Act of 2015 transposes the provisions of Solvency II into Slovakian law.³ However, it does not contain a special regime for small insurance undertakings, as provided for under Article 4 of Solvency II.

The Insurance Act excludes the following operations from its scope:⁴

- public health insurance.
- social insurance.
- operations carried out by entities not having a legal personality for the purpose of providing mutual coverage for their members without there being any payment of insurance premiums or creation of technical provisions.
- operations of provident and mutual-benefit institutions whose benefits vary according to the resources available and which require each of their members to contribute at the appropriate flat rate.

Insurance undertakings cannot provide both life and non-life insurance services simultaneously, except in the case of life insurers providing accident and sickness insurance.⁵ The management of life and non-life businesses must be separate.⁶

An insurance undertaking in Slovakia can be established as:

- a joint-stock company (*Akciová spoločnosť*)
- a European Company (*Európska spoločnosť*)

Mutual or cooperative insurance is not legally foreseen under Slovakian law.

¹ NBS's [website](#).

² Article 7(1) of Act No 39/2015 of 3 February 2015 on insurance and amending certain laws – Insurance Act.

³ Paragraph 2 of Annex II to the Insurance Act.

⁴ Article 3 of the Insurance Act.

⁵ Article 6(7) of the Insurance Act.

⁶ Article 73(1) of the Insurance Act.

Number of licensed insurance undertakings

In 2015, there were 22 insurance undertakings⁷ present on the Slovakian market, of which three were life insurance companies, five were non-life insurance companies and 14 were composite insurance companies. This total figure comprised 15 domestic insurance companies⁸ and seven branches of foreign insurance undertakings.

In comparison, there were 24 insurance companies in Slovakia in 2007. Of these, five were life insurers, five were non-life insurers and 14 were composite insurers. There was only one branch of a foreign insurance company present in the Slovakian market in 2007; in that year, 23 of the insurance undertakings were domestic insurance companies.

Number of mutual/cooperative insurers

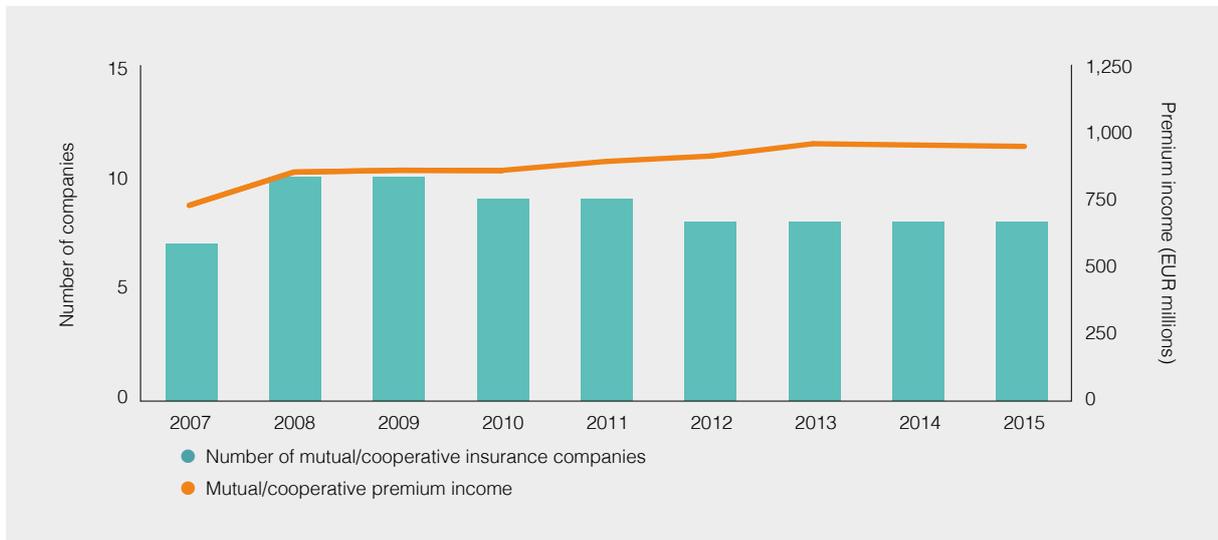
There were eight mutual/cooperative insurance companies operating in Slovakia in 2015. The majority of these (six) were composite insurers, plus one life insurer and one non-life insurer.

Six of the eight mutual/cooperative insurance companies were domestic insurance companies, while two were branches of foreign (mutual/cooperative) insurance companies.

There were no mutual/cooperative insurers in the legal form in the Slovakian market. The majority of mutual/cooperative insurers present were subsidiaries of foreign mutual/cooperative-type insurers. However, there was one subsidiary of a (foreign) mutual/cooperative insurer in the legal form present in the Slovakian market in 2015.⁹

In 2007, there were seven mutual/cooperative insurers active (see Figure 1). Six of these were composite insurers and one was a non-life insurer.

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



⁷ Slovak Insurance Association – SLASPO (*Slovenská asociácia poisťovní*) website, *Insurance coverage*.

⁸ Of the 15 domestic insurance companies, 14 were joint stock companies. The other company was the Slovak Insurers' Bureau (*Slovenská kancelária poisťovateľov*) which was established by virtue of the Act No. 381/2001 to provide "Frontier Insurance", a liability insurance invoked in case of damages caused by the operation of a foreign motor vehicle on the territory of the Slovakia and other EEA Member States.

⁹ Groupama poisťovňa a.s. (a branch of a foreign insurance undertakings) was a subsidiary of French mutual insurer, Groupama (which entered the Slovakian market in 2008).

Size and growth of the mutual/cooperative insurance sector

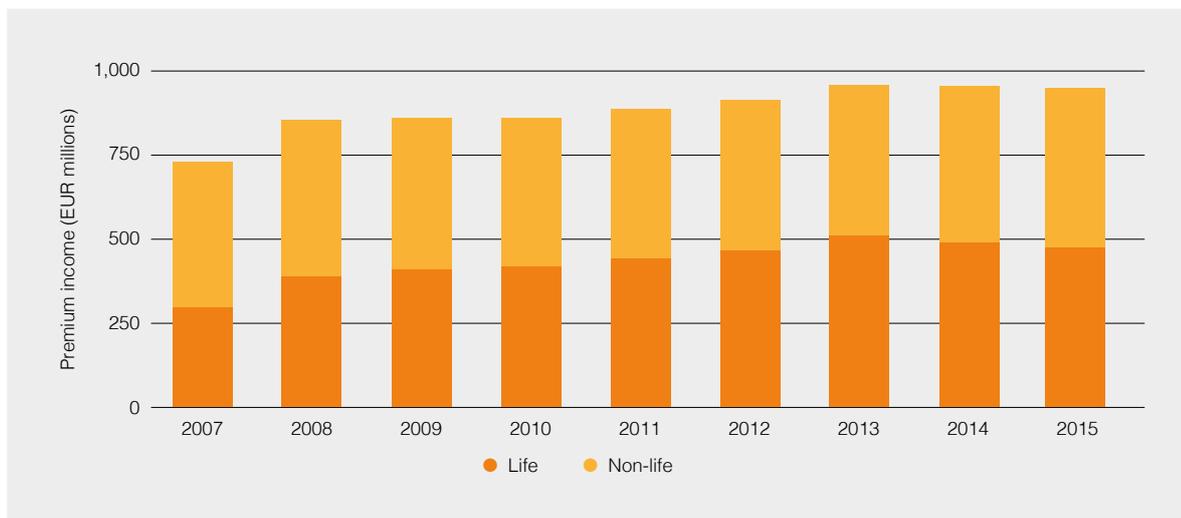
Total

The insurance sector in Slovakia wrote just under EUR 2 billion in premium revenue in 2015, of which EUR 0.9 billion was written in life business and EUR 1.1 billion was written in non-life business. In terms of growth, the Slovakian market has seen modest development since 2007, as premium volumes were only 4.0% greater than in 2007 (EUR 1.9 billion).

Collectively, mutual/cooperative insurers in Slovakia reported premium levels of EUR 947 million in 2015, evenly split between the life and non-life segments (see Figure 2). The mutual/cooperative sector experienced an overall growth of 30.4% from 2007 (EUR 727 million), representing a CAGR of 3.4%; almost three percentage points stronger than the CAGR of the total market (0.5%).

Figure 2

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



Life

Life insurance premiums of Slovakian insurers totalled EUR 883 million in 2015, a growth of 4.8% compared to 2007 (EUR 842 million).

The mutual/cooperative sector wrote EUR 472 million in life premiums in 2015, registering a total increase of almost 60% from 2007 levels (EUR 296 million). The CAGR of the mutual/cooperative sector during this period was 6.0%, compared to a total market average of just 0.6%.

Non-life

The total non-life market in Slovakia saw a moderate growth between 2007 and 2015, increasing by a total of 3.4% (CAGR of 0.4%) in the eight years.

In comparison, the mutual/cooperative market experienced a 10.3% growth over the same period (1.2% CAGR), as premium volumes grew to EUR 475 million in 2015 (from EUR 431 million in 2007).

Market share of mutual/cooperative insurance sector

Slovakia was one of the largest European markets in terms of total mutual/cooperative market share, in both the life and non-life sectors. In the total market, collective market share was 47.8% in 2015 (see Figure 3). Mutual/cooperative insurers accounted for more than half (53.5%) of the Slovakian life market, and in non-life business the mutual/cooperative sector's market share was 43.3%.

Subsidiaries of mutual/cooperative insurers in the legal form held just 0.3% share of the total market in 2015. In life business, market share was minimal at 0.1%, and in non-life insurance this was slightly higher at 0.4%.

Between 2007 and 2015, the mutual/cooperative sector has consistently grown its share of the total market, rising from a 37.6% share in 2007 to a record level in 2015 (see Figure 4).

The main contributor to the overall increase in market share was in life business, as mutual/cooperative market share gained a further 18 percentage points of the market from 2007 levels (from a 35.1% share). Mutual/cooperative share in the non-life market also increased compared to a 40.6% share in 2007.

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

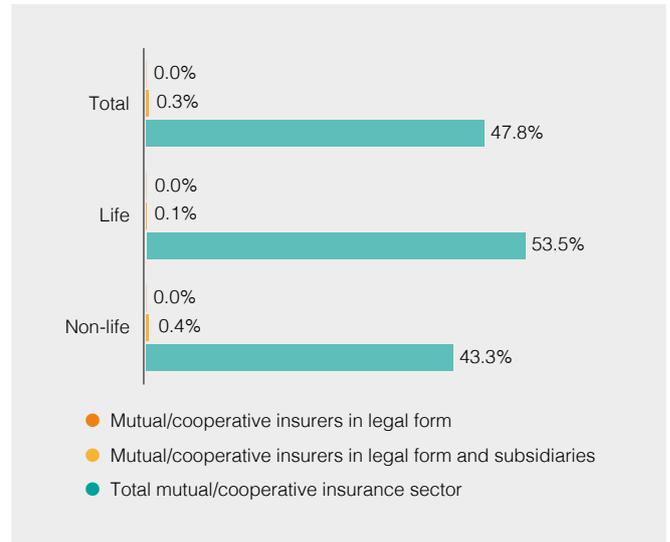
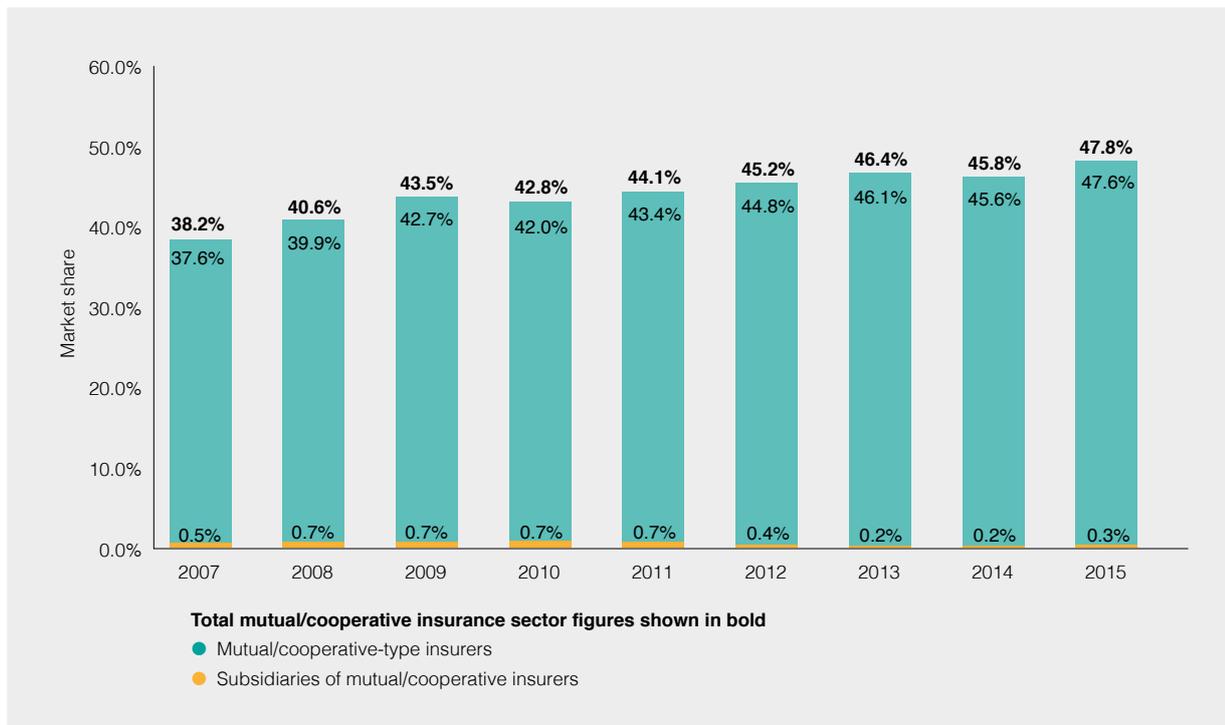


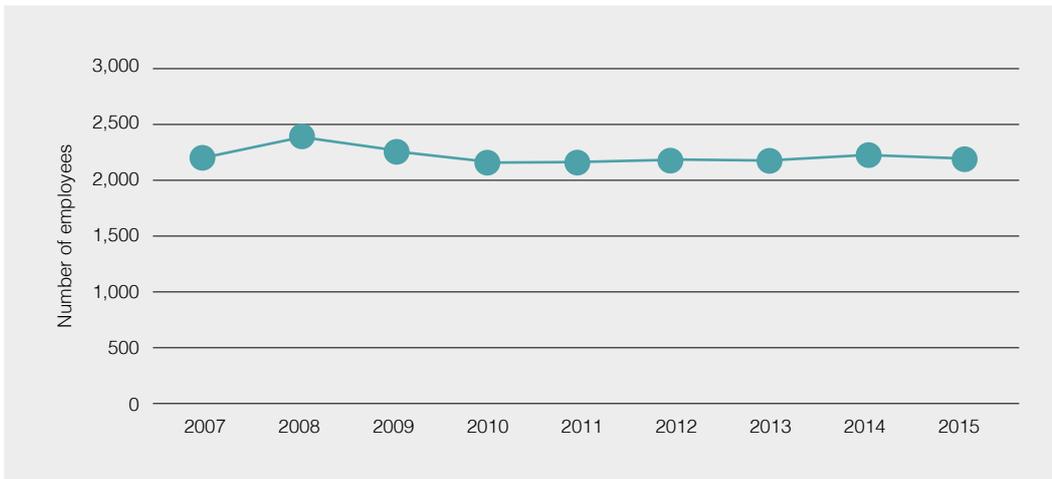
Figure 4
Market share of the mutual/cooperative insurance sector (2007-2015)



Number of employees

The number of people employed by the Slovakian mutual/cooperative insurance sector has remained relatively constant since 2007 (see Figure 5). In 2015, almost 2,200 people were employed by mutual/cooperative insurers.

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

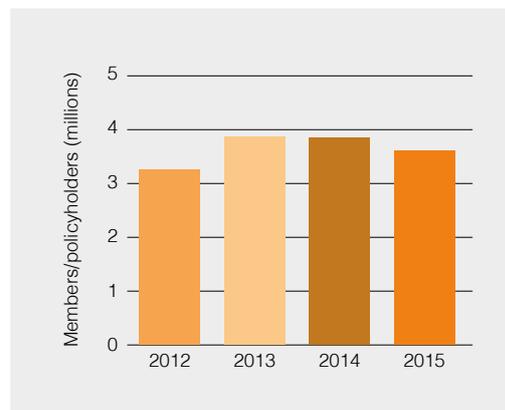


Number of members/policyholders

In 2015, there were 3.6 million members/policyholders* of mutual/cooperative insurers in Slovakia (see Figure 6).

Compared to 2012, there has been a growth of 0.3 million members/policyholders (equivalent to 11.1%).

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



* See methodology.

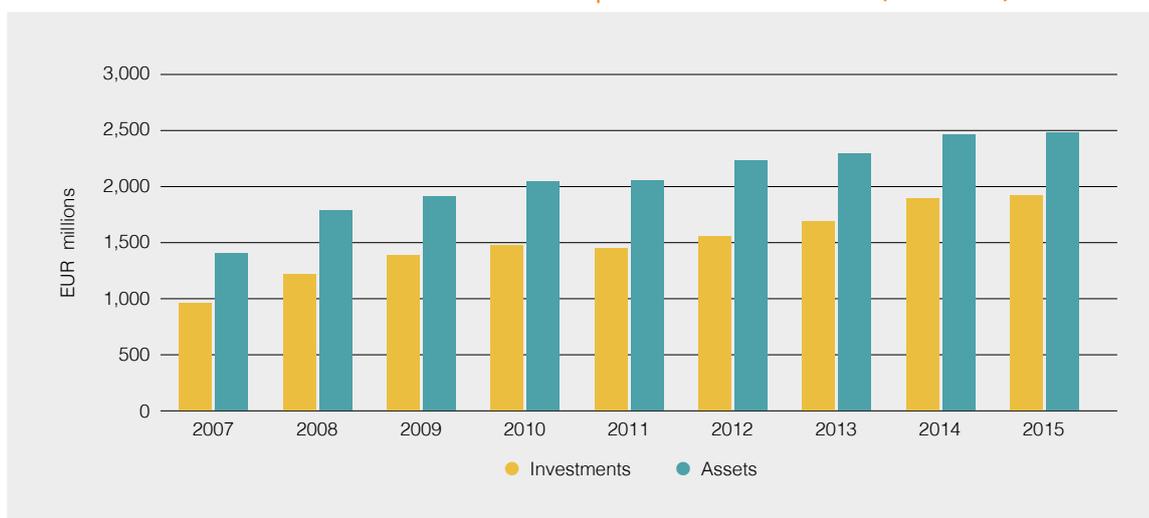
Assets and investments

Aggregate assets of the mutual/cooperative insurers in Slovakia grew year-on-year between 2007 and 2015 (see Figure 7), rising from EUR 1.4 billion to EUR 2.5 billion (a total increase of 76.5%).

The mutual/cooperative sector held EUR 1.9 billion in investment assets in 2015. This figure was double the amount of investments held in 2007 of EUR 959 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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