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International Cooperative and Mutual Insurance Federation

Facts and figures

Mutual and cooperative insurance in Europe
Vol 2

Excerpt: Poland

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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 Polish Financial Supervision Authority – KNF (*Komisja Nadzoru Finansowego*) supervises the financial market in Poland, including the insurance market.¹ It commenced its activities in 2006 and is itself supervised by the President of the Polish Council of Ministers. The pursuit of insurance business in Poland requires KNF authorisation.²

The Law of 11 September 2015 on Insurance and Reinsurance Activity – Insurance Law (*Ustawa z dnia 11 września 2015 r. o działalności ubezpieczeniowej i reasekuracyjnej*) is the primary legislation governing the insurance industry in Poland and transposing Solvency II into national law. The Insurance Law adopts the definitions regarding small insurance undertakings set out in Article 4 of Solvency II for small joint-stock companies in Poland. These small joint-stock companies are exempt from the general provision on minimum capital requirements.³ On the other hand, small mutual insurance companies are defined as having a limited scope of activity, only insuring their members and having a limited annual gross written premium and technical provisions. Small mutual insurance companies are exempt from the general provisions concerning supplementary and reserve capital, share capital, solvency capital and minimum capital requirements.⁴

The Insurance Law applies to insurance undertakings which provide assistance in the event of accident or breakdown of motor vehicles but does not apply to other types of entities providing this type of assistance, subject to the conditions set out under Article 2 of the Insurance Law.⁵

Insurance companies cannot simultaneously perform both life and non-life activities.⁶ The Insurance Law does not provide any exceptions to this rule.

An insurance undertaking can have one of the following legal forms:⁷

- a joint-stock company (*spółka akcyjna*)
- a mutual insurance company (*towarzystwo ubezpieczeń wzajemnych*)
- a European Company (*spółka europejska*)

Cooperative insurance is not legally foreseen.

Mutual insurance companies can be active in life and non-life insurance. Chapter 5 of the Insurance Law contains special provisions on mutual insurance companies. These provisions relate to aspects including membership, share capital, management and authorisation.

¹ KNF's [website](#).

² Article 7(1) of the Law on Insurance and Reinsurance Activity – Insurance Law.

³ Article 101 of the Insurance Law.

⁴ Article 109 of the Insurance Law.

⁵ Article 2 of the Insurance Law.

⁶ Article 9 of the Insurance Law.

⁷ Article 6(1) of the Insurance Law.

Number of licensed insurance undertakings

In 2015, 57 domestic insurance undertakings⁸ were authorised to conduct insurance activities in Poland.⁹ Among these, 27 were life insurance companies and 30 were non-life insurance companies (including one reinsurance company).

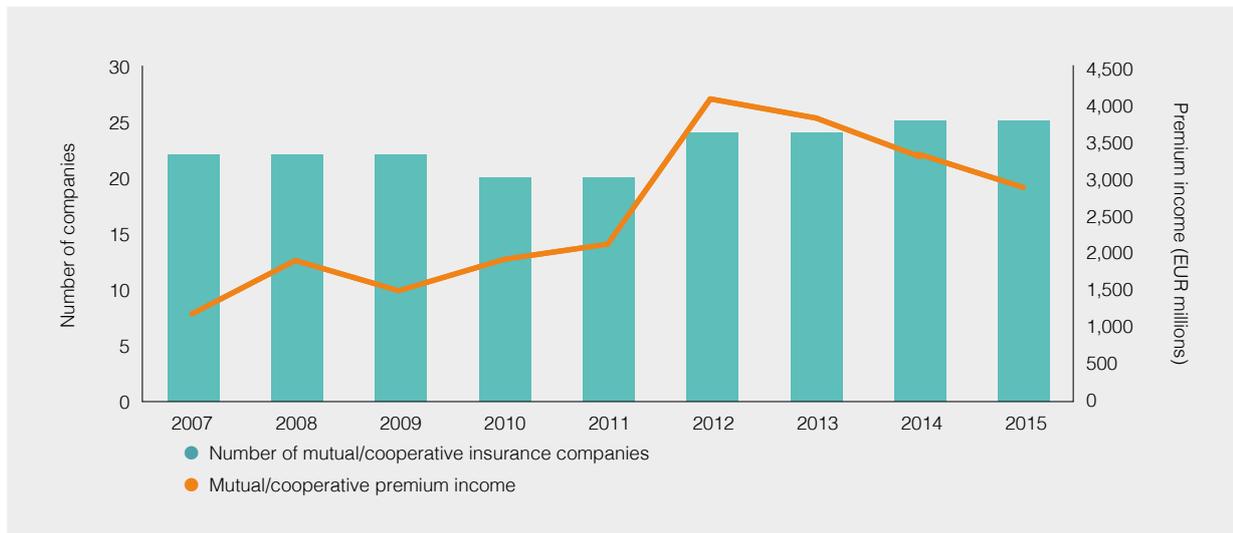
By comparison, there were 66 domestic insurers actively conducting business in 2007, 31 companies were life insurers and 35 companies were non-life insurers.¹⁰

Number of mutual/cooperative insurers

There was a total of 25 mutual/cooperative insurance companies present in the Polish market in 2015, of which 11 were life insurance undertakings and 14 were non-life insurance undertakings. Nine of these companies were mutual/cooperative insurers in the legal form: two life insurers and seven non-life insurers.¹¹

The total number of mutual/cooperative insurers active in Poland had increased by three companies since 2007 (see Figure 1). The number of mutual/cooperative insurers in the legal form was the same in 2007 compared to 2015. The number of mutual/cooperative-type insurers present in Poland saw an increase over this period, rising from seven to 12.

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

In 2015, the total premium income of the Polish insurance industry amounted to EUR 12.7 billion, of which EUR 5.3 billion was in life insurance and EUR 7.5 billion was in non-life insurance. Since 2007, the total insurance market recorded an overall growth of 24.1%,¹² rising from EUR 11.3 billion.

⁸ In addition, there were 640 foreign insurance companies notified in Poland (see Central Statistical Office – GUS (2016) *Polish Insurance Market 2015*). Branches of foreign insurance companies are not subject to the Polish reporting requirements and do not submit financial statements to the KNF.

⁹ KNF (2015) *Quarterly Bulletin. Insurance Market 4/2015*.

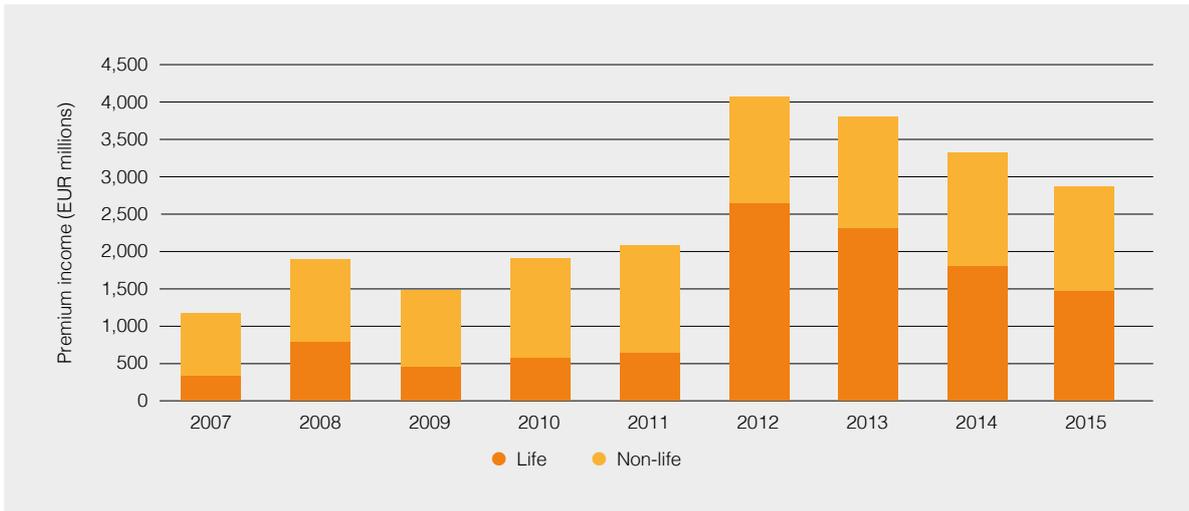
¹⁰ GUS (2008) *Insurance Companies 2006–2007*.

¹¹ Includes TUW Medicum, which was authorised by KNF on 20 October 2015 (although it did not issue its first insurance policy until March 2016).

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

Mutual/cooperative insurers in Poland had an aggregate premium income of EUR 2.9 billion in 2015, roughly evenly split between life and non-life business (see Figure 2). Despite three years of premium decline since 2012, annual premium volumes in 2015 were more than double compared to 2007 (EUR 1.2 billion), resulting in a CAGR of 13.3% during this period – more than 10 percentage points higher than the total market CAGR of 2.7%. The largest annual increase in premium levels occurred in 2012 (surging to EUR 4.0 billion from EUR 2.1 billion in 2011) largely due to three major acquisitions by foreign mutual/cooperative insurers.¹³

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



Life

Life insurance premiums in Poland were marginally higher (0.4%) in 2015 compared to 2007, although growth premium levels have fluctuated over this period. However, the depreciation of the zloty resulted in an overall decline of 9% in euro values since 2007 (EUR 5.8 billion).

Mutual/cooperative life insurers have outperformed the rest of the life market since 2007, growing to EUR 1.5 billion in premiums in 2015, from just EUR 331 million. As a result, the CAGR of the mutual/cooperative life sector (21.9%) was significantly greater than the total market (0.1%).

Non-life

Growth in the Polish non-life market was far stronger than the life sector, as premium volumes increased by 49% between 2007 (EUR 5.5 billion) and 2015 (EUR 7.5 billion).

Mutual/cooperative insurers reported non-life premium levels of EUR 1.4 billion in 2015. This represented an overall growth of 85% from 2007 levels (EUR 833 million), equivalent to a CAGR of 8.0%, ahead of the total market average (5.1%).

¹³ Talanx AG (Germany) and Meiji Yasuda (Japan) jointly acquired the Europa Insurance Group and Open Life, completed June 2012; Vienna Insurance Group (Austria) acquired 92% of Polisa Life, completed June 2012; and Gothaer (Germany) acquired a further controlling stake in Polskiego, completed October 2012.

Market share of mutual/cooperative insurance sector

Overall, the Polish mutual/cooperative sector represented 22.5% of the market in 2015 (see Figure 3). Mutual/cooperative insurers held a higher market share of national life business (27.8%) compared to the non-life market (18.7%).

In the legal form, the total mutual/cooperative market share in 2015 was 3.0%. Including subsidiaries of mutual/cooperative insurers in the legal form, this rose to 4.4%. In the non-life market, legal form mutual/cooperative insurers held a 5.0% share (7.0% including subsidiaries). However, in comparison, their share of the life market was much lower at 0.2% (0.7% including subsidiaries).

The total Polish mutual/cooperative sector experienced a sizeable gain in market share, rising from 10.4% in 2007 (see Figure 4). The largest growth in market share was in 2012, increasing to 27.4% (from 15.3% in 2011). The market share of mutual/cooperative insurers in the legal form has also increased since 2007, growing from 1.1% in 2007.

The mutual/cooperative life market saw the largest gain in market share between 2007 and 2015, increasing from 5.7%. In non-life business, mutual/cooperative share rose from 15.0% to 18.7% over the same period.

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

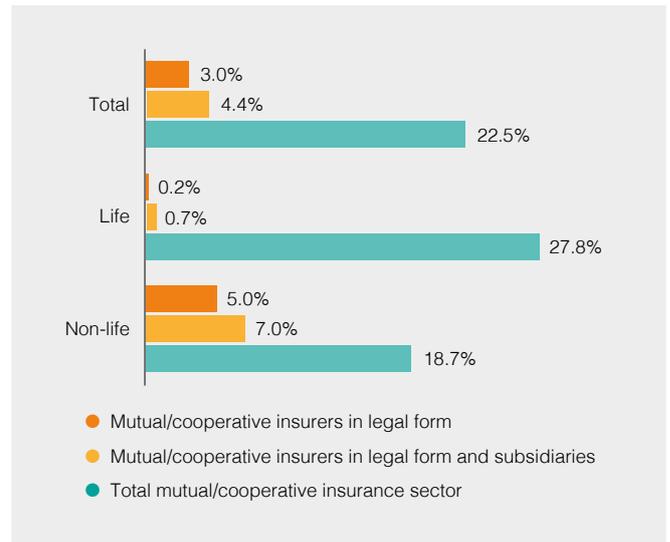
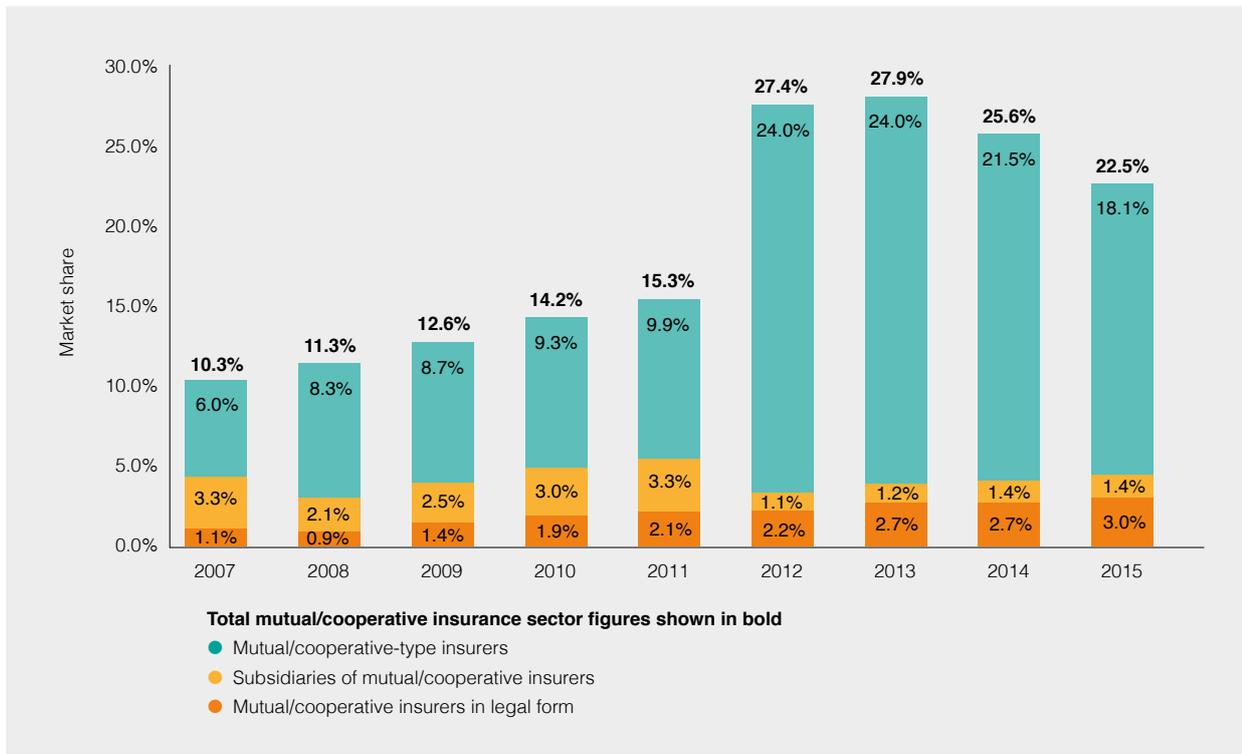


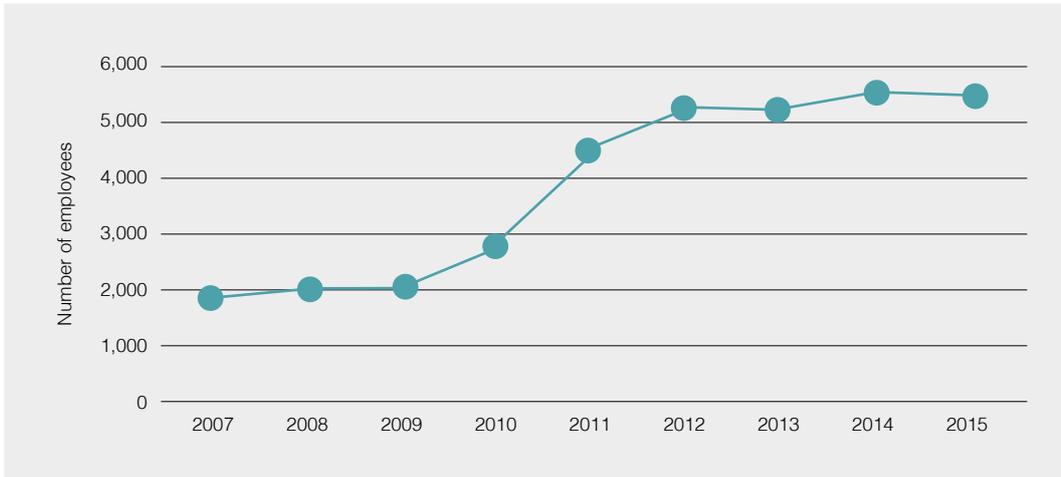
Figure 4
Market share of the mutual/cooperative insurance sector (2007-2015)



Number of employees

The total number of people employed by the mutual/cooperative sector in Poland grew sharply between 2009 and 2012 (see Figure 5), leading to employment figures in 2015 (5,500 people) being twice the level in 2007 (1,855).

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

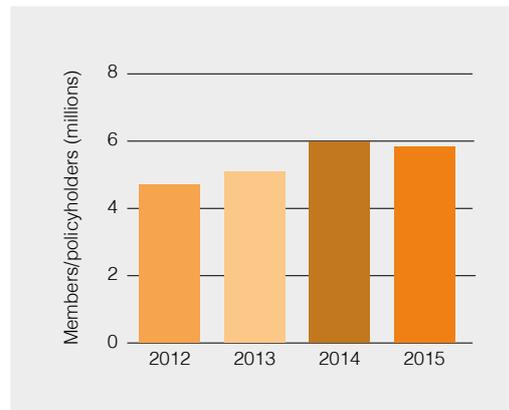


Number of members/policyholders

A total of 5.8 million members/policyholders were served by Polish mutual/cooperative insurers in 2015 (see Figure 6).

Membership numbers increased between 2012 (4.7 million) and 2014 (6.0 million), although they fell by 0.2 million in 2015. Despite this, the overall increase in 2015 compared to 2012 was 23.5%.

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



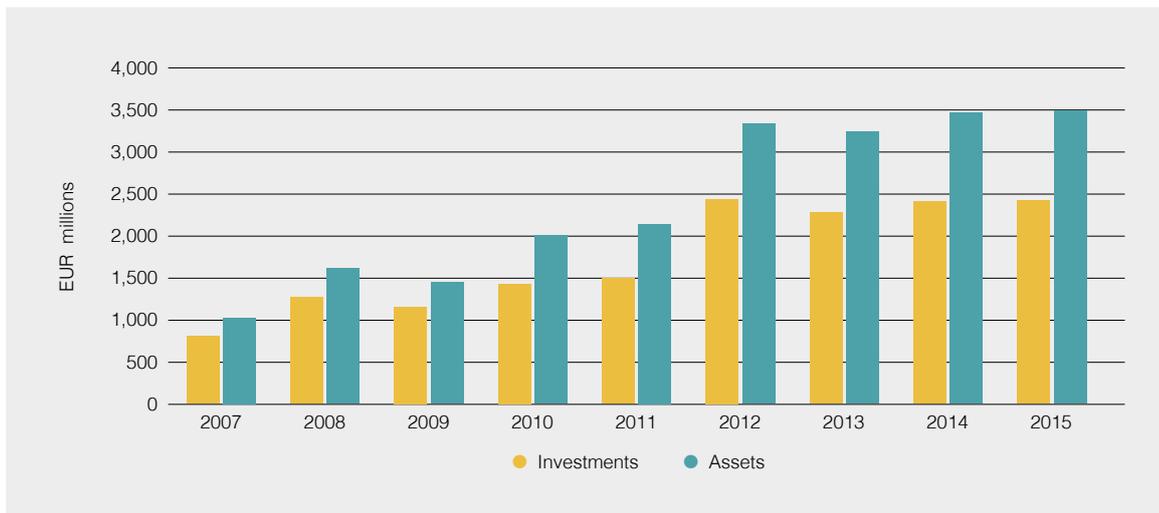
Assets and investments

Polish mutual/cooperative insurers reported a record level of total assets in 2015 of EUR 3.4 billion, a significant increase from just over EUR 1 billion worth of assets held in 2007 (see Figure 7).

The total amount of invested assets held by the mutual/cooperative sector also grew by a similar amount compared to 2007 figures, increasing to EUR 2.4 billion in 2015 from EUR 0.8 billion in 2007.

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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