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International Cooperative and Mutual Insurance Federation

Facts and figures

Mutual and cooperative insurance in Europe
Vol 2

Excerpt: Netherlands

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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 Dutch supervisory model for the financial markets, known as the Twin Peaks model, relies on two supervisory authorities: The Dutch Authority for the Financial Market – AFM (*Autoriteit Financiële Markten*) which is the supervisory authority for the conduct-of-business supervision of insurance undertakings;¹ and the Dutch Bank – DNB (*De Nederlandsche Bank*) which is responsible for the prudential supervision of financial institutions, including insurance undertakings.² Insurance undertakings are prohibited from carrying out the business of insurance without a licence granted for that purpose by the DNB.³

The Financial Supervision Act of 28 September 2006 – Wft (*Wet op het financieel toezicht*) governs the supervision of almost the entire financial sector in the Netherlands, including the insurance sector. Solvency II was implemented into Dutch law by the Act implementing the Solvency II Directive,⁴ the Omnibus II Implementation Act⁵ and the Decree implementing the Solvency II Directive and Regulation.⁶ The Wft was amended accordingly in order to introduce the Solvency II requirements. The implementing legislation came into force on 1 January 2016.

Reflecting Article 4 of Solvency II, certain small insurers may be exempted from DNB supervision. This exemption⁷ only applies to small funeral service insurers and small non-life insurers that do not offer insurance services in the sectors of liability of motor vehicles, road transport, air vehicles, sea and inland vessels, general liability, credit risks and bail risks. These insurers must have an annual gross premium not exceeding EUR 2 million and technical provisions not exceeding EUR 10 million.⁸ If the insurer is part of a group, the total technical provisions shall not exceed EUR 25 million and no other insurer within Solvency II falls within the group. The reinsurance activities shall not exceed EUR 500,000 of the gross written premium income or EUR 2.5 million of the technical provisions or do not represent more than 10% of the gross written premium income or technical provisions.

The insurer may not pursue any business other than the non-life insurance or funeral services business, with the exception of trading activities arising from that business and activities in the context of non-life reinsurance or funeral services reinsurance.

The following additional conditions apply to a non-life insurer:

- The insurer may not take out insurance with a coverage of more than EUR 12,500 per beneficiary per potential claim.
- The insurer may not insure a war disaster.

For a funeral expenses and benefits in kind insurer the following additional condition applies:

- The insurer may not take out insurance with a coverage of more than EUR 12,500 per death.

¹ AFM's [website](#).

² DNB's [website](#).

³ Article 2:27(1) of the Financial Supervision Act – Wft.

⁴ Act of 13 December 2012 amending the Financial Supervision Act and the Civil Code to implement the Solvency II Directive and the introduction of a regime based on this for certain smaller insurers (*Wet van 13 december 2012 tot wijziging van de Wet op het financieel toezicht en het Burgerlijk Wetboek ter implementatie van de richtlijn solvabiliteit II en invoering van een daarop gebaseerd regime voor bepaalde kleinere verzekeraars*).

⁵ Act of 24 June 2015 implementing Omnibus II Directive (*Implementatiewet Omnibus II-richtlijn*).

⁶ Decree of 10 July 2015 implementing Solvency II Directive and Regulation (*Implementatiebesluit richtlijn en verordening Solvabiliteit*).

⁷ Article 1f(1) of the Exemption Regulation Wft (*Vrijstellingsregeling Wft*) in relation to Article 2:48(1) of Wft.

⁸ DNB's website, [Exemption from the authorisation requirement](#).

Funeral and funeral expenses and benefits in kind insurers which meet the exemption conditions are exempted from the prohibition to perform insurance activities without a licence from the DNB. For exempt insurers, the rule remains that the company must be a public limited company, mutual insurance company or a European company. Finally, an exemption from DNB supervision does not mean that the insurer is also automatically exempted from supervision by the AFM. In order to be able to advise or mediate as an insurer, the obligation to obtain a licence from the AFM remains.⁹

The Wft excludes from its scope the following operations:¹⁰

- operations of the Social Insurance Bank (*Sociale Verzekeringsbank*).
- operations of the Employee Insurance Agency (*Uitvoeringsinstituut Werknemersverzekeringen*).
- mutual insurance companies with their registered office in the Netherlands and companies based on mutual relationships with their registered office outside the Netherlands that only carry out non-life insurance with regard to damage cause by or arising from armed conflict, civil war, insurrection and riots.
- companies that only pursue activities in the assistance sector and only provide cover in the event of an accident or defect to a motor vehicle (subject to certain conditions).

An insurance undertaking in the Netherlands can operate as:¹¹

- a joint-stock company (*naamloze vennootschap*)
- a mutual insurance company (*onderlinge waarborgmaatschappij*)
- a European Company (*Europese vennootschap*)

According to the Civil Code of the Netherlands, the purpose of mutual insurance companies is to conclude insurance agreements with their members in the course of their insurance business, which they conduct for the benefit of their members.¹² Mutual insurance companies are permitted to operate in either life or non-life insurance classes. Title 3 of Book 2 of the Civil Code contains special provisions on the establishment and management of mutual insurance companies.

Although the cooperative form exists in the Netherlands and is governed by Title 3 of Book 2 of the Civil Code, cooperative insurance is not specifically foreseen under Dutch law.

Number of licensed insurance undertakings

In 2015, there was a total of 188 insurance companies under supervision by the DNB present in the Dutch market. Of these, 65 were life insurers, comprising 39 life insurance companies and 26 in-kind benefits and funeral expenses insurance undertakings. The remaining 123 insurance companies present in 2015 were non-life insurers.

The Dutch insurance market experienced significant consolidation since 2007, and as a result, the total number of insurance companies under supervision fell from 352 undertakings (a decline of 47%). In 2007, there were 109 life insurance companies (73 life insurers and 36 funeral insurers) and 243 non-life insurance companies.

⁹ Unless the insurer is also exempted from this requirement.

¹⁰ Article 1:6 of the Wft.

¹¹ Article 3:20 of the Wft.

¹² Article 53(2) of Title 3 of Book 2 of the Civil Code.

Number of mutual/cooperative insurers

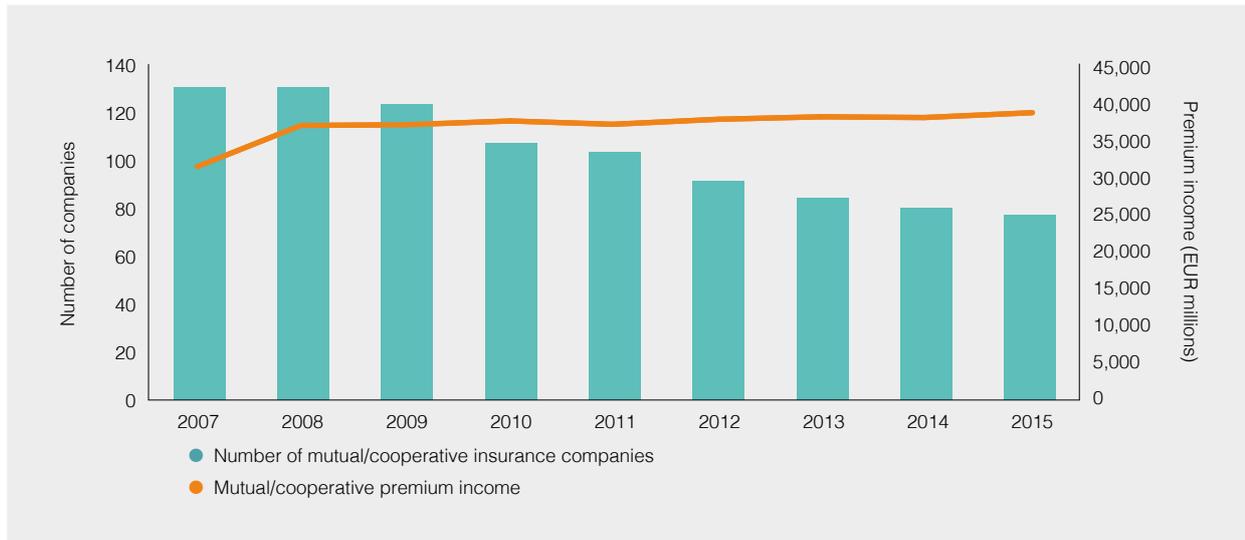
In 2015, 77 mutual/cooperative insurers were active in the Dutch market, comprising 25 life insurers (including 18 funeral insurers) and 52 non-life insurers. The number of mutual/cooperative insurers in the legal form totalled 60 in 2015, with 21 life insurers and 39 non-life insurers.

The number of mutual/cooperative insurance undertakings present in the Dutch market declined since 2007 (see Figure 1), with a loss of 53 mutual/cooperative insurers from 2007 (130 insurers), representing a 41% decrease. These were mostly non-life insurers, for whom the numbers fell by 47% from 99 undertakings in 2007.

The total number of mutual/cooperative insurers in the legal form had also fallen by a similar proportion (–48%), down from 108 insurers in 2007.

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

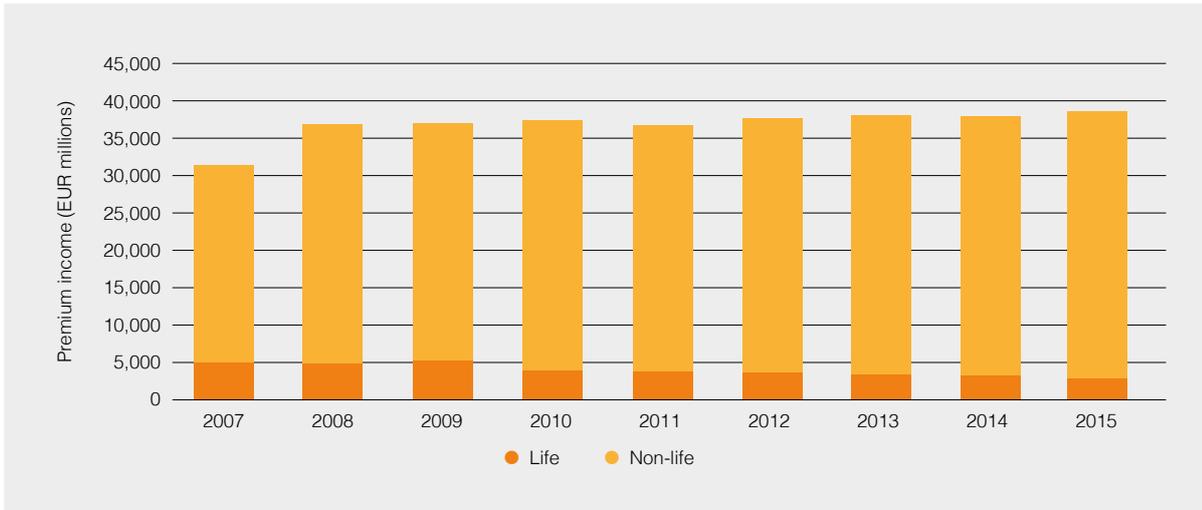
Total

The Dutch insurance market was the fifth largest in Europe in 2015. In total, EUR 72.6 billion of insurance premiums were written in 2015. The majority (78%) of this was written in the non-life sector (EUR 56.6 billion), with a relative lower amount of life insurance written in the Netherlands (EUR 16.0 billion). In fact, the Dutch non-life market ranked as the fourth largest in Europe in 2015, while its life insurance market only ranked as the 12th largest.

Premium growth of the Dutch insurance market has fluctuated since 2007, with four years of annual premium growth and four years of contraction. Overall, premium development has been flat as total volumes in 2015 were 2.5% lower in comparison with 2007 (2007: EUR 74.5 billion).

The mutual/cooperative insurance sector in the Netherlands reported EUR 38.5 billion in insurance premiums in 2015 (see Figure 2). Almost 93% of this business was written in the non-life sector. In terms of growth, premium revenues had risen by a total of 23.2% since 2007 (EUR 31.2 billion), equating to a CAGR of 2.6% (compared to a market average CAGR of -0.3%). However, the majority of the premium growth over this period was concentrated in 2008 (annual growth of 17.7%), with a stagnation in growth rates in the following years.

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



Life

Since 2007, the total Dutch life market has suffered due to increased competition from tax-efficient bank saving (*banksparen*) products, leading to an overall premium decrease of 39.3%.

The premium decay was in the first place caused by the usury affair (*woekerpolisaffaire*) caused by high and concealed costs, disappointing results on the stock market and a number of special effects (> 2006). The Dutch government has intervened by making bank savings fiscally attractive (2008). This led to a sharp fall in premium that was further reinforced by the economic crisis.

As a result, the Netherlands has fallen from being the sixth largest life insurance market in Europe in 2007 (EUR 26.4 billion).

The mutual/cooperative life sector has also suffered in the period since 2007, with premium volumes declining by 43.3% from EUR 4.9 billion in 2007 to EUR 2.8 billion in 2015.

Non-life

The total Dutch non-life insurance sector performed much more robustly in the period commencing 2007. Premium levels grew by 17.7% between 2007 (EUR 48.1 billion) and 2015, equivalent to a CAGR of 2.1% over the eight-year period.

Mutual/cooperative insurance premiums in the non-life segment performed better than in the life sector, increasing by 35.5% to EUR 35.7 billion in 2015 (2007: EUR 26.3 billion). The CAGR of the mutual/cooperative sector (3.9%) was greater than the market average in this period.

Growth rates were relatively stable between 2007 and 2015 (only two years of negative growth), with the exception of 2008 when there was a sizeable spike in annual growth rates (37.3%) due to changes in the Dutch health insurance system stimulating insurance sales and supported by a major acquisition in the health sector.

Market share of mutual/cooperative insurance sector

Mutual/cooperative insurers accounted for more than half (53.0%) of the total Dutch insurance market in 2015 (see Figure 3). The mutual/cooperative sector held an even higher proportion of the non-life insurance market, with a share of 63.1% in 2015. In life business, the mutual/cooperative market share was 17.3%.

In the legal form, mutual/cooperative insurers held a 19.3% share of the total market. Including subsidiaries, the market share in 2015 was 21.9%. In the non-life market, legal form mutual/cooperative insurers represented almost a quarter of the market (24.5%), although had a much smaller portion of the life market (0.8%).

The largest contributor to total mutual/cooperative market share was mutual/cooperative-type insurers (including Achmea), which held a 31.0% market share in 2015 (36.0% in non-life and 13.6% in life).

The total mutual/cooperative insurance sector has seen impressive growth in market share since 2007 (see Figure 4), gaining more than 11 percentage points of the Dutch insurance market (2007: 41.9%). The majority of this growth came from mutual/cooperative type-insurers, gaining almost seven percentage points since 2007 (23.4%) and five percentage points in 2008. Mutual/cooperative insurers in the legal form also posted consistent growth over this period, as market share rose by 2.5 percentage points from 16.8% in 2007.

In the life sector, mutual/cooperative insurers' share of the total life market dropped from 18.5% in 2007 to 17.3% in 2015. However, in non-life business, mutual/cooperative market share rose significantly from 54.8% to a record high 63.1%.

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

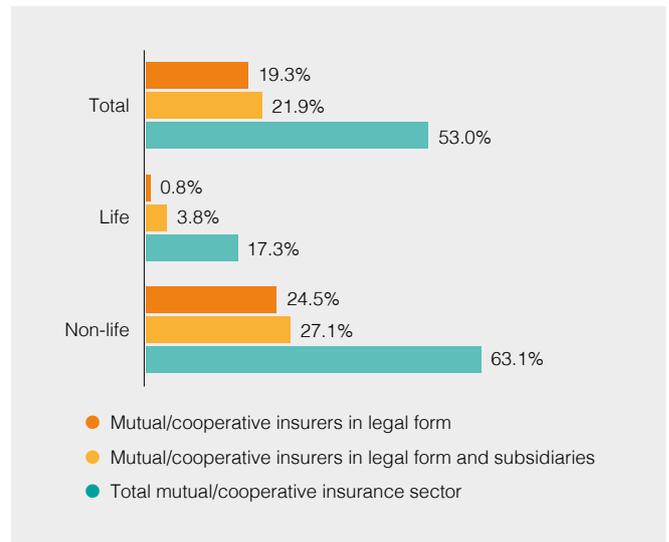
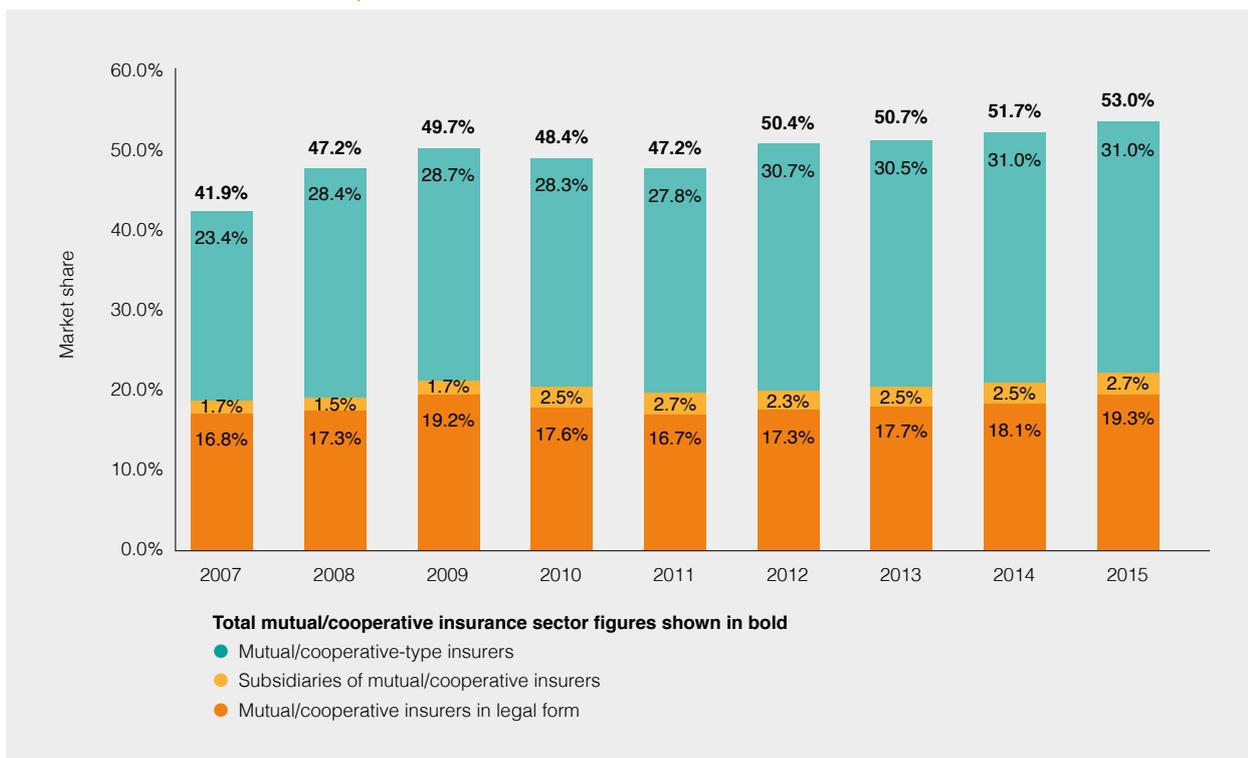


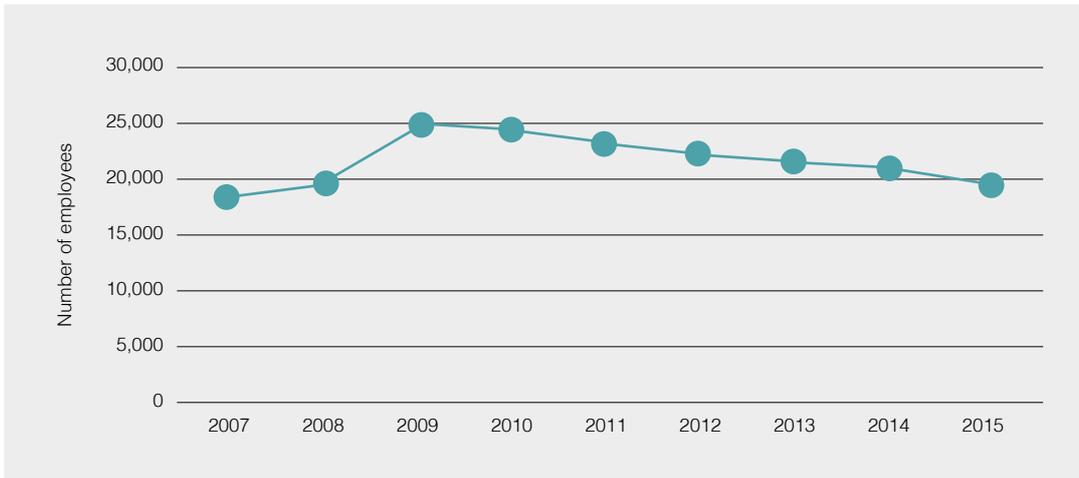
Figure 4
Market share of the mutual/cooperative insurance sector (2007-2015)



Number of employees

Just under 20,000 people were employed by the mutual/cooperative insurance sector in the Netherlands in 2015 (see Figure 5). Despite an overall moderate increase (6.4%) in employment levels compared to 2007 (18,400 employees), employee figures declined in the six years from 2009, down from a peak level of 25,000 employees.

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

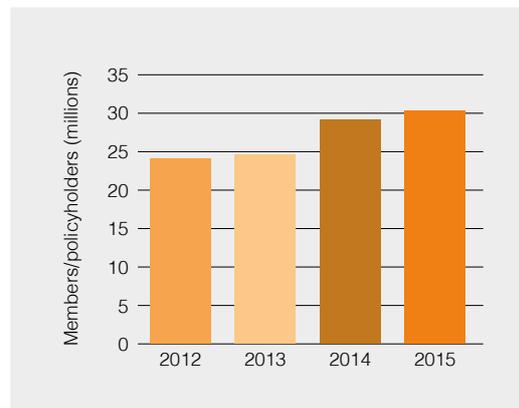


Number of members/policyholders

Since 2012, there has been a 25.7% increase in the number of members/policyholders of mutual/cooperative insurance companies in the Netherlands (see Figure 6).

There were over 30 million people served as members/policyholders for the first time in 2015 (30.3 million), 6 million more than in 2012 (24.1 million). There were increases in membership numbers in the mutual/cooperative sector year-on-year since 2012.

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



Assets and investments

There was very little change (0.1%) in the aggregate assets of the Dutch mutual/cooperative insurance sector in 2015 (EUR 94.0 billion) compared to 2007 (EUR 93.9 billion). However, during this eight-year period asset values fluctuated.

In contrast, the total investment assets held by mutual/cooperative insurers recorded an overall growth since 2007 of 12.4%. In 2015, invested assets totalled EUR 76.5 billion compared to EUR 68.1 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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