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International Cooperative and Mutual Insurance Federation

Facts and figures

Mutual and cooperative insurance in Europe
Vol 2

Excerpt: Malta

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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 Malta Financial Services Authority – MFSA is the institution which regulates and supervises the Maltese insurance and financial services sector in general.¹ It is a fully autonomous and public body, reporting to the Parliament on an annual basis. Undertakings must obtain an authorisation from the MFSA in order to carry on insurance business in Malta.²

The Maltese insurance industry is governed by the the Insurance Business Act Cap. 403 of 1 October 1998, as amended – Insurance Business Act. It has been amended accordingly with the aim of transposing Solvency II into national law.³ Although the Insurance Business Act provides no exemption regime in relation to small insurance undertakings, such regime can be found in Subsidiary Legislation 403.22 Insurance Business (Exemptions) Regulations. The Regulations follow the definitions set out in Article 4 of Solvency II, and as a result, exempt small undertakings (annual gross written premium less than EUR 5 million, total of technical provision less than EUR 25 million, etc.) from the requirements of the Directive.⁴

In addition, the Exemptions Regulations exclude the following operations from the scope of the Insurance Business Act:⁵

- insurance forming part of statutory system of social security.
- operations of provident and mutual benefit institutions whose benefits vary according to the resources available and in which the contributions of the members are determined on a flat-rate basis.
- operations carried out by organisations not having a legal personality with the purpose of providing mutual cover for their members without there being any payment of premiums or constitution of technical reserves.
- mutual undertakings which carry on general business of insurance and which have concluded with other mutual associations an agreement which provides for full reinsurance of the insurance policies issued by them or under which the accepting undertaking is to meet the liabilities arising under such policies in the place of the ceding undertaking.

Insurance undertakings in Malta cannot carry on both ‘long-term’ (life) and ‘general’ (non-life) insurance business.⁶ However, a long-term business undertaking can be granted an authorisation to carry on accident and sickness insurance, provided that the two businesses are managed separately.⁷

An insurance undertaking can be established as:

- a limited liability company
- a European Company

The Insurance Business Act does not foresee the possibility of mutual or cooperative insurance.

¹ MFSA's [website](#).

² Article 6(1) of the Insurance Business Act Cap. 403 of 1 October 1998, as amended – Insurance Business Act.

³ Article 2(2)(a) of the Insurance Business Act.

⁴ Article 3(1) of the 403.22 Insurance Business (Exemptions) Regulations.

⁵ Article 4 of the 403.22 Insurance Business (Exemptions) Regulations.

⁶ Article 9(1) of the Insurance Business Act.

⁷ Articles 9(2) and 9(4) of the Insurance Business Act.

Number of licensed insurance undertakings

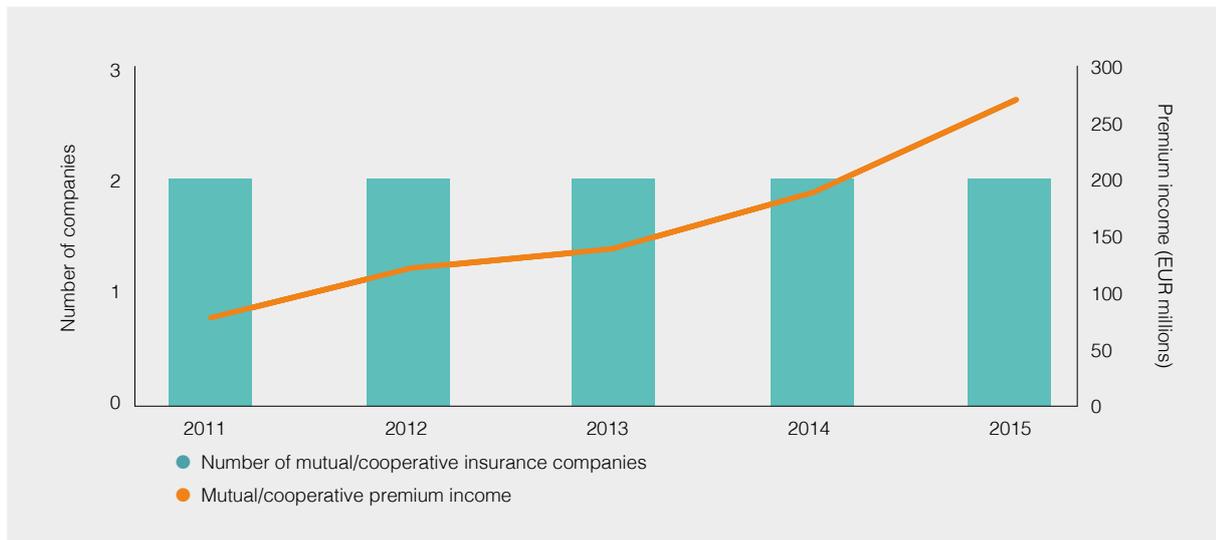
In 2015, there were a total of 58 insurance undertakings authorised to carry out insurance business in Malta.⁸ These included seven life insurers, 42 non-life insurers, two composite insurers and seven reinsurance companies.

Number of mutual/cooperative insurers

There were only two mutual/cooperative insurers active in Malta in 2015. MAPFRE Middlesea Insurance is a non-life insurer and is a majority-owned subsidiary of MAPFRE in Spain (a mutual-type insurer majority-owned by a non-profit foundation⁹). MAPFRE Middlesea also offers life insurance through its subsidiary life company MAPFRE MSV Life, a joint venture between MAPFRE and the Bank of Valletta (the minority shareholder in MAPFRE Middlesea).

MAPFRE acquired its shareholding in both these insurers in 2011 (see Figure 1). Both insurers are classified as mutual/cooperative-type insurers in this study.

Figure 1
Number of mutual/cooperative insurance companies and total mutual/cooperative premium income (2011-2015)



⁸ MFSA *Annual Report 2015*.

⁹ See chapter on Spain.

Size and growth of the mutual/cooperative insurance sector

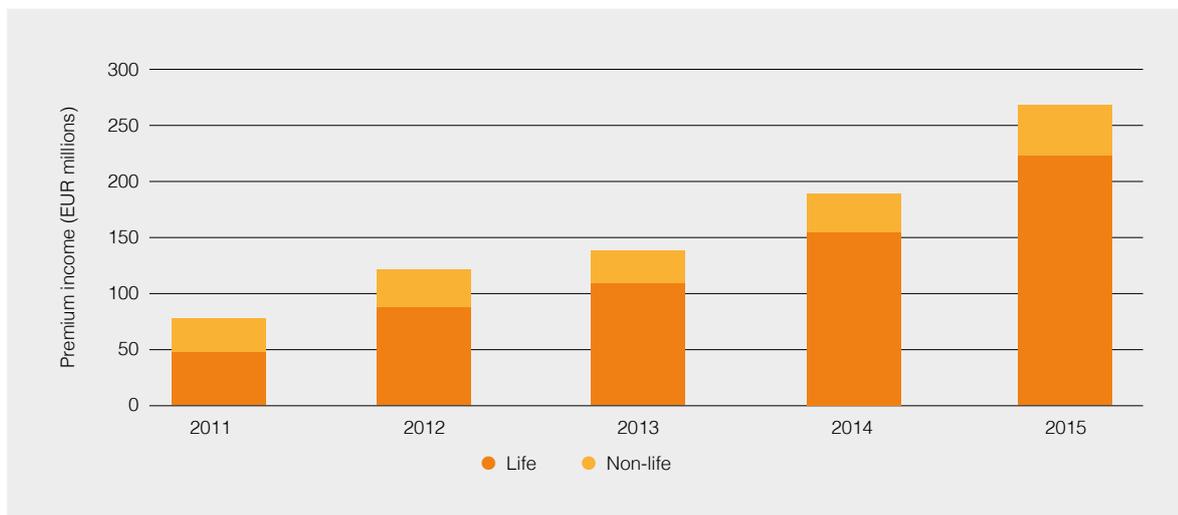
Total

The total insurance market in Malta amounted to just under EUR 3 billion in premiums in 2015, of which EUR 1.2 billion was written in life insurance and EUR 1.8 billion in non-life insurance. Between 2007 and 2015, the Maltese insurance market more than tripled in terms of total premiums written, increasing from EUR 753 million in 2007 (with EUR 244 million in life and EUR 509 million in non-life insurance).

The mutual/cooperative sector wrote EUR 270 million in total premium income in 2015 (see Figure 2), the majority (82%) of which was in life insurance. Premiums in 2015 were two-and-a-half times greater than in 2011 (EUR 77 million), the first year there was a mutual presence in Malta. Since 2011, the CAGR of the mutual/cooperative sector was 36.7%, compared to the total market CAGR of 8.0% over this four-year period.

Figure 2

Premium income of mutual/cooperative insurance companies (2011-2015)



Life

In terms of mutual/cooperative life business, premiums of EUR 222 million were generated in 2015, almost four times larger than in 2011 (EUR 47 million). Between 2011 and 2015, mutual/cooperative life premiums grew at a CAGR of 36.6%, significantly faster than the market CAGR of 4.2%.

Non-life

In the non-life sector, the mutual/cooperative sector wrote EUR 47 million in premium income, a total growth of 55% since 2011 (EUR 30 million). The CAGR of mutual/cooperative non-life business was 11.6% between 2007 and 2015, just ahead of the total market CAGR of 10.9%.

Market share of mutual/cooperative insurance sector

Mutual/cooperative insurers held a 9.0% share of the total insurance market in 2015 (see Figure 3). This comprised solely mutual/cooperative-type insurers as there were no mutual/cooperative insurers in the legal form (or subsidiaries) present in the Maltese market.

In 2015, mutual/cooperative insurers accounted for 18.5% of the life insurance market, while their share of the non-life market was significantly lower, at 2.6%.

Between 2011 and 2015, the mutual/cooperative sector gained 5.5% of the market, rising from a share of 3.5% in 2011 (see Figure 4).

The life sector saw the largest growth in mutual/cooperative market share, increasing from a 4.6% share in 2011. In non-life business, market share has remained consistent over the four-year period (2011: 2.6%).

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

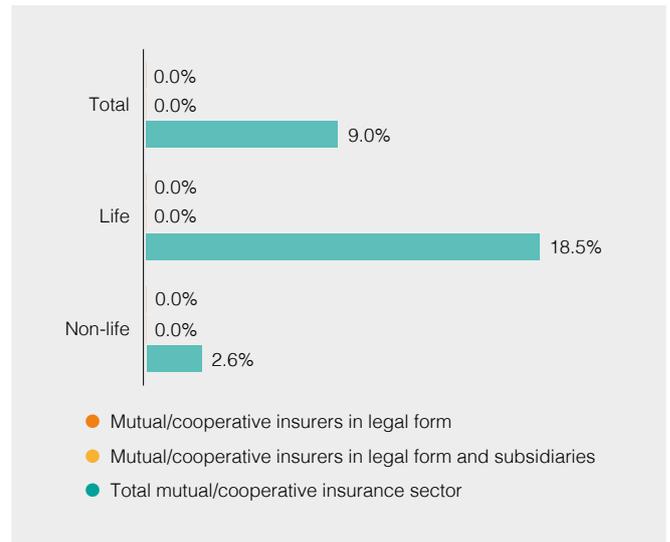
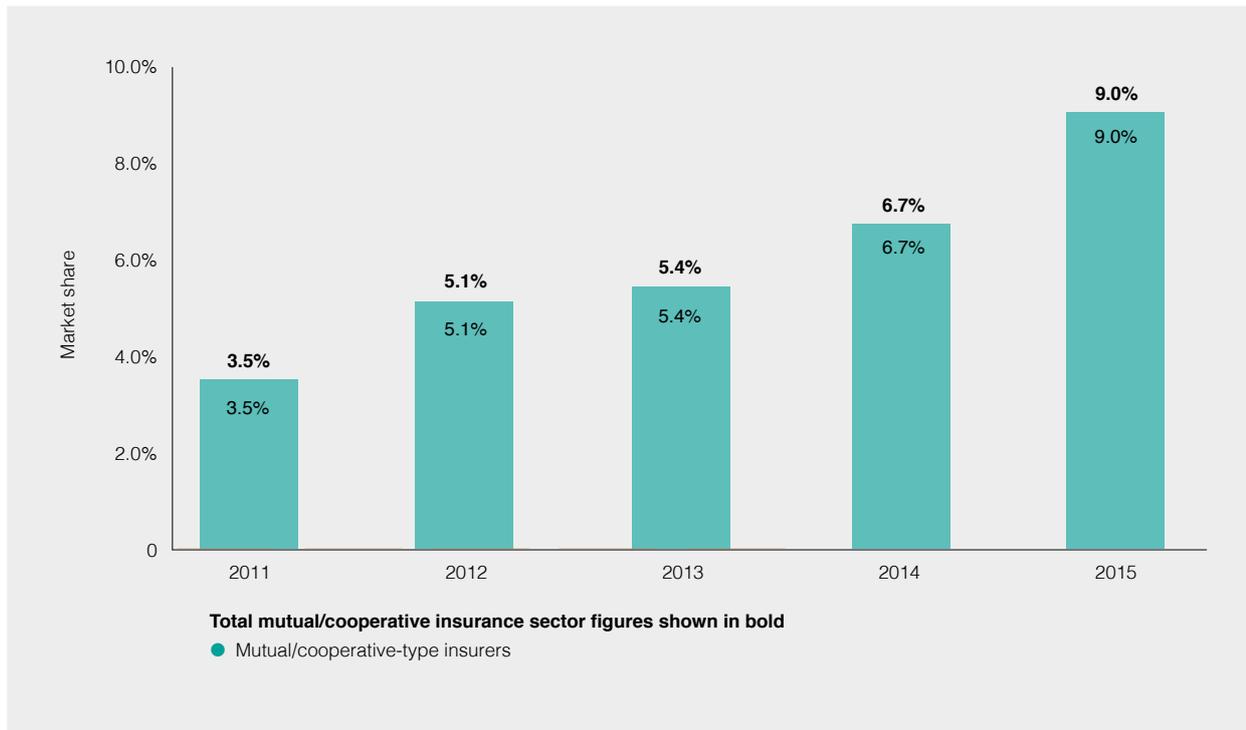


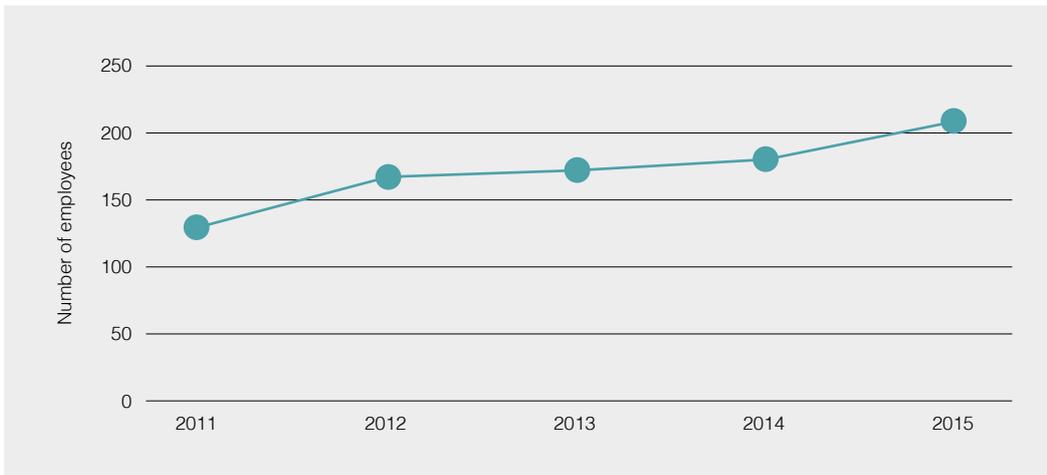
Figure 4
Market share of the mutual/cooperative insurance sector (2011-2015)



Number of employees

The two mutual/cooperative insurance companies in Malta employed a total of 209 people in 2015, an increase from 130 employees in 2011 (see Figure 5).

Figure 5
Number of employees of the mutual/cooperative insurance sector (2011-2015)



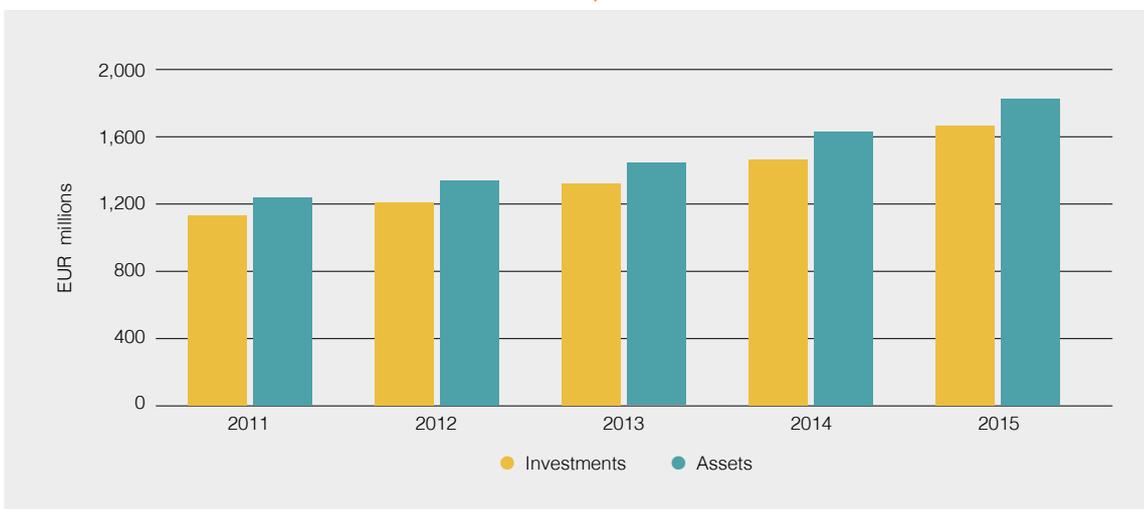
Number of members/policyholders

There was no data available on the number of members/policyholders of mutual/cooperative insurers in Malta.

Assets and investments

Mutual/cooperative insurers in Malta held total assets of EUR 1.8 billion in 2015 (see Figure 6). Assets values increased by 48% between 2007 (EUR 1.2 billion) and 2015. Investments grew by 47% during the same period, from EUR 1.1 billion to EUR 1.6 billion.

Figure 6
Total assets and investment assets of the mutual/cooperative insurance sector (2011-2015)



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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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