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International Cooperative and Mutual Insurance Federation

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# Facts and figures

Mutual and cooperative insurance in Europe  
Vol 2

## Excerpt: Ireland

*Facts and figures: Mutual and cooperative insurance in Europe Vol 2*

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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 report<sup>1</sup> 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 societies<sup>2</sup> and protection and indemnity (P&I) clubs.<sup>3,4</sup>

### 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.<sup>5</sup> 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:

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<sup>1</sup> 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.

<sup>2</sup> See chapter on the UK.

<sup>3</sup> 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.

<sup>4</sup> 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).

<sup>5</sup> 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,<sup>6</sup> 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.<sup>7</sup> 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.<sup>8</sup>

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.

<sup>6</sup> 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.

<sup>7</sup> 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*.

<sup>8</sup> 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 Directorate of the Central Bank of Ireland is responsible for the prudential supervision of insurance and reinsurance undertakings authorised in Ireland.<sup>1</sup> It carries out this role by monitoring the risks posed by insurance undertakings and by issuing standards, policies and guidance which insurance undertakings are expected to meet. Undertakings in Ireland cannot carry on the business of insurance unless they hold an authorisation from the Central Bank.<sup>2</sup>

The insurance industry in Ireland is governed by a number of Acts and Statutory Instruments (S.I.s). S.I. No. 485/2015 – European Union (Insurance and Reinsurance) Regulations 2015, which entered into force on 1 January 2016, transposes Solvency II into national law.<sup>3</sup> The adopted regulations follow the definitions set out in Article 4 of Solvency II, and as a result exclude small undertakings (annual gross premium less than EUR 5 million, total of technical provisions less than EUR 25 million, etc.) from their scope.<sup>4</sup> Such undertakings remain subject to a regulatory regime broadly similar to the legislative regime that was in place prior to the introduction of Solvency II.<sup>5</sup> The Central Bank of Ireland has issued requirements, guidance and correspondence with regard to insurance undertakings not subject to Solvency II.<sup>6</sup>

In addition, the EU Insurance Regulations exclude from their scope the following operations:

- mutual undertakings which pursue non-life insurance activities (ceding undertakings) and which have concluded with another mutual undertaking (accepting undertakings) an agreement which provides for the full reinsurance of the insurance policies issued by the ceding undertaking or under which the accepting undertaking is to meet the liabilities arising under such policies in the place of the ceding undertaking.<sup>7</sup>
- 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.<sup>8</sup>
- 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.<sup>9</sup>

With regard to the simultaneous pursuit of life and non-life insurance activity, the Central Bank can authorise life insurers to carry on the non-life classes of accident and sickness insurance.<sup>10</sup> Nevertheless, the two businesses must be managed separately.<sup>11</sup>

<sup>1</sup> Central Bank of Ireland's [website](#).

<sup>2</sup> Regulation 12 of S.I. No. 485/2015 – European Union (Insurance and Reinsurance) Regulations 2015 – EU Insurance Regulations.

<sup>3</sup> Regulation 2 of the EU Insurance Regulations.

<sup>4</sup> Regulation 4 of the EU Insurance Regulations.

<sup>5</sup> Central Bank of Ireland's website, *Non-Solvency II Regime – "the Alternative Regime"*.

<sup>6</sup> Central Bank of Ireland's website, *Requirements and Guidance for Life, Non-Life and Reinsurance Undertakings not subject to Solvency II*.

<sup>7</sup> Regulation 5(1) of the EU Insurance Regulations.

<sup>8</sup> Regulation 7(b) and 9(a) of the EU Insurance Regulations.

<sup>9</sup> Regulation 7(c) of the EU Insurance Regulations.

<sup>10</sup> Regulation 79 of the EU Insurance Regulations.

<sup>11</sup> Regulation 80 of the EU Insurance Regulations.

Insurance undertakings in Ireland can have one of the following legal forms:<sup>12</sup>

- a designated activity company
- a public limited company
- a company limited by guarantee
- an unlimited company
- a European Company

There are no provisions for the establishment of a mutual insurance company in either the EU Insurance Regulations, the previous Insurance Acts of Ireland or the Companies Act of 2014. The only Irish mutual insurance company currently in existence (Irish Public Bodies Insurance CLG – IPB Insurance) was established in 1926 by virtue of the Local Authorities (Mutual Assurance) Act 1926, which was created to facilitate the establishment of mutual insurance companies by local authorities.

Friendly societies constitute mutual-type organisations that can underwrite insurance. They are registered under the Friendly Societies Act 1896 to 2014 and they are established for various purposes.<sup>13</sup> Friendly societies can only underwrite life insurance and the Friendly Societies and Industrial and Provident Societies (Miscellaneous Provisions) Act 2014 provides for the cessation of new friendly societies.<sup>14</sup>

Although cooperative insurance is not legally foreseen in Ireland, a credit union is a type of a financial cooperative that can offer insurance services to its members. Credit unions are governed by the Credit Union Act 1997. They can provide loan protection, life savings insurance, death benefit insurance, repayment protection insurance, home insurance, car insurance, travel insurance and private health insurance schemes.

## Number of licensed insurance undertakings

In 2015, there were 147 Irish authorised undertakings in Ireland,<sup>15</sup> comprising 48 life insurance and 99 non-life insurance companies. In addition, there were 38 branches of undertakings with their head offices located in other EU Member States (9 life insurance and 29 non-life insurance companies).

Compared to 2007, the number of authorised insurers in Ireland fell by 42; in 2007, there were 189 insurance undertakings (with head offices in Ireland), of which 54 were life insurers and 135 were non-life insurers.<sup>16</sup>

## Number of mutual/cooperative insurers

There were 15 mutual/cooperative insurers present in the Irish market in 2015. This figure included eight life insurers, of which six were undertakings with head offices in Ireland and two were undertakings with head offices in other EU Member States.

The remaining seven mutual/cooperative companies were non-life insurance undertakings (two based in Ireland and five based in other EU countries) and included the only mutual/cooperative insurer in the legal form present in the Irish market: IPB Insurance. There were six subsidiaries of (foreign) mutual/cooperative insurers in the legal form active in the Irish market in 2015, in both life (3 companies) and non-life (3) insurance.

There has been a small increase in the number of mutual/cooperative insurers in the Irish market since 2007, when there were 13 companies active (seven life and six non-life insurers). However, this has dropped from a peak of 18 companies in both 2011 and 2012 (see Figure 1).

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<sup>12</sup> Regulation 17(1) of the EU Insurance Regulations.

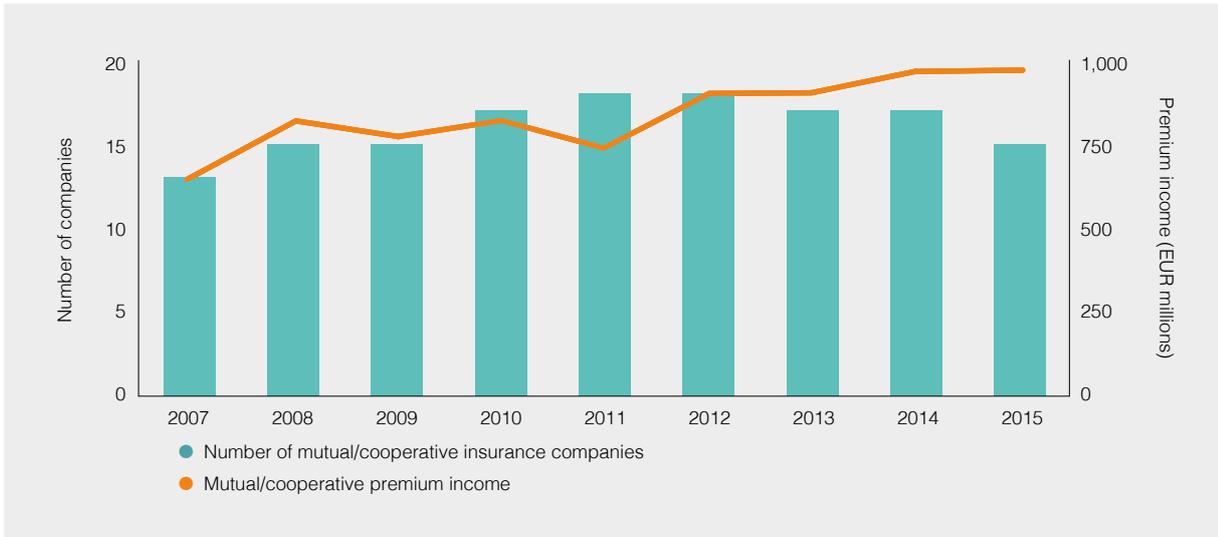
<sup>13</sup> Friendly societies are mostly established to provide small life insurance benefits, sick benefits and death benefits to members, to provide benefits to non-members or to promote particular activities or interests.

<sup>14</sup> Article 5 of Friendly Societies and Industrial and Provident Societies (Miscellaneous Provisions) Act 2014.

<sup>15</sup> Central Bank of Ireland (2016) *Central Bank Insurance Statistics 2015*.

<sup>16</sup> In addition there were 42 branches of undertakings with their head offices located in other Member States (11 life and 31 non-life insurance undertakings).

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



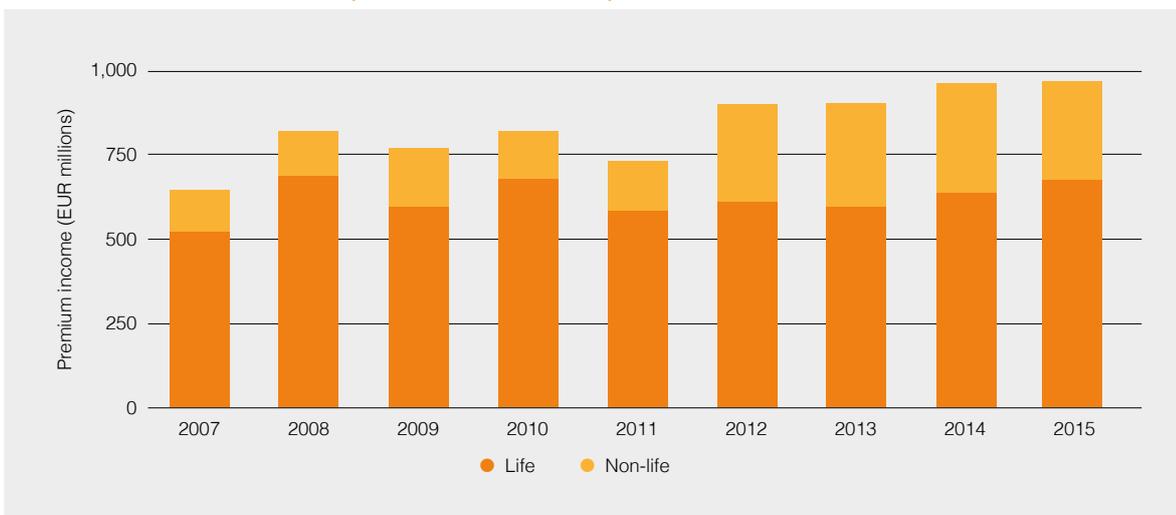
## Size and growth of the mutual/cooperative insurance sector

### Total

The total Irish insurance market was worth EUR 49.7 billion in premiums in 2015, of which 86% was written in the life sector (EUR 42.7 billion). 2015 was the first year since the onset of the global financial crisis 2007-2008 that annual premium volumes exceeded pre-crisis levels (2007: EUR 46.0 billion), representing an overall increase since 2007 of 8.0%.

Mutual/cooperative insurers wrote aggregate premiums just less than EUR 1 billion in 2015 (EUR 967 million), representing an increase of more than 50% compared to 2007 premium levels of EUR 644 million (see Figure 2). This has resulted in a CAGR since 2007 of 5.2%, significantly ahead of the market average (1.0%).

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



## Life

Life premium volumes in the total Irish market amounted to EUR 42.7 billion in 2015. Between 2007 and 2011, life premiums had been under pressure due to the weak Irish economy, although they performed far better from 2012 onwards. Overall, premium levels experienced growth since 2007 (EUR 38.6 billion), increasing by a total of 10.7%.

Between 2007 and 2015, the mutual/cooperative life sector outperformed the total market, growing by 29.2%. Life premiums reached EUR 673 million in 2015, compared to EUR 521 million in 2007. Average annual growth of the mutual/cooperative life market (CAGR of 3.3%) was more than two percentage points faster than the total Irish market (1.3%).

## Non-life

Total Irish non-life premiums, worth EUR 7.0 billion in 2015, continue to be impacted by weak market conditions. This led to an overall decline (-6.2%) in business volumes compared to 2007 (EUR 7.5 billion). However, as only 14% of total Irish business was written in non-life insurance (in 2015), this had a limited contribution to overall premium development in the Irish market.

The mutual/cooperative sector has performed far stronger relative to the total non-life market since 2007. Non-life premiums more than doubled between 2007 (EUR 123 million) and 2015 (EUR 294 million), albeit from a lower base. The resulting CAGR of the mutual/cooperative sector since 2007 was 11.5%, considerably higher than the market average CAGR of -0.8%.

## Market share of mutual/cooperative insurance sector

The mutual/cooperative insurance sector had a 1.9% share of the total Irish market in 2015 (see Figure 3). In life insurance, mutual/cooperative insurers accounted for 1.6% of the market, while in non-life insurance this increased to a market share of 4.2%.

The total market share of mutual/cooperative insurers in the legal form was 0.2% in 2015. In non-life business, market share (in the legal form) was 1.6%. Including subsidiaries of mutual/cooperative insurers in the legal form, total market share rose to 0.7% (and 3.5% in the non-life market).

The overall market share of the mutual/cooperative insurance sector experienced modest growth from a 1.4% share in 2007 (see Figure 4), though the 2015 market share was lower than that of every other year from 2008. The market share of mutual/cooperative insurers in the legal form (and subsidiaries) saw little change. The main driver for the small increase in market share was mutual/cooperative-type insurers, whose market share grew from 0.7% in 2007 to 1.2% in 2015.

In life insurance, the mutual/cooperative sector's market share saw little change, increasing slightly from 1.4% in 2007. Non-life market share saw a greater gain over this period, growing from a 1.6% share in 2007. Subsidiaries of mutual/cooperative insurers in the legal form contributed the most to this growth, as their non-life market share increased from 0.1% to 1.9%.

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

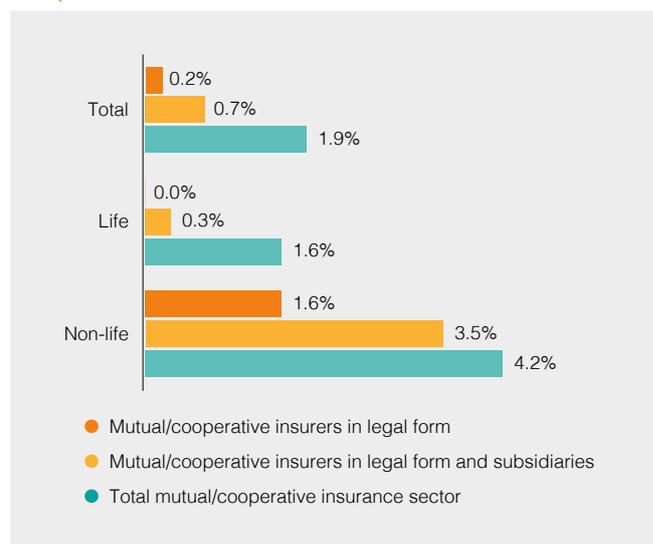
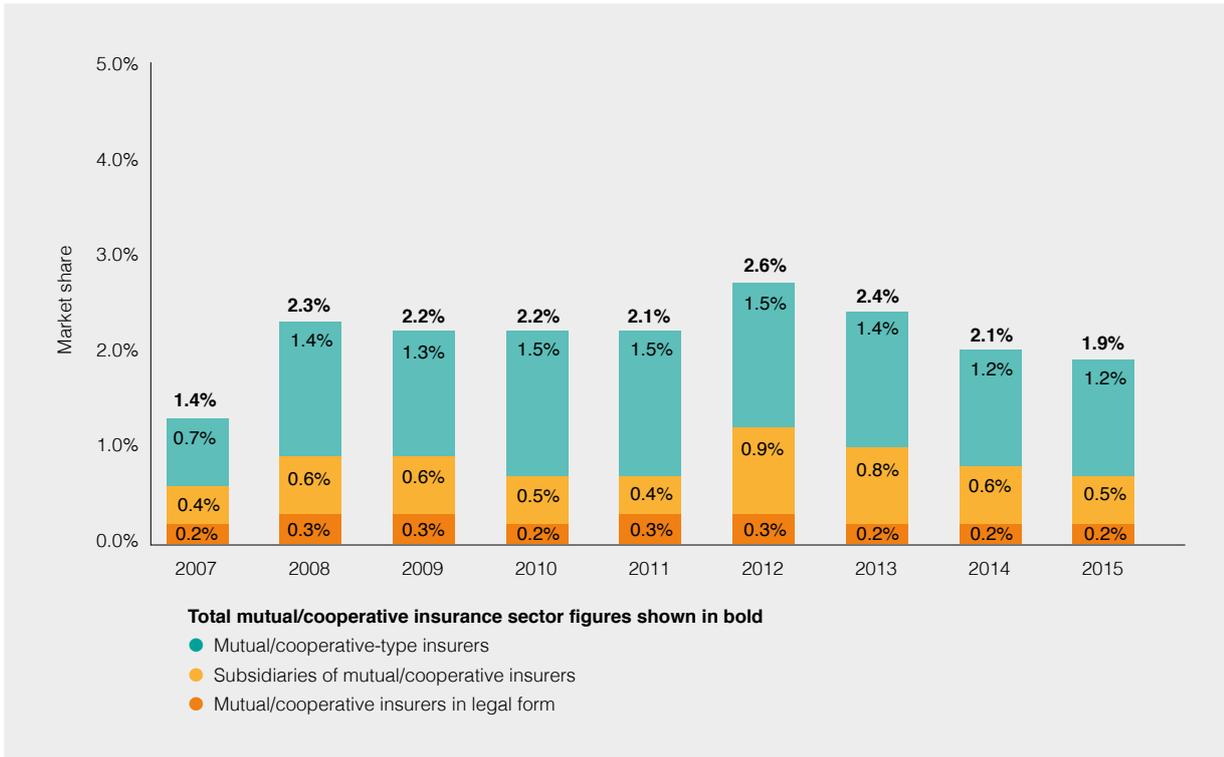


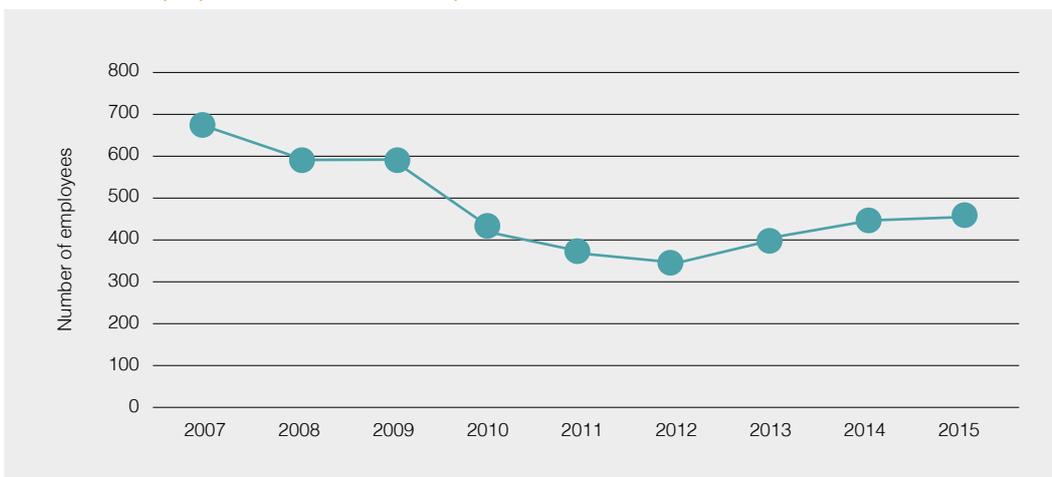
Figure 4  
Market share of the mutual/cooperative insurance sector (2007-2015)



## Number of employees

There were 455 employees of mutual/cooperative insurers in 2015 (see Figure 5). This represented a fall in employment numbers of almost a third since 2007, when 675 people were employed. However, employment levels rose at a modest rate from 2012.

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

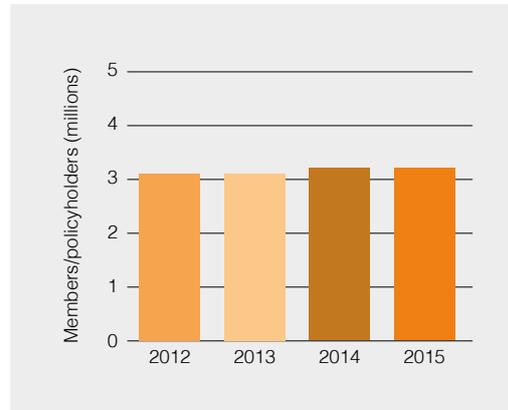


## Number of members/policyholders

In 2015, Irish mutual/cooperative insurers served 3.2 million members/policyholders (see Figure 6).

There has been a small growth in the number of members/policyholders of mutual/cooperative insurers, increasing from 3.1 million in 2012 (equivalent to a 2.5% growth).

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

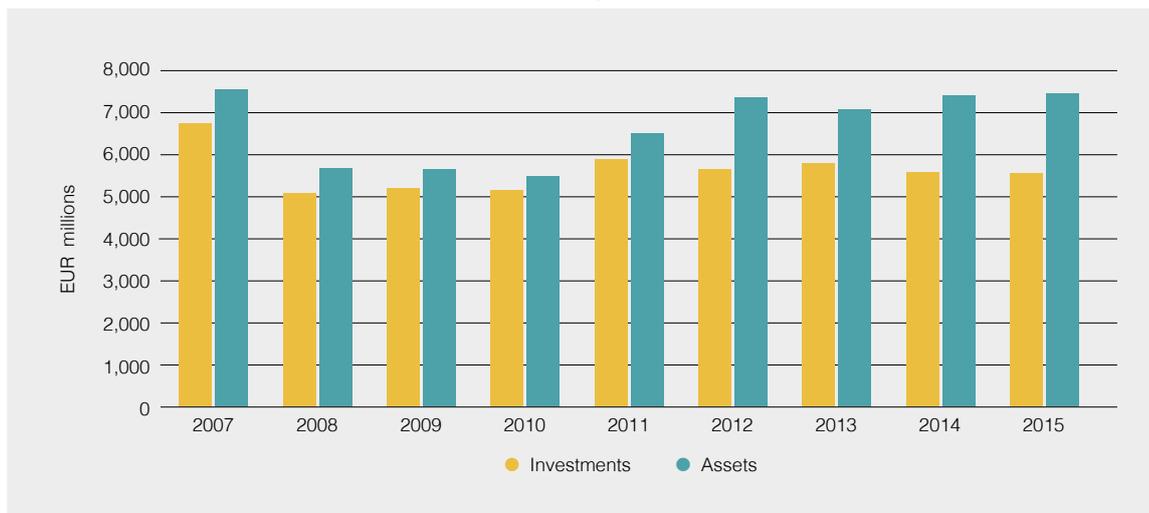


## Assets and investments

Assets and investment values of the mutual/cooperative sector were impacted by the global financial crisis, particularly in 2008 when values fell by a quarter from 2007 levels (see Figure 7). In 2015, total assets of the mutual/cooperative sector amounted to EUR 7.4 billion, an overall decrease of 1.4% compared to 2007 (EUR 7.5 billion).

Investments of the Irish mutual/cooperative saw an even more severe drop over the eight-year period, falling by 17.6% to EUR 5.5 billion in 2015 (from EUR 6.7 billion). In the latter years of the crisis, the value of investments did not recover to the same degree as asset values, and declined year-on-year from 2011.

Figure 7  
Total assets and investment assets of the mutual/cooperative insurance sector (2007-2015)



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