



icmif

International Cooperative and Mutual Insurance Federation

Facts and figures

Mutual and cooperative insurance in Europe
Vol 2

Excerpt: Germany

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

Published May 2018

© 2018 AMICE aisbl & International Cooperative and Mutual Insurance Federation (ICMIF) – all rights reserved.

The entire content of this AMICE/ICMIF publication is subject to copyright with all rights reserved.

This information may be used for private or internal purposes, provided that copyright is appropriately attributed to AMICE/ICMIF, including the source reference “*AMICE Facts and figures Vol 2*” and subject to the material not being used in a derogatory manner or in a misleading context.

Reproduction in part or as a whole, or use for any public purpose, in any form of media is prohibited without prior authorisation of AMICE. Such reproduction or use has to refer to the source “*AMICE Facts and figures Vol 2*” and is subject to the material not being used in a derogatory manner or in a misleading context. Courtesy copies are appreciated.

For enquiries about use or copyright, please contact secretariat@amice-eu.org

Although all information used in this study was taken carefully from reliable sources, AMICE does not accept any responsibility or liability for the accuracy or the comprehensiveness of the information given. Brussels, May 2018

For more information please visit:

www.amice-eu.org

www.icmif.org

Follow us on Twitter

[@ICMIF_Web](https://twitter.com/ICMIF_Web)

[@AMICE_Mutuals](https://twitter.com/AMICE_Mutuals)

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

Insurance supervision in Germany is divided between the Federal Government and the Federal States, in accordance with the federalist system of the Republic of Germany. The Federal Financial Supervisory Authority – BaFin (*Bundesanstalt für Finanzdienstleistungsaufsicht*) supervises, on behalf of the Federal Government, private insurance undertakings which are of material economic significance, and public insurance undertakings engaging in open competition which operate across the borders of any Federal State.¹ The supervisory authorities of the Federal States are mainly responsible for supervising public insurers whose activities are limited to the Federal State in question and those private insurance undertakings which are of lesser economic significance. All insurance undertakings must be granted an authorisation by BaFin or by the supervisory authorities of the Federal States in order to start operations.²

The Insurance Supervision Act of 1 April 2015 – VAG 2015 (*Versicherungsaufsichtsgesetz*) is the primary piece of legislation governing the insurance market in Germany. The VAG 2015 transposes Solvency II into national law and thus implements, *inter alia*, Article 4 of the Directive relating to small insurance undertakings.³ Chapter 5 of the VAG 2015 includes special provisions on solvency, minimum capital requirements, own funds and authorisations for small insurance undertakings.

Additionally, Section 5 of the VAG 2015 grants BaFin the power to exempt mutual insurance companies from supervision if it does not appear necessary. This is the case for death benefit funds and companies with a local sphere of activity, a small number of members and low premium income.

The VAG 2015 excludes mainly the following from its scope:⁴

- activities performed by non-legal entities providing assistance to their members, in particular the support organisations of professional associations.
- corporations and institutions under public law where insurance relationships are created directly by law or must be entered into as a result of legal compulsion.
- pension institutions of the federal and state governments.

Insurance undertakings cannot perform both life and non-life operations at the same time. Licences for life insurance classes and licences for non-life insurance classes are mutually exclusive.⁵

An insurance undertaking can be established in one of the following legal forms:

- a joint-stock company (*Aktiengesellschaft*)
- a mutual insurance company (*Versicherungsvereinen auf Gegenseitigkeit*)
- a public law entity (*Körperschaften und Anstalten des öffentlichen Rechts*)
- a European Company (*Europäischen Gesellschaft*)

¹ BaFin's [website](#).

² Section 8(1) of the Insurance Supervision Act of 1 April 2015 – VAG 2015.

³ Section 211 of the VAG 2015.

⁴ Section 3 of the VAG 2015.

⁵ Section 8(4) of the VAG 2015.

Mutual insurers are permitted to be active in all insurance classes, both life and non-life. Pursuant to Section 8, paragraph 4 and Section 15 of the VAG, insurers and reinsurers are not allowed to carry on non-insurance business unless such business is directly related to insurance business, for example, investment and asset management.

Insurers offering life insurance or private health insurance are excluded from offering any other type of insurance pursuant to Section 8, paragraph 4 of the VAG. Furthermore, although an insurer can seek authorisation from BaFin to conduct insurance business in general, if the application is limited to certain types of insurance, a licence is limited accordingly.

Mutual insurance companies are governed by Chapter 4 of the VAG 2015, which contains provisions on liability, initial capital, contributions, registration, etc. Mutuals are also subject to the provisions of Books 1 and 4 of the Commercial Code (*Handelsgesetzbuch*), unless provided otherwise by the VAG 2015.⁶

Cooperative insurers are not legally foreseen in the German market. However, there are a number of insurance companies that are subsidiaries of entities in the cooperative banking sector.⁷

Number of licensed insurance undertakings

There were 1,280 licensed insurance undertakings⁸ active in the German market in 2015. This represented a decline (-9.9%) from the number of insurers in 2007 (1,421).⁹

According to year-end statistics produced by BaFin, there were 542 direct insurance undertakings¹⁰ under supervision¹¹ in 2015. Of these, 276 were active in life insurance (including 144 pension funds and 36 funeral insurers). A total of 266 insurance undertakings were active in the non-life market, including 47 private health insurers.¹²

There were 738 insurance undertakings that were supervised by individual supervisory authorities of Federal States.¹³ This represented a decline of 154 insurers from the number in 2007 (892).¹⁴

Number of mutual/cooperative insurers

Germany was the largest European market in terms of number of mutual/cooperative insurance companies active in 2015, with 925 (see Figure 1). This represented 72% of all insurance undertakings in the market. Since 2007, the number of mutual/cooperative insurers fell by 14% from 1,078.

A total of 335 mutual/cooperative insurers were under BaFin supervision in 2015. Almost half (49%) of these were small mutual companies (165) and a further quarter were large mutual insurance companies (84), both classified as mutual insurers in the legal form. The remaining total was made up of stock insurers (AG) owned by mutual insurance companies (subsidiaries) or controlled by larger mutual or cooperative groups, such as cooperative banks (mutual/cooperative-type insurers).

Under federal supervision, 202 were active in the life insurance sector (2007: 223) and 133 were active in the non-life sector (2007: 141). Within the total for mutual life insurance in 2015, 41 were life insurers, 126 were pension insurers and 25 were funeral insurers. The total number of mutual non-life insurers in 2015 included 35 private health insurers.

According to BaFin,¹⁵ the majority of insurance undertakings under supervision by the authorities of Federal States were small mutual insurers.¹⁶

⁶ Section 172 of the VAG 2015.

⁷ These are classified as definition 3 insurers.

⁸ BaFin (2016) *Statistics 2015 - Primary Insurance Companies and Pension Funds*.

⁹ BaFin's website, *Statistics - Primary insurance companies*.

¹⁰ There were also 33 reinsurance companies ("Rückvers") supervised by BaFin, although reinsurers are not included in this study.

¹¹ This figure included 26 insurance companies that were non-active during 2015 but were still under federal supervision.

¹² Note that supplementary health insurers (*Gesetzliche Krankenkassen*) are excluded from this study as they are non-insurance entities, which pay social benefits sourced from third party underwriters.

¹³ BaFin (2018) *Statistics 2016 - Primary Insurance Companies and Pension Funds*.

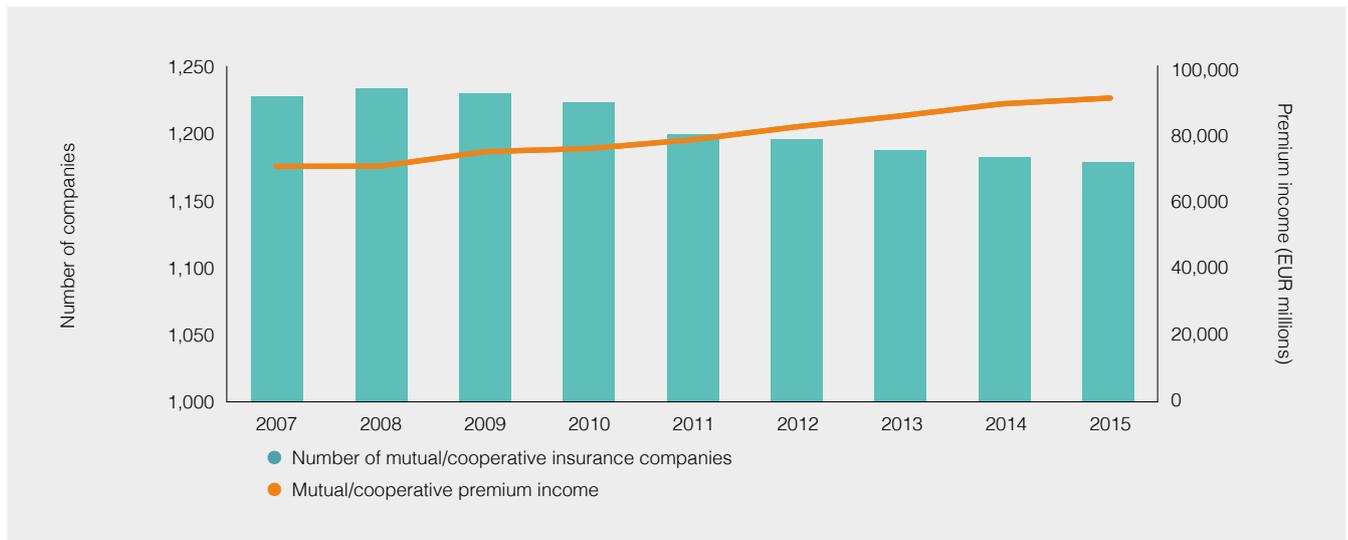
¹⁴ Note that BaFin reports the number of locally supervised insurers with a one-year delay.

¹⁵ BaFin's website, *Insurance undertakings & pension funds*.

¹⁶ No exact figures were available, however it is estimated that 80% of the total number of small locally supervised were mutual insurance associations (approximately 590 in 2015). Note that in the previous edition of *Facts and Figures*, locally supervised mutual companies were included in the market total and market shares, but were not included in the number of mutual insurance companies.

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

Germany was the third largest insurance market in Europe in 2015 (and sixth largest in the world). It also ranks as the third largest European life market and the second largest non-life market.¹⁷

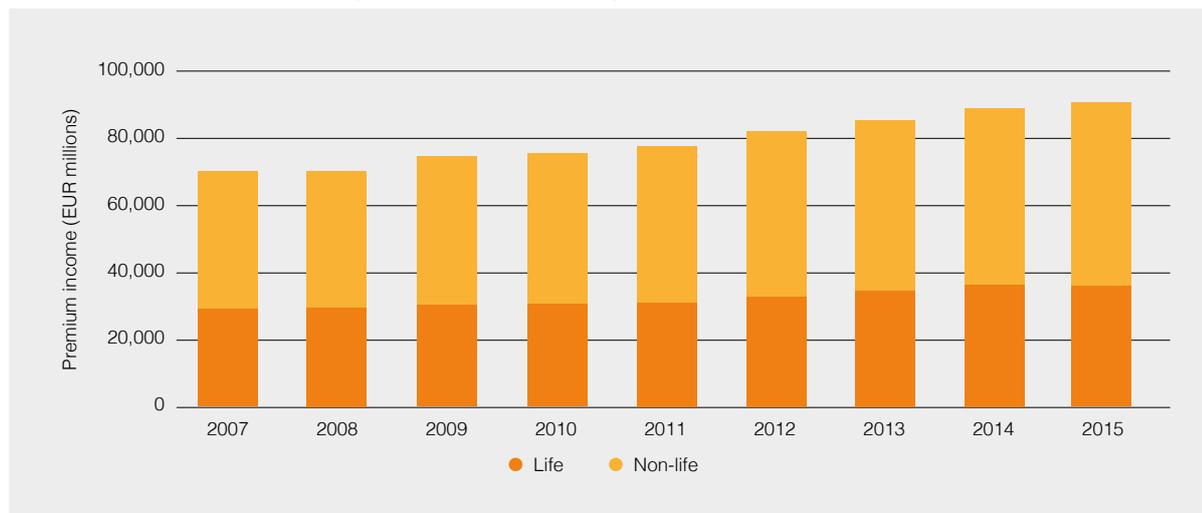
The total German market wrote EUR 192.2 billion in insurance premiums in 2015, an aggregate growth of 17.8% since 2007 (EUR 163.1 billion). The German market has performed relatively well compared to other larger European markets,¹⁸ notably in the life sector, since 2007. There was only one year of premium contraction between 2007 and 2015, resulting in a CAGR of 2.1% during this period. In 2015, EUR 87.2 billion of premium income was written in the life insurance sector and EUR 105.0 billion was written in the non-life sector.

Mutual/cooperative insurers in Germany collectively wrote EUR 90.4 billion in premiums in 2015 (see Figure 2), almost 30% greater than premium volumes in 2007 (EUR 70.0 billion). Premiums grew year-on-year between 2007 and 2015, resulting in a CAGR of 3.2%, more than one percentage point greater than the total market average. The life sector contributed 40% of mutual/cooperative total business in 2015, but the majority (60%) was derived from non-life insurance premiums.

¹⁷ Swiss Re (2016) *03/2016 World insurance in 2015: steady growth amid regional disparities*.

¹⁸ In comparison with total premium growth between 2007 and 2015 in the UK (-22.3%), France (4.9%), Netherlands (-2.5%), Spain (2.6%).

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



Life

The life insurance sector in Germany grew to EUR 87.2 billion in 2015, an increase of 17.0% since 2007 (EUR 74.5 billion). The mutual/cooperative sector experienced stronger growth than the market average, registering a total growth of 23.5% between 2007 (EUR 29.0 billion) and 2015 (EUR 35.9 billion). The CAGR of the mutual/cooperative life sector was 2.7% during this period, ahead of the 2.0% CAGR of the total market.

Non-life

Aggregate premiums of German non-life insurers reached EUR 105.0 billion in 2015, an 18.5% increase compared to 2007 premium levels (EUR 88.6 billion). Mutual/cooperative non-life insurers outperformed the total market, reporting record premium volumes of EUR 54.5 billion in 2015, a growth of just under one-third from 2007 (EUR 41.0 billion). The CAGR of the mutual/cooperative sector was 3.6% compared to the total market average of 2.1%.

Market share of mutual/cooperative insurance sector

In 2015, the total market share of the mutual/cooperative insurance sector in Germany was a record high 47.0% (see Figure 3).

The market share of mutual/cooperative insurers in the legal form was 20.3%. These insurers had a slightly higher share of the non-life market (21.7%) compared to the life market (18.5%), however there was a notably higher proportion of subsidiaries of mutual/cooperative insurers and mutual/cooperative-type insurers in the non-life sector compared to the life sector.

Since 2007, the total market share of the mutual/cooperative sector has increased by four percentage points from 42.9% in 2007 (see Figure 4). Mutual/cooperative insurers collectively outgrew the market average in six of the previous eight years, resulting in six years of positive growth in mutual/cooperative market share. The market share of mutual/cooperative insurers in the legal form grew steadily between 2007 and 2015. However, there was greater change for subsidiaries of mutual/cooperative insurers, whose market share decreased from 15.9% in 2007 to 12.0% in 2015, and mutual/cooperative-type insurers whose share grew from 8.2% to 14.8% during the same period.¹⁹

In the life insurance sector, mutual/cooperative market share increased to 41.1% in 2015 from 39.0% in 2007. Market share in the non-life sector has expanded since 2007, growing to 51.9% in 2015 from 46.2% (a proportional growth of 12%).

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

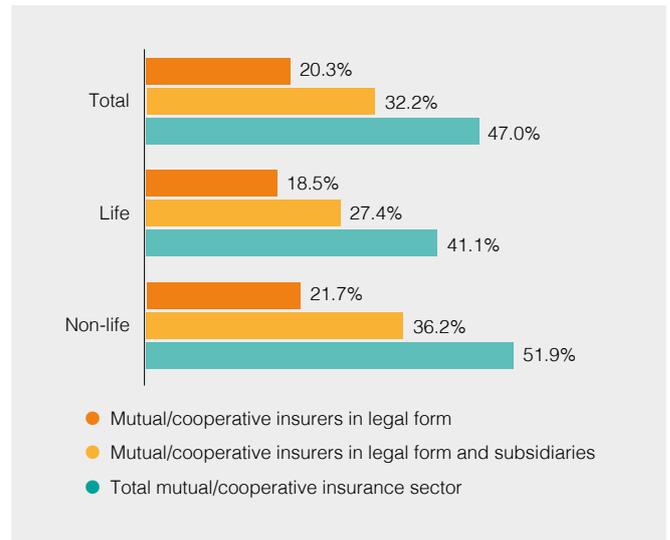
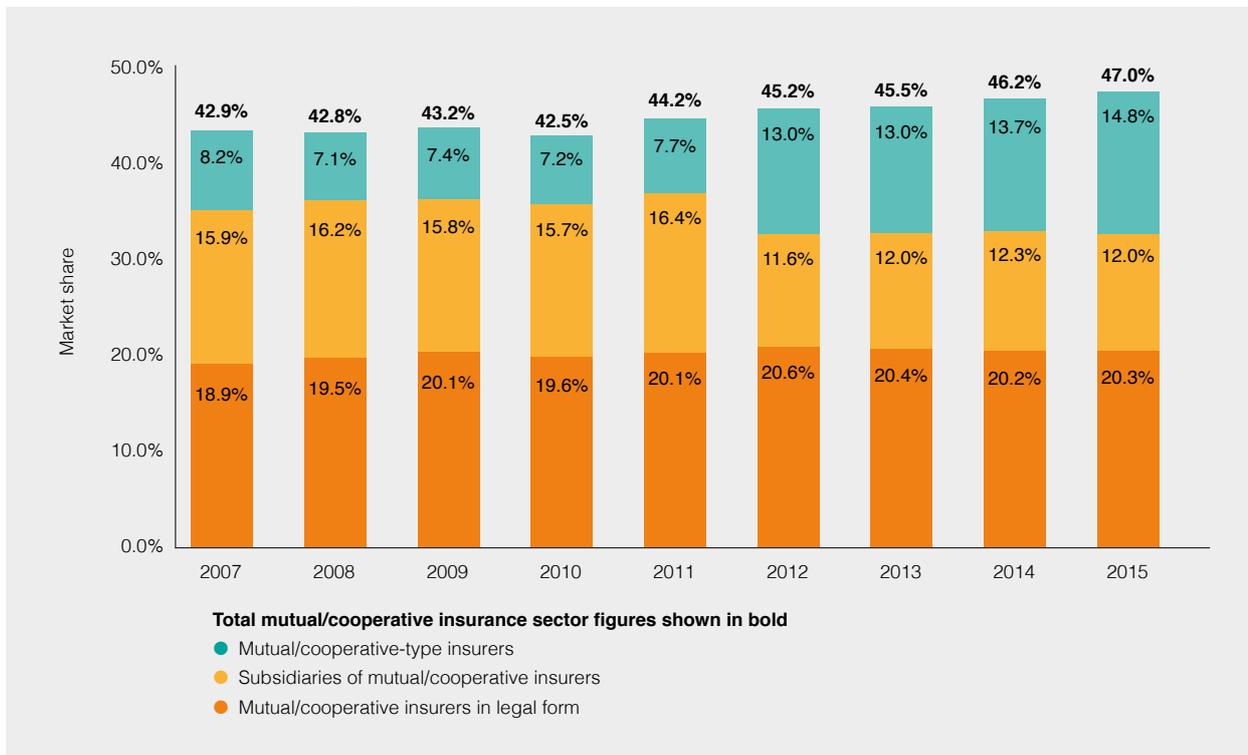


Figure 4
Market share of the mutual/cooperative insurance sector (2007-2015)

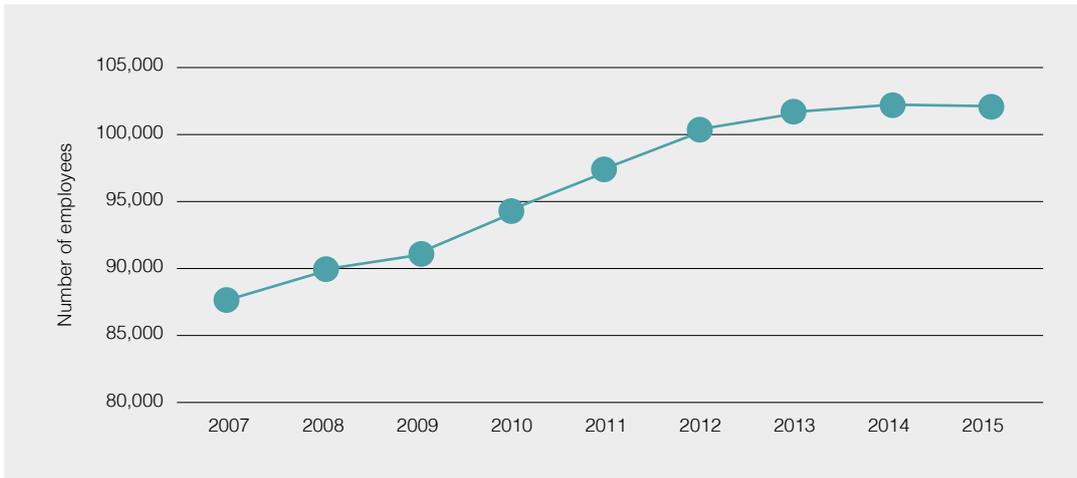


¹⁹ In 2012, Talanx AG, the holding company for the HDI Group, completed an initial public offering and listed on the Frankfurt Stock Exchange. As a result, Talanx AG was no longer 100%-owned by HDI VVaG (a mutual insurance company) and so subsidiaries of the HDI/Talanx group became definition 3 insurers rather than definition 2 insurers.

Number of employees

The German mutual/cooperative insurance sector employed more than 102,000 people in 2015 (see Figure 5). Employee numbers have seen a significant upward trend since 2007, accumulating to a total growth in staff numbers of 16.6% since 2007 (87,604).

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

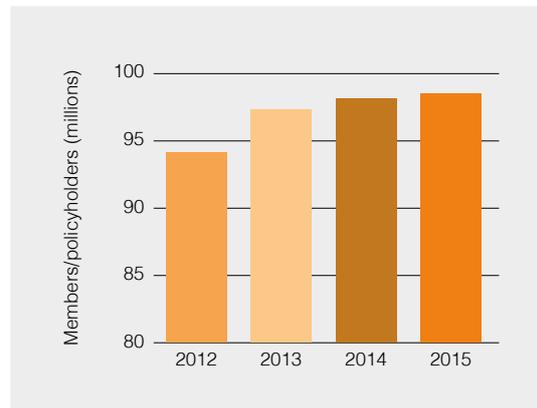


Number of members/policyholders

In 2015, just under 100 million (98.5 million) people were members/policyholders* of German mutual/cooperative insurers (see Figure 6).

This represented a total growth of 4.7% from 2012 (94.1 million) and was equivalent to a CAGR of 1.5% over the three-year period. Data cannot be sourced for the number of members/policyholders of the small mutual insurers supervised by individual supervisory authorities of Federal States, so the figures reported are likely to be lower than the actual figures.

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



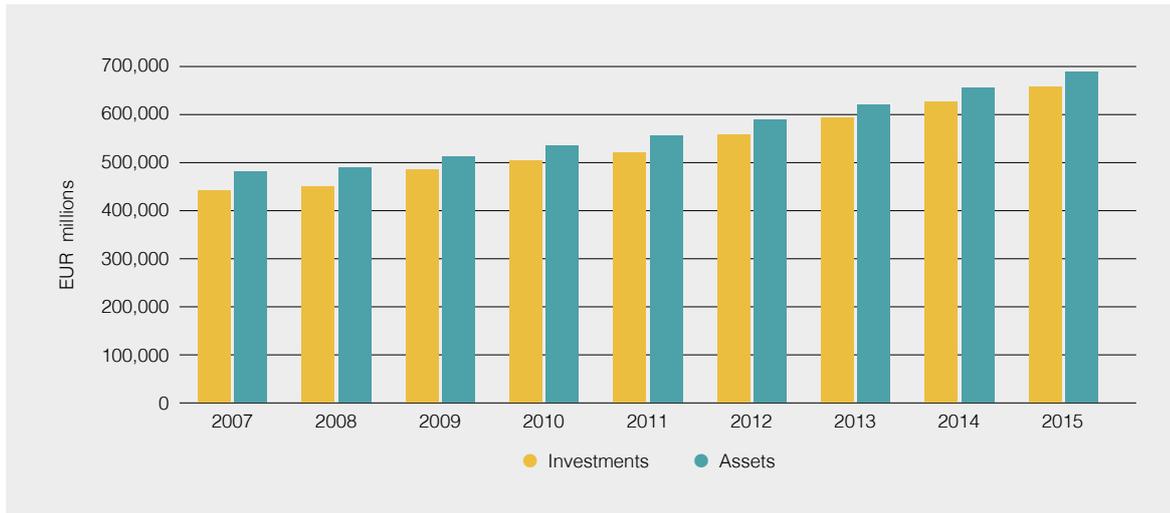
* See methodology.

Assets and investments

The German mutual/cooperative sector held total assets valued at EUR 687.4 billion in 2015 (see Figure 7). Total asset values have increased by 43.2% since 2007 (EUR 480.2 billion), equivalent to a CAGR of 5.1% during the eight-year period. Aggregate investment assets held by mutual/cooperative insurers followed a similar trend to total assets. In 2015, invested assets totalled EUR 656.2 billion and were almost 50% greater than 2007 investment levels (EUR 441.5 billion).

Figure 7

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



ICMIF

Denzell House, Dunham Road, Bowdon, Cheshire,
WA14 4QE, UK
Tel: +44 161 929 5090 Fax: +44 161 929 5163

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.

icmif

International Cooperative and
Mutual Insurance Federation

AMICE aisbl

Rue du Trône 98/14, BE-1050 Brussels, Belgium
Tel: +32 2 503 38 78 Fax: +32 2 503 30 55

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.



Association of Mutual Insurers and
Insurance Cooperatives in Europe