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International Cooperative and Mutual Insurance Federation

Facts and figures

Mutual and cooperative insurance in Europe
Vol 2

Excerpt: Denmark

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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.



Denmark

Mutual/cooperative insurance companies

Landscape

Undertakings which carry out insurance and reinsurance activities in Denmark are required to be licensed by the Danish Financial Supervisory Authority – Danish FSA (*Finanstilsynet*).¹ The Danish FSA is an agency under the Ministry of Industry, Business and Financial Affairs, responsible for the supervision and regulation of financial corporations and markets.²

The primary law governing the insurance market in Denmark and transposing the provisions of Solvency II into domestic legislation is the Financial Business Act – Consolidating Act no. 174 of 31 January 2017 (*Lov om finansiel virksomhed*). Insurance companies with less complex business models and whose annual gross premium do not exceed EUR 5 million and whose gross technical provisions do not exceed EUR 25 million are subject to a more moderate supervision regime. These companies are called ‘Group 2 insurance companies’ and they are regulated by special provisions on capital requirements, solvency, own funds, licensing, etc.³

The Financial Business Act excludes from its scope:⁴

- pensions funds with the objective of securing pensions schemes on employment in a private undertaking, including an insurance undertaking, or on employment in such an undertaking within the same group.
- funeral expenses funds and cremation societies.
- unemployment insurance funds, etc. under supervision by the state.
- undertakings which only provide assistance within a limited area and whose annual premium income does not exceed an amount laid down by the Danish FSA.

Life insurance activities cannot be combined with other insurance activities in the same company. However, life insurance companies can carry out accident and sickness insurance, in addition to life insurance activities.⁵

Insurance companies in Denmark can have the legal form of:⁶

- a limited company (*Aktieselskaber*)
- a mutual company (*Gensidige Selskaber*)
- a multi-employer occupations pension fund (*Tværgående Pensionskasser*)

There are no provisions for establishing a cooperative insurance company in Denmark.

¹ Article 11(1) of the Financial Business Act – Consolidating Act no. 174 of 31 January 2017.

² Danish FSA's [website](#).

³ Article 126 of the Financial Business Act.

⁴ Article 11(2) of the Financial Business Act.

⁵ Article 19(1) of the Financial Business Act.

⁶ Article 12(1) of the Financial Business Act.

Mutual insurers are permitted to operate in all insurance classes, both life and non-life. The Financial Business Act contains special provisions for mutual insurance companies regarding establishment,⁷ management,⁸ liability,⁹ payment of guarantee interests,¹⁰ etc. Articles 295-303 of the Act consist of special regulations for mutual non-life insurance companies with limited objects. The Danish FSA can exempt such mutual companies if the total value of contracts of insurance does not exceed DKK 6 million¹¹ and the company's risk on a single contract of insurance does not exceed 3% of its annual premium income, or the company only effects contracts of insurance within a limited geographical area and only for a single type of insurance.¹² Apart from the Financial Business Act, mutual insurance companies are also subject to certain parts of the Companies Act (*Selskabsloven*).

Number of licensed insurance undertakings

There were 104 insurance companies¹³ present in the Danish market in 2015. Of that figure, 33 were life insurance undertakings, split between 18 life insurers and 15 sector and company pension funds. There were 71 non-life insurance companies active in 2015.

The total number of insurance companies in the Danish market has declined by more than 40% since 2007, when there was a total of 179 active insurers. This figure included 61 life insurance companies (33 life insurers and 28 pension funds) and 118 non-life insurance companies.

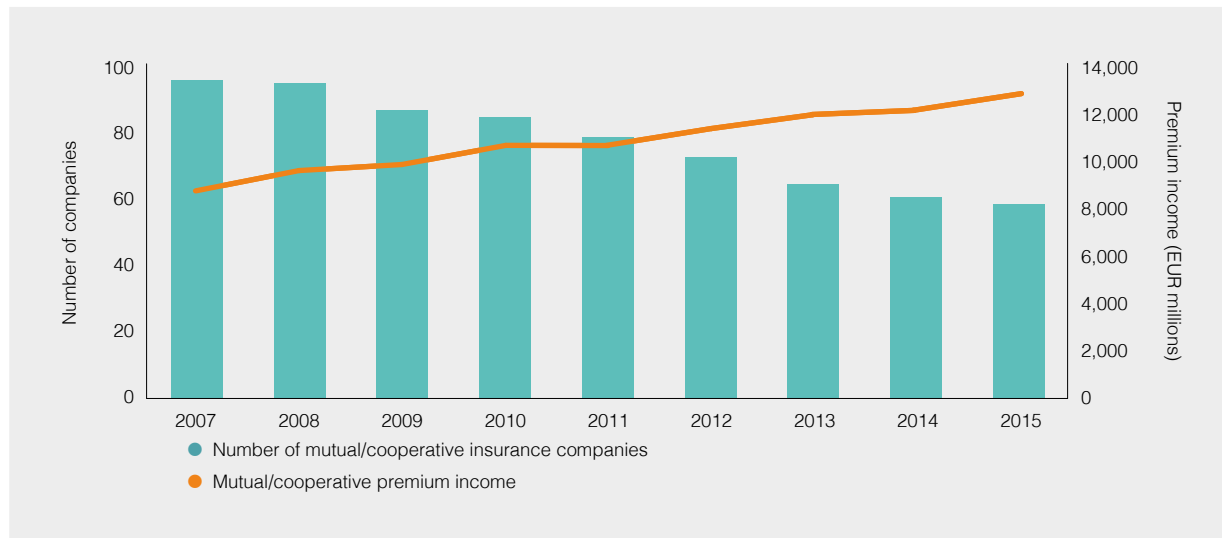
Number of mutual/cooperative insurers

There were 58 mutual/cooperative insurance companies present in Denmark in 2015, of which 26 were life insurers (including 15 sector and company pension funds) and 32 were non-life insurers. In the legal form, there were 43 mutual companies active in 2015: 15 pension funds and 28 mutual non-life insurers.

Since 2007, there has been a loss of 37 mutual/cooperative insurers, equivalent to a 39% decrease (see Figure 1). In 2007, there were 95 companies active, of which 38 were life insurance companies and 57 were non-life insurance companies. There were 76 mutual/cooperative insurers in the legal form present in the Danish market in 2007.

Figure 1

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



⁷ Article 23 of the Financial Business Act.

⁸ Article 11 of the Financial Business Act.

⁹ Article 284 of the Financial Business Act.

¹⁰ Article 287 of the Financial Business Act.

¹¹ EUR 805,888 at ECB annual average exchange rate for 2016.

¹² Article 302 of the Financial Business Act.

¹³ Danish FSA (2016) *Key figures for financial undertakings under supervision 2011-2015*.

Size and growth of the mutual/cooperative insurance sector

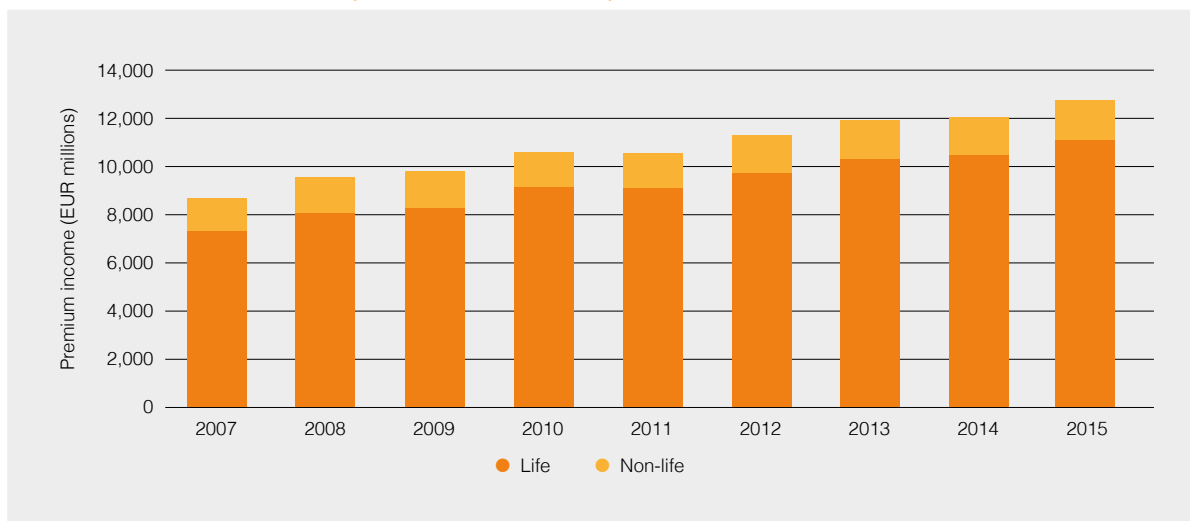
Total

The total insurance market in Denmark amounted to EUR 27.4 billion in insurance premiums in 2015, an overall growth of 32.2%¹⁴ since 2007 (EUR 20.7 billion). In life insurance, EUR 17.9 billion was written by Danish insurers (growth of 36% since 2007) and in the non-life insurance sector, premium volumes totalled EUR 9.5 billion (growth of 25.2%).

Mutual/cooperative insurers collectively wrote a total of EUR 12.7 billion in premium income in 2015 (see Figure 2), of which 87% was generated in the life sector. Since 2007, total premiums written by the Danish mutual/cooperative insurance sector have increased by 47.1% (2007: EUR 8.7 billion). This was equivalent to a CAGR of 4.9%, compared to a market average CAGR of 3.5% over the same period.

Figure 2

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



Life

The Danish life insurance market grew by CAGR of 3.9% since 2007, increasing from EUR 13.2 billion. The mutual/cooperative industry recorded a growth of 52% in life business over the same period, rising from premium levels of EUR 7.3 billion in 2007 to EUR 11.1 billion in 2015 (CAGR of 5.4%).

Non-life

Since the crisis, aggregate premium levels in non-life insurance increased by a CAGR of 2.8%, up from EUR 7.6 billion (2007). The mutual/cooperative sector grew at a similar rate, increasing by a quarter over this period, from EUR 1.4 billion in 2007 to EUR 1.7 billion in 2015 (CAGR of 2.5%).

¹⁴ All growth figures are in local currency (Danish krone) terms to avoid any misleading effects of exchange rate fluctuations.

Market share of mutual/cooperative insurance sector

The mutual/cooperative sector accounted for 46.5% of the Danish insurance market in 2015 (see Figure 3). Mutual/cooperative insurers in the legal form represented 16.3% of the total market in 2015 and rose to an 18.5% market share when subsidiaries of mutual/cooperative insurers were included.

Denmark had the highest mutual/cooperative life market share of any European country in 2015 (61.7%). In the legal form, mutual/cooperative market share was 20.4%. Non-life market share of the Danish mutual/cooperative sector was 17.8% in 2015. This included an 8.6% market share held by non-life mutual/cooperative insurers in the legal form.

The total market share of the mutual/cooperative sector has increased by just under five percentage points since 2007 (41.8%). Mutual/cooperative insurers collectively outgrew the market average in six of the previous eight years (see Figure 4), resulting in six years of positive growth in mutual/cooperative market share.

The market share of mutual/cooperative insurers in the legal form was greater in 2015 compared to 2007 (15.3%), although had fallen from a peak market share of 18.4% in 2010.

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

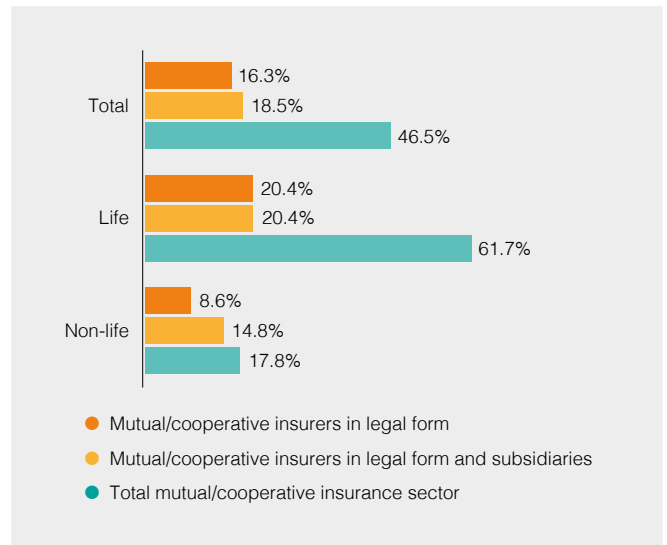
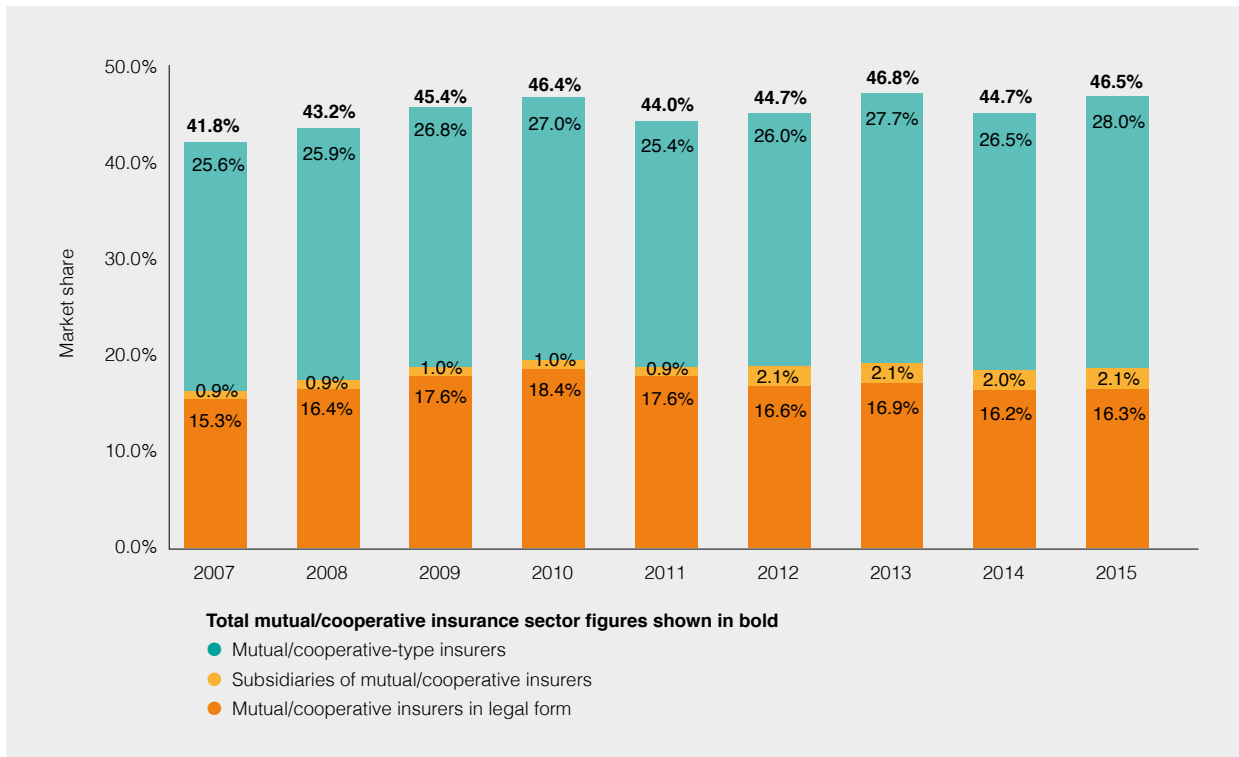


Figure 4
Market share of the mutual/cooperative insurance sector (2007-2015)

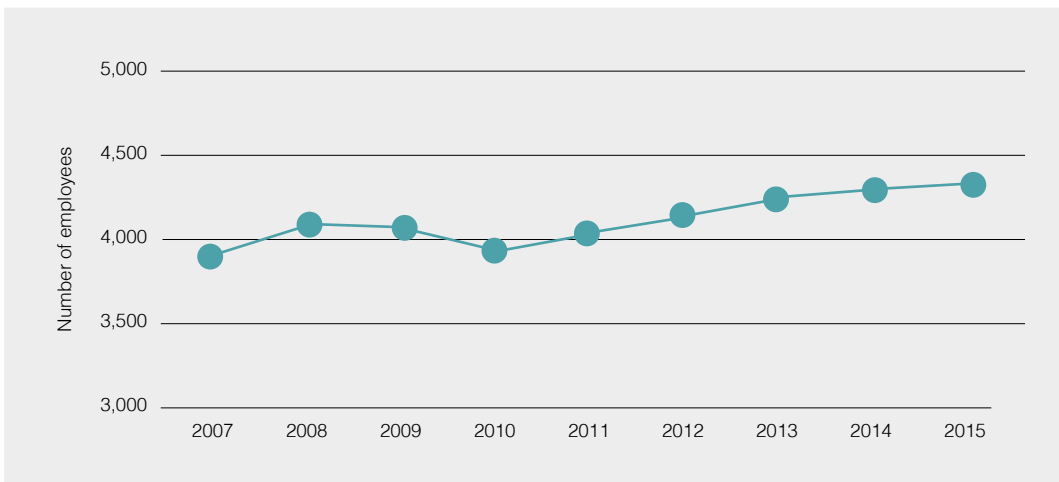


In terms of life business, mutual/cooperative insurers' share of the market has gained a further six percentage points of the market, growing from 55.3% in 2007 to a record high level in 2015. In the non-life market, mutual/cooperative share saw a slight fall during this period, decreasing from 18.3% in 2007.

Number of employees

Danish mutual/cooperative insurers collectively employed over 4,300 people in 2015 (see Figure 5). This represented an overall increase of 11% (equivalent to more than 400 people) compared to 2007 (3,900 employees).

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

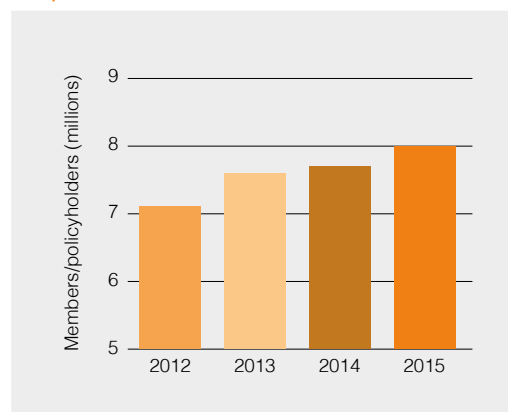


Number of members/policyholders

In 2015, 8 million people were members/policyholders* of mutual/cooperative insurers in Denmark (see Figure 6).

This represented a total growth of 11.8% from 2012 (7.1 million) and was equivalent to a CAGR of 3.8% over the three-year period.

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



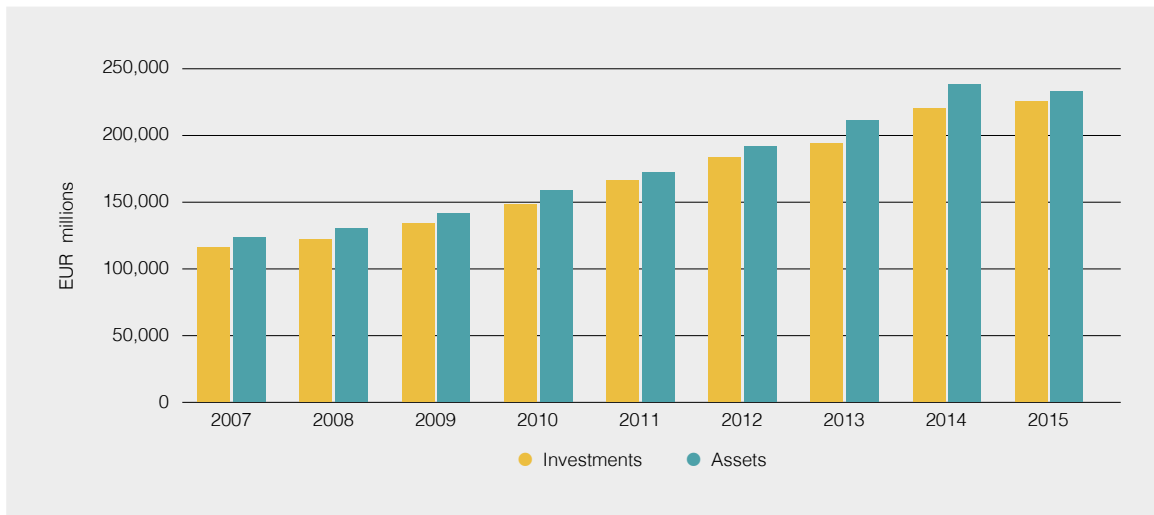
* See methodology.

Assets and investments

The Danish mutual/cooperative sector held total assets valued at EUR 232.6 billion in 2015 (see Figure 7). Total assets values have increased by 88% since 2007 (EUR 123.4 billion). Aggregate investment assets held by mutual/cooperative insurers increased by 95% between 2007 and 2015, growing from EUR 115.8 billion to EUR 225.6 billion.

Figure 7

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



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The International Cooperative and Mutual Insurance Federation (ICMIF) is a best practice organisation committed to giving its members from around the world a competitive advantage. ICMIF helps to grow its mutual and cooperative insurance member organisations by sharing strategies and the latest market intelligence.

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The Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE) represents the interests of mutual and cooperative insurers in Europe with one united voice and ensures the interests of its members are taken into account in securing a level playing field for all insurers in Europe regardless of their legal form.



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