



icmif

International Cooperative and Mutual Insurance Federation

Facts and figures

Mutual and cooperative insurance in Europe
Vol 2

Excerpt: Czech Republic

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.



Czech Republic

Mutual/cooperative insurance companies

Landscape

The Czech National Bank – CNB (*Česká národní banka*) is the supervisory authority of the financial market in the Czech Republic. It therefore regulates and supervises – among others – the insurance market.¹ All insurance undertakings must obtain a licence from the CNB in order to conduct business in the Czech Republic.²

The Act No. 277/2009 Coll. on Insurance Activity, as amended – Insurance Act (*Zákon o pojišťovnictví*) is the main legal instrument governing the insurance market and transposing the Solvency II Directive into national law.³

Article 2(2)(a) of the Insurance Act states that “insurers acting on a reciprocal basis (mutual insurance undertakings), in respect of which the indemnity varies according to the resources available and which require that each and every of their members pays the same contribution” fall outside the scope of the Act. This provision transposes Article 9(1) of the Solvency II Directive, which excludes mutual-benefit institutions of the flat-rate type from insurance legislation but does not exclude the mutual society form from insurance.

Insurance undertakings in the Czech Republic can have one of the following legal forms:

- a joint-stock company (*akciová společnost*)
- a cooperative company (*družstvo*)
- a European Company (*Evropská společnost*)

An insurance undertaking cannot be granted a licence for the simultaneous pursuit of both life and non-life insurance.⁴ However, an undertaking performing life insurance operations can obtain a licence for the exercise of accident or sickness insurance, and *vice versa*.

There are no provisions in the Insurance Act for the establishment of mutual insurers.

The activities of cooperatives are governed by Law No. 90/2012 Coll. on commercial companies and cooperatives – Business Corporation Act (*Zákon o obchodních korporacích*). The Czech law distinguishes between two forms of cooperatives: cooperative and a European Cooperative Society.⁵

¹ CNB's [website](#).

² Article 13(1) of the Act No. 277/2009 Coll. on Insurance Activity, as amended – Insurance Act.

³ Article 1(1) of the Insurance Act.

⁴ Article 13(7) of the Insurance Act.

⁵ Section 1(3) of the Law No. 90/2012 Coll. on commercial companies and cooperatives – Business Corporation Act.

Number of licensed insurance undertakings

In 2015, there were a total of 56 insurance “corporations”⁶ supervised by the CNB,⁷ of which seven were life insurers and 34 were non-life insurers. The balance comprised 14 composite insurers and one reinsurer.

In terms of domestic insurance corporations, there were 33 insurance undertakings present in the Czech market in 2015, comprising two life insurers, 16 non-life insurers, 14 composite insurers and one reinsurance company. There were 23 branches of foreign-owned insurers in 2015.

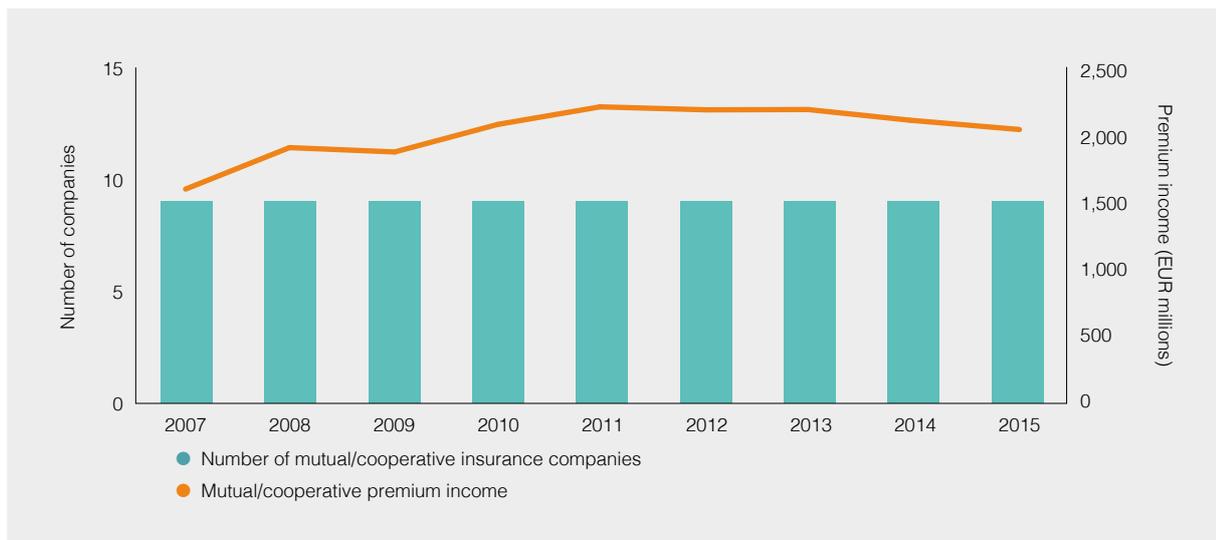
The total number of insurance corporations increased from 52 undertakings in 2007. However, there was a loss of four domestic insurance companies (2007: 37) over the eight-year period.

Number of mutual/cooperative insurers

In 2015, there were nine mutual/cooperative insurers active in the Czech market, the same number as in 2007 (see Figure 1).

Of the nine mutual/cooperative insurance companies, one was a life insurer, three were non-life insurers, four were composite insurers and one was a reinsurer. There was only one mutual/cooperative insurer in the legal form present in 2015 (a non-life insurer).⁸ The remaining mutual/cooperative insurers in the Czech Republic were subsidiaries of foreign mutual/cooperative-type insurers.⁹

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



⁶ For the purposes of the CNB’s monetary and financial statistics, “insurance corporation” shall mean insurance companies, reinsurance companies and branches of insurance or reinsurance companies, which carry on financial activities pursuant to the Insurance Act and are residents in the Czech Republic.

⁷ CNB (2017) *List of Insurance Corporations in the Czech Republic*.

⁸ Cooperative insurer Cestovní pojišťovna ADRIA Way družstvo. As of 1 January 2017, the business of ADRIA Way družstvo was transferred to UNIQA pojišťovna, a subsidiary of UNIQA (a mutual/cooperative-type insurer in Austria).

⁹ Vienna Insurance Group (VIG), a mutual/cooperative-type insurer from Austria (see chapter on Austria), owned four of the mutual/cooperative insurers present in the Czech market in 2015.

Size and growth of the mutual/cooperative insurance sector

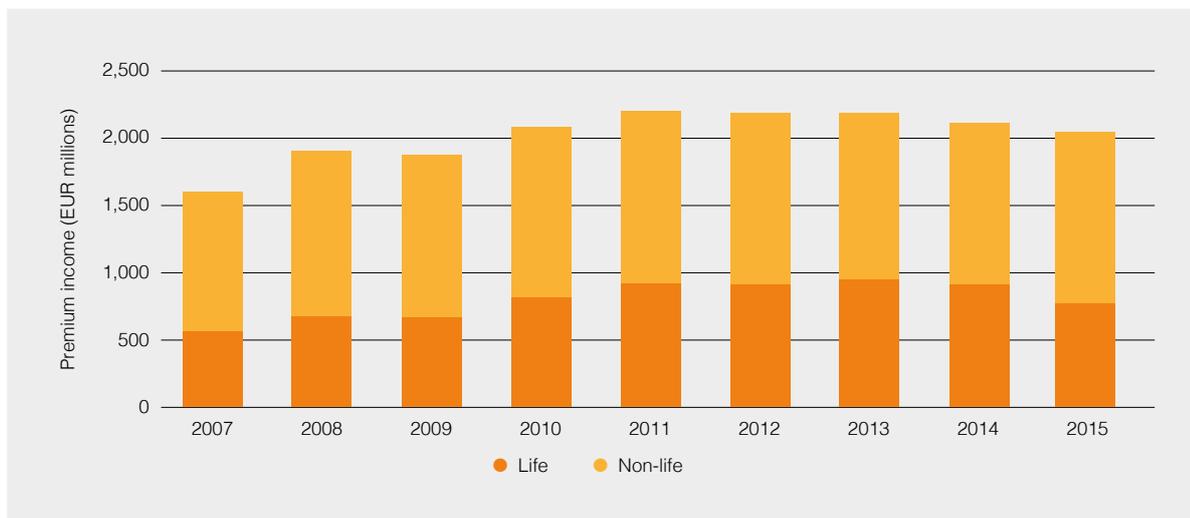
Total

In 2015, the Czech Republic insurance market wrote premiums of EUR 5.6 billion, of which EUR 2.3 billion was in life insurance and EUR 3.3 billion was in non-life insurance. Between 2007 and 2015, the total insurance market grew by a total of 16.3% (2007: EUR 4.7 billion).¹⁰

The Czech mutual/cooperative market wrote insurance premiums of EUR 2.0 billion in 2015 (see Figure 2), of which 62% (EUR 1.3 billion) was written in the non-life sector. Since 2007, mutual/cooperative insurers have collectively grown by just over a quarter (from EUR 1.6 billion in premium income). This has resulted in a 2.9% CAGR for the mutual/cooperative sector, one percentage point higher than the total market average (1.9%).

Figure 2

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



Life

Life insurance business in the Czech Republic increased by 15.3% between 2007 (EUR 1.9 billion) and 2015 (EUR 2.3 billion).

The mutual/cooperative life sector outperformed the rest of the life market over this period in terms of premiums written. Premium levels grew to EUR 768 million in 2015, an increase of 34.1% from EUR 562 million in 2007. As a result, the CAGR of the mutual/cooperative life sector (3.7%) was more than double the market average (1.8%).

Non-life

Czech non-life premiums in the total market rose to EUR 3.3 billion in 2015 (from EUR 2.8 billion in 2007). This represented an overall growth of 16.9% from 2007 levels and a CAGR of 2.0% over this period.

Mutual/cooperative insurers reported non-life premiums of EUR 1.3 billion in 2015, representing a 20.9% increase from 2007 levels (EUR 1.0 billion). This resulted in a CAGR of 2.4%, slightly more than the total market average.

¹⁰ All growth figures are in local currency (Czech koruna) terms to avoid any misleading effects of exchange rate fluctuations.

Market share of mutual/cooperative insurance sector

The mutual/cooperative sector held a 36.2% share of the Czech insurance market in 2015 (see Figure 3). The mutual/cooperative sector held a slightly higher proportion of the non-life market at 38.1%, compared to the life market at 33.6%.

In the legal form, the total mutual/cooperative market share in 2015 was negligible (less than 0.01%).

Overall mutual/cooperative market share has increased from a share of just over a third (33.6%) in 2007 (see Figure 4).

In life insurance, mutual/cooperative insurers' market share increased from 28.9% in 2007 to 33.6%. In non-life business, mutual/cooperative share rose from 36.8% to 38.1% over the same period.

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

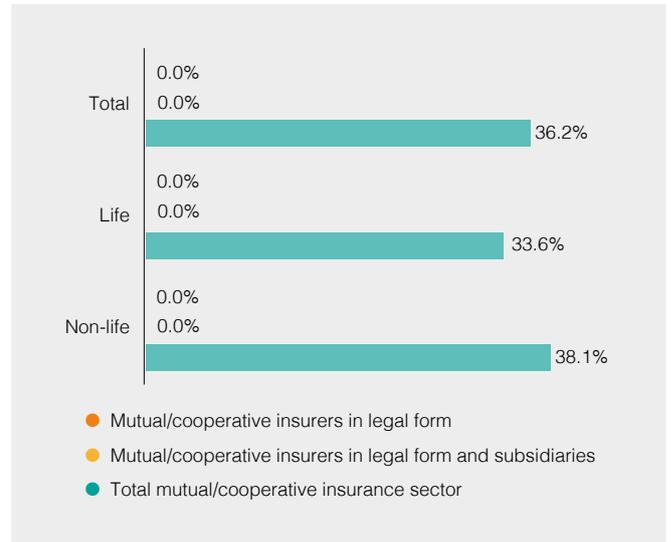
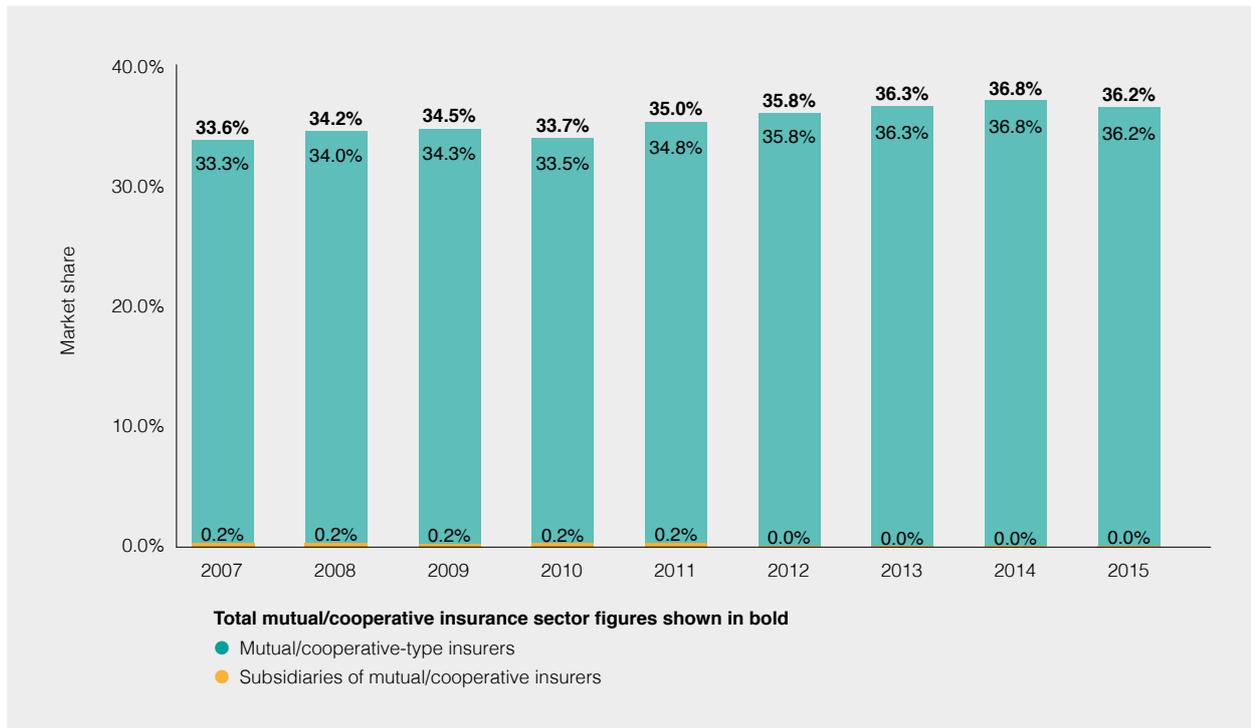


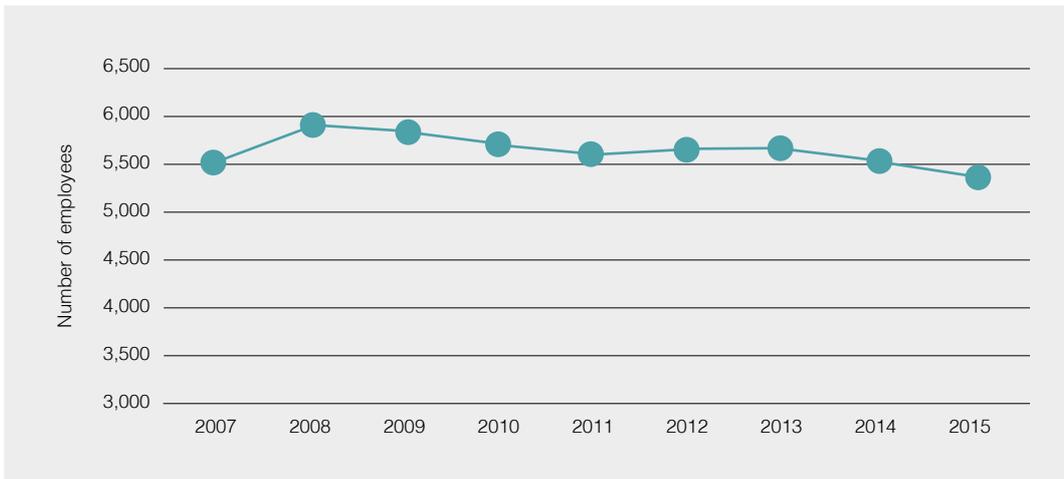
Figure 4
Market share of the mutual/cooperative insurance sector (2007-2015)



Number of employees

There was a slight decline in the total number of people employed by the mutual/cooperative insurance sector in the Czech Republic over the eight-year period from 2007 (see Figure 5), falling to 5,369 in 2015 from 5,510 in 2007 (-2.6%).

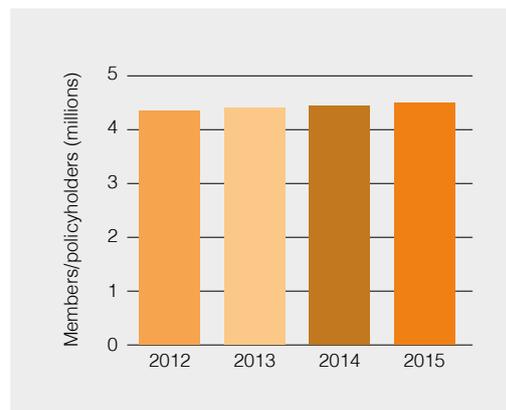
Figure 5
Number of employees of the mutual/cooperative insurance sector (2007-2015)



Number of members/policyholders

A total of 4.5 million members/policyholders were served by Czech mutual/cooperative insurers in 2015 (see Figure 6). Membership numbers have increased annually since 2012 (4.3 million), resulting in an overall increase of 3.3%.

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



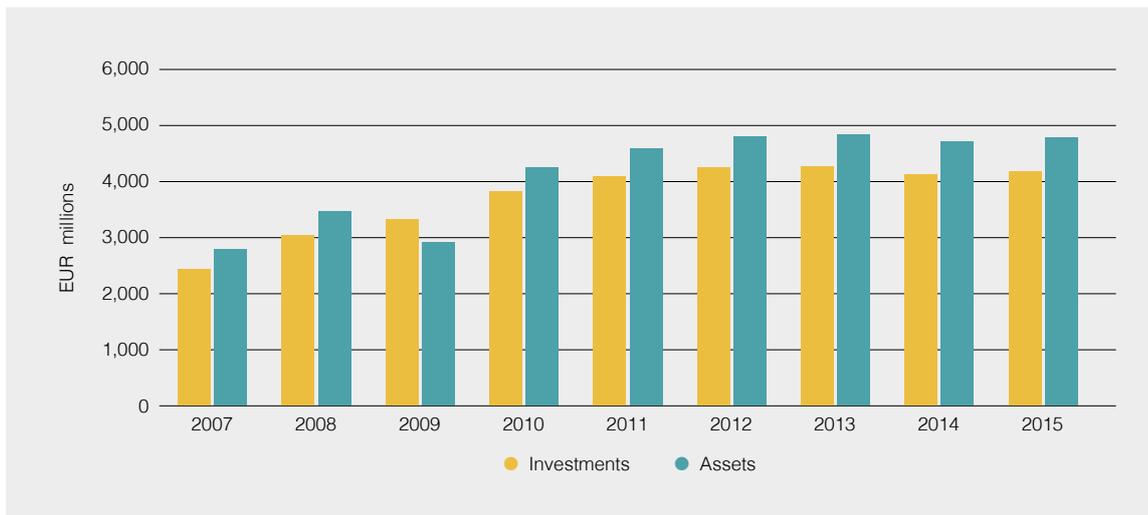
Assets and investments

The total assets held by Czech mutual/cooperative insurers increased to EUR 4.8 billion in 2015, a growth of 69.1% from EUR 2.8 billion in assets held in 2007 (see Figure 7).

The total amount of invested assets held by the mutual/cooperative sector also grew by a similar amount (68.2%) compared to 2007 figures, increasing to EUR 4.2 billion in 2015 from EUR 2.4 billion in 2007.

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