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Facts and figures

Mutual and cooperative insurance in Europe
Vol 2

Excerpt: Cyprus

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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 Superintendent of Insurance (*Έφορος Ασφαλίσεων*) is the head of the Insurance Companies Control Service – ICCS (*Υπηρεσία Ελέγχου Ασφαλιστικών Εταιρειών*)¹ in the Republic of Cyprus. It is the competent authority of the insurance sector and it exercises all the powers granted by the Law 38(I)/2016 on Insurance and Reinsurance Services and other Related Issues of 2016, as amended (*Ο περί Ασφαλιστικών και Αντασφαλιστικών Εργασιών και Άλλων Συναφών Θεμάτων Νόμος του 2016, όπως εκάστοτε τροποποιείται*).² All insurance and reinsurance undertakings that wish to operate in the Cypriot market are subject to prior authorisation by the Superintendent of Insurance.³

The Law of 2016 transposes the Solvency II Directive into Cypriot legislation. Following Article 4 of Solvency II, the 2016 Law on Insurance exempts certain insurance undertakings from the authorisation requirement due to their size.⁴ These provisions relate, for example, to the undertaking's annual gross written premium income (does not exceed EUR 5 million⁵) and the total of the undertaking's technical provisions (does not exceed EUR 25 million).⁶

The Law of 2016, as amended, also excludes compulsory social security systems⁷ from its scope of application, as well as 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.⁸

Finally, the Law does not apply to mutual undertakings which pursue non-life activities and have concluded with other mutual undertakings an agreement which provides for the full reinsurance of the insurance policies issued by them or in which the accepting undertaking is to meet the liabilities arising under such policies in the place of the ceding undertaking.⁹

A (re)insurance undertaking in Cyprus can operate as:¹⁰

- a Cypriot insurance undertaking which is a limited liability company, with or without shares (*εταιρεία περιορισμένης ευθύνης, με ή χωρίς μετοχές*), operating for the sole purpose of pursuing insurance and/or reinsurance activities, registered under the Companies Law and licensed to pursue such activities under the provisions of the Insurance and Reinsurance Services and other Related Issues Law.¹¹
- a Cypriot reinsurance undertaking which is a limited liability company with shares (*εταιρεία περιορισμένης ευθύνης με μετοχές*) operating for the sole purpose of pursuing reinsurance activities, registered under the Companies Law and licensed to pursue such activities under the provisions of the Insurance and Reinsurance Services and other Related Issues Law.¹²

¹ Ministry of Finance's [website](#).

² Article 30(1) of the Law on Insurance and Reinsurance Services and other Related Issues of 2016 as amended.

³ Article 14 of the Law on Insurance and Reinsurance Services and other Related Issues of 2016 as amended.

⁴ Article 6(1) of the Law on Insurance and Reinsurance Services and other Related Issues of 2016 as amended. These undertakings are however subject to a specific licensing requirement under Article 350(1) of Law 38(I)/2016 as amended.

⁵ Article 6(1)(a) of the Law on Insurance and Reinsurance Services and other Related Issues of 2016 as amended.

⁶ Article 6(1)(b) of the Law on Insurance and Reinsurance Services and other Related Issues of 2016 as amended.

⁷ These provident funds are funds providing retirement benefits paid as lump sum payments. They are governed by the Law providing for the establishment, activities and supervision of funds for occupational retirement benefits and related matters of 2012, as amended, and they are supervised by the Registrar of Funds for Occupational Retirement Benefits.

⁸ Articles 7(b) and 10(a) of the Law on Insurance and Reinsurance Services and other Related Issues of 2016 as amended.

⁹ Article 9 of the Law on Insurance and Reinsurance Services and other Related Issues of 2016 as amended.

¹⁰ Article 17 of the Law on Insurance and Reinsurance Services and other Related Issues of 2016 as amended.

¹¹ Article 17(1) of the Law on Insurance and Reinsurance Services and other Related Issues of 2016 as amended.

¹² Article 17(2) of the Law on Insurance and Reinsurance Services and other Related Issues of 2016 as amended.

- a Cypriot mutual insurance undertaking which is a limited liability company by guarantee, without share capital (*εταιρεία περιορισμένης ευθύνης με εγγύηση, χωρίς μετοχικό κεφάλαιο*), operating for the sole purpose of pursuing mutual insurance activities, registered under the Companies Law and licensed to pursue such activities under the provisions of the Insurance and Reinsurance Services and other Related Issues Law.¹³
- a third country (re)insurance undertaking which pursues insurance or reinsurance activities in the Republic in the form of a branch or representation (agent) and is registered as an overseas company under the provisions of the Companies Law for the sole purpose of pursuing insurance and/or reinsurance activities.¹⁴
- a (re)insurance undertaking of an EU Member State which pursues insurance activities in the Republic under the freedom of establishment or services and adopts one of the legal forms specified in the Third Appendix of the Law.¹⁵

Limited liability (re)insurance companies are governed by the provisions of the Law of 2016 and the Companies Law. In case of conflict between the two, the former prevails. The establishment of insurance cooperatives is not foreseen by Cypriot Legislation.

There are no special provisions regarding the classes of activity that mutual insurers can pursue. Generally – subject to a derogation regarding accident and illness insurance – the authorisation to pursue insurance business is solely granted for the pursuit of either non-life or life insurance activities.¹⁶ By way of derogation, certain undertakings authorised to pursue life insurance activities may also obtain authorisation for non-life activities for risks that fall under the classes of accident or illness¹⁷ or undertakings authorised solely for the risks listed in the classes of accident and illness may obtain authorisation to pursue life insurance activities.¹⁸

Number of licensed insurance undertakings

There were 33 (re)insurance undertakings under the supervision of the ICCS in 2015.¹⁹ This comprised 32 Cypriot undertakings (of which 25 were domestic business undertakings and seven were international business undertakings)²⁰ and one foreign business undertaking.

Of the 33 (re)insurance companies licensed in 2015, eight were life insurers, 21 were non-life insurers²¹ and three were composite insurers.

Number of mutual/cooperative insurers

In 2015, there was one mutual/cooperative insurance company licensed in Cyprus, Grawe Reinsurance Ltd, a subsidiary of Austrian mutual-type insurer Grazer Wechselfeitige Versicherung AG (Grawe).²² However, as Grawe Reinsurance only transacted reinsurance business, the premiums from this company fall outside the scope of this study.

Between 2007 and 2010, there was another mutual/cooperative present in the Cypriot market, Interlife Insurance, a composite insurer owned by Dutch cooperative-type insurer Eureko (now known as Achmea).²³ Eureko disposed of its shareholding in Interlife in May 2010.

¹³ Article 17(3) of the Law on Insurance and Reinsurance Services and other Related Issues of 2016 as amended.

¹⁴ Article 17(4) of the Law on Insurance and Reinsurance Services and other Related Issues of 2016 as amended.

¹⁵ Article 17(6) of the Law on Insurance and Reinsurance Services and other Related Issues of 2016 as amended.

¹⁶ Article 75(1) of the Law on Insurance and Reinsurance Services and other Related Issues of 2016 as amended.

¹⁷ Article 75(2)(a) of the Law on Insurance and Reinsurance Services and other Related Issues of 2016 as amended.

¹⁸ Article 75(2)(b) of the Law on Insurance and Reinsurance Services and other Related Issues of 2016 as amended.

¹⁹ ICCS (2016) *Report on Insurance in Cyprus in 2015*.

²⁰ Cypriot undertakings are undertakings which are incorporated in Cyprus, while the foreign undertakings are branches of undertakings which are incorporated abroad and outside the EU.

²¹ One non-life insurer, KLPP Insurance & Reinsurance Co Ltd, received a license to carry out insurance business on 30 December 2015 and so is included in the number of insurance undertakings in 2015, despite writing no insurance business during 2015.

²² See chapter on Austria.

²³ See chapter on Germany.

Size and growth of the mutual/cooperative insurance sector

Total

The total Cypriot insurance market wrote EUR 726 million in premium income in 2015, of which EUR 301 million was written in life insurance and EUR 425 million was in non-life insurance. The total market recorded an overall growth of 7.6% since 2007 (EUR 675 million).

In 2015, there were no (direct) insurance premiums written by Cypriot mutual/cooperative insurers. Before its acquisition in 2010, Interlife Insurance reported total premiums in 2009 of EUR 33 million (EUR 23 million in life premiums and EUR 10 million in non-life premiums).

Life

Cypriot insurers wrote a total of EUR 302 million in life insurance business in 2015, representing a 2.6% decline in premium volumes compared to 2007 (EUR 310 million). There were no mutual/cooperative insurers present in the Cypriot life market in 2015.

Non-life

In contrast, total non-life insurance in Cyprus expanded by 16.3% between 2007 (EUR 365 million) and 2015 (EUR 425 million). There were no mutual/cooperative insurers present in the Cypriot non-life market in 2015.

Market share of mutual/cooperative insurance sector

Since there were no mutual or cooperative insurers present in the Cypriot (direct) insurance market in 2015, there was a zero market share for the mutual/cooperative sector.

In 2009, before the sale of Interlife, the total mutual/cooperative market share was 4.3%. In life business, the market share was 6.6% and in non-life business, the mutual/cooperative market share was 2.4%.

Number of employees

Although one reinsurance company (Grawe Re) owned by a foreign mutual/cooperative-type insurer was active in the Cypriot market in 2015, no data is available on the number of employees in Grawe Re.

Number of members/policyholders

No data on the number of members/policyholders was available.

Assets and investments

No data on total assets or investments was available.

ICMIF

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

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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

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