



Mutual Insurance in Figures

Executive summary from the 2007 study
produced by AMICE's predecessor association,
AISAM

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Mutual insurance in figures
An overview of the mutual insurance
landscape in Europe



Association Internationale des Sociétés d'Assurance Mutuelle

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Executive Summary

Mutual insurers in Europe

AISAM, the International Association of Mutual Insurance Companies (Association Internationale des Sociétés d'Assurance Mutuelle) which has been promoting mutual insurance and its principles throughout the world since 1964 undertook in 2004 the commitment to map the sector in Europe ⁽¹⁾. The following data are some key conclusions of this research ⁽²⁾.

Are mutual insurers important in Europe?

Yes, they are. Mutual insurers are important in number as well as in market share. They are not a marginal phenomenon. They are rather widespread and present in most European countries and beyond, in life as well as in non-life insurance ⁽³⁾.

How many insurers are there in the EU25?

Overall in the European Union (EU25, 2004), there are more than 7,000 licensed insurers, 7,180 to be precise. This number corresponds as far as possible with the premium and market share data below.

Among these 7,180 insurers, close to 70% are mutual and cooperative insurers. Both numbers are surprising. And indeed, they merit some further explanation.

Most observers would argue that there are only 5,000 insurance companies. However, this figure would not include for example the 2,000 French mutual insurers specialized in complementary health insurance ⁽⁴⁾ which only recently became subject to insurance supervision and its rules.

Of these 7,180 insurers, the vast majority (68%) is mutual, with a presence in the life sector as well as in the non-life sector. This 68% is split up between 66% mutual (exempted or not) ⁽⁵⁾ and cooperative insurers and their subsidiaries, with another 2% controlled by mutual-owned holdings.

- Of the 1,847 life insurers active in Europe, 61% are mutual insurers (including subsidiaries) with another 3% mutual controlled holdings and hybrids and 1% cooperatives and their subsidiaries.
- Of the 5,076 non-life insurers, 72% are mutual insurers (including subsidiaries) with a further 1% mutual controlled holdings and hybrids and 1% cooperatives and their subsidiaries.
- Of the 257 composite insurers, 15% are mutual insurers (including subsidiaries) with a further 6% mutual controlled holdings and hybrids, and 2% cooperatives and their subsidiaries.

AISAM has about 130 direct insurance mutual members of all sizes, both life and non-life, and 7 national associations in 21 countries, most of them European. AISAM represents its members vis-à-vis European and international institutions, develops tools to promote the sector and helps its members to network and to exchange information on specific topics. AISAM members directly employ over 180,000 people and insure over 60 million members. In 2005, AISAM's members represented around 15% of the European insurance market or 8% worldwide.

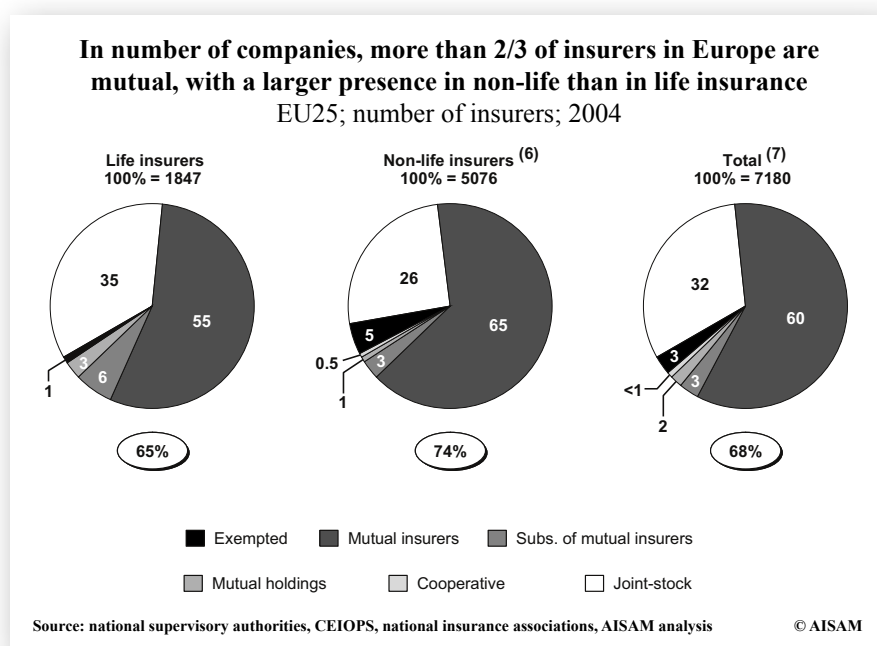
The data used refer to 2004 figures ⁽²⁾

There are also mutual reinsurers ⁽³⁾ but they are not covered by this study

For more information, see the country report on France ⁽⁴⁾

We have tried to capture as much as possible the exempted area but this was not always possible. See chapter on exemption regimes. ⁽⁵⁾

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(6) Including exempted insurers

(7) Including additionally 257 composites

How have we taken the mutual and cooperative sector into account? There are so many different group structures

Typically, we have divided the mutual and cooperative sector into several categories.

Firstly, category 1 mutual insurers: these are insurers with the mutual society or equivalent as legal form, such as Tapiola General or Tapiola Life in Finland, DEVK in Germany or MACIF in France. This category has been called 'Mutual insurers' and accounts in number of players for 60% of all insurers in Europe.

Secondly, category 2 mutual insurers: these are the subsidiaries of mutual insurers such as Tapiola Corporate Life, subsidiary of Tapiola Finland, or La Mondiale Partenaire, subsidiary of French mutual life insurance player La Mondiale. This category has been called 'Subsidiaries of mutual insurers'. Subsidiaries mostly take the form of limited liability companies or sometimes of cooperatives; they add another 3%.

Thirdly, category 3 mutual insurers: insurers controlled by a mutual holding such as Uniqa or hybrid mutuals such as Länsförsäkringar Liv⁽⁸⁾. This category has been called 'Insurers owned/controlled by mutual holdings and hybrid mutuals' or the mutual related sector and adds another 2% of companies.

(8) Hybrid mutuals are joint stock companies that are run according to mutual principles, e.g. they may not distribute dividends to the owners; all surplus must be redistributed to the policyholders. Cases can be found in Sweden, for example.

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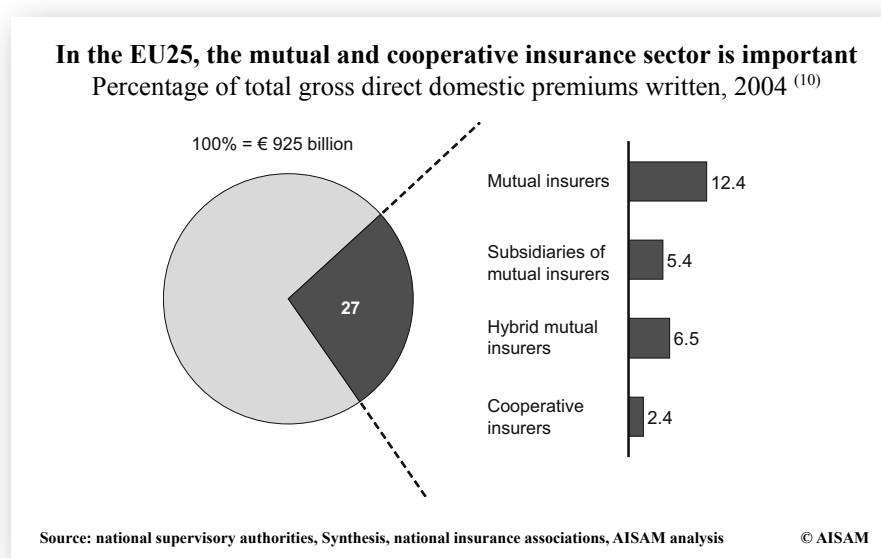
Besides the mutual insurers, the same exercise has been carried out for the cooperative insurers ⁽⁹⁾ although they only account for 1% in number of companies.

Lastly, according to the European insurance directives, very small mutual insurers may under certain conditions be exempted from supervision. We currently estimate that there are another 3% of mutual insurers belonging to this category, but the mutual and cooperative sector remains important.

This figure does not include ⁽⁹⁾ insurers owned by cooperative banks, savings banks or equivalent

Is the picture the same when examining the market shares?

No. In terms of business turnover or gross direct domestic premium written, the situation is different.



In terms of total (life and non-life insurance) gross direct domestic premiums written, the mutual and cooperative insurance sector accounts, in its broadest definition, for € 247 billion or 27% of the total European market. This comprises 12% mutual insurers, 5% subsidiaries of mutual insurers, 7% mutual insurance holdings and hybrids and 2% cooperative insurers, including subsidiaries and insurers owned by a cooperative holding (without including the cooperative bancassurers). This implies that, on average, mutual and cooperative insurers are smaller in size than their joint stock peers.

Includes all 25 EU Member States, ⁽¹⁰⁾ 2002 data for France

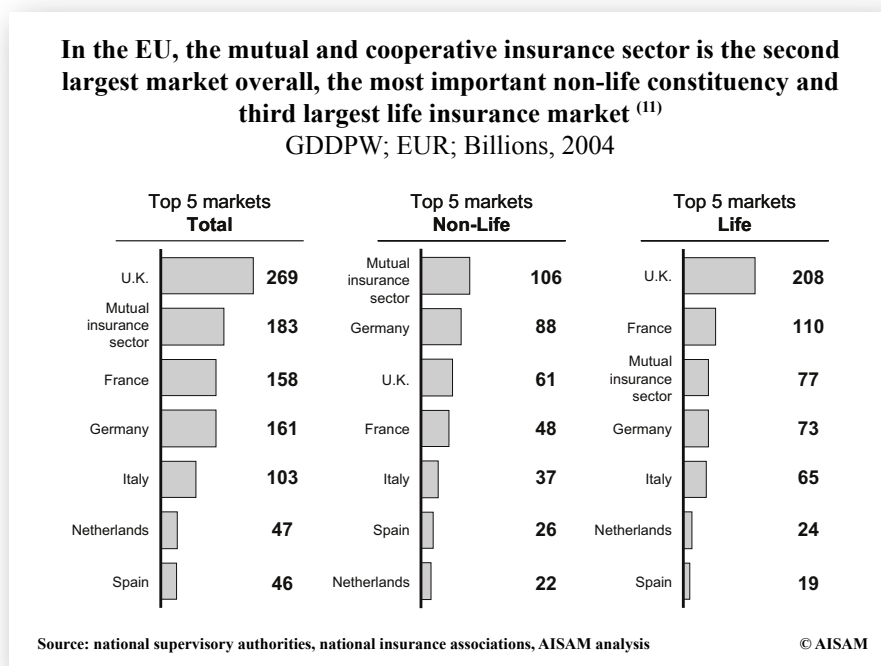
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What would this size compare to?

This € 247 billion, or 27% of the total EU25 insurance market, is close to the size of the largest national insurance market, the UK, which domestically in 2004 accounts for € 269 billion. Measured this way, one could argue that the mutual insurance sector is the second largest European insurance market.

Limiting the sector to only the mutual and cooperative insurers and their subsidiaries, i.e. without the mutual holdings and the hybrid mutuals, the result is still impressive with a total of € 183 billion or 20% of the European market. The conclusion however would remain the same as the second largest domestic insurance market is France which follows with a comparable figure of € 158 billion.

In non-life insurance, the mutual insurance sector is even the largest ‘country’, with a € 106 billion market (close to the UK and France together) whereas in life insurance, the mutual insurers account for the third largest market or a market equivalent to Germany.



(11) Only mutual and cooperative insurers and their subsidiaries

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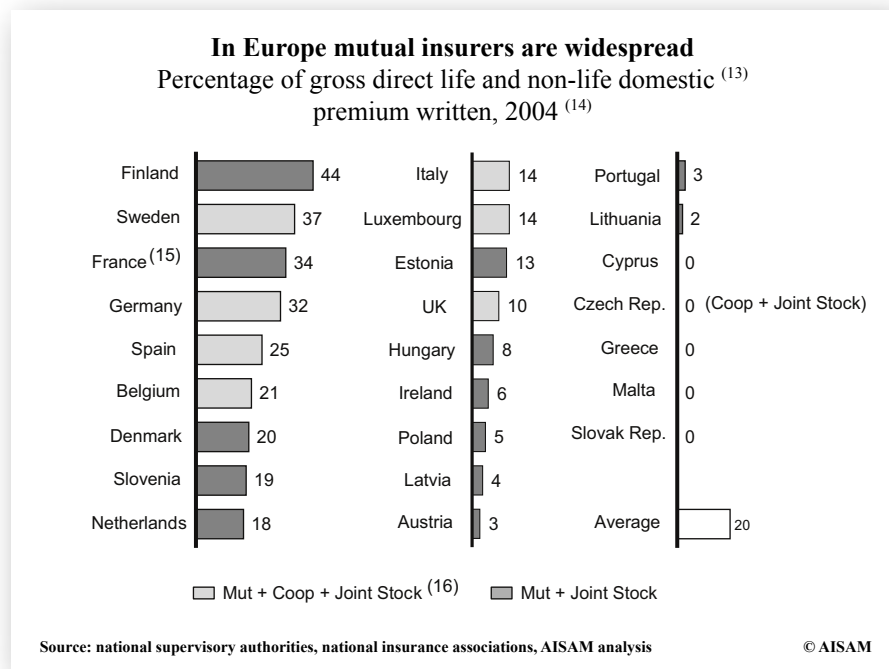
Has the mutual insurance sector gained in strength over the last five years?

Yes, slightly. Compared to 2000, the total market shares (life and non-life) show a 1% change in favour of the mutual and cooperative sector.

This figure includes the hybrid (12) mutuals and mutual holdings which kept a stable 5% life market share and an 8% non-life market share

In non-life insurance, the mutual and cooperative sector increased its market share from 35 to 39% whereas in life insurance it decreased from 21 to 19% (12).

Is the situation the same in each country?



Except Luxembourg: domestic and foreign; Ireland net premiums

Mutual and cooperative insurers (14) and their subsidiaries without mutual insurers controlled by a mutual holding

Based on 2002 data, but including "Mutuelles 45"

Read as: country in which mutual, cooperative and joint stock insurers are allowed

No, it is not. Penetration is quite different per country.

Finland, Sweden, France, Germany, Spain, Belgium and Denmark all have a mutual insurance sector penetration (mutual and cooperative insurers and their subsidiaries) above or at the European average of 20%

The real champions or the most 'mutual' countries are Sweden with 37% (60% including

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the hybrids and mutual-owned holdings), Finland with 44% (65%) and France with 34% (45%)⁽¹⁷⁾.

On the other hand, in Malta, Cyprus, Greece, the Czech and Slovak Republics, there are no mutual and/or cooperative insurers present or their presence is negligible⁽¹⁸⁾.

In all other European countries, in the new as well as the old Member States, mutual and cooperative insurers represent overall between 2% (Lithuania) and 20% (Slovenia) of the market. Needless to say, this masks a large variety of situations in certain business lines from country to country.

But that will be material for a next report. The sector is certainly rich enough in experience and variety and merits further study.

(17) The French data are underestimated as they refer to 2002 due to lack of reliable data for 2004

(18) Except in Czech Republic via mutual controlled holdings

Are there any particular reasons for these differences in the mutual insurance presence?

There are of course various historical and cultural reasons for these differences and the way the markets have developed. However, one might expect to see a more appropriate recognition for mutual insurers in a true European single insurance market. The current lack of a level playing field means that there is a distortion of competition between the legal forms of players. Mutual insurers are not allowed in all Member States and the absence of a European Mutual Society Regulation means that the option to set up an insurer as a European Mutual Society is not available today.

Another reason may be the unequal application of the exemption regime for small mutual insurers foreseen under the European Insurance Directives which means that, on some markets, the development of such smaller players are hampered by the obligation to apply the same regime as their larger competitors.

We sincerely hope that the Solvency II project will rectify these inequalities for the very small mutual insurers, thus lowering the structural barriers while at the same time correctly applying an adequate and proportionate regime to the benefit of their members.

We hope you enjoy reading this report!

Lieve Lowet
AISAM Secretary General

December 2006