



## **PROMOTING MUTUAL INSURANCE AND MUTUALITY**

Good practices vis-à-vis staff and member-policyholders

Report drawn up by the “Promotion, Information and development” Working group for the 2002 - 2004 period

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Working Group chaired by Cor Ensing

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## TABLE OF CONTENTS

- 1. Introduction**
- 2. Part 1: the values and criteria to which mutual insurers are most commonly attached**
- 3. Part 2: Good practices of mutual insurance companies in relation to their member-policyholders and staff**
- 4. Part 3: Examples of Good Practices introduced by AISAM members to promote mutual values in insurance by theme:**
  - Loyalty
  - Benefits
  - Products
  - Services
  - Governance
  - Information
  - Training



## 1. Introduction

AISAM's "Promotion, Information and development" Working Group was given the mandate of studying ways of promoting mutual principles.

Studies<sup>1</sup> have shown that the best defence is to promote the concept and the status of mutual insurance to an outside audience in order to make it better-known and to highlight its advantages.

Moreover, by exchanging information and experiences between mutuals, they will be better-equipped to deal with markets and competition, and to ensure their long-term survival.

As a first step, the working group therefore decided to collect examples of the good practices used by AISAM members to promote mutualist values and concepts, focusing primarily on the two groups of stakeholders which are most immediately involved: employees and member-policyholders.

- 1- **a mutual's staff** are vectors of a company's image as regards not only clients / member-policyholders but also the mutual's suppliers, and any other people in contact with it. They should therefore be aware of the specificities of the company for which they work, and should also be able to promote and explain these very specific values to external parties.
- 2- **member-policyholders** are a mutual's very *raison d'être*; member-policyholders should be aware that they are insured by a mutual insurance company rather than by just any insurance company, and they should understand and feel the difference. The rights and obligations pertaining to the status of member-policyholder are different and more specific than those pertaining to the clients of any other insurance company. Member-policyholders wear two hats: they are clients, but they also have a status resembling that of a shareholder. It is the mutual's duty to explain this to make sure they are able to fulfil this role.<sup>2</sup>

As a next step, the interaction between mutuals and their broader audience, composed of national governments, supervisory authorities or even potential member-policyholders, could be studied.

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<sup>1</sup> See [www.mutuo.co.uk](http://www.mutuo.co.uk)

<sup>2</sup> See Myners Review of Governance of Mutual Life Offices, July 2004

Part 1 of this document gives a number of criteria and values to which mutual insurers are attached before going on in Part 2 to give some examples of ways in which mutual insurers ensure that these principles are disseminated to staff and member-policyholders.

Both Parts summarize various questionnaires and studies carried out within AISAM over the last few years. They cannot under any circumstances whatsoever be taken to represent all the mutuals in a country or a continent, nor do they claim to be exhaustive. Although the mutual insurers which submitted the examples in Part 2 are not mentioned by name, each of the actions mentioned is practised by at least one mutual.

Part 3 is a collection of Good Practices currently observed in specific mutual insurance companies.

The working group would particularly like to thank those AISAM members which contributed actively to Part 3.

## **Part 1: the values and criteria to which mutual insurers are most commonly attached**

### **A - Vis-à-vis member-policyholders**

- A primary objective: the satisfaction of member-policyholders
- Respect for member-policyholders, which has two main focuses:
  - ethical, in that the products sold by an insurer are different to most other products
  - the security of member-policyholders
- Secure the loyalty of member-policyholders through motivated and responsible staff
- Governance: find and introduce the means which allow member-policyholders to participate in the mutual's management
- Transparency and openness to the member-policyholders and to society as a whole, including insurance conditions and premiums
- Emphasis on high quality services rather than profits
- Necessity to be innovative in order to satisfy member-policyholders' needs
- Correct pricing, i.e. base prices on risks and costs rather than on what the market will allow
- Offer member-policyholders the best products at the lowest possible price
- Risk-prevention
- Try to cover risks which are technically difficult to insure whilst never losing sight of the interests of all member-policyholders

### **B - Vis-à-vis staff**

- Apply the principles of solidarity and responsibility for the benefit of the company's employees
- Give employment and training policies a major role
- Contribute to the social well-being of the staff
- Demand a qualitatively and quantitatively very high level of services oriented towards clients/member-policyholders

**C - Vis-à-vis both groups (staff and member-policyholders/clients)**

- Emphasize long-term effectiveness rather than a short-term view
- Render services to all of the protagonists, including the local and regional communities and society in general
- Promote the philosophy of mutuality
- Share the values of solidarity and equity
- Take the human factor into account in all of the mutual insurer's activities
- Clearly describe risks which the mutual deems uninsurable due to their asocial or unethical aspects

## **Part 2: Good practices of mutual insurance companies in relation to their member-policyholders (A) and staff (B)**

The working group selected 7 areas in which cases of good practice have been identified for both member-policyholders and staff. The results are presented below:

### **A - In relation to member-policyholders:**

#### **1. Loyalty**

- Distribution of profits to member-policyholders:
  - Introduction of a policy of rebates which can be adjusted according to the mutual's results
  - Equal distribution between member-policyholders, or distribution based on the type of policy, or distribution based on the duration of the policy
  - Introduction of member "accounts" to which rebates are transferred
- Profit-sharing for member-policyholders in the form of better services without higher prices
- Loyalty discounts in some insurance classes

#### **2. Benefits**

- Define a case-by-case cancellation policy: "moral" rather than "legal" judgement
- Introduce free services appended to policies
- Introduce grants for member-policyholders in difficulty, and for psychological support if necessary

#### **3. Products**

- Develop new products (home help, cover for everyday accidents) not developed by competitors or at a lower cost
- Insure risks which others do not wish to cover, offer innovative solutions
- Involve the member-policyholders in the mutual's corporate life via panels which test new products or assess new services

#### 4. Services

- Define a risk-prevention policy: car, accidents at work, etc., introduction of guides to good practices, training guides, etc.
- Obtain labels issued by independent external organizations, either for products or of ISO type
- Introduce call centres to manage claims 24/7
- Offer services of a "compensation in kind" type rather than classical reimbursement

#### 5. Governance

- Set up various types of committee, composed completely or partially of member-policyholders, such as:
  - A consultative committee which receives the same type of information about the company as in-house
  - An investment committee which guarantees transparency and the diversity of criteria for financial investments
  - A solidarity committee which distributes social benefits in accordance with the strategy defined by the mutual (grants, help for the disabled, etc.)
  - A guarantee committee for insured parties
- Encourage participation in General Meetings by reimbursing expenses relating to travel or child-care

#### 6. Information

- Introduction of periodicals (newsletters, special letters for certain occasions such as rebates, etc.)
- Introduction of information meetings before General Meetings, but also more regularly in order to provide information about the creation of new products, or about lectures on topics which interest member-policyholders
- Introduction of a free phone number where information can be obtained

#### 7. Training

- Constantly train representatives of member-policyholders

## **B - In relation to staff:**

### 1. Loyalty

- Involvement of employees in the recruitment of new candidates via the introduction of bonuses

### 2. Benefits

- Establishment of a fund for employees, the positive results of which are redistributed to employees, and the introduction of a profit-sharing system (complementary remuneration for employees based on the mutual insurance company's positive results)
- Free medical monitoring, anti-tobacco actions, stress surveys
- Flexible working hours
- "Private PC" project for all personnel (with partial involvement of the employer and easy payment terms)
- Introduction of a system of bonuses for individual and team excellence

### 3. Products

- Incentives for staff to buy their policy with the company and offering a new contract to each new staff member

### 4. Services

- Introduction of a social policy: child-care assistance, reservation of places in creches, psychological help for employees or families in difficulty, programmes to reconcile personal and professional life
- Creation of sports associations

### 5. Governance

- Introduction of a non-discrimination policy (sex, age, nationality, religious and philosophical beliefs)
- Staff-mobility incentives: publication of available jobs on the intranet, benchmark of the remuneration programme, evaluation of staff
- Introduction of a suitable redundancy policy: no redundancies, encouraging staff mobility via suitable training courses

- Participation of employees in the Board of Directors (1 or 2 representatives of employees are elected to the Board of Directors)

## 6. Information

- Periodicals and intranet for staff dedicated to company information
- Measurement of the well-being of employees: social barometer of employees

## 7. Training

- Specific training programme for new staff on mutuality and its principles
- Language-training programme
- Computer-training programme
- Behavioural-training programme (e.g.: stress management for employees of regional offices)
- Management courses
- Making educational material available at home for non office based employees (e.g. inspectors)
- Insurance training centre: external training financed by the employer if connected to the job in question
- Creation of in-house training rewarded by in-house diplomas
- Creation of universities
- Compulsory technical training courses for new employees, given by company executives
- Individual training programmes; development of technical specialization school; creation of a training portal via an e-learning platform

### Part 3: Summary of examples of Good Practices to promote mutual values in insurance

	<b>A - Policyholders</b>	<b>B - Staff</b>
<b>1 - Loyalty</b>	<ul style="list-style-type: none"> <li>➤ Introducing a policy of rebates</li> <li>➤ Loyalty discount in certain branches</li> </ul>	<ul style="list-style-type: none"> <li>➤ Involving employees in the recruitment of new staff via introduction of bonuses</li> </ul>
<b>2 - Benefits</b>	<ul style="list-style-type: none"> <li>➤ Introducing free services appended to policies</li> <li>➤ Defining a case-by-case cancellation policy (moral rather than legal)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Establishing a fund: good results are partly redistributed to employees through a profit-sharing system</li> </ul>
<b>3 - Products</b>	<ul style="list-style-type: none"> <li>➤ Developing new products not developed by competitors or at a better cost</li> <li>➤ Involving the members in the creation of new products</li> </ul>	<ul style="list-style-type: none"> <li>➤ Incentives for staff to buy their policy with the company and offering a new contract to each new staff member</li> </ul>
<b>4 - Services</b>	<ul style="list-style-type: none"> <li>➤ Call centres to manage claims 24/7</li> <li>➤ Obtaining labels issued by independent external organisations</li> </ul>	<ul style="list-style-type: none"> <li>➤ Social policy: child-care assistance, reservation of places in nursery schools, psychological help for employees or families in difficulty, programmes to reconcile personal and professional life</li> </ul>
<b>5 - Governance</b>	<ul style="list-style-type: none"> <li>➤ Encouraging participation in GM through a number of rules (reimbursement of expenses...)</li> <li>➤</li> </ul>	<ul style="list-style-type: none"> <li>➤ Staff mobility incentives: publication of available jobs on the intranet, benchmark of the remuneration programme, evaluation of staff</li> </ul>
<b>6 - Information</b>	<ul style="list-style-type: none"> <li>➤ Increasing the number of periodicals dedicated to members</li> <li>➤ Information meeting before the GM</li> <li>➤ Introducing free phone number</li> <li>➤ Advertising campaign</li> </ul>	<ul style="list-style-type: none"> <li>➤ Periodicals and intranet for staff dedicated to company information</li> </ul>
<b>7 - Training</b>	<ul style="list-style-type: none"> <li>➤ Ongoing training for representatives of member-policy-holders</li> </ul>	<ul style="list-style-type: none"> <li>➤ Language training programmes, computer training, behavioural training, management training, in-house training rewarded by in-house diplomas,</li> <li>➤ Creation of universities</li> <li>➤ Specific training programme for new staff on mutuality and its principles</li> </ul>

Source: AISAM survey on Corporate Social Responsibility, summer 2003

# Good practice 1-A

## Customer loyalty among member-policyholders

### INTRODUCTION OF A REBATE POLICY

Name of the company which introduced the good practice:

**Mutuelle de Poitiers Assurances (France)**

Type of company:

- Life
- Non-Life
- Mixed
- Regional or local
- National
- Commercial
- Personal
- Most important insurance class: **Motor/ Fire**

Size of the company:

- Number of employees: **Workforce of 750**
- Amount of net insurance premiums: **€188 million (2003)**
- Amount of gross insurance premiums: **€203 million (2003)**
- Number of member-policyholders: **355,000**
- Number of clients (if different):

**Brief description of the good practice:**

*Distribution of a premium rebate to member-policyholders.*

*At the end of the business year, we constitute a rebate provision if the company's results so allow, after ensuring that own funds and provisions for claims are sufficient. We then give a rebate to member-policyholders based on a percentage of their premiums. This rebate mechanism is available to variable-contribution mutual insurance companies and may be implemented according to:*

- category of member-policyholder (Personal/ commercial)*
- or insurance class (motor, home, etc.), for one or several depending on the results*

*In 2003, we distributed a rebate to retail member-policyholders for their "individual" risks (95% of the total portfolio).*

*Finally, it should also be pointed out that this rebate policy is not new. For example, rebate provisions were also constituted in 2000 and 2001 and several times since 1990.*

**Objective:**

*To secure customer loyalty and incite them to regroup their contracts.*

*The rebate mechanism is extremely important to variable-contribution mutual insurance companies as it offers a real advantage over other corporate legal forms.*

*It is often difficult to provide for a price cut at the beginning of the business year, as we do not yet know the extent of the year's costs (inversion of the cycle); the rebate mechanism makes it possible to wait until the end of the business year, and to decide on the distribution of a rebate if the results of the business year are satisfactory.*

*It should also be pointed out that the constitution of the rebate provision is tax-deductible within a regulatory framework.*

**Actions introduced and periods involved:**

*As decided by the Board before the end of the business year, it is announced to member-policyholders before 31 December. It is then distributed during the first quarter of the following business year (dispatch of a cheque with a letter).*

**Resources (human, financial, etc.):**

*The 2003 rebate (sent out in 2004) amounted to 5.2 million euros.*

*This sum is shared out among "individual" member-policyholders in proportion to their premiums paid in 2003 (rebate cheque amounting to 3% of their premiums on individual/personal risks).*

**Results: (intermediate, final, whether measured or not)**

*Our member-policyholders are extremely satisfied – the mutualist spirit is strengthened.*

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**Good practice 1-A**  
**Customer loyalty among member-policyholders**  
**INTRODUCTION OF AN INCENTIVE POLICY TO**  
**ENCOURAGE THE GROUPING OF POLICIES:**  
**OPERATION "CARRE D'AS"**

Name of the company which introduced the good practice:

**Mutuelle de Poitiers Assurances (France)**

Type of company:

- Life
- Non-Life
- Mixed
- Regional or local
- National
- Commercial
- Personal
- Most important insurance class: **Motor/ Fire**

Size of the company:

- Number of employees: **Workforce of 750**
- Amount of net insurance premiums: **€188 million (2003)**
- Amount of gross insurance premiums: **€203 million (2003)**
- Number of member-policyholders: **355,000**
- Number of clients (if different):

**Brief description of the good practice:**

*Operation Carré d'As (Ace of Diamonds) was introduced in 2001 to fulfil three objectives:*

- *to reward the loyalty of our full members*
- *to compensate, in favour of loyal member-policyholders, for the advantages often granted to prospects*
- *to encourage member-policyholders to become full members (i.e., to encourage them to group their policies with Mutuelle de Poitiers).*

*Member-policyholders who have at least 4 policies become members of the Carré d'As club: (1 motor policy, 1 comprehensive home policy, 1 health or individual accident policy, 1 policy guaranteeing a 4th individual risk (legal expenses, boat or second car, home, etc.).*

*Member-policyholders who become members of the Carre d'As club receive a "privilege" cheque-book which gives them access to a number of advantages:*

- *5 cheques, to be used as desired:*
- *reduction of the motor excess up to 100 euros (in the event of a car accident);*
- *hunting policy for 1 euro;*
- *school policy (children's liability) for 1 euro;*
- *legal expenses policy for 1 euro;*
- *skiing policy for 1 euro (Third Party Liability for skiers, temporary cover);*
- *A reduction on the first-year premium when taking out a motor, comprehensive home, or supplementary health policy.*

**Objective:**

*Reward loyal member-policyholders*

*Encourage member-policyholders to group their policies with Mutuelle de Poitiers*

**Actions introduced and periods involved:**

*Broad sales operations (various mail-shots since 2001).*

*The operation dates from 2001 and continues from one year to the next (programmed until 2006 for the time being).*

**Resources (human, financial, etc.):**

*The operation was introduced by the sales department and implemented locally by our sales outlets. Member-policyholders are informed about the operation through various mailings, a letter to member-policyholders, etc.*

*The operation's marketing costs are quite high, as member-policyholders who become club members receive a letter of congratulations + a chequebook. The operational cost is also high (use of cheques to reimburse the excess or policies for 1 euro). Financing is covered by part of the sales action budget.*

**Results: (intermediate, final, whether measured or not)**

*Precise results are difficult to give. The operation is renewed from one year to the next due to averred customer satisfaction. Our customer lapse rate (a total of 9.2% of the total client base do not renew their policies at year end) is satisfactory, and is improving from year to year.*

*However, it is difficult to ascribe it to any specific sales or customer-loyalty operation. The policy take-up rate is also satisfactory: 2.65 policies per member-policyholder on average.*

*Today, nearly 60,000 member-policyholders are members of the Carré d'As club, and some 10,000 member-policyholders join the club every year.*

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# Good practice 1-A

## Customer loyalty amongst member-policyholders

### **MEMBER-POLICYHOLDER LOYALTY PROGRAMME**

Name of the company which introduced the good practice:

**Tapiola Group (Finland)**

Type of company:

- Life
- Non-Life
- Mixed
- Regional or local
- National
- Commercial
- Personal

➤ Most important insurance class:

*Tapiola also offers pension plans, funds and banking services throughout Finland for retail only*

Size of the company (2003):

- Number of employees: **2400 employees; 1000 tied agents**
- Amount of net insurance premiums:
- Amount of gross insurance premiums: **€1,681 million (Total turnover of the group = €2.5 billion)**
- Number of member-policyholders: **1.1 million**
- Number of clients (if different): *practically the same, only a few insurance customers with short term policies do not fulfil conditions of membership*

### Brief description of the good practice:

*The Member-Policyholder Programme awards customers for loyalty, concentration of insurance policies and carefulness.*

*Benefits to member-policyholders are multifarious and have been grouped into five parts:*

- *Service benefits*
- *Financial benefits relating to insurances*
- *Financial benefits to savers and investors*
- *Financial benefits to bank customers*
- *Benefits from partners.*

*The longer the membership and the higher the degree of concentration, the better the benefits.*

*A member-policyholder is a person who has at least one continuous insurance policy with Tapiola Group.*

*Tapiola offers services and financial benefits to its insurance, bank and fund customers. Tapiola appreciates long-term membership where the customers concentrate their insurance and financial matters to Tapiola.*

*Benefits to member-policyholders are granted automatically, when a service or a product is bought and when the length of membership increases.*

*The Member-policyholder programme is continuously developed on the basis of customer feedback and needs of personnel.*

#### *Service benefits*

- *Customer Need Mapping services free of charge*
- *Individual savings and investment counselling free of charge*
- *24-hour emergency service free of charge in home, motor and travel insurance*
- *Compensations by phone within 24 hours in small claims*
- *Joint management of bank, insurance and fund affairs on the Internet free of charge*
- *The Internet service includes a personal tool to keep track of income and expenditure*

#### *Financial benefits relating to insurance*

- *Discount every year on the most important non-life insurance policies of households:*
  - *5 % after one year as customer*
  - *7 % after five years as customer*
  - *10 % after ten years as customer*
  - *an annual discount of 10 euros on administrative expenses of savings in life insurance*

- *Discount level transferable to children:*
  - *children setting up own homes get the same discounts as their parents*
- *Discount after loss free period:*
  - *if the home or farm insurance has not paid out compensation over a five year period, a discount of 20 % on the premiums will be granted every fifth year*
  - *an additional 5 % discount for careful drivers in motor insurance*
- *Discount on accident and travel insurance:*
  - *up to 30 % discount on new annual travel insurance and personal accident insurance for customers with home or farm insurance*
  - *10 % discount on new fixed term travel insurance*
- *Special group life insurance:*
  - *advantageous group life insurance to member-policyholders including family members*
- *Fire insurance certificate for real estate free of charge*
- *Benefits also for entrepreneurs:*
  - *up to 10 % discount on many corporate insurance policies after one year as customer*

*Financial benefits to bank customers*

- *Member-policyholders who have taken out a home insurance as well as an additional continuous insurance in Tapiola can use the Internet service free of charge and get a payment card, cash or Visa Electron card for free (year 2004)*
- *A profitable account interest calculated on each day instead of the minimum monthly balance used by other banks*
- *Withdrawals from every cash automat in Finland free of charge*
- *Customers under 27 years are entitled to the Internet service and a payment card, cash or Visa Electron card free of charge.*

*Financial benefits to savers and investors*

- *Discount on the subscription fees for the Tapiola Funds:*
  - *investments in the Tapiola Balance Fund without subscription fee*
  - *on-line discount of 0.20 percentage units on the subscription fees for all the other Tapiola Funds*

**Benefits from partners**

- *Retail co-operative includes premiums paid for Tapiola policies in their bonus card system:*
  - *member-policyholders who are also members of the retail co-operative earn bonuses for premiums paid for most of Tapiola's non-life insurance policies and group life insurance. The bonus is a maximum of 5 %.*
- *Discount on the real estate agent fee:*
  - *discount on the fee of the real estate agent SKV when selling own home*

**Objective:**

*The objective of the Member-policyholder programme is to improve customer loyalty and to increase the extent of the membership.*

*The Member-policyholder programme promotes Tapiola's mutuality.*

**Actions introduced and periods involved:****Resources (human, financial, etc.):****Results: (intermediate, final, whether measured or not)**

*Tapiola has had a remarkable increase in the market share from 13.1 % to 16.7 % since the programme was launched in 1997.*

*The value of benefits was 52 million euros in 2003 and a total of 12 % of the non-life premium income in the personal customer segment.*

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# Good practice 1-A

## Customer loyalty amongst member-policyholders

### **LOYALTY PROGRAMME**

Name of the company which introduced the good practice:

**Länsförsäkringar (Sweden)**

Type of company:

- Life
- Non-Life
- Mixed
- Regional or local
- National
- Commercial
- Personal

➤ Most important insurance class:

*A group of 24 local mutual insurers writing non-life, life and offering banking services throughout Sweden*

Size of the company (2003):

- Number of employees: **5,600**
  - Amount of net insurance premiums:
  - Amount of gross insurance premiums:
- Non-life premiums € 1.5 billion; Asset value non-life € 1.9 billion*
- Life premiums € 0.9 billion; Total assets life EUR 12.3 billion*
- Deposits: bank € 1.8 billion; Loans: bank € 3.3 billion*
- Market share non-life insurance 30.7 %; Market share life insurance 9 %*
- Market share bank, deposits 2.9 %; Market share bank, loans 2.3*
- Number of member-policyholders:
  - Number of clients (if different): **3.1 million customers**

**Brief description of the good practice:**

*LänsBonus is a customer loyalty programme which rewards customers who fulfil their insurance needs as well as their banking needs through Länsförsäkringar. It also benefits long term relations.*

**Objective:**

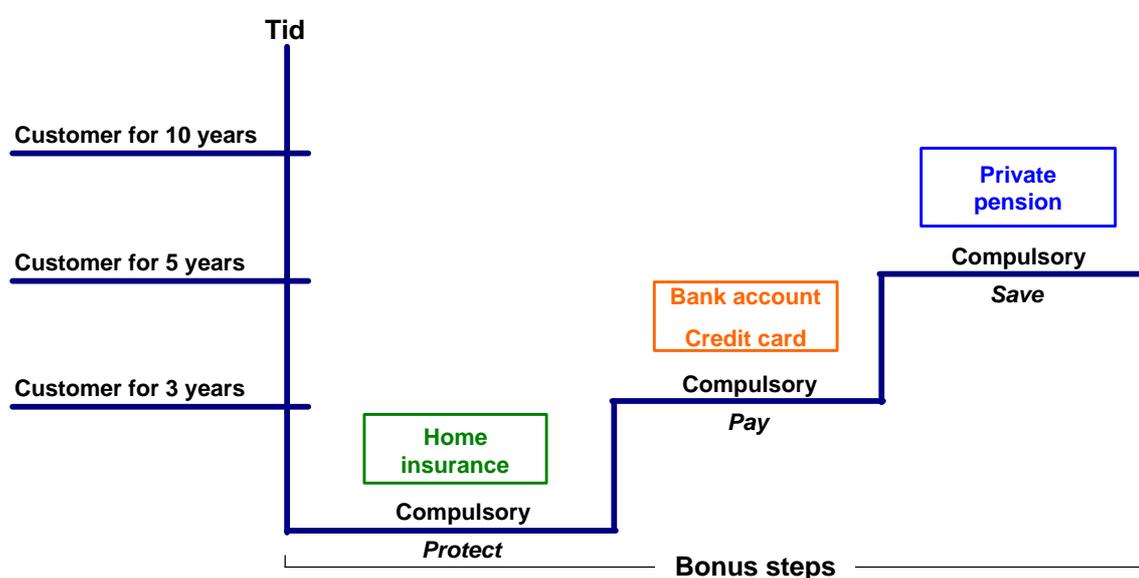
*To secure customer loyalty and support the three core business of Länsförsäkringar: non life, life and banking.*

## Actions introduced and periods involved:

The starting point for the loyalty programme is the homeowner insurance policy. When the customer adds more insurance policies, a bonus is paid. The bonus is calculated on the total premiums and can, for example, be 5 percent. If the customer opens a bank account including a credit card and Internet access the bonus rises to 10 percent. If the customer takes out a private pension the bonus will be 15 percent.

Depending on how many years the customer has had a relation with Länsförsäkringar the bonus will be even higher.

See diagram below:



The “protect” step consists of non-life products. If the customer has a home insurance policy and one or more other insurance policies, a bonus is paid. The bonus can be 5% of the total premium and is on cash-back basis.

If the customer has a bank account linked to a credit card, he moves up to the “pay” step. This means that his bonus will rise to 10 % of the total premium.

Finally, if he adds a life product, the bonus will rise to 15 % of the total premium.

The programme will also reward the customer if he stays with Länsförsäkringar for 3 or more years. This means that an extra bonus is paid.

This loyalty programme will replace the old system which mainly rewards customers with several non-life insurance policies.

Resources (human, financial, etc.):

Results: (intermediate, final, whether measured or not)

*The classical problem with all loyalty programmes is to evaluate the impact they have on the business. In customer surveys, almost all customers say that a loyalty programme will mean that they buy more and stay longer. Länsförsäkringar is unable to measure whether the loyalty programme alone has that result.*

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## Good practice 2-B

### Benefits for staff

### **PERSONNEL FUND**

Name of the company which introduced the good practice:

**Tapiola Group (Finland)**

Type of company:

- Life
- Non-Life
- Mixed
- Regional or local
- National
- Commercial
- Personal

➤ Most important insurance class:

*Tapiola also offers pension plans, funds and banking services throughout Finland for retail only*

Size of the company (2003):

- Number of employees: **2400 employees; 1000 tied agents**
- Amount of net insurance premiums:
- Amount of gross insurance premiums: **€1,681 million (Total turnover of the group = €2.5 billion)**
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- Number of clients (if different): *practically the same, only a few insurance customers with short term policies do not fulfil conditions of membership*

**Brief description of the good practice:**

*Good results are partly redistributed to employees through a profit sharing system.*

*Since 1991 Tapiola has run the personnel fund with all employees as members. The fund is an independent actor with its own management.*

*Depending on their annual results and their market success, the group's insurance companies transfer to the fund a certain sum of money. The transfer rules are confirmed by the board and by the Ministry of labour. The maximum amount for one year is 3 % of the annual payroll. The member of the fund can withdraw yearly 15 % of her/his account.*

**Objective:**

*To promote the idea of mutuality.*

Actions introduced and periods involved:

Resources (human, financial, etc.):

*At the end of 2003 the total transferred value of the fund was 15 million euros.*

Results: (intermediate, final, whether measured or not)

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## Good practice 2-B

### Benefits for staff

### **PROFIT PRIZE SYSTEM**

Name of the company which introduced the good practice:

**Tapiola Group (Finland)**

Type of company:

- Life
- Non-Life
- Mixed
- Regional or local
- National
- Commercial
- Personal

➤ Most important insurance class:

*Tapiola also offers pension plans, funds and banking services throughout Finland for retail only*

Size of the company (2003):

- Number of employees: **2400 employees; 1000 tied agents**
- Amount of net insurance premiums:
- Amount of gross insurance premiums: **€1,681 million (Total turnover of the group = €2.5 billion)**
- Number of member-policyholders: **1.1 million**
- Number of clients (if different): *practically the same, only a few insurance customers with short term policies do not fulfil conditions of membership*

**Brief description of the good practice:**

*One element of Tapiola's salary system is profit prizes which are delivered along with the monthly salaries.*

*According to the annual action plan all working teams have targets for productivity, quality of service etc. These targets have check-points, most generally quarterly.*

*At these check-points if the performance is better than targets, the team is rewarded with the profit prize. The amount of the prize depends on how well they have surpassed their targets.*

**Objective:**

*To promote - quantitatively and qualitatively - very high levels of service*

*To increase productivity*

Actions introduced and periods involved:

Resources (human, financial, etc.):

*The maximum prize is 7 % of wages. In the year 2003 the average was 4,5 %.*

Results: (intermediate, final, whether measured or not)

*Since the introduction of the system in 1996, productivity has increased by 25 %.*

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**Good practice 4-A**  
**Services to member-policyholders**  
**OFFER OF SERVICES TO MEMBER-POLICYHOLDERS**  
**– OPERATION "CARTE POK"**

Name of the company which introduced the good practice:

**Mutuelle de Poitiers Assurances (France)**

Type of company:

- Life
- Non-Life
- Mixed
- Regional or local
- National
- Commercial
- Personal
- Most important insurance class: **Motor/ Fire**

Size of the company:

- Number of employees: **Workforce of 750**
- Amount of net insurance premiums: **€188 million (2003)**
- Amount of gross insurance premiums: **€203 million (2003)**
- Number of member-policyholders: **355,000**
- Number of clients (if different):

**Brief description of the good practice:**

*The POK Card is part of Mutuelle de Poitiers' global commercial policy: to be close to the policyholder.*

*The POK Card is Mutuelle de Poitiers' "multi-services card":*

*It is sent to each member-policyholder and gives them access to services accessory to insurance products but linked to them.*

*This card is also the "Mutuelle de Poitiers member-policyholder card" (it is personalized with the customer number and the address of the agency);*

*It gives access to three fields of services: home – vehicle – personal.*

*Access to "Home" services:*

*- The Network of Partner Craftsmen, 18 trades (painters, electricians, etc.) per agency, is available to help our insured parties following a claim or not. These craftsmen have signed our quality charter and are selected locally. Each agency helped in the creation of the local network;*

*- Remote assistance (home protection service via alarms);*

*- Mortgage loans;*

*- Guide to real estate and property transactions.*

*Access to "Vehicle" services:*

*- For repairs: the network of garages, the network of windscreen-repair companies;*

*- For technical controls: the network of control centres;*

*- Car loans.*

*Access to "Personal" services:*

*- Assistance (personal assistance, assistance for vehicles, assistance at home);*

*- Legal information;*

*- Health/social information;*

*- Savings-pension- retirement provisions.*

**Objective:**

*- To provide more services than are usually provided by insurers;*

*- To secure customer loyalty;*

*- To stand out from the competition;*

*- To contribute to reducing claims costs.*

**Actions introduced and periods involved:**

*General information for member-policyholders (letter to member-policyholders) – dispatch to each member-policyholder of their POK Card + "paper" directory of competent approved professionals close to their home (craftsmen, motor repair centres).*

**Resources (human, financial, etc.):**

*The operation has been gradually introduced since 2002. The constitution of a network of some 3,000 craftsmen took the most time. The sales department and the network's sales agents were extensively involved in introducing the service. The operation's marketing costs are quite high, as all new member-policyholders receive a letter presenting our services + POK Card + "paper" directory. The information is also available on the website.*

**Results: (intermediate, final, whether measured or not)**

*Precise results are difficult to give. The operation is renewed from one year to the next due to averred customer satisfaction. Our customer loyalty rate (9.2% lapse rate in 2003) is satisfactory, and is improving from year to year. However, it is difficult to ascribe it to any specific sales or customer-loyalty operation. The policy take-up rate is also satisfactory: 2.65 policies per member-policyholder on average.*

*Today, nearly 300,000 member-policyholders have received their POK Card.*

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## Good practice 4-A

### Services to member-policyholders

### CUSTOMER SUMMARY

Name of the company which introduced the good practice:

**Länsförsäkringar (Sweden)**

Type of company:

- Life
- Non-Life
- Mixed
- Regional or local
- National
- Commercial
- Personal

➤ Most important insurance class:

*A group of 24 local mutual insurers writing non-life, life and offering banking services throughout Sweden*

Size of the company (2003):

- Number of employees: **5,600**
- Amount of net insurance premiums:
- Amount of gross insurance premiums:  
*Non-life premiums € 1.5 billion; Asset value non-life € 1.9 billion*  
*Life premiums € 0.9 billion; Total assets life EUR 12.3 billion*
- Deposits: bank € 1.8 billion; Loans: bank € 3.3 billion*
- Market share non-life insurance 30.7 %; Market share life insurance 9 %*
- Market share bank, deposits 2.9 %; Market share bank, loans 2.3*
- Number of member-policyholders:
- Number of clients (if different): **3.1 million customers**

**Brief description of the good practice:**

*Länsförsäkringar is introducing a customer overview which means that each key customer will receive a summary or an overview of their total product portfolio twice a year. The overview will also include personalized proposals.*

*The overview will also be available on the Internet. The Internet version will have real time information.*

*The target group is 1.2 million customers within the strategic groups of customers that Länsförsäkringar has identified. For Internet access a security code is necessary which, for the moment, limits the number of customers that can get access to it through the web.*

*The summary will show which insurance policies the customer has taken out in the non-life area. It will also show all other products in that area that Länsförsäkringar can offer to the customer.*

*In the life area, the customer can see the value of his investments and how they have developed during the year.*

*In the financial area, all saving accounts and loans will be shown as well as a statement month by month for the current account.*

*For each customer an individual proposal is given according to the customer's situation and the type of products he already has.*

**Objective:**

*Give the customer a summary of his financial status, the development of his pension products and an overview of his insurance policies.*

*Make the customer aware of the possibility he has to solve all his financial needs through Länsförsäkringar.*

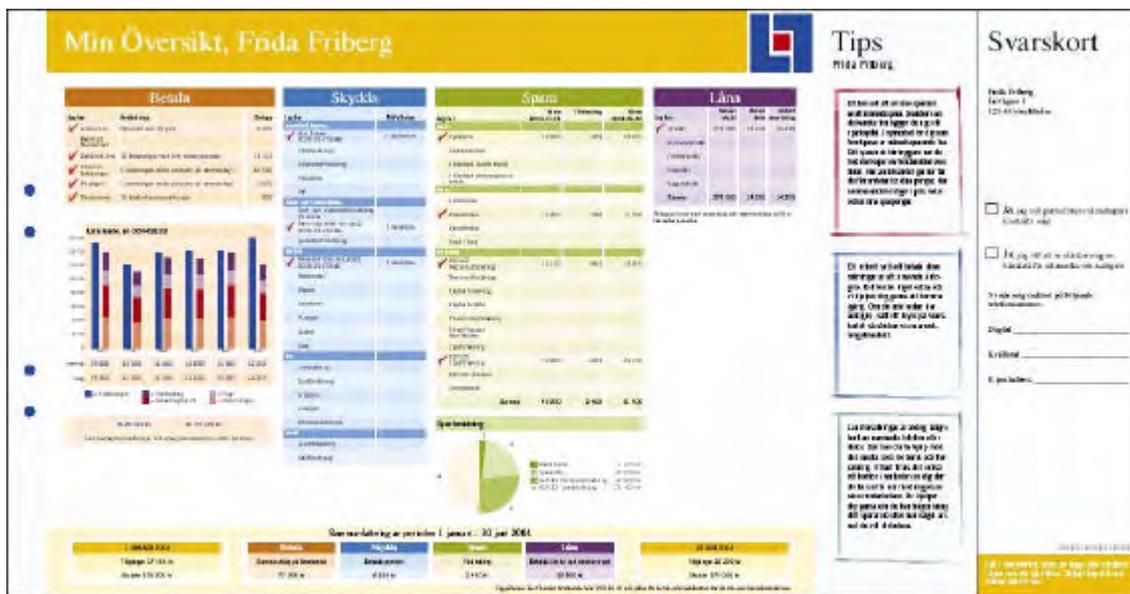
*Strengthen the name of Länsförsäkringar as a comprehensive financial operator.*

*Show the benefits of one provider of both insurance products and banking services.*

## Actions introduced and periods involved:

*The customer overview will be available both on paper twice a year and on Internet in real time.*

*See example below:*



*The summary is produced in a “customer friendly” way with colours and graphics.*

*Responding to the proposal is done by sending in a postage free reply-form. This will start an automated process that can lead to either a sales agent contacting the customer or to information being sent to the customer.*

*The information in the overview is collected from many different data sources. The biggest challenge has been to make sure the data is of sufficient quality from all the different systems involved.*

*The proposals for new products can be made by using all the information from the overview and combining that with external information that LF keeps in this customer segmentation tool.*

*The Internet facility will make the customer aware of the possibilities for making changes or for adding other products or services. This in turn will make it necessary for Länsförsäkringar to increase the facility for making changes via the Internet as customers, in some cases, would prefer to do it directly by themselves.*

Resources (human, financial, etc.):

Results: (intermediate, final, whether measured or not)

*A customer survey has been carried out regarding customer satisfaction. An overwhelming majority of the customer said that the overview was one of the best initiatives that Länsförsäkringar had ever taken.*

*In terms of sales and customer loyalty it is still too early to evaluate what impact this initiative has had.*

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## Good practice 5-A Governance **POLICYHOLDERS' PARTICIPATION PROGRAMME**

Name of the company which introduced the good practice:

**Univé Drenthe-Overijssel (Netherlands)**

Type of company:

- Life
- Non-Life
- Mixed
- Regional or local
- National
- Commercial
- Personal

➤ Most important insurance class: **Fire**

*An independent local insurance company which works together with another 35 insurance companies under the Univé label. Several life and non-life products are distributed but underwritten by third parties. Also a real-estate broker.*

Size of the company:

- Number of employees: **80**
- Amount of net insurance premiums:
- Amount of gross insurance premiums: **€7.1 million (2003)**
- Number of member-policyholders: **126,738 (126,672 policies)**
- Number of clients (if different):

**Brief description of the good practice:**

*The general meeting is made an attractive meeting to attend. All members are personally invited. They are informed of the financial situation of the company. They are offered drinks and something to eat. An interesting and well-known speaker is invited to deliver a speech. Member-policyholders receive a special present from the company every year.*

**Objective:**

*To encourage member-policyholders to attend and actively take part in the annual general meeting*

*To involve member-policyholders more in the mutual's activities*

*To make member-policyholders aware of their special status as a member of the company*

Actions introduced and periods involved:

Resources (human, financial, etc.):

Results: (intermediate, final, whether measured or not)

*The number of members who attend the general meeting has gone up from 3 to 1,150 within a period of 5 years.*

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# Good practice 5-A

## Governance

### **POLICYHOLDERS' EXAMINING COMMITTEE**

Name of the company which introduced the good practice:

**Tapiola Group (Finland)**

Type of company:

- Life
- Non-Life
- Mixed
- Regional or local
- National
- Commercial
- Personal

➤ Most important insurance class:

*Tapiola also offers pension plans, funds and banking services throughout Finland for retail only*

Size of the company (2003):

- Number of employees: **2400 employees; 1000 tied agents**
- Amount of net insurance premiums:
- Amount of gross insurance premiums: **€1,681 million (Total turnover of the group = €2.5 billion)**
- Number of member-policyholders: **1.1 million**
- Number of clients (if different): *practically the same, only a few insurance customers with short term policies do not fulfil conditions of membership*

**Brief description of the good practice:**

*The supervisory boards name an outside group (committee) of five to seven policyholders to make an independent and completely unrestricted evaluation of Tapiola's operations, management and strategic plans.*

*The members of the Committee are elected from amongst the regional advisory committees. To start their work they are provided with material concerning customer segments, loyalty, satisfaction and price levels, and an employee satisfaction study. The Committee also uses a detailed report containing records of all benefits paid out to member-policyholders (annual value of discounts, bonuses, services) in order to evaluate how Tapiola effectively implements its mutual status.*

*The Committee also pays a one day visit to head office in order to interview those persons from management and working teams they wish to meet.*

*The benchmark for the Committee is the principles of mutuality published by AISAM.*

*The written report is discussed at the meetings of advisory committees and the report with this feedback is handled by the boards.*

**Objective:**

*In addition to the Annual Report, to make an objective report about the status and realization of mutuality and to make proposals for further development.*

Actions introduced and periods involved:

Resources (human, financial, etc.):

*Tapiola has appointed a project manager to assist the Committee and to promote mutuality.*

Results: (intermediate, final, whether measured or not)

*This system is quite new and the pilot version will be ready at the end of 2004.*

*It remains to be seen if the Committee meets annually or if the best practice is to meet e.g. every two years.*

*The aim is for the report to be made public and it will be published on Tapiola's web-site.*

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# Good practice 5-A

## Governance

### CUSTOMER-ORIENTED CORPORATE GOVERNANCE

Name of the company which introduced the good practice:

**Tapiola Group (Finland)**

Type of company:

- Life
- Non-Life
- Mixed
- Regional or local
- National
- Commercial
- Personal

➤ Most important insurance class:

*Tapiola also offers pension plans, funds and banking services throughout Finland for retail only*

Size of the company (2003):

- Number of employees: **2400 employees; 1000 tied agents**
- Amount of net insurance premiums:
- Amount of gross insurance premiums: **€1,681 million (Total turnover of the group = €2.5 billion)**
- Number of member-policyholders: **1.1 million**
- Number of clients (if different): *practically the same, only a few insurance customers with short term policies do not fulfil conditions of membership*

### Brief description of the good practice:

*In a group like Tapiola with several multi-unit entities there is a need for other governance bodies in addition to general meetings and supervisory boards. A Cooperation committee supervises activities at group level while regional advisory committees act as a channel of interaction between customers and Tapiola.*

#### *1. Annual general meetings:*

- *The supreme decision-making body.*
- *Accessible to every policyholder.*
- *Every policyholder has at least one vote, with additional votes being conferred on the basis of insurance premiums (Tapiola General and Tapiola Pension) or life insurance savings (Tapiola Life). As owners of the guarantee capital, the mutual insurance companies of the Tapiola Group each also have a right to vote, depending on the amount of that capital, but these votes may not constitute a majority.*
- *At Tapiola Pension's annual general meetings voting rights may also be exercised by representatives of the insured.*
- *Decides on the adoption of the annual accounts and discharges and elects the members of the supervisory boards.*

#### *2. Supervisory boards*

- *Elected at the annual general meetings, represent member-policyholders.*
- *The number of supervisory board members in Tapiola General is 26, in Tapiola Life 16, in Tapiola Corporate Life 15 and in Tapiola Pension 28 representing policyholders and especially the insured in Tapiola Pension.*
- *The aim is that the compositions of these boards should correspond to the structure of each company's customer segmentation and regional breakdown of premiums written.*
- *Supervise the board of directors and the managing director; appoint the members of the board of directors and the President of the Group who serves as the chairman.*
- *Decide on issues that concern a significant expansion or a significant change in the company's organisation.*
- *Can give advice to the board of directors in wide-ranging matters.*
- *Meet 3 times a year.*

#### *3. Co-operation committee of the supervisory boards*

- *8 member-policyholders composed of the chairmen and vice-chairmen of the four supervisory boards*
- *Along with the supervisory boards, it supervises the activities of each board of directors and all managing directors, processes strategic issues and supports the management, makes decision proposals to the annual general meeting concerning the election of supervisory board members and prepares the supervisory boards' meetings*
- *Meets approximately 8 times a year*

#### 4. Advisory committees

- *Elected by the boards of directors*
- *20 regional advisory committees, each of which consists of 12-15 members plus three sectoral advisory committees:*
  - *Advisory committee for the SME sector; 12 members*
  - *Advisory committee for agriculture and forestry; 12 members*
  - *Advisory committee for Tapiola Bank Ltd; 12 members*
- *Act as channels of interaction between the customers and Tapiola and have the right to make proposals to the boards of directors in order to develop the services*
- *Two meetings a year, as well as one joint assembly of all the advisory committees*

#### 5. Boards of directors

- *Elected by the supervisory boards.*
- *The members of Tapiola General's Board of directors are full-time and also serve as board members in Tapiola Life and Tapiola Corporate Life. The Group President serves as the chairman of each board which has three full-time members representing services for different customer segments. There are also four deputy members.*
- *The board of directors of Tapiola Pension has 12 members and 4 deputy members. Half of the members of the board of directors must statutorily be elected from among the persons proposed by the central organisations representing employers and employees. In addition to these, the board of directors also includes representatives of the member-policyholders, as well as directors responsible for services for the above mentioned customer segments. The Group President serves as chairman of the Board.*
- *Responsible for the administration of the company and organisation of its activities. Due to the particular characteristics of the finance and insurance business, the nature of the activity of the board of directors of the insurance company is operative, and therefore differs from many other major companies.*
- *Development of services for member-policyholders, investment and risk management are emphasized in the activity of the board of directors of a mutual insurance company.*
- *The boards of directors meet approximately 15 times a year.*

#### 6. Managing directors

- *the Managing Director (MD) is elected by the board of directors*
- *Each company has its own MD. The MD of Tapiola Corporate Life is the MD of the parent company, Tapiola Life*
- *The MD handles the company's business according to instructions and regulations issued by the board of directors*
- *The supervisory boards and co-operation committee also supervise the activities of the MDs.*
- *The MD is not a board member, but he has the right to attend board meetings.*

**Objective:**

*To find and introduce means which allow member-policyholders to influence the mutual's management.*

**Actions introduced and periods involved:**

**Resources (human, financial, etc.):**

**Results: (intermediate, final, whether measured or not)**

*One particular result has been that the work of the co-operation committee has strengthened the strategic steering of the group.*

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## Good practice 6-A

### Information to member-policyholders

# PUBLICITY CAMPAIGN

Name of the company which introduced the good practice:

**Società Reale Mutua Assicurazioni (Italy)**

Type of company:

- Life
- Non-Life
- Mixed
- Regional or local
- National
- Commercial
- Personal
- Most important insurance class: **Life, TPL Motor**

Size of the company:

- Number of employees: **1,070**
- Amount of net insurance premiums:
- Amount of gross insurance premiums: **€1,349 million (2003)**
- Number of member-policyholders: **1,368,230 (February 2004)**
- Number of clients (if different): **more than 1.4 million**

**Brief description of the good practice:**

*Advertise a strong message on the Company's mutualist spirit as well as its 175 years' existence in preparation for the Turin Winter Olympics in 2006, for which Reale Mutua is one of the official sponsors. Advertising Reale's mutual status is particularly bold in the Italian market where there are less than a handful of mutual insurers.*

**Objective:**

*To renew the image of the Company*

*To reinforce the caring nature of the company vis-à-vis member-policyholders*

*To engage in a beneficial dialogue with all stakeholders*

**Actions introduced and periods involved:**

*Advertising in the media: newspapers, magazine, internet. The advertisement underlines Reale Mutua's 175 year existence as Italy's largest mutual insurer as well as its role as an Olympic sponsor.*

*The initiative is planned for the first 6 months of 2004.*

*The next wave of advertising is to be defined according to the results of a focus research (begun in May 2004) in order to benchmark Reale Mutua on the national market.*

**Resources (human, financial, etc.):**

*The operation's marketing costs are in line with the expected results.*

*The human resources involved are about 10 persons, with the external aid of an advertising agency and a research company.*

**Results: (intermediate, final, whether measured or not)**

*The intermediate result showed that insurance advertising did not in general remain long in customers' memories. Reale Mutua is however seen as a serious and solid company but its mutual status does not come to the fore. A second analysis will be made later in the year on the impact of this Olympic advertising campaign and its mutual message.*

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