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Facts and figures

Mutual and cooperative insurance in Europe
Vol 2

Excerpt: Norway

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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 Financial Supervisory Authority of Norway (*Finanstilsynet*) is a Norwegian government agency responsible, *inter alia*, for the supervision of the insurance sector in Norway.¹ Insurance business can only be carried out in Norway by insurance undertakings and pension funds that are licensed under the Financial Institutions Act 2015 – 2015 Act (*Lov om finansforetak og finanskonsern*).²

The 2015 Act and the Insurance Act of 10 June 2005 as amended (*Lov om forsikringsvirksomhet*) govern the insurance sector in Norway. The 2015 Act, which entered into force on 1 January 2016, transposes the main elements of Solvency II into Norwegian law. In addition, in August 2015, the Ministry of Finance of Norway adopted the Regulation implementing Solvency II, which transposes detailed rules of the EU directive into domestic law.³

The 2015 Act does not apply to the Norwegian Public Service Pension Fund or state-owned entities funded from the state budget that are subject to special rules under other legislation.⁴ The Ministry of Finance can decide in cases of doubt whether an insurance undertaking (or other financial institution) requires a licence under the 2015 Act.⁵ In special cases, the Ministry of Finance can exempt insurance undertakings (or other financial institutions) from one or more provisions of the 2015 Act, and can attach conditions to such exemptions. Even in this case, the Ministry of Finance can decide that the undertaking will still be subject to supervision by the Finanstilsynet.⁶

Insurance undertakings in Norway can be organised as:

- public limited companies (*allmennaksjeselskap*)
- private limited companies (*aksjeselskap*)⁷
- mutual companies (*gjensidig forsikringsselskap*)
- pension funds (*pensjonskasse*)⁸

Cooperative insurance is not legally foreseen in Norway.

A life insurance undertaking can write insurance considered to be life insurance, as well as other personal insurances specified in the license.⁹ A non-life insurance undertaking can also write life insurance in the form of pure risk insurance, which by agreement is of a maximum duration of one year and confers the right to disbursement of compensation as a lump sum, or which meets other product requirements established by the Ministry of Finance.¹⁰

¹ Finanstilsynet's [website](#).

² Section 2-6 of the 2015 Act.

³ Ministry of Finance of Norway's website, [Regulation on Solvency II](#).

⁴ Section 1-6(1) of the 2015 Act.

⁵ Section 1-6(2) of the 2015 Act.

⁶ Section 1-6(3) of the 2015 Act.

⁷ Only in cases where an insurance undertaking is a subsidiary of a financial group or where according to its articles of association it can only write direct insurance for entities in the group of which it is to form a part (Section 7-2(2) of the 2015 Act).

⁸ A pension fund can provide collective pension schemes for entities and municipalities that have established and participate in the pension fund. It can also operate as a group pension fund, intermunicipal pension fund or joint pension fund. A license may confer on a pension fund the right to either provide pension schemes deemed to be life insurance, or to provide pension schemes with no insurance element (Section 2-16 of the 2015 Act).

⁹ Section 2-13(1) of the 2015 Act.

¹⁰ Section 2-14(2) of the 2015 Act.

The 2015 Act has special provisions in relation to mutual insurance undertakings regarding their articles of association,¹¹ the liability of members,¹² winding up¹³ and the establishment of financial groups.¹⁴ A mutual insurance undertaking can convert to a private limited company or a public limited company after authorisation from the Ministry of Finance.¹⁵ Upon conversion, a financial foundation is established which becomes the owner of all the shares of the new company.¹⁶ In special cases, the Ministry of Finance can consent to the shares being distributed instead among the undertaking's customers, with a basis in the nature, scope and duration of the customer relationships.¹⁷

Number of licensed insurance undertakings

At the end of 2015, 82 insurance companies were licensed by Finanstilsynet¹⁸ to operate in Norway.¹⁹ This figure encompassed 13 life insurers and 69 non-life insurers, including 15 fire insurers and nine marine insurance associations.

Compared to 2007, the number of insurance companies authorised in the Norwegian insurance market has seen little change, with a small decline of 5.7% from 87 insurance undertakings in 2007.²⁰

Number of mutual/cooperative insurers

In 2015, there were 33 mutual/cooperative insurers present in the Norwegian market. Six of these were life insurance companies and 27 were non-life insurance companies, of which 15 were local fire insurers and nine were marine insurance associations.

Of the 33 mutual/cooperative insurance companies in 2015, 25 were mutual/cooperative insurers in the legal form: one life insurer and 24 non-life insurers.

The total number of mutual/cooperative insurers active in Norway has decreased by 21% since 2007, when there were 42 mutual/cooperative insurers in the market (including 34 mutual/cooperative insurers in the legal form). Despite this fall, the aggregate premium income of the total mutual/cooperative sector has grown steadily since 2007 (see Figure 1).

¹¹ Section 7-8 of the 2015 Act.

¹² Section 11-3 of the 2015 Act.

¹³ Section 12-8(4) of the 2015 Act.

¹⁴ Section 17-4 of the 2015 Act.

¹⁵ Section 12-13(1) of the 2015 Act.

¹⁶ Section 12-15(3) of the 2015 Act.

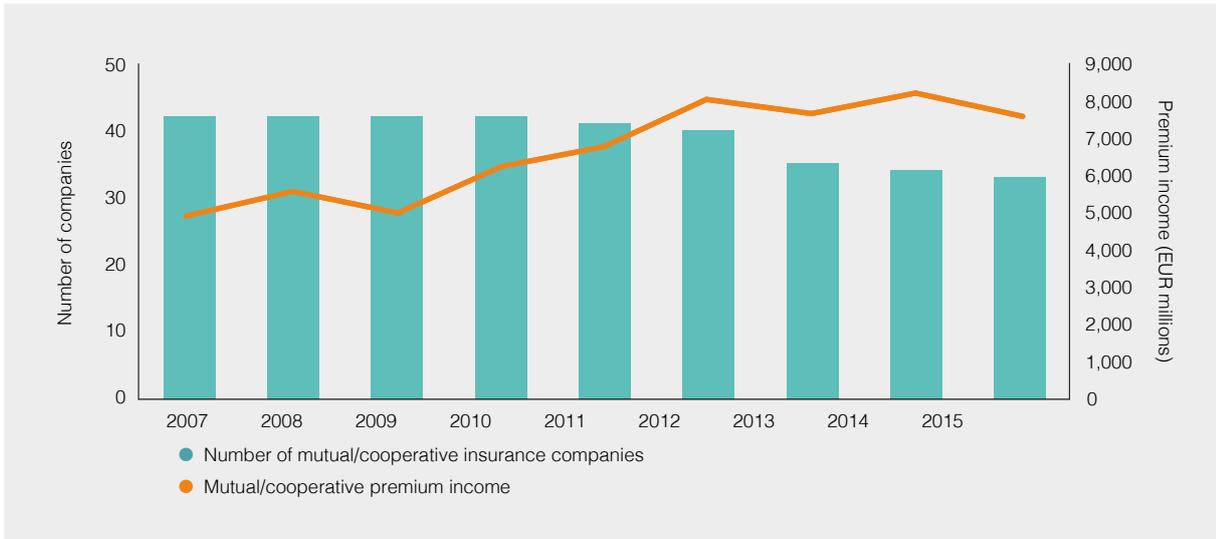
¹⁷ Section 12-15(4) of the 2015 Act.

¹⁸ Finanstilsynet (2016) *Annual Report 2015*.

¹⁹ A further 32 Norwegian branches of foreign insurers, 49 private pension funds and 39 municipal pension funds also held a licence to operate in Norway at year-end 2015.

²⁰ In addition, there were a further 46 Norwegian branches of foreign insurers, 86 private pension funds and 29 municipal pension funds at year-end 2007.

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



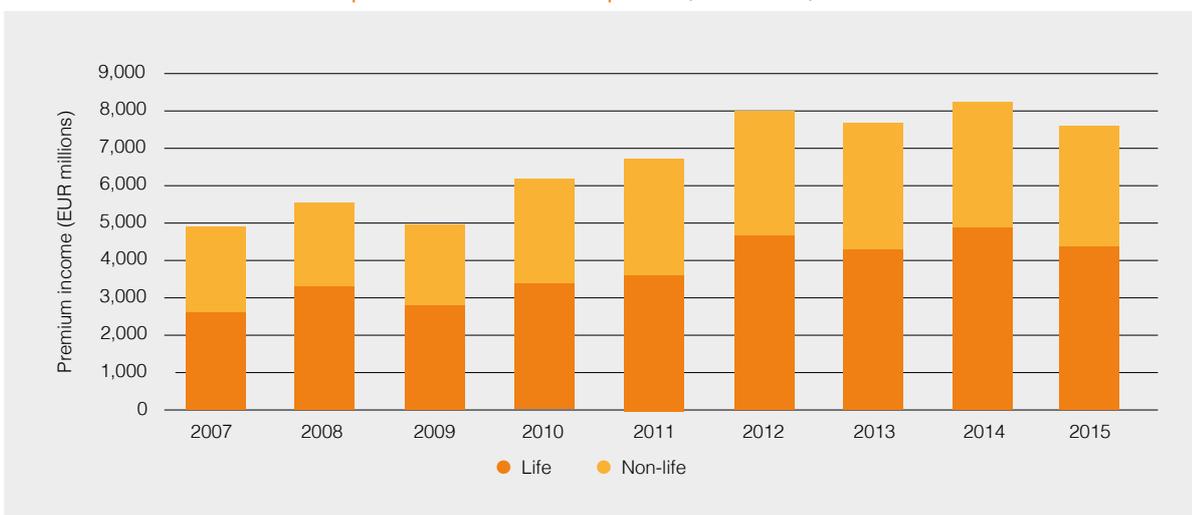
Size and growth of the mutual/cooperative insurance sector

Total

The insurance sector in Norway as a whole wrote EUR 17.9 billion in insurance premiums in 2015. Growth had been very consistent in the Norwegian market since 2007, with only one year of negative premium growth (in 2009) during this eight-year period. As a result, premium volumes have increased by an aggregate of 40.5%²¹ since 2007 (EUR 14.2 billion), equivalent to a CAGR of 4.3%.

The mutual/cooperative market in Norway recorded premium levels of EUR 7.6 billion in 2015 (see Figure 2). Since 2007, the Norwegian mutual/cooperative has registered four years of double-digit premium growth, compared to just one year in the total market. Overall, the collective growth of mutual/cooperative insurers since 2007 (EUR 4.9 billion) was 73.1%, resulting in a CAGR (7.1%) that exceeded the market average by almost three percentage points.

Figure 2
 Premium income of mutual/cooperative insurance companies (2007-2015)



²¹ All growth figures are in local currency (Norwegian krone) terms to avoid any misleading effects of exchange rate fluctuations.

Life

Since 2007, life insurance business in Norway increased by a total of 39.5% to EUR 10.5 billion in premiums in 2015 (2007: EUR 8.4 billion).

Mutual/cooperative life insurers reported even stronger growth during this eight-year period. Collective premium income rose to EUR 4.4 billion in 2015 (from EUR 2.6 billion in 2007), a growth of 87.5%. As a result, the CAGR of the mutual/cooperative life sector (8.2%) was almost four percentage points stronger than the market average (4.3%).

Non-life

Norwegian non-life premiums rose to EUR 7.4 billion in 2015. This represented a total growth of 41.9% (2007: EUR 5.8 billion).

Mutual/cooperative insurers recorded non-life premium levels of EUR 3.2 billion in 2015, representing a 56.7% increase from 2007 volumes (EUR 2.3 billion). This resulted in a CAGR of 5.8%, just ahead of the total market CAGR of 4.5%.

Market share of mutual/cooperative insurance sector

The mutual/cooperative sector held a 42.3% share of the Norwegian insurance market in 2015 (see Figure 3), ranking it as one of the 10 largest insurance markets in the world by mutual/cooperative market share.²² In the life insurance sector, mutual/cooperative market share was 41.7%. In non-life business, the mutual/cooperative sector held a slightly higher proportion of the total market at 43.3%.

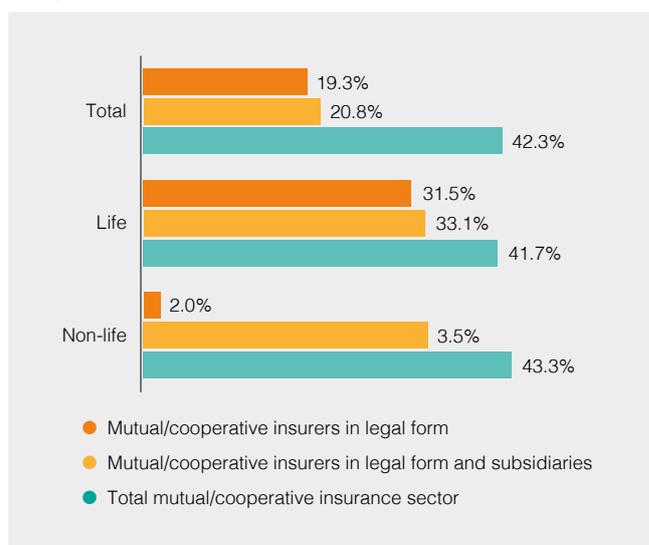
In the legal form, the total mutual/cooperative market share in 2015 was 19.3%. In life business, the one mutual/cooperative insurer in the legal form²³ accounted for a 31.5% market share. However, in the non-life market, the comparative share of legal form mutual/cooperative insurers was only 2.0% in 2015.²⁴

The majority of Norway's mutual/cooperative market share was held by mutual/cooperative-type insurers²⁵ in 2015 (21.5%), especially in the non-life sector (39.7%).

Overall mutual/cooperative market share has increased from 34.4% in 2007 (see Figure 4). Mutual/cooperative insurers in the legal form have seen the most substantial advance in market share, gaining a further five percentage points of the market since 2007 (14.0%).

In life insurance, mutual/cooperative insurers' (in the legal form) market share grew from 22.8% to 31.5% over this period. Total mutual/cooperative share in the life market increased as significantly, from 31.0% in 2007 to 41.7% in 2015. In non-life business, mutual/cooperative market share rose from 39.2% to 43.3% over the eight-year period.

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



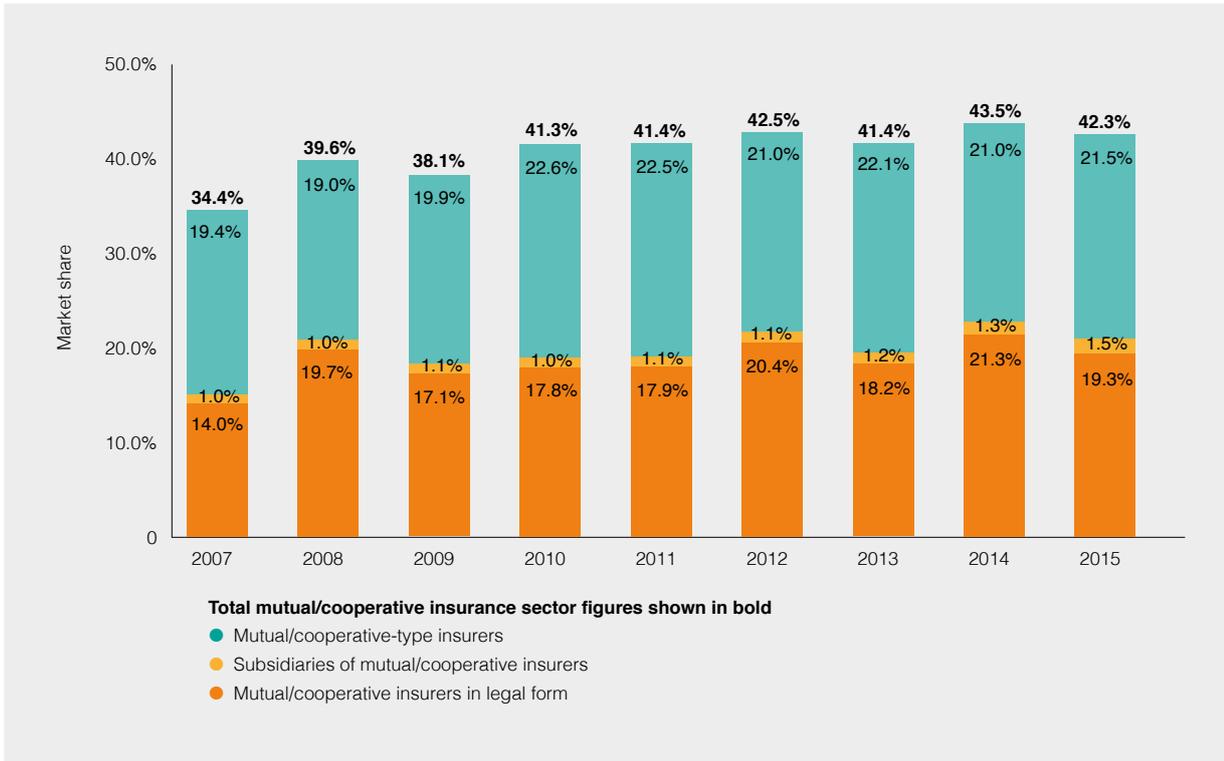
²² ICMIF (2017) *Global Mutual Market Share 2015*.

²³ Kommunal Landspensjonskasse Gjensidig Forsikringsselskap (KLP).

²⁴ There were a number of mutual marine insurance associations (Sjøtrygdslag Gjensidige) in Norway, classed as mutual/cooperative insurers in the legal form. However, premiums from these insurers were only included in the figures for insurance risks located in the national Norwegian market, thereby excluding any international business (similar to how the majority of business from P&I clubs is excluded in the market share figures throughout the report).

²⁵ The most significant mutual/cooperative-type insurer in Norway in 2015 was Gjensidige Forsikring. Gjensidige was originally a (legal form) mutual insurance company, however it restructured in 2007 to become majority-owned by the Gjensidige Foundation prior to listing on the Oslo Stock Exchange in 2010. In 2015, Gjensidige Forsikring was 62.2%-owned by the Gjensidige Foundation, which manages the ownership of Gjensidige on behalf of its non-life insurance customers in Norway.

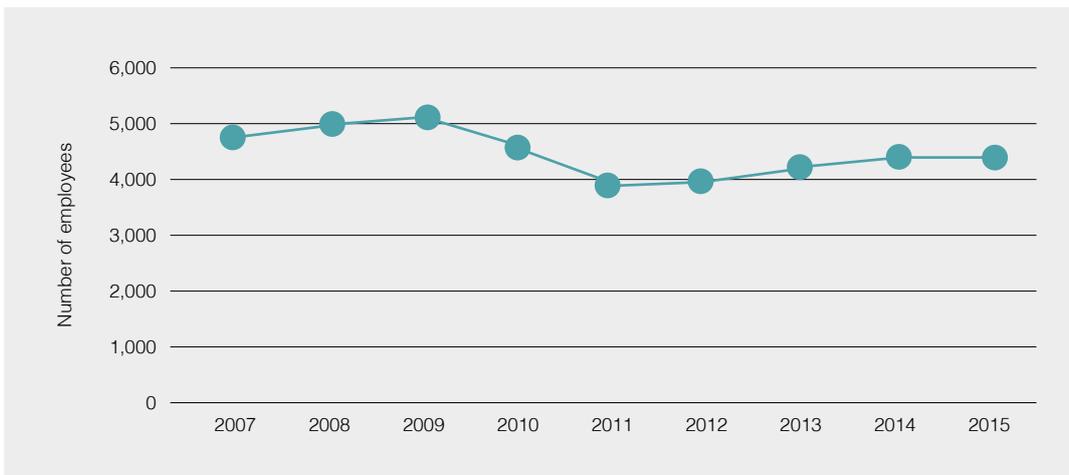
Figure 4
Market share of the mutual/cooperative insurance sector (2007-2015)



Number of employees

The total number of people employed by the mutual/cooperative sector in Norway (4,400) fell by 7.5% between 2007 and 2015 (see Figure 5). The reduction in employment levels was concentrated in the years between 2009 and 2011; the number of employees has increased steadily since 2011.

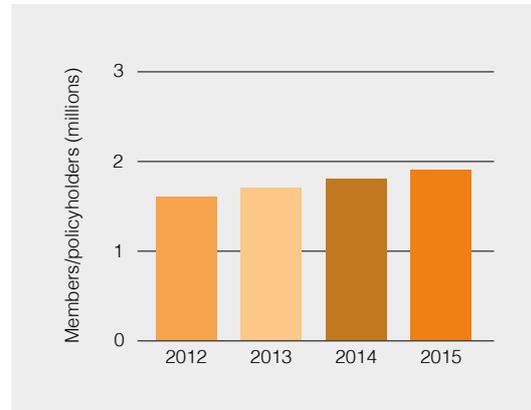
Figure 5
Number of employees of the mutual/cooperative insurance sector (2007-2015)



Number of members/policyholders

A total of 1.9 million members/policyholders were served by mutual/cooperative insurers in Norway in 2015 (see Figure 6). Membership numbers have grown year-on-year since 2012 (1.6 million), resulting in an overall increase of 16.8%.

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

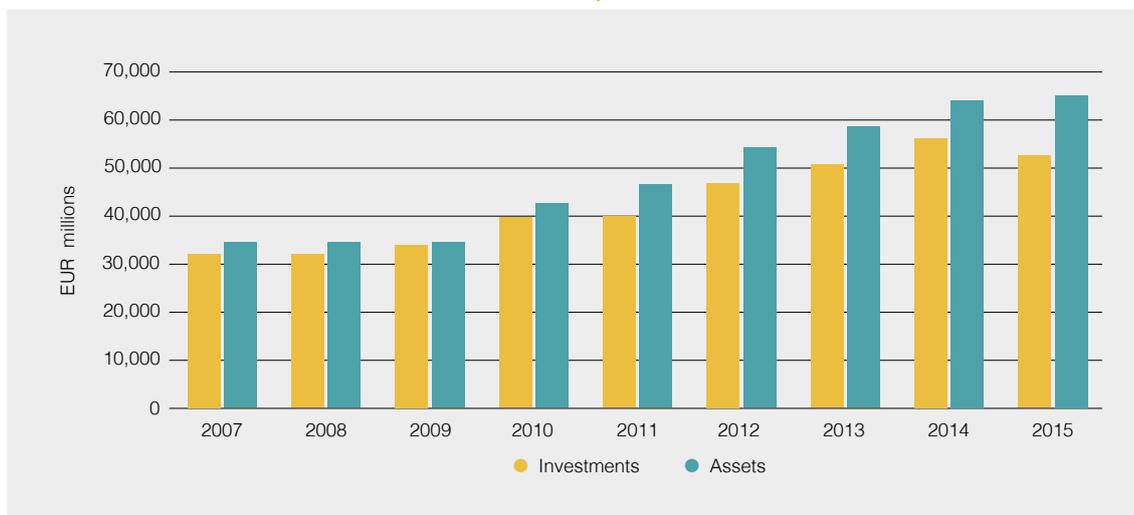


Assets and investments

The total assets held by Norwegian mutual/cooperative insurers reached record levels of EUR 65.0 billion in 2015 (see Figure 7). Asset values grew annually between 2008 and 2015 and were more than double the total asset figure in 2007 (EUR 34.4 billion).

The total amount of invested assets held by the mutual/cooperative sector grew by 82.5% during the same period, increasing from EUR 32.0 billion in 2007 to EUR 52.4 billion in 2015.

Figure 7
Total assets and investment assets of the mutual/cooperative insurance sector (2007-2015)



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

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



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