

icmif

International Cooperative and Mutual Insurance Federation



association
of financial
mutuals

UK Market Insights 2023

ANALYSIS OF THE UK MUTUAL AND
NOT-FOR-PROFIT INSURANCE MARKET

The UK mutual insurance sector in 2022

138

active mutual and
not-for-profit insurers

**GBP
23.5 billion**

in premium income
(2021: GBP 23.6
billion)

GBP 13.6 billion
in life business
(2021: GBP 14.8 billion)

GBP 9.9 billion
in non-life
(2021: GBP 8.8 billion)

0.3%

market contraction
since 2021
(compared to total
UK insurance market
growth of 8.0%)

8.0%

share
of the UK insurance
market (2021:
8.7%)

6.8%

share of the UK life
insurance market
(2021: 8.0%)

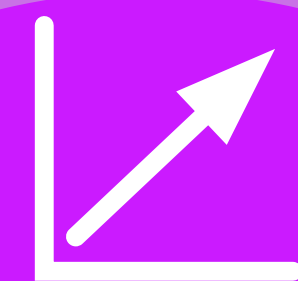
10.7%

share of the UK non-life
insurance market
(2021: 10.0%)

£

**GBP
187.1
billion**

in assets held
(2021: 209.3 billion)



Total investments of

**GBP
160.3 billion**

(2021: 182.3 billion)

22,563

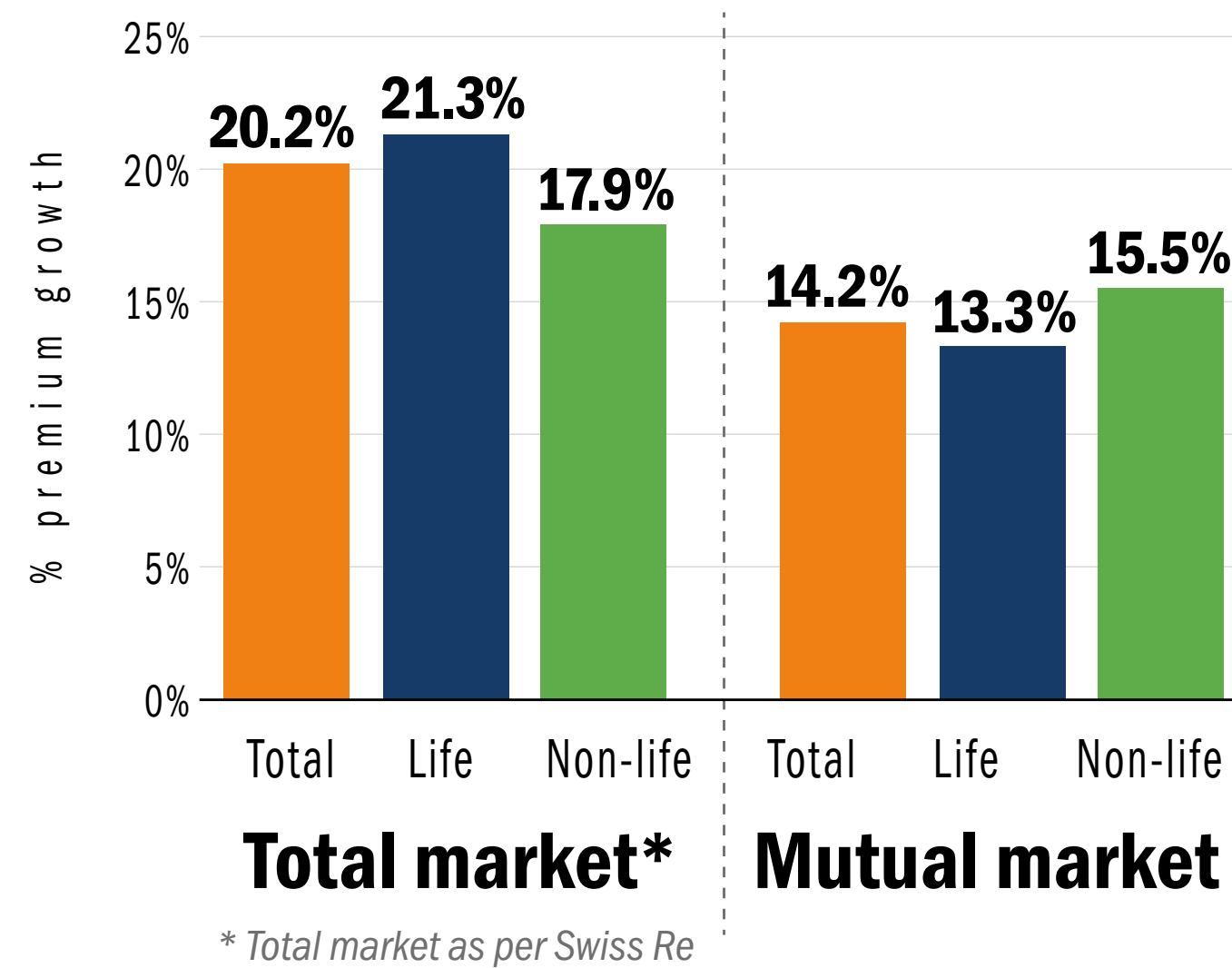
people employed
(2021: 22,748)



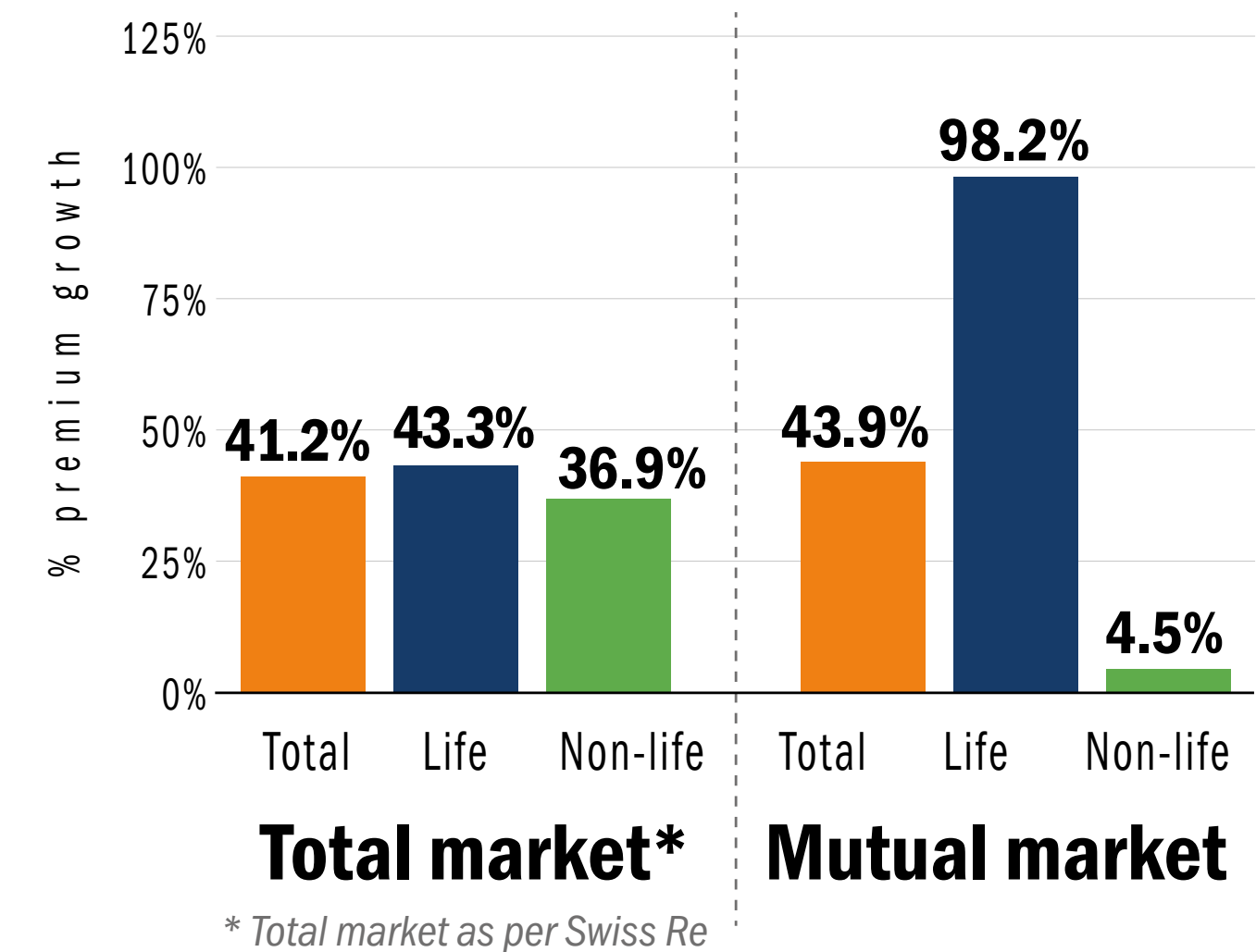
**25.5
million**

members served
(2021: 24.7
million)

UK premium growth (2020–2022)



UK premium growth (2012–2022)



UK total insurance market summary

In 2022, the total UK insurance market¹ saw an 8.0% growth in total premium volume (2021: 11.3%), consisting of an 8.8% increase in life business and a 6.5% increase in non-life business. This marked a second successive year of positive growth following a 14.7% contraction in 2020, and is the fourth-strongest annual growth rate that the market has experienced in the last fifteen years.

With GBP 293.4 billion in premiums written in 2022 (2021: GBP 271.5 billion), the UK insurance market remained the largest in Europe, and it was the third-largest in the world, behind only USA and China (2021: fourth-largest, also behind Japan). Of that GBP 293.4 billion, GBP 200.6 billion, or 68%, was written in life business and GBP 92.8 billion (32%) in non-life business.

It is pertinent to add that these total market figures could be subjected to significant restatements in the following year's reporting, with the total UK insurance market's premiums written in 2021, for example, decreasing from GBP 290.1 billion when initially reported, to GBP 271.5 billion in this year's statement. These restatements have the most impact on short-term analyses, such as annual growth rates and, for our purposes, the most recent year's mutual market share as a percentage.

For example, in last year's edition of our *UK Market Insights* report, the mutual insurance sector's share of the total UK insurance market was stated as 7.9% for 2021. After the aforementioned restatements to prior years' UK total market figures, that percentage has been revised to 8.7%.

¹ All total insurance market data in this report courtesy of Swiss Re's *sigma* 3/2023, July 2023.

UK mutual market summary

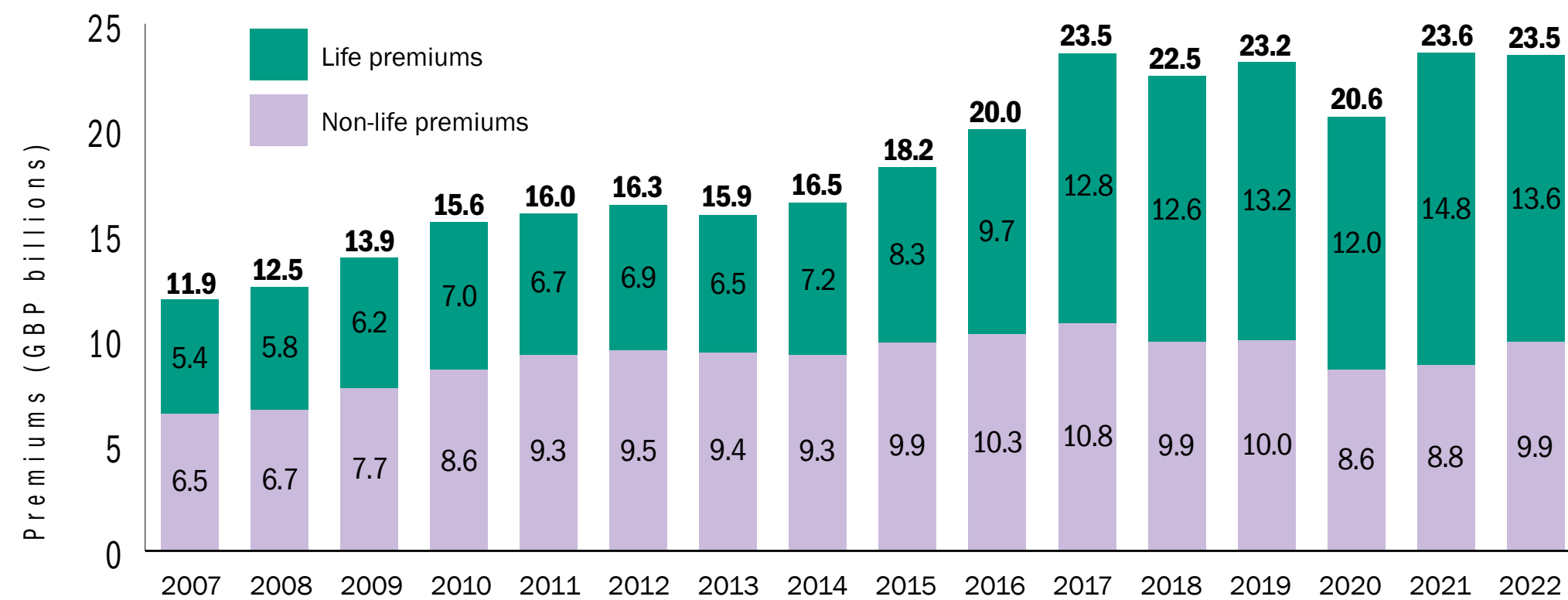
There were approximately 138 mutual insurers active in the UK insurance market in 2022, with the UK mutual insurance sector collectively employing 22,563 people (2021: 22,748) and serving 25.5 million members or policyholders (2021: 24.7 million).

In 2022, the UK mutual insurance sector reported GBP 23.5 billion in gross written premiums (2021: GBP 23.6 billion), which represented a 0.3% contraction compared to the previous year (2021: 14.6% growth).

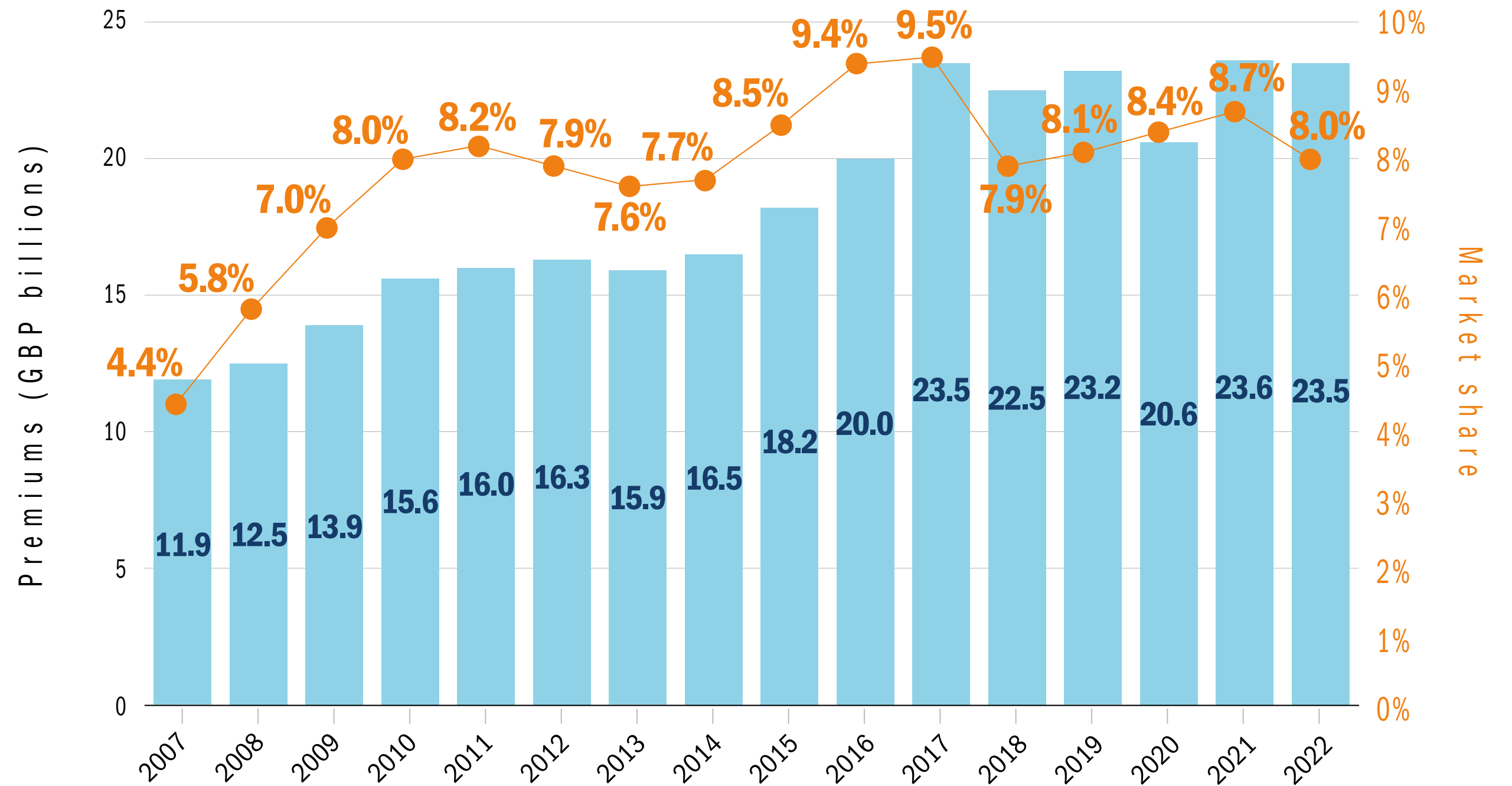
The UK mutual insurance sector has posted positive growth in 11 of the last 15 years, and has exceeded the annual growth of the total UK insurance market eleven times across the same period.

The mutual sector's share of the total UK insurance market in 2022 was 8.0% (2021: 8.7%). This decline can be attributed primarily to the 8.0% growth in premium volume written by the total UK insurance market in 2022. The total UK insurance market has only seen a stronger annual growth rate than that experienced in 2022 three times in the past fifteen years.

UK mutual premiums by type of business



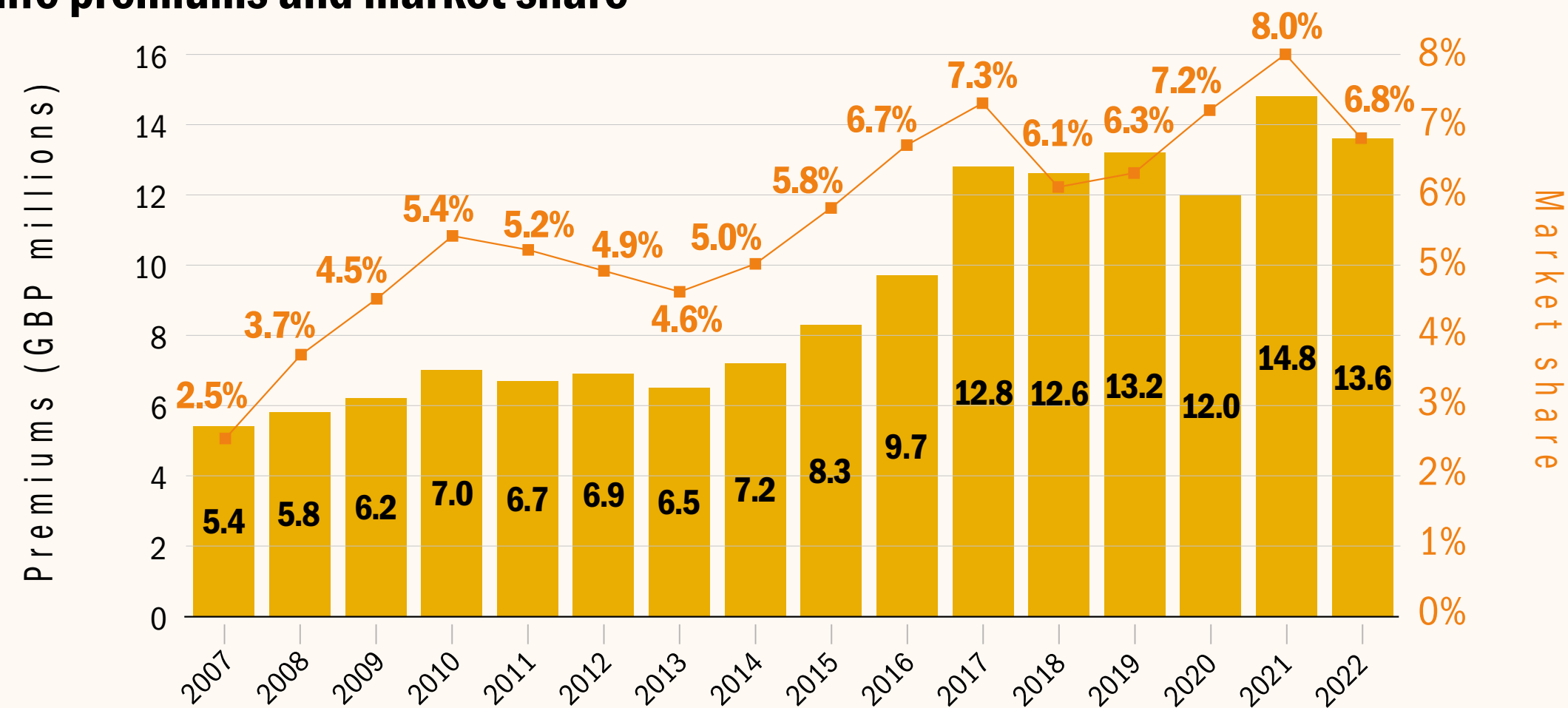
UK mutual premiums and market share



Mutual life and non-life business

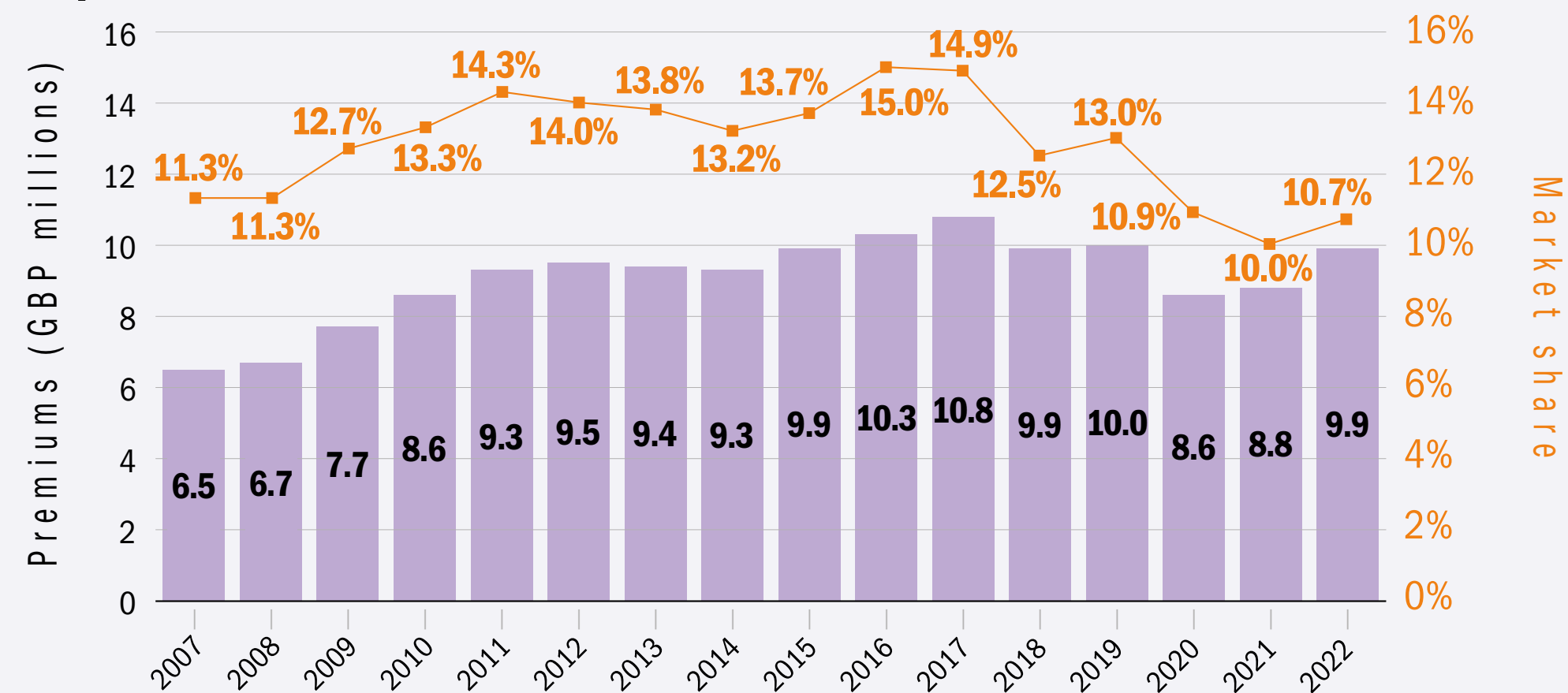
Mutual life premiums and market share

Life



Mutual non-life premiums and market share

Non-life



Premiums written in life business² by the UK mutual insurance sector shrank by 8.3% in 2022 (2021: 23.6% growth), with non-life business increasing by 13.1% (2021: 2.1% growth).

UK mutual insurers collectively wrote GBP 13.6 billion in life business in 2022 (2021: GBP 14.8 billion), representing 58% of total premium volume (2021: 63%). GBP 9.9 billion was written in non-life business in 2022 (2021: GBP 8.8 billion), which accounted for 42% of the sector’s total premium volume (2021: 37%).

The mutual sector’s share of the total UK life insurance market has increased in ten of the last 15 years. The life mutual market share between 2007 and 2014 averaged at 4.5%, between 2015 and 2022 that average increased to 6.8%. In 2022, the share held of the total UK life insurance market by the mutual sector was 6.8%, falling from a peak³ of 8.0% in 2021.

In non-life insurance business, the share of the total UK market held by mutuals stood at 10.7% in 2022 (2021: 10.0%), falling from a peak of 14.9% in 2017. The downturn seen in the non-life mutual market share over the last few years can be attributed to two large mutual insurers’ withdrawals from the non-life market, as opposed to ‘organic’ premium volume contraction. Nevertheless, the share held of the total UK non-life insurance market by mutuals has increased in eight of the last 15 years.

Until 2016, non-life premiums written in the UK mutual insurance market had always exceeded premiums written in life business, however, since 2017, the reverse has been true.

² “Life business” refers to life protection, pension and annuities, investment and savings, and income protection policies. “Non-life” business refers to all general insurance, including health insurance.

³ In this report, comprehensive data on the total UK insurance market and mutual insurance market was available back to 2007, meaning any ‘peaks’ or ‘record-highs’ referenced throughout can only be considered post-2007 ‘peaks’ or ‘records’ for certain.

UK mutual insurance business by product lines

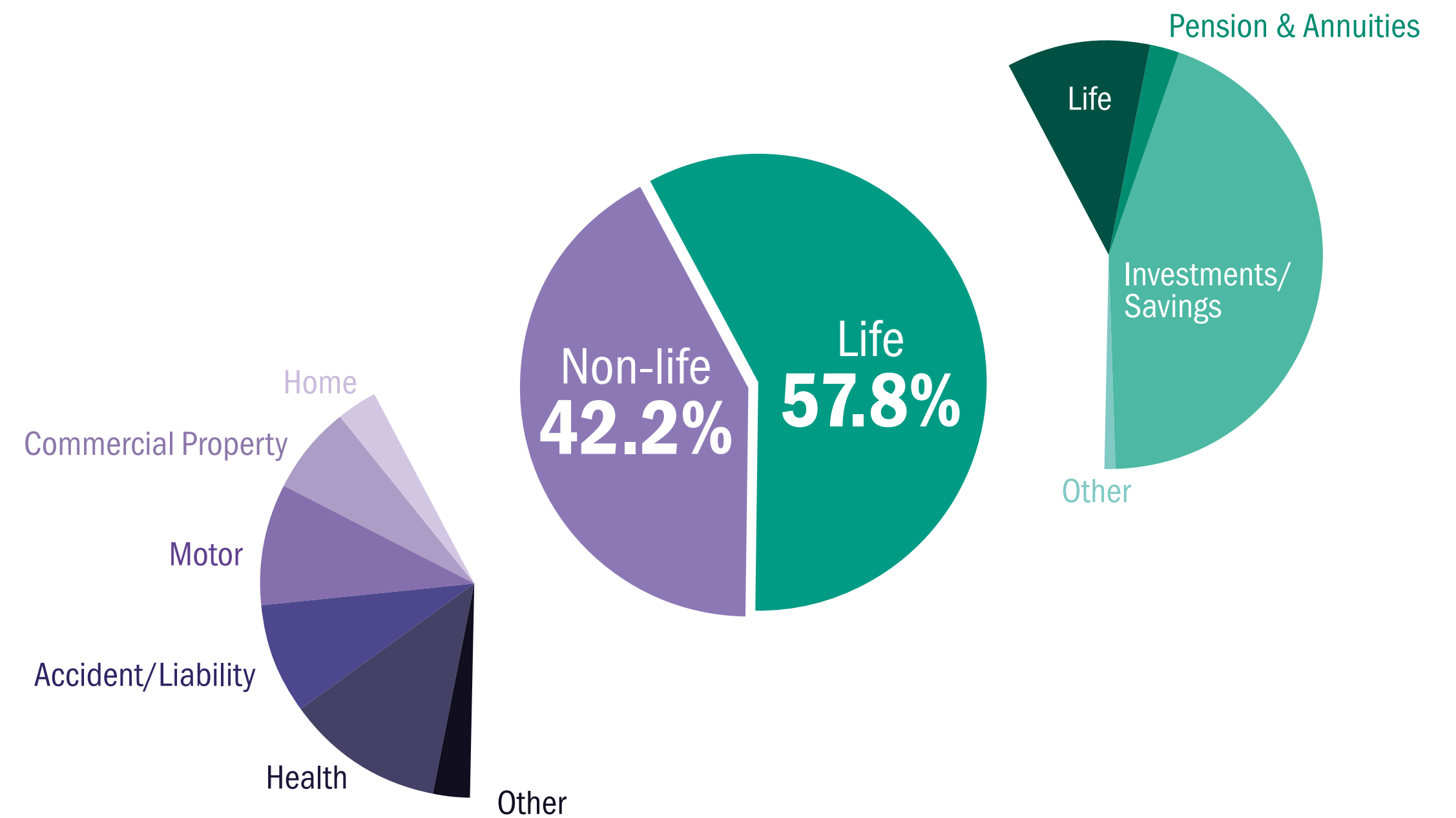
In 2022, life business accounted for the majority (58%) of UK mutual premium volume for the sixth successive year.

Investment and savings policies accounted for 76% of UK mutual life business written in 2022, an increase from 72% in 2016⁴. Traditional life insurance (or protection) sales contributed 19% of mutual life premiums in 2022, down from 22% in 2016. Pension products represented 4% of life business in 2022, down from 6% in 2016, with the remaining 1% of mutual life premiums written in 2022 ascribable to other life insurance products, including income protection policies.

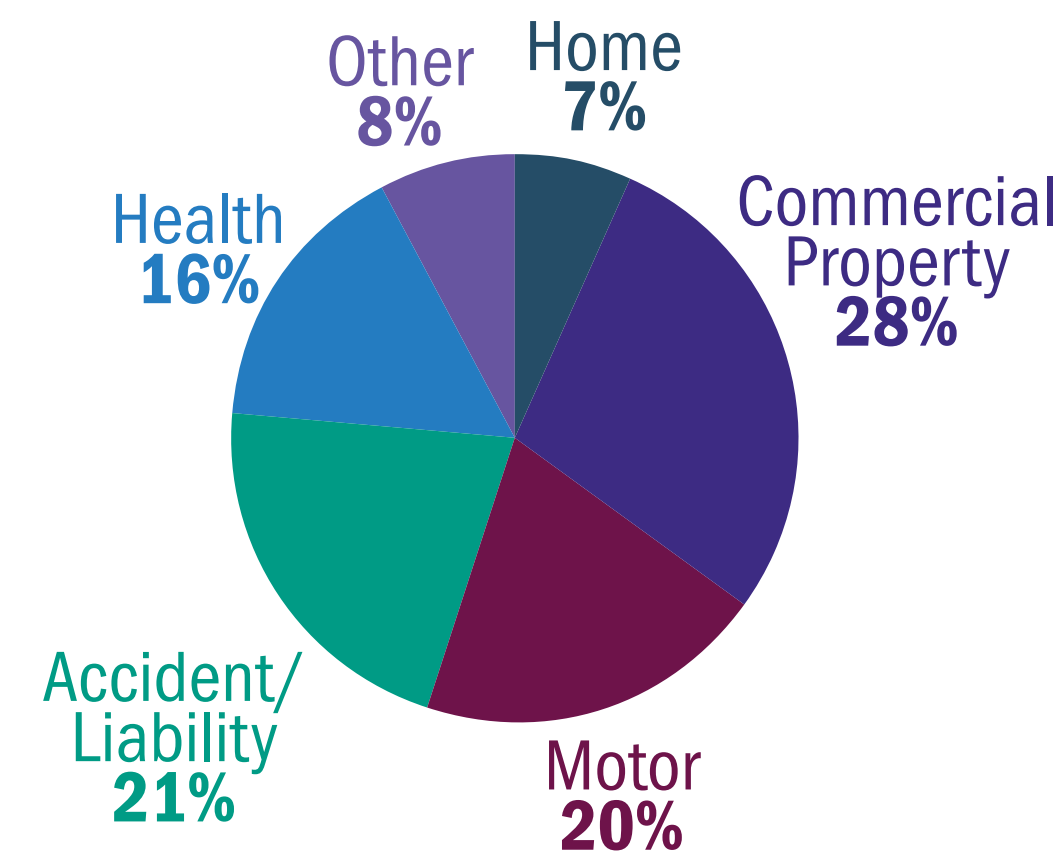
Non-life business represented 42% of the UK mutual insurance sector in 2022.

Commercial property products represented the majority of UK mutual non-life premiums at 28%, followed by accident and liability products at 21%, representing respective increases from 26% and 15% in 2016. Motor insurance accounted for 20% of UK mutual non-life business in 2022, a decrease from 35% in 2016, a change caused by the withdrawal of two significant mutual insurers from motor (and all non-life) business.

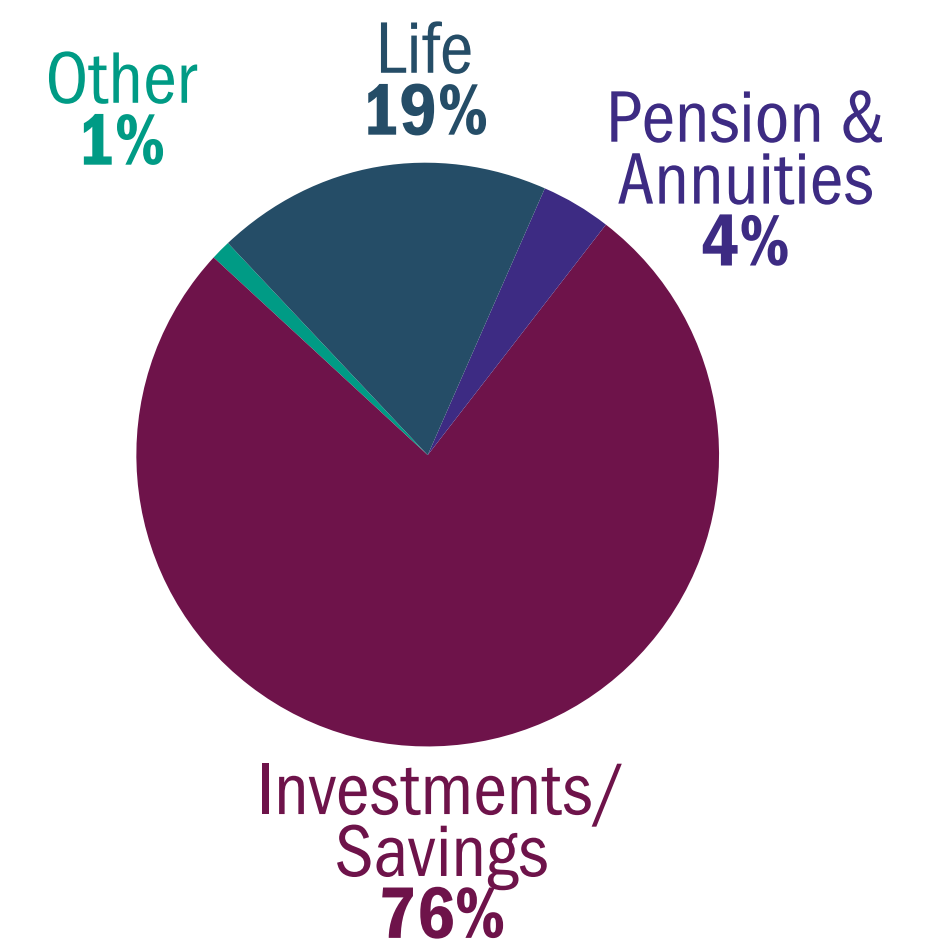
Health insurance policies accounted for 16% of the UK mutual non-life market in 2022 (2016: 11%), whilst home insurance policies represented 7% of the sector's non-life premiums (2016: 6%). The remaining 8% of UK mutuals' non-life business came from other miscellaneous non-life insurance products including marine, aviation, transport, reinsurance, and others.



Lines of non-life business

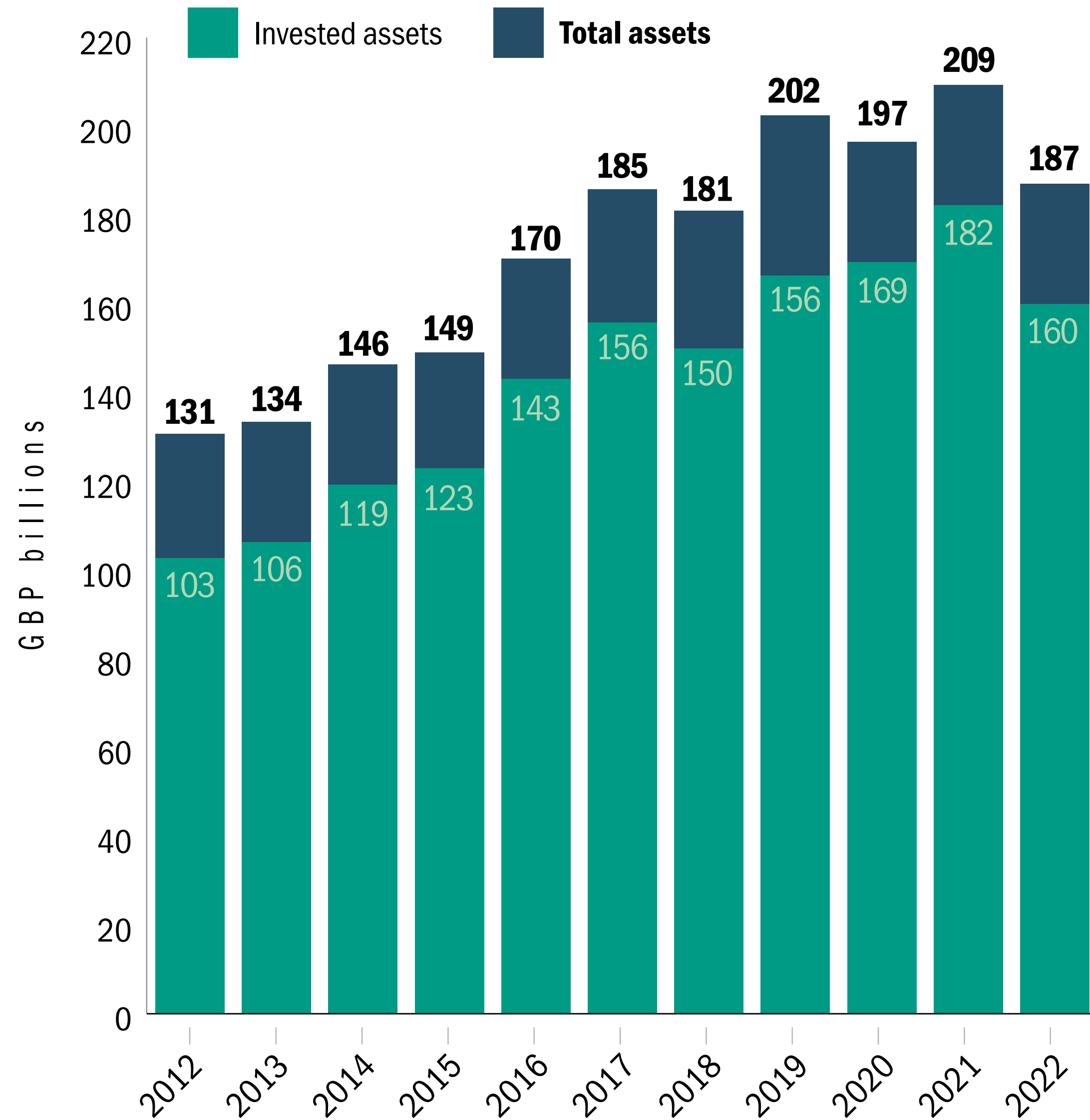


Lines of life business



⁴ Last financial year where ICMIF has comprehensive product lines data available.

Total assets and investments of the UK mutual sector



Total assets of the mutual sector

The UK mutual insurance sector held total assets of GBP 187.1 billion in 2022, a decrease of 10.6% from a peak of GBP 209.3 billion in 2021.

Total investments of the mutual sector were valued at GBP 160.3 billion in 2022, representing a 12.1% downturn from 2021 (GBP 182.3 billion). The percentage of UK mutual insurers' total assets held in investments stood at 85.7% in 2022 (2021: 87.1%).

These annual contractions in both assets and investments represent the largest annual downturns in recent history by a considerable margin. Outside of 2022's double-digit 10.6% and 12.1% contractions in assets and investments, respectively, the next largest annual decreases post-2007 were -3.9% for assets (2008) and -3.7% for investments (2018). These annual results are indicative of historically challenging markets throughout a turbulent 2022.

The five largest UK mutual insurers by assets held represented 83.8% of the total assets of the mutual sector in 2022 (2021: 85.0%). In comparison, the five largest UK mutual insurers by premiums written represented 78.9% of the total premium volume of the mutual sector in 2022 (2021: 80.2%).

Number of mutual insurers operating in the UK

There were approximately 138 mutual⁵ insurers active in the UK insurance market in 2022, a decrease from 216 in 2007, reflecting an overall trend of consolidation in insurance markets globally.

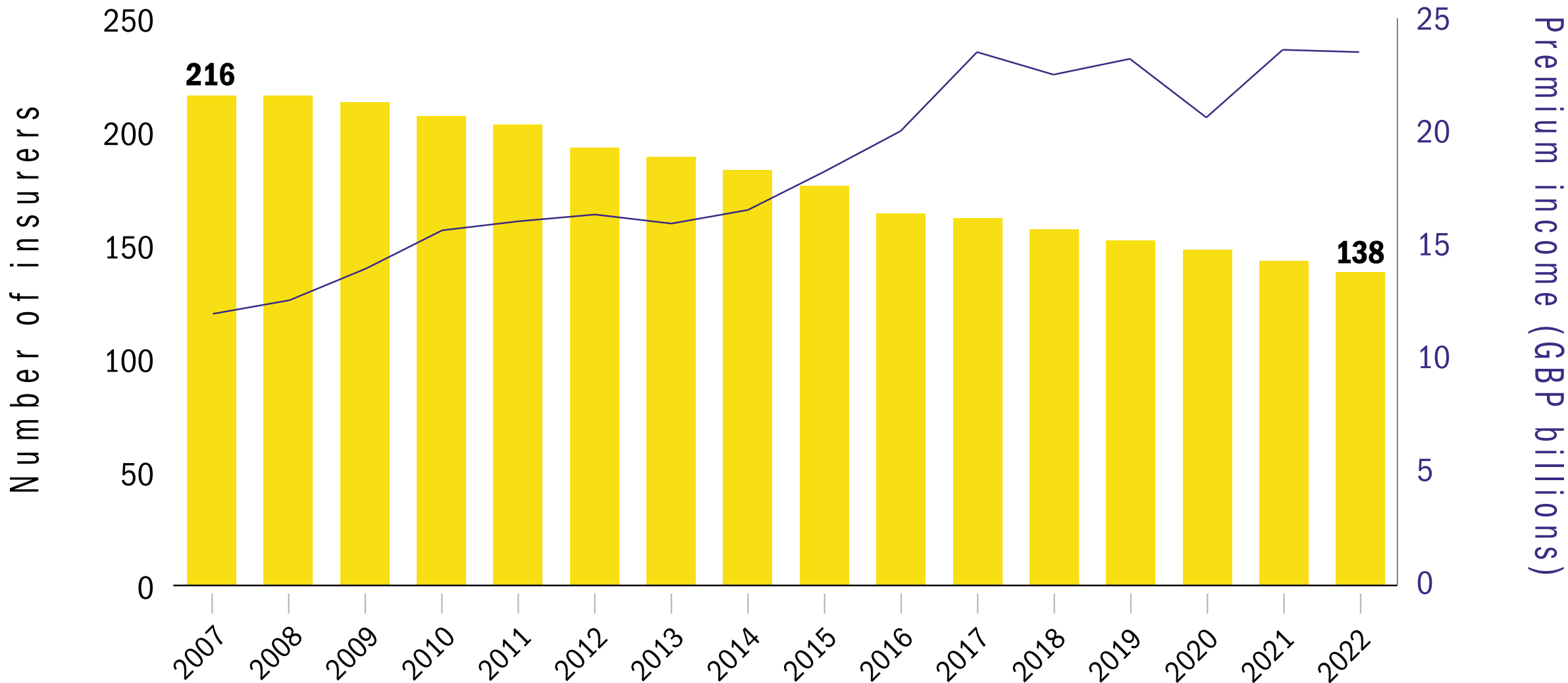
Despite this decrease in the number of insurers, the mutual sector has experienced an increase of 97.6% in its aggregate premium income over the same period, as shown in the chart opposite.

In 2022, these insurance companies collectively employed 22,563 people (2021: 22,748) and served over 25.5 million members or policyholders (2021: 24.7 million). The majority of the UK's oldest insurers still operating today are mutual (mostly friendly society) insurers, and many have been writing business and serving their members for over 150 years.

22,563
employees
(2021: 22,748)

25.5 million
policyholders
(2021: over 24.7 million)

Number of mutual insurers operating in the UK



⁵ See Methodology and data for ICMIF's definition of "mutual".

Methodology and data

As the only global federation for the mutual and cooperative insurance sector, ICMIF is often consulted by its members, regulators, governments, policymakers, legislators, the media, academics, researchers, and other trade associations about the size and performance of the mutual/cooperative insurance sector compared to the total industry, at a national, regional or international level. The objectives of the research that goes into this report are to provide a definitive response to this question, based on rigorous calculation of the size of the mutual/cooperative insurance sector and, from this, to highlight the socio-economic importance of mutual and cooperative insurers.

ICMIF's definition of "mutual" includes organisations whose legal status may not be classified as such in their national law, but whose structure and values reflect the mutual/cooperative form, ie companies that are owned by, governed by and operated in the interests of their member policyholders. These include limited companies owned by people-based organisations, fraternal benefit societies (fraternals), friendly societies, Takaful providers, reciprocals, non-profits, exchanges, discretionary mutuals, protection and indemnity (P&I) clubs, community organisations, and foundations. Extending the definition in this way has enabled us to include all organisations which operate on mutual/cooperative principles, in line with our research objectives, without being restricted by legal definitions, of which there is a wide variety across the globe and of which some are particular to one country or organisation alone.

For groups of companies, whether their operations be national or multinational, only business written in the UK have been included in this report. The financial data gathered for each mutual insurer (as defined above), has been analysed to determine gross premium income figures from 2007 to 2022 (inclusive). The totals for the UK mutual market have then been compared to national total premium data as produced by Swiss Re⁶ (and verified against additional data obtained from regulators, financial press, national trade associations, and rating agencies), and aggregated to produce national statistics.

ICMIF's definition of "members/policyholders" in this report may also refer to the number of customers, clients, or people insured by mutual insurers, as there is no consistency between companies or markets regarding which figure (if any) is reported. However, it should be noted that if an individual person or entity purchases more than one insurance product from separate mutual insurers, that multiplicity of policies will be recognised in the overall member/policyholder figure.

⁶ Swiss Re's *sigma* 3/2023, July 2023.

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Published September 2023

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