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Why mutuals outperform the stock insurance sector

CAPE TOWN (7 November 2013): The secrets of the mutual insurance sector's continued success were today revealed in the form of a unique report.

More than 300 mutual insurance leaders attending the International Cooperative and Mutual Insurance Federation (ICMIF) biennial conference in Cape Town, South Africa today heard how mutual insurers are running their businesses and leveraging their valued-led difference.

The new report *Chief Executive InSights: perspectives on leadership in the fastest growing insurance sector* is based on detailed interviews held with 34 cooperative and mutual leaders from twenty-one countries.

At today's conference ICMIF's Chief Executive, Shaun Tarbuck said: "Our research provides a valuable insight into the minds of the leaders of the cooperative and mutual insurance sector," he added. "Their views on the markets in which they operate, the firms which they run, and what the future could look like for our sector paint a picture of a vibrant and sustainable part of the insurance industry and a key contributor to economic stability."

The findings suggest that the customer-focus and values that underpin cooperative and mutual insurers are evident drivers of strategic thinking, performance measurement and, crucially, of business success. Cooperative/mutual organizations benefit from the freedom to be able to think, act and achieve for the long-term rather than bend to short-term shareholder pressures.

While the mutual insurance sector continues to thrive having grown by 26%, compared to the total market which grew by just 11% since 2007, the report reveals that ICMIF member firms have considerably outperformed the total mutual market during the past five years growing by 30%. The study argues that this success has been driven by; high quality service at competitive prices, proximity to customers enabling a clear understanding of their needs and concern to ensure that the organization has the right talent, the right technology and a culture of active innovation.

According to the CEOs interviewed for the report, emerging opportunities include providing no-nonsense insurance, coverage for social needs such as healthcare and pensions where governments are withdrawing or do not offer support, and risk education and advice. Looking further ahead, CEOs suggest that there may be greater international expansion of the sector.

Behind these achievements are CEOs who lead through inclusivity, who understand the power of working closely with their management teams to resolve problems and enjoy taking on fresh challenge. The report suggests that newly appointed CEOs of mutual and cooperatives tend to take more time to understand their businesses and to implement new strategies than their stock-company colleagues.

The report includes direct quotes from CEOs interviewed. One CEO put it that "our competitive advantage is simply in being a cooperative so that we can take the long-term view and don't need to make sudden knee-jerk reactions to improve quarterly results or pay out to investors". Another stated: "Customer satisfaction is at the heart of the cooperative and mutual sector. At our company we are always asking 'How will this affect the customer?'".

The Chief Executive Insights study complements ICMIF's report on the views of women CEOs, *Women in Leadership Positions*, published in September this year and ICMIF's *Global Mutual Market Share Report*.

Summaries of ICMIF research are available on the organization's website www.icmif.org. The full findings are available to ICMIF's 223 members.