

ICA 00650

International Cooperative Insurance Federation

Affiliated to **The International Cooperative Alliance**



INSURANCE

Number 1/1982

Member Countries:

- Argentina
- Australia
- Austria
- Belgium
- Bolivia
- Canada
- Colombia
- Denmark
- Ecuador
- Federal Republic of Germany
- Finland
- France
- Ghana
- Greece
- Holland
- Iceland
- Ireland
- Israel
- Italy
- Japan
- Kenya
- Korea
- Malaysia
- Norway
- Pakistan
- Philippines
- Puerto Rico
- Singapore



Raymond Lemaire

19 March 1913 – 8 February 1982

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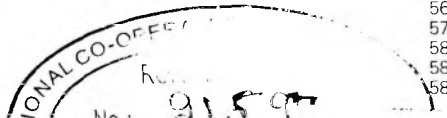
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1. **Editor's Note**

We are delighted that the Bulletin in its new style continues to be well received. The last edition not only attracted comments but also prompted requests from some members for extra copies. The editorial staff will work hard to maintain this standard.

First and foremost this is a journal for ICIF members but we do not mean by this merely a journal to be read by members. This is *your* publication and we do want to receive your contributions – general interest articles, articles of a technical nature, news items, new products and developments: the choice is yours. Already we are beginning to receive offers – we want to receive many, many more!

In this issue we are publishing a lengthy and stimulating article on Cooperative Distinctiveness. Not every reader will agree with the recommendations of its author, John Jordan; some may even question his analysis of the current position as it applies in their own countries. However, we are hoping that valuable and lively correspondence will be provoked. Let us hear your views!

2. **Executive Committee**

There has been one meeting of the Executive Committee since the last issue of the Bulletin. This took place in Tel Aviv, Israel, on 11 January 1982. Hassneh Insurance Company was the host and the Committee expressed its appreciation for the excellent arrangements that had been made.

2.1 **Admission to membership of the Federation**

The Executive Committee considered an application from the following company and resolved to admit it to membership:

FINLAND **Aura General Mutual Insurance Company**

PO Box 30

02101 Espoo 10

Finland

contact: Mr. P. Paloheimo - Managing Director

There is an article about the Aura Group later in this edition.

2.2 **1982 Conference Arrangements**

The Executive Secretary gave a detailed report on the arrangements that had been made for the 1982 Conference. After discussing a few practical issues about the organization, the Committee went on to consider offers to prepare papers for the seminar discussion.

The Committee decided that there should be a full election after the adoption of new Rules for the Federation. The incoming Committee will serve for two years until the 1984 Conference at which the next routine full election is due to be held. The Executive Secretary is to write to all members of the Federation before the Singapore Conference, giving at least 90 days formal notice of the election.

2.3 **Annual Membership Fee**

The Committee discussed at length the Federation's finances and the support payments made to the host societies of the ICIF Secretariat and the IDB Secretariat.

The ICIF Secretariat support payment was last reviewed in 1973. Members will realize how inflation has eroded its value since then but more important than this is the commitment of additional resources on a long-term basis by the host society in order to enable the Secretariat to perform a more active role.

Members will be asked at Conference to approve an increase in the membership fee to finance the higher level of activity. A full report will be included in the Conference documentation.

2.4 **Proposed New Rules**

The final draft of the new Rules for the Federation was discussed and several further amendments were agreed. The text has now been circulated to all members, the Bureaux and the regional associations for comment.

Executive Committee

Klas Back – New Chairman of the ICIF

2.5 Miscellaneous Business

The Chairmen of the International Cooperative Reinsurance Bureau and the Insurance Development Bureau reported on the activities of their bureaux since the previous meeting of the Executive Committee.

Other business dealt with by the Committee included initiatives put forward by the International Cooperative Alliance to strengthen the collaboration between the various sectors of the movement.

3. Klas Back – New Chairman of the ICIF

The Executive Committee has decided unanimously to elect Mr. Klas Back to the Chairmanship of the Federation in succession to the late Raymond Lemaire. The appointment took effect on 1st May, 1982.

Klas Back will of course be well known to many people within the Federation and (as a member of the Central Committee) in the International Cooperative Alliance also. He has been Managing Director of Folksam (Sweden) since 1966. For the first five years of his career with Folksam, he was a spare time agent. He subsequently spent three years as a district manager before moving to head office in 1951. He became Vice-Chairman of the Federation in 1980, having been a member of the Executive Committee since 1969. He served as Chairman of the Insurance Development Bureau for 17 years from its inception in 1963.

In a message to his Executive Committee colleagues after his election, he said "it is a great challenge.... to have been entrusted with.... leading an organization like the ICIF and to take over from Raymond Lemaire who performed the task so successfully during many years. To lead the Federation is by no means a one-man job. Good results are based on joint efforts and team work. I feel confident that we shall be able to continue the strengthening and development of the Federation. Through joint efforts I am sure we shall be able to.... meet the needs of our members and make them feel that an ICIF membership brings with it valuable ideas and impulses for the development and expansion of their respective societies".

4. Secretariat Work Programme Up-date

Preparations for the Conference in October – as might be expected – are occupying most of the Secretariat's time at the moment. Later in this issue we describe some of the activity. Member societies will already have received the Conference brochure – which was an innovation – and the proposed new Rules for the Federation. Some comments on the latter have been received and are being considered.

The response to the survey about the personal savings market and the effects of government influence was pleasing. It is clear that many member societies took a good deal of trouble to answer the questionnaire as fully as possible. A large number of those who replied found it necessary to depart – to some extent at least – from the format of the questionnaire. Although this has not detracted from the quality of the replies, it does make the task of analysing them and drawing comparisons that much more difficult! However, this will be done and a report will be given at Conference. It is still the intention to issue – if possible – a publication based on this survey and the Secretariat is considering what form this might take.

In the near future a start will be made on the revision of the reference manual about member societies. The scope of the publication was outlined in the previous issue of the Bulletin. Any suggestions about additional matters that might be included should be sent to the Secretariat *before the end of October*.

5. 1980 Premium Incomes & Claims Paid

In the previous issue of the Bulletin we printed the premium incomes of member societies for 1979. The 1980 statistics are now available and are set out in the table beginning overleaf. Gross premiums include reinsurance accepted and net premiums allow for reinsurance ceded.

We are also publishing for the first time details of claims paid by member societies. The 1980 statistics, split between life and non-life business, are given in the table beginning on page 10 together with comparative figures of total claims for the previous three years. All figures in both tables are given in pounds sterling.

1980 Premium Incomes

	Country	Member Society
<p><i>(1) The figures include all the "solidarity insurance enterprises" in Argentina including those organizations directly affiliated to AACMS.</i></p>	ARGENTINA	Asoc. Argentina de Coop. (1)
	AUSTRALIA	CIC of Australia Farmers Grazcos Coop. Wesfarmers Insurance
	AUSTRIA	Wiener Städtische
	BELGIUM	Ass. du Boerenbond Belge La P.S. Group Les Assurances Populaires
	BOLIVIA	CRUCEÑA
	CANADA	Le Groupe Desjardins Ass. Générales L'Assurance-Vie Desjardins La Sauvegarde Les Coopérants The Cooperators Group
	COLOMBIA	Seguros La Equidad Soc. Coop.
	DENMARK	Alka Andels-Pensionsforeningen The Tryg Forsikring Group
	ECUADOR	Coop. de Seguros del Ecuador Ltda.
	EIRE	Eccu Assurance Co. Ltd.
	FINLAND	Aura General Mutual The Kansa Group The Pohja Group
	FRANCE	Vakava Mutual Ins. Co. La Sauvegarde
	GERMANY	R & V Group of Wiesbaden Volksfürsorge Enterprise Group
	GHANA	Ghana Coop. Mutual Ins. Soc. Ltd.
GREECE	Syneteristiki	
HOLLAND	De Centrale Dela	

1980 Premium Incomes

	GROSS PREMIUM INCOME – 1980			NET PREMIUM INCOME		
	Life	Non-Life	Total	1980	1979	1978
	£,000's	£,000's	£,000's	£,000's	£,000's	£,000's
	3,400	272,814	276,214	243,000	282,710	100,000*
	–	14,990	14,990	12,188	10,730	9,293
	–	5,290	5,290	3,963	2,828	3,145
	–	5,555	5,555	2,023	1,752	1,792
	53,523	137,226	190,749	183,322	202,402	192,801
	15,858	90,686	106,544	95,293	102,313	94,390
	27,915	56,510	84,425	78,196	86,105	84,363
	16,316	25,174	41,490	37,935	44,436	27,428
	31	244	275	118	101	123
	–	38,960	38,960	23,249	35,119	36,397
	46,160	9,446	55,606	54,074	55,491	56,276
	19,268	4,447	23,715	21,622	19,157	15,447
	19,220	3,686	22,906	22,365	23,486	23,039
	19,501	136,215	155,716	127,785	121,331	119,595
			not available	286*	263	227
	10,340	5,932	16,272	13,548	14,496	14,485
	8,080	–	8,080	7,181	8,527	8,028
	34,618	40,319	74,937	64,013	76,466	72,919
	306	265	571	330	225	210
	1,024	–	1,024	971	not members	
	–	33,226	33,226	31,920	not members	
	49,569	45,659	95,228	85,642	72,060	59,848
	54,178	19,748	73,926	72,220	60,292	55,524
	–	4,008	4,008	3,648	3,052	not members
	–	10,480	10,480	6,139	7,526	7,434
	23,015	348,561	371,576	224,963	252,181	221,685
	667,393	265,001	932,394	839,374	702,549	632,329
			not available	32*	29	1*
	48	691	739	87	85	not members
	22,259	21,786	44,045	39,551	45,283	42,623
	9,848	–	9,848	9,848	5,870	5,355
carried forward	1,101,870	1,596,919	2,698,789	2,304,886	2,236,865	1,884,757

*Estimated premium income as none supplied by Member

1980 Premium Incomes

1980 Premium Incomes

	Country	Member Society		GROSS PREMIUM INCOME – 1980			NET PREMIUM INCOME		
				Life	Non-Life	Total	1980	1979	1978
				£,000's	£,000's	£,000's	£,000's	£,000's	£,000's
			ought ward	1,101,870	1,596,919	2,698,789	2,304,886	2,236,865	1,884,757
	ICELAND	The Samvinn Group		146	5,586	5,732	4,370	4,650	4,843
	ISRAEL	Hassneh Ins. Co. Ltd.		9,933	43,991	53,924	41,893	34,041	32,502
	ITALY	The Unipol Group		71,059	2,212	73,271	37,242	36,649	28,999
		MAECI		-	10,265	10,265	9,728	9,871	9,466
	JAPAN	Nikkaren		-	6,961	6,961	6,961	4,333	5,118
		Zenkyoren		804,313	441,695	1,246,008	1,206,263	898,053	929,566
		Zenrosai		80,983	69,475	150,458	150,458	111,954	106,382
		Zensuikyo		33,333	3,336	36,669	33,670	24,906	26,701
		CIS Ltd.		-	452	452	279	113	not members
	KENYA	Nat. Agr. Coop. Federation		33,808	1,528	35,336	35,336	41,142	35,485
	KOREA	The Malaysian CIS Ltd.		5,813	1,452	7,265	6,758	6,881	7,547
	MALAYSIA	The Malaysian CIS Ltd.		5,813	1,452	7,265	6,758	6,881	7,547
	NORWAY	Samvirke Insurance Group		13,713	34,597	48,310	44,097	40,363	37,438
	PAKISTAN	CIS of Pakistan Ltd.		-	744	744	483	346	288
	PHILIPPINES	Coop. Ins. System of the Philippines		99	-	99	89	112	90
	PUERTO RICO	Coop. de Multiples de P.R.		-	11,295	11,295	6,991	7,054	7,691
		Coop. de Seguros de Vida de P.R.		7,212	-	7,212	7,082	7,141	6,249
	SINGAPORE	N.T.U.C. (INCOME)		3,925	1,671	5,596	4,911	4,253	3,419
	SWEDEN	The Folksam Group (2)		46,954	340,381	387,335	376,450	399,194	254,069
		Koop. Pensionsanstalt		58,850	-	58,850	49,221	51,188	49,522
	SWITZERLAND	Coop-Leben		27,034	-	27,034	26,493	26,746	27,672
		Coop Rechtsschutz		-	247	247	247	267	165
	TUNISIA	El Ittihad		-	-	not available	2,144*	1,947*	1,770*
	UNITED KINGDOM	Coop. Insurance Society Ltd.		199,349	175,958	375,307	365,250	298,223	238,539
	U.S.A.	Cuna Mutual Ins. Group (3)		98,142	10,958	109,100	106,697	128,279	111,980
		Federated Rural Electric Ins. Corp.		-	4,735	4,735	3,095	2,110	not members
		League Insurance Group		18,253	12,641	30,894	25,973	28,699	30,648
		Mutual Service Insurance Group		24,067	37,009	61,076	57,456	56,744	59,202
		Nationwide Insurance Group		68,084	890,934	959,018	868,104	880,319	846,576
		Urban Community Insurance Co.		-	3,340	3,340	2,846	2,811	2,880
			TOTAL	2,706,940	3,708,382	6,415,322	5,785,473	5,345,254	4,749,564

(2) Folksam Group:- 1980 & 1979 figures include AMF Labour Market Ins. Co. which is administered by Folksam.

(3) Cuna Mutual Ins. Group:- 1980 & 1979 figures include Cumis Life Ins. Co. which is now part of Cuna Mutual Insurance Group.

* Estimated premium income as none supplied by Member

	Country	Member Society	CLAIMS - 1980			CLAIMS			
			Life	Non-Life	Total	1979	1978	1977	
			£,000's	£,000's	£,000's	£,000's	£,000's	£,000's	
<i>(1) The figures include all the "solidarity insurance enterprises" in Argentina including those organizations directly affiliated to AACMS</i>	ARGENTINA	Asoc. Argentina de Coop (1)	1,664	84,901	86,565	91,566	—	26,677	
	AUSTRALIA	CIC of Australia	—	9,661	9,661	6,952	6,018	6,329	
		Farmers Grazcos Coop.	—	2,501	2,501	1,938	1,734	1,477	
		Wesfarmers Insurance	—	1,066	1,066	860	853	510	
	AUSTRIA	Wiener Städtische	16,347	84,198	100,545	109,862	101,733	98,388	
	BELGIUM	Ass. du Boerenbond Belge	6,359	36,125	42,484	43,460	40,951	32,338	
		La P.S. Group	14,678	26,465	41,143	42,277	41,232	31,292	
		Les Assurances Populaires	7,313	8,345	15,658	14,553	8,782	7,059	
	BOLIVIA	CRUCENA	13	70	83	69	97	39	
	CANADA	Le Groupe Desjardins Ass. Generales(2)	—	23,333	23,333	25,729	18,719	13,359	
<i>(2) Le Groupe Desjardins: - 1977 figures do not include General Security Ins. Co</i>		L'Assurance-Vie Desjardins	29,272	6,391	35,663	30,807	29,251	28,864	
		La Sauvegarde	12,380	3,798	16,178	11,137	10,036	12,361	
		Les Coopérants	11,370	3,087	14,457	12,530	11,505	12,965	
		The Cooperators Group	11,528	71,711	83,239	74,383	65,250	59,884	
	COLOMBIA	Seguros La Equidad Soc. Coop.	—	—	not available	28	73	69	
	DENMARK	Alka	13,295	2,640	15,935	11,027	10,749	11,534	
		Andels-Pensionsforeningen	1,805	—	1,805	1,930	1,590	1,379	
		The Tryg Forsikring Group	12,373	25,660	38,033	38,917	40,126	32,046	
	ECUADOR	Coop. de Seguros del Ecuador Ltda	126	21	147	79	90	40	
	EIRE	Eccu Assurance Co. Ltd.	459	—	459	not members	—	—	
FINLAND	Aura General Mutual	—	17,895	17,895	not members	—	—		
	The Kansa Group	26,976	19,761	46,737	37,234	34,870	24,456		
	The Pohja Group	30,846	11,938	42,784	36,357	37,479	32,702		
	Vakava Mutual Ins. Co.	—	3,300	3,300	2,730	not members	—		
FRANCE	La Sauvegarde	—	3,888	3,888	4,820	5,251	5,146		
GERMANY	R & V Group of Wiesbaden	2,279	126,987	129,266	139,378	126,924	94,075		
	Volksfürsorge Enterprise Group	159,586	105,763	265,349	265,521	240,637	182,181		
GHANA	Ghana Coop. Mutual Ins. Soc. Ltd.	—	—	not available	—	—	—		
GREECE	Syneteristiki	—	18	18	2	not members	—		
HOLLAND	De Centrale	6,348	10,500	16,848	17,855	17,766	14,208		
	Dela	3,512	—	3,512	1,892	1,752	1,516		
			carried forward	368,529	690,023	1,058,552	1,023,893	853,468	730,894

	Country	Member Society		CLAIMS - 1980			CLAIMS		
				Life	Non-Life	Total	1979	1978	1977
				£,000's	£,000's	£,000's	£,000's	£,000's	£,000's
			brought forward	368,529	690,023	1,058,552	1,023,893	853,468	730,894
(3) The Samvinn Group:- 1978 figures is for Andvaka only.	ICELAND	The Samvinn Group (3)		9	2,383	2,392	2,422	48	2,401
	ISRAEL	Hassneh Ins. Co. Ltd.		2,946	19,594	22,540	16,634	14,055	-
	ITALY	The Unipol Group		563	36,650	37,213	17,832	-	16,816
		MAECI		-	5,881	5,881	6,844	5,831	6,578
	JAPAN	Nikkaren		-	6,042	6,042	3,377	4,427	3,993
		Zenkyoren		714,889	257,642	972,531	748,806	759,953	610,730
		Zenosai		51,055	27,408	78,463	59,367	54,705	48,418
		Zensuikyo		16,925	1,701	18,626	10,649	13,546	not members
		CIS Ltd		-	11	11	3	not members	
		KOREA	Nat. Agr. Coop Federation		21,803	584	22,387	27,386	23,362
	MALAYSIA	The Malaysian CIS Ltd.		2,167	333	2,500	2,672	2,497	1,847
	NORWAY	Samvirke Insurance Group		9,254	18,116	27,370	25,128	21,487	18,141
	PAKISTAN	CIS of Pakistan Ltd.		-	173	173	80	94	93
	PHILIPPINES	Coop. Ins. System of the Philippines		47	-	47	64	77	-
	PUERTO RICO	Coop. de Multiples de P.R.		-	3,128	3,128	2,641	2,476	-
		Coop. de Seguros de Vida de P.R.		3,783	-	3,783	3,912	3,957	3,458
	SINGAPORE	N T U C. (INCOME)		118	422	540	379	477	384
(4) Folksam Group:- 1980 and 1979 figures include AMF Labour Market Ins Co. which is administered by Folksam.	SWEDEN	The Folksam Group (4)		22,757	149,714	172,471	171,790	123,301	110,972
		Koop. Pensionsanstalt		21,685	-	21,685	20,211	19,166	14,833
	SWITZERLAND	Coop-Leben		16,194	-	16,194	13,394	13,702	11,206
		Coop Rechtsschutz		-	97	97	84	63	32
	TUNISIA	El Ittihad		-	-	not available	-	-	733
	UNITED KINGDOM	Coop. Insurance Society Ltd		107,659	85,831	193,490	160,530	137,434	122,763
	U.S.A.	Cuna Mutual Ins. Group (5)		68,133	10,840	78,973	85,771	73,169	77,975
(5) Cuna Mutual Ins. Group:- 1980 and 1979 figures include Cumis Life Ins. Co. which is now part of Cuna Mutual Insurance Group.		Federated Rural Electric Ins. Corp.		-	638	638	657	not members	
		League Insurance Group		15,078	5,443	20,521	21,593	20,709	19,854
		Mutual Service Insurance Group		14,207	20,819	35,026	29,595	29,136	26,522
		Nationwide Insurance Group		50,495	465,353	515,848	490,736	440,601	389,292
		Urban Community Insurance Co.		-	1,861	1,861	1,543	1,562	4,305
			TOTAL	1,508,296	1,810,687	3,318,983	2,947,993	2,619,303	2,246,494

6. New Member Society

6.1 Aura General Mutual Insurance Company

Keskinäinen Vakuutusyhtiö Aura – Aura General Mutual Insurance Company – was established in 1917. Aura General Mutual's visible capital funds at year end 1980 were FIM 59.3 million. The company writes all classes of non-life business and accepts reinsurance. Aura General belongs to the Aura Group which consists of three mutual companies – Aura General, Aura Life (Keskinäinen Henkivakuutusyhtiö Aura) and Mutual Livestock Company in Finland. The companies operate as a single entity and as a full-service insurance house. The Group was started by farmers.

Total premium income for The Aura Group in 1980 was FIM 648 million, an increase of 27 per cent over the previous year. Preliminary information on 1981 results indicate a total premium income of some FIM 728 million.

Premium income for Aura General for 1980 was FIM 238 million from direct business and 39 million from assumed reinsurance business, net of commissions, totalling FIM 277 million.

The largest portion of the total premium income of The Aura Group is Employees' Pension Insurance. On the non-life side the largest relative shares by branch in 1980 were motor third party liability and motor insurance (FIM 80.1 million), fire and comprehensive fire (FIM 69.2 million) and workmen's compensation insurance (FIM 66.3 million). In forest insurance Aura General is the leading company in Finland with over 50 per cent market share. The same holds true for livestock insurance.

Keskinäinen Vakuutusyhtiö Metsäpalo (Forest Aura) was merged with Aura General in 1979 and the following year Aura General acquired Pohjois-Suomen Keskinäinen Vakuutusyhtiö (Northern Finland Mutual).

Aura General has quite recently started an active assumed foreign reinsurance account, which was followed by some minor foreign investments. The company has an 18 per cent interest in the United Reinsurance Company of Ireland Limited of Dublin, a 19 per cent interest in G.I.C. Reinsurance Company of San Antonio, Texas and a 5 per cent interest in Nordic Insurance Brokers A/s, a brokerage firm in Oslo.

There were 431 head office personnel for Aura General and Aura Life at the end of 1980 whereas the average for the field personnel during 1980 was 254 – altogether some 685 people. The Aura Group has 52 offices across the country and some 7000 field agents.

Obituary — Raymond Lemaire



Raymond Lemaire, Chairman of the International Cooperative Insurance Federation, died on 8 February 1982 after a long and painful illness which he had endured with his customary fortitude, determination and good humour. His many friends within the Federation received the news with profound sorrow.

Representatives of member societies, the Executive Committee and the Bureaux were among the many who were present to pay their last respects at the funeral on 12 February. Messages of commiseration on behalf of all member societies have been sent to his family and business colleagues.

The work of the Federation — which he led with such enthusiasm and to which he devoted so much — will continue but Raymond himself will be sorely missed by all who were close to him. This fact alone speaks eloquently of the affection and esteem in which he was held.

Raymond Lemaire — an appreciation

There are many inside the ICIF who have personal knowledge of Raymond Lemaire's dedication and enthusiasm in promoting cooperative insurance throughout the world. Yet it will probably come as a surprise to most of his former colleagues to learn that he involved himself no less unstintingly in several other spheres of activity.

Raymond Lemaire was born in Liège on 19 March 1913. After finishing his education in Belgium he spent some time undergoing professional training in both England and Germany before he started work at La Prévoyance Sociale in 1932. It was Raymond who established the Accident Department and a network of Accident field staff. Later, he was the Head of the Commercial Department, then General Manager and ultimately Chairman of the Executive Committee.

The Society prospered under his leadership but Raymond Lemaire was not the man to confine his energies to one job alone. For a start, he gave 40 years of dedicated service to the Red Cross. In 1940 he was the General Representative of the Red Cross for the non-occupied

French zone and assisted with the repatriation of prisoners of war in 1944. When life returned to normal, he became Vice-President and subsequently he was appointed a member of the International Red Cross Committee in Geneva.

The socialist movement in Belgium was close to his heart too. He was a committee member of both the Parti Socialiste and the Socialistische Partij; he also was a member of the Praesidium de l'Action Commune Socialiste. In addition to these positions, he brought his expertise to a number of important posts in the Belgian cooperative movement such as the Chairmanship of the Cooperative Socialist Federation finance committee and of the Cooperative Savings Bank.

It was Raymond's father, Joseph Lemaire, who was the moving force behind the formation in 1922 of the ICIF (which at that time was known as the Insurance Committee of the International Cooperative Alliance). Raymond's involvement with the Federation began in 1948.

It was in the following year that the International Cooperative Reinsurance Bureau (ICRB) was

formed and Raymond became one of the founder members. He was appointed Chairman of the ICRB in 1966 and continued in that position until, due to pressure of other commitments, his resignation in 1979. He also served on the Insurance Development Bureau from 1963 to 1977 and was Chairman of Allnations, Inc. from its formation in 1969 until his death.

He became Chairman of the Federation in August 1969, having been a regular attendee at Executive Committee meetings for many years previously when he assisted his brother, Henri Lemaire, who was then Secretary of the Federation. It is in the role of Chairman that Raymond will be remembered by cooperative insurance colleagues generally. He always brought to the varied responsibilities of this office his customary energy, of course, but also the charm, wit and genuine humanity that won the hearts of all who came into contact with him.

Even in recent years his appetite for fresh challenges remained undiminished. He involved himself in the activities of the Association of European Cooperative Insurers

from its inception, becoming Chairman of the Association's Executive Committee, the European Members Bureau. In addition to his public work and his tireless efforts to advance cooperative insurance, he still managed to find time to serve in a number of other professional positions.

For many years he was a director of the Belgian airline Sabena, of which he became Vice-Chairman and also Chairman of the airline's Executive Committee. In addition, he was Chairman of the Belgian aviation insurance company, Aviabel, an Executive Committee member of the Professional Union for Insurance Companies, a director of the Belgian Nuclear Insurance Association and the Chairman of the National Board for Social Security Management Committee.

Raymond Lemaire led a quite exceptionally full life, a life characterized by the generosity with which he gave his time and his wholehearted interest to the causes in which he believed. It is easy to understand why those who were close to him feel such a deep sense of loss.

8.

Cooperative Insurers and Cooperative Distinctiveness

This article is based on a paper delivered to the first annual conference of the ICIF North American Association which took place in Minneapolis, Minnesota, last year. The views expressed are the author's own. The Editor will be pleased to publish letters from readers either supporting or disagreeing with Mr. Jordan.



John Jordan is research director of the Canadian Cooperative Future Directions Project. He is seconded to the project from The Cooperators Group where he was most recently vice president, planning and corporate relations. He is Adjunct Associate Professor in Environmental Studies, York University, Toronto, where he teaches cooperative management and planning.

Mr. Jordan joined The Cooperators in 1974, having previously spent eight years working with housing cooperatives and undertaking studies of housing and social policy. He is a graduate of Boston College and York University, and currently a doctoral student at The Wharton School, University of Pennsylvania. He has written extensively on cooperatives, planning and futures. In 1978 he was awarded his Fellowship of the Life Management Institute in Management Science.

Cooperative Insurers and Cooperative Distinctiveness

by **John E. Jordon** *Research Director, Cooperative Future Directions Project*

Cooperative insurance is a paradox.

By its very nature, insurance is a deeply mutual and cooperative activity. At root, it is nothing more nor less than the pooling of resources and risks for the betterment of all participants. In its essential logic, insurance does not entail the normal division of interest that we find in business between producers and consumers. (There is of course a question about the return to capital employed versus the return to policyholders, and a question of the “friction” or the amount of resources consumed in the administrative process). In short, the nature of insurance is a thoroughly cooperative process.

Yet, in almost every country, cooperative insurers are the members of the cooperative community which adhere least to cooperative principles in their formal organization and operation. This then is the nature of the paradox: the contrast between the essentially cooperative logic of insurance and the customary non-cooperative logic of cooperative insurers.

I say cooperative insurers deliberately since it seems to be a useful contraction of “cooperatively-oriented insurers” which is an accurate description of ICIF members. Very few ICIF members could be accurately described as insurance cooperatives, that is cooperatives whose field of enterprise is insurance.

The reasons why cooperative insurance has taken the shape it has have been noted many times and are familiar to cooperative insurance leaders.¹ First, there is a legislative problem: in very few countries can an insurer be incorporated as a cooperative. Second, insurance involves a very large number of people, yet only a very small portion of each person’s interest. Consequently, it is unrealistic to expect a considerable number of individuals to become sufficiently knowledgeable to enable a cooperative insurer to operate with a democratic membership and governance process as is normal in cooperatives.

The Cooperative Future Directions Project is a wide ranging effort to help Canadian cooperatives to develop a better focus on the future and on preferred directions for the evolution of cooperatives. In this work, there is one issue which surfaces repeatedly as being critical to the future of cooperatives. That issue is best described by the word **distinctiveness**. The

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First Annual Report (1979-1980) of the Project noted that cooperatives "have rightly argued with government that policy should reflect their special character. Certain issues, notably taxation and supervision, depend on a clear statement of this distinctiveness. Reference projections suggest that the level of identity will decline as cooperatives imitate their competitors. This trend will change only with a conscientious effort to clarify and emphasize the distinctive character of the cooperative form of organization." That Canada is not alone in this concern about distinctiveness, we might gauge from the 1980 ICA Congress which resolved that consumer cooperatives be developed in "such a way as to emphasize the features which distinguish them most clearly from private traders."²

Conventional enterprises have long held a conviction as to the importance of establishing a distinctive identity and recognition in the minds of the consumer and other important publics. There have been massive attempts to achieve product differentiation and recognition, even of generic products. This is certainly true of insurance as well. Part of the reason for this is the evidence which has emerged, especially from the US-based Strategic Planning Institute, that profitability is more a function of market share than of any other single characteristic.³

In the case of cooperatives the concern about distinctiveness is related not only to business success but to cooperative success. An important element of cooperative success is maintaining a distinctive identity which reflects cooperative principles. One can question whether adherence to the principles is sufficient to constitute a cooperative identity, but a cooperative identity which does not include the principles is difficult to imagine. The purpose of this inquiry, then, is to assess the relationship between cooperative insurance and cooperative principles, and to suggest how and why cooperative insurers might more closely approximate to cooperative principles.

In what follows I assume that the cooperative insurer is a company owned by other cooperative organizations, credit union federations or labour unions. A cooperative insurer whose members are the individual insureds (a mutual in short) should find the ICA principles more applicable, and is therefore not the focus of attention here.

Let us look at the cooperative principles as promulgated by the International Cooperative Alliance.

8.2

Open and Voluntary Membership

Membership of a cooperative society should be voluntary and available without artificial restriction or any social, political or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership.

Democratic Control

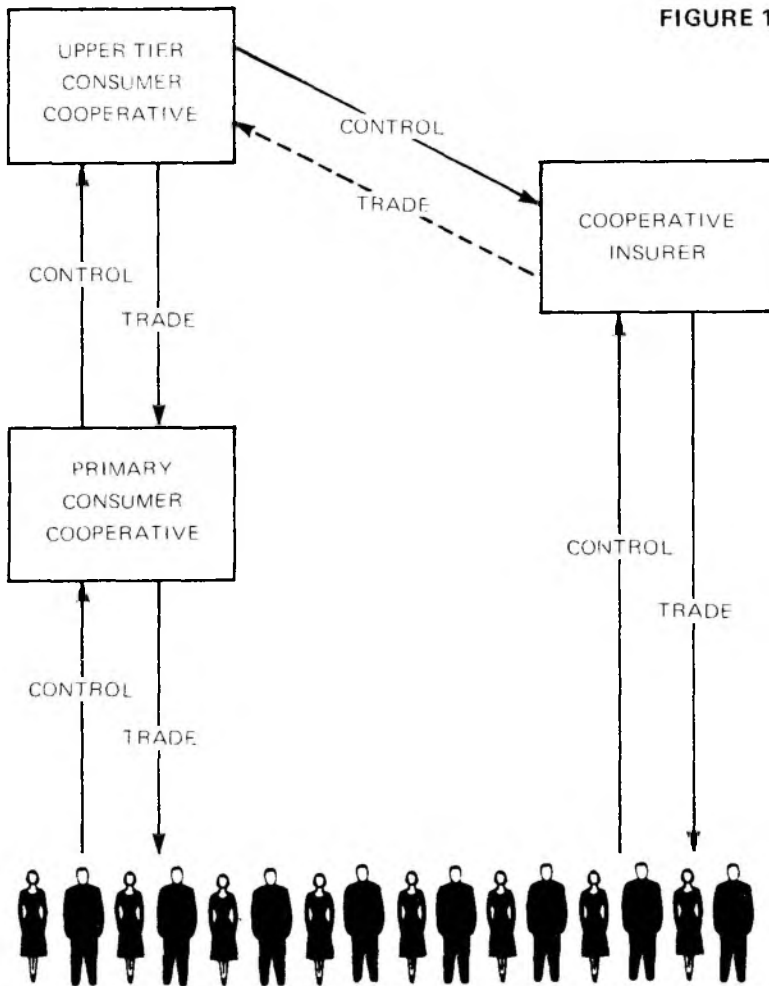
Cooperative societies are democratic organizations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies should enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration should be conducted on a democratic basis in a suitable form.

These two are best looked at together.

Because of their ownership by other cooperatives, cooperative insurers are generally described as being second- or third-tier cooperatives. If we examine this, we quickly see that it is only partly true. A second- or third-tier cooperative is a cooperative whose owning and controlling members are other cooperatives. But in the classic second- or third-tier case, the cooperative's business is carried out with these cooperative corporate members. In the instance of an insurance cooperative this is generally the case for only a small proportion of the insurer's business. The balance of the business is between the insurer and the individual insureds. Thus, the cooperative insurer is second- or third-tier in its ownership and control structure, but first-tier in its operational structure.

This has an important implication for these first two cooperative principles. Using a strict definition, it means that the insurance transactions with individuals are non-member business. Since individual insurance comprises

FIGURE 1



COOPERATIVE INSURER : UPPER TIER IN CONTROL AND FIRST TIER IN TRADE

the bulk of the premiums (often 80 per cent or more), most of the cooperative's business is non-member business. In many jurisdictions a cooperative is required to conduct at least 50 per cent of its business with members; if it does not, it can lose its charter as a cooperative.

The challenge to cooperative insurers is two-fold, then: to redefine membership in such a way that it accords more closely with cooperative principles; and secondly, to see that its control structure reflects the composition and interests of its insureds.

The traditional organizational theory of cooperative insurance is that policyholders are best represented by organizations of which they are members. These organizations then become surrogates for the individual policyholders. If we define the members of the owning and controlling organizations as "members" (in an extended sense) of the cooperative insurer, it would bring us closer to cooperative principles. But this poses a strategic question for most cooperative insurers. For the practice – and marketing strategy – is that since individual insureds are not formally members, our market in effect is the general public. If we want to move closer to cooperative principles, we are challenged to focus our marketing much more closely on the members of the owning and controlling organizations. The objective should be to see that at least 50 per cent of the business is conducted with such members.

Such a refocusing of marketing strategies would I think have practical benefits in terms of policyholder retention as well as in assuring the legitimacy of the control structure.

In summary, the challenge posed by these first two principles is not one of cooperative insurers being **closed** in their "membership" policies, but of being **too open**.

8.3

Limited Interest on Shares

Share capital should only receive a strictly limited rate of interest, if any.

This is a very critical cooperative principle, for it enshrines the cooperative belief that capital should serve human interest rather than human interest

being subjected to capital. I do not believe cooperative insurers tend to contravene the principle as stated. Rather, the issue that arises here is one of capitalization of the cooperative by its insureds. It has long been recognized by cooperators that the independence of a cooperative entails the members subscribing its capital. Using members in the extended sense to include insured individuals, it is rare that they contribute to the capitalization of a cooperative insurer. In many cases, this is for legal reasons; in many jurisdictions one cannot require a contribution to capital as a condition of obtaining insurance coverage. But have we tended to rely too much on this legal constraint? Should we not be doing more to explore and experiment with ways in which we can more closely approximate to a cooperative norm? Especially when we might find, again, that having a capital stake would contribute to greater commitment by the member and a higher degree of retention?

8.4

Return of Surplus to Members

Surplus or savings, if any, arising out of the operations of a society belong to the members of that society and should be distributed in such a manner as would avoid one member gaining at the expense of others. This may be done by decision of the members as follows:

- (a) by provision for development of the business of the cooperative;*
- (b) by provision of common services; or*
- (c) by distribution among the members in proportion to their transactions with the society.*

The patronage dividend is one of the most unique characteristics of cooperatives. At its origin, it was a very significant social innovation. Here, the position of cooperative insurers is particularly paradoxical, for insurance – particularly life insurance – is the only industry where patronage dividends are an industry norm. Their adoption appears to be very much a function of the prominence of mutual companies. Not long ago the president

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FORMER PATTERN :

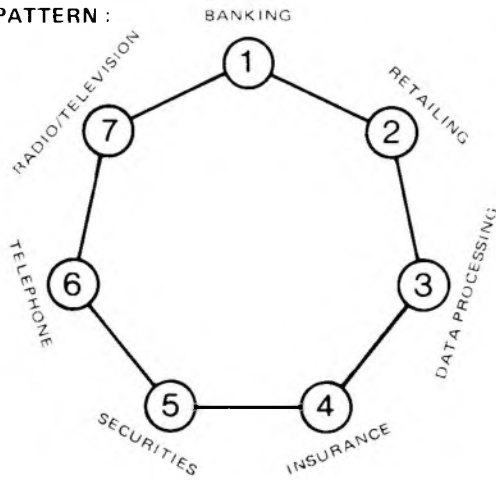
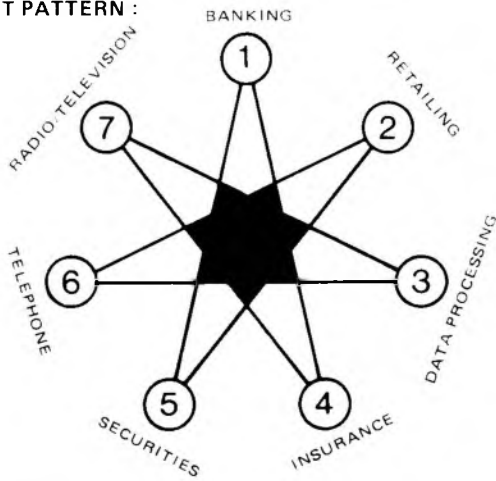


FIGURE 2

EMERGENT PATTERN :



**From DISTINCT DOMAINS or INDUSTRIAL SECTORS
to CONVERGING DOMAINS**

of one Canadian mutual described it as "a cooperative in its purest form."⁴ Yet there are also instances of dividends in non-life insurance.

The question for cooperative insurers here is very simple. Why could it not be the explicit policy of cooperative insurers to make patronage dividends when the annual results and overall financial situation enable it? As with any cooperative, the actual amount to be made available for dividends is subject to discretionary control by management and the board.

There may be practical issues raised concerning the likelihood of the public understanding such things as the underwriting cycle in non-life insurance so that false expectations about the prospect of a dividend are not created. But many kinds of cooperatives, especially in agriculture, have learned to cope with the impact of business cycles on their operations and on the prospects of dividends. In any case, perhaps we should first answer this question at the level of principle rather than at the level of its operational dimensions. I think a commitment to patronage dividends would have an immense impact in terms of solidifying the position of cooperative insurers with their policyholders and the cooperative community.

8.5

Cooperative Education

All cooperative societies should make provision for the education of their members, officers and employees, and of the general public, in the principles and techniques of cooperation, both economic and democratic.

The commitment to cooperative education, both in its economic and democratic aspects, is a principle on which much ink has been spilt. It may be one to which we are tempted to assign only a limited place, since so many cooperatives have found it an intractable issue. Yet to do so would, I think, be a great mistake.

Surveys by insurance organizations constantly reveal the degree to which insurance is either not understood or misunderstood by key publics – policyholders, politicians and others. Indeed, many active cooperators do not see cooperative insurers as "genuine" cooperatives. Part of the perceptual

problem of the cooperative bona fides of cooperative insurers within the cooperative community is a function of low levels of understanding as well as selective adherence to cooperative principles. The limited interest from policyholders in their insurance company seems too often to be carried over into the cooperative organizations which own and control the insurer. And in many cases, cooperative insurers acquiesce in this rather benign neglect since it affords a considerable degree of scope for management to manage.

In the present environment, I think we should be asking whether we can afford this limited level of understanding. In virtually all jurisdictions (and quite aside from the ideological dispositions of the government in power) many forms of insurance – life, health, accident and sickness, automobile, pensions, certain types of business insurance – are in danger of becoming a much reduced if not a vanishing species.

Beyond the question of the interface with governmental programmes, there is a more general question of the blurring of traditional industry domains. Many traditional boundaries of the insurance, financial, banking, data processing and communication sectors are collapsing. The investment head of Canada's life insurance industry recently argued that the life insurance domain has been "invaded in recent years by banks and trust companies to the extent that 90 per cent of the things we do, except life insurance itself, they do."⁵ The president of another large Canadian insurer recently claimed that the life industry is now "in a survival mode."⁶ In this setting, I do not think it should be hard for us to argue the need for education as an insurer. But if we wish to survive as cooperatives, which are hardly better understood than insurers, we have to make that case as well.

8.6

Cooperation among Cooperatives

All cooperative organizations, in order to best serve the interests of their members and their communities, should actively cooperate in every practical way with other cooperatives at local, national and international levels.

The position of cooperative insurers on this principle is impressive. In both the US and Canada, it is the largest cooperative insurer which is the largest single

dues contributor to its national cooperative apex organization. Another aspect relates to one of the purposes of cooperative organizations in establishing insurers: to obtain use of the investment funds of cooperative insurers to further cooperative expansion and development. A substantial portion of the investment portfolio of many cooperative insurers is invested in cooperatives of various types. Beyond the question of investment, cooperative insurers have also been responsive to the distinctive insurance requirements of cooperatives.

We might ask then what more can cooperative insurers be expected to do? An answer is to be found in exploring the changing environment in which financial and other services are delivered.

Our present pattern of insurance companies and coverages was developed in an era of well-defined industrial sectors. The insurance role or domain was distinct, as was that of banks and similar institutions, other financial services, retailing, etc. In recent years however we see increasing evidence that the boundaries of these traditional industries are breaking down. Three related trends will illustrate this. The first is the growing collapse of boundaries and roles of financial institutions. The once distinct roles of banks, credit unions and trust companies are quickly dissolving. Especially in the personal finance market, all now offer a similar range of competing services.

But the blurring of roles extends beyond this to the insurance and stockbrokerage businesses as well. The largest US bank recently acquired the largest US discount stockbroker. The largest life insurer, Prudential, bought one of the largest stockbrokerage firms. American Express merged with the second largest US brokerage. The popularity of brokerage houses reflects the success of money market funds which they offer. In a few years, they have accumulated deposits of over \$185 billion. This is more than **twice** the total assets built up in the US credit unions over a period of half a century.

This is only a small sample of the types of changes that are transforming the extended financial services domain. American Express, for example, known for its leadership in travel services and its card and travellers cheques, now derives about half its revenue from insurance premiums. The largest US stockbroker receives twice as much revenue from interest earned as from brokerage commissions. Just how significant a shift this is can be seen from the reaction of Walter Wriston, chairman of Citicorp: "We would be irresponsible if we did not examine giving up domestic deposits and

commercial loans (a bank's bread and butter) for a diverse range of personal financial services" including securities and insurance.⁷

There has been much discussion about the trend toward one-stop financial shopping, as illustrated by the examples cited. But the shift is actually much broader. This is seen in the second related trend, the tendency for financial services to be delivered through retail distribution channels. The most dynamic instance is Sears, the largest US retail chain, which sees financial services as its big growth area. It already owns Allstate, the second largest US property and casualty insurer. It recently bought the largest US real estate brokerage firm and the third largest stockbroker. More US households have a Sears credit card than any other, including Visa. Sears is already producing its retail catalogue on videodisc and is a leader in experimenting with electronic sales. This enables the shopper to choose and order goods at home using an interactive TV, or a TV and telephone. Payments are by credit card.

This type of development offers the insurer three major advantages. The first is lower selling and administration costs because of mass-marketing and expense sharing within the overall group. The second is the potential of reduced lapses by providing easy payment mechanisms, and encouraging the buyer to purchase a larger percentage of services from one firm or group. But the third is perhaps even more important. It is the tremendous intelligence on purchase decisions, payment habits and demographic characteristics which is built up in computerized data banks by the credit card and related operations. This gives the group an enormous lead in product design and marketing strategy.

Underlying these two trends is a third: the simultaneous maturation and widespread deployment of microprocessors and on-line computers, credit cards, telecommunications, and interactive cable television is creating a substantially different financial environment. Here again the boundaries of once distinct industries - data processing, telephone companies, postal service, television broadcasting - are collapsing. Technological innovation is the driving force, and all these industries are now built on the same basic technology. Rather than being seen as different industries, all are increasingly perceived as different dimensions of one industry of information generation, manipulation and transmission. The French call it informatics. Since money is recorded and transmitted as financial information, financial service corporations rely heavily on this technology and are thus pulled into this yet

larger web.

Even though the leading edge is comprised of corporations not known for their devotion to the consumer's interest, these developments are likely to offer the sophisticated consumer an expanded opportunity to manage effectively his or her financial affairs. As two-way home television spreads (Britain's Prestel, Canada's Telidon, and France's Antiope are already in operation) and personal computers become more common, we face the prospect of electronic bill paying, transferring money from and to various accounts, assistance in analyzing financial and insurance decisions, etc. But doing so will probably require that the consumer concentrate his accounts and patronage within one corporation or group. The firm which can offer the largest array of well-designed products and services, and provide the most effective electronic network, will have a sharp competitive advantage.

On the corporate side, it suggests a decade or more of corporate realignments resulting in broad corporate groups which span this new financial-retailing-communications domain. We already see financial institutions moving into data processing, computer and financial corporations moving into electronic communications, and retailers moving into financial services. The resulting corporate groups will stretch across many traditionally separate industries. But unlike most conventional conglomerates (even those preaching the virtues of "synergy"), planning will be coordinated so as to produce compatible consumer products and services. Underpinning each group will be an electronic information network, and a consumer credit or payment card system.

Much of the evidence put forward reflects North American developments. But there are three good reasons for thinking that this pattern will become more global. First, it is to a considerable extent driven by electronics technologies which are being rapidly deployed across the globe. Second, it recognizes that the larger financial and security domain is less efficient, for both consumers and corporations, if segmented with different types of institutions looking after different pieces. Third, the leading actors are often multinationals who will tend to export the pattern to other countries. This perspective is not limited to Northern countries either. A recent International Monetary Fund report recommended that developing countries pursue a multi-sector approach in designing financial institutions.⁹

During the next two decades, the net impact of these accelerating trends

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will be to make it more difficult to be an insurer who does not have solid linkages with other relevant sectors, especially with financial and retailing institutions. Leaders in consumer and banking cooperatives are dealing with these same issues from their own sectoral perspectives. They too are facing the collapse of once traditional boundaries. Outside of agriculture it is precisely the industries in which cooperatives tend to be most concentrated - retailing, banking, insurance - which will feel the pressure of this shift in pattern. The result is that it is going to be increasingly difficult to be effective and competitive as a single purpose or single sector cooperative. There will be numerous cases in which special purpose cooperatives will survive and flourish. But for cooperatives which want to serve a broad range of people with basic services, moving in a multi-sectoral direction will be essential.

This marks a considerable change from the existing pattern of cooperative enterprise in most countries where they are well established. Cooperatives tend now to be organized by conventional industrial sectors (consumer retail, banking, etc.) with limited interaction across sectoral boundaries. Within sectors cooperatives are often organized as well designed systems of enterprises. The demand now is to develop a multi-sector or multi-industry cooperative system.⁹

This is not the same as rolling all cooperatives into one super- or mega-cooperative, though there will be a tendency for some to see it this way. What it does entail is a shift towards coordinated planning and development, towards viewing the future as a cooperative whole rather than as a collection of single cooperatives. In short, it means exchanging our tendency to describe cooperatives first as autonomous for seeing them first as interdependent. If we can create a cooperative system of firms it will give us the scope, the adaptiveness and the robustness to survive the 80's while keeping our members' interest foremost. This also fits with the resolution on Cooperatives in the Year 2000 of the 1980 ICA Congress. It recommended as one of its four priorities "the creation of clusters of specialized cooperatives or a single multi-purpose society, especially in urban areas, in such a way as to provide a broad range of economic and social services: housing, credit, banking, insurance, . . ." etc.¹⁰ In summary, the concept of a system of cooperative firms is the way we can develop the principle of cooperation among cooperatives from a piety to a ground rule for strategic design.

Because insurance is a common denominator across individuals and

cooperatives, it can provide a context for bringing cooperators together to deal with this emergent agenda. The idiosyncrasies of cooperative insurance to date have often meant that cooperative insurers are perceived as more neutral, as outside what is often the hurly burly of cooperative political process. As such, insurers are in a good position, if not to lead, at least to play a strong supporting role.

In summary, there would seem to be good reason to believe that cooperative insurance can more closely approximate cooperative principles. First, in focusing our marketing upon cooperative members, and thus reinforcing the legitimacy of our control structures. Second, in exploring and experimenting with means of policyholders contributing to capitalization. Third, in adopting a principle and practice of patronage dividends. Fourth, in making more vigorous efforts to educate policyholders and cooperatives about insurance and the cooperative approach to it. And finally, in playing a significant role in bringing about a stronger system of interdependent cooperative enterprise.

The effect of pursuing this sort of direction would make cooperative insurers far more than a purer form of cooperative; it is one key to being effective in a turbulent environment and competitive marketplace.

8.7

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NTUC INCOME Feature

Partly in preparation for the ICIF Conference which is to be held later this year, we are featuring in this issue the host society for the Conference – NTUC INCOME of Singapore.

The first of the articles that follows traces the remarkable progress of this society since its formation in 1970. INCOME has also contributed the technical article for this issue which describes their Young Family Policy.

We are indebted to Mr. Tan Kin Lian, General Manager of NTUC INCOME, who has provided both articles.

A pleasing prospect....



The view from INCOME head office – and the outlook for the company itself.



**N.T.U.C. CO-OPERATIVE INSURANCE
COMMONWEALTH ENTERPRISE LIMITED**

9.1 **NTUC INCOME: Past, Present & Future**

9.1.1 **THE BEGINNING**

Life Insurance in Singapore in the 60s

In the 1960s, the life insurance industry in Singapore consisted of about a dozen companies doing a thriving business. Yet only about 3% of the population was insured. People from the higher income group, who can afford to pay the premiums for large sums assured, made up the bulk of the insured portion of the population. The ordinary wage-earner, who could only afford to set aside a small sum every month, had no easy access to life insurance. In the light of Singapore's overall social and economic development, this situation was clearly undesirable.

Modernization of the Labour Movement: 1969

Coincidentally, the trade union movement in Singapore was at this point charting its modernization programme. The National Trades Union Congress (NTUC) convened a three-day seminar on the "Modernization of the Labour Movement" in November 1969. On the third day of this seminar, 18th November 1969, Dr. Goh Keng Swee, the first Deputy Prime Minister (then Minister of Finance) delivered a keynote address on "The Basic Strategy for Rapid Cooperative Development". In his speech, Dr. Goh noted the need to provide life insurance to the working masses and outlined the prospects of a trade union sponsored insurance cooperative. He also pointed out the social need that such a cooperative could fulfil for the workers of Singapore.

Inspired by his recommendations, the trade union delegates charged the NTUC leadership with the task of establishing a cooperative insurance society.

The Birth of NTUC INCOME: 1970

Through the efforts of the NTUC and its affiliates, NTUC INCOME was registered in 1970 under the Cooperative Societies Act and the Insurance Act to transact life insurance business. INCOME started its operations at the third floor of the Trade Union House.

A mass rally was held at the Victoria Memorial Hall on 21st November 1970 to mark the inception of INCOME. The Salary Savings Scheme (which enables policyholders to pay premiums through monthly deductions from salary) was also launched on the same day.

9.1.2

BUSINESS OPERATIONS IN THE 70s

Sales Force

Since its inception, INCOME's sales propagation was carried out largely with the support of the trade unions. Large numbers of union members from different walks of life were drawn into the sales force. These members are trained and appointed as Organisers to canvass both life and general insurance business for INCOME. They canvass their sales in their spare time amongst their working colleagues and social contacts. The INCOME Organiser plays an important role in the progress and success of NTUC INCOME. To-day there are over a thousand Organisers in INCOME's sales force. INCOME also maintains a small force of full-time sales people designated as Development Officers/Assistants.

Policy Plans

INCOME issued its first life policies in January 1971. Initially, INCOME confined itself to the basic types of life policy. As INCOME grew, new policy plans were introduced in response to the varied needs of the insuring public. In 1972, the Children's Welfare Policy (deferred endowment) was introduced. INCOME introduced the Single Premium Bond Policy in August

1973 to meet the needs of those who wanted life insurance protection as well as a steady investment. The Bond Policy has secured attractive appreciation in some years and is still the only one of its kind in Singapore. The Special Endowment Policy, specially designed to provide more protection at a lower cost, was launched in 1978. It has always been the aim of INCOME to introduce new policy plans to meet the needs of the public. The latest additions are the Young Family Policy and the Family Special Policy.

New Business

From its humble beginnings in 1970, INCOME has grown to become one of the leading insurance companies in Singapore. In 1971, INCOME received 5,457 proposals for S\$22.1 million in sums assured. The business for 1981 was 15,178 proposals for S\$186.9 million in sums assured.

Bonus Record

As business developed, INCOME was able to give good returns to its policyholders. The viability of INCOME as a business concern is reflected in its bonus declarations. At its first bonus declaration, INCOME declared a reversionary bonus of S\$30 per S\$1,000 sums assured with an additional bonus of 20% of the accumulated bonus, payable when the policy becomes a claim, for with profits policies. In 1981, INCOME announced a bonus rate of S\$38 per S\$1,000 sums assured with a 25% special bonus for with profits policies on the simple reversionary bonus system. The compound reversionary bonus was also introduced. The bonus rate is S\$32 per S\$1,000 sums assured compounding at 3.2% per annum with a 25% special bonus for those Endowment and Whole Life Policies on this system.

General Insurance

Having established itself in the life insurance industry, INCOME branched into general insurance business in 1975. In its first year of business, the general insurance department received gross premiums of S\$1.1 million. After 7 years, in 1981 the gross premium collection had increased to S\$9.8 million.

Computerization

INCOME acquired an in-house Hewlett Packard HP 3000 Series 33 Computer System. This computer system has a main memory of 768k bytes, 4 disc drives with total capacity of 480 megabytes, 16 on-line terminals, 1 magnetic tape drive and 1 line printer.

The computerization of INCOME covers the following main areas:–

(a) Administration of life assurance policies

Our on-line computer system is used daily to handle enquiries from our policyholders and organisers for policy information. This information can be retrieved immediately to provide efficient service to policyholders. The computer system is also used to produce letters of acceptance, policy documents, premium renewal notices, loan statements, mortgage instalment notices, other statistical reports for use by management and quotations for prospects.

(b) Accounting administration

The computer system is used for bank reconciliation and posting of receipts, payments and journals to the general ledger file. It also handles commission accounting and printing of the commission statement. The payroll system is computerized to calculate the monthly pay and to produce various reports for statutory boards and for management use.

(c) General insurance administration

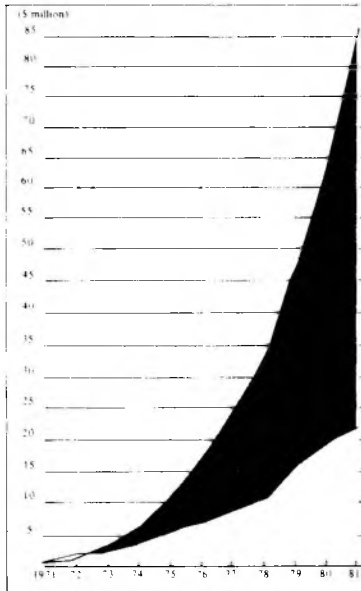
The general insurance system is now being computerized and will be compatible with the life system. It will handle the printing of schedules, renewal certificates and certificates of insurance for motor policies. It will also assist in the handling of enquiries and underwriting of workmen's compensation and motor policies.

(d) Word processing

Finally, the computer system caters for our word processing requirements.

NTUC INCOME: Past, Present & Future

LIFE FUND AND PREMIUMS

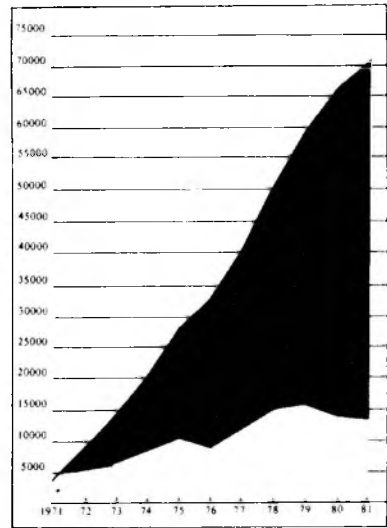


Ordinary Life Fund
 Ordinary Life Premiums

Year	Ordinary Life Fund (\$ million)	Ordinary Life Premiums (\$ million)
1971	0.2	0.4
1972	1.3	1.7
1973	3.7	3.1
1974	6.7	4.0
1975	11.2	6.1
1976	17.2	7.7
1977	24.5	9.6
1978	33.8	11.4
1979	47.1	16.1
1980	62.9	18.7
1981	82.4	22.3

LIFE POLICIES

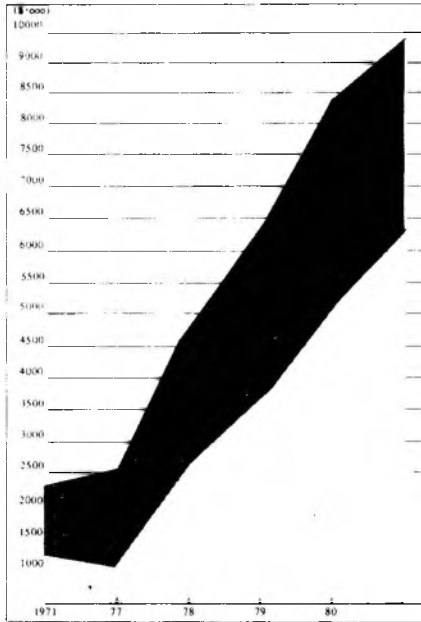
Year	Number of Life Policies	Number issued each year
1971	3,724	3,934
1972	8,663	5,795
1973	13,734	6,540
1974	20,612	8,625
1975	27,979	10,354
1976	33,080	9,466
1977	40,308	12,122
1978	50,012	15,070
1979	59,230	15,692
1980	66,290	14,527
1981	71,905	14,510



Number of Life Policies
 Number issued each year

NTUC INCOME: Past, Present & Future

GENERAL INSURANCE PREMIUMS

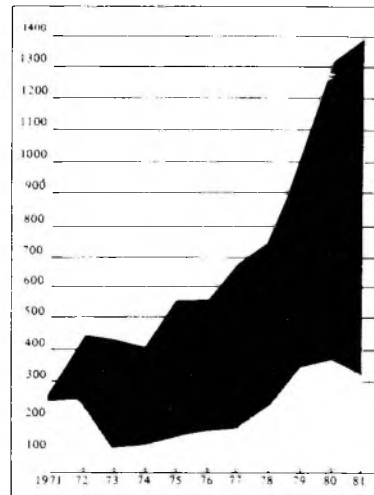


Gross Premiums
 Net Premiums

Year	\$'000	
	Gross Premiums	Net Premiums
1976	2354	1273
1977	2552	1173
1978	4867	2687
1979	6445	3883
1980	8357	5170
1981	9973	6316

ORGANISERS

Year	Number of Organisers	Number appointed each year
1971	268	226
1972	425	229
1973	422	96
1974	404	104
1975	524	131
1976	525	161
1977	675	164
1978	746	228
1979	1,024	366
1980	1,317	383
1981	1,396	329



Number of Organisers
 Number Appointed Each Year

NTUC INCOME: Past, Present & Future



INCOME helps families to realise their hopes and aspirations



...the fulfilment of each generation



...the provision of benefits for their future



...the network of security

9.1.3

IN THE 80s

Branch Offices

The management of INCOME is now looking into the feasibility of setting up branch offices in the main residential estates in different parts of Singapore. As Singapore is a small and compact island, it is becoming increasingly expensive to maintain a large office in the central business district to service our policyholders throughout the island. To achieve maximum cost-effectiveness and to provide a more convenient service to our policyholders, it may be better for INCOME to decentralize its business operation by setting up branch offices and maintain a small head office in the heart of the city. The existing computer system should serve well to interlink the head office with the branches.

Life Business

In the 80s, INCOME aims to increase the number of its policies in force by an average 10% per year. By 1984, we hope to have in our books a total of 90,000 life policies in force with a total sum assured of S\$1,000 million. Emphasis will also be placed on better quality business and recommending higher coverages to those insuring with us. Every effort will be made to help our sales force to become more productive and more service-oriented.

General Insurance Business

INCOME plans a dramatic change in its strategy for the general insurance business in the 80s. We have set in motion a major effort to concentrate on our personal lines of general insurances, such as motor, household, fire and accident insurances. We hope to increase the number of personal general insurance policies substantially over the next three years. Our target is 45,000 policies by the end of 1984.

9.1.4

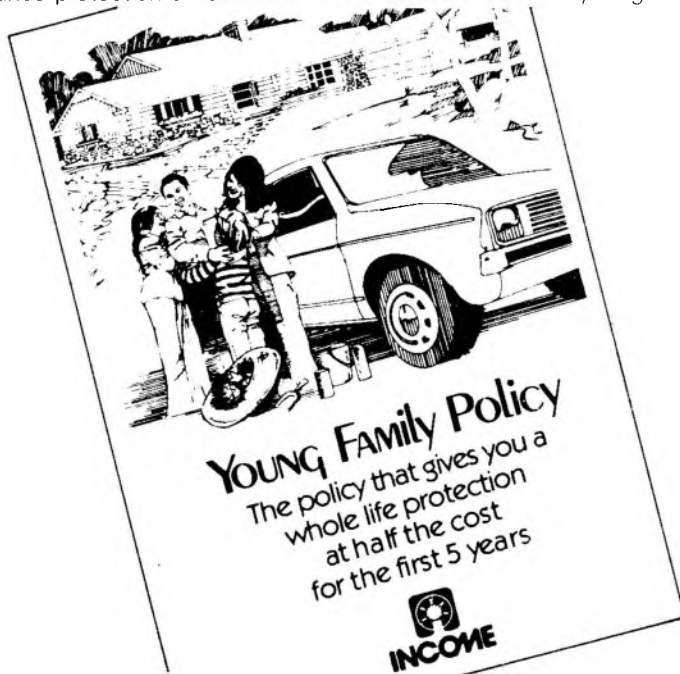
CONCLUSION

From the traditional union base, INCOME hopes to widen its operations to cover every sector of the insuring public by the end of the 1980s. The challenge will be how this can be achieved with better quality in service and maximum cost effectiveness.

9.2 **The Young Family Policy**

NTUC INCOME introduced the Young Family Policy on 1st October 1981. This is a whole life policy with premiums reduced to half the normal rate during the first five years. For example, a male policyholder can take a Young Family Policy for a sum assured of S\$50,000 for a monthly premium of only S\$31.25 during the first five years. After five years, the monthly premium payable is S\$62.50. The monthly premium payable for a conventional whole life policy for the same person would be S\$55.00 per month. The Young Family Policy does not participate in profits.

INCOME'S objective in introducing the Young Family Policy is two-fold. Firstly, we are attempting to meet the special needs of young families for insurance protection at low cost for the whole of life. For young couples,



during the first few years when they are starting their families, there are usually many financial commitments which have to be met, such as the purchase of a house, furniture, motor car, etc. We feel that the Young Family Policy, with a reduced rate of premium for the first five years, will be especially helpful to these policyholders. It enables them to secure an adequate protection today at a lower burden on their immediate financial resources.

The population of Singapore is young. 39% of the population is less than 20 years old and another 32% is between the ages of 20 and 35.

INCOME'S second aim in introducing the Young Family Policy is to achieve a significant increase in the size of policies issued. INCOME's market is primarily the working families and lower income groups. INCOME's average policy size ranks among the lowest of all the insurance companies in Singapore. However, in terms of the number of policies issued each year, INCOME has occupied the top position for several years. The average size among all policies issued in 1980 is S\$10,000. Our objective is to increase our average policy size significantly to provide more adequate protection to our policyholders so as to meet increasing costs and rising standards of living.

The Young Family Policy provides protection for the whole of life. In the event of death of the policyholder at any time, the sum assured is payable in full. The policy also covers permanent and total disability. In the event of disability before age 60, the sum assured is payable in 10 annual instalments starting from the date of disability. For example, if the sum assured under the policy is S\$50,000, the disability benefit is payable in 10 annual instalments of S\$5,000. If the disability occurs after age 50, the benefit is payable up to age 60 only. Premiums are waived during the period of payment of the disability benefit.

Although the Young Family Policy is designed not to participate in profits, it is our intention to review the situation after five or ten years and to allot an ex-gratia bonus on the policy if the financial situation warrants it.

To coincide with the launching of the Young Family Policy on 1st October, a sales contest was organised for a period of three months. This contest covered the sale of the Young Family Policy and the Family Special Policy which was introduced at the same time. The award for the top 15 qualifiers in the contest was a 3-day vacation to Penang, a holiday resort about 350 miles from Singapore. The top 5 qualifiers were eligible to bring along their spouse

or partner. Other qualifiers who met the minimum production targets for the contest were given credits for the purchase of prizes.

The success of the Young Family Policy since its introduction has exceeded our expectations. During the first 3 months after the launching, i.e. October to December 1981, the sales of the Young Family Policy measured in sums assured represented 42%, 37% and 38% of the total sales of INCOME for the respective months. In comparison with the sales for the corresponding months of 1980, our total sales for these months showed an increase of 32%. Hence, the Young Family Policy has certainly made a significant contribution to the overall sales increase.

The sales of the Young Family Policy, after the close of the special contest, have remained at a high level. In the following two months, this policy plan accounted for 28% and 25% of the sales for the respective months.

Since the introduction of the Young Family Policy in October 1981, the average policy size has shown a big increase. For the five months the average policy size of all proposals received by INCOME was S\$18,000 compared with S\$10,000 for 1980.

It must, however, be mentioned that the impact of the Young Family Policy looks significant only when compared by sums assured. When compared in terms of annual premium, the figures are lower as only half the normal rate of premium is payable in the initial five years.

We have addressed ourselves to one important question:— What will happen at the end of five years? Will a large proportion of the policyholders pay twice the premium and continue the policy at the full rate? We hold the view that we can achieve a high rate of continuation at the end of the initial term. Singapore is a developing country. Many people have achieved significant increases in salary over the years. We expect that many of our policyholders will also enjoy higher increases and standards of living over the next five years. With inflation, the policy protection then may not be adequate for their needs. We think that this will encourage these policyholders to maintain their Young Family Policies.

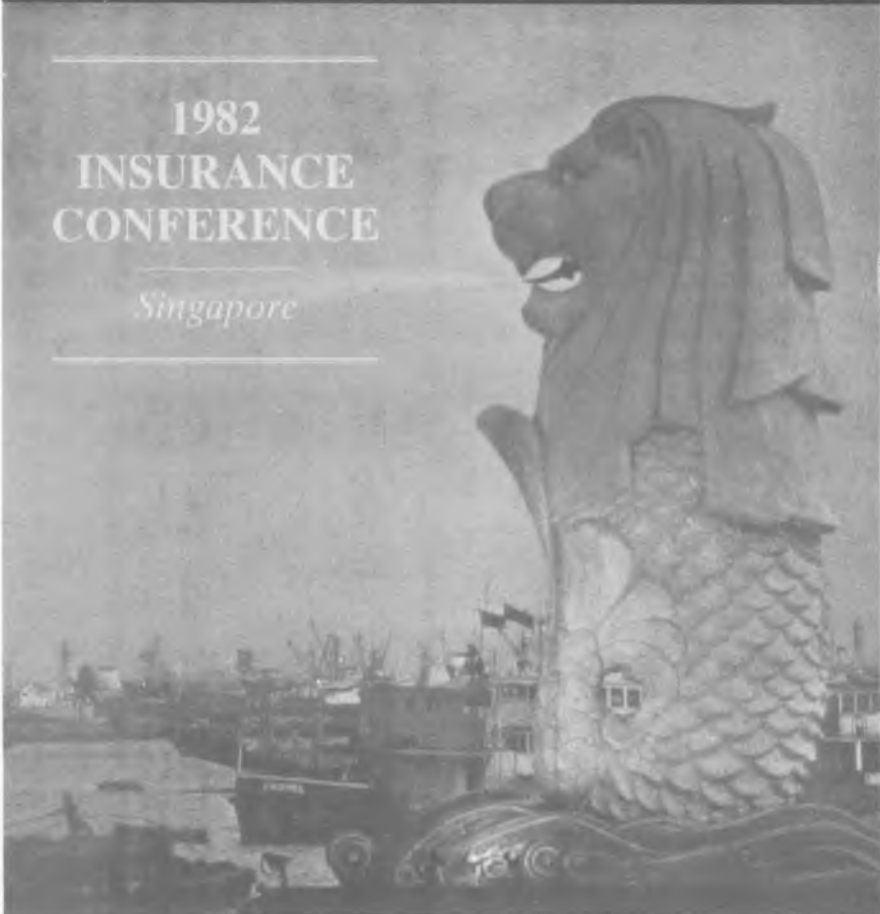
Nevertheless, we do provide an option for the policyholders to reduce the sum assured to half after five years if they wish to continue at the same rate of premium, i.e. at the half the normal rate. In such a case, the policyholders will receive half the cash value of the policy at that time. This will represent only a small sum.

10.

HAVE YOU REGISTERED?

1982
INSURANCE
CONFERENCE

Singapore



**1982 Conference
Singapore
13th, 14th & 15th October**

**Have you completed your
Conference registration yet?**

An attractive colour brochure was mailed to all member societies early in April. Already the Secretariat has received a large number of applications and more arrive each day. Individual acknowledgements are sent to every delegate.

Although the closing date is 1st July, the organizers will accept bookings until the latest practicable moment but accommodation at the Shangri-La Hotel cannot be guaranteed if your booking is received after 1st September.

**So, if you have not yet
registered – do it now!**

There can be no doubt that this year's Conference will be a memorable one. Several agreeable social events, an interesting programme for the ladies and a sightseeing tour for all at the conclusion of Conference have been arranged.

PROGRAMME OF EVENTS

Saturday, 9th October, 1982

0900 - 1700 - IDB Meeting

Sunday, 10th October, 1982

0900 - 1230 - IDB Meeting

1400 - 1700 - ICRB Meeting

Monday, 11th October, 1982

0900 - 1700 - Executive Committee Meeting

Tuesday, 12th October, 1982

0900 - 1230 - NAA Executive Committee Meeting

0900 - 1230 - EMB Meeting

1400 - 1700 - NAA Conference

1400 - 1700 - AECI Conference

1900 - 2100 - Welcome Cocktail Reception

Wednesday, 13th October, 1982

0900 - 1700 - ICIF Conference (day 1)

Ladies Programme (day 1)

1930 - 2130 - State Reception at Istana

Thursday, 14th October, 1982

0900 - 1700 - ICIF Conference (day 2)

- Ladies Programme (day 2)

- Free evening

Friday, 15th October, 1982

0900 - 1600 - ICIF Conference (day 3)

Ladies Programme (day 3)

1600 - 1630 - Allnations Inc. Shareholders Meeting

1630 - 1700 - Allnations Inc. Board of Directors Meeting

1700 - 1800 - Executive Committee Meeting

1930 - 2400 - INCOME DAY - Neptune Theatre Restaurant

Saturday, 16th October, 1982

All day - Sightseeing Tour

LADIES PROGRAMME & SIGHTSEEING TOURS

LADIES PROGRAMME

Wednesday,

13th October 1982 – Opening Ceremony
City Tour
*Singapore Experience
Handicraft Centre
Lunch
Shopping at Lucky Plaza

**The 'Singapore Experience' is a slide show in a theatre which depicts life in Singapore past and present.*

Thursday,

14th October 1982 – West Coast Tour
Jurong Bird Park
Chinese Garden
Lunch
Shopping at People's Park

Friday,

15th October 1982 – East Coast Tour
Crocodile Farm
*Big Splash
Lunch
Shopping at Singapura Plaza

**There will be opportunities to swim, please bring your swim wear.*

SIGHTSEEING TOUR FOR DELEGATES AND ACCOMPANYING PERSONS

Saturday,

16th October 1982 – Harbour Cruise
Tour on Sentosa Island
Lunch at Apollo Sentosa

The months leading up to a Conference are always a busy time for the Secretariat. Preparations begin twelve months beforehand and gather momentum from the start of the new year.

Activity is now at its peak and will continue at a high level until late September. At the moment, as well as dealing with registrations, the Secretariat is busy with the preparation of reports for Conference. These, together with the papers to be discussed, have to be translated into the five languages used in the Federation.

Eventually the whole of this documentation is made up into the Conference books which will be mailed to all delegates on 1st September. All in all, this amounts to quite a major exercise which has to be run on a strict timetable.

THE EXECUTIVE COMMITTEE IS LOOKING FORWARD TO SEEING NEW FACES IN SINGAPORE AS WELL AS WELCOMING OLD FRIENDS.

CONFERENCE AGENDA

- Opening Ceremony
 - Approval of Agenda
 - Minutes of the 1980 Conference
 - Secretary's Report
 - Treasurer's Report
 - Bureaux Reports:
 - International Cooperative Reinsurance Bureau
 - Insurance Development Bureau
 - Regional Association Reports:
 - Association of European Cooperative Insurers
 - North American Association
 - ICIF Annual Membership Fee
 - Adoption of New Rules
 - Seminar: "Using the Premium Effectively"
 - Report: "The Personal Savings Market"
 - Executive Committee Election
 - Closing Address
- The Seminar theme is** "Using the Premium Effectively" and this will be examined by discussion of papers on three specific topics. These are:
- "The Costs of Selling & Servicing Insurance"**
presented by – The Malaysian CIS, Malaysia
– NTUC INCOME, Singapore
– CIS, United Kingdom
- "Loss Prevention Techniques"**
presented by – Nationwide Insurance, USA
– Rhein-Main Rückversicherung,
Federal Republic of Germany
– Zenkyoren, Japan
– Folksam, Sweden
- "Controlling Claims Costs"**
presented by – Wiener Städtische, Austria
– Volksfürsorge, Federal Republic of Germany
– Unipol, Italy
– League Insurance, USA
– Les Cooperants, Canada





Singapore Airlines is the official airline for this Conference. They will endeavour to offer every delegate a competitive price for the flights to Singapore. Their ability to do so may depend on local air traffic regulations and the numbers wishing to travel by a specific flight.

Singapore Airlines offices around the world will be contacting member societies after delegates' Conference bookings have been received by the ICIF Secretariat.

If your local Singapore Airlines office is unable to offer a special fare, the ICIF Secretariat may be able to help by liaising with other delegates and suggesting alternative routes.

11. News from Member Societies

11.1 Honour for La Prévoyance Sociale...

La Prévoyance Sociale and its founder, Joseph Lemaire, have received a rare honour – from the Belgian postal authorities. A postage stamp has been issued to commemorate the centenary of Joseph Lemaire's birth. Special issues of postage stamps depicting famous people are uncommon in Belgium so this is quite a notable distinction. The issue happily coincides with the 75th Anniversary of La P.S.

An attractively illustrated colour leaflet has also been produced. As well as a short biography of Joseph Lemaire, it contains a brief outline of the La P.S. group today and its social work. This leaflet was mailed to the home of every philatelist in Belgium – over 320,000 of them – so the group has enjoyed the additional bonus of valuable publicity at no cost.



11.2 ... and a bouquet for CIS (UK)

Cooperative Insurance Society (UK) has also been in the news. In a survey of household insurance by the UK Consumers' Association listing nearly 60 insurance companies, the CIS received a special mention for both its indemnity and reinstatement household contents policies.

The Association's magazine "Which" said of the reinstatement policy that it "probably offers the best combination of cover, price and rating" in its category. Premiums for both policies were found to be well below the average for comparable cover available from the ten largest UK companies. The survey also showed that the standard of general service and claims settlement was at least equal to that of the other major companies.

11.3 **Vakava-Sampsa merger**

Sampsa Mutual Insurance Company has merged with Vakava (Finland) to form Vakava-Sampsa Mutual Insurance Company. Sampsa was a similar organization to Vakava, serving as the reinsurer for local insurance associations. The combined company serves 200 such associations and has 95% of the available business in Finland.

11.4 **Wiener Städtische acquisition**

Wiener Städtische (Austria) has announced that it has acquired a majority holding in Österreichische Volksfürsorge Allgemeine Versicherungs-Aktiengesellschaft. The remaining shares are held by the Austrian trade unions.

Österreichische Volksfürsorge writes both life and non-life business. It will be cooperating closely with Jupiter Versicherungsverein auf Gegenseitigkeit, an existing mutual life insurance company in the Wiener Städtische group. Together the two subsidiaries will have a premium income of Austrian schillings 500 million (US \$ 28.6 million).

12. News from Regional Associations

12.1 **NAA-ICIF News**

The next meeting of the NAA-ICIF will be held in conjunction with the ICIF Conference in Singapore, October, 1982. The NAA Executive Committee will be planning the programme when it next meets.

NAA Executive Committee and the Asociacion Argentina de Cooperativas y Mutualidades de Seguros (AACMS) jointly sponsored a meeting with South American ICIF members in Caracas, Venezuela on March 26. The purpose of the meeting was to discuss closer hemispheric organizational ties. Representatives from La Equidad of Colombia, La Cruceña of Bolivia and Coopseguros del Ecuador were present as well as observers from other South American cooperative insurers.

Dennis F. Reinmuth, Executive Secretary, NAA.

12.2 **News from the Association of European Cooperative Insurers**

12.2.1 **European Members Bureau**

Chairmanship & Co-option of a new member

As a result of the sad death of Mr. Raymond Lemaire on February 8th, 1982, the Chairmanship and a seat became vacant on the EMB. Mr. Peter Johnson, General Manager (Non-Life) of the CIS (UK), agreed to assume the function of acting Chairman and the EMB unanimously confirmed him in this position until the elections which will be held at the AECI Conference in Singapore on October 12th, 1982. The EMB further unanimously co-opted Mr. Jacques Forest with the special task of liaison and coordination with regard to the EEC.

Mr. Jacques Forest is a member of the Management Committee of La Prévoyance Sociale. Formerly, he has been Director of the Belgian cooperative movement "FEBECOOP" and he has participated in the works of several consultative committees in Europe and Belgium. He is also a member of the Central Committee of the International Cooperative Alliance.

In the course of 1981 the EMB co-opted two persons to represent the non-EEC countries : Dr. E. Göttlicher, Chairman of Wiener Städtische, Austria and Mr. E. Pesonen, Chairman of the Kansa Group, Finland.

Meetings of the EMB

Since the 1980 AECI Conference in Vienna the EMB has met 3 times:

- Bologna, Italy, on May 12th, 1981, at the invitation of Unipol, on the occasion of the inauguration of their new head office building
- Brussels, Belgium, on November 18th, 1981, in conjunction with a meeting of the joint ICIF/FIET Committee (FIET is the Federation Internationale des Employés et Techniciens, which is affiliated to the International Free Trade Union Confederation)
- Brussels, Belgium, on January 12-13th, 1982 when they were invited by the Socialist faction of the European Parliament in order to give information on the objectives of the AECI and to exchange views on two draft resolutions of the European Parliament on the recognition by the EEC authorities of the cooperative movement in the EEC.

12.2.2 Appointment of a Treasurer

Jeannine Devuyt, who is the Secretary of the AECI, has also been appointed Treasurer.

12.2.3 Full Conference of the AECI, Singapore, October 12th, 1982

The Conference will mainly deal with the report of the Secretary on the activities since the Vienna Conference in 1980, the report of the Treasurer and the reports of the working parties on the Common Market and Insurance and Tourism. A programme of activities for the next two years is, of course, to be presented and elections of the EMB will be held.

12.2.4 Seminar on Insuring the Industrial and Commercial Cooperative Sector (Spring 1983)

As already announced in the ICIF Bulletin, a seminar on insuring the industrial and commercial cooperative sector is planned to be held in a European city in the Spring of 1983. It is intended for the middle management and technical insurance staff of the European members of the ICIF. It is the intention also to invite representatives of cooperative organizations in other sectors as well as an observer from the NAA.

The objectives are:

- To identify the extent to which cooperative insurers cover the needs of the other cooperative sectors
- To identify the extent and type of risks in the other cooperative sectors
- To examine specific schemes and arrangements between cooperative insurers and cooperative organizations in other sectors
- To encourage collaboration on insurance matters between cooperative insurers and other cooperative sectors.

Several member societies have already declared that they are interested in sending representatives or are prepared to make presentations on their approach to – and experience of providing for – the insurance needs of cooperative organizations in their markets.

It is the hope of the AECI Secretariat to be able to present more detailed information on the seminar arrangements and programme at the Conference in Singapore.

12.2.5 **Meetings of the ICIF/FIET Committee**

A delegation of the ICIF (European members) and FIET met twice in 1981 to exchange views on matters of common concern.

The main issues were that:

- FIET would act in favour of the recognition by the EEC authorities of the AECl and the cooperative movement and, where possible, support the AECl views on EEC proposals.
- IDB and FIET would collaborate with regard to developing insurance cooperatives in developing countries.
- At the next meeting, planned for November 17th, 1982 in Vienna, a discussion should take place on the employment problems confronting insurance agents and on the impact of technology on cooperative insurance companies.

12.2.6 **The AECl, the Cooperative Movement and Europe**

The EMB and the Secretary have been particularly attentive to the greater interest about the cooperative movement being shown in the EEC.

In 1980, two draft resolutions on the cooperative movement were tabled in the European Parliament:

- The first, presented by a Socialist faction of the European Parliament, asks the EEC Commission and Council of Ministers to recognize the cooperative movement as a partner in consultations on economic and social matters and to set up the necessary liaison bodies.
- The second one, presented by a Christian Democratic faction of the European Parliament, pleads for the development of cooperative societies by an adequate allocation of funds from the EEC and for harmonization of legislation relating to cooperatives.

Before being discussed in the General Assembly of the European Parliament, the two drafts have to be examined by the Economic and Monetary Committee which appointed one of its members, Mr. Mihr, to report on the matter. In order to correctly appreciate the importance and the role of the cooperative movement in the EEC, Mr. Mihr arranged several exchanges of views with the secretaries of the seven sectoral European cooperative organizations (credit, insurance, consumers, agriculture, retailing, workers' cooperatives, pharmacies) in preparation for a hearing which was held in Brussels by the Economic and Monetary Committee on

January 25-26th 1982.

At this hearing the AECl was represented by Peter Johnson, Jacques Forest and Jeannine Devuyt. They gave information on the work of the ICIF and in particular the IDB; the UNCTAD Resolution on the special role of cooperative insurance in developing economies; and the objectives of the AECl. They supported the main ideas put forward in the draft resolutions.

Ms. Tiziana Simoni of Unipol (Italy) attended the hearing as an observer.

Mr. Mihr has now presented his report to the Economic and Monetary Committee which will probably examine the matter in September-October next. One can expect that a final resolution will be voted in the General Assembly and addressed to the EEC Commission before the end of the year.

Finally, it should be mentioned that the Directorate General for Social Affairs of the EEC Commission has prepared a report on workers' cooperatives in Europe and that the Economic and Social Committee of the EEC is making a monograph of the cooperative movements in the EEC.

12.2.7 **AECl Common Market Working Party**

The AECl Common Market working party has been particularly attentive to the solvency requirements laid down by the EEC in non-life direct insurance.

The working party has also examined proposals for directives of the EEC relating to the freedom to provide services in non-life direct insurance, to the harmonization of laws on insurance contracts, legal protection insurance, credit insurance, automobile insurance, tourist assistance, product liability, annual accounts and winding-up of insurance companies.

12.2.8 **AECl Working Party on Tourism and Insurance**

The AECl working party on Tourism and Insurance has taken up the proposal made by the Research Committee to encourage collaboration between the European members of the ICIF on the Accident Commission report on travel insurances. The working party has examined what was actually going on in the European market in the field of insurance for tourism. The results of the investigation and an insurance project will be presented at the AECl Conference in Singapore.

Jeannine Devuyt, Secretary/Treasurer, AECl.

13. ICRB News

Bureau Facility is 10 Years Old

1982 marks the 10th anniversary of the Bureau Fire Facultative Facility.

The facility is an arrangement for the pooling of risks and participation is confined to offices associated with the Reinsurance Bureau. It enables those offices to obtain reinsurance for their fire and allied perils risks on a facultative obligatory basis up to the maximum limits of the facility. It was conceived at a time when cooperative insurers were having difficulty in placing their larger risks because of a world-wide lack of capacity (a situation which is recalled with some envy by those involved in today's crowded market).

After a long gestation period the facility was born on 1st April 1972. Individual risks up to a sum insured of £216,000 could be placed on the facility, in which 14 Bureau offices participated. When the 1972 underwriting account was finally closed it had received a premium income of £16,000 and had produced a profit of £7,200 (45.5%).

The baby was exhibited at all the best shows – ICIF Conferences, Reinsurance Officials Meetings – and it grew steadily and soundly. It made good progress as more and more Bureau offices saw the benefit of cooperating in the project. The capacity increased year by year.

By the age of five, the child had developed a capacity of £830,000 per risk, which was reinsured by 23 Bureau offices. The results of its activities had produced profits of over 50% for the reinsurers.

And then, in 1977, it received its first lesson in the harsh realities of life. That was the year of expansion – more offices ceding business, more premium income than ever before. There were nearly £250,000 of premiums by the end of the first year of account, an increase of 30% over the previous year. But it was also the year of the claims – four serious claims hit the facility at a cost of nearly £400,000. It was to be expected that this would happen some day but it was a shock all the same. The final loss ratio will be about 120%.

It picked itself up, increased its capacity beyond £1 million and searched for more business. There have been some large claims on the facility since 1977 – but not all in the same year.

And so the facility has reached the age of 10 in a healthy state. It has a capacity of £1,500,000 which is reinsured by 28 Bureau offices; and it

expects a premium income of £450,000 in 1982. The results up to the end of 1980 showed a profit of 28% on a premium income in excess of £1,600,000, and this should improve further when the 1981 results are known.

The child has survived in good spirits, but it is always hungry. It needs good cooperative fire facultative business to keep its stomach filled and the Reinsurance Bureau is constantly searching.

David Briscall, ICRB Manager.

14. Insurance Development Bureau News

Members of the IDB held two regional meetings in the spring of 1982. American IDB members met in Caracas, Venezuela on March 25 and the European members in Grasmere, United Kingdom on April 21. The main items for discussion at both meetings were the IDB Review Study and the IDB programme for 1982-84.

Birgitta Lindström and Alf Wang visited East, Central and Southern Africa to review the IDB programme in this area. Several American IDB members will be visiting Caribbean countries where there is potential cooperative insurance activity. Status reports by ICIF guiding companies to new cooperative insurers were also reviewed. The next full meeting of the IDB will be held in Singapore in October 1982.

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A staff member of the Ghana Cooperative Mutual Insurance Society Ltd. (GCMIS), Arthur Otoo, completed a two month training programme at The Cooperators of Canada. The Cooperators provides advisory assistance to GCMIS.

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Paul Dolan, President of Les Artisans of Montreal, Quebec, represented the IDB at an ICA seminar for cooperative leaders of West Africa in Banjul, The Gambia, March 15 & 16, 1982. Cooperative representatives from French and English speaking countries were invited to attend.

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The IDB Secretariat regrets to announce that two ICIF members in Chile, Cooperativa Nacional de Seguros (CNS) and COOPREV, have ceased conducting business as cooperative insurers. The supervisory authorities in Chile drastically increased the capital and reserve requirements to more than US \$ 1 million. Both companies were unable to meet such stringent requirements.

As a result, CNS has been purchased by private interests and COOPREV is in the process of liquidation. The IDB has had close relationships with both companies. CNS was a major progressive non-life insurance cooperative insurer. The IDB assisted in the organization of COOPREV in 1969. COOPREV had a significant impact on the Chilean insurance market. It was the first life insurer to introduce group life insurance in Chile and to emphasize prompt and efficient claim service. It is hoped that in the future cooperative insurance will once again emerge in Chile.

Dennis F. Reinmuth, Assistant Secretary, IDB

15. Miscellany

15.1 Visitors to ICIF Secretariat/CIS (UK)

Mr. V. Adamoli	Unipol, Italy	April, 1982
Mr. T. Andreassen	Samvirke Insurance, Norway	April, 1982
Ms. J. Devuyt	La Prévoyance Sociale, Belgium	April, 1982
Mr. A. Lanza	Regional Adviser for East and Central Africa	April, 1982
Mrs. B. Lindström	Folksam Group, Sweden	April, 1982
Mr. D.F. Reinmuth	League Insurance Group, USA	April, 1982
Mr. G. Schubert	Rhein-Main Reinsurance, FRG	April, 1982
Mr. A. Wang	Samvirke Insurance, Norway	April, 1982

15.2 Amendments to List of Member Societies

Chile	18 + 19	Please delete reference to these two companies.
Ireland	27	Eccu Assurance Company Ltd. The address is now: 68 Merrion Square Dublin Ireland.
Korea	60	National Agricultural Cooperative Federation Mr. Ki-Taik Ahn has succeeded Mr. Sang Hwan Cha as General Manager.

