

THE CANADIAN MUTUAL PROPERTY & CASUALTY INSURANCE AND RE-INSURANCE INDUSTRY

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“Technology : Accelerating Financial Inclusion using
Co-operative Model”

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I – HOW HAVE MUTUALS EVOLVED IN A DEVELOPED COUNTRY (Canada)?

Prior to 1835

- Low penetration rate of insurance

1835 – early 1900's

- Enabling legislation
- Premium
- Contracts

1900– 1950

- Premium
- Contracts

1950 – to date

- Premium
- Contracts
- Reinsurance
- Others



Set-up of a Guarantee Fund

- Each mutual must be a member of a Guarantee Fund
- Obligation for the Associations/Federations to maintain the Guarantee Fund
- Reserve of capital to meet obligations if a mutual is in financial difficulty
- Reduces the requirement for capital for each mutual
- Regular analysis of the Guarantee Fund and regular analysis of each participating mutual

Mutual Reinsurance Plan/Company

- Pool of risks (Reinsurance Plan) – Reinsurance Company
- Difficulty to find reinsurance
- Reduces risks
- Underwriting capacity
- Maintains more risk
- Makes the Mutual results less Volatile
- Increases the negotiating power of the Mutual Group
- Brings the Group to act in a coordinated way

Federations / Associations

New legislation forces decision

Once you are in, you are a full participant, hard to get out

The minimum 75% rule



II – HOW ARE MUTUALS MAINTAINING THEIR MUTUALITY ?

- member-controlled organizations
- supportive of their communities
- pay claims even in “grey” areas
- Adopt only fair underwriting rules
- provide a “friendly yet efficient” environment to do business
- risks that stock insurers would not cover
- no pulling back from markets
- provide clearly worded insurance policies
- provide premium refund



III – CHALLENGES FACED BY CANADIAN MUTUAL INSURERS?

- Operating Cost
- Delivery Methods
- The age of our insureds
- New dynamic web sites
- Penetration of large centres

IV – WHAT HAS BEEN THE REGULATORY APPROACH TO MUTUALS?

Incorporated at the federal or provincial level.

Federal regulator : solvency

Provincial regulator : solvency
 market conduct
 availability of insurance

Provincial regulators: friends of mutual insurers

V – Competition strategies adopted by mutuals

- We negotiate group agreements
- Services offered by central organizations
- Special projects
- Adopting the strategies of the competition