Business -
The mutual way
Session II: Social security – the mutual sector for better value to society?

Christophe Ollivier, in his introduction, announced the launch by AMICE of a working group on health, whose first meeting is scheduled for 17 June in Brussels.

Social security systems and mutuals have common roots and similar limitations

Laurence Bovy, Head of Cabinet of the Minister of social affairs and public health (BE), did not for a moment hesitate to take part in the Congress. The sector represented by AMICE and the social security system do indeed have a common history and roots and share a language and long-term vision as well.

Social protection systems are in trouble today. Bowing under pressure, they are facing four difficulties: the consequences of the economic and financial crisis, in particular in public healthcare; the aging of the European population, along with greater dependence; technological progress and new therapies that, quite unexpectedly, are costing more than the aging population; and the evolution of European law.

In this climate, insurance mutuals and cooperatives must be able to seize new opportunities and remain aware of the threats that are found in their sector, in particular the lack of understanding on the part of European institutions for their specificities. This context only confirms the merits of AMICE’s actions.

Mutual insurers and social security, together for better quality of care

Doctor Hans Olav Herøy, HUK-Coburg (DE), raised the conditions under which mutual and cooperative insurers could take on a share of the public sector role in providing social security and in doing so he pointed to the German example. The German social security system developed starting in 1881 in a country in which social security demand was very high.

Today, Germans have a choice between a public and a private system in the area of social security. Some 9 million Germans benefit from a private health insurance scheme and mutuals account for 60% of this market. This coordination between the public and private systems has an undeniable advantage in the positive cost/quality ratio. In this context, the mutuals have real bargaining power, enabling them to bring improvements to the overall system.

“The health insurers must have their own care network”

Grzegorz Buczkowski, TUW SKOK (PL), described Poland’s interesting experience, where insurance mutuals already play a role in healthcare. In Poland, access to the healthcare system is guaranteed by the constitution. In such a system, private insurers nevertheless play their role by taking advantage of gaps in the public system, in particular in outpatient care. Because they are not for profit, the mutuals in this context provide a real advantage in that they offer tailored products at a lower cost. Going a step further, the healthcare insurers should control the entire care chain in order to be able to offer a competitive product.

The mutuals, with their democratic model, must be able to convince not only the consumers but in addition the public institutions and, beyond that, the politicians.
Mutuals in the service of humankind

In her opening speech on the second day of the Congress, Ann Sommer, Länsförsäkringar (SE), underscored how insurance is part of the foundation of our society. Today mutual insurance is expanding and its volume of premiums is growing faster than others. Is the mutualist model the future of free enterprise?

“*There is fair wind for those who know whither they sail.*”

Professor Riccardo Petrella (IT), gave an impassioned presentation reviewing the role of mutual companies in our society and the challenges they must face.

A philosopher once said, “There is fair wind for those who know whither they sail.” But even if the wind is not fair one can still make headway. For the mutuals, conforming to the capitalist model is not inevitable.

Professor Riccardo Petrella took stock of the various characteristics of today's world – the commodification of life, increasing technology, private acquisition of all forms of life, the individualised perception of a guarantee to life – all of which run a high risk, he stressed, of stifling the very concept of mutuals. These various factors have led to a depoliticisation of democracy and a greater role of technology in decision-making to the detriment of human thought.

Professor Riccardo Petrella maintains that today mutuals must meet the challenges by doing three things:

- contribute significantly to reducing uncertainty about the future;
- guarantee access for all to essential goods and services;
- be responsible collectively, in the interest of humanity.

Mutuals in the service of all humankind

In his conclusion, Professor Riccardo Petrella suggested that mutuals, in particular through AMICE, should position themselves as companies whose aim is to give greater impetus to citizenship in society and should speak out on behalf of humankind in the interest of all in order to build our future.

Marisa Parmigiani then described the experience of Unipol (IT) in the field of social innovation within a local community. From its creation, Unipol has been attentive to social needs. Today, sustainability is a cornerstone of Unipol’s commercial strategy and social innovation is the driving force of its strategy.

A full 81% of participants stated that their insurance company leads or supports social innovation projects, 35% in the area of youth unemployment and 20% in climate change.

Unipol, confident in its role in society and its position as a social innovation incubator, last year launched several calls for proposals to back cooperative projects. The group has also developed a project to transform unused office space into social housing and offers new services designed to promote sharing between the local community and the residents of those buildings.

Mutuals, a solution for pensions

Lluis Lana Costa demonstrated through the example of the Spanish company, Mutual Médica, how mutuals can come up with innovative solutions for pensions.

No less than 86% of participants consider that demographic changes will become a problem for today’s retirement systems.

And 62% of participants say that complimentary pensions should be compulsory.

In Spain, the ratio of contributors to retirees is less than 2, a level that does not guarantee the survival of the retirement system. Today, only 17% of Spaniards have a complementary pension and the average level of savings is less than 6,000 euros. One positive sign in this sombre context is that mutuals have managed to increase their market share.

Mutual Médica is a mutual that was created for health professionals, with 73% of policyholders having signed up to a complementary pension scheme and their annual contributions are greater than those of Spaniards over their entire lifetime. The aim of Mutual Médica is to guarantee to policyholders a pension amounting to at least 25% of their most recent income.
Big Data in support of policyholders and society

Jorge Vázquez-Morenés, Mutua Madrileña (ES), opened this fourth session on the growing importance of data for insurers. Today data constitutes a genuine business on its own and can give companies who know how to use it a big competitive advantage.

Big Data has the capacity to generate business intelligence by aggregating large volumes of data from many sources.

Only 16% of participants say their company has already developed Big Data solutions but 40% of participants say their company has begun to look into solutions for the near future.

Professor Boris Otto (DE) undertook to explain the importance of Big Data in the way business is now being done.

Big Data, a leverage for the business model

The emergence of opportunities from data collection requires the creation of new models. We must realise that any service that is cost-free for the consumer turns the individual not into a customer but into merchandise. But there are other models that contribute value to the customer. Companies use consumer data to interact with the consumer in a way that supports the entire product-value chain.

No less than 99% of participants consider that data is now a strategic resource for digital business models.

In addition, 29% of participants say that their company is ready to move into the digital era and 48% are working on it.

But success is not a foregone conclusion. One must prepare, understand the opportunities and combine them with one’s own products. A number of obstacles have already been identified, such as unsuitable organisation, faulty information systems, poor data quality, etc.

Big Data can serve mutuals, policyholders and the community

Maria Wedin, Lånsförsäkringar (SE), presented an innovative mapping tool developed by her mutual in Sweden that uses claims data.

Some 76% of participants state that mutuals and cooperatives have a greater responsibility in prevention.

The primary aim of this tool is to give claims managers maximum information on accident sites. Nearly 100,000 claims have been recorded in the system that then identifies the broad trends beyond the conventional analyses.

Lånsförsäkringar decided to use this system as more than just a simple automobile claims tool, considering that the data collected could be used with the authorities in order to improve road infrastructure and, consequently, reduce the number of future claims.

An effective management tool that generates value

Lastly, Paul Breeuwer described the experience of Achmea (NL) that collects a lot of information generated by its activities. Because its activities evolve, the volume and complexity of data increases, providing the mutual with new opportunities, such as combining actuarial models with commercial models, improving forecasting models, improving loyalty programmes, forecasting the consumption of healthcare products, forecasting customer churn, etc.

Today, Achmea’s big challenges revolve around data. The goal is to become a fully digital insurer. With this in mind, in 2012, Achmea launched its Marketing Intelligence Cockpit with an external partner. This tool aggregates collected data in order to drive commercial activities more effectively with the final aim of developing products and services for the customers.
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Gala Dinner

The 200 guests at the gala dinner enjoyed the balmy weather of the Côte d’Azur on the terrace of the Domaine de Mont Leuze overlooking the sea.