

Mutual growth in 2012

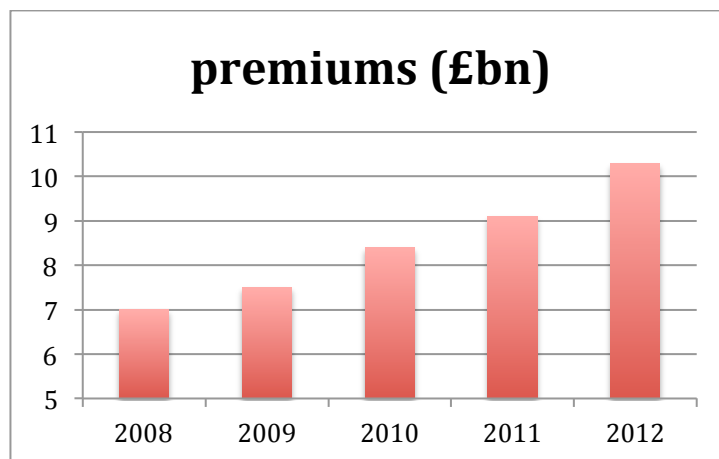
AFM members enjoyed another successful year in 2012, continuing the upward trend in business volumes of recent years.

Each year, as part of the Annotated Corporate Governance Code compliance exercise, we collect summary data on the sector, as well as information about compliance with the Code. We supplement this with a more detailed overview of P&L and balance sheets from members' report and accounts.

Summary sector data for 2012, with 2011 figures in brackets:

Total assets under management	£94.7 billion (£90.3 billion)
Gross premiums written	£10.3 billion (£9.1 billion)
Employees	18,309 (16,224)
Policies in force	21.35 million (21.18 million)
Membership	8 million (7.5 million)

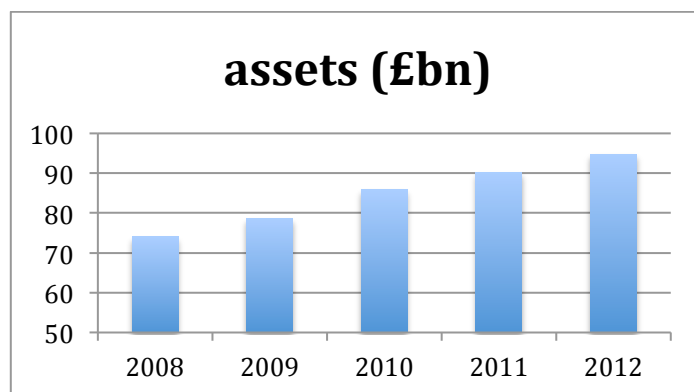
Premiums rose by a further 11% last year in the sector, and have risen by 50% in the last five years. This is all the more impressive set against the general downward trend across the insurance sector as a whole during that period.



Of the £1.2 billion increase in premiums from 2011, around three-quarters was in life and investments where general market recovery has been stronger, though health premiums grew most in relative terms (up 36%). The overall mix of business across the sector for the year was 62% life and investments, 33% general insurance and 5% healthcare.

Using data for the insurance sector as a whole produced by ABI, the market share of AFM members in 2012 was 6.4%. Life and savings premiums by AFM members accounted for 5% of the total, whilst general insurance and health amassed 11.7% of the whole.

However, significant increases by the larger members tended to mask mixed performances by medium and smaller mutuals. The same is broadly true of assets, which increased by 5% in the year (the same growth as for 2011), but where £4.3 billion of the £4.4 billion increase is accounted for by five firms.



The tables on the following two pages reinforce the level of concentration in the sector, with the largest five mutuals accounting for 83% of assets and 82% of premium income in 2011. Whilst we would expect that trend to continue, there are however some less familiar names in the mutuals that have grown most rapidly over the last three years.

We have derived an equivalent for turnover in the sector. This applies the recognised convention for insurance of claims+ expenses+ profit, to produce a sector turnover of £9.9 billion in 2012. The table shows that the largest members by turnover are not all the same as those measured by premiums.

Largest AFM Members at the end of 2012, by asset size

1	Royal London Mutual	39,749,000,000
2	NFU Mutual Insurance Society	13,358,000,000
3	Liverpool Victoria	11,430,400,000
4	Equitable Life	8,693,000,000
5	Wesleyan Assurance Society	5,217,000,000
6	MGM Advantage	2,885,762,000
7	Reliance Mutual Society	1,774,989,000
8	Ecclesiastical Insurance Group	1,456,161,000
9	Family Investments	1,114,636,000
10	Foresters Life	985,414,000

Largest AFM Members at the end of 2012, by premiums (adjusted)

1	Royal London Mutual	3,494,000,000
2	Liverpool Victoria	2,446,200,000
3	NFU Mutual Insurance Society	1,506,000,000
4	MGM Advantage	501,604,000
5	Ecclesiastical Insurance Group	481,334,000
6	Wesleyan Assurance Society	387,000,000
7	Family Investments	245,097,000
8	Foresters Life	144,470,000
9	Police Mutual Friendly Society	104,800,000
10	Equitable Life	100,000,000

Largest AFM Members at the end of 2012, by turnover (equivalent)

1	Royal London Mutual	2,535,000,000
2	Liverpool Victoria	2,420,200,000
3	NFU Mutual Insurance Society	1,920,000,000
4	Equitable Life	483,000,000
5	Ecclesiastical Insurance Group	470,625,000
6	Wesleyan Assurance Society	340,200,000
7	Police Mutual Friendly Society	195,803,000
8	MGM Advantage	181,053,000
9	Irish Public Bodies Mutual	157,160,877
10	Reliance Mutual Society	125,324,000

**Most rapidly growing members over three years, by change in assets
2010-2012**

1	MGM Advantage	72%
2	Compass Friendly	30%
3	Healthy Investment	23%
4	Red Rose Friendly Society Ltd	22%
5	Sheffield Mutual Friendly Society	19%
6	Druids Sheffield	17%
7	Forester Life	17%
8	Kingston Unity Friendly Society	16%
9	Royal London Group	15%
10	Cirencester Friendly Society Limited	14%

**Most rapidly growing members over three years, by change in premiums
2010-2012**

1	MGM Advantage	42%
2	CS Healthcare	22%
3	Wesleyan Assurance Society	17%
4	Reliance Mutual	17%
5	Sunderland Marine Mutual Ins Co	17%
6	Ancient Order of Foresters Friendly Society	16%
7	LV=	15%
8	Forester Life	14%
9	Engage	8%
10	Cornish Mutual Assurance Co Ltd	8%