

# The Modern Mutual

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## The Purpose

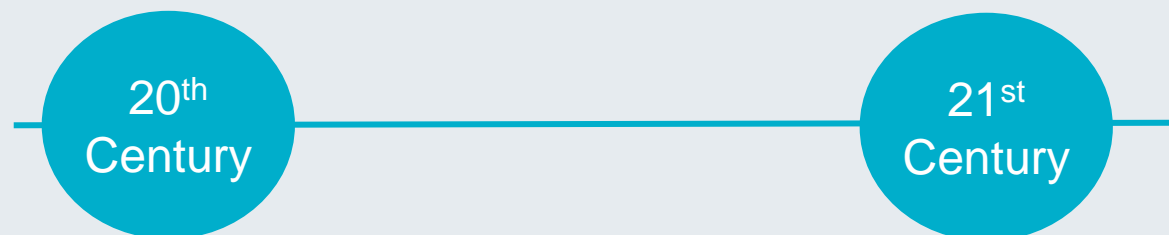
Established in the 18th century as a social function

Typically to benefit people of modest means excluded from other financial services options

Pooling peoples' small savings into a capital fund, to turn to during a time of monetary need

Serving its members, rather than providing shareholder profit

## Sector Developments



Continually evolved, with a bloom following the end of World War II  
*1990s: c.50% of insurance market*

Unlike other countries a different story unfolds in the UK  
*Now: c.10% of insurance market*

**A once large mutual sector has significantly shrunk**

## Common Trends

Demutualisation

Cost Pressures

Lack of Competition

Acquisition

Economies of Scale

Decreased Customer Understanding

## 2 Questions to yourselves:

1) Do mutuals remain relevant today?

< Yes>

<No>

<Unsure>

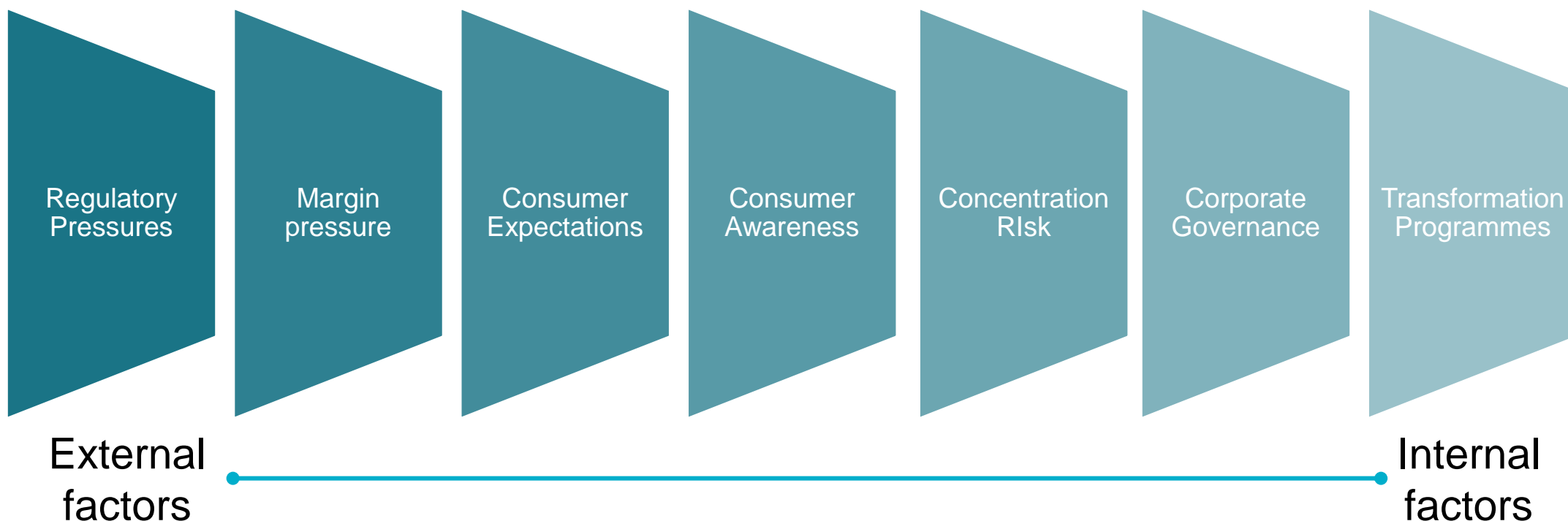
2) If yes to above, what is the role of the modern mutual?

<As per original purpose>

<Differs to original purpose>

# Key Challenges

The UK mutuals industry is facing a **plethora of challenges**. Whilst some are not unique to the mutual sector, there are **increased cost pressures**, due to the inability to raise equity capital



Community principles of mutuals have helped maintain a loyal client base, but the issues facing the industry are pushing firms to consider ways to improve the situation

Mutual Differentiation	Communicate benefits of mutuality to customers, future employees and the adviser population
Enhance Data Strategies	Improve understanding of customer requirements to aid product design and create marketing strategies
Develop Digital Channels	Create user friendly platforms to enable active customer involvement and low-cost advice options
Mutual Sector Learning	Take learnings from the wider sector and more successful countries to review what can be embedded
New Mutual Creation	Address market gaps, and in particular support sectors where it has been felt solutions from traditional sources are inadequate

High amount of **change** and ability to **adapt** is key. The mutual sector should welcome the opportunities to **work collaboratively** to confer genuine **competitive advantage**



## Call to action

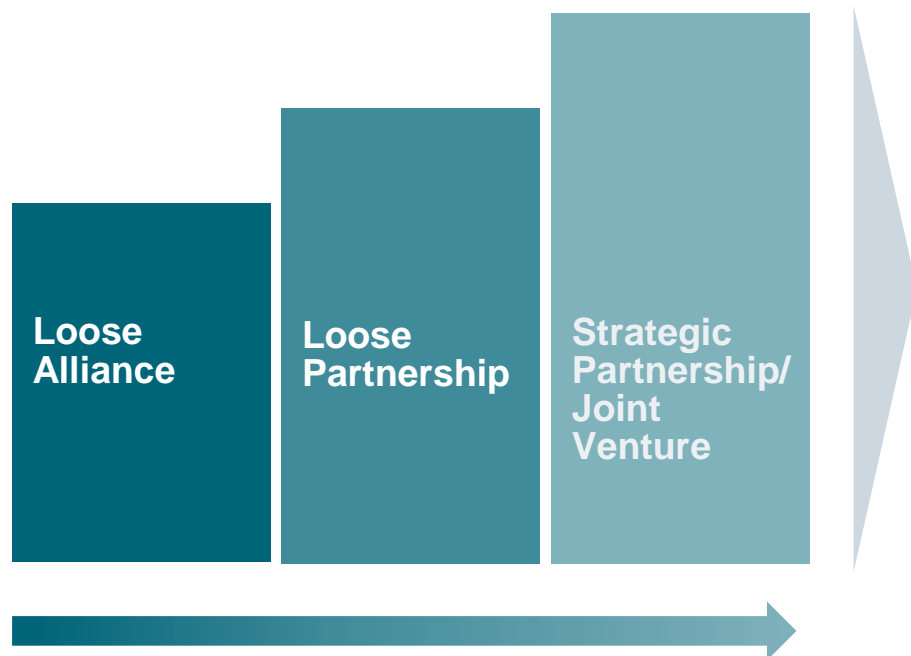
A real opportunity exists for mutual insurance firms to work together to:

- Reduce overall spend and operational burden; increasing competitiveness of the sector
- Push for change with governmental and regulatory bodies
- Improve awareness of mutuals
- Reap longer term benefits

Creating space for the industry to focus on differentiating customer offerings and sharpening key distribution channels to **capture the minds and hearts of their customers**

# Forming an Alliance

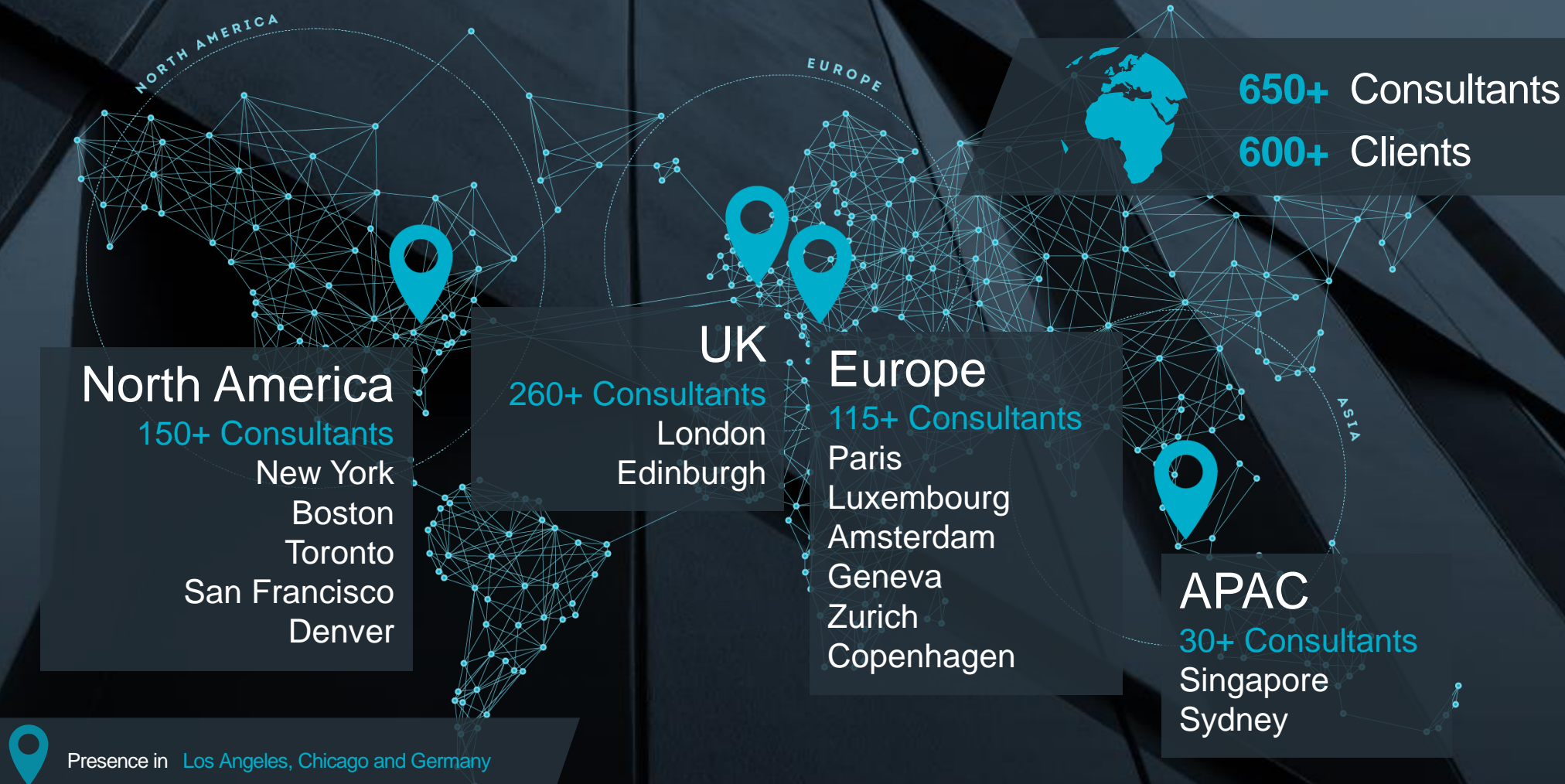
Loose alliances could occur in the first instance; building up trust and helping to identify opportunities, before advancing into partnerships



The consideration of mutuality being reborn through a shared interest may feel extreme, however, to succeed in today's FS climate a coordinated and cohesive approach may be best

**Working together to identify opportunities**





Should you have any further questions on the information contained within this presentation, please contact:

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