



**BUSINESS
SCHOOL**

**MUTUALISM IN EUROPE: CHARACTERISTICS AND
PURPOSES - CASE STUDIES IN PORTUGAL, FRANCE
AND SPAIN**

Gonçalo Simões Cidrais Guimarães

Dissertation submitted as partial requirement for the conferral of

Master in Economics

Supervisor: Maria de Fátima Ferreiro, Professora Auxiliar, Departamento de
Economia Política (ECSH), ISCTE-IUL

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Abstract

In the most recent years, the entities in the field of Social Economy have been improving their importance in the countries, answering to some needs of population, which are not answered by the State and by the private sector, fighting against the social problems created.

The objective of this thesis is to evaluate the recent years of Social Economy and, more specifically, of Mutualism in Europe: the main objective is to understand which are the theoretical principles of Social Economy and Mutualism and how they are consubstantiated in practical terms, but with an economic contextualization. Other question is about the existing works in this field: in my opinion we have some studies about Social Economy and Mutualism, but not in a significant number, and they are usually more focused on historical perspectives. This work tries to complement the historical and economic perspectives of Social Economy and Mutualism in three European countries.

Keywords: Mutualism, Social Economy, Montepio, MSA, Divina Pastora

Resumo

Nos anos mais recentes, as organizações no campo da Economia Social tem aumentado a sua importância nos países, respondendo a algumas necessidades da população que não são respondidas pelo Estado e pelo setor privado, combatendo os problemas sociais criados.

O objetivo desta tese é avaliar os anos mais recentes da Economia Social e, mais concretamente, do Mutualismo na Europa: o principal objetivo é compreender quais são os princípios teóricos da Economia Social e do Mutualismo e como é que são consubstanciados em termos práticos, mas englobando uma contextualização económica. Outro objetivo prende-se com os trabalhos existentes neste campo: na minha opinião, nós temos alguns estudos sobre a Economia Social e o Mutualismo, mas não num número significativo, e eles estão usualmente mais focados em perspetivas históricas. Este trabalho tenta complementar as perspetivas histórica e económica da Economia Social e do Mutualismo em três países europeus.

Palavras Chave: Mutualismo, Economia Social, Montepio, MSA, Divina Pastora

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1. Introduction

With the serious financial crisis occurred in 2007-2008, we assisted to a dramatic increase of the Sovereign debt and decreases of the Domestic Product, that in certain cases almost lead the States to bankruptcy. These States had to require financial assistance to Troika, which obliged the countries to adopt austerity measures, which were very contested in these countries. These austerity measures in some cases created a significant loss of income and had associated a huge number of bankruptcies, leading to high levels of unemployment and poverty. To fight against this incapacity of the States to help people, because they did not have money, and assuming that the private sector was more focused on profits, we assisted to an increase of the activities conducted by entities in the Social Economy, without profit goals and only existing to help people. We can find some academic works about Social Economy and Mutualism, but more in a historical way, and this work joins the economic issue, presenting the data in these countries. Considering this context, I thought that could be interesting to study this sector of activity, jointly the historical and economic perspectives and in a more specific way to study the mutualism across Europe, choosing 3 countries for the effect: Portugal, France and Spain, and 3 organisations, Associação Mutualista Montepio, Caisse Centrale de la Mutualité Sociale Agricole (that is the national representation of the Mutualité Sociale Agricole, which products/services/information are studied) and Mutualidad de Previsión Social Divina Pastora. The research question of my thesis is: “Mutualism in Europe: characteristics and purposes – Case Studies in Portugal, France and Spain”.

This thesis is divided in five parts: in the literature review, it is discussed the concept of Social Economy, that appeared the XIX Century, in France, as an alternative to capitalism, characterized by entities of private law without profit goals which try to satisfy the common needs of certain groups of people, using for that, usually, 4 types of organisations: cooperatives, associations, mutuals and foundations, but other entities can belong to this field, depending on the countries (“Misericórdias” in Portugal or the “Centros Especiales de Empleo” in Spain, for example”), with some advantages and barriers discussed in the Literature Review, including, too, a brief discussion about Mutualism, consisting in collective people of private law, with unlimited members and undefined duration that, by self-help and contributions of the members, conduct some actions in social protection and human development, benefiting the members and their families, offering products in the fields of Social Security (like protection and savings products) and health, covering some risks. The methodology explains the reasons to choose

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these countries (namely the level of information, the importance of these countries in the Europe and in Social Economy and mutualism), the reasons to choose the case studies as methodology, allowing to analyse real cases in different countries, considering the different contexts, the dimension of analysis and the data types and sources. In the Chapter 4, we have the case studies, divided in two parts: the first part analyses the recent evolutions of Social Economy and mutualism in these countries, followed by the analysis of the legal framework of each country and institution, presenting some articles belonging to the National Laws on Social Economy and specific Laws of each institution, being important to refer that MSA has specific legislation, while the second part presents the organisations, referring their history, mission, values and the products offered. Finally, to conclude, the chapter 5 provides some conclusions, in which we must emphasize that the most important and common mutualist principles are the solidarity and democracy, which are consubstantiated by products that have similarities to insurance products, explaining why these entities (the Portuguese case is very recent) have to respect some financial rules, obviously adapted to the case of mutual entities. In the conclusion is promoted the spread of Social Economy and Mutualism in the schools, is explained how these entities can play a fundamental role in difficult times and how the Montepio can vary their portfolio of mutualist modalities.

2. Literature Review

2.1 Social Economy

2.1.1 History of Social Economy

Starting by the history of Social Economy (SE), Garrido et al. (2019) refers that the Social Economy started in XIX Century, in France, appearing, for the first time, in a book written by Charles Dunoyer called “*Nouveau Traité d’Économie Sociale*”, in 1830, being considered an alternative to capitalism, created to fight against liberal excesses, central bureaucracy, using values as democracy, self management and voluntarism. In this author opinion, the Friendly Societies, which had significant presence in England, United States, Australia and New Zealand, were the antecedent of modern Social Economy. These organisations were essential to the growth and affirmation of Mutualist Movement: according to Wallis (2018), they were example of Mutual protection, because the Friendly Societies received payments from their members, offering some benefits as counterpart, like payments if the members was sick, old-age or disability. Some societies emerged in XVII Century, with a huge increase in members until the end of XVIII Century. In 1793, was created regulation in this area, giving more security to societies funds, that suffered an increase to in XVIII and XIX Centuries in reaction to a growth of industrial workers, shift from paternalism to individual responsibility and creation of trade societies. The Friendly Societies acted in rural, small villages and towns, incorporating poor artisans and workers and emerged in some groups where the access to welfare systems was more difficult.

Garrido et al. (2019) presented the associative socialism as the first affluent of Social Economy, a term used by Pecqueur and Vidal, continuing the utopic socialism of Saint-Simon, Charles Fourier and Proudhon, where the redistribution and association of workers were strongly defended.

The Social Chistianism, was indoctrinated by Frédéric Le Play, with studies in Social Economy and direct observations, being connected to Social Economy. Mutuels and cooperatives in Raiffeisen (Germany) played an important role, outside Catholicism but with some conservancy. The rural credit cooperative banks in Prussia had a quick diffusion in Europe, in Garrido et al. (2019).

Garrido et al. (2019) points other important concept, called socialist cooperativism, with a Christian basis, boosted by Charles Gide, that tried to eliminate capitalism and salaried work,

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keeping private property and values of French Revolution, considering consume cooperatives and Rochdale model ways of social transformation. Appeared again the idea of fighting against liberal ideas, with institutions of social progress (workers unions, associations, cooperatives and mutualities) being a complement to provident role of State. These institutions must guarantee, for example, the improvement of work conditions, security relating to the future, using foresight or the economic independency of the individuals and their families. The mutual aid defended by associationists and an economic education provided by cooperatives were the essential factors to social progress. This idea entered in Portugal by António Sérgio, which was one of the most important, probably the most important, names in Social Economy, considering the Portuguese context.

Garrido et al. (2019) presents the republican and secular solidarism, where Léon Bourgeois was very important, pressuring the liberal monarchies and international communities to adopt reformist social laws and mutualist and cooperative values, trying to have social progress. The pressure allowed a creation of social laws, the basis of future Welfare States. The solidarists were very significant in the end of XIX Century.

The same author presents philanthropy as other influence of Social Economy, related to the social liberalism and the employees in industry, connected to secular or Christian social ideas, trying to answer to collective needs and risks.

Finally, we can say that social progress was the essential concept in the creation of Social Economy, combining free association, social reformism (State) and employer philanthropy (Garrido et al., 2019).

2.1.2 Definition of Social Economy and types of organisations of Social Economy

One interesting definition of Social Economy is presented by Chaves and Monzon (2017), according to whom social economy corresponds to a set of entities, with autonomy of decision and freedom of membership, to satisfy needs of members, production goods and services (insurance and finance), where decisions and distributions of benefits are independent of capital and contributions of each member, which have one vote. Considers private organisations with autonomy of decision and freedom of membership, producing services for households, and where the surpluses cannot be appropriated by controllers of services. The entities are working

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to satisfy needs and aspirations, not for capital being, according to Ferreira, in Namorado (2014) the biggest difference to the profitable private entities. The focus of these organisations is in the quality and in perennial of the goods and services provided, which can be helped by capital (Namorado, 2014).

Usually, four types of entities are essential in Social Economy: Mutualities, Associations, Foundations and Cooperatives. In Portugal, “Misericórdias” have some importance too. In Spanish case, we can have other significant entities, which will be explained in Case Studies, which are the Special Employment Centers (“Centros Especiales de Empleo”), Labour Societies (“Sociedades Laborales”) or Agrarian Transformation Societies (“Sociedades Agrarias de Transformación”), which can be defined, for example, in a Practical Guide published by CASES. The four that are usually common to the countries are: Associations, with an unlimited number of members, undefined capital and duration, promoting usually activities of leisure or entertainment. The Cooperatives are autonomous association of people that join to satisfy common social, economic and cultural needs, having a company with common property and democratic management, with unlimited cooperators, variable social capital and undefined duration, acting in areas like agriculture, credit, culture, teaching, fishing, services or social solidarity. Foundations are collective people created to manage a patrimony, not inferior to 250 00 euros. The Mutualist entities are referred in the point 2.2.

The level of recognition of Social Economy in the European Union can be analysed using Table 1. We can find three types of recognition (little, moderate and high), in three different groups:

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Recognition of the concept of Social Economy in some countries in European Union			
Country	Public authorities	Social Economy companies and federations	Academic/scientific world
France	3	3	2
Germany	1	2	2
Italy	2	2	2
Portugal	3	3	2
Spain	3	3	3

Legend: 1 – little recognition; 2 – medium recognition; 3 – high recognition

Table 1 – Recognition of Social Economy in European Union

Source: Adapted from Chaves and Monzon (2017), Recent Evolutions of Social Economy in the European Union, European Economic and Social Committee

Considering the three countries studied in this thesis, we observe that public authorities have a high recognition of this concept with the same occurring considering Social Economy companies and federations. A small difference occurs in the academic and scientific world: while in France and Portugal the level of recognition is moderate, in Spain is high. France was the country where the definition was born, but Spain approved the first specific legislation in the field of Social Economy (2011).

Chaves and Monzon (2017), refer that this sector is composed by a lot of actors, trying to satisfy their needs. The Charter of Principles of the Social Economy defines the values guiding the Social Economy: primacy of individual and social over capital; voluntary and open membership; democratic control; conciliation between general and interests of members; solidarity and responsibility; autonomous management, independent of State; use of surpluses guaranteeing sustainable development objectives. For Namorado (2014), three important values in Social Economy are: cooperation, allowing survival and evolution of human beings (central part in Cooperativism), reciprocity (mutual aid, sharing some social risks) in health and social security, being the backbone of Mutualism and solidarity, supporting the neediest, without counterparts. It is pointed out that reciprocity can articulate cooperation and solidarity. Cooperation explains how the actors act between them, and solidarity is clearer in the external objectives of each organisation.

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2.1.3 Advantages of Social Economy

Oliveira (2012), quoting Manuela Silva, explains that Social Economy is important because reacts to problems created by capitalism, like unemployment, social inequality or market inefficiency in satisfying some population. Social Economy complements the State, which has some insufficiencies, in the area of Social Security and Protection, reacting to the demographic context.

Cadete (in Namorado, 2014) refers that Social Economy can mitigate speculation, with rational offers, guaranteeing social peace, diminishing asymmetries and denouncing the negative consequences of economic systems. The last author specifies that Social Economy institutions allow transformation, progression and innovation in society: it is a complement, and not an enemy, of profit – it is a response to distortions of values, speculative movements and unsustainable economic systems. It is referred that Social Economy must have more importance in Economy, promoting changes of institutions. Cadete, in Namorado (2014), says that State must facilitate the action of entities with positive externalities, like the entities of Social Economy, supporting these organisations, developing intercooperation, benefiting them in taxes, economic, juridical and bureaucratic issues and make their opinion relevant.

Ferreira, in Namorado (2014), has a similar opinion: Social Economy is important to react to the imperfections of economy and State, being an extension of Public Sector and Profitable Private Sector (or Market Sector).

Considering briefly the specific case of Portugal, Arroz, in Namorado (2014), refers that in a study conducted two some positive points were pointed to Social Economy: creation of employment and local development, because these organisations, in areas with low population and companies, employ workers and convert them. Other interesting ideas are presented here: local actors consider Social Economy as a complement of State (which means that Public Sector need to act in Social area) but social actors consider Social Economy as an alternative to State.

2.1.4 Barriers and problems connected to Social Economy

One insufficiency presented is that the most part of citizens makes confusion between Third Sector and other Sectors, and it would be important a higher level of information provided to citizens.

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Chaves and Monzon (2017) identified some barriers to an implementation of coherent strategy in Social Economy, considering the European Union:

1. Visibility and awareness: considering some eastern European Union countries, the concept of Social Economy and other related definitions are not very understood, publicly and in academia, where the main support for SE provides from EU initiatives. In media, visibility is low and exists a lack of programmes in this sector;
2. Leadership and government administration. The number of organisations responsible for Social Economy and social enterprises, able to promote SE, is not very high, without national strategy in this sector;
3. Financial and taxes schemes for SE organisations: changes in funding change characteristics of these entities – for example, in France, Social Economy must be financed by private entities (consumers and companies), observing a shift in public funding;
4. Institutional barriers. We find two obstacles: changes in regulations about this sector (in France and Spain the government changes in social protection regulation affected health mutual organisations, forcing them to adopt a profitable company legal form. Considering the Spanish case, changes in treatment of sports trainers affected negatively the sport associations) and non-implementation of new regulations in Social Economy entities. Changing in legal forms of Social Economy can be problematic and in Portugal changes in cooperative laws are not considering as benefitting cooperatives.

In Portuguese case, for example, some problems are pointed out: the difficult in defining partnerships, in conciliate social and economic parts, low associativism, low formation of managers and some dependence from State. Since the years 70, Social Economy have been improving their importance in Europe, mainly in employment created and the quality of products and goods offered. But the organisations in this sector must cooperate between them, practicing their internal values to exterior (Arroz, in Namorado, 2014).

2.1.5 Concepts connected to Social Economy

Chaves and Monzon (2017) refer that European Economic and Social Committee (EESC), in an article called *Social entrepreneurship and social enterprise*, from 2011, defined a set of characteristics of social enterprises, some of them similar to the Principles of Social Economy: focus on social objectives, reinvestment of surpluses, existence of different legal forms, innovative production of goods and services and an independent and participated decision-

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making. The European Commission defines Social Enterprises as an operator in Social Economy, trying to have social impact, providing goods and services with innovation, allocating profits to achieve social goals. The two main fields of activity of these entities are: provision of social services and goods to vulnerable people and employment of the persons that have difficult access to job market, that can be useful in providing social services. Other concept is social innovation, which emphasis the role of social entrepreneur, trying to create social value and recognizing opportunities, being bold. In a Communication denominated “European Agenda for collaborative economy”, the collaborative economy is defined as a set of organisations with activities facilitated by collaborative platforms, creating open marketplace for temporary use of goods and services. Three different actors are: service providers (private or professionals), users of services and intermediaries (online platform), connecting the first two actors.

Other idea in Chaves and Monzon (2017) is The Economy for the Common Good (ECG), which was created in Austria, in 2010, and is supported by some European local groups, 2000 entities, universities and social companies, defending that economy must act in common good, based in human dignity, solidarity, social justice, democratic participation or transparency. ECG criticizes some characteristics of capitalism, mainly selfishness, individualism, pursuit of profit, competitiveness or private property of services essential to democracies. The same authors present the concept of circular economy, replacing linear economy: it is based on take-make-use-dispose model, transforming wastes in resources, increasing the sustainability of the economy and decreasing negative environmental impacts. Companies can obtain competitive advantages with better management of materials, having new opportunities and creating new local jobs. Like Social Economy, emphasize individuals and sustainable development as the main centers of concern, linked to local communities, promoting inter-cooperation and solidarity. Cooperative platforms in collaborative economy contribute to preserve and grow natural capital, with optimization of resources and the European Union says that make “key contribution to circular economy”.

Obviously, in the field of Social Economy, we have to address the theme of Corporate Social Responsibility (CSR), present in a paper called “Promoting a European Framework for Corporate Social Responsibility”, specifying that companies must have social and environmental concerns in their activities and relationship with stakeholders, voluntarily. CSR is not replacing legislation or regulation in social and environmental questions. Has two dimensions:

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1. Internal, which consists in relations with employees – investment in human capital, health and safety in the workplace;
2. External, linked with relationships with local community and stakeholders: shareholders, business partners, customers, public authorities, non-governmental organisations.

The concept of Corporate Citizenship (CC) has a strong connection to Social Economy: the companies must be concerned with stakeholders and shareholders but acting to benefit societies, respecting the United Nations Global Compact (UNCG) from 2000, defining how the companies must act, responsibly, in areas like human rights, labour relationships, environment and tackling corruption. CC can be expressed by corporate volunteering and alliances (Chaves and Monzon, 2017). These authors conclude that the main principles of Social Economy, expressing cooperative ideas, are applying CSR.

2.1.6 Types of nomenclature related to Social Economy

Ferreira mentions other nomenclature to define Third Sector: Voluntary Sector, Non-Profit Sector, Voluntary and Community Sector or Social Economy, frequently used in France. This occurs because we can find two different approaches: inclusive, differentiating and defining Social Economy and Third Sector entities, and exclusive, used to understand if the entities can be Social Economy and included in Third Sector, excluding the entities that are not in line with characteristics Social Economy, but including all the entities which are not in State Sector and Market Sector.

According to Chaves and Monzon (2017), Social Economy can have other similar designations across the European countries: Third Sector is one most famous designations in this context, mainly used in English-speaking countries. Oliveira (2012) specifies that this definition considers the entities that are not Public and Profitable: it is not public because does not provide public services, and it is not profitable because is more focused on people, and is different from the informal sector because it is formalized in organisations. It is usually presented as a synonym of Social Economy (and Voluntary Sector, Non-Profitable Sector), considering cooperatives and mutualities, which are not considered in the United States. For Cadete, in Namorado, (2014), Third Sector is different form Social Economy, because the latter has social and solidary character, which can explain that the use of certain terms different from Social Economy is not consensual. Oliveira (2012) complements that this expression is connected to the idea of Welfare-State.

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The Voluntary Sector is more used in the United Kingdom, relative to the volunteer adhesion to organisations and the role played by volunteers. Does not consider cooperatives and mutualities or other private entities that have mandatory adhesion (Oliveira, 2012).

In Chaves and Monzon (2017), Non-Profit Organisation (NPO) is presented as the set of entities which, in Statutes, forbid any distribution of surpluses, connected to philanthropic and charitable ideas of XIX Century, in England, including Charitable and Voluntary Sectors. It is connected to the United States, and privileges the entities providing goods and services (public benefit entities), ignoring member-benefit entities, like mutualities and cooperatives of consumers and workers. Salamon and Anheier (1999) are cited in Chaves and Monzon (2017), defining five points to consider an organisation as NPO: they have to be companies with institutional structure (being legal persons), need to be private entities (even receiving public funds), have to have self-governance (controlling their own activities), can not distribute profits (which must be applied to guarantee their goals) and must have a voluntary adhesion (without compulsory membership) and participation of members must be volunteer.

Considering the Third Sector criteria, it is possible to differ NPO and SE (Chaves and Monzon, 2017). In Non-Profit Organisation approach, organisations distributing funds to founders or controllers are not in TS and the main objective can not be profit. So, cooperatives and mutual associations (entities of Social Economy) are not considering in NPO perspective as belonging to Third Sector, because distribute surpluses among members. Other difference appears when we analyse democracy criterion: NPO has a larger scope compared to Social Economy, including some non-profit organisations (financial or non-financial) selling their services in the market, which are not democratic in Third Sector (hospitals, university or schools). Social Economy excludes non-profit entities that are not democratic, accepting voluntary non-profit organisations as belonging to TS, if they provide merit services and goods free of charge, or with insignificant value. The criterion of serving people differs NPO and SE: in Social Economy, beneficiaries must be people (individuals, families or householders) or other SE organisations, while in Non-Profit Organisations they can offer services to people or entities controlling them.

According to Chaves and Monzon (2017), other approach to Social Economy is Solidary Economy: developed in France and some Latin America countries, mainly in XX Century, being related with growth in Third Sector in organisations producing and distributing merit goods (essential for decent life, available for all population, provided by government, free of

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charge or subsidized by them, having price below the market) and social goods. Health and education are examples of merit goods, and in the Welfare State were guaranteed by government, however, in last years, social needs appeared, which can not be satisfied by State and capitalist entities, connected to questions like unemployment, immigration or people with disabilities. The differences for Social Economy are three: social demands it attempts to address, actors in these initiatives and desire for social change. This concept has been developed in France since the 1980s with three components: State, Market and reciprocity, corresponding to redistribution, Market and reciprocity ideals (Polanyi, 1983). Solidary economy initiatives are hybrids between market, non-market and non-monetary economies, which have different origin of resources: Market are financed by sales of goods and services, non-market economies are subsidized by government and non-monetary economies use volunteers. In Europe, is compatible with State and Market, while in Latin America is an alternative to Capitalism. Ferreira, in Namorado (2014), citing Singer, refers this concept as an opposition to individualism that characterizes capitalism and neoliberalism, and promoting the solidarity between workers and similar rights in societies. This latter author considers that Solidary Economy started in XVIII Century, but with a high evolution in following Century, reacting to the negative consequences of the Industrial Revolution which affected a lot of workers: massive unemployment, diseases and work accidents. The author considers that initiatives, which created the Cooperative movement started by Owen, in Century XVII, like change of products between cooperatives, with fair prices, calculated according to hours of work in production, equitable distribution of agricultural production, taking into account the needs and economic and work capacities of people and families were essential. The Rochdale Cooperative, the basis of the actual Cooperative Movement, was pointed out as the predecessor of Solidary Economy.

2.1.7 Policies on Social Economy: European and National levels

Considering the policies on Social Economy in European level, it is important to start by 1980s, where this concept and policies were recognized, mainly in 1989, where a Communication from the Commission to the Council on “Business in the *Économie Sociale* sector: Europe’s frontier free market, which proposed a European legal basis for cooperatives, associations and mutual associations, having a Social Economy United. Two problems in the implementation of policies in this area were identified: scanty legal base (ignored in Treat of Rome and Maastricht) and conceptual definition of Social Economy field and connected terms (Third System, Civil Society, Non-Profit, Social Enterprises), according to Chaves and Monzon (2017). After 1989,

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more legislation appeared: Regulation on the *Statute for a European Cooperative Society* (SCE) in 2003 or the *European Mutual Society Statute* and *Statute for European Foundation* (SEF). Considering this, European Economic and Social Committee (EESC) and European Parliament (EP) are important, where the first is a Consultative body with people of all countries, in the SE area: the Group III has been working in Social Economy issues and challenges, from social business initiative to collaborative economy. EP has an Intergroup, since 1990, including members of European Parliament and people from SE organisations

Chaves and Monzon (2017) mention the history of entities specialized in Social Economy: the first organisation specialized in Social Economy, in European Commission (EC), dates from 1989: Social Economy United in Directorate-General XXIII, being divided, in 2000, in two Directorates-General (DG): DG for Enterprise and Industry, creating a DG Enterprise Unit B3 – “Crafts Small Enterprises, Co-operatives and Mutuals”, focused on these entities plus associations and foundations – and DG for Social Affairs, focused on associations and foundations. Actually, we can find a *Clusters, Social Economy and Entrepreneurship Unit* in DG Grow (Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs). The Committee of the Regions is other institution that is a Consultative body, giving opinions about relationships between Local or Regional Authorities and Social Economy (2002) and importance of SE in growth and fighting against unemployment (2015). Expert Group on Social Entrepreneurship (EGSE) and REVES are other bodies giving recommendations in Social Economy issues, including different SE actors, promoting dialogue.

Nowadays, Social Economy Europe is the most important European organisation representing SE entities, created in 2000, to promote this type of Economy (Chaves and Monzon, 2017). A lot of organisations, in last decade, in the European Union claimed for most promotion of Social Economy (National and Regional Levels). The Social Economy Intergroup of the European Parliament, through a hearing *Towards a European Action Plan for the social economy* (2016) or Madrid declaration (2017), are examples of this.

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Changes in the law in recent years in some countries in European Union (2011-2016)		
Country	Type of law	Name of the law
France	Law	Loi n° 2014-856 (31 Juillet 2014) relative a l'économie sociale et solidaire (National Law on Social and Solidary Economy)
Italy	Law	Law n. 106 – 6 June: Third Sector Reform (2016)
Portugal	Law	Lei (May 8 th) 30 de Bases da Economia Social e o Código Cooperativo (2013) (National Law on the Social Economy)
Spain	Law	Ley 5/2011, de 29 de Marzo, de Economía Social (2011) (National Law on the Social Economy)

Table 2 - Recent changes in legal framework about Social Economy, in European Union (2011-2016)

Source: Adapted from Chaves and Monzon (2017), Recent Evolutions of Social Economy in the European Union, European Economic and Social Committee

Considering the three countries analysed in my thesis, in all we find significant changes in legislation, forced by the European Parliament Resolution of 2009, in Social Economy: Spain was the first country creating a specific Law in Social Economy, in 2011 (Ley 5/2011, from 29th March). The Spanish Social Economy Act was updated by Law 31/2015, promoting Social Economy. Portugal followed the Spanish case and in 2013 created a National Law on Social Economy (Lei 30, 8th May, Basic Law on Social Economy and the Cooperative Code). Finally, France adopted the Loi number 2014-856, from 31st July, relative to Social and Solidary Economy, and an accreditation. France had a Minister Delegate for the Social and Solidarity Economy within Ministry of Economy, a Minister for sport, youth, community education and associations or *Délégation interministérielle à l'économie sociale et solidaire*. In Portuguese case, they point out the CASES, which has a strong connection with Minister of Labour and Social Security, while in Spain it is highlighted a Directorate General for self-employed workers, the social economy and CSR52. These laws were created to give a more concrete definition of Social Economy and entities included in this sector, regulating them and supporting SE.

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The designation of Social Economy and other questions related with impelled the creation of important bodies. Belgium tried to develop public agencies to promote SE, which require financial and human resources, dependent from changes in governments, a barrier to implementation of Social Economy (Chaves and Monzon, 2017). The authors conclude that national and regional policies are very important, being signed between government and entities of Social Economy, usually, but evolving trade unions, universities, to improve their mutual relationship, defining funding frameworks or consultative schemes.

2.2 Mutualism

In this thesis other important concept is the Mutualism, and it is important to be clarified. However, the Social Economy is the sector, while the Mutualism is one part of the sector, being more developed the first.

2.2.1 History of Mutualism

Henriques, in Namorado (2014), explains that the movement started in the Middle Age, assuming collective and private responsibility, without profit goals, dividing the risks of the members and the expenses to satisfy their needs. The movement was particularly important in reaction to the Industrial Revolution, where the workers had low levels of social protection against high risks. The desert brotherhoods, in Egypt, and professional corporations in India and China were the most remote origins of Mutualism.

Coelho, in Namorado (2014) refers that after Antiquity the principles of Mutualism started to be better defined. In X Century, the Guilds, in Scandinavia, were an example of mutual aid inspired in Odin, which were constituted by merchants and peasants. Other example was the Fraternity, which for VII Century worked in pity and “misericordia” works, starting the foresight. Companionships, based on workers associations and their jobs, were workers communities, where the mutual aid was essential, anticipating employment agencies, mutual credit entities, social security and youth hostels. These three examples show that the values of Solidarity, Self-Help and Opposition to pre-defined powers were present in the Middle Age. The first Mount of Pieties were created in the Middle Age, in Netherlands, by Archduke Albert, but in XVIII Century socialist actions started, and the philosophers started to be aware to mutualist ideals, influencing August Comte, Charles Fourier or Joseph Proudhon. The last one was the main Defensor of Mutualism, defending a world between property and utopic

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community, with ideas of equality of everyone allowing a development. For Proudhon and Fourier, mainly, Mutualism was a solidarity and foresight movement, responsible and democratic, that wanted to protect the human beings in their development, and started to have a significant increase, mainly in France, where in 1823 existed 143 associations, with 12 000 members, in “Société Filantropique”, while in middles of XIX Century the mutualism in France had 2500 societies and 300 000 members.

2.2.2 Mutualism: definitions and legal form of mutual-type organisations

The Union of Mutualities of Portugal (União das Mutualidades) characterises Mutualism as a private system of Social Security (SS), defending the mutual aid and improving the life of members, volunteering. Another possible definition of Mutualism is that is a private system of social protection, which tries to defend a mutual aim of their members, defining their own autoprotection, where the risks are equally divided. Mutual Associations promote an active and democratic participation of the members, having some services to complement and correct some failures and limitations of public systems of social protection and profitable private entities, and are very important to social inclusion. More specifically, Namorado (2014) explains that Mutualism tries to promote reciprocal assistance, benefiting their members, that adhere freely to association, guaranteeing welfare of members and families, as a complement to public Systems of SS, having social actions (supporting children and elderly), foresight (capital and pensions for old people, survival, invalidity or death) and acting in health (drug assistance and health care provision). The institutions in this area strictly manage funds given by members, guaranteeing their future: the members will receive assistance or money if some contingency occurs. Henriques, in Namorado (2014), explains that mutualism is based on an idea that the savings of each individual are not able to guarantee certain goals, and the quotes paid by members support the expenses of the Mutual entities. Summing up, the idea of members paying a contribution to the Association, which will be paid to members if some contingency occurs, dividing the risk, is the essential point of Mutualism.

Pistola and Rocha, in Franco and Henriques (2015), defined mutualism as an organisation of people around the mutual aid, having financial instruments to solve some unforeseen events. Mutualism has a set of individuals that try to save some resources (financial or assistencial) to protect against possible needs.

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Mutual-type organisations can have their own legal form (Mutual societies), based on laws about Association (Mutual Associations) and based on cooperative laws (the Portuguese case of Mutual of Fishers) or company legislation (Broek et al., 2012).

Considering the international reality, was created the International Association of Mutual Benefit Societies, in 1950, based in Bruxelles. According to their website, they represent 59 members of 30 countries, in Europe, Latin America, Middle East and Africa, covering 240 million of people. In Portugal, we have the Union of Mutualities of Portugal as the main organisation in this area, which was created in 1979, to promote mutual values and to spread Mutualism in Social Economy context, considering 55 mutualities. The Portuguese Association of Mutualities has 22 filiated mutualities.

Mutual-type organisations had some legal forms in Europe, as we can see in Table 3. In Portugal, we can have Mutual Associations (Montepio is an example) and Mutual Insurance Companies, while in France it is possible to have Mutuels and Mutual Insurance Companies, finishing with the latter case studied, which is Spain: it is allowed to have Mutual Insurance Companies or Mutual Provident Societies (Divina Pastora is included in this latter).

Mutual type-organisations in some countries in European Union		
Country	Legal types	Legal framework
France	Société d'Assurance Mutuelle (Mutual Insurance Companies)	Other framework (as companies)
	Mutuelles (Mutuals)	Own legal framework
Italy	Società di mutuo soccorso (Benefit Mutual Societies)	Associations
	Società di mutua assicurazione (Mutual Insurance Companies)	Cooperatives
Portugal	Associações Mutualistas (Mutual Associations)	Associations
	Mútua de Seguros (Mutual Insurance Companies)	Cooperatives
Spain	Mutuas de Seguros (Mutual Insurance Companies)	Other framework (as companies)
	Mutualidades de Previsión Social (Mutual Provident Societies)	Own legal framework

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Table 3 – Types of mutual organisations and legal framework

Source: Adapted from Broek, S. et al (2012), Study on the current situation and prospects of mutuals in Europe, Panteia

Analysing the countries studied, in Portugal it is possible to have Mutual Associations and Mutual Insurance Companies, in France we can have Mutuals and Mutual Insurance Companies and in Spain we find Mutual Provident Societies and Mutual Insurance Companies, with different legal forms, as we can see in Table 3.

2.2.3 Main values of Mutualism

According to Henriques, in Namorado (2014), four main values constitute the Mutualism: democracy, with the principle of one member, one vote, liberty: free adhesion and demission, how to offer advantages to members, independency – Mutualism has to be independent of the exterior, including State and solidarity, meaning that the members must make a common effort.

In this context, the same author refers that Mutualism ignores profit as the main goal of their activities, emphasizing the quality of products, with some similarities to private entities.

Pistola and Rocha, in Franco and Henriques (2015) refer that Mutualism has some values similar to market economy, like freedom of choice, savings and efficiency in using resources.

2.2.4 Advantages of mutualism and mutual-type entities

Mutualism must be promoted for some reasons (Broek et. al., 2012), for example: Mutual organisations will not speculate facing risks, it is a mixed system where mutual-type entities act can facilitate a stabilization of financial sector in times of crises and a stronger mutual sector increases competition.

If we consider the mutual entities in insurance markets, some reasons can be presented to explain why they must be promoted in relation to joint-stock entities (Broek et al, 2012):

- Mutuals have a stronger capitalization;
- They have more and better capital (less debt) to face some shocks;
- Products have lower risk;

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- They are not publicly listed, so they are less vulnerable to changes in stock markets and negative stories;
- Mutual entities are less dependent from capital markets;
- Owners and policyholders are more aligned in long-term objectives.

Nowadays, according to Henriques, in Namorado (2014), the decisions about social areas have too much Politics evolved, requiring a higher intervention of Third Sector, which is not focused on profit and can balance the economic and social issues.

2.2.5 Barriers and challenges to Mutualism and mutual-type entities

Mutual-type organisations face some barriers, mainly in Supervision Authorities and policymakers, with lack of courses about this theme and lack of information, usually given by mutual entities (Broek et. al, 2012).

According to Henriques, in Namorado (2014), it is important to organisations acting in Mutualism an increase in areas provided by them, not be confined to Social Security. In a context of ageing, the Mutualism increases their importance to complement Public Social Security, which has serious risks of collapse.

3. Methodology and data

To conduct this thesis the methodology chosen was the Case Study (in this work, Case Studies). The countries chosed are Portugal, France and Spain.

According to Rowley (2002), case studies are most used by students or researchers to conduct a project where the objective is to make some comparisons. Rowley (2002) cites Yin saying that case studies can be defined as empirical inquiries which investigates some phenomena in real life contexts, mainly if the boundaries between phenomenon and context are not evident. It is possible to say that usually case studies are more used to analyse some issue in a smaller geographic area or considering lower number of individuals studied. (Zainal, 2007). Case studies have less units studied than surveys, but it is more detailed (Rowley, 2002). Zainal (2007) refers that is a methodology widely recognised in social sciences, allowing a more complete understanding of issues. Some advantages are pointed by Zainal (2007), citing Yin: allows to understand the context of some situations, variations of intrinsic, instrumental and collective approaches to this methodology allow quantitative and qualitative analysis and the

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qualitative data produced in case studies help to describe the situation in real life and the complexities of real life issues, explain why some question occurs. Some disadvantages are: possible lack of rigour, provide little basis for generalisation (considers lower number of cases) and are difficult to conduct, creating too long documents. In my thesis the objective is the comparison between countries and organisations, considering the different real life contexts of each country and institution, in field of Social Economy and Mutualism, understanding how the organisations can substantiate the values and principles of Social Economy and Mutualism, complaining with different requirements and legislation, in three countries (limited number of cases, as referred by Zainal). According to Zainal (2007), citing Yin, case studies can be exploratory, descriptive and explanatory. Social Economy and Mutualism belong to the field of Political Economy, and not to Macroeconomics or Econometrics, for example, so, in my opinion, the best way of analyse this subject is trying to make comparasions between different realities, instead of creating macroeconomic or econometric models, and for this reason I decided to conduct a descriptive analysis, which try to describe the data in a narrative form (Zainal, 2007).

The countries were chosen because they have some importance in the field of Social Economy (the main area): economically, with some impact in employment, Gross Value Added (GVA), output or number of organisations, and in questions about legislation and history, because Social Economy has a significant historical connection with France, one of countries studied and Spain was the first country with specific legislation in Social Economy. Other reasons are that they are some most important countries in European context and the level of existing information. Montepio was chosen because is the main organisation acting in Mutualism, in Portugal. Divina Pastora and Mutualité Sociale Agricole were chosen consulting the website of the International Association of Mutual Benefit Societies (AIM).

Finally, the case studies are divided in two parts: a first part where will be presented some specific data and legal framework about Social Economy and Mutualism and a second part where the institutions and products will be characterized and analysed. After this, some conclusions and comparasions will be conducted.

The collection of data and analysis of the subject proposed will have a big part of qualitative data, from different reports, to characterize the institutions studied and the products offered, analysing written documents and reports, which have a lot of qualitative data, but some quantitative data will be used, mainly to understand the importance of Social Economy and

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Mutualism in Europe, and how differs according to different countries. In this context, the work will use mainly secondary sources, for example: European reports, academic works, books, annual reports or specific reports about Social Economy and Mutualism in each country.

4. Case Studies

4.1 Economic importance of Social Economy in Europe

The report conducted by Chaves and Monzon (2017) presents some data about the importance of Social Economy: on 2015, this sector had 13,6 million of paid jobs in Europe, representing 6,3% of the working population; 232 million members of cooperatives, mutual and others, having 2,8 million of enterprises and 83 million of volunteers.

About the paid employment, when we analyse the table 7.1 (Chaves and Monzon, 2017, pg. 68), we observe that the 13,6 million of paid jobs are mostly composed by associations and foundations (9 015 740), followed by cooperatives and similar (4 198 193 paid jobs), and mutual societies (407 602). The principal group represented 66,2% of the total, while Cooperatives and similar represent 30,8% of the total and mutual just 3% of the total.

4.2 Case study in Portugal

4.2.1 Social Economy and Mutualism in Portugal: data and legal framework

The data used is from the Social Economy Satellite Account, conducted by INE, with the contribution of Cooperative António Sérgio for Social Economy (CASES), contextualizing the Social Economy in Portugal. This paper is published each three years, and the last one was presented in July 2019, referring to the data of 2016.

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Main indicators of Social Economy in Portugal, in 2016						
Social Economy groups	Number of entities	Weight of each group in Social Economy	Employment in Full Time Equivalent – FTE (Number)	Weight of each SE group in the total FTE	Gross Value Added - GVA (10 ⁶ Euros)	Weight of each SE group in the total GVA
Cooperatives	2 343	3,26%	24 940	10,55%	604,2	12,54%
Mutual Associations	97	0,14%	4 842	2,05%	388	8,05%
“Misericórdias”	387	0,54%	39 452	16,7%	596,6	12,37%
Foundations	619	0,86%	14 151	5,99%	332,3	6,9%
Associations with Altruistic Goals	66 761	92,87%	152 598	64,58%	2 896,9	60,11%
Community and Self Management Subsectors	1 678	2,33%	305	0,13%	1,2	0,03%
Total Social Economy	71 885	100%	236 288	100%	4 819,2	100%

Table 4 – Social Economy groups and respective main indicators, in 2016

Source: QUADROS_CSES_2016_PT

Table 4 explains the panorama of Social Economy in 2016, where the Associations with Altruistic Goals (AAC), the Cooperatives and the Community and Self Management Sectors (CSM) were predominant, totalizing 98,46% of all the entities in Social Economy.

The organisations were mostly in Área Metropolitana de Lisboa (16 640), Área Metropolitana do Porto (8 447) and Região de Coimbra (3 992), which mean relative importances of 23,15%, 11,75% and 5,55%, considering the 71 885 institutions. Generally, culture, communication and recreation had 33 722 institutions, 46,91% of the total (71 885), followed by religion, with

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8 533 (11,87%) and social services (6 978), representing 9,71% of the total, being the most important areas in Social Economy.

The data of employment are divided in three parts: jobs, full-time equivalent and individuals, distributed in employees and self-employed. Assuming the full time equivalent as the most important (the others will be more extensively analysed in Mutualism), the Table 4 shows that the Associations with Altruistic Goals (AAC), “Misericórdias” and Cooperatives are the most important entities, representing, 216 990 full-time equivalent (91,83% of the 236 288). In Social Economy prevails the area of health, followed by social services, and by education. Finally, considering the Economy as a whole, the number of FTE was 4 419 870 FTE (the weight of Social Economy was 5,35%).

Considering the Gross Value Added, the 3 most important groups of Social Economy entities were Associations with Altruistic Goals, Cooperatives and “Misericórdias”, representing 4 097,7 Euros (in 10^6 units), with an importance of 85,03% in the total of the Sector, according to the table 4. The areas of health, social services and other activities where the financial and insurance activities predominated, were the most significant. Considering all the GVA created by the Economy (162 226,1 Euros), the importance of the Social Economy was 2,97%.

About the output created, the Economy had a value of 325 639,1 Euro (10^6 units) in which 8 878 were created by Social Economy, representing an importance of 2,73% of national output. The three main groups of SE entities contributing to this were the Associations with Altruistic Goals, Cooperatives and Misericórdias, representing 57,67% of the total of Social Economy, 17,73% and 10,36%. The main representative areas were social services, health and other activities (where stands out the financial and insurance activities).

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Main indicators of Mutual Associations, in Portugal (2013 and 2016)						
Social Economy Groups and years	Number of entities	Employment in Jobs	Employment in Full Time Equivalent	Employment in Individuals	Gross Value Added (10 ⁶ Euros)	Output (10 ⁶ Euros)
Mutual Association in 2013	111	5 093	4 900	4 912	352,2	525,9
Mutual Association in 2016	97	5 073	4 842	4 846	388	615,4
Evolution between 2013 and 2016 (%)	-12,6	-0,39	-1,18	-1,34	10,16	17,02

Table 5 – Mutual Associations and respective main indicators, in 2013 and 2016, in Portugal

Sources: QUADROS_CSES_2016_PT and QUADROS_CSES_2013_B11_com_indice

As the table 4 shows, in 2016, in a Universe of 71 885 entities, the mutuals were 97, representing 0,14% of the total, corresponding to a decrease of 12,6%, relating to 2013. The principal areas of activity were social services (69 of 97, representing 71,13% of the total), other activities, which were 19, having an importance of 19,59% (all acting in financial and insurance activities) and health, with 6 institutions (6,19% of the total). The importance of mutual associations in Social Economy decreased: in 2013 the 111 Mutual Associations represented 0,18% of the total (61 268), according to the Social Economy Satellite Account (2016).

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Considering the employment in jobs, the Social Economy had a value of 262 753, from which 5 073 were Mutual Associations (Table 5), representing 1,93% of the total. The value decreased in 0,39% relative to 2013. All the Economy created 5 225 419 jobs, which represented a smaller importance of Mutual Associations in the Economy (0,1%), while in 2013, the 5 093 jobs represented 2,1% of the 242 069 in Social Economy. The absolute number decreased in relation to 2013, as well the importance in the Social Economy.

The table 5 shows that between 2013 and 2016, the employment in FTE decreased, assuming a value of 4 842 in 2016. Considering all the employment in Social Economy, the importance of Mutual Associations in this sector was 2,05% (Table 4), while considering all the Economy (4 419 870) the importance is lower, 0,11%. Comparing to 2013, the Social Economy in FTE represented 217 744, which meant an importance of 2,25%. Comparing the absolute number and the weights in Social Economy, the importance of Mutual Associations decreased in 2016, compared to 2013.

In individuals, the evolution was negative between 2013 and 2016, achieving 4 846 individuals in 2016, which represented 2,06% of the total in Social Economy (235 123) and 0,10% of the Economy as a whole 4 649 815. In 2013, the 4 912 individuals represented 2,25% of the Social Economy. In these indicators we observe a negative evolution.

The Table 4 shows that Mutuals contributed with 8,05% of the GVA of Social Economy, while the Table 5 corroborates a positive evolution of 10,16% in the absolute value. In 2016, considering the GVA of the Economy (162 226,1), the importance of the GVA created by Mutual Association (388) in all Economy was 0,24%. In 2013, the importance of the GVA created by these associations (352,2), considering the Social Economy (4 206,5), was 8,37%. The absolute contribution of Mutual Associations grew, but the importance to the sector decreased, because the GVA of Social Economy increased in 14,57% between 2013 and 2016, superior to the 10,16% of the GVA in this group.

The output created by the Mutual Associations, as the Table 5 notes, in 2016, was 615,4 Euros (in the respective units), representing an increase compared to 2013. The importance in the output of the Social Economy (8 878) in 2016 achieved a value of 6,93%, decreasing to 0,19% assuming all Economy, which had an output of 325 639. In 2013, the relative importance of the Mutual Associations in the output of the sector (8 365,9) 5,29%. The increase in the output created by Mutual Associations (17,02%) was higher to the growth in the output of the sector

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(6,12%), justifying the increase of the importance of the output of this group of entities in the output of Social Economy.

In recent years, some changes occurred: In April 2018, the Union of Mutualities of Portugal, jointly with Ministers of Work, Solidarity and Social Security, Education and Health and with entities in Social Economy, signed a new Addendum, for the period 2017-2018, trying to create a strategic plan, to ensure sustainability of the social sector, with accessibility of citizens and having quality in services provided. Existed changes like the publication of the Law 7/2019, adding the Mutual Associations to a Regime where the organisation will be considered closer of Insurance and Reinsurance activities, the publication of the Law 58/2019, about the Data Protection and the publication of the Law 17/2019, about the communication of financial information, according to the Annual Report of 2019.

The main legal framework of Mutual Associations, which is the case studied (Montepio) is the Code of Mutual Associations (Código das Associações Mutualistas), which was approved by the Decree-Law 72/90, from 3rd March, until 2018. However, in 2018 was approved a new Code of Mutual Associations, by the Decree-Law 59/2018, from 2nd August. According to the Annual Report from 2018, the main changes are related with the segregation of Mutual Associations which obtain a gross value superior to 5 million euros, in contributions, and funds superior to 25 million euros, with new corporate governance and structure requirements, being supervised by Insurance and Pension Funds Supervisory Authority (ASF). But the Mutual Associations have 12 years to adapt to this new supervision regime and will have a Commission to support this regulatory adaption. In the case of Associação Mutualista Montepio Geral (AMMG), a dispatch from 2018 (11392-A/2018) demanded AMMG as being subjected to a transitory regime. These Mutual Associations were tutored by Ministry of Work and Social Solidarity until 2018.

As referred before, the mutual associations belong to the general field of social economy, being essential to understand the legal context of the sector where the mutualism works: the Basic Law for Social Economy, which is the Law 30/2013, written in 8th May.

This Law defines, in article 2, the Social Economy as the activities conducted by some entities, referred in Article 4, and that the entities have to guarantee the general interest of society, directly or defending their members.

Other important articles are the article 4, defining the type of entities in Social Economy, which are (the most important): Cooperatives, Mutual Associations, Misericórdias, Foundations,

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Associations with altruistic goals and community and Self management subsectors and others, while the article 5 defines the principles of the social economy, which are: primacy of people and social objectives; free and voluntary adhesion and participation; democratic control of the bodies, by the members; conciliation between the interest of members and the general interest; respect by solidarity, equality and non-discrimination, social cohesion, justice, transparency, individual and social responsibility, subsidiarity; autonomous and independent management from the public authorities and other exterior entities; profit must be used to guarantee the ends of the entities of Social Economy, according to general interest.

Explains how to promote social economy, in article 10, emphasizing the role played by public sector, where the investment, the innovation, the dialogue with international entities and the financial self-sustainability of these entities are essential ways of promoting this sector.

The Constitution of Portuguese Republic has some articles about these issues, where we can emphasise the article 80, defining the principles of the economic-social organisations, and the article 82, differentiating three sectors of property of means of production: a public sector, a private sector and a cooperative and social sector, where it is possible to find definitions related with the types of Social Economy entities. This sector considers means of production owned and managed by cooperatives, community, owned and managed means of production (by local communities), means of production collective explored by workers and means of production owned and managed by collective people, without profit goals, with social solidarity as main purpose.

The code of Mutual Associations guides Montepio in his actions, being important to analyse some articles of this Code: Article 1, explaining that Mutual Associations are legal persons of private law and associative nature, having unlimited members, variable equity funds and indefinite duration which, through mutual assistance and membership fees, practice, to defend the members and their families, according to mutual principles, purposes of mutual assistance for social protection and human development, being organisations of Social Economy and having the status of private institutions of social solidarity; Article 2, defining the fundamental purposes of the Mutual Associations: the fundamental purposes are the granting of social security and health benefits to react to the occurrence of some contingent facts connected to the life and health of members and their family members and to prevent, as far as possible, those facts. In addition, other purposes of social protection, through the organisation and management of equipment and social support services and other to promote quality of life or citizenship of

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members and their families can be pursued by these entities, which can for and hold, direct or indirect, holdings in savings banks. Social support services are considered, in Law, those aimed to support children and young people, the elderly, people with mental or psychiatric illness, other vulnerable groups and the family. Considering this context, Portugal establishes two types of mutualist modalities, in Article 3 and 4, respectively: in the field of social security, using cash benefits for disability, old age and survivors and for illness, paternity, maternity, unemployment, accidents at work or occupational diseases or with capital payable on death or on expiry of terms and in the field of health, with health assistance through the provision of preventive, curative and rehabilitation health care and continuous and palliative care or medical assistance and support products. The mutualist principles are between the Articles 9 and 15, with the first describing all the mutualist principles and the other specifying the principles: freedom principle (membership and dismissal of members are free and voluntary acts); democracy, where the functioning of the bodies of the mutual associations and the election of the members are based on democratic principles and methods, in their statutes and in these organisations each member has one vote; equality and non-discrimination principle (the admission and exclusion of members and the subscription of benefit modalities can not be restricted or discriminated considering the ancestry, gender, race, nationality, religion, political or ideological beliefs, education level, social status, sexual orientation or economic situation); principle of independence and autonomy, meaning that the mutual associations have a management and functioning independent of the State and other public entities, but without prejudice the tutelage, supervision or licensing of activities and equipment; solidarity (The members are collectively responsible for the realization of the aims of the mutual association. This solidarity consists in the mutualization of social risks by members, subscribing benefit modalities and attribution of benefits if some contingency covered occurs, and it is specified that the value of the contributions of each modality has to be fair and adequate to the value of the installments to grant); finally, the responsibility, where the attribution of benefits is a counterpart of the contributions paid and where the subscription of a modality determines the payment of the respective quota. Each benefits modality must suffice you financially own, for the full coverage of the expenses using own revenues, guaranteeing responsibility and mutual entities must guarantee the necessary quality, safety and transparency. Other important questions are in the Chapter VI, about the organisation and operation, namely the Section I, about the bodies of the Mutual Associations, which, according to the Article 75 of the Code of Mutual Associations, are three, usually: the general meeting, the board of directors and the fiscal council (the supervisory board). Except in groups of associations, the statutes can provide

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for the existence of an assembly of representatives or a general council, with the powers defined in the Code, or other advisory bodies. However, and this is one of the biggest changes in the Law, for mutual associations with 100 000 or more members it is requirable an assembly of representatives. The Article 76 has 2 points, explaining that the general assembly can involve all permanent members, major and in full enjoyment of associative rights and that associates can be represented by other members, respecting the conditions in the Statutes, while the following explains the different powers of the General Meeting (Assembleia Geral), which are: to approve the statutes and amendments and the regulation of benefits and changes; to elect and remove members of the associative bodies by secret ballot; to define the remuneration of these members, except in the statutory provision in different sense; to supervise the acts of associative bodies; proceed with the general appraisal of the association's management and inspection; to authorize the association to demand the holders of associative bodies and positions for acts exercised in their functions; appreciate and vote, annually: the action program and the budget for the following year and the report and accounts for the previous year, both accompanied by the opinion of the fiscal council; consider and vote on the proposal for the application of surpluses or subsidies; deliberate on: the acquisition and sale, in any capacity, of real estate and other heritage assets of income or of recognized historical, artistic or cultural value, on borrowing, according to the statutes, on the split, merger, integration and dissolution of the association, on the adhesion or disconnection to unions, federations or confederations of the mutual universe, as well to other bodies representative of the activities promoted by these associations and on all matters not covered by other bodies. It is in general meetings that occurs the ratification of the decisions of the assembly of representatives if a competence was transferred to this associative body and the appeals against deliberations of other associative bodies have to be considered in the first general meeting after the date of entry, unless other situation in statutes. In the third Section, the Article 87, defines the composition of the general meeting board, which must include a president and two secretaries, with own powers. In case of absence of any of the holders of the meeting board and unless other situation in the statutes, the meeting must elect the substitutes, ceasing their functions at the end of the meeting. The Article 88 explains the competence of the general meeting board, where the president is responsible for: call the general meeting, directing them; initial the minutes books and sign the opening and closing terms, if exist; give possession to the members of associative bodies and positions; check the regularity of the lists competing for the elections and eligibility of the candidates; verify the fulfillment of the candidates' suitability requirements, as well the members of the bodies during the term of work; participate to the competent entities the results

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of the elections and the termination of the mandate of the members of the associative bodies; to accept and proceed, within the deadlines in the statutes, to the appeals filed for the general meeting; exercise the powers given by law, articles of association or resolutions of the general meeting; promote and ensure the performance of acts necessary to carry out the elections. Other associative body, which was created in the revision of the Code of Mutual Associations, is the Assembly of Representatives, explained in the Article 89: usually is used in entities with more than 100 000 members (as explained in the article 75), but can be considered in the statutes of associations of national scope, ensuring adequate representation of members by geographic areas, workplaces or professional groups. The Article 90 explains the Powers of the Assembly of Representatives (Assembleia de Representantes), which are the powers in the point 1 of Article 77 (the powers of General Meeting), except the point a), c), n), o) and p: this Assembly can not approve the statutes and amendments; can not elect and remove by secret vote the members of the associative bodies; can not deliberate on the split, merger, integration and dissolution of the association and on the adhesion or disconnection to unions, federations or others of the mutualism and other bodies representing the activities pursued by mutual associations; can not deliberate on matters which are exclusive of the General Meeting, but the decisions about the approvement of benefits and amendments have to be confirmed by general meeting. The Section V talks about the Board of Directors (Conselho de Administração), starting in the Article 93: is composed of an odd number of members, one of whom leads, and the statutes define the frequency of meetings of this body and the regime for their call. The competences of the board of directors are the administration and representation of the association, namely, incumbent upon it, namely: admit members; deliberate on the realization of the beneficiaries' rights; prepare the annual report and accounts for the year and the action program and budget; promote the preparation of the technical balance; ensure the organisation and functioning of the services; manage the association's human resources; deliberate on the opening of new facilities, branches and agencies; represent the association in and out of court; promote cooperation actions and celebrate agreements, with a view to pursuing and developing the aims of the association; approve the operating regulations; to ensure compliance with the law, the statutes, the regulations, the deliberations of the general assembly, the assembly of representatives and the general council, existing. Other important body of these organisations is the Fiscal Council or the Supervisory Board (Conselho Fiscal), which is a collegiate body with an odd number of members, one of whom presiding, and their members are subject to compliance with suitability requirements. Usually this body meets at least once a quarter and in addition to the members of governing bodies, any person or entity can participate in meetings

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to clarify certain matters, without the right to vote, if convened by the president of the fiscal council. This supervisory board is responsible for controlling and inspecting the association, namely: issue an opinion on the annual report and accounts, as well as on the action program and budget for the following year and on the compatibility of the activities developed by mutual associations with the statutory or legally established purposes; issue an opinion on matters submitted by other bodies to appreciation or that are provided for in the statutes and issue recommendations to the remaining bodies; verify compliance with law, statutes and regulations; to verify the technical and financial management of the associations, with a view to their economic and financial sustainability and the adequacy and defense of the interests of the members; to supervise the activity of the board of directors and the fulfillment of the duties of disclosure of financial information; analyze complaints or reports of irregularities presented by associates, workers or other entities, if provided for in the statutes. The fiscal council must have access to the necessary documents to comply with their competences. To finish the Articles relative to the associative bodies, the number 99 talks about the general council (Conselho Geral), specifying that this body, existing, must give an advisory opinion on the matters defined in the statutes and others request by the other governing bodies and it is composed and form respecting the statutes of the organisation. The Article 126 is very important to this work, because clarifies the tutelage and supervision of mutual associations, specifying that must respect the principles of mutualism in the Code of Mutual Associations and Basic Law of Social Economy. Finally, the Article 136 implements one of the most, even the most, significant changes to the Code of Mutual Associations: if these entities, as well the associations, federations and confederations of associations, have a gross annual volume of shares of the social security benefits modalities exceeding 5 million Euros and with a gross value of the funds connected to the respective financing higher than 25 million Euros, they are subject to a supervision regime by the ASF, similar to the insurance sector, but having the adaptations taking into account, as previously referred, the legal nature of these entities.

4.2.2 Montepio Geral: The institution and products offered

The entity studied in Portuguese context is Montepio Geral, which is the most important Mutual Association in Portugal, having a Savings Bank associated.

Montepio Geral was born in 1840, by Francisco Álvares Botelho, mobilizing 270 signatories, of which 8 were founder partners, but with designation “Montepio dos Empregados Públicos”, to support workers that received salary from State, more specifically the Public Instruction

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workers: the name was changed in 3rd January 1844. The main idea, when was created this institution, was the granting of survivors pensions to the dependent of the affiliated, after his death, guaranteeing a pension which was 50% of the salary, protecting widows, orphans and other family members. The Plan and the first Statutes assumed application of associative recipes in public debt instruments and attaching a Savings Bank to the Mutual Association, an idea strongly defended by Álvares Botelho. Essentially, the founders thought in a classic Mutual Association, but having other institution guaranteeing supplementary revenue and monetize the contributions.

The institution emerged as a response to deprotection of public workers: even considering that social statute of public worker was high, the State had some financial problems. The salaries were very low, even for the most qualified workers as Álvares Botelho. But the big problems were the delays and lack of liquidity of salaries: sometimes the delays in compensations achieved six months or one year, more frequently, or even sixteen months. The State used some instruments like foreign currencies, banknotes or public debt titles, which diminished the liquidity of salaries (Pistola and Rocha, in Franco and Henriques, 2015).

The savings bank started the provision of financial services in 24th March 1844, with the name “Caixa Económica de Lisboa”, supported in self-help, where the members must be educated to manage their incomes, avoiding the poverty, and in the idea that savings (part of income reserved to use in possible future adversity) could help the lowest classes in fighting against poverty and misery (Pistola and Rocha, in Franco and Henriques, 2015). The idea behind the Savings Bank was guaranteeing a foresight but allowing loans and salary discounts with moderate interests and taxes and were existent in other countries.

During almost one century, the survival pensions were almost the only benefit provided by Montepio Geral. In 1922, the institution decided to change the mutualist modalities offered by Montepio Geral, having three reasons in genesis: the impact of World War I, making obsolete the real values of pensions; the social measures of I Republic (compulsory social insurance were in assistance field, while the ends of the Association were just in survival mutualities, where the first was more focused in individual, in incapacity and their retirement) and the Actuarial Section that started in 1917. In 1922, Montepio Geral added new benefits in different areas, joining to survival pensions:

1. Give pensions to members, relatives and some strangers (special cases);
2. Grant dowries to pensioners when they get married;

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3. Define special disability pensions;
4. Establish retirement pensions;
5. Define life support pensions to certain people;
6. Establish funeral allowance;
7. Define scholarships.

These products were considered alternatives to compulsory social insurances which anticipated the role played by Welfare-State in subsequent years. The most successful modality was funeral allowance, contrasting to scholarships (Pistola and Rocha, in Franco and Henriques, 2015). In the decade of 1930, Montepio Geral started to act in construction of economic habitations, most dedicated to middle classes, which was affected by the problem of habitation, not just the poorest classes.

In 1940 decade, one significant change in mutualism was the financing of habitation for members and pensionists, and in 1948 was created the Cooperativa de Moradias Económicas de Sócios do Montepio Geral, autonomous from Montepio Geral, but where the members had to belong to Montepio or being pensionists. The change of Statutes in 1965 was very important, including a new element: resolvable property. Appeared other instruments like pension funds, reappeared retirement pensions or the change of the name of funeral subsidies to death subsidies, creating a hypothesis of improving the pension to benefit children with less than 25 years. These Statutes facilitated the transmission of habitation, but according to some conditions. The pension funds were very flexible, where a fixed value was saved, allowing the subscriber to enjoy fixed monthly earnings. This product could be a pension for other products or being converted in retirement or disability allowance. If he benefited from public pensions, the beneficiary of pension could reapply the savings. The idea of financing habitation was more developed in the Statutes of 1965/1966, answering to problems in habitation for middle classes.

The integration in the European Union brought new challenges and new legislation: in 1985, emerged a law allowing the update of rents, improving lease agreements; the creation of the new Code of Mutual Associations or a Chart of Accounts of Mutual Association, defining accounting standards for these organisations. The new Statutes, created in 1983, changed the social bodies of the organisation, in their designation and composition, creating more Directions. The mutualism have required a higher breadth and dynamism of products and services offered, as a complement to welfare state, social security and solidarity, a challenge accepted by Montepio that decided to act, too, in provision of health, welfare and life quality

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services, and help in consolidation of Social Economy and Third Sector. Two important adaptations made by Montepio Geral to Portuguese Society were reflected in home loans and, more recently, in health area, where the biggest part of mutual associations acted, contrasting with Montepio. In 1990 decade, created some services available to members and their families, doing some protocols in health area, offering access to some health institutions with advantageous conditions. In 2004, started the activity in supporting their older members, and since then has opened some residences for elderly: in 2008, opened the first, in Porto, followed by Gaia and Coimbra. Opened residences in other places like Parede, Montijo and Parque das Nações.

In 1983/1984, it was defined that Montepio Geral must spread their areas of expertise, and decided to make some changes in their products, abolishing the Survival Pensions and other instruments and the members which subscribed these eliminated modalities could transfer their contributions to a Constant or Rising Pension Fund, having similar results to Survival Pensions, because the Pension Fund could originate in lifetime or temporary pensions, reactivating the Scholarships. In the next years, instruments similar to commercial banks appeared: between 1989 and 1990, Youth Capitals, Retirement Capitals (replacing Retirement Pensions, increasing the competitiveness vis-à-vis competitors) or Survival Rents appeared, with the first trying to rejuvenate the medium age of the contributors.

More recently, other modalities were created: Complementary Savings, Youth Complementary Savings, with Montepio choosing the capitalization mutualism, based in interest, in opposition to actuarial mutualism. In 2003, the modality Retirement Savings was born, and exceeded the Reform Capitals.

Pistola and Rocha, in Franco and Henriques (2015) referred that the end of the XX Century, the mutualism and the realities of the Third Sector came closer: while the savings bank became closer to other Banks, the Mutual Association decided to promote more clearly the mutualism, as an alternative of Complementary Pension, and the non-profitable sectors, and defending the Corporate Social Responsibility. One very important part of Social Economy which started to be part of Montepio activities was microcredit, which is the financing of little projects that want to promote the self-employment and social inclusion, diminishing the unemployment and poverty. In 2010, a structure making the connections to Third Sector was created, and some institutions to support the Particular Institutions of Social Solidarity (IPSS) were born. In the mutualist area, the 80 years represented a very important contribute to energize this movement,

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with creation of the Portuguese Mutualities Union and making Congresses in this area, for example the Nacional Congress of Mutualism (1984), the Portuguese-French days of mutualism, in partnership with the International Association of Mutual Benefit Societies (AIM) and Portuguese-French-Spanish meeting of mutualism. On this context, we must refer that Montepio was always active in the Third Sector, administrating some Foundations and having some Prizes to help those most in need or organising some cultural initiatives. The Foundation Montepio Geral started the activity in 1998, offering scholarships and subsidies in social areas, for example to the affected by the earthquake in Açores, in the same year, creating a Premium D. Dinis to support young people who wanted to participate in Masters in philosophy, agronomy or education sciences, a Premium connected to young volunteering, a Scholar Premium.

We can divide, according to Namorado (2014), the working of these entities in some phases: Between 1841 and 1870, we had the consolidation, where the Savings Bank was established, the Association created their own headquarters, creating funds guaranteeing the financial stability. Between 1871 and 1900 the institution had prosperity, being one of the most important credit institutions in Portugal, even in crises times. The period considering 1901 until 1930 was the stable period, where Montepio increased benefits and consolidated funds. The next period (1931-1960) was more negative, with the diminishment of members and benefits, but Montepio acted in other areas.

Since 2015, the chairman of the Board of Directors in Savings Bank and Mutual Association is not the same, a change that was approved in General Meeting.

It is important to refer the mission, vision and values of Montepio (present on the website of institution). The mission is based in four ideas: to guarantee benefits of social security and health to members, family and beneficiaries, using modalities; to help in resolution of habitational problems of members; to have activities in different areas, to develop the culture and life quality of members, managing social services or social protection; finally, to manage supplementary benefit schemes guaranteed by Social Security and other forms of social protection. The vision is divided in two parts: to remain the largest national mutual association, promoting and managing Social Security regimes of social services, equipment, and well-being, respecting ethical and prudent ideals; the other point referred is to guarantee the respect for mutual values of solidarity and participation, high standards of responsibility and social sustainability, guaranteeing the consolidation of Social Economy and Third Sector in Portugal. Finally, the values defended by the Mutual Association are linked with mutualist values: liberty

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of adhesion, equality (members with similar rights and duties, voting), solidarity (health and social protection needs are answered by the citizens), responsibility (high Social Responsibility and sustainability) and autonomy, when realizes the citizens capacity for self-organisation and initiative.

Some numbers to characterize the Montepio can be presented in next table:

Main indicators	Years of activity	
	2019	2018
Members (Number)	601 784	612 607
Pensionists (Number)	8 663	8 558
Net profit (thousands of Euros)	- 408 789	1 634

Table 6 – Main indicators about Montepio

Sources: Adapted from Relatório e Contas 2019

It is possible to understand that the only positive evolution was in the number of pensionists, with the diminishment of the members being explained by a superior increase in exits than in entries.

In the context of Montepio, it is important to understand the Group Montepio, having different participations in entities that offer products and services to satisfy the needs of clients, and applying the results to guarantee the mutualist finalities. The Associação Mutualista Montepio had nine main participated entities, in 2019:

- Caixa Económica Montepio Geral (CEMG), now called Montepio Bank, which was annex to AMMG between 1844 and 2015, where a Law of Savings Bank forced a changed, and started to be a joint-stock company. Is the most important way of promoting mutual ideals and mission of AMMG, being the main participated organisation. This organisation tries to collocate the mutualist modalities and other products and services, allowing synergies and creating value for mutualist values. Plays an essential role in relationships with Small and Medium Enterprises (PME) and third

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sector institutions. Includes Montepio Holding SGPS and the Banco Montepio Geral – Cabo Verde. The Holding had inside: Montepio Investimento, Montepio Crédito, Montepio Valor, Ssaginentive – Soc. Serv. Aux e Gestão Imóveis and Finibanco Angola;

- Montepio Seguros, which managed social participations in other entities, exercising in Insurance, Reinsurance and Management of Pension Funds. It was created to optimize resources and have more efficient capital management. Included, in 2019: Lusitania, Companhia de Seguros; Lusitania Vida, and Futuro;
- Montepio Gestão Ativos: It was specialized in management of financial patrimony, mainly investment funds and discretionary portfolio management.
- Montepio Gestão Activos Imobiliários ACE: Was born in 2014, including the Mutual Association, the Savings Bank, Montepio Investimento, Montepio Valor – Sociedade Gestora de Fundos Imobiliários, Lusitania – Companhia de Seguros, Lusitania Vida – Companhia de Seguros, Montepio Imóveis, Bolsimo – Gestão de Activos and Germont – Empreendimentos Imobiliários;
- Residências Montepio, managing residences (guaranteeing good levels of security and comfort to the residents), giving assistance at home (having qualified people helping in tasks connected to the everyday life – personal hygiene or meals) and teleassistance, answering to emergency situations. At the end of 2019, had 977 beds, 540 of private residences and 437 of continuous care;
- Montepio, Residências para Estudantes: Tried to promote good hosting solutions, in the center of big cities, having 160 students, distributed buy Lisbon and Porto, being predicted to open, in 2020, in Porto and in 2021, in Braga and Lisbon;
- Bolsimo – Gestão de Activos, focused on collections and credit assessment;
- Germont – Empreendimentos Imobiliários;
- Montepio Imóveis.

Besides these entities, Montepio had, according to the Annual Report of 2019, other organisations and actions, in the field of Social Responsibility: Voluntariado Montepio, in different areas, including all the workers and retired person, in social, environmental and culture actions, among others; Fundação Montepio, to promote social innovation and other non-profit entities. Had relationships with the Aliança ODS Portugal and wrote the Sustainability Report, among other actions.

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The two types of mutualist modalities act in areas of savings and protection, having three different Groups: Modalities Group I (Modalidades Grupo I) – Individual Modalities of Savings; Modalities Group II (Modalidades Grupo II) – Individual Life Protection guaranteeing payment of charges arising from credit agreements or provide this possibility; and Modalities Group III (Modalidades Grupo III), which are Individual Modalities of Life Protection, Mixed and Longevity Protection.

The modalities of protection can be characterized, according to the website of Montepio, by the financial protection against the risks of death, disability and longevity, where the Mutual Association pays a value subscribed by the member if some contingency occurs or if the deadlines of the product are finished.

Before the specific presentation of the mutualist modalities, it is important to refer the DNA of the modalities, according to the website of Montepio: values (liberty, democracy, independence and solidarity), with an important part of social responsibility and corporate ethics; self-help (the modalities, having contributions and deliveries, create an accumulated value, which can benefit the Subscriber or others, according to the modality chosen, which can be paid in one contribution, lifetime pension or constitution of lifetime or temporary income); enhancement (at the end of the Subscription, it is added a guaranteed income to the saved capital, process conducted by the Mutual Association); long term (in case of Reimbursements, will exist penalties) and condition (the Subscriber has to be member of the Montepio, paying an initial value and monthly fees).

The modalities of protection can be characterized, according to the website of Montepio, by the financial protection against the risks of death, disability and longevity, where the Mutual Association pays a value subscribed by the member if some contingency occurs or if the deadlines of the product are finished. They include some modalities: The “Montepio Proteção 5 em 5”, belonging to the Group III consisting in a Modality which tries to guarantee, to the subscriber or beneficiaries by death, the Capital subscribed, in five-year installments. Having a mix of nature (savings and protection), guarantees the temporary coverage of risks of death, except if total release. This modality can be subscribed by any member aged 14 to 65 years. Has a duration of 10, 15 or 20 years, and has three different Subscription plans:

- Plan PCC: Subscribed Capital and Modality Shares are constant. Considering the deadlines of 10, 15 and 20 years, the minimum value of the initial Subscribed Capital,

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C, varies between 500, 750 and 1 000 euros. The maximum value of C is always 250 000 euros; For periods of 10,15 and 20 years, each installment will be $C/2$, $C/3$ and $C/4$.

- Plan PCC - 2,5: The Capital and Shares grow in a geometric progression, at an annual rate of 2,5%. The maximum value of the initial Subscribed Capital is always 150 000 euros. For 10 years, each instalment is 0,5670 C (5 years) and 0,64004 C (10 years), while for 15 years the values are assuming 15 years, the values of installments are 0,37714 C, 0, 42669 C and 0,48277 C; considering the 20 years and 4 installments, the values are 0,28285 C, 0,32002 C, 0,36207 C and 0,40965 C, respectively.
- Plan PCC – 5: Subscribed Capital and Modality Shares have a similar progression to Plan PCC – 2,5, but the annual rate changes for 5%. Changes the maximum value of Capital Subscribed, that is lower than in Plan PCC and Plan PCC – 2,5: here is 95 000 euros. For 10 years (corresponding to two installments) the values are 0,63814 C and 0,81445 C; for 15 years, each installment has values of 0,42543 C (5 years), 0,54296 C (10 years) and 0,69298 C (15 years); the last one, 20 years of subscription, has four values associated: 0,31907 C, 0,40722 C, 0,51973 C and 0,6633 C. Other similar modality is “Modalidade Proteção – Outros Encargos”, that is in Modalities Group II.

Yet in the area of Protection, the “Modalidade Proteção – Crédito Individual” belongs to the Group II of modalities (individual life protection modalities for exclusive guarantee of payment of charges arising from credit agreements or provide the possibility) and tries to guarantee the payment of contracted capital allocated to individual credit agreements to the Beneficiary Creditor, if some risk covered occurs. Two options of subscription are made available to the subscriber, which must be between the legal age and 65 years, being borrower or guarantor of individual credit agreement: Death Risk (Risco Morte), where the coverage is allowed until 70 years (without); Death and absolute and definitive disability risk (Risco Morte e Risco Invalidez Absoluta e Definitiva), that can coverage until 65 years, exclusive. The subscription limits are between 500 (minimum, to open each subscription) and 75 000 euros, maximum value. If the modality is subscribed by two people, it will be calculated, for each subscriber, the respective contribution: reduces in 50% the value of the lowest contribution or, if similar, the contribution of the youngest contributor. If the coverage is triggered and the reasons are confirmed, the subscription ends and the Mutual Association is obliged to pay the benefits. Other product offered is the “Modalidade Proteção – Crédito Habitação”. As the last modality characterized, this is a product belonging to the Group II of Modalities, consisting in a modality designed to ensure, by the Mutual Association, the payment of a contracted capital allocated to a housing

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credit agreement, to a Beneficiary Creditor, if some contingency covered occurs. This product covers three risks: Death Risk (Risco Morte), Death and Total and Permanent Disability Risk (Risco Morte e Risco Invalidez Total e Permanente) and Absolute and Definitive Disability Risk (Risco Invalidez Absoluta e Definitiva). The subscriber has to have reached the adulthood, needs to have less than 66 years and has to be borrower or guarantor of the housing credit agreement, and the subscription can be made by two subscribers, if both are solidary borrowers or guarantors of the housing credit agreement and allow different covers for the subscribers. If two subscribers chose this product, each subscriber has to pay the modality contribution, similar to those previously referred. The subscription limits of the contracted capital are between 5 000 (minimum) and 400 000 euros, the maximum value allowed. The Death Risk can be covered until 79 years, the Death and Total and Permanent Disability Risk can be protected until 65 years (exclusive) and the Absolute and Definitive Disability Risk exists until 69 years of age. As in the anterior case, the subscription and the contribution finish when an event that is covered by the product occurs, with the fundamentals proven. When the covered contingency occurs and fundamentals are proven, Montepio pays the benefits. If the coverage is triggered, the beneficiaries of the remaining amount of the contracted capital, after the satisfaction of the credits of the first beneficiary, can be: the subscriber, if alive, or the beneficiaries (one subscriber); the surviving subscriber and/or the beneficiaries by death, if the number of subscribers is two.

Another product about Protection is the “Modalidade Proteção 18-30”, which a modality in Group III, about life protection, mixed and longevity protection. It is a product that ensure the payment, by Montepio, of a subscriber capital, benefitting the young beneficiary indicated at the date of the subscription, in anniversary date of subscription defined. Being a modality of savings and protection (mixed), guarantees the temporary coverage of the Subscriber’s Death Risk (Risco Morte do Subscritor). The subscriber can have an age superior to 18 and lower than 66, in the moment of subscription, except if occurs a full release, implying non restrictions in age. The date of the subscription can not be changed and is the date where the young beneficiary reaches the age for receipt and obviously, as the name of the modality shows, the beneficiaries have to be between 18 and 30 years old. The duration of the product has to be higher than 5 years, and the sum between the age of subscriber and the duration of the subscription must be equal or lower than 80 years, except if full release. Three possibilities of plans are provided:

- Plan PJ: Subscribed capital and modality contributions are constant; Considering C as the initial subscribed capital, the C has to be between 750 and 250 000 euros. The value

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of subscribed capital depends on the C and the number of years between the beginning of the subscription and the end of the subscription (t). The subscribed capital, in this plan, is the initial subscribed capital, C ;

- Plan PJ-2,5: Subscribed capital and quotas grow, in geometric progression, at an annual rate of 2,5%; Here, the initial subscribed capital has a minimum value of 700 and a maximum of 150 000 euros; The subscribed capital is $C * (1,025)^t$;
- Plan PJ-5: Subscribed capital and modality quotas grow, considering a geometric progression, at an annual rate of 5%. The values of C are from 600 to 95 000 euros and the subscribed capital, depending on the initial subscribed capital and the duration of the subscription, is given by $C * (1,050)^t$.

The subscription is extinguished and the values paid by the subscriber can be paid to the subscriber (if alive) or to other people indicated by the subscriber, if the subscriber has deceased and the subscription is closed.

The area of Protection includes the product “Modalidade Pensões de Reforma”, belonging to the Group III of Modalities, and can be defined as a Modality which guarantees the payment, by the Mutual Association, of an annual subscribed pension, to the subscriber, since the anniversary data of the subscription chosen to the beginning of the receivment. The member of the Montepio must have an age superior to 35 and equal or inferior to 60 years old. The anniversary date of the subscription, chosen by the subscriber, can be changed and is the anniversary date of the subscription correspondent to the year in which the subscriber reaches the age defined to receive the pension. The age to receive the pension needs to be at least 56 until a maximum of 70 years old, with the subscription having a duration of 10 until 20 years, being the years between the beginning of the subscription and the anniversary date to the beginning of the receivment of the pension. Three Plans are possible: the Plan PR (subscribed annual pension and modality quotas constant), Plan PR-2,5 (the pension and the contributions grow, in geometric progression, at an annual rate of 2,5%) and the Plan PR-5, which is similar to the Plan PR-2,5, but with an annual rate of 5%. The Plan PR has an initial subscribed annual pension (P) between 900 and 180 000 euros; in the Plan PR-2,5, the value of P is at least 600 and at most 120 000 euros; the other possible Plan, Plan PR-5, considers values of the initial subscribed annual pension in an interval between 360 and 72 000 euros. The value of the subscribed annual pension depends on the values of the P and of the years between the beginning and the end of the subscription, represented by t . In each moment, the subscribed annual pension has different values, taking into account the different Plans subscribed: in the

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Plan PR, the subscribed annual pension has a value of P , in the Plan PR-2,5 the value of the annual pension is given by $P * 1,025^t$ and in the last possibility (Plan PR-5) the value of the subscribed annual pension is $P * 1,050^t$. The coverage of the Longevity Risk of the subscriber occurs at the end of the subscription, when this is extinguished and the subscribed annual pension, with the improvements, corrected from loans to associates, is paid to the subscriber as part of that month. The pension is paid for life in twelfths due in the last day of each month and can be improved, finishing with the decease of the subscriber. To finish this product, it is important to talk about the beneficiaries of the modality: if alive, the subscriber is the only beneficiary of the subscribed annual pension (with improvements or not) and of the reimbursement of the modality contributions or equivalent, in case of compulsory extinction. Other product offered by the Mutual Association is the “Modalidade Proteção Vida”, belonging to the Modalities Group III, which includes the Life Protection, Mixed and Longevity Protection. This modality guarantees that Montepio will pay the subscribed capital to the beneficiaries by death of the subscriber, and basically covers the lifetime death risk of the subscriber. Any associate with more than 13 and less than 66 years old can subscribe this product, which has three possible plans of subscription:

- Plan PV: Constant value of the subscribed capital and modality quotas. The initial subscribed capital, C , can vary between 3 000 and 250 000 euros. In each moment, the subscribed capital depends on the C and the number of years between the beginning of the subscription and the death of the subscriber (t): considering this first plan, in each moment, the subscribed capital is C .
- Plan PV-2,5: Subscribed capital and quotas grow, in geometric progression, at an annual rate of 2,5%. Here the minimum value of C is 2 500 and the maximum corresponds to 150 000 euros. In each moment, the value of the subscribed capital is given by $C * 1,025^t$.
- Plan PV-5: The subscribed capital and contributions grow, considering a geometric progression, at an annual rate of 5%. The initial subscribed capital that is required is in an interval between 1 500 and 95 000 euros. Finally, considering that the subscribed capital is depending on the initial subscribed capital and on the t , the value of the subscribed capital, in each period, is $C * 1,050^t$.

The coverage of the Death Risk can be triggered only, at least, one year after the subscription. In the case of annual incomes, two possibilities emerge: if the monthly value of the income, when constituted, is lower than the minimum defined for incomes (temporary or lifetime), the

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payment of the benefit is in capital, but if the value exceeds the maximum value defined, the remaining is paid in capital. Finally, about the beneficiaries, the subscriber, if alive, is the only beneficiary of the lifetime annual income about a life, resulting from a reimbursement of the mathematical reserves of the subscription and the only beneficiary of the reimbursement of the contributions in case of withdrawal, or equivalent if occurs a compulsive extinction. The subscriber has to specify the beneficiaries by death and how to distribute the benefits, with a clear and precise declaration.

The last modality in the field of Protection is “Modalidade Proteção Invalidez”, that is included in the Group III. This is a product characterized by a payment, made by Montepio to the subscriber, of the subscribed capital, if the invalidity covered occurs, in certain period. The subscriber can choose between two possibilities: total and permanent disability risk (risco invalidez total e permanente) and absolute and definitive disability risk (risco invalidez absoluta e definitiva). To subscribe this modality, a member of this Mutual Association has to have an age superior to 13 and inferior to 60 years old. Some conditions are required to make this subscription: if it is jointly with a principal modality of the Group III, which does not cover the invalidity risk (simultaneously with a principal modality or later, in the anniversary dates of the main product, if is active); in the Plan of Subscription PI: Constant subscribed capital and modality quotes; a duration between 5 years (inclusive) and the lower of the following terms – final term of the subscription relative to main modality (exclusive) or when the subscriber turns 65. The only plan accepted is the Plan PI, requiring an initial subscribed capital, represented by the letter C, which must have a minimum value of 3 000 and a maximum value of 50 000 euros. Because this plan assumes constant values of the subscribed capital and modality contributions, the subscribed capital is always the initial subscribed capital, C. The coverage of the disability risk just can be activated after one year of subscription. Triggered the coverage and verified the fundamentals, the subscribed capital, possibly including some improvements, will be paid to the subscriber in certain date, when the subscription finishes. Finally, about the beneficiaries, the subscriber (if alive) is the only beneficiary of the subscribed capital increased by improvements that have been attributed, by triggering the coverage, and the only who can benefit from the reimbursement of the modality quotas by disability. The subscriber has to define clearly who are the beneficiaries for death.

Other mutualist area is the area of the savings. One possible product is the “Modalidade Poupança Expresso Net 2020-23, 5ª Série” (in promotional terms), but technically characterized as “Associação Mutualista Montepio – Prazo Certo 2020-2023, 5ª Série”, which is a specific

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case of one of the products belonging to the Modalities Group I, the “Montepio Capital Certo”. I must refer that the information provided is specific about the more recent product, but we have 4 other Series, which can have different values, mainly in the Annual Gross Nominal Rate. Considering this specific product, almost all the information is in the Technical Form of this Series, but some information can be obtained in the Technical Form of the Modality. It is an Individual Modality of Savings, which is intended to the constitution and savings of the Subscriber Associate’s Savings, benefitting the latter, without limit of age and having a defined term, being the benefit the receivment (at the end of the term) of the Modality Quota delivered when subscribed the serie, plus the respective annualized capitalized income and possible other income, deducted from possible Refunds and penalties (Accumulated Subscription Capital). The target of this modality consists in the members of the Mutual Association that have savings which they want to value in 3 years, having a fixed, predetermined and capitalized annual income and who want permanent availability, subject to penalties if they choose early Repayments, except situations defined in the technical form of the mutual modality “Associação Mutualista Montepio – Prazo Certo” and reimbursement for health issues. The inscription starts in 27 April 2020 and finishes in 22 May 2020, while the subscription starts at 27 May 2020, ending in 27 May 2023. The minimum value accepted for the Subscription is 250, and the maximum value by the Subscribing Member is 500 000 euros. In this serie, it is possible to change the beneficiaries for death, it is allowed the access to the Benefit of Loans to Associates on Repayable Capital (until 80% of the capital), if he is or if he compromises to be a member of the Mutual Association, partial or total repayments, subject a penalties, except the previously described exceptions. Over the Accumulated Capital, this serie has different incomes capitalized at the Annual Gross Nominal Rate (AGNR), considering the three years: in the first year, the income is 0,250%, in the second year is 0,275% and in the last year is 0,325%, having a medium value of 0,283%. In the first year, the gross accumulated income capitalized is 0,25%, while in the second year achieves 0,53% and in the latter 0,85%. The annual average capitalized gross accumulates income is 0,284%. The 0,85% and the 0,284% require that the Member keep the Associative Bond until the end of the Subscription, without any reimbursement. Otherwise, the AGNR will be 0,275% having a medium value of 0,2667% and a minimum yield of 0,2674%. The Serie assumes a Complementary Income, at the end of the Serie, over the Accumulated Capital of the Active and Conditionated Subscriptions. The Complementary Income includes the accumulated values, when the term of the Series is achieved, in the Special Reserve Fund (accumulated difference, during the Series, between the return on assets and the respective charges – minimum income, administrative expenses and

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contribution to the General Reserve Fund of the Mutual Association). The calculation basis is *Atual/365*. This specific Serie has the period to calculate the income starting on May 27 of each year (including), finishing on May 27 of the next year. When the Serie ends, or in other periods, included in the duration of the Series, the Subscriber receives the Accumulated Capital (delivered capital and the respective income, deduced from Reimbursements and penalties. The Beneficiary is the Subscriber of the Series (when alive is the only Beneficiary of the Accumulated Repayable Capital). Similarly to the last description, I will present the specific characteristics of the “Modalidade Poupança + Net 2020-2026, 5ª Série”. As the last one, is a specific case of a general modality called “Montepio Capital Certo”, from the Modalities Group I, which are Individual Savings Modalities. The big difference is the duration of the Product, which will influence the rates offered by the Association. Considering the context of the Savings Modalities, the Member of the Mutual Association can Subscribe the Modality “Poupança Mutualista Prazo 5.1. 2020-2025, 5ª Série”. It is another special case of the Modality “Montepio Prazo Certo”, which in the Benefits Regulation appears as “Montepio Capital Certo”, and is a Modality belonging to the Group I, changing, for example, the dates of subscription.

Other product is the “Montepio Poupança Complementar”, which is included in the Group I of the Modalities and can be characterized as a Main Modality which guarantees that the Mutual Association will constitute and value the savings of the Subscriber, benefitting the latter, without time limit. Any member of the Mutual Association can subscribe this Modality. Each subscription occurs in the moment of the Subscription, by an Initial Modality Contribution, and can not be lower than the minimum value defined. The information of this product is from the respective Benefit Rules (Regulamento de Benefícios). This Initial Modality Quote required is, at least, 100 euros. The Accumulated Capital in each Subscription and moment corresponds to the sum of the Modality Fees delivered and Accumulated Global Yield, deduced from Reimbursements and Associative Fees delayed and late payment interest (if the Subscription is closed), as any debts and charges connected to loans guaranteed by the Subscription. The Global Income corresponds to the sum between the Minimum Guaranteed Income and the Complementary Income. The Minimum Guaranteed Income (MGIt), in a calendar year, is given by:

$$MGIt = GRt * ABACNRt,$$

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where, in addition to the MGI_t , we have GR_t , representing the minimum guaranteed rate in the year t (and is the daily average, considering one year, ending on December 31 of t , of the European Central Bank reference rate, that is the minimum rate of the main refinancing operations – Ref Rate – deducted from 0,6 percentage points), and can not be higher than 3% and $ABACNR_t$, that is the Average Balance Accumulated Capital Non-Repaid, in the year t , and is the medium value of the Accumulated Capital, for a period of one year, ending on December 31, excluding the repaid capitals.

The Complementary Income in a year (CI_t) has the following formula:

$$CI_t = RCR_t * ABAC_t ,$$

with RCR_t representing the Result complement rate, in the year t , approved in the Annual General Assembly of Associates, with the value being related to the results obtained by the Modality in the year t and $ABAC_t$ being the Average Balance of Accumulated Capital in the year t , which is the daily average value of the Accumulated Capital, considering one calendar year. The MGI is attributed on December 31 of the year t , while the CI is distributed on May 1 of $t+1$.

Considering the Minimum Guaranteed Income for a certain year (t) and relative to each Reimbursement in the year, which is $MGI(r)_t$, even in case of death of the Subscriber, when due, is given by:

$$MGI(r)_t = GR(r)_t * \text{sum}(\text{from } i = 1 \text{ up to } n) * [ACR_i * (n_i/365)],$$

where, beyond the $MGI(r)_t$, it is possible to find: $GR(r)_t$, representing the minimum guaranteed rate in year t relative to each Reimbursement, r , in the year t and it is the same than GR_t , but assuming Reimbursement, considering the period between the January 1 of the year t (inclusive) and the date of the Reimbursement, r , done in the year t , or the less of the Associative Bond (depends on the first occurrence), and can not be superior to 3%; ACR_i , the Accumulated Capital Repaid of each deliver i , in each Reimbursement, r , considering the year t ; n_i , the period of permanence in each year t , relative to the Accumulated Capital, reimbursed from each i in each r made in that year – n_i corresponds to the days between the January 1 in t (including) and the Reimbursement, r , done in the year (excluding) or the date of the loss of the Bond (exclusive), whichever comes first. To finish the presentation of this product, the Subscriber, if alive, is the only Beneficiary of the repayable Accumulated Capital or of the Guarantee Capital. He can choose and identify the beneficiary (ies) by death and how to distribute the benefits.

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The “Modalidade Poupança Complementar Jovem” is other product offered by Montepio and has the same rules as the latter product offered (the Modality Rules and Technical Form of this product are similar to the “Modalidade Poupança Jovem”). The essential difference occurs in the age of subscription: this product just can be subscribed by a member who is at most 17 years old.

Other Modality which can be subscribed by the associates of the Mutual Association is the “Modalidade Poupança Reforma”, that is considered as part of the Group I of the Modalities, which are Individual Savings Modalities. The objective of this product is to guarantee that a Subscriber, during a period superior to 5 years, in situations of retirement or after 60 years chronological, can constitute and value their savings and can be subscribed by any member, independent of the age. Each subscription occurs delivering an Initial Modality Quota, at the date of the Subscription, equal or superior to a minimum value defined. The minimum value of the Initial Contribution is 100 euros. The Accumulated Capital, in each period and Subscription, is the sum of the Modality Contributions delivered and the respective Accumulated Global Income, deduced from Reimbursements and, if Closed Subscriptions, from overdue Fees and default interests. To the next formulas, I will explain briefly the meaning of each acronym (the detailed explanation can be consulted in the characteristics of the “Montepio Poupança Complementar”), because they are equal to the formulas in the Modality referred.

The Global Income consists in the value of the Minimum Guaranteed Income (MGI) plus the Complementary Income, where the MGI in a year (MGI t) of each subscription is calculated using the formula

$$MGI_t = GR_t * ABACNR_t,$$

where, in addition to the MGI_t, we have GR_t (the minimum guaranteed rate in the year t) which can not be superior to 4% and ABACNR_t, that is the Average Balance Accumulated Capital Non-Repaid, in the year t.

The Complementary Income in a year (CI_t) is: $CI_t = RCR_t * ABAC_t$, with RCR_t being the Result complement rate, in the year t, while ABAC_t is the Average Balance of Accumulated Capital in the year t.

The Minimum Guaranteed Income, $MGI(r)_t$, for a certain year (t) and relative to each Reimbursement in the year, even in case of death of the Subscriber, is given by:

$$MGI(r)_t = GR(r)_t * \text{sum}(from i = 1 up to n) * [ACR_i * (ni/365)],$$

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where, beyond the $MGI(r)_t$, it is possible to find: $GR(r)_t$, representing the minimum guaranteed rate in year t relative to each Reimbursement, r , in the year t and it is the same than GRT , but assuming Reimbursement, and has to be, in maximum, 4%; ACR_i , the Accumulated Capital Repaid of each deliver i , in each Reimbursement, r , considering the year t ; n_i , the period of permanence in each year t , relative to the Accumulated Capital, reimbursed from each i in each r made in that year. Finally, the Subscriber, when alive, is the only Beneficiary of the repayable Accumulated Capital and can define clearly the Beneficiary (ies) for death and how they must receive the benefits.

The Mutual Association, in the Savings Part, has another possible solution: the “Presentes Poupança”, allowing the subscription or reinforcement of a mutual savings, having a lot of advantages, experiences for all the Family, discounts in partnerships and free health plan. Can be for an adult, requiring a subscription or reinforcement of a mutual savings between 150 and 250 Euros), offering a Repsol card (10 or 20 Euros), in accordance to the product and value bought. If it is a child, the value of the subscription or reinforcement is lower (100 up to 150 Euros), giving a Dá card with 10 Euros and a family ticket for Pavilhão do Conhecimento.

The mutualist modalities are presented. Briefly, it is possible to refer that Montepio acts in health area: has a plan “Montepio Saúde”, free for members, without age limits, having doctor at home and offering advantages in institutions like gyms, hospitals, clinics, laboratories and others. Gives access to the Montepio Health Network, operationalized by AdvanceCare, where some partners are: CUF, União das Misericórdias Portuguesas or the Group HPA. Other possibilities offered are the option for a video consultation, provided by AdvanceCare, in the areas of General and Family Medicine and Pediatrics or the teleassistance, where the “Residências Montepio” have a service where the client can trig a button, having response in emergency situations, with contacts 24 hours per day. In the field of health, some services at home are offered: pharmacy (where the members can receive the medicines at home or office), doctor (giving consultation) and other support (by “Residências Montepio”, in the field of health and welfare).

4.3 Case study in France

4.3.1 Social Economy and Mutualism in France: data and legal framework

The data about Social Economy in France in 2016 was obtained from a document called “Economie Sociale: Bilan de l’emploi en 2016”. The table 7 will analyse the number of establishments, employees, the payroll, the average size of establishments and the average

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annual salary per job, divided in 4 groups of Social Economy entities: Associations, Foundations, Cooperatives and Mutual Associations.

Main Indicators of Social Economy in France (2016)					
Groups of SE entities	Number of establishments	Employees (thousands of physical persons)	Payroll (millions of Euros)	Average size of establishments (average employees per establishment)	Average annual salary per job (Euros)
Associations	166 872	1 853	39 140	11,1	21 122
Cooperatives	26 182	314	10 083	12	32 149
Mutuals	7 500	157	5 198	20,9	33 196
Foundations	1 536	85	2 359	55,6	27 623
Total/Average Social Economy	202 090	2 409	56 780	11,9	23 573

Table 7 – Social Economy entities and their main indicators, in France (2016)

Source: Adapted from “Economie Sociale: Bilan de l’emploi en 2016”

Table 7 shows that the Associations (82,57%), Cooperatives (12,96%) and Mutuals (3,71%) represent a total of 99,24% of the entities in the field of Social Economy, being these three, again, the most important in the employees (jointly, represent 96,47% of the total in Social Economy). The evolution between 2015 and 2016 was negative, in 0,5% in the establishments, but positive in 0,4% considering the employees. About the payroll, the Associations lead (68,93%), followed by Cooperatives (17,76%) and Mutuals (9,16%) are the most important in the sector, totalizing 95,85% of the total. The payrolls increased 1,6% in the period 2015-2016, considering the Social Economy. The total of the last two columns is referable to the average of the Social Economy, not being a sum of the previous rows. The average size of establishments in the Sector is higher than the private sector (9,4), according to Bazin et al. (2017), being the same the groups where the average salary is superior changing the order: Mutuals lead, followed by Cooperatives and Foundations, where the medium value of the sector is inferior to the value of the private sector, which is 29 787. The

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2 408 661 employees (12,8% of the private sector) in Social Economy had more importance in the total of private sector in Brittany, Reunion and Guadeloupe (with values of 16,3% for each one of the first two and 15,7% for Guadeloupe), but in absolute values the more important regions were Ile de France, Auvergne-Rhône-Alpes and Nouvelle-Aquitaine, totalizing 939 057, 38,99% of the total in Social Economy. All these evolutions were inferior to the private sector.

Types of mutuals	Main indicators in the mutualist sector (2016)		
	Establishments	Employees	Evolution of employees (2015-2016)
Mutual Insurance Companies	1860	31 395	1,2%
Mutual Agricultural Insurance	96	15 880	1,6%
Mutuals (Health)	5 265	106440	-0,1%
Other mutuals	280	2 880	-26,1%
Total mutuals	7 500	156 600	-0,3%

Table 8 –Mutualist sector and main indicators, in France (2016)

Source: Adapted “Economie Sociale: Bilan de l’emploi en 2016”

In a total of 202 090 establishments in Social Economy (2016), Mutuals contributed with 7 500, representing 3,71% of the total in the sector. Predominated health Mutuals, which were 70,2% of the total, followed by Mutual Insurance Companies (24,8% of the total of this group), other Mutuals representing 3,73% of Mutuals in France and Mutual Agricultural Insurance, representing 1,28%.

Considering the data about employees, in natural persons, Mutuals had a value of 156 600, in a total of 2 409 000 in Social Economy, which meant a weight of 6,5% of the total. The area of health Mutuals was the most significant, with a relative value of 67,97%. The second most important area was the Mutual Insurance Organisations, representing 20,05% of the total. The Mutual Agricultural Insurance were the third most representative area of Mutuals, having a relative importance of 10,14%, and the latter were other Mutuals, with an importance of 1,84% in the total of mutualist sector. In general, employees in Mutuals, considering 2015-2016,

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suffered a small decrease, of 0,3%, to which other Mutuals contributed significantly, with a decrease of 26,1% between 2015 and 2016.

About the payroll, in million euros, and considering that the SE sector achieved a value of 56 780 million euros, the Mutuals had an importance of 9,15% in the sector, with 5 198 million euros obtained.

The average number of employees by establishment, in 2016, achieved a value of 20,9 in Mutuals, bigger than Social Economy. About the average annual salary, the Mutuals were the entities where the value was higher, with an average of 33 196 euros, comparing to 23 573 in Social Economy.

Here, the law about social economy is the National Law on Social and Solidarity Economy (Loi 2014-856, from 31st July 2014).

The Article 1 specifies the concept of social and solidarity economy, saying that is a mode of enterprise and economic development suitable for human activity to which legal private forms adhere, respecting some principles: a goal that is not the share of profits; democratic governance, defined in Statutes, giving information, and where the expression is not just linked to capital contributions or contributions done by members, employees or other stakeholders; the management must respect some ideas (profits must be applied to maintain or develop the activity of the company, compulsory reserves can not be distributed or that, in case of liquidation, the bonuses have to be transferred for entities in Social and Solidary economy sector). The second point of this article defines that his sector includes production, processing, distribution, exchange and consumption of goods or services, from certain types of Social and Solidarity Economy organisations: cooperatives, mutuals or unions covered by the Code of Mutuality or mutual insurance companies covered by Insurance Code, foundations or associations, or commercial companies, according to certain conditions.

The Article 2 define the social utility for the Law, if a company complies one of three situations: has a goal of provide support to people in fragile situation, economically, socially or with health problems, and the people can be employees, users, customers, members of beneficiaries of this business; contribute to the preservation and development of social ties or to the maintenance and strengthening of territorial cohesion; to contribute to sustainable development, energetic transition, cultural promotion and international solidarity, if the activity produces impact supporting vulnerable groups or maintaining or recreating territorial solidarity, or participating in citizenship education. To finish the first chapter, the Article 3 define the The Superior

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Council for the Social and Solidarity Economy, which must adopt a guide defining the conditions to guarantee the improvement of good practices of companies in the social and solidarity economy, conditions that must consider the specificities of each legal form of entity in this sector and the existing legal, regulatory and conventional obligations already responding to the information requested. The good practices are about: effective modalities of democratic governance; consultation in the development of the entity's strategy; territorialization of economic activity and jobs; wage policy and social exemplarity, vocational training, compulsory annual negotiations, health and safety at work and quality of jobs; the link with users and the response to the unmet needs of the populations; the situation of the company about diversity, fight against discrimination and real equality between women and men, professionally and in elected management bodies.

The Second Chapter defines the organisation and promotion of social and solidarity economy, starting by the Higher Council for the Social and Solidary Economy (Article 44), being responsible for ensuring dialogue between the players in the social and solidarity economy and the national and European public authorities, being placed with the Prime Minister and chaired by the Minister responsible for this sector and it is consulted on legislative and regulatory provisions common to the social and solidarity economy as well as on draft provisions about social entrepreneurship, seeking to improve the articulation between the regulations and representations ensured by this area, at the national and European levels, publishing every 3 years a report on the development of the inclusion of the social and solidarity economy in European Union law and its polices, taking up any question in this field, namely any draft European directive or regulation. This Council contributes to define, every 3 years, a national strategy for the development of the social and solidarity economy, aimed to: promote the social and solidarity economy among young people, namely using public education service; help young people who aspire to undertake projects in this sector, promoting their initiatives; foster the integration of young people in social and solidarity economy businesses. This Higher Council is responsible for drawing up a report every 3 years on equality between women and men in this field and for formulating proposals for: ensure professional equality between women and men in the social and solidarity economy, allowing better coordination between the personal and professional life of employees in this area; promote the access of women to positions of responsibility, from salaried leaders as well as elected leaders; ensure parity between women and men in elected bodies of companies in the social and solidarity economy. This council includes: a deputy and a senator as well as representatives defined by the

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Economic, Social and Environmental Council and associations representing local authorities, nationally; representatives of different legal entities in the social and solidarity economy, proposed by them and of organisations representing employees and employers of companies in this sector, proposed by them; representatives of the National Council of the regional chambers of the social and solidarity economy and of other consultative bodies competent to deal with questions connected to mutuality, cooperatives, foundations, associative life and integration through economic activity; representatives of the State services contributing to prepare the implementation of public policy in this field, including the international dimension; qualified persons chosen from experts in the social and solidarity economy, some of whom chosen because of their experience of the European dimension of this area. The Article 5 talks about the French Chamber of Social and Solidarity Economy, that guaranteed, nationally, the representation and promotion of the social and solidarity economy, guaranteeing, to this end, the representation of companies in this sector, not prejudicing the representation of professional or interprofessional entities in the sector. It is an association enjoying ipso jure the legal capacity of entities of public utility, being made up of national organisations representing the different forms of the social and solidarity economy and by representatives of the National Council of the regional chambers of this field.

The Third Chapter explains the instruments to promote this sector, how to monitor the statistics, and other questions. The Chapter 4 talks about social innovation, which considers companies offering products or services with one of certain characteristics: either meet unmet or poorly met social needs, either under current market conditions or within the framework of public policies; either meet social needs by an innovative form of enterprise, an innovative process of production of goods or services or an innovative mode of work organisation. The procedures for consulting and drawing up socially innovative projects with which the beneficiaries concerned by these projects are associated, as well as the methods of financing the projects are considered social innovation. The Higher Council for Social and Solidarity Economy defines guidelines for identifying a socially innovative project or economic activity.

The title II explains the provisions facilitating the transfer of companies to employees. The title III includes explanation about the Cooperatives, which can be: cooperative production companies, cooperative societies of collective interest, cooperative companies of retail traders, low-cost housing cooperative societies, craft and transport cooperative entities, agricultural cooperative societies, activity and employment cooperatives and maritime cooperatives. The fourth title refers to insurance companies, mutual insurances and pension institutions, with title

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V analysing the support to this sector. The next title gives information about the associations, providing some other legal framework for these type of Social Economy entities. The seventh title is related to foundations, while the title VIII refers to eco organisations. The last title has some additional notes.

The Mutualité Sociale Agricole (MSA) has some specific legislation, more specifically, the Caisse Centrale de la Mutualité Sociale Agricole (CCMSA), representing MSA at a national level: The “Code rural et de la pêche maritime” or The Rural and maritime fishing Code, where the article L723-1 assumes that the organisms of the mutualité sociale agricole include the departmental and multidepartmental caisses of the mutualité sociale agricole, the caisse centrale de la mutualité sociale agricole and other associations and groups, being subject to the provision of Book I of the Social Security Code, except otherwise defined. These caisses have legal personality, being constituted and operating considering the mutual insurance code (Code de la mutualité), subject to the provisions of this code and Social Security Code. The Article L723-2 of the Rural and maritime fishing code says that the caisses of the mutualité sociale agricole are departmental or multidepartmental, being responsible for the management of compulsory social protection schemes for employees and self-employed in agriculture, and can be authorized to manage complementary sickness, maternity, invalidity and old-age insurance schemes for self-employed persons in agricultural professions and can support actions to promote coordination and provision of care in rural areas. The following article explains that the caisses include collection, control and ligation service responsible for calculating and recovering contributions due from nationals of compulsory agricultural social protection schemes, including these sections: social insurance for employees; family benefits; old-age and widowhood insurance for the self-employed; sickness, invalidity and maternity insurance for the self-employed; insurance against accidents at work and occupational diseases of employees; health and social action; if applicable, optional complementary health, disability and maternity, and old-age insurance sections for agricultural non-employees, among others. The Article L723-11 explains the missions of the CCMSA: to represent the MSA in relationships with the public authorities; to participate in operations to facilitate the exercise by the Mutualité Sociale Agricole of their powers (providing the funds with information and documentation relating to the application of agricultural social legislation; implementing automated processing enabling national beneficiaries of agricultural social protection schemes to be identified and centralizing the information necessary for determining the benefits due to the insured; ensuring the function of central purchasing office within the meaning of the public procurement code, on behalf of the

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MSA organisations in the article L 723-1 and in passing, for its own account and that of the said organisations, markets or framework agreements, being the contracts after the framework agreements awarded by the Caisse Centrale or the Mutualité Sociale Agricole organisms, among others); to manage risks, funds or budgets in the cases provided for by law or regulation or compensation operations about management, health and social action and medical control of the Caisses of MSA; proceed to the distribution of receipts and compensation of charges under the conditions provided by decree; to promote and animate health and social action; to promote the prevention of accidents at work of agricultural employees; to contribute to the health and social development of rural areas and, through its opinions, to the definition of the guidelines and conditions for implementing the rural development policy in health and social matters; to take the necessary measures to steer the network of agricultural social mutual benefit (mutualité sociale agricole) entities and to entrust some of them with the responsibility of assuming common missions, among other missions. The Article L723-14 defines that the caisses de mutualité sociale agricole and the caisse centrale are administered by the board of directors of the agricultural social mutual elected in the general meetings of the agricultural social mutual. The Article L723-28 defines that the central general meeting of the mutuality consists in delegates elected by their peers within the board of directors of each of the agricultural caisses, 3 for the first and second colleges and a delegate for the third college. The following article specifies that the board of directors of a departmental caisse includes: 27 members elected from among its members, by the departmental general assembly, for 5 years (9 members elected by the cantonal delegates of the first college by an absolute majority of the votes in the first round and majority relating to the second; 12 members elected by second college in the list system considering the proportional representation to the strongest remains without mixing, erasure or preferential vote, according to the order of presentation; 6 members elected by the third college, following similar rules to the first), 2 representatives of families (being one an elector in the second college and the other in one of the other colleges, appointed by the departmental union of family associations on the proposal of rural family associations, for 5 years). In an advisory capacity, 3 representatives of the staff of the caisse, chosen by the social and economic committee and taken from within (2 representatives of employees and like and of a representative of managers or similar). Considering the Article L723-32, the central board of directors of the “mutualité sociale agricole” has a composition very similar to the relative to a departmental caisse: 27 members elected from among its members by the general assembly, for 5 years; 2 representatives of families and in an advisory capacity sitting again 3 representatives.

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To conclude, I will use the Code of Mutualité to understand the main objectives of mutuals in France: because the MSA has specific legislation, this code will not be extensively analysed, as occurs in Portuguese and Spanish cases. The article 110-1 define mutuals, unions and federations as legal persons of private non-profit law, governed by their statutes defining their corporate object, field of activity and operation methods. The statutes can specify reasons for being, consisting of the principles adopted by the entity, which must act respecting the principle of solidarity and set up a democratic governance, allowing participation of members. The companies that must respect this Code (like MSA, as previously referred) can make public the status of a mutual insurance company with a mission or an admission union when some conditions are met, like: statutes specifying a reason for meaning and specifying at least one social and environmental objectives to pursue by the mutual; statutes specifying how to monitoring how the organisations execute the mission, by a mission committee, different from the corporate bodies, is exclusively responsible for monitoring and annually presents a report attached to the management report, in the assembly where the accounts will be discussed, with the committee carrying out any verification seemed to be important and is sent any document necessary for monitoring; the execution of the social and environmental objectives is analyzed by an independent third party. The mutuals carry out, by contributions paid by their members, and in the interest of the latter and their dependents, an action of foresight, solidarity and mutual assistance, allowing cultural, moral, intellectual and physical development of members and the improvement of their living conditions. The purposes of these entities are: to make insurance operations (to cover the risks of bodily injury linked to accidents or illness; to enter into commitments whose execution depends on the length of human life, pay a capital in case of marriage or the birth of children, use savings for capitalization entering into specific commitments; carry out legal protection and assistance operations for individuals; cover the risk of loss of income due to unemployment; to provide mutual guarantee to commitments entered into by their participating members for the acquisition, construction the rental or improvement of habitat or that of their assigns); to ensure the prevention of risks of bodily injury related to accidents or illness, as well the protection of children, the family, the elderly, dependent or disabled; to implement social action, to create and operate establishments or services and to manage social, health, medico-social activities, sports, cultural or funeral, and to carry out prevention operations, among others.

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4.3.2 Caisse Centrale Mutualité Sociale Agricole: The institution and products offered

The Caisse Centrale de la Mutualité Sociale Agricole (CCMSA) is a body governed by private law which has a public mission, being the head of the network of regional mutuals, contributing with them to the implementation of the agricultural social policy, representing the Mutualité Sociale Agricole (MSA) in a national level. Represents the agricultural system with the public authorities, being a driving force for a social policy adapted to the needs of the agricultural population, initiating and defining the development paths of the MSA, strengthening and enhancing strengths and particularities. The analysis will be focused on the MSA products/services/information.

During the second half of the 19th century, the farmers decided to organize collectively, creating the first mutual companies, to fight against the destruction of their properties, crops or loss of livestock, without legal status, growing up until 557 in 1889. In 1940, supervised by the Ministry of Agriculture, the MSA is confirmed as professional organisation to manage social risks of insured agricultural workers. With the ordinance of October 4, 1945 (assuming universality of Social Security, guaranteeing plurality of regimes) this company continues the action in agricultural sector. Other important dates connected to MSA were: 1951-1958 (Old Age Insurance for agricultural workers), 1960 (creation of Old Age Insurance for farmers), 1960 (creation of BAPSA – a budget for agricultural social benefits – and establishment of ASS – Health and Social Action), 1961 (appearance of AMEXA – Farmer’s Health Insurance), 1966 (AAEXA – Insurance of Accidents of Farmers, freedom of choice of the insurer), 1972 (compulsory insurance scheme covering accidents at work, commuting and occupational diseases, for agricultural workers), 2002 (reform and revaluation of the compulsory coverage of industrial accidents and diseases for self-employed in agriculture, establishment of a fund to prevent professional risks, managed by MSA) and 2003, creating a compulsory supplementary pension scheme for heads of farms or agricultural businesses, entitling retired RCOs to free rights to the RCO).

The MSA Group has some national structures:” La Fédération nationale de l’offre de services”, running and supporting the delivery service network; “AVMA”, which tries to make holidays easier, having a network of holiday villages, becoming an associative actor driving social and solidarity and tourism; “Laser employ”, to promote services and employment; “Marpa”, with this network (Homes and residences for autonomy) leading in retirement homes on a human

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scale, lower than 25 units; “Présence verte”, pioneer in tele-assistance, supporting isolated people or those in fragile situations, giving them serenity and kindness, having an approach to autonomy, based on proximity, solidarity and innovation, allowing support (at home or not), with 24-hour help and listening services, 7 days a week; “Solidel”, to promote the inclusion of people with disabilities in their living area. The MSA Group has 210 associations established locally federated within 29 MSA Services.

The CCMSA’S Board of Directors has 29 members, 27 elected by the general assembly and 2 defined by the National Union of Family Associations, with a mandate of 5 years, which defines the institutional policies of the MSA to implement agricultural social protection, mainly in health and social action, in prevention of health and occupational risks, for the supply of MSA services in the territories, to aid the farmers and agricultural workers in difficulty. The Board Office prepares the meetings of the board of directors, monitoring his decisions, deciding and issuing opinion on draft legislative and regulatory texts within the framework of the delegation given by the central board of directors. Has 9 members: president; the 1st Vice-President; 3 Vice-Presidents; the Chairman of the social protection committee for the self-employed; the Chairman of the employee social protection committee; the President of the health and social action committee; the Vice-President of the health and social action committee. Exists a social protection committee for agricultural self-employed, a social protection committee and a health and social action committee.

	Year of activity
Main indicators	2018
Benefits paid (Number)	26,8
Beneficiaries (Number)	5,6
Employees (Number)	16 000

Table 9 – Main indicators about MSA

Sources: Adapted from “Rapport d’activité 2018”.

The MSA provides social security coverage for the entire agricultural population and beneficiaries: farmers, employees (farms, businesses, cooperatives, and professional

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agricultural organisations), labor employers. The fields of predilection are: seniors, families and young people, businesses; health prevention; animation of the territory. MSA pays the benefits which can be claimed in health, family, retirement, work accident and occupational disease, ensuring recovery of social contributions and quotes and unemployment insurance and conventional contributions for many entities. Adding to the social security mission, works in occupational medicine and prevention of occupational risks, and offers a range of services in territories (not just for agricultural audiences), making the rural environment more attractive and maintaining the social ties. In MSA, the Mutualism is materialized through social and health experiments, concerted actions (concrete achievements, in rural areas and towards populations), as well as with partners and public authorities.

The three main values of the organisation, which are essential in Mutualism, are the following: solidarity (expressed between different generations, between many professions, between areas with high productivity or not, between healthy people and fragile), responsibility (ability to make decisions, committing to the community for the benefit of all, and the duty to answer for own decisions) and social democracy (based on the principle “one man, one voice”).

Some products/services/information are offered by the MSA to their clients, in the Particulier area, concerning: Health; Family, accommodation; Retirement; Activity Bonus, RSA; Solidarity, handicap and dependence. To not make this thesis more excessively long, the areas of health, retirement and solidarity, handicap and dependence seem to be interesting to study, because they can have similar products to Montepio.

The most interesting subarea of the health is the accident illness and disability, having some different products. Here, it is important to refer: “L'invalidité et l'inaptitude médicale au travail” or The disability and medical incapacity for work, where just the social insured recognized as disabled before age 62 can receive the invalidity pension or surviving spouses who, not having a personal entitlement to a disability benefit, are granted in case of incapacity for worker higher than 2/3, a widower's disability pension before the 55 years of age, can benefit from this support. This pension has 3 categories: concerned to salaried workers with an incapacity higher than 2/3, that can not work; the second is paid to employees unable to exercise a profession; the third is intended for employees who, being unable to exercise a profession, have to use assistance of a third person to carry out ordinary acts of life and a holder of an invalidity pension can receive health insurance benefits without limitation of duration and without participation in the costs, except for drugs reimbursed at 35% and 15%. Beyond the age, other condition is

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to be subject to the farmer's health insurance for at least one year and can benefit: heads of farms or agricultural businesses or co-operating spouses, collaborating spouses or cohabiting collaborators, among others. The invalidity pension for total incapacity is intended for: heads of farm or agricultural enterprise or self-employed family helpers, for example, with health benefits without limitation of duration and participation in the costs, following previously rules. Considering the retirement age, 62, the invalidity pension must be abolished, but can be maintained until 67 years of age in case of continued professional activity, and this pension is suspended as soon as an early retirement is paid. The Supplementary Disability Allowance is a benefit paid in addition to a lifetime benefit granted under old age or disability insurance, until the holder reaching the age required to benefit from the Allowance of solidarity for the elderly (ASPA). This Supplementary Allowance can benefit a person: with an old-age or disability benefit (for example, a disability pension, a survivor pension or an early retirement pension for insured persons with disabilities or who have had a long career); reside in France or overseas department; resources below ceilings. Living alone, these ceilings can be 8 679 (annual) or 723,25 Euros (monthly). In case of living in a couple, the annual limit is 15 201, 92 and the monthly value is 1 266,82 Euros. The ceiling considers the professional income, retirement and invalidity pensions or the allowance for disabled adults, ignoring: family benefits and the supplement for third parties or the additional benefit for recourse to third parties. If the person lives alone or just one of the spouses benefit from this, the monthly allowance is 415,98 Euros, increasing to 686,43 Euros when both married spouses' benefit. Under some conditions, it is possible to benefit from an increase for independent living or other resources. If the person is unfit for work, he can obtain the basic retirement (full rate of 50%) from the legal retirement age, under some conditions. All people with permanent disability rate of 50% can obtain the full rate from the legal age of departure. Some people have an automatic retirement at full rate, not requiring medical control (which is the most usual case): recognized as disabled before the statutory retirement age; holders of a widow's or widower's pension replaced by a widow's disability pension; disability cardholders recognizing at least 80% permanent disability.

Considering the area of retirement, "Les versements pour la retraite" or Payments for retirement specify that a retirement payment which can extend the term of insurance is allowed: if the person as at least 20 and under 67 and not retired from the agricultural plan, and this payment is possible for: the years of higher education validated by a diploma or periods completed as live-in-caregiver. In the first case, the person can make a payment within the limit of 4 quarters for the same year and 12 quarters in total for the agricultural plan. The payment requires that

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the person have obtained a diploma from a higher education establishment, higher technical school or large school; or have been admitted to a large school or a secondary preparatory class, not contributing to a compulsory French or foreign pension plan. To buy back quarters, it is possible to choose the rate only option, reducing the effect of the discount when the person does not have the insurance period to obtain the full rate or the insurance rate and duration option, reducing the discount and it is used to define the insurance duration. The payment can be made using a single payment or by a payment in installments, without being able to exceed 4 years, with the agreement of the MSA and in case of installments, the redemption contributions are increased. The payment amount for a quarter is calculated considering the age, the professional income in the 3 years before the period from July 1 to June 30 (including the date of first event with the pension fund) and the buy-back option chosen. If the person has a family link (ascending, brother or sister) with the farm manager or his spouse and if he is a family helper after the compulsory education and before the age of affiliation to the compulsory old-age scheme, he is concerned by the status of homemaker. The farm where he declared having carried out homemaker activity has to be affiliated, at the time, with the compulsory scheme for self-employed agricultural workers, MSA, and he must have exercised the activity between 14 and 21 years of age in regular manner, without education during the activity and without exercising activities under other compulsory basic scheme, to be able to make a retirement payment. To define the cost of purchasing contributions, the age on the date of the redemption request, the duration of agricultural career as an employee and self-employed on the date of the buy-back request and the professional and salaried or non-salaried incomes for the three years before the buy back request. The area of retirement includes other product called “La retraite anticipée pour carrière longue” or Early retirement for long career, where a person which started to work very young can retire before the legal age (62), meeting two conditions simultaneously: justification of a certain period of assessed insurance and a minimum insurance period at the start of the career, young work. To retire before the age of 60, before the end of the year of the 16th or 17th birthday, a self-employed worker has to combine at least 4 quarters, while for employee 5 trimesters are required (4 trimesters if the person was born in the last trimester), and for retirement from the age of 60, a person must meet similar conditions, in terms of trimesters, before the end of the calendar year of his 20th anniversary. All the periods that gave rise to contributions by a person to a French scheme are retained, for example: contributions to compulsory or voluntary old-age insurance; training leave; arrears contributions, among others. Some quarters can be considered as contributions, being taken into account in the contribution insurance period: national service until 4 quarters; all maternity trimesters; the quarters for

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disability for agricultural employees within the limit of two quarters, for example. It is not possible to exceed 4 quarters per year, all basic pension plans combined. The starting point for retirement will be defined at the earliest on the first day of the month following the request, if the person can benefit from it, with the date of the request being used to fix the beginning of the retirement, if he sends the request for early retirement within 3 months. Between 1956 and 1973, some different conditions are required: the quarters obtained young are before the end of 16 years of age or 20 years; a minimum of 166 contributions (for people born in 1956 and 1957, considering 20 years) and a maximum of 180, for the people born after 1973, assuming 16 years; in all cases, considering 20 years, the possible age of departure is 60, while in the case of 16 years the values vary between 56 years and 8 months and 60 years.

As occurs in Montepio, the MSA has some products concerning the handicaps and disabilities, and I will refer the “Vous êtes en situation de handicap” or You have a disability as one important product in this field: disability is considered a limitation of activity or restriction of participation in society suffered in his environment by a person due to a substantial, lasting or definitive impairment of one or more physical, sensory, mental, cognitive functions or psychic, polyhandicap or a disabling health disorder, existing 6 types of disabilities: motor, visual, hearing, mental, intellectual and disabling illnesses, whether temporary or permanent. Recognition of a person’s disability results in a disability rate, defined by the Commission on the Rights and Autonomy of People with Disabilities, and this recognition and definition of the rate allow to access some aids. The Recognition of the Quality of Disabled Workers is aimed at people who are able to work, but with some difficulties in doing certain types of professional activity due to health problems. The recognition of the disability is not compulsory, but this recognition as a disabled worker allows access to some measures promoting the professional integration of disabled people. The MSA offer some benefits in this field, like: the allowance for disabled adults (guaranteeing a minimum value to have some autonomy); coverage of medical expenses (medical care can be totally covered by the insurer if the person has a condition in the list of 30 diseases listed due to the prolonged nature and the use of expensive therapy and if the treatment has certain characteristics); reimbursement of medical transport costs (if, on medical prescription from the attending physician, the person has to travel: for hospitalization or to follow treatments or care connected to a long-term condition); invalidity and incapacity pension, with the state of incapacity being assessed by the MSA medical consultant jointly with the attending physician.

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4.4 Case study in Spain

4.4.1 Social Economy and Mutualism in Spain: data and legal framework

Some data is provided by a document called Análisis del Impacto Socioeconómico de los valores e principios de la Economía Social en España (Martín et. Al., 2019).

Types of entities	Importance in Social Economy (%)
Associations and Foundations	53,2%
Cooperatives	32,8%
Special Employment Centers	6,7%

Table 10 – Social Economy groups in Spain

Sources: Adapted from Martin et al. (2019), Análisis del Impacto Socioeconómico de los valores e principios de la Economía Social en España

In 2018, respecting to the entities in this sector, the Associations and Foundations, together, cooperatives and Special Employment Centers were the most important in the total of Social Economy, as the table 10 shows.

Indicators of Social Economy	Importance in Economy (%)
Gross Domestic Product	10
Employment	12,5
Population	42,8

Table 11 – Social Economy contributions to Economy in Spain

Sources: Adapted from Martin et al. (2019), Análisis del Impacto Socioeconómico de los valores e principios de la Economía Social en España

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This sector created 29 000 entities in last 8 years, representing 190 000 new jobs and entities represented, in 2018, 6,1% of entities in Economy.

If we analyse the dimension of the entities, micro companies (1 – 10 workers) represented 41,% of the total in Social Economy, followed by small entities (11 – 50 workers), with a relevance of 36,1% and medium enterprises (51 – 250 workers), assuming a weight of 18,3% in the total of Social Economy. The tables 12 and 13 resumed the sectors and the areas of activity most significant to Social Economy in employment and entities.

Sectors of activity	Some indicators	
	Importance of Social Economy in productive fabric (%)	Importance in total of Social Economy entities (%)
Social Services	41,2	17,2
Education	24,3	17,7
Artistic and Recreational Activities	31,7	17,1

Table 12 – Social Economy Indicators by Sectors of Activity in Spain

Sources: Adapted from Martin et al. (2019), Análisis del Impacto Socioeconómico de los valores e principios de la Economía Social en España

Regions	Indicators	
	Importance in the employment of Social Economy (%)	Importance in total of Social Economy entities (%)
Catalonia	17,6	21
Andalusia	17,2	16,1
Valencian Community	11,7	12,2

Table 13 – Social Economy Indicators by Regions

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Sources: Adapted from Martin et al. (2019), *Análisis del Impacto Socioeconómico de los valores e principios de la Economía Social en España*

The data about the Mutuals is not very extensive, with the “Confederación Española de Mutualidades” giving a little number of data: exist 223 mutual welfare societies in Spain and 2 million of mutualists. The value of the assets is 45 934 million Euros and premium income has a value of 3 559,15 million Euros. The biggest part of these entities have the Competent Registry in the Basque Country (Pais Vasco) (120), General Directorate of Insurance and Pension Funds (47) and Catalonia, with 30 entities.

The case studied is Divina Pastora, which is defined as a “Mutualidad de Previsión Social” (Mutual Provident Society). These entities have to follow “Real Decreto 1430/2002” and “Real Decreto Legislativo 6/2004”. These entities will be contextualized considering mainly the Law 1430/2002, but has more legislations associated about insurance, that will not be focused in this work, proving the strong connection between the mutualist products and the insurance, about their characteristics

It is important to understand the legal context of Social Economy, which includes the social welfare mutual societies, to understand the similarities and differences to other countries. Spain was one of pioneers in specific laws in Social Economy, with National Law on Social Economy (Ley 5/2011, from 29th March), which will be analyzed.

The first article says that the purpose of this Law is to define a common legal framework for the entities that make up the Social Economy, respecting the specific regulations applicable to each one, as well to determine the promotion measures to favor them, considering their ends and principles, while the second defines what is Social Economy, referring that includes the economic and business activities conducted in private scope, trying to promote the general, social and economic benefits. The fourth article defines the principles of the entities in Social Economy sector, which are four: the people and social objectives must prevail over capital, with democratic, participated an autonomous management; the profits must be applied according to the work and services done by members; promotion of internal solidarity with society, having commitments with local development, gender equality, social cohesion, inclusion of people with risks of social exclusion or stable employment, among others. Finally, these entities must be independent of the public sector. The Article 5, point 1, is crucial in this law, defining which are the entities in this sector: cooperatives, mutual societies, foundations and associations with economic activities, labour societies, insertion companies, special employment centers,

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brotherhoods of fisherman, agrarian transformation societies and other entities with principles previously defined. The Article 8 explains, like in Portuguese context, that the public sector must promote the Social Economy, and how to promote, always defending the general interest. The objectives of the public policies in promotion of the Social Economy are: to remove the obstacles preventing the start and development of economic activities for entities of this sector, paying special attention to the simplification of administrative procedures to create entities of Social Economy; to facilitate initiatives in this field; to promote the principles and values of Social Economy and vocational training and retraining within the companies of this area; to facilitate access to technological and organisational innovation processes for entrepreneurs in Social Economy entities; to create an environment encouraging the development of economic and social initiatives in this sector; to involve Social Economy entities in active employment policies, mainly to favor sectors most affected by unemployment, women, youth and long-term unemployed; to introduce references to this field in the study plans of the different educational stages; to promote the development of Social Economy considering issues like rural development, dependency and social integration. The point 3 of this Article clarifies that the Ministry of Labor and Immigration must promote actions of promotion, diffusion and formation of Social Economy, not prejudicing the faculties of other ministers about the economic, business and social activity made by the entities in this area, for the fulfillment of their corporate purpose. To conclude the analysis of the Ley 5/2011, an article about the Council for the Promotion of the Social Economy is presented, and this Council must follow the Law 5/2011, being an advisory and consultative bodies for activities connected to the social economy integrated, through the Ministry of Labor and Immigration, in the General State Administration, not belonging to the hierarchical structure, and is a body for collaboration, coordination and dialogue of this sector and the General Administration. The functions of this Council are: to inform and collaborate in the preparation of projects on any legal or regulatory provision affecting entities of the social economy; to prepare the reports requested by the Ministry of Labor and Immigration and other ministerial departments; to evacuate previous report in the elaboration and update of the catalog of entities in this field of the Ministry of Labor and Immigration; to inform the development and promotion programs of the social economy; to carry out studies and reports on issues and problems affecting this area, mainly reinforcing knowledge, institutional presence and international projection of the social economy; to ensure the promotion and respect for the principles of the Law 5/2011; to issue a previous report on the adoption of the statistical information measures of entities of this sector; other functions and powers legally provided. The Council for the Promotion of the Social Economy will include

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representatives of the General State Administration, of the Autonomous Administrations, of the most representative association of local entities, of the representative intersectoral confederations of the state level, as well as Sectoral majority entities of the social economy which are not represented by intersectoral confederations, the most representative trade union organisations and 5 persons with prestige in this field chosen by the Ministry of Labor and Immigration, with the President of the Council being the head person of the Secretary of State for Employment.

The “Confederación Española de Mutualidades” provides important information, saying that these entities are associations of persons which want to complement the public system of Social Security, being modern ways of social security, granting pensions considering issues like retirement, widowhood, orphanhood, disability, illness or temporary loss of work. They are guided by insurance legislations, however they are not insurers, having some differences: they do not have profit goals; entities of persons, not of capitals; democratic participation; self-management; transparency; basic objective is social security.

The specific legislation of the “Mutualidades de Previsión Social” requires the analysis of the Law 1430/2002 (Real Decreto 1430/2002, from December 27). Considering this law, the Article 2 defining these entities is essential to understand what social welfare mutual societies are, and these organisations consist in private non-profit insurance entities exercising a voluntary insurance modality complementary to the compulsory Social Security system. The point 3 clarifies that when in a social security mutuality all its mutual members are employees, its protectors or promoters are the companies, institutions, or individual entrepreneurs in which they provide their services and the benefits that are offered are only consequence of social security between them and those, it is assumed that these entities act as an instrument of business social security. The chapter III explains the scope of coverage and benefits, with the Section I defining the general scheme, starting in the Article 15, defining the provision of risks to people. In this article, social welfare mutuals can carry out this insurance operations: the coverage of contingencies of death, widowhood, orphanhood and retirement, using capital or income, as well as the granting of benefits due to marriage, maternity and children and of accident and disability contingencies for work, illness, legal defense, assistance and death as provision of the burial service or reimbursement of expenses and disability insurance operations for work and illness can indiscriminately understand temporary disability coverage; the granting of benefits to meet needs derived from facts or legal acts impeding, temporarily, the exercise of the profession. The Article 17 talks about the benefits compatibility, saying that the

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same mutual society can carry out all or part of the insurance operations in the Articles 15 and 16, provided that they are in the scope granted and assumed in the statutes, with the benefits of these institutions being compatible and totally independent of the rights that can correspond to the mutualists or beneficiaries because of their inclusion in any compulsory regime of the Social Security. The Article 34 talks about the associative bodies, defining that the social security mutual societies adjust their operation and, particularly, the composition and competences of bodies to the provisions of these Regulations, as provided in articles 15 to 21 of the Regulation of Private Insurance to their statutes and, in addition, to the provisions of the regulations applicable to corporations. The following article define the governing bodies of the social welfare mutuals, which are the General Assembly and the Board of Directors, without prejudice to the statutes being able to foresee others. The Article 36 starts to say that the General Assemble considered in the statutes is the meeting of mutual members to deliberate and make agreements as the supreme organ of expression of the social will in matters attributed to it by the Law, the Regulation 1430/2002 and the statutes. The second point refers that the general assembly has the responsibility of debate the matters of the mutuality, being some powers non-delegable, the agreement of which is mandatory to: appoint or ratify and revoke the members of the board of directors; approve the annual accounts and application of the result; agree on new mandatory contributions to the mutual fund, and also agree on the reimbursement of contributions from the mutual fund as provided in article 11.1.b) of the Regulation of Private Insurance; modify the bylaws; agree on the transfer of the portfolio, merger, spin-off transformation and dissolution of the mutual society considering some articles of the Law from 1995 and Regulations for the Regulation and Supervision of Private Insurance; exercise responsibility action against members of the board of directors; all agreements required in Law, by the Law 1430/2002 or statutes; appointment of auditors and, if appropriate, the election of the members of the financial control commission; approve and modify the benefit regulations if the mutual society has chosen to use them to document the contractual rules governing the coverage of guaranteed risks; agree on reduction of benefits in entities where the statutes consider this. The Article 39 introduces other associative body, the board of directors: must have the members defined in the statutes, including at least one president and secretary, except if defined in the statutes that they must be appointed in the general assembly. Their members must be mutualist, but if exists any protective entities or persons, the bylaws specify that the protectors or representatives are part of the board of directors, implying the non-effective control of the board. The board is responsible for the powers of representation, provision and management not reserved by laws or regulations, more specifically: to set the general guidelines

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to manage the entity; to appoint the management positions of the entity considering some Laws; to exercise permanent and direct control over the management of directive positions; to present to the general assembly the annual accounts, management report and proposed application of the result. To finish the legal framework of the “Mutualidades de Previsión Social”, The Article 43 presents the financial control commission: it is a corporate body for the social welfare mutuals which are not obliged to submit their annual accounts to account auditing, and for the mutual societies that undergo account audits, the financial control committee is optional, with the second point of the article clarifying the composition of this commission: 3 mutualist not included in the board of directors, being elected in the general assembly. The operating regime must be adjusted to: they will meet at least once a year to verify the financial and patrimonial situation of the social welfare mutual society, drawing up a written report to present to the ordinary assembly; the system for electing members, the duration of the mandate and, if appropriate, re-election, must be defined in the bylaws.

The CEPES (Confederación Empresarial Española de la Economía Social) defines mutuals as non-profit insurance entities carrying out activities to the Social Security system based in democratic structure, carrying out voluntary insurance activity.

4.4.2 Divina Pastora: The institution and products offered

Divina Pastora is a social welfare entity (in Spain called “mutualidad de prevision social”) having a lot of policies and insured, having some products to benefit the members. This organisation was founded in 1957, by the Father Salvador de Rafelbuñol, in Valencia, guaranteeing social protection to people who did not access to the public social security system, and today is one of the most important organisations in the welfare field, improving the conditions and benefits offered. Other important dates for this organisation are 1962, with the creation of new offices in other cities (benefitting more groups), publishing “Ecos del Hogar” (during 11 years the bulletin of the Mutuality) and extending the social services, having professional training courses, residences with lower prices or free medical clinics, followed by 1963, where the entity started the construction of subsidized housing, which continues until nowadays (more than 7 600 houses). More important years are referred, and I will refer some: 1987, where appeared the Retirement Plans (the second commercial product); 1993, with the commercialization of Life Insurance, being a reinforcement to basic benefits and the third commercial product of the company; 2003, with the creation of their Foundation, to promote and expand social aid (following the purpose of Divina Pastora Seguros), and it was created the

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“Gesmutual Inmobiliaria SA” promoting houses with good prices for the members; 2007, acquiring the “Alianza Médica”, acting in areas of Health and Deaths; 2008, buying the “Cisne Aseguradora”, having a platform for Health, with good medical conditions; 2009, with the merger by absorption of “Mutualdis”, to protect the disadvantaged, protecting people with mental or physical disability; 2010, expanding the portfolio with Dental Insurance (Seguro Dental), Family Legal Defense (Defensa Familiar Juridica) and Points Card (Carné por Puntos), becoming a reference; 2011, acquiring the “ASMEQUIVA”, in healthcare insurance; 2012, where was approved the merger with “Quinta L’Aliança”, becoming the largest Spanish social welfare mutual fund (465 000 mutual members); and finally, in 2013, the incorporation of the Home (Hogar) product in the portfolio, protecting this very important asset, with good guarantees and prices, answering to the wishes of the associates.

According to the website of the Mutualidad, the mission of this company is the social security and assistance benefitting their members and assets. The vision defends that must continue to be a leading mutual society in social welfare for its members, with continuous innovation, having excellent services and products for associates, clients and mutualists, offering opportunities of professional and personal development and providing value to the society by the Foundation and by Divina Pastora Seguros. The main value defended by the Mutualidad Divina Pastora is the social responsibility, where the employees, managers and administrators have to respect the values of the organisation, to guarantee an ethical development. Other values, connected to the first, are the honesty, transparency, innovation, service, training and respect for the environment, in relationships with the stakeholders (employees, customers, mutuals, suppliers and society).

The principal entity is “Mutualidad General de Previsión del Hogar “Divina Pastora” Mutualidad de Previsión Social a Prima Fija”, and was created in 1957, with the insurance activity in areas of life, accidents and disease (vida, accidentes y enfermedad), including healthcare and four subsidiaries: Divina Pastora Seguros Generales, SAU, Nova Quintàlia, Federada Compañía de Seguros and Inversiones Divina Pastora, SPA. The Divina Pastora Seguros Generales, SAU joined to the Group after the acquisition, in 2007, by Mutualidad Divina Pastora and acts in insurance areas of illness (includes healthcare), deaths, accidents, pecuniary losses, legal defense and home. Nova Quintàlia owns and administrate the real estate, and includes another entity, Clinica Terres de Ponent, SLU, which acts in hospital area, in Lèrida. The Federada Compañía de Seguros was constituted on March 12, 2012, in Buenos Aires, by Mutualidad Divina Pastora and Mutual Federada 25 de junio, Sociedad de Protección

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Recíproca, and it is owned in 50% by the Mutuallidad, and carries out insurance services. The latter subsidiary is the Inversiones Divina Pastora, SPA, established in Chile, on April 16, 2018, and it is the vehicle of the parent company in Chile, with the most significant activity being the major shareholder of a life insurance company.

Considering the “Memoria Anual 2018”, a report about the Group Divina Pastora Seguros, Divina Pastora has a lot of products and services, which exist to face the future having guarantees and coverage against unforeseen events. The insurance activity was always adapting to changes in environment, improving the portfolio, which was constituted by the following products: Health (“Salud”), Veterinary Assistance (“Asistencia Veterinaria”), Home (“Hogar”), Accidents (“Acidentes”), Hospitalization (“Hospitalización”), Deaths (“Decesos”), Life (“Vida”), Savings Plan (“Plan de Ahorro”), Defense Family Law (“Defensa Juridica Familiar”) and Points Card (“Carné por Puntos”). The focus will be in the Accidents, Deaths, Life and Savings Plan, so in the other areas one product will be analysed.

The area of Health includes the Products “Salud Completo”, “Salud Especialistas”, “Salud Plus” (covers the two previous products, and provides personal, family and home assistance in cases of death, hospitalization and immobilization at home due to convalescence) and “Salud Dental”.

Analysing the “Salud Completo”, this product forces the Mutuallidad Divina Pastora (MDP) to provide the insured medical, surgical and hospital care coverage to proceed in all illnesses or injuries included in the specialties, health benefits and other services covered by this product, after paying the respective premium, excluding the events and consequences occurred before the effectiveness of the contract. The diagnostic and therapeutic advances, during the period of the coverage, can be part of the coverage if the validity or the effectiveness are treatment in the National System of Health, and must be detailed for the next renewal periods. Compensation in cash replacing the provision of health care is not allowed. Obviously, requires a payment by the member of a value, allowing the access to some services. The insurable people are people with age equal or lower than 59 years, without a serious illness and being resident in Spain and protects the people over 59 years who signed the contract before the limit age. Considering the people with less than 18 years, can be included if the persons exercising parental authority are the takers. The contract relative to this product terminates when: occurs a death; change in the habitual residence (being outside Spain) or when someone does not live in Spain for a minimum of eight months a year; when the insured are the relatives of the policyholder, finishes when

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they cease to live with the policyholder on regular basis, which has to be communicated to the Mutualidad. When the said family members acquire this product up to a month after the cease of the coexistence, the seniority right will be maintained. The insurer can not finish this product when the insured is undergoing treatment in hospital until discharge, except expressly waived by the insured to keep the treatment, without prejudice the rights of the MDP to repeat against the insured the expenses if the assistance is not covered by the policy. Some specialties, health benefits and services covered by this modality are: primary assistance (general medicine, pediatrics and childcare and ATS/DUE services), medical emergencies or specialist assistance (allergology, anesthesiology and resuscitation or angiology and vascular surgery, for example), among others. The document characterizing this product presents 42 possible exclusions, which are not possible to characterize all in the field of this thesis, so just a few number will be referred: illnesses or accidents derived from causes like war, volcanic eruptions, extraordinary seismic or meteorological phenomena, floods, radiation or nuclear reaction, terrorism or of political and social nature and declared epidemics; illnesses or injuries as consequences of professional practice of sports, participation in bets and practice (amateur or professional) of bullfighting, confinement of wild animals, pyrotechnics and pyrotechnic accidents, skiing, diving, boxing, martial arts, motor vehicle racing, rugby, caving, paragliding, unauthorized aerial activities for transport of travelers, boating activities, bungee jumping, canyoning; healthcare derived from infection with HIV and related diseases, as its complications and sequelae.

The Mutualidad, according to the “Memoria Anual 2018”, acts in Deaths. In this product the MDP assumes the payment of the funeral services covered by this product, requiring the payment of the respective premium, until a maximum defined, when the insured dies, no matter the cause of death (except suicide in the first year of the coverage) and the place. People with an age lower or equal to 75 years, without a serious illness and living (usually) in Spain can contract this product. On the other hand, who has a serious disease limiting his life expectancy (except if expressed in health state and accepted by MDP) and the non-residents in Spain can not sign this policy. If the risk or the sinister were not verified at the end of the policy, the contract is null. The insurance contract starts when the contract is perfect by the consent expressed by the contracting party in the subscription, with the coverages contracted starting at the date and hour defined, provided that the first premium receipt or the first rectified receipt. The contract has a duration of one year, and can be tacitly prorogated for annual periods, at the end of each annuity. The premium must be paid, usually, by direct debit, and the first value

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occurs when the contract is signed, with the premium being annual. The insurer guarantees, until a maximum defined when the death occurs, the provision of a funeral service, which includes, for example: funeral ark, shroud sheet, wake room, funeral and escort car; organisation of social and religious act; flower crown and center, reminders, thanatopraxia and thanatoesthetics, mourning table and signature book. Guarantees national and international transfer, with free choice of place of inhumation or incineration in Spain, more specifically: MDP guarantees up to a maximum value defined in the policy the procedures and expenses necessary for the transfer of the insured person connected to the policy, no matter the place of death, to the place of burial or cremation in the locality chose by the relatives. This transfer will occur when the competent authorities provide the authorization, no force majeure that prevents it and the transfer is carried out by the insurer. The death service depends on the granting of municipal permits and licenses. Other guarantee is the Complementary and Optional Expatriation: at the time of contracting the policy or later, for each insured, the policyholder can contract (if the risk is accepted by the insurer) an additional and optional guarantee allowing that, occurring the death, the insurer will be only responsible, until the maximum defined, of the expenses and procedures necessary to the transfer of mortal remains of the deceased insured to the closest international airport to the place of burial or cremation chose by his relatives, where the transfer depends on questions like the competent authorities authorization. Excludes the insured elements defined and the services of burial and cremation in the foreign country chosen. Requires the payment of a supplementary premium, during the life of the contract, in similar ways as the main premium and it is extinguished when the main guarantee is resolved., among other areas. However, the general conditions of the “Decesos” define some exceptions which are not covered by the insurance: suicide of the insured in the first year of the contract; death of the insured in countries or territories which are in a state of war, insurrection or warfare, revolution, riots, epidemics and catastrophes, as well as the cases where the transfer of the mortal parts of the deceases is to the previous referred countries; accidents occurred in abroad countries, if the insured lives there by more than 183 days per year.

The “Memoria Anual 2018” provides some information about other product, “Accidentes”. The definition of accident defined in the general conditions consists in bodily injury occurred during the term of the policy, arising from violent, sudden, external causes, unrelated to the intent of the insured, resulting in temporary or permanent disability or in death. The contracting part can be legal age individuals and legal persons and can benefit people who, at the signing of the contract, has an age between 14 and 64 years, being habitual resident in Spain. The contract is

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extinguished in some cases: end of the term of the contract; death of the insured; payment of the coverage about the great, absolute and permanent (all profession) and total permanent disability; insured reaching the age of 65, finishing the annuity; non-payment of the insurance premium; reservation or inaccuracy in the statements of health and risk assessment. The insured loses the right to the benefit in some cases: reservation or inaccuracy in the statements; aggravation of the risk; sinister covered occurring before the payment of the initial premium or the first fraction; sinister caused by bad faith of the insured or policyholder. This product covers, upon the payment of the respective premium, the payment of some benefits, generally applicable anywhere in the world, but with the compensations paid in Spain. To receive the benefits, some requirements have to be verified: the insured must be in full rights, with the coverage not suspended and extinguished and that the request and documentation required be presented, within the deadlines. The events covered are: death by accident, permanent disability due to accident, temporary disability by accident, among others. In a general way, unless otherwise agreed, some events are not compensated. Some examples are: facts in which a previous pathological state was determinant to an injury, disability or death; suicide, attempt or self-harm; mental or nervous diseases. Other examples of exclusions are: facts intentionally caused by the policyholder, insured or beneficiaries; the consequences of reckless or crime, as well as those involving serious or very serious violation of laws and regulations; consequences of atomic nuclear radiation or radioactive contamination and the events occurred in submarine navigation or exploration trips.

Other product of the company, according to “Memoria Anual 2018”, is the “Asistencia Veterinaria”, guaranteeing, according to some limits defined, the veterinary assistance of the services covered by the product to insured pets, which can be used freely or with a defined cost. It is not allowed the replacement of the assistance by compensations in cash. The beginning of the contract, the duration and the extensions have similar rules to the other products, and this contract extinguishes in two cases: by death or if the insured does not live in Spain at least 8 months a year. The payment of the premium follow similar rules to the biggest part of the other products previously referred. The insured guarantees can be without franchising in charge of the taker, meaning that the policyholder must not pay any value, and some examples are: consultations and reviews; veterinary telephone consulting service, about some issues and providing information to access to some services; telephone veterinary attention services. Other services have to be paid by the policyholder like: clinical analysis, reproductive system surgery (including anesthesia) or ophthalmic surgery (anesthesia considered), among others. The

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veterinary assistance is only provided in centers covered by the charter of this policy. This policy excludes some services, for example: physical damages occurred as consequences of wars, riots, revolutions, terrorism, epidemics, radiation or nuclear reaction and cataclysms; injuries and damage arising from mistreatment; injuries caused by the participation of the insured animals in bets or challenges.

Other product of the portfolio of MDP is “Vida e Invalidez”, with three levels of protection: Life (“Vida”), Life and Great Disability (“Vida y Gran Invalidez”) Great Disability and Total and Absolute Disability due to accident (“Gran Invalidez e Incapacidad Total y Absoluta por accidente”). Starting by “Vida”, in this product the Mutualidad compromises to pay, if the premium is received, a compensation to a beneficiary if the insured with less than 66 years of age dies as a consequence of a risk covered by this contract, up to a certain limit. Must be proved that the disease causing the death was not contracted before the effectiveness of the policy or, in cases where the death is a consequence of an accident, the latter has to occur after the beginning of the insurance. The contract will be null if at the time of the conclusion the risk did not exist, or the incident occurred. About the beneficiaries, the policyholder can designate them or modify the previous designation, without the consent of the insurer and can appear in the policy or in will. The beneficiaries will be paid according to the order defined by the designation of beneficiaries but if no order is clarified, the beneficiaries will receive similar values (if the beneficiaries are heirs, the distribution takes into account the hereditary quota). Some people are uninsurable: the insured under 14 years of age or over 65 years of age and people who suffer any illness limiting their life expectancy, except in cases agreed to the insurer. Some reasons to the extinction of the policy are: fulfilling of the defined term; death occurring during the term of the policy; non-payment of premium or fractions, after 6 months following the expiration; reservation or inaccuracy in health and risk assessment statements of the insured and policyholder; insured reaching 65 years of age at the end of the annuity; transfer of the habitual residence abroad or not living in Spain in a minimum of 183 days. The insured capital grows, in an arithmetic way, 1% per year until the insured reaching 65 years old or the death before the term of the contract. Some events are not covered by this product, among others: risk of death by suicide in the first year of the contract; claims which arise from atomic nuclear radiation or radioactive contamination and those occurring in underwater navigation or exploration trips; events which derive from recklessness, intentionally made by the policyholder, insured or beneficiaries, or consequences of crimes, violation of laws and regulations. The contract, usually, as a term of one year, with annual tacitly extensions until the

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end of the year when the insured reaches 65 years of age. Some reasons to the extinction of the policy are: fulfil of the defined term; if the death occurs during the term of the policy; non-payment of premium or fractions, after 6 months following the expiration; reservation or inaccuracy in health and risk assessment statements of the insured and policyholder; insured reaching 65 years of age at the end of the annuity; transfer of the habitual residence abroad or not living in Spain in a minimum of 183 days. Finally, the annual premium will be defined where the contract begins, considering the age of the insured and the contracted capital. The insured capital grows, in an arithmetic way, 1% per year until the insured reaching 65 years old or the death before the term of the contract. The premium is paid by direct debit, and the first value is requirable when the contract is signed, with annual payments.

Considering now the “Vida y Gran Invalidez”, in this product the MDP, considering some limits, and if the premium is received, pays a compensation to the insured (great disability) or to the beneficiary if the death of the insured before the age of 66 occurs as consequence of certain risks covered in the contract. The injuries have to occur in Spain, just payable when the insured is in Spanish territory. The insured with an age lower than 14 years and higher than 65 and having illness limiting their life expectancy are not insurable. The death of the insured deceitfully caused by the beneficiaries will deprive them of the right to benefit. Covers the death of the insured and the great disability. Several occurrences are excluded from this policy. Some examples are: risk of death by suicide (first year of the contract) and disability as consequence of attempted suicide or self-harm; claims derived from nuclear radiation or radioactive contamination, in submarine navigation or exploration trips; accidents occurred as consequence of alcoholic beverages, narcotics or drugs;

Other possibility is the product called “Vida, Gran Invalidez e Incapacidad Total y Absoluta”, where the company offers a compensation in cases of great disability, permanent and absolute disability for all profession, as a consequence of the declared profession, to the insured, or to the beneficiary, in case of death of the insured before the age of 66, considering some risks covered by the policy. People with less than 14 years or more than 65, as well a person with a disease limiting his life expectancy, are not insurable. Again, the injuries must be verifiable in Spain and will not be accrued if the insured is outside of Spain. The contract has, usually, one year of term and it is tacitly extended for annual periods, until the end of the annuity corresponding to the 65 years of the insured. Some reasons are verified to the terminus of the contract: expiration of the term; occurrence of the death or the great, total or absolute permanent disability; non-payment of the premium, after the 6 months following the expiration;

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reservation or inaccuracy of in statements of health and risk assessment; insured reaching the 65 years of age at the end of the annuity; transfer of habitual residence or not living at least 183 days in Spain. Finally, about the premiums, the rules are similar to the other products in the Life area. Covers the death and the great invalidity, permanent and absolute invalidity by accident. Now it is time to present some exclusions of this contract: risk of death by suicide in the first year of the contract; events derived from atomic nuclear reaction or radioactive contamination, as well as occurrences arising from submarine navigation or exploration trips; accidents suffered due to alcoholic beverages, narcotics or drugs. Again, the death deceitfully caused by the beneficiary will deprive him of the right to the receipt of some compensation. An accident is a bodily injury which is arising from violent, sudden, and external cause. Some excluded risks are specific for total and absolute permanent disability coverage derived from accident: the facts that do not derive from violent or sudden causes; events determined by pre-existing pathological state; consequences of fading or loss of conscience not arising from violent causes, as well as heat strokes, insulations or freezes.

Other area where the insurer acts is in “Defensa Jurídica Familiar”, providing some extrajudicial services, assuming the respective expenses, as consequence of intervention in judicial or administrative procedures, covered by the policy, or the provision of some services or their payment. The guarantees of non-contractual claims, criminal and civil defense and consumption will be applied in Spain and in the other countries of the European Union, while the other will be applicable in Spain (considers Andorra and Gibraltar). If the insured live outside, the coverage are limited to the Spanish territory. This product has guarantees in areas like: particular life, vehicles without motor (by land, air or sea), housing, consumption and work. More specifically, has a several number of guarantees, for example: telephone legal assistance, review and drafting of contracts or online legal services. In a more specific way, this insurance contract covers, among others, the following expenses: legal fees, rights and costs resulting from the processing of the covered procedures; lawyer fees and expenses; attorney’s rights and supplies. The constitution of the bonds required of the insured to: obtain provisional freedom, endorse presentation to the judgement and respond to the payment of court costs (except fines and compensation). MDP assumes expenses and criminal bonds outlined up to the defined limits, until a value of 6 000 for all benefits. In the benefits about separation and divorce, the limit of legal expenses is 1 200 Euros (50% for each spouse). If the events have similar cause, it is considered just one loss. If a claim is covered by different guarantees, the maximum cost for all benefits is 6 000 Euros. This contract does not include: indemnities and interests, as well

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the fines or penalties that could be imposed to the insured; taxes or other fiscal payments arising from the presentation of documents to official bodies; expenses resulting from judicial accumulation or counterclaim, if the matters are not covered.

The “Memoria Anual 2018” gives a brief characterization of the product “Carné por puntos”. The object of the insurance is to give other solutions to the insured driver, about the driving license. Insurable people can be: the driver of a motorized land vehicle using them to exercise his trade, profession or habitual activity. If the policyholder is a legal entity, the insurable people can be who appear in the insurance application and meet the requirements previously referred. This contract covers events occurred in Spain. The sinister has two different definitions: subsidy guarantees (temporary deprivation of the driving license alien to the will of the insured and harmful to it, occurred during the effectiveness of the policy and implying the right to payment of the guaranteed subsidy resulting from deprivation by an event occurred during the term of the policy) and defense guarantees in traffic administrative matters, where the sinister is occurred when the punishable act was made or intended to have been carried out. The payment of the premium, as usual, has to be made by direct debit, and the first value is requirable when the contract is signed, being annual. The contract starts when the contract is perfected and the first premium receipt is satisfied and has, except if exists other agreement, a term of one year, being tacitly extended for annual periods. The guarantees covered are: payment of a monthly subsidy, financial aid in case of revocation or registration fees for training courses, among others. This insurance contract excludes sinister occurred as a consequence of: definitive deprivation of the driving license, temporary deprivation arising from events prior to the effectiveness of the policy, temporary deprivation of the driving license resulting from acts voluntarily caused by the insured or events where is intent or serious fault. In no case covers indemnities or penalties to which is sentenced the insured, taxes or other fiscal payments arising from the presentation of documents to official bodies and sinister declare one year after the occurrence. If it is an insurance intended to alleviate economic losses, the insurable subsidy can not be higher than the monthly income obtained by the insured exercising his trade or profession, avoiding unjust enrichment. Considering the overinsurance, if the subsidy capital exceeds the average monthly income, any part of the contract may require the reduction of the sum insured and the premium, and the insurer must return the excess of the premiums received. If the sinister occurs, MDP will compensate at most the financial loss suffered, however if the overinsurance occurs by bad faith of the insured, the contract will be ineffective. About the insurance competition, considering an event with more than one insurance guaranteeing subsidy

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for temporary deprivation, and for this reason occurs a joint over-insurance, the policy only covers the proportional part corresponding to the subscribed benefit, relating to other policies subscribed, without the total compensation exceeding the loss suffered, estimated in comparison to the average monthly income of the insured.

Other product of the portfolio of this company is the “Plan de Ahorro/Jubilación”, characterized in the “Memoria Anual 2018” as a product where the client decides how to save, choosing the premium (periodic or single) and the duration of the plan, having the possibility for the partial or total redemption after the first year and advances until 80% of the redemption value after the first year. Here the policyholder has to choose, at the time of the enrollment, how to pay the premium and if in a single contribution or in a periodic way (in this latter, has to pay a monthly premium constant during the annuity but increasing in a geometric manner annually), and the premium corresponding to the first annuity will be defined in the joining to the Plan. The premiums will be satisfied at the time of joining to this product and the others for anticipated periods, using direct debit. The first installment or the single premium can be required at the time of joining the Plan. More specifically, the MDP guarantees to the insured defined by the policyholder of the policy some benefits: the guaranteed capital appearing in the epigraph in the ascription title, which will not be revaluated for profit sharing, and can not be received as income, if survival when the product reaches the term and when the insured dies before the term of the policy, where the beneficiary or the heirs will receive the capital indicated in the assignment, which will not occur if the death of the insured is deceitfully caused by any beneficiary. The mutual member will define the duration of the plan, having a term corresponding to full years, with a limit in which the insured reaches 75 years of age. This product does not cover some causes of death: radiation or nuclear reaction or radioactive contamination, catastrophic or extraordinary events and suicide, suicide attempt or self-harm, during the first year of the policy.

According to the “Memoria Anual 2018”, the last product of the portfolio of the Mutuality is the “Hogar”, divided in the “Hogar Divina Pastora” and in “Hogar Plus Divina Pastora”. Here a sinister is considered an event with economic results guaranteed by the policy. The damages and losses occurred because of a same event are considered only one sinister, and material damage consists in the destruction or deterioration of goods guaranteed in this product. It exists an insurance in the field of legal defense, where the insured are: the policyholder, the spouse or the person who as such lives in the policyholder legal domicile, parents living in the domicile and their unmarried children, living in the policyholder domicile (minors of legal age; person

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of legal age, under 23 years if do not exercise any pay activity; legally incapacitated or those who were notoriously so to procure livelihood). This insurance forces the insurer to be responsible for some expenses of the insured, as consequence of intervention in administrative, judicial or arbitration procedure and to provide juridical and extrajudicial assistance services, assuming a maximum value of 6 000 Euros for the benefits as a whole. If the events have the same cause, it is considered a single sinister, and just guarantees events occurred in Spain (being competence of Spanish courts and tribunals). Covers some situations, for example: fees, rights and judicial costs deriving from the processing of the covered procedures; lawyer's fees and expenses; attorney's rights and supplies, in case of mandatory intervention. On the other hand, excludes some payments and risks: does not cover indemnities and interests derived from them and the fines and penalties imposed to the insured or the sinister deliberately caused by the policyholder or insured, according to judicial decisions, among other payments and risks. Some covered guarantees here are: claim of damages, penal defense, rights relative to the house. MDP guarantees, to the content (building), some situations, for example: set of foundations, floors, walls, retaining walls and fences (although independent of the building); elements necessary for heating, cooling or air conditioning installations (boilers, accumulators or radiators); fixed stairs, elevators and radio and television receiving antennas. Considering the content, this includes, among others: furniture and fixtures; money guarantee; sanitary ware. Objects and merchandise in samples or catalogs to sale and motor vehicles, trailers, boats and accessories (unless other agreement and in rest state inside the insured facilities) are not considered content. Considering the basic guarantees covering some damages, some inclusions and exclusions are presented. The basic guarantees are in some different areas, for example: fire, explosion and lightning fall; water damage to appliance and facilities; atmospheric phenomena. The complementary guarantees cover some questions: aesthetic damage, goods in refrigerators or freezers for domestic use, companion animals, home assistance. Covers other complementary risks, for example: impact and shocks, smoke and soot and vandalism or miscellaneous acts, committed by other than the insured or who must legally respond, just to cause harm. Does not cover a lot of questions, considering the basic guarantees and other complementary risks. Some exclusions are: damage caused by the possession of explosives (fire, explosion and lightning fall); location and repair of faults which not damaged to other goods (water damage to appliance and facilities); leakage, leaks, oxidations or damp gradually produced (atmospheric phenomena).

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The “Hogar Plus Divina Pastora” is similar to the latter product analysed but having more coverages. The general contract rules and other questions about the premium are similar to “Hogar Divina Pastora”. An existing insurance contract occurs in the field of the juridical defense, as in the previous product. The rules about the insured, the characterization of the insurance, the expenses covered, maximum value covered, or territorial extension are similar to the “Hogar Divina Pastora”. Some expenses covered, not presented in the latter analysis, are: notary expenses and granting of powers for lawsuits, as well as minutes or requirements; fees and expenses of necessary experts; constitution (criminal proceedings) of bonds required to obtain provisional release of the insured, as well as to respond to the payment of court costs, except compensation and fines. Two exclusions of this insurance are the payment of the taxes and other fiscal payments, arising from the presentation of documents to official organisms and the risks connected to events occurred before the effectiveness of the policy. Covers some specific areas, for example: defense in administrative violations connected to housing; labor contracts; service contracts. Other insurance available in this product, which is an addition to the “Hogar Divina Pastora” is about the home assistance, where the insurer, up to a defined limit, provides home care appropriated in illnesses or injuries which are defined in a list, respecting a form and limits of the policy, and can not be replaced by compensations in cash. Assumes as delimitation and concretion of the risks the provisions relative to the limitation of sessions or benefits in favor of the insured or the beneficiaries, which can be the policyholder or the insured, the spouse or unmarried partner, family members of first degree, living in the insured dwelling. The benefits will be allocated in Spain, even if the illness or the accident occurred outside the Spanish territory (for insured with home and residence in Spain). In this home assistance, MDP has to provide the insured benefits when the insured requires hospitalization of more than 48 hours or immobilized at home for more than 5 days due to convalescence with medical leave or equivalent, or due to death of the same as consequence of accident or illness (which is the generator fact), being provided in the insured home. If not authorized by the Mutualidad, the insurer is not obliged to provide the benefits. If in the same period it is required a new assistance arising from the same medical condition, the insurer evaluates the necessity and provide the hours which were not used in the first intervention. Specifically, it is possible to present 21 coverages, but in this thesis the specific description of the coverages is not the main objective, so only three will be presented: home assistant, displacement of a relative to care for children under 16 or disabled and home assistant to care for first degree ancestors. 11 exclusions are defined, three will be referred: sinister, damages or situations arising from willful conduct (policyholder or insured); omission of the duty of relief;

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reaction or nuclear radiation or radioactive, chemical or biological contamination. This product insures covers some questions, divided in content (building) and content. The first has similar inclusions than the latter product, now I can present different inclusions: decoration elements attached to floors, ceilings, walls (paintings, papers, fabrics, carpets, parquet floors) or annexed units (private garage or parking space, storage rooms, recreational facilities, sports and landscaped areas, swimming pool), if provided that they are in the same building as the insured home or in the same plot or land. Considering the content, the inclusions are similar to the “Hogar Divina Pastora”. About the basic coverages of the “Hogar Plus Divina Pastora”, they are similar to the latter product, but adding coverage extension. The complementary risks are like the “Hogar Divina Pastora”. The complementary guarantees cover aesthetic damage, goods in refrigerators or freezers or companion animals, among others. As well as the previous product, this insurance provides some specific exclusions. Some examples that can be provided are: smoking accidents, damages caused by freezing, humidity or condensation, damage due to construction defects, among others. In a general way, for all guarantees, excludes, for example: sinister caused by own or notorious vice, poor condition of the insured goods, construction defects, design error or faulty installation; indirect losses occurring in sinister; damages covered by the Insurance Compensation Consortium or classified by National Government as catastrophe or national calamity.

5. Conclusions

The first conclusion must take into account the research question: “Mutualism in Europe: characteristics and purposes – Case studies in Portugal, France and Spain”.

Considering the Portuguese context, the main characteristics of Mutualism, in a theoretical way are six, according to the Code of Mutual Associations: democracy, liberty, independency, solidarity, equality and responsibility. In a practical way, the Mutualism is characterized by an offer of products with characteristics similar to the insurance products, but with some differences, as the President of the Board of Directors of Montepio, Dr. Virgílio Lima, emphasizes permanently: Mutual Associations are organisations of people, without profit goals, that put their savings in a common project, managed collectively, without capital – it is possible to consider that the shareholders of these associations are the members. The balance of the Modalities can not be achieved using the capital, which does not exist, but diminishing the benefits or increasing the contributions paid by the members. The main purpose in Portugal is to offer benefits in the areas of social security and health, to repair the consequences of certain

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events, if they occur. They can also organize and manage social products and activities to promote well-being.

The French case of MSA is a more specific case, in the field of Agriculture, having their own specific legislation, as we saw before: they define 3 essential mutualist characteristics and principles to respect: solidarity, responsibility and social democracy. Analysing the information about the services/products/information on the website of this organisation, we can say that, again, the mutualism is consubstantiated using products with similar characteristics to insurance, like the coverage of disability risks, offering savings products. The main objectives of the mutual entities here are the prevention of certain risks, the implementation of social actions and insurance operations.

The Divina Pastora is a Mutuallidad de Previsión Social, belonging to the field of Social Economy in Spain, being very important in the Spanish context. The characteristics emphasized are the democratic structure and management, the solidarity, democratic participation of the mutualists in the bodies, equal rights and obligation, allocation of the surplus of the economic to 2 destinations: distribution of the benefits obtained, among all the mutualists, and the formation of patrimony which is a guarantee, but in practical terms the mutualism here is characterized, again, by the offer of products similar to insurance. The main purpose of these entities is to provide, requiring contributions, products and services to protect their members.

In the 3 cases two principles and characteristics appear as extremely important: the democracy (the famous principle “one member, one vote” and possibility of participate in associative bodies) and the solidarity, where the members make a common effort to benefit each other. In practical terms, all these mutual companies offer products with some similarities with insurance products (are all covered by insurance rules and legislation), corroborated by their legal framework, which requires some respect to some insurance legislation, but adapted to these mutual associations (the Portuguese case proved recently this approximation between the mutualist offer and insurance products, however as referred before the entities do not have profit goals and capital, so their products can not be considered as insurance products). The Confederation of these entities in Spain is clear in differentiating the insurance entities and the mutual welfare societies, with the absence of profit, democratic management and the organisations as group of people and not of capital, self management, transparency and social security.

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In the recent years, the Social Economy and Mutualism are entering again more frequently in the news, because the entities of Social Economy (generally) and Mutualism, more specifically, are essential, derived from their nature, to fight against problems aggravated by the crises, without profit goals, ignoring risks in their investments, being an important complement to the public and private sectors. It would be important to improve the spread of Social Economy in schools, for example, as a good way of promoting a more balanced and sustainable world, or the realization of more actions using the media to promote these organisations, talking about the projects supported and creating more premiums.

To conclude, in Portuguese case, it is possible to have products in Social Security and health, but Montepio does not have mutualist modalities in this latter, which has been defined as a priority by the President of this entity, like in the field of habitation, being an opportunity to diversify the mutualist offer to his members.

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