

Cooperation and Mutualism

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Cooperation and Mutualism

- Cooperation
- Mutualism
- Cooperation and Mutualism Parallels

What is cooperation?

Definition

“An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.”

What is cooperation?

Position in the world

- GDP of 300 largest co-operatives and mutuals = GDP of Canada
- SSQ ranks 246th

What is cooperation?

Position in the world

In Quebec – 2,500 non-financial co-operatives with:

- 1 million members
- 37,000 employees
- \$8.7 billion in revenues
- \$4.3 billion in assets

What is cooperation?

Key organizations

- International Co-operative Alliance (ICA)
- Canadian Co-operative Association (CCA)
- *Conseil canadien de la coopération (CCC)*
 - Conseil québécois de la coopération et de la mutualité (CQCM)*

What is cooperation?

Values

From the “Statement on Cooperative Identity”:

- Mutual self-help and self-responsibility
- Democracy
- Equality
- Equity
- Solidarity

What is cooperation?

Recognized principles

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence

What is cooperation?

Recognized principles (cont'd)

5. Education, Training and Information
6. Cooperation Among Co-operatives
7. Concern for Community

What is cooperation?

Objectives sought

- Creation of 155 co-ops per year in Quebec
- Longer lifespan
- Owners
- Meet a need
- Patronage dividend

What is mutualism?

Definition

“A form of voluntary insurance through the members of a group, in return for the payment of a contribution, providing social coverage for one another in the case of illness, maternity, disability, death, etc., and where they are guaranteed certain benefits.”

What is mutualism?

Position in the world

- GDP of 300 largest co-operatives and mutuals = GDP of Canada
- SSQ ranks 246th
- Demutualization

What is mutualism?

Key organizations

- *Conseil québécois de la coopération et de la mutualité (CQCM)*
- Canadian Co-operative Association (CCA)
- International Co-operative and Mutual Insurance Federation (ICMIF)
- *Association internationale de la mutualité (AIM)*

What is mutualism?

Values

Same values as for cooperation:

- Mutual self-help and self-responsibility
- Democracy
- Equality
- Equity
- Solidarity

What is mutualism?

Recognized principles

1. Voluntary and Open Membership
2. Democratic Member Control
3. Education, Training and Information
4. Concern for Community

What is mutualism?

Objectives sought

- Insurance mutuals
- Collective approach to risk sharing
- Owners and users

Cooperation and Mutualism Parallels

1- Ministerial responsibility

- **Co-operative:** Ministry of Economic Development, Innovation and Exports (MDEIE)
- **Mutual:** Ministry of Finance

Cooperation and Mutualism Parallels

2- Regulatory authorities

- **Co-operative:** Co-operatives Division, which is under the MDEIE
- **Mutual:** *Autorité des marchés financiers (AMF)*, which is under the Ministry of Finance

Cooperation and Mutualism Parallels

3- Legislation

- **Co-operative:** *Cooperatives Act*
- **Mutual:** *Insurance Act and Companies Act*

Cooperation and Mutualism Parallels

3- Legislation

➤ Co-operative: *Cooperatives Act*

Almost identical method of operation for all types of co-operatives

Cooperation and Mutualism Parallels

3- Legislation

- **Mutual:** *Insurance Act and Companies Act*
 - Open or closed joint-stock capital insurance companies
 - Mutual life insurance companies
 - Mutual insurance companies
 - Mutual benefit societies

Cooperation and Mutualism Parallels

4- Decision-making power

- **Co-operative:** Members at the AGM are sovereign and may engage the co-operative and its board of directors.

- **Mutual:** Powers belong to the board of directors. The AGM is therefore not sovereign, except for:
 - election of members to the board of directors
 - appointment of external auditors
 - any change to the internal statutes or by-laws of the company

Cooperation and Mutualism Parallels

5- Member representation

- **Co-operative:** Only a person physically present at an AGM may exercise his/her right to vote
- **Mutual:** Use of proxies allowed

Cooperation and Mutualism Parallels

6- Right to vote

- **Co-operative:** One person, one vote rule
- **Mutual:** One person, one vote rule

Cooperation and Mutualism Parallels

7- Solvency standards

- **Co-operative:** Regular economic rules
- **Mutual:** Regular economic rules and rigorous solvency standards

Cooperation and Mutualism Parallels

8- Other considerations

- Legislative silence regarding mutual operations
- Use of proxies

Cooperation and Mutualism Parallels

8- Other considerations

Demutualization

- Popular in the 1990s
- 5 major Canadian mutuals
- Effects of demutualizations

Cooperation and Mutualism

Impact of adherence to ICA principles:

- Co-owners are users
- Maximize benefits for mutualists
- Capital is not the voice of power
- Equality in the exercise of power
- Equity

Question Period