

News

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Asmo Kalpala
President

With the Congress in Genoa, the finalisation of our association's medium-term strategy and the work streams on small and medium-sized insurers and on sustainable finance, 2010 is a landmark on AMICE's way towards strengthening its position as the representative organisation of mutual and cooperative insurers in Europe. AMICE must be indispensable for its members and all mutual and cooperative insurers, and indispensable as a discussion partner on the economic and political scene in Europe.

As I wrote in the last issue, AMICE will be focusing more attention on its smaller members. On 12 February, we organised a very well attended seminar in Paris where, thanks to the enthusiasm of our French members, led by ROAM, we had a very comprehensive programme of speakers and discussion sessions. The topics were Solvency II focussed and the discussions showed that all companies – big or small – from the 14 countries represented (out of 17 AMICE member countries) are concerned by the heavy burden the new regime will introduce.

Initial feedback from the 60 participants indicates a clear demand for follow-up sessions on the practical implementation of Solvency II and a dialogue with supervisors, but not a permanent task force dedicated to SME issues. The immediate follow-up is already planned: at the Genoa Congress in May, a 2-hour panel discussion will be dedicated to Solvency II and SMEs with representatives from AMICE members, the European Commission and the supervisors. I hope that as many of you will be active there as you were in Paris.

Our biennial Congress, however, is not only the occasion for us to dialogue with the relevant European authorities. It provides opportunities to learn about innovative projects from other cooperatives and mutuals and of course to meet up with old friends. I also believe it is the occasion for us to show that our values and the way we do business in line with those values, is the reason for our success and a cause worth fighting for.

I look forward to seeing you all in Genoa in May!

Asmo Kalpala

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AMICE and social partners sign first statement on demographic challenge

Insurance undertakings as product providers, but more importantly as employers, are faced with the ageing of their workforce and must therefore revise their employment policies so as to keep the older and more experienced staff longer while attracting the young graduates to join a sector which is traditionally perceived as less exciting than banks.

The joint statement signed on 26 January 2010 recognises the role of the European social partners in addressing this issue and identifies **attractiveness and employability** as two key issues, achievable through a focus on achieving a work/life balance, maintaining employability and developing careers and ensuring health and safety at work.

The full document can be downloaded from the AMICE website.

For more on the Social Dialogue Committee in Insurance, please consult our March 2009 edition or contact catherine.hock@amice-eu.org

Insurance governance work at a global level

As previously reported, after their joint issues paper of last summer on the governance of insurers, the IAIS and the OECD are now (unfortunately) following separate paths in their work in this area.

The OECD started consulting on a revised set of the OECD Guidelines for Insurer Governance which date back to 2005 and were felt to merit an overhaul in order to better reflect developments in the sector and to respond to conclusions drawn from the financial crisis. AMICE's Legal affairs task force contributed to the preparation of comments on the draft text; these were submitted to the OECD and can be found on the AMICE website.

The IAIS is rewriting its Insurance Core Principles (ICPs) that were last revised in 2003. AMICE takes an active role in the Compliance and Governance Sub-Committee where draft texts of the new principles on licensing, governance, suitability of persons, internal control, and remuneration are being developed (see AMICE Annual Report 2008, p.10). AMICE sent comments to the IAIS on the first ICP to be tackled, licensing, in October (see AMICE's website) and is now working on the following proposals on suitability of persons. Before the new ICPs are formally adopted by the IAIS, there is in any case a further round of official consultation. Interim status information is available from the AMICE Secretariat.

Small and medium-sized members' meeting in Paris - more dialogue needed with national supervisors

More than 60 participants attended the meeting organised specifically for small and medium-sized cooperative and mutual insurers in Paris on 12 February. With 14 countries represented from AMICE's 17 member countries, views and experiences were diverse but the conclusions were unanimous: more dialogue is needed with national supervisors and AMICE should organise further meetings to enable members to exchange best practice on the practical implementation of Solvency II.



Introduced and co-chaired by Gérard Andreck, President of MACIF and of GEMA and Michel Dupuydauby, Director General MACSF SGAM and President of ROAM, the programme addressed Solvency II issues, pillar by pillar, with presentations and discussions.

A first exchange of views touched on proportionality with members from all jurisdictions noting the lack of any practical proposals for its definition and implementation. However, a proportional application of the Solvency II regime is vital for many smaller companies. The same is true of the exemption regime (no or limited supervision for those with less than €5 million in premiums) which under Solvency I was applied to different extents in some Member States but not all. The trend would appear to be towards abolishing or limiting the exemption in those countries where it was applied. The morning ended with discussion on Pillar I issues and the use of reinsurance in particular.

The afternoon session tackled governance and reporting issues under Pillars II and III, with discussions on how small insurers can fulfil the seemingly complex necessities of having a CRO, an actuary, an internal auditor, a compliance officer ... but AMICE member, emmental versicherung, gave some comfort in showing how the small mutual had coped with the Swiss Solvency Test.

AMICE President Asmo Kalpala concluded the day by calling for continued cooperation and exchange between AMICE members on the Solvency II issues, notably through the Solvency II task force.

All presentations and a summary of the debates are available in the Member Area of the AMICE website.

Mounting concern among AMICE members about Solvency II

Concern mounts among AMICE's members about the ambitious Solvency II project and the support – as expressed in the middle of last year after the Brussels General meeting – is becoming much more cautious. The results of the member survey have shown it, the discussion at the Board meeting in November has shown it and, in particular, the Paris seminar (see separate article in this newsletter) has shown that the regulatory package creates apprehension among many mutual and cooperative insurers – and not only among small or medium-sized ones. Dangers are being identified in all pillars: in governance requirements, in reporting and disclosure obligations and in financial requirements. French AMICE member ROAM has even launched a blog to draw attention to the dangers.

Calibrations used for the calculation of capital requirements have been significantly increased by CEIOPS in their proposals for level 2 measures and indications by the Commission that “overall, the capital charges in QIS5 should not turn out higher than in QIS4” sound difficult to believe. The QIS5 specifications are currently in the making and a draft will be available at the end of March.

The AMICE Board has instructed the Secretary General to lobby strongly for transitory measures and grandfathering, even going as far as requesting a delay of the introduction of some of the core provisions of Solvency II (e.g. the capital requirements) if necessary.

In parallel, the Commission has started to draft level 2 implementing measures – for the time being mostly on non-technical issues. In the interest of assuring appropriate progress, the Commission has included the sector associations, including AMICE, in a non-public consultation process, together with the Member States.

The AMICE task force continues to meet at more or less monthly intervals. We would like to remind members that, even if they are not able to join the meetings, all materials are available to all members in the members' area of the website http://www.amice-eu.org/admin/login.aspx?ReturnUrl=%2fmembers_meetings.aspx – and that AMICE's positions are the stronger and the more representative, the more input is provided from as many jurisdictions as possible.

News from members: responsible investing at CFS, UK

Talking to Niall O'Shea, Head of responsible investing at The Co-operative Asset Management, part of UK-based AMICE member, The Co-operative Financial Services

What got you into this field of work?



Niall O'Shea

In 1999 I did a Masters in Environment & Development at Cambridge University, including a module on business and the environment and it struck me that the way the world of business responded to the challenges of climate change, water shortage etc. were going to be more important than any government action. This nexus where the hard edge of business meets the 'softer' issues of environment and society was going to be a defining dynamic of the next century. This was why I tried to get into Socially Responsible Investment (SRI) or as it's increasingly known now in the world of investment, ESG (Environmental, Social & Governance).

What's your everyday job like?

My team's day-to-day activities break down into three areas. The first is analysing the investments we hold, or are considering, for sustainable profit opportunities (such as the ability to benefit from environmental regulation, a fuel efficiency technology or growing demand for healthcare) and material risk; where we think a company may be facing a strong headwind because its business is more part of the problem in creating a sustainable future than part of the solution. This we try to integrate into the financial analysis and valuation, which is notoriously tricky because there are few ESG issues which can be readily monetised, even if they are very real.

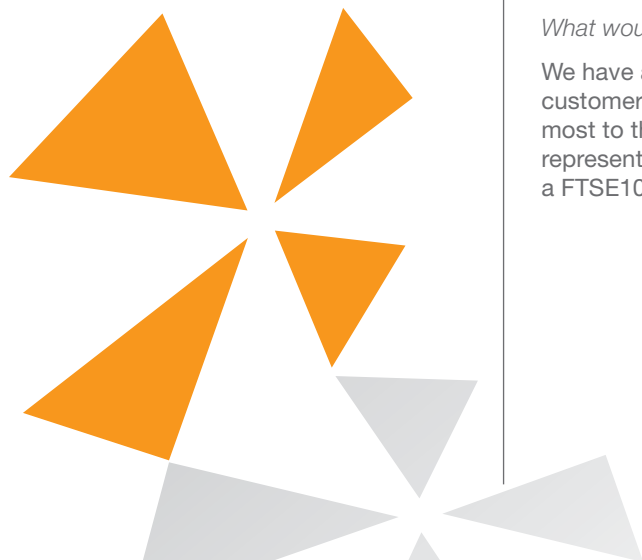
This will be the main challenge facing us and the industry in the coming years. What were previously often dismissed as 'fluffy' issues are now biting as resource depletion, climate change, demographics and shifting geopolitical power and economics favour some companies and disadvantage others.

The second area is positively and negatively screening companies for our 'sustainable' family of unit trust funds. These funds favour companies which make a strong net positive contribution to sustainability and avoid those in areas like armaments and tobacco.

The third area is engagement. We at The Co-operative Asset Management believe we have a fiduciary responsibility to use our influence as part-owners of these companies to leverage our influence to bring about positive change. Over the years we have had hundreds of such engagements where we are pressing a point of difference with a company, trying to get them to reform or to take a fresh perspective on how they manage their ESG issues - often with success.

What would be the cooperative edge of your job?

We have a mandate to pursue this engagement approach from our customers. In 2005 they told us via a survey which ESG issues mattered most to them. It's a unique position to be in, knowing that you're representing thousands of co-operative customers when eye-to-eye with a FTSE100 chief executive talking about climate change!



AMICE Member survey

Last autumn, all members were asked to complete a survey on the association's activities and strategy in order to check whether AMICE is serving its members correctly. To date, 63 members have replied and the results are already being used in preparing AMICE's medium-term strategy. Full results will be published at the May General Meeting.

If your company has not yet replied, please contact helen.sheppard@amice-eu.org for a copy of the questionnaire.

UN Principles for Responsible Investment (PRI)

The UN's principles for responsible investment were launched globally in spring 2006. In addition to aspects associated with the environment, society and good corporate governance, their signature obliges companies to promote the acceptance and implementation of the principles in the field of investments, alone as well as in collaboration with other actors in the industry. Companies that have signed the principles commit to reporting on their activities and their progress in implementing the principles annually. Sufficient disclosure concerning the effects of these aspects is also expected of investment targets.

To date, AMICE members Ethias (BE), Folksam (SE), MACIF and MAIF (FR), Fennia and Tapiola (FI), Co-operative Asset Management (The Co-operative Group, UK) and Observer Swiss Re (CH) have signed up.

2012 "International Year of Cooperatives"

The United Nations General Assembly has declared 2012 as the International Year of Cooperatives, highlighting the contribution of cooperatives to socio-economic development. In its resolution 64/136 of 18 December, the Assembly noted that cooperatives impact poverty reduction, employment generation and social integration.

Your Italian hosts invite you to Genoa from 24 to 26 May

See www.amice-congress-2010.it for information about the Congress and to register.



→ AMICE meetings and events

- 16 March Brussels Board
- 17 March Brussels CSR workshop & task force
- 26 March Brussels Legal affairs task force
- 26 March Brussels EMS task force
- 30 March Cologne Solvency II
- 16 April. Paris Member to Member task forces & working group
- 19 April. Brussels Communications working group
- 20 April. Brussels Executive Committee
- 22 April. Brussels Sustainable finance/Capital maintenance task force
- 23 April. Brussels Solvency II task force
- 24 May Genoa Board
- 24 May Genoa General Meeting
- 25-26 May Genoa Congress