



# Annual Report 2009

---

## Table of contents

<b>Welcome</b> .....	1
<b>Foreword by the President</b> .....	2
<b>Introduction by the Secretary General</b> .....	4
<b>Economics &amp; Finance</b>	
Solvency II.....	6
Sustainable finance for mutuals.....	7
New European supervisory architecture.....	7
Odds stacked against smaller member-driven insurers .....	8
<b>Legal Affairs</b>	
Corporate governance of insurers.....	9
eCall: saving time, saving lives .....	9
European Mutual Statute.....	10
Financial services consumers need real choices.....	11
<b>Communications</b> .....	12
<b>Social Agenda</b> .....	13
<b>Member-to-Member</b>	
CSR and mutuality: a natural fit.....	14
Tackling workplace risks .....	15
Motor claims management .....	15
Making the most of reinsurance .....	15
<b>About AMICE</b>	
Governance and finance.....	16
AMICE Board & Secretariat .....	17
AMICE working structure .....	18
AMICE membership .....	19

---

## Welcome!

AMICE is the strong and united voice of the European mutual and cooperative insurance industry.

### Representing the mutual and cooperative insurance sector

Since January 2008, AMICE has been the sole representative organisation in Europe for the industry following the merger of the two separate associations which previously represented the sector. With 120 direct and 1,600 indirect members – who represent over a third of the insurance companies in Europe and 20% of the total premium income – AMICE speaks for a significant part of the insurance sector.

### Promoting the principles of mutuality

Mutual and cooperative insurance companies, being collectively owned by their members, can be characterised as democratic, values-led and policyholder-driven organisations. As they are not focussed on short-term profitability, AMICE members can take a long-term perspective which values social as well as economic objectives.

### Creating a level playing field in insurance

Mutual and cooperative insurers are not always given the same opportunities as joint-stock companies: when new legislation is developed, the specificities of the sector are sometimes overlooked. AMICE is working to ensure that mutual and cooperative interests are heard and that diversity in financial services continues, especially when key projects such as Solvency II will have such a profound impact on the future shape of the insurance industry.

### Serving a membership rich in diversity

AMICE's members range from small organisations operating exclusively in one region, through to national leaders acting on a European scale in cross-border groupings and partnerships. A combination of shared values and similar legal form means that their interests can coalesce constructively within a European association. AMICE looks after the interests of all mutuals in Europe: big and small.



Dear colleagues,

AMICE's membership is very diverse: it includes life and non-life insurers, market leaders and small entities serving very specific communities. What unites them is the fact that they all play a key role in providing choice and diversity in financial services for consumers across the continent.

Many current topics are indeed important to the mutual and cooperative insurance sector. But one theme is clearly dominant: Solvency II. It affects practically all work streams and projects of our association. Mutual insurance is at the historic origin of our business, and mutual and cooperative undertakings provide the true alternative and the much needed diversity within the European insurance sector. This diversity needs to be protected.

For too long, the political consensus has favoured the shareholder-value insurance model and marginalised the mutual and cooperative member-driven approach, to the detriment of consumers. AMICE and its predecessor organisations have repeatedly warned of the systemic dangers posed by a financial monoculture.

The European economies, our home markets, were deeply shaken during the economic crisis of the past years. The crisis was made possible by a one-sided approach, relying almost exclusively on large-scale operations focusing on short-term profit maximisation. But evidently, this steered our economies in a wrong direction.

The resulting imbalance between individual, corporate, and societal interests was brought into sharp focus by the crisis. The moral hazard engendered by the “too big to fail” attitude has now become painfully evident for national governments and taxpayers as they have to bail out their respective banking sectors.

I firmly believe that a fundamental shift in thinking is necessary. A broader range of stakeholders is needed in order to stabilise the financial sector. This requires a level playing field for all insurers, regardless of their size or their legal form.

When engaging with international and European policymakers, AMICE emphasises the importance of market stability for the insurance industry; policyholders will not be well served if capital allocation is the sole focus of regulatory attention. Having a diverse range of providers promotes competition, encourages social cohesion and is the best guarantee of long-term market stability.

As the new Solvency II implementing measures began taking shape during 2009, it became clear that the new regulatory regime has the potential to become a major threat to the diversity of the European insurance marketplace.

If the principle of proportionality introduced by Solvency II does not work in practice, we are likely to see aggressive market consolidation. Disproportionate governance and reporting requirements pose real challenges for smaller insurers. Similarly, inflated capital requirements will hit mutual and cooperative insurers especially hard. All this is well documented in numerous impact assessment comments and studies.

In reacting to a financial crisis which had its origins in the banking industry, the radical recalibration of the standard formula as proposed by CEIOPS could result in an increase in capital requirements of up to 60% for non-life insurers and 100% for life insurers. Clearly, more work is needed before an appropriate calibration model is found.

The introduction of Solvency II in late 2012 will also require carefully crafted transitional measures and appropriate “grandfathering” provisions to avoid the unnecessary and counterproductive disappearance of undertakings that have operated faultlessly for decades or centuries. For many, the time available before full implementation will probably be too short, in particular if implementing measures arrive later than foreseen. Countercyclical solutions, such as equalisation reserves, assist insurers to prepare for inevitable business fluctuations; they should also be recognised in the future.

There are many aspects left to resolve on Solvency II and AMICE will continue to strongly advocate for pragmatic solutions which maintain diversity and healthy competition within the insurance sector by better balancing consumer protection with consumer choice.

Although AMICE is still a relatively new organisation I am pleased to say that we are now firmly established and respected as the single voice of the mutual and cooperative insurance sector in Europe. The positive contribution AMICE is making to policymaking is widely recognised by the European institutions and by relevant international organisations, such as the IAIS.

Of course, AMICE is not simply about strengthening the voice for our members and providing insight into European public affairs. Whereas our emphasis was initially on securing a strong membership and creating a clear corporate identity for our new association, in the past twelve months we have been able to step-up our membership activities considerably.

By facilitating the sharing of experience and the identification of best practice, AMICE is living proof of how the mutual ideal works in practice. A key initiative in this respect is the support for members as they prepare to meet the requirements of Solvency II.

Another area which interests me in particular is the development of a shared European vision of mutuality. Our values, our business model and our proximity to the consumer remain undervalued assets. President Barroso’s Europe 2020 Strategy recently emphasised the importance of the social market economy as a way out of the current economic crises. By standing up for mutual values, we are helping to create a sustainable force in the financial services market and a healthier outlook for consumers everywhere.



Asmo Kalpala, AMICE President



Dear members,

When AMICE moved to its new office at the beginning of 2009, it not only signalled the end of our young association's start-up period, it also strengthened the perception that AMICE had established itself as the strong, united and modern voice of the mutual and cooperative insurance sector in Europe – whilst at the same time giving a considerable motivational boost to the team at the secretariat and increasing the efficiency of our work.

The tailwind created was very welcome and much needed because thereafter the sailing got rougher as the headwind increased considerably. Following the finalisation of the Solvency II framework directive, early in 2009, the work on the implementing measures gathered pace. In an unprecedented consultation process, CEIOPS issued more than fifty consultation papers on often highly technical issues. That AMICE, as a small association, was able to provide comments on more than thirty of these papers is a remarkable achievement and it would have been impossible without the constant support of our members, notably those working actively in the Solvency II task force under the expert leadership of its two co-chairs.

But I believe that the value of AMICE is not simply measurable in terms of pages written or comments produced. The real achievement is threefold:

- for each individual member, the discussion process has – I can only hope – opened the eyes and sharpened the senses for the challenges to come and is providing valuable input to in-house discussions about how to address them;
- between members, the numerous meetings, conference calls and e-mail exchanges have fostered an atmosphere of cooperation and led to a better understanding of each others' positions and particularities;
- at the European level, AMICE has proven that it is a competent and respected voice for our members, notably when opinions are sought from the perspective of the mutual and cooperative sector and when insights into small and medium-sized insurers are required.

With more than one hundred institutions responding to CEIOPS' public consultations, being heard can be difficult. However, AMICE is now established as one of the key pan-European industry associations who are included in the EU's non-public consultations and discussions. Sitting on a par with the CEA, the CRO and CFO Forums, and the actuaries' Groupe Consultatif, the role of our association is of particular importance: we speak up on behalf of the sector and in particular defend the interests of AMICE's small and medium-sized members.

The year also saw much activity in AMICE's member-to-member work. Mainly designed as a platform where members meet to exchange knowledge on specific practical themes, these events are nevertheless open to relevant external participants who add perspective and increase value for AMICE members. In total, around one hundred people from sixteen countries took part in our M2M events. The preparation, programme and logistics, as well as the follow-up work, such as the event evaluation, are worth the effort: the M2M seminars regularly receive excellent evaluation from participants and rank highest on the value-for-money scale of the association's activities.

AMICE's work on the European Mutual Statute project was more inward-looking due to the terms of both the European Parliament and the Commission coming to an end. With a new European Parliament and Commission in office since late 2009, the dialogue regarding a feasibility study for this important legal project can be resumed. The Legal Affairs task force devoted a lot of its attention to the question of governance for insurers, as the IAIS and the OECD embarked on separate initiatives to review their existing work in this area. AMICE has to remain vigilant that such authorities' reactions to the financial crisis do not lead to undifferentiated and excessive financial sector regulation. Insurers were not at the centre of the financial crisis and we need to regularly remind regulators that "insurance is not banking!"

AMICE's 120 member organisations are a real asset because direct members give our association a unique immediacy to insurance market practice; this asset contributes to the standing of our association as a relevant discussion partner at the European level. Fulfilling the high expectations of a membership that is, moreover, deeply rooted in the mutual tradition of transparent and democratic, bottom-up decision-making, is challenging. The recent upgrade of the secretariat's IT resources and the launch of the AMICE extranet have been designed to facilitate and enhance our communications with all members. Our extensive membership survey has provided necessary insight into our members' expectations and requirements. The findings will form the basis of AMICE's future strategic plan, which will be presented to members at the General Meeting in Genoa in May 2010. Promoting mutuality, enabling business success for small and medium-sized insurers, and further improving the value of the association for its members are among the cornerstones of the strategy.

Overall, 2009 has been a good and busy year for our association. We have had some evident successes and we are learning and improving as a result of some setbacks. That the balance remains positive is only possible due to the contribution of all that are involved in our work – institutions and individuals. My thanks go therefore to the AMICE President and the Board. I look forward to further good cooperation with the new Board, to be appointed in summer 2010, and I am confident that we will find the right mix of continuity and new blood.

And last, but not least, I would like to thank, together with the AMICE President, the committed team at the secretariat. In addition to providing the basis for the association's internal work, they are the competent and (almost) always smiling interface of the association with its membership and the outside world.

I believe that AMICE, with our spirit of mutual assistance and cooperation, has plotted the course for a successful 2010; together we are ready to support the good cause.



Gregor Pozniak, AMICE Secretary General

## Solvency II

Solvency II was approved in spring 2009 and mutual and cooperative insurers welcomed in principle the move towards a modern and risk-based approach. “Let’s optimise Solvency II” was the slogan at AMICE’s General Meeting in June 2009. Having achieved several improvements to the level 1 framework text, some “optimisations” were still regarded as necessary, in level 2 implementing measures and within member undertakings. The concept of proportionality, enshrined in the framework was seen as having the potential to ensure the fair treatment of all insurers, large and small, and independent of their legal structure.

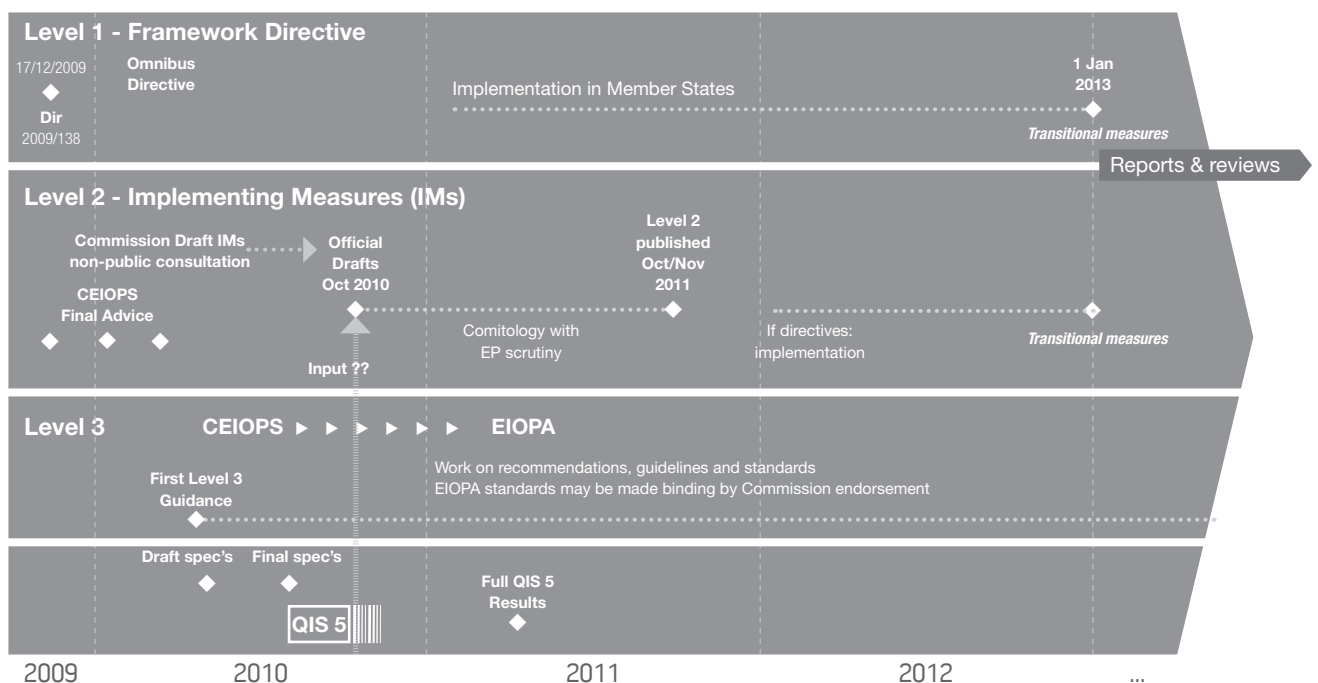
Throughout the year, and in particular after receiving CEIOPS’ advice on level 2 measures, this careful optimism has given way to anything between sober realism and serious concern. AMICE’s membership fear that, if the principle of proportionality does not work in practice, the insurance market in Europe will see aggressive market consolidation, most notably among smaller insurers and mutuals.

As the Commission is now drafting the level 2 measures and QIS5 is being prepared, AMICE must lobby hard, together with the other industry associations, to curb excesses in regulatory prudence. And it must continue to strongly defend the interests of the mutual and cooperative sector.

### Solvency II - timeline

In 2009, the work on the Solvency II project shifted from the co-legislators – the European Parliament and the Council – to CEIOPS who consulted extensively on their advice to the Commission for Level 2 implementing measures. AMICE took an active part in the discussions

on behalf of its members. After delivering their advice, CEIOPS is now starting work on Level 3 guidance, and the ball is back in the court of the Commission drafting the implementing measures.





## Sustainable finance for mutuals



*Gunnar Andersson, Chair of AMICE's Economics and Finance working group reviews the key regulatory developments of 2009 and considers their likely impact on the embryonic idea of sustainable finance.*

### What issues have been top of the agenda for mutuals this year?

European economic and financial policy has developed rapidly. We have seen unwieldy implementing measures being suggested for Solvency II and, in reaction to the financial crisis, proposals to significantly change the supervisory architecture. Moreover, a debate on dynamic provisioning has emerged. Initially proposed as a way to discourage volatility in the banking sector, it has obvious parallels with insurers' use of equalisation reserves and it is closely linked to the emerging concept of sustainable finance.

### What is meant by sustainable finance?

Although an authoritative definition does not yet exist, sustainable finance is about finding ways for undertakings to finance their business paying respect to values such as ethics, environmental awareness, and responsible corporate citizenship. These are in fact core mutual values; and for mutual and cooperative insurers the issue is particularly topical as they have to remain within the constraints imposed by their legal structure. The Solvency II project has concentrated minds on the capitalisation of insurance undertakings and AMICE's Sustainable Finance task force is studying how capital maintenance possibilities can be enhanced for mutuals.

### Will Solvency II pose capital maintenance challenges?

Mutuals and cooperatives have corporate and balance sheet structures that make it more difficult to raise capital; they can't go to the stock markets. If overly conservative prudential requirements lead to the need for much new capital, our sector could expect to be on the receiving end of a consolidation trend that is not only unnecessary, but also detrimental for the European citizen. SME insurers and mono-liners that cannot take advantage of full diversification benefits are in the frontline.

AMICE is working to ensure that the mutual sector is not disadvantaged by the capital maintenance debate. We believe that insurers need to be able to utilise trusted countercyclical solutions, such as equalisation reserves, when preparing for inevitable business fluctuations. Such stabilising mechanisms could also be used more widely to manage investment risk, which has grown due to the increasing volatility seen on capital markets since the crisis began. Of course, such a pragmatic approach would also necessitate amending the respective financial reporting standards.

## New European supervisory architecture

Following the recommendations of the de Larosière Group in February 2009, the Commission published its plans for a new EU "supervisory architecture." This proposal is currently being considered by the European Parliament and Member States and is due for implementation as from 2011.

National supervisors will work in tandem with three new European authorities – one each for insurance, banking and the capital markets. EIOPA (the European Insurance and Occupational Pensions Authority) will replace CEIOPS and be given additional responsibilities, such as adopting technical standards for use throughout Europe (binding, if endorsed by the Commission) and facilitating agreements and resolving disputes between national supervisors. A European Systemic Risk Board (ESRB) will monitor the soundness of the whole financial system.

The insurance industry will have its own sectoral agency – but the discussion about a joint horizontal European supervisor is not off the table for ever. The proposed ESRB is already set to be dominated by (central) bankers. AMICE is concerned that this imbalance could lead to even more banking measures spilling over to impact the insurance sector.

### Odds stacked against smaller member-driven insurers



*Michel Dupuydauby, AMICE board member and President of ROAM, looks at the changes the fast approaching Solvency II regime has in store for Europe's mutual insurers, particularly for smaller undertakings.*

#### **Is the insurance industry ready for Solvency II?**

Mutual and cooperative insurers are preparing as best they can for the arrival of Solvency II, but there remain simply too many unknowns for insurers, especially

smaller ones, to fully meet the current deadline for the new regime. Industry's initial optimism has been ebbing away as we have seen a cornerstone of the Solvency II framework – proportionality – come under continual assault during the onslaught of advice and proposals concerning the implementing measures.

#### **What are the main issues for smaller insurers?**

The current regulatory package is creating apprehension among many mutual and cooperative insurers – and not only among small or medium-sized ones. Dangers are being identified in all pillars: from financial requirements (sometimes tremendous) to governance requirements to reporting and disclosure obligations.

The additional costs for a CRO, an actuary, a compliance function, IT, etc seem impossible to bear for small undertakings. Similarly, the capital rules will hit smaller insurers hardest. This is why it is so important that mutual insurers' specific capital raising methods are adequately recognised by the new regime. We need more appropriate provisions with regard to the eligibility and classification of own funds, including supplementary calls from members and an adequate treatment of equalisation reserves. There also needs to be greater recognition of viable solutions for risk mitigation, such as non-proportional reinsurance. Member States should maintain the exemption regime so that micro-insurers do not have to fulfil all these requirements.

#### **How do insurers view the calibration proposals?**

The calibrations as proposed by CEIOPS simply have to change for QIS5. Inflated calibration does not give consumers the best deal: there is widespread consensus that the suggested capital requirements, together with costly obligations in the areas of organisational structure,

disclosure and reporting, could see the prices of insurance products rise considerably. Once again, the mutual sector and our clients will suffer disproportionately. Initial AMICE member estimates indicate that the SCR may rise by between 30-60% for non-life insurers and by between 50-100% for life insurers. And it may triple or even more for some specialised mutuals. This is unacceptable; it ignores the consensus reached at the political level following QIS4 and would sound the death knell for many small and medium-sized mutual and cooperative insurers.

#### **What will the future hold for smaller insurers?**

Unless changes are made, Solvency II will be a driver of unprecedented and unnecessary market consolidation. Often without full diversification benefits and faced with higher costs, coupled with the administrative burdens imposed by the new supervisory and disclosure rules, the consequences will be severe for smaller insurers. Many could be forced to demutualise or even to close their business. Small and medium-sized insurers just do not have the options a global player has. The negative effect for consumers would be twofold: premiums would have to go up, and diversity of providers – and therefore competition – would decrease.

#### **What could help to alleviate the situation?**

In one word, time! At European level, AMICE needs to campaign strongly for transitional measures to ease the switch to Solvency II, even going as far as to request a delayed introduction to some core provisions, if necessary. Meanwhile, AMICE members need to engage with national supervisors regarding the practical implementation of Solvency II.

The principle of grandfathering is essential for market stability. New criteria should not indiscriminately be applied to in-force business. The potential destabilising effect on financial markets of creating an artificial demand for a particular kind or structure of capital needs to be avoided.

## Legal Affairs

Throughout the year, AMICE's Legal Affairs task force monitors a range of European policy developments, trying to identify issues of particular relevance to the mutual and cooperative sector or to a number of our members. Among the items on the agenda in 2009 were horizontal issues such as the block exemption regulation, insurance guarantee schemes, and collective consumer redress as well as a few product-specific developments, e.g. on the taxation of certain life insurance products and on emergency call devices in cars. Where possible and appropriate, AMICE contributes to the discussions on these topics at the European level.

The governance model of mutual and cooperative insurers is characterised by policyholder participation in the strategic decision-making processes and by the democratic principle of "one member one vote." AMICE has been driving awareness of the specificities of the mutual and cooperative approach in the regulatory dialogue on the European and international stages.

## Corporate governance of insurers

In July 2009, the IAIS and the OECD published their joint issues paper on corporate governance of insurers to which AMICE had substantially contributed thanks to its observer status at the IAIS. After this, the work paths of the two organisations unfortunately separated.

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 commented on the draft text, encouraging the non-prescriptive character of the text and drawing the authors' attention to several issues specific to mutuals and cooperatives.

The IAIS started to rewrite 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.

The Legal affairs task force also gives support to the Solvency II task force and the secretariat on issues relating to governance in the Solvency II discussion (pillar II). It is essential that the governance provisions in the new regulatory framework take appropriate account of the special characteristics of mutual and cooperative insurers and that they observe the principle of proportionality.

## eCall: saving time, saving lives

The European Commission wants eCall to be installed in all new cars sold in Europe by 2014. In August 2009 the Commission issued a communication which encourages interoperability of national emergency response systems by agreeing standardised communication protocols. The objective of the eCall project is to cut emergency services' response times in the event of a traffic accident.

AMICE is an observer-member of the European eCall Implementation Platform which is working to ensure timely, effective and harmonised deployment of the service. The eCall roll out is expected to open the door to a host of telematic services, including ones of relevance to insurers offering pay as you drive policies.

## European Mutual Statute

The project of a European Mutual Statute remains on the agenda of AMICE and the developments over the past year – the progress on the Solvency II regulatory framework with the emergence of a set of extremely prudent advice by CEIOPS, as well as the reactions to the financial crisis that include a strong call for alternative ways to do business – have for many even strengthened the case in favour of a cross-border legal framework for mutuals at the European level.

In 2009, the year of change of the Commission and the European Parliament, AMICE's work focused on strengthening the business case for a feasibility study on the EMS and on creating awareness among the new MEPs of the issue. Exchanges of experience with the foundation sector (where a public consultation was held in 2009 following the publication of a feasibility study) and the cooperative sector (whose existing European Statute will be reviewed in 2010) provided AMICE with valuable insight into the challenges around these corresponding projects (see interview below).



*Agnès Mathis, Deputy Director of Cooperatives Europe, outlines the challenges faced in creating the statute for the European Cooperative Society (SCE).*

### **How did the European Cooperative Statute come about?**

The conversation began twenty years ago when the European Commission started to investigate a European company statute. Cooperative organisations also wanted to be able to undertake cross-border activities more easily and did not wish to be obliged to change their legal form and so they began collaborating with the Commission on the initial project. Soon after, three statutes were foreseen, one for cooperatives, one for mutuals and one for associations.

### **Why did the SCE progress more rapidly?**

It was decided to separate the statutes. This was a pivotal decision, had it not happened it is unlikely that the SCE would be in existence today.

The SCE was considerably more advanced than the other projects for several reasons, including the fact that national legislation on cooperatives existed in practically all EU markets; secondly, although there were internal discussions on specific aspects, the whole sector agreed to lobby coherently, meaning that cooperatives spoke with one voice vis-à-vis the European institutions. Finally, European efforts were supported by a strong lobby at national level which

convinced EU Member States of the necessity of the statute. The regulation was adopted in 2003 and came into force in 2006.

### **What impact has the SCE had?**

The SCE has raised the visibility of the cooperative movement and the viability of plurality in Europe's business models. It also signals a welcome recognition of the political and economic importance of cooperatives at European level. In practical terms, however, the SCE still requires simplification. Too often the regulation refers to national provisions. The upshot is that, in effect, there are several statutes due to the variation in the provisions in each Member State.

Cooperatives Europe is currently studying the application of the regulation. The objective is to identify where the SCE works well and where improvements could be made. By itself a legal instrument is not enough – support services, networking and education will play a vital role in the eventual demand for the SCE.

## Financial services consumers need real choices



Rym Ayadi is Head of Financial Institutions and Prudential Policy Unit at the Centre for European Policy Studies (CEPS), an independent policy research institute in Brussels. She is also a member of the FIN-USE Forum, a group of financial services experts who inform the European Commission about user concerns.

### Do regulators value diversity in financial services?

Prior to the financial crisis, the political and liberal market consensus favoured

the shareholder-value model in financial services. Alternatives, including mutuals and cooperatives, were often perceived to be comparatively less efficient. However, a recent CEPS study investigating diversity in banking found that, overall, savings banks and cooperative banks performed better during the financial crisis than the sector in general. It is a tangible and relevant indication of how variety within financial systems can help to diminish systemic risk, as well as provide other benefits.

### Should the EU now legislate in favour of diversity?

Policymaking should not necessarily seek to favour one organisational form over another. From a user perspective, if your insurer has invested your pension savings in toxic assets, it is of little consequence whether they are of a mutual or a listed joint stock insurer: the result will be the same.

For diversity in financial services to have value to policymakers, clarity as to the economic and societal benefits being delivered is needed: it is interesting to note that in Germany and Spain for example, the societal contribution of savings banks is stipulated; in the Netherlands, because of proximity and strong

customer relationships, cooperative banks can promote growth in underprivileged regions.

### What is the user perspective on the merits of Solvency II?

Solvency II needs to strike the right balance between protecting consumers and allowing the market to operate effectively. Calibrating the degree of consumer protection is sensitive because cost increases will ultimately be borne by the consumer and if they are too high, Solvency II could lead to the pool of insured decreasing – which poses further policy issues. The risk-based approach to prudential supervision may accelerate the trend which has seen insurers promote products such as unit-linked contracts because such products transfer the financial risk to the customer and so become even more lucrative as they reduce capital requirements.

One of the strengths of the EU insurance market is the diversity of providers. The co-existence of shareholder and stakeholder institutions and of small, medium, large, specialised and one-stop-shop insurance players best responds to the diverse spectrum of consumer needs and it promotes competition, stability and social inclusion. That is why FIN-USE believes that ensuring a level playing field between insurance companies of all sizes should be a guiding principle of Solvency II.

“There appears to be a risk that mutual companies will be put under some pressure because additional capital required by Solvency II can only come from post tax retained earnings. Limited companies have the option of raising capital from the market. FIN-USE does not have a view on whether one form of incorporation or another is preferable but would be concerned if users insured by mutuals were unnecessarily prejudiced by the impact of Solvency II.”

*The implications for users of Solvency II. An assessment by FIN-USE*  
FIN-USE, January 2007



## Communications

Good communications is the lifeblood of any European association. For a relatively young association, it is essential. Since its inception, AMICE has put much energy into understanding the shared values the new association represents. This effort has paid off as AMICE now has a distinct corporate identity which is representative of a strong and united sector.

As the voice of the European mutual and cooperative insurers, AMICE is expected to have presence and visibility in international and European affairs. As a unique platform for insurers, AMICE is also expected to facilitate the sharing of best practice and expertise amongst its diverse membership and to drive discussion of key legislative and regulatory issues. Achieving these objectives with limited resources requires AMICE to communicate effectively with all internal and external stakeholders.

### Checking the membership pulse

The strength of AMICE is founded upon the expertise and dedication of its members. Having a small in-house team, AMICE must rely on efficient communications tools when optimising interaction with and between members.

Maintaining a conversation with 120 member organisations, spread over 17 countries, is not always an easy task. That is why in autumn 2009, AMICE launched a comprehensive membership survey to find out whether the association is meeting the expectations of members and to identify areas where future improvements could be made.

The survey contained four sections. The main part addressed the performance of the association and the effectiveness of its communications. The survey also sounded out members' attitudes to Solvency II – identifying concerns and ascertaining the level of preparedness for the new regime. The third section of

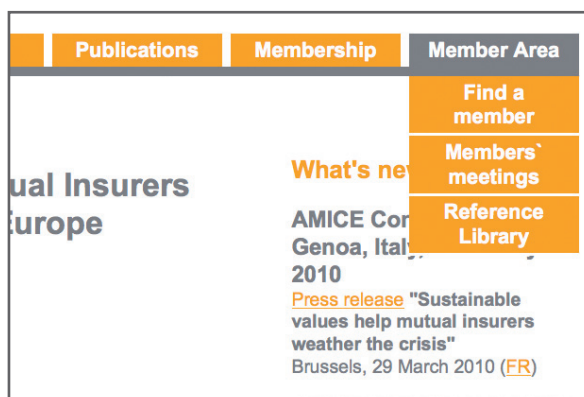
the survey measured the level of interest in Corporate Social Responsibility and the final section concerned over-arching topics, the results of which will be fed into the strategy paper being prepared for the AMICE General Meeting in Genoa in May 2010.

The preliminary results of the survey indicate that by and large the message is getting through. More than four out of five respondents felt well aware of the association's activities and around 70% felt that AMICE efficiently represents their specific interests. Suggestions for change included calls to improve outreach to smaller insurers. For members, Solvency II remains the priority work stream with questions of governance being the second most valued area for mutual and cooperative insurers.

### AMICE website upgrades

Following the launch of the AMICE website in early 2009, the second phase of the project – the members' only part of the site – was rolled out in the second half of the year. AMICE members will find their communications experience enhanced due to a range of features in three new sections.

In day-to-day work, the *Members meetings* area is probably the most relevant, providing instant access to all meeting material and online registration. *Find a member* contains information about each AMICE member, including type of activity and premium income figures, and the name of a dedicated AMICE contact. The *Reference library* contains diverse reference material of interest to members. Meanwhile, the publicly available website (now partially also in French), which provides a host of information about the association and mutuality as well as AMICE's newsletters and position papers, is already receiving up to 200 visits per week.



## Social Agenda

Together with cooperatives, foundations and associations, mutuals are committed members of the social economy. Companies in the social economy share a common philosophy, even when operating in vastly different domains. Such organisations are by nature democratic, having a strong belief in human values and they actively pursue a “double bottom line” approach that balances economic performance with societal interests.

AMICE participates in a number of initiatives which seek to develop a better equilibrium between financial and human capital. These efforts are gaining political traction at the highest levels; when President Barroso set out his vision for where the European Union should be in 2020, he emphasised that the exit from the financial crisis should lead to a sustainable social market economy.

## Parliamentary intergroup renewed

The European Parliament’s Social Economy Intergroup, a cross party working group of MEPs, has had its mandate renewed. The group meets regularly to exchange views on EU policy and legislation linked to social economy issues. It facilitates dialogue between MEPs, European Commission representatives and stakeholders from civil society. The intergroup is coordinated by Social Economy Europe (SEE), of which AMICE is a member.

## Social partnership in insurance

Europe’s population is aging and declining. For insurers, the demographic challenge has an impact on the product side – as providers of pensions, health and long-term care insurance – and as employers. The Insurance Sectoral Social Dialogue Committee (ISSDC) recently negotiated a joint statement on demography.

The statement commits European social partners to building a sustainable, skilled and diverse workforce by focusing on three distinct aspects: work/life balance; maintaining employability and developing careers; and health and safety at work. A rethink in employment strategy is necessary to retain and motivate experienced staff whilst increasing attractiveness to new talent.

The term “social dialogue” refers to negotiation, consultation and exchange of information between employers and workers on issues of common interest concerning economic and social policy. At European level, AMICE is one of the organisations representing insurance employers in the ISSDC.

## Future of human resources

AMICE is participating in the European Commission’s forward-looking human resources study into the future skill-sets the European financial services sector will require in the coming years. Staffing and training policies constitute the heart of the study, which will lay out the major policy options available to the principal actors. By autumn 2010, the Commission will publish a report identifying the main trends and drivers of change and categorising emerging competences.

## Europe 2020 strategy

In its consultation response to the Commission’s Europe 2020 strategy proposal, SEE highlighted that social economy enterprises must be able to compete on a level playing field with other enterprises. In the area of financial services, SEE welcomed the report by the European Parliament calling for the diversity of financial institutions to be preserved. This report emphasised that legislation should not favour one single type of business model, legal form or product type, over another.

### Member-to-Member

AMICE is a unique information hub for the European mutual and cooperative insurance industry. With a clear focus on the core business of insurance, the Member-to-Member working group delivers a diverse range of seminars and networking events that provide insight into the latest industry developments. It is a forum where mutual insurers of all sizes can share resources by coming together to discuss topics of common interest, share expertise and learn about best practices – all of which add value to the day-to-day performance of the sector.

### CSR and mutuality: a natural fit



*Anu Pylkkänen, chair of AMICE's CSR task force outlines how mutuality's instinctive client focus provides the ideal platform for responsible corporate citizenship.*

#### **Is CSR a priority issue for mutuals?**

Corporate Social Responsibility (CSR) is not a priority issue; it is much more important than that! Mutual and cooperative insurers have long been practicing sustainable development.

Looking beyond the bottom-line to achieve socially beneficial results is integral to the mutual business model. It's in our DNA.

#### **Should mutuals be more vocal on CSR?**

A recent CSR Multi-stakeholder Forum organised by the European Commission revealed that about 70% of Europeans trust business less now than in 2007. CSR is one way to rebuild this much needed trust. Insurers operate in a sector that typically communicates quite conservatively. Mutuals indeed do place emphasis on their societal role, but many do not necessarily publicise it. That said, there are signs that this is changing. I was encouraged by the findings of AMICE's member survey which found that half of respondents now have a specific CSR policy.

#### **What does CSR mean for day-to-day operations?**

Our member survey found that CSR is primarily used for products and services and for improving claims management. But it offers potential to all aspects of our business. CSR policy helps to guide stakeholder relations and can be used for branding purposes. Members also use it, albeit to a lesser degree, in internal management functions and for evaluation.

CSR encompasses a broad range of voluntary activity. Amongst our members we found that social criteria are applied to a wide range of business lines, including life, motor and property insurance and asset management services. Environmental criteria are primarily used in property and motor products.

#### **Who are the drivers of CSR?**

By and large, CSR initiatives are voluntary and not compliance-led. Members, clients and employees are by far the most vocal advocates for sustainable development. Very few AMICE members see other stakeholder groups, such as public authorities or suppliers, as being particularly influential. Insurers who genuinely commit to CSR can expect competitive advantages to accrue, leading to stronger financial performance.

#### **What are the future CSR challenges for insurers?**

Incorporating CSR into investment policy is an area which is gaining international momentum due to initiatives such as the UN's Principles of Responsible Investment. But in reality future challenges will depend on each insurer's specific level of CSR development.

The AMICE survey revealed that only a minority of members report on their CSR activity. I am glad to say that AMICE's regular workshops on CSR are well attended. We focus on delivering practical insight from respected practitioners into value-added CSR techniques. By showing members the nuts and bolts we are helping the sector to integrate CSR more widely into their daily business.



## Tackling workplace risks

With medical costs exploding across Europe, employment-related risks are of growing concern to all insurers. In countries where workers' compensation insurance – accident and/or illness – is fully or partially in the private sector, many challenges lie ahead. AMICE's Workers' Compensation Insurance seminar on 11-12 May in Lisbon set out to help insurers raise their technical skills and better manage employment-related risks. The event was hosted by Mutua dos Pescadores and Sagres. High level presentations focused on the current compensation schemes in Europe and included a comparative analysis of the public-private systems in place in the Benelux region. This was complemented by workshops featuring case studies on practical matters such as evaluation of the cost of illness and injuries and improving the rehabilitation of severely injured patients.



## Making the most of reinsurance

AMICE's Reinsurance task force organised the second Meeting of European Mutual and Cooperative Reinsurance Managers on 23-24 April 2009. Held in Athens and hosted by Syneteristiki, the event received 100% positive approval ratings from participants. The four sessions of the event addressed highly relevant topics for mutual and cooperative reinsurance managers: the merits of the reinsurance ratings system, the impact of reinsurance on Solvency Capital Requirements, and the modelling of catastrophes. This session showed how such models are constructed, with participants agreeing that more convergence between models, better transparency and more complete data is needed in future. A topical discussion on pandemics rounded off the seminar.



## Motor claims management

Motor insurance is a key business line for many mutual and cooperative insurers. The most recent seminar of AMICE's Motor Claims Network focused on reducing claims to improve results. Four workshops provided useful best practice reports on how insurers can reduce claims through better prevention, rehabilitation and fraud detection measures. Also on the agenda, an update of the latest regulatory developments in the European motor insurance market and a glimpse into future claims handling in light of the emergence of intelligent cars with embedded telematics. The event took place in Niort, France on 24-25 September 2009 and was hosted by IMA (Inter Mutuelles Assistance), a joint subsidiary of several AMICE members.



## AMICE governance and finance

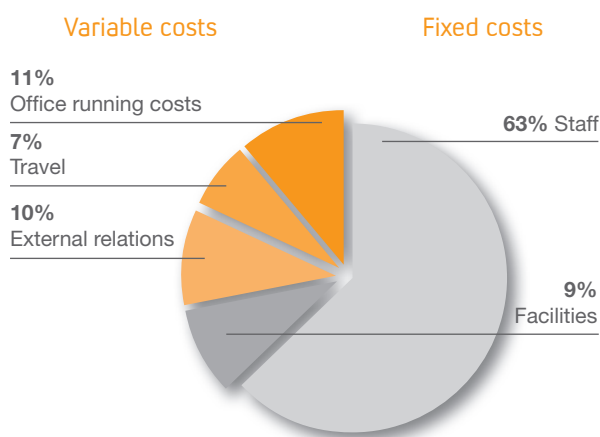
AMICE is an international non-profit making association under Belgian law (aisbl/ivzw), founded on 6 December 2007. Its budget is almost exclusively funded by contributions from members. AMICE does not receive funding from national or international public institutions.

AMICE's supreme governing body is the General Meeting. In 2009, the General Meeting was held on 3 June in Brussels.

### Financial performance

The association's financial year 2009 ended with a surplus of EUR 169,646. The Board proposes to the General Assembly to carry this surplus forward into the year 2010. At the end of 2009, the total reserves amounted to EUR 324,370.

AMICE's auditors, Ernst & Young, have delivered a clean opinion on the accounts for 2009. A full version of the annual accounts and the auditor's report are made available separately to AMICE members.



The President of the association is the Chair of the Board and of the General Meeting. The current President is Asmo Kalpala of Tapiola (FI); his term runs until 2010.

The Board is responsible for managing the activities of the association and ensuring that the activities are in line with the purpose of the association and the resolutions passed by the General Meeting. As of April 2010 the Board is composed of 22 members from 14 countries. The mandate of all Board members ends in 2010.

€ ('000s)	2009	2008
<b>Income</b>		
Fee income	1,082	848
Other income	19	29
<b>Expenses</b>		
Staff expenses	- 582	- 441
Facilities	- 83	- 47
Office running costs	- 60	- 63
Travel	- 64	- 61
Events	- 30	- 14
External relations	- 65	- 43
IT	- 40	- 20
Projects	- 6	- 27
Other	- 1	- 6
<b>Surplus</b>	<b>170</b>	<b>155</b>

## AMICE Board at 20 April 2010

### President

Asmo Kalpala, *Tapiola*, FI

### Vice-President

Werner Görg, *Gothaer*, DE

### Treasurer

Jacques Forest, *P&V*, BE

### Members

Gunnar Andersson, *Folksam*, SE

Urs Berger, *Swiss Mobiliar*, CH

Patrick Brothier, *FNMF*, FR

Grzegorz Buczkowski, *TUW SKOK*, PL

Jean-Luc de Boissieu, *GEMA*, FR

Donato Deganutti, *Unipol Gruppo Finanziario*, IT

Michel Dupuydauby, *ROAM*, FR

Cor Ensing, *Univé Dichtbij*, NL

Luigi Lana, *Società Reale Mutua di Assicurazioni*, IT

Róbert Lilli, *KÖBE*, HU

Hans-Christian Marschler, *R+V Versicherung AG*, DE

Pablo Mongelos, *Seguros Lagun Aro*, ES

Mike Rogers, *LV=*, UK

Mogens N. Skov, *Købstædernes Forsikring*, DK

Ann Sommer, *Länsförsäkringar*, SE

Bernard Thiry, *Ethias*, BE

Wolfgang Weiler, *HUK-Coburg*, DE

Georg Zaum, *Mecklenburgische*

*Versicherungsgesellschaft a.G.*, DE

Dimitrios Zormpas, *Synetoristiki*, GR

## AMICE Secretariat

### AMICE Secretariat

Rue du Trône 98

B-1050 Bruxelles

Belgium

Tel: +32 2 503 38 78

Fax: +32 2 503 30 55

### Gregor Pozniak

Secretary General

Tel: +32 2 609 56 41

Email: [gregor.pozniak@amice-eu.org](mailto:gregor.pozniak@amice-eu.org)

### Catherine Hock

Deputy Secretary General - Legal and public affairs

Tel: +32 2 609 56 43

Email: [catherine.hock@amice-eu.org](mailto:catherine.hock@amice-eu.org)

### Helen Sheppard

Deputy Secretary General - Members, governance and communication

Tel: +32 2 609 56 42

Email: [helen.sheppard@amice-eu.org](mailto:helen.sheppard@amice-eu.org)

### Silvia Herms

Senior Advisor - Economic and financial affairs

Tel: +32 2 609 56 44

Email: [silvia.herms@amice-eu.org](mailto:silvia.herms@amice-eu.org)

### Marlen Freire

Administrative Assistant

Tel: +32 2 503 38 78

Email: [secretariat@amice-eu.org](mailto:secretariat@amice-eu.org)

### Elisabetta Ruà

on secondment October-December 2009

from *Società Reale Mutua di Assicurazioni*, IT

“...The Board shall represent the diversity, geographical representation and type of activity of the association’s membership.”

Art. 12.1.4 of the AMICE Articles of Association

## AMICE working structure

### ➤ Economics & Finance working group

Chair: Gunnar Andersson (SE)

#### Solvency II task force

Co-chairs: Yanick Bonnet (FR)  
Markku Paakkanen (FI)

#### Accounting task force

Co-chairs: Fabrice Guenoun (FR)  
Catharina Henkow (SE)

#### Sustainable Finance task force

Chair: Timo P. Laakso (FI)

### ➤ Legal Affairs working group

Chair: Luigi Lana (IT)

#### European Mutual Statute (EMS) task force

Co-chairs: Renaud Huard (FR)  
Pedro Bleck Silva, AIM (PT)

#### Legal Affairs task force

Chair: Prof. Eduardo Greppi (IT)

### ➤ Member-to-Member working group

Chair: Mogens N. Skov (DK)

#### CSR (Corporate Social Responsibility) task force

Chair: Anu Pylkkänen (FI)

#### Motor Claims Network task force

Chair: Gilles Bezençon (CH)

#### Reinsurance task force

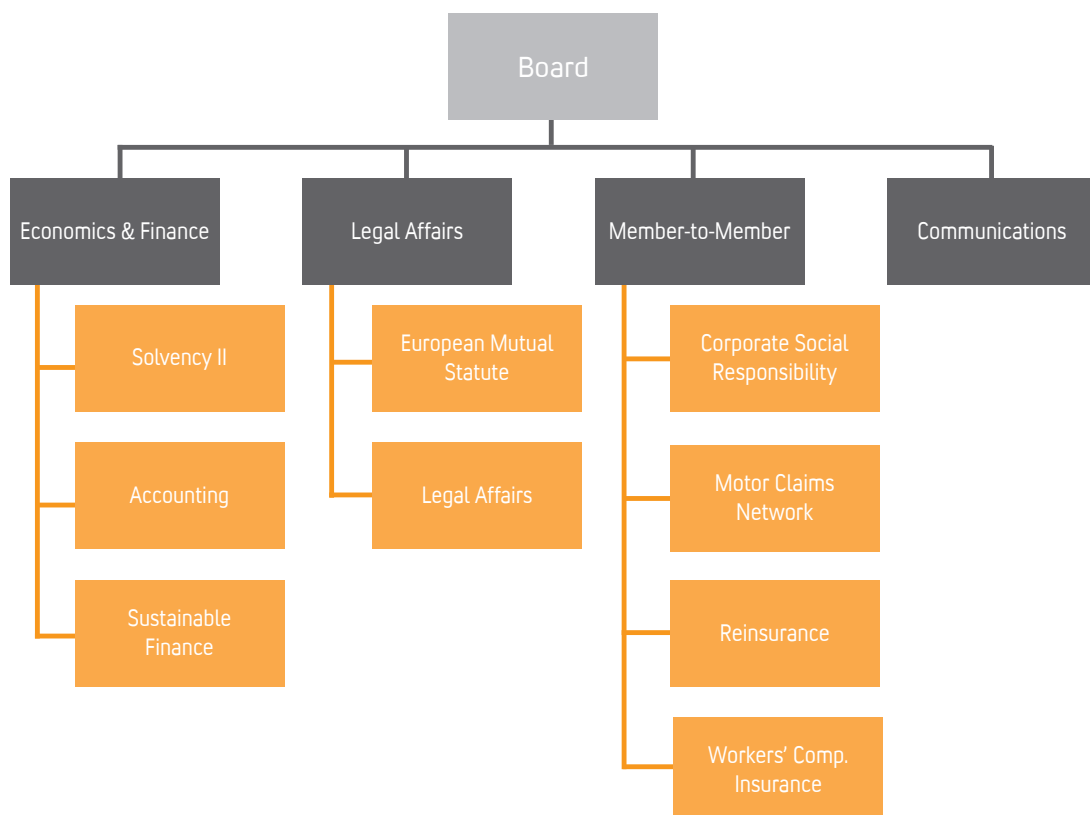
Co-Chairs: Piet Haers (BE)  
Andrea Carusi (IT)

#### Workers' Compensation Insurance task force

Chair: Renaud Rosseel (BE)

### ➤ Communications working group

Chair: Grzegorz Buczkowski (PL)



## AMICE membership at 20 April 2010

AMICE represents some 120 European mutual and cooperative insurers directly and an additional 1,600 indirectly through the membership of 7 national associations of mutual insurers.

AMICE full membership is open to mutual and cooperative insurers in Europe and their national associations. Associate membership is open to non-

European mutual and cooperative insurers. Other interested parties may request observer status.

AMICE's membership includes insurers of all sizes (some among the largest European players, others very small) and all lines of business (life, motor, health, agricultural, etc).



### Austria

Austria Versicherungsverein a. G.  
Privatst., Collegialität Versicherung a.G.,  
Österreichische Hagelversicherung,  
TIROLER Versicherung V.a.G., Voralberger  
Landes-Versicherung VaG

### Belgium

AMMA Assurances, Emani, Ethias Droit  
Commun, Fédérale Assurance, Mensura  
Caisse Commune, P&V Assurances SCRL,  
SECURA N.V., SECUREX Vie  
UAAM (*Union des Associations  
d'Assurances Mutuelles*)

### Denmark

ALKA, Købstædernes Forsikring,  
LB Group, Lokal Forsikring GS,  
Sygeforsikringen «danmark», Thisted  
Forsikring, Tryggingarfelagid Føroyar,  
Ulykkesforsikringsforbundet for Dansk  
Fiskeri

### Finland

Ålands Ömsediga Försäkringsbolag,  
Fennia Mutual Insurance Company, Local  
Insurance Mutual Company, Tapiola  
Insurance Group

### France

Caisse d'Assurance Mutuelle du Bâtiment  
et des Travaux Publics, Caisse Mutuelle  
Marnaise d'Assurance (CMMMA), CGPA,  
Covea SGAM (MMA, GMF, MAAF),  
GAMEST, La Comtoise, La Mondiale  
Groupe, La Mutuelle d'Assurance des  
Pharmaciens, L'Auxiliaire, L'Etoile, MACIF,  
M.A.C.S.F Groupe, MAIF, MATMUT,  
Mutuelle Centrale de Réassurance,  
Mutuelle de Poitiers Assurances,  
Mutuelle des Architectes Français  
Assurances (MAF), Réunion des Mutuelles  
d'Assurances Régionales (REMA), SHAM  
(Société Hospitalière d'Assurances  
Mutuelles), S.M.A.B.T.P. & S.M.A.VIE B.T.P.,  
Thélem assurances, Union Mutualiste  
Retraite (UMR)  
*FNMF (Fédération nationale de la Mutualité  
Française)*  
*GEMA (Groupement des Entreprises  
Mutuelles d'Assurances)*  
*ROAM (Réunion des Organisations  
d'Assurance Mutuelle)*

### Germany

Alte Leipziger Lebensversicherung  
a.G., Bayerische Beamten  
Lebensversicherung a.G., Concordia  
Versicherungs-Gesellschaft a.G.,  
Continentale Krankenversicherung a.G.,  
DEBEKA Verisicherungsvereine, DEVK  
Deutsche Eisenbahn Versicherung  
Lebensversicherungsverein a.G., DEVK  
Deutsche Eisenbahn Versicherung  
Sach- u. HUK-VVaG, Gartenbau-  
Versicherung VVaG, Gothaer Konzern,  
GVV-Kommunalversicherung, Hallesche  
Krankenversicherung a.G., HDNA VvaG,  
HDI - Haftpflichtverband der Deutschen  
Industrie V.a.G., HUK-Coburg Haftpflicht-  
Unterstützungskasse kraftfahrender  
Beamten Deutschlands a.G. in Coburg,  
IDUNA Vereinigte Lebensversicherung  
aG für Handwerk, Handel und Gewerbe,  
INTER Krankenversicherung AG,  
Itzehoer Versicherung Brandgilde von  
1691 VvaG, LVM Landwirtschaftlicher  
Versicherungsverein Münster a.G.,  
Mecklenburgische Versicherungs-  
Gesellschaft a.G., OKV - Ostdeutsche  
Kommunalversicherung a.G.,  
R+V Versicherung AG, Signal  
Krankenversicherung a.G., Signal  
Unfallversicherung a.G., Stuttgarter  
Lebensversicherung a.G., Vereinigte  
Hagelversicherung VvaG, Volkswohl Bund  
Lebensversicherung a.G.  
*Verband der Versicherungsvereine a.G. e.V.*

### Greece

Syneteristiki Insurance Co.

### Hungary

KÖBE, TIR Biztosító Egyesület

### Italy

ITAS Group, Società Reale Mutua di  
Assicurazioni, Unipol

### Netherlands

efm onderlinge schepenzekerling u.a.,  
Leeuwarder Onderlinge Verzekeringen  
U.A., NOFF, OOM Holding NV, Onderlinge  
Verzekeringsmaatschappij Donatus,  
Univé Dichtbij, Univé Zuid-Holland,  
Zevenwouden  
*Federatie van Onderlinge  
Verzekeringsmaatschappijen (FOV)*

### Poland

TUW TUW, TUW SKOK

### Portugal

Mutua dos Pescadores, MACIF Portugal -  
Companhia de Seguros S.A.

### Slovenia

Vzajemna Mutual Insurance Company

### Spain

A.M.I.C. - Asociación Mutualista de la  
Ingeniera Civil, ASEMAS, MUSAAT Mutua  
de Seguros a prima fija, MUSSAP Mutua  
de Seguros y Reaseguros a prima fija,  
Mutua de Propietarios Mutua de Seguros y  
Reaseguros a prima fija, Mutua Madrileña  
Automovilista SSPF, Mutua MMT Seguros  
Sociedad Mutua de Seguros a prima fija,  
MUTRAL, Pelayo Mutua de Seguros,  
Seguros Lagun Aro S.A.  
*Confederación Española de Mutualidades*

### Sweden

AFA Life, Folksam, Länsförsäkringar

### Switzerland

Emmental Versicherung, Mutuelle  
Vaudoise, Swiss Mobiliar Holding Ltd.

### United Kingdom

The Co-operative Financial Services, The  
Cornish Mutual Assurance Co. Ltd, LV=

### Associate Member

Groupe SONAM Assurances (Senegal)

### Observers

Euresa, Swiss Reinsurance Company

### New members in 2009

Federatie van Onderlinge  
Verzekeringsmaatschappijen (FOV) (NL)  
Mutua Madrileña Automovilista SSPF (ES)  
TIROLER Versicherung V.a.G. (AT)  
Union Mutualiste Retraite (UMR) (FR)  
Voralberger Landes-Versicherung VaG (AT)  
Euresa (FR) (Observer)



**FSC**

**Mixed Sources**

Product group from well-managed  
forests and other controlled sources

---

Cert no. SGS-COC-004540

[www.fsc.org](http://www.fsc.org)

© 1996 Forest Stewardship Council



Association of Mutual Insurers and  
Insurance Cooperatives in Europe aisbl  
Rue du Trône 98 | B-1050 Brussels | Belgium  
T: +32 2 503 38 78 | F: +32 2 503 30 55  
[secretariat@amice-eu.org](mailto:secretariat@amice-eu.org) | [www.amice-eu.org](http://www.amice-eu.org)