

News

sept 10



Asmo Kalpala
President

With the current QIS5 exercise, the Solvency II project has again reached a crucial phase. The results of this exercise will deliver decisive input for the Commission's final proposals on the level 2 implementing measures. AMICE will be part of the debate about the methods and calibrations. To fulfil its role of defending the interests of its members, the Secretariat needs good knowledge about the results for our sector.

In my recent letter to the management of all AMICE members, I have encouraged all members to carry out QIS5 in their organisations. I see two main reasons for the importance of the exercise: firstly, I firmly believe that running QIS5 is one of the best preparations for any insurer for life under Solvency II. But the importance of your participation in the exercise does not end here.

The QIS5 exercise is also the crucial tool for the Commission to receive hard-fact feedback from the industry. The proposal for the level 2 measures will be presented shortly after the final report by CEIOPS on the QIS5 results. It is therefore highly important that QIS5 results are representative. Some methods or calibrations are still being tested and QIS5 therefore includes some multiple calculations. The Commission is asking all companies to carry out all calculations in order to ensure that a comparison of results can be made.

The results of the exercise will have to be debated between regulators, legislators and industry. **But only an informed debate is a good debate.** I encourage you therefore also to share your results with the AMICE Secretariat. Silvia Herms and Gregor Pozniak will only be able to document the concerns of AMICE's members, notably its smaller and/or specialised ones, with hard facts if they have access to the detailed information you provide through your QIS5 spreadsheets.

AMICE has recently held a successful QIS5 workshop and continues to be available for its members for QIS5 assistance. Take up the offer and contact the experts at the Secretariat.

Asmo Kalpala

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New member from Austria

Talking to Robert Sturn,
Director of VLV Vorarlberger Landesversicherung

I am a member of the Managing Board of VLV-Vorarlberger Landesversicherung, the regional insurer in Vorarlberg, the westernmost province of Austria. We are one of six regional insurers in Austria, all in the mutual or a similar legal form.



Robert Sturn

VLV has approx. 100,000 member-policyholders and the gross premium income in 2009 amounted to approx. € 70 million. We are the only insurance company with its head office in Vorarlberg. This permits us to play our strongest card: the proximity to our customers. This means efficient structures and quick decisions for the benefit of our members. Originally active in fire and

household insurance (since 1920), we offer today a broad range of insurance lines, including life and non-life insurance. We also have an agreement with a sales partner in neighbouring Southwest Germany.

How did you hear about AMICE?

Last year, the Secretary General gave a presentation about the activities of the association at a meeting of our Regional Insurers' Association. We agreed that it is important for the Austrian regional mutuals to be able to network at the European level and to have the direct link to Brussels where, after all, most of our legal and regulatory framework is written. VLV, together with our colleagues and partners at Tiroler Versicherung, applied and became member of AMICE.

Genoa was therefore your first AMICE Congress?

Yes, indeed. It was a very well organised event in a spectacular location in the harbour of Genoa. The exchanges with the CEIOPS representatives and the presentations by mutuals' managers from around the world were very interesting. I also found the session on societal changes resulting from demographic developments and the various solutions tried in several European countries most valuable.

What do you expect from AMICE?

We hope that through our membership of AMICE, we will have the opportunity to better express and defend, together with others, the interests of insurers of our (small) size. This is particularly important in the context of the changes brought about by Solvency II.

Insurance accounting and Solvency II

AMICE welcomes the publication by the IASB, during the summer, of the exposure draft on insurance contracts (ED/2010/8). This project will result in an international financial reporting standard for insurance contracts, the first time ever that there will be a common standard on valuation. The exposure draft had been announced for quite some time but always delayed, notably because of its links to other standards, then because of the financial crisis which led the IASB to rewrite the standard for financial instruments.

The preliminary work on the insurance contracts standard, which began in 1997, was followed by AMICE's predecessor organisations as it influenced the bases and methods of valuation for assets and technical provisions included in the Solvency II Directive. Although the two approaches are different, as the IFRS deals with the profit and loss accounts and Solvency II with the balance sheet, the intention of the regulator was clearly that the two legislations should converge or, at least, that they should be consistent.

For insurance companies, what matters now is to ensure convergence between Solvency II and the ED on insurance contracts.

AMICE is therefore resuming its work on the IFRS and will hold a meeting on 27 September in Paris to analyse the impact of this standard for mutual and cooperative insurers and to prepare a position to send to the IASB.

“How to implement Solvency II – the benefits and the pitfalls”

SME seminar, Hamburg, 8 December 2010

AMICE is organising a second edition of its meeting for small and medium sized members in Hamburg on 8 December 2010 with a focus on the implementation of Solvency II – the benefits and the pitfalls.

Much like the first event in Paris in February, the agenda will focus on Solvency II related topics such as the risk management framework for insurers including ORSA, lessons learnt from the Danish individual Solvency requirements, the pitfalls and the critical factors for success.

Interpretation will be provided in English and German (other languages depending on registrations).

Consult the AMICE website for more information and to register.

Swedish member, Länförsäkringar, visits Brussels

The Länförsäkringar Alliance consists of 24 regional, mutual insurance companies offering life, non-life and health insurance as well as bank products in Sweden.

From time to time, the CEOs of all 24 mutuals and their jointly owned company Länförsäkringar AB meet to discuss current issues. An issue that is and will be current for a long time is EU legislation work in general and Solvency II in particular.

During a visit to Brussels, the group had the well-appreciated opportunity of both CEA and AMICE giving their views on Solvency II and other current legislative work.

Gregor Pozniak described the importance of mutual insurance companies in Europe. He explained the co-operation between AMICE and CEA, but underlined that on questions specific to mutual companies additional focussed lobbying and information work is necessary and indeed expected by the European institutions. The audience was obviously aware of the importance and success of mutual companies in Sweden, but was now learning of both the European-wide impact and the importance of creating and keeping a level playing field, irrespective of company size and form.



Sten Dunér

Sten Dunér, CEO of Länförsäkringar AB commented that *“the 24 companies have developed over their 200 years of existence with mutuality as their backbone. We tend to take mutuality for granted and obviously our many customers appreciate its qualities. Mutuality needs to be defended and further developed, not only in legislation, but also in the awareness among decision-makers, customers and our staff. It is good to know that we are not alone in this effort.”*

Governance at European and global levels

Published shortly before the summer break, the **Commission’s Green Paper** on Corporate governance in financial institutions has retained AMICE’s attention.

Is the existing corporate governance regime deficient as such – or was it just poorly implemented? This question was the Commission’s main driver for the consultation, against the background of an evident necessity to enhance the protection of all stakeholders (clients and shareholders) in the financial sector through better governance.

In its response, AMICE reiterated that insurance differed fundamentally from banking and investment banking as managing risk was at the core of its activities. Banking measures should therefore not be uniformly applied to insurance. It also drew the Commission’s attention to the fact that Solvency II already includes a vast set of requirements concerning governance and reporting, which should not be overruled or duplicated by yet another set of rules.

At the global level, the **IAIS** is finalising its work on **core principles for suitability criteria** for board members, key management and significant owners. AMICE already participated actively during the drafting of the document and in its latest comments emphasised again that the key criterion for a board has to be its functioning as a college – and less the complete top-level qualification of each individual board member. The work on the core principles on governance and internal controls continues and AMICE remains actively involved in its observer role at IAIS.

Already earlier in the year, the Legal Affairs task force had commented on the revised **OECD Guidelines on Insurer Governance**, equally tackling general governance matters as well as some misconceptions contained in a specific chapter dedicated to mutual insurers. As an example, AMICE warded off the recommendation that all mutuals should hold “meetings with all their policyholders to hear their views directly”. This being inconceivable for large and very large undertakings, AMICE suggested that mutuals “should consider efficient ways to learn the views of their policyholders directly”.

The full AMICE positions on all of these consultations are downloadable from http://www.amice-eu.org/publications/position_papers.aspx



Secondee from Tapiola

As an old English proverb says: “All good things must come to an end”, which on this occasion means that my period as a secondee at AMICE is over. I was lucky to be able to work for AMICE as a secondee from Tapiola for altogether 10 weeks during the spring/summer of 2010. Even though the period in Brussels was very short, I managed to gain valuable insight into how interest representation of the financial sector, with an emphasis on insurance, is actually carried out. Helping out at the office, being able to meet MEPs and their assistants, hearing the industry discussions and participating in meetings at the European Parliament, learning the processes of the EU institutions and last but not least meeting other AMICE members are just a few of my great experiences at AMICE. All this has definitely given a value-added to my work in the external relations department at Tapiola. After these 10 weeks I am confident that my professional career again took another step forward.

Therefore, I would like to take this opportunity to thank my wonderful colleagues at AMICE but also Tapiola for arranging this interesting opportunity. Due to the excellent support from the AMICE staff, all the practical arrangements of the secondment were carried out in a very smooth way. With all this being said, I would like to recommend secondment as an opportunity to look at your work and/or the industry from a slightly different perspective. It's definitely worth it!

Joel Karjalainen, Tapiola, Finland

Marketing seminar, Paris, 14-15 February 2011

Want to know how to use the web to keep your marketing costs down? Looking for inspiration on how to market that new product? Wondering whether you should use your mutuality to sell your company?

AMICE is organising a seminar in Paris on 14-15 February 2011 to help you optimise your marketing strategy and product development process. Marketing/communication managers will have the opportunity to exchange ideas on what works – and what doesn't! Although mainly aimed at smaller and medium-sized AMICE members who may not have the same marketing budget as larger companies, all mutual and cooperative insurers should find something to interest them.

Interpretation will be provided in English and French (other languages depending on registrations).

Consult the AMICE website for more information and to register.

→ External events

AMICE is a supporting partner for the following events and has in some cases negotiated favourable admission fees for its members:

- 5 October London “Solvency II & Risk Management”, Life and Pensions conference
- 9 November Paris “Solvency II”, Les Echos conference
- 9 November Paris “Regroupement des mutuelles/Mutual groupings”, L'Argus conference
- 1-2 December Zurich “Solvency II & ORSA Implementation”, Infoline conference
- 3 December Paris “ESG strategies for responsible investors”, Novethic conference

See the “Other Events” page on the AMICE website for more information.

→ AMICE meetings and events

- 23-24 September Turin CSR workshop & task force
- 27 September Paris IFRS task force
- 29 September Brussels Board
- 6 October Madrid Capital maintenance task force
- 8 October Paris Solvency II task force
- 13 October Zurich Reinsurance task force
- 13 October Zurich Motor Claims Network/Workers' Comp. task forces
- 14 October Zurich Member to Member working group
- 18 October Brussels Communications working group
- 19 October Brussels Executive Committee
- 20 October Paris Workshop on mutual groupings
- 20 October Paris Legal Affairs task force
- 28 October Brussels Pensions Meeting
- 2 November Brussels Solvency II task force
- 15 November Brussels CSR workshop & task force
- 15 November Brussels Annual Reception
- 16 November Brussels Board
- 1 December Helsinki Capital maintenance task force
- 8 December Hamburg SME seminar