

News

sept 13



Hilde Vernailen
President

The AMICE Board has set the course for AMICE's strategic review: retaining the three core objectives of promotion, lobbying and assistance, but sharpening the focus and ensuring that AMICE's governance and resourcing allow us to provide value for our members.

Dear friends,

I hope you all had a good summer and feel strengthened and motivated to start a new working year – both in your organisations and in AMICE. The strategic review process that we have before us will keep us busy in several cycles. The Executive Committee has been discussing a first draft and we hope to be able to take main decisions at the Board in November with finetuning until the spring. The revised strategy will then be presented to the General Assembly in Nice in June 2014. Please share with me your ideas and visions for AMICE; it is this direct feedback, together with the member survey results, that will enable us to shape our activities over the next years in line with your expectations.

For various reasons, I am optimistic for our sector:

- As Vice President Dr. Görg writes in his comment on page 2, it is evident that the public hand will withdraw more and more from the provision of the basic services in the insurance of the person. Private insurance will take over, and our business model gives us quite an edge over our competitors – both commercially and emotionally. Putting policyholders first will be more important than ever in times of uncertainty of the citizens.
- Recent ICMIF statistics demonstrate the continuing strength of our sector: between 2008 and 2011, mutual and cooperative insurance increased its market share in Europe from 25 to 28%.
- The European institutions, too, recognise more and more the importance of our sector. After the reports by the European Parliament on mutuals (by Luigi Berlinguer) and cooperatives (by Patrizia Toia) and the big study on the situation and prospects of mutuals by the Commission, the Commission has now launched the impact assessment process on legislative options to address the barriers evidenced by the study and the subsequent consultation.

I invite you to contribute actively to the further development of AMICE, our successful association of our successful sector.

Hilde Vernailen

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The future for mutual insurance companies

A great deal has been said about what the future holds for mutual insurance companies. Almost all stakeholders – both from inside and outside the insurance sector – agree that mutual insurance companies could considerably increase their market presence.

This optimism is based on the knowledge that the individual European nation states will increasingly pull out of their state social insurance systems. As populations increasingly grow older, pay-as-you-go social insurance systems will very soon reach their limits in terms of performance. This will happen all the more quickly, the more rapidly the birth rate has fallen over the last 30-40 years. If the birth rate falls significantly below 2.05, the level necessary if populations are to stay at their present levels, the next generation will be relatively small in terms of figures. It also means that it will no longer be able to pay the necessary retirement pension contributions.



It can be assumed that the individual nation states will require their citizens to take out additional private insurance. This is rightly seen as a special opportunity for mutual insurance companies to considerably increase their business. The same can be said for pension, health and accident insurance.

Despite all the euphoria, we need to remain prudent. Whenever the state transfers some of its former responsibilities to private companies, it also determines prices, sets rates and limits

profit opportunities for the risk carriers. This trend has already been observed in some nation states, where the delegation of social insurance is already underway.

However, it is precisely in this context that insurance companies in general, and particularly mutuals, have to meet other basic requirements that apply to the insurance sector.

Solvency II represents a clear commitment by the European legislator to value-oriented corporate management. It is underpinned by the commercial reality that this value-oriented corporate management provides the best long-term protection against financial difficulties and even insolvency. At the latest with the application of the ORSA requirements in Pillar II, every insurance company will have to consider whether a new business segment is viable in terms of equity capital investment. Should this new business segment fail to meet the profit requirements imposed by Solvency II, the "Use Test" will prompt insurance companies to avoid or subsequently abandon this business segment.

Against this background, delegated social insurance can only become an additional business segment for mutual insurance companies, if the associated profit opportunities are compatible with Solvency II.

It is hoped that the relevant national legislators will promptly see this connection and react accordingly in their legislation.

Solvency II update

The vote in the Plenary of the European Parliament on the Omnibus II Directive has now tentatively been scheduled for March 2014, one of the last Plenary sessions of this term. Until now, the very ambitious timeline by the Commission had talked about an EP vote in October or November 2013. As already discussed earlier within AMICE, this further delay increases the probability that the deadline "Transposition 2015 / Entry into force 01 Jan 2016" will not hold.

In late June, [EIOPA published](#) the results of the LTGA (Long-Term Guarantees Assessment). Evidently, the results of this assessment were more complex – and more controversial – than hoped, and intense negotiations about changes in the framework have now resumed and will continue over the next months. The trilogues between Parliament, Council and Commission have resumed and a further meeting is scheduled for 10 October. Some MEPs have made it very clear that they expect changes in several level 1 provisions before they can accept a compromise text with Council.

Just to remind you: the finalisation of Omnibus II and its publication in all official languages in the OJ is the formal requirement for the Commission to be able to table the level 2 text which then goes through the scrutiny procedure with Council and the EP. And then follow the level 3 guidelines by EIOPA. Time is slipping ...

What does this mean for the [Preparatory Guidelines](#) by EIOPA which were meant to be published in October 2013 and to enter into force on 01 Jan 2014? EIOPA plans to submit the full set to its Board of Supervisors on 25 and 26 September, even the one on reporting – even if the contents of the required reporting is not yet clear. EIOPA argues that insurers should be able to prepare, even if some parameters are still open. The comments that AMICE has provided to EIOPA on the draft guidelines on governance, on the ORSA and on supervisory reporting are available from the [AMICE website](#).

AMICE had asked members to share with the Secretariat their own LTGA responses. On the basis of the 25 spreadsheets and 13 qualitative questionnaires received, Silvia Herms has produced an AMICE LTGA Report which has been sent to Commission, EIOPA and MEPs and which is (together with its summary cover letter) available to members from the [Secretariat](#).

AMICE's cocktail reception

With more than 50 attendees, the AMICE reception took place in the evening of 16 September 2013 in the European district of Brussels, on the eve of the association's first ExCom meeting after the summer.



The reception also provided the opportunity of meeting other members of the association, delegates from the European institutions and other key stakeholders in Brussels. The new President of AMICE Hilde Vernailen from P&V Group in Belgium shared her vision and aspirations for the association.

"AMICE should be a fully recognised voice in Europe, providing news and information about recent and upcoming regulatory and political developments. The revised strategy of the association will also put a stronger accent on promoting and defending mutuality/cooperative values in Europe."

The strategy of AMICE is currently under review and will be put in place before the end of this year. More information will follow on the AMICE website and in the next edition of this newsletter in December 2013.

European Parliament strongly supports cooperatives

In view of the ongoing financial crisis, the European Parliament devotes increasing attention to the cooperative movement. Instead of blindly following conventional forms of a strict neoliberal model of capitalism, cooperatives have the potential to enrich local community and ensure a fair distribution of economic power.

Many European countries, including Spain, Germany, Portugal and France, have already realised that conventional companies do not always provide the best and cheapest way to solve problems of unemployment, job creation and social exclusion. They adopted social entrepreneurship and cooperatives as one of the important factors to ensure sustainable development. The Social Economy is one of the most innovative and fast growing sectors, constantly gaining on importance and visibility. According to the data of [Cooperatives Europe](#), there are currently 160,000 registered cooperatives in the EU, with 123 million members and providing 5.4 million jobs. Along with other forms of social entrepreneurship, this figure represents 10 percent of total employment in the EU.

Following the International Year of Cooperatives in 2012 declared by the United Nations General Assembly, the European Parliament has published a [report](#) on the contribution of cooperatives to overcoming the crisis in July 2013. Italian MEP Patrizia Toia (S&D) presented this report.

The report commends cooperatives, insisting on the resilience that the enterprise model has demonstrated during the economic and social crisis that Europe faces. It focuses in particular on the cooperative option for restructuring businesses in crisis or without successors, for instance through a business transfer to its employees.

The report also emphasises a few proposals to ensure a level playing field between cooperatives and other forms of enterprises, including the access to funding and business support. Finally, the report provides a particular attention to the role that energy cooperatives play in increasing the use of renewable energy.

Agnès Mathis, Deputy Director at Cooperatives Europe, commented: *"This report is an important step for an effective recognition of cooperatives as a key economic and social actor in the EU. Cooperatives Europe particularly welcomes some concrete demands from the European Parliament, such as the access to the whole range of business support services. This action should pave the way for a stronger development of cooperatives in all economic sectors."*

The European Confederation of Workers' Cooperatives, Social Cooperatives and Social and Participative Enterprises (CECOP) has released a very interesting [documentary movie](#) *"Together"* that shows successful European cooperative stories from Spain, Italy, France and Poland.



On-line registration open | AMICE Congress « Business – the mutual way »

The next AMICE Congress will take place in Nice on 04-06 June 2014 with a focus on mutual and cooperative business practices and values. The three French association members GEMA, FNMF and ROAM are co-organising the congress and look forward to welcoming you in the South of France with an interesting and challenging programme as well as exciting social and cultural activities.



SAVE THE DATE

Nice
04-06/06
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amice
THE MUTUAL WAY

amice
Congress 2014

BUSINESS –
THE MUTUAL WAY

LE MERIDIEN HOTEL, NICE 04-06 JUNE 2014 ■■■
YOU CAN REGISTER NOW ON THE CONGRESS WEBSITE :

www.amicenice.eu

Hosted by:
GEMA
FNMF
ROAM

The congress will open with an expert update on regulatory developments at the European institutions. Another working session of our congress will focus on the main challenges of providing sustainable and affordable health care in the European Union – and the mutual way of addressing them effectively and efficiently. It will be also an opportunity to discuss how insurance products can be made even more attractive through innovation while maintaining their mutual characteristics.

Please save the date in your calendars. You can also register your attendance, book your hotel and find more detailed information on the Congress website www.amicenice.eu.

Legal Affairs

The Legal Affairs taskforce meeting of 9 September had unfortunately to be cancelled due to illness of Vlad Olteanu at the Secretariat. Several updates and documents are available in English from the AMICE Secretariat:

- Updates and legislative timelines on the EU projects of **IMD2** and **PRIPs**.
- GFIA and AMICE comments on a draft issues paper by the IAIS on **policyholder protection schemes**.
- An earlier [letter by AMICE](#) (commenting on a draft) and [comments by GFIA](#) on an [IAIS Issues Paper](#) on **Supervision of Cross-border Operations through Branches**. We argued that supervisors should not be predisposed against cross-border operations through branches (as opposed to subsidiaries) since branches allow mutual insurers to directly grant members' rights to policyholders in host jurisdictions.

With regard to the proposal to introduce **non-financial reporting requirements** (on CSR issues etc) into the 4th and 7th Company Law Directives, we hear that Commission and EP are well advanced in their negotiations and that the Commission is optimistic to close the file by the end of the calendar year.

Commission services have started the process towards an impact assessment of possible further actions following their **consultation on mutuels** held before the summer. We will of course keep members informed of the further progress on this dossier.

The Governance and Compliance Sub-Committee (GCS) of the IAIS has produced a draft of an issues paper on **group governance**. The Secretariat collected comments from membership and fed them into the debate.

We hope to be able to resume the work of the Legal Affairs work stream as soon as possible with full steam.

Report from the Reinsurance Training for Non-Reinsurers



Under the lead of the taskforce on reinsurance and hosted by P&V Group in Brussels, AMICE held a Reinsurance Training for Non-Reinsurers on 18-20 September 2013, in collaboration with its partner organisation ICMI. Twenty participants from 7 countries came together to jointly learn, discuss and explore the basics of reinsurance through a highly interactive and hands-on approach.



The training had been designed for people who are new to a reinsurance department or have a role that demands at least a working knowledge of how reinsurance operates. It offered valuable insight into the basics of reinsurance by combining presentations from seasoned professionals with a powerful simulation tool that enables the participants to immediately apply what they have learned in a realistic, dynamic environment. The emphasis placed on learning by doing enabled participants to immerse themselves in the reinsurance process and gain a much deeper understanding of the topic. The presentations can be found on the [AMICE website](#).

Mutualism, insuring a more humane society

Today, no fewer than 38 million French people are protected by a mutual society. Mutualism is at the heart of their daily lives, sometimes without them even realising it. Built on a very old model, it has at times been portrayed as outmoded. Quite the opposite, it may very well be a model for the future. Over the years, it has evolved and has weathered every crisis. Today it is a modern well-performing model, adapted to the economic and social realities of the early 21st century, and is regarded as an economic heavyweight that fulfils a crucial role in many sectors, such as agriculture, banking, insurance and services to individuals.



Furthermore, mutualism is an economic alternative to capital companies and puts forward specific and well-developed values such as democratic governance, solidarity, accountability and proximity, without the systematic goal of turning a profit. It is able as no other model to meet the needs of consumers and in particular has the advantage of a long-term vision — a salutary feature in an economy buffeted by immediate profits and short-sighted visions.

But is the mutual model safe from the world's perils? What will be the impact of the forthcoming introduction of new EU rules, such as Solvency II, that disregard the fine details? Are French mutuals really out of the demutualisation danger zone that we have grappled with in the past? What are the issues of the European Mutual Statute?

Mutual insurance companies are particularly active in professional liability insurance. One such company is MACSF, which covers health professionals during their working time through a high-performance economic model that insures the long and complex risk of medical civil liability.

Mutualism is an alternative way of carrying out the insurance business. It is a different model that is more humane and more attentive to individuals than its rival, the capitalist model. Mutualism values close relationships and performs every bit as well as capitalism and is committed to the members, to defending their interests and promoting relationships of mutual trust.

Mutualism is unquestionably the right kind of insurance for a more humane society.

On sale at bookstores in French and in English.

→ AMICE meetings and events

- 1 October Bologna CSR taskforce
- 3-4 October Turin MCN/WCI seminar “Addressing tomorrow’s challenges for insurers of people”
- 29 October Brussels Executive Committee
- 30 October Brussels Communications working group
- 12 November Madrid Board
- 25 November Online REI taskforce
- 28 November Brussels Communications working group
- 29 November Paris Seminar Solvency II Preparatory Guidelines
- 12 December Brussels CSR taskforce

→ External Events Calendar

- 17-18 October London Certified Sustainability (CSR) Practitioner Training
by Centre for Sustainability & Excellence
* 15% discount for AMICE members
- 7 November Paris Conférence annuelle Solvabilité II by Les Echos
- 6-8 November Cape Town ICMIF Conference
- 13 November Brussels Risk Dynamics Round Table : Validation Internal Models in Solvency II
- 18-19 November London Insurance Risk Capital Summit by Insurance ERM
* 20% discount for AMICE members
- 21-22 November Vienna Solvency II Forum by GLC Europe
* 20% discount for AMICE members
- 29-30 January Vienna Insurance Risk Management Forum 2014 by Fleming Europe