

News

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Asmo Kalpala
President

The current financial crisis has shown that true corporate social responsibility and sustainable development must lie at the heart of the way we run our core business. Our operations must bring genuine added value to all stakeholders. Our mutual company forms, where the client is the first priority, offer a good possibility to act responsibly.

Responsibility to clients – Possibilities and challenges for mutuals and cooperatives

This responsibility means several things:

- The owner is also a client. Hence, benefits based merely on ownership are not enough. The influence of the owner should be evident across the company's operations.
- The client is also an owner. It is not therefore enough that our services are good. The client must feel special and involved.
- Most of our staff are owner-clients themselves, serving other owner-clients. They act on the same level, but in different roles.

I see a great possibility giving us a competitive edge if we can take full advantage of this situation by creating a feeling of "we" between all owner-clients - rather than just having a traditional expert-client relationship.

But there are no rights and benefits without responsibility. An owner-client also has a responsibility for the company's success. We in turn must be able to give our owner-clients the knowledge and the tools that enable them to be good owners and to take good care of their company.

Corporate social responsibility does not mean that we take over the responsibilities of society. The responsibility to our owner-clients, however, requires us to keep up with the times and to anticipate economic and social developments so that our services and products are always up to date.

At the moment, we are living in the midst of an international financial crisis. The strength of mutual companies lies in their long-term and stable operation policy. In our sector, economic responsibility is also social responsibility; the aim of our operations is to advance the success and well being of people, communities and corporations. We are responsible to our clients for our economic success.

Asmo Kalpala

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Corporate governance

Apart from monitoring and reacting to initiatives at European or international¹ level, AMICE's work on corporate governance also consists of exchanging good practice between members.

Some French AMICE members, through their national association FFSAM (Fédération Française des Sociétés d'Assurance



Jean Azéma

Mutuelles)² including ROAM (Réunion des Organismes d'Assurance Mutuelle)³ have produced a series of recommendations on corporate governance for their members which also involve an annual follow-up. This work was led by Christian Collin, Secretary General of Groupama and FFSAM, who is also a member of AMICE's Board and Executive Committee as well as chair of AMICE's Legal Affairs working group.

The CEO of AMICE member Groupama, Jean Azéma, who is also Chairman of FFSAM, explains:

Over the last few years, FFSAM members have done a lot of work on the issue of governance.

First of all, mutual insurance companies assisted the authorities in making profound changes to the way in which they were regulated. While previously governance was essentially dealt with in their Articles of Association, mutual insurance companies are now governed by a body of rules comparable to that applicable to joint-stock companies. Governance rules for mutuals, however, differ markedly from those for joint-stock companies because mutual insurance companies are partnerships in which the insured is both a customer and a member. The position of the client as a member means that he/she is involved in the governance of the company whose Board members are elected by and from among the members themselves.

Before the new regulations on the governance of mutual insurance companies were finalised, however, FFSAM's members decided to go further and to adopt Recommendations to supplement the legislation. The first set of Recommendations was completed in 2005, and since then FFSAM members have used them as an instrument of self-regulation.

In 2008 the Recommendations were updated and expanded, and as a result the self-regulation system has been further developed. For the first time, we have produced a booklet which contains all the provisions, voluntarily designed, tested and improved by FFSAM companies over the years. We are very happy to share the fruits of our work with our fellow AMICE members across Europe.

The booklet is available in French and English from the FFSAM secretariat (contact martine.baudaert@groupama.com) or can be downloaded from the AMICE website <http://www.amice-eu.org/governance.aspx>.

¹ As an observer to the IAIS, AMICE is involved in the current work on an IAIS Issues paper on the Corporate Governance of Insurers for example

² FFSAM has 156 company members, including ROAM, and represents almost half of the French insurance market

³ ROAM represents 46 mutual insurance companies

de Larosière report

The High-Level Group on Financial Supervision in the EU, chaired by Jacques de Larosière, presented its ideas about the causes for the current financial crisis and the way forward at a European and a global level in late February.

Much has been written, praised and criticised about the group's proposals, but few commentators have focused on the report's passages relating specifically to the insurance industry or to issues close to AMICE members' hearts.

- For the experts, the urgent adoption of the Solvency II framework is a must. The directive should in any case include a "balanced" group support regime, a binding mediation process between supervisors, and the setting up of harmonised insurance guarantee schemes. In a press release, AMICE has welcomed the call for a modern and risk-based framework that takes account of economic reality and therefore includes a regime for group supervision and group support.
- Proposals for an amended framework of prudential rules for banks (certainly with cross effects for the insurance sector) include a critical review of hybrid capital as part of Tier 1 and measures to curb pro-cyclicality.
- The experts found clear critical words about corporate governance failures and distorted incentive structures, both in remuneration schemes, but also in accounting principles.
- In the structures of financial supervision, the high-level group calls for a strengthening of national supervisors and their cooperation in Europe (for the insurance sector in CEIOPS). "We welcome the clear recommendation to strengthen the role of CEIOPS and to increase its resources," AMICE President Asmo Kalpala was quoted as saying in the press release. By 2013, the supervisors' committees should be transferred into agencies; CEIOPS should become a European Insurance Agency. Their remit, however would remain somewhat limited since the day-to-day supervision of firms would remain in the domain of the national supervisors. The idea of a European horizontal supervisor for the whole of the financial sector was rejected as currently not viable.

Based on the de Larosière report, the Commission will make legislative proposals in May to be endorsed by the Council before the summer. Ambitiously, the Commission even wants to bring forward to 2010 the implementation of the new supervisory structures.

AMICE Newsletter – your opinions

Many thanks for the more than 100 questionnaires that you sent back in response to our survey in the December issue about the future contents, language, frequency and distribution of our newsletter. Your feedback gives us a good basis on which to develop the newsletter in the future – but your continuing feedback is important and necessary for us in the Secretariat.

As a main result of your replies, we switch to electronic publication. This means that this March issue is being sent to you as a pdf attachment, for you to print if you wish, and easy to distribute in your company. It is also available on our website. The newsletter will continue to be produced in four languages and will appear four times a year.

Of course, we will also try to meet all your requests with regard to the content, although maybe not all of them immediately. In line with suggestions, we want to increase the information about and from members. We invite you therefore to send us (helen.sheppard@amice-eu.org) short (!) pieces about your company or market or about interesting new products – or about your experience in the work with AMICE.

Solvency II – the work pressure mounts

Negotiations are tough in the so-called dialogue between Council, European Parliament and Commission which became necessary after Council and Parliament had come out with quite divergent amendments to the Commission's proposals. Still, there is hope on most sides that an agreement can be found and that the framework directive can be passed before the recess of the Parliament in May. Despite the ongoing political discussion process on level 1, work is already intense on level 2, on the preparation of implementing legislation.

The Commission has given an extremely challenging timeline to CEIOPS for the delivery of advice on this secondary legislation and CEIOPS plan to deliver most advice in October 2009. This means that the supervisors will issue dozens of consultation papers during the next months, mainly in two blocks in early April and early July, with response deadlines of only 8-10 weeks.

AMICE is already being informally consulted during the preparation of these papers and has so far delivered comments on health insurance, on counterparty default risk, and on reporting requirements. Moreover, Silvia Herms, AMICE's senior advisor on Economic and Financial Issues, and the Secretary General have been to meetings with CEIOPS members and staff on three occasions during the last weeks. AMICE is in the loop on behalf of its members; but the Secretariat urgently needs support from members, particularly from countries that are up to now less involved in this work of the association.

Get in touch with the Secretariat silvia.herms@amice-eu.org to discuss how and on what issues you can get involved.

→ Hungarian legal project aborted

In our December newsletter, we reported on an existential threat to mutual insurers in Hungary through pending discriminatory legislation. We are happy to share with all members a letter recently received from Robert Lilli, Deputy CEO of AMICE's member KÖBE:

"... after a proposal by two mutual friendly MPs, the Parliament has passed the new law with great majority without this particular amendment. ... We would like to thank AMICE for all its efforts supporting us in this case. We know for sure that your support was essential for achieving this great result."

Social dialogue in insurance

The so-called European social model, this vision of a society where sustainable economic growth is intertwined with the development of the individual, generally encompasses social dialogue as a cornerstone of a well functioning employment policy.

The term "social dialogue" refers to negotiations, consultation or exchange of information between employers and workers on issues of common interest concerning economic and social policy. The main objective of the social dialogue is to develop general agreement and democratic involvement among the main stakeholders in the world of work. At European level, committees organised per sector bring together representatives of trade unions and employers' organisations, with the assistance of the European Commission.

The insurance social dialogue committee was set up 10 years ago but only resumed its work last year after a few years of interruption due to diverging views on lifelong learning. AMICE sits on the employers' bench, together with the CEA (the European federation of national insurance associations) and BIPAR (the European association of insurance intermediaries). The committee meets about 5 to 6 times a year in Brussels. The recently approved programme for 2009 includes a number of topics, such as extending social dialogue practices and identifying representatives in the new Member States; the negotiation of a joint statement on the issue of demography as well as the production of a booklet of "good practices" in a series of fields pertinent to our sector; the monitoring of the European Commission's initiative on the sectoral analysis on emerging competences & economic activities in the EU (see article on legal affairs); finally, the monitoring of any relevant draft legislative proposal.

Call on AMICE members

We are always looking for members to attend working group and plenary meetings in Brussels, which are fully reimbursed by the Commission. Last year two AMICE members made presentations; Eric Messaoudi from MAIF, France, on demography and Johan Sjöström, from Folksam (KPA Pension), Sweden, on the national achievements of social partners, both highly appreciated by the committee members. If any of the topics of this year's programme appeals to you, please contact the Secretariat catherine.hock@amice-eu.org.

For more information, see http://ec.europa.eu/employment_social/social_dialogue/sectorial14_en.htm



Increasing interest in AMICE's Legal Affairs taskforce

Representatives from no less than eight jurisdictions (but still only half of AMICE's coverage!) gathered in Brussels in January for the meeting of the newly named legal affairs taskforce (formerly 'monitoring and advice'), chaired by Italian university professor Edoardo Greppi.

The main goal of the taskforce is to advise the secretariat on appropriate follow-up by AMICE to EU legislative initiatives which could have a substantial impact on mutual/cooperative insurers. It is also the venue for the exchange of information between members and from the secretariat to membership on legal issues outside the core workstreams of AMICE.

The preparatory work (in the form of information sheets) provides an opportunity for taskforce members (and soon also for all membership through the extranet project) to keep abreast of the latest legal initiatives in Brussels. Most recently, fact sheets were distributed on the review of the Block Exemption Regulation in insurance, on the Green Paper on Consumer Collective Redress, the regulatory proposals on Credit Rating Agencies, and on the review of the functioning of the Directive on Taxation of Savings Income.

The legal affairs taskforce also discusses corporate governance issues – traditionally an area of great interest for the mutual sector. AMICE works as an observer in the IAIS Corporate Governance Sub-Committee. The focus of the discussion in January was on FFSAM's new governance code (see separate article).

Finally, the taskforce monitors AMICE's activities in the social agenda field, among them the association's involvement in the European insurance social dialogue committee and the membership of AMICE in Social Economy Europe (SEE). In SEE, the mutual insurers provide input on issues concerning the wider social economy sector to this umbrella organisation representing associations, cooperatives, mutuals and foundations.

"Participating for the first time in a meeting of AMICE's Legal Affairs task force was most useful for me and my employer, Folksam. I passed a copy of FFSAM's new governance recommendations to some of my colleagues and they found them interesting and inspiring."

Björn Siljeholm, Corporate Development, Folksam.

The next meeting will be held on 19 May at AMICE's offices in Brussels.

M2M events



Mogens N. Skov

As CEO of my company, I always encourage my staff and Board members to attend external events which are useful to their work and AMICE's Member to Member seminars offer excellent value. Not only do my colleagues learn new facts, they also appreciate the opportunity to meet new

people and exchange experience with participants from other mutuals and countries.

I have been participating in the networking events for many years now and still find them as useful as ever. Of course, as chairman of the working group responsible for organising them, I also feel it is my duty to be there these days!

Despite the crisis – or perhaps even because of it – I encourage you and others from your company to participate in one of this year's events and benefit from the new outlook they bring.

**Mogens N. Skov, CEO
Købstædernes,
Denmark and Chair, AMICE
M2M working group**

Forthcoming M2M events will be held:

- in Athens, on 23-24 April, at the invitation of Syneteristiki: "Meeting of European Mutual and Cooperative Reinsurance Managers"
- in Lisbon, on 11-12 May, at the invitation of Mutua dos Pescadores and Sagres: "Accidents & illness at work: improving results for employment-related risks" seminar organised by the workers' compensation task force
- in Niort, on 24-25 September, at the invitation of Inter Mutuelles Assistance: "Reducing claims to improve results" seminar organised by the motor claims network task force

→ AMICE meetings and events

- 17 March Brussels Executive Committee
- 18 March Paris Solvency II task force
- 1 April Brussels Solvency II task force
- 21 April Brussels Board
- 23-24 April Athens AMICE Meeting of European Mutual & Cooperative Reinsurance Managers
- 29 avril Brussels Solvency II task force
- 11-12 May Lisbon AMICE seminar "Accidents and illness at work: improving results for employment-related risks"
- 19 May Brussels Legal Affairs task force
- 19 May Brussels EMS task force
- 26 May Paris Member to Member working group
- 2 June Brussels Board
- 2 June Brussels AMICE Reception
- 3 June Brussels Annual General Meeting
- 4 June Brussels Solvency II task force
- 24-25 September . . Niort AMICE motor claims seminar "Reducing claims to improve results"