

CONGRESS NEWS #2



Business -
The mutual way

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 #AmiceNice2014

Congress Day 1

2014 AMICE CONGRESS Opening Session

On Solvency II

Professor Olivier Guérin, deputy mayor of Nice, welcomed the congress attendees on behalf of the city. As a gerontologist at the Nice University hospital, he confirmed his support of the mutual spirit and of their founding values – humanism and solidarity – underscoring the need to support the mutuals at a time when the sector is in turmoil.

Jean-Luc de Boissieu, Secretary General of GEMA, introduced Sandrine Lemery, Deputy Secretary General of the French Supervisory Authority (French initials ACPR), responsible for insurance control. She took up the general principles of Solvency II and described how the supervisory authorities plan to apply Solvency II to the mutual groups.

The issue of shareholders' equity, a key issue in Solvency II, was also a point of discussion.

The third subject was proportionality and the measures that ACPR envisages to grant to small mutuals to facilitate the transition to Solvency II. The issues raised included the possibilities of an exemption from quarterly reporting. ACPR, sharing the concerns of French mutuals on this subject, has set lump-sum exemption thresholds in order to help French companies.

Solvency II, a market constraint, must also be an opportunity for the companies to ask fundamental questions about their risk and investment policies, the quality of their governance, their internal controls and their data. The application of the Directive will also be a time to mobilise teams on the medium term to rethink management tools in order to provide better service to insured parties.

The European Mutual Statute at the heart of discussions

Lastly, Sandrine Lemery took up the matter of the European Mutual Statute, which would provide a legal basis for cross-border mutuals as well as a better recognition of the specific characteristics of mutuals and would promote the dissemination of the model throughout Europe.



United in diversity, the European insurance manifesto

Hilde Vernailen, President of AMICE, officially opened the Congress with a presentation of the European mutual insurance manifesto entitled "United in diversity". The mutual sector, which insures 200 million and employs 350,000 persons, plays a key role in Europe. Focusing on the customer, the sector must be able to share good practices on a wider scale. That is the aim of the manifesto, which includes action plans that will be deployed over the next five years. It is a campaign tool that will further the recognition of mutual and cooperative values. It will be widely disseminated, in particular to MEPs in Brussels, thereby contributing to the future of Europe and shared prosperity.

Etienne Caniard, President of FNMF, Olivier de Bretagne, member of the executive committee of ROAM and Gérard Andreck, President of GEMA, introduced their organisations, recalling how much mutuals are working for the construction of Europe. But the mutual sector is still misunderstood by many in Europe. In this context, a simple message needs to be passed on: the mutualist movement does not pursue the logic of capitalistic financial institutions. The aim of AMICE is quite clear: the goal is to give mutuals the possibility to triumph, through the respect of their values for the good of the European population. ■

Afternoon session



Session I: Can more regulations better protect the customers?

“Smart regulations”

While the general trend is towards a rolling back of regulations in Europe, “this phenomenon is not always observed in the insurance sector”, according to Anu Pylkkänen of LocalTapiola (FI). Many new rules are having a big impact on organisations and, at the end of the day, on the customer, via the passing-on of costs. Anu Pylkkänen believes that “the aim of AMICE and its mutuals it represents is not to oppose rules and regulations, but rather to make sure that smart regulations are introduced in order to achieve overall improvements in quality.”

“Regulations that serve the sector and the consumers”

Gabriel Bernardino, President of EIOPA and an expert assigned to the first session, stressed how regulations assist the customer. He added that “in the current climate, consumer protection serves the company. In that connection, we must welcome the ethical dimension of mutuals and cooperatives.”

Gabriel Bernardino reiterated the possibility for mutuals to benefit from the principle of proportionality, which is firmly established in Solvency II. EIOPA adheres closely to that principle, but we must understand proportionality. The aim is not to do away with obligations but to apply the same principles to everyone in order to attain the same results with the help of tailored measures.

Solvency II seeks to serve the consumer by providing adapted and more sustainable products, fairer prices thanks to better knowledge of the risks and, lastly, adapted governance that provides the consumer with greater transparency.

For Gabriel Bernardino, it is a matter of using regulations to set the conditions for a win-win situation. He therefore invited the entire insurance sector to be proactive in their business management, against the backdrop of a changing world.

“Let’s build together smart regulations that deserve the trust of the consumers”

In conclusion, Gabriel Bernardino maintains that the problem is not to expand or reduce regulation but to introduce smart regulations that take account of the consumer’s behaviour. Better regulation also means regulation that looks forward to the future and that can adapt to reality without smothering the market with useless regulations. Lastly, Gabriel Bernardino invited AMICE and its members to participate in constructive dialogue with a view to introducing smart regulations that garner the trust of the consumers.

Regulations can also be a threat

Monika Köstlin, Board member of the small German mutuals association, VVaG, introduced her organisation, only 17 members of which will have to apply Solvency II because of the level of their turnover and their size. These small mutuals are particularly close to the customers, offer tailored products and easy-to-understand documents; today they are efficient and profitable. But they could encounter difficulties when they apply Solvency II, which will most likely bring about price rises. Monika Köstlin emphasised the problems relating to the different reporting methods and governance requirements. In conclusion, she underscored the need for regulations that do not chip away at procedures that today are simple and she urged the national and European authorities to pursue their constructive dialogue.

“85% of participants say that the customers would not be better protected if the companies provided quarterly reporting instead of annual reporting.”

MAIF, in favour of regulations tailored to mutuals

Renaud Huard, international director at MAIF, came back to the subject of the proliferation of insurance internet aggregators that focus on price and bring about a convergence between mass consumption products and insurance products, despite growing complexity that requires precise knowledge of the guarantees underwritten. These new ways of comparing products must enable the consumer to receive good advice, even from a virtual relationship on the Internet. MAIF is calling for a framework for insurance aggregators that would expand the scope of application of the law on insurance mediation in order to give the consumers better protection.

Another area where MAIF believes that smart regulations would benefit the consumer is the credit insurance business, which is underwritten when a mortgage is signed. Studies conducted by MAIF show that by introducing in law a termination at any time of the credit insurance, in other words, by liberalising the market, the impact on the purchasing power of households would be significant.

Lastly, on the matter of governance in Solvency II, Renaud Huard considered that the text on the four eyes principle should be as open as possible, giving each mutual the freedom to appoint its "effective managers". Under that condition, the mutuals could continue to be managed closer to the members and therefore the consumers. ■



The Congress in a few words



"It is a good thing to promote relations between the supervisor and the mutuals or cooperatives. Knowing each other well helps us to become familiar with the reality of these companies. Dialogue is made easier."

Luc Celen, AMMA, BE



"Many nationalities and companies of a different size are found in AMICE. This wide diversity generates lively and interesting discussions. Each company is impacted very differently by Solvency II."

Anna Morales Ballus, Mutual Medica, ES



"The subjects taken up in the sessions were fascinating and the discussions between sessions were just as interesting!"

Patrik Schinzel, Folksam, SE



Reinsurance brokerage

Another major Congress sponsor, AON Benfield, organised a workshop on reinsurance brokerage. Yves Sindicas, Director of the commercial department, took stock of their own missions and their evolution over time and highlighted the innovative role played by reinsurance brokers in relation to cedants through their provision of advice and expertise, particularly in the context of Solvency II. ■