

News

sept 14



Hilde Vernailen
President

As we return from our summer holidays, hopefully with our batteries recharged and with lots of good new ideas how to take issues forward in our companies and in our association, the new European Commissioners have been designated and while it is too early to comment in detail, the structure of the new Commission solicits a first comment.

Dear colleagues.

I note the reinforced commitment of President Juncker and his team towards “Better Regulation”. While overregulation must remain a concern, we will have to be very clear towards policymakers that “better regulation” means not only “less regulation”, but notably also “appropriate regulation”.

In our European Mutual Insurance Manifesto 2014, we forcefully request that in regulatory and other policy projects full regard is given to the specificities of our business model and to the advantages that it brings to citizens, markets, and the economy at large. Strict adherence to the principle of proportionality is the other main criterion in assessing whether a regulatory project can really be labelled “good regulation”.

The start of work in the EP provides us now with the opportunity of rolling out the Manifesto to the Parliamentarians. It is being sent to all MEPs and I invite you to refer to it and to AMICE’s policy proposals whenever you are in touch with an MEP from your country. The Secretariat will follow up in discussions with selected key MEPs and I hope that we will succeed in firmly placing the policy ideas of our sector on the discussion tables.

This autumn has seen a pick-up also in AMICE’s activities for and with its members. Work in the Health Working Group has started and Regulatory Affairs and Governance receive new attention. I invite you to take part in the activities of your association because what we can do for you depends to a large extent on your needs and your input. To allow you to follow more closely what AMICE is doing for you in the areas of promotion, advocacy and assistance, the Secretariat now produces a regular AMICE briefing. Please inform [Tatiana Paraskeva](#) if you want to receive the e-mail approximately every two weeks. This way, we can keep you “in the loop” about what the association is doing. But send us your ideas too so that the Secretariat can stay “in the loop” about what you need – for mutual benefit.

Hilde Vernailen

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Digital Business Innovation

Prof. Dr. Boris Otto is Director Information Management & Engineering at the Fraunhofer Institute for Material Flow and Logistics (IML) in Dortmund (Germany). Following his presentation at the last AMICE Congress and the positive feedback from participants, we asked him to give our readers a brief overview of digitization.

What is digitization exactly ?



Prof. Dr. Boris Otto

Digitization is a term describing a series of business, societal and technological developments. Retail companies provide an increasing amount of information about their products to the consumer. For example, data about food ingredients and carbon footprint information about food production and distribution can be accessed via mobile devices directly at the shelf in the

store. Furthermore, actors within a value chain team up to form “business ecosystems” to serve the customer better. Examples can be found in the health care sector where drug providers collaborate with pharmacies, insurance companies, hospitals etc. to enable coagulation services at home - as in the case of Roche, for example.

Don't you think it could be a passing fad?

There are plenty of examples of companies that did not see the digitization change coming and finally went out of business. An often cited example is Kodak which did not react in time to the development of digital cameras and imaging. Digitization is a development that is here to stay and even has the potential to revolutionize entire industries.

So what does a business need to become digital?

Success in digitization rests on six pillars:

- Focus on the individual: Digitization addresses the individual, i.e. all of us. It is about serving the patient, the traveler, the shopper, the worker, the consumer. The focus is not so much on organizations, but on providing individualized services.
- Data-driven: In order to provide end-to-end services to the individual (e.g. in case of travelling, from door to door including hotel search, reserving a cab, buying a plane ticket, getting from the airport to the hotel etc.) companies must have access to a variety of data around the individual end-to-end process.
- Data privacy: Individuals have a strong interest in the privacy of their data - which at all times must be protected. However, consumers, patients, travelers etc. are also interested in consuming services that make their lives easier. Smart services need to balance value-added and privacy concerns.

- Ecosystem: Usually no single company has access to all the required data to provide such end-to-end services. Thus, companies have to form business ecosystems, share data around the individual and work together.
- Big Data Clouds: Serving end-to-end processes to the individual requires enormous amounts of data, but also produces large data volumes. Typically, the data is collected, analyzed, and aggregated using cloud-based platforms between the various actors in the ecosystem.
- Digital business models: Offering smart services, i.e. end-to-end services, to the individual is a source for competitive advantage, thus an opportunity to differentiate. Companies should continuously search for potential smart services and form a portfolio of digital services.

What should mutual & cooperative insurers do to address this development?

In order to embrace digitization, companies should combine their core competencies (such as their customer relationship and their differentiating products and services etc.) with these new opportunities, thus sustaining their business assets and at the same time embarking on the digital journey.

You will find Professor Otto's presentation at the Congress on our [website](#) along with the two case studies illustrating members use of data.



Advocacy | Updates

Proportionality in Solvency II

The summer months have brought a few rays of hope in the discussion about proportionality in the application of the Solvency II framework. We are expecting any day now (after the nomination of a rapporteur in the EP, probably in early October) the publication of the Commission's Delegated Acts, implementing the Solvency II and Omnibus II Directives.

Following continued intensive advocacy on behalf of AMICE's smaller and medium-sized members, it now seems likely that the Commission will keep in the text the proportionate application of requirements relating to valuation and to the internal audit function despite the opposition of some Member States. It is however linked to the nature, scale and complexity of the undertaking's risk.

It will be permitted to **combine the internal audit function** with other key functions provided:

- this is proportionate to the nature, scale and complexity of the undertaking's business;
- there is no conflict of interest for the persons carrying out the internal audit function; and
- the costs of setting up an independent internal audit function would be disproportionate compared with the total administrative expenses. (This information will have to be included in the RSR, the Regular Supervisory Report.)

Solvency II working group

Yanick Bonnet has stepped down as Co-chair of the Solvency II WG after his departure from GEMA. Alina vom Bruck from Gothaer has agreed to continue chairing the group.

The Board and the Secretariat are most grateful to Yanick for more than ten years of work and leadership.



Firms may be allowed to **value assets and liabilities using other accounting methods than IFRS**, but only if:

- the same standards are used when filing their annual financial statements;
- firms can demonstrate that the costs of applying IFRS to their valuations for Solvency II would be disproportionate compared with the total administrative expenses. (This information, too, will have to be included in the RSR.)

Furthermore, the ECB also seems to have moved on their stance towards insurance statistics reporting. Chances are good that the ECB will accept national **exemptions from quarterly reporting** granted in the Solvency II context for the bottom 20% market share (i.e. for small undertakings that together have no more than 20% of the market). We remind AMICE members that this is a **national option** granted to Member States. Lobbying will now have to shift to the national level with the aim of ensuring that Member States and national supervisors indeed implement this option.

The Solvency II WG has worked over the summer to prepare our comments on EIOPA's first set of Guidelines – the comments are available [here](#). More information on AMICE's comments on EIOPA Draft Technical Standards and on the forthcoming second set of EIOPA Guidelines are available from [Silvia Herms](#) at the Secretariat.

The European Parliament and Member States will have 3+3 months from the publication of the Delegated Acts to discuss them and provide their approval (or complete rejection). AMICE has appealed to the Italian Presidency not to make full use of the period as this would bring us beyond 31 March and unacceptably squeeze the industry's preparations. We will make the same call to the ECON Committee of the EP.

→ AMICE Briefing

2 September 2014



AMICE briefing

Advocacy | European Commission CSR survey

The Commission published a [public survey](#) in order to receive feedback on the implementation of its most recent policy on Corporate Social Responsibility dating from 2011. AMICE sent a reply, noting that CSR is a **voluntary** approach to improving certain governance, social and environmental aspects in business functioning and behaviours which often go beyond legal obligations. AMICE also contributed to the reply sent by Social Economy Europe.

More info: [Helen Sheppard](#)

This summer, AMICE launched a new fortnightly email on achievements and actions of the association. Please contact [Tatiana Paraskeva](#) if you would like to be added to the mailing list.

Assistance | Updates

CSR and innovation

Unipol gave AMICE's working group an update on its Business incubator for social innovation project which was first presented at the AMICE Congress in June. The aim of the project is to create shared value, by supporting the growth and development of entrepreneurial ideas and start-ups with social/environmental impacts, and promoting collaboration and the cross-fertilisation of ideas between these entrepreneurs and the resources and expertise of the Unipol Group. The first ten projects have been selected for support as of next month. The support consists of housing the project for two months in a building renovated by Unipol for this purpose, followed by a further four months of assistance.

More information about this project and three others presented at the working group meeting on 8 September will be summarised in easily-readable two-page templates to be made available on the AMICE website. The working group hopes these short notes will be of particular use to small and medium sized AMICE members who may not be able to attend AMICE meetings so easily.

Following the departure of Anu Pylkkänen, the CSR working group has a new chair: Nicoletta Tranquillo, responsible for CSR at Italian AMICE member, Unipol, was confirmed by the Executive Committee the day after the working group meeting.

Health working group meets for first time

The last AMICE member survey threw up health as one of the priorities selected. Both the 2014 and 2012 AMICE Congresses included sessions on health issues and a Health symposium was organised alongside the General Meeting in 2013. The new AMICE strategy adopted last year foresaw the creation of a working group on health which met for the first time on 24 September.

Ten AMICE member organisations from eight countries were present to hear Johanna Iveroth, a former AMICE secondee who is now back with her employer Folksam in Sweden, present the report she researched while in Brussels. She compared the social protection systems in five countries: France, Germany, the Netherlands, Spain and Sweden. Members can download the report from the [AMICE website](#).

Participants also discussed their expectations for the working group and decided to focus on two specific subjects at the next meeting:

- a closer look at the role of private insurers in the Dutch health protection system;
- the impact of technological innovation in health on mutual and cooperative insurers;

as well as holding a round table discussion of developments on national markets.

The next meeting is scheduled for 5 March 2015 in Brussels.

Contact [Helen Sheppard](#) for more information on both these items.

Promotion | Updates

European Mutual Insurance Manifesto

In July, the EMIM was sent to all members and also reached all European political group secretariats and several other stakeholders such as national associations, insurance publications, international and national federations. It is now being sent to all Members of the European Parliament, this will be followed by personal meetings by the Secretary General with relevant MEPs. A reception will be organised in November 2014 in Brussels to officially present the Manifesto to European legislators and the press. We will soon announce further details.

Post Nice Congress

The Secretariat has analysed the results of the evaluation questionnaire of the 4th AMICE congress. The event received an excellent rating by participants: some 87% rate the event as positive and 100% would recommend the Congress to a colleague. The Secretariat also received, in conversations and in writing, additional very positive comments. Participants particularly appreciated the presentations by Prof. Riccardo Petrella, "The mutual way – a neo business model or a new economy (oikos nomos)?" and of Prof. Boris Otto, "Digital Business Models and The Value of Data".

AMICE Seminar | Press relations in the mutual insurance sector

AMICE's Communications working group will organise a seminar on Press relations in autumn 2015. The event will provide experts from the media sector and AMICE members with an opportunity to exchange on their relations and to present cases studies. There will be plenty of networking possibilities. The seminar will take place in the wonderful city of Barcelona and will be kindly hosted by Mutual Médica. More detail on the programme will soon be announced by the Secretariat.

Promoting mutual and cooperative values working group

The Secretariat is pleased to inform you that Christian Herrig from HDNA (DE) was elected Chair of the new Promoting mutual and cooperative values working group as from September 2014. The working group will meet in Brussels in the first week of November.

→ Save the date

Meeting of European Mutual and Cooperative Reinsurance Managers

16-17 April 2015

Madrid



→ AMICE Calendar 2014

- 2 October Brussels Regulatory Affairs working group
- 10 October Barcelona Communications working group
- 29 October Brussels Solvency II working group
- 3 or 4 November Brussels AMICE event with members of the European Parliament
- 4 November Brussels Board
- 6 november Brussels Promoting working group
- 13 November (tbc) . . . Brussels Associations Meeting
- 18 November Paris CSR working group
- 27 November Brussels Reinsurance working group
- 28 November Brussels Solvency II working group

→ AMICE Calendar 2015

- 4 February Brussels Executive Committee
- 5 March Brussels Health working group
- 31 March Turin Board
- 16-17 April Madrid Meeting of Mutual & Cooperative Reinsurance Managers
- 22 April Brussels Executive Committee
- 11 June Brussels Board
- 12 June Brussels General Meeting

→ External Events Calendar

- 6-7 October 2014 . . . London [Analytics for Insurance Europe](#)
FC Business Intelligence
*£200 discount for AMICE members.
Please contact the [Secretariat](#) to get your promotional code
- 6-9 October 2014 . . . Québec [2014 International Summit of Cooperatives](#)
- 7-8 Oct 2014 London [Insurance Risk Europe Conference](#)
Incisive Media
* 20% discount for AMICE members.
Please contact the [Secretariat](#) to get your promotional code.
Gregor Pozniak will moderate the panel discussion on: Solvency II:
An un-level playing field?
- 23-24 October 2014 . . Amsterdam [21st Annual Conference of the IAIS](#)
- 23-24 October 2014 . . London [Advanced Certified Sustainability \(CSR\) Practitioner Training \(IEMA Approved\)](#)
Centre for Sustainability and Excellence
* 15% discount for AMICE members.
Please contact the [Secretariat](#) to get your promotional code
- 30-31 October 2014 . . Vienna [2nd Annual Solvency II Forum](#)
Global Leading Conferences
Gregor Pozniak will be chair at the event.
- 4-5 Nov 2014 London [2nd Annual Insurance Risk & Capital](#)
Insurance ERM
* 20% discount for AMICE members.
Please contact the [Secretariat](#) to get your promotional code
- 4-5 Nov 2014 London [Insurance Strategy Insights conference](#)
Infoline
* 20% discount for AMICE members.
Please contact the [Secretariat](#) to get your promotional code
- 6-7 Nov 2014 Madrid [Health and Ageing: Emerging Health Risks and Insurance](#)
The Geneva Association
- 13-14 Nov 2014 Saint-Malo [Stratégies mutualistes 15 mois avant Solvabilité II et l'ANI](#)
MutRé