

Brussels, 19 July 2016

AMICE comments on the IAIS draft Application Paper on the regulation and supervision of mutuals, cooperatives and community-based organisations in increasing access to insurance markets

AMICE greatly appreciates the initiative of the IAIS to issue an application paper on mutuals, cooperatives and community-based organisations which provides advice, illustrations and examples of good practices by mutual insurance companies. Furthermore, we welcome the overall interest of the IAIS in the MCCO sector.

AMICE welcomes the stated aim of the paper which is to raise awareness about the so-called MCCO sector in enhancing access to insurance and to provide guidance on the proportionate application of the ICPs. However, these are two very different objectives which are not reconcilable. To ensure that the immense work which has obviously gone into preparing this application paper is useful for the supervisory community worldwide, we therefore suggest separating the Application Paper into two papers which examine each of the objectives individually. We fear that in its present format, the paper will prove to be more a hindrance than a help to the world's supervisors.

The particular role played by MCCOs in ensuring access to insurance in under-developed or under-served markets or populations is important as they are often locally or community based as stated in the paper. In many countries the MCCO model may not be well known or may lack a legal framework. A description of the different examples which exist as provided in the second and third sections of the paper could therefore provide inspiration for markets across the world and raise awareness about the role of the sector in enhancing access to insurance.

However, we are extremely concerned by the IAIS approach whereby mutual insurance companies would be exclusively perceived as micro entities in inclusive insurance markets. Indeed MCCOs play an active role in many well-developed markets. In five of the 10 largest European markets, mutuals held more than a third of the market, with record mutual market share levels reported in 2014¹.

A separate paper which provides guidance to supervisors on how to apply the ICPs to MCCO insurers would be very welcome. The fourth section of this paper could serve as the starting point for such a paper which would be useful both in highly regulated markets like Europe, where the great majority of mutual and cooperative insurers are supervised in the same way as other insurers, and in markets where MCCOs are less organised.

As the representative organisation for the mutual and cooperative insurance sector in Europe, AMICE would be very pleased to contribute to the second of these papers. We do not believe it is appropriate or useful to reply to the public consultation in its current format. ICMIF, the global organisation for our sector, will be submitting detailed comments, given their participation in the initial drafting group.

¹ See ICMIF – AMICE MarketsInsight 2014 Europe.