

AMICE Insights

Autumn 2019 | Issue 11



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Sarah Goddard
AMICE Secretary General

“This will be a time of immense and rapid change.”

Dear AMICE Member,

Europe is changing. The recently-elected MEPs – many of them new to their roles – have been organised into their political groupings, interest groups and Parliamentary committees. They have taken very seriously their responsibilities in approving the next group of European Commissioners under the new President of the European Commission, Ursula von der Leyen. Some prospective Commissioners did not pass muster and all received in-depth questioning from the new cohort of national representatives.

Ms von der Leyen has identified six headline ambitions in her political guidelines for the next five years: a European green deal; an economy that works for people; a Europe fit for the digital age; protecting our European way of life; a stronger Europe in the world; and a new push for European democracy. We believe several of these resonate with our members' objectives.

Ms von der Leyen's proposals for a Sustainable Europe Investment Plan alongside a strategy for green investing sets a very challenging agenda. Before the end of this year, she has committed to proposing a European green deal which will include the first European Climate Law to make Europe a carbon-neutral continent by 2050. This goal, which will require every person and every industry in Europe to adapt and change, will run alongside the development of a plan of what she terms a “future-ready economy”. At AMICE, we believe that the principles and ambitions of our membership correspond very clearly with Ms von der Leyen's own ambitions; it is imperative, however, that we ensure that a new vision of the European economy recognises and reflects the long-term values and ethics that our membership can bring to our collective future.

We have already engaged with new MEPs on your behalf to explain the importance of this sector to European policyholders and society at large. We continue to engage with the European Commission and EIOPA on how the regulatory and legislative infrastructure can and should be amended to better reflect the goals of policyholder protection and European financial stability. As your direct representatives to the European institutions and policymakers, our role is to ensure that we educate about the value of the mutual model and advocate for its fair treatment at European level.

This will be a time of immense and rapid change. AMICE is embedded as a core stakeholder with the European institutions and will leverage this status to ensure that your best interests and those of your own members/policyholders are kept at the forefront of these developments.

Sarah Goddard,
AMICE Secretary General



UPCOMING MEMBER EVENTS

AMICE-ICMIF Regulatory Affairs Conference

Stakeholders' dialogue

4 December, Paris

Save the date for AMICE's third joint Regulatory Affairs Conference with the International Cooperative and Mutual Insurance Federation (ICMIF). This year, the conference will ask what are the drivers of change for insurance in the next decade?

A fascinating series of sessions will cover topics such as what better law-making has actually changed for EU institutions and whether these aims are shared beyond the EU; how insurers are integrating sustainable finance principles into the management of their assets and liabilities; how the insurance sector contributes to society; and ethical issues surrounding greater digitalisation in insurance.

The conference will be hosted by French mutual Covéa and will take place from 09.00 to 17.00 at Covéa's offices: Espace Diderot, 19 rue de Londres, 75009 Paris. Discussions will mostly be held in English with French interpretation.

The event is free of charge. [Registration](#) is now open online.

For more information, please contact [Catherine Hock](#).

AMICE Congress 2020

The Art of Transformation: embracing change to create a brighter future

Bilbao, 10-12 May 2020

The biennial AMICE Congress is *the* European Congress of Mutual and Cooperative Insurance.

The Congress is a unique gathering of CEOs and senior management from Europe's mutual and cooperative insurance community. Other attendees include key figures from economic and political circles, senior executives from trade associations, civil society groups and other financial institutions, resulting in an exceptional conference of industry leaders and influencers. Delegates meet to discuss the latest regulatory, legislative and international developments that are likely to affect their business.

The Congress provides a mixture of high-level and practical conference sessions and a social programme focussed on networking. It will take place over three days between 10-12 May 2020 in Bilbao, Spain. This will be the seventh Congress since AMICE's creation, and will have some original features for a deeper delegate experience.

Registration will open soon at the AMICE Congress 2020 website.



ADVOCACY

SOLVENCY II

2020 Review

As the Solvency II 2020 Review draws ever closer, our preparation work on policy positions and representations on behalf of our members has continued apace over the summer.

As part of this work programme, we attended EIOPA's second 2020 Review workshop during which EIOPA provided an overview of its consultation on the review of supervisory reporting and public disclosure. The workshop also provided an opportunity for AMICE to put forward our members' views on topics such as EIOPA's preliminary work on the technical advice on the Best Estimate and Solvency Capital Requirement calculation, proportionality, the treatment of groups, and the Minimum Capital Requirement, among other issues.

AMICE's Head of Economic and Financial Affairs, Silvia Herms, is leading AMICE's work in this area. During the summer, she gave a keynote address on both the 2018 review of Solvency II and the upcoming 2020 Review at the University of Barcelona's fifth [Workshop on Pensions and Insurance](#).

A further strand of the 2020 Review will focus on the harmonisation of national insurance guarantee schemes (IGS). EIOPA has held a [public consultation](#) on its advice on this topic. This consultation is a draft response to the [Call for Advice of the European Commission](#) of 11 February 2019 on the part linked with insurance guarantee schemes. Comments are open until 18 October, and will only be considered if they are submitted in EIOPA's [template for comments](#) which can be accessed on its website. The EIOPA view is that every Member State should have an IGS in place for the protection of policyholders should an insurer fail. These schemes, EIOPA believes, should fit a set of minimum criteria. EIOPA is calling for the establishment of a European network of IGSs that are harmonised and adequately funded.

Consultations and discussion papers

Over recent months, EIOPA has issued a number of different consultations and discussion papers with stakeholders on various aspects of the regulatory agenda.

In the first part of a two-part public consultation, EIOPA called for comments on four aspects of reporting; [general issues](#); [quantitative reporting templates \(QRTs\)](#); [solvency and financial condition reports \(SFCRs\)](#) and [financial stability reporting](#). The deadline for comments is 18 October. The second part of that consultation process, to be launched later this year, will address group QRTs; regular supervisory reporting; technical aspects of the reporting and disclosure processes; data quality; and reporting and disclosure linked to other areas of the 2020 Review, notably the long-term guarantee template.

EIOPA also has published a "[Discussion Paper on Methodological Principles of Insurance Stress Testing](#)" setting out principles and guidelines for future stress tests. The paper examines several key areas such as the process

and objective of stress tests; the scope of stress tests; scenario design of a stress test; shocks and their application in a stress test; and data collection and validation.

AMICE attended an event hosted by EIOPA at which the authority explained its principles and guidelines aimed at improving further stress test exercises. EIOPA also explained that it proposes to reduce the frequency of stress test exercises to allow sufficient time for proper follow-up analysis and more robust actions on the recommendations issued after a test. During a panel discussion, EIOPA, national regulators and industry experts exchanged views on these proposals. Interested parties have until 18 October to submit comments on the proposals.

Later this year, EIOPA will begin work on other issues related to stress tests, including the assessment of liquidity positions under adverse scenarios, assessment of climate-risk vulnerabilities, and potential approaches to multi-period stress tests.

AMICE's Prudential Regulation Working Group met in September to begin discussions on the content of the consultation and discussion papers. We will keep members up-to-date with these issues and welcome comments.

Sustainability

The issue of sustainability under Solvency II continues to be a hot topic. AMICE responded to EIOPA's public consultation on its draft opinion on integrating sustainability into the Solvency II framework. We put forward our views on EIOPA's proposals regarding the valuation of assets and liabilities in the calculation of capital requirements in Solvency II to take account of sustainability factors. We also expressed our views on the consideration of climate change standardised scenarios in the Own Risk Solvency Assessment (ORSA).

EIOPA's draft paper was published after 153 insurers and 31 insurance groups responded to an earlier call for evidence on the topic.



SUSTAINABLE FINANCE

Letter to DG FISMA on sustainability disclosure application date

AMICE joined forces with several other leading European financial associations to write to Olivier Guersent, Director General of the European Commission's DG FISMA, to ask him to take immediate action to ensure the industry is given a realistic timetable to comply with a regulation on sustainability disclosures. We were joint signatories with Insurance Europe (the European insurance and reinsurance federation of national insurance associations), the Association for Financial Markets in Europe (AFME), the Alternative Investment Management Association (AIMA), the European Association of Cooperative Banks (EACB), the European Banking Federation (EBF), the European Fund and Asset Management Association (EFAMA) and Pensions Europe.

In the letter sent in September, we informed Mr Guersent that we support the European Commission's objective of building a more sustainable financial system, but highlighted serious compliance challenges and liability risks with the current timetable for application of the regulation on disclosure of sustainability risks and sustainable investments.

According to the current timetable, the regulation looks likely to become applicable before final Level 2 measures are adopted. Those Level 2 measures aim to clarify the Level 1 requirements and to explain how to comply with the regulation. If the regulation becomes applicable before Level 2 measures are adopted, we explained to Mr Guersent, there is a real risk of legal uncertainty for the financial industry.

In order to give ample time to understand, prepare for and comply with the regulation, we believe the Level 2 measures need to be published significantly in advance of the application of the regulation. We asked the European Commission to take immediate action to ensure the timetable is more realistic and suggested that the application of the regulation take place at least one year after the publication of all the Level 2 texts in the Official Journal of the EU. Insurance Europe held a press briefing on the issue and the joint letter garnered press coverage highlighting our concerns about the implementation timetable.

IFRS 17

Although our main policy position on IFRS is that it is irrelevant for our members because of their business model and therefore they should not come under its scope, there are several Member States which currently apply it to all insurers irrespective of legal form. In addition, certain AMICE members are applying IFRS voluntarily and therefore we continue to work to ensure that in these circumstances, IFRS 17 is developed in such a way that it is not incompatible with their legal form. Considerable uncertainty still surrounds the timing of the implementation of amendments to IFRS 17, the proposed accounting standard for insurance contracts. Industry groups, including AMICE, have continued to lobby the International Accounting Standards Board (IASB) about changes to the standard and a possible delay to its implementation date.

Our work on this topic has continued over recent months, with AMICE taking part in various meetings and discussions on the issue. In August, for example, we were invited to take part in an informal call organised by the International Association of Insurance Supervisors (IAIS) to discuss the industry's preliminary opinion on the IASB's Exposure Draft on amendments to IFRS 17. The Secretariat put forward views on the proposed amendments that relate to mutual insurers.

The Secretariat also attended the European Financial Reporting Advisory Group (EFRAG)'s Insurance Accounting Working Group (IAWG) meeting in early September during which members debated EFRAG's draft comment letter on the IASB's Exposure Draft. This was another opportunity to put forward views on the areas of the amendments that will affect mutual insurers. Discussion on this topic continued during an online EFRAG Technical Expert Group (TEG) meeting.

MOTOR INSURANCE

AMICE is calling for an institutionalised partnership to enable a wide spectrum of stakeholders, including insurers, to take part in a European framework for the strategic planning or research and pre-deployment programmes for driverless mobility on EU roads.

In its [feedback](#) to the European Commission's inception impact assessment roadmap on the European Partnership for safe and automated road transport – known as the Horizon Europe programme – AMICE called for multi-stakeholder involvement and input.

Mobility and motor insurance was the topic for a recent online meeting of the Global Federation of Insurance Associations (GFIA)'s disruption and cyber working groups. The group is developing a set of principles that governments should consider when developing or changing public policy for motor insurance to accommodate the future of mobility. This work focuses on four areas: access to vehicle data; liability considerations; safety standards; and coverage for emerging risks such as cyber breach. GFIA will present a final position on this at its General Assembly in November.



TAXATION

Consultants from Oxford Research and Economisti Associati are carrying out in-depth fieldwork as part of a study into the function of the VAT directive and its impact on insurance.

The research is part of a wide-ranging study commissioned by the European Commission's Directorate General Taxation (TAXUD) on the rules on VAT for financial and insurance services and an assessment on possible future amendments, including a specific VAT regime for insurers. The AMICE Secretariat has met the consultants to discuss the study which looks at the VAT exemptions for certain insurance services, cost-sharing arrangements, and rules for proportional deductions and VAT groups.

The consultants have identified ten countries for their in-depth fieldwork: France, Germany, Italy, Luxembourg, Poland, Romania, Spain, Sweden, the Netherlands and UK. Other countries are being researched through email questionnaires. Several members have already responded to invitations via the AMICE Secretariat to participate in this fieldwork. If you would be willing to participate either in the in-depth or email study, please contact the [Secretariat](#).

The findings of the study will be published next summer and the Commission will then consider whether changes to the VAT directive are needed.

PEPP

Paul Le Bihan, CEO of French AMICE member Union Mutualiste Retraite, has been appointed to EIOPA's [expert practitioner panel](#) on the Pan-European Personal Pension Product (PEPP). The newly created panel will give expert insights to EIOPA and help it to develop its policy advice on product features, risk-mitigation and a cost-cap for the basic PEPP, among other things.

The Regulation on PEPP has now been published in the [Official Journal of the EU](#). The Regulation will apply next year and over the coming months the Commission will work closely with EIOPA on a number of delegated and implementing acts.

SOCIAL DIALOGUE

AMICE has continued to engage with other European bodies to promote social dialogue in the insurance sector.

Among other things, in July a meeting of the Liaison Forum provided an opportunity for an exchange of information between the Sectoral Social Dialogue Committees (SSDC) within the EU. A European Commission representative presented the Commission's proposal to make decision-making in social policy more efficient. This entails a [comprehensive review](#) of the so-called *passerelle* clauses provided for by the EU Treaties that allow for a shift from unanimity to qualified majority voting under certain circumstances. This change would facilitate decision-making in a number of areas, notably on the proposed Anti-Discrimination Directive which is of direct relevance to our sector and has been blocked in the European Council for more than 10 years.

As a representative of employers in insurance, AMICE took part in the SSDC hosted by the European Commission early this autumn. During the committee meeting, a representative of the Spanish Servicios CCOO trade union gave an overview of a recent European Court of Justice ruling with regards to working time and its potential impact on the insurance sector. We also were given presentations of examples of diversity, inclusion and gender equality in the insurance sector by the national insurance associations of France and Ireland.

Together with Insurance Europe and the European Federation of Insurance Intermediaries (BIPAR) we also presented an outline of possible topics surrounding the impact of Artificial Intelligence in the insurance sector that could be included in a future joint statement.

IDD – GENERAL GOOD RULES

EIOPA has been seeking feedback on national general good rules accompanying the Insurance Distribution Directive (IDD) that might be disproportionate and hamper cross-border business activities.

EIOPA analysed the national general good rules related to the IDD and detailed the different types of rules published on the websites of the National Competent Authorities (NCAs) in each of the EU Member States. EIOPA published its [findings](#) in a report assessing the main areas of divergence and the impact of general good rules on the functioning of the IDD and on the internal market more broadly.

Following publication of the report, EIOPA called for feedback on whether any such rules are disproportionate with regards to consumer protection and adversely affect cross-border activities.

The call for feedback closed in September and we await the findings with interest.

EUROPEAN UPDATES

ESAs report on cross-border supervision of retail financial services

The Joint Committee of the European Supervisory Authorities (ESAs) has made recommendations to NCAs and the EU institutions on how to address issues that arise in the supervision of financial institutions that provide cross-border retail financial services within the EU.

In a [report](#) issued in July, the ESAs outlined the major supervisory challenges when it comes to regulating cross-border retail financial services and made suggestions about how to combat those.

PRIIPs UCITS exemption extended

The European Commission has adopted a [Delegated Regulation](#) that will prolong the exemption of Packaged Retail and Insurance-based Investment Products (PRIIPs) from the Undertakings for Collective Investment in Transferable Securities Directive (UCITS) until 31 December 2021.

This reflects representations made by AMICE for a more realistic implementation scenario.

Manufacturers of PRIIPs that offer multi-option products can continue to use the UCITS key investor document (KID) for underlying investment options that are UCITS-based or for relevant non-UCITS funds. They will not need to prepare a PRIIPs KID until 31 December 2021.



New European Commission President

The European Commission has a new President, former German Defence Minister Ursula von der Leyen.

The Commission's new mandate will run from 1 November until 31 October 2024.

Ms Von der Leyen outlined the Commission's main priorities for the coming five years as sustainability, digitalisation and the economy. Her proposed College of Commissioners includes Valdis Dombrovskis, currently Commissioner for financial services and the economy, who will be promoted to executive vice president for financial services and the economy.

A noted European federalist, Ms von der Leyen is expected to take an ambitious, pro-European approach to proposing new legislation. She likely will face opposition in this endeavour, however, from the political groupings, notably the far left, far right and Greens, that opposed her election.

ASSISTANCE

MEMBER SUPPORT

Co-funding project to increase resilience of agricultural sector

AMICE is actively supporting a consortium that has applied for EU co-funding for a project aimed at increasing the resilience of the agricultural sector. The consortium, of which Italian AMICE member Unipol is a member, hopes to create a public-private partnership of public administration, insurers and producer organisations – including agricultural cooperatives – that would focus on building resilience in the face of climate change through risk management.

REPRESENTATION

Council of Europe | Cultural heritage protection

We are proud to report that the AMICE Secretariat has been appointed to the Council of Europe's working group on the day-to-day preservation of cultural heritage – this marks the first time that an insurance representative body has been involved in cultural heritage protection activities with the Council of Europe.

Several AMICE members provide insurance and risk management support and services to custodians of properties or artefacts of cultural importance, and the Council of Europe sought to draw on their expertise to develop a new proposal aimed at preserving and promoting Europe's cultural heritage. This work has become a major priority since the devastating fire at the Cathedral of Notre Dame in Paris in April.

A communication from the working group is expected this autumn. The AMICE Secretariat would like to thank all members who have contributed to this work so far and for their continued support to make the initiative a success.

Pact for Impact Global Alliance | Social and inclusive economy

As part of our ongoing representation of the mutual and cooperative sector at the very highest levels, AMICE was invited to attend the launch of the Pact for Impact Global Alliance for the social and inclusive economy. The two-day launch event, organised by the French government in Paris in July, comprised a vibrant line-up of speakers from national and local governments, European institutions, the OECD and the United Nations, and many more from networks linked to the social economy.

An immediate outcome of the event was the publication of a manifesto that recognises that “*the Social Economy, in all its diversity of forms and statutes, carries out economically viable projects all over the world.*” Under the manifesto, states, governments and international, regional and local authorities pledge to increase the visibility of the social and inclusive economy by promoting and valuing them and integrating their principles and aims into policies.

AMICE Member Covéa was an official Friends Partner of the Pact for Impact summit. After the event, AMICE issued a formal communication supporting the initiative.

Insurance Europe | Conduct of business meeting

As part of AMICE's Memorandum of Understanding with Insurance Europe, the Secretariat attended Insurance Europe's conduct of business meeting in July. Discussions focused on the recent changes at the EU institutions, PRIIPs, the IDD and insurance guarantee schemes. During the meeting, Julian Arevalo, Senior Expert on Financial Innovation at EIOPA, presented the findings of EIOPA's recently published thematic review on Big Data. Separately, the IAIS launched a public consultation on its draft issues paper on the use of Big Data analytics in insurance.

Social Economy Europe | Board meeting

The AMICE Secretariat participated in Social Economy Europe's (SEE) board meeting in September to discuss its aims for the coming months. These include advocating for the reestablishment of the European Parliament's (EP) Social Economy Intergroup, interaction with the new European Commission and the Monitoring Committee of the Luxembourg Declaration, Pact for Impact and the UN Taskforce on social economy.



Eurofi seminar

The Secretariat attended the most recent high-level seminar hosted by Eurofi, a not for profit platform for exchanges between the financial services industry and the public authorities. Eurofi meetings take place twice a year in the country that holds the European Presidency at the time.

During the most recent meeting, there were several discussion topics of direct relevance to AMICE, including the upcoming Solvency II review, long-term investments and sustainability in the insurance sector, the priorities of the incoming European Commission, and the opportunities arising from digitalisation and new technology.

While in Helsinki for the seminar, the Secretary General took the opportunity to meet local AMICE members.

Consumer protection | ESAs consumer protection day

The Secretariat attended the 7th Joint ESAs Consumer Protection Day, the theme of which was "Protecting Consumers Together." The event was held in Dublin, Ireland, hosted by the Central Bank of Ireland. Attendees included consumer representatives, national regulators and EU institutions, academics and market participants.

PROMOTION

ASSOCIATIONS' MEETING

Continuing dialogue with our members is a vital part of the work we do to understand the issues important to them and to help shape our advocacy, assistance and promotion efforts.

The national associations of mutual insurers from Denmark, France, Germany, the Netherlands and the UK met in September at AMICE's offices to discuss various issues of importance. The agenda focussed on the EU institutions' new mandates, EIOPA's consultation on the possible harmonisation of insurance guarantee schemes, VAT rules for financial services and Solvency II.



COMMUNICATIONS WORKING GROUP

Our Communications Working Group met online to discuss the future activities of the group and the project groups which it will oversee. The first project groups will focus on the new AMICE website, communications with European stakeholders, and the AMICE Congress.





CALENDAR 2019

AMICE

11 October	Brussels	Prudential Regulation Working Group
15 October	Brussels	Executive Committee
5 November	Brussels	Board
8 November	Leiden (NL)	Sustainability (CSR) Working Group
3 December	Paris	Regulatory Affairs Working Group
4 December	Paris	AMICE-ICMIF Regulatory Dialogue Conference

ICMIF

12-15 November	Auckland, New Zealand	ICMIF Biennial Conference
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External Events Calendar

19 November	Frankfurt, Germany	EIOPA 9 th Annual Conference
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AFME	Association for Financial Markets in Europe	IAIS	International Association of Insurance Supervisors
AIMA	Alternative Investment Management Association	IASB	International Accounting Standards Board
AMICE	Association of Mutual Insurers and Insurance Cooperatives in Europe	IAWG	Insurance Accounting Working Group, EFRAG
BIPAR	European Federation of Insurance Intermediaries	ICMIF	International Cooperative and Mutual Insurance Federation
CEO	Chief Executive Officer	IDD	Insurance Distribution Directive
CSR	Corporate Social Responsibility	IFRS	International Financial Reporting Standards
DG FISMA	Directorate-General for Financial Stability, Financial Services and Capital Markets Union, European Commission	IGS	insurance guarantee scheme
DG TAXUD	European Commission's Directorate General Taxation	Insurance Europe	European insurance and reinsurance federation of national associations
EACB	European Association of Cooperative Banks	KID	key information document
EBF	European Banking Federation	NCA	National Competent Authority
EC	European Commission	OECD	Organisation for Economic Co-operation and Development
EFRAG	European Financial Reporting Advisory Group	ORSA	Own Risk Solvency Assessment
EFRAG IAWG	European Financial Reporting Advisory Group, Insurance Accounting Working Group	PEPP	Pan-European Personal Pension
EFRAG TEG	European Financial Reporting Advisory Group, Technical Expert Group	PRIIPs	packaged retail and insurance-based investment products
EFAMA	European Fund and Asset Management Association	QRT	quantitative reporting template
EIOPA	European Insurance and Occupational Pensions Authority	SEE	Social Economy Europe
EP	European Parliament	SFCR	solvency and financial condition report
ESA	European Supervisory Authority	SSDC	Sectoral Social Dialogue Committees
EU	European Union	UCITS	Undertakings for Collective Investment in Transferable Securities Directive
GFIA	Global Federation of Insurance Associations		



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