

News

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Hilde Vernailen
President

On 23 March, Brussels woke up in a very strange atmosphere. Our first thoughts were of course for the victims and their families, but also for all those people in shock. Despite this, I continue to hope and believe in the capability of human beings to build a better world. Let's continue to do so all together, today even more than yesterday.

Dear colleagues,

AMICE's Board was meeting in Brussels on 22 March when our city suffered the senseless attacks which have cut short so many lives. The Board expressed its sympathy with the victims and their families and their solidarity with the people of Brussels. We decided to end the meeting early but nevertheless managed to progress our discussions on the structural cooperation between AMICE and ICMIF in line with the proposal made at the General Meeting last May.

During the second half of last year, working groups composed of AMICE Board members supported by the secretariats of both associations examined questions to be considered around governance, fees, member services and support services. The Board approved proposals for the services which members will be offered by the two associations working together with the aim of adding value to your membership of one or both associations. You will shortly receive a brochure explaining these services to you. By combining the European and global associations our aim will be to achieve greater results in our collective influence and a stronger mutual and cooperative voice for our sector as a whole. A unified association will offer more networking and knowledge sharing opportunities.

The Board also discussed the necessary modifications to the Articles of Association and Internal Regulation to prepare for this future cooperation and these will be included in the documents for the General Meeting on 2 June. As regards the membership fees, the Board decided that the associations should show the advantages of the new way of working for a year or two before changing the fee structure. I am convinced that the mutual and cooperative insurance sector will be strengthened by closer, structural cooperation between the two associations, and that a future common fee system will come naturally.

While these discussions have been taking place, the Secretariat has of course continued to make sure AMICE is present and heard on the European stage as you will have seen from the regular Briefings which you have been receiving from the Secretariat for nearly two years now: I hope you continue to find these as useful as I do in keeping in touch with what the association is doing for you. You will of course have the opportunity to learn more about AMICE's activities and the state of mutuality in Europe at the AMICE Congress: I look forward to welcoming you all to Ghent in June!

Hilde Vernailen

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Interview with UAAM, the host of the AMICE Congress 2016

1. Could you tell us more about the Belgian Association of Mutual and Cooperative Insurers (UAAM/WVOV)?

UAAM/WVOV was founded in 1971 and brings together 15 insurance companies set up as mutuals or cooperatives of varying sizes. They pursue a common goal of promoting mutual and cooperative forms of insurance. UAAM works in three areas to achieve that goal:

- Promote close cooperation among its members.
- Disseminate broadly the principles on which mutual and cooperative insurance were founded.
- Look into the ways these forms of insurance are able to interact in an optimum way.

UAAM/WVOV is a member of both AMICE and ICMIF as a means to broaden this reflection at European level.



2. Could you describe the state of the mutual sector in Belgium? For example, the size of the sector, the opportunities and the challenges of mutuals, etc.

Despite the difficult macro-economic climate, the market share held by Belgian mutual insurers has enjoyed significant and steady growth, like other European countries.

However, they share the same challenges as their European mutualist

colleagues. In Belgium, as in the rest of Europe, new social trends and the emergence of a collaborative economy are re-shaping the insurance landscape. The pooling of risks and the guarantee of access to all are nothing new. They have been part of the DNA of mutual insurers and cooperatives since their beginnings. In this climate of evolution and change, our aim is to allow our model to continue to play the role of precursor by offering solutions that are modern and adapted to the concerns of our policyholders on today's market in Belgium.

In that context, digitisation is a real challenge for the future of our insurance sector in Belgium as it is in Europe. Today, we feel it is essential to face up to the challenges of digitisation and to do everything possible to introduce it into our model quickly and efficiently so that we can continuously improve the services we provide to our policyholders.

3. How is the introduction of Solvency II going in Belgium? Are Belgian mutuals encountering any particular difficulties?

Insurance companies, including the mutuals, have been getting ready for Solvency II for many years under the watchful eye of the supervisory authority, the BNB. Some small mutuals are having specific difficulties owing to their relatively low capitalisation and the hard-to-access capital markets. Consolidation should therefore not be excluded.

4. UAAM will be hosting the 2016 AMICE Congress from June 1 to 3 in Ghent. What can the attendees expect from this event?

The 2016 AMICE Congress will most certainly be a forum for encounters and exchanges, a place of inspiration, and will enable the members to think about the big challenges ahead and to come up with a wide-ranging vision of our activities, which are too often isolated on our national markets. The four sessions planned for this Congress will tackle relevant subjects that affect many facets of the mutual sector.

We hope to see as many of you as possible in our beautiful city of Ghent for the Congress.

5. What experience do you have in organising such an event?

In 2006, UAAM/WVOV organised the first joint congress in Bruges of mutual and cooperative insurance companies. The work of that Congress led to the grouping of AISAM and ACME, and to the creation of AMICE. We are very pleased to have contributed to closer ties among insurance mutuals and cooperatives within a single organisation, all pursuing a common goal.

Bernard Thiry
President of UAAM/WVOV
Chairman of the Ethias management board



Advocacy | Updates

AMICE met with Commissioner Hill's cabinet on 19 January 2016 and reminded the Commission of some of the latest concerns on Solvency II, Capital Markets Union, insurance distribution and retail financial services.

At the end of January, AMICE responded to the European Commission [call for evidence on the EU regulatory framework for financial services](#). In its [reply](#), AMICE submitted around 40 examples of issues that emerged from regulatory initiatives such as Solvency II, the packaged retail and insurance-based investment products (PRIIPs), the insurance distribution directive (IDD) and IFRS. A delegation composed of the Secretariat and AMICE member FNMF (Mutualité Française) also had the opportunity to reiterate our position to the Capital Markets Union Unit at DG FISMA.

The **Regulatory Affairs working group** met in Brussels on 3 February. A representative from the European Commission's Insurance Unit briefed members on the [Green Paper](#) on retail financial services and insurance which was released at the end of December. Members also discussed follow-up to the European Mutual Insurance Manifesto (EMIM) and its objectives, including a possible European prudential mutual insurance group, the Commission's [proposal](#) for a Prospectus Regulation, and developments in the field of insurance distribution (IDD and PRIIPs). The next meeting of the working group will take place on 26 April in Paris.

The Insurance Distribution Directive (IDD) came into force on 23 February 2016, and it must be transposed into national laws of EU Member States by 23 February 2018. In the meantime, the European Commission [published](#) a Call for Advice from EIOPA, which is intended to enable the Commission to adopt delegated acts on product oversight and governance; conflicts of interest; inducements; the assessment of suitability and appropriateness, and reporting.

On 29 January, the Secretariat submitted its [response](#) to the EIOPA consultation on the proposal for [guidelines](#) on **product oversight and governance arrangements** by insurance undertakings and insurance distributors. AMICE raised concerns with regards to the timing of the adoption of these preparatory guidelines which pre-empt the political discussions on the delegated acts under the Insurance Distribution Directive. EIOPA is expected to publish its revised guidelines by April 2016.

AMICE [responded](#) to the European Supervisory Authorities' (ESAs – EBA, ESMA and EIOPA)

joint consultation on **PRIIPs Key Information Documents** (KIDs). The comments mainly focused on the risk presentation, biometric risk premium, credit risk assessment by external rating agencies and multi-option insurance PRIIPs (MOPs) where one of the options available is a UCITS fund. The concerns were also reiterated during a meeting with the Asset Management Unit at DG FISMA.

On 2 March, the Secretariat participated in the European Commission's [public hearing](#) on the [Green Paper](#) on **retail financial services and insurance**. The hearing was structured into four sessions: consumers' access to financial services across the EU, pan-European retail financial products, innovation in retail financial services and consumers' attitudes towards products from abroad. The public hearing is part of a broad consultation with consumers and retail financial service providers. AMICE submitted its [reply](#) on 18 March.

Social Economy

The European Parliament's Social Economy Intergroup organised public hearings on 'The social economy: creating good quality jobs in the EU' and 'Public Procurement: Boosting Partnerships between the social economy and public authorities' which were good opportunities to raise awareness about the sector.

AMICE hosted Social Economy Europe's Board meeting on 17 March which included an exchange with the European Commission's Social Economy Unit on the work of GECES, the European Commission's expert group which is currently preparing reports on the regulatory framework for social economy enterprises and on their financing.

Social dialogue



As one of the three employers' social partners in the insurance sector, AMICE attended the ISSDC plenary meeting on 4 February. Participants exchanged views on telework initiatives in the insurance sector and held a first discussion on the effects of digitalisation on the insurance sector and the role of the social partners in ensuring a smooth transition during the inevitable changes.



Advocacy | Updates

Solvency II

As of 1 January 2016 the new risk-based European supervisory framework for insurance – Solvency II – has become applicable. Gabriel Bernardino, EIOPA Chairman, believes that Solvency II will foster **good governance and risk management**, as well as **enhancing the protection of consumers** and that **harmonised reporting and disclosure** will provide supervisors with key information. However, Solvency II is a huge and complex piece of legislation:

- The **Directive**, as modified by the Omnibus II Directive, consists of 329 Articles and 7 Annexes of over 160 pages.
- The **Delegated Act** has 381 Articles and 26 Annexes of over 919 pages.
- There are 15 sets of **Implementing Technical Standards** of over 2,000 pages.
- EIOPA issued **688 individual Guidelines**, in total over 436 pages.

And the legislative hurdle does not end here! On 1 December last year, the European Parliament decided to extend the scrutiny period for the **Solvency II Delegated Act** beyond the initial 3 months, despite their adoption by the European Commission, which meant they did not enter into force on 1 January as planned. On 29 January, the European Parliament had sent a letter to Commissioner Hill highlighting MEPs' concerns on the process for the calibration of infrastructure assets. These concerns seem to have been mitigated following talks between Commissioner Hill and the ECON Chair Roberto Gualtieri.

Following the **end of the objection period by the co-legislators** (March 2016), the European Commission will publish the new set of Delegated Acts in the Official Journal. EIOPA will then launch a public consultation on the changes to the EIOPA Guidelines and Reporting package as a result of the newly adopted Delegated Acts in April 2016. EIOPA will use the public consultation to amend mistakes in the Reporting Package. **The final texts may be ready by June-July 2016.**

The European Central Bank's decision to **cut interest rates** to 0% should not put pressure on the **review of the UFR** (Ultimate Forward Rate). EIOPA had announced already last year its plans to consult in 2016 on **proposals to review the methodology to determine the level of the UFR** which is currently set at 4.2% for the Euro. In the Netherlands, the supervisor is asking insurers to assess their capital position without taking into account the ultimate forward rate, while in Germany and Austria there is an additional reserve on account of interest rate risk.

The UFR is a key input value which has a high impact on market values and the firm's solvency position. The **UFR should be kept stable** and not respond to short-term or random developments. There may be a long-term trend in interest rates which suggests gradual adjustments to the UFR. Therefore, **early warning indicators of the underlying trend** of the UFR should be regularly produced in order for the industry to be aware of possible changes and prepare itself.

A useful approach could be to regularly publish the outcome of the UFR formula and to decide on the necessity of an update of the UFR value each time the computed amounts exceed the **values of a “tunnel” (corridor) with an upper and lower threshold**. Assessing the direction and the sustainability of such a trend is key (e.g. if inflation is too high and above expectations, the UFR will have to be corrected). If the trend continues this would lead to an adjustment over a long period of time (e.g. 17 years as with the transitionals). The correction could be made by the amount exceeding the corridor.

But the fears of the impact of negative interest rates did not stop here, as the **Solvency II equity dampener** hit the floor (-10%) in February this year for the first time since the Eurozone crisis. The adjustment breached its lower limit on 11 February, before decreasing to -6.45% at the end of the month. EIOPA's equity index closed at 102.38% on 11 February, more than 30 % down from its peak in June 2015. The equity dampener had hit its upper limit twice in April 2015. Since January 2015 EIOPA has been publishing information about the equity dampener on its website. However, **EIOPA's equity index cannot be replicated fully** due to the lack of explicit reference to the indices used by EIOPA. Moreover, EIOPA's equity index is not constructed as a typical index which can be updated based on the daily changes of its components. Instead, it is calculated as a weighted average of historical data. EIOPA has invited AMICE to send its views on the equity dampener. A response will be sent shortly.



Assistance I Updates

Corporate Social Responsibility

The CSR working group welcomed the OECD to its last meeting on 9 February which focused on investment policies. Karen Wilson from the Statistics and Development Finance Division explained the growing market for social impact investment which is the provision of finance with the explicit expectation, and measurement, of a social as well as financial return. The OECD published a [report](#) in 2015 giving an overview of social impact investment across developed and developing countries. The second phase of this project will seek further knowledge of social impact investment instruments and their applicability in a variety of sectors and across different country settings through the development of detailed case studies and workshops. Members also exchanged information on their own organisation's investment policies with Göran Lindholm from Ålands Ömsediga Försäkringsbolag explaining his company's investments in frontier markets and Serge Jacobs presenting Ethias' ethical investment [code](#) which has just been revised.

Health

At its meeting on 10 March, the Health working group heard from Länsförsäkringar about the Swedish public health system and the role of private insurers. Insurance Europe explained the newly adopted European data protection legislation and its possible effects on health insurers. AIM also made a presentation on cross-border health cover in the European Union.

The working group will next meet on 14 September 2016 to discuss the Italian health system as well as sales and marketing of health products in the different markets.

Members can download presentations from both working group meetings from the appropriate folder on the AMICE website.

Reinsurance

Meeting on-line on 16 March, the Reinsurance working group held an exchange on preparations for ICMIF's MORO which takes place in London from 6 to 8 June. Members also discussed possible venues for the next Meeting of European Mutual and Cooperative Reinsurance Managers due to take place in 2017.

Promotion I Updates

Promoting mutual and cooperative values

In January and March, the Promoting working group met online to finalise the publication, "Origins of Mutuals, A collection of stories of mutual and cooperative insurance". The publication will be published in time for the AMICE Congress in Ghent. The group also revised its working plan and discussed the publication of a brochure like the one published by AISAM in 2004, [Good practices vis-à-vis staff and member-policyholders](#).

Communications



In February 2016, the Communications working group met in Brussels and advanced with preparations for the Ghent Congress. A conference call was organised with the headline speaker of the Congress, [Gerd Leonhard](#) in order to prepare his presentation during Session III which will look at how changing human behaviour due to

technological and other developments will affect the insurance sector and the relation between the company and customers. The group also discussed the communication plan for the Congress and all logistical details.

National Associations Meeting

Representatives from the national mutual associations gathered on 16 March in Brussels. They discussed the implementation of Solvency II across Europe, with special attention to the exemption regimes for the small insurers and rating agency licenses under Solvency II. Participants were also informed about the reports being published by AMICE and discussed how to increase the participation of members at the AMICE Congress.

Panteia Study Leaflet



The Leaflet published by AMICE and AIM in order to raise awareness on the [European Commission Study 2012](#) on the current situation and prospects of mutuals in Europe is [now available electronically](#) and printed copies can be requested at the [Secretariat](#).

→ AMICE Congress 2016



Register now for the 2016 AMICE Congress on the [website of the event](#) and follow all the updates on twitter @AMICE_Mutuals

→ AMICE Calendar 2016

- 21 April Brussels Executive Committee
- 22 April Ghent Communications working group
- 22 April Brussels Solvency II working group
- 26 April Paris Regulatory Affairs working group
- 27 April On-line Promoting working group
- 20 May Brussels Solvency II working group
- 1 June Ghent Board
- 2 June Ghent General Meeting
- 2-3 June Ghent AMICE Congress 2016
- 1 July Brussels Solvency II working group
- 13 September Brussels Executive Committee
- 14 September Brussels Health working group
- 20 September Brussels National Associations Meeting
- 17 November Brussels Board

→ External Events Calendar 2016

- 26 April London 4th annual Data for ERM & Solvency II
Insurance ERM
20% discount for AMICE members. Please contact the Secretariat.
- 8-13 May Manchester Advanced Management Course 2016
ICMIF
- 24-26 May York Why Gen Y? Challenges and opportunities for mutuals
ICMIF
- 25 May Dublin 8th International Insurance Conference Insurance Europe
Insurance Europe
- 6-8 June London Meeting of Reinsurance Officials (MORO)
ICMIF

