

Parliamentary Term 2009-2014 Information Memorandum for MEPs



Key issues:

- What is AMICE?
- Mutual insurance
- Solvency II
- Insurance is not banking!
- European Mutual Statute

This memorandum is also available in French.



What is AMICE?

AMICE is the voice and representative organisation of the mutual and cooperative insurance sector in Europe.

AMICE is committed to securing a level playing field in Europe for mutual and cooperative insurers.

AMICE promotes the principles of mutuality and cooperativism in insurance in Europe.

AMICE members come from 16 EU Member States where 88 % of the EU population live and which elect 81 % of the MEPs.

AMICE has more than 125 direct members from 17 European countries (16 EU+CH) and looks after the interest of all mutuals in Europe: big and small.

AMICE believes in human values.

We encourage you to learn about AMICE by visiting www.amice-eu.org and by contacting us.

Mutual and cooperative insurance

Mutual and cooperative insurance companies make up a third of all insurance companies in Europe and have a 20% market share in premiums.

Mutual and cooperative insurance companies are member-driven, in contrast to shareholder-driven entities. They are owned (or controlled) by their members; proximity is the prime objective in their relations with their clients. They have no shareholders and thus no equity to remunerate.

In many countries, mutuals are regarded as part of the "Social Economy". This sector of the economy is characterised by its aims and by the methods used by its constituents: a different way of doing business which continuously associates the general interest, economic performance and democracy.

We encourage you to insist vis-à-vis the Commission on the appropriate recognition and promotion of this sector of the economy that

- is not exclusively profit-oriented;
- follows a "dual bottom-line" approach;
- is stakeholder-/member-driven;
- pursues social objectives;
- works actively against financial exclusion;
- contributes to the diversity of players and services provided for the benefit of the European citizen.

"... asks the Commission to promote the social economy in its new policies and to defend the social economy's concept of 'a different approach to entrepreneurship', which is not driven mainly by the profit motive but by social benefit, to ensure that the particular features of the social economy are properly taken into account in the framing of legislation; ..."

**EP Report (2009) on the Social Economy
Patrizia Toia (ALDE, IT)**

"The diversity of legal models and business objectives of the financial entities in the retail (banking) sector is a fundamental asset to the EU's economy which enriches the sector, corresponds to the pluralistic structure of the market and helps to increase competition in the internal market."

EP Report (2008) on Competition in Retail Banking – Gianni Pittella (PSE, IT)

Solvency II

Completing the Solvency II regulatory framework will be the main insurance legislation project for legislators, supervisors, and the industry during the next Parliamentary term. Its entry into force is foreseen for October 2012.

We urge you to remain vigilant during the work on Solvency II Level 2 measures. The mutual and cooperative insurance sector trusts in your role as a co-legislator to ensure that implementation measures remain within the scope of the framework directive and that the principle of proportionality is strictly observed.

The Solvency II Framework Directive was successfully passed by the European Parliament during its previous term. AMICE and its members are now looking forward to optimising the framework through good implementation measures. The sector's main preoccupations include:

- proportionality (see above)
- appropriate calibration of the SCR requirement
- insurers' own funds (supplementary calls from members are a key feature of many mutual insurers)
- equalisation provisions (of particular importance to mutual insurers due to their reduced access to external capital)
- insurers' governance requirements
- mutual insurance groups

We will provide you with specific information during the continuing legislative process and encourage you to seek an exchange with industry.

Insurance is not banking

Insurance is not banking and should not be regulated in the same way. Europe's insurance industry is concerned by the sometimes ill adapted direct application of banking rules to other sectors of the financial industry. Current areas of concern in this regard include the future design of supervisory structures in Europe (de Larosière proposals), insurance guarantee schemes, remuneration rules, accounting issues and others.

We encourage you to seek information on the insurance sector as a distinct, important, and stable part of the financial services industry. Appropriate, targeted regulation is welcome; spill-over from undifferentiated one-way-fits-all regulation must be rejected.

"The new solvency regime should not be too burdensome for small and medium-sized insurance undertakings. One of the tools to achieve this objective is a proper application of the proportionality principle. This principle should apply both to the requirements on the insurance and reinsurance undertakings and on the exercise of supervisory powers."

Recital of the Solvency II Directive

"... the European Parliament, acting by a majority of its component members ... may oppose the adoption of [an implementing measure] ... indicating that the draft measure ... does not respect the principle of ... proportionality ..."

Regulatory procedure with scrutiny (Art 5a of Comm Dec 1999/468 as amended)

"We recognise the need for significant regulatory changes to help prevent another financial crisis. But these changes should tackle the problems that arose in the banking sector, not apply a one-size-fits-all set of remedies to the whole of the financial services sector."

Restoring Market Confidence (ABI, June 2009)

European Mutual Statute (EMS)

“... strongly deplores the fact that the Commission has ... decided to withdraw the ... proposal ... for a regulation on a Statute for a European mutual society ...”

EP report (2006) on developments in company law – Andrzej Szejna (PSE, PL)

“... points out that a statute for a European mutual society would allow mutual insurers to operate at the same level as other insurance undertakings, in particular in a cross-border situation, thus increasing the offer of insurance products.”

EP report (2008) on retail financial services – Othmar Karas (EPP, AT)

In 2006, the European Commission decided to withdraw its proposal for a statute for a European Mutual Society. Many AMICE members are convinced that only the adoption of an EMS can provide a possibility for modern restructuring and organic growth of the sector in the single market, level in chance and opportunities with other parts of the industry.

We urge you to request the European Commission (e.g. during the forthcoming hearings of Commissioners) to resume the work on the project for a European Mutual Statute through the launch of a feasibility study and an impact assessment.

Extensive information material (including a draft regulation text, explanatory memorandum and business case studies) is available from AMICE (see below for contacts).



Your contacts:

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Please visit our website and feel free to get in touch with us. If you provide us with you and your office's contact details, we are happy to include you in our distribution list for information about AMICE and the sector.

Do not hesitate to call us whenever you have questions relating to insurance in Europe and particularly to mutual and cooperative insurers, part of the social economy.



www.epfsf.org

AMICE is a member of the Financial Industry Committee of the European Parliamentary Financial Services Forum (EPFSF). You have been or will be contacted separately by the Forum secretariat about this platform for dialogue on financial services issues.



Social Economy Europe

www.socialeconomy.eu.org

The Social Economy Intergroup is a platform for exchange between MEPs and members of the civil society. Representing mutuals, AMICE participates in its activities.