

# News

## march 11



Asmo Kalpala  
President

**2010 was a busy year for the insurance sector and for our association. Important discussions were held in many key areas, and defending our interests has been a demanding task. Much has been reached; thanks to AMICE's relentless efforts and that of its members.**

Looking back at the year 2010, our achievements make me proud. "Proportionality!" in the design and application of the Solvency II framework is no longer the lonesome cry of the mutual and cooperative sector on behalf of its smaller members; the whole industry has picked up proportionality as one of the key factors for the success of the project. The Omnibus II Directive opens the possibility for meaningful negotiations about transitional measures in several key areas of the new framework. And all insurers, large and small, demand a fundamental change to the excessively burdensome reporting requirements.

We have started a dedicated work-stream for small and medium-sized undertakings which are so numerous in AMICE's direct membership and even more numerous among those that are indirect members of our association through their national mutual association. Two events addressing the main challenges posed by Solvency II and how to master them drew more than 60 participants each.

In the area of governance, the new OECD and IAIS rules for insurers include special passages on the particular situation of mutuals and cooperatives, co-drafted and proposed by AMICE. These rules compel national legislators and supervisors to take into account the specificities of mutual governance.

And finally, the mutual business model and the important contribution that the mutual and cooperative sector in financial services can make to the economy, is the focus of attention at the European Commission and the Parliament. The EP is currently conducting a study on "The mutual societies in the 21st century" and the Commission will start its comprehensive study on the situation of mutuals in all Member States in 2011. AMICE will be involved in both of these projects.

As I said at the beginning, AMICE can be proud of its achievements. In this current year we will have to further improve the outreach to our members and, with the help of our association members, particularly to our some 1,500 indirect members. As proven, AMICE can move things on behalf and for the mutual benefit of its members.

*Asmo Kalpala*

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# “Making Halland a safe place to live and work”

We met Johanna Stakeberg, CSR (Corporate Social Responsibility) manager at Länsförsäkringar Halland, one of the 24 regional mutuals which make up the Länsförsäkringar Alliance in Sweden. Johanna has a Bachelor of Science in social work and a Master's degree in criminology.



Johanna Stakeberg

*Why did Länsförsäkringar Halland decide to focus on CSR?*

We are a local, customer-owned company based where our customers live and work. Halland County has a population of 300,000 and Länsförsäkringar Halland insures 110,000 of them. Naturally, we provide assistance when an accident occurs but since we would prefer accidents and injuries not to occur at all, we work actively with preventive measures. In addition to loss-prevention measures directed at our customers, we focus actively on preventive community initiatives. It is

important for us to work with others to build as high a standard of living as possible for the people of Halland County. This societal role for the company was confirmed when I started as CSR manager in 2006.

*What is the aim of the CSR work today?*

The purpose of Länsförsäkringar Halland's social commitment is to affect attitudes, values and behaviour with a view to increasing security and bringing about a reduction in the risk of becoming the victim of crime, injury or accident. We want to safeguard the health of the people of Halland and promote a long-term sustainable society. Länsförsäkringar Halland's social commitment is based on caring and assisting. We choose to support projects, enterprises and activities that contribute to the greater good of society.

*Could you give us one specific example?*

Grit bins to prevent slippery roads. In each and every corner of Halland there are grit bins for everyone to use this time of the year. We have agreements with all municipalities and road associations and they are responsible for the grit bins (filling them with sand etc) and we pay for them (ca 250 Euro each). Another example is “Neighbourhood watch”, a crime prevention project that reduces the risk of burglary by 25 %. Each Monday night, Länsförsäkringar and the local police provide training for people in different neighbourhoods, no matter whether they are customers or not. It is a win-win situation.

*What do your policyholders think of your CSR commitment?*

Just recently, 240 customers in three different areas of the county were interviewed on how much they knew about our CSR work and what they thought about it. One out of three knew about it and – considering that there has never been any active advertisement about it – that is quite positive. Even better is that 95 % of the customers gave their support for the company to spend some money on preventive society work, especially within the area of crime prevention.

*Is your CSR work supported by the whole company?*

It is important for CSR-work to be an integrated part of the core business and a question for the whole company. At Länsförsäkringar Halland, the board members defined the company's CSR work as long-term preventive measures combining corporate benefit with community benefit to increase security (reduce the risk of crime, injuries and accidents) and increase quality of life (promote health and the environment).

Let me summarise the motivation behind Länsförsäkringar Halland's social commitment effort:

- it is in line with the company's business concept and vision,
- the company is customer-owned and local,
- it creates additional value for customers, employees and the people of Halland,
- it provides the company with greater competitiveness in the market.

We sell insurance and banking services, but we also sell confidence ... to contribute to our vision: ... making Halland a safe place to live and work!

## Second SME meeting on Solvency II

**AMICE members met in Hamburg in December and disclosed their doubts about the reliability of the QIS 5 exercise.**

Despite wintery conditions, numerous mutual and cooperative insurers came (60 attendants from 12 countries) to AMICE's seminar for the benefit of its small and medium-sized members in Hamburg on 8 December. (This second event followed the first successful one held in Paris on 12 February 2010. See AMICE Newsletter 2010-03).

Given that Solvency II is currently probably the most worrying issue for all insurers – and even more so for smaller ones – the programme covered the three pillars of the new framework, the level 2 implementing measures, a quick overview of the current state of exemption regimes, and featured a discussion on the experience and first results of the QIS5 exercise. Views and experiences were diverse but the conclusions were unanimous: the current model is far too volatile, puts immense strain on internal resources and includes wrong approaches for counterparty, health and CAT risks, for future premiums and the discount rate.

But presentations also included an encouraging message from Swiss Re: the risk-based assessment of the assets and liabilities is in line with reinsurers' integrated risk management and will lead to state-of-the-art risk management and bring greater transparency.

Jan Parner, Chair of CEIOPS'/EIOPA's Pillar V (II+III) work, sent a clear message on ORSA: the board of an insurance undertaking should **know** that the company can 'afford' its strategic plan 3-5 years ahead (including bumps on the way) and how to execute this plan.

Members had come to the seminar to gather new information and to meet colleagues. The feedback revealed that these expectations were widely fulfilled. But participants also said that AMICE should organise further meetings to continue the exchange of best practice on the practical implementation of Solvency II and the discussion of possible solutions to specific problems.

All presentations and a summary of the debates (in English and German) are available in the Member Area of the AMICE website.

## Solvency II – Important developments and unbearable workload

The most important development is certainly the publication of the Commission proposal for the Omnibus II Directive. This instrument is to amend the Level 1 Framework Directive text by making some legal adaptations resulting from the Lisbon Treaty and from the handover from CEIOPS to EIOPA, by setting the starting date at 1 January 2013 **and by opening the facility for transitional provisions** in a wide array of areas in all three pillars. The exact design and phasing of these measures, their length and the minimum standards to be fulfilled will be defined in Level 2 implementing measures. Currently, the Omnibus II Directive is in the co-decision process between Council and Parliament.

Work on the (other) implementing measures continues between Commission, Member States and the industry. The Commission has set up a working group with Member States on long-term guarantees – this now shows that differences in product design and legal framework across Europe make it extremely difficult to create an approach that is widely acceptable. Within EIOPA, working groups were set up to discuss core issues such as non-life calibrations and CAT risk with the industry. It is extremely worrying that EIOPA makes every effort to **revise upwards the calibration decisions** made for QIS5. That QIS5 quantitative results are believed to have shown that the large majority of European insurers are above their SCR requirements is, totally inappropriately, not seen as a sign that the European industry is solid and generally well-capitalised, **but as a justification for the supervisory community to tighten the screws**. Almost equally unaccommodating is the reaction of supervisors to the demands of industry, by now regardless of size or legal form, to ease the burdens of pillars 2 and 3 and to give any meaning to the discussion about applied proportionality.

And the first informal consultations have begun on draft Level 3 texts developed by EIOPA – it seems here, too, that supervisors want to retaliate and regain all ground that they fear to have lost in the Level 2 negotiations so far. The sheer quantity of consultations and the mounting time pressure are straining everybody's resources to the extreme. Good mutual support between the AMICE Secretariat and the members is therefore even more important than before.

**AMICE urges its members to permanently remind their governments, supervisors and MEPs that any slippage or time wasted in the legislative process will at the end have to be borne by the industry – and potentially partially also by consumers.**

## Mutual marketing

**The varied presentations at AMICE's marketing seminar in Paris demonstrated that it is important to maintain traditional communication lines with customers as well as introducing new ones.**

Yannick Schmitz from host MACIF presented the successful example of their website idmacif for low-cost products, while Jyrki Antikainen of Tapiola foresaw an increased use of open internet rather than id-based systems like Facebook and a need for on-line dialogue with customers. The theme of customer relations was continued in the second session with Peter Mattes, Folksam, and Gianpiero Zannier, Reale Mutua, underlining the importance of close, personal contacts with members and customers. On the second day, Rene Gobels explained TVM's long-standing driver safety programme which helps market their transport insurance policies and Grzegorz Buczkowski from TUW SKOK warned of the dangers of insufficiently prepared internet marketing campaigns.

The final session looked at how mutuals/cooperatives use their mutuality in their marketing, if they do. Gareth Evans from Royal London explained how the group had adopted a simple, understandable identity around "financial sense", to convince members and customers that the mutual had their best long-term interests at heart. Mogens N. Skov, Købstædernes Forsikring, shared examples from the Danish market where mutuals tend to emphasise their local roots rather than their mutual status. Fons Roosenboom described how Univé's sponsorship of the local football team underlined the company's attachment to the community and a feeling of joint ownership. The discussion which followed this last session showed that many participants believe that mutuals could benefit by using their particular status to market themselves.

To quote President Andreck in his opening address, *"More than ever, the mutualist model that we defend is in keeping with our time and with the aspirations of the people, disappointed by the excesses of the dominant economic model."*



All presentations can be downloaded from the Events section of the Members' Meetings area of the AMICE website.

## Nominations at EIOPA

EIOPA, the new European Insurance and Occupational Pensions Authority, has made the following nominations:

**Chairman:** Gabriel Bernardino, PT  
**Executive Director:** Carlos Montalvo, ES

AMICE congratulates the two gentlemen and is looking forward to further good cooperation with the authority.



# The Single Market Act

(Report from AMICE's Legal affairs task force)

Among the issues discussed by participants at the last meeting of the legal affairs task force on 8 February, Commissioner Barnier's consultation on the European Commission's Single Market Act was certainly the one that stirred the greatest interest.

In October last year, the European Commission published its communication on the "Single Market Act", opening a four-month consultation period on the document. AMICE's Legal Affairs task force discussed the paper at its latest meeting and helped the Secretariat in identifying the essential elements of our response.

The Commission's main areas of focus are: cutting the red tape for SMEs, further strengthening Europe's highly competitive social market economy and putting people at the heart of the single market. Against the backdrop of an additional potential for GDP growth of 4% over the next ten years if the single market were used optimally, Commissioner Barnier presents 50 measures to be put in place by 2012 of which about a dozen will receive priority. For AMICE, the most relevant of the proposed actions is certainly the announcement of a study on the situation of mutual associations in all Member States and in particular their cross-border activities.

The task force identified ten of these measures as the sector's priorities and AMICE sent an electronic submission to the on-line consultation underlining the mutual insurance sector's economic weight, its role in society and assuring the Commission of our association's full cooperation in the study on mutuals.

## Other recent consultations

AMICE's comments on PRIPs (packaged retail investment products), EU contract law and the IMD (insurance mediation directive) can be found on our website.

The group will meet again in Brussels on 9 June.

For additional information concerning the work of the task force please contact [catherine.hock@amice-eu.org](mailto:catherine.hock@amice-eu.org)

## → Meeting of European mutual & cooperative reinsurance managers

The third biennial Meeting of European mutual & cooperative reinsurance managers will take place in Budapest on 12-13 May – the number of places is limited so register now to avoid disappointment!

See AMICE's [website](#) for more details and to register.

The themes chosen for this year's event include:

- The benefits of reinsurance collaboration
- Are the index clauses still an adequate solution?
- Using risk modelling tools in reinsurance decision-making
- Solvency II

# CSR is serious business

AMICE's CSR task force was pleased to welcome European Commission representative Iris Kroening from DG Enterprise to its last meeting on 9 February. She emphasised that CSR is about redefining the role of business in society and should create value and be business driven – that it must be a vehicle for change. Companies should integrate CSR into their strategies as the crisis has shown that trust in business is vital for the economy.

A communication can be expected from the Commission in the second half of the year but no legislation is to be expected as the Commission tries to avoid creating additional administrative burden for companies. However, the follow-up to the recent consultation on non-financial disclosure (to which AMICE as well as a few members replied) may include some legislative proposals. The Polish (from July 2011) and Danish (from January 2012) presidencies are expected to emphasise CSR issues. As a newcomer to the mutual world, Ms Kroening encouraged the sector to underline its mutual status as an advantage.

The next CSR workshop will be hosted by Folksam and Länsförsäkringar in Stockholm on 13-14 April and showcase their various CSR activities. The task force will also organise a two-day seminar in Madrid in October.

See the AMICE website for more details or contact [helen.sheppard@amice-eu.org](mailto:helen.sheppard@amice-eu.org).

## Tomorrow's emerging risks: challenges for insurers of people

Join us in Copenhagen on 22-23 September for this exciting seminar on emerging risks which will increasingly affect all insurers of people, whether motor, accident, health or workers' compensation.

See AMICE's [website](#) for more details and to register.

The topics to be covered include:

- **Changing demographics** (immigration, longer life, longer active, later/smaller family, labour shortage, dependency.....)
- **Changing health risks** (psychological problems, stress, obesity, drugs, alcohol,....)
- **Climate change** (more unpredictable and freak weather, global warming, safer/cleaner cars, new buildings,....)
- **New technological risks** (nanotechnology, mobile phone, home-working, internet, social networks,...)

Day one will be structured around presentations in plenary and day two will see more focussed discussions in workshops.

## → AMICE meetings and events

- 1 March ..... Brussels ..... Executive Committee
- 10 March ..... Brussels ..... Solvency II task force
- 28 March ..... Stockholm ..... Capital maintenance task force
- 4 April ..... Brussels ..... Solvency II task force
- 5 April ..... Brussels ..... Board
- 6 April ..... Brussels ..... Member to Member working group & task forces
- 13/14 April ..... Stockholm ..... CSR workshop & task force
- 18/19 April ..... Gdansk ..... Communications working group
- 3 May ..... Brussels ..... Executive Committee
- 6 May ..... Brussels ..... Solvency II task force
- 12/13 May ..... Budapest ..... Meeting of European mutual & cooperative reinsurance managers
- 7 June ..... Brussels ..... Board
- 8 June ..... Brussels ..... Panel on cross-border business
- 8 June ..... Brussels ..... General Meeting
- 9 June ..... Brussels ..... Legal Affairs task force

