Dear AMICE member,

You will see from the activities covered in the following pages of this edition of AMICE Insights that the work emanating from European institutions which has an impact on your business carries on at an unrelenting rate. You will find information in this publication on distribution, digitalisation, supervisory convergence, proportionality, pensions, GDPR, FinTech, social economy, the Insurance Stress Test 2018, reporting under Solvency II, the Solvency II review 2018, the review of the Motor Insurance Directive, accounting proposals under IFRS 17 and Capital Markets Union. These are all areas in which AMICE actively engages to ensure that the concerns and impacts of proposals on Europe’s mutual and cooperatives insurers are properly represented, understood by policymakers and reflected in the final shape of European requirements.

We are best able to do this by connecting with you, hearing first hand the potholes and bumps on your business road, and working with you to devise solutions to fill the holes and smooth the bumps. This year’s AMICE Congress in Stockholm was an ideal opportunity for us all to gather under the banner of “Mutual Connections” and explore those connections, our values and our valuable role in people’s lives, livelihoods, business and society.

The nature of our business lends itself to modesty. When I looked around the conference room at the gathered membership, it struck me that sometimes we are too modest about our business. During the Congress, we published a detailed study on European mutual and cooperative insurance “Facts and figures: Mutual and cooperative insurance in Europe Vol. 2”, which has been a long-term project with ICMIF. The information in this study proves the immense value of our sector in the European context, showing how the stable and long-term relationship with policyholders has been instrumental in our members developing and strengthening their business in the face of immense economic instability in Europe from the end of the last decade. We should be proud that we represented security during a time of turmoil, and that our long-term aims now match with the aspirations for European pensions and sustainability goals. The important next step is to clearly articulate how best we can do that.

Over the next few months, the AMICE Board and the Strategy Task Force will be overseeing the work being undertaken by the AMICE Secretariat to express our aspirations in representing and supporting our membership through the development of the AMICE strategy 2019-2024. Our aims are to ensure you have a flexible, relevant and responsive association with which you can engage and in which you can be proud. Our ultimate aspiration is to be the heart of the mutual and cooperative insurance industry in Europe, reflecting our location in Brussels, known as a city at the heart of Europe, and with you, our members, as our lifeblood.

Sarah Goddard, AMICE Secretary General

Sarah Goddard
AMICE Secretary General
The sixth AMICE Congress took place in a mainly sunny – and always welcoming – Stockholm at the beginning of June, hosted by Swedish members Folksam and Länsförsäkringar.

Two days of knowledge-sharing and networking with lively panel discussions and member presentations at the conference venue were interspersed with social activities which were greatly enjoyed by the 175 participants. Speaker presentations can be downloaded from the Programme page of the Congress website www.amicecongress.eu.

Congress partner AM Best TV interviewed AMICE members and Congress speakers for its TV channel, which are available to view here.

In order to reflect the sustainability goals of the Congress, the event was fully climate compensated through Vi Agroforestry, as proposed by our Swedish hosts. We further embodied the sustainability targets for the event by replacing all traditional paper conference materials with a Congress app. The app enabled delegates to access the conference programme, speakers’ biographies, itineraries and other standard event information from their smartphones, and also encouraged audience participation through the ability to ask questions and vote on polls in various sessions. The app also allowed delegates to evaluate the Congress, and we would invite any delegates who haven’t yet provided us with feedback through the app to please do so.

Our thanks to the hosts Folksam and Länsförsäkringar for making this year’s Congress such a memorable occasion, and we are already starting work on the next Congress which will take place in Bilbao on 10-12 May 2020, kindly hosted by Spanish member Seguros Lagun Aro S.A.

The next working group meeting will take place in Brussels in September. If you wish to take part or send someone from your company to the Communications Working Group, please contact Tatiana Paraskeva for more information.

The Promoting Working Group was created in 2014 to explore and define messages that can be communicated to stakeholders by AMICE and its representatives, to identify areas of outstanding success or unique positioning of the sector, and to shape a strong message around them.

As part of AMICE’s aims to streamline its activities for maximum efficiency, the Secretary General reviewed the activities of the Promoting Working Group and proposed to the Executive Committee that it be merged with the Communications Working Group. The ExCom agreed to the suggestion, so it has now been absorbed into the Communications Working Group’s remit. We would like to thank everyone who has contributed to the work and success of this group over the last four years.

AMICE’s landmark publication “Facts and figures: Mutual and cooperative insurance in Europe Vol 2”, an extensive research study into the European mutual and cooperative insurance sector, was launched in June at the Congress in Stockholm. It is available for download from the AMICE website, free of charge. In keeping with our sustainability aims, the publication is only available in electronic format. It is a collaborative project between ICMIF and AMICE which updates the previous edition published by AMICE in 2012. The report contains data and analysis about mutual and cooperative insurance industry in 28 EU Member States and 4 EFTA countries between 2007 and 2015. The aim of this detailed longitudinal study of the development of the mutual and cooperative insurance market in Europe is to educate stakeholders and support AMICE’s advocacy activities. AMICE undertook the legal research and project management aspects of this comprehensive publication, while ICMIF provided the statistical data research and analysis.

Although the statistical data relates to the years 2007-2015, the legal aspects of the report cover the various countries’ legal systems post-Solvency II so that they reflect the current systems applied in Europe.

ICMIF – AMICE European Market InSights 2016

ICMIF and AMICE published the Market InSights: Europe 2016 which was presented at the AMICE Congress in June. The report presents the latest statistics on the European mutual and cooperative insurance sector. European mutual and cooperative insurers reported another
members can download the French and English version from the AMICE website.

Annual Report

AMICE's 2017 Annual Report was presented to the membership at the recent Stockholm event. The publication includes an overview of AMICE's past decade of achievements and all key activities and developments which took place in 2017. You can download the report from here.

Advocacy

Regulatory Affairs | Working group meeting

AMICE's Regulatory Affairs Working Group met in Brussels on 19 April for an exchange of views on our advocacy heatmap and the status of the main dossiers we are currently working on. Other discussion items included distribution, data protection, the EU action plan on sustainable finance, the EU's FinTech action plan, social economy and social dialogue. The next working group meeting will take place in Brussels on 20 September.

Insurance Distribution Directive (IDD)

IDD application date delayed

On 1 March, the European Parliament formally voted in favour of delaying the implementation of the IDD. On 19 March, the text delaying the application and transposition dates was published in the Official Journal of the EU.

Member States are required to transpose the IDD into their national laws by 1 July 2018 at the latest. Insurance undertakings must comply with the IDD requirements from 1 October 2018.

EC study on barriers to distribution

The European Commission has published a study on consumer financial services identifying obstacles that consumers continue to face in the EU when buying investment-driven life insurance or private pensions. By pointing to the remaining impediments, the study illustrates the role of EU legislation, such as PRIIPs and the IDD, which have recently entered into application or will soon apply. Following the study and as part of its FinTech action plan, the Commission is examining the current landscape of digital interfaces that help individuals find suitable and cost-effective retail investment products across the EU's capital markets. The Commission held a public hearing at the end of June to exchange views on how to further improve the situation.

European supervision

EP public hearing on the ESAs’ review

The European Parliament's Economic and Monetary Affairs Committee (ECON) hosted a public hearing on the review of the European System of Financial Supervision (ESFS), which includes EIOPA. The purpose of this hearing was to receive information from stakeholders and experts on the impact and practical consequences of the proposed changes to the ESFS. ECON's draft report was due to be presented in June with a possible vote in September.

EIOPA supervisory convergence plan 2018-2019

EIOPA has issued its supervisory convergence plan 2018-2019 for the insurance sector, specifically focusing on the conduct of business supervision. EIOPA defined three priority areas: the implementation of the common supervisory culture and the application of proportionality; addressing the risks to the internal market and to the level playing field which may lead to supervisory arbitrage; and the supervision of emerging risks (such as
IT-related risks, Insurtech and Brexit). EIOPA also outlined the next steps for its conduct of business supervision strategy.

EIOPA stakeholder groups | Mutual representation

EIOPA issued a call for expressions of interest for individuals to apply for membership to their two stakeholder groups, the Insurance and Reinsurance Stakeholder Group (IRSG) and the Occupational Pensions Stakeholder Group (OPSG). Specifically, EIOPA asked AMICE to bring to our members’ notice the requirement that three members of the IRSG should be representatives from the mutual/cooperative insurance and reinsurance community. AMICE actively supported several candidates’ applications for the IRSG positions and is looking forward to working more closely with appointed IRSG members when the new group commences work in September.

Pensions

Pensions Working Group meeting

On 8 June, the Pensions Working Group held an online meeting to discuss recent developments on the pan-European personal pension product (PEPP) proposal. The group also shared updates from their respective national markets. The Secretariat briefed members on the Global Federation of Insurance Association (GFIA)’s position paper ‘Older and wiser – Solutions to the global pension challenge’ and the Commission’s Pensions adequacy report.

Developments on the personal pensions proposal

On 19 March, ECON held a debate on PEPP and the tax treatment of personal pension products. The objective of the debate was to discuss the draft report on the PEPP proposal, prepared by Rapporteur Sophia in ‘t Veld (NL, ALDE).

On 24 April, the European Parliament’s Internal Market and Consumer Protection Committee (IMCO) discussed the European Commission’s proposal on the PEPP. The discussions focused on portability, switching and consumer safety. MEPs were of the view that EIOPA should be the authority responsible for authorising PEPP, but the competence for monitoring should be with national authorities.

The Presidency of the Council of the EU had issued the second compromise text on the PEPP proposal the day before the IMCO discussion. Member States were of the view that the PEPP should be subject to the relevant sectoral legislation (i.e. Solvency II Directive). Unlike the Commission’s initial proposal, Member States rather than PEPP providers would be obliged to ensure the opening of sub-accounts.

Towards the end of May, ECON debated the proposal and the tax treatment of personal pensions, including PEPP. ECON members tabled more than 900 amendments to the Commission’s proposal. The biggest differences were in the amendments concerning the authorisation of PEPP, investment options for the basis PEPP, out-payments, eligible providers and the issue of compartments. The shadow rapporteurs met the following day to agree on compromise amendments. The ECON vote is due to take place in early to mid-July, and the Plenary announcement will be on 10 December.

Pension funds in the EU Capital Markets Union

The Secretariat attended an event hosted by think tank Bruegel on pension funds in the EU Capital Markets Union (CMU). Steve Ryan, Deputy Head of Unit, Insurance & Pensions, European Commission, DG FISMA presented the Commission’s flagship proposal on the PEPP. He touched upon the most contentious issues in the proposal: taxation, default investment option, cross-border portability, decumulation, eligible providers and the role of EIOPA.

Delay of Solvency II extension granted to IORPs

The European Commission has left it open whether it will extend the application date of certain aspects of Solvency II to occupational pensions providers. The European Commission has published a report on the application of Title III of Solvency II on the supervision of insurance and reinsurance undertakings in a group, as well as the assessment of the transitional period granted to the occupational retirement provision business of life insurance undertakings.

Life insurers’ occupational retirement provision business is exempt from the full application of the solvency capital requirement (SCR) in Solvency II for a transition period. Via an amendment to Solvency II, the IORP II Directive extended this period from the end of 2019 to the end of 2022.

In its report, the Commission concludes that it may take a decision nearer 2022 concerning the possible extension of the IORP transitional period. If a decision is taken to extend the period, a legislative proposal could be introduced in good time before the end of 2022.

EIOPA decision on European pensions’ statistics

In April, EIOPA published its decision regarding the submission of occupational pensions information. In it, EIOPA defines a single framework for regular information requests towards national competent authorities regarding the provision of occupational pension information to effectively monitor and assess the European occupational pensions sector, with a particular focus on impacts on financial stability.

Data protection

Commission communication to EU leaders

Ten days ahead of the entry into application of the General Data Protection Regulation on May 25, the European Commission presented a set of concrete actions that European leaders can take to protect citizens’ privacy. The Commission invited EU leaders to ensure that national authorities urgently put in place all the remaining steps necessary to prepare for the application of the new rules in all Members States.

Services e-card

IMCO rejection of the Commission proposals

At its meeting on 21 March, the Parliament’s IMCO committee rejected the Commission’s proposal aimed at introducing a European services e-card applicable to the cross-border provision of services. However, it didn’t go as far as proposing the rejection to plenary by adopting a report. MEPs thus have kept open the option of either starting anew at a later stage or waiting for the position
of the Council of the EU before deciding on any concrete follow-up.

**Digitalisation**

**EU FinTech Action Plan**

On 8 March, the European Commission published its long-awaited FinTech Action plan. As FinTech is a rapidly-evolving sector, the Commission is keen not to overregulate the domain so the action plan is limited to one legislative proposal on crowdfunding and ‘soft law’ measures. It is centred on three building blocks: enabling the scale-up of EU businesses; supporting technological innovation; and strengthening the security and resilience frameworks. The Commission said it will present a blueprint with best practices on regulatory sandboxes and run workshops to improve information sharing around cybersecurity.

**High-level conference on the digital future**

A high-level conference on “Shaping our digital future: the challenge of the digital revolution” was held in the European Parliament on 25 April. EU policymakers discussed with experts, representatives from industry and tech giants the challenges and opportunities for Europeans in a digital society and how to mobilise investments, foster innovation and ensure an online platform economy that benefits business and consumers.

**European Commission ethical guidelines on artificial intelligence (AI)**

The European Commission is presenting a series of measures to put artificial intelligence (AI) at the service of Europeans and boost Europe's competitiveness in this field. The Commission is proposing a three-pronged approach to increase public and private investment in AI, prepare for socio-economic changes, and ensure an appropriate ethical and legal framework. This follows European leaders’ call for a European approach on AI.

**Company law package**

On 25 April, the European Commission issued a proposal which sets out common procedures at the EU level on how a company can move from one EU country to another, and merge or divide into two or more new entities across borders. The Commission also proposed new rules to make it easier for companies to register, set up new branches or file documents to the business register online.

**Social economy**

**European Commission task force**

In April, AMICE hosted a meeting organised by Social Economy Europe (SEE), the sectoral organisation of which AMICE is a member, to discuss future European Commission policy with its task force on social economy, led by Ulla Engellmann, Head of Unit, Clusters, Social Economy and Entrepreneurship at DG GROW, and officials from several other departments including DG FISMA, EMPL, RTD, CNECT, NEAR and DEVCO. Representatives from Spain and Sweden presented the major role of the social economy in their regions.

**European Parliament Social Economy Intergroup hearing**

The European Parliament’s Social Economy Intergroup organised a public hearing entitled “A new generation of public policies for the Social Economy” on 11 April. The Basque, Navarre and Murcia regions of Spain highlighted the importance of the social economy for their regions, particularly in providing quality employment and innovation. Ulla Engellmann, Head of Unit, Clusters, Social Economy and Entrepreneurship at DG GROW, underlined the need to educate people about the wide role of the social economy.

**Presidency high-level conference on social economy**

On 16 and 17 April, the Secretariat attended the High-Level Conference "Social Economy – for Economically Sustainable and Socially Inclusive EU" which was organised by the Bulgarian Presidency of the Council in Sofia. The conference was an opportunity for Member States’ representatives, decision-makers, social economy enterprises and the civil sector to share experience and good practice, and to discuss issues related to the priorities and future of the social economy, both at regional and EU level.

**Social Economy Europe General Meeting**

SEE held its general meeting in Sofia on 17 April. Members discussed proposals to be submitted to the European Commission for a European Action Plan for
the Social Economy. It was also agreed that all SEE members should apply for membership to the European Commission’s group of experts on social economy and social enterprises (previously named GECES). AMICE’s Deputy Secretary General was re-appointed as member of the SEE Board of Directors.

**Social dialogue**

**ISSDC working group meeting**

As one of the three employers’ social partners in the insurance sector, AMICE attended the Insurance Sectoral Social Dialogue Committee (ISSDC) meeting on 23 April. Two AMICE members, Reale Mutua and MAIF, presented good practice examples on teleworking and working time flexibility. The working group discussed a draft joint statement on the effects of overregulation on employees and a follow-up to the joint declaration on digitalisation.

**Sustainability**

**AMICE Response to EU Strategy on Adaptation to Climate Change**

On 1 March, AMICE submitted its response to the Commission consultation on the Evaluation of the EU’s Strategy on Adaptation to Climate Change. The evaluation is planned to be completed by the end of 2018.

**EU Action Plan on Sustainable Finance**

On 8 March, the European Commission adopted its EU Action Plan on sustainable finance which builds upon the recommendations of a High-Level Expert Group. The EU strategy puts forward a number of key actions:

- establishing a common language for sustainable finance;
- creating EU labels for green financial products;
- clarifying the duties of institutional investors and asset managers to take sustainability;
- incorporating sustainability when providing financial advice;
- incorporating sustainability requirements in prudential requirements;
- enhancing transparency in corporate reporting and accounting; and
- attenuating short-termism.

**High-level conference on sustainable finance**

On 22 March, the European Commission hosted a high-level conference on the role of the financial system in the EU’s climate and sustainable development agenda. Keynote speakers included French President Emmanuel Macron and former Mayor of New York City and businessman, Michael Bloomberg, the United Nations Secretary-General’s Special Envoy for Climate Action and co-chair of America’s Pledge. The event was an opportunity to cement the commitment of EU leaders and private actors for changes needed in the financial system to embody sustainability, and to discuss how best to put the Commission’s recently released Action Plan on Sustainable Finance into practice.

**EC Legislative proposals on financing sustainable growth**

On 24 May, the European Commission released the first legislative package under the Action Plan for Financing Sustainable Growth. The package consists of four proposals:

**A unified EU classification system (‘taxonomy’) | **The proposal sets harmonised criteria for determining whether an economic activity is environmentally sustainable. Step-by-step, the Commission will identify activities which qualify as ‘sustainable’, taking into account existing market practices and initiatives and drawing on the advice of a technical expert group.

**Investors’ duties and disclosures | **The proposed regulation will introduce consistency and clarity on how institutional investors such as insurance companies should integrate environmental, social and governance (ESG) factors in their investment decision-making process. In addition, those institutional investors would have to demonstrate how their investments are aligned with ESG objectives and disclose how they comply with these duties.

**Low-carbon benchmarks | **The proposed rules will create a new category of benchmarks, comprising the low-carbon benchmark or “decarbonised” version of standard indices and the positive-carbon impact benchmarks.

**Better advice to clients on sustainability | **The Commission launched a consultation to assess how best to include ESG considerations into the advice that investment firms and insurance distributors offer to individual clients. The aim is to amend delegated acts under the Insurance Distribution Directive (IDD). When assessing if an insurance-based investment product meets their clients’ needs, insurance firms should also consider the sustainability preferences of each client, according to the proposed rules.

The European Parliament and Council will next review and agree on the proposals. The enabling legislation is scheduled to be adopted from late 2019, with several elements entering into force six months later. Some measures such as the taxonomy will take until 2022 to resolve and the investment advice proposals will first go to public consultation.

On 13 June, the European Commission published the list of members of the new Technical Expert Group on Sustainable Finance. The group, which will start meeting in July 2018, comprises 35 members from civil society, academia, business and the finance sector. The main tasks of the Group are to assist the Commission in the development of:

- an EU taxonomy of environmentally sustainable economic activities;
- an EU Green Bond Standard;
- a category of “low carbon” indices for use by asset and portfolio managers as a benchmark for a low carbon investment strategy; and
- metrics allowing improving disclosure on climate-related information.
EP Own initiative report on sustainable finance

On 29 May, the European Parliament voted overwhelmingly in favour of the resolution on sustainable finance which was prepared by Rapporteur Molly Scott Cato (Greens, UK). The initiative stresses the need for financial markets to facilitate the transition to a sustainable economy, with particular emphasis on establishing a policy framework that guides investments towards decarbonised, disaster-resilient and resource-efficient economic activities. Proposals include financing public investments required for the transition to a sustainable economy, encouraging divestments from unsustainable energies and phasing out subsidies to fossil fuels.

In pursuing the United Nations’ Sustainable Development Goals and Paris Agreement targets, MEPs want to see environmentally harmful assets priced according to their long-term risk profile as well as more pressure applied to European agencies to consider sustainability objectives in their funding projects.

Moreover, MEPs agreed that unified standards should be established for green bonds and that such investments should follow an EU sustainable taxonomy.

Prudential Regulation

Working Group meetings

The Prudential Regulation Working Group met in Brussels on 9 March, where the main topic of discussion was the outcome of EIOPA’s advice on the Solvency II Standard Formula review. The group also discussed the upcoming EIOPA Insurance Stress Test 2018 and EIOPA’s review of the Solvency II Guidelines, as well as AMICE’s response to the European public consultation on the fitness check. At a further working group meeting in Brussels on 20 April, the discussions centred around the Insurance Stress Test 2018 package, as well as considering the upcoming review of the Solvency II long-term guarantees packages and its interrelation with the discussion held in the Insurance Capital Standards (ICS) context, as well as EIOPA’s impact assessment on the review of the Solvency II standard formula.

The group also started work on EIOPA’s proposed amendments to the reporting package and the Secretariat provided a high-level overview on the latest European Commission / EIOPA developments.

The working group met again in Brussels on 1 June to focus on the latest developments on the 2018 Solvency II Review, to follow up on EIOPA’s Insurance Stress Test 2018 exercise and to consider the European Commission’s call for information to EIOPA on the 2020 review of Solvency II.

EC fitness check on supervisory reporting

On 14 March, AMICE submitted our response to the European Commission public consultation on the fitness check on supervisory reporting. We raised concerns about the challenges of the Solvency II supervisory reporting requirements. This information should help the European Commission gather evidence on the need to simplify the Solvency II reporting package.

Solvency II

European Commission public hearing

The European Commission held a hearing on the review of the Solvency II implementing measures in Brussels on 27 March, which was opened by Valdis Dombrovskis, Vice-President of the European Commission. Speakers included experts from the insurance and asset management sector, representatives of the supervisory community, representatives from civil society and from the European Parliament as well as AMICE Secretary General, Sarah Goddard, who addressed the need for proportionality.

ECON discussion on Solvency II review 2018

The Secretariat followed the discussions held on 16 May at the European Parliament ECON meeting regarding the Solvency II review 2018. Martin Merlin, Director at the European Commission DG FISMA, indicated that EIOPA’s proposal on interest rate risk would be revisited as part of the wider review of Solvency II due in 2020. Fausto Parente, Executive Director at EIOPA, also participated in the meeting.

Task force on asset allocation

On 20 March, the Secretariat attended the Task Force on Asset Allocation organised by CEPS where discussion items included sustainable investments and the European Commission Action Plan.

EIOPA reporting and disclosure

EIOPA held a public consultation to receive input from stakeholders on the proposed corrections and amendments based on changes stemming from the European Commission’s Delegated Regulation (EU) 2917/1542 on infrastructure corporates, EIOPA Explanatory Notes on Variation Analysis templates and issues previously identified in the Question & Answers process.

In March, EIOPA had updated its Explanatory Note on the Variation Analysis templates. The main changes related to the treatment of unit-linked and index-linked products. The necessary corrections/amendments to the instructions of the templates (ITS on Reporting) will be proposed for the 2018 draft ITS correction to be approved by EIOPA in July.

On 12 April, the Secretariat attended an EIOPA reporting and disclosure meeting where participants were
informed about the objectives and content of the consultation package on the ITS on reporting and disclosure. The Secretariat raised questions and AMICE concerns regarding the variation analysis templates.

The following month, AMICE responded to EIOPA’s call for comments on its proposal for amendments and corrections to the ITS on reporting and ITS on disclosure. EIOPA’s main proposed amendments/corrections related to changes in the reporting package following the recognition of infrastructure corporates as a new asset class, the analysis of variation analysis templates, other issues identified via the Q&A process and by the NCAs and proposals received from industry.

**European Commission proposal on securitisations**
The European Commission held a consultation on revised calibrations for securitisation investments by insurance and reinsurance undertakings under Solvency II. The consultation closed in May.

**EC endorses EIOPA’s proposal on UFR**
The European Commission has adopted an implementing regulation on the technical information on the risk-free rate term structure for Solvency II with reference to the end of March 2018 to be used for the calculation of the technical provisions in the Solvency II balance sheet. The implementing regulation lays down technical information on the risk-free rate, volatility adjustment and the fundamental spread for the matching adjustment as stated in article 77e of the Omnibus II Directive. The ultimate forward rates (UFRs) are derived with the new UFR methodology.

**EIOPA updates**
- EIOPA published the technical information on the symmetric adjustment of the equity capital charge for Solvency II with reference to the end of March 2018.
- EIOPA published the risk-free rate term structure for Solvency II with reference to the end of March 2018.

EIOPA updated the following Q&As on the regulation:
- Q&A on the submission of information
- Q&A on the list of regional governments
- Q&A on internal models
- Q&A on procedures, formats and SFCR
- Q&A on Regulation (EU) 2015/35
- Q&A on Guidelines on Reinsurance
- Q&A on Guidelines on Contract Boundaries
- Q&A on Guidelines on Group Solvency
- Q&A on Guidelines on Health Catastrophe
- Q&A on Guidelines on ORSA
- Q&A on Guidelines on Reporting and Public Disclosure

**EIOPA risk dashboard**

In April, EIOPA published its risk dashboard based on Q4 2017 data. The results show that the risk exposure of the insurance sector in Europe remained stable. Despite positive macroeconomic developments, low interest rates are still a major source of risk for European insurers.

Credit and market risks continued at a medium level. Spreads further decreased and concerns about potential risk mispricing remained. Volatility of equity prices increased and valuations are now slightly lower.

Median profitability levels were broadly the same as in Q4 2016 and solvency positions continued to be strong for both groups and solo companies. The impact of natural catastrophes from the third quarter kept insurance risks at a medium level.

Market perceptions were mixed, with insurers’ stock prices outperforming the market, but at the same time there was a deterioration of the external rating outlook for some insurance groups.

**EIOPA comparative risk study**
On 22 May, EIOPA published its first study on the modelling of market and credit risk. The results of the study show significant variations in asset model outputs, partially resulting from model specificities, which indicates the need for further supervisory actions. The study is a first step in an ongoing process of monitoring and comparing internal market and credit risk models.

**EIOPA supervisory convergence plan**
EIOPA’s recently-published supervisory convergence plan for 2018-2019 for the insurance sector focused on the implementation of Solvency II. EIOPA pointed out that supervisory convergence should ensure a high, effective and consistent level of supervision throughout the European Union, granting a similar level of protection to all European policyholders and beneficiaries. EIOPA defined three priority areas, namely the implementation of the common supervisory culture, addressing the risks to the internal market and to the level playing field which may lead to supervisory arbitrage, as well as the supervision of emerging risks.

**EIOPA opinion | UK withdrawal**
EIOPA issued an opinion on the solvency position of insurers in light of the withdrawal of the UK from the EU. The objective of this opinion is to call upon national supervisory authorities to ensure that all risks to the solvency position of insurers arising from the possibility that the UK becomes a third country are properly addressed.
Proportionality | UK PRA to exempt SMEs from external audit

The Prudential Regulation Authority (PRA) in the UK has launched a consultation on its proposal to amend the rule requiring the external audit of parts of the Solvency and Financial Condition Report (SFCR). Small insurers will be excluded from providing an external audit of their SFCRs for all financial years ending on or after 15 November 2018. Small insurers are defined based on a firm’s risk metric, which applies a risk factor to reported gross written premiums (GWP) and best estimate liabilities (BEL). The consultation runs until 11 July.

EIOPA insurance stress test 2018

In March, EIOPA published the list of participants and the timetable for the 2018 EIOPA Insurance Stress Test. The 2018 exercise is tailored to assess the vulnerability of the European insurance sector to specific adverse scenarios and is based on a sample of 42 insurance groups. Following the launch of the informal consultation on the EIOPA 2018 Insurance Stress Test package, which was limited to five selected stakeholders, AMICE took part in a roundtable discussion organised by EIOPA in April where issues concerning the design and nature of the stressors, the lack of clear guidance on some areas and the challenges to conduct the exercise given the timescales provided were raised. AMICE participated online in a follow-up meeting organised by EIOPA and submitted two rounds of comments to EIOPA. Following AMICE’s representation, EIOPA agreed to amend some elements of the stress test package.

EIOPA launched the insurance stress test on 14 May. Although only 42 groups were invited to participate, a number of jurisdictions decided to run the EIOPA stress test as a national exercise.

EIOPA paper on systemic risk

In March, EIOPA published the second in its series of papers on systemic risk and macroprudential policy. According to EIOPA, the paper “identifies, classifies and provides” a preliminary assessment of the tools or measures already existing within the Solvency II framework which could mitigate any of the systemic risk sources that were identified in the EIOPA’s first paper published in February. The paper also includes a detained annex on the macroprudential impact of some of the long-term guarantees measures under stress.

EIOPA statistics

Towards the end of March, EIOPA released a new set of quarterly statistics based on Q3 2017 data. These statistics are published on a quarterly basis and include aggregated country-level information on balance sheet, own funds / SCR and MCR ratios per country, and premiums, claims and expenses based on information submitted by more than 3,000 firms.

Motor Insurance

AMICE Motor Insurance Task Force

On 24 May, the European Commission announced its proposal to review the existing Motor Insurance Directive (Directive 2009/103/EC). The Commission put forward the following changes to the current motor insurance rules:

Scope | Accidents caused during the normal use of a vehicle for the purpose of transportation, including its use on private properties, are covered;

Driverless cars | The existing requirement for mandatory MTPL insurance also applies to autonomous or semi-autonomous vehicles;

Electric bikes and other new types of electric motor vehicles | New types of motor vehicles such as electric bikes, segways and electric scooters already fall within the scope of the Directive. Member States will have the option of exempting new types of electric motor vehicles from compulsory MTPL on the condition that a national compensation fund will ensure compensation of the victims in case of an accident;

Insolvency of an insurer | If the insurer of a vehicle responsible for an accident is insolvent or has not provided a reasoned reply to a claim within 3 months, victims will be compensated by a compensation body located in the Member State of residence;

Claims history statements | The Commission proposes to harmonise the content and the format of claims history statements across the EU. Insurers will be required to treat claims history statements issued by an insurer in a different Member State equally to those issued domestically (non-discrimination clause). Moreover, insurers will be required to disclose how claims history is taken into account when calculating motor insurance premiums for current and prospective clients;

Uninsured driving | The proposal reinforces Member States’ powers to carry out insurance checks on vehicles normally based in the territory of another Member State and in respect of vehicles normally based in the territory of a third country entering their territory from the territory of another Member State;

Minimum amounts of cover | The proposal sets out harmonised minimum levels for personal injuries (EUR 6,070,000 per accident, irrespective of the number of victims or EUR 1,220,000 per victim) and material damage (EUR 1,220,000 per claim, irrespective of the number of victims) across the EU. However, Member States remain free to nationally set higher minimum amounts of cover than those foreseen in the Directive.

AMICE’s Motor Insurance Task Force met online following the announcement, during which they shared their comments and concerns with Marek Lysy, legal and policy officer at the European Commission’s Insurance Unit. Members also discussed the Commission’s third mobility package and the issue of access to in-vehicle data.

Third mobility package

On 17 May, the European Commission issued a large package of transport policy proposals known as the Third Mobility Package. In the package, it proposes a strategy to make Europe a world leader for autonomous and safe mobility systems. It puts forward a number of proposals on new safety features for automated vehicles as part of the revision of the General Safety Regulation. In line with AMICE’s position, the Commission confirms that the Motor Insurance Directive is fit for purpose for autonomous vehicles. It further acknowledges that vehicle manufacturers have a privileged access to car
data and the competition distortion issues this raises. However, it fails to outline a clear legislative roadmap for access to car data.

**Accounting**

**Accounting Working Group meeting**

The Accounting Working Group met online on 18 May to consider the outcome of discussions held at the International Accountings Standards Board (IASB) Transition Resource Group (TRG) meeting of 2 May, with a particular focus on the unit of account, the coverage units and contract boundaries. The Secretariat provided a high-level overview of the discussions held at the EC/EFRAG (European Financial Reporting Advisory Group) and IASB level regarding the endorsement advice of IFRS 17. The Secretariat also provided an update on the EFRAG field testing exercise and EFRAG simplified case study.

**EFRAG TEG meeting**

On 7 March, the Secretariat attended online a further meeting of the EFRAG’s Technical Expert Group (TEG) where discussion items included the EFRAG background papers on CSM and Transition and items submitted to the IASB Transition Resource Group.

**IFRS 17**

EFRAG has issued the second and third of three background briefing papers on the requirements of IFRS 17. These papers consider the Release of the Contractual Service Margin and the Transition Requirements of IFRS 17. The documents can be found here: Release of the Contractual Service Margin and Transition Requirements.

**IFRS17 | IAA Educational Monograph**

The International Actuarial Association (IAA) has announced the publication of an Educational Monograph on Risk Adjustments for Insurance Contracts Under IFRS 17.

**IASB TRG Meeting**

AMICE took part in the IASB TRG meeting held on 2 May in London. Members of the TRG, which looks at IFRS 17 implementation issues, discussed items related to the combination of insurance contracts, the determination of the risk adjustment for non-financial risk in a group of entities, cash flows within the contract boundary, the boundary of reinsurance contracts held with repricing mechanisms, and the determination of the quantity of benefits for identifying coverage units.

The next meeting of the TRG will be held on 26 September. Submissions of implementation questions will close on 20 July.

**EFRAG Annual Review 2017**

EFRAG published its Annual Review 2017 which highlights:

- EFRAG’s preparatory endorsement advice work regarding the insurance standard (IFRS 17 Insurance Contracts);
- EFRAG’s research work into protecting long-term investment in Europe; and
- EFRAG’s influence on the IASB’s Principles of Disclosure project.

The publication can be accessed here. AMICE has observer status on the EFRAG Insurance Accounting Working Group (see page 27 of the report).

**EFRAG Board meeting**

On 23 April, the Secretariat attended an EFRAG Board meeting online at which Board members confirmed the project plan for the coming months and the meetings planned for September and October 2018 where EFRAG’s draft endorsement advice on IFRS 17 will be debated. The Board also received feedback and discussed issues related to financial reinsurance and the eligibility of reinsurance for the variable fee approach.

On 30 May, the Secretariat attended online a further meeting of the EFRAG Board where Board members received an update on progress in developing the draft endorsement advice for IFRS 17 Insurance Contracts and the project plan. Representatives from European actuaries and financial analysts presented their views regarding the IFRS 17 Standard.

**EFRAG IAWG meeting**

On 26 April, the Secretariat attended a meeting of EFRAG’s Insurance Accounting Working Group (IAWG) where discussion items included the EFRAG paper on financial reinsurance and the eligibility of reinsurance for the variable fee approach and the items submitted to the IASB TRG (i.e. the treatment of the combination of insurance contracts, the determination of the risk adjustment for non-financial risk in a group of entities, the treatment of cash flows within the contract boundary and the boundary of reinsurance contracts held with repricing mechanisms, and the determination of the quantity of benefits for identifying the coverage units). The meeting concluded with a brief summary of the reporting and other questions submitted to the IASB by different constituencies.

The following month’s EFRAG IAWG meeting included discussions around the requirements to be included in the IFRS 17 endorsement advice and the outcome of the IASB TRG meeting of 2 May. Other discussion items included financial instruments with characteristics of equity, the comparison between IFRS 17 and US GAAP and the results of the quantitative research on the use of reinsurance.

June’s EFRAG IAWG meeting focussed on Appendix II of EFRAG’s endorsement advice on IFRS 17. EFRAG’s staff provided an overview of the preliminary results of the user outreach on IFRS 17 and views on the IASB’s research project on the Primary Financial Statements.
**AIM-EESC event on cross-border access for mutual and cooperative insurers**

AMICE’s Secretary General spoke at an AIM/European Economic and Social Committee (EESC) event in Brussels in early March, focussing on cross-border access for mutual and cooperative insurers post-Solvency II implementation and highlighting the proportionality challenge.

**Workshop on proportionality in financial regulation and supervision**

On 7 March, the Secretariat attended a workshop on proportionality in financial regulation and supervision, hosted by the Single Resolution Board. A number of academics shared their views on the concept of proportionality and its practical implementation.

**eHealth | Commission strategy on the digital transformation of health data**

On 25 April, the Commission adopted a communication setting out a plan of action that puts citizens at the centre of the healthcare system in three ways:

- by enabling citizens’ secure, cross-border access to their electronic health records and the possibility of sharing their records across borders;
- by facilitating the use of larger data sets through a shared European data infrastructure to prevent diseases, determine personalised medical treatment and better anticipate epidemics; and
- by providing digital tools that enable citizens to manage their health more actively within integrated care systems.

**New Deal for consumers**

On 11 April, the European Commission launched an important package called ‘A New Deal for Consumers’ which aims to increase consumer protections and hold offending companies more accountable. The package consists of a proposed directive on collective redress and an omnibus directive making targeted amendments to four consumer directives. It will be possible for a qualified entity, such as a consumer organisation, to seek redress such as compensation, replacement or repair on behalf of a group of consumers that have been harmed by an illegal commercial practice.

**ECON Structured dialogue with Valdis Dombrovskis**

On 17 May, European Commission Vice-President Valdis Dombrovskis, responsible for Financial Stability, Financial Services and Capital Markets Union, made his first appearance in 2018 before the European Parliament’s ECON Committee. Commissioner Dombrovskis explained that the Commission would present a new batch of proposals, initially on designing the EU-wide classification system that will define the criteria for green financial products among other proposals. Other actions on supporting the “green supporting factor” and for better integration of sustainability concerns in risk management are foreseen before the end of the current mandate. Commissioner Dombrovskis urged the Parliament to reach an agreement on two top priorities – the ESAs’ review and the PEPP proposal – before the end of the legislative term.
AMICE member Unipol held a half-day event in Brussels on 19 March to describe the work so far on the DERRIS (DisastEr Risk Reduction InSurance) project in which it is collaborating with public administrations, academic institutions and SMEs. The event brought together a wide range of stakeholders to further discuss the role insurers can play as risk managers and investors to prevent, manage and transfer risks linked to the effects of climate change. AMICE’s Secretary General, Sarah Goddard, moderated a roundtable discussion on the innovative role that insurers can play as risk managers to fund out new mechanisms to reduce climate risk, with participants including ICMIF CEO Shaun Tarbuck, Stefano Genovese of Unipol, and Max Linsen, Policy Officer in DG Clima, European Commission.

CSR Working Group

As part of its mission to facilitate knowledge exchange and joint learning among members in the area of CSR, AMICE’s CSR Working Group has launched a LinkedIn group for working group members to continue their exchanges between AMICE meetings.

Statutory

Governance | AMICE Executive Committee

AMICE’s Executive Committee met on 25 April in the Brussels office to review progress on the June Congress, the work of the three AMICE Commissions and the development of AMICE’s new strategy. Decisions made at the ExCom were submitted to the AMICE Board meeting which took place in Stockholm in June.

Board

AMICE’s Board met at P&V’s offices in Brussels on 20 March. The Board approved AMICE’s 2017 accounts ready for submission to the General Meeting in June, along with a revised draft budget for 2018 and draft budget and fees for 2019. The Board also approved the membership fee for 2018. Amendments to the Articles of Association were approved for submission to the General Meeting in June with the proposal to move references to cooperation with ICMIF to AMICE’s Internal Regulation and to secure and clarify the ongoing relationship with ICMIF via a Memorandum of Understanding (MoU), following the decision to acknowledge the EGM vote in December by retaining an ongoing informal relationship with ICMIF.

The Board approved an application for AMICE membership from Greek mutual P.A.S.I.A. DX SYN.PE., a small mutual which insures busses.

Board members also discussed the call for candidates for the EIOPA Insurance and Reinsurance Stakeholder Group, the forthcoming elections to the European Parliament where campaigns have begun at national level, proportionality in view of the Solvency II hearing which AMICE was invited to attend on 27, the final preparation for the Stockholm Congress, and an initial exchange on the AMICE strategy for 2019-2024.

The AMICE Board subsequently met in Stockholm in advance of June’s General Meeting to consider and approve, where appropriate, items including the AMICE accounts 2018, the MoU between AMICE and ICMIF, amendments to AMICE’s Internal Regulation in the light of the MoU, the development of AMICE’s new strategy to be implemented from the beginning of next year, and AMICE activities across its various Commissions and collaborations.

The Board particularly focussed on the strategy aspects of the meeting agenda, which are being overseen by a specially-formed Strategy Task Force. The Board will meet later in the year to discuss and comment on further developments in the new AMICE strategy.

General Meeting

AMICE’s General Meeting in Stockholm approved the 2017 accounts, amended the Articles of Association, adopted a revised 2018 budget, and approved the proposed budget and fees for 2019. All documents and the draft minutes are available on the AMICE website. The Commission chairs and Secretary General presented the activities of the association from the
AMICE and AIM (the International association of mutual benefit societies) co-hosted a stand at the 42nd Congress of AMICE member Mutualité Française (FNMF – Fédération nationale de la mutualité française) in Montpellier on 13-15 June.

The FNMF Congress traditionally takes place every three years and was first held in 1883. Each Congress takes place in a different region of France and brings the French mutualist movement together to discuss and debate future challenges which they see as facing the healthcare system and social protection. The theme of this year’s congress was “Social Protection: Changes (”Mutations”) - Mutuals propose and act”.

The Congress gave the AMICE Secretariat an excellent opportunity to present the advocacy, promotion and assistance work of the association, the European Mutual Insurance Manifesto (EMIM) and other AMICE information to delegates who included more than 2,000 representatives of the French mutualist movement, as well as policymakers and the President of the French Republic, Emmanuel Macron. In his keynote speech, President Macron outlined his vision for the French healthcare system in view of the transformations and future challenges of the accessibility of care, ‘medical deserts’ and the ageing population.

External relations | FNMF conference

AMICE’s President and Secretary General attended ICMIF’s first Executive Committee meeting this year, in an ex officio capacity. The meeting focussed on ICMIF’s developing new strategy, which starts next year at the same time as AMICE’s. It also considered the MoU between AMICE and ICMIF, which provides a stated framework for how the two organisations will work together for the best interests of all members.

External relations | ICMIF Executive Committee

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External relations | AIM meeting

AMICE’s President and Secretary General visited Danish mutual insurers on 16 May to present an overview of AMICE’s aims and achievements. The presentation described the advocacy, communications and assistance work provided to members, and the President shared his insights of the experience of AMICE as the leader of a small regional mutual insurer. We are grateful to Allan Luplau, CEO of Sygeforsikringen “danmark” and AMICE Board member, for arranging this meeting.

Operations | GDPR

As all members are aware, GDPR came into effect on 25 May. AMICE is updating its data processes in line with these requirements.

You receive this publication and other emails or messages from AMICE because of the membership relationship between AMICE and the organisation you represent or work for.
The main personal data that we generally collect and hold in our database is:

- identification data (e.g. name, address, phone number, company name, email address, job title);
- data regarding communication between us (e.g. emails, meetings); and
- AMICE events that you participated in.

We process your personal data for legitimate business reasons which include:

- carrying out the membership agreement with the organisation you represent or work for;
- sending you our publications and updates on AMICE’s activities and the mutual and cooperative insurance sector;
- informing you about statutory meetings, working groups and other events;
- invoicing and accounting;
- sharing of information via the Members Area of the AMICE website;
- service arrangements (such as day-to-day business communication);
- dealing with enquiries and requests;
- public relations;
- statistics; and
- access control to ensure secure access to the Members Area on the AMICE website.

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If you have any questions about the personal data we hold, wish to update/correct that data or subscribe/unsubscribe to any AMICE regular communications, please contact us stating the information/action you require from us.

Write to us at: AMICE aisbl, Rue du Trône 98, 1050 Brussels or email us at helen.sheppard@amice-eu.org.
Calendar 2018

AMICE

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<td>Brussels</td>
<td>CSR Working Group</td>
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<td>19 September</td>
<td>Brussels</td>
<td>Regulatory Affairs Working Group</td>
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<td>26 September</td>
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<td>8 November</td>
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<td>15 November</td>
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<td>TBC November</td>
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<td>Board meeting</td>
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<td>3 December</td>
<td>Paris</td>
<td>Regulatory Affairs Working Group</td>
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<td>4 December</td>
<td>Paris</td>
<td>Joint AMICE-ICMIF regulatory event</td>
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ICMIF

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<td>9-11 October</td>
<td>Brussels</td>
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<td>16 October</td>
<td>Brussels</td>
<td>Executive Committee meeting</td>
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<td>17 October</td>
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<td>Board meeting</td>
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<tr>
<td>8-9 November</td>
<td>Espoo, Finland</td>
<td>Intelligence Committee meeting</td>
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External Events Calendar

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<tr>
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<tbody>
<tr>
<td>20 November</td>
<td>Frankfurt</td>
<td>EIOPA conference</td>
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