

## Mutuals governance challenged by European law

On 28 September, the Association Internationale de la Mutualité (AIM) together with its Spanish member, Divina Pastora, have organised an event on mutuals governance, to discuss the challenges coming from European law. The Spanish insurance regulator, experts from Universities from Portugal and Spain as well as representatives from the mutuals sector from Spain, France, Italy, Slovenia, Portugal and Belgium presented the principles and rules that mutual societies have to comply with in what concerns governance and the difficulties they are facing. The reason of this meeting was to have an exchange of knowledge of the way that the different organisations find to comply with rules applied.



The President of Divina Pastora, Armando Nieto, opened the meeting by emphasizing that governance of mutuals is very important. Because of the lack of shareholders, there is confusion within the mutuals, so good governance is even more important. In the first part, the discussion focused on the election of skilled board members. José Luis Monzón Campos, Professor at the Valencia University and Executive Director of CIRIEC-Spain, explained that a board member of a mutual should be eligible to be in the board. This means an expertise of the financial sector and long experience. He recommended that legal requirements need to be developed and harmonized which implement the real situation into law. Pedro Bleck Da Silva from Montepio pointed out that board members of a mutual may be in general less skilled and have less information than board members from a stock company, as members of mutuals do not make own profit. Eva Mª Lidón Gámez, Head of the area of authorizations and system of government, Directorate General of Insurance and Pension Funds of Spain, emphasized that all members of the board need to be skilled and have knowledge of a mutual as well as expertise from their sector. She agreed that often there is no internal training. During the discussions, the participants agreed that it is very difficult for small mutuals to meet the requirements.

In the second part, AIM members presented the challenges of mutuals in their countries. Armando Nieto said that it is not only important to meet the requirements of EU law but to go beyond it. Self-monitoring and transparency is important to be trustworthy. Christophe Ollivier, Deputy director & head of financial services, from the Fédération Nationale de la Mutualité Française (FNMF), explained that European Commission and OECD propose an independent person in the board of a mutuals to be able to make an objective judgment. According

to FNMF, there is no reason to believe that a democratically elected board member among the members of a mutual leads to less competence. Pedro Bleck Da Silva stated that Montepio, a Portuguese mutual, has only 12 years to implement all requirements, coming from the EU Directive of Solvency II. In Portugal, mutuals did not fall under Solvency II. The transition period is therefore very short to be able to fulfill all the requirements. Petra Juvančič, Director of Public Relations, Vzajemna (Slovenia), described the health mutual Vzajemna in Slovenia, which has to compete with joint stock-companies. The main challenges are to point out the advantages of a mutual towards a stock company and to keep an active membership. She also said that they are successful, as Vzajemna is the biggest actor offering health insurance. As a health mutual, Vzajemna also has to develop health and long term care products and deal with the integration of hospitals. Placido Putzolu, President from the Federazione Italiana della Mutualità Integrativa Volontaria (FIMIV) and Antoine Bauthier, Risk Officer, Solidaris/Union Nationale des Mutualités Socialistes described the situation of mutuals in Italy and Belgium.



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AIM is the umbrella organisation of health mutuals and health insurance funds in Europe and in the world. Through its 58 members from 30 countries, AIM provides health coverage to 240 million people in the world and 209 million in Europe through compulsory and/or complementary health insurance and managing health and social facilities. AIM strives to defend the access to healthcare for all through solidarity-based and non-for profit health insurance. Its mission is to provide a platform for members to exchange on common issues and to represent their interests and values in the European and international Institutions.



**AIM**

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