

AAC/MIS XVII Annual Conference Report Thirty Years of Inter-American Cooperation



Delegates enjoyed a special birthday cake and joined in the song "Happy Birthday" (sung in Spanish, Portuguese and English) as the Americas Association of Cooperative and Mutual Insurance Societies (AAC/MIS) marked its thirtieth anniversary at its annual conference, held November 11-13, 2009 in São Paulo, Brazil.

Bureau de Reasegueros and Executive Director of the Argentinean Association of Cooperative and Mutual Insurers) and Julio Enrique Medrano (former Executive President of La Equidad Seguros Sociedad Cooperativa in Colombia). Helped by a written contribution sent in by Harvey Siegelbaum (former President of Multiplan, New York, USA), delegates were reminded of the creation of the North American International Cooperative Insurance Federation in 1979, the development of the Hemispheric Association of Latin American cooperative and mutual insurers in the 1980's, and the merger of these two entities leading to the creation of AAC/MIS in 1992.



Dalmo de Oliveira (Seguros Unimed, Brazil), Julio Enrique Medrano (La Equidad, Colombia) Juan Carlos Godoy (AACMS, Argentina), Alfredo González Moledo, AACMS, Argentina)

Notwithstanding the anniversary celebrations, the theme of this year's annual conference was resolutely forward-looking, with a series of half-day session themes focused on *Leadership, Regulation and Advocacy, Governance, and Reinsurance*. As AAC/MIS Executive Director Ed Potter explains, the entire conference format was



redesigned, following previous delegate feedback. "Our aim was to provide more in-depth exploration of key issues and greater networking opportunities through small group work and discussion forums," he says. Interactive electronic voting also allowed for direct delegate participation. Over 110 people from 15 countries made the journey to South America's largest city, where they were welcomed by Seguros Unimed President Dalmo Claro de Oliveira.



LEADERSHIP KEYNOTE SPEAKER: CESAR SOUZA

The growth of interactive services on the internet such as Facebook and Twitter have led many to talk of a new 'Web 2.0'. For César Souza, President of Brazilian business consultancy EMPREENDA, we should also be talking about *Leadership 2.0*. Addressing the AAC/MIS conference, Souza argued that the predominating leadership paradigm of the past industrial age needed to change. What he called the "Leader 1.0" model - the idea of (usually male) leaders being the "top dog" who lead by charisma and create followers rather than leaders - is no longer relevant in a changing business world, he claimed. Among the changes he identified are the shifts from an industrial to a service-based economy; from a focus on products to one on customers; from a physical to a virtual world; from fixed to mobile technology, and from analogue to digital; from standardization towards diversity; from the predictable to the volatile; and from indifference to social responsibility.

This meant, he went on, that today the management of business tangibles (such things as fixed capital, technology, equipment, stocks, processes and products) is only one aspect of leadership. A new leadership paradigm, "Leader 2.0", is required, one that also ensures that intangibles such as corporate culture, innovation, branding, reputation, and relationship development are adequately managed. A 2.0 Leader is one who offers their employees values they can believe in, does more than expected, inspires, leads from the "outside" rather from in top-down fashion, and actively develops leaders within their organization.

REGULATION: Workshop speakers and moderators included Andrés Elola Curuchaga (General Manager, SURCO, Uruguay), who provided an overview of key insurance regulation issues affecting cooperative and mutual insurers and Alexandre Penner from the Brazilian insurance regulatory authority SUSEP, who discussed among other things his government's strategy to promote microinsurance cover to low-income families. Shaun Tarbuck, ICMIF CEO, offered an overview of international insurance regulation trends and key decision makers, including the International Accounting Standards Board (IASB) for IFRS4 standards and the Solvency II framework recently adopted by European Union.



Dalmo de Oliveira, Seguros Unimed (Brazil), Alexandre Penner, SUSEP (Brazil), Andrés Elolsa, SURCO (Uruguay)

GOVERNANCE: In a thought-provoking session on governance for cooperative and mutual insurers led by Shaun Tarbuck and Alexandra R. Lajoux, Chief Knowledge Officer of the National Association of Corporate Directors (NACD) in Washington, DC, USA, delegates divided into smaller groups to discuss in detail key issues such as the role and responsibilities of the Board, the division of responsibilities between Chairman and CEO, Board balance and independence, professional development and performance evaluation of Board members, remuneration, accountability and audit, and relations with members. “The discussions attracted lively debate, and revealed several interesting strengths of Latin American member companies. For example, 68% of delegates reported they had a member relations function and 71% had independent audit committees, which are high percentages compared to most cooperative and mutual insurers in other regions of the world,” Ed Potter says.



Delegates also heard from Coop-Seguros’ Chairman Ignacio Valenzuela and General Manager Pedro Abreu about their experiences in the Dominican Republic over the past two years to develop a cooperative governance model (an initiative supported by a grant from the Cooperative Development Program of U.S. Agency for International



Development). Coop-Seguros’ approach was that a strong governance structure would generate more confidence and credibility among their member-owners and policyholders. The project aimed, among other things, to cultivate a culture of transparency and ethics, to formalize Coop-Seguros’ policies in these areas, to establish the competencies and roles of decision making bodies and to identify the type of information relevant to members.

In a final presentation on governance issues, Clemente Jaimes, Executive President of La Equidad Seguros Sociedad Cooperativa (Colombia), drew what he said was an important distinction between good *corporate* governance and good *cooperative* governance. He argued that the difference is not primarily about ethical values, which essentially should be the same for both models of business, but rather the way that cooperative principles and values are addressed. This difference is rooted in the cooperative identity, which La Equidad has accepted and observed the cooperative ideology from its beginning in 1970, he said.

REINSURANCE: The final day of the conference was focused on the theme of Reinsurance, with contributions from among others Kevin Scarlett (Underwriting Manager at American Agricultural Insurance Company, USA), Martha Julia de Marroquín, (Coordinator of the Latin American Reinsurance Group in Guatemala) and Juan Enrique Bustamante, General Manager of Coopseguros del Ecuador. Topics included costs vs. benefits analysis of reinsurance, capital requirements, key concepts in setting retentions, renewal of reinsurance treaties and selection of reinsurers.



Kevin Scarlett, American Agricultural Insurance Company, Columbus, Ohio, USA



Wrapping up the conference, a panel of reinsurance industry experts facilitated by Alfredo Gonzalez Moledo allowed a range of questions to be addressed, including the implications for the future role of brokers, the development of technology, the value of rating agencies in the aftermath of the global financial crisis, and the likelihood of further high-profile mergers in the reinsurance business.

There was time for socializing as well, and the menu for the conference's farewell dinner included Fogo de Chão churrascaria (serving a variety of rotisserie grilled meats) and sugar cane rum caipirinhas, accompanied by a lively champion samba band and Carnival dancers, Rosas de Ouro. A post-conference tour featured a trek on the high seas on a double-masted schooner sailing ship which included a visit to the famous Port of Santos, to natural mangrove swamps, and to local beaches and sites of interest.

SAVE THE DATES! The next AAC/MIS Annual Conference will take place in Cartagena, Colombia from November 17-20, 2010 and be hosted by La Equidad Seguros.