

26 October - 18/2022

Bulletin of Italian Finance



1. Rome insurance summit



Fabio Cerchiai, FeBAF's chairman at Insurance Summit organized by Ania

Rather than sunlit economic and financial uplands, attendees at the second annual insurance summit organised by ANIA (the insurers' association) on 10 October heard about clouds and stormy weather. The tone was set by Maria Bianca Farina, ANIA's president, in her opening speech. Not only are we living through a period of great change, she said, but also in a continuously altering economic, financial and industrial scenario that's experiencing sudden and unexpected disruptions. Decades pass in which little or nothing changes and then everything changes in weeks. Ms Farina described Russia's invasion of Ukraine and Putin's declaration of economic war on Europe, resulting in a sharp leap in inflation, as an example of the latter. Political decision-makers and financial operators are having to navigate difficult conditions. ANIA's president noted that the

economic slowdown and high inflation weigh on the insurance industry. Indeed, the challenges insurers face was a focus of the address by Luigi Federico Signorini, senior deputy governor of the Bank of Italy and president of IVASS (the insurance regulator). The impact of market turmoil on Italian insurers' insolvency ratios has been "modest until now", declining by just three percentage points on year-end 2021, and "remaining at a robust 257 per cent" at the end of June. Moreover that position was substantially unchanged at August. However, surging yields and higher inflation have affected profitability. "Net unrealised gains have turned negative since May," said Mr Signorini. The life sector's current profitability is below zero and non-life business has been significantly affected by inflation via higher motor insurance claims. The regulator has no immediate concern about liquidity but companies should monitor developments carefully. Looking on the bright side, Mr Signorini noted, "Substantially positive interest rates are not, in themselves, bad at all for the insurance industry's viability". Many speakers brought a European dimension. Underlining the need for EU unity in the face of Russian aggression, David Wright, president of Eurofi, said this should embrace a broad range of measures on energy, including common procurement, energy savings standards and a boost to renewable sources. "This is difficult but not impossible. When there is political will in Europe, the EU finds a political way. Italy has a crucial role to play in this", said Mr Wright. In his keynote speech, Paolo Gentiloni, the EU's commissioner for the economy, suggested that less stringent plans for cutting public debt might be allowed in order to give member states more flexibility in tackling the challenges. And the challenges were laid out clearly by Fabio Cerchiai, FeBAF's chairman, in his keynote speech in the afternoon. Similar challenges were faced in the 1970s, noted Mr Cerchiai, both in massive hikes to energy costs and in terrorism. "In the face of prevailing uncertainty, it is essential to agree common policies, and implement a public-private partnership" he said. And unity was the focus of Ms Farina who, in her closing remarks, noted the unanimity of speakers in calling for enhanced cooperation. "We recognise that something is missing if the European dimension is absent. We will win if we all work together as a community", she urged.

2. Private bankers' concerns about MiFID II

The consultation launched in July by ESMA (the EU market regulator) on its review of MiFID II product governance guidelines has drawn nine pages of comments from AIPB (the private bankers' association). In a consultation comprising thirteen questions, the private bankers expressed a neutral view on nine. However, on the remaining four the association has major reservations, which it expressed in its 7 October response. One area of concern is ESMA's proposal for amending its guideline on products' sustainability-related objectives. The association spotlights the likelihood of incomprehension of technical and regulatory definitions that would create a "risk that clients are unable to express their actual sustainability preferences in a clear and granular manner". Another bone of contention arises in ESMA's concept of minimum proportion, which is flawed by over-complexity and lack of clarity. Being close to clients, AIPB's members are well placed to know what clients can and cannot understand and, for their association, the concept of minimum proportion is misleading. AIPB wants avoidance of technical jargon. While providing a substantial comment on the question of target market assessment and the clustering approach, AIPB reserves its longest comment (three and a half whole pages) to the issue of target market categories.



Describing in detail the client base that its members serve and the services that clients receive, AIPB urges ESMA to introduce a new entry for investor type alongside retail, professional and eligible counterparty in the European Mifid Template (EMT).

3. Assogestioni focuses on corporate governance

Italian finance earned a boost of international prestige when the asset managers' association (Assogestioni) hosted a global conference on corporate governance in Rome between 12 and 14 October. By making the conference available in streaming, Assogestioni was also able to satisfy a wide audience on a subject of interest to the international financial community. Opening the event, which began with the annual forum organised by the Independent Oversight Committee (IOC) appointed by the Best Practice Principles Group (BPPG), Carlo Trabattoni, Assogestioni's chairman, said: "Good corporate governance is fundamental for ensuring proper interaction between market players. And as part of governance, engagement contributes significantly to achieving savings protection and medium- and long-term creation of sustainable value".



The IOC's annual forum was followed by two days during which academic papers were presented. The seventeen papers that comprised the programme highlight the breadth of subjects that the academics tackled: from purpose statements and shareholder voice to board-shareholder engagement and insider regulation, and from board-shareholder engagement practices to sustainability disclosure and shareholder engagement, to name just four of the papers.

In brief

The national recovery and resilience plan. Writing in MF on 14 October, Giovanni Sabatini, director-general of ABI (the banking association), suggested that the national recovery and resilience plan might be used, via funding through local authorities, to maintain bank branches' vital economic and financial role in small communities.

Navigators – Informed and Secure. Sustainability is the watchword and the subject of a podcast in six episodes that ABI is putting online, as part of financial education month, to help Italians understand this key current concept. And together with a group of banks, the Bank of Italy and IVASS, again as part of financial education month, ABI has launched an information campaign (“Navigators – Informed and Secure”) to encourage bank customers to navigate the internet securely.

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