



EWC case studies

Assicurazioni Generali

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Company profile

The Generali Insurance Group was founded on 26 December 1831 in Trieste. The existence of the port of Trieste, declared a free port in 1719, attracted much traffic, business and initiatives in the economic and financial field (the Stock Exchange of Trieste, one of the first in Italy, started operating in 1775). It was in this extremely varied cultural context that the company opened its offices, with the aim of providing insurance coverage in every sector. The key periods in the history of the company are related to the two world wars and the cold war, which first deprived it of its natural outlet for expansion (the territory of the Austro-Hungarian Empire), then of its equity, which was invested in the countries of eastern Europe. The company succeeded, however, in overcoming its worst moments, largely due to shrewd management and appropriate choices.

The Generali Group is composed of 626 companies, 175 of which are fully consolidated, and it is controlled directly or indirectly by Assicurazioni Generali di Trieste. The group operates in 50 markets through 120 local branch offices. On the basis of the total volume of premiums issued, the group is the fourth largest in Europe, and on the basis of the total volume of managed assets, it is among the top ten worldwide.

Its core business is in the traditional insurance sector, but it has also diversified into the banking sector, general financial services and the real estate sector. The current structure of the group derives from an intense period of expansion based on mergers and acquisitions in Italy and abroad, to achieve the adequate minimum dimensions for its main competitors, with consequent reorganisations in order to achieve economies of scale. These reorganisations have in turn created social and organisational problems. Important examples of these reorganisations are:

- Italy 1989 unification of the managements of Venice and Milan;
- France 1997 acquisition of GPA and Proxima;
- Germany 1997 acquisition of the Aachener und Münchener Beteiligungs - AG Group (AMB);
- Israel 1997 acquisition of Migdal Group;
- Italy 2000 acquisition of Ina Assitalia.

Global competition is forcing the traditional insurance business to diversify and offer financial products as a way of minimising risk. Among the latest are the 1998 agreement with the Commerzbank in Germany, and the agreement with Banca Intesa in Italy in 2002. Further, the 1998 constitution of Banca Generali allows them to offer products that meet the different needs of the clientele, both individuals and companies.

This has focused more attention on operating costs, with a tendency to take advantage of economies of scale after acquisition and coordination of the global operations of the group. Extreme care is taken in investing the financial resources generated by collection of premiums, although the markets in which the individual companies operate are limited to national level.

In short, its operating strategy can be summarised in the expression ‘strengthen and attack’. The company tends to consolidate its position in the more traditional markets like Germany, Italy and France, where competition is strong. Where it is attacking is in new markets, mainly in developing countries like Thailand and China, or else it is restructuring in markets in which problems are encountered (albeit of different types) such as Argentina, England and Israel.

At the consolidated group level, the salient data (2002) are as follows:

175 consolidated companies:

- 108 insurance companies
- 54 holding and finance companies
- 13 real estate companies

Investments: EUR 206,450 million
 Assets managed: EUR 255,041 million
 Net technical reserves: EUR 199,141 million
 Income from investments: EUR 12,405 million
 Consolidated result: EUR 754.5 million (for the first time in Generali Group's history)
 Free capital and reserves: EUR 8,608 million
 Consolidated premiums: EUR 46,894 million (62.1% of which is in the life sector and 37.9% in the damage sector)

As of 31 December 2002, the geographical division of premiums collected was as follows:

Market	Premiums	Percentage of premiums collected in total
Italy	16,262,500	35
France	8,056,100	17
Germany	12,176,000	26
Austria	1,999,300	4
Other areas	8,400,200	18

Source: *Datastream*

The market share (2001 and 2002) was as follows for the main countries in which the group operates:

Market	2001			2002		
	Percentage share of market	Life	Other	Percentage share of market	Life	Other
Italy	20.6	23.2	16.7	18.8	20.1	16.6
France	5.4	5.5	5	6	6.3	5.4
Germany	8.4	10.7	6.4	8.2	10.6	6.1
Austria	15.3	10.9	19.3	14.9	9.8	19.2
Hungary	17.3	12.2	21.3	17.6	12.8	20.4
Switzerland	4.1	4.1	4.1	3.6	3.6	3.6
Spain	5	4.4	5.8	4.9	4.7	5.1
Israel	22.8	33.5	11.4	21.3	33.3	10.9
Argentina	12	15.7	10.5	8.8	9.7	8.4

Source: *Generali*

Regarding employment, as of 31 December 2003, the company had 59,753 collaborators. The personnel are divided within the company into administrative and sales personnel. The division of employees by country as of 31 December 2002 was as follows:

Country or area	% of total
Austria	9
France	11
Germany	34
Italy	17
Spain	3
Other European countries	3
European countries not in EU	12
Rest of the world	11

Source: *Generali*

In the countries of the European Union, the workforce was (2002 data) about 60% male and 40% female, resulting from the aggregation of 50.5% male employees and 49.5% female employees among administrative personnel, and of 81% male agents and 19% female agents on the sales force.

The group has a long tradition of autonomy, which translates into a local organisation for each company, structured like a holding company, endowed with all the specific functions (human resources, administration etc). The central management in Trieste coordinates the international operations of the group, assigning to the managers of the various countries the goals to be pursued, but allowing them freedom in the ways and means of achieving them.

The managers in the different countries answer to the members of the board of directors of each foreign operation of the group. The operating zones have been divided into five general geographical areas:

- France, Austria and Switzerland;
- Germany and the central/eastern European countries;
- Spain, Portugal, the Americas and Israel;
- Belgium, England, Holland, Greece, Turkey and Tunisia;
- Asia.

Every general area has an area manager, who reports to the insurance operations service of the group, with offices at headquarters in Trieste, which is in charge of following the various areas of business with all their specific problems. The managers in the various countries are assisted by their area manager. The area manager also reports to the member of the board in charge of the foreign operations of the group.

Structures have recently been set up to deal, at the level of the individual country or area, where possible, with functions such as computerised systems, the management of financial investments, the liquidation of damages. At the area level, these structures serve to coordinate or direct the actions of the group; initiatives with a broader scope are under study at the European level, in an attempt to group the company functions that can be implemented in this way, in order to take advantage of potential economies of scale, such as information technology and asset management.

Operations in Italy are managed directly by the main office of Mogliano Veneto in the province of Treviso, Italy. In the field of human resources, a certain amount of emphasis is given to training, carried out in the group's school also located at Mogliano Veneto, for the diffusion of technical skills. There are also other group schools, but the instructors at these schools receive their training in Mogliano, so this is where global training starts.

The company values, resulting from interviews and from a study of other sources of information, have been identified as the following:

- autonomy;
- personnel training;
- a European and global horizon;
- respect for different cultures;
- a search for excellence, accompanied by an acceptance of challenges;
- solidity and reliability;
- tradition, meaning style and measure, discretion and coded procedures.

The EWC

The first agreement, from which the EWC of Generali originated, was reached on 11 November 1997, the first and only works council in the Italian insurance sector. It was reached on the basis of Article 13 of Directive 94/45 of 22 September 1994, between the representatives of Assicurazioni Generali and the special negotiation group, composed of 12 representatives of the labour unions, assisted by two representatives of what was then FIET, and the coordinator of the European labour unions of the Generali Group. As originally structured, it was to last three years.

Theoretically, Article 13 was no longer applicable at that time, but the parties had reached an informal understanding before 22 September 1996 to arrive at a voluntary agreement. This agreement had been urged by the employees' representatives, who had, for several years already, felt the need to discuss transnational problems with an official, appropriately coded body. On the basis of these demands, the central management office, in the period 1995–1996, studied the agreements that had already been stipulated in countries where the Directive had been converted into law, with particular reference to the insurance sector. On 26 October 2000, the current agreement, lasting six years, was reached on the basis of Article 6 of Directive 94/45/CE, as the parties felt that the reference to Article 13 had effectively been overridden. It was negotiated by the representatives of Assicurazioni Generali (including the general manager of human resources and two insiders) and by a group of six members of the EWC (including the two insiders), and practically the entire select committee, assisted by a representative of the Union Network International (UNI).

The spirit that led to the agreements is the spirit that informs the practice of the Generali Group's labour relations: that is, a willingness to maintain a dialogue and to achieve mutual understanding between the parties, present in both versions of the agreement. The agreement of 1997 was revised after three years to confirm, on the basis of experience, the operation of the EWC and apply any necessary corrective actions to improve it. These were the main points revised:

- The requisites established for appointment of the representatives, which in the new version give a greater proportional weight to the smaller, national organisations and less to the larger ones, in terms of employees, thereby re-equilibrating representation.

- The possibility of revising individual items of the agreement before its expiry.
- Emphasis was given to training, mainly at the linguistic, legal and IT levels. In the context of the annual meeting, there has been specific training for all the participants. In the first year, the object was the system of workers' representation within the European countries where Generali Group was active, while in the second year, the course was on the modes of working time organisation within the different countries represented hours at EWC.
- The establishment of a permanent management interlocutor in headquarters, in order to ensure continuity in communications and the prompt resolution of any problems that should arise (in the person of MR insider n.1). [See page 8 for description of roles of the interviewed persons]
- A shift in the timing of the meetings, established in the first half of the year (June 2002 and 2003) to discuss the 'fresh' data of the financial statements; while in autumn the select committee meeting with central management will outline its plans for the subsequent year.
- Mechanisms for reviewing the components on the basis of significant variations due to mergers, acquisitions and closures (for example applied to the case of the acquisition of AMB in Germany and the closure of two companies in England), and the possibility of appointing representatives of the workers for the countries about to join the EU. The possibility of reaching a maximum limit of 33 members of the EWC was introduced for these reasons.
- The increase from four to six in the members of the select committee.
- Introduction of the secretary of the select committee, as the interlocutor with central management favoured for the EWC and the select committee, with appropriate support structures.

Evidence shows that operation of the Generali EWC followed the letter of the EU Directive, at least in a first phase. Later they voluntarily agreed, after establishing good relations, to address individual country situations as well, then not strictly transnational.

The EWC process

The EWC has 27 permanent members, plus one member of UNI (Union Network International). However, in practice, the Portuguese member never attended the meetings, nor did the English members because of problems with appointment procedures.

It is not a mixed body as these 27 EWC members only represent employees. In this context, a trade union delegation (or its selected representation, the select committee) meets the company's representatives, including the HR manager of the central management, the labour relations manager of the group and normally another two officers from the parent company management. Other managers from central management or country representatives are contacted beforehand by a delegation of central management on issues within their province and do not attend the EWC meetings. Currently, only EU member countries are represented.

The gender balance depends on member selection and on choices made by employee representatives (or employees themselves if no representatives are provided). Females are under-represented in the EWC. The proportion of women is approximately 35%, while in the select committee the proportion is 50% for both men and women.

Resources

No fixed budget is provided, with central management agreeing on expenses on a case-by-case basis with the secretary of the select committee. The secretary has no additional resources, but can use those existing at the office of work, by agreement with the permanent interlocutor. No advantage has been taken of this opportunity, however. The secretary has

been given a special email address and a laptop to work from home as well. Other expense requests must be approved on a case-by-case basis. Translations of minutes are carried out by the central management, as requested by the secretary of the select committee.

All members of the select committee have been provided with Internet access for better contacts with the others and with the secretary. As regards the EWC, the company really pays for the translation services for the meetings, for travel and for hotel expenses. Not all EWC members have email and Internet access. The EWC is entitled to call external consultants to attend the company's meetings at the company's expense, by agreement with the central management. In fact, no external experts were called. Central management did not use external consultants.

Minutes

The minutes of the meetings are taken separately by managers and employee representatives. As a result, every meeting has two sets of minutes distributed in separate ways. The managers of the group's central management are informed through briefings at least twice a year. The permanent interlocutor and assistant are responsible for drawing up and handing out management's minutes. There are three levels of internal reports: an internal level for the labour relations service of the group, one for the area and country managers, and a third one for CEOs and the president. The minutes for the union representatives are drawn up by the secretary of the select committee. The employees are usually informed of the results of the meetings through a release drawn up by the select committee, translated into the main foreign languages and issued on a fixed day. The minutes of the meetings should be submitted by the EWC members to the union representatives of the group in each country in writing.

Impact and outcomes

The impact of the EWC on corporate management is not sizeable. According to management opinion, it has not significantly increased costs, as its budget is negligible in the context of the group's overall budget. It has not slowed down the decision-making process. No major advantages or drawbacks have emerged in terms of HR management. It has made managers more aware of the employee representatives' claims, with better feedback for country and area managers; all this, however, is on an informational, not an operational level.

According to employee representatives, it has heightened their own awareness of belonging to the same group.

The EWC impact on the union representatives is questionable in some countries. Contacts with local unions are poor – there are no official contacts. Communication is one way. In other countries, Germany for example, communication is not regarded as very useful by either party, as it cannot add much to what is already known. In some countries information given in EWC meetings improves the informational level of employee representatives; management and employee representatives seem to share a common interest, which is training.

The management's opinion of the EWC operations is that the initial problems, which were most frequent and intense in the first three years of its life, are slowly easing and clearing up. The reported problems were about: cultural differences; jealousy among members of different nationalities, which are often reflected in greater demands being placed on their own members; and internal contrasts between members due to rivalries among union organisations or due to aspirations to become members of the select committee to the detriment of the 'opposing' union organisations.

Cultural differences seem to be diminishing, partly because of the informational aspects of the EWC operations. The feeling is one of being at a testing stage that has come to an end after the first three years of activity. The new agreement is rated as positive and there is a fuller, smoother operation. The management points to the autonomy of the national business units of the insurance sector and particularly in the Generali Group; they therefore value the importance of

interactions between local managers and employee local representatives. Within this framework, the EWC plays its role, in accordance with the EU Directive, insofar as it gives employees the opportunity to understand the overall strategy of the group. At local level, however, there is also the perception of a limited role for the EWC. They consider it as useful at an informational level but irrelevant for the group.

Interviewees

Italy	
Management Representative Insider n.1	Attorney, since 1991 at Generali HQ in Trieste. Human resource manager until 1995, from then on head of Labour Relations Service of the Group. Permanent interlocutor of select committee.
MR Insider n.2	Assistant of Labour Relations Service of the Group's head
MR Outsider	Vice-director and Area Manager for Germany and eastern-central Europe of the Insurance Operations Service of the Group at the main headquarters in Trieste
ERR Insider	Since 1972, accountant at Management in Venice, then in Mogliano Veneto Since 1976, member of FIBA-CISL trade union Until 1995, secretary of Generali branch of FIBA-CISL 1997: member of Special Negotiation Body for Generali EWC agreement. From then on, member of the Generali EWC and Secretary of the Selected Committee of the EWC.
ERR Outsider	Since 1973, accountant at Generali Management in Milan From 1993 on, working as full-time union official Nowadays, member of national coordination body of the Generali Group for FIBA-CISL

Germany	
MR Insider	None from Germany
MR Outsider n.1	CEO of AMLeben and also CEO of AM property insurance (Aachener und Münchner Versicherungen) The CEO is in the company for 25 years. He began to work for the Aachener-Münchner Leben (life insurance) as assistant of the executive board. Further steps were: <ul style="list-style-type: none"> • Head of the legal department; • Business planning department, and personnel management; • Since 1994, he is a member of the executive board of the AMLeben; • Since 1999, also of the AM property insurance; • Since January 2003, he is CEO of both companies.
MR Outsider n.2	Head of legal department of the AMB Generali Holding AG

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