



**Participation of Tunis Re at
Baden-Baden Reinsurance
Meeting
23 - 26 October 2022**



EDITORIAL

Scarcity of available reinsurance capacity in a context of galloping inflation and accumulation of climatic disasters.

The Monte Carlo and Baden Baden meetings were, as usual, an opportunity to discuss renewal trends for the year 2023 and the solutions needed to cope with the high demand for capacity.

Several cyclical factors will impact renewals of most lines of insurance. This is obviously the war in Ukraine, but also other geopolitical tensions and their multiple consequences, including the ongoing inflation wave.

These cyclical factors are compounded by risks related to climate change, food security and the rising cost of energy. All of these factors are leading us to further reductions in capacity and increases in both rates and deductibles.

Galloping inflation

The big debate has been around the phenomenon of inflation. Indeed, according to economic experts, inflation could have the greatest impact on renewal conditions this year, given that the level reached is considered the highest for 30 years

The direct impact is not yet assessed by reinsurers, but it will be directly reflected in the cost of claims.

Geopolitical unrest

A deep concern is also brought to the evolution of the Russian Ukrainian war and its repercussions on business exchanges in this area, in terms of risk coverage and even in terms of compliance, in particular on Russian and Belarusian interests in the shareholding and commercial relations of insureds.

Increasingly frequent Cat Nat events

On the other hand, there is a significant increase in the demand for Cat Nat coverage, justified by the increasing frequency of climatic events worldwide, notably the floods that occurred in Europe in 2021 which cost more than 33 billion euros, the hurricanes in America (Ian is estimated at nearly 40 billion US\$)...

All these factors suggest a tougher market on 1st January 2023, announcing a renewal accompanied by significant price increases.

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What is marine P&I insurance and how is it related to H&M insurance?



By Samir Halila

Marine insurance originated with the ancient Greeks and Romans. But, it was not until the early 18th century that clubs began to appear in England, offering hull insurance at a reasonable price. By the early 19th century, the number of these clubs had grown considerably and they became very affordable. As the industry developed, more and more claims began to come in from third parties, particularly ships' crews. Legislation was passed to make it easier for seafarers and their dependents to file claims against shipowners.

The problem has worsened by the rapidly increasing flow of emigrant passengers flooding America and Australia.

In this fast-moving and bustling world, shipowners were faced with third-party claims in the event of ship collisions. One of the court decisions of 1836 stipulated that in the event of a collision, the hull insurer was no longer responsible for reimbursing damages due to the shipowner's liability.

H&M (Hull and Machinery) insurers tried to act quickly to solve this problem, but they were only able to provide coverage for 3/4 of these liabilities and expenses, leaving the liability totally uncovered for loss of life, bodily injury and damage to fixed and floating objects. This coverage was limited to the value of the insured vessel due to The Marine Insurance Act of 1745, which prohibited shipowners from insuring amounts greater than the value of the vessel. Thus, shipowners remained liable for the sums owed as well as for any sums in excess of the value of the vessel.

Tired of such losses, shipowners organized themselves into so-called Protection Clubs «P» to meet their obligations under the British Merchant Shipping Act 1854. The first club responsible for these obligations was the Britannia Steam Ship Insurance Association, formed in 1855.

Prior to 1870, shipowners could use exceptions in their cargo bills of lading to sidestep liability for cargo claims. One incident was out of the ordinary where the shipowner was held liable, but the Club rules did not cover a cargo claim. The ever-increasing value of cargoes and the desire, in their own interest, to try to recover losses has forced shipowners to reconsider possible compensation in such cases.

In order to cover cargo risks, called «I» risks, indemnity clubs were formed, and the already existing protection clubs changed their rules on indemnity risks. And in 1874, it was decided to unite these clubs in the form in which they exist today, «P&I».

It was the changes in the law in the 19th century that gave birth to P&I clubs.

It was the changes in the law in the 19th century that gave birth to P&I clubs, and the subsequent growth and development of the clubs has been largely shaped by the evolution of the law. As the liabilities faced by shipowners continued to increase in scope and size, P&I Clubs grew and developed to protect and indemnify their members.

P&I Clubs are joint, non-governmental, non-profit associations of providers of marine risk insurance to their members, composed of shipowners, operators, charterers and seafarers working in member companies.

P&I (Protection and Indemnity Insurance) is an insurance policy purchased by shipowners to protect and resolve liability issues and claims made by third parties, crew and passengers in the event of accidents, collisions, environmental pollution, loss of vessel or cargo, property damage, nonpecuniary damages, health disorders, bodily injury and death.

IG (International Groupe) of P&I Clubs

P&I (Protection and Indemnity Insurance) is an insurance policy purchased by shipowners to protect and resolve liability issues and claims made by third parties.



Today, there is a group that is a unincorporated association of 13 major clubs and their affiliated associations and reinsurers. The group is chaired by a representative of one of the current members, elected on a three-year rotation.

The administration and representation of the group is coordinated by a secretariat based in London and headed by a secretary and an executive director.

The day-to-day work of the group is carried out through a large number of sub-committees and working groups that deal with a wide range of legal, regulatory and insurance issues that have a direct impact on shipowners, operators and charterers.

International Group Reinsurance

What is the IG Pool and reinsurance program?

One of the primary roles of the IG is to organize the pool and reinsurance program under which Clubs can offer the highest level and broadest range of liability insurance coverage on a cost-effective basis.

The outline of the IG Pool and reinsurance program for 2022/2023 policy year is shown in the diagram below;

One of the primary roles of the IG is to organize the pool and reinsurance program under which Clubs can offer the highest level and broadest range of liability insurance coverage on a cost-effective basis.



IG Pool and Reinsurance Program Structure

- **Individual club Retention:** (up to 10 million USD)

Each Club retains the first US\$10 million per claim in excess of its member's deductible.

- **Pool :** (from US\$10 million up to US\$100 million)

Claims in excess of each Club's retention are shared by the Pool up to a limit of US\$100 million.

- **Market reinsurance programme :** (from US\$100 million up to US\$2.1 billion)

The IG arranges market reinsurance to provide reinsurance for claims from US\$100 million up to US\$2.1 billion any one claim (US\$1.0 billion for oil pollution claims, see further below). This market reinsurance programme is divided into four layers and each layer is underwritten by different reinsurers.

- **Overspill :** (from US\$2.1 billion up to about US\$8.75 billion)

The IG arranges Overspill Protection for its members of US\$1.0 billion. Thus, claims from US\$2.1 billion up to US\$3.1 billion are reinsured by the market reinsurance cover.

Claims in excess of \$3.1 billion are shared among all IG Clubs, with each Club funding its share by levying an additional call on each individual member.

Claims in excess of \$3.1 billion are shared among all IG Clubs, with each Club funding its share by levying an additional call on each individual member amounting to 2.5% of the value of each listed vessel, as defined in the 1976 Convention on Limitation of Liability for Maritime Claims (LLMC).

Applying the 2.5% formula to all ships registered in all clubs in the IG would result in total spillover coverage of c. \$8.75 billion.

Reinsurance for oil pollution claims is purchased as a separate cover with a limit of US\$1.0 billion.

Why is P&I insurance important?

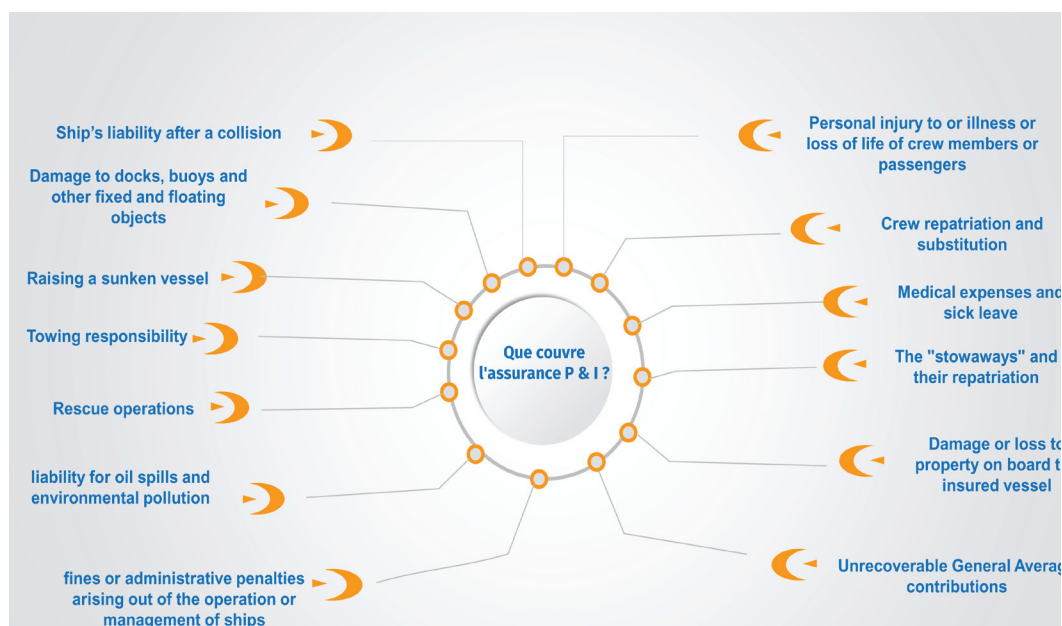
The three essential elements of the maritime industry are the ship, the seafarers and the cargo. The part that is directly related to these three elements is the «risk» associated with the transportation of cargo on a ship by seafarers.

Because of the risk factor, ship owners can face huge losses if their ship is involved in an accident involving damage or loss of the ship, cargo or marine pollution. Shipowners must insure themselves for all such third-party claims.

P&I Clubs provide insurance to shipowners for all such claims.

What does P&I insurance cover ?

Claims include the following items :



Reinsurance for oil pollution claims is purchased as a separate cover with a limit of US\$1.0 billion.

P&I Club Correspondent and its Role

The P&I Club Correspondent acts as the local P&I representative of the club, and his primary function is to resolve various problems and issues that may arise for a club member shipowner. The correspondent handles claims and resolves problems, whether or not they are covered by the respective P&I club's rules.

In resolving these problems, he or she may need the assistance of local experts, such as lawyers, inspectors, auditors and other specialists.

This implies the need for the correspondent to be sufficiently familiar and competent in the relevant maritime matters. Many of the problems that arise are related to local authorities, such as port authorities, customs and immigration officials, with whom the correspondent must maintain a close working relationship.

What is the difference between P&I insurance and H&M insurance?

P&I insurance is primarily intended to cover a shipowner's or operator's liability to third parties and generally excludes damage to the insured's own property or direct loss to the Company.

Hull and Machinery insurance is essentially insurance of the client's vessel as the primary asset.

The two types of insurance interact in the area of collision liability and liability for contact with third party property.

Hull and Machinery and P&I insurance often complement each other in the area of collision liability and liability for damage to docks, cargo cranes and other third-party property, commonly referred to as Fixed & Floating Objects (FFO) damage.

Hull and Machinery (H&M) insurance may include coverage for third party liabilities depending on the type of policy and the extent of coverage under that specific policy, e.g. under the ITC Hulls-Institute Time Clauses Hulls, liability coverage has historically been limited to 3/4 of the vessel's liability to the other vessel in the event of a collision.

What are the considerations that drive a shipowner to place collision risks with P&I Clubs?

A key factor will always be price, but there are other important factors as well. From a claims handling perspective, there are certain advantages to be considered, such as placing all collision and FFO liability with one insurer.

In the event of a serious collision or FFO incident, the interaction between the shipowner and the insurers involved is of vital importance. Several aspects need to be considered and coordinated at an early stage.

One of these aspects is the securing of claims against third parties to prevent the arrest of the insured vessel. Such an arrest may result in material losses as it will delay the inspection and repair of the vessel, which may increase the exposure of the Hull and Machinery insurers.

Sometimes the P&I insurer is asked to provide a Letter of Undertaking (LOU) from the P&I Club to cover the liability that should fall to the hull insurers but only against a counter guarantee, for example, in a collision case where the hull

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Some shipowners have placed collision liability under their P&I insurance. This coverage would be the most comprehensive liability coverage available, as any liability arising from the collision would in principle be covered.

insurers cover part of the liability. One reason is that an LOU from a P&I Club is more often accepted than letters of undertaking from hull insurers, and can be obtained more quickly and at lower cost.

Today, some shipowners have placed collision liability under their P&I insurance. This coverage would be the most comprehensive liability coverage available, as any liability arising from the collision would in principle be covered.

However, the shipowner would still need his Hull and Machinery coverage to deal with the loss or damage to his own vessel.

* * *

Conclusion:

The purpose of this article was therefore to present the institution of P&I Clubs, which are essential in the coverage of shipowners' civil liability, and to present the guarantees and services they offer.

P&I Clubs offer many advantages over traditional insurers who can also cover this type of risk..

P&I Clubs offer many advantages over traditional insurers who can also cover this type of risk.

Finally, the evolution of maritime transport issues, which have grown exponentially in recent years, has a direct influence on the Clubs.

On the one hand because their members are the main players and what affects the shipowner also affects the Club, and on the other hand because of their predominance in the insurance market. ■

NEWS

National

Tunis Re Flash Infos

- Tunis Re's compliance to the MSI 20000 financial standard has been reaffirmed. This certification, which was renewed during October 2022, supports the company's financial credibility and offers new opportunities abroad.
- Tunis Re's Participation in the fifth edition of the summer university of Maghrebian financial professionals which took place from 23 to 25 September 2022 in Hammamet under the theme «The insurance industry facing emerging risks» which was subjected to an exhaustive debate in which Mrs. Monia Ben Said, Head of Treaty Underwriting department at Tunis Re, focused on the insurance solutions facing emerging risks.

Compensation for flood victims in Nabeul

According to Law N°2019-24, which extended the scope of intervention of the Insured's Guarantee Fund "FGA", to the compensation of damages resulting from the floods occurred in 2018, Tunis Re has been charged to manage the section dedicated to compensate the victims for material damages in the governorate of Nabeul.

Hereafter, the situation as of October 15, 2022:

Files Number :	
- Deposits	877
- Treated	207
- Accepted	163
Approved funds in TND	6 090 351.059
Aamounts paid in TND	6 075 361.531

Tunisia removed from the EU list of non-cooperative tax jurisdictions

After fulfilling its commitment regarding the minimum standard for country-by-country reporting (Action 13 of the Inclusive Framework on BEPS), Tunisia has just been removed from Annex II of the European Union's list of non-cooperative tax jurisdictions by the Council of the European Union.

Tunisia receives the certificate for aviation safety awarded by the ICAO

Tunisia has just earned, for the First time ever, a certificate for aviation safety awarded by the Council of the International Civil Aviation Organization (ICAO) during its 41st General Assembly.

Motor central risks

The Tunisian Federation of Insurance Companies «FTUSA» has concluded a partnership agreement with the General Committee of Insurance «CGA» granting the right of access to the data of the central risks.

Agreement between the Ministry of Agriculture and the «CTAMA»

A Memorandum of Cooperation was signed on October 10th 2022 between the Ministry of Agriculture and CTAMA. This agreement is part of the economic empowerment program for women working in the agriculture and fisheries sectors implemented by the Ministry.

Partnership between AMI Insurance and SOMPO Japan Insurance

On the edge of the 8th edition of TICAD, the Tunisian company AMI Assurances has signed a strategic partnership agreement with SOMPO Japan Insurance.

Wifak Bank acquires more than 95% of the capital of Attakafulia insurance

Wifak International Bank has reported in August 2022 the purchase of 95.9% of the capital of Attakafulia insurance company. This transaction took place after Wifak Bank had obtained the approval of the General Insurance Committee and the Ministry of Finance.

Maturity of Tunisian Insurance Companies

- The «CTAMA» is celebrating this year its 110th anniversary in support of agricultural insurance.
- The «MAE» which celebrates its 60th anniversary has held an international symposium about the role of mutual insurance companies in financing the economy and solidarity investment.

Maghrebia Vie

The Extraordinary General Assembly of Maghrebia Vie held on August 26th 2022 has approved the introduction of the company on the stock exchange subject to the approval of the competent authorities.

Posthumous tribute

- Mr. Abderrahmen FATMI, a great insurance professional in Tunisia, left us on Tuesday 23rd August 2022. Peace to his soul.
- Mr. Mounir Hachicha, ex Head of the financial and accounting department in Tunis Re left us on Sunday August 14th 2022. Peace to his soul.

NEWS

International

The Algerian Insurance Market

The National Council of Insurances «CNA» has announced that the premiums written accumulated by the national market of insurances, all activities included, rose during the first quarter of 2022, to 45.8 billion DA, against 43.5 billion DA, on 31/03/2021, meaning an increase of 5.2% in the first quarter of 2022.

It is to mention that the turnover of the fire branch reached 1.610 billion centimes on March 31, 2022 recording an increase of 17,2 % compared to 2021 and 16,5 % in terms of number of contracts

CCR Alger: approval for Re-Takaful activity

The Central Reinsurance Company «CCR» has been authorized in August 2022 to perform Re-Takaful transactions through a window.

Saudi Arabia: Finance Minister announces independent unified insurance regulator to be established

Saudi authorities approved in September 2022 the establishment of an independent and unified regulatory authority to oversee the insurance sector.

Oman Insurance Company rebrands itself as Sukoon

Oman Insurance Company «OIC» has adopted a new branding, called Sukoon.

Sukoon means «peace of mind» in English, Urdu and Hindi, the three most widely spoken languages in the region. Sukoon also symbolizes the diversity of the company's customer base, the company's dynamism and its proven resilience, the insurer said in a statement.

National Bank of Ethiopia «NBE» raises minimum paid-up capital for insurers

The National Bank of Ethiopia «NBE» has increased the minimum paid-up capital of insurance companies by six times. The new capital requirement is as follows:

- ETB 400 million instead of ETB 60 million for non-life companies.
- ETB 100 million instead of ETB 15 million for life entities.

SCG-Ré opens a regional office in Rwanda

The Gabonese Commercial Reinsurance Company «SCG-Ré» has just received its license to operate in Rwanda with an extension to the Great Lakes countries.

Insurance cover cost of hurricane Ian

The invoice of insured material damages could reach between 30 and 40 billion US\$, as stated by S&P. Its competitor Fitch is estimating US\$ 25 to 40 billion. The most exposed reinsurers are the American Gen Re (Berkshire Hathaway), and the European Lloyd's, Munich Re and Swiss Re, according to the rating agencies' data.

A group of major European companies launch their mutual cyber insurance company

With the explosion of risks and companies affected by ransomware, a group of multinational European companies (Airbus, Michelin, BASF Veolia, Adeo, Sonepar and Solvay) have launched a mutual insurance company called «Miris insurance» for information systems. This mutual, established in Belgium, «owned by the members and operating for the members» insures only cyber risks.

France: The government will authorize the indemnity of ransoms for cyber attacks

Insurers will be able to compensate victims of cyber-ransomware, the ransoms paid by companies hacked on the Internet, provided that the latter file a complaint. A grey area remained until now.

Mergers & Acquisitions

- SABB Takaful has received SAMA's approval to merge with insurer Walaa Insurance, following the agreement between the two parties last February. The transaction is still subject to regulatory approval and extraordinary general meeting votes, according to a stock exchange filing.
- Islamic Arab Insurance Company 'SALAMA' has received initial approbation from the appropriate authorities to merge with Takaful Emarat. The transaction will be undertaken through the issuing of additional shares of «SALAMA» to the shareholders of Takaful Emarat.
- Allianz has finalized the acquisition of 66% of Jubilee Insurance Mauritius from Jubilee Holdings Limited (JHL) and the Aga Khan Fund for Economic Development (AKFED).

Appointments

- Mr. Denis Kessler has been elected President of the Rendez-Vous de Septembre (RVS) reinsurance association.
- Mrs. Oumou Niang Touré has been nominated President of the Senegalese Insurers Association «AAS».
- Jawad Mohammed Khair Janeb has been appointed General Manager of Jordan Insurance Company.

Activity Figures of The Tunisian Insurance Market As at 30.06.2022

In MDT

At June 30th, 2022, The Insurance sector in Tunisia has been characterized by :

- The market generated a total turnover of TND 1 750 million, showing an increase of 15% over the same period last year.
- Total compensations reached TND 809 million up by 14% compared to 30.06.2021.
- A total number of issued policies of 1674 898 with an increase of 6%.
- A total number of reported claims equal to 725 898 up by 14% over the same period last year.
- Investments reached TND 8 069 million, up by 14% compared to 30.06.2021.

	2020	2021	EVOL 21/20	30/06/2021	30/06/2022	EVOL 22/21
Turnover	2 572	2 776	8%	1 522	1 750	15%
Motor	1 112	1 207	9%	660	712	8%
Life	624	694	11%	343	474	38%
Others	836	876	5%	519	564	9%
Claim Charges	1 349	1 497	11%	711	809	14%
Motor	636	671	5%	310	376	21%
Life	204	312	53%	152	127	-16%
Others	509	515	1%	250	306	23%
Nbr of issued policies	2 712 722	2 840 709	5%	1 577 820	1 674 898	6%
Motor	1 577 387	1 669 971	6%	988 342	1 038 607	5%
Life	693 918	728 331	5%	325 325	336 847	4%
Others	441 417	442 407	0%	264 153	299 444	13%
Nbr of Reported Claims	1 209 783	1 307 867	8%	637 060	725 898	14%
Motor	216 966	249 111	15%	134 896	151 345	12%
Others	992 817	1 058 756	7%	502 164	574 553	14%
Investments	6 843	7 513	10%	7 063	8 069	14%

**Best wishes of Good Luck to our dear colleague
Mrs Ibtissem Krichene, Exemplary Employee of the Year 2021**



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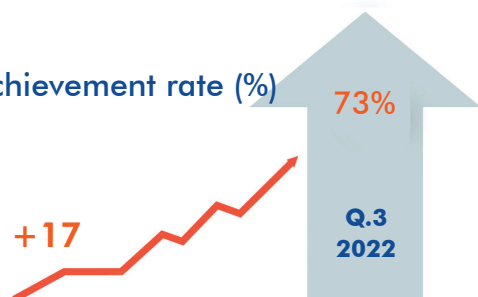
Activity Figures of Tunis Re

3rd Quarter 2022

Turnover **135.232 M TND**

Achievement rate (%)

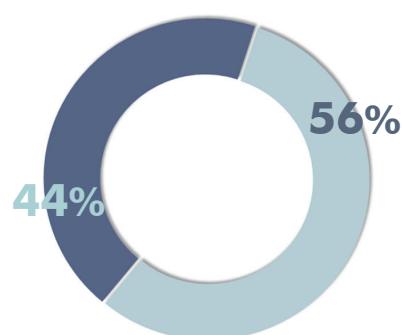
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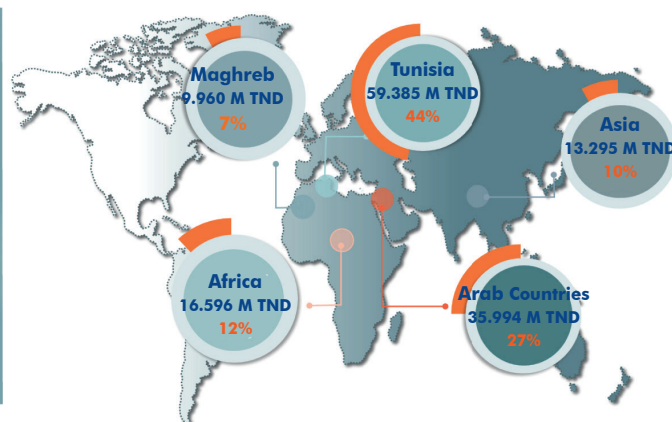
103.624 M TND

Retained Premium

Retention
Rate



▪ Tunisia ▪ Overseas



54.124 M TND



Net Claims Charge

Loss
Ratio

58%

465 M TND



Investments



19.859 M TND

investments
Income

Stock market: Figures as at 30.09.2022 of the listed Insurance Companies

(In M TND)

Compagny	Premiums			Gross Claims Charge			Investments		
	Sept-22	Sept-21	Var%	Sept-22	Sept-21	Var%	Sept-22	Sept-21	Var%
STAR	296.943	286.867	4%	209.477	181.262	16%	73.213	70.792	3%
ASTREE	192.764	148.680	30%	69.334	55.146	26%	27.558	27.689	0%
BH Assurance	124.678	110.770	13%	70.584	59.558	19%	15.967	11.851	35%
Assurances Maghrebia*	175.685	158.561	11%	82.423	78.485	5%	18.429	15.291	21%
Tunis Re	135.232	115.798	17%	75.132	63.183	19%	19.859	17.849	11%

* Net Claims Charge