Tunis Re News Letter

N° 43

Fourth Quarter 2022

ftusa Tunis Re

16th Carthage Insurance and Reinsurance Rendez-Vous

From 5th to 7th February 2023

Le Casino, Djerba, Tunisia

Le Grand Casino - Djerba

EDITORIAL

Once again, Carthage Rendez-vous is delighted to invite you to Djerba!

Insurance and reinsurance market professionals will meet from February 5 to 7, 2023 to discuss the main trends and challenges of the industry.

These debates will be led by a panel of experts in various fields and will focus on the challenges of climate change, inflationary pressure as well as various possible solutions.

The world has barely been released from the weight of the health crisis, but several other events have occurred that have put pressure on the world economy, such as natural disasters, the Russian-Ukrainian war, the disruption of supplies and the increase in inflation.

The turmoil of 2022 will probably persist over the next few years with the rising of geopolitical risks, climate change and economic slowdown.

In this context, the focus will be on the impact of inflationary trends on the insurance sector, insurance solutions to the risks of climate change and the importance of CSR as a performance driver for the insurance sector.

This meeting will be an opportunity to bring together insurance and reinsurance professionals from 26 different countries and to give them a good opportunity for free exchange on all these issues.

Tunis Re welcomes all participants and invites them to take part in the various event activities.

Lamia Ben Mahmoud

The role of insurance in addressing supply chain vulnerability

> "Those in supply chains know the impossible is possible."

By Sabrine Ben Hassine

Following the impact of Covid-19, supply chains are once again challenged. The war between Russia and Ukraine has reinforced the need for companies to build resilience into their supply chains, which continue to deteriorate substantially in the face of mounting globalization.

The direct effect on the supply chain was the significant increase in raw material prices, which surged as a direct result of supply shortages and the rapid rise in inflation.

This inflation price has also forced companies around the world to explore other alternative sources, not only to find cheaper materials, but also to ensure supply.

These effects have demonstrated and highlighted that supply chain disruptions can have major impacts on both advanced and industrialized economies.

In fact, the corporate value chain is more vulnerable than it has ever been

This vulnerability is triggered by several external and internal factors such as the changing production methods, globalization, technological change, severe series of natural disasters as well as economic influences.

According to the Business Continuity Institute (BCI) 2021 report, the number of supply chain disruptions experienced by organizations in 2020 was higher than any other year in the history of previous reporting: 27.8% of organizations reported more than 20 supply chains experienced disruptions in 2020, compared to only 4.8% reporting the same number in 2019.

This supply chain creation starts with the identification and analysis of both visible and latent financial and operational risks.

SUPPLY CHAIN RISK

Supply chain risk management aims to identify potential areas of risk and implement appropriate safeguards to control that risk through a comprehensive approach across the supply chain members.

Supply chain risks include all circumstances that could disrupt normal production and/or operations within the organization.

These events may be related to either a traditionally insured risk resulting in damage to a supplier or customer; or the supplier's failure to provide services due to non-hazardous events, such as bankruptcy, protest action, civil commotion and/or public service failure on the supplier's or customer's premises; or a transportation, transportation, communication or access failure on the supplier's or customer's premises.

In addition to the ordinary risks, new and more specific risks will need to be assessed, according to the nature of the company's business. These areas may include:

In addition to the ordinary risks, new and more specific risks will need to be assessed, according to the nature of the company's business.

- Contractual and legal risks

The majority of legal risks are related to contractual conflicts between companies within the supply chain network. If a company fails to fulfil the terms of its contract, it is liable to pay fees or cancel the contract.

- Geopolitical Risks

Geopolitical risk refers to the inability of a company to successfully to cope with any changes caused by governmental, political or social conditions. This occurs to companies that are supplied by low-cost countries and without regard to cultural and environmental impact.

- Environmental Risks

Including all natural disasters, with more violent and frequent natural events. These climactic events have effects which we cannot neglect in our risk analysis since they are hardly predictable and often impossible to avoid.

- Organizational risks

These are generally a result of not having the right people or equipment in the right place at the right time. You might also consider this as a planning risk.

Human Behaviour Risks

Human behaviour risk is the most difficult to identify and attenuate as employees can be highly unpredictable. A project can be completely stopped when a key personal suddenly becomes ill or leaves the company.

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- Cyber security risks

The cyber risk is currently underestimated in its impact on supply chain disruption. Its impact is continuously growing. Cyber risks are increasing every month, as the supply chain becomes increasingly digitalized.

In fact, according to the same BCI report; well over half of the organizations interviewed (57.6%) report that COVID-19 was the reason for the adoption of new technologies and tools.

SUPPLY CHAIN RISK MANAGEMENT

Questions such as «Who are our suppliers' suppliers?» and « Where did our key raw materials derive from?» may seem obvious, but the level of visibility and understanding of potential risks is hugely significant in enabling organizations to respond and adapt to new and unexpected disruptions.

According to BCI's 2021 report your suppliers' suppliers were highlighted this year as interviewees reported that 40.2% of COVID-related disruptions were due to Level 2 (the 2nd tier supplier) or more.

The level of visibility and understanding of potential risks is hugely significant in enabling organizations to respond and adapt to new and unexpected disruptions.

To accomplish this, organizations can use a combination of resolution tools to effectively manage their portfolio of known risks in four steps:

Step 1: Risk Identification

The first step in the risk management life cycle is to establish a risk profile. A typical practice for risk identification is to chart and assess threats related to production, supply and sales.

Each supply chain loop (suppliers, factories, warehouses and transportation routes) is then evaluated in detail.

Step 2: Supply Chain Risk Assessment

Each identified risk must be recorded to build an integrated risk management framework: the impact on the organization in case the risk materializes, the probabilities of the risk occurring and the organization's ability to deal with that specific risk. Tolerance thresholds are applied on the risk scores reflecting the organization's risk appetite.

Step 3: Risk oversight

Once a risk management framework is established, ongoing supervision is one of the critical success factors in identifying risks that could harm an organization. The recent emergence of digital tools has enabled this for even the most complex supply chains by recognizing and keeping an eye on key risk indicators. This is basically a catalog of all risks converted into an action plan.

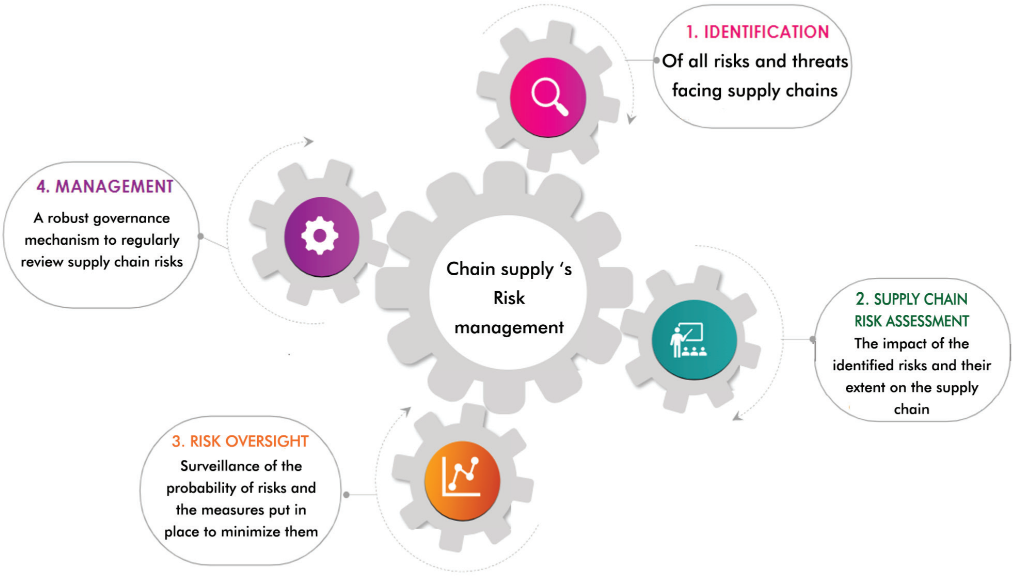
According to the same 2021 report, nearly 56% of surveyed companies use technology to assist them in recording supply chain disruptions.

Step 4: Risk Management

The final crucial step is to establish a strong governance mechanism to regularly review supply chain risks and define mitigating actions, improving supply chain resilience and agility.

Increasing supply chain agility can be a very effective mitigation strategy for organizations to improve their preparedness for a wide range of risks.

Companies' leaders are now more involved in supply chain issues 82.7% of the survey respondents report management engagement with supply chain risk is now «medium» or «high»; up nearly 10% from 2019 according to BCI 2021.



Insurance is no longer an option but rather a necessity.

INSURANCE IS A NECESSITY, NOT AN OPTION

Given the risks which suppliers and/or customers are exposed to, the recourse to insurance is no longer an option but rather a necessity. It should not be ignored and the transfer of risk through the placement of insurance coverage is an excellent solution that allows you to confidently work with suppliers and customers facing risks which could not have been predicted or avoided.

Business interruption and supply chain insurance is used to cover losses that may be incurred as a result of an interruption in production or other supply chain loops.

Comprehensive business interruption coverage is increasingly seen as an essential part of today's insurance policy.

While business interruption insurance products are driven by physical damage, supply chain insurance is different. For many companies, comprehensive business interruption coverage is increasingly seen as an essential part of today's insurance policy.

In 2021, 8.2% of organizations interviewed were insured only for traditional physical damage events.

A classic insurance option would be contingent business interruption coverage in a property insurance policy.A traditional insurance option, would be contingent business interruption coverage in a property policy. This insurance applies even when the insured is not suffering from any direct physical loss or damage. It is triggered if a supplier or customer is damaged materially and consequently disrupts the supply chain, affecting the insured's business. This type of coverage operates well when physical events such as floods or fires disrupt the supply chain.

For a numerical indication, and also according to the same BCI source:

- Over three-quarters of companies (76.2%) reported having either partial or full financial impact coverage this year (up from 56.7% in 2019), but the number of total loss insureds has dropped by half.

Many organizations were left without coverage after having no coverage for pandemic-related scenarios in their policy clauses.

- One-third of a surveyor's believe that insurance market has an insufficient number of products suitable for the needs of the supply chain; compared to only 15.9% in 2019.
- The number of organizations reporting that 100% of claims were insured decreased slightly to 10.2% this year compared to 12.8% in 2019.
- Many organizations were left without coverage after having no coverage for pandemic-related scenarios in their policy clauses.

BUSINESS INTERRUPTION INSURANCE:

Business interruption insurance is the most common type of insurance product that covers businesses for financial losses incurred as a result of physical damage to a business, usually resulting in long-term business interruption such as fire or natural disaster

As a general rule, this insurance only operates as a result of physical damage to the insured property and therefore any other disruptive events without physical loss will not be covered.

SUPPLY CHAIN INSURANCE

In the current global market, more and more companies depend on foreign suppliers and any event or disaster affecting these suppliers can be dangerous and even fatal to the entity's survival. This is why appropriate insurance coverage must be purchased.

Supplier or Customer Deficiency Insurance covers a company against loss of profits and other possible transmitted risks.

CBI contingent Business Interruption Insurance

A supplier and/or customer gap extension can be added to the BI coverage to guarantee loss of profits due to disruptions at key suppliers or customers.

Supplier or Customer Deficiency Insurance covers a company against loss of profits and other possible transmitted risks, including necessary permanent fees, due to an insurable loss suffered by one or more of its suppliers or customers.

The procurement of this specific insurance policy, also known as Contingent Business Interruption (CBI) insurance, can also limit exposure to loss. This type of insurance reimburses lost profits and related costs caused by disruptions in your supply chain, even if your company itself has not been damaged, since not only physical damage can cause business interruption, but many disturbing events can have a destructive effect on production capacity as well as business transactions without any physical causal losses.

However, this type of insurance is limited because it only provides coverage if the companies on which you depend are affected by property damage, such as a fire.

Supply Chain Insurance

Supply chain insurance coverage is more comprehensive and very crucial for those who are directly dependent on a key supplier or customer.

Supply chain insurance provides much wider coverage than CBI insurance for business interruptions caused by supply chain disruptions.

Supply chain insurance provides much wider coverage than CBI insurance for business interruptions caused by supply chain disruptions. In addition to providing cover for disruptions caused by physical damage to your suppliers' or customers' operations, supply chain insurance can protect against financial losses arising from potential operational risks of disruption and business interruption losses caused by a wide range of events, including: natural disasters, Labour problems (strikes, shortages, etc.), production process problems; and other risks. These include: natural disasters, labour problems (strikes, shortages, etc.), production process problems, political upheaval, war, civil unrest, riots, closure of roads, bridges or other transportation infrastructure, pandemics requiring quarantine, regulatory action, financial problems: solvency, cash flow problems.

This insurance, which initially faced a slowdown and reticence from insurers and reinsurers who were worried about the accumulation of exposures and consequently offered limited capacity with high premiums and rigid information and data requirements, is beginning to gradually enter the market especially with the increasing growth in demand for supply chain insurance on a global scale.

While nearly a quarter (24.7%) consider that insurers have enough products suited to the needs of the supply chain, 35.9% feel that this is not the case and 9.4% were unaware of new non-damage supply chain coverages.

Furthermore, with only 15.9% indicating that there were not enough products in 2019, the 20% increase in 2021 indicates a growing demand for specialized supply chain coverage as a direct result of COVID-19.

The use of insurance is an important key to good governance with the support and expertise of insurers.

In conclusion, the use of insurance is an important key to good governance with the support and expertise of insurers to lead organizations through the steps of developing an effective and targeted assessment. ■

NEWS

National

Tunis Re Flash Infos

- Partnership between Tunis Re and «LISEFE»

Tunis Re participated in the «Promotion of Exchanges between the Ecosystem and Scientific Research» day which took place on Friday, December 16, 2022 at the Science City of Tunis and organized by the «Innovation Strategy Entrepreneurship Finance and Economy Laboratory» LISEFE. The event was concluded with the signing of a cooperation agreement between Tunis Re and «LISEFE».

- Tunis Re organised its annual Team Building on Wednesday 11 January 2023.

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 January 18, 2023:

Files Number :	
- Deposits	876
- Treated	217
- Accepted	173
Approved funds in TND	**6 798 340,624**
Aamounts paid in TND	**6 792 692,698**

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.

Positive macroeconomic outlook for Tunisia

- Tunisia has been removed from the EU list of non-cooperative tax jurisdictions: In a statement dated 04/10/2022, the Council of the European Union announced the removal of Tunisia from Annex II of the EU list of non-cooperative tax jurisdictions.

- Fitch Ratings upgrades Tunisia›s rating to ‹CCC+› and removes it from the UCO: The rating agency Fitch Ratings has raised Tunisia›s long-term foreign currency issuer default rating (IDR) from ‹CCC› to ‹CCC+›, and has announced that it has removed Tunisia›s long-term issuer default rating from the ‹Under Criteria Observation› (UCO) category.

The State is seeking to boost the flow of exports to sub-Saharan Africa by covering 50% of insurance premiums

The Tunisian state through the Export Risk Guarantee Fund «FGRE» support 50% of insurance premiums relating to insurance contracts for exports to sub-Saharan Africa, according to the presidential decree issued on October 21, 2022.

Index insurance in Tunisia

- The third edition of the advisory workshop dedicated to index insurance in Tunisia was organized by the IFC (International Finance Corporation) on Thursday, November 10, 2022. The objective of the workshop was to present the progress of the project developed by the ICF on the assessment of index-based agricultural insurance in Tunisia. The workshop was attended by representatives of Tunis Re, FTUSA, CGA and the Tunisian insurance market.

- FIDAC announced the start of underwriting for the natural disaster fund for agricultural crops for the season 2022-2023.

FTUSA strengthens its partnerships

The Tunisian Federation of Insurance Companies «FTUSA» has concluded a partnership agreement with the «General Insurance Committee» «CGA» and the University of Paris-Dauphine Tunis to start a Certification Program in Actuarial Science for insurance professionals.

MAGHREBIA acquired 23% of the capital of GAT Assurances

The General Insurance Committee approved on Tuesday 20 December 2022 the participation of MAGHREBIA Group in the capital of GAT Assurances. The operation was carried out through the purchase by MAGHREBIA Group of AfricInvest's participation in the capital of GAT Assurances, estimated at 23%.

Maghrebia Life enters the stock market

The bell of the Tunis Stock Exchange rang on Friday, December 30, 2022 announcing the listing of « Maghrebia Life Insurance « and the start of trading of shares on the main market.

35th edition of the Comar Marathon in Tunis-Carthage

After two years of interruption due to the Covid-19 pandemic, the Comar marathon is back with a new slogan «Run for a green Tunisia» which reveals the various aspects of this event which has become a reference over the years.

NEWS

International

Reinsurance: A complex and frustrating renewal

In a difficult economic and geopolitical environment, the January 2023 treaty renewal was tough, complex and even frustrating. It was characterized by unprecedented price increases and delayed placement.

Several economic factors have had an impact on this renewal. These include, of course, the war in Ukraine, but also other geopolitical tensions and their multiple consequences, including the current inflation wave.

Climate change leads the world concerns for the first time

Over the past five years, climate change has topped the overall rankings every time, except in 2020, when it was dethroned by the coronavirus pandemic. However, in 2022 and for the first time, all experts from all regions (America, Africa, Europe, Asia and the Middle East) place climate change in first place. Geopolitical risks rank second, overtaking cyber and pandemic.

War in Ukraine

The Marine Shipping Industry will be partially without any insurance coverage on January 1, 2023.

Reinsurers have informed P&I clubs, which are providing insurance to shipowners and charterers worldwid, of the exclusion of claims related to the war between Russia and Ukraine. The measure concerns, in the main, the civil liability of charterers of cargo ships and other tankers along with owners of small vessels.

Dubai Aerospace, whose 19 jets are stranded in Russia, is pursuing 11 insurers in London

Aircraft leasing company Dubai Aerospace Enterprise «DAE» has filed a lawsuit in London against 11 insurers, including Lloyd's of London, AIG, Chubb and Swiss Re, two months after it wrote off nearly $600 million for 19 aircraft stranded in Russia.

ACAPS concludes a memorandum of understanding with the Financial Regulatory Authority of Egypt.

The Supervisory Authority of Insurance and Social Security «ACAPS» proceeded, on Thursday, October 20, 2022 in Marrakech, to the signing of a memorandum of understanding with the Financial Regulatory Authority of Egypt «FRA» in the field of supervision and control of the insurance sector.

3rd Libyan International Insurance Forum

The meeting of the third edition of the International Insurance Forum in Libya was held on December 6 and 7, 2022 in Tripoli under the theme: «The way to the development of insurance in Libya».

Tanzanian insurers form a consortium to maintain the country's oil and gas capacity.

A consortium of 22 Tanzanian insurance companies has been formed to insure major oil and gas projects and to maintain the country's oil and gas capacity.

Previously, these oil and gas projects were insured by foreign companies as local insurers could not meet the mandatory minimum capital requirements for individual insurance companies.

CIMA celebrates its 30th anniversary

The Inter-African Conference of Insurance Markets (CIMA) celebrated on December 20, 2022 its three decades of existence in Libreville, its statutory headquarters, in the presence of ministers and delegates from its 14 member countries.

Appointments

- Mr. Emmanuel Badolo has been appointed on October 1, 2022 as Secretary General of the African National Insurance Companies Federation «FANAF».
- Mr. Moruf Apampa was appointed as the Managing Director of NSIA Insurance Limited in November 2022.
- Mr. Simon Price has been appointed on December 1, 2022 as the General Manager of DIFC Insurance Association «DIFCIA».

Events

- The 16th Carthage Insurance and Reinsurance Rendez-Vous: Tunis Re organizes in partnership with the General Union of Arab Insurance «UGAA» and the Tunisian Federation of Insurance Companies «FTUSA» the 16th edition of the Carthage Insurance and Reinsurance Rendez-Vous which will be held from February 5 to 7, 2023 in Djerba under the theme: «The Insurance and Reinsurance industry facing the challenges of climate change and economic pressure: What prospects?».
- The 47th General Assembly of FANAF, the Federation of African National Insurance Companies, will be held from 20 to 25 February 2023 in Kinshasa, Democratic Republic of Congo.
- The 9th Casablanca Insurance Meeting will be held on March 8 and 9, 2023. The topic of the event is: «Motor insurance between technological progress and evolution of mobilities».

Activity Figures of The Tunisian Insurance Market
As at 30.09.2022

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

- The market generated a total turnover of TND 2 409 million, showing an increase of 13,5% over the same period last year.
- Total compensations reached TND 1 157 million up by 6,8% compared to 30.09.2021.
- A total number of issued policies of 2 538 745 with an increase of 6%.
- A total number of reported claims equal to 1 034 741 up by 10,5% over the same period last year.
- Investments reached TND 8 144 million, up by 13,4% compared to 30.09.2021.

In MDT

	2020	2021	EVOL 21/20	30/09/2021	30/09/2022	EVOL 22/21
Turnover	**2 572**	**2 776**	**8%**	**2 122**	**2 409**	**13,5%**
Motor	1 112	1 207	9%	940	1 009	7%
Life	624	694	11%	496	653	32%
Others	836	876	5%	686	748	9%
Claim Charges	**1 349**	**1 497**	**11%**	**1 083**	**1 157**	**6,8%**
Motor	636	671	5%	460	543	18%
Life	204	312	53%	274	193	-30%
Others	509	515	1%	349	420	20%
Nbr of issued policies	**2 712 722**	**2 840 709**	**5%**	**2 394 078**	**2 538 745**	**6%**
Motor	1 577 387	1 669 971	6%	1 467 178	1 543 401	5%
Life	693 918	728 331	5%	530 134	544 700	3%
Others	441 417	442 407	0%	396 766	450 644	14%
Nbr of Reported Claims	**1 209 783**	**1 307 867**	**8%**	**936 118**	**1 034 741**	**10,5%**
Motor	216 966	249 111	15%	198 501	223 822	13%
Others	992 817	1 058 756	7%	737 617	810 919	10%
Investments	**6 843**	**7 513**	**10%**	**7 184**	**8 144**	**13,4%**

Signing of a cooperation agreement between Tunis Re & «Laboratoire Innovation Stratégie Entrepreneuriat Finance et Économie» LISEFE.

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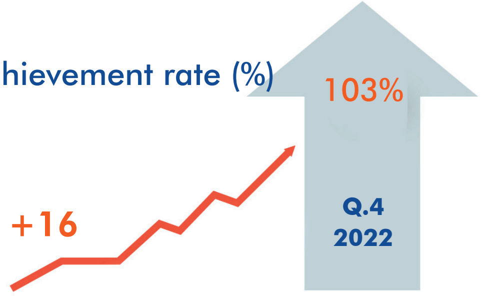
Activity Figures of Tunis Re
4th Quarter 2022

Turnover **189.706** M TND

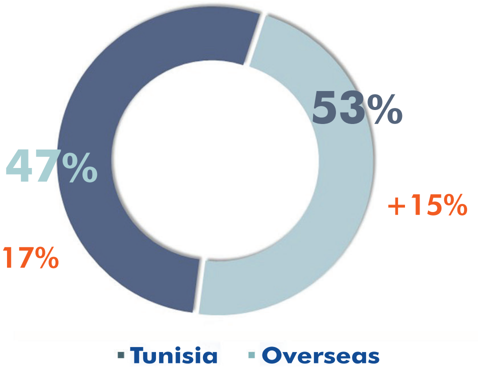
Achievement rate (%)

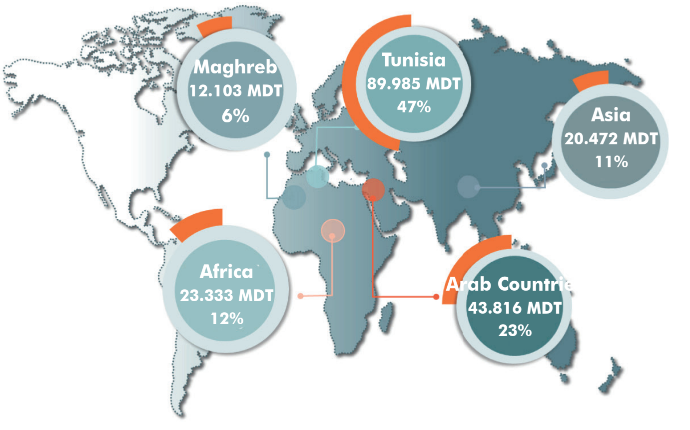


Retention Rate

133.464 M TND

Retained Premium





73.502 M TND

Net Claims Charge

Loss Ratio **61%**

+13.3%

499 M TND

Investments

26.549 M TND

investments Income

Stock market : Figures as at 31.12.2022 of the listed Insurance Companies (In M TND)

Company	Premiums			Gross Claims Charge			Investments		
	Dec-22	Dec-21	Var%	Dec-22	Dec-21	Var%	Dec-22	Dec-21	Var%
STAR	384.336	369.273	4%	267.829	253.165	6%	92.903	91.145	2%
ASTREE	238.338	186.345	28%	125.349	111.320	13%	42.454	41.983	1%
BH Assurance	161.575	147.530	10%	88.139	86.704	2%	22.073	16.386	35%
Maghrebia*	223.348	203.854	10%	108.020	102.516	5%	24.217	19.506	24%
Maghrebia-Vie*	105.318	93.160	13%	42.104	35.866	17%	35.568	31.281	14%
Tunis Re	189.708	163.185	16%	95.876	77.283	24%	26.550	23.426	13%

* Net Claims Charge