

# Tunis Re

## Newsletter

N°45

Second quarter 2023

### The CSR Workshop of Tunis Re held on 31 May 2023



### EDITORIAL

CSR, or Corporate Social Responsibility, refers to the voluntary commitment of companies to integrate social, environmental and economic issues into their strategies and day-to-day activities. The importance of CSR in the insurance sector can be considered from a number of different standpoints.

Indeed, a CSR approach encourages companies to assume their responsibilities towards society by making a positive contribution to respecting the environment, improving conditions of inclusion and diversity in the workplace, and supporting various social initiatives.

By integrating CSR into their strategies, insurance companies will be encouraged to take social and environmental impacts into account, from their underwriting and pricing processes to their investment guidelines.

Such an approach would definitely encourage responsible behavior and consequently reduce environmental risks: Promoting the use of less-polluting vehicles is one example. Responsible investment, particularly in sustainable and ecological projects, is another.

Risk and crisis management are also an integral part of a CSR approach: A proactive CSR approach helps companies to identify and manage potential risks associated with their activities, notably by promoting safety and prevention. Insurance companies can contribute to preventing risks by offering awareness-raising, training and prevention programs to their customers.

A well-planned CSR strategy can enhance a company's reputation, giving it a competitive edge that helps attract talent and strengthen relationships with partners concerned about social and environmental concerns.

In summary, Corporate Social Responsibility (CSR) plays a crucial role in creating sustainable value for both the company and society as a whole. It allows the integration of economic performance and positive social and environmental impact, which has become essential to tackle the challenges of the modern world.

**Lamia Ben Mahmoud**



**By Imen Ben Moussa**

## The Impact of the Russia-Ukraine Conflict on the Insurance Industry

The Russo-Ukrainian war that started in early 2022 has further dimmed the prospects for recovery from the Covid-19 pandemic. The military war has affected a number of sectors, especially the insurance market, which is currently experiencing major effects on several lines of business, such as aviation, marine insurance, cyber-risks, credit insurance and property and casualty insurance.

### 1. The impact of the war on Aviation insurance



**«The world will not be destroyed by those who do evil, but by those who watch them without doing anything.»**

*Albert Einstein*

#### Air industry repercussions

The years 2019, 2020 & 2021 were difficult for the aviation sector. They were marked by flight bans on the Boeing 737 Max following the Ethiopian Airlines and Lion Air crashes, the Covid-19 health crisis and the rise in the price of aircraft fuel. In addition to these challenges, the Russia-Ukraine war, which began in February 2022, has had the following effects:

- **The disruption of air traffic** following the closure of many airports situated close to the conflict zones.
- A number of Western countries prohibited Russian airlines from flying.
- A suspension of Airbus and Boeing from **selling spare** parts to Russia and from **maintaining** the aircraft in the Russian fleets.

■ **The grounding** of Russian aircraft operating in Africa for the **United Nations**.

■ Around 500 aircraft belonging to foreign leasing companies, worth 13 billion dollars, have been confiscated by Russia. The authorities quickly seized the aircraft concerned by decree and gave them new Russian registrations.

**High claims for compensation**

As a result of the confiscation of the aircraft, insurers are facing large claims from air charter companies. For example, the leasing company AerCap has taken legal action in the High Court in London to seek compensation of 3.48 billion dollars from its insurers, namely AIG and Lloyd's, due to the impossibility of recovering 116 aircraft and 23 spare engines seized by Russia.

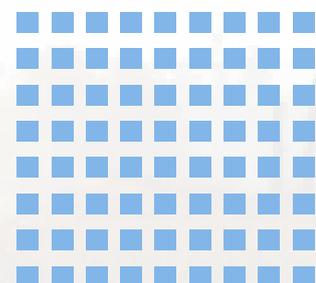
In October 2022, Dubai Aerospace Enterprise (DAE), an aircraft leasing company, initiated legal proceedings in London against 11 insurers and claimed USD 875 million in compensation for its 19 aircraft confiscated by Russia.

**Access to the London market banned**

The UK has banned Russian companies from accessing the aviation and aerospace insurance market in London, the world's largest provider of general and specialty lines of insurance.

**Tightening of insurance conditions**

The «War Risks» insurance policies that were renewed after the outbreak of war have experienced a rise in premiums of around 150% and a fall in the general aggregate due to confiscation. Premiums for other cover are also expected to rise in the coming years as a result of the slowdown in air transport, the loss of some markets and the decline in the number of passengers carried.



## 2. The impact of the war on Marine insurance

### The Russian «shadow fleet»: a new threat to maritime transport



To evade international sanctions imposed on oil, Russia has turned to «shadow fleets» made up of ageing, poorly maintained ships sailing under flag of convenience. In theory, these ships should soon be removed from service, but they are bought back and put out to sea again without having taken out insurance with companies dependent on a G7 country. They can also switch off their transponders, which transmit their position in real time, to avoid being detected at sea. According to estimates, this fleet could number up to 600 ships. An increase in the number of ships could lead to a major disaster, with uninsured loss of life and environmental damage.

#### **Cost and availability of Marine Fuels**

Rising prices and declining availability of marine fuels could lead shipowners to use alternative fuels of inferior quality, resulting in machinery breakdowns.

#### **Port overcrowding**

Rising consumption, health restrictions in China and the invasion of Ukraine have led to unprecedented overloading of ports. This situation is putting additional pressure on crews, dockers and facilities, increasing the risk of accidents.

#### **Crew crisis**

The war in Ukraine has also had an impact on the workforce in the maritime sector, which was already experiencing shortages. The free movement of Russian and Ukrainian seafarers, who account for 14.5% of the world's shipping workforce, has been prohibited. The demand for crews is therefore high in view of the boom in maritime transport. Such conditions encourage human error which, according to Allianz analysis, is implicated in 75% of maritime incidents.

#### **► Withdrawal of a number of insurers and the application of high additional premiums**

Following Russia's invasion of Ukraine, some insurers preferred to withdraw from the Russian market, like the brokers Marsh and Aon. Others continued to operate, offering cover for shipments in the Black Sea and the Sea of Azov at high premium rates. Indeed, these waters have been added to the list of risk zones by the Joint War Committee (JWC) of Lloyd's and the IUA (International Underwriting Association of London) at the same level as Mali, Syria or Nigeria.

## ► P&I Clubs reduce their exposure to the risk of war in Ukraine

P&I Clubs, the association of marine insurers that covers 90% of the world's fleet, has cancelled cover for war risks in Russia, Ukraine and Belarus from January 2023. The measure concerns the civil liability of charterers of cargo ships and other tankers, as well as owners of small vessels.

### 3. The impact of the war on Cyber insurance



The war that started between Russia and Ukraine will be forever memorised as the first hybrid conflict. Hybrid, because it is taking place both on the ground and in digital space **«Cyberspace is a new battleground».**

#### **Cyber attackers, Russia's alternative army against Ukraine**

The head of Ukraine's cybersecurity department has announced that the number of attacks will be three times higher in 2022 than in 2021, when Ukraine recorded 4,500 Russian cyber-attacks. These repeated attacks target in particular the energy sector, logistics, military installations as well as government databases and information resources.

Even before its military attack, Russia had launched a massive cyber espionage operation to prepare attacks and take a census of the entire Ukrainian population, according to the American cybersecurity group Mandiant.

This cyber war then spread to the whole of Europe. Indeed, the member countries of the European Union have seen a spectacular increase in the number of incidents linked to the conflict over the last 6 months, rising from 9.8% to 46.5% of global attacks.

At the same time, the group Anonymous has announced that they are officially engaged in a war against the Russian government. According to the group, they have launched several attacks against government websites and the Russia Today television channel, and said they have hacked a total of more than 2,500 Russian and Belarusian websites.

#### **Increasing cyber risks for the marine sector**

German insurer Allianz has pointed to the increase in cyber risks for the marine sector in the aftermath of the war. Indeed, remote GPS jamming, automatic identification system spoofing and electronic interference represent growing risks that policyholders would have to deal with.

## ► **Impact of war on Cyber risk insurance**

In response to the increase in Cyber risks after the war, insurers increased premiums, raised deductibles and limited the conditions of access to Cyber insurance, even to the point of having excluded Cyber events of Russian or Ukrainian origin from their policies.

## **4. The impact of the war on Credit insurance**

Credit insurance provides protection against the risk of payment default. To put it plainly, it protects against loss of profits due to a major event, non-execution of letters of credit, loss of profits and the associated penalty fees.

The crisis in Ukraine, which is having a major impact on the global economy, is also shaking up the credit insurance sector. In the front line are companies involved in export operations. They are directly affected by the geopolitical situation as well as by the numerous sanctions imposed on Russia by most Western countries.

## ► **Contractual exclusion of war risk**

War risk is classified in the category of political risks for which cover may be granted in addition to credit insurance. However, companies do not cover this risk in the same way and there are exclusions and particularities depending on the geographical areas covered or the nature of the conflict. In this case, all new deliveries must now be subject to a written agreement from the insurers on a case-by-case basis, subject to the companies being able to demonstrate their capacity to carry out their transactions: they must be able to ensure deliveries from a logistical point of view and prove that they can guarantee the payment channels for the goods.

The international sanctions imposed on Russia following the invasion of Ukraine also exclude any cover for an export transaction to a Russian company carried out after the event. As a result, credit insurance companies are unable to indemnify a loss arising from a transaction that contravenes the law.

## 5. The impact of the war on Property insurance

According to the Insurance Code, losses caused by war are not covered by non-life insurance policies, unless agreed explicitly. International companies with assets (factory, warehouse, etc) in Russia or Ukraine would therefore not be covered, unless they have taken out a separate Political Risk policy. However, there are very few insurance companies willing to take out policies of this type in this post-war zone.

The insurance profession has condemned the invasion of Ukraine and its devastating human consequences since the beginning of the war, and insurers have mobilised to show their support for the refugees from Ukraine

### AXA

French insurer AXA has stopped writing new business and stopped all renewals on Russian-owned assets located in Russia. AXA has also donated €6 million to NGOs working in Ukraine and neighbouring countries to support civilians and refugees.

### ALLIANZ

Allianz has finalised an agreement to sell a majority stake in its Russian operations to the local company Interholding, which owns the Russian group Zetta Insurance. This transaction resulted in a loss of around 400 million euros.

### GENERALI

Italy's leading insurance company, Generali, has announced the closure of its Moscow office and the closure of its Europ Assistance subsidiary. The Group has also withdrawn from the board of Ingosstrakh, a Russian insurer in which it holds a 38.5% stake. The Group donated €3m to support refugee programmes in Ukraine. It also gave hosting families with comprehensive home insurance policies the opportunity to cover refugees free of charge.

## 6. The Impact of the war on Tunisian market

Despite its unclear position on the conflict between Moscow and Kiev, Tunisia, which initially displayed neutrality before declaring its support for the withdrawal of Russian forces from Ukraine, has not been spared the repercussions of the current crisis.

Indeed, Tunisia is highly dependent on cereal imports: in 2019, Ukrainian imports accounted for almost 47.7% of Tunisia's wheat imports, while Russian imports accounted for 3.97%.

Tunisia also imports a large part of its energy needs, particularly from Russia: almost 77,000 barrels per day (bpd) of Russian diesel and gas oil in February 2023, compared with 25,000 bpd in December 2022.

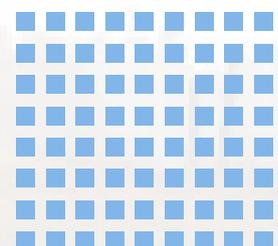
For insurance cover, the Tunisian market excludes from War Risks cover any loss, damage, liability or expense caused by, arising from or in connection with the current conflict between Russia and Ukraine. As for the Ordinary Risks cover, it is underwritten with increased vigilance.

The Russian invasion of Ukraine will have a short, medium and long-term impact on insurers' performance and balance sheets, but it is difficult to assess the overall financial impact of this war at this early stage.

Through international sanctions, the objective of Western countries is not to stifle the Russian economy as a whole but rather to hamper the state's ability to obtain the necessary resources to continue its war in Ukraine.

Not all the sanctions have had the same impact on the Russian economy: stopping exports of technologies such as electronic components, which are crucial to the Russian army, is stronger than imposing restrictions on insurance.

Russia has been able to adapt to these new pressures more quickly than some expected in 2022, but 2023 promises to be more difficult.



# ACTUALITES

## Nationales

### Tunis Re Flash Infos

**Fitch Ratings reconfirms Tunis Re's rating at 'AA'(tun) with Stable Outlook :** Fitch Ratings has reconfirmed, on July 6, 2023, Tunis Re's «IFS» financial strength rating at AA (tun) with Stable Outlook.

Tunis Re's rating highlights the robustness of its strategic position in the Tunisian economy, the efficiency of its Risk Management system, and the effectiveness of its retrocession program in mitigating the volatility of p-rofits resulting from fluctuations in the financial markets.

### CSR Tunis Re's actions:

#### Tunis Re Gold Sponsor of the 1<sup>st</sup> INSURANCE FORUM:

Tunis Re, convinced of the importance of including young students and insurance professionals at the core of all its mentoring and development activities, has sponsored the first INSURANCE FORUM, held on Tuesday April 26, 2023. The event was organized by YCI (YOUTH CLUB INSURANCE), a university club set up by a group of young students from ISCAE Manouba.

Tunis Re has also donated a computer lab at ISCAE Manouba. The initiative is designed to support student training and improve the supervision rate in the insurance sector.

#### - Tunis Re Gold Sponsor of the 2nd edition of the International CSR Forum: RSE POWER FORUM:

Tunis Re has attended the 2nd International CSR Forum, which was organised in Hammamet on 24 and 25 May 2023.

Named «RSE POWER FORUM», it was held under the theme: Digital transformation: Key to a successful CSR strategy.

**-Workshop:** Tunis Re has organised a workshop on 31 May 2023 at the Four Seasons Hotel, Gammarth, a workshop focusing on the theme « The Importance of a CSR strategy for Companies».

The workshop was moderated by leading experts in the matter, namely Messrs. Karim Ben Kahla, University Professor of Management Sciences, and Aimen Ktari, Director at PWC, ESG and Sustainable Development Platform.

The session was opened by Mr Sami Marrouki, Chairman of IRSET and official representative of the United Nations Global Compact network in Tunisia, the workshop was also attended by Olfa Chammari, Head of Strategic Planning and management control at the CDC, and Mr Marouane Ben Said, Central Marketing Director at the Comar-Hayett group.

### 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 at July 25, 2023:

Files Numbers	
Deposits	876
Treated	217
Accepted	173
Approved funds in TND	6 798 340,624
Amounts paid in TND	6 792 692,698

### Al Baraka Bank Group acquires a 19.15% stake in El Amana Takaful

The Financial Market Council has authorised the Al Baraka Group to acquire 270,000 shares with a nominal value of 10 dinars, representing 19.15% of El Amana Takaful's share capital, from «CARTE», & «CARTE Vie»,

### The General Insurance Committee hosts the General Assembly of the African Organisation of African Organisation of Insurance Supervisory Authorities O2ACA.

The General Assembly of the African Organisation of Insurance Supervisory Authorities OACA was held in Tunis from 2 to 4 July 2023 at the Hotel Mövenpick Gammarth. On this occasion, the General Insurance Committee organised a seminar to inform participants about the role of actuaries in the Risk-Based Solvency project and the relationship between the supervisory authorities and actuaries.

### Restitution of IFRS works.

As part of the World Bank's mission to assist and support the Tunisian insurance sector in its transition to IFRS standards, the CGA has organised a workshop on 23 May 2023 to review the work carried out with the participation of the entire market; The restitution work included: a benchmark, the state of progress in the sector and the IFRS roadmap.

### Appointment

- Mr Lotfi Ben Haj Kacem was appointed on 17 May 2023, new General Manager of COMAR Assurances. He succeeds Mr Hakim Ben Yedder, who has been appointed Vice-Chairman of the Board of Directors of the company.

- Mr Mehdi Masmoudi has been appointed new General Manager of of Assurances BIAT, replacing Ms Nejla Harrouch. Ms Nejla Harrouch, who is retiring in June 2023.

# ACTUALITES

## Internationales

### 49<sup>th</sup> AIO Conference in Algiers:

Attendance record for professionals and experts from 70 countries. The 49th Conference and General Assembly of the African Insurance Organisation (AIO) was held from 27 to 31 May 2023 at the Hotel El Aurassi in Algiers, Algeria. The conference was attended by a record 1,800 experts from 70 countries, with the aim of examining the challenges of insurance and food security in Africa. At the end of the conference, Cherif Benhabiles, General Manager of the National Agricultural Mutual Fund (CNMA), was elected President of the African Insurance Organisation (AIO).

### Algeria: A 4.6% growth recorded in the 1st quarter 2023.

The National Insurance Council (CNA) has announced that the national insurance market, all activities combined, has generated, in the 1st quarter of 2023, a turnover of 47.5 billion DA, against 45.4 billion DA, an increase of 4.6%, compared to the same period of 2022.

### Morocco: Increase in premium income in the first quarter of 2023.

The Insurance and Social Security Supervisory Authority «ACAPS» has declared an increase in premiums written by insurance and reinsurance companies that reached nearly 16.6 billion dirhams (MMDH) during the first quarter of 2023, an evolution of 8.6% compared to 2022.

### «FMSAR» becomes the Moroccan Federation of Insurance and reelects Mohamed Hassan Bensalah at its Head.

The Moroccan Federation of Insurance and Reinsurance Companies approved its new denomination «Moroccan Federation of Insurance» during its General Meeting on June 19, 2023, as well as the election of a new Board of Directors. Mohamed Hassan Bensalah was re-elected Chairman while Salaheddine Aji was appointed General Manager of the federation, replacing Bachir Baddou who becomes deputy vice-president.

### Sudan classified as a high-risk country

At the end of April 2023, the London marine insurance market added Sudan to its list of high-risk areas. Any ship sailing in the country will have to pay an additional war risk premium and seek approval from its insurer.

### African Risk Capacity launches the first parametric flood risk insurance product in Africa.

African Risk Capacity (ARC) has launched a new insurance product to help African countries to face the devastating effects of flooding. This parametric insurance product will provide countries with predictable and rapid funding for a swift response to flood disasters.

The Flood model is currently available for Madagascar, Mozambique, Malawi, Côte d'Ivoire, Ghana and Togo, and will be extended to other countries in 2024.

### Saudi Arabia: Medical liability insurance becomes mandatory

Mandatory insurance against medical errors has been implemented for health practitioners, covering several specialties. Professionals are now required to take out a medical liability policy in order to practice their profession.

### UAE to tighten insurance cover for ships flying its flag

The UAE Ministry of Energy and Infrastructure (MOEI) has issued a circular requiring non-members of the International Group of Protection and Indemnity Clubs (IG P&I Clubs) to provide additional information to regulators if they insure UAE-flagged vessels.

### Birth of Eurasian Reinsurance Company

The Russian government has approved the draft law signed in Yerevan on October 20, 2022, concerning the creation of the Eurasian reinsurance company. With an initial share capital of 213 million USD, the new company is expected to start operations in 2023.

### Massive departures from NZIA - the Net-Zero Insurance Alliance

A large number of insurance and reinsurance companies have declared their departure from the climate alliance in recent weeks. They include Munich Re, Zurich Insurance, Hannover Allianz, AXA, Matmut, QBE, Sampo Holdings and Lloyd's of London.

### Appointments

- Mr. Osama Hamhoum has been appointed Chairman and CEO of Umbrella Re, a Libyan reinsurance company, succeeding Mr. Ahmed Elwerfelli.
- Mr Chakib Abouzaid was reappointed Secretary General of the General Union of Arab Insurers (GAIF) for a four-year term.
- Mr Fabrice Brégier succeeds Denis Kessler in the position of Chairman of SCOR. The reinsurer has announced 25/06/2023 the appointment of Fabrice Brégier as non-executive Chairman of its Board of Directors, replacing Denis Kessler, who passed away on June 9.

### Posthumous tribute

Denis Kessler Economist and leading figure in the reinsurance industry, passed away on Friday June 9 2023. May God rest his soul!

## **Mergers & Acquisitions**

- SMABTP and MACSF acquire CCR RE: On 7<sup>th</sup> of July 2023, the consortium formed by the SMABTP and MACSF groups finalised the acquisition of a majority stake (75%) in CCR RE, the second French reinsurer, after obtaining the necessary authorisations from the regulatory authorities.
- SUNU group completes acquisition of BICIS: The pan-African Sunu, the pan-African financial services group, announced on 28 April 2023, the completion of the process to acquire Banque Internationale pour le commerce et l'industrie du Sénégal (Bicis).
- Sanlam Assurances Vie Togo becomes NSIA Vie Assurances Togo: Sanlam Assurances Vie Togo adopted a new name, becoming NSIA Vie Assurances Togo in April.

## **Events**

- The 45<sup>th</sup> Annual Conference of the OESAI will be held from 27 to 31 August 2023 in Mauritius.
- The September Rendezvous will be held from 09 to 13 September 2023 in Monte Carlo.
- Tunis will host the **27<sup>th</sup> African Reinsurance Forum** to be held from 30 September to 4 October 2023. The event will be jointly organized by the Tunisian Federation of Insurance Companies «FTUSA» and «Tunis Re».
- The 5<sup>th</sup> Sharm El Sheikh Rendez-Vous will be held from 17 to 19 September 2023 at Rixos Premium Seagate, Sharm El Sheikh (Egypt).

# Activity Figures of The Tunisian Insurance Market As at 31.03.2023

At **31 MARCH 2023** The Insurance sector in Tunisia has been characterized by :

(M TND)

	2021	2022	Evol 22/21	31/03/2022	31/03/2023	Evol 23/22
<b>Turnover</b>	<b>2 833</b>	<b>3 147</b>	<b>11%</b>	<b>1 000</b>	<b>1 075</b>	<b>8%</b>
Motor	1 202	1 282	7%	436	459	5%
Life	722	879	22%	203	213	5%
Others	909	986	8%	361	404	12%
<b>Claim charges</b>	<b>1 636</b>	<b>1 639</b>	<b>0%</b>	<b>386</b>	<b>394</b>	<b>2%</b>
Motor	714	761	7%	176	183	4%
Life	342	295	-14%	83	72	-13%
Others	579	583	1%	127	139	9%
<b>Nbr of ussed policies</b>	<b>3 042 096</b>	<b>3 363 409</b>	<b>11%</b>	<b>904 999</b>	<b>963 265</b>	<b>6%</b>
Motor	1 813 067	1 923 522	6%	552 470	573 116	4%
Life	728 571	877 188	20%	205 033	235 482	15%
Others	500 458	562 699	12%	147 496	154 667	5%
<b>Nbr of reported claims</b>	<b>1 293 760</b>	<b>1 405 796</b>	<b>9%</b>	<b>371 383</b>	<b>397 554</b>	<b>7%</b>
Motor	268 779	292 170	9%	74 346	76 868	3%
Others	1 024 981	1 113 626	9%	297 007	320 686	8%
<b>Investments</b>	<b>7 550</b>	<b>9 070</b>	<b>20%</b>	<b>7 907</b>	<b>9 161</b>	<b>16%</b>

# Activity Figures of Tunis Re

## 2<sup>nd</sup> Quarter 2023

**Turnover**

**105.407 MDT**

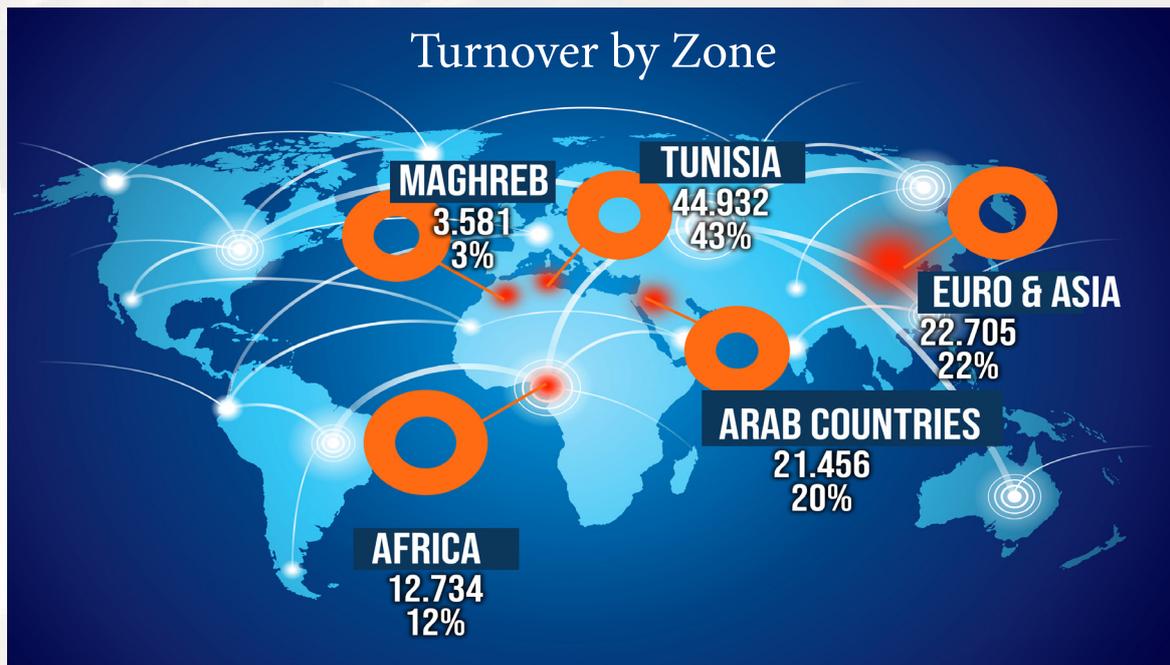
**+16%**

**Retained Premium**

**84.579 MDT**

**Retention Rate**

**80%**



**47.709 MDT**

**Net Claims Charge**

**55%**

**Loss Ratio**

**Investments**

**Investments income**



**479.287 MDT**



**14.590 MDT**

**Figures as at 30 June 2023 of the listed Insurance Companies (TND Million)**

Companies	Premiums			Gross Claims Charge			Investments		
	June-23	June-22	Var%	June-23	June-22	Var%	June-23	June-22	Var%
	STAR	212.665	209.924	1%	135.499	156.676	-14%	59.591	52.578
ASTREE	148.180	154.687	-4%	68.477	45.647	50%	28.212	19.740	43%
BH ASSURANCE	91.260	86.727	5%	50.346	45.689	10%	13.014	9.197	42%
MAGHREBIA *	143.535	130.128	10%	71.261	58.287	22%	17.377	13.083	33%
MAGHREBIA VIE *	55.969	50.820	10%	20.366	18.159	12%	20.356	18.568	10%
AMI	87.257	111.015	-21%	46.511	53.954	-14%	18.564	14.038	32%
TUNIS RE	105.407	91.149	16%	83.594	42.528	97%	14.136	12.641	12%

\* Net Claims Charge

Happy Retirement to our dear colleague  
 Mrs Nadhira Ben Hamouda, née Ben Temmessek.



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