



EDITORIAL

In view of the background of uncertainty generated by the political dysfunction impacting the dynamics of the social, economic and financial crisis, we can believe that the insurance sector in Tunisia is not performing at peak. Paradoxically, this sector is apparently doing quite well. For proof, the overall average growth of the insurance sector during the last five years is 9.6% against GDP growth of 1.9%. Life insurance has maintained over recent years, a steady growth rate: 13% in 2018, 18% in 2017, 24% in 2016 and 12% in 2015.

The reforms and the organization of the profession, aiming to raise the contribution of the insurance sector to financing the economy, should help it in developing the investment and mobilizing the savings.

The overall written premiums amounted 2,228.2 MTD in 2018 against 2,088.6 MTD in 2017 achieving therefore, an increase of 6.7%.

Life insurance, with a constantly increasing market share, is still modest (22.5% in 2018 compared to 21.2% in 2017, 20.2% in 2016 and 18% in 2015), despite recording a noticeable evolution of 13% in the year 2018.

The claims situation has not actually improved, and the sector experienced several significant losses in 2018, mainly of catastrophic nature: both natural and human made, essentially affecting the fire and marine classes.

Actually, the fire loss experience is increasingly becoming alarming, and utmost vigilance is required in terms of risk inspections and ongoing reinforcement of the preventive measures.

In this context and thanks to its adequate underwriting strategy and controlled risk management, Tunis Re improved its turnover in 2018 by 16.7% against an aggravation of the net claims expenses by 23%.

Tunis Re is prestigious by its history, 38 years now, great by its achievements and glorious by the shareholders support and the contribution of its employees.

In conclusion, we hope that the year 2019 will be messenger of stability, prosperity and well-being in the world.

Lamia Ben Mahmoud

Life Insurance Products: Time For Innovation

We can consider that life insurance is the latest development of the "insurance parent-company". The birth and development of life insurance is quite recent. Nowadays, the prospects for success of this insurance are greater and its usefulness no longer seems to show. To the point that customers are for the most part convinced of the importance of such insurance. If policyholders are charmed by life insurance, it is because it has been able to evolve and adapt to the new needs of the insureds.

Fear of the future has been to the benefit of life insurance

Successive economic crises are undoubtedly another reason to boost customers to buy life insurance. In addition, the economic situation that is deteriorating in several markets encourages little more households to worry about the future.

What is certain is that there is an awareness of the fragility of pension system. It is in this context of anxiety that life insurers have been offering their policyholders since the 1990s what neither the future nor the state could guarantee them.

Consequently, the concept of bancassurance is developing; traditional insurers and private investor companies (generally in Europe and North America) are offering more and more life insurance.

Why the life insurance market must innovate

In life insurance, the most widely used products are more than 40 years old. You have to propose something new! In a constantly changing environment, faced with a low interest rate environment, insurers have a very important duty to innovate to meet customer needs.

Factors that drive innovation

- **Products that are more than 30 or 40 years old:** distribution in the 1970s of single-support policies and in the 1990s of the first multi-support policies.
- **A low interest rate environment:** the fall in sovereign bond yields is weighing on the return paid to policyholders.
- **Increased competition** with other savings products or between distribution channels (bancassurance, traditional or mutual insurers)
- **The digitalization of banking and insurance relationships:** it affects native digitals as well as older generations, or even older policyholders who are rapidly converting to Internet culture.

However, insurers did not wait to innovate: in addition to the variety of annuities, new products have boosted the offer. Like affinity life insurance policies: such as Euro-growth, Generation Life insurance or new generations of Unit-linked policies, new services and increasingly digitalized distribution have emerged.

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Life insurance has a bright future ahead of it, especially in the digital age

As the generation of digital natives invades markets, life insurance must take advantage of the promotion potential of this digital world: this is one of the ways of online life insurance. «We must look for young people in social networks who are not interested in life insurance at all».

The main innovations in life insurance

■ **Euro-growth contracts:** More dynamic than a traditional euro fund, these contracts have the particularity of offering both Euro and Unit-linked fund support. The expected return is one point higher than in euro funds and the capital is guaranteed in the long term, after 8 years. Euro-growth contracts offer performance and security. Holders of a «traditional» life insurance policy have the option of transferring their existing policies to a Euro-growth policy, without losing their tax precedence.

Like a life insurance policy, funds are available at any time upon partial or total withdrawal of the policy.

■ **Generation Life contract:** This contract is invested in Unit-linked policies and aims to finance investments in companies with fewer than 5,000 employees and to finance the social and solidarity economy. This contract offers an inheritance tax advantage with an additional abatement of 20% in case of death.

■ **Life Invest:** long-term savings products with an insurance dimension, such as life insurance policies with guaranteed income. At the forefront of this product since 1996 in the United States, some insurers have refocused, after the crisis of the mid-2000s, on markets with high potential: The United States, Japan, the United Kingdom, Switzerland and France.

■ **Horizéo contract (new generation):** Another novelty previously reserved for high-end contracts, prepared for the Banque Populaire network. Degressive pricing, which allows management fees to be indexed according to the level of outstandings in the contract.

■ **Universal Life:** this type of insurance is flexible; nothing is paid in advance. You can pay as much as you want, whenever you want. You do not know what you will get back at maturity: it will depend on what you have paid and the interest rates on those payments. Universal Life insurance is comparable to a savings account.

Another innovation is that insurers have refined (structured or diversified) their Unit-Linked contracts: new names, merging of supports; «The goal is to develop the range in the future while maintaining its simplicity and clarity», which has enabled a major step towards Unit-Linked contracts since 2013.

Life insurance has long been considered a good financial investment with a comfortable rate. Today, it is losing its attractiveness in terms of performance. Low rates will no longer be enough.

Will insurers succeed to innovate, not only in terms of new products, but also in terms of new services and distribution increasingly digitalized?

Indicators of life insurance by zone and by market

USD

Penetration Rate	2016	2017	Density	2016	2017
Worldwide	3.47%	3.33%	Worldwide	353	353
Europe	3.99%	3.77%	Europe	961	965
Africa*	1.85%	2.00%	Africa*	34	36
South Africa	11.52%	11.02	South Africa	616	674
Middle East	0.34%	0.36%	Middle East	70	80
Maghreb	0.62%	0.64%	Maghreb	19	20
Morocco	1.42%	1.43%	Morocco	41.9	43
Tunisia	0.36%	0.42%	Tunisia	13.2	14
Algeria	0.07%	0.07%	Algeria	2.5	3

* : Average of the main African markets

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million USD

Turnover	2016	2017
Worldwide	2 581 972	2 657 270
Europe	850 956	858 025
Africa	40 771	44 899
South Africa	33 890	38 286
MENA	7 095	7 103
Maghreb	1 737	2 118
Morocco	1 457	1 820
Tunisia	175	181
Algeria	102	117

Life Insurance in Tunisia:

The life sector has experienced significant development in recent years, achieving a growth rate of 17.8% over the past five years. Although its share of the insurance market is 22.5% compared to 21.2% in 2017, 18% in 2015 and 15.7% in 2013, it remains far from the international average of 54% in 2017. All efforts are being made to promote this sector, especially in terms of retirement and savings plans as to bring it to the international average level.

MDT

	2014	2015	2016	2017	2018
Turnover	270.2	302.1	374.7	442.3	500.6
Market share	17.40%	18%	20.20%	21.20%	22.50%
Evolution	22%	12%	24%	18%	13%

Tax issue

It is true that life insurance in Tunisia has so far benefited from fairly advantageous tax conditions. Today, the position of social funds following various interpretations of the texts on social advantages under Decree No. 2003-1098 of 19 May 2003 does not consider capitalisation, mixed and other contracts as life insurance contracts and, as a result, employers' premiums under these contracts are subject to social security contributions. This also includes the retroactive application of the provisions of the Finance Act of 2014 that require a minimum contribution from the employee in order to benefit from the tax advantage.

Conclusion

Life insurance has become the most promising insurance in this industry. Life insurance policies are becoming more and more popular and after a difficult beginning, it seems that nothing can stop its success. Those are not compulsory insurance and yet almost half of the households already benefit from it.

By Mounir El Behi

Stock market : Figures as at 31.03.2019 of the listed Insurance Companies

(in M TND)

Company	Premiums			Losses			Investments		
	March-19	March-18	Var %	March-19	March-18	Var %	March-19	March-18	Var %
STAR	127.182	127.862	-0.5%	86.664	55.100	57.3%	15.640	11.748	33.1%
ASTREE	59.850	54.717	9.4%	10.920	9.347	16.8%	6.358	4.904	29.7%
SALIM	37.106	35.126	5.6%	12.251	11.593	5.7%	3.146	2.322	35.5%
Tunis Re	56.687	45.638	24.2%	9.408	6.013	56.5%	5.664	4.570	23.9%

ACTIVITY FIGURES

Tunis Re

Activity Figures of Tunis Re: 1st Quarter 2019

In TND

	1 st Quarter 2018	1 st Quarter 2019	As at 31.03.2018	As at 31.03.2019	2018
PREMIUMS					
Acceptance					
Life & Non Life	42 444 448	50 985 206	42 444 448	50 985 206	127 715 827
Retakaful	3 193 251	5 701 804	3 193 251	5 701 804	14 321 381
TOTAL	45 637 699	56 687 010	45 637 699	56 687 010	142 037 208
Retrocession					
Life & Non Life	19 377 461	25 576 691	19 377 461	25 576 691	52 403 452
Retakaful	895 856	2 204 901	895 856	2 204 901	3 675 763
TOTAL	20 273 317	27 781 592	20 273 317	27 781 592	56 079 215
N E T	25 364 382	28 905 418	25 364 382	28 905 418	85 957 993
ACQUISITION COSTS					
Acceptance					
Life & Non Life	10 410 808	12 709 174	10 410 808	12 709 174	31 610 069
Retakaful	994 871	1 519 235	994 871	1 519 235	3 305 657
TOTAL	11 405 679	14 228 409	11 405 679	14 228 409	34 915 726
Retrocession					
Life & Non Life	7 111 037	8 858 351	7 111 037	8 858 351	12 183 034
Retakaful	445 869	893 497	445 869	893 497	1 013 876
TOTAL	7 556 906	9 751 848	7 556 906	9 751 848	13 196 910
N E T	3 848 773	4 476 561	3 848 773	4 476 561	21 718 816
INCURRED LOSSES					
Acceptance					
Life & Non Life	5 732 146	8 710 220	5 732 146	8 710 220	114 331 494
Retakaful	280 559	698 205	280 559	698 205	10 221 331
TOTAL	6 012 705	9 408 425	6 012 705	9 408 425	124 552 825
Retrocession					
Life & Non Life	1 849 710	4 810 561	1 849 710	4 810 561	65 156 123
Retakaful	92 979	406 234	92 979	406 234	1 722 565
TOTAL	1 942 689	5 216 795	1 942 689	5 216 795	66 878 688
N E T	4 070 016	4 191 630	4 070 016	4 191 630	57 674 137
FINANCIAL INCOME					
	1 st Quarter 2018	1 st Quarter 2019	As at 31.03.2018	As at 31.03.2019	2018
Financial Income	4 480 098	5 544 052	4 480 098	5 544 052	21 446 589
Financial Income Retakaful	89 515	119 489	89 515	119 489	396 912
TOTAL	4 569 613	5 663 541	4 569 613	5 663 541	21 843 501

The highlights having marked the activity during the 1st Quarter of 2019

- A 24% increase in the turnover compared to 31st mars 2018. This increase is perpetrated for almost all classes, due to the development of the portfolio both in the Tunisian and foreign markets.
- The Retakaful business recorded a consistent growth in turnover of 78.5%, climbing from 3.193 M TND at 31.03.2018 to 5.701 M TND at 31/03/2019.
- The achievement rate of turnover at 31 march 2019 reached 37% of the targets set for the year 2019.
- An increase of 14% in the premiums net of retrocession compared to the first quarter of 2018 to reach 28.905 M TND. The retention rate is of around 51%.
- A slight increase in the net claim expenses by 3%, compared to the same period of 2018
- The retro recoverable losses contributed 55.4% of the total gross claim expenses.
- The financial income was up sharply by 24% compared to 31.03.2018. These revenues include the interests accrued and not yet paid (for both years 2018 and 2019). They do not take into account the interest on deposits with ceding companies.

Tunisian Market

At December 31st, 2018, The Insurance sector in Tunisia has been characterized by :

- The market generated a total turnover of TND 2 228.2 million, showing an increase of 6.7% over the same period last year.
- Total indemnities has reached TND 1 178 .6 million reporting an increase of 12.2% compared to 31.12.2017.
- A total number of underwritten policies of 2 556 974 with an increase of 4.1%.
- A total number of reported claims equal to 1 517 365 representing an increase of 4.9% over the same period last year.
- Investments have reached TND 5 437.5 million, up by 11.2% compared to 31.12.2017.

Activity Figures of The Tunisian Insurance Sector as at 31.12.2018

in M TND

	2016	2017	Evolution	31/12/2018	Evolution
Turnover	1 855.3	2 088.6	12.6%	2 228.2	6.7%
Motor	835.0	940.4	12.6%	975.5	3.7%
Life	374.7	442.5	18.1%	500.6	13.1%
Others	645.6	705.7	9.3%	752.1	6.6%
Claim Charges	1 017.6	1 050.6	3.2%	1 178.6	12.2%
Motor	567.4	575.3	1%	626.4	8.9%
Life	116.3	136.5	17%	159.7	17.0%
Others	333.9	338.8	1%	392.5	15.9%
Nbr of underwritten policies	2 393 265	2 456 116	2.6%	2 556 974	4.1%
Motor	1 484 114	1 513 393	2.0%	1 547 157	2.2%
Life	478 806	497 210	3.8%	532 973	7.2%
Others	430 345	445 513	3.5%	476 844	7.0%
Nbr of Reported Claims	1 252 683	1 446 121	15.4%	1 517 365	4.9%
Motor	259 475	278 012	7%	293 475	5.6%
Others	993 208	1 168 109	18%	1 223 890	4.8%
Investments	4 537.7	4 891.2	7.8%	5 437.5	11.2%
Non-Life	3 242.3	3 327.0	2.6%	3 676.0	10.5%
Life	1 295.4	1 564.2	20.8%	1 761.5	12.6%

National

Tunis Re Flash Infos

- **Fitch Ratings** has assigned, on February 18, 2019, The Tunisian Reinsurance Company «**Tunis Re**» a National Insurer Financial Strength (IFS) Rating of «**AA-** (tun)» **Very Strong** with Stable Outlook.

This rating has further supported the financial credibility of the company and comforted its international diversification.

- Tunis Re organized, on March 19, 2019, a workshop on : «The New Reference Pricing in Enterprise Risk Insurance» including a presentation of the relevant pricing software «TunisRe Inc V.01.1».

- True to its social commitment, Tunis Re sponsored the 4th edition of the Entrepreneurial Women's Awards of the year 2019, which took place on April 3rd, 2019 in Tunis.

- Tunis Re organized its Team Building on March 22, 2019 in Hammamet and celebrated at the same time its 38th anniversary.

Compensation of damages caused to the economic enterprises by floods

The law No. 2019-24 of 12 March 2019 broadened the scope of the Insured Guarantee Fund «FGA» in order that it contributes, temporarily and within the limits of its resources, to the compensation of property damages suffered by economic and commercial enterprises, resulting from the last floods of Nabeul.

For a prudential risk-based supervision

The General Insurance Committee «CGA», jointly with the Prudential Control and Resolution Authority «ACPR» and the International Association of Insurance Controllers «AICA/IAIS», organized a seminar from 12 to 15 March 2019 for French-speaking insurance supervisors in the MENA region and sub-Saharan Africa on the theme of: «Implementing risk-based prudential supervision. What returns? What lessons?».

Medical Malpractice Liability, a solution is needed

The death of 15 newborns in the neonatal center of a public hospital in Tunis last March, has revived the issue of medical malpractice liability in Tunisia. It is now urgent to create a clear legal framework for liability and compensation of accidents and medical malpractice.

Conventions between INLUCC and the Tunisian financial sector

Aiming to ensure an optimal control, a complete transparency of the financial sector and a strong coordination within the inspection bodies, the Anti-Corruption Body «INLUCC» signed on 26 March 2019 several agreements with the General Insurance Committee, the Tunisian Federation of Insurance Companies, etc.

Tunisia, the 20th permanent member of COMESA

The Tunisian Parliament approved on March 27, 2019, the accession of Tunisia to the Common Market of Eastern and Southern Africa «COMESA».

Tunisia will thus systematically have access to the free trade zone that includes, besides «COMESA», the East African Community «EAC» and the Southern African Development Community «SADC».

International

The Algerian Insurance Market in 2018

The total turnover of the Algerian insurance market increased slightly by 2.22% as at 31.12.2018 compared to 2017, being 142.6 billion DZA (1.05 billion €). And this is due to the increase in property classes, including «Motor» and «Gen. Acc», which generated a turnover of more than 126 billion DZA (0.936 billion €), up 3.2% over the last year.

AAISA: 1st annual meeting

The Supervisory Authority of Insurance and Social Welfare «ACAPS», organized the 1st annual meeting of the Association of African Insurance Supervisory Authorities «AAISA» from March 31st to April 1st, 2019 in Casablanca, Morocco.

Cat-Nat cover in Morocco

The draft decree implementing Law No. 110-14 dated August 25, 2016, and establishing an insurance cover for natural disaster, was adopted by the Moroccan Government on March 21, 2019.

DRC: Approvals granted to «RAWSUR» & «RAWSUR Life»

The Board of Directors of both «Rawsur SA» and «Rawsur life» have officially announced on Thursday, March 28th, 2019 obtaining their approvals, by the Insurance Regulatory and Control Authority (ARCA), to operate as Insurance Companies in the Democratic Republic of Congo (DRC).

Tropical Cyclone «Idai» has wreaked havoc in Southern Africa

The cyclone «Idai» which mainly affected Mozambique and Zimbabwe in March 2019, caused more than a thousand deaths and two million disaster victims according to preliminary estimates released by the local authorities and the UN.

Plane crash «Boeing 737 Max» of Ethiopian Airlines

Many reports confirmed that «Chubb» was the leading insurer of the Ethiopian Airlines Flight No. 302 loss and Willis Towers Watson «WTW» was the broker. The crash, which occurred on March 10, resulted in the death of 157 passengers and all members of the crew. It is worth noting that, following this second crash, American-manufactured-aircrafts Boeing 737 MAX were banned from flying in many countries around the world.

Acquisitions & Mergers:

- SCOR Global Life SE and SCOR Global P&C SE has completed their merger into the new entity under the name SCOR SE.
- Aon has abandoned its efforts to pursue an all-share business combination with Willis Towers Watson, in view of the Irish regulatory requirements.

Appointments

- Mr. Essam Al Ansari is nominated as the CEO of Takaful International Co.

Events

- The AIO will hold its 46th Annual Conference and General Assembly from 9 to 12 June 2019 in Johannesburg, South Africa under the theme: «Insurance penetration in Africa: insuring the non-insured».
- Africa Re will hold its 41st Annual General Meeting from the 15th to 17th of June 2019 in Tunis.

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