

EDITORIAL

Global Insurance:

In 2019, insurers experienced positive growth both in terms of collected premiums and investment income. This growth may not be sustained in 2020 as the economic and social repercussions of COVID 19 is predicted to dampen the expected growth and involve major challenges for the majority of insurers and reinsurers around the world.

The exceptional nature of this crisis makes anticipating its direct consequences on the insurance sector difficult;

The data available as at the first quarter 2020 show that the impact on premium growth varies by country and by line of business: some lines were affected; particularly the Motor, Aviation, Loss of Profit, Marine Cargo and Life Insurance.

Insurance companies are facing a real change on both coverage requests and claims level.

In addition, event cancellations have hardly affected the reinsurance operators; i.e. It was revealed that both Swiss Re and Munich Re had large exposures to the cancellation of the Tokyo Olympics of around \$250mn and \$500m respectively.

Trend towards downgrading the ratings : The performance of reinsurers in 2020 will be affected not only by the losses recorded in the different business lines which are allocated to liabilities, but also by the high volatility of the financial markets and by the low return on investments which would affect their assets. The rating agency S&P does not exclude reviewing the financial ratings of reinsurers whose the current year's losses would eat up all the profit and absorb the capital.

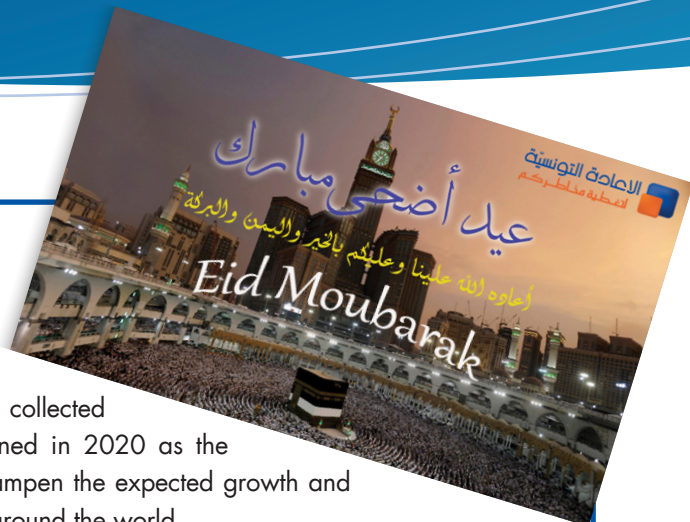
At the National Level, the negative impact of Covid 19 has affected the economic and financial indicators now under pressure. In contrast, despite the slowdown in the rate of growth of the economy, the Tunisian insurance sector recorded in the 1st quarter of 2020 total written premiums of 866 MTD compared to 765 MTD in the same period of 2019, thereby achieving an increase of 13%. However, the market is still influenced by the Motor insurance that generated more than 43% of premiums. Life insurance, with a steadily increasing share of market is still at a modest level, despite the exceptional increase of 32% recorded at a delicate context during the 1st quarter 2020.

Cumulative investments in the Tunisian insurance sector increased in the 1st quarter of 2020 by 9.7% to reach 6,087 MTD.

At the same time, even with the highly competitive national and regional environment and the fragile political and economic context, Tunis Re has managed to consolidate its volume of activity by strengthening its position locally and internationally and by maintaining its turnover stable as of June 30, 2020 at 83 MTD.

Likewise, the technical and financial rating of Tunis Re was upgraded to AA (very strong) with stable outlook by FitchRatings, which has reevaluated several companies in the sector in order to assess the impact of the COVID crisis on their activity, thus confirming Tunis Re's level of responsiveness and its financial solidity in facing crises.

Lamia Ben Mahmoud



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What insurance for Photovoltaic panels ?

"The nation that leads in renewable energy will be the nation that leads the world."
James Cameron



«Investing in renewable energy is investing in a sustainable and profitable future, as demonstrated by the incredible growth of renewable energy over the last ten years» this is what Inger Andersen, Executive Director of the United Nations Environment Program, said at the United Nations Climate Action World Summit in September 2019.

In this context and according to the report on "Global trends in renewable energy investment for the year 2019" published ahead of this event, the global investment in new renewable energy capacities during 2010- 2019, is expected to reach \$ 2.6 trillion. This investment saw the capacity of renewable energies quadruple from 414 GW at the end of 2009 to 1,650 GW at the end of 2019.

By Monia Ghali Ben Said

Beyond the environmental challenge to which they respond, renewable energies help to diversify energy sources. In a context where fossil fuels are becoming inevitably scarcer, renewable energies constitute a privileged axis of development.

What are the sources of renewable energy ?

As their name indicates, these are sources that renew themselves and therefore will never run out over human time. Non-renewable sources are fossil fuels such as petroleum, coal and gas, the limited deposits of which can be exhausted. Renewable sources are solar, wind, hydro, geothermal, marine and biomass energy.

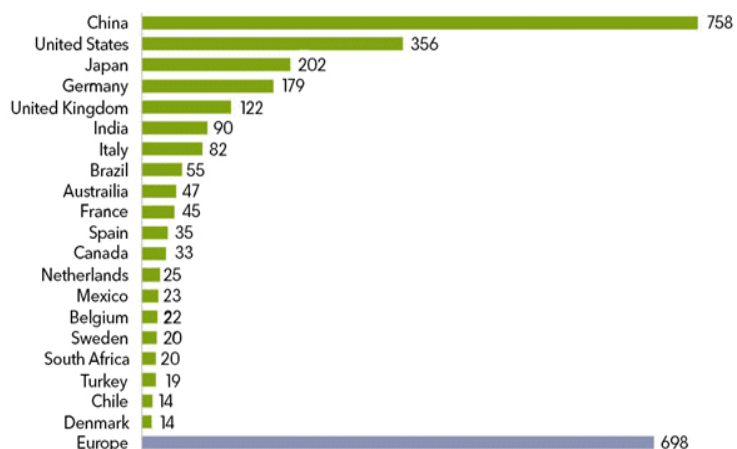
Focus on solar energy :

One of the most publicized renewable energies today is solar energy; available, inexhaustible and clean, solar energy is a renewable energy that is experiencing considerable growth.

Every day, the earth receives in the form of solar energy the equivalent of the electricity consumption of the whole earth for more than 20 years. Photovoltaic technology transforms this energy into electricity using solar panels. This transformation takes place without noise and without gas emissions: it is therefore by nature totally clean.

"Investing in renewable energy is investing in a sustainable and profitable future"

Investments in renewable energy by country, 2010 to the first half of 2019, in USD billions



Source: Global Trends in Renewable Energy Investment 2019, based on data from BloombergNEF

According to the graph above, solar energy would have mobilized half of renewable energy investments in 2019, namely 1.3 trillion USD. Solar capacity alone would have increased from 25 GW at the start of 2010 to 663 GW at the end of 2019.

With US \$ 758 billion, China has been by far the largest investor in renewable energy capacity during this decade; Next come the United States and Japan.

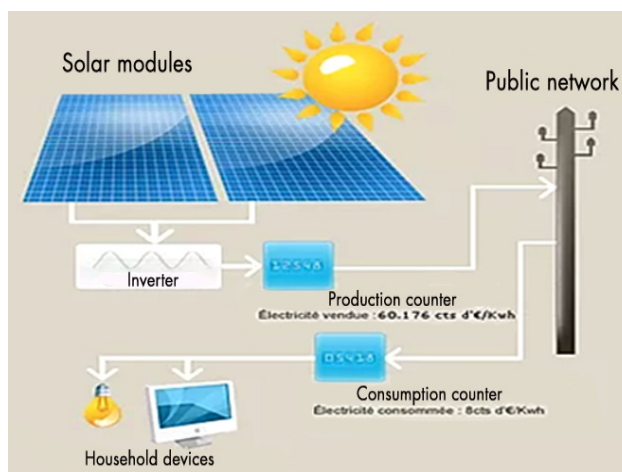
Europe as a whole, invested \$ 698 billion in renewable energy capacity over the same period, with the bulk of it coming from Germany and the UK.

Photovoltaics: how does it work ?

Photovoltaic panels consist of a multitude of cells, composed either of crystalline silicon wafers or of thin films of silicon and metal.

Three elements are required for a photovoltaic installation: solar panels, an inverter and a counter; These three elements make it possible to recover the energy transmitted by the sun, transform it into electricity and then distribute it to all customers connected to the network.

“Investors have started to set up real solar farms dedicated to energy production. Insurers have followed suit, by supporting their clients and adapting their guarantees”



Photovoltaic solar energy can be summed up in two main markets;

- On the one hand, “**roof photovoltaic**”: the installation of small and medium-sized panels on houses, industrial sheds, car parks, hypermarket buildings, etc., whose capacity is generally limited to less than 10 kW. These panels can either be integrated into the roof, which can optionally provide coverage instead of a conventional roof, or added «superimposed» on the roof or on the facade (a kind of «cladding»).
- On the other hand, **photovoltaic farms** which consist of panels mounted on piles fixed to the ground, generally over several hundred hectares; they are of great power which can reach hundreds of megawatts.

Many professionals and individuals have invested in solar panels to make profit from their roofs or lands. At the same time, investors have started to set up real solar farms dedicated to energy production. Insurers have followed suit, by supporting their clients and adapting their guarantees.

Photovoltaic installations involve numerous guarantees both liability and damage, during the installation as well as the operation phases.

“The photovoltaic risk is a complex risk, on the border between industrial and construction risks”.

Photovoltaic insurance :

The photovoltaic risk is a complex risk, on the border between industrial and construction risks.

For individuals, photovoltaic panels on the roofs of houses can be insured under their Household Insurance policy following an additional premium.

The main insurance covers are damages following the fire and natural events, theft or vandalism, deficient weatherproofing and liability.

In a photovoltaic power plant, part of the insurance relates to construction, another to the insurance of industrial processes and another to special risks.

The installer who is the prime contractor as well as the owner or operator of the plant, also called the project manager, are called upon to underwrite insurance contracts during the construction and operation of the plant.

- Insurance for the prime contractor (Installer)

- Photovoltaic decennial (Inherent Defect) insurance Liability: it insures all the work carried out, that is to say weatherproofing, coverage and electricity.
- Professional Liability Insurance: it guarantees against damage caused by the installation to a third party in the event of operational malfunctions.
- CAR / EAR insurance

- Insurance for the project manager : (Operator)

- Damage to works insurance: It guarantees, without any liability, the repair work for the damages caused, for which the installers would be liable under their Decennial liability.
- Operating Liability: It guarantees bodily injury, material and immaterial damage during the operation of the plant.
- Business interruption insurance: It guarantees the loss of turnover following a guaranteed loss (Fire, Explosion, climatic event, etc.)

The photovoltaic sector and more generally the renewable energies industry, represents a specific market of insurers and brokers, who have chosen to be interested in.

Some insurers offer specific insurance for photovoltaic power plants such as the “**PVAL**” Photovoltaic All Risks” policy which is a form of “All Risks Except”.

What about the loss experience of photovoltaics?

Photovoltaic installations are characterized by exposure to the risk of fire. Particularly difficult to control, the latter always causes significant damages. The module, often difficult to access, continues to produce electricity during fire and the intervention of the firefighters becomes complex and risky. That’s why specialist insurers make use of drones that are capable of operating in dangerous areas for the management of fire claims.

To prevent and limit the risks associated with photovoltaic installations, these insurers place drones at the heart of their prevention services. They hence propose quality control measures for the installations, making it possible to verify the proper functioning of the installation and to inspect the photovoltaic panels they insure, using drones. The images captured by optical and thermal cameras are used to identify malfunctions or manufacturing defects that could be the cause of fire, or installation problems that could lead to infiltration. They can therefore set up corrective solutions if necessary.

But from a purely statistical point of view, fire, which is the costliest risk, accounts for only 10 to 20% of claims affecting photovoltaic panels. The majority of claims relate to infiltrations, the origin of which is mainly due to execution errors; then come electrical malfunctions which mainly originate from a fault in the product (the module or the junction box) or an execution fault (connection or installation error of the inverter).

Photovoltaics in Tunisia

The solar photovoltaic energy market in Tunisia has grown since the late 1990s.

Given the promising prospect of solar photovoltaic power, Tunisia seeks to develop this technology at the national level, especially that it has favorable sunlight conditions.

For this purpose, and to achieve its objectives, Tunisia has put in place a new regulatory framework through the promulgation, in 2015, of the 2015-12 law relating to the production of electricity from renewable energies through three regulatory regimes, namely: self-consumption, authorizations through calls for projects, and concessions through calls for tenders.

STEG ER (Renewable Energy) was created in 2010, within a framework of public-private partnership, to concretize the national policy relating to the promotion of renewable energies and to contribute to boosting the Tunisian Solar Plan (TSP).

The Tunisian Solar Plan (TSP) is the national program designed to achieve the objectives of the renewable energy development strategy. It aims to increase the share of renewable energies in total electricity production from 3% currently to 30% in 2030. The first industrial plant financed by the German Development Bank (KfW) at a cost of 62 million dinars and an area of 40 hectares was carried out in August 2019 in Tozeur. This project should produce 36 Gigawatt of electricity per year and Tozeur will be the first Tunisian governorate to cover 100% of its solar energy needs as from the first quarter of 2021.

On the other hand, the first project 100% Tunisian called Chams Enfidha, the result of a public-private partnership (PPP) carried out under the authorization regime, and with a capacity of 1 megawatt, was inaugurated at the end of June 2020. It consists of 3,000 solar panels to enable the production of 1.6 million kilowatts of electricity per year; which would have required the use of 350 tonnes of gas to achieve this production.

Furthermore, the Tunisian electricity and gas company (STEG) has just signed a partnership agreement with the Qair International company for the construction of a floating photovoltaic park on Lake Tunis with a total capacity of 200 kilowatts. This project, which is the first of its kind in Tunisia, will benefit from French public funding via the Private Sector Studies and Assistance Fund (FASEP) and is expected to be completed at the end of 2021.

The floating nature of the solar generator will also be an opportunity to test this new solution in Tunisia, for its deployment on a larger scale in Tunisia and in Africa. ■

“Tunisia has put in place a new regulatory framework through the promulgation, in 2015, of the 2015-12 law relating to the production of electricity from renewable energies”.

NEWS

National

Tunis Re Flash Infos

- Fitch Ratings ahas upgraded Tunis Re's financial strength rating from AA- (tun) to **AA** (tun) «Very Strong» with stable outlook.

The upgrade of Tunis Re reflects the performance of its Enterprise Risk Management (ERM) framework in particular the progress made in its risk-based internal capital model and strategic role within the Tunisian economy.

External and independent review of Tunis Re's capital model

Tunis Re approached Pwc France to provide an independent external review of its internal capital model. The study concluded that both the approach and in-house expertise of Tunis Re when developing this model fully meet the objective of an improved control and understanding of the risks to which the company was exposed to.

It also stated that the methodologies adopted in assessing risks are in line with market practices in countries subject to the Solvency 2 directive.

Natural Disasters Compensation

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 material damages incurred by victims in the governorate of Nabeul.

Thereafter the situation as of July 15, 2020;

| Nombre de Dossiers : | |
|-------------------------|---------------|
| - Deposited | 874 |
| - Treated | 141 |
| Amounts approved in TND | 3 824 702.261 |
| Amounts settled in TND | 3 625 676.044 |

The Tunisian Market developed a communicable disease exclusion clause :

This excludes any loss, damage, liability, expense, fines, penalties or any other amount directly or indirectly caused by, in connection with, or in any way involving or arising out of any of the following, including any fear or threat thereof, whether actual or perceived:

- Any infectious disease, virus, bacterium or other microorganism (whether asymptomatic or not);
- A pandemic or epidemic, as declared as such by the World Health Organization «WHO» or any governmental authority.
- Any decision by government authorities for containment and/or quarantine, including regulatory shutdown measures decided by these authorities.

The General Insurance Committee has scheduled its compliance with IFRS standards for 2021.

According to the decision issued by the General Insurance Committee on June 19, 2020, the insurance industry, which so far regulated by Tunisian sectorial standards, is required to comply with IFRS/IASB international standards as of January 1st, 2021.

Government introduces a 2% short-term tax for financial institutions

A new contribution for the benefit of the State budget to be paid by banks, financial institutions and (re)insurance companies, including mutual insurance companies and Takaful insurance, has just been introduced, by Decree-Law No. 2020-30 of 10 June 2020, in order to overcome the impact of COVID-19 on the country.

The tax is set at 2% of the profits used as a basis for calculating of the corporate income tax which is due in the years 2020 and 2021 with a minimum of 5,000 dinars.

The Fight against Corruption and Financial Transparency

According to the Corruption Perception Index Report 2019 published by Transparency International Organization, Tunisia was ranked 74th with a score of 43 (same as the average score of 43).

The report highlighted that Tunisia has made significant progress on the regulatory level.

However, to ensure the effectiveness of anti-corruption laws, decrees and implementing orders from the executive branch are needed.

In another report on the Financial Secrecy Index (2020), Tunisia was ranked 78th out of 133 countries with a score of 66 (the average is 64).

The Financial Secrecy Index ranks jurisdictions according to their secrecy and the scale of their offshore financial activities.

The Financial Secrecy index ranks jurisdictions based on both qualitative (transparency score based on 20 key indicators such as banking secrecy, corporate tax reporting, anti-money laundering ... etc.) and quantitative (a world scale indicating the size of a particular offshore financial institution) measures.

FTUSA : Online service for owners of small motorcycles now available

In order to simplify procedures and strengthen its digitalization strategy, the Tunisian Federation of Insurance Companies «FTUSA» launched an online service for owners of small motorcycles (less than 50cm³) to assist them in finding the appropriate insurance company to subscribe an insurance policy.

Posthumous Awards :

- Death of Mr. Ahmed Triki, ex-CEO of Tunis Re (1989-1991) on July 18, 2020.

NEWS

International

Lloyd's Market Association publishes Communicable Disease Exclusion Endorsement

In response to the spread of COVID -19, the Lloyd's Market Association (LMA) has published model Endorsement for Communicable Disease Exclusion, to be used for insurance policies in all lines of business. For this purpose, the association has issued the following specific clauses :

LMA5391 - Coronavirus Exclusion

LMA5393 - Communicable Disease Endorsement (Property insurance policies)

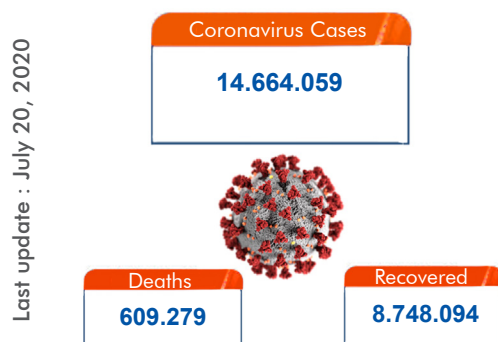
LMA5394 - Communicable Disease Exclusion Property Treaty

LMA5395 - Coronavirus Exclusion (for use on marine and energy liability policies)

LMA5397 - Communicable Disease Exclusion (For use on power generation, construction and engineering policies)

LMA5399 - Communicable Disease Exclusion (Casualty Treaty Reinsurance).

Spread of Coronavirus Pandemic (COVID-19)



IFRS 17 effective date deferred to 2023

The International Accounting Standards Board decided, on 17th March 2020, to defer the effective date of IFRS 17 to 1st January 2023 (originally scheduled for 1st January 2022).

The Board also decided to extend the temporary exemption to IFRS 9, Financial Instruments, in line with this new deadline.

The Algerian Market in the 1st Quarter 2020

In the 1st quarter of 2020, the turnover of the Algerian insurance market, including all lines of business, amounted to DZD 40.6 billion (about US\$ 327 million) against DZD 42.7 billion (US\$ 355 million) as at March 31, 2019, recording a decrease of 4.9%.

Property & Casualty lines generated 87.8% of total premiums, amounting to DZD 35.6 billion (around US\$ 287 million), a drop of 5.3%.

SCR : New visual identity



Société Centrale de Réassurance «SCR» unveiled its new logo represented by the three letters S, C and R. The shape and colours of the logo are inspired from those of the parent company, Caisse de Dépôt et de Gestion «CDG».

Ethiopie Adopts Regulatory Framework for Takaful Insurance

The Central Bank of Ethiopia issued on June 15, 2020, a directive N°. STB/1/2020 to authorize takaful operators and takaful windows to operate in the market starting from 15th June 2020. The adoption of takaful insurance regulatory framework ensures safety and soundness of the insurance sector and protects the interest of the participants.

Sey Re : a new reinsurance company in Seychelles

The local supervisory authorities issued a license to the new reinsurance company, Seychelles Reinsurance Company «Sey Re» with a share capital of USD 2.4 million.

New Turkish takaful insurance company

Bereket Sigorta, a subsidiary of The Agricultural Credit Cooperatives of Turkey (the ACC), has created «Bereket Takaful», an Islamic insurance company (life & non-life).

SCOR withdraws from the «F.F.A.»

The French reinsurer SCOR has withdrawn from the French Insurance Federation (F.F.A.), following a disagreement regarding the insurance industry's participation in the State Solidarity Fund set up to help companies to overcome the health crisis. Munich Re (France) has also withdrawn from the FFA for the same reasons.

Acquisition & Fusions

- The Islamic insurance company «Dar Al Takaful» has completed the acquisition of «Noor Takaful General» and «Noor Takaful Family». The transaction amounts to nearly US\$ 59 million.
- Merger of Atlanta Assurance and Sanad through the takeover of Sanad by Atlanta. Completion of the merger is subject to customary regulatory approvals.
- After signing a memorandum of understanding on March 3, 2020 to acquire PartnerRe for \$9 billion, Covéa decided, in view of the significant uncertainties over the global economic outlook, to forego the acquisition of PartnerRe.

Postponement of insurance events

In view of the situation related to the Covid-19 epidemic, several international and regional events that were scheduled for 2020 have been postponed (The 33rd GAIF General Conference, the 47th AIO Conference, the 15th Carthage Rendez-Vous...).

Appointments

- Mr. Oliver Wild was appointed on July 6, 2020 as President of the Association for Corporate Risk and Insurance Management «AMRAE» succeeding Mrs. Brigitte Bouquot.
- Mr. Youcef Benmicia, Chairman and Managing Director of the Algerian Insurance Company «CAAT» was appointed President of the Algerian Union of Insurance and Reinsurance Companies «UAR».
- Mr. Ibrahima Cheikh Diong was nominated as Managing Director of African Risk Capacity «ARC», for a 4-year term.

Posthumous Awards

- Death of Mr. Edward E. Mensah, first CEO of Africa Re who passed away on April 27, 2020 in Accra, Ghana.
- Death of Azza Arfeen, ex-CEO of the Egyptian Insurance Supervisory Authority Financial Regulatory Authority (FRA) on 11 June 2020.

Activity Figures of The Tunisian Insurance Market As at 31.03.2020

In MDT

At March 31st, 2020, The Insurance sector in Tunisia has been characterized by :

- The market generated a total turnover of TND 866.2 million, showing an increase of 13.2% over the same period last year.
- Total compensations reached TND 289.5 million reporting a 8.8% decrease compared to 31.03.2019.
- A total number of issued policies of 929 995 by a decrease of 8.8%.
- A total number of reported claims equal to 322 681 down by 15.2% over the same period last year.
- Investments reached TND 6 086.8 million, up by 9.7% compared to 31.03.2019.

| | 2018 | 2019 | Evol | 31/03/2019 | 31/03/2020 | Evol |
|-------------------------------|------------------|------------------|--------------|------------------|----------------|---------------|
| Turnover | 2 252.4 | 2 436.5 | 8.2% | 764.9 | 866.2 | 13.2% |
| Motor | 980.4 | 1 039.7 | 6.0% | 354.8 | 368.4 | 3.8% |
| Life | 507.2 | 575.6 | 13.5% | 127.6 | 168.5 | 32.1% |
| Others | 764.8 | 821.2 | 7.4% | 282.5 | 329.3 | 16.6% |
| Claim Charges | 1 262.8 | 1 316.9 | 4.3% | 317.4 | 289.5 | -8.8% |
| Motor | 662.0 | 707.0 | 6.8% | 165.6 | 143.9 | -13.1% |
| Life | 165.5 | 145.10 | -12.3% | 40.30 | 36.10 | -10.4% |
| Others | 435.3 | 464.8 | 6.8% | 111.5 | 109.5 | -1.8% |
| Nbr of issued policies | 3 033 052 | 3 151 372 | 3.9% | 1 019 650 | 929 995 | -8.8% |
| Motor | 1 817 557 | 1 840 857 | 1.3% | 553 384 | 498 173 | -10.0% |
| Life | 584 956 | 622 478 | 6.4% | 256 317 | 271 619 | 6.0% |
| Others | 630 539 | 688 037 | 9.1% | 209 949 | 160 203 | -23.7% |
| Nbr of Reported Claims | 1 446 374 | 1 403 106 | -3.0% | 380 338 | 322 681 | -15.2% |
| Motor | 293 484 | 295 774 | 0.8% | 77 249 | 62 780 | -18.7% |
| Others | 1 152 890 | 1 107 332 | -4.0% | 303 089 | 259 901 | -14.2% |
| Investments | 5 443.3 | 5 976.7 | 9.8% | 5 546.8 | 6 086.8 | 9.7% |

Our Sincere Condolences



Ahmed Triki

Former President & CEO

of Tunis Re

(1989 - 1991)

May Almighty God grant him His infinite Mercy and welcome him into His eternal Paradise

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Société Tunisienne de Réassurance

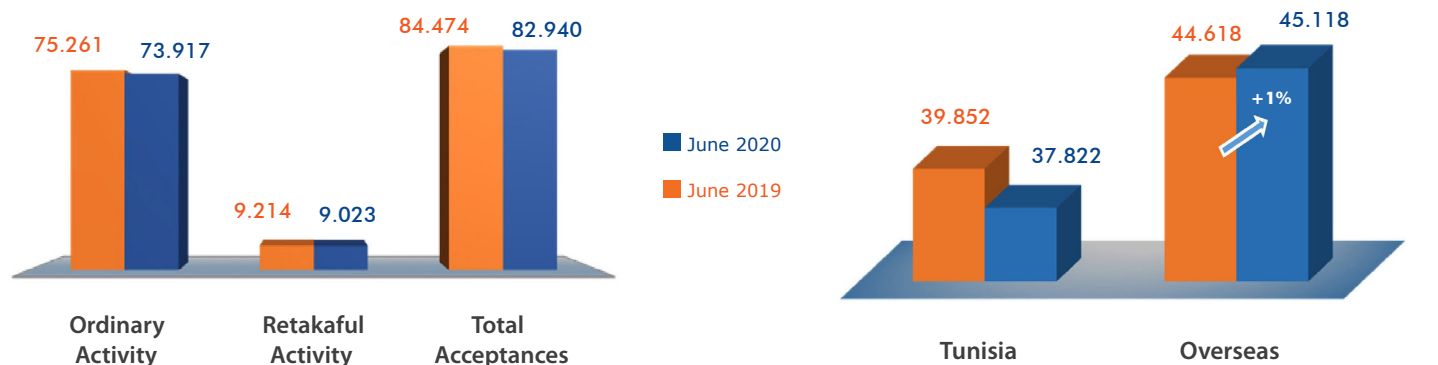
12, Avenue du Japon Montplaisir - B.P 29 - 1073 Tunis - Tél : (216) 71 904 911 Fax: (216) 71 904 930 R.C. : B1115971996

Activity Figures of Tunis Re

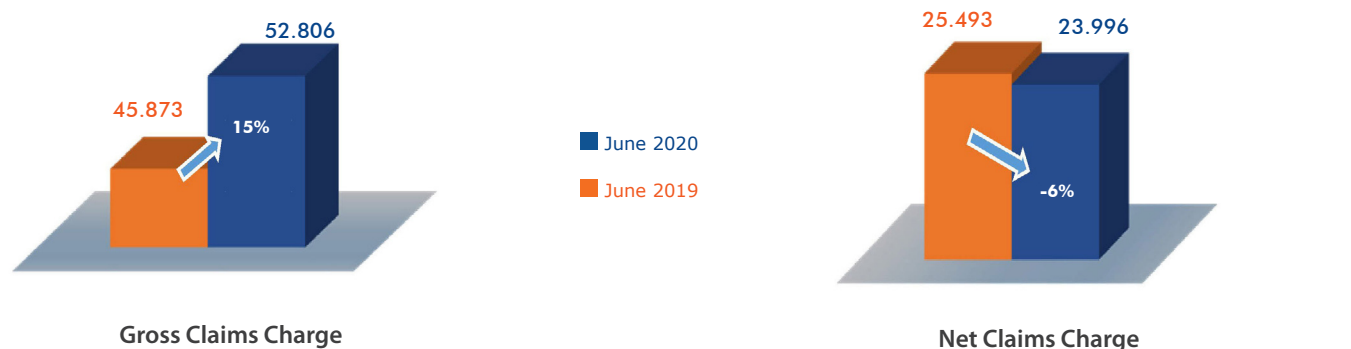
2nd Quarter 2020



Turnover :



Claims Charge :



Investments :



Stock market : Figures as at 30.06.2020 of the listed Insurance Companies

(In M TND)

| Company | Premiums | | | Gross Claims Charge | | | Investments | | |
|--------------|----------|---------|-------|---------------------|---------|-------|-------------|---------|-------|
| | June 20 | June 19 | Var % | June 20 | June 19 | Var % | June 20 | June 19 | Var % |
| STAR | 209.267 | 212.214 | -1.4% | 104.311 | 157.810 | -34% | 46.247 | 41.278 | 12% |
| ASTREE | 109.923 | 104.765 | 4.9% | 34.717 | 27.774 | 25% | 20.966 | 55.836 | -62% |
| BH Assurance | 67.789 | 65.223 | 3.9% | 29.903 | 26.370 | 13% | 7.787 | 6.537 | 19% |
| Tunis Re | 82.940 | 84.474 | -1.8% | 52.806 | 45.873 | 15% | 12.779 | 11.345 | 13% |