

EDITORIAL

40 years, the Golden Age:

Tunis Re, the National Reinsurer and major player in the insurance sector in Tunisia, is celebrating its 40th anniversary in this year 2021.

Forty years have passed, during which, Tunis Re has always been able to carry out its role of first-rate professional reinsurer, it has evolved and progressed significantly thanks to the hard work of its employees, women and men, both in the structure of its portfolio and the diversity of its products, as well as its technical and commercial performances.

Here then is that we can pride ourselves on an Age of maturity, certainly for the experience and the destiny of a company.

Today, Tunis Re is entering a new stage of transformation in an environment under the pressure of digital disruption. An environment which constitutes one among the greatest challenges facing the company, and which will give it the opportunity to improve its performance and transparency, consolidate its achievements in the local market and secure a better position as a landmark reinsurer in the regional and international markets. A transformation which is of major importance for a promising future for the company.

We are full of optimism about the future and firmly committed to enhancing the assets of our company and consolidating its potentialities: The future that we want to succeed for Tunis Re, is the future of Excellence and Progress, Solidity and Performance, Cohesion and Accountability, so many dimensions that require all of us to redouble our efforts and to demonstrate a constant aspiration for the best and uninterrupted labor.

Lamia Ben Mahmoud

**Happy Birthday
Success & Prosperity
To Tunis Re**

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Money Laundering

In the Insurance Sector : Typologies

"Money laundering is not always dirty, but being cleaned of suspicion leaves an indelible mark."
Jean Giraudoux



By Said Radouche

The key money laundering concerns are directly associated with activities of organised crime, which is developing through a combination of two movements : diversification and internationalisation.

The channels, methods and supports used to carry out money laundering operations are very diverse ; Although the objective is always the same: to optimise the conditions under which funds to be laundered penetrate into the legal economy.

Money can be laundered in many different means, from small cash deposits into trivial bank accounts (for later transfer), to the purchase and resale of luxury goods such as cars, antiques and jewellery. Illicit funds can also be transferred through a series of complex international financial transactions. Money launderers are very creative ; when supervisory or investigation services identify one method, the criminals quickly find another one.

MONEY LAUNDERING PROCESS

There are several methods of money laundering which are efficient and adapted according to the needs. Usually we distinguish three different stages in the money laundering process :

First stage : Placement (pre-wash, immersion).

In this initial stage, money launderers try to inject cash amounts resulting from crimes committed in the financial system. The funds will then be converted into scriptural money which is less obvious.

The second stage : Layering (washing, transformation)

In this phase, operations aim to make tracing transactions as hard as possible, by carrying out multiple successive transactions affecting in most cases the financial system.

In view of the large number of transactions carried out, combined with complex and ingenious techniques, this stage increases the difficulties for the authorities to dismantle corrupted profits and to trace back the transactions to their final criminal origin.

The final stage is known as Integration (recycling, absorption)

The objective of this final stage of the laundering process is the reintegration of illegal money, dissimulated from a legal source, back into the sphere of the criminal organisation in order to invest it in various profitable projects in the legal economy.

MONEY LAUNDERING THROUGH THE INSURANCE INDUSTRY

The insurance sector generates very large premiums. Because of its size, its international character, the diversity of its products and services and its wide range of clients, from individuals to multinational companies, the insurance sector is very vulnerable and exposed to money laundering attempts. Placing money in an insurance policy is a successful layering operation, the ultimate stage of the laundering process.

Money originating from an insurance company, which is assumed to be «clean», does not draw the scrutiny nor the attention of the financial institutions that are receiving payment. This piling-up operation can be made easier in some countries where legislation is very soft with unethical and corruptible employees and brokers who favour their commissions.

Initially, insurers had to become aware, via professional organisations, that money laundering could be a real and serious problem. Once this awareness was raised, a real commitment started and the fight against money laundering became a major concern for the profession.

In the insurance sector a number of laundering methods have been identified, the most common being :

- In life insurance :
 - Purchase / payment before maturity (surrender) or designating a third party beneficiary of the policy;
 - Money laundering through underwriting bonds ;
- In non-life insurance:
 - The operation is very commonly accompanied by an insurance fraud.

Purchase / Total or partial surrender or underwriting for the benefit of a third party :

It is common for money launderers to use insurance financial structures to launder their money. They simply conclude life insurance policies, pay them in cash and then cancel them within a month.

The insurance sector is very vulnerable and exposed to money laundering attempts.

The launderer who exercises this right is holding a cash check from an insurance company as a guarantee of legal money.

Laundering through underwriting bonds

Insurance products that can be purchased in cash or bearer form constitute a real opportunity for money launderers. One of the most popular products for criminal organisations is the bond. A capitalisation bond is a security issued by an insurance company or a bank where the premiums invested produce capitalised interest. The policy holder pays a premium which is placed in either a highly secure (cash) or more volatile (equity) investment. Bonds can be issued in nominal or anonymous form. In the first case, the policyholder declares his or her identity and that of the beneficiary, in the second case he or she does not disclose his or her identity.

These bonds, issued by an insurance company and reimbursed to the bearer everywhere in the world, constitute a privileged channel for fund transfers with low risks.

The beneficiary of an insurance product is usually different from the policyholder, and the beneficiary can be anonymous if the 'Beneficiary Clause' is referred to a notary. As these clauses can be changed throughout the life of the contract, it is difficult to determine when and against whom vigilance is required.

Money laundering in the non-life sector

Non-life insurance money laundering is in most cases associated with fraud. The most common situations can be seen through bogus claims (stolen or burnt cars); exaggerated or totally fake claims, e.g. due to fire or other means causing a fraudulent claim in order to recover part of the illegal invested funds. Other examples include the cancellation of policies against a refund of the premium by an insurer's check, and the overpayment of premiums with a request for a refund of the amount overpaid. Money laundering can also occur through under-insurance, where a criminal may state that he received compensation for the full amount of the damage, when in fact he did not.

Intermediaries

Insurance intermediaries, like adjusters, agents and brokers, are important for the distribution, underwriting and settlement of claims. They are often in direct link to the insured and, therefore, intermediaries should play a significant role in the fight against money laundering and terrorism financing.

Insurance products that can be purchased in cash or bearer form constitute a real opportunity for money launderers.

Non-life insurance money laundering is in most cases associated with fraud.

In fact, they are on the «front lines» of the war against money laundering and should be considered the best source for customer due diligence.

The person who wants to launder money or finance terrorism may call for an insurance intermediary who is not aware of or does not comply with the appropriate procedures, or who fails to recognise or report information regarding possible cases of money laundering or terrorism financing.

The intermediaries themselves could easily be used to pipe illegal funds to insurers.

Reinsurance

Money laundering through reinsurance could occur either through the creation of fictitious (re)insurance companies or reinsurance intermediaries, or through the fronting and captives arrangements.

Some of the examples include : the deliberate placement, via the insurer, of criminal proceeds or terrorist funds with legitimate reinsurers in order to dissimulate the origin of the funds ; the establishment of fictitious reinsurers, which may be used to launder illegal funds or facilitate the financing of terrorism; the establishment of fictitious insurers, which can be used to place criminal or terrorist funds with legitimate reinsurers.

Examples of money laundering in the insurance sector

The TRACFIN and FATF reports highlight the practice of money laundering via insurance and provide some interesting illustrations in this field.

With regard to life insurance, TRACFIN is frequently warned of operations made on contracts when :

- The origin of the funds is unjustified;
- The amount is not in line with the activity or the declared income of the policyholder;
- The policies involve particularly large sums.

In order to hide the origin of the funds, the parties use various methods that are commonly adopted in the money laundering process, including :

- Pledging a contract and subsequent activation for the early repayment of real estate loans;
- Pledging of the contract in order to carry out financial transactions ;
- Early termination without economic justification.

Intermediaries should play a significant role in the fight against money laundering and terrorism financing.

Anti-money laundering practices in the insurance sector

Despite the existence of strict regulations in this field, the Gafi experts underlined the low number of suspicious transaction declarations received from the insurance sector compared to the volume of activity, particularly in some countries.



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Does this mean that the insurance sector has been neglected by money launderers or that the detection tools are really effective ? Experience tends to prove that there are inconsistencies in the application of anti-money laundering tools and procedures that give the launderer greater opportunities. It's possible that schemes for money laundering may go undetected due to a combination of factors:

- Dependence and fragility of a system that distributes its products through a network of brokers paid by commissions ;
- Incomplete control procedures ;
- Lack of commitment of all insurance operators to fight against this risk.

To be more successful on this issue, it is therefore important to make additional efforts to implement the existing measures. It is important to improve the exchange of information on typologies, profiling and the detection of suspicious or atypical transactions between insurers and with the operational services of the supervisory authorities and to cross-check data files with those relating to fraud and false declarations.

It seems that the cases mentioned on insurance money laundering techniques provide a new illustration that there are a number of potential « warning bells» about possible money laundering operations, especially if the policyholder is more interested in cancellation conditions than in the benefits offered by the contract. The use of cash and/or the payment of large single premiums, as well as, in general, the use of large volumes of cash to make a settlement, should be regarded as suspicious and as a potential attempt to place criminal funds into the financial system through insurance products.

A number of experts noted that in many countries, insurance companies are taking increased due diligence measures to deal with this specific risk.

Premiums received from off-shore or weakly regulated or even unregulated financial intermediaries may also indicate a risk of using insurance products for money laundering purposes. There is a threat in dealing with and receiving payments from those unregulated intermediaries, as they will often fail to ensure that due diligence measures have been taken in relation to their clients.

A number of experts noted that in many countries, insurance companies are taking increased due diligence measures to deal with this specific risk.

The frequent replacement of beneficiaries, the use of the insurance policy as a bearer asset or as a guarantee for a broader money laundering operation, combined with the early termination of insurance policies for investment purposes, especially when such practices are not consistent with economic logic, were also raised as potential money laundering warning signs by some member countries.

Finally, while the insurance sector has made undeniable efforts in the fight against money laundering, it is still extremely vulnerable. There are many cases of money laundering, sometimes involving huge sums of capital, particularly in the shipping sector (fraud and money laundering).

The regulations are not yet fully enforced and staff training, whilst effective, is largely insufficient and is much more theoretical. ■



NEWS

National

Tunis Re Flash Infos

- The Tunisian Reinsurance Company "Tunis Re" is celebrating this year, with great pride, its 40th anniversary.
- The rating agency «Fitch Ratings» has affirmed on February 4, 2021 Tunis Re rating at «AA (tun)» with stable outlook. The high score reflects Tunis Re's significant capital base and its strong risk management practices.
- Tunis Re, the first company in the Tunisian insurance sector to obtain the Legal Entity Identifier «LEI» on March 29, 2021.
- Tunis Re organized on March 17, 2021 a workshop on the implementation of a Business Continuity Plan «BCP».
- Tunis Re launched on March 12, 2021 a call for application for the appointment of a member on the Board of Directors representing the minority shareholders for the period 2021/2023.

Liability arising as a result of using the COVID-19 vaccinations

Promulgation of the new law No. 2021-10 of March 2, 2021 setting out the derogation provisions regulating the liability arising out of the use of vaccines and drugs against the SARS-CoV-2 virus and the compensation of damages caused by it.

It is worth recalling that Tunisia has adhered since February 25, 2021 to the global initiative to accelerate access to Covid-19 vaccines «Covax» and to comply with the general conditions of the Vaccin Alliance «GAVI».

Increase in the annual compensation threshold for affiliates of the National Health Insurance Fund «CNAM»

In a decision of February 8, 2021 by the Ministry of Social Affairs, amending the decree of June 3, 2008, setting the annual threshold for the amounts of outpatient care services covered by the basic health insurance scheme, under the private healthcare or the reimbursement system, the annual threshold for affiliates of the national health insurance fund "CNAM" has been revised upwards by 50%.

The chronic diseases and surgeries are remaining covered at 100%.

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 March 23, 2021;

Number of Files :	
- Opened	872
- Handled	184
- Accepted	149
Amounts approved in TND	5 446 352,412
Amounts settled in TND	5 281 793,820

The Poulina group acquires more than 34% of the shares in BH Assurance

Under its partnership with «Partner Investment», the group «Poulina increased its stake in the capital of «BH Assurance» and thus becomes the second-largest stockholder with a 37.4% share.

Aon Tunisie becomes ARS Tunisie



The company «Aon Tunisia» informed that in response to the Extraordinary General Assembly resolutions on November 20, 2020, the name of the company becomes «Assurance Réassurance Solutions - ARS»

Appointments

M. Skander Lahrizi appointed Deputy General Manager of «GAT Vie» effective February 1, 2021.

Events

Tunisia will host "FITA 2021" from June 24 to 26, 2021: The 4th edition of the international conference "FITA 2021", Financing Investment & Trade in Africa, will be held from June 24 to 26, 2021 in Tunis, as per the Tunisian-African Business Council - TABC declaration on Friday.

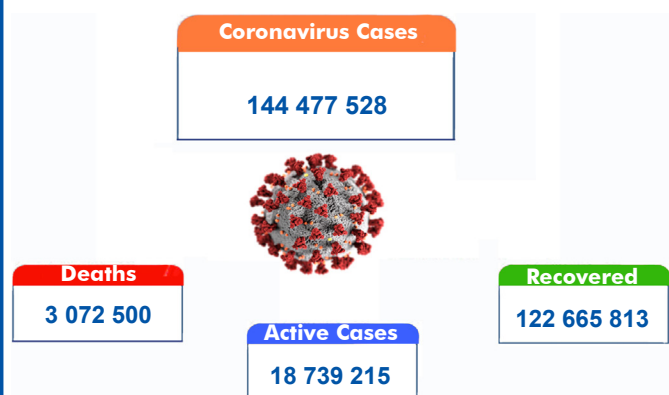
Posthumous tribute

Death of Mr. Ahmed Zarrouk ex. CEO of STAR (July 1983-June 1989) Peace to his soul.

NEWS

International

Pandemic Tracker (COVID-19)



Last update: 22 April 2021

Source: <https://www.worldometers.info>

Cost of the Covid-19 pandemic for (re)insurers

The cost of this health crisis for the global insurance & reinsurance market would be between 35 and 50 billion USD. The top 20 reinsurers would bear 14% of the bill, or nearly 12 billion USD. In addition, the players in this market foresee a drop in profitability and a decline in the technical performance. The annual accounts for the 2020 financial year should be negatively impacted.

Natural Disasters in 2020

The year 2020 stands out for the occurrence of major weather events. Thus, global economic losses due to natural and man-made disasters amounted to 202 billion USD in 2020 against 150 billion USD a year earlier. The insurance sector's contribution covered in 2020, \$ 89 billion of economic costs due to catastrophic events compared to \$ 63 billion a year earlier, this is the fifth highest figure and above the annual average of \$ 79 billion over the past 10 years. \$ 81 billion, among the total compensation, was covered for damages resulting from natural disasters.

Thus, the coverage rate rose to 44% in 2020 against 42% the year before.

Oman Re establishes a new branch in Qatar

Oman Re has received approval from the Qatari authorities to open a branch at the Qatar Financial Center (QFC) in Doha. The new entity will have to start its activities during the second quarter 2021 under the management of Mr. Bashar Abdulkhaleq Raouf.

L'Algérienne des Assurances changes its visual identity «2a» becomes «gig Algeria»



Algérienne des Assurances announced the change of its visual identity from 2a to «gig Algeria».

New reinsurance company in Iran

The Iranian regulators have approved the creation of a new reinsurance company called «Tehran Reinsurance Company».

Mergers & Acquisitions

Tangerine Life Insurance, formerly known as Metropolitan Life Insurance Nigeria, has completed the acquisition of the Nigerian insurer ARM Life.

Appointments :

- The Board of Continental Reinsurance Plc announced Mr Lawrence Mutsunge Nazare's appointment as the Group Managing Director of the Company, effective April 1, 2021.
- Mr Farid Chedid, the founder CEO and chairman of Chedid Capital Holding group of companies, was appointed as the new chairman and Group CEO of Ascoma insurance advisory and Brokerage Company.
- The NSIA Group announced the appointment of Ms. Maïmouna Barry Baldé as the Managing Director of NSIA Assurances Guinée

Cancellation of the Rendez-Vous de Septembre

The 2021 edition of the Rendez-Vous de Septembre (RVS) for reinsurance is officially canceled.

This cancellation follows uncertainties regarding the health situation and the various travel and assembly restrictions imposed on delegates.

The next edition of RVS will be held from September 10 to 14, 2022 in Monaco.

Postponement of the holding of the 47th Conference and General Assembly of the AIO

The 47th AIO Conference and General Assembly, planned in Lagos - Nigeria, has been postponed to September 4, 2021.

Posthumous tribute

Mr. Ali Al-Suri, former Managing Director of United Insurance Company (UIC), Libya succumbed, at the age of 82, to complications resulting from the coronavirus. Peace to his soul.

Activity Figures of The Tunisian Insurance Market As at 31.12.2020

In MDT

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

- The market generated a total turnover of TND 2 548 million, showing an increase of 6% over the same period last year.
- Total compensations reached TND 1 281 million reporting a 10% decrease compared to 31.12.2019.
- A total number of issued policies of 2 989 300 with a decrease of 6%.
- A total number of reported claims equal to 1 268 185 down by 10% over the same period last year.
- Investments reached TND 6 847 million, up by 10% compared to 31.12.2019.

	2018	2019	Evol 19/18	2020	Evol 20/19
Turnover	2 252	2 414	7%	2 548	6%
Motor	980	1 068	9%	1 096	3%
Life	508	559	10%	599	7%
Others	765	787	3%	854	9%
Claim Charges	1 268	1 419	12%	1 281	-10%
Motor	667	739	11%	606	-18%
Life	166	179	8%	188	5%
Others	435	502	15%	487	-3%
Nbr of issued policies	3 033 052	3 176 044	5%	2 989 300	-6%
Motor	1 817 557	1 850 518	2%	1 838 573	-1%
Life	584 956	643 546	10%	593 013	-8%
Others	630 539	681 980	8%	557 714	-18%
Nbr of Reported Claims	1 446 343	1 402 967	-3%	1 268 185	-10%
Motor	293 493	288 398	-2%	223 430	-23%
Others	1 152 850	1 114 569	-3%	1 044 755	-6%
Investments	5 585	6 196	11%	6 847	10%

**Happy Retirement to our dear colleagues
Mr Kais Bakir & Mr Abdellatif (Lotfi) Betbaieb**



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Société Tunisienne de Réassurance

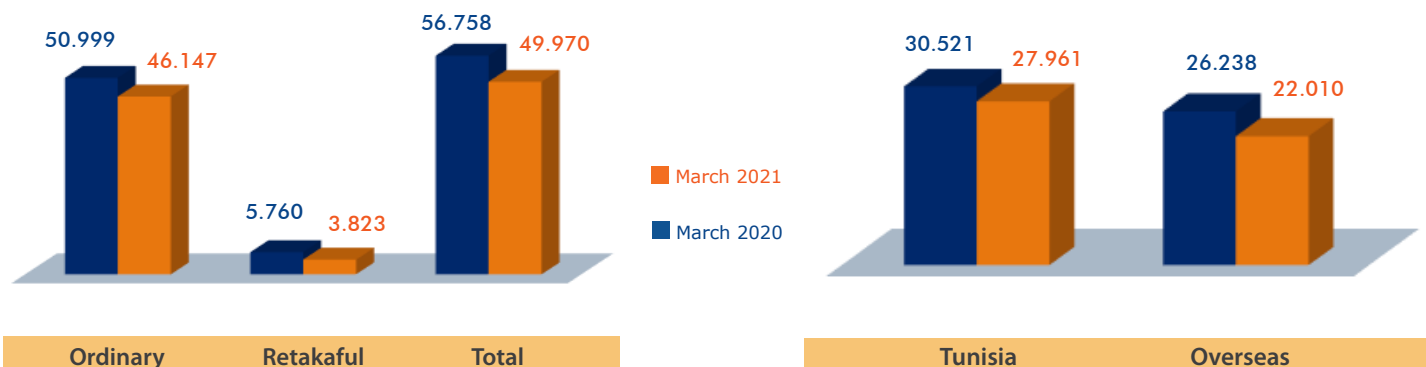
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Activity Figures of Tunis Re 1st Quarter 2021



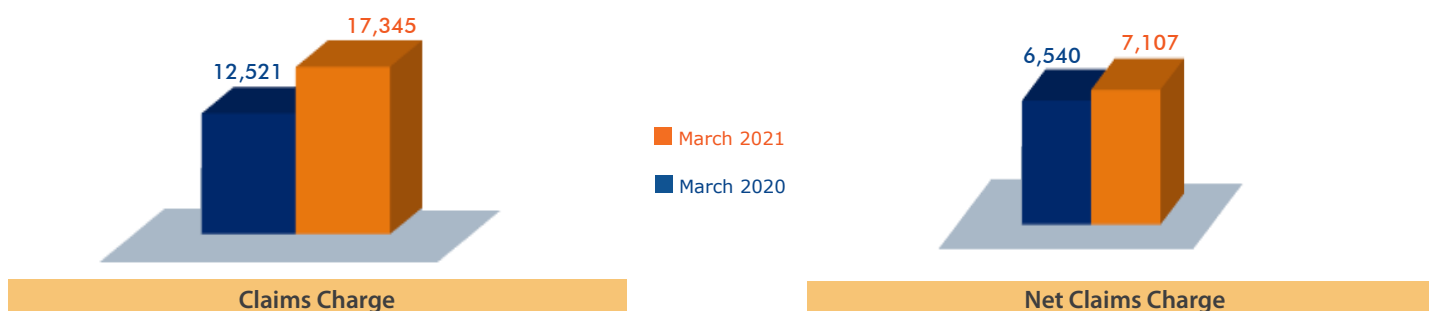
Turnover :

(M TND)



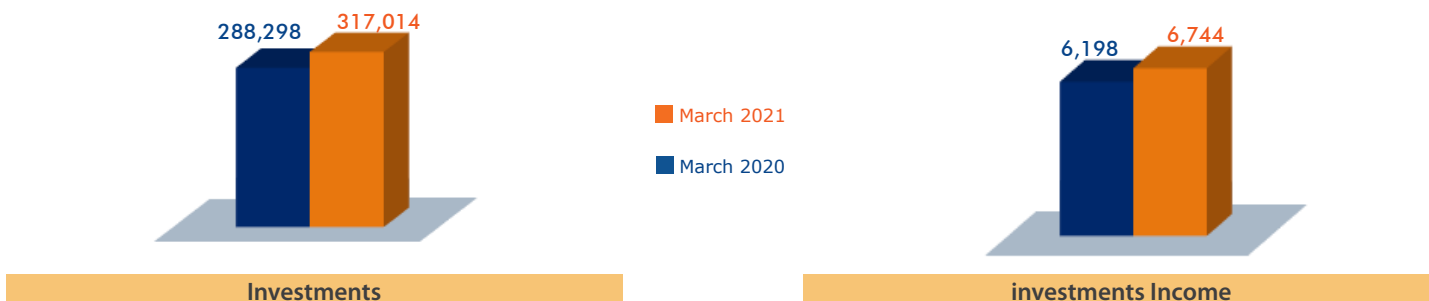
Claims Charge :

(M TND)



Investments :

(M TND)



Stock market : Figures as at 31.03.2021 of the listed Insurance Companies

(In M TND)

Company	Premiums			Gross Claims Charge			Investments		
	March-21	March-20	Var %	March-21	March-20	Var %	March-21	March-20	Var %
STAR	120.587	129.490	-6.9%	60.340	68.522	-11.9%	18.622	17.912	4%
ASTREE	68.266	61.346	11.3%	12.749	11.624	9.7%	8.957	7.578	18.2%
BH Assurance	41.387	40.231	2.9%	21.350	14.864	43.6%	3.751	3.696	1.5%
Assurances Maghrebias*	73.562	66.162	11.2%	25.826	25.505	1.3%	4.122	3.308	24.6%
Tunis Re	49.970	56.758	-12%	17.345	12.521	38.5%	6.744	6.198	8.8%

* Net Claims Charge

وَبَشِّرِ الصَّابِرِينَ
الَّذِينَ إِذَا أَصَابَتْهُمُ مُصِيبَةٌ قَالُوا
إِنَّا لِلَّهِ وَإِنَّا إِلَيْهِ رَاغِبُونَ



Our Dearly & Regretfully Departed

زبير الذوادي

Zoubeir Dhaouadi

He leaves us with a memory of a honest, upright man and a big heart who was always ready to listen.

Everyone who worked with him will forever remember him. «Zouba», as we all liked to call him, will be in our hearts for life.

We wish to share the sorrow of all his family during these difficult times.

الله يرحمه - Rest in peace