Tunis Re
...your risk is our business

Newsletter

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- Tunis Re -

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Editorial

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2025 Renewal: Collaboration is the key word in the negotiations

With the 2025 renewal negotiations approaching, analysts expect that 2025 will lead to a stabilisation of the reinsurance market.

During the Monte Carlo and Baden-Baden meetings, reinsurers have had too navigate both challenges and opportunities. Key challenges include geopolitical volatility, persistent inflation, macroeconomic uncertainty, and an increase in catastrophic claims in the first half of 2024.

The reinsurance market is currently in a more sustainable position, with appropriate rates for natural catastrophes and strong investment returns contributing to improved results in the first half of 2024, despite natural catastrophe losses considered to be above the industry average.

Today, the market is considered robust and well capitalised, with reinsurance capital forecast to grow by around 9% in 2024, reaching $620 billion, allowing for the first time in around three years the creation of new start-ups and new capital that is expected to enter the market in 2025.

Reinsurers' returns on equity remain high, encouraging these operators to maintain their positions and underwrite more business, while maintaining strict underwriting discipline.

Analysts note that despite rate adjustments in 2022 and 2023, restructuring of programs will continue for 2025, as the nature of risk is changing rapidly and reinsurers need to respond and innovate to remain resilient in an increasingly volatile market.

Have a successful renewal!

Lamia Ben Mahmoud

By Monia Ghali Ben Said

D&O Liability Insurance: A Cornerstone of Corporate Risk Management

In today's ever-evolving business world, company executives, such as directors, officers, and senior managers, face a complex set of challenges and responsibilities as they make critical decisions shaping the future of their organizations. Strategic decision-making, human resource management and navigation through a constantly changing regulatory environment are all aspects that require clear expertise and vision.

However, this position of power does not come without risks, exposing executives to potential lawsuits and severe financial consequences.

This is where D&O (Directors and Officers) liability insurance, emerges as an indispensable tool to protect these individuals from the potential consequences of their managerial actions. It provides essential coverage that allows leaders to focus on their primary mission: steering the company towards success while minimizing the personal risks associated with their roles.

«Whenever you see a successful business, someone once made a courageous decision.»

Peter Drucker

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The Origins and Evolution of D&O Insurance:

D&O insurance finds its roots in the evolution of the concept of executive liability, which began in the late 19th century with the rise of joint-stock companies. At that time, the personal liability of executives for misguided decisions or breaches of their fiduciary duties began to take shape in response to growing demands from shareholders and stakeholders for improved corporate governance.

It was in the United States, during the 1930s amid the Great Depression and the financial scandals that followed, that D&O (Directors and Officers) liability insurance truly emerged. The first D&O insurance policies were simple, but they quickly evolved to offer more comprehensive protection, adapting to an increasingly complex business environment and ever-stricter regulations. D&O insurance then expanded to Europe in the 1980s and 1990s, and later to other parts of the world, becoming an essential element of risk management for companies operating internationally.

The Fundamental Nature of D&O Insurance:

The Directors and Officers Liability Insurance (D&O) is an insurance coverage designed to protect executives from claims that may be made against them in the course of their duties. These claims can come from various stakeholders: shareholders, creditors, employees, customers, or even regulators. The reasons for such claims can vary and may include allegations of poor management, abuse of power, conflict of interest, or violations of laws and regulations.

D&O insurance protects executives from unintentional management errors or negligence but excludes any intentional fraudulent behavior. This ensures that the insurance does not cover individuals against illegal acts committed deliberately.

Key Features of D&O Insurance Contracts:

D&O insurance policies have specific features that define the conditions under which executives are covered. They generally offer a per-claim limit and an annual limit, with a deductible that can be adjusted based on the company's risk profile, industry, or claims history.

The Directors and Officers Liability Insurance policy is purchased by the company, not by the executives and officers, who are the beneficiaries of the coverage.

- **Territorial Scope:**

D&O policies may offer international coverage, particularly for multinational companies or those operating in multiple markets. However, some policies may limit coverage to specific jurisdictions depending on local legislation. Specific exclusions are also typically applied, or higher pricing may be required for markets such as the United States and Canada, which present a greater litigation risk.

- **Premium Pricing:**

The cost of a D&O insurance depends on several factors, including the size of the company, its revenue, the industry in which it operates, the complexity of its governance, and the experience of its management team. Companies with a history of claims or management issues may face higher premiums.

- **Scope of coverage**

Management errors: : D&O insurance covers errors and omissions in the day-to-day management of the company, including decisions that may lead to financial losses or lawsuits from shareholders, employees, or regulators.

Breach of Company statutes: Executives are also covered against claims related to breaches of company bylaws or governance rules.

Violation of Laws and Regulations: D&O policies often cover unintentional violations of laws, such as tax or environmental infractions. However, intentional violations are generally excluded.

- **Exclusions**

Although Directors and Officers Liability Insurance (D&O) offers extensive protection, certain exclusions are typical, such as:

Fraud and intentional acts: Fraudulent acts, misconduct, or intentional wrongful behavior.

Fines and Penalties: Fines or financial penalties imposed by regulatory authorities or penalties levied against the company or its executives, are excluded.

Conflicts of interest and personal enrichment: Claims related to conflicts of interest or acts aimed at the personal enrichment of executives at the expense of the company or shareholders.

Contractual liability: Obligations specifically tied to commercial contracts, such as breaches of contractual commitments (aside from mismanagement).

Deliberate Violations of Laws and Regulations: IIntentional violations of tax, labor, or environmental laws are not covered, although D&O insurance may cover unintentional errors.

Gross negligence: Actions or decisions that are significantly irresponsible or demonstrate a clear disregard for the company's interests are classified as gross negligence and are excluded from coverage.

- **Extensions of Coverage**

Retroactivity: Some policies allow for retroactive coverage, covering claims made after the policy is signed but related to events that occurred prior to the policy's inception.

Post-Term Coverage: For executives leaving the company, an extension of coverage after the end of their term is often provided. This allows them to be protected against claims related to their actions during their time in office.

Most D&O insurance policies operate on a "claims-made" basis, meaning that coverage is activated when the claim is filed, regardless of when the loss occurred. This approach helps protect executives against presumed wrongdoings, often claimed long after the incident has occurred..

Reinsurance of D&O Liability Insurance

D&O insurance coverage is generally excluded from reinsurance treaties due to the complex and high risks it involves. These risks are difficult to mutualize and standardize, leading to a frequent reliance on facultative reinsurance.

However, insurers can also turn to insurance pools, such as the one launched in Singapore by Newline Asia in partnership with Beazley and Markel, to create the first insurance pool designed to provide D&O insurance to companies of all sizes. This pool offers coverage of up to $30 million per risk, with a single point of contact for claims management.

The D&O insurance market is dominated by several key players, including American International Group (AIG), Chubb, Zurich Insurance Group, Allianz SE, AXA SA, Berkshire Hathaway, Marsh & McLennan, Liberty Mutual Group, and Beazley PLC. These companies are global leaders in providing D&O coverage tailored to both large corporations and SMEs, according to the specific needs of the market.

The Global D&O Insurance Market: A Growing Sector

As of December 31, 2023, the global D&O liability insurance market was valued at approximately USD 25.21 billion. This market has seen significant growth due to increased legal scrutiny, rising litigation costs, and increasingly stringent regulatory requirements across various regions. The market is expected to continue growing at a compound annual growth rate (CAGR) of 9.9%, reaching nearly USD 48.81 billion by 2030.

Geographic Distribution:

The overall volume of premiums in the D&O insurance market varies significantly by region, reflecting differences in economic development, regulatory environments, and awareness of corporate governance risks.

North America, particularly the United States, represents the largest market for D&O insurance. This region generates a substantial share of global premiums, with the United States alone contributing approximately 50% to 60% of the total volume. This dominance is attributed to a highly litigious legal environment, strict corporate governance standards, and a strong awareness among businesses of the risks associated with executive liabilities.

Europe is the second-largest market in terms of D&O insurance premiums, accounting for approximately 25% to 35% of the global market. Key contributors include U.K, Germany, France, and the Nordic countries.

The D&O insurance market in the Asia-Pacific region is experiencing significant growth, contributing around 10% to 15% of the total premium volume. Major markets in this region include Japan, Australia, Hong Kong, and Singapore.

In Latin America, the D&O market is relatively small, with Brazil, Mexico, and Argentina being the primary contributors.

Africa and the Middle East remain emerging markets where awareness and demand for D&O insurance are growing, albeit at a slower pace. South Africa, Nigeria, and the United Arab Emirates are the primary markets in this region. Low penetration rates of insurance in general, coupled with limited awareness of executive liability risks, restrict the overall size of the D&O insurance market in these areas.

D&O Insurance Claims: Rising Trends

Directors and Officers Liability Insurance (D&O) is facing increasing challenges related to claims, driven by a rise in the number of claims, the complexity of litigation, and the associated costs.

Claim Frequency : Claims related to D&O insurance have increased, particularly in high-risk sectors such as finance, technology, and energy. For example, around 10% of companies globally have faced a D&O claim in recent years, a trend that continues to rise.

Claim Costs : In the United States, a typical D&O claim can cost between USD 5 million and USD 10 million, depending on the nature of the litigation and the parties involved. In some cases, these amounts can be significantly higher, such as in the Volkswagen Dieselgate scandal in 2015, where defense and settlement costs reached hundreds of millions of dollars due to the severity of the accusations and the number of affected parties (investors, consumers, regulators).

Main Causes of D&O Claims :

Securities Litigation: Claims related to violations of securities laws account for a significant portion of D&O claims, especially in North America. This includes lawsuits from shareholders for mismanagement or insufficient disclosure of financial information.

Regulatory Violations : Executives face an increasing number of claims related to breaches of laws and regulations, particularly in sectors with heightened scrutiny.

Cyber risks : The rise in cyberattacks and data breaches has led to an increase in claims associated with cybersecurity risk management.

Claims are particularly prevalent in North America, where the judicial system is more conducive to litigation. In Europe, claims are also on the rise, partly due to increasingly stringent regulations imposed by the European Union.

Current Landscape of D&O Insurance in Tunisia

In Tunisia, D&O insurance is still relatively underdeveloped due to low demand and a lack of awareness regarding this type of coverage. This situation is partly attributed to a corporate culture where protecting executives is not always viewed as a priority.

However, as the country increasingly integrates into the global economy and gradually adopts stricter corporate governance standards, larger companies in sensitive sectors are recognizing its importance, particularly in the banking, industrial, and energy sectors. Interest in this coverage is notably more pronounced among companies with an international dimension.

Future Outlook :

As Tunisia continues to modernize its economy and strengthen its legal framework, it is likely that D&O insurance will see broader adoption. The growth of the digital industry and the pressure for greater transparency in corporate management will gradually increase demand for this protection, although barriers to widespread adoption remain, particularly for SMEs.

Insurance companies have a vital role to play in promoting D&O insurance in Tunisia. They are the primary catalysts for educating the market, raising awareness among businesses about the risks faced by their executives, and offering tailored solutions to effectively cover those risks.

Insurance companies can collaborate with law firms specializing in corporate law and risk management advisors to promote D&O insurance among their clients. These partners are often at the forefront of advising businesses on the necessity of protecting themselves against liability risks, and their recommendation for a D&O policy can be pivotal.

Additionally, they can work with banks and financial institutions to integrate D&O insurance into service offerings for businesses by requiring the purchase of a D&O insurance as a prerequisite when structuring loans or other forms of financing. This approach will contribute to enhancing the market penetration of this product.

Conclusion

D&O liability insurance stands as an essential risk management tool, addressing the complex challenges that executives face in today's corporate landscape. By providing financial protection to leaders, D&O insurance mitigates personal risks associated with managerial decisions, thereby fostering an environment conducive to bold and innovative leadership.

This coverage not only safeguards executives from the potential consequences of unintentional errors but also encourages them to contribute to the long-term sustainability and profitability of their organizations.

NEWS

National

Tunis Re Flash Info

• **Renewal of Tunis Re's certification to the MSI 20000 financial standard.** This certification, renewed in October 2024, enhances the financial credibility of the company and opens up new international opportunities.

• **"Insurers Mobilizing for Decarbonization in Tunisia"** was the theme of the workshop held by Tunis Re on September 19 in Tunis. The event aimed to discuss reducing carbon footprints and ESG (Environmental, Social, and Governance) practices. In addition to key players in the insurance sector, experts and partners in the low-carbon transition, such as STEG, ANPE, AUGT, and GWS, contributed to the event with their insights.

Tunisia Hosts the 1st Mediterranean Decarbonization Forum

The forum brought together 35 countries and over 2,000 participants under the theme «**Towards a Carbon-Neutral Mediterranean**.» Organized by ANME and UTICA, in partnership with UNDP, the EU, and GIZ, the event showcased initiatives and technologies aimed at reducing carbon footprints, as well as the national decarbonization strategy.

A digital platform was launched to help companies assess their carbon footprints, emphasizing the importance of private sector engagement in light of new EU regulations, including the Carbon Border Adjustment Mechanism (CBAM).

2025 Finance Law Project: Towards the Creation of an Employment Loss Insurance Fund

The 2025 finance law project proposes the establishment of an insurance fund for job loss due to economic reasons. This fund, financed by a state grant of 5 million dinars, will include a contribution of 0.5% from both employee and employer salaries, as well as levies of 14% on tobacco revenues and 30% on telephone gaming revenues.

The objective is to support workers who are laid off for economic reasons and to provide them with social assistance.

Financing Catastrophe Risks in Tunisia

During her address at the 7th Summer University, organized by ATCF on October 17, 2024, Ms. Monia Ghali Ben Saïd, Head of treaties at Tunis Re, highlighted that the 2018 Nabeul floods revealed a significant insurance protection gap and was the trigger for a national strategic reflection on managing natural disaster risks in Tunisia.

To recall, the Ministry of Finance, in collaboration with the General Insurance Committee and the World Bank, organized in May 2024, a conference to discuss public and insurance mechanisms designed to strengthen Tunisia's financial protection in the event of a natural catastrophe. They reiterated their commitment to being key players in implementing the National Strategy for Financing Catastrophe Risks in Tunisia (SNFRC), which is currently under development.

Securing the Maritime Sector

In response to the growing challenges in the maritime sector, the Nautical Industries Group of CONECT, in partnership with STAR Assurances, organized a session dedicated to maritime insurance.

Experts such as Aslan Berjeb (**CONECT**) and Frédéric Museur (**STAR Assurances**) discussed the sector's challenges while proposing tailored solutions for optimal maritime risk management.

This meeting strengthened collaboration between professionals and insurers, fostering the emergence of innovative solutions to support the competitiveness of Tunisian companies.

Road Safety: Number of Accidents Decreases

From the beginning of the year until October 22, 2024, the number of accidents in Tunisia reached 4,326, representing an 11.41% decrease compared to the previous year. These accidents resulted in 932 fatalities and 5,969 injuries, compared to 4,883 accidents that caused 970 fatalities and 5,969 injuries during the same period in 2023, according to statistics published by the National Road Safety Observatory (ONSR).

The 4th Insurance Agent's Day

The National Tunisian Union of Insurance Agents (SNAGAT) organized the 4th Insurance Agent Day on October 23, 2024, in Tunis, under the theme: **«Digitization and the Insurance Agent: Opportunities and Challenges.»**

Experts such as Khaled Ghedira, Grégoire Dupont, Pascal Chapelon, and Hassène Feki shared their insights on artificial intelligence, digital tools, and market perspectives in France, thus initiating a dialogue on the digital transformation of the insurance sector in Tunisia.

AMI Assurances: 4th Edition of the Electromobility Seminar

The 4th edition of the seminar on electromobility, organized by AMI Assurances in partnership with the Touil Cabinet for automotive, industrial, and fire expertise, was held on October 22, 2024, in Tunis.

This event gathered international experts to explore the challenges and opportunities associated with electric vehicles and emerging technologies. Participants engaged in insightful discussions, fostering collaboration and innovation in the field of electromobility.

COMAR Launches Its 100% Digital Mobile App

COMAR has launched its fully digital mobile app, COMAR Plus, which is accessible on iOS, Android, and online. This platform aims to simplify the management of insurance contracts by removing the need for travel and administrative processes.

NEWS

International

A Stable Outlook for Reinsurance Renewals in 2025

Hannover Re anticipates stable prices and terms for property and casualty reinsurance treaty renewals on January 1, 2025, expecting a balanced supply and demand in most markets. In 2024, the reinsurer observed improvements in pricing and conditions in certain sectors while maintaining a focus on non-proportional reinsurance coverages. However, Hannover Re emphasizes the importance of maintaining adequate pricing levels, especially given the rising insured losses.

Natural Disaster Costs in H1 2024

According to Swiss Re estimates, natural disasters caused $120 billion in losses in H1 2024, with half of that insured. Storms and floods accounted for over a third of these losses, amounting to $42 billion.

Global insured losses from natural disasters totaled $60 billion, marking a 62% increase over the past decade's average. Of these losses, 70% are attributed to severe storms, primarily in the United States. Storms generated $42 billion in losses; an 87% rise compared to the ten-year average.

Helene and Milton Hurricanes: Estimated Combined Insured Losses of $35-55 Billion

Moody's RMS Event Response projects that private insurance industry losses in the U.S. from Hurricanes Helene and Milton could reach between $35 and $55 billion. These storms significantly impacted multiple regions, causing damages from high winds, storm surges, and flooding. Insured losses from Hurricane Helene are estimated between $8 and $14 billion, with potential losses for the National Flood Insurance Program (NFIP) exceeding $2 billion. In contrast, insured losses from Hurricane Milton are expected to be higher than those from Helene.

GCC: Q2 2024 Results for Listed Insurers

Selon Insurance Monitor, les 77 assureurs côtés en bourse dans la zone du Conseil de Coopération du Golfe (CCG) ont enregistré un bénéfice net de 1,2 milliard US$ au T2 2024 (+8 % sur un an). Le revenu d'assurance a atteint 18,239 milliards US$ (+15,2 %). Le ratio combiné s'est dégradé de 0,8 point à 97,2 %, en partie à cause des inondations d'avril 2024 aux Émirats.

UAE: New Regulation for Insurance Brokerage Activity

The Central Bank of the United Arab Emirates (CBUAE) has adopted new regulations on insurance brokerage, replacing the 2013 regulations, effective February 15, 2025. Brokers must now appoint an external auditor and may no longer engage in other insurance-related professions. The bank guarantee remains set at 3 million AED (about $817,000) for local brokers, with additional amounts required for branches and foreign brokers. Minimum capital requirements remain unchanged, and brokers are no longer allowed to collect claims, except for reinsurance.

New Actuarial Activity Law in Egypt

A new law was adopted in July 2024 allows the Financial Regulatory Authority (FRA) to issue licenses for actuarial firms. Under this regulation, individuals wishing to establish an actuarial company must submit an application to the FRA. The minimum capital required for actuarial activities in the country is set at 3 million EGP ($62,040).

Algerian Insurance Market in H1 2024

The Algerian insurance sector grew by 7% in H1 2024, achieving total revenue of 89.8 billion DZD. This performance was supported by a 51% increase in international acceptances and 5% growth in property insurance, particularly in auto insurance. Personal insurance also grew, with a 29% increase in travel assistance premiums.

Moroccan Insurance Market: H1 2024 Revenue

According to the Insurance and Social Welfare Supervisory Authority (ACAPS), the Moroccan insurance market revenue reached 32.4 billion MAD ($3.2 billion) as of June 30, 2024, marking a 4.4% increase year-over-year.

Non-life insurance premiums grew by 4.1%, reaching 18.7 billion MAD
($1.8 billion) and accounting for 57.7% of the market. Life insurance subscriptions amounted to 13.7 billion MAD ($1.4 billion), with a growth of 4.7%, making up 42.3% of the total portfolio.

Mergers & Acquisitions

- CCR Re Rebrands as Arundo Re: As of January 16, 2025, CCR Re will operate under the name Arundo Re, marking a new chapter following the acquisition of 75% of its capital by SMABTP and MACSF.

- Saham Re Becomes SanlamAllianz Re: Saham Re has officially rebranded as SanlamAllianz Re following the merger of Sanlam and Allianz, introducing a new visual identity.

Appointments

- Mr. Zahir Sharif has been appointed to head the DIFC Insurance Association.

- Mr. Ahmed Al-Jabr has been named CEO of Saudi Re.

Events

AMRAE 2025: The 32nd edition of «**Les Rencontres AMRAE**» will be held on February 5-7, 2025, in Deauville, themed: «The Art of Risk: Sculptors of Opportunities.»

Activity Figures of The Tunisian Insurance Market As at 30.06.2024

At 30 June 2024 The Insurance sector in Tunisia has been characterized by :

(M TND)

	2023	Evol 23/22	At 30/06/2023	At 30/06/2024	Evol 24/23
Turnover	**3 389**	**6%**	**1 848**	**2 030**	**10%**
Motor	1 358	**4%**	749	819	8%
Life	928	**3%**	461	533	16%
Others	1 103	**13%**	629	678	8%
Claim charges	**1 793**	**3%**	**868**	**901**	**4%**
Motor	871	**8%**	415	420	1%
Life	282	**-12%**	151	161	6%
Others	640	**5%**	302	320	6%
Nbr of reported claims	**1 584 368**	**2%**	**1 039 474**	**1 080 859**	**4%**
Motor	308 492	**2%**	151 589	157 756	4%
Others	1 275 876	**2%**	887 885	923 103	4%
Investments	**9 157**	**9%**	**8 595**	**9 595**	**12%**

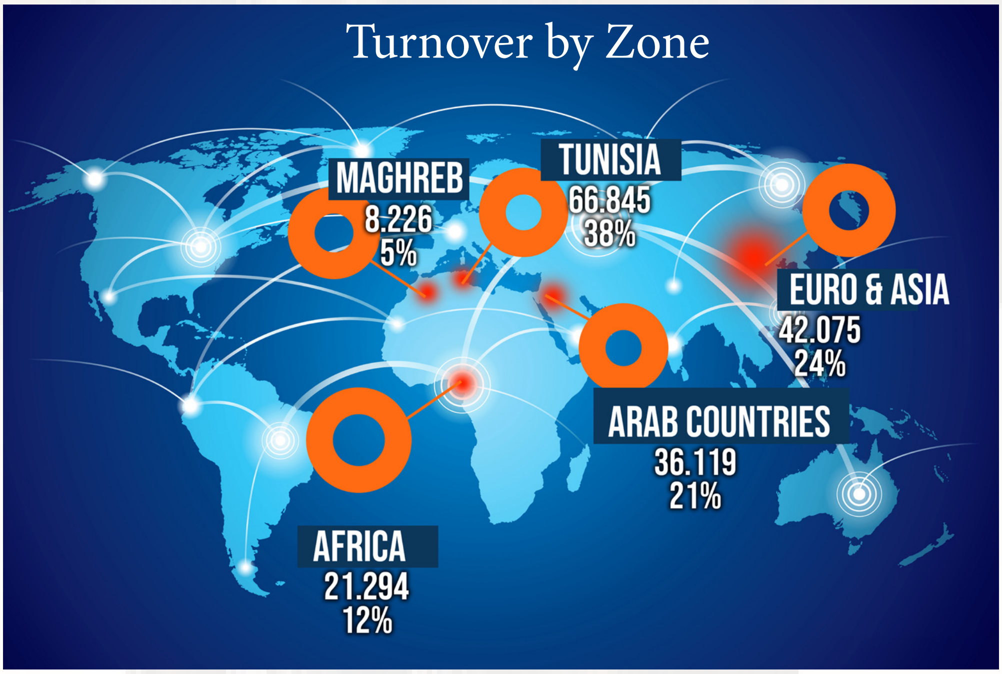
Activity Figures of Tunis Re
3rd Quarter 2024

Turnover 174.559 MDT **+15%**

Retained Premium 139.907 MDT

Retention Rate 80%

Tunisia	Overseas
38%	62%
+6%	+22%



116.833 MDT
Gross Claims Charge

58% **Loss Ratio**

Investments

527.954 MDT

Investments income

23.521 MDT

Figures as at 30 September 2024 of the listed Insurance Companies (TND Million)

Companies	Premiums			Gross Claims Charge			Investments		
	Sept-24	Sept-23	Var%	Sept-24	Sept-23	Var%	Sept-24	Sept-23	Var%
STAR	329.799	303.132	9%	204.913	195.003	5%	78.037	82.338	-5%
ASTREE	205.946	190.505	8%	224.919	97.639	130%	44.739	41.447	8%
BH ASSURANCE	148.643	130.193	14%	101.725	67.445	51%	22.303	19.652	13%
MAGHREBIA *	211.315	194.015	9%	112.224	102.985	9%	23.306	21.570	8%
MAGHREBIA VIE *	86.088	75.162	15%	38.327	27.567	39%	32.673	28.164	16%
AMI	123.858	124.301	-0.4%	68.399	68.657	-0.4%	27.234	27.287	-0.2%
Tunis Re	174.559	151.433	15%	116.833	109.733	6%	23.521	21.343	10%

* Net Claims Charge

Best Wishes of Good Continuation to our Dear Colleague
Mrs. Salma Majoul, exemplary employee of the year 2023.

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