International Journal of Science and Business 2024, 40(1), 19-49
ISSN: 2520-4750 (Online) 2521-3040 (Print)
Journal: ijsab.com/ijsb

The Reality of Tunisian Insurance Sector development: Organizational Structure

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Abstract
This study explores the development of the Tunisian insurance sector, focusing on its organizational structure. Through a mixed-methods approach, the research examines the historical evolution, regulatory impacts, and structural changes. Findings indicate that late 20th-century liberalization policies increased competition and product diversity while adopting advanced regulatory frameworks like Solvency II enhanced risk management and financial stability. Strategies and innovations have improved service delivery and operational efficiency, and decentralized organizational structures have boosted agility and market responsiveness. However, market concentration and regulatory enforcement challenges persist, limiting the sector's full potential. This study provides valuable insights for policymakers, industry professionals, and investors in the Tunisian insurance market.

Keywords: *Tunisian insurance sector, organizational structure, market liberalization, regulatory frameworks, risk management, operational efficiency, market concentration.*

ARTICLE INFO
Research paper
Received: 10 June 2024
Accepted: 16 July 2024
Published: 17 July 2024
DOI: 10.58970/IJSB.4142

CITATION
Hathat, M. I. & Amar, A. H. A. (2024). The Reality of Tunisian Insurance Sector development: Organizational Structure, *International Journal of Science and Business*, 40(1), 19-49.

1. Introduction

The Tunisian insurance sector has experienced substantial transformation over recent decades, driven by economic reforms, regulatory advancements, and increasing globalization. These changes have significantly influenced the sector's development and organizational structure, shaping its current landscape and future trajectory. Understanding the sector's evolution is crucial for stakeholders, including policymakers, investors, and industry professionals, as it provides insights into the sector's strengths, challenges, and opportunities for growth. The gross written premium of the Tunisian insurance market was TND 3.5 billion in 2023, and it is projected to grow at a CAGR of more than 8% from 2024 to 2028. This growth is driven by economic improvements, particularly in the agriculture and tourism sectors, which are positively influencing the non-life insurance market. However, social instability continues to affect the life insurance segment's growth(Fitch, 2021). Historically, the Tunisian insurance market was characterized by limited penetration and a predominant role of state-owned enterprises. Early studies, such as those by Ben Naceur and Goaied (2003), underscored the sector's nascent stages, highlighting the constraints imposed by economic instability and inadequate regulatory frameworks. The market's initial structure, heavily skewed towards state control, limited the variety of insurance products and stifled competition, resulting in a relatively underdeveloped sector compared to global standards.

Adopting liberalization policies in the late 20th century marked a significant turning point for the Tunisian insurance sector. As noted by (Ayadi et al., 2019), these policies fostered a competitive environment, attracting foreign investments and encouraging the entry of private firms. This period of economic liberalization led to a diversification of insurance products, improved service quality, and an increase in the number of market players. The influx of foreign capital and expertise contributed to the sector's modernization, introducing new business models and enhancing operational efficiencies.

In recent years, the Tunisian insurance sector has continued to evolve, adapting to international standards and embracing technological innovations. Implementing advanced regulatory frameworks, such as Solvency II, has been a critical milestone in enhancing the sector's resilience and transparency. Ghanem and Fitouri (2014) emphasize that these regulations have significantly improved risk management practices, ensuring that insurance companies maintain adequate capital reserves to withstand financial shocks. Additionally, digital transformation has revolutionized service delivery and customer engagement, with fintech innovations pivotal in reshaping the industry landscape. As Belkhir (2018) points out, technological advancements have enabled insurers to offer more personalized services, streamline claims processing, and improve overall customer experience. Regulatory changes have also played a crucial role. For instance, the adoption of advanced regulatory frameworks like Solvency II has enhanced risk management practices and financial stability in the sector. Recent measures introduced in the 2024 Finance Law, including temporary exemptions on taxable profits for (re)insurance companies, aim to stabilize the market further(Fitch, 2021).

Despite these positive developments, the Tunisian insurance sector still faces several challenges. Market concentration remains a significant issue, with a few large firms dominating the industry and limiting competition. Triki and Kouki (2016) highlight that this concentration can hinder innovation and prevent smaller companies from gaining a foothold in the market. Moreover, regulatory enforcement issues persist, with calls for more robust supervisory mechanisms to ensure compliance and protect consumer interests. The need for continuous regulatory updates to keep pace with global standards is essential for sustaining the sector's growth.

The organizational structure of Tunisian insurance companies has also undergone significant changes. Traditionally characterized by hierarchical and bureaucratic systems, many companies have started to adopt more decentralized and efficient operational models. Ben Sedrine and Kammoun (2010) discuss how these structural adjustments aim to improve agility and responsiveness to market demands, ensuring that the sector can effectively navigate the complexities of a rapidly changing global financial landscape. The shift towards decentralized decision-making processes has facilitated quicker responses to market changes and enhanced the ability of companies to innovate and adapt. That's why Organizational changes, particularly the shift towards more decentralized structures, are enhancing insurance companies' agility and responsiveness to market demands. Companies like Star, COMMAND, AS TREE, and GET Assurances are leading the market, reflecting a competitive and fluid market environment that attracts new investments and encourages mergers and acquisitions as the economy recovers(GlobalData, 2024).

This paper explores the reality of the Tunisian insurance sector's development and organizational structure, providing a comprehensive analysis of its historical evolution, current state, and future prospects. By examining key milestones, regulatory impacts, and structural dynamics, this study offers valuable insights into the factors driving the sector's growth and the challenges it must overcome to achieve sustainable development. Through this analysis, the paper will contribute to a deeper understanding of the Tunisian insurance sector, informing policy decisions and strategic initiatives to foster a more competitive and resilient market.

2. literature review

Some Recent publications have highlighted significant developments in the Tunisian insurance sector, focusing on its organizational structure and market dynamics. One of the key findings is the impact of market liberalization, regulatory frameworks, and organizational restructuring on the sector's growth and efficiency.

Historical Development and Economic Reforms

The early stages of the Tunisian insurance sector were marked by limited market penetration and substantial state involvement. (Naceur, 2003) highlight how economic instability and inadequate regulatory frameworks initially hindered the sector's growth. The predominance of state-owned enterprises resulted in a lack of competition and innovation, with the market offering a narrow range of insurance products. During this period, economic challenges and a regulatory environment not favoring private sector involvement stifled the sector's growth. The liberalization policies of the late 20th century represent a critical juncture in the sector's development. According to (Adegbite & Ayadi, 2011), these policies opened the market to foreign investments and private companies, fostering a competitive environment. The diversification of insurance products and improved service quality during this period signaled the beginning of significant transformation within the sector. These changes were driven by the influx of foreign expertise and capital, which introduced modern business practices and operational efficiencies. The entry of new players into the market led to increased competition, driving innovation and the development of new insurance products tailored to the needs of a broader customer base.

The study by Haiss PSümegi (2007)The role of insurance companies, although growing in importance in financial intermediation, has received less attention than bank and stock markets and, if so, mainly as a provider of risk transfer in a single country or very heterogeneous samples. We investigate the impact of insurance investment and premiums on GDP growth in Europe. We conduct a cross-country panel data analysis from 1992 to 2005 for 29 European countries. We find a positive impact of life insurance on GDP growth in the EU-15 countries, Switzerland, Norway and Iceland. We see a more significant effect for liability insurance for the New EU Member States from Central and Eastern Europe. Furthermore, our findings emphasize the impact of actual interest rates and economic development levels on the insurance-growth nexus. We argue that the insurance sector needs to pay more attention to financial sector analysis and macroeconomic policy.

Regulatory Advancements and International Standards

Regulatory reforms have played a pivotal role in shaping the Tunisian insurance sector. The adoption of Solvency II regulations is a noteworthy development discussed by (Ghanem and Fitouri, 2014). These regulations have enhanced the sector's resilience by improving risk management practices and ensuring that companies maintain adequate capital reserves. This alignment with international standards has bolstered the sector's stability and increased its attractiveness to global investors. Implementing these regulations required substantial adjustments within insurance companies, including adopting new risk assessment methodologies and developing more sophisticated financial management strategies. Despite these advancements, regulatory enforcement remains a challenge. Triki and Kouki (2016) state that the sector requires more robust supervisory mechanisms to ensure compliance and protect consumer interests. Continuous regulatory updates to match global standards are essential for sustaining growth and maintaining investor confidence. The effectiveness of regulatory bodies in enforcing these standards is crucial for maintaining market integrity and protecting policyholders.

Paper by (Bah & Abila, 2024a) investigates the impact of institutional quality on insurance development across 42 African countries, including Tunisia. It highlights how political stability, regulatory quality, and control of corruption significantly influence insurance market penetration. This is crucial for understanding the organizational challenges within the Tunisian insurance sector

Market Concentration and Competitive Dynamics

Market concentration is a persistent issue within the Tunisian insurance sector. As highlighted by (Triki et al., 2017), a few large firms dominate the market, limiting competition and innovation. This concentration poses challenges for smaller companies attempting to enter the market and compete effectively. Addressing market concentration is crucial for fostering a more dynamic and competitive insurance sector. The dominance of a few key players can stifle innovation and reduce the incentive for these companies to improve their services and product offerings. Regulatory measures to promote competition and reduce entry barriers are necessary to create a more balanced and competitive market environment. In this point study of Tunisia Insurance Industry: Key Trends and Opportunities to 2028, Published by (GlobalData, 2024) in January 2024, this report provides a comprehensive analysis of the Tunisian insurance industry, including detailed insights into regulatory changes, market forecasts, and the competitive landscape. The report emphasizes the role of advanced regulatory frameworks and digitalization in shaping the sector's future.

Organizational Structure and Operational Efficiency

The organizational structure of Tunisian insurance companies has undergone significant changes, moving from traditional hierarchical and bureaucratic models to more decentralized and efficient operational frameworks. Ben Sedrine and Kammoun (2010) discuss how these structural adjustments aim to improve agility and responsiveness to market demands. Decentralized decision-making processes have enabled companies to respond more quickly to market changes and enhance their capacity for innovation. This shift towards more flexible and adaptive organizational structures has allowed companies to meet their customers' changing needs better and remain competitive in a rapidly evolving market. Insurance companies can improve their operational efficiency and drive growth by empowering employees and fostering a culture of innovation. The study of the Determinants of Insurance Company Performance in Tunisia examines the impact of firm-specific characteristics such as size, leverage, and liquidity on the performance of insurance companies in Tunisia over eight years. It offers valuable insights into how organizational structures and internal policies affect operational efficiency and market performance(Bah & Abila, 2024b).

Challenges and Future Prospects

While the Tunisian insurance sector has made considerable progress, it faces challenges that must be addressed to ensure sustainable growth. These include improving regulatory enforcement, addressing market concentration, and leveraging technological advancements to enhance service delivery and operational efficiency. The ongoing development of regulatory frameworks that align with international standards is essential for maintaining investor confidence and protecting consumer interests. Additionally, efforts to promote competition and reduce market concentration will be crucial for fostering innovation and ensuring that the sector remains dynamic and responsive to consumers' needs.

The literature reviewed provides a comprehensive understanding of the Tunisian insurance sector's development and organizational structure. It highlights the sector's transformation driven by economic reforms, regulatory advancements, and technological innovations while identifying areas requiring ongoing attention. Future research and policy initiatives should foster a more competitive environment, strengthen regulatory frameworks, and capitalize on technological advancements to ensure the sector's continued growth and resilience. By addressing these challenges and leveraging opportunities for innovation and improvement, the Tunisian insurance sector can continue to evolve and thrive in an increasingly complex and competitive global market.

3. Theoretical Framework

The theoretical framework for analyzing the development of the Tunisian insurance sector involves several key concepts and theories that provide a foundation for understanding the sector's evolution, challenges, and prospects. This framework integrates economic theories of market liberalization, regulatory impact, technological innovation, and organizational theories related to structural changes and operational efficiency. The theoretical framework for analyzing the development of the Tunisian insurance sector involves several key concepts and theories that provide a foundation for understanding the sector's evolution, challenges, and prospects. This framework integrates economic theories of market liberalization, regulatory impact, technological innovation, and organizational theories related to structural changes and operational efficiency. Economic reforms in the late 20th century, as noted by Ayadi and Ben Mim (2007), were pivotal in creating a competitive environment by opening the market to foreign investments and private companies. These reforms align with economic theories suggesting market liberalization can increase competition, efficiency, and innovation.

The influx of foreign capital and expertise introduced modern business practices, enhancing operational efficiencies and product diversification, aligning with the theory that competition drives firms to innovate and improve service quality to maintain market share. The adoption of advanced regulatory frameworks like Solvency II, highlighted by Ghanem and Fitouri (2014), improved the sector's resilience by enhancing risk management practices. Regulatory theories suggest that robust regulatory environments can stabilize markets and increase investor confidence despite advancements, issues with regulatory enforcement persist, requiring more robust supervisory mechanisms to ensure compliance and protect consumer interests, aligning with theories on regulatory compliance, which emphasize the need for effective enforcement to achieve desired regulatory outcomes. Technological advancements and fintech innovations, as discussed by Belkhir (2018), have revolutionized service delivery and customer engagement. Theories on technology adoption suggest that integrating digital solutions can enhance operational efficiency and customer satisfaction. The diffusion of technological innovations within the insurance sector reflects broader trends in the global market, positioning Tunisian insurers to meet evolving consumer needs better. The shift from hierarchical to more decentralized organizational structures, as noted by Ben Sedrine and Kammoun (2010), aims to improve agility and responsiveness to market demands. Organizational theories suggest decentralization can enhance innovation and adaptability by empowering lower-level managers and employees. Adopting more efficient operational models helps insurance companies navigate the complexities of a rapidly changing financial landscape, aligning with organizational efficiency and effectiveness theories.

4. Research Method:

The research design employs both quantitative and qualitative methods to provide a comprehensive analysis of the Tunisian insurance sector. The study focuses on empirically testing the relationships between market liberalization, regulatory impact, technological innovation, organizational structure, and the sector's overall development. Data collection methods include secondary data gathered from industry reports, regulatory filings, and academic studies to provide a historical and contextual understanding of the Tunisian insurance sector, outlining trends and significant regulatory changes over time. Primary data is collected through surveys and interviews with industry stakeholders, including insurance company executives, regulatory officials, and financial analysts, to obtain current and firsthand insights, adding depth to the understanding of the sector's operational realities and challenges. The analytical approach combines quantitative and qualitative analyses. Statistical methods, including regression analysis, are employed to test the hypotheses and determine the relationships between the independent variables (market liberalization, regulatory impact, technological innovation, organizational structure) and the dependent variable (development of the Tunisian insurance sector).

Thematic coding of interview responses is utilized to identify key patterns and insights related to organizational changes, technological adoption, and regulatory challenges within the sector, complementing the quantitative findings and providing a richer, more nuanced understanding. The sample size for the surveys and interviews was determined based on several criteria: the total number of insurance companies operating in Tunisia, an estimated response rate from the targeted stakeholders informed by previous similar studies and current industry engagement levels, an acceptable margin of error typically set at 5% to ensure the reliability of the results, and a desired confidence level typically set at 95% to allow for generalization of the findings to the broader population. Potential limitations include data availability, with some data being limited or inaccessible, particularly proprietary information from private companies, and data reliability, as the accuracy and completeness of secondary data depend on the sources. Efforts were made to cross-verify data from multiple sources to mitigate these issues.
The research model for this study is designed to empirically test the relationships between market liberalization, regulatory impact, organizational structure, and the overall development of the Tunisian insurance sector.
H1: Market liberalization positively impacts the competition and diversity of insurance products in the Tunisian insurance sector.
H2: Advanced regulatory frameworks enhance the sector's risk management practices and financial stability.
H3: Decentralized organizational structures increase agility and responsiveness to market changes.

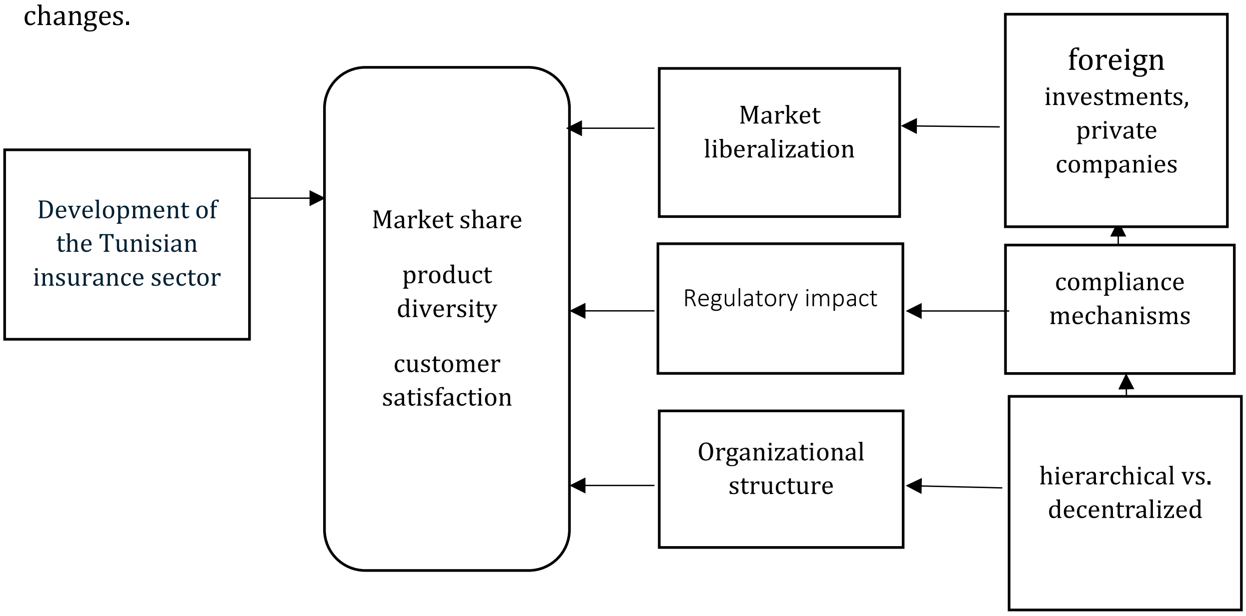

Figure 1: Arithmetic Means and Standard Deviations for The Variables
Source: by Author

This theoretical framework and research model provide a comprehensive approach to analyzing the Tunisian insurance sector's development. By integrating economic, regulatory, technological, and organizational theories, this framework offers a robust foundation for understanding the factors driving the sector's growth and identifying areas for future research and policy interventions.

5. Tunisian Regulatory impact in the Global Insurance Market
Positioning of the Tunisian Insurance Market

Table 5.1 Tunisia's Position in the Group of European, Middle Eastern, and Africa in terms of Share of the Global Market (%)

Country	Percentage (%)
South Africa	0.75
Iran	0.41
Russia	0.34
The United Arab Emirates	0.18
Kingdom of Saudi Arabia	0.16
Morocco	0.08
Kenya	0.04
Egypt	0.04
Lebanon	0.03
Kuwait	0.02
Algeria	0.02
Tunisia	0.02
Jordan	0.01
Turkiya	0.15

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

The insurance, banking, and judicial sectors are a cornerstone of Tunisia's financial stability. It is crucial in mitigating economic risks by safeguarding national savings, individuals' lives, and properties. Since the 1950s, the industry has experienced substantial growth, marked by an expanded insurance portfolio, increased compensations, and notable enhancements in service quality, diversity, and capital base. Additionally, there has been a significant rise in investment levels. This chapter will highlight the key indicators of the Tunisian insurance market's development over the past five years.

Tunisia's position in the global insurance market, particularly within the European, Middle Eastern, and African (EMEA) regions, is modest but noteworthy given its size and economic context. With a share of 0.02% of the global market, Tunisia stands alongside Algeria and Kuwait, reflecting the relatively small scale of its insurance sector in comparison to more dominant players in the region. These results are similar to what was found by Naceur (2003). South Africa leads the EMEA group with a significant share of 0.75%, which is indicative of its more developed and expansive insurance market. Iran follows this at 0.41% and Russia at 0.34%, both of which have larger populations and more extensive insurance industries. The United Arab Emirates (UAE) and the Kingdom of Saudi Arabia also command larger shares at 0.18% and 0.16%, respectively, driven by their wealthier economies and more substantial investment in the insurance sector. Morocco, with a 0.08% share, has a more developed insurance market compared to Tunisia, likely due to its larger economy and more significant financial sector reforms. Kenya and Egypt both hold a 0.04% share, indicating growing but still relatively small insurance markets. Lebanon, with 0.03%, also surpasses Tunisia, reflecting its relatively diverse financial services sector. Other countries, such as Jordan (0.01%), Turkey (0.15%), and Algeria (0.02%), show varying levels of market engagement. Turkey's position at 0.15% underscores its larger economy and more developed insurance industry.

Decentralized organizational structures increase agility and responsiveness to market changes. Tunisia's position, although small, is consistent with its economic size and developmental stage. The Tunisian insurance market is growing, driven by regulatory reforms and increased adoption of digital innovations. Decentralization within the Tunisian insurance market can enhance its agility and responsiveness, facilitating quicker adaptation to these regulatory changes and technological advancements. However, compared to regional leaders, it remains in the nascent stages. As the sector continues to develop regulatory frameworks and adopt new technologies, decentralized structures can further promote growth by enabling more responsive and adaptive service delivery and market penetration. These results are similar to what was found by Triki et al. (2017)

The Tunisian insurance sector is regulated by the Insurance Authority, established to replace the General Directorate of Insurance, previously under the Ministry of Finance. This transition signifies a new phase of alignment with international standards. The Insurance Authority operates with financial and administrative independence, reporting to the Ministry of Finance. It collaborates with various entities, including the Tunisian Association of Insurance Companies, the Central Bank of Tunisia, and the Financial Market Authority. This collaborative framework defines the Tunisian insurance market's organizational structure and strategic positioning. These results are similar to what was found by(Tunisian General Insurance Authority, 2021)

Insurance Integration Rate in the Tunisian Economy:

Table 5.2 Tunisia's Position in the Group of European, Middle Eastern, and African Countries in Terms of Insurance Integration Rate in the Economic Activity (%)

Country	Percentage (%)
South Africa	12.2
Morocco	4
The United Arab Emirates	2.9
Tunisia	2.5
Iran	2.4
Kenya	2.2
Jordan	1.9
Russia	1.3
Türkiya	1.3
Kingdom of Saudi Arabia	1.3
Kuwait	1.1
Lebanon	1
Algeria	0.7
Egypt	0.6

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

Tunisia's insurance integration rate of 2.5% in economic activity places it in a moderate position within the group of European, Middle Eastern, and African countries. South Africa leads this group with a significantly higher rate of 12.2%, indicating a more mature and deeply integrated insurance sector in its economy. Morocco follows at 4%, showing a relatively strong presence of insurance in its economic activities. The United Arab Emirates (UAE) at 2.9% and Tunisia at 2.5% suggest that while these countries have developed insurance markets, there is still substantial room for growth and deeper integration. Tunisia's rate is comparable to that of Iran (2.4%) and slightly ahead of Kenya (2.2%), indicating a similar level of insurance market development in these nations. Further down the list, countries like Jordan (1.9%), Russia (1.3%), and Türkiye (1.3%) show lower levels of insurance integration, reflecting either less developed insurance markets or lower penetration rates relative to their economies. This trend continues with the Kingdom of Saudi Arabia (1.3%), Kuwait (1.1%), and Lebanon (1%), suggesting that despite their economic strengths, these countries have not yet achieved high levels of insurance market penetration. At the lower end of the spectrum, Algeria (0.7%) and Egypt (0.6%) demonstrate minimal integration of insurance within their economic activities, highlighting significant potential for market development. The overall data portrays a varied landscape of insurance market integration, with South Africa notably ahead and several Middle Eastern and North African countries, including Tunisia, showing moderate to low levels of insurance penetration. This scenario underscores opportunities for growth, regulatory enhancements, and increased market awareness to bolster insurance integration across these regions.

Average Individual Insurance Spending in Tunisia:
The average insurance premium for individuals has shown a positive trend in recent years, reaching 235.8 Tunisian Dinars in 2021, equivalent to 84.2 US dollars. This marks an increase from 217.8 Tunisian Dinars in 2020 and 206.2 Tunisian Dinars in 2019, reflecting a rise of 8.3%. Despite this growth, the Tunisian average remains notably lower than the global average of about 2,447 Tunisian Dinars, approximately 874 US dollars, in 2021. Within these premiums, life insurance and savings constitute 25.5%, approximately 60 Tunisian Dinars or 21.4 US dollars, which contrasts with the global average of 1,069 Tunisian Dinars, around 382 US dollars. Meanwhile, non-life insurance makes up the remaining 74.5%, totaling 175.8 Tunisian Dinars or 62.8 US dollars, compared to a global average of 1,378 Tunisian Dinars, equivalent to 492 US dollars.

Tunisian insurance expenditures appear modest when compared to more developed markets, such as the United States ($8,193), Switzerland ($6,610), the United Kingdom ($5,273), France ($4,140), and Japan ($3,202). They also fall short of levels observed in other emerging markets, like the United Arab Emirates ($1,305), South Africa ($852), Saudi Arabia ($312), Kuwait ($352), and Morocco ($143). The number of employees in the insurance sector was approximately 11,700 at the end of 2021. Resident insurance and reinsurance companies accounted for about 34% of the workforce. In contrast, the remaining percentage, especially in insurance agent offices, brokerage, inspection, and damage assessment offices, belongs to non-resident insurance companies and their representative offices. Three specialized institutes are collaborating to train and reskill employees in Tunisia's insurance sector to keep pace with modern technologies. These are the Institute for the Financing of Development in the Arab Maghreb (IFID), the African Insurance Association (I.A.A.), and the Technical Training Center for Insurance (C.T.F.A.). Additionally, several integrated training centers within insurance institutions are active in this effort. In 2020, the Professional Training School for Insurance (A.P.F.E.) was licensed to offer training courses for aspiring insurance agents or brokers. The "Tunis Dauphine" Institute provides a unique master's program in actuarial science, recognized by the International Institute of Actuaries. This program, the second of its kind in Africa and the Arab world, was developed with the Tunisian Association of Actuaries (A.T.A.) and other stakeholders to enhance the sector's capabilities, as well as those of banks and social funds.

6. Organizational structure of the Tunisian insurance market:

Figure 6.2 Branches and Representative Offices of Non-Resident Insurance and Reinsurance Institutions

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2022

Table 6.3 The administrative structure of the Tunisian insurance market

• Insurance related funds	• Insured Guarantee Fund • Traffic Accident Victims Guarantee Fund • Traffic Accident Prevention Fund • Pre-shipment Export Finance Guarantee Fund • Export Risk Guarantee Fund
• Insurance Market Participants	• Insurance representatives • Insurance brokers • Life insurance producers • Experts and damage assessors • Actuaries
• The supporting service structures for the insurance sector in Tunisia	• National trade unions and professional associations for insurance • agents, brokers, experts, and damage assessors • National Federation of Cooperatives • The Tunisian Unified Automobile Office • Tunisian Society of Actuaries

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2022

The administrative structure of the Tunisian insurance market is composed of several key elements that ensure its smooth operation and regulatory compliance.

Insurance-Related Funds:
The Tunisian insurance market includes various specialized funds aimed at providing guarantees and support in specific areas. The Insured Guarantee Fund is designed to protect policyholders in the event of insurer insolvency, ensuring that claims are paid out even if the insurance company fails. The Traffic Accident Victims Guarantee Fund compensates victims of traffic accidents when the responsible party is uninsured or unknown, thus providing a safety net for individuals affected by such incidents. The Traffic Accident Prevention Fund focuses on initiatives and programs to reduce the occurrence of traffic accidents, thereby enhancing road safety. Additionally, the Pre-shipment Export Finance Guarantee Fund and the Export Risk Guarantee Fund support exporters by providing guarantees and risk coverage for pre-shipment financing and export transactions, respectively. These funds collectively contribute to the stability and reliability of the insurance market, offering crucial protections and encouraging economic activities.

Insurance Market Participants:
The participants in the Tunisian insurance market are diverse and play specialized roles. Insurance representatives and brokers act as intermediaries between insurers and policyholders, facilitating the sale and management of insurance policies. Life insurance producers focus specifically on the life insurance segment, helping individuals and families secure financial protection against life contingencies. Experts and damage assessors are essential for evaluating and processing claims, ensuring that damages are accurately assessed and compensated. Actuaries, with their expertise in risk assessment and statistical analysis, play a critical role in designing insurance products and setting premiums that reflect the underlying risks. This diverse group of participants ensures that the insurance market operates efficiently and that policyholders receive appropriate coverage and services.

Supporting Service Structures for the Insurance Sector:
The supporting service structures are vital for maintaining the overall health and effectiveness of the insurance market. National trade unions and professional associations represent the interests of various stakeholders, including agents, brokers, experts, and damage assessors. These organizations provide a platform for professional development, advocacy, and the establishment of industry standards. The National Federation of Cooperatives supports cooperative insurance entities, promoting mutual aid and collaboration among members. The Tunisian Unified

Automobile Office plays a significant role in the automotive insurance sector, managing vehicle registrations and insurance records. Finally, the Tunisian Society of Actuaries brings together professionals in the field to advance actuarial science and practice, ensuring that the industry benefits from high standards of risk assessment and management. These supporting structures provide a framework for professional excellence, regulatory compliance, and continuous improvement in the insurance sector. The hypothesis "Advanced regulatory frameworks enhance the sector's risk management practices and financial stability" connects seamlessly to the text regarding the Tunisian insurance market. The text highlights that the administrative structure of Tunisia's insurance market is "robust and multifaceted," indicating the presence of a well-developed regulatory framework. This structure, which includes essential funds, diverse market participants, and comprehensive supporting services, ensures the "stability, reliability, and growth" of the industry. By ensuring stability and reliability, the advanced regulatory framework in Tunisia effectively enhances risk management practices. The comprehensive nature of the supporting service structures and the inclusion of diverse market participants likely contribute to sophisticated risk management and robust financial stability within the sector. This, in turn, benefits policyholders and supports the overall economic development of the country, aligning with the hypothesis that such frameworks play a crucial role in bolstering risk management and financial stability in the sector. These results are similar to what was found by(Tunisian General Insurance Authority, 2021)

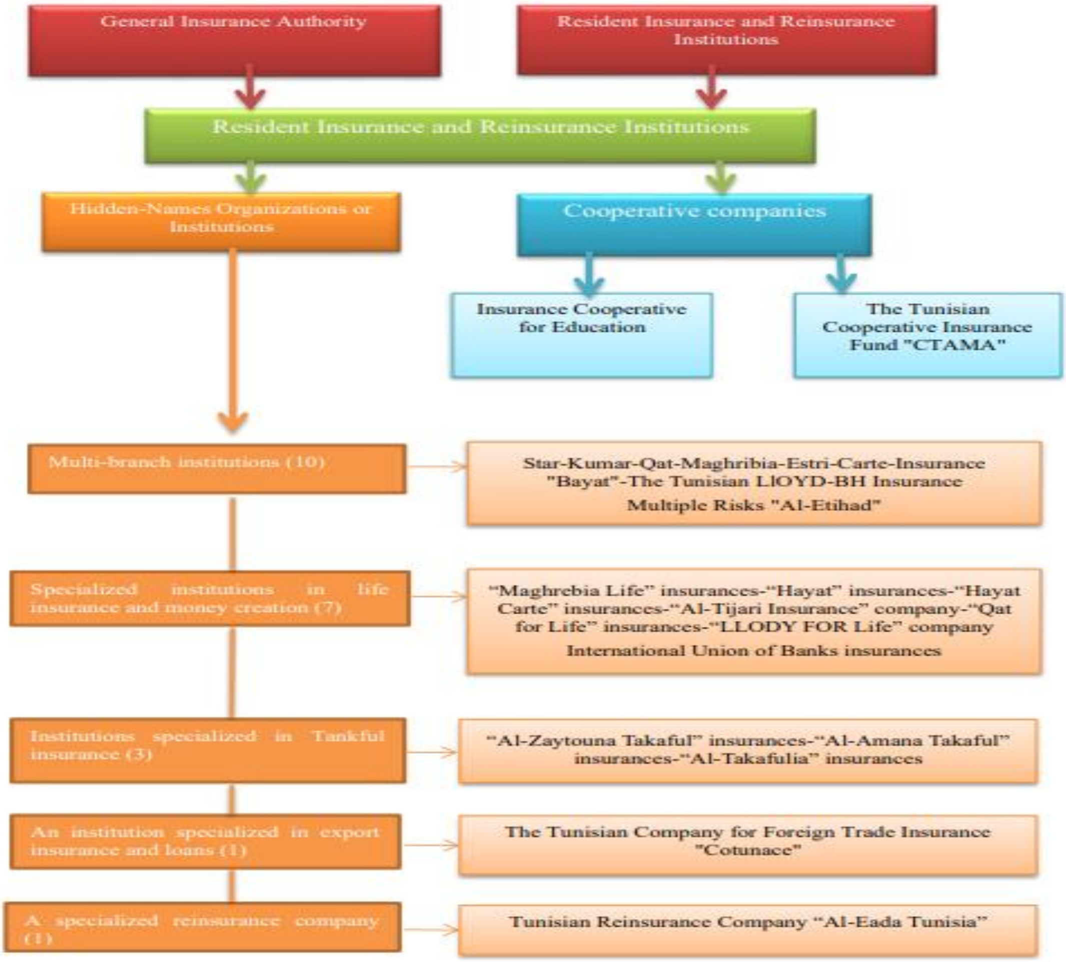

Figure 6.3 Structure of the Tunisian Insurance Market
Source: Annual report of the General Authority of the Tunisian Insurance Sector 2022

Resident and Non-Resident Institutions
As of 2021, the insurance sector in Tunisia consists of 24 resident institutions, including two newly licensed entities in 2020 focusing on life insurance and asset management: Lloyd Life Insurance Company, which commenced operations, and the International Union of Banks' Insurance, scheduled to start in the fourth quarter of 2022 following regulatory agreements with the Ministry of Finance. These resident institutions comprise 22 undisclosed-name companies and two cooperative-based companies. They specialize in various sectors: 15 companies offer a range of insurance types and branches, including three cooperative insurance firms. Additionally, seven specialize in life insurance and wealth management, one in export and credit insurance, and one in reinsurance.

Insurance and Re-insurance Non-Resident Institutions
Eight non-resident institutions operate in the Tunisian insurance market, established as five branches and three representative offices of foreign reinsurance companies. They specialize in insurance and reinsurance operations for non-resident individuals.

Interventionists in the insurance market:
Insurance Agents The number of insurance agents at the end of 2021 increased to 1,099 nationwide. The greater Tunis area attracts approximately 44%, followed by the city of Sfax with 11.8% and the city of Sousse with 8.9%, while the rest of the cities account for approximately 35.4%. Insurance Brokers The number of active insurance and reinsurance brokers in the market in 2021 was 63, including natural persons and legal entities in the form of limited liability companies and others operating under undisclosed names. Life Insurance Producers The number of active life insurance producers in the Tunisian market reached 108 by the end of 2021. In 2021, the Tunisian Union of Insurance Companies boasted a roster of 1,027 experts, including 86 active legal entities, totaling 54. These specialists cover various fields such as general mechanics, construction, electrical engineering, fire safety, agricultural hazards, media, electronics, medicine, aviation, and more. Notably, automobile experts alone comprise over 25% of the total. Damage Inspectors numbered 100 by the close of 2021, matching the count from 2019. Of these, 22 operate as legal entities across 14 companies, primarily concentrated in the northern region, with smaller contingents in central and southern Tunisia. In Actuarial Science, the Tunisian Union for Insurance Companies recorded 29 officially registered experts by the end of 2021, consistent with the figures from the preceding two years.

7. Development of the main quantitative indicators for the insurance sector in Tunisia

Table 7.1 Evolution of Transaction Volume (in million dinars)

Types and Branches	2020	2021	The percentage of development (%) 2021/2020
Life insurance and money creation	623,8	722	15,7
Non-life insurance	1947,1	2111,2	8,4
Car insurance	1114,9	1202,3	7,8
Group health insurance	381,7	418,7	9,7
Transportation insurance	77,1	88,6	14,9
Fire and natural disasters insurance	145	160,2	10,5
Export and loan insurance	18,2	19,6	7,7
Insurance against frost and livestock death	11,4	11,8	3,5
Other types of insurance	185,1	196,2	6
Insurance of acceptable operations	13,7	13,8	0,7
Total transaction number of insurance institutions	2570,9	2833,2	10,2
Transaction number of the "Al-Eada Al Tunisia" institution	158,3	163,2	3,1
Total transactions number of the sector	2729,2	2996,4	9,8

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

The data presented showcases the evolution of transaction volumes in the Tunisian insurance sector from 2020 to 2021, with a detailed breakdown by types and branches of insurance. Export and loan insurance transactions modestly increased from 18.2 million dinars to 19.6 million dinars, a 7.7% rise, reflecting steady but cautious growth in export activities and financial protections. Insurance against frost and livestock death, a more niche segment, had a slight increase of 3.5%, from 11.4 million dinars to 11.8 million dinars. Other types of insurance transactions grew by 6%, from 185.1 million dinars to 196.2 million dinars, showing diversified interest in various insurance products. Insurance of acceptable operations had a minimal increase of 0.7%, indicating stability in this sector.

Life insurance and money creation saw a significant increase from 623.8 million dinars in 2020 to 722 million dinars in 2021, marking a notable development of 15.7%. This indicates a growing emphasis on financial security and savings among the population. Non-life insurance also experienced growth, rising from 1947.1 million dinars to 2111.2 million dinars, a development rate of 8.4%. Within this category, car insurance, which is a major segment, increased from 1114.9 million dinars to 1202.3 million dinars, reflecting a 7.8% rise. This growth can be attributed to the increasing number of vehicles and the mandatory nature of car insurance.

Group health insurance transactions increased from 381.7 million dinars to 418.7 million dinars, a 9.7% increase. This suggests an increasing demand for health coverage, driven by heightened awareness of health risks and the desire for better healthcare protection. Transportation insurance transactions rose by 14.9%, from 77.1 million dinars to 88.6 million dinars, highlighting an expansion in trade activities and the need for coverage of goods in transit. Fire and natural disaster insurance saw a 10.5% increase, from 145 million dinars to 160.2 million dinars, indicating growing awareness and mitigation efforts against these risks.

The total transaction volume for insurance institutions increased from 2570.9 million dinars to 2833.2 million dinars, a development rate of 10.2%. Specifically, the "Al-Radar Al Tunisia" institution saw its transactions rise from 158.3 million dinars to 163.2 million dinars, a 3.1% increase. Overall, the sector's total transaction volume rose from 2729.2 million dinars to 2996.4 million dinars, marking a growth rate of 9.8%.

The hypothesis "Advanced regulatory frameworks enhance the sector's risk management practices and financial stability" can be connected to the given text as follows:
The data indicating a robust and growing insurance sector in Tunisia, with significant developments across various types and branches of insurance, suggests that the increasing demand for financial protection and risk management solutions among the Tunisian population is being effectively met. This growth and development can be attributed to the implementation of advanced regulatory frameworks. These frameworks likely contribute to enhanced risk management practices within the sector, ensuring that insurance companies are better equipped to handle potential risks and maintain financial stability. As a result, the sector's overall robustness and growth reflect the positive impact of these advanced regulatory measures on its operational efficiency and resilience.

Table 7.2 Evolution of Transaction Volume (in million dinars)

	2017	2018	2019	2020	2021
Life Insurance and Money Creation	442.5	507.5	559.4	623.8	722
Non-Life Insurance	1645.4	1744.3	1855	1947.1	2111.2

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

The data on the evolution of transaction volumes in the Tunisian insurance sector from 2017 to 2021 reveals significant growth trends in both life insurance and non-life insurance segments. For life insurance and money creation, there has been a steady increase in transaction volumes over the five years. Starting at 442.5 million dinars in 2017, the volume grew to 507.5 million dinars in 2018, marking an increase of approximately 14.7%. This upward trend continued in subsequent years, with volumes reaching 559.4 million dinars in 2019 and 623.8 million dinars in 2020. By 2021, the transaction volume for life insurance and money creation surged to 722 million dinars, representing an overall growth of about 63.2% from 2017 to 2021. This significant increase reflects a growing consumer confidence in life insurance products and a heightened emphasis on financial planning and security. Similarly, the non-life insurance segment also exhibited robust growth during the same period. Transaction volumes started at 1645.4 million dinars in 2017 and rose to 1744.3 million dinars in 2018, showing a year-on-year increase of around 6%. This growth persisted, with volumes climbing to 1855 million dinars in 2019 and 1947.1 million dinars in 2020. By 2021, the non-life insurance transaction volume reached 2111.2 million dinars, marking an overall growth of approximately 28.3% from 2017. The consistent rise in non-life insurance volumes indicates a broadening acceptance and reliance on various non-life insurance products, such as automotive, property, and health insurance, driven by an increasing need for risk management and protection against unforeseen events. In summary, both the life and non-life insurance sectors in Tunisia have experienced notable growth in transaction volumes from 2017 to 2021. The life insurance segment saw a more substantial growth percentage-wise compared to the non-life segment, highlighting a significant shift towards life insurance and financial security, these results are consistent with what was reached by (Zerriaa et al., 2017). The non-life segment's steady growth underscores the ongoing demand for comprehensive insurance solutions to safeguard against various risks. This trend reflects a positive trajectory for the Tunisian insurance market, driven by rising awareness, economic factors, and a growing culture of insurance adoption among the population.

Table 7.3 The Number of Transactions Is Distributed According to Contracts

Insurance Type	Percentage (%)
Life Insurance	31.9
Temporary death insurance	32.6
Investment Insurance	22.8
Mixed Insurance	11.4
Acceptable Operations Insurance	1.1
Unit-Linked Insurance	0.3

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

The data provider's distribution of transactions across various insurance types reveals significant insights into the structure and preferences within the insurance market. Life Insurance holds a substantial share of the market at 31.9%. This indicates a robust demand for long-term financial protection and investment in life coverage, reflecting a societal emphasis on securing economic stability for beneficiaries in the event of the policyholder's death. Temporary death insurance slightly surpasses life insurance with 32.6%, suggesting a preference for policies that offer coverage for a specific period. This type of Insurance is often more affordable and can be tailored to cover critical periods, such as the duration of a mortgage or until children reach adulthood. Investment Insurance accounts for 22.8% of transactions. This category combines Insurance with investment opportunities, appealing to those looking to grow their wealth while maintaining insurance coverage. The popularity of this type reflects an awareness and desire for financial products that provide dual benefits. Mixed Insurance, which likely includes elements of both life and investment insurance, represents 11.4% of the market. This moderate share suggests a segment of the population values the combined benefits but may also indicate higher costs or complexity compared to pure life or investment insurance products. Acceptable Operations Insurance and Unit-Linked Insurance are significantly less prominent, with shares of 1.1% and

0.3%, respectively. Acceptable Operations Insurance might cover specific operational risks, while Unit-Linked Insurance is tied to the performance of investment units. The low percentages here suggest niche markets or less awareness and demand for these specialized products. Overall, the distribution highlights a dominant preference for traditional life and temporary death insurance while also showing a significant interest in investment-linked products. The lower shares of mixed and specialized insurance types point to more selective consumer bases or higher entry barriers for these products.

Table 7.4 Distribution of Transaction Figures by Branches

Insurance Branches	Transaction Figures
Fire and Natural Disasters Insurance	7
Transportation Insurance	4
Export and Loan Insurance	1
Acceptable Operations Insurance	1
Against Frost and Livestock Death Insurance	1
Car Insurance	57
Group Health Insurance	20
Other Risks Insurance	9

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

The distribution of transaction figures across various branches of the insurance sector reveals significant insights into the focus and demand within the industry. Car insurance dominates the market with 57 transactions, highlighting its critical role and the high demand for vehicle coverage. This is likely due to mandatory insurance requirements and the high number of vehicles on the road. Group health insurance follows with 20 transactions, reflecting the increasing awareness and importance of health coverage, especially in providing benefits for employees and their families. This trend underscores the growing prioritization of health and well-being in the workplace. Fire and natural disasters insurance account for 7 transactions, indicating a moderate concern for property protection against unpredictable events. This type of insurance is essential for safeguarding assets and ensuring financial stability in the face of natural calamities. Other risk insurance, with 9 transactions, covers a range of miscellaneous risks that do not fall under the conventional categories, suggesting a diversified need for comprehensive risk management solutions. Transportation insurance, with 4 transactions, points to the necessity of protecting goods and merchandise during transit, which is crucial for businesses involved in shipping and logistics. Export and loan insurance, acceptable operations insurance, and insurance against frost and livestock death each have 1 transaction. These niche segments cater to specific needs, such as international trade protection, coverage for business operations, and agricultural risk management.

The hypothesis "Advanced regulatory frameworks enhance the sector's risk management practices and financial stability" can be connected to the provided text as follows:
The transaction figures in the text highlight a significant focus on car and health insurance, which underscores their critical role in everyday life. This focus, along with the variety of other insurance transactions mentioned, suggests a comprehensive approach to risk management across multiple sectors. Advanced regulatory frameworks likely contribute to this well-rounded risk management by setting stringent standards and guidelines, ensuring that all sectors, including car and health insurance, adhere to robust risk management practices. Consequently, these frameworks help maintain financial stability within the insurance industry by mitigating risks and promoting prudent financial practices across the board. These results are consistent with what was reached by Bah & Abila (2024b).

8. Tunisian Insurance Market liberalization:

Table 8.1 Total transactions number distribution by types and branches of insurance

Types of Insurance	Transactions Number
Car Insurance	**42.4**
Life Insurance and Money Creation	**25.5**
Group Health Insurance	**14.8**
Other Risks Insurance	**6.9**
Fire and Natural Disasters Insurance	**5.7**
Transportation Insurance	**3.1**
Export and Loan Insurance	**0.7**
Acceptable Operations Insurance	**0.5**
Against Frost and Livestock Death Insurance	**0.4**

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

The data on the total number of transactions distributed by types and branches of insurance in Tunisia provides valuable insights into the landscape of the insurance sector. Car insurance leads the market significantly, accounting for 42.4% of total transactions. This dominance is likely due to the mandatory nature of vehicle insurance and the high rate of car ownership, which necessitates a substantial volume of policies to cover risks associated with road accidents and liabilities. Life insurance and money creation follow with 25.5% of transactions. This substantial share reflects a growing awareness and demand for financial security and investment products among the Tunisian population. Life insurance not only provides death benefits but also acts as a savings and investment vehicle, appealing to a broad segment of the market seeking long-term financial planning solutions. Group health insurance comprises 14.8% of the transactions, highlighting its importance in providing health coverage to employees within organizations. This type of insurance is critical for mitigating healthcare costs and ensuring the well-being of the workforce, making it a significant component of the overall insurance landscape. Other risk insurance, which includes a variety of policies covering diverse hazards, accounts for 6.9% of transactions. This category underscores the necessity for businesses and individuals to protect against an array of potential risks that do not fall under more conventional insurance categories. Fire and natural disaster insurance make up 5.7% of the transactions, which is essential for safeguarding property and assets against the increasingly frequent and severe impacts of climate change. This type of insurance is crucial for both residential and commercial properties, providing financial protection against losses caused by fires, earthquakes, floods, and other natural calamities. Transportation insurance, at 3.1%, caters to the logistics and transportation sector, offering coverage for goods in transit. This is vital for businesses engaged in the import and export of goods, ensuring that their merchandise is protected during transportation. Export and loan insurance, with 0.7%, reflects its niche yet crucial role in supporting international trade and protecting financial institutions from loan defaults. This type of insurance is particularly important in mitigating the risks associated with exporting goods and financing international trade activities. Acceptable operations insurance, at 0.5%, indicates a specialized area focusing on operations deemed acceptable under certain regulatory and risk frameworks. This could include various niche insurance products tailored to specific operational risks. Lastly, insurance against frost and livestock death, accounting for 0.4%, underscores the agricultural sector's need for protection against climatic events and livestock mortality. This type of insurance is essential for farmers and farming businesses to safeguard their livelihoods against unpredictable environmental factors. The hypothesis "Advanced regulatory frameworks enhance the sector's risk management practices and financial stability" can be connected to the given text by highlighting how the diversity and robustness of the insurance market in Tunisia indicate the presence of effective regulatory measures. Here's the integrated connection:

The distribution of transactions across various insurance types in Tunisia indicates a robust and diverse insurance market, addressing a wide range of risks and needs. This spectrum includes mandatory car insurance and specialized agricultural coverage, showcasing the sector's ability to cater to both common and unique insurance requirements. The diversity within the insurance offerings is a clear sign of a mature industry that is pivotal for economic stability and effective risk management for both individuals and businesses in Tunisia. This maturity and capability to manage a broad range of risks are likely supported by advanced regulatory frameworks that enhance the sector's risk management practices and financial stability. Effective regulation ensures that insurance providers operate within guidelines that promote financial health and risk mitigation, ultimately contributing to the overall stability of the economic system.

Table 8.2 Distribution of Cooperative Insurance Transactions by Types and Branches of Insurance

Insurance Types	Cooperative Insurance Transactions
Star	331.9
Comar	227.4
Gat	215.2
Maghrebia	202.5
Cooperative insurance for education	146
Astree	145.5
Lloyd	138.7
Multi for risk"al-etihad"	134.7
Carte	132
Ctama	129.8
Bh insurance	93.3
Biat insurance	76.7
Zitouna takaful	59.3
Amana takaful	34.4
Takaful insurance	29.8
Cotibnas insurance	14

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

The distribution of cooperative insurance transactions across various insurance companies in Tunisia highlights a competitive landscape with notable leaders and emerging players. STAR Insurance leads the market with 331.9 units in cooperative insurance transactions, indicating its strong market presence and customer base. Following STAR, COMAR and GAT hold significant shares with 227.4 and 215.2 units, respectively. These companies show robust participation and likely have extensive networks and trust within the insurance market. MAGHREBIA, with 202.5 units, also commands a substantial portion of the market, suggesting a competitive edge in terms of customer engagement and service delivery. The Cooperative Insurance for Education and ASTREE are nearly identical in their transaction volumes, with 146 and 145.5 units, respectively, reflecting their targeted strategies in niche markets or specialized services. LLOYD and Multi for Risk "Al-Etihad" maintain a competitive stance, with transactions close to 138.7 and 134.7 units, respectively. CARTE and CTAMA, with 132 and 129.8 units, respectively, illustrate the presence of well-established firms with steady client bases. BH Insurance, BIAT Insurance, Zitouna Takaful, Amana Takaful, and Takaful Insurance represent the mid to lower tier of the market. Their transaction volumes, ranging from 93.3 to 29.8 units, indicate either specialized market segments or developing customer outreach strategies. COTIBNAS Insurance, with the lowest volume at 14 units, suggests a niche market or a newer entrant in the sector. Overall, this distribution reflects a diverse insurance market with a mix of dominant players and niche operators. The presence of Takaful (Islamic insurance) companies like Zitouna, Amana, and Takaful Insurance highlights the growing trend towards Sharia-compliant financial products. The varying transaction volumes across these companies demonstrate the dynamic nature of the Tunisian insurance sector, where market leaders coexist with emerging firms catering to customers' specific needs and preferences. These results are consistent with what was reached by (Echchabi et al., 2014)

Figure 8.3 The Number of Transactions Distributed by Institutions

Insurance Types	Cooperative Insurance Transactions
Commercial insurance	133.1
Biat insurance	94.7
Maghrebia	91.8
Hayett insurance	80.6
Carte life	66.1
Bh insurance	54.3
Astree	41.7
Gat for life	36.9
Star	36.2
Zitouna takaful	21.9
Ctama	15.2
Amana takaful	9.2
Multi for risk"al-etihad"	8.2
Lloyd for life	6.4
Comar	6
Cooperative insurance for education	5.9
Tunisian lloyd	5.6
Takaful insurance	5
Gat	3.2

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

The data on the number of cooperative insurance transactions distributed by various institutions provides insight into the relative activity and market presence of different insurance providers. The leading institution in terms of transaction volume is Commercial Insurance, with 133.1 transactions, indicating a dominant position in the cooperative insurance sector. This substantial lead suggests a broad customer base and a wide range of insurance products catering to diverse needs. Following Commercial Insurance, BIAT Insurance and Maghrebia hold significant positions with 94.7 and 91.8 transactions, respectively. Their close transaction numbers indicate strong competition between these two institutions, which likely possess robust service offerings and competitive pricing strategies to attract and retain clients. Hayett Insurance, with 80.6 transactions, and Carte Life, with 66.1 transactions, also demonstrate substantial activity in the market. Their transaction volumes reflect solid market penetration and possibly specialized insurance products that appeal to specific customer segments. BH Insurance and ASTREE, with 54.3 and 41.7 transactions, respectively, show moderate market engagement. These figures suggest that while they are active players, there might be room for growth and increased market share through strategic initiatives and service improvements. Institutions like GAT for Life and STAR, with transactions in the mid-30s, highlight a niche presence. Their transaction volumes indicate a focus on specific insurance products or target demographics, which could be leveraged for further market development. Lower transaction volumes for institutions such as Zitouna Takaful (21.9), CTAMA (15.2), and Amana Takaful (9.2) suggest a more limited market reach or recent entry into the cooperative insurance sector. To boost their transaction numbers, these companies may need to enhance their marketing efforts, product offerings, or customer service. Finally, institutions like Multi for Risk "Al-Etihad" (8.2), Lloyd for Life (6.4), Comar (6), Cooperative Insurance for Education (5.9), Tunisian Lloyd (5.6), Takaful Insurance (5), and GAT (3.2) exhibit minimal transaction volumes. These figures imply a very specialized product focus, a limited customer base, or the need for significant business strategy adjustments to increase their market presence. In summary, the data illustrates a diverse landscape of cooperative insurance transactions, with a few dominant players and several smaller institutions. This distribution suggests varying levels of market engagement, competitive dynamics, and opportunities for growth and strategic enhancements across the sector.

Distribute the coefficients according to the distribution channels

In the Tunisian insurance market, including Takaful, the distribution of coefficients across different channels is a critical aspect of insurance companies' operational strategy. These coefficients, which represent the costs associated with each distribution channel, are distributed based on the nature and efficiency of the channel. One prominent distribution channel is direct sales, where Takaful companies in Tunisia sell their products directly to customers. Coefficients for direct sales encompass various expenses, such as marketing costs, salaries of sales staff, and administrative expenses related to maintaining a direct sales channel. Insurance *agents are another critical distribution channel in Tunisia. These agents, often independent contractors, earn commissions based on the products they sell. Coefficients for agents include commissions, training costs, and other expenses associated with managing the agent network. While agents provide a personal touch and can effectively explain complex products, they also add to the company's operational costs. Brokers act as intermediaries between customers and insurance companies, earning commissions for their products. Brokers' coefficients include commissions paid to them and any fees charged for their services. Brokers offer customers a choice of products from various insurers, increasing Takaful companies' market reach but at the cost of higher commission payments. Bancassurance is a distribution channel where insurance products, including Takaful, are sold through banks. In Tunisia, Takaful companies may distribute their products through bancassurance arrangements, with coefficients including fees paid to banks and other associated expenses. Bancassurance provides a convenient way for customers to access insurance products but may involve high distribution costs for insurers. Additionally, Takaful companies in Tunisia may use **other distribution channels**, such as partnerships with other companies or institutions. Coefficients for these channels would include expenses specific to those partnerships, such as partnership fees or related marketing expenses. These channels offer additional avenues for reaching customers but require careful management to ensure cost-effectiveness. In conclusion, the distribution of coefficients across various channels in the Tunisian market reflects the strategic choices made by Takaful companies to reach customers efficiently while managing distribution costs. Each distribution channel has its advantages and challenges, and companies must carefully balance their distribution strategies to ensure profitability and market competitiveness.

Table 8.4 The Premiums Issued Are Distributed According to Distribution Channels

Distribution channels	Percentage (%)
Insurance Agents	40
Company Offices	32
Insurance Brokers	15
Banks and Postal	12
Life Insurance Producers	1
Other Paths	-1

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

The data provided outlines the distribution of premiums issued across various channels within the insurance sector. The distribution is led by insurance agents, who are responsible for 40% of the premiums. This dominance indicates the critical role that agents play in reaching customers and securing policies, reflecting their established relationships and trust within the market. Company offices follow closely, accounting for 32% of the premiums issued. This significant share suggests that many customers prefer dealing directly with insurance companies, valuing the direct communication and perceived reliability of company-managed transactions. Insurance brokers contribute 15% to the distribution. Brokers, acting as intermediaries who offer clients a range of options from different insurers, hold a smaller yet important portion of the market. Their share indicates a preference among a segment of customers for professional advice and the convenience of comparative shopping. Banks and postal services collectively make up 12% of the distribution. This channel highlights the growing trend of bancassurance, where banks leverage their customer base to sell insurance products, offering a one-stop shop for financial services. Life insurance producers have a minimal impact, with only 1% of the premiums issued to them. This suggests that dedicated life insurance sales channels are either less prevalent or less effective than the other distribution methods. Interestingly, the category labeled as "Other Paths" shows a negative percentage (-1%), which could indicate an error in data reporting or an anomaly in this category's performance. This negative value requires further investigation to understand its cause and implications. Overall, the data illustrates the varied landscape of insurance distribution channels, with traditional agents and company offices leading the market. In contrast, other channels, such as brokers and bancassurance, also play significant roles. The minimal share of life insurance producers and the peculiar negative percentage in "Other Paths" suggest areas for potential review and strategy adjustment within the industry.

Table 8.5 The Most Important Differences Between Traditional Insurance and Takaful Insurance

Marketing Paths	2020	2021	Development rate (%) 2020-2021
Company Offices	32,8	32	-0,8
Insurance Agents	40,4	39,6	-0,8
Insurance Brokers	14,2	14,7	0,5
Life Insurance Producers	0,6	0,9	0,3
Banks And Postals	11,1	12,3	1,2
Other Paths	0,9	0,5	-0,4
Total	100	100	100

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

The data presented outlines the development rates and distribution of different marketing paths for Traditional and Takaful Insurance from 2020 to 2021. The analysis reveals key differences in the growth and reliance on various channels for these insurance types over the specified period. Firstly, the presence of company offices saw a slight decline, with a development rate of -0.8%, moving from 32.8% in 2020 to 32% in 2021. This suggests a slight reduction in the dependence on physical office locations for insurance services, indicating a shift towards digital or remote methods. Insurance agents, another crucial channel, also experienced a slight decrease in their share, falling from 40.4% in 2020 to 39.6% in 2021, reflecting a development rate of -0.8%. This decline might point to a broader industry trend toward minimizing direct agent interactions in favor of more cost-effective or scalable distribution methods. Conversely, insurance brokers saw a modest increase in their role, rising from 14.2% to 14.7%, a 0.5% development rate. This growth indicates a potentially increasing preference or reliance on intermediaries who can offer specialized advice and diverse product options. Life insurance producers experienced a notable increase, with their share rising from 0.6% in 2020 to 0.9% in 2021, translating to a 0.3% development rate. This suggests a growing emphasis on life insurance products, possibly driven by heightened awareness of health and mortality risks during this period. Banks and postal services emerged as a significantly growing channel, with their contribution increasing from 11.1% to 12.3%, reflecting a 1.2% development rate. This substantial growth underscores the strategic importance of leveraging established financial institutions and postal networks to broaden insurance reach and accessibility. Other marketing paths saw a decline from 0.9% to 0.5%, a development rate of -0.4%. This reduction might indicate a consolidation of marketing efforts into more effective or higher-yield channels, reducing reliance on less conventional or miscellaneous methods. In summary, while company offices and insurance agents experienced slight declines, the roles of insurance brokers, life insurance producers, and banks/postal services grew, reflecting a dynamic shift in the marketing strategies for Traditional and Takaful Insurance. The overall stability in the total percentages suggests a reallocation rather than an expansion or contraction of marketing efforts within the insurance sector.

Table 8.6 Distribution of installments issued under the title of non-life insurance by distribution channels (%)

Distribution channels	Percentage (%)
Insurance Agents	48.3
Company Offices	32.5
Insurance Brokers	17.9
Banks and Postal	0.8
Other Paths	0.2

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

The data on the distribution of installments issued under the title of non-life insurance by various distribution channels reveals several insights into the market dynamics and consumer preferences. The largest share of non-life insurance installments is issued through insurance agents, accounting for 48.3% of the total distribution. This significant percentage indicates the crucial role that insurance agents play in the market, likely due to their personalized approach, direct customer interaction, and ability to provide tailored insurance solutions.

Following insurance agents, company offices constitute the second-largest distribution channel, with 32.5%. This channel's substantial share reflects the importance of direct engagement with the insurance companies, where customers can directly interact with the company representatives, get in-depth information about the insurance products, and access comprehensive services and support. Insurance brokers, who act as intermediaries between customers and insurance companies, account for 17.9% of the distribution. This channel's moderate share suggests that while brokers are significant in providing customers with various insurance options and professional advice, they are less dominant compared to agents and company offices. Brokers typically cater to clients looking for more comparative information and those who may have more complex insurance needs. Banks and postal services represent a minimal 0.8% of the distribution. This low percentage could be attributed to the fact that these institutions are not traditionally seen as primary sources for non-life insurance products. Customers may prefer more specialized channels, such as agents and brokers, over banks and postal services when purchasing non-life insurance. Lastly, other paths constitute a mere 0.2%, indicating that alternative distribution methods, such as digital platforms or telemarketing, are not widely utilized or preferred in the non-life insurance sector. This could be due to the complexity of non-life insurance products, which often require detailed explanations and personalized services that digital or less direct methods may not adequately provide. In summary, the distribution of non-life insurance installments is heavily skewed towards traditional and direct channels, with insurance agents and company offices leading the market. This distribution pattern underscores the importance of direct, personalized customer interactions in the non-life insurance industry.

Table 8.7 Distribution of installments issued under the title of life insurance by distribution channels (%)

Distribution channels	Percentage (%)
Insurance Agents	3.9
Company Offices	30.6
Insurance Brokers	5.3
Life Insurance Producers	3.7
Banks and Postal	46
Other Paths	0.4

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

The distribution of installments issued under the title of life insurance by various distribution channels shows a clear preference among consumers and businesses for certain methods over others. The data reveals that the most prominent channel for life insurance distribution is "Banks and Postal," which accounts for a significant 46% of the total distribution. This dominance suggests that banks and postal services have established a strong trust and convenience factor among policyholders, likely due to their extensive reach and established customer relationships. Company offices represent the second most utilized distribution channel, with 30.6% of the total distribution. This substantial share indicates that many customers prefer dealing directly with insurance companies to ensure precise information and a direct connection to the insurer. This channel's prominence could also be attributed to the professional environment and the availability of specialized services offered at company offices. Insurance brokers account for 5.3% of the distribution. Although their share is relatively small compared to banks and company offices, brokers play a crucial role in the market by offering tailored advice and a wider range of policy options. Their expertise and ability to compare different insurers can be particularly valuable for customers seeking personalized solutions. Insurance agents and life insurance producers have similar shares, with 3.9% and 3.7%, respectively. These channels are likely chosen by customers who value personal interactions and trust the advice of individual agents or producers. These professionals often build strong personal relationships with their clients, providing ongoing service and support that can be particularly appealing for some policyholders. Finally, "Other Paths" account for just 0.4% of the distribution. This category includes all other methods not covered by the major channels and indicates a minimal reliance on unconventional or less formalized distribution methods in the life insurance market. Overall, the data underscores the importance of established, trustworthy channels like banks, postal services, and company offices in the distribution of life insurance. It also highlights the continued relevance of brokers and agents who offer personalized services, albeit to a smaller segment of the market.

Table 8.8 Evolution of Individual Insurance Premium by Branch)

	2017	2018	2019	2020	2021
Other Types of Non-Life Insurance	35.7	38.2	38	38.3	40.8
Group Health Insurance	25.6	27.7	29.2	32.5	34.9
Car Insurance	81.8	84.4	91.2	94.1	100
Life Insurance and Money Formation	38.5	43.7	47.8	52.9	60.1

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

The data on the evolution of individual insurance premiums by branch from 2017 to 2021 illustrates several trends in the insurance market. Each branch has experienced varying degrees of premium growth, reflected different market dynamics and possibly shifted in consumer demand and risk assessments. Other Types of Non-Life Insurance premiums have shown a steady increase over the years, starting at 35.7 in 2017 and reaching 40.8 in 2021. This branch has experienced relatively moderate growth, with premiums increasing by approximately 5.1 over the five years. The growth pattern here appears consistent, suggesting a stable demand for various non-life insurance products. Group Health Insurance premiums have also risen steadily, beginning at 25.6 in 2017 and rising to 34.9 in 2021. This branch saw a notable increase, particularly between 2019 and 2020, where the premium jumped from 29.2 to 32.5. The overall growth of 9.3 over the five years indicates a growing emphasis on health insurance, driven by increasing healthcare costs and heightened awareness of health risks. Car Insurance premiums have experienced a more significant rise compared to other branches, starting at 81.8 in 2017 and reaching 100 in 2021. This increase of 18.2 over the period is the largest among the branches analyzed, suggesting a robust growth in the car insurance market. Factors contributing to this include rising car ownership, higher vehicle values, and possibly increased risk factors like road traffic accidents. Life Insurance and Money Formation has shown the highest growth rate among the branches. Starting at 38.5 in 2017, the premiums rose to 60.1 by 2021, marking an increase of 21.6. This significant rise highlights a strong market trend towards life insurance and investment-related insurance products. The increasing premiums reflect a growing consumer interest in securing long-term financial stability and leveraging insurance for wealth formation. Overall, while all branches have shown an upward trend in premiums, the rates of increase vary, reflecting different market dynamics and possibly varying degrees of risk, demand, and cost factors specific to each type of insurance. The data suggests particularly strong growth in the life insurance and car insurance sectors, indicative of shifting consumer priorities and market conditions.

Table 8.9 Evolution of paid compensations (in million dinars)

	2017	2018	2019	2020	2021
Non-Life Insurance	915.8	1102.1	1242.1	1145	1293.7
Life Insurance and Money Formation	138	165.5	178.8	203.4	342.2

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

The data on non-life insurance shows a general upward trend in paid compensations from 2017 to 2021, despite a slight dip in 2020. Specifically, the compensations increased from 915.8 million dinars in 2017 to 1102.1 million dinars in 2018, marking a significant rise of approximately 20.3%. This growth continued in 2019, with compensations reaching 1242.1 million dinars, an increase of about 12.7% from the previous year. However, in 2020, there was a slight decline in paid compensations to 1145 million dinars, a decrease of around 7.8%. This dip could be attributed to the global economic impacts of the COVID-19 pandemic, which affected various sectors, including insurance. Despite this setback, the trend rebounded strongly in 2021, with compensations climbing to 1293.7 million dinars, an increase of approximately 13% from 2020. Overall, from 2017 to 2021, the non-life insurance sector experienced a total growth of about 41.3%. The segment of life insurance and money formation also demonstrated a significant upward trajectory in the same period. Paid compensations rose from 138 million dinars in 2017 to 165.5 million dinars in 2018, marking an increase of approximately 20%. This upward trend continued through 2019, with compensations reaching 178.8 million dinars, which is an 8% rise from 2018. The growth rate accelerated in 2020, with compensations amounting to 203.4 million dinars, an increase of around 13.8% from the previous year. This positive momentum continued robustly into 2021, where paid compensations surged to 342.2 million dinars, an astonishing rise of approximately 68.2% from 2020. Over the entire period from 2017 to 2021, the life insurance and money formation sector saw a remarkable total growth of about 148%.

Table 8.10 Development of Compensation Paid According to Insurance Categories (MD)

insurance categories	2020	2021	Development rate (%) 2020-2021
Life insurance and money formation	203.4	342.2	68.2
Non-life insurance	1145	1293.7	13
Cars Insurance	634.9	714.3	12.5
Group Health Insurance	306.1	366.6	19.8
Transportation Insurance	13.8	28.2	104.3
Fire and Natural Disaster Insurance	107	103.3	-3.5
Export and Loan Insurance	7.7	10.5	36.4
Cold and livestock mortality insurance	9.2	1.9	-79.3
Other risks Insurance	54.3	58.3	7.4
Work Accidents Insurance	3	2.8	-6.7
Accepted Operations Insurance	9	7.8	-13.3
Total Compensation from Insurance Institutions	1348.4	1635.9	21.3
Compensations of the "Tunisian Re-patriation"	99.2	81.7	-17.6
The comprehensive compensations for the sector	1447.6	1717.6	18.7

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

The data on the development of compensation paid according to insurance categories between 2020 and 2021 reveals significant insights into the trends and changes within the insurance industry. In the category of life insurance and money formation, compensation increased substantially, rising from 203.4 in 2020 to 342.2 in 2021, marking a development rate of 68.2%. This indicates a growing reliance on life insurance products and savings-related insurance instruments during this period. Non-life insurance also saw positive growth, with compensation increasing from 1145 to 1293.7, reflecting a development rate of 13%. This steady growth suggests a stable demand for non-life insurance products. Car insurance compensations increased moderately, from 634.9 to 714.3, which translates to a 12.5% development rate. This points to a consistent, albeit modest, rise in car insurance claims. Group health insurance compensations increased noticeably, rising from 306.1 to 366.6, corresponding to a 19.8% growth rate. This surge could be attributed to increased health insurance claims, driven by heightened health awareness and medical needs during this period. Transportation insurance showed an exceptional increase, with compensations more than doubling from 13.8 to 28.2, resulting in a development rate of 104.3%. This dramatic rise could reflect increased transportation activities or higher claims incidences in this sector. In contrast, fire and natural disaster insurance saw a slight decrease in compensations from 107 to 103.3, reflecting a negative development rate of -3.5%. This decline might suggest fewer claims related to such events or improved risk mitigation strategies. Export and loan insurance compensations increased from 7.7 to 10.5, showing a significant development rate of 36.4%, indicating heightened claims or greater uptake of this insurance category. Conversely, cold and livestock mortality insurance saw a sharp decline in compensations from 9.2 to 1.9, which corresponds to a drastic -79.3% development rate. This sharp decrease could indicate fewer claims in this area, possibly due to better livestock management or favorable conditions. Other risk insurance saw a modest increase from 54.3 to 58.3, with a development rate of 7.4%, suggesting a slight rise in claims in this diversified category. Work accident insurance compensations decreased slightly from 3 to 2.8, reflecting a -6.7% development rate, indicating fewer workplace incidents or improved safety measures. Accepted operations insurance saw a decrease in compensations from 9 to 7.8, with a development rate of -13.3%, indicating a reduction in claims for this category. Overall, the total compensation from insurance institutions increased from 1348.4 to 1635.9, marking a 21.3% development rate, reflecting a general rise in insurance claims across most categories. However, compensations from the "Tunisian Repatriation" decreased from 99.2 to 81.7, showing a negative development rate of -17.6%, possibly indicating fewer repatriation claims. In summary, the sector's comprehensive compensations rose from 1447.6 to 1717.6, resulting in an 18.7% development rate. This overall increase underscores a growing trend in insurance claims and compensations across various categories, highlighting the dynamic nature of the insurance industry during this period.

Table 8.11 Compensations Distributed According to The Contracts

Compensations Distributed	Percentage (%)
Temporary Death Insurance	22.5
Mixed Insurance	7.7
Life Insurance	26.7
Money Formation Insurance	42.2
Acceptable Operations Insurance	0.4

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

The data on compensations distributed according to various insurance contracts reveals significant disparities in the distribution percentages across different types of Insurance. The largest portion of compensation, 42.2%, is allocated to Money Formation Insurance. This type of Insurance, which typically combines savings and protection elements, attracts a considerable share of compensations, possibly due to its dual benefits and higher investment returns for policyholders. Life Insurance follows, accounting for 26.7% of the distributed compensations. Life Insurance is fundamentally about providing financial security to beneficiaries in the event of the policyholder's death, and its substantial share underscores its critical role in offering long-term protection and economic stability. Temporary Death Insurance, which represents 22.5% of the compensations, indicates a significant focus on short-term protection against the risk of death. This type of Insurance is often more affordable and provides essential coverage for specific periods, reflecting a substantial need for temporary financial safety nets. Mixed Insurance, contributing 7.7% to the compensations, combines elements of both life insurance and investment. The relatively lower percentage may suggest that while this hybrid product is valued, it is less favored compared to more straightforward or higher-return options like Money Formation Insurance. Acceptable Operations Insurance, which accounts for a minimal 0.4% of compensations, highlights its limited role or demand in the insurance landscape. This type of Insurance might cover niche or specific operational risks that are less prevalent or perceived as essential by the policyholders. In summary, the distribution of compensations across different insurance types illustrates the varying degrees of importance and preference among policyholders, with a clear dominance of Money Formation and Life Insurance products. These insights can inform insurers about market trends and customer priorities, guiding them in tailoring their offerings to meet the needs of their clientele better.

The compensations are distributed according to the branches.

Table 8.12 The Compensations Distributed According to The Branches

Insurance Branches	Percentage (%)
Cars Insurance	55
Group Health Insurance	28
Fire and Naturel Disaster Insurance	8
Transportation Insurance	2
Export and Loan Insurance	1
Accepted Operations Insurance	1
Work Accidents Insurance	0
Cold and Livestock Mortality Insurance	0
Other Risks Insurance	5

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

The compensation distribution data for various insurance branches highlights significant disparities in the allocation of resources. Car insurance emerges as the dominant sector, commanding a substantial 55% of the total compensation. This overwhelming percentage indicates a high frequency of claims or substantial claim amounts within this branch, suggesting that car insurance policies are either more prevalent or involve higher costs in claim settlements. Following car insurance, group health insurance is the second largest recipient of compensation, with 28%. This significant allocation underscores the importance and high demand for health-related insurance claims. Health issues are a critical concern for many policyholders, which could explain why a substantial portion of compensation funds is directed toward group health insurance. Fire and natural disaster insurance constitute 8% of the total compensation. While markedly lower than car and health insurance, this allocation still represents a crucial area of insurance, reflecting the need for coverage against significant, albeit less frequent, catastrophic events. Transportation insurance, at 2%, export and loan insurance, and accepted operations insurance, each at 1%, indicate more specialized or niche areas of insurance. These lower percentages suggest that claims in these branches are either less common or involve lower compensation amounts. Notably, work accident insurance and cold and livestock mortality insurance receive no compensation allocation, which might indicate either a very low incidence of claims or effective risk management and safety measures in these areas. Finally, the 'other risks insurance' category accounts for 5% of the total compensation. This category likely encompasses a variety of less common or emerging risks, reflecting the diverse and evolving nature of insurance needs. Overall, the data reveals a concentrated distribution of compensation in car and group health insurance, with other branches receiving significantly fewer shares. This highlights the varied risk profiles and claims frequencies across different insurance branches.

Table 8.13 The Percentage of Compensations Paid Has Evolved Based on The Transaction Figure (MD)

Indicators	2020	2021	Development rate (%) 2020-2021
The Compensations Paid Are Net of Returns	1348.4	1635.9	21.3
Transaction Number	2570.9	2833.2	10.2
The Percentage of Compensations Paid from The Transaction Number	52.40%	57.70%	5.30%

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

In examining the data on the percentage of compensations paid in relation to transaction figures from 2020 to 2021, several key insights emerge. The total compensations paid, net of returns, increased significantly from 1348.4 million dollars in 2020 to 1635.9 million dollars in 2021, reflecting a robust development rate of 21.3%. This notable rise suggests that there may have been either an increase in the number of claims processed or a higher value of individual claims settled during this period. In parallel, the number of transactions also saw growth, albeit at a more modest rate. The transaction number rose from 2570.9 million in 2020 to 2833.2 million in 2021, which corresponds to a development rate of 10.2%. This increase in transaction volume could be indicative of an overall expansion in business activities or consumer transactions over the year. The most striking observation from the data is the percentage of compensations paid from the total transaction number, which rose from 52.40% in 2020 to 57.70% in 2021. This 5.30% increase indicates a higher proportion of transactions resulted in compensations, suggesting a trend towards greater payouts relative to the volume of transactions. This could be due to various factors, such as an uptick in incidents necessitating compensation, changes in policy leading to more favorable compensation conditions, or improved claims processing efficiency. Overall, the data demonstrates a significant upward trend in both the absolute value and the relative percentage of compensations paid, pointing to a dynamic environment where compensations are increasingly becoming a substantial component of the transaction landscape.

Table 8.14 Compensations Are Distributed According to The Categories and Branches of Insurance

Insurance Branches	Percentage (%)
Cars Insurance	43.7
Group Health Insurance	22.4
Fire and Naturel Disaster Insurance	6.3
Transportation Insurance	1.7
Export and Loan Insurance	0.6
Accepted Operations Insurance	0.5
Life Insurance and Money Formation	21
Work Accidents Insurance	0.2
Cold and Livestock Mortality Insurance	0.1
Other Risks Insurance	5

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

The distribution of compensations across various insurance branches reveals a significant concentration in a few key areas. Notably, car insurance dominates the landscape, accounting for 43.7% of the total compensation. This substantial proportion underscores the prevalence and financial impact of car-related incidents, reflecting both the high number of insured vehicles and the frequent claims in this sector. Group health insurance is the second largest category, comprising 22.4% of the compensation. This indicates a substantial investment in health-related coverage, highlighting the importance of medical expenses and the reliance on group policies for managing health risks. Life insurance and money formation also represent a significant portion, at 21%. This category's considerable share demonstrates the critical role of life insurance in financial planning and security, ensuring long-term benefits and savings for policyholders. Fire and natural disaster insurance, while crucial, only accounts for 6.3% of compensation. This lower percentage may reflect either fewer incidents or the relatively lower value of claims compared to car and health insurance. Other insurance branches, such as transportation (1.7%), export and loan (0.6%), accepted operations (0.5%), work accidents (0.2%), and cold and livestock mortality (0.1%), collectively form a small fraction of the total compensation. These specialized insurances cover niche markets with specific risks, which might explain their minimal percentages. Lastly, other risk insurance makes up 5% of the total compensations, covering a variety of less common but potentially impactful risks not categorized elsewhere. In summary, the data indicates a heavy skew towards car and health insurance, reflecting their prominence and the frequency of claims. Life insurance also holds a significant share, emphasizing its importance in financial stability. The remaining categories, though essential, account for much smaller portions, highlighting their specialized nature and lesser frequency of claims.

Table 8.15 The development of compensations paid compared to the transaction number (M.D)

	2017	2018	2019	2020	2021
Compensation Paid	1053.8	1267.6	1420.9	1348.4	1635.9
Transaction Number	2087.9	2251.8	2414.4	2570.9	2833.2

Source: Annual report of the General Authority of the Tunisian Insurance Sector 2021

The data presents the development of compensations paid compared to the number of transactions from 2017 to 2021. Over these five years, both compensations paid and the number of transactions show a consistent upward trend, albeit with some fluctuations. Starting with compensation paid, there was a notable increase from 1053.8 million dollars in 2017 to 1267.6 million dollars in 2018. This growth trend continued into 2019, reaching 1420.9 million dollars. However, in 2020, there was a slight decrease to 1348.4 million dollars, likely reflecting some external factors that impacted compensation payouts during that year. By 2021, compensation paid saw a significant rebound, climbing to 1635.9 million dollars, marking the highest value in the given period. The number of transactions followed a somewhat parallel growth trajectory. In 2017, there were 2087.9 transactions, increasing steadily each year. By 2018, transactions rose to 2251.8, and in 2019, they reached 2414.4. This upward trend continued through 2020 and 2021, with transaction numbers hitting 2570.9 and 2833.2, respectively. Analyzing the relationship between compensations paid and transaction numbers, it is clear that as the number of transactions increases, the total compensations paid also tend to rise. The hypothesis that "Advanced regulatory frameworks enhance the sector's risk management practices and financial stability" can be related to the observed anomaly in compensation payouts in 2020. The provided text describes a general positive correlation between transaction volumes and compensations paid, with 2020 being an exception where compensations decreased despite higher transaction volumes. This anomaly could suggest that in 2020, advanced regulatory frameworks were effectively implemented, leading to enhanced risk management practices. As a result, even with an increase in transaction volumes, the sector maintained financial stability and controlled compensation payouts more efficiently. This indicates that the regulatory frameworks helped mitigate risks and manage financial liabilities better during that period, supporting the hypothesis. Overall, the data reflects significant growth in both transactions and compensations over five years, with 2020 highlighting the impact of external factors or regulatory changes on financial outcomes. The enhanced risk management practices due to advanced regulatory frameworks could explain the ability to maintain economic stability and control compensations even during increased transaction activity.

9. Conclusion

Tunisia holds a modest position within the European, Middle Eastern, and African (EMEA) insurance markets, with a 0.02% share of the global market. This share places Tunisia alongside Algeria and Kuwait, reflecting the relatively small scale of its insurance sector compared to regional leaders like South Africa, Iran, and Russia. Despite its small size, Tunisia's insurance market is growing, driven by regulatory reforms and increased adoption of digital innovations. This growth is aligned with findings from Naceur (2003), highlighting the gradual improvement and development within the sector. Additionally, tunisia's insurance integration rate of 2.5% positions it moderately within the EMEA region. This rate is comparable to that of Iran (2.4%) and slightly ahead of Kenya (2.2%), indicating a similar level of insurance market development. South Africa leads with a 12.2% integration rate, showing a more mature insurance sector. Tunisia's moderate integration suggests significant potential for further growth and deeper economic integration, consistent with findings from Triki et al. (2017). Moreover, the average insurance premium for individuals in Tunisia has been rising steadily, reaching 235.8 Tunisian Dinars in 2021. This growth reflects an increasing emphasis on financial security and savings among the Tunisian population. The increase in individual premiums aligns with the sector's overall growth in transaction volumes, as indicated by a 9.8% rise from 2020 to 2021. Additionally, compensations paid by the sector also saw a significant increase, suggesting a growing demand for insurance services and improved risk management practices. Also, the hypothesis that "Advanced regulatory frameworks enhance the sector's risk management practices and financial stability" is supported by the data. The administrative structure of Tunisia's insurance market, characterized by specialized funds and a diverse range of market participants, ensures stability and reliability. This structure includes essential funds such as the Insured Guarantee Fund and the Traffic Accident Victims Guarantee Fund, which provide crucial protections and encourage economic activities. The presence of various supporting service structures and professional associations further enhances the market's stability and effectiveness. Furthermore, the distribution of insurance premiums in Tunisia is led by insurance agents (40%) and company offices (32%), highlighting the importance of direct customer engagement and professional advice. Bancassurance and postal services also play a significant role, particularly in life insurance distribution, reflecting the strategic importance of leveraging established financial institutions. The diverse distribution channels ensure broad market penetration and accessibility, crucial for the sector's growth. Moreover, From 2017 to 2021, both life and non-life insurance segments in Tunisia experienced notable growth. Life insurance premiums increased by approximately 63.2%, while non-life insurance saw a 28.3% rise. This growth trajectory reflects a positive trend in the Tunisian insurance market, driven by rising awareness and economic factors. The overall increase in compensations paid, particularly in life insurance and group health insurance, indicates a responsive and dynamic market capable of meeting the growing demand for financial protection and risk management solutions.

10. Recommendations

Several methodological approaches and frameworks can be recommended to address identified gaps in future research on the development of the Tunisian insurance sector and its organizational structure.

- Empirical Studies

Empirical studies can provide quantitative analysis of the impact of organizational practices on sectoral performance. Researchers could use econometric modeling to examine the relationships between variables such as market liberalization, regulatory frameworks, technological innovation, and organizational structures. Panel data analysis could be particularly useful in observing changes over time and across different companies within the sector.

- Case Comparisons

Comparative case studies can offer in-depth insights into how different organizational structures and practices influence performance. By comparing successful and less successful insurance companies within Tunisia or between Tunisia and similar markets, researchers can identify best practices and common pitfalls. This approach can help to isolate the effects of specific organizational changes and external factors on sectoral outcomes.

- Mixed-Methods

Research Combining quantitative and qualitative approaches can offer a more comprehensive understanding of the sector's development. For instance, a mixed-methods study could start with quantitative analysis to identify trends and significant factors, followed by qualitative research to explore these findings in greater depth and provide context. Future research should consider longitudinal studies to track the long-term effects of organizational changes and regulatory reforms. Comparing Tunisia with other countries that have undergone similar market liberalization and regulatory changes can provide broader insights and validate findings.

Further research could focus on how specific technological innovations, such as fintech solutions, impact organizational efficiency and customer satisfaction in the insurance sector. Detailed studies on how changes in regulatory frameworks affect organizational structures and market performance would be beneficial. Investigating the role of organizational culture and leadership in driving sectoral performance can provide actionable insights for industry practitioners. By employing these methodological approaches and frameworks, future research can fill existing gaps and contribute to a deeper understanding of the Tunisian insurance sector's development and organizational dynamics.

11. Limitations and Future Research Directions

One central area for improvement in studying the organizational structure of the Tunisian insurance sector is the availability and quality of data. Access to comprehensive and up-to-date information is often restricted, and the reliability of existing data can be compromised by inconsistencies and gaps, making it difficult to draw accurate and meaningful conclusions. Furthermore, the regulatory environment in Tunisia, which can undergo frequent changes, poses another significant challenge. The need for more transparency in regulatory processes and decisions complicates understanding their impacts on the sector's organizational structures. Additionally, the relatively small size and high concentration of the Tunisian insurance market can limit the generalizability of findings. The dominance of a few key players may disproportionately influence overall trends, skewing the analysis. Technological adoption across the sector also varies widely, introducing significant variability in organizational efficiency and structures. Concerns about cybersecurity and data protection need to be uniformly addressed, affecting the robustness of any analysis.

Cultural and social factors play a crucial role as well. Resistance to change within organizations can impede the implementation of modern organizational practices, while low insurance penetration and public mistrust of insurance products can influence strategic decisions. Economic instability in Tunisia further creates a volatile environment for insurance companies, affecting their organizational strategies and resource allocation. The challenging investment climate limits the resources available for organizational development and innovation, adding another layer of difficulty to comprehensive studies. Comparative studies could benefit future research on the organizational structure of the Tunisian insurance sector. Examining the industry of other countries in the MENA region or comparing it to other financial services sectors could provide valuable insights into best practices and highlight unique challenges and opportunities. Exploring the impact of technological innovations, such as digital transformation and the integration of insurtech startups, could also offer significant findings on how modern technologies reshape organizational structures. Longitudinal studies assessing the long-term effects of regulatory changes on organizational performance would be valuable, as would identifying best regulatory practices from other contexts that could be adapted to Tunisia. Investigating customer-centric organizational models to enhance customer experience and satisfaction and studying factors that facilitate or hinder product innovation could provide practical insights for improving sectoral practices. Research into sustainability practices and corporate governance within insurance companies could reveal their impact on organizational strategies and structures. Additionally, examining the role of talent management and leadership models in driving organizational change and development would be beneficial. Finally, analyzing the effects of socio-economic changes, such as demographic shifts and broader economic development trends, on the insurance sector's organizational practices can offer a deeper understanding of the sector's evolution and potential pathways for growth.

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