



NEWSLETTER

DiOT



Groupe Burrus

FEBRUARY 2021



1. What's new at Diot Est?
2. French Insurers news
3. Renewal 2021
4. Current trends in the French insurance market
5. 4th Risk barometer 2021
6. Abandonment of the “CATEX” project
7. Legal News

WHAT'S NEW AT DIOT?



A new recruit to Business Risks and Construction service since November 2020

Valérie JEDELE has a long experience in the insurance industry.

She has worked for 11 years as a casualty and liability underwriter at Albingia's (Insurance Company).

She has had several experiences in the field of construction.

Valérie is a new asset that will strengthen our team of specialists.

Welcome to Valérie!



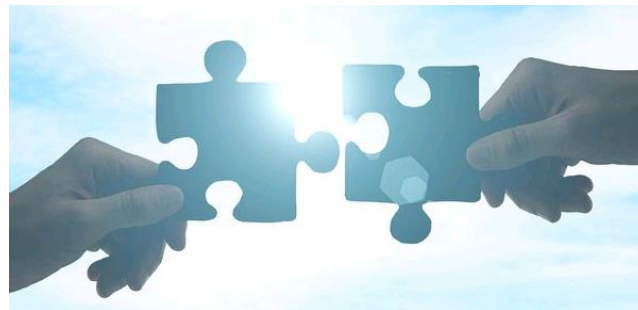
Christian Burrus, Chairman of the Burrus Group, spoke live to the 1,500 employees of the group for the 2021 New Year Greetings.

WHAT'S NEW AT DIOT?

The **Siaci Saint Honoré Group** has, in recent weeks, entered an active phase of discussions with the **Group Burrus**, principal shareholder of brokers **Diot** and **LSN Assurances** with a view to forming a heavyweight in French and European brokerage.

Siaci Saint Honoré (€480 million in revenues in 2019, +9.8%) aims to create a French a world-class insurance brokerage to compete with its North American rivals, **Marsh** and **Aon**.

In France, the combination of the three brokers (Siaci Saint Honoré, LSN, Diot) would, in fact, exceed €700 million in sales. Such a group would be in a position to compete in the same category as the future giant **Aon-Gras Savoye Willis Towers Watson** (€890 million in revenues), which is due to be created in the first half of 2021.



Denis Kessler leaves SCOR's Management Board in 2021

Denis Kessler, Chairman and Chief Executive Officer (CEO) of the SCOR group since 2002, has reached the age limit for holding management positions and is due to leave his position by the spring of 2021. D. Kessler will be 70 years old in 2022.

SCOR's Board of Directors designated Benoît Ribadeau-Dumas to succeed Denis Kessler as the Group's Chief Executive Officer. Prior to this appointment, B. Ribadeau-Dumas was Chief of Staff to the French Prime Minister, Edouard Philippe.



AXA: decline in revenues as of September 30, 2020

At September 30, 2020, AXA recorded an 8% decline in revenues to 73.4 billion EUR (85.9 billion USD) compared to 79.7 billion EUR (87.1 billion USD) recorded a year earlier.

The Group's solvency ratio remained stable at 180%, above regulatory requirements.

The French insurer believes that the second containment imposed in France will have no impact on its accounts. The estimated cost of the crisis remains stable at 1.5 billion EUR (1.75 billion USD).



New insurer in France



Lemonade

After Germany and the Netherlands, the New York insurer Lemonade will arrive in France by the end of the year. His intention: to play the troublemaker of home insurance.

All about Lemonade

- **Creation date:** 2015
- **Activity:** home insurance
- **Headquarters:** New York
- **Number of insured:** 1,000,000
- **Locations:** United States, Germany, the Netherlands and France
- **Stock market valuation:** \$2.7 billion (approximately €2.3 billion)
- **2019 sales:** \$116M (approximately €100M)
- **Net income 2019 :** - 109 million (approximately - €94 million)

Macif group ready to buy out Aviva France

On 9 January 2021, the Macif Group filed an offer to buy Aviva France for 3.2 billion EUR (3.9 billion USD).

This offer makes Macif the first candidate to officially bid for the takeover of Aviva France. The deadline for the submission of the acquisition bids is set for 15 January 2021.

For this transaction, the mutualist group has obtained funding from the advisory bank Crédit Suisse.

To date, several other groups have expressed interest in acquiring the British group's French subsidiary, namely AG2R La Mondiale, Allianz, AXA, Generali and La Banque Postale.



Covid-19: towards a tightening of the conditions of renewal of the companies' contracts



Covid-19: For the renewal of their contracts, the companies face a hardening of the negotiations with the insurers. The health crisis pushes the insurers to be much more demanding. The insurer increase not only their prices, but also the deductibles while limiting the amount of the covers offered.

French insurance companies have also decided **to exclude pandemic and cyber risks** from their future contracts. Some companies are forced to sign endorsements specifying that they are no longer covered against pandemics, epidemics, etc.

Another hardening of the market is that insurers are reducing coverage for **strikes, riots and popular movements**, especially for the retail sector.

CURRENT TRENDS IN THE FRENCH INSURANCE MARKET

L'AMRAE (*Association for the Management of Risks and Insurances of the Enterprise*) continuously observes and analyzes the French insurance market.

In 2020, the insurance market has become much tougher; in all lines of business, without exception.

Capacity in the market is being reduced by insurer fusions, insurers' interest income continues to fail, loss ratios are high. Some insurers are withdrawing from entire lines of business, and the focus on fire protection is intense. Renewal premium demands ranged from 5-30%, including decrease of scope of coverage. In at the same time, the Covid-19 crisis has a negative impact on insurers financial results.

On the chart, we can observe the trends in the insurance market:

- decrease of scope of coverage
- Increase of deductible
- Decrease of insurer's capacity
- Increase of the rate and premium

Evolution / From 2019	SCOPE OF COVERAGE	DEDUCTIBLE	INSURERS CAPACITY	RATE
PD/BI	↓	↑	↓	↑
focus on natural events	↓	↑	↓	↑
focus on political violence	=	=	=	↑
focus on supply chain	↓	↑	↓	↑
BI WITHOUT DAMAGE	↓	↑	↓	↑
CONSTRUCTION	↓	↑	↓	↑
CAR FLEET	=	↑	=	↑
CARGO	=	↑	↓	↑
LIABILITY	↓	↑	↓	↑
CYBER RISKS	↓	↑	↓	↑
D&O	↓	↑	↓	↑
Focus on internal & external fraud	=	↑	↓	↑
Focus EPL	=	↑	↓	↑
Focus PTL	=	=	↓	↑
CREDIT	↓	↑	↓	↑
POLITIC	↓	N/A	↓	↑



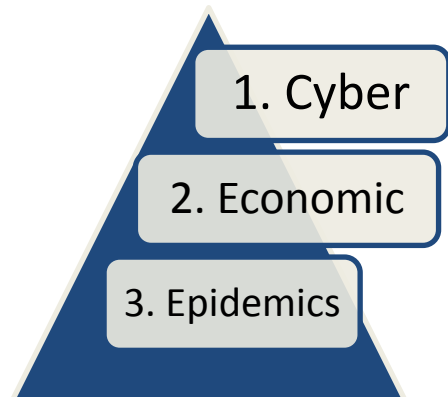
4th edition of the risk barometer

The French Insurance Federation (FFA) has published a risk mapping of the profession. The 4th edition of the risk barometer was conducted among 31 companies representing 92% of the French market.

The risks, divided into six categories (economic, environmental, social, technological, political and regulatory), are classified according to their probability of occurrence and their potential medium-term impact on insurance and reinsurance companies.

For the fourth consecutive year, **cybercrime** occupies first place in the ranking. The increasing number of cyber-attacks in 2020 is linked to the lockdown and the development of remote working. In second place comes the risk of a **worsening economic environment**.

The 2021 risk mapping seems to be significantly marked by the health crisis caused by the Covid-19 pandemic. The increase in the risk of **epidemics** is thus in third position, registering a 20-place jump in the ranking.



While everyone's priority is to obviously focus on personal hygiene and safety, there are bad actors taking advantage of the situation for personal gains. A few things to be aware of as well as best practices on the cyber/privacy hygiene front.

- **Remote workforce**
 - Reliance upon VPNs and other remote applications may not support the bandwidth and other productivity levels - system failure of the organization's infrastructure or SaaS provider could result.
 - Testing should be conducted to ensure systems are able to accommodate increased remote workforce.
 - Home and personal workstations are often less secure and more susceptible to hackers.
- **Data collection & privacy**
 - Companies may be careless in sharing information they have regarding affected employees and others - privacy breaches could violate state laws and company privacy laws
 - Companies may react to the epidemic by requesting information from customers, vendors and employees that they are not entitled to ask for.
- **Phishing**
 - High-profile global issues and crises are perfect fodder for hackers; using the coronavirus theme for phishing emails or other predatory techniques is prevalent.
- **Business Interruption**
 - Interrupted suppliers and targeted attacks knowing the control rooms aren't staffed adequately can result in easier prey from an adversary standpoint.
 - A company's ability to operate and maintain its systems because of a quarantine or shutdown could potentially trigger BI coverage; unintentional or unplanned system outage coverage could be invoked but will most likely be aggressively disputed.

ABANDONMENT OF THE “CATEX” PROJECT



The CATEX project was an insurance scheme that the FFA proposed to set up in partnership with the French State. It aimed to cover companies against the financial consequences of a lockdown imposed by the public authorities within the framework of a pandemic or epidemic thanks to the payment of a “resilience lump-sum” enabling them to get through the crisis.

On 17th december 2020, the Minister of the Economy Bruno Le Maire announced that he was giving up the idea of setting up a compulsory insurance scheme covering the administrative closure of companies.

It was the prospect of a mandatory membership fee, which was rejected outright by all the employers' organizations, that tipped the balance when they were consulted in November: companies do not want to pay a premium for a mandatory warranty extension.

The French government continues to think about new solutions...



Paris Commercial Court – Decision 10/11/2020 :

On November 10, 2020, the Paris Commercial Court ordered the Covéa mutualist group to pay EUR 20 million (USD 23.634 million) to SCOR, which it was trying to buy back in 2018.

Thierry Derez, CEO of the mutual company, was found guilty of using confidential information to launch the buyout operation rejected by the French reinsurer. It should be noted that Thierry Derez was at the time a director of SCOR.

Despite this decision, the Covéa case is not closed. SCOR initiates two other legal proceedings against the mutual group. The first concerns a criminal lawsuit against Thierry Derez and Covéa and the second against the consulting bank Barclays. The latter proceedings are brought before the High Court of Justice in London.

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