


# NEWSLETTER

# JANUARY 2022



- 
1. What's new at Diot?
  2. French Insurers news
  3. Insurance News around the world
  4. Current trends in the French insurance market
  5. Special report: climate change
  6. STUDY "IMPACT OF CLIMATE CHANGE ON INSURANCE TO 2050"
  7. The 10 Biggest Ransomware Attacks of 2021

## DIOT-LSN AND SIACI SAINT HONORE FINALIZE THEIR MERGER AND CREATE A LEADING INDEPENDENT EUROPEAN INSURANCE BROKER



[Please visit our Website: HOME DIOT SIACI | DIOT - SIACI](#)

The transaction signed on July 2 between the BURRUS GROUP, headed by Christian Burrus, and SIACI SAINT HONORE, chaired by Pierre Donnersberg, was completed on November 16, paving the way for the creation of a new European leader in insurance brokerage, reinsurance and risk management consulting.

Pierre Donnersberg will be Chairman of the new "DIOT-SIACI" group and Christian Burrus will become Vice-Chairman and Managing Director within an Executive Committee of directors from both entities.

By becoming one of the world's top 10 players in large corporate risks, the new group is positioning itself as a key player in this market alongside the global brokers from across the Atlantic. In France, thanks to its national network, it is strengthening its position in the Large Companies, Mid-cap and SME-SMI market in personal insurance, international mobility, property and liability, marine and transport, and credit insurance and reinsurance.

## Financial scams: the ACPR issues a list of dubious entities and sites

The French Prudential Supervision and Resolution Authority (**ACPR**) has updated its blacklist of dubious entities or sites offering credit, savings books, payment services and insurance contracts in France. As of Q3 2021, the ACPR lists 371 additional websites or entities considered suspicious.

[Available on the website](#), the list is not exhaustive as new unauthorized sites regularly appear.



## The FGAO will compensate policyholders in the event of the failure of their Dommage Ouvrage insurer

The French Government has announced the reinforcement of the coverage of individuals who are victims of the failure of their Dommage Ouvrage insurer.



Article 159 of the 2022 Finance Act extends the scope of intervention of the Compulsory Insurance Guarantee Fund (FGAO), to compensate policyholders in place of an insurance company that has gone into receivership or lost its license.

## Adelaide Group, insurance specialist, victim of a cyber attack, data potentially stolen

The Adelaide Group was the object of an attempted intrusion into its computer systems on November 27. This intrusion "is now being treated as a ransomware-type cyberattack", the company, which specializes in consulting, intermediation, distribution and services in insurance, now says. "As a precautionary measure, we have taken some servers offline and are working closely with cybersecurity specialists who are currently conducting a thorough investigation."



Those responsible for the attack told the group that they were in possession of data extracted from its systems, "notably from a Verlingue UK server". Verlingue is a subsidiary of Adelaide, an insurance broker specializing in corporate protection. It is not known how much of this data or what it was. In a press release dated November 27, the group said it had stopped and contained the attack "very quickly" thanks to its detection and security systems. At that time, it indicated that it had no knowledge of any data compromise, but had decided to interrupt "all IT activities at least for the next 48 hours". This had the effect of disconnecting all extranets and customer service sites.

## New name and visual identity for the French Insurance Federation



The French Insurance Federation (FFA) has taken on a new name and has become France Assureurs. Along with the name change comes the launch of a new website.

France Assureurs also unveils a new logo featuring the colours blue, white and red, and a new signature "Moving society forward with confidence".

## Natural disasters: estimate of insured losses in 2021

According to Aon's first estimates, the **natural catastrophes** which occurred during the first nine months of 2021 would generate insured losses of around 107 billion USD. Three major events have marked the first



three quarters of 2021. These include Hurricane Ida which is expected to cost the insurance market 30 billion USD.

This disaster was followed by the floods in Europe and the winter storm Uri. The latter would generate insured losses amounting respectively to 15 billion USD and 12 billion USD.

In total, the broker has listed 15 major losses spread over the United States (9), Europe (3), Asia Pacific (2) and the Americas (1).

## Global insurance premiums to increase

According to Swiss Re, the **global insurance market** turnover should increase by 3.4% in 2021, by 3.3% in 2022 and by 3.1% in 2023. The reinsurer expects life and non-life premiums to exceed 7 000 billion USD by the first half of 2022.

This growth would be driven by an increased awareness of risks, a growing demand for protection, a rise in non-life rates and a strong cyclical recovery after the Covid-19 shock.

### Turnover growth prospects per class of business:

Class of business	2021	2022	2023
Non-life	3.3%	3.7%	3.3%
Life	3.5%	2.9%	2.7%

## NotPetya cyberattack: Merck's insurers to cover damages

In 2017, Merck was a victim of the NotPetya cyberattack. The losses suffered by the pharmaceutical group were estimated at 1.4 billion USD. Insurers, including Ace, Zurich and Allianz, refused to compensate Merck on the grounds that the group's property insurance policy does not cover acts of war and that the cyberattack originated from a Russian attack on Ukraine (act of war).

A court in the state of New Jersey (USA) ruled on the issue. It decided that the insurance policy covers up to 1.75 billion USD any damage caused by the corruption of computer data. The court also underlined that the contract does not mention any exclusion of acts of war.

It is to be reminded that NotPetya had affected several large groups such as Mondelez, Reckitt, Benckiser and Maersk.



# CURRENT TRENDS IN THE FRENCH INSURANCE MARKET

L'AMRAE (Association for the Management of Risks and Insurances of the Enterprise) has published its new study on the state of the insurance market in France and the outlook for 2022 with the contribution of the **DiOT Group**.

According to AMRAE's Vice President: *“the trend is a continuation of the years 2019-2020, which saw market conditions harden across all lines of business with shrinking capacities, higher deductible levels, cascading exclusions, less and less individualized wording”*.

We are witnessing a hardening of the market and a difficulty in placing risks, particularly on cyber and financial lines.

For property damage, the trend is clearly upward, although to a lesser extent for liability, but the increase in rates is clear

Evolution / From 2020	SCOPE OF COVERAGE	DEDUCTIBLE	INSURERS CAPACITY	RATE
PD/BI	↓	↑	↓	↑
focus on natural events	↓	↑	↓	↑
focus on terrorism	↓	=	↓	↑
focus on supply chain	↓	↑	↓	↑
focus on BI without material damages	↓	↑	↓	↑
CONSTRUCTION	↓	↑	↓	↑
CAR FLEET	=	↑	=	↑
CARGO	=	↑	↓	↑
LIABILITY	↓	↑	↓	↑
CYBER RISKS	↓	↑	↓	↑
D&O	↓	↑	=	↑
Focus on internal & external fraud	↓	↑	↓	↑
Focus EPL	=	=	=	=
CREDIT	=	=	=	↑
POLITIC	↓	N/A	↓	↑
HEALTH INSURANCE	↓	↑	↓	↑





**Climate change is a global phenomenon that worries all countries located in the four corners of the planet. In 2021, suffocating heat waves swept the Middle East and North Africa.**

At the same time, torrential rains devastated Europe and Asia, while hurricanes of high intensity periodically hit the coasts of the United States, ...

Over the last 50 years, the number of disasters of meteorological, climatic or hydrological origin has increased five times. According to Swiss Re's analyses, climate deregulation is becoming the number one risk for insurers and reinsurers in the long run.

## **Climate change: rising temperatures and sea levels**

In 2020, the average global temperature has increased by 1.2 °C compared to the pre-industrial era. This global warming is having a lasting effect on weather patterns and ecosystems. The consequences on the planet are already irreversible for centuries or even millennia, UN climate experts warn.

The latest report of the Intergovernmental Panel on Climate Change (IPCC), published in early August 2021, reveals that global temperatures should, according to the least pessimistic scenario, increase by 1.5 °C by 2030. The IPCC's previous estimate, made three years ago, predicted such a rise of 1.5 °C in 2040 and not in 2030, that is, ten years later.

Today, the most pessimistic scenario foresees a warming of between 3.3 and 5.7 degrees if governments do not review their environmental policies.

The biggest risks are the melting of ice and the rise of water levels. Indeed, the level of the oceans has risen by nearly 20 cm since 1900.

In the last 10 years, the rate of rise of the waters has tripled. At this pace, the sea level could rise by up to one meter by 2100 and by up to two meters according to most downbeat scenarios.



## **Climate change: extremely intense natural disasters**

The other consequence of climate change consists of extreme weather events such as hurricanes, storms, fires, heat waves, etc. which are becoming more frequent and intense in many parts of the world.

These risks are 1.2 to 9 times higher than those sustained during the pre-industrial era.

## **Hurricanes, a recurrent phenomenon in the United States**

High intensity hurricanes continue to occur one after the other in the United States. After Andrew with 53 billion USD of economic losses in 1992, Katrina (163 billion USD) in 2005, Sandy (75 billion USD) in 2012, Harvey (135 billion USD), Maria (100 billion USD) and Irma (55 billion USD) in 2017, Ida came to compound the losses by hitting the south and north-east of the country at the end of August-beginning of September 2021. The states of Louisiana, New Jersey and New York were also devastated.

Ida has claimed the lives of at least 50 people and caused material damage estimated, to date, at 95 billion USD.

In 2020, the North Atlantic reported a record 29 tropical storms. At the end of the first half of the hurricane season, which runs from 1 June to 30 November 2021, 12 events have already been reported while the seasonal peak has not yet been reached.

## **Floods in Europe and Asia**

Western Europe is not safe from major catastrophic events that have increased nine times compared to the pre-industrial era: severe storms, torrential rains, floods.

The floods of July 2021 affected several countries of the continent, mainly Germany and Belgium. This rainy episode, which largely exceeded the record rainfall levels reported in the past, have claimed the lives of 200 people and caused insured losses of about 8 billion USD.

In Asia, the tragic floods that occurred during the last monsoon season caused 192 deaths in Mumbai (India), 99 in China and 113 in Afghanistan.

On a global level, 920 people lost their lives during the month of July 2021 alone due to floods.





## Forest fires

Forest fires are increasing around the world, often caused by unprecedented heat waves. In the summer of 2021, fires of historic proportions devastated Turkey, Greece, Italy, Canada and Algeria.

The American west coast was, on a yearly basis the hardest hit, sustaining the second largest fire in its history.

Unprecedentedly, Siberia, one of the coldest regions on the planet, was the prey of flames during the month of August 2021. Some 17.8 million hectares of forest went up in smoke between Karelia and Lakutia. For the first time in history, the toxic smoke and ashes released by these fires reached the North Pole.

## Heat waves

The summer of 2021 was marked by unprecedented heat waves throughout the world, with temperature records being broken everywhere, and with prolonged heat waves. Even the coldest regions suffocated from the rising temperatures.

Canada, for example, experienced an unprecedented heat wave with temperatures exceeding 45 °C in several cities. Seasonal normal temperatures were sometimes exceeded by 20 degrees.

Absolute temperature records were also reported in Turkey (49.1 °C), Northern Ireland, Morocco, Japan, the United States and Siberia, which experienced several days of over 39 °C.

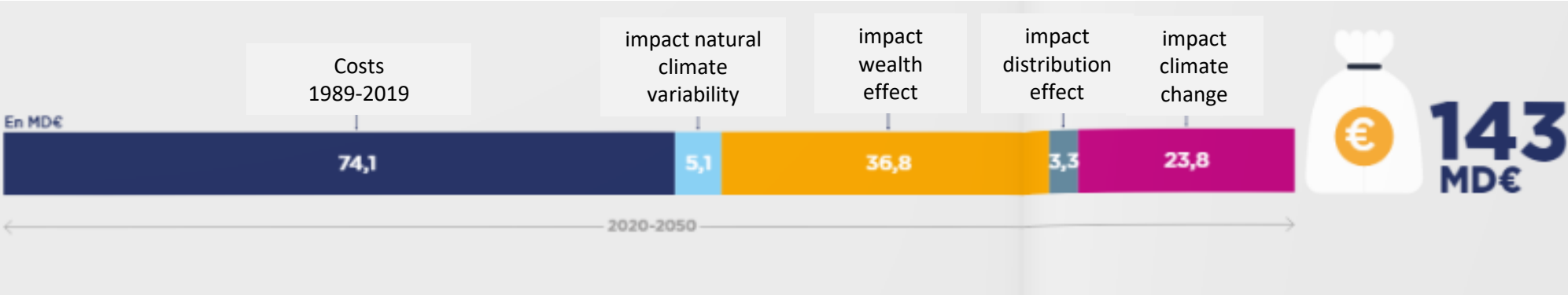
The month of July 2021 broke all records in terms of rainfall, fires and floods. It is even considered by the National Oceanic and Atmospheric Administration (NOAA) as the hottest month ever reported by meteorologists.

According to scientists, exceptional heat waves are likely to pick up two to seven times over the next three decades if air pollution continues at this current pace. New historical temperature records are therefore to be expected in the coming years.

# STUDY "IMPACT OF CLIMATE CHANGE ON INSURANCE TO 2050"

The French Insurance Federation (FFA) publishes its study "Impact of Climate Change on Insurance to 2050". The study by the FFA is a new alert. Based on projections, it is largely founded on the work conducted at the Laboratory of Climate and Environment Sciences Laboratory of the University of Paris-Saclay. The methodology of the study is based on the superposition of climate and economic projections allows us to quantify the evolution of the cost the next 30 years for insurers.

This study reinforces the idea that prevention and the spreading of a culture of natural risk within our populations are key assets to be mobilized to improve the resilience of our country to climate change.



# THE 10 BIGGEST RANSOMWARE ATTACKS OF 2021

Ransomware attacks on Colonial Pipeline, JBS Foods, and other major organizations made headlines in 2021, and show no sign of slowing down. Across the world, hackers are exploiting security weaknesses and holding the data of companies, governments and healthcare organizations hostage, sometimes demanding tens of millions of dollars in payment.

Date	Company	Sector of activity	Head of office	Consequences
February 2021	CD PROJEKT	IT	Poland	The hacker group accessed source code to game projects in development and encrypted devices No ransom payments have been made
March 2021	ACER	IT	Taiwan	Ransomware attack with a 50 million USD ransom demand. As the company did not comply with the cybercriminals' demands, the stolen data was leaked on the dark web.
April 2021	QUANTA	IT	Taiwan	One of Apple's major suppliers. Leaking Apple product blueprints. The hacker group demanded \$50 million. No ransom payments have been made.
April 2021	Colonial Pipeline	Energy	USA	100 gigabytes of stolen data. Computer system shutdown, interruption of all pipeline operations, resulting in fuel shortage. 4.4 million USD of ransom was paid.
April 2021	NBA	Sport	USA	500 GB of stolen confidential data concerning the Houston Rockets. No ransom payments have been made
May 2021	Brenntag	Energy	USA	150 gigabytes of stolen data. 4.4 million USD of ransom was paid
May 2021	JBS FOODS	Agri-food	Brazil	Interruption of the slaughterhouses 11 million USD of ransom was paid
May 2021	AXA	Insurance	France	3 terabytes <sup>(1)</sup> of data belonging to AXA have been stolen. Losses were estimated at 5.5 billion USD.
May 2021	CNA Financial	Insurance	USA	A ransomware attack caused services to be shut down for a few days.CNA Financial had to pay a ransom of 40 million USD.
July 2021	KASEYA	IT	USA	one million systems were encrypted from Kaseya's direct clients as well as their customers. The hacker group demanded \$70 million in bitcoin. No ransom payments have been made.



## Supreme Court – Decision 10/06/2021 (N°20-15.277)

### On the non-respect of the Unified Technical Document (UTD) standards and the contractual liability of the builder

A real estate company had the project of building a logistic platform composed of warehouses and offices. Following a storm, part of the roof of one of the warehouses collapsed. The judicial expertise operations highlighted the structure's lack of conformity to a unified technical document (UTD), without however finding the cause of the disaster.

The Supreme Court has decided that **in the absence of a disorder, non-compliance with standards that are not made mandatory either by law or by contract cannot result in the builder being required to comply.**



## Supreme Court – Decision 05/01/2022 (N°20-20.331)

### A helping hand does not exempt you from responsibility!

Within the framework of a voluntary assistance agreement, as soon as the assistant acts in the name and for the account of the assisted person, he engages his contractual responsibility even when he commits a careless fault.

# Our international team members



**Alfred MATTERN – International director**

[amattern@diot.com](mailto:amattern@diot.com)

Office : +33 388243901

Mobile : +33 670862822



**Roméo BATTAGLIA - International car fleet manager**

[rbattaglia@diot.com](mailto:rbattaglia@diot.com)

Office: +33 388243915



**Emilie JOLIWALD – International account manager**

[ejoliwald@diot.com](mailto:ejoliwald@diot.com)

Office : +33 388243914



**Geneviève LAMBINET – International account manager**

[glambinet@diot.com](mailto:glambinet@diot.com)

Office : +33 388243909



**Monika OLCK – International consultant**

[molck@diot.com](mailto:molck@diot.com)

Mobile: +33 685304628







Lac Blanc, Vosges, France