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## The achievements of bancassurance in Algeria: Analytical vision on the period 2008-2019

Les acquis de la bancassurance en Algérie : Vision analytique sur la période 2008-2019

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### Abstract:

This paper aims to shed light on the quantitative achievements of Algerian bancassurance since its launch in 2008 until 2019. The study showed the slight impact of bancassurance in Algeria on the total turnover of the insurance market. This is due to the nature of the insurance products marketed by the banker. We also found through this paper that despite the efforts made by financial institutions to introduce bancassurance in Algeria, in light of the 2008 reforms. However, thinking about designing bancassurance products in line with the nature of banking activity has become a necessity, especially those related to savings contracts. Products can be segmented in terms of insurance pricing and advertising efforts are required. While not losing sight of conflict of interest between banks and insurance companies in this regard.

**Keywords:** Bancassurance; Savings contracts; Product segmentation; Conflict of interest; Algeria.

**Jel Classification Codes :** G21, G22.

### Résumé

Cet article vise à faire la lumière sur les réalisations quantitatives de la bancassurance algérienne depuis son lancement en 2008 jusqu'en 2019. L'étude a montré le léger impact de la bancassurance en Algérie sur le chiffre d'affaires total du marché de l'assurance. Ceci est dû à la nature des produits d'assurance commercialisés par le banquier. Nous avons également constaté à travers cet article que malgré les efforts déployés par les institutions financières pour introduire la bancassurance en Algérie, à la lumière des réformes de 2008. Cependant, penser à concevoir des produits de bancassurance en adéquation avec la nature de l'activité bancaire est devenu une nécessité, notamment ceux liés aux contrats d'épargne. Les produits peuvent être segmentés en termes de tarification des assurances et des efforts publicitaires sont nécessaires. Sans perdre de vue les conflits d'intérêts entre les banques et les compagnies d'assurance à cet égard.

**Mots-clés :** Bancassurance; Contrats d'épargne; Segmentation des produits; Conflit d'intérêts; Algérie.

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## 1. Introduction:

Bancassurance is a commercial technique for selling insurance products at bank counters. It was created in France in the seventies of the last century. Moreover, established in Algeria in 2008.

The cornerstone of bancassurance is life insurance, a branch considered difficult to market by the insurer, which requests the support of the banker, in order to use its commercial network to promote the distribution of its products, especially those relating to saving insurance, the equivalent in saving banking.

As for non-life insurance, it is no longer a priority for bancassurance, compared to an insured load plan, as well as a technical complexity for which the insurer itself sometimes needs to be assisted by an expert.

From a historical point of view, Algerian bancassurance is linked to two crucial dates, the first is that of its launch in 2008, and the second in 2011 is the fiscal year of the separation of branches. This is why we are going to analyze in this paper the evolution of bancassurance turnover between 2008 and 2019. With a view to observing the impact of the launch of this technique on the activity of the Algerian insurance market.

The problematic of this study lies in the determination of the quantified achievements of the Algerian bancassurance, this by the proposition of the following sub-questions:

- What are the achievements in turnover of bancassurance in Algeria?
- What is the market share of bancassurance in Algeria?
- What is the reality of bancassurance in the world?

**This study has a number of objectives, which can be summarized as follows:**

- Analysis of the evolution of Algerian bancassurance turnover since its launch in 2008;
- The numerical comparison between the Algerian model of bancassurance with those existing in the world.

The context of this paper lies in the exhaustive analysis of the achievements of Algerian bancassurance since its launch until 2019. On these bases, the importance of this study lies in the exhaustiveness of the period studied. A time interval deemed sufficient to have a palpable finding on the impact of the introduction of bancassurance on the Algerian market, in particular with regard to the branch of life insurance.

**In an attempt to answer the problematic of this study, we will tackle the following axes:**

- ❖ The general framework of bancassurance: an overview;
- ❖ Analysis of the realizations in turnover of bancassurance in Algeria;
- ❖ Analysis of the market share of bancassurance in Algeria.

In this context, we expose some previous studies related to this topic as a literature review:

- ❖ Study of GUEMMAZ Souhil, **La structure institutionnelle de la bancassurance en Algérie: Historique et actualité**, Revue Etudes Economiques, volume 19, n°02 (2021). This study aimed to analyze the institutional structure of bancassurance in Algeria, established since 2008, after a series of preparations of a legal nature,

essentially aiming at the construction of a structure including this new technique launched by the banker. The analysis of the institutional structure of Algerian bancassurance shows that banks in Algeria have opted for participation in the life branch to the detriment of non-life. In addition, this study showed that the institutional architecture of Algerian bancassurance encompasses at the same time all the models existing in the world, namely the distribution agreement, joint venture in public capital and full integration.

- ❖ Study of Tarik Hamouland al, **A SWOT analysis of Algerian bancassurance strategy**, *Revue des Sciences Humaines*, volume 19, n°02 (2019). This study demonstrated that from the analysis of Algerian case, bancassurance is a promising direction of cooperation of the Algerian insurance company and the bank. Given the fact that bancassurance has experienced positive economic development trends in many countries and from the SWOT analysis of Algerian bancassurance, along with the Growth opportunities and the effects of bancassurance strategy, all this allows the authors to talk about building a new, civilized and innovative segment of the market between the insurance and banking industries.
- ❖ Study of MERGOUM Kelthoum and al, **The partnership between banks and insurance companies to develop life insurance in Algeria**, *Revue des Réformes Economiques et Intégration En Economie Mondiale*, volume 13, n°26 (2018). This paper showed that, the distribution of insurance products through banks is increasingly becoming widespread in every part of the world. In this respect, Algerian government has made important reforms, given the importance of life insurance in financing the economy. The most important of which is bancassurance. It has become a reality in Algeria as the sector is rapidly expanding. It has witnessed a remarkable development as a result of the reforms underwent by the insurance sector through law No. 06-04 issued on 20 February 2006 related to insurance, which amended and supplemented Order No. 95-07 of 25 January 1995 as the legal framework for the emergence and framing of the first partnership agreements between insurance companies and banks.

## 2. The General framework of bancassurance: An overview

Bancassurance is a partnership technique between banks and insurance companies aimed primarily at the distribution of insurance products via banking distribution channels (GUEMMAZ, 2021, p. 475). In this part, we will present the origin of bancassurance, its advantages and its limits.

### 2.1. Origin of bancassurance:

From a purely historical point of view, bancassurance appeared in September 1965 in Great Britain, since then the British are considered the real pioneers in the field (BOUKHSIMI, 2013, p. 13). The French origin of the word comes from the first successful experiences born in France at the beginning of the 1970s, in this case during the first request for authorization made to the French Insurance Department by a banking group, *Crédit Mutuel*, in order to create two insurance companies called *Assurances du Crédit Mutuel* (Charles Riley

consultants, 2007, p. 4). For their part, the Spaniards embarked on bancassurance in the early 1980s, when the BANCO DE BILBAO group acquired a majority stake in EUROSEGUROS SA (whose original name is LA VASCA ASEGURADORA SA, incorporated in 1968) (BELKADI , 2017, p. 33). However, the control is initially only financial, since Spanish law prohibits banks from selling life insurance. This regulatory barrier disappeared in 1991. Italian bancassurance was characterized by the speed of its development. It is the Amato Law of 1990, which authorizes banks to hold stakes in insurance companies, launched bancassurance. To this was added, between 1995 and 1998, favorable tax contexts for life insurance products. Lastly, an important banking network, well distributed on the territory, and the confidence of the Italians in their bankers allowed the model to continue its growth (BERGAOUI, 2007, p. 8).

In Morocco, it was in the 1973s, with the agreement for assistance in the repatriation of bodies initially intended for Moroccans living abroad during their travels. That this technique was born. From the 1980s, the activity takes shape and develops thanks to the entry of Moroccan banks into the life insurance and capitalization market, which will redefine the financial landscape (BOUKHSIMI , 2013, p. 22). In April 2002, Tunisian banks became authorized to market insurance products in relation to the promulgations of Law No. 2002-37 of April 1, 2002, which upset the long-known partitioning between two Tunisian financial intermediaries: banks and insurance companies. (BERGAOUI, 2007, p. 11).

The idea of Bancassurance emerged in Algeria in the 1980s, where CNEP Bank set up in 1988 a guarantee fund to itself insure its borrowing clients, the fund guaranteed the payment of the outstanding balance of loans granted to clients in the event of death. With the promulgation of Ordinance 95/07 on insurance in 25/01/1995, which prevented any institution other than the insurance company from carrying out insurance operations (MERGOUIM & HASSANI, 2018, pp. 21-22). The legal transition to bancassurance in Algeria has been in motion since 2003, the year for which banks and financial institutions were authorized to carry out financial product sales operations, until 2011, the year, which was marked by the effective separation between non-life insurance and life insurance. After this period, partnerships were forged between banks and insurance companies in order to market insurance products through bank counters (GUEMMAZ, 2021, p. 480).

### 2.2. The advantages of bancassurance:

Bancassurance being a common technique between the banker and the insurer, it displays for the latter a series of advantages such as:

- ❖ Access to new customers;
- ❖ Diversification of distribution methods;
- ❖ Use of the bank's existing network to reach new markets more quickly;

- ❖ Reduction in distribution costs compared to the costs inherent in traditional networks (ECHCHIHAB, 2012, p. 12);
- ❖ Benefit from the good image and trust often associated with banks (Price water house coopers, 2010, p. 5), which is traditionally superior to that of insurers (Charles riley consultants, 2007, p. 15) ;
- ❖ Bancassurance can create additional demand for life insurance products, given the experience of banks, their extensive network and customer relationships; it can also improve databases and support the principle of law of large numbers (MERGOUM , HASSANI , & Himrane , 2018, p. 10).
- ❖ Reducing dependence on agents and brokers (CONSTANTINESCU, 2012, p. 472)
- ❖ Banking is a daily need therefore the contact is regular (YILDIRIM, 2014, p. 08)

**Along with this, the bank is also winning thanks to this technique; this is related to the following:**

- ❖ New source of income;
- ❖ Diversification of profit-generating activities;
- ❖ Loyalty of the bank's customers thanks to the diversity of products and services;
- ❖ Almost marginal distribution costs as the bank employees themselves market the insurance products (Price water house coopers, 2010, p. 5);
- ❖ Possibility of increasing staff efficiency, as they now have the chance to offer a wider range of services to clients (HAMOUL, ZAIR, & KASSOUL, 2019, p. 13).
- ❖ The customer is at the center of the concerns of the bank and the insurance companies, the bancassurance can be advantageous for him compared to the following:
- ❖ Accessibility to all the bank's financial services
- ❖ Better match between the client's needs and the solutions offered to him thanks to the privileged relationship between the client and his banker (Price water house coopers, 2010, p. 5)
- ❖ Insurance products at reduced prices thanks in particular to the offer of "packs" of financial services (ECHCHIHAB, 2012, p. 12) ;
- ❖ The terms of payment of premiums are very simplified, namely: monthly payment, direct debit from the account;
- ❖ The identifiable insurance solution is often linked to significant events in the client's life of which the banker is most often the first to be notified, such as acquisition of real estate, vehicle, wedding, birth, inheritance, employment, unemployment etc. (Charles riley consultants, 2007, p. 17).

### **2.3. The limits of bancassurance:**

The adoption of bancassurance is not always favorable, because it can relate to limits for the Banks; we can present them as follows:

- ❖ The cannibalization of banking products, as some insurance products can develop to the detriment of basic banking products ;
- ❖ Risks to the image of the bank and the need to provide marketing efforts and have an active sales force ;
- ❖ The cost of staff training ;
- ❖ The divergence of commercial cultures (BELKADI , 2017, p. 78) ;
- ❖ The separation between the sale and the management of claims from the other must make it possible, to limit the impact on the banking relationship in the event of customer dissatisfaction ;
- ❖ The complexity of FLEXA products, which constitutes a major limit for the banker, since it requires knowledge and in-depth technical competence (BERGAOUI, 2007, p. 27).

### **Along with this, we add the limits related to insurance companies:**

- ❖ The transfer of the decision-making center;
- ❖ The selection of risks;
- ❖ Banking secrecy;
- ❖ The relationship with general agents who feel a certain resentment towards Bancassurance, especially since the distribution of banking products is not very advantageous for them (BERGAOUI, 2007, p. 27).

On these bases, we can conclude that bancassurance holds some advantages, but at the same time, it may not be beneficial and inconvenient for both parties. This in relation to limits related mainly to conflicts of interest between the two financial institutions that may arise. In the following parts of this paper, we will deal with the achievements in data of Algerian bancassurance and this, from its launch in Algeria in 2008, following a multidimensional analysis. By analyzing the evolution of bancassurance turnover for the period 2008-2019, as well as the identification of its weight in the Algerian insurance market.

### **3. Analysis of the achievements in turnover of bancassurance in Algeria:**

After a series of legal reforms, bancassurance was effectively launched in Algeria in 2008, a fiscal year characterized by a heavy burden on bankers as well as insurers. In order to succeed in this new function, staff training has been carried out, the logistics of insurance companies have been installed in the banks, in particular with regard to administrative forms and computer software, the result of this partnership work has drained an annual turnover, which is presented as follows:

**Table N°1: Evolution of bancassurance turnover in Algeria by insurance company 2008-2019**

Unit: million DZD

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
SAA				124	151	285	320	489	467	275	390	545
CAAR				32	1	4	6	4	4	7	9	12
CAAT				0,03								
AXA non-life							5	22	37	62	92	89
AXA life					1	5	13	27	95	162	258	311
SAPS					0,30	18	6	64	15	28	28	298
CAARAMA				22	62	166	246	169	310	1 378	731	671
CARDIF	227	536	715	901	1 072	1 171	1 331	1 487	1 710	2 441	2 496	2 642
AGLIC										404	830	1 049
Total	227	536	715	1 079,03	1 287,3	1 649	1 927	2 262	2 638	4 757	4 834	5 617

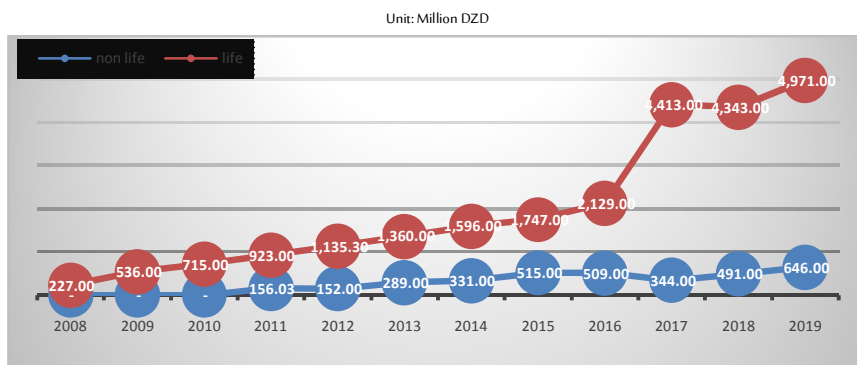
**Source:** Prepared by the researcher based on: ONS, 2012, p. 64; Ministère des finances, Rapport sur l'activité des assurances en Algérie, 2012, p. 12 ; Ministère des finances, Rapport sur l'activité des assurances en Algérie, 2013, p. 18; Ministère des finances, Rapport sur l'activité des assurances en Algérie, 2014, p. 20; Ministère des finances, Rapport sur l'activité des assurances en Algérie, 2015, p. 19; Ministère des finances , Rapport sur l'activité des assurances en Algérie, 2016, p. 17; Ministère des finances, Rapport sur l'activité des assurances en Algérie, 2018, p. 20; Ministère des finances, Rapport sur l'activité des assurances en Algérie, 2019, p. 19

Reading this table has enabled us to note, that the 2008, 2009, 2010 fiscal years showed insignificant results for practically all the insurance companies subject to our analysis. This in relation to the difficulties linked to the start-up, as well as the absence of life insurance companies in Algeria, which were created in 2011 after the separation between the two branches: non-life and life. Based on this table, we will proceed to the analysis of the evolution of the turnover of bancassurance in Algeria since its launch in 2008.

**3.1. The achievements of bancassurance in Algeria by branch:**

Based on table N° 1, we have drawn up the following curve, which shows the evolution of the turnover of bancassurance in Algeria by branch and this, since 2008:

**FigN°1: Bancassurance turnover in Algeria by branch**



**Source:** Prepared by the researcher on the basis of the data in table N° 1.

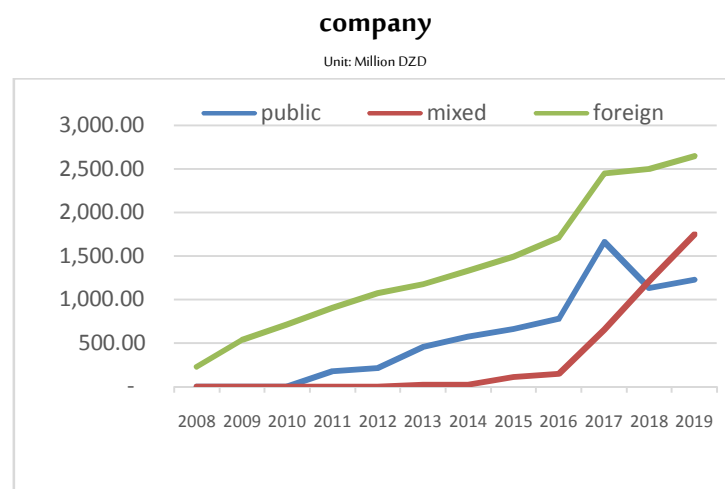
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The analysis of this curve, gives us the opportunity to note that the turnover of bancassurance in Algeria, attends an upward trend and this, for all the periods considered, while specifying that the life insurance branch is more important in terms of development, to the detriment of the non-life insurance branch. This is explained by the vocation for which bancassurance was created for. Since bancassurance is an exclusive sales technique for life insurance products, the products of which are simple and easy to market by the banker. Unlike the non-life branch, whose products are complex.

### 3.2. The achievements of bancassurance in Algeria according to the nature of the capital of the insurance company:

Based on table N° 1, we have drawn up the following curve. Which shows the evolution of the turnover of bancassurance in Algeria, according to the nature of the capital of the insurance company and this, since 2008. As for clarification, we point out that the foreign insurance company is CARDIF, the public insurance companies are: SAA, CAAR, CAAT and CAARAMA, and the mixed insurance companies are AXA non-life, AXA life, SAPS and AGLIC.

**FigN°2: The turnover of bancassurance in Algeria according to the nature of the capital of the insurance company**



**Source:** Prepared by the researcher on the basis of the data in table N°1

The analysis of this curve shows that the foreign insurance company CARDIF captures the largest market share, linked to bancassurance in Algeria, i.e. 47.04% in 2019, the BNP Paribas subsidiary is in a partnership relationship with CNEP bank. In the second place, come the public insurance companies, their turnover is constantly evolving, but less important than that of CARDIF. In 2018, the turnover subject of our analysis witnessed a decrease, compared to the drop in turnover of CAARAMA from 1378 to 731 MDZD between 2017 and 2018, in this context, it should be noted that CAARAMA is the partner of CPA, BNA and ABC. Lastly, in observing that the turnover of mixed companies is the least important, a turnover considered low on the market. This parameter changed trend in 2017, the year for which AGLIC was introduced on the market, the new partner

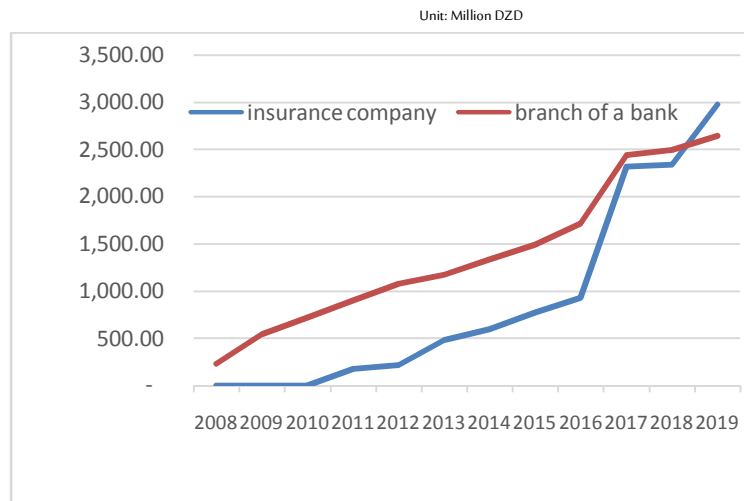


of the BNA achieved a turnover in bancassurance of 1049 MDZD, that is to say 18.68% of market share in 2019. Reading these figures lets us think that the importance of the turnover insurance companies for the bancassurance segment is mainly linked to the quality of the bank's mortgage portfolio, with which they have signed a partnership agreement. As CARDIF and AGLIC, while also pointing out that these two insurance companies are part of the life insurance branch.

### 3.3. The achievements of bancassurance in Algeria according to membership in a bank:

Based on table N° 1, we have drawn up the following curve, which shows the evolution of the turnover of bancassurance in Algeria according to the criterion of belonging to a bank and this, since 2008. As a clarification, we point out that the foreign insurance company CARDIF belongs to BNP PARIBAS, on the other hand, the other companies are independent in Algeria, but that does not prevent that there are some equity participations of the insurance companies injected by banks, but the notion of subsidiary does not exist for these cases.

**FigN°3: Bancassurance turnover in Algeria according to bank membership**



**Source:** Prepared by the researcher on the basis of the data in table N° 1

This curve clearly shows that CARDIF monopolizes a very important market share in Algerian bancassurance, as specified previously, but the specificity of this diagram is that the turnover of this company is practically higher than that of all insurance companies activating on the Algerian market. This for all the years considered with the exception of the last year, namely 2019. Therefore, we can announce that belonging to a bank gave CARDIF commercial strength. This favorable bancassurance model in Algeria is based on full integration through the creation of a subsidiary. The signing of partnership agreements between the banker and the insurer, which is the case for other insurance companies operating in Algeria, is beneficial for both parties, but conflict of interest may arise during operational phase. This may slow down the evolution of this technique (Banking expert, 2021).

### 4. Analysis of the market share of bancassurance in Algeria:

After having analyzed in the previous part, the evolution of the turnover of Algerian bancassurance, we will in what follows, appeal to the overall turnover of the market, while comparing it with that of bancassurance. In addition, it is wise to include in this analysis the turnover achieved by direct agencies as well as for general insurance agents and brokers.

**TableN°2: Market share of bancassurance in Algeria 2008-2019**

Unit: million DZD

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Global production</b>	67 884	77 339	81 713	86 675	99 630	113 995	125 505	127 900	129 561	133 684	137 732	144 451
<b>Direct network</b>	52 190	56 054	59 016	61 557	69 955	80 610	87 644	88 032	89 261	89 147	91 063	94 655
<b>Agents and brokers</b>	15 467	20 749	21 982	24 039	28 388	31 736	35 934	37 606	37 662	39 780	41 835	44 179
<b>Bancassurance</b>	227	536	715	1 079	1 287	1 649	1 927	2 262	2 638	4 757	4 834	5 617

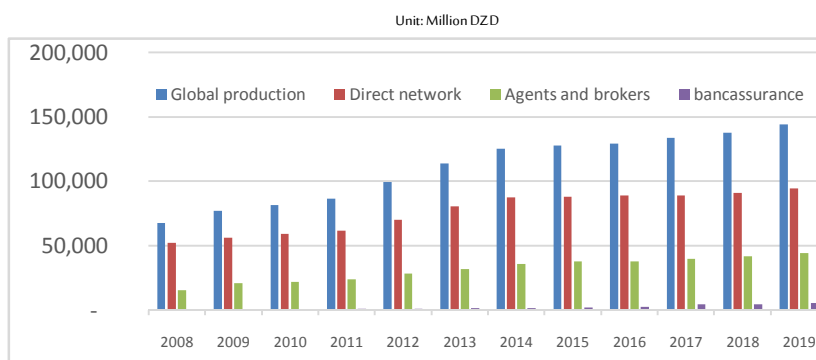
**Source:** Prepared by the researcher based on: Table N°1; Ministère des finances, Rapport sur l'activité des assurances en Algérie, 2011, pp. 12-14; Ministère des finances, Rapport sur l'activité des assurances en Algérie, 2016, p. 13; Ministère des finances, Rapport sur l'activité des assurances en Algérie, 2017, p. 15; Ministère des finances, Rapport sur l'activité des assurances en Algérie, 2018, pp. 17-21; Ministère des finances, Rapport sur l'activité des assurances en Algérie, 2019, p. 16

Reading this table gives an exhaustive idea of the evolution of the overall turnover of the Algerian insurance market. Also on the distribution of this turnover, is oriented for a very important part towards direct agencies, then general insurance agents and brokers, and lastly, towards the Bancassurance network, to deepen our analysis, we will proceed as follows:

#### 4.1. Evolution of bancassurance turnover compared to the market:

Based on the data displayed in table N° 2, we will in what follows, present a diagram, which illustrates the market share of bancassurance, compared to the existing distribution channels in Algeria.

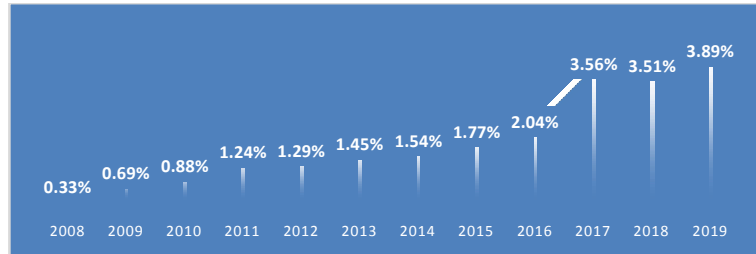
**FigN°4: Market share of bancassurance in Algeria**



**Source:** Prepared by the researcher on the basis of the data in table N° 2.

This histogram shows a low participation of bancassurance in Algeria in the overall turnover of the market. So according to this new angle of analysis, it is judicious to go towards the percentage of this participation, to have an exact idea on this evolution in time going since 2008, that is to say the fiscal year of the launching of this technique.

**FigN°5: Market share of bancassurance in Algeria in percentage**



Source: prepared by the researcher on the basis of the data in table N° 2

Based on the percentages displayed on this curve, we now confirm the weakness of bancassurance turnover compared to the market, despite a slight evolution recorded from 2017, explained by the further strengthening of the market share of CARDIF and the introduction of ALGIC on the market.

**4.2. Breakdown of the bancassurance market share in Algeria by branches:**

After having analyzed the market share of bancassurance in Algeria. Our study will now target the composition of this parameter, which will be distributed in percentage between the two insurance branches, namely non-life and life.

**TableN°3: Market share of bancassurance in Algeria by branch 2008-2019**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Life insurance</b>	4%	9%	10%	13%	15%	16%	18%	17%	19%	33%	34%	35%
<b>Non-life insurance</b>	0%	0%	0%	0,19%	0,16%	0,27%	0,28%	0,43%	0,43%	0,28%	0,39%	0,49%

Source: Prepared by the researcher based on: ONS, 2012, p. 64; Ministère des finances, Rapport sur l'activité des assurances en Algérie, 2012, p. 12 ; Ministère des finances, Rapport sur l'activité des assurances en Algérie, 2013, p. 18; Ministère des finances, Rapport sur l'activité des assurances en Algérie, 2014, p. 20; Ministère des finances, Rapport sur l'activité des assurances en Algérie, 2015, p. 19; Ministère des finances , Rapport sur l'activité des assurances en Algérie, 2016, p. 17; Ministère des finances, Rapport sur l'activité des assurances en Algérie, 2018, p. 20; Ministère des finances, Rapport sur l'activité des assurances en Algérie, 2019, p. 19; CNA, Le secteur Algérien des assurances, 2011, p. 6; CNA, Le secteur Algérien des assurances, 2014, p. 6; CNA, Le secteur Algérien des assurances, 2015-2016-2017, p. 3; CNA, Le secteur Algérien des assurances, 2018&2019, p. 2

Reading this table explains that the non-life insurance branch pulled the turnover of Algerian bancassurance down, since the participation of the life insurance branch is consistent, appointing from the 2017 fiscal year, even 33% and 34% and 35% respectively for the fiscal years 2017,2018 and 2019. To give more explanation to the figures of this table, we expose in the following the distribution of the turnover of the insurance market in Algeria by branch.

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**TableN°4: Breakdown of turnover in the insurance market in Algeria by branch 2008-2019**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Life insurance</b>	8%	7%	9%	8%	7%	7%	7%	8%	9%	10%	9%	10%
<b>Non-life insurance</b>	92%	93%	91%	92%	93%	93%	93%	92%	91%	90%	91%	90%

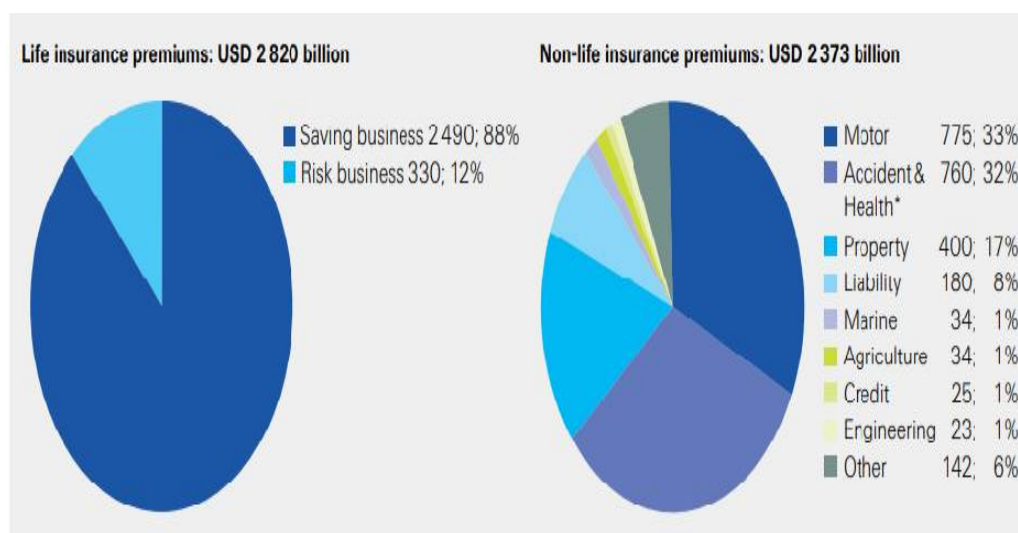
**Source :** Prepared by the researcher based on :CNA, Le secteur Algérien des assurances, 2011, p. 6 ;CNA, Le secteur Algérien des assurances, 2014, p. 6 ; CNA, Le secteur Algérien des assurances, 2015-2016-2017, p. 3; CNA, Le secteur Algérien des assurances, 2018&2019, p. 2

This table shows an almost static trend, on the distribution of the overall turnover of the insurance market by branch, which is between 7% and 10% for life insurance and between 90% and 93% for the non-life insurance branch. This means that the Algerian insurance market revolves around the non-life branch. Therefore, the importance of the bancassurance turnover achieved in the life insurance branch is relative.

### 4.3. Some world experiences in bancassurance

The international insurance market displays a position opposite to that of Algeria, whose life insurance branch is generally larger than that of non-life; the following diagram confirms this observation:

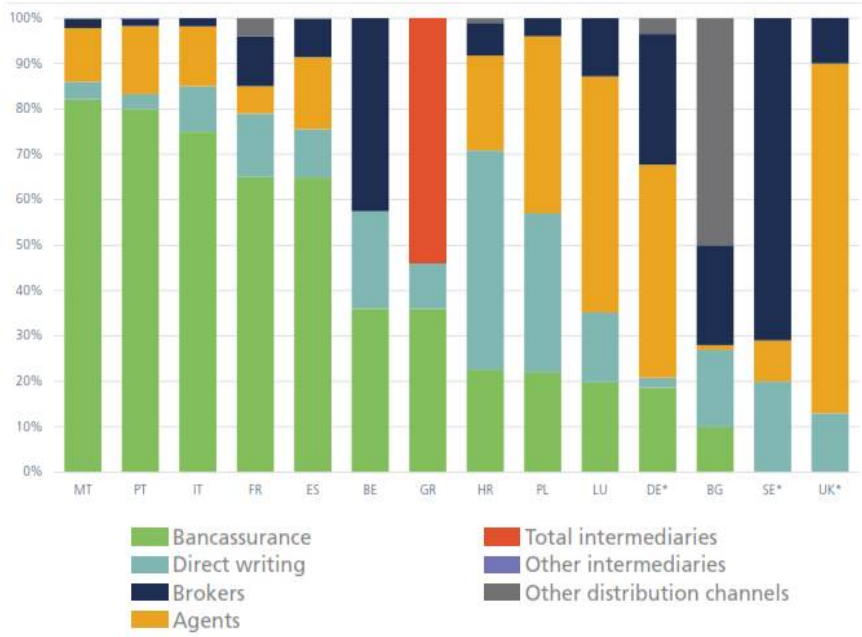
**FigN°6:Line business split in global life and non-life premiums in USD and %, 2018**



**Source :**Sigma, 2019, p. 11

Reading this diagram shows that the most important part of the life insurance system in the world is dedicated to the saving chapter. In this context, we note that the share of this type of cover remains minimal in Algeria, i.e. 0.04% in 2019 against the same percentage in 2011, i.e. the fiscal year of separation (CNA, Le secteur Algérien des assurances, 2018&2019, p. 3);(CNA, Le secteur Algérien des assurances, 2011, p. 3).At the same time, we argue that the main channel dedicated to the international marketing of life insurance is bancassurance, as mentioned in the following diagram:

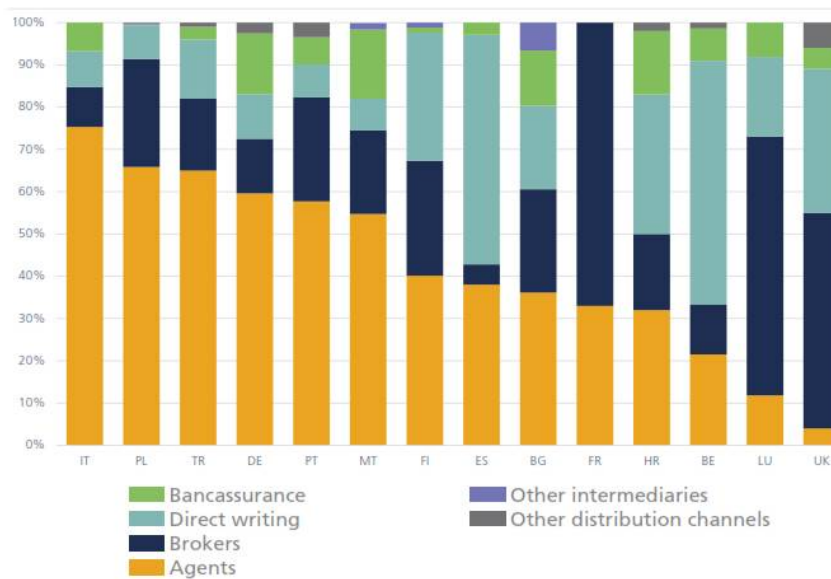
**FigN°7: Life distribution channels (% of GWP) 2018**



Source :Insurance Europe, 2021, p. 58

Similarly, it should also be mentioned that the main channel dedicated to the marketing of non-life insurance internationally are agents and brokers, according to the following diagram:

**Fig N°8:Non-life distribution channels (% of GWP) 2018**



Source :Insurance Europe, 2021, p. 59

Reading this diagram reinforces what was presented previously, namely: The cornerstone of bancassurance is life insurance.

### 5. Results and discussion:

The international insurance market displays a position opposite to that of Algeria, whose life insurance branch is generally larger than that of non-life insurance. In addition, the main channel dedicated to the international marketing of life insurance is generally bancassurance. This approach prompted the Algerian legislator to launch the technique of bancassurance.

Since 2003, Algeria has started working on the bancassurance project by building on its success, to be able to boost the turnover of life insurance, an insurance policy that is difficult to sell by the insurer, and which is assimilated to bank saving. A promising reform aimed at the marketing of insurance products via bank branches, in relation to two aspects, namely human and material support.

The start-up of Algerian bancassurance took place in 2008. A period considered difficult, for which the data posted for the 2009 and 2010 fiscal years were modest, compared to the difficulties linked to the start-up, as well as the absence of life insurance companies in Algeria, which were created in 2011 after the separation between the two branches: non-life and life.

During all the years considered on this paper, in particular, those analyzed after the separation, we noted a modest participation of bancassurance in Algeria in the overall turnover of the market. Adding to this that the importance of the turnover of insurance companies for the bancassurance segment is directly linked to the quality of the bank's mortgage portfolio, with which the insurer has signed a partnership agreement. In this context, this paper also enabled us to observe that the CARDIF model is the most favorable in Algeria, compared to the figures produced by this company, which is a subsidiary of BNP Paribas and partner of CNEP bank.

Compared to another angle of analysis, the evolution of the turnover of bancassurance, for the segment of life insurance attends an almost static position. Which did not take off after 2008. The share of saving insurance remains minimal at 0.04% in 2019 against the same percentage in 2011, i.e. the fiscal year of separation. In other words, the technical obstacle of Algerian bancassurance lies in the nature of the products marketed by the bank, which are the same sold at the counters of insurance companies.

## 6. Conclusion:

The analysis of data from the Algerian banking and insurance context as well as those of many countries in the world showed that this commercial technique was the subject of a strategic choice for several countries, whereas it was ignored by many countries others. Such as UK, which adopts the distribution channel through insurance agents and brokers, as the main technique for selling insurance.

The Algerian model of bancassurance shows many positive points, such as the existence of a legal framework encompassing this technique, a vast banking network established throughout the Algerian territory and a staff trained and exercising in this profession since 2008. Nevertheless, according to the details analyzed on this paper, we propose a series of measures, which can be summarized as follows:

- ✓ Carry out rigorous work on the elimination of all types of conflict of interest between the bank and the insurance company;
- ✓ Develop a joint reflection work, between the banker and the insurer in Algeria in order to design new bancassurance products. Which will be adapted to the banking activity, in particular those relating to saving, since the insurance of the repayment of a loan already existed before the launch of bancassurance, so it is not this technique that it will participate in its marketing;
- ✓ Bancassurance products must be segmented, in relation to the purchasing power of the citizen, so that each stratum in society finds its place in this insurance system;
- ✓ Adopt a marketing strategy aimed at popularizing insurance products in general and life insurance products in particular, considered the cornerstone of bancassurance. To this end, a colossal effort in the marketing of bancassurance products can be made.
- ✓ On these bases, the future studies that can be developed from this article are:
- ✓ A proposed actuarial model aiming at the pricing of bancassurance products according to the purchasing power of the Algerian consumer;
- ✓ Consumer behavior in Algeria towards bancassurance products;
- ✓ Conflicts of interest in bancassurance: mitigation measures.

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