

Interbank electronic clearing: A projection on insurance companies in Algeria

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Abstract: *This paper aims to compare between electronic clearing systems in banks and insurance companies in Algeria, where we have dealt with components of the interbank electronic clearing, which was introduced in 2006 as part of the reform of the Algerian banking system, after having identified a variety of obstacles encountered in the context of manual clearing at the time. On the other hand, inter-insurance clearing was discussed, which until today only covers automotive risks in Algeria, with a gap between the expected results and those achieved. This study has shown its contribution through the proposal of a new conception of inter-insurance clearing in Algeria, based on a model inspired from the interbank electronic clearing system. This structure operates through the electronic modification of the exchange of endorsements, the electronic declaration of claims and the establishment of a risk registry between insurance companies. While also pointing out that this structure takes care of all the insured risks and not those related to the automotive branch only, as is currently the case. This opens the way for the construction of that insurance model for the exchange of information and values which imitates the current banking model applied in Algeria.*

Key words: Clearing; Bank; Insurancecompanies; Digitalisation; Algeria.

JEL Classification : G21 ; G22 ; L86 ; C63

ملخص: تهدف هذه الورقة البحثية إلى المقارنة بين نظم المقاصة الالكترونية في البنوك وشركات التأمين في الجزائر، حيث تم تناول مكونات نظام المقاصة الالكترونية بين البنوك والتي تم استحداثها سنة 2006 في إطار اصلاح المنظومة المصرفية الجزائرية، بعد تحديد مجموعة كبيرة من المعوقات التي كانت تعاني منها المقاصة اليدوية آنذاك، من زاوية أخرى تم التطرق إلى المقاصة بين شركات التأمين، التي تأخذ على عاتقها إلى غاية اليوم مخاطر السيارات فقط في الجزائر، مع وجود فجوة بين النتائج المتوقعة وتلك المحققة على مستوى السوق التأميني. توصلت هذه الدراسة إلى اعداد مساهمة في شكل تصور جديد للمقاصة بين شركات التأمين في الجزائر، بناء على اقتراح مستوحى من نظام المقاصة الإلكترونية بين البنوك، فهذا الهيكل يعتمد على التبادل الالكتروني للملاحق التأمينية المعدلة، التبادل الالكتروني للمطالبات بالتعويض وانشاء مركزية للمخاطر تربط بين شركات التأمين المعتمدة في الجزائر، تختص بجميع المخاطر المؤمنة وليس مخاطر السيارات فقط كما هو معمول به الآن. مما يمهد إلى بناء ذلك النموذج التأميني لتبادل المعلومات والقيم الذي يحاكي النموذج البنكي الحالي المطبق في الجزائر.

الكلمات المفتاحية: المقاصة؛ بنك؛ شركات تأمين؛ الرقمنة؛ الجزائر.

تصنيف جال: G21؛ G22؛ L86؛ C63

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1. Introduction

Banks and insurance companies are financial institutions, whose activities are completely different. Banks collect deposits and grant credits. Moreover, insurance companies collect premiums and settle claims when insured risks arise. However, the common point between the two entities is risk management. In banking we talk about "Basel two" and "three" and in insurance about "solvency two", so the bank is relatively ahead. In addition, in banks, we speak about a financing pool and the horizontal transfer of risks and in insurance; we speak about co-insurance, the transfer of which is also horizontal.

According to this logic, we will proceed on this paper to the proposal of a structure of inter-insurance electronic clearing, based on a technique very known in the banking market called "Algeria electronic clearing interbank ". By way of clarification, we point out that the banks have switched to this system given the inconveniences of manual clearing, particularly in terms of the slow recovery times for values and the use of paper in banking operations deemed to be intensive. This inspired us to propose the same passage to insurance companies, given the existence of a physical processing of operations in terms of underwriting of insurance contracts and management of claims files.

1.1. The problem of study

The problematic of this study lies in the following main question: What are the determinants of an inter-insurance electronic clearing structure, based on the principle of interbank electronic clearing? While proposing the following sub-questions:

- What are the determinants of interbank electronic clearing in Algeria?
- What are the determinants of inter-insurance clearing in Algeria?
- What is the structure to be developed in insurance based on the Algerian banking structure, with regard to the electronic clearing technique?

1.2. The objectives of the study

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

- The proposal for an electronic modification structure for endorsement exchanges ;
- The proposal for a structure for online claims reporting ;
- The establishment of an insurance risk registry.

1.3. Literature review

Study by GUEMMAZ Souhil, The electronic clearing system in Algeria after 13 years of reforms: with reference to the Tunisian experience, Strategy & Development REVIEW, University of Mostaganem, VOL 10 N ° 01, 2020: This study aimed to highlight the evaluation of the Algerian electronic clearing system, established since 2006. Therefore after 13 years of the reform, and essentially aimed at the dematerialization of the exchange of values. This passage was an obligation imposed by the economic situation experienced by the banking system across the internal and external landscape. The study showed that the Algerian electronic clearing displays a static position in terms of development of the means of payment circulating in the system as well as the delays of recovery of values. We cite as an example the electronic clearing in Tunisia, which went from 48 h to 24 h between 1999 and 2011 in terms of recovery, as well as the entry into electronic clearing of standardized bills of exchange, after four years of operating application.

Study by LAZREG Mohamed, Development of electronic money in Algeria, reality and perspectives, doctoral thesis, Abou Bakr BELKAID University, TLEMEN, 2019.

2014/2015: The purpose of this study was to know what is the importance of electronic money culture and development of electronic banking in Algeria. The researcher showed at the end of his analysis that a common and well-studied marketing and development plan must be applied by the banking and monetary authorities at the level of banks, holders of the credit cards, traders and the technical operator. To make electronic payment from a weak element to a strong link for the development of the banking sector and the success of the dematerialization operation launched in 2006.

2. Theoretical framework

In this part, we will deal with two completely different aspects, the first relating to the Bank and the second to insurance companies. As stated above, our objective in this article is the combination between interbank electronic clearing and inter-company clearing in so-called inter insurance. To this end, we deal with its two variables in the following:

2.1. The interbank electronic clearing system

An interbank clearing system is a process of exchanging values between banks. In this part, we will study the passage of Algeria from manual to electronic clearing. The explosion of economic and social reasons causing such a reform in 2006 will accompany this. Aiming at the time for a radical change in the Algerian banking landscape.

2.1.1. Types of interbank clearing

Interbank clearing can be subdivided into two main parts, namely: manual clearing and electronic clearing. In this context, we insist on the detail that in each country there is one of these two systems. Therefore, the two approaches cannot exist simultaneously. For example in the case of Tunisia, the switch from the old method to the new was in 1999 and in Algeria in 2006 (Guemaz, 2020, p. 251).

2.1.2. The reasons for the reform

The flow of means of payment within the Algerian banking system before 2006, was essentially characterized by the following constraints and rigidities (Ministere des finances Algérien, La modernisation des systemes de paiement: une reforme exemplaire portée sur un projet structurant, 2020):

- Manual clearing and long recovery times ;
- An absence of standards and practices concerning the interbank characteristics of means of payment ;
- A flawed legal and regulatory framework concerning more "technical" standardization than the establishment of rights and obligations between banks and of the rights and duties of the banking center with regard to their customers ;
- Place rules which are not systematically respected for interbank transactions (declaration of unpaid debts to the Central Bank of unpaid debts, processing times for checks, etc.);
- Recourse to the discount of the check for interbank operations and to Algeria post AP for the clearing of electronic payment operations (withdrawal).
- Low use of transfers and direct debits and marginal use of commercial paper ;
- Lack of visibility on check cashing times (SidiMammar, 2015, p. 121), in particular and all other means of payment in general.

2.1.3. The chronology of electronic clearing in Algeria

The electronic clearing system in Algeria is developed over time through key dates, the main ones being the following:

Table (1): The main dates related to interbank electronic clearing in Algeria

Period	Achievement
May 15, 2006	Start of check clearing.
July 2006	Start of transfer clearing.
October 2006	Start of the electronic clearing of Bank cards transactions.
Until April 2007	Completion of the electronic clearing of direct debits and bills of exchange
February 2020	Standardization of the bill of exchange and promissory note

Source: prepared by the researcher on the basis of: (Guemmaz, 2020, p. 267); (Bank of Algeria, instruction no 01-2020, 2020)

Compared to this table, we note that this system was relatively stable in Algeria in terms of development, until the arrival of 2020. An important passage of which was achieved with the normalization of trade effects.

2.1.4. Architecture of the Algerian electronic clearing system

The profile of the day is made up of flows in time and in values, linking the various stakeholders in the system, such as the remitting and receiving bank, the interbank Pre-clearingcenter, which is the subsidiary of the bank of Algeria responsible for management of electronic clearing. This system is characterized by the absence of a physical transfer of values between the banks. Therefore, this information circulates in the system within well-defined deadlines aimed at organizing the routing of flows. From the remitting bank to the interbank Pre-Clearingcenter then to the recipient bank. After consultation of the balance by the latter, the information flow returns in reverse of the previous direction, to inform the remitting bank of its response. If the client's balance allows it will be debited by the amount of the value and the other client will be credited with the same amount. In the second probability, if the client's balance does not allow the transaction to be recognized, the value will be rejected so that the client of the remitting bank is informed of the insolvency of his opposite domiciled in the recipient bank (Bank executives, 2019); (Guemmaz, 2020, p. 266) .

This idea is the core of this article, which we will apply to the Algerian insurance system as part of a proposal. To this end, we present in the next point an overview of the insurance clearing methods currently existing in Algeria, before the launch of our approach.

2.2. The system of insurance clearing

With regard to inter-company insurance relations, Algeria has seen a panoply of models aimed at further consolidating the interests of the sector. In this context, it has been undertaken to reactivate the two “Inter-company Claims Settlement for Physical automotive claims” and “Direct clearing for Insured”, by correcting the mechanisms of their operation. With regard to the reorganization of liabilities, a new approach has been rethought. This is a new procedure called "Remediation of Remedies at Average

Cost" (Uar, conventions de recours inter-compagnies, 2021). In what follows, we will break down the content of its conventions.

2.2.1. Convention sanitation of remedies at medium cost (SRMC)

To reduce the inventory of automotive claims, the Algerian insurance companies implemented, in May 2015, an agreement relating to the consolidation of resources at average cost. Validated by the insurance supervisory authority (Ministere des finances Algérien, Rapport sur l'activité des assurances en algerie, 2015, p. 04), in accordance with the provisions of ordinance 95-07 of January 25, 1995 (Ouzzane , 2015 p. 09). This convention deals with inter-company appeals and aims to clean up claims files relating to fiscal years 2010, 2011 and 2012 (Ministere des finances Algérien, Rapport sur l'activité des assurances en algerie, 2015, p. 04). That in a first stage, and in the event that the approach leads to satisfactory results, it will be proceeded, by addendum, to the renewal of the convention for the other exercises, until exhaustion of stocks of pending files (UAR, Conventions de recours inter-compagnies, 2021). In this context, we would like to point out that an amendment to renew the convention sanitation of remedies at medium cost was taken in May 2017 to allow the consolidation of automotive recourse files for the years 2013, 2014 and 2015, according to a duly established timetable (Kassali B. , 2017, p. 13). This procedure represents the fruits of the steps taken by the Algerian Union of Insurance and Reinsurance Companies (Ministere des finances Algérien, Rapport sur l'activité des assurances en algerie, 2015, p. 20). As part of the development of the Algerian insurance sector.

Furthermore, it should be noted that the average cost of compensation represents the ratio between the total amount of compensation from the automotive insurance of an insurance company, and the number of its clearing files. Representing therefore the average reimbursed by the company, which allows to evaluate a unique average of the market. Using this method of calculation, the insurers managed to define an average market cost (for the calculation of claims settlements for the last five years) of 37,148.5 DZD; this does not mean that each insured will have exactly this amount. However, this sum will allow insurers to exchange the overall amounts due reciprocally by multiplying this average price by the number of files stored at each of them. Then, it will be up to each company to reimburse its customers based on the assessment of the damage caused to them by traffic accidents (Kassali B. D., Assurances automobiles : assainissement des recours en 2016, 2016, p. 15).

2.2.2. Inter-enterprise convention on the regulations of losses in automotive materials (IRLAM)

In Algeria, this agreement aimed at reducing the time taken to process and settle claim files has been in effect since June 1, 2016 (Kassali B. D., Ne pas s'alarmer outre mesure, 2017, p. 22). The objectives of this convention are found on several levels. For the insured: recover its due, benefit from the right to compensation and have a better opinion of the insurers. For insurers: it makes it technically possible to get rid of management that has become cumbersome, to meet obligations in terms of representation of commitments and to avoid penalties. In addition, on the behavioral level: less stress in daily management, better work organization and fluidity in the relationship with customers. In short, devote more time to clients to rehabilitate the trust that insurers must have (Ouzzane , 2015, p. 20).

The revision of the initial agreement focused as much on the fundamental principles of the exercise of recourse as on the measures to be taken in the event of a claim being

brought for compensation. The actions taken in this area have been defined in such a way that the manager's behavior should not constitute an obstacle to the rapid settlement of a claim.

On the other hand, the deadlines set must be strictly observed. There is, moreover, a mechanism for monitoring the application of the convention implemented, at the behest of an arbitration commission responsible for ruling on the litigation cases between two companies. Seized by the most diligent party, the decisions of this commission will be enforceable and without appeal (UAR, conventions de recours inter-compagnies, 2021).

2.2.3. Convention of direct compensation of insured (DCI)

In France, the agreement for direct compensation to the insured and for recourse between automotive insurance companies. Was signed by most insurance companies, it is intended to facilitate the settlement of property damage in the event of a traffic accident. This agreement was created in 1968 under the name of direct insured clearing agreement, it saw its prerogatives extended and changed its name in 1977. This agreement therefore proves to be decisive for the definition of responsibilities during a claim and for the compensation of the insured (Index assurance, 2019). In 2003, the structure of this agreement was further modified. It is now called the Direct Compensation and Redress Agreement between automotive insurance companies (Camier, 2014). The basic principle of this agreement is whatever the type of traffic accident, the nature and the amount of damage, member companies are obliged, before exercising their remedies, to compensate themselves their policyholders, to the extent of their right to compensation, determined according to the rules of ordinary law (Convention IRSA, 2014). Therefore, the main advantage of this agreement is the considerable reduction in the clearing time of the insured, thanks to the respect of a common scale and the assumption of responsibility for the clearing of their insured by the insurance companies (Index assurance, 2019).

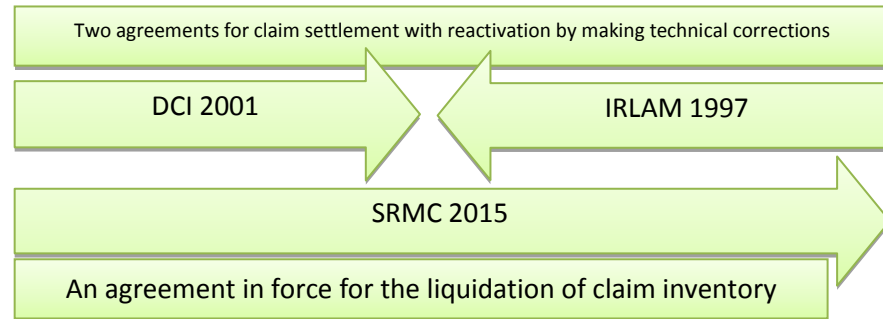
At the same time, and in Algeria, a new convention is being prepared by the services of the Algerian Insurance and Reinsurance Companies Union is completely different from that of 2001 (UAR, conventions de recours inter-compagnies, 2021), having not known any real success since its launch (UAR, l'assurance automobile en algerie situation et perspectives, 2015, p. 14). Whose implementation is planned for 2018 (Kassali B., 2017, p. 14). The role of the IRCU in this new version is not to be outdone. The IRCU becomes a fully-fledged actor that has its place in the management of the process. This structure is called upon to make its contribution by ensuring the control of flows, the organization and management of the clearing system, the maintenance of the quarterly accounts generated by this new management method (UAR, conventions de recours inter-compagnies, 2021). To note for the corporal, the creation in 1986 of the Indemnity agreement on behalf of others, which became in 2002 the indemnity and corporal automotive recourse convention (Groupe MACIF, 2015, p. 05). This other agreement concerns bodily injury claims involving at least 2 land motor vehicles in France (or abroad under certain conditions) for which the insurance companies are signatories to the agreement (De barros & Christien, 2011, p. 10). To this end, we argue that Algeria has adopted the reforms applied in France in matters of material damage, but as far as bodily matters are concerned, the legal ground remains untouched.

2.2.4. Relationship between the three models

Based on the analysis of the three conventions relating to inter-insurance clearing currently existing in Algeria. We noticed an overlap between the two conventions DCI and

IRLAM, this compared to the French model, which replaced the first by second in 1974, while in Algeria the two conventions are in force at the same time. Even if the existence is purely legal and these two conventions are not applicable on the ground, to date (Claims managers, 2021). We also noted that the nature of the coverage of these conventions is purely material, whereas the French model introduced the bodily aspect through the convention of the Indemnity and corporal automotive recourse.

In the light of the foregoing, we set out the following diagram, which sets out the three existing conventions in Algeria with regard to the settlement of inter-company automotive claims.



Source: prepared by the researcher based on an interview with claim executives activating on the Algerian insurance market

Figure (1): Application of inter-company agreements in Algeria

Compared to this diagram, we explain that the two conventions IRLAM and DCI are opposed because they are legally applicable at the same time. These two agreements have been launched since 1997 and 2001 respectively without achieving the expected objectives.

According to this analysis, we note that inter-company clearing only exists in the automotive segment, with the exclusion of corporal actions in Algeria unlike in France.

The objective of the exposure of this point is not the treatment of the conventions of liquidation of the automotive claims in Algeria, but the scientific observation that the clearing of the insurance files in Algeria exists only on the automotive segment. That to prepare the ground for the construction of our structure object of the following part entitled the outputs of the structure.

3. Practical framework

This part is the practical extension of this paper, since we will expose on, the problems evoking a reform, based on the use of data processing in insurance transactions. While noting that this extension is inspired from the interbank electronic clearing system.

3.1. Insurance relationship inter and intra companies in Algeria

These relationships are based on the inventory of the life of an insurance contract, until the realization of the risks insured in Algeria.

3.1.1. Lifetime of insurance contract

The insurance contract is effective upon signature at the agency level, but the signature is not an end in itself, since the latter may change terms, conditions or terminate

outright. It is for this reason that the insurance company-client relationship is permanent or even daily, especially in a large insured contract.

So far, the situation is normal with these variables. Nevertheless, the problem can arise in the case where the client has signed his contract in an agency, which is far from his place of residence. This case can cause enormous problems for both parties, namely the insured and the insurer. So the insured is obliged to move to the domiciliation agency in order to be able to change the terms of his contract with an endorsement.

This situation can be resolved by an information system linking the agencies of an insurance company in real time. So a contract affected in the interface of an agency, is systematically modified throughout the network. In the context of the concretization of the customer concept of an entire insurance company and not of the agency of an insurance company. However, the problem that arises this time is the physical file that is in the domiciliation agency. Including data related in particular to the risk visit. These scenarios can generally arise in the context of a retail client.

In the case of a corporate client, where the parent company finds a problem with domiciliation of the insurance contracts of its subsidiaries, insurance companies use three techniques as follows (Insurance executive, 2021):

- **Centralized management:** centralized management of an insurance contract consists of the domiciliation of all group business in the place of domiciliation of the parent company. This mode is difficult to manage, because each change of the insurance contract of a subsidiary of the group is due to the exchange of information between the contract domiciliation agency and the business location agency. This generates a physical displacement of the insured or the insurer.
- **Decentralized management:** decentralized management of an insurance contract consists of the domiciliation of each group business in the agency closest to its location. This mode is the easiest to manage, since the problem of distance does not arise.
- **Mixed management:** mixed management of an insurance contract consists of the domiciliation of part of the group's business in the place of residence of the parent company, for complex risks such as FLEXA (Fire, Lightning, Explosion, Aircraft), which has a relatively lower loss frequency. In addition, the domiciliation of the other part of the group's business in the agency closest to their establishments, for risks whose frequency of claims is relatively higher. This is to ensure a certain fluidity in terms of contract management. This mode partially poses the problem of the distance between the location of the case and its domicile.

3.1.2. Occurrence of a claim

The service in an insurance contract is the settlement of claims after the occurrence of an insured risk. The same concerns detailed above in the life of a contract are valid in this section. Since the management of claims also requires the physical presence of the insured, whether for further information, the lodging of a claim and the delivery of the reimbursement check as a last resort.

To this end, when a claim occurs, the insured files a claim at the branch of the insurance company closest to its geographic location. Subsequently, the latter contacts the contract domiciliation agency for the establishment of the service order. A document to send to the damage assessment expert. After this document has been drawn up, it will be sent to the domiciliation agency for settlement of the claim (Claims managers, 2021). A

situation represents enormous efforts made for the three parties, namely, the insured, the domiciliation insurer and the establishment insurer.

Worse still, in the case of auto insurance. A fourth contributor is added to this chain, which is the third party's insurer. Since the specificity of the insurance of this branch, is the entry into relation of the two insurance companies of the two drivers of the vehicles. Therefore, the problem of distance will further complicate insurance relationships. Since the insurer of the non-offender will send a reimbursement claim to the insurer of the person responsible. In the event of a dispute over the determination of responsibilities, liquidation meetings are to be organized regularly to clear up the pending file (Claims managers, 2021). In order to settle them definitively.

3.1.3. Insurance risk registry

In Algeria, the concept of the Credit risk registry only occurs in the banking sector. This structure is subdivided into two compartments respectively called "Credit risk registry of companies", in which are recorded the data relating to credits granted to legal persons and natural persons exercising a self-employed professional activity, and "Credit risk registry of households", in which data relating to loans to individuals are recorded. The data appearing on this database are: the identity of the beneficiaries of credits, the nature and the ceiling of the credits granted, the amount of the uses, the amount of the non-reimbursed credits as well as the guarantees taken for each type of credit (Bank of Algeria, Article no 01 and 02 of regulation 12-01, 2012).

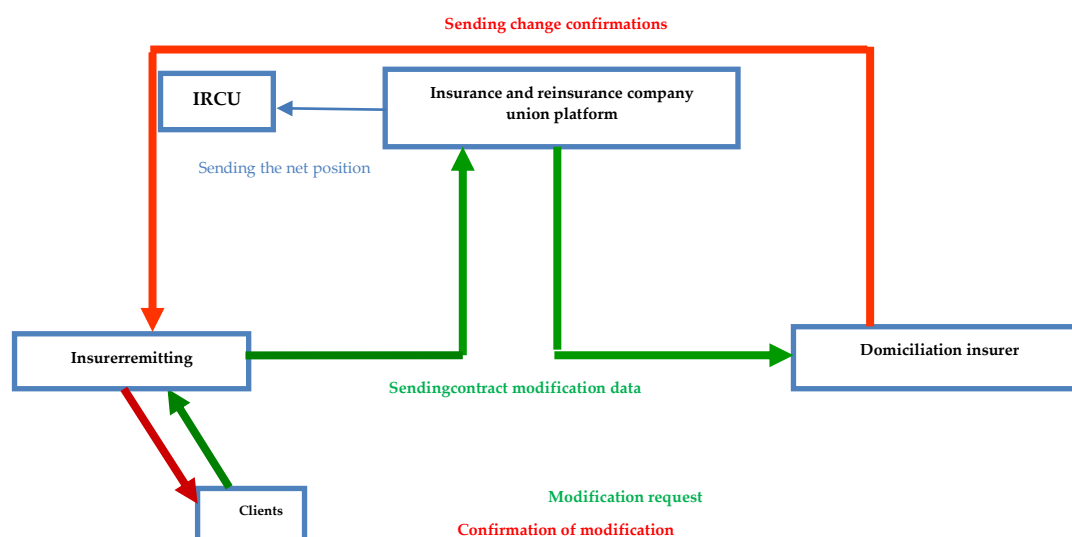
When we apply this principle on Algerian insurance companies. The latter must have a similar database. Highlighting the information relating to each insured in Algeria, namely: the nature of the contracts underwriting and the claims occurring. This can help the insurer to better assess the risk of an insured, especially when entering into a relationship. Including the surface of the risks of an insured and completely hidden from an insurer.

3.2. Technical aspect of an interbank electronic clearing inspired conception

This structure is made up of three axes, namely: underwriting, claims management and the creation of a database on policyholders.

3.2.1. Electronic modification

As previously stated, given the persistence of the problem of distance between the residence agency and that of contract domiciliation. We have proposed the following diagram, which represents the electronic modification circuit of insurance contracts.



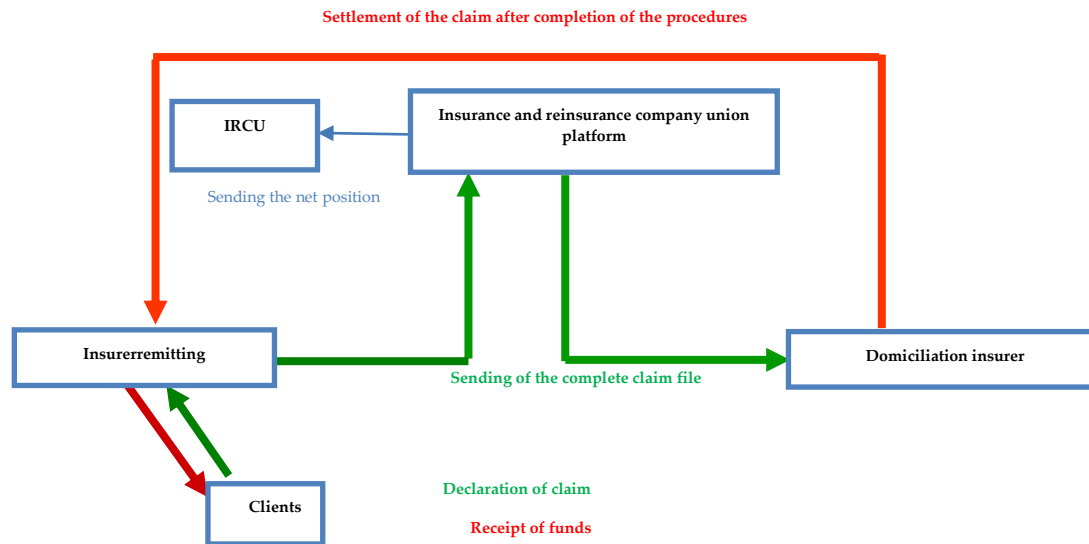
Source: proposed by the researcher based on the preceding elements
Figure (2): Circuit for electronic modification of insurance contracts

According to this circuit, the customer can apply to any insurance agency approved in Algeria, to modify their insurance contract. This can be materialized by the presence of the client with an insurance agency, in order to make a change in the form of an amendment. This agency will send the file of this change to a platform located at the level of its head office. Thereafter this file will be transmitted over the water to the platform of the Insurance and Reinsurance Companies Union. This structure proposed in this article, will have to transmit the said file to the platform of the head office of the contract domiciliation agency. At the end of this operation, therefore after carrying out the requested modification. A confirmation is to be returned over the water also to the client's residence agency according to the same circuit previously reported. In this way, this information circuit inspired by the interbank electronic clearing system. Has resolved the problem of distance of the client from his contract domiciliation agency. However, with a new specificity which is the processing of its operation with an agency, which is not part of the network of the domiciliation insurance company. It is enough just of his approval to exercise in the market. Subject to payment from an electronic modification commission.

3.2.2. Electronic declaration

As in the case of endorsements, the remoteness problem always persists in the declaration of claims. However, this time two cases can arise. Namely the automotive branch and the other branches. This compared to the intervention of the third party insurer in automobiles. Unlike the absence of this part in the other branches.

• **Non-automotive branches:** To solve the problem of distance between the geographic location of the client and his contract domiciliation agency, we have come to design the following diagram, which represents the circuit of electronic declaration of insurance contracts excluding automotive:

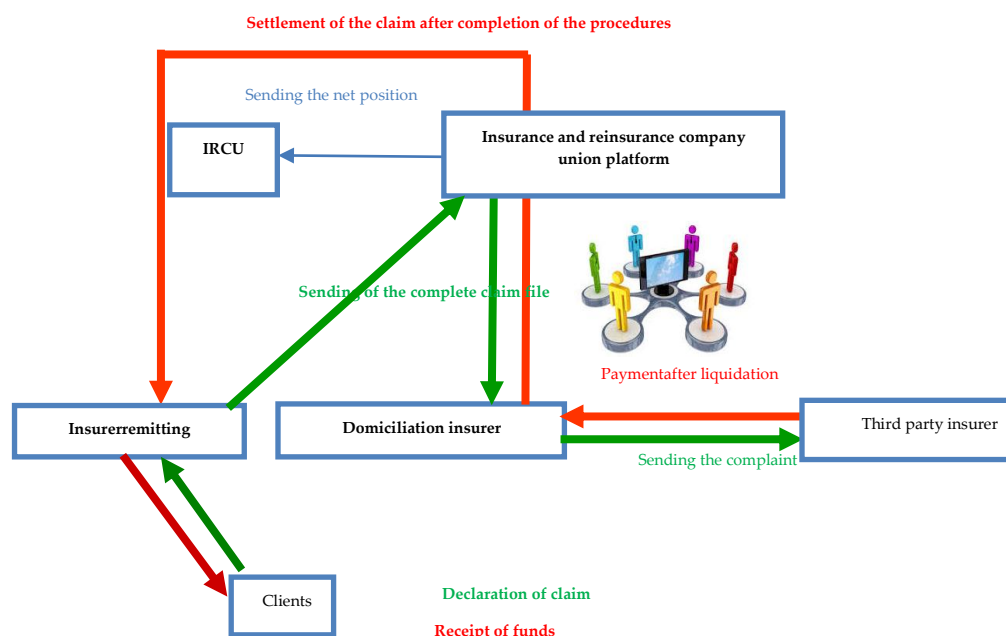


Source: proposed by the researcher based on the preceding elements

Figure (3): Electronic declaration circuit for non- automotive insurance contracts

According to this circuit, the client can also apply to any insurance agency approved in Algeria, but this time for the declaration of a claim. Provided with a complete file related to the damage suffered. This agency sends the claim file in the form of an electronic file to the platform located at the level of its head office. Thereafter this file will be forwarded according to the same detailed circuit in electronic declaration. Nevertheless, with a difference, which is the treatment of the claim, file according to the internal rules in force of the contract domiciliation agency. If everything is good, the funds are released and send to the agency of the first declaration. Who will be responsible for settling the claim of a client who is not even domiciled in his network.

• **The automotive branch** :The automotive branch differs from other branches by the existence of a third party insurer. This guided us to conceive another diagram, which represents the circuit of electronic declaration of the automotive insurance contracts.



Source: proposed by the researcher based on the preceding elements

Figure (4): Electronic declaration circuit for automotive insurance contracts

From this circuit, we can notice that it looks almost perfectly like that of the electronic declaration of insurance contracts except automotive. However, apart from an extension due to the existence of a third party insurer. Because before the settlement of the claim by the domiciliation insurer, there must be exchanges between these two parties. Currently these exchanges are in the form of a face-to-face meeting as defined in the first axis of this paper. However, according to this diagram this operation will be in video conference. To settle the remoteness problem once again. After the determination of the non-faulty insured and that responsible, and of course the arrival to common ground between the two insurers. The amount of the liquidation is determined and sent by the domiciliation insurer to the remitting insurer, following the same channels previously broken down.

3.2.3. Construction of a database

The objective of this practical extension, based on the use of technological proximity in the management of insurance files. Has not only solved the problem of distance from clients of their domiciliation agencies. However, it also built up a database of contracts underwriting as well as the claims declared. Furthermore, we are no longer in need of recourse clearing systems, since all the branches are compensated according to this proposal and not the automotive branch only. To this end, insurance companies operating in Algeria will use this database held by the IRCU. In the context of better knowledge of business in relation. This model is already in force in the Algerian banks as specified in the point of "Insurance risk registry".

4. Conclusion

In this article, we exposed the Algerian system of interbank electronic clearing, established since 2006, and essentially aiming at the dematerialization of the exchange of

interbank values. In parallel to this, we also noticed that the inter clearing insurance remains unchanged, with reforms affecting only the formwork Automotive, through DCI agreements, IRLAM and SRMC.

This has led us proposed an exhaustive electronic clearing inter insurance scheme based on the Algerian interbank electronic clearing system. This is to resolve the problem of distance between the geographic location and the place of domiciliation of a client's insurance contract, whether corporate or retail. In addition to this, this system has enabled the constitution of an exhaustive database on the risks insured and declared in the event of the occurrence of a claim. In this context, we have built three practical extension structures, essentially aimed at the dematerialization of the insurance sector in Algeria, namely:

- Electronic modification of exchanges of endorsements ;
- Online claims reporting ;
- The establishment of a risk registry between insurance companies.
- Therefore, the inter-insurance electronic clearing system will allow the settlement of all transactions from any agency in Algeria, even if it is not part of the contract domiciliation insurance company.

In this context, and to reinforce the idea of the correlation between banks and insurance companies. Which has materialized through several examples, such as Basel two-solvency two, banking pool- co-insurance. Our proposal comes to the effect of benefiting more from the banking experience by applying it to the insurance field, based on various interviews with banking and insurance executives.

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