

Analyzing the Impact of Legislative Reforms on the Development of Personal Insurance in Algeria(2002–2024)

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Abstract:

This study aims to analyze the impact of legislative reforms particularly Executive Order 06-04 on the growth of personal insurance in Algeria during the period 2002–2024. The analysis relies on both descriptive and quantitative approaches, using official data published by the National Insurance Council, in addition to examining the legal and regulatory transformations experienced by the sector. The findings reveal a significant expansion in personal insurance premiums, with an average annual growth rate of 26% during the 2006–2010 period, driven primarily by the restructuring of insurance companies in preparation for the separation between personal and non-life insurance branches. The subsequent phase (2011–2024) recorded slower yet more stable growth rates due to the effective implementation of this separation.

The data also show that the sector was affected by economic and health crises (COVID-19), particularly in 2018 and 2020. Nevertheless, it regained momentum, with personal insurance premiums reaching 20,085 million DZD in 2024. During the study period, the market share of personal insurance increased from 3.96% in 2002 to 11.73% in 2024, reflecting the consolidation of this branch within the Algerian insurance industry. Overall, the results confirm that legislative reforms have constituted a key driver in strengthening and expanding personal insurance and enhancing its contribution to economic and social development.

Keywords: Legislative reforms, Ordinance 06-04, Personal insurance, Algeria.

Jel Classification Codes : G22; G28; I13; K22.

Résumé:

Cette recherche vise à analyser l'impact des réformes législatives en particulier l'ordonnance 06-04 sur la croissance de l'assurance des personnes en Algérie durant la période 2002–2024. L'étude s'appuie sur une analyse descriptive et quantitative de données officielles publiées par le Conseil National des Assurances, ainsi que sur l'examen du contexte juridique et réglementaire ayant marqué le secteur. Les résultats révèlent une forte progression du chiffre d'affaires de l'assurance des personnes, ayant enregistré une croissance moyenne de 26 % par an entre 2006 et 2010, en raison de la restructuration des entreprises en préparation de la séparation entre l'assurance des personnes et l'assurance des dommages. La période suivante (2011–2024) a généré des taux de croissance plus faibles mais davantage stabilisés, suite à la mise en œuvre effective de cette séparation.

Les données montrent également que le secteur a été affecté par les crises économiques et sanitaires (Covid-19), en particulier en 2018 et 2020, mais qu'il a su retrouver sa trajectoire ascendante, atteignant un chiffre d'affaires de 20 085 millions de dinars en 2024. De plus, la part de l'assurance des personnes dans le marché national s'est accrue, passant de 3,96 % en 2002 à 11,73 % en 2024, ce qui constitue

un indicateur fort de l'ancrage de ce segment dans l'industrie algérienne de l'assurance. Ces résultats confirment que les réformes législatives ont constitué un levier essentiel dans le développement et l'expansion de l'assurance des personnes, ainsi que dans le renforcement de son rôle économique et social.

Mots clés: Réformes législatives, Ordonnance 06-04, Assurances de personnes, Algérie.

Jel Classification Codes : G22; G28; I13; K22.

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I. Introduction

The growth trajectory and development of the insurance sector in general and the personal insurance branch in particular are shaped by a combination of economic, demographic, and institutional factors. These include the level of per capita income, changes in population structure, the degree of insurance awareness among individuals, and the marketing strategies adopted by insurance companies. Moreover, the legislative and regulatory framework constitutes one of the most influential determinants of the sector's performance and its ability to adapt to economic and social transformations.

In this context, the Algerian insurance sector has undergone a series of legislative and regulatory reforms over the past two decades, which have significantly reshaped its structure most notably following the promulgation of Ordinance 06-04, which formalized the separation between personal insurance and property & casualty insurance and reorganized the market in line with modernization requirements. These reforms contributed to the restructuring of insurance companies and to reinforcing the economic and social role of personal insurance. However, this trajectory has been influenced by the economic and health fluctuations experienced by the country, raising questions regarding the effectiveness of these reforms in achieving their developmental objectives.

I.1 Research Problem

To what extent have legislative reforms, particularly Ordinance 06-04, contributed to the development of the personal insurance market in Algeria during the period 2002–2024?

I.2 Research Hypothesis

The study hypothesizes that legislative reforms, particularly Ordinance 06-04, have played a significant role in the growth and development of the personal insurance segment in Algeria.

I.3 Research Objectives

This study seeks to achieve the following objectives:

- Analyze the evolution of personal insurance turnover in Algeria during the period 2002–2024.
- illustrates the main phases experienced by the sector in light of legal and regulatory reforms.
- Assess the impact of legislative reforms, particularly Ordinance 06-04, on the growth and stability of personal insurance.
- Clarify the relationship between economic and legislative factors in shaping the trajectory of this insurance branch.

1.4 Research Significance

The significance of this research lies in its contribution to enriching the economic literature on personal insurance in Algeria, by providing an analytical reading that combines both legal and quantitative economic perspectives. It also has a practical dimension, offering valuable insights for policymakers and stakeholders in the insurance market to design more effective strategies that support social and economic development through this vital sector.

1.5 Previous Studies

Several studies have addressed themes related to the present research; however, most of them analyzed the effects of reforms on the insurance sector as a whole or examined life insurance from different perspectives. Among the most relevant works are the following:

a. Athmane Allam & Nadia Bougarne, Tax Concession in Life Insurance in Algeria, Journal of Economics, Finance and Management Studies, Vol. 04(10), 2021:

This study aimed to analyze the impact of the tax regime applicable to life insurance in Algeria on the development of this insurance branch. To this end, the authors reviewed the structure, organization, and global ranking of the Algerian insurance market, highlighting the key challenges it faces—particularly the underperformance of personal insurance and the reasons behind its slow growth. The study also examined the various tax incentives introduced by public authorities to promote this branch, as well as the shortcomings associated with their implementation, drawing on the Tunisian experience as a comparative model.

The findings indicate that the Algerian insurance market remains largely underexploited: in 2019, its turnover reached 152.148 billion DZD, with only 9.27% allocated to life insurance. International indicators further reveal low levels of penetration and insurance density compared to neighboring countries, confirming the limited development of this market despite the adopted tax reforms.

b. Lezoul Mohammed, Towards a Reform of the Insurance Sector in Algeria: Current Situation and New Alternative, Revue EL-Maqrizi for Economic and

Financial Studies, Vol. 07(01), 2023:

This article provides a comprehensive assessment of the Algerian insurance market by tracing the evolution of the sector since independence, analyzing the market structure, and identifying its main players and the development of their activities. The study also seeks to propose alternative solutions, notably by presenting Takaful insurance as a promising strategic option. It concludes that Takaful represents a genuine alternative to conventional insurance, a key driver in promoting life insurance within Muslim societies, and an important catalyst for the development of bancassurance.

c. Benahmed Kafia & Mwaniki Antony Murithi, Evolution of the Insurance Sector in Algeria: The New Trends of the Market, Economic Development Review, Vol. 09(01), 2024:

This study aimed to trace the evolution of the Algerian insurance system and identify the emerging trends reshaping the insurance market, particularly during the COVID-19 health crisis. Using a descriptive–analytical approach based on economic and insurance indicators, the authors found that after the decline recorded in 2019, the insurance sector entered a phase of renewed growth accompanied by profound structural changes. The pandemic notably accelerated the digitalization process across the sector.

Research Gap Between Previous Studies and the Present Study:

Despite the existence of numerous studies addressing the Algerian insurance sector from various angles, a careful review of the literature reveals a significant research gap, reflected in the following points:

○ ***Absence of a specialized study examining the direct impact of legislative reforms on the development of personal insurance:***

Benahmed & Murithi (2024) focused on general sectoral trends, particularly during the health crisis, without analyzing the legal reforms and their specific effects on personal insurance.

Similarly, Lezoul (2023) examined the overall structure of the sector and the potential of Takaful as an alternative but did not provide a detailed assessment of sectoral legislative reforms nor their quantitative impact on personal insurance.

○ ***Scarcity of studies linking both fiscal and legislative frameworks to the development of personal insurance:***

While Allam & Bougarne (2021) analyzed the impact of tax incentives on life insurance, their work did not address the major structural reforms (such as Law 06-04, the segmentation of insurance branches, or regulatory adjustments introduced in 2011 and 2015).

Moreover, it did not examine the long-term evolution of personal insurance in the context of these reforms over an extended period (2002–2024).

○ ***Lack of recent studies covering the post-2020 period:***

Most previous research stops at 2019 (Allam & Bougarne, 2021) or offers general observations up to 2022 (Lezoul, 2023).

In contrast, the period 2020–2024 which is the focus of our study is characterized by:

- ✓ significant regulatory and supervisory reforms,
- ✓ accelerated digital transformation within insurance companies,
- ✓ a notable expansion in personal insurance, particularly health insurance.

For these reasons, the present study provides an original contribution by offering a comprehensive and updated analysis of legislative reforms and their influence on the development of personal insurance in Algeria over more than two decades (2002–2024).

II. The Concept of Life Insurance and Its Characteristics

This section examines life insurance by providing its definition, identifying the main parties to the contract, and highlighting its key characteristics:

II.1 Definition of Life Insurance

A life insurance contract is defined as an agreement between two parties in which the first party (the insurer or the insurance company) undertakes to pay the second party (the insured or the beneficiary) a lump sum or periodic payments upon the occurrence of a specified event related to the life of one or more designated individuals within a defined period. In return, the second party commits to paying the first party a premium (annual or monthly), the value of which is lower than the insured amount (Abdelrahman, 2006).

II.2 Parties to a Life Insurance Contract

Based on the previous definition, the parties to a life insurance contract can be identified as follows (Muslim, 2015):

- a. **The Insurer:** the insurance company issuing the contract, which undertakes to pay the insured sum specified in the contract upon the occurrence of the covered risk.
- b. **The Policyholder:** the contracting party who is obliged to pay the due premium(s).
- c. **The Life Assured (the Insured Person):** the individual whose life is insured, i.e., the person on whom the insurance is taken. If the insured event occurs to this person, the insurer pays the insured amount to the designated beneficiary.
- d. **The Beneficiary:** the person who receives the insured sum in the event of the occurrence of the covered risk concerning the insured person.

It is noteworthy that the policyholder, the insured person, and the beneficiary may coincide in life insurance contracts. However, in death benefit contracts, the insured person and the beneficiary cannot be the same individual.

II.3 Characteristics of Life Insurance

Life insurance contracts are distinguished by several key characteristics (Abu Bakr & Al-Seifo, 2009):

- **Long Duration:** They may extend from one year to an entire lifetime, allowing for the investment of premiums.
- **Surrender Option:** The policyholder may cease premium payments, with the policy being surrendered and the corresponding benefits paid out.
- **Monetary Contract of Fixed Value:** The insured sum is predetermined to compensate for the loss resulting from death.
- **Premium Determination:** Premiums are calculated based on interest rates, life and mortality probabilities, the insured sum, and the age of the insured person.
- **Total Loss:** The full insured amount is paid upon the occurrence of the insured risk.
- **Certain Probability:** Death is inevitable, and its likelihood is assessed using life and mortality tables.

III. Life Insurance Policies

Life insurance policies can be classified into three main types as follows:

III.1 Life Insurance (Assurance en cas de vie)

Under these policies, the insured sum is paid if the policyholder survives until the end of the insurance period (the policy is issued without requiring a medical examination).

The main types include (Zajdenweber, 2006):

- a. **Deferred Capital Policy:** The insured sum is paid at the end of the contract term if the policyholder is alive. The insurer has no obligation to pay anything if the policyholder dies during the contract period (Muslim, 2015).
- b. **Deferred Capital Policy with Premium Refund:** The insured sum is paid at the end of the insurance period if the policyholder is alive. If the policyholder dies before that, the paid premiums or the surrender value, whichever is higher, are refunded to the beneficiaries.
- c. **Life Annuity Policy:** A contract under which the insurer undertakes to pay periodic amounts (monthly or annually) to the insured person for a specified period or for life, provided that the policyholder is alive. Payments cease upon death (Abu Bakr & Al-Seifo, 2009).

III.2 Death Insurance (Assurance en cas de décès)

Under these policies, the insured sum is paid in the event of the policyholder's death before the expiry of the insurance period (the policy is issued with a mandatory medical examination, as the health condition provides an important indication of the probability of survival or death) (Rousseau, Blayac, & Oulmane, 2001).

The main types include:

- a. **Term Insurance Policy:** If the policyholder survives until the end of the contract period, the insurer pays no benefits from the premiums collected. The term is either defined as a specific number of years (e.g., 5 or 10 years) or until the insured reaches a certain age (e.g., 60 years). (Al-Khafaji, 2014)
- b. **Whole Life Insurance Policy:** The insurer guarantees payment of the insured sum upon the death of the insured at any time after the contract date, or upon survival until the last age specified in life and mortality tables (e.g., 90 years), in return for the policyholder's commitment to paying premiums (Tran, 2015). This type is divided into two categories:
 - **Ordinary Whole Life Insurance:** Annual premiums are paid throughout the insured person's lifetime. Spreading the cost over the entire life results in lower periodic premiums, allowing the purchase of a larger insured sum. However, the requirement to continue paying premiums into retirement, when income is reduced, may weaken the ability to maintain payments.
 - **Limited-Payment Whole Life Insurance:** Premiums are paid only for a limited number of years. In such contracts, the cost is spread over a shorter period than the full contract duration. Typically, the premium payment period corresponds to the years remaining until the insured reaches retirement age. The shorter the payment period, the higher the amount of each premium. (Abu Bakr & Al-Seifo, 2009)

III.3 Endowment Insurance (Mixed Insurance)

Under these policies, the insured sum is paid either if the policyholder survives until the end of the insurance period or in the event of death before that date (Planchet & Thérond, 2007), provided that premiums are paid regularly and on time. The policy may be issued with or without a medical examination, depending on specific rules.

What distinguishes endowment insurance from other types of life insurance is that it combines two key functions: protection and savings. For this reason, it is considered one of the most important and most widespread forms of life insurance. (Al-Khafaji, 2014)

IV. Personal Accident Insurance

While life insurance focuses on human life (whether death occurs naturally due to illness or as a result of an accident), personal accident insurance

is concerned with the human body and covers death or disability resulting from a sudden, violent, and visible accidental injury.

IV.1 The Concept of Personal Accident Insurance

A personal accident insurance contract is an agreement under which the insurer, in return for insurance premiums, undertakes to pay the insured (or the beneficiary in case of the insured's death) the insured sum if the insured suffers bodily injury, and to reimburse all or part of the medical and pharmaceutical expenses. The insured amount usually varies depending on the nature of the injury, which may result in death, permanent total disability, partial disability, or temporary incapacity. (Tran, 2015)

Personal accident insurance is also defined as an insurance policy that provides compensation in the event of an unforeseen accident. Compensation is paid in the case of the insured's death (Couilbault & Eliashberg, 2009) or bodily injury leading to disability, provided that the injury results directly from external, violent, and visible means. (Al-Khafaji, 2014)

IV.2 Terms Related to Personal Accident Insurance

The main terms associated with personal accident insurance can be defined as follows:

- **Accident:** A sudden and violent event resulting in accidental injury, death, or disability.
- **Injury:** Bodily harm caused directly by an accident.
- **Accidental Death:** Loss of life as a result of an accident.
- **Beneficiary:** The person(s) designated in the policy, or the legal heirs. (Muslim, 2015)
- **Quadriplegia:** Complete loss of use of both arms and legs.
- **Paraplegia:** Permanent loss of use of both legs or of the lower half of the body.
- **Permanent Total Disability:** Complete and irreversible loss of the ability to work.
- **Permanent Partial Disability:** Irreversible and partial loss of the ability to perform one's usual occupation.
- **Benefits/Compensation:** Amounts paid according to the type of injury or death, as specified in the benefit schedule. (Al-Khafaji, 2014)

V. Health Insurance

The concept of medical or health insurance can be summarized as follows:

It is a contract under which the policyholder undertakes to pay insurance premiums to the insurer, who, in return, commits to paying a specified sum (either in a lump sum or in installments) if the insured becomes ill during the

policy period, and to reimbursing all or part of the treatment and medication expenses, as agreed. (Al-Qaradaghi, 2009)

Health insurance is a branch of personal insurance, whereby the insured amount is predetermined regardless of the actual harm suffered due to illness—whether the harm results directly from the illness itself or from unemployment caused by it. If the insured contracts an illness during the policy period and this illness is covered by the policy, the insurer is obliged to pay the insured amount. This payment may take the form of a lump sum or periodic income throughout the duration of the illness, depending on the contract terms. (Lambert, 1996)

Health insurance may be individual, covering a specific person; family-based, covering a particular household; or group-based, covering members of a specific organization or group. (Abdelrahman, 2006)

VI. Group Insurance

VI.1 Definition of Group Insurance

A group insurance contract, also known as collective insurance, is an agreement that covers a group of individuals who share common characteristics and are subject to the same technical conditions in insuring against one or several risks specified under personal insurance. (Couilbault & Eliashberg, 2009)

Such a contract is usually subscribed by a legal entity or an employer, allowing a group of individuals meeting specific conditions defined in the contract to be covered against one or several risks related to personal insurance. These risks may include: risks associated with human life expectancy, accidental death, permanent partial or total disability, temporary incapacity for work, and reimbursement of medical, pharmaceutical, and surgical expenses. (People's Democratic Republic of Algeria, 1995)

VI.2 Basic Principles of Group Insurance Underwriting

Since group insurance does not require individual insurability and is instead based on the group's loss experience in determining premiums, several fundamental underwriting principles apply:

- The insurance must be incidental to the group's primary purpose.
- There must be a continuous flow of individuals into and out of the group.
- A minimum number of employees or participants must be included.
- Third-party participation (the employer) in the group insurance plan: individuals usually do not bear the full cost of insurance; rather, the employer covers part of the expense.
- The group insurance plan should be simple in design and efficiently administered. (Rejda, 2006)

VII. Travel Insurance

VII.1 Concept of Travel Insurance

A travel insurance contract is an agreement under which the insurance company, in return for the insurance premium, undertakes to pay the insured (or the beneficiary in the event of the insured's death) the insured sum if the insured suffers bodily injury, illness, or any specific events stipulated in the contract while traveling abroad. (Saudi Arabian Monetary Authority (SAMA), 2016)

Under this policy, the company also commits to providing immediate emergency assistance to the insured in the event of any sudden accidental injury, unexpected illness, or other incidents occurring during travel or while the insured is abroad within the geographical scope defined in the policy schedule.

VII.2 Insurance Coverage in Travel Insurance

The guarantees provided under a travel insurance policy can be detailed as follows: (Société d'Assurance de Prévoyance et de Santé Amana, n.d)

- **Medical and Emergency Assistance:** Coverage for urgent medical treatment and emergency support.
- **Personal Assistance Services:** Legal, medical, and emergency support available 24/7.
- **Losses and Delays:** Compensation for the loss of documents or baggage, as well as for baggage delays or flight delays.
- **Personal Accident Coverage:** Includes repatriation, death benefits, and compensation for total or partial disability in accordance with policy conditions.
- **Civil Liability Coverage:** Compensation for unintentional harm caused to third parties, including legal advice and defense costs.

VIII. Ordinance No. 06-04 of 20 February 2006

Ordinance No. 95-07 of 25 January 1995 is considered the foundational reference for Algerian insurance law. It legally opened the insurance market, as of January 1995, to private capital—both domestic and foreign—as well as to foreign partnerships, thereby initiating a genuine reform of the sector and ending the State's monopoly over insurance activities. The reform also reinstated *insurance intermediaries* (general agents and brokers), who had disappeared during the period of State monopoly.

However, due to certain shortcomings in Ordinance 95-07, and in light of the economic and social transformations Algeria has experienced in recent years, it became necessary to revise several of its provisions. This led to the adoption of Ordinance 06-04 on 20 February 2006, aimed at supporting the growth of the sector and establishing insurance as an effective instrument of social and

economic development. This Ordinance amended and supplemented the previous one through several key measures, notably:

- Allowing the establishment of branches of foreign insurance companies and introducing new distribution channels, such as bancassurance;
- **A clear separation between personal insurance and damage insurance;**
- The creation of the Central Risk Authority to ensure continuous risk monitoring;
- Strengthening the supervisory framework by establishing an administratively and financially independent oversight body, the Insurance Supervision Committee;
- Enhancing the financial soundness of insurance companies by requiring supervisory authority approval for any acquisition of shares exceeding 20% of their capital;
- Ensuring greater protection for policyholders through the creation of a Policyholders' Guarantee Fund, financed by insurance companies, to compensate insureds in the event of insurer insolvency;
- Promoting good governance within insurance companies by requiring the presence of competent managers;
- Subjecting insurance intermediaries, similar to insurance companies, to the obligation of periodically reporting all relevant activity information to the Insurance Supervision Committee.

IX. Analysis of the Evolution of Personal Insurance Turnover in Algeria (2002–2024)

Table (1) and the accompanying figures below illustrate the evolution of personal insurance turnover in Algeria over the period 2002–2024, highlighting its responsiveness to various legislative and regulatory changes, particularly following the promulgation of Ordinance No. 06-04, which marked a clear break with Ordinance No. 95-07 and granted personal insurance a distinct regulatory and operational autonomy:

Table (01): Evolution of Personal Insurance Turnover in Algeria (2002–2024)

Unit: Million DZD

Year	Personal Insurance Turnover	Growth Rate %	Total Insurance Sector Turnover	Share of Personal Insurance in the Sector %
2002	1,148	-	29,008	3.96
2003	1,405	22.39	31,273	4.49
2004	2,081	48.11	35,849	5.80
2005	2,217	6.54	41,257	5.37
2006	2,725	22.91	46,541	5.86
2007	3,462	27.05	53,632	6.46
2008	5,085	46.88	67,629	7.52

Year	Personal Insurance Turnover	Growth Rate %	Total Insurance Sector Turnover	Share of Personal Insurance in the Sector %
2009	5,563	9.40	77,635	7.17
2010	7,010	26.01	80,714	8.68
2011	7,042	0.46	86,993	8.09
2012	6,696	-4.91	98,754	6.78
2013	7,470	11.56	110,753	6.74
2014	8,361	11.93	118,895	7.03
2015	10,320	23.43	129,043	8.00
2016	11,533	11.75	130,973	8.81
2017	13,649	18.35	135,760	10.05
2018	12,212	-10.53	138,258	8.83
2019	14,101	15.47	146,341	9.64
2020	11,957	-15.20	137,466	8.70
2021	13,477	12.71	146,850	9.18
2022	16,136	19.73	155,796	10.36
2023	19,462	20.61	165,902	11.73
2024	20,085	3.20	171,241	11.73

Source: Data adapted from Conseil National des Assurances, Notes de conjoncture du marché des assurances, 2002–2024

An examination of the data presented in Table (01) and the accompanying figures indicates that the average turnover of personal insurance in Algeria amounted to approximately DZD 8.8 billion over the period 2002–2024. During this period, the turnover of personal insurance ranged from DZD 1.1 billion in 2002 to nearly DZD 20 billion in 2024, reflecting an absolute increase of about DZD 18.9 billion. This corresponds to an almost sixteenfold growth (approximately 1,649.56%) over the study period.

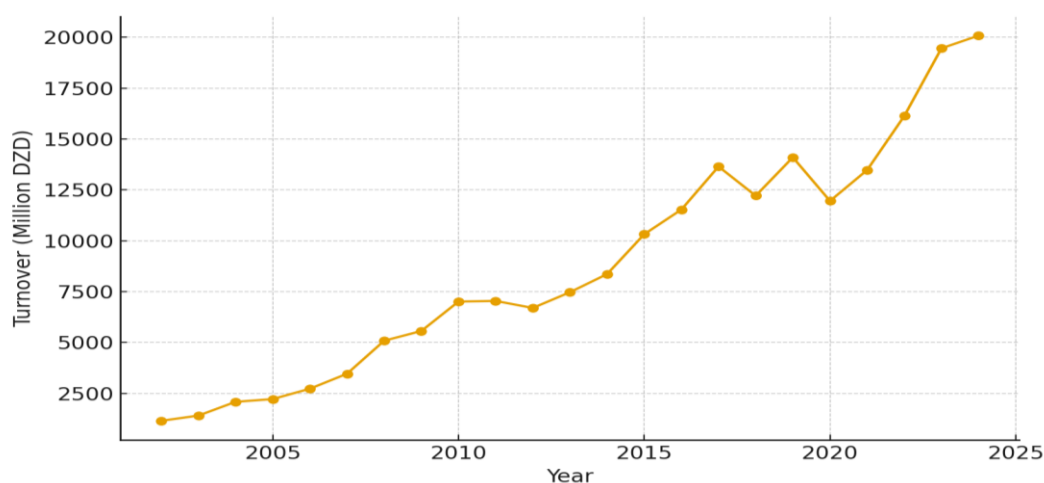
The data reveal a steady upward trend, with an average annual increase estimated at around DZD 0.81 billion. This sustained growth can largely be attributed to the alignment of personal insurance companies with the legislative reforms introduced during the period under review, particularly the enactment of Ordinance No. 06-04, which established a clear separation between personal insurance and non-life insurance. These reforms encouraged insurers to develop innovative insurance products and solutions better suited to the evolving risk profiles faced by individuals.

Despite this significant growth, personal insurance continues to account for a relatively modest share of the overall insurance market in Algeria. Its contribution fluctuated between 3.96% and 11.73% over the period 2002–2024, ranking third after motor insurance and industrial risk insurance. This indicates that, although personal insurance has strengthened its position within the Algerian insurance market, its relative weight remains limited compared to other major insurance branches.

Based on Figure 01, which illustrates the evolution of personal insurance turnover in Algeria over the period 2002–2024, it can be observed that the growth trajectory of this branch followed a clearly upward trend throughout the study period. Growth rates were relatively modest in the early 2000s, before accelerating significantly after 2006. This structural shift in growth can be primarily attributed to the promulgation of Order No. 06-04, which established a legal and regulatory separation between personal insurance and non-life insurance, thereby granting this branch institutional and organizational autonomy. This autonomy enabled insurers to diversify their product offerings and strengthen their market presence.

The particularly strong growth recorded during the 2006–2010 period can be explained by the restructuring of insurance companies in preparation for the effective implementation of this separation. Thereafter, growth entered a phase of relative stability, despite experiencing certain fluctuations linked to economic, financial, and health-related conditions, notably during 2018 and 2020. Nevertheless, the overall trend remained positive, with personal insurance turnover reaching its highest level in 2024, reflecting the progressive consolidation of this branch within the Algerian insurance market.

Fig.(01): Evolution of Personal Insurance Turnover in Algeria (2002–2024)



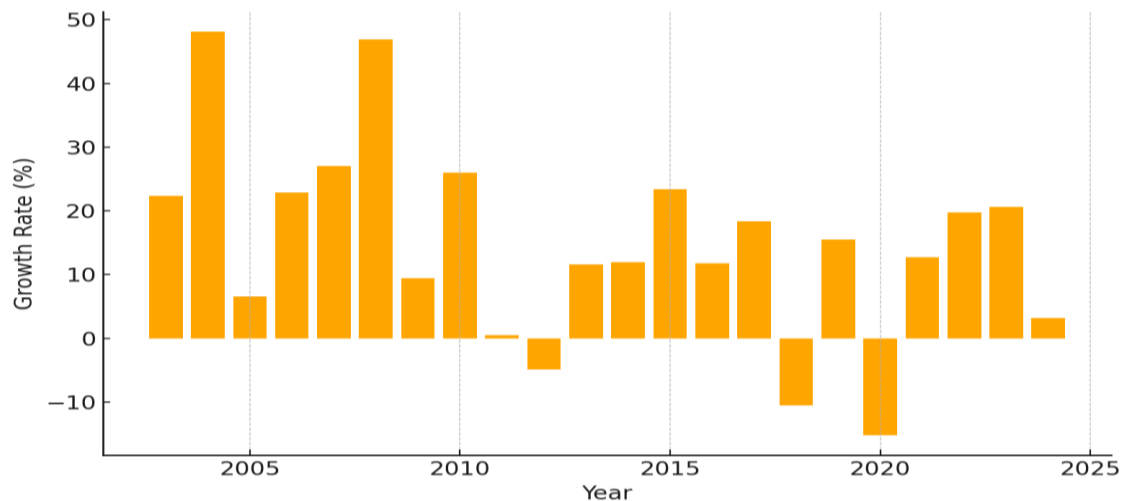
Source: Prepared by the researcher based on Table (01)

Figure No. 02 illustrates significant fluctuations in annual growth rates, with the highest rates recorded immediately following the legislative reforms, particularly during the 2006–2010 period. This pattern indicates the rapid and positive impact of the new legal framework on the performance of the personal insurance segment.

Conversely, certain years exhibit weak or even negative growth rates, reflecting the sensitivity of personal insurance to the overall economic environment, individual income levels, and external shocks such as the

repercussions of the COVID-19 pandemic. However, the recovery and subsequent increase in growth rates in recent years underscore the capacity of this segment to adapt and regain its dynamism, especially in light of the expansion of health insurance and the acceleration of digitalization processes.

Fig.(02): Annual Growth Rate of Personal Insurance Turnover (2002–2024)



Source: Prepared by the researcher based on Table (01)

Figure 03 shows that the contribution of personal insurance to the total insurance sector remained relatively limited; however, it experienced a gradual improvement throughout the study period. This share increased from less than 4% at the beginning of the period to more than 11% in the most recent years.

This evolution reflects a gradual transformation in the structure of the Algerian insurance market, marked by a shift away from the dominance of compulsory insurance "particularly motor insurance" towards greater diversification across insurance branches. It also indicates a growing insurance awareness regarding the importance of personal insurance, given its social protection and savings-oriented dimensions.

Fig.(03): Share of Personal Insurance in the Total Insurance Sector (2002–2024)

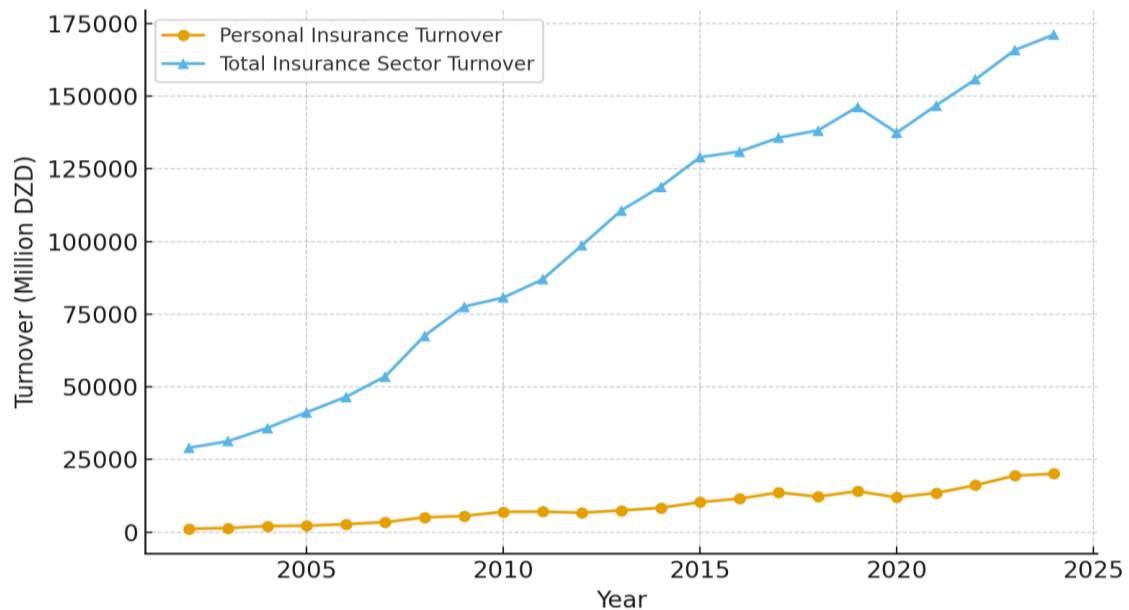


Source: Prepared by the researcher based on Table (01)

Figure 04 shows that the growth of personal insurance has followed a slower pace compared to the overall growth of the insurance sector; however, it is characterized by a relatively stable trajectory in the medium and long term. This confirms that the personal insurance branch is still in a phase of consolidation and expansion, especially when compared to more established branches such as motor insurance and industrial risk insurance.

The figure also reveals a clear gap between the volume of personal insurance and the total insurance sector, which simultaneously reflects significant future growth potential. This potential could be further enhanced through strengthening incentive frameworks, developing tailored insurance products, improving distribution channels, and reinforcing the linkage between insurance services and banking instruments (bancassurance).

Fig.(04): Comparison between Personal Insurance and Total Insurance Sector Turnover



Source: Prepared by the researcher based on Table (01)

In conclusion, the graphical evidence collectively confirms that legislative reforms (most notably Ordinance No. 06-04) constituted a decisive turning point in the development trajectory of personal insurance in Algeria. These reforms helped trigger a sustained growth dynamic, despite the sector's sensitivity to economic and health-related shocks. The findings further indicate that, although the performance of personal insurance has improved in relative terms, it remains below its full potential. This positions the sector as a promising lever for strengthening financial inclusion and fostering economic and social development in the future.

X. Analyzing the Contribution of Legislative Reforms to the Growth of the Personal Insurance Sector in Algeria (2002–2024)

Based on the analysis of Table 1 and the figures above, we highlight the main stages through which the sector has evolved and assess the impact of legal reforms, along with certain other influencing factors, on the development trajectory of personal insurance in Algeria, as follows:

X.1 Preliminary Phase and Weak Legal Framework (2002–2005)

At the beginning of the 21st century, the personal insurance market in Algeria was characterized by the limited size of its activity compared to other branches of the insurance sector. In 2002, its turnover amounted to only 1,148 million DZD, representing a contribution of just 3.96% of the sector's total turnover.

Although a significant surge was recorded in 2004, with a growth rate of 48.11%, this increase was not the result of a solid institutional mechanism but rather a temporary rise in demand. The overall weak performance during this period can be attributed to the shortcomings of Ordinance 95-07, which neither granted personal insurance regulatory autonomy nor provided it with sufficient attention within the national insurance policy.

X.2 The Onset of Reform and Gradual Restructuring (2006–2010)

The enactment of Ordinance 06-04 on February 20, 2006, represented a critical milestone in the reform of the Algerian insurance market. The ordinance stipulated the separation between personal insurance and non-life insurance and granted companies a five-year transitional period to restructure their activities.

These reforms were reflected in the evolution of turnover, which rose from 2,725 million DZD in 2006 to 7,010 million DZD in 2010, corresponding to an average annual growth rate of about 26%. The contribution of personal insurance to the sector's overall turnover also increased from 5.86% to 8.68% over the same period. This improvement highlights the impact of positive expectations generated by the reform, as companies rushed to prepare for the actual separation, creating a new dynamic in the market.

X.3 Actual Separation and the Launch of Personal Insurance Companies (2011–2015)

Starting in 2011, personal insurance companies began operating independently from non-life insurance companies, marking a decisive turning point. Although 2011 experienced near stagnation, with a growth rate of only 0.46% (7,042 million DZD), this can be explained by companies focusing on consolidating their new organizational structures and building independent portfolios.

The sector quickly regained momentum, with turnover reaching 10,320 million DZD in 2015, representing an 8% share of the overall market. This trajectory demonstrates that regulatory separation provided a more specialized and competitive environment, enabling companies to innovate and develop new products better suited to individual needs.

X.4 Volatile Growth and the Impact of Macroeconomic Factors (2016–2020)

The sector entered a new phase of growth, with turnover exceeding 13,649 million DZD in 2017 and its contribution rising to 10.05%, confirming the success of institutional independence. However, this trajectory was marked by fluctuations linked to national and international economic conditions.

In 2018, the market contracted by –10.53% due to domestic economic slowdown and declining purchasing power, followed by an even sharper decline

in 2020 (–15.20%) as a result of the COVID-19 pandemic and the contraction of economic activity. These fluctuations highlight the vulnerability of demand for personal insurance to economic crises, while also underscoring the sector's capacity for rapid recovery.

X.5 Maturity Phase and Strengthening Market Position (2021–2024)

The most recent period witnessed a significant improvement in market indicators, with personal insurance turnover rising from 13,477 million DZD in 2021 to 20,085 million DZD in 2024. The contribution to the sector's overall turnover reached 11.73% in both 2023 and 2024, marking the highest historical level recorded.

This performance demonstrates that the reforms introduced by Ordinance 06-04 have borne fruit in the long run, enabling the personal insurance sector to consolidate its presence as a key component of the national insurance system and to reaffirm its role as a mechanism for supporting social and economic development.

XI. Conclusion

The study of the evolution of personal insurance in Algeria over the period 2002–2024 revealed that legislative reforms—most notably Ordinance 06-04 constituted a fundamental turning point in restructuring and regulating the sector. These reforms contributed to establishing a clearer institutional framework and separating insurance activities, thereby enabling personal insurance companies to operate independently.

Despite certain fluctuations associated with economic and health conditions, the sector managed to achieve significant growth and to double its share in the national market, confirming that legislative reforms have served as a genuine lever for strengthening its role in supporting economic and social development.

XI.1 Research Findings

The study revealed several key findings that illustrate the impact of legislative reforms on the development of personal insurance in Algeria:

- The personal insurance segment encompasses a wide range of products, including life and death insurance, personal accident insurance, health insurance, group insurance, and travel insurance.
- The study demonstrates that the legislative and regulatory framework constitutes one of the key determinants of insurance market development, particularly with regard to personal insurance, given its role in market organization, confidence building, and the stimulation of both insurance supply and demand.
- Ordinance No. 06-04 introduced a qualitative shift in Algerian insurance legislation through the legal and institutional separation between personal

insurance and non-life insurance, the strengthening of governance and solvency requirements, the expansion of distribution channels (bancassurance), as well as provisions related to policyholder protection and the reinforcement of independent supervision.

- Ordinance No. 06-04 enabled the personal insurance branch to acquire regulatory and structural autonomy that had been absent under Ordinance No. 95-07.
- The increase in personal insurance turnover from DZD 1.1 billion in 2002 to approximately DZD 20.085 billion in 2024—an absolute rise of about DZD 18.9 billion—constitutes clear evidence of a strong commitment by public authorities and insurance companies to promote this segment, alongside growing demand for its products among policyholders.
- The personal insurance branch recorded a cumulative growth rate of nearly 1,650% (approximately sixteenfold), while the average annual increase in turnover amounted to around DZD 0.81 billion, reflecting significant long-term expansion.
- The contribution of personal insurance to total insurance sector turnover increased from 3.96% in 2002 to 11.73% in 2024, which represents a strong indicator of the consolidation of this branch within the Algerian insurance market.
- Although personal insurance remains less dominant than traditional and compulsory lines such as motor insurance, this improvement reflects a gradual transformation in market structure, increased insurance awareness, and the growing social and savings-oriented dimension of personal insurance products.
- The pre-reform period (2002–2005) was characterized by weak and slow growth in personal insurance, as the absence of institutional autonomy constrained the development of this branch.
- Following the enactment of Ordinance No. 06-04 (2006–2010), high growth rates were recorded (an average of 26% annually), largely attributable to the restructuring of insurance companies, preparation for the effective separation, and the development of insurance products tailored to individuals, alongside other contributing factors such as overall economic growth, demographic changes, and improved insurance awareness among policyholders.
- The phase of effective implementation and relative stability (2011–2024) was marked by a slowdown in growth rates; however, growth became more stable and sustainable, reflecting the transition of personal insurance from an establishment phase to one of relative maturity.

Testing of the Research Hypothesis:

The results reveal a clear acceleration in the growth of personal insurance

turnover immediately following the issuance of Ordinance No. 06-04, along with a sustained improvement in the contribution of personal insurance within the overall insurance market. A strong temporal association is observed between the phases of legislative reform and the stages of growth of this branch.

The study further shows that the major expansion phases of personal insurance were not independent of legal reforms, but rather constituted a direct outcome of regulatory restructuring and the separation of non-life insurance companies from personal insurance companies.

Accordingly, **the research hypothesis is accepted and confirmed:** the findings demonstrate that legislative reforms—particularly Ordinance No. 06-04—have acted as a fundamental and decisive lever in fostering the growth and development of the personal insurance branch in Algeria, despite its sensitivity to cyclical economic and health-related factors.

XI.2 Research Proposals

Based on the findings, this study puts forward several practical recommendations for the development of personal insurance:

- Deepening insurance market reforms by improving the legislative framework to keep pace with global insurance innovations.
- Promoting insurance culture among individuals and institutions in order to broaden the insured base and increase demand for personal insurance products.
- Strengthening the capacities of insurance companies in the fields of digitization and innovation to provide more diversified and flexible products.

XI.3 Research Perspectives

This research opens the door to future scientific avenues that may contribute to deepening knowledge on the subject:

- Extending the analysis to include a regional comparison with the experiences of Maghreb countries or other developing economies in the field of insurance reforms.
- Examining the impact of demographic and social factors (such as aging, life expectancy, and household income) on the growth of personal insurance.
- Conducting future studies on the role of digital transformation and financial technologies (FinTech and InsurTech) in developing the personal insurance market in Algeria.

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