

**UNDERSECRETARIAT OF  
TREASURY**

**DIRECTORATE GENERAL OF  
INSURANCE**

**Dr. Ahmet GENÇ  
Acting Deputy Director General**

**INSURANCE IN TURKEY CAN BE  
EVALUATED UNDER 5 HEADINGS**

- I. LEGAL FRAMEWORK**
- II. GENERAL OVERLOOK**
- III. NEW DRAFT LAW**
- IV. ONGOING WORKS**
- V. PROBLEMS**

## I. LEGAL FRAMEWORK

1. TURKISH COMMERCIAL CODE
2. INSURANCE SUPERVISION LAW(7397)
3. MOTORWAY TRAFFIC LAW(2918)
4. CIVIL AVIATION LAW
5. THE LAW REGULATING BANKRUPTCY AND EXECUTION (İCRA VE İFLAS K.)
6. THE LAW ON PRIVATE PENSION
7. THE DECREE LAW ON COMPULSORY EARTHQUAKE INSURANCE

## I. LEGAL FRAMEWORK(CONT.)

### MAIN REGULATIONS

1. The Establishment and Operation Principles of Insurance&Reins. Comp.
2. Life Insurance
3. Insurance Brokers
4. Insurance Agents (cancelled)
5. Loss Adjusters
6. Independent Auditors
7. Working Principles of the Association of Ins.&Rein. Comp.

## I. LEGAL FRAMEWORK(CONT.)

### MAIN REGULATIONS

8. Turkish Motor Vehicle Office(Green Card Pool)
9. Working Principles of TCIP
10. Motorway Traffic Insurance Account
11. Using of Blokaded Assets in Case of Bankruptcy (Communique)
12. Private Pension System(several)

## I. LEGAL FRAMEWORK(CONT.)

### TARIFFS&GENERAL CONDITIONS

1. Compulsory Motor Third Party Liability
2. Compulsory Dangerous Materials Liability
3. Compulsory Earthquake (TCIP)
4. Seperate General Conditions for 33 insurance areas

## **II. GENERAL OVERLOOK**

### **MAIN PLAYERS OF TURKISH INSURANCE MARKET**

- \*55 Insurance Companies*
- \* 1 TCIP (DASK)*
- \* 1 Motor Vehicle Office(Green Card Pool)*
- \* 3 Reinsurance Company*
- \* 30 Brokers*
- \* 1050 Loss Adjusters*
- \* 15.632 Agents (duplication is possible)*
- \* 10.168 Personnel*

## **II. GENERAL OVERLOOK**

### **MAIN PLAYERS OF TURKISH INSURANCE MARKET(CONT.)**

IN ADDITION TO PREVIOUS PAGE;

#### **Pension &Health**

- \* Private Pension Companies*
- \* Private Foundations (Sandiks)*

#### **International Market**

- \* foreign reinsurers(40% of the premium goes to foreign reinsurers)*
- \* foreign brokers*
- \* Financial Reinsurance Market*

## **II. GENERAL OVERLOOK**

### **MAIN PLAYERS OF TURKISH**

### **INSURANCE MARKET(CONT.)**

IN ADDITION TO PREVIOUS PAGE;

*\* Associations&Communities*

## **II. GENERAL OVERLOOK(CONT.)**

### **MAIN INDICATORS**

1-TOPLAM ŞİRKET SAYISI	58	<i>Number of Companies</i>
-SİGORTA	55	<i>Insurance Companies</i>
-REASÜRANS	3	<i>Reinsurance Companies</i>
2-SERMAYE YAPILARINA GÖRE SİGORTA ŞİRKETLERİ		<i>Insurance Companies According to Ownership</i>
-KAMU	2	<i>State Owned</i>
-ÖZEL	48	<i>Private</i>
-TÜRKİYE'DE KURULU YABANCI	5	<i>Foreign</i>
-YABANCI ŞİRKETLERİN ŞUBELERİ	0	<i>Branches of Foreign Companies</i>
3-FAALİYETLERİ İTİBARIYLA SİGORTA ŞİRKETLERİ		<i>Insurance Companies By Their Main Operating Area</i>
-HAYAT	21	<i>Life</i>
-KARMA (HAYAT/HAYAT DIŞI)	13	<i>Composite</i>
-HAYAT DIŞI	21	<i>Non-Life</i>
4-ACENTE SAYISI (*)	15,632	<i>Number of Agencies (*)</i>
5-PERSONEL SAYISI	10,168	<i>Number of Employees (*)</i>

## II. GENERAL OVERLOOK(CONT.)

### MAIN INDICATORS

#### 6-SİGORTA ŞİRKETLERİNİN ÖNEMLİ BAZI BÜYÜKLÜKLERİ ( MİLYAR TL)

Some Important Figures Of Insurance Companies ( Billion TL )

	TÜRK		PAYI (%) YABANCI PAYI (%)		TOPLAM	
	Turkish	Share (%)	Foreign	Share (%)		
<b>DİREKT PRİMLER</b>	3,378,625	92.5	272,103	7.5	3,650,728	Direct Premiums
<b>PRİM ALACAKLARI</b>	876,248	94.4	52,275	5.6	928,523	Premium Receivables
<b>MENKUL DEĞERLER CÜZDANI</b>	2,581,130	91.6	237,553	8.4	2,818,683	Securities Portfolio
<b>İŞTİRAKLER</b>	308,645	100.0	0	0.0	308,645	Participation
<b>SABİT DEĞERLER</b>	676,274	98.0	13,702	2.0	689,976	Fixed Assets
<b>AKTİFLER</b>	4,916,088	92.8	378,854	7.2	5,294,942	Assets
<b>KÂR</b>	284,664	99.8	674	0.2	285,338	Profit
<b>ZARAR</b>	5,519	(60.4)	-14,653	160.4	-9,134	Loss
<b>ÖZKAYNAKLAR</b>	1,103,794	95.3	53,993	4.7	1,157,787	Net Worth

## II. GENERAL OVERLOOK(CONT.)

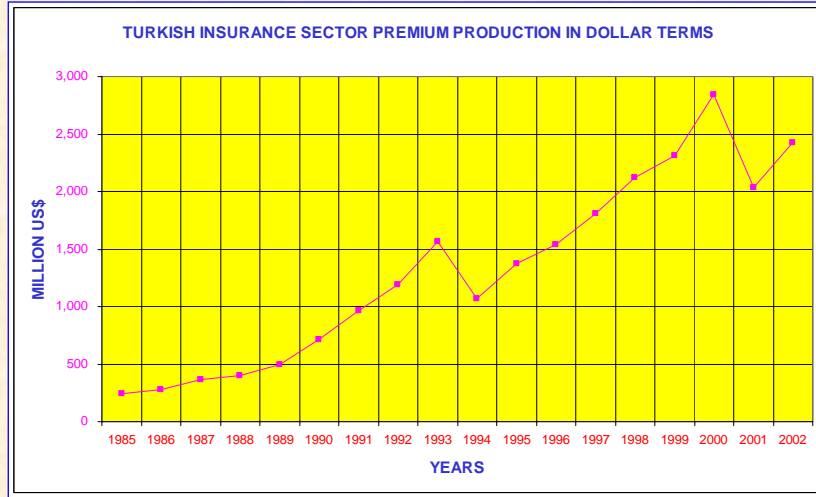
#### DOLAR BAZINDA PRİM ÜRETİMİ VE KİŞİ BAŞINA SİGORTA PRİMLERİ

Total Premium Production and Premiums Per Capita in US Dollar Term

31.12.2002

YIL	ALINAN DİREKT PRİM		PRİM ARTIŞI		KİŞİ BAŞINA PRİM		KİŞİ BAŞINA PRİM ARTIŞI		ENFLASYON
	(MİLYAR TL)	MİLYON \$	Increase of	TL	TL	\$	Increase of Premium	Per capita	
Year	(Billion TL)	(Million \$)	TL	\$	TL	\$	TL	\$	(%)
1985	130	247	52.2	6.9	2,581	4.9	48.6	4.4	43.2
1986	192	281	47.5	13.8	3,726	5.5	44.4	11.3	29.6
1987	312	363	62.9	29.2	5,931	6.9	59.2	26.2	32.0
1988	572	401	83.4	10.5	10,653	7.5	79.6	8.2	68.3
1989	1,056	497	84.7	23.9	19,242	9.1	80.6	21.2	69.6
1990	2,211	710	109.3	42.9	39,414	12.7	104.8	39.8	53.1
1991	4,033	964	82.4	35.8	70,391	16.8	78.6	33.0	59.2
1992	8,171	1,187	102.6	23.1	139,444	20.3	98.1	20.4	61.4
1993	17,204	1,563	110.5	31.6	286,732	26.0	105.6	28.6	60.3
1994	31,730	1,066	84.4	(31.8)	516,769	17.4	80.2	(33.3)	149.9
1995	63,251	1,377	99.3	29.2	1,003,977	21.9	94.3	25.9	64.9
1996	128,168	1,535	102.6	11.4	1,984,023	24.3	97.6	11.3	84.9
1997	283,084	1,811	120.9	18.0	4,522,109	29.6	126.5	20.1	91.0
1998	549,737	2,119	94.2	17.0	8,485,429	32.7	91.1	15.1	54.3
1999	966,459	2,314	74.6	8.6	15,010,629	35.9	72.1	7.0	63.2
2000	1,774,578	2,847	83.6	23.0	27,171,196	43.6	81.0	21.2	32.7
2001	2,480,741	2,033	39.8	(28.6)	37,457,017	30.7	37.9	(29.6)	88.5
2002	3,650,728	2,426	47.2	19.6	54,374,857	36.1	45.2	18.0	30.8

## **II. GENERAL OVERLOOK(CONT.)**



## **II. GENERAL OVERLOOK(CONT.)**

### **FINANCIAL SITUATION OF THE COMPANIES**

STARTING FROM YEAR 2000, THE GOVERNMENT STOPPED DOING BUSINESS OF TOTAL 12 COMPANIES, BECAUSE OF INSOLVENCY.

- 9 NON-LIFE
- 2 LIFE
- 1 REINSURANCE COMP.

INSOLVENCY PROBLEMS MAINLY ARISING FROM;

- OVERDUE AGENT DEBTS
- LOW TARIFFS IMPLEMENTATION (ABNORMAL COMPETITION)
- WEAK CAPITAL STRUCTURE
- NEGATIVE EFFECT OF BANKING SECTOR
- FINANCIAL PROBLEMS OF OWNER

### **III. NEW DRAFT LAW**

#### **MAINLY INCLUDES;**

- \* NEW LICENCING RULES ACCORDING TO EC DIRECTIVES
- \* NEW RESERVE REQUIREMENTS
- \* MINIMUM GUARANTEE FUND IMPLEMENTATION
- \* FREEING ALL TARIFFS(EXCEPT CERTAIN COMPULSORY)
- \* NEW SOLVENCY MONITORING AND GOVERNMENT INTERVENTION RULES
- \* NEW POLICYHOLDERS PROTECTION INSTITUTION

### **IV. ONGOING WORKS**

- \* TCIP WORKS ON INCLUSION OF FLOOD RISKS
- \* AGRICULTURE INSURANCE
- \* CIVIL AVIATION RISKS
- \* HEALTH INSURANCE
- \* ENVIRONMENTAL LIABILITY
- \* SEA&OIL POLLUTION LIABILITY
- \* BUILDING INSPECTORS LIABILITY
- \*NEW ACCOUNTING&STATISTICS&IT SYSTEM WORK FOR THE IMPROVED SOLVENCY MONITORING (COOPERATION WITH EU)
- \* WORK ON A MORE EFFECTIVE MONITORING SYSTEM FOR COMPULSORY MOTOR THIRD PARTY LIABILITY INSURANCE



## **V. PROBLEMS & PROPOSALS**

- \* The Insurance awareness of society should be increased
- \* Agents-company relations problem should be solved
- \* Capital structure of the companies should be made stronger
- \* Insurance companies should review their present tariff implementations
- \* A faster loss settlement system should be established
- \* The rating and announcement of the rating results of the insurance companies should be required in the near future
- \* The holding group-insurance company business relations should be limited
- \* The maximum insured amount per policy should be subject to limitations, according to the companies' net worth.

## **V. PROBLEMS&PROPOSALS(CONT.)**

- \* All insurance activities should be supervised by one authority (including pension, health business, civil aviation risks pool, agricultural insurance pool, private foundations etc.) So, the main supervisory authority should be General Directorate of Insurance (with the ISB) by increasing the number of personnel and supervisory capacity, with more operational independency, regardless of the structure of the organisation.