

# TÜRKIYE

## Insurance Market Review

by Hussein Elsayed



### Official Name: Türkiye

Since 1 June 2022, the official name of Turkey in the United Nations, and by extension in the international community, has been changed from *Turkey* to *Türkiye*.

**Surface Area:** 783,356 km<sup>2</sup>; of which 3% is in Europe and the rest in Asia.

**Location:** Southeastern Europe and Southwestern Asia (the West of the Bosphorus portion is geographically part of Europe), bordering the Black Sea, the Aegean Sea and the Mediterranean Sea;

Neighbours: Cyprus, Greece, Bulgaria, Georgia, Armenia, Azerbaijan, Iran, Iraq, Syria.

**Capital:** Ankara      **Currency:** Lira | **Code:** TRY

**Population:** 84.34 million (WB 2020)

**Religion:** 98% of people in Turkey are Muslim.

The Christian accounts for less than 0.1% of the population.

**Language:** The official language is Turkish. Other languages include Kurdish, Greek, Armenian, Arabic and Georgian. English, French, Russian and German may all be spoken in business circles.

**Climate:** Temperate; hot, dry summers with mild, wet winters; harsher in interior.

### Natural hazards:

**Earthquake** represents a very real hazard in Turkey, as demonstrated by the devastating Izmit earthquake in August 1999, and several major cities including Istanbul are prone to earthquake damage.

TCIP paid throughout 20 years a total cost of 1.248 billion TRY for earthquake losses

The 17 August 1999 earthquake prompted the government to establish the Turkish Catastrophe Insurance Pool (TCIP) and to make earthquake insurance compulsory in Turkey. The decision on the Compulsory Earthquake Insurance Regulation was taken by the Council of Ministers on 25 November 1999 based on the authority provided by Law No. 4452 and dated 27 August 1999, and amended under Law No. 4484.

Since the establishment of the TCIP in 2000, a total of 1.248 billion TRY (70 million USD) has been paid out to property owners for earthquake damages.

In Turkey, 10.8 million homes, or 53.9% of the housing stock, are insured against earthquake risks.

Since the devastating Marmara earthquake in 1999, the number of homes with natural catastrophe coverage has risen significantly, Currently about 56% of the Turkish housing units have earthquake insurance coverage, the ratio ranging across different region from 44.8% in the Karadeniz Region, to 68% in the Marmara region.

**Flood** and **windstorm** represent less of a hazard but caused severe damage in 2017 in parts of Istanbul.



## Credit Ratings:

S&P Rating

**B, Stable**

30 Sep 2022

Moody's Rating

**B3, Stable**

12 Aug 2022

Fitch Rating

**B, Negative**

08 July 2022

## TURKEY – DATA & FORECASTS

	2018	2019	2020	2021e	2022f	2023f	2024f
Population, mn	82.34	83.43	84.34	85.04	85.56	85.96	86.32
Nominal GDP, USDbn	778.5	761.0	720.1	814.5	718.5	957.0	1,298.0
GDP per capita, USD	9,454	9,121	8,538	9,578	8,397	11,133	15,037
Real GDP growth, % y-o-y	3.0	0.9	1.8	11.0	3.3	2.4	3.7
Exchange rate TRY/USD, ave	4.83	5.67	7.01	8.85	16.43	16.10	14.45
Budget balance, TRYbn	-72.1	-124.9	-175.7	-196.9	-538.5	-674.7	-551.7
Budget balance, % of GDP	-1.9	-2.9	-3.5	-2.7	-4.6	-4.4	-2.9
Goods and services exports, USDbn	237.5	245.0	203.8	281.6	337.9	346.7	370.1
Goods and services imports, USDbn	248.1	227.7	230.2	285.6	372.8	380.0	395.6
Current account balance, USDbn	-21.7	5.3	-35.6	-14.7	-46.4	-44.5	-37.8
Current account balance, % of GDP	-2.8	0.7	-4.9	-1.8	-6.5	-4.7	-2.9
Foreign reserves ex gold, USDbn	71.4	77.1	48.5	64.8	61.1	55.0	57.2
Total external debt stock, USDbn	446.0	440.8	435.9	465.5	498.8	535.9	568.5
Total external debt stock, % of GDP	62.5	60.7	63.5	83.9	79.4	53.6	40.9

e/f = Fitch Solutions estimate/forecast. Source: Local sources, Fitch Solutions

## TÜRKIYE and Emerging Europe Insurance Risk/Reward Index

	Industry Rewards	Industry Rewards Non-Life	Industry Rewards Life	Country Rewards	Industry Rewards Risk	Country Risks	Risks	Insurance Risk/Reward Score	Rank	
Portugal	63,75	57,50	70,00	57,59	61,28	85,00	73,91	78,34	66,40	1
Poland	62,50	67,50	57,50	50,05	57,52	70,00	67,10	68,26	60,74	2
Slovenia	50,00	60,00	40,00	58,46	53,39	70,00	81,46	76,88	60,43	3
Czech Republic	53,75	60,00	47,50	49,98	52,24	75,00	78,62	77,17	59,72	4
Cyprus	47,50	50,00	45,00	62,85	53,64	75,00	72,28	73,37	59,56	5
Greece	50,00	50,00	50,00	56,66	52,67	85,00	60,55	70,33	57,96	6
Slovakia	47,50	50,00	45,00	49,99	48,50	75,00	73,16	73,90	56,12	7
Estonia	37,50	45,00	30,00	57,48	45,49	70,00	87,97	80,78	56,08	8
Hungary	50,00	50,00	50,00	48,38	49,35	75,00	63,86	68,32	55,04	9
Lithuania	40,00	45,00	35,00	55,76	46,30	70,00	74,71	72,83	54,26	10
Croatia	41,25	50,00	32,50	58,04	47,97	75,00	64,42	68,65	54,17	11
Turkey	52,50	60,00	45,00	48,78	51,01	75,00	49,01	59,41	53,53	12
Bulgaria	42,50	50,00	35,00	48,18	44,77	75,00	62,89	67,73	51,66	13
Latvia	36,25	42,50	30,00	54,31	43,47	70,00	70,44	70,26	51,51	14
Romania	42,50	47,50	37,50	50,93	45,87	75,00	57,35	64,41	51,43	15
Russia	52,50	55,00	50,00	46,10	49,94	65,00	48,04	54,83	51,41	16
Serbia	31,25	40,00	22,50	52,45	39,73	75,00	50,71	60,43	45,94	17
Macedonia	18,75	25,00	12,50	57,14	34,10	55,00	49,73	51,84	39,42	18
Kazakhstan	25,00	30,00	20,00	49,55	34,82	65,00	39,95	49,97	39,37	19
Bosnia- Herzegovina	30,00	37,50	22,50	46,67	36,67	60,00	35,65	45,39	39,29	20
Ukraine	35,00	43,75	26,25	34,97	34,99	60,00	32,41	43,45	37,53	21
Montenegro	16,25	17,50	15,00	49,95	29,73	60,00	46,21	51,72	36,33	22
Georgia	20,00	27,50	12,50	44,89	29,96	50,00	45,19	47,11	35,10	23
Albania	16,25	22,50	10,00	42,35	26,69	60,00	43,97	50,38	33,80	24
Moldova	16,25	22,50	10,00	40,86	26,09	45,00	42,17	43,30	31,26	25
Azerbaijan	15,00	17,50	12,50	44,12	26,65	35,00	43,27	39,96	30,64	26
Armenia	7,50	15,00	0,00	40,55	20,72	40,00	40,79	40,47	26,65	27
Belarus	20,00	27,50	12,50	29,52	23,81	35,00	28,61	31,17	26,02	28
Uzbekistan	12,50	17,50	7,50	32,22	20,39	50,00	21,15	32,69	24,08	29
<b>Regional Average</b>	<b>35,65</b>	<b>40,82</b>	<b>30,47</b>	<b>48,92</b>	<b>40,96</b>	<b>64,66</b>	<b>55,36</b>	<b>59,08</b>	<b>46,39</b>	

Note: Scores out of 100; higher score = lower risk. Source: Fitch Solutions

Turkey Insurance Report - Q4 2022 - by Fitch Solutions, July 2022

# Turkish Insurance Market

## HISTORICAL LANDMARKS and DEVELOPMENTS

- **19th C** Insurance was introduced to Turkey in the 19th century by agencies and branches of European companies.
- **1862** Riunione Adriatica of Italy was established for marine and fire business (becoming Sark in 1923, Koc Allianz in 1998 and Allianz Sigorta in 2008).
- **1872** Following the great Pera fire of 1870, which destroyed 3,000 houses, British insurance companies commenced activities in Turkey and the first risk maps of Constantinople were drawn up.
- **1900** The first fire tariff was established.
- **1925** Anadolu was the first national company formed at the request of Kemal Ataturk.
- **1926** The first insurance law on the Inspection and Supervision of Insurance Companies appeared.
- **1929** Milli Re was established, also at the request of Kemal Ataturk.
- **1945** Destek Re was established to further increase retentions.
- **1959** The Insurance Supervision Law No 7397 came into force.
- **1960** Aksigorta was created.
- **1963** The Insurance Supervisory Board was set up.
- **1976** The present Insurance Association of Turkey was founded.
- **1979** Istanbul Re was established.
- **1980** Halk Re was established.
- **1990** All tariffs ceased to be applicable, with the main exceptions of earthquake and agricultural insurance.
- **1994** A constitutional court decision effectively suspended all insurance legislation in Turkey.
- **1998** Legislation was passed prohibiting the same companies from trading in both life and non-life business.
- **2001** Halk Re and Istanbul Re ceased writing business.
- **2002** Compulsory cessions to Milli Re ceased. The weakness of the banking sector led to questions about the financial strength of associated insurers.
- **2004** Milli Re acquired Destek Re, becoming the sole domestic reinsurer.
- **2005** Official talks on EU accession began and Turkey started to adapt its legislation, including insurance legislation, to conform to the EU body of laws.
- **2007** A new insurance law, Law No 5684, and associated regulations were published bringing the market more into line with EU insurance legislation.
- **2012** A new Commercial Code took effect, replacing the previous code of 1956.
- **2014** With effect from 1 January, MTPL insurance rating was totally liberalised. Allianz completed its acquisition of the Yapi Kredi non-life, life and pension companies, making it the leading non-life and life/healthcare insurer in Turkey.
- **2016** With losses under MTPL business ever increasing, important measures were taken to improve the claims experience for insurers and control premium increases for consumers.
- **2017** To try and further improve the market for MTPL and address the recent rapid rise in premiums, the Turkish government introduced a cap on MTPL insurance premiums in a new rating scheme, which took effect from 12 April. In a related move, a "Risky Insurance Pool" was set up to share premium and claims between all MTPL insurers. In September the insurance supervisory authority announced the setting up of a pool to cover compulsory medical malpractice insurance. A new regulation, Regulation on Working Procedures and Principles of Participation Insurance, governing the operation and principles of "participation insurance" (takaful) came into effect on 20 December 2017. In December 2017 it was announced that the Turkish Natural Catastrophe Insurance Pool would set up and operate a nuclear insurance pool providing cover for each of Turkey's new nuclear power stations. The two hailstorm and flood events, which hit Istanbul and the surrounding area in the summer of 2017, are estimated to have cost the insurance industry over TRY 750mn (USD 205mn).

- ***In the last quarter of 2018, the Ministry of Treasury and Finance announced the New Economic Programme, which outlines that 2019 to 2021*** will be years of fiscal discipline accompanying a rebalancing of the economy to overcome rapid inflation and reduce the budget deficit. Within the scope of this programme, Berat Albayrak, the Minister of Treasury and Finance, announced that the Turkish insurance and reinsurance market will undergo a transformation as, thus far, it has failed to provide sufficient cover for every type and magnitude of risk. This is why building completion insurance policies, among others, have not gained momentum until now. Against this background, Turk Re was established on 6 September 2019, with a capital of 600 million Turkish lira and its sole shareholder being the Ministry of Treasury and Finance. Ms Selva Eren, general manager of Turk Re, has stated that they plan to keep 1.2 billion Turkish lira domestically out of 8 billion Turkish lira transferred abroad through reinsurance.
- As another feature of the transformation, IRSA was incorporated on 18 October 2019 with Presidential Decree No. 47 to act as the new insurance regulatory agency in replacement of the former Under secretariat of Treasury. As the most significant benefit, IRSA is expected to adopt a friendlier approach towards the market participants and react more quickly to the market's needs for secondary legislation. At the same time IRSA aims to foster the popularity of insurance and enhance awareness on the part of consumers.
- Referring to the New Economic Programme, the Turkish Wealth Fund announced in December 2019 that insurance and personal retirement insurance companies controlled by public banks were being merged into one under the Fund. Reportedly, this merger will give birth to a strong insurance movement capable of offering building completion insurance, surety insurance, credit insurances and the like, which have long been awaited by the real sector. On a broader scale; this transaction ultimately aims to increase the share of the insurance market in financial services, which is currently 4 per cent and underachieving.
- Building completion insurance policies, credit insurance policies and short-term trade credit for small and medium-sized enterprises (SMEs) were introduced in 2015 as products, serving the purpose of limiting the effects of economic slowdown and currency volatility.<sup>33</sup> Building completion insurance, in particular, was aimed at providing relief to the construction sector. However, the contractors' access to this tool was very limited as the insurance companies were reportedly unable to secure reinsurance coverage for themselves. Similar difficulties in obtaining insurance and reinsurance cover had been reported in other sectors, such as textiles and chemicals.<sup>34</sup> However, the endeavour for transformation of the local (re)insurance market, which now involves a state-owned reinsurance company, is seen as a promising development. In this vein, IRSA took over the flag from the Undersecretariat, which issued a communiqué on 24 December 2018, effective as of 1 January 2019, setting the guidelines and tariffs to be adopted by insurance companies for credit insurance foreseen for SMEs.
- Apart from the above cornerstones of structural reforms, the Ministry highlighted legal protection insurance in its 2018 Activity Report. Although this insurance tool, together with the approved general conditions, was announced back in 2006, it turned out to be a dead duck because of its incompatibility with the practice and lack of awareness on the part of consumers. Against this backdrop the Ministry currently endeavours to adopt the existing general conditions to the market needs and relevant legislation as well as taking actions to increase awareness and education on this specific insurance tool.
- Another concept on which the Ministry conducted studies was the concept of surety insurances. The Ministry announced that it had included surety insurances in its agenda, as specified in the Export Master Plan. With the amendment made to the Public Procurement Law published in the Official Gazette on 5 December 2017, it was allowed for companies to give surety policies to the banks instead of letters of guarantee. Recently, the Association of Insurance, Reinsurance and Pension Companies announced it was working on a system that will enable verification of the validity and authenticity of the security bonds that are presented as security in tenders.



- One of the main hot topics continues to be the private pension scheme that became compulsory for employees and public servants. The government is encouraging private pension systems and annuity products by providing contributions to the premiums paid by the policyholders and introducing compulsory pension schemes. With the amendment of the Personal Pension Savings and Investment System Law, employees under 45 were automatically included in the pension system, the premium for which is deducted from the insured's salary. The latest finance news, however, reports that this product has not been as successful as hoped, as 60 per cent of the insureds opted to abandon the scheme shortly after their automatic inclusion.<sup>40</sup> The number of contracts has been at a standstill since 2017.<sup>41</sup> Being unsatisfied with the level of remaining participants, the Presidency recently issued a new regulation which allows those who leave the system to re-enter the system with further incentives.<sup>42</sup> With the new 'Supplementary Pension Scheme', on the other hand, it is projected that employer contribution will be integrated into the participants' savings in addition to the current governmental incentives and wage stoppages.
- Another hot topic on the insurance sector's agenda was cybersecurity. The cyberattack on 27 October 2019 targeting some banking and telecommunication institutions in Turkey brought to the fore the importance of the issue. The attacks have caused the banking systems and communication operators to stop serving, and disabled access to their digital channels. The experts reiterated the importance of investing in cyber infrastructure and drawing up a cybersecurity strategy. Being aware of the demands and the necessity, the private sector took the initiative to place insurance products covering the damages incurred due to attacks targeting digital platforms.
- Climate change is the other critical field where the private sector took the initiative. In September 2019, one of the insurance companies introduced the first ever climate insurance in Turkey, in the context of a social responsibility project named 'Respect for Earth'.
- On 25 November **2021**, the Turkish supervisory authority published a new regulation on internal systems in the insurance and private pension sectors. The new law came into force directly after its issuance in the Official Gazette. The texts establish the functions of internal control, risk management, actuarial, internal audit and the staff qualifications in charge of the internal control systems of an insurance company. This initiative aims to strengthen the institutional structures of private insurance and pensions.
- In **2022** : The Turkish government has passed a draft law establishing the **Istanbul Financial Center (IFC)**. The IFC will bring together public and private banks, insurance, brokerage and asset management companies as well as other local and international financial institutions. Financial companies that will set up in the hub will be able to benefit from deductions, exemptions and other tax advantages. The Central Bank of the Republic of Turkey (CBRT) is considering moving its operations from the capital Ankara to the IFC. The IFC consists of office space, a shopping mall, a conference center, auditoriums, a five-star hotel and a parking capacity of 26 000 vehicles. The hub is expected to accommodate 100 000 employees and visitors on a daily basis.
- Creation of the **Turkic World Insurance Union**: Azerbaijan and Turkish insurers' associations have signed an agreement to establish the Turkic World Insurance Union. The member countries of the new union include Azerbaijan, Turkey, Kazakhstan, Uzbekistan, Kyrgyzstan and Turkmenistan. The objective of this initiative is to strengthen the insurance sectors in the Turkish speaking states and create a unified insurance pool for the members of the union.

## REGULATORY ENVIRONMENT

### Key Legislation

- **2001 Law On Individual Pension Savings And Investment Systems (No.4632):**
  - This was implemented as a supplement to the public social security system, and has been revised a number of times to increase pension coverage.
  - In June 2012, the 2001 Law on Individual Pension Savings and Investment was modified to make pension plans more attractive. The law outlined that the state would match 25.0% of all annual contributions paid by individuals, as of January 2013. This did help increase pension contributions by 33.0% to 4.2mn in the first year, as tax benefits and incentives became more visible, but it was decided a further boost was necessary.
  - In January 2017, unless employees requested to opt-out, all employees under 45 years old were automatically enrolled into a pension plan and had to contribute 3.0% of earnings. It is likely this scheme will boost enrolment for first-time savers, but the opt-out rate was 54.0% in 2018, the latest available data.
  -
- **2007 Insurance Law (No.5674):**
  - The main legislation governing the sector, regulating the establishment, management, operations, supervision and audit of insurance, reinsurance and pension companies.
  - Under this law, insurers are able to operate only in either the life sector or the non-life sector, but this does not apply to reinsurers.
- **2011 Turkish Commercial Code (No.6102):**
  - Outlines insurance contract legislation including the necessary provisions and terms that apply to all contracts, as well as which risks are covered and excluded from coverage.
- **2012 Catastrophe Insurance Law No. 6305**
  - Published in Official Gazette Number: 28296 dated Friday 18 May 2012 and relevance to "The Turkish Catastrophe Insurance Pool (TCIP)"



### Industry Regulators

- The main regulatory body in Turkey is the **Insurance and Private Pension Regulation and Supervision Agency (IRSA)**, officially established on June 5 2020 by Presidential Decree No.47. This replaced the General Directorate of Insurance, which was part of the MTF.
- IRSA **conducts** activities as an institution under the MTF, but carries out duties and responsibilities independently, and is subject to supervision and regulatory, a popular topic for many years.
- The **IRSA's** main duties include implementing and monitoring legislation related to private pension, insurance, national insurance, producing reports and evaluations on the market and the related players, as well as conducting investigations and audits.

## Industry Associations

### ▪ *The Insurance Association of Turkey (TSB) :*

- TSB is a specialist institution which operates as a non-governmental institution established by law and is the largest body representing the Turkish insurance industry.
- The association became a legal entity, with the status of a public institution, as of 14 June 2017 and was established under the Article 24 of Insurance Law.
- All local or foreign insurance, reinsurance and pension companies operating in Turkey are members of the TSB. The aim of the association is to develop a professional and effective insurance sector, and to prevent unfair competition.
- As of June 2022, the association claims 67 members, comprising 42 non-life companies, 21 life and private pension companies and four reinsurers.



<https://tsb.org.tr/en>

### ▪ *Natural Disaster Insurance Institution:*

- DASK, the Turkish natural disaster insurance institution <https://dask.gov.tr/tcip> established in 2000 after the 1999 earthquake, is responsible for providing, implementing, and managing compulsory earthquake insurance.



## Form of Insurance organization:

The rules for the establishment of a new insurance or reinsurance company are set out in Article 3 of Insurance Law No 5684. It may only be established as a joint stock company or co-operative and must carry out insurance business exclusively.

## Capital Requirements:

On 30 November 2021, the Turkish supervisory authority (SEDDK) issued a circular defining the new minimum capital requirements for insurance and reinsurance companies.

Companies are now required to have the following minimum share capital:

- 175.562 million TRY (12.82 million USD) instead of 120 million TRY (8.76 million USD) for non-life companies
- 215.067 million TRY (15.7 million USD) instead of 147 million TRY (10.7 million USD) for life insurers
- 124.358 million TRY (9.08 million USD) instead of 85 million TRY (6.2 million USD) for reinsurers

## Foreign Ownership

Foreign insurers licensed to trade in their home country may operate in Turkey by purchasing up to 100% of the equity of domestic companies, without restriction or by establishing branch offices.

There are no bilateral or multilateral trade agreements in force that have implications for foreign company access to the market.

## Compulsory Insurances

- Motor third party liability for bodily injury and property damage.
- Third party liability for bodily injury and medical expenses for passengers on intercity and international transport.
- Third party liability to passengers on vessels registered to carry 12 or more passengers.
- Personal accident cover for intercity coach passengers.
- Personal accident cover for miners.
- Building completion guarantee for residential building contractors.
- Liability of companies engaged in the production, storage and handling of LPG cylinders.
- Liability of companies engaged in the production, storage, transport and sale of combustible, explosive or flammable materials.
- Professional indemnity insurance for insurance brokers and, at regulator's discretion, agents.
- Professional indemnity insurance for electronic signature certificate providers.
- Professional indemnity insurance for companies providing professional services to banks.
- Professional indemnity insurance for credit agencies.
- Professional liability cover for tour operators.
- Professional indemnity for property valuers, a requirement of the Capital Markets Board.
- Public liability insurance for private security guards.
- Sea pollution liability for companies situated near the shoreline.
- Workers' compensation (state scheme).
- Earthquake insurance on private dwellings.
- Medical malpractice insurance for doctors and dentists.
- Liability for clinical trials.
- Third party legal liability and passenger liability for aircraft, and third party legal liability for drones with a take-off weight of more than 25 kg.
- Third party liability for the operation of a nuclear installation.
- Insurance of goods that are subject to finance leasing.
- Shipowners' liability for marine oil pollution (financial guarantee or insurance).
- P&I insurance cover for vessels of 300 gross tonnage (GT) that fly the Turkish flag and all vessels flagged in other countries irrespective of gross tonnage using Turkish ports.
- P&I cover for vessels carrying hazardous materials through the Turkish Straits.

## Pools:

**The market includes four significant insurance pools.**

**The Turkish Catastrophe Insurance Pool** was created after the 1999 earthquake. The program is designed to provide compulsory insurance for all urban residential properties for property damages caused directly by earthquakes and other perils of fire, explosion, tsunami, or landslide following earthquake. . Studies on the design of a disaster insurance product that covers a broader range of natural disasters have been initiated and are planned to be completed by 2023.

**The Green Card Pool** was established to cover motor third part liability claims of Turkish residents travelling abroad in Europe and to handle claims of accidents in Turkey caused by foreign plated vehicles which have a valid green card.

All insurers licensed to write motor third party liability insurance in Turkey are required to be members of the pool which is run by an independent board of managers in conjunction with the Turkish Motor Insurance Bureau (TMIB). Green cards are issued by local insurers and all premiums are ceded to the pool. Claims are handled by



the TMIB and settlement is made in accordance with the laws of the country where the accident occurred. Members share in the profits or losses of the pool in proportion to the volume of business ceded.

**The Federation of Afro-Asian Insurers and Reinsurers (FAIR) Pool** accepts reinsurance and retrocession business from African and Asian markets for fire, engineering, marine hull and cargo, and certain types of accident insurance. The program is run by Milli Reinsurance S.A. All cessions are voluntary and business is retroceded back to members in proportion to the amount of business they cede.

**The Agriculture Insurance Pool (TARSIM)** provides standardized agricultural insurance cover to farmers in Turkey.

The Pool is run by a special purpose company set up by the companies writing agricultural insurance business. It is overseen by a Board comprising government and industry members and a member from the Union of Turkish Chambers of Agriculture. It receives a government subsidy of a minimum 50 percent of the premiums written. Insurance companies issue insurance policies with their own name, however all of the risk and the premium must be transferred to the Agriculture Insurance Pool. These insurance companies can optionally take a share from the Pool through retrocession.

### **Insurance and reinsurance intermediaries**

Under the Insurance Law, intermediaries consist of agents and brokers.

Insurance agency activities can be carried out by real persons or legal entities subject to:

- Obtaining a certificate from the IRSA confirming their qualifications.
- Application to the Union of Chambers and Commodity Exchanges of Turkey to be recorded in the Register.

Real person agents must declare a minimum personal wealth of TRY50,000. Legal entity agents must have a minimum paid-in capital of TRY50,000, and the minimum capital for branches is TRY300,000 for the headquarters and TRY25,000 for each branch. The minimum capital for agents performing distance sales is TRY300,000.

Similarly, brokerage activities can be performed by real persons or legal entities on obtaining a broker licence from the IRSA. This is obtained by submitting an application to the Insurance and Reinsurance Brokers Association.

Legal entity brokers must have a minimum paid-in capital of TRY250,000 and an additional amount of TRY50,000 for each licence. Brokers must have equity capital amounting to not less than the sum of:

- 10% of their annual operating revenues.
- An amount corresponding to the total due debts of the broker multiplied by a specific co-efficient (which varies depending on the debt maturity date).

Foreign legal entity agent or brokers can be involved in operations in Turkey only by opening a branch and cannot perform commercial activities through liaison offices.

Real person agents and brokers are also subject to similar financial requirements in terms of declared wealth.

### **Taxation**

Insurance company transactions remain exempt from value added tax but are subject to a banking and insurance transaction tax (BSMV) and fire insurance tax. Except for the specific exemptions, the general rate of BSMV is determined as 5 per cent of the insurance companies' transactions and the fire insurance tax, levied at 10%, applies to insurance premiums collected on fire insurance purchased for movable and immovable properties within municipal boundaries and adjacent areas.



## Insurance Market Statistics and Performance



### Number of Companies and Employees

	2016	2017	2018	2019	2020
<b>Number of companies</b>					
<b>Life</b>					
Domestic undertakings	22	22	22	22	21
Foreign controlled undertakings	15	15	15	15	15
Foreign companies (branches)	0	0	..	..	..
All undertakings	22	22	22	22	21
<b>Non-life</b>					
Domestic undertakings	35	37	36	37	37
Foreign controlled undertakings	23	23	20	19	18
Foreign companies (branches)	2	2	2	2	2
All undertakings	37	39	38	39	39
<b>Composite</b>					
Domestic undertakings	0	0	0	..	3
Foreign controlled undertakings	0	0	0	..	1
Foreign companies (branches)	0	0	0	..	..
All undertakings	0	0	0	..	3
<b>Reinsurance</b>					
Domestic undertakings	2	2	2	3	..
Foreign controlled undertakings	1	1	1	1	..
Foreign companies (branches)	0	0	0	..	..
All undertakings	2	2	2	3	..
<b>Total</b>					
Domestic undertakings	59	61	62	62	61
Foreign controlled undertakings	39	39	38	35	35
Foreign companies (branches)	2	2	2	2	2
All undertakings	61	63	62	64	63
<b>Number of employees</b>					
Insurance undertakings	19 240	19 883	19 117	14 228	..
Intermediaries	35 992	40 231	20 605	40 000	..
Total	55 232	60 114	39 722	54 228	..

**2021**

The Turkish  
Insurance  
market  
consists of 69  
companies  
includes:

**43**

Non-Life  
companies;

**7**

Life  
companies;

**15**

Pension  
companies;

**4**

Reinsurance  
companies

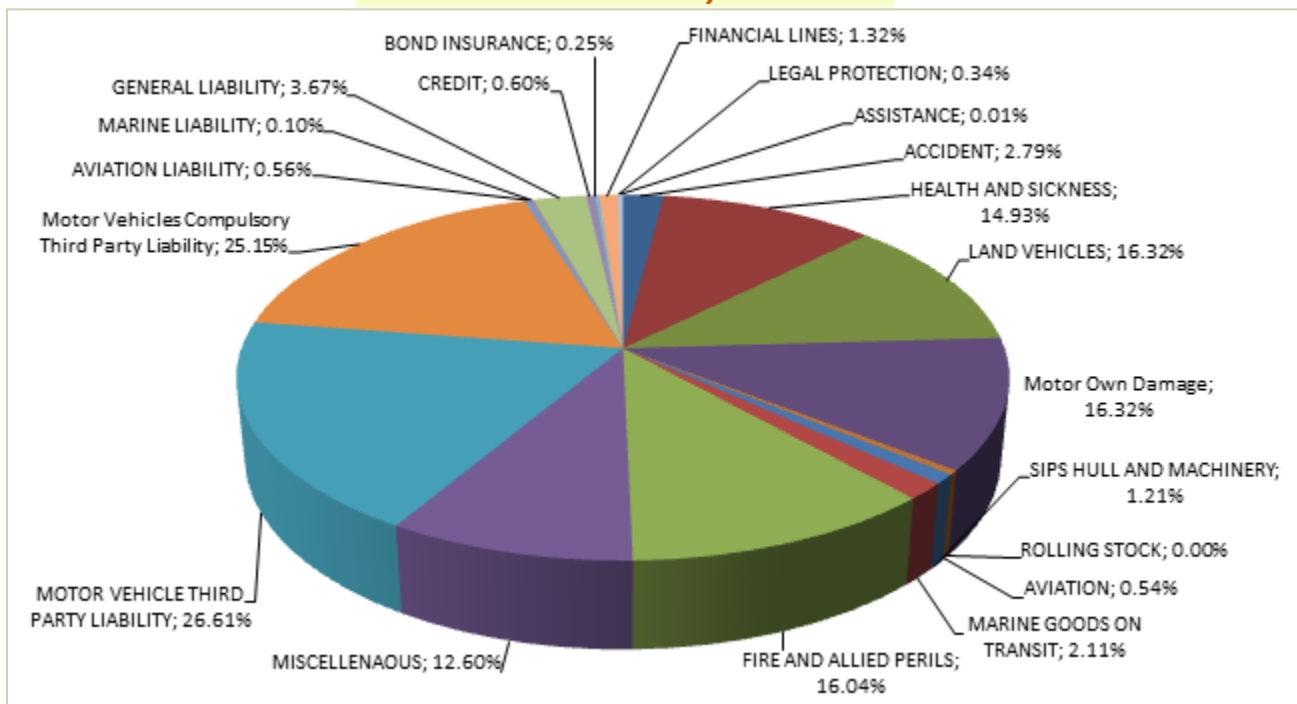
## Insurance Business Written (in million TRY)

	2016	2017	2018	2019	2020
<b>1 Insurance business, by ownership</b>					
<b>Gross premiums</b>					
Domestic undertakings	41 280	47 495	54 416	68 247	84 802
Foreign controlled undertakings	25 640	26 984	29 792	35 819	41 950
Foreign companies (branches)	152	201	304	553	805
All undertakings	41 431	47 696	54 720	68 800	85 607
<b>Premiums ceded</b>					
Domestic undertakings	9 816	13 268	15 814	19 346	22 795
Foreign controlled undertakings	5 482	6 672	7 850	8 518	9 719
Foreign companies (branches)	76	96	131	288	505
All undertakings	9 892	13 364	15 945	19 634	23 300
<b>Net written premiums</b>					
Domestic undertakings	31 464	34 227	38 601	48 901	60 416
Foreign controlled undertakings	20 158	20 312	21 942	27 300	31 549
Foreign companies (branches)	76	105	173	265	300
All undertakings	31 540	34 332	38 774	49 166	60 716
<b>2 Insurance business on foreign risks, gross premiums</b>					
Life	6 166	..	..	..	..
Non-life	34 322	..	..	..	..
Composite	943	..	..	..	..
<i>of which:</i>					
Life	19	..	..	..	..
Non-life	924	..	..	..	..
Total	41 431	..	..	..	..
<b>3 Life insurance payments, by class, gross premiums</b>					
Annuities	..	..	..	..	..
Unit linked	..	..	..	..	..
Other life insurance	..	..	..	..	..
Total life insurance	5 916	6 766	6 835	13 340	14 291
<i>of which: Pension contracts</i>	..	..	..	..	..
<b>4 Non-life insurance payments, by class, gross premiums</b>					
Motor vehicle insurance	19 156	19 981	23 614	26 466	31 232
Marine, aviation and other transport insurance	455	490	706	929	1 348
Freight insurance	585	652	828	922	1 204
Fire and other property damage insurance	9 032	10 101	12 208	14 193	18 548
Pecuniary loss insurance	439	549	666	901	1 071
General liability insurance	863	1 028	1 389	1 698	2 190
Accident and health	4 582	6 708	8 051	9 798	12 333
<i>of which: Health</i>	..	5 025	6 245	8 190	10 096
Other non-life insurance	134	226	167	197	225
Treaty reinsurance	..	..	..	..	..
Total non-life insurance	35 246	39 735	47 628	55 104	68 152

## 2020-2021 Total Written Premium

Branch Names	2021		2020		Change	Reel Change
	Total Written Premium (TL)	Share	Total Written Premium (TL)	Share		
ACCIDENT	2,443,378,083	2.79%	2,237,228,258	3.28%	9.2%	-19.74%
HEALTH AND SICKNESS	13,078,386,991	14.93%	10,095,658,299	14.82%	29.5%	-4.80%
LAND VEHICLES	14,291,889,908	16.32%	10,737,408,691	15.76%	33.1%	-2.19%
Motor Own Damage	14,291,889,908	16.32%	10,737,408,691	15.76%	33.1%	-2.19%
ROLLING STOCK	30,962	0.00%	15,272	0.00%	102.7%	48.98%
AVIATION	469,039,408	0.54%	<b>369,664,551</b>	0.54%	26.9%	-6.76%
SIPS HULL AND MACHINERY	1,058,942,244	1.21%	621,688,667	0.91%	70.3%	25.17%
MARINE GOODS ON TRANSIT	1,844,392,319	2.11%	1,204,301,235	1.77%	53.2%	12.54%
FIRE AND ALLIED PERILS	14,046,572,235	16.04%	10,585,802,519	15.53%	32.7%	-2.49%
MISCELLENAOUS	11,038,240,939	12.60%	7,962,465,095	11.68%	38.6%	1.87%
MOTOR VEHICLE THIRD PARTY LIABILITY	23,308,761,216	26.61%	20,487,192,290	30.06%	13.8%	-16.39%
Motor Vehicles Compulsory Third Party Liability	22,030,263,710	25.15%	19,564,267,538	28.71%	12.6%	-17.25%
AVIATION LIABILITY	488,973,998	0.56%	298,548,469	0.44%	63.8%	20.36%
MARINE LIABILITY	88,526,945	0.10%	57,810,503	0.08%	53.1%	12.53%
GENERAL LIABILITY	3,213,054,072	3.67%	2,189,994,820	3.21%	46.7%	7.82%
CREDIT	528,327,801	0.60%	399,061,225	0.59%	32.4%	-2.71%
BOND INSURANCE	221,493,082	0.25%	123,951,705	0.18%	78.7%	31.31%
FINANCIAL LINES	1,154,007,399	1.32%	547,980,509	0.80%	110.6%	54.76%
LEGAL PROTECTION	300,224,816	0.34%	224,970,145	0.33%	33.5%	-1.93%
ASSISTANCE	6,028,376	0.01%	1,928	0.00%	312513.5%	229627.74%
<b>TOTAL NON LIFE</b>	<b>87,580,270,796</b>	<b>83.2%</b>	<b>68,143,744,181</b>	<b>82.5%</b>	<b>28.5%</b>	<b>-5.6%</b>
<b>LIFE</b>	<b>17,726,737,287</b>	<b>16.8%</b>	<b>14,431,913,855</b>	<b>17.5%</b>	<b>22.8%</b>	<b>-9.7%</b>
<b>GENERAL TOTAL</b>	<b>105,307,008,083</b>	<b>100.0%</b>	<b>82,575,658,036</b>	<b>100.0%</b>	<b>27.5%</b>	<b>-6.3%</b>

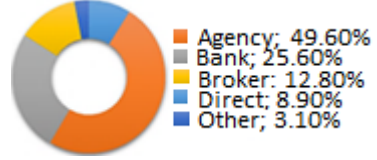
### 2021 Market Share by Branch



## 2021 Breakdown of Written Premiums per Distribution Channel

in million TRY

	Direct	Agency	Bank	Broker	Other	Total
TOTAL NON LIFE	7,693	50,228	13,042	13,415	3,202	87,580
TOTAL LIFE	1,722	1,990	13,889	106	19	17,727
<b>GENERAL TOTAL</b>	<b>9,415</b>	<b>52,218</b>	<b>26,931</b>	<b>13,521</b>	<b>3,221</b>	<b>105,307</b>



## 2021 Market Share by Company

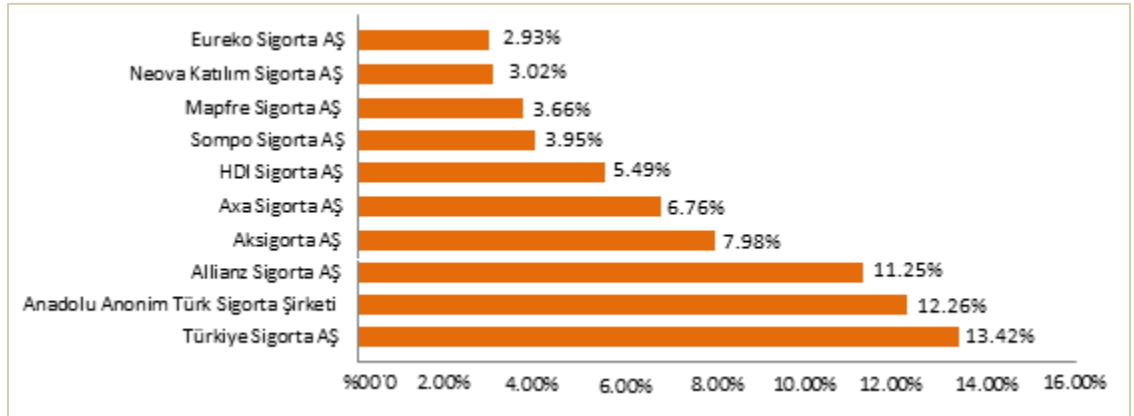
Rank	Company Name	2021		2020		Change
		Total Written Premium (TL)	Share	Total Written Premium (TL)	Share	
1	Türkiye Sigorta AŞ	11,749,646,570	11.16%	8,887,128,129	10.76%	32.21%
2	Anadolu Anonim Türk Sigorta Şirketi	10,735,252,002	10.19%	8,015,704,097	9.71%	33.93%
3	Allianz Sigorta AŞ	9,854,147,770	9.36%	8,135,360,848	9.85%	21.13%
4	Aksigorta AŞ	6,987,620,746	6.64%	5,272,142,057	6.38%	32.54%
5	Axa Sigorta AŞ	5,923,588,615	5.63%	4,657,374,373	5.64%	27.19%
6	HDI Sigorta AŞ	4,808,378,460	4.57%	3,475,893,762	4.21%	38.34%
7	Türkiye Hayat ve Emeklilik AŞ	3,948,446,433	3.75%	4,188,831,835	5.07%	-5.74%
8	Sompo Sigorta AŞ	3,455,290,096	3.28%	3,332,694,565	4.04%	3.68%
9	Mapfre Sigorta AŞ	3,205,315,905	3.04%	2,558,437,769	3.10%	25.28%
10	Neova Katılım Sigorta AŞ	2,648,372,639	2.51%	1,899,270,816	2.30%	39.44%
<b>FIRST 10 COMPANIES</b>		<b>63,316,059,236</b>	<b>60.13%</b>	<b>50,422,838,250</b>	<b>61.06%</b>	<b>25.57%</b>
11	Eureko Sigorta AŞ	2,565,437,298	2.44%	1,836,042,276	2.22%	39.73%
12	Bupa Acıbadem Sigorta AŞ	2,232,175,715	2.12%	1,839,049,165	2.23%	21.38%
13	Ray Sigorta AŞ	2,220,372,315	2.11%	1,699,439,187	2.06%	30.65%
14	Doga Sigorta AŞ	2,143,340,348	2.04%	1,781,139,497	2.16%	20.34%
15	Bereket Sigorta AŞ	2,080,840,319	1.98%	1,419,236,646	1.72%	46.62%
16	AgeSA Hayat ve Emeklilik AŞ	2,020,098,908	1.92%	1,331,872,294	1.61%	51.67%
17	Anadolu Hayat Emeklilik AŞ	1,969,830,111	1.87%	1,685,081,367	2.04%	16.90%
18	Allianz Yaşam ve Emeklilik AŞ	1,871,473,298	1.78%	1,457,739,998	1.77%	28.38%
19	Metlife Emeklilik ve Hayat AŞ	1,791,682,264	1.70%	1,623,275,938	1.97%	10.37%
20	Groupama Sigorta AŞ	1,768,423,212	1.68%	1,381,947,063	1.67%	27.97%
<b>FIRST 20 COMPANIES</b>		<b>83,979,733,025</b>	<b>79.75%</b>	<b>66,477,661,680</b>	<b>80.51%</b>	<b>26.33%</b>
21	Ethica Sigorta AŞ	1,654,450,727	1.57%	1,586,091,732	1.92%	4.31%
22	Aegon Emeklilik ve Hayat AŞ	1,632,994,956	1.55%	1,006,474,669	1.22%	62.25%
23	Quick Sigorta AŞ	1,582,974,509	1.50%	1,607,499,014	1.95%	-1.53%
24	Garanti Emeklilik ve Hayat AŞ	1,456,674,753	1.38%	1,111,760,598	1.35%	31.02%
25	Unico Sigorta AŞ	1,263,270,820	1.20%	745,409,331	0.90%	69.47%
26	Cigna Sağlık Hayat ve Emeklilik AŞ	1,105,275,539	1.05%	923,160,205	1.12%	19.73%
27	Zurich Sigorta AŞ	1,100,383,612	1.04%	987,502,469	1.20%	11.43%
28	Türk Nippon Sigorta AŞ	1,035,599,522	0.98%	837,374,704	1.01%	23.67%
29	Ankara Anonim Türk Sigorta Şirketi	975,615,957	0.93%	648,719,649	0.79%	50.39%
30	Gulf Sigorta AŞ	912,207,144	0.87%	584,051,177	0.71%	56.19%
31	Chubb European Group SE Merkezi Fransa Türkiye İstanbul	865,635,223	0.82%	729,390,492	0.88%	18.68%
32	Koru Sigorta AŞ	710,844,704	0.68%	643,411,756	0.78%	10.48%
33	Fiba Emeklilik ve Hayat AŞ	606,656,805	0.58%	451,096,015	0.55%	34.49%
34	BNP Paribas Cardif Emeklilik AŞ	504,983,813	0.48%	315,139,184	0.38%	60.24%
35	Corpus Sigorta AŞ	492,337,280	0.47%	405,499,711	0.49%	21.41%
36	BNP Paribas Cardif Sigorta AŞ	483,362,677	0.46%	240,218,288	0.29%	101.22%
37	BNP Paribas Cardif Hayat Sigorta AŞ	467,911,493	0.44%	233,495,705	0.28%	100.39%
38	Şeker Sigorta AŞ	457,916,238	0.43%	402,164,183	0.49%	13.86%



Rank	Company Name	2021		2020		Change
		Total Written Premium (TL)	Share	Total Written Premium (TL)	Share	
39	Dubai Sigorta AŞ	397,724,158	0.38%	298,179,949	0.36%	33.38%
40	Magdeburger Sigorta AŞ	387,782,518	0.37%	332,797,553	0.40%	16.52%
41	Bereket Emeklilik ve Hayat AŞ	303,231,347	0.29%	180,722,995	0.22%	67.79%
42	Generali Sigorta AŞ	296,661,294	0.28%	231,746,854	0.28%	28.01%
43	Türk P&I Sigorta AŞ	285,113,309	0.27%	181,831,638	0.22%	56.80%
44	Gri Sigorta AŞ	282,211,792	0.27%	1,568,958	0.00%	17887.21%
45	Allianz Hayat ve Emeklilik AŞ	240,676,253	0.23%	146,903,322	0.18%	63.83%
46	NN Hayat ve Emeklilik AŞ	233,773,121	0.22%	252,978,484	0.31%	-7.59%
47	Ana Sigorta AŞ	231,113,804	0.22%	59,645,567	0.07%	287.48%
48	Coface Sigorta AŞ	207,324,950	0.20%	132,189,708	0.16%	56.84%
49	Katılım Emeklilik ve Hayat AŞ	166,247,714	0.16%	147,224,645	0.18%	12.92%
50	Demir Sağlık ve Hayat Sigorta AŞ	159,361,408	0.15%	109,771,842	0.13%	45.18%
51	Euler Hermes Sigorta AŞ	159,099,712	0.15%	104,020,163	0.13%	52.95%
52	Orient Sigorta AŞ	136,543,040	0.13%	107,656,183	0.13%	26.83%
53	SS Atlas Karşılıklı Sigorta Kooperatifi	119,343,431	0.11%	77,595,289	0.09%	53.80%
54	Atradius Crédito y Caución S.A. de Seguros y Reaseguros,	108,852,095	0.10%	75,739,270	0.09%	43.72%
55	Mapfre Yaşam Sigorta AŞ	80,465,828	0.08%	61,114,853	0.07%	31.66%
56	Bereket Katılım Sigorta AŞ	69,813,865	0.07%	29,017,598	0.04%	140.59%
57	SS TMT Karşılıklı Sigorta Kooperatifi	42,856,308	0.04%	41,807,390	0.05%	2.51%
58	Bereket Katılım Hayat AŞ	38,063,272	0.04%	18,208,585	0.02%	109.04%
59	Axa Hayat ve Emeklilik AŞ	26,672,469	0.03%	16,146,388	0.02%	65.19%
60	Groupama Hayat AŞ	23,939,954	0.02%	32,670,238	0.04%	-26.72%
61	Arex Sigorta AŞ	21,307,644	0.02%	0	0.00%	0.00%
<b>MARKET TOTAL</b>		<b>105,307,008,083</b>	<b>100.00%</b>	<b>82,575,658,036</b>	<b>100.00%</b>	<b>27.53%</b>

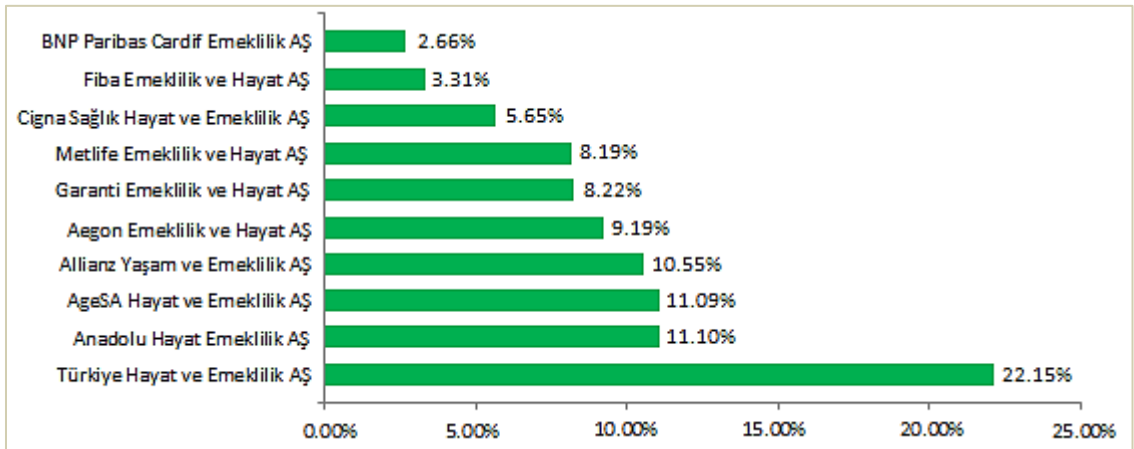
**Non-Life  
Companies  
(GWP) 2021**

**Top 10  
Market Share**



**Life Companies  
(GWP) 2021**

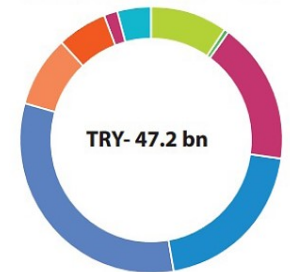
**Top 10  
Market Share**



## Gross Claims Payments (in million TRY)

	2016	2017	2018	2019	2020
<b>Life</b>					
Domestic undertakings	2 957	3 293	3 609	4 776	5 461
Foreign controlled undertakings	1 485	1 757	2 061	2 685	3 074
Foreign companies (branches)	0	..	0	..	0
All undertakings	2 957	3 293	3 609	4 776	5 461
<b>Non-life</b>					
Domestic undertakings	15 041	18 341	23 049	27 354	27 473
Foreign controlled undertakings	-9 940	11 648	13 543	15 282	15 007
Foreign companies (branches)	128	77	121	86	90
All undertakings	15 168	18 417	23 170	27 440	27 563
<b>Composite</b>					
Domestic undertakings	572	617	771	..	1 321
Foreign controlled undertakings	..	1	5	..	32
Foreign companies (branches)	..	..	..	..	..
All undertakings	572	617	771	..	1 333
<i>of which:</i>					
<i>Life</i>	9	15	7	..	11
Domestic undertakings	9	15	7	..	11
Foreign controlled undertakings	..	0	0	..	0
Foreign companies (branches)	..	..	..	..	..
All undertakings	9	15	7	..	11
<i>Non-life</i>	564	602	764	..	1 321
Domestic undertakings	564	602	764	..	1 321
Foreign controlled undertakings	..	1	5	..	32
Foreign companies (branches)	..	..	..	..	..
All undertakings	564	602	764	..	1 321
<b>Total</b>					
Domestic undertakings	18 570	22 251	27 430	32 130	34 255
Foreign controlled undertakings	-8 455	13 406	15 609	17 967	18 113
Foreign companies (branches)	128	77	121	86	90
All undertakings	18 698	22 328	27 551	32 216	34 357

## Claims Portfolio - 2021

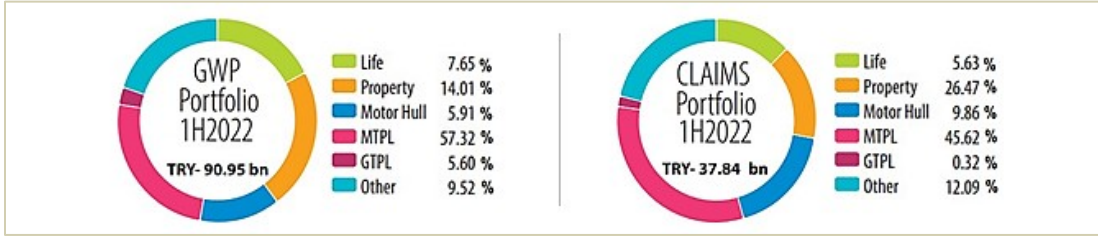


Life insurance	9.71%
Accidents	0.51%
Sickness and health	17.04%
Motor hull	20.09%
Motor vehicle liability	32.11%
Fire and allied perils	8.88%
Other damages to property	5.98%
General liability	1.71%
Other non-life insurance	3.98%

## Gross Operating Expenses (in million TRY)

	2016	2017	2018	2019	2020
<b>Life</b>					
Domestic undertakings	1 970	2 644	2 961	4 103	5 307
Foreign controlled undertakings	1 241	1 724	1 926	2 376	3 025
Foreign companies (branches)	..	..	..	..	..
All undertakings	1 970	2 644	2 961	4 103	5 307
<b>Non-life</b>					
Domestic undertakings	5 579	6 263	6 689	8 211	9 770
Foreign controlled undertakings	3 847	4 170	4 183	4 821	5 700
Foreign companies (branches)	26	30	44	122	159
All undertakings	5 604	6 293	6 733	8 333	9 929
<b>Composite</b>					
Domestic undertakings	316	333	436	..	772
Foreign controlled undertakings	5	2	3	..	6
Foreign companies (branches)	..	..	..	..	..
All undertakings	316	333	436	..	772
<i>of which:</i>					
<i>Life</i>	10	5	8	..	13
Domestic undertakings	10	5	8	..	13
Foreign controlled undertakings	..	0	0	..	0
Foreign companies (branches)	..	..	..	..	..
All undertakings	10	5	8	..	13
<i>Non-life</i>	306	328	429	..	759
Domestic undertakings	306	328	429	..	759
Foreign controlled undertakings	5	2	3	..	6
Foreign companies (branches)	..	..	..	..	..
All undertakings	306	328	429	..	759
<b>Total</b>					
Domestic undertakings	7 865	9 240	10 087	12 314	15 849
Foreign controlled undertakings	5 092	5 895	6 112	7 197	8 731
Foreign companies (branches)	26	30	44	122	159
All undertakings	7 890	9 270	10 130	12 436	16 008

# TURKISH INSURANCE MARKET in 1H2022



## Market Portfolio at June 30<sup>th</sup> 2022

Business line	GROSS WRITTEN PREMIUMS			PAID CLAIMS			Weight in all GWP	
	1H2022	1H2021	Change (TRY)	1H2022	1H2021	Change (TRY)	1H2022	1H2021
	TRY m	TRY m	%	TRY m	TRY m	%	%	%
<b>TOTAL MARKET</b>	90,949.32	47,102.31	93.09	37,846.34	19,901.98	90.16	100.00	100.00
<b>TOTAL LIFE</b>	13,261.28	7,685.59	72.55	3,158.82	2,177.79	45.05	14.58	16.32
<b>TOTAL NON-LIFE</b>	77,688.04	39,416.72	97.09	34,687.53	17,724.19	95.71	85.42	83.68
Accident	1,797.15	1,070.27	67.92	157.11	111.73	40.61	1.98	2.27
Health	12,091.26	6,424.39	88.21	6,512.56	3,601.62	80.82	13.29	13.64
Aviation hull	261.14	131.01	99.33	44.17	216.19	-79.57	0.29	0.28
Ships hull	1,085.65	468.36	131.80	444.78	174.72	154.58	1.19	0.99
Goods in transit	1,772.49	813.24	117.95	443.81	238.15	86.35	1.95	1.73
<b>Overall property insurance</b>	21,649.57	12,005.55	80.33	5,341.13	2,781.24	92.04	23.80	25.49
Fire and allied perils	10,965.39	6,169.68	77.73	3,465.96	1,657.10	109.16	12.06	13.10
Damages to property	10,684.19	5,835.86	83.08	1,875.18	1,124.14	66.81	11.75	12.39
<b>Overall motor insurance</b>	34,559.57	16,070.10	115.06	20,720.03	10,003.90	107.12	38.00	34.12
Motor Hull	14,732.43	5,963.69	147.04	8,017.55	3,628.91	120.94	16.20	12.66
MTPL	19,827.15	10,106.42	96.18	12,702.48	6,374.99	99.25	21.80	21.46
Aviation liability	178.55	92.67	92.67	24.22	42.24	-42.67	0.20	0.20
Marine liability	123.54	43.53	183.77	34.31	4.99	587.85	0.14	0.09
GTPL	2,597.89	1,460.95	77.82	564.04	358.74	57.23	2.86	3.10
Credit	502.76	275.36	82.58	49.63	22.30	122.55	0.55	0.58
Suretyship	106.37	75.09	41.66	154.26	10.35	1,390.50	0.12	0.16
Financial losses	630.64	359.92	75.22	196.06	157.03	24.86	0.69	0.76
Legal expenses	230.93	125.92	83.39	1.42	0.99	44.32	0.25	0.27
Assistance	100.53	0.33	29,934.89	0.00	0.00	-100.00	0.11	0.00

