

Reshaping Motor Insurance Business in Türkiye

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***INSURANCE AND PRIVATE PENSION
REGULATION AND SUPERVISION AUTHORITY (IPRSA)***

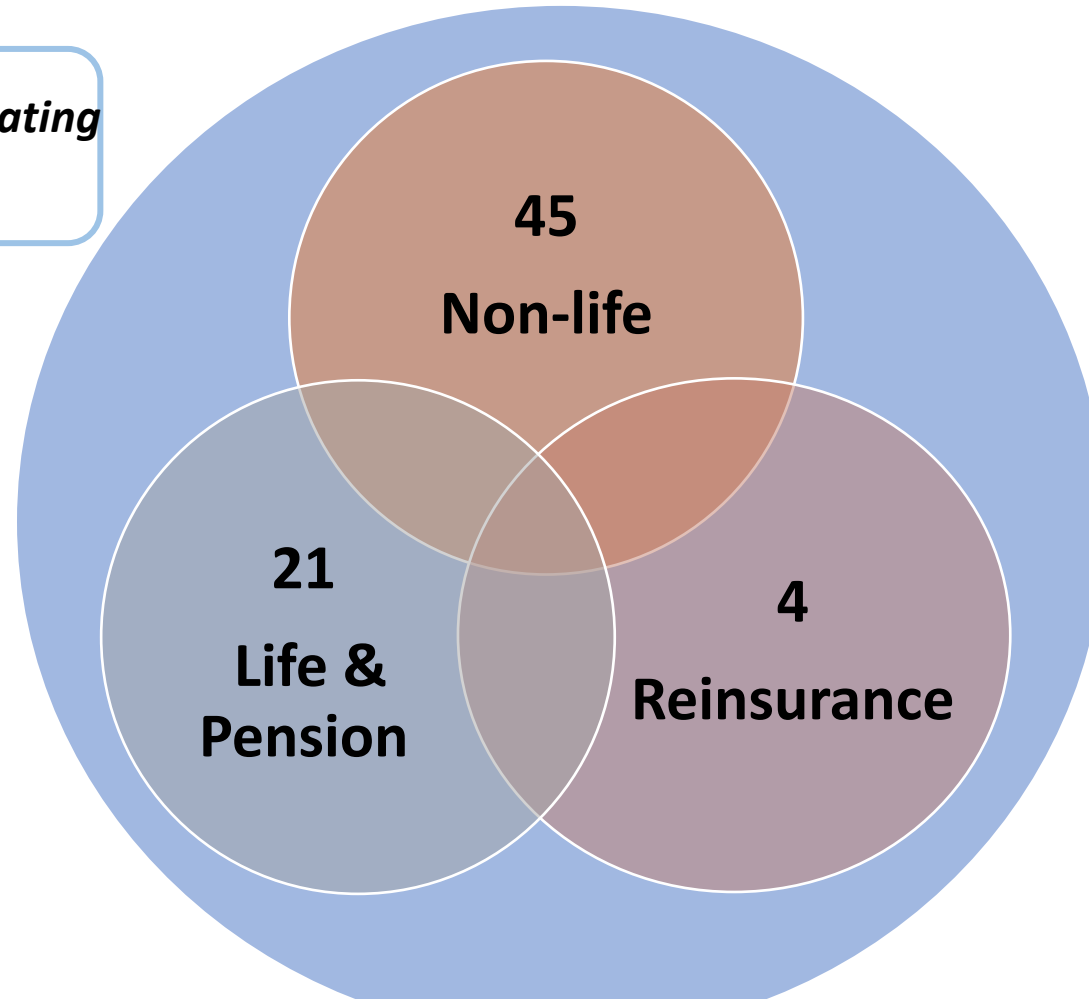
5.4.2023
Vienna

- I. OVERVIEW OF THE SECTOR**
- II. MOTOR INSURANCE SECTOR**
- III. ACTION PLAN**
- IV. EARTHQUAKE IN TÜRKİYE**

***I. OVERVIEW OF THE
INSURANCE AND PRIVATE
PENSION SECTOR IN
TÜRKİYE***



Total Number of Operating Companies: 70



New companies after establishment of IPRSA : 8

Interest in Insurance Industry Continues...

OVERVIEW OF THE INDUSTRY IN 2022

TOTAL ASSETS

39.0 Billion Euro
(2022 - December)

+%39

Compared to 2021
December

TOTAL PREMIUM

11.8 Billion Euro
(December - 2022)

+%69

Compared to 2021
December

NUMBER OF PENSION PARTICIPANTS

14,5 Million
(December - 2022)

+%10

Compared to 2021
December

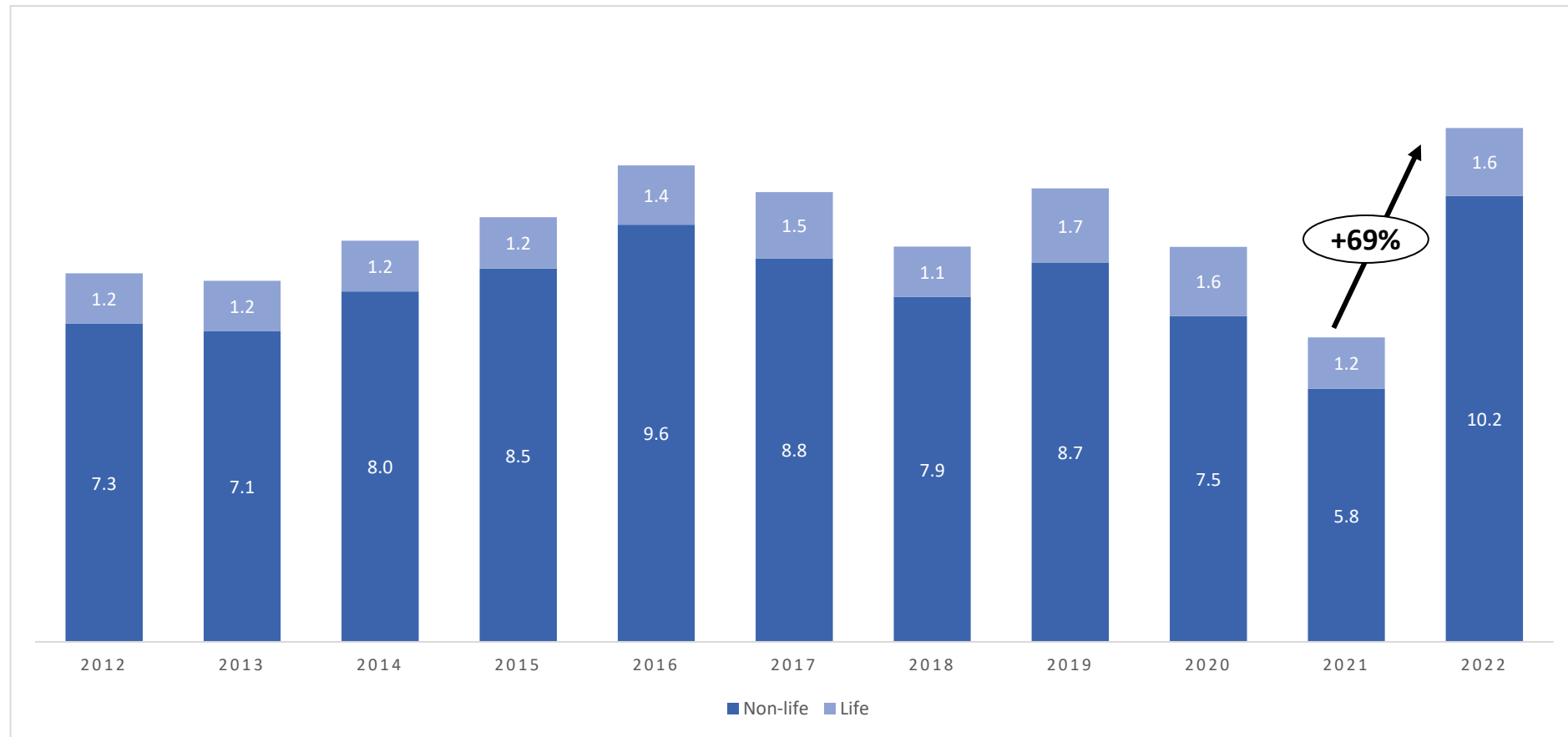
SIZE OF PENSION FUNDS

21.7 Billion Euro
(December - 2022)

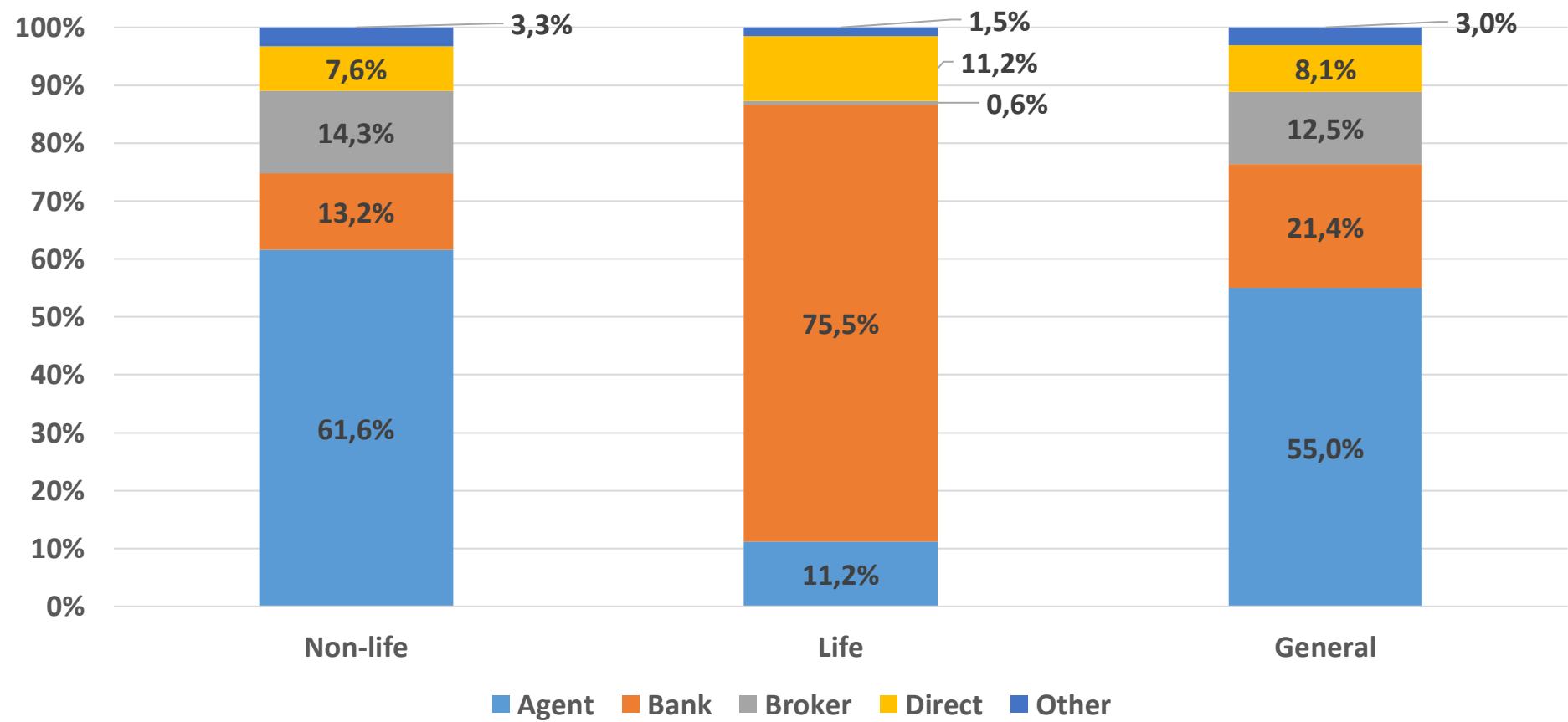
+%34

Compared to 2021
December

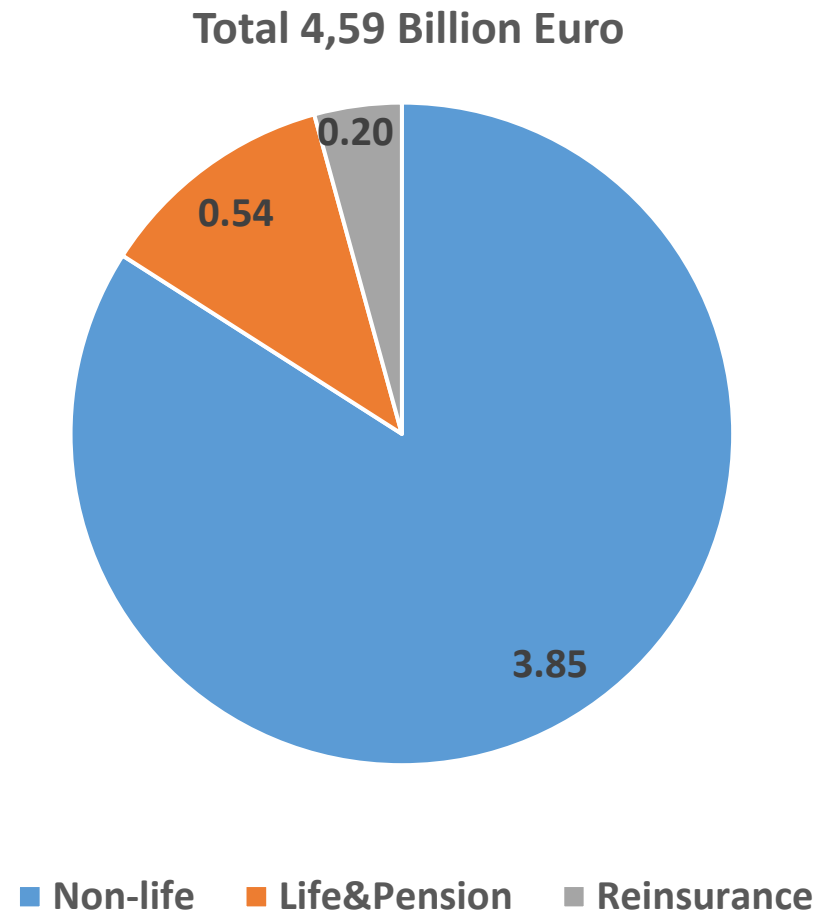
PREMIUM PRODUCTION (Billion Euro, 2012-2022)



DISTRIBUTION CHANNELS (By Premium Production, 2022)



PAID LOSSES IN 2022



EMPLOYMENT AND FOREIGN CAPITAL



More than 200.000 employment;

Company employees: 20.401

Agents: 17.557

Loss adjusters: 5.411

Brokers: 175



Foreign Capital;

%57 share in total capital

As of 2022-12;

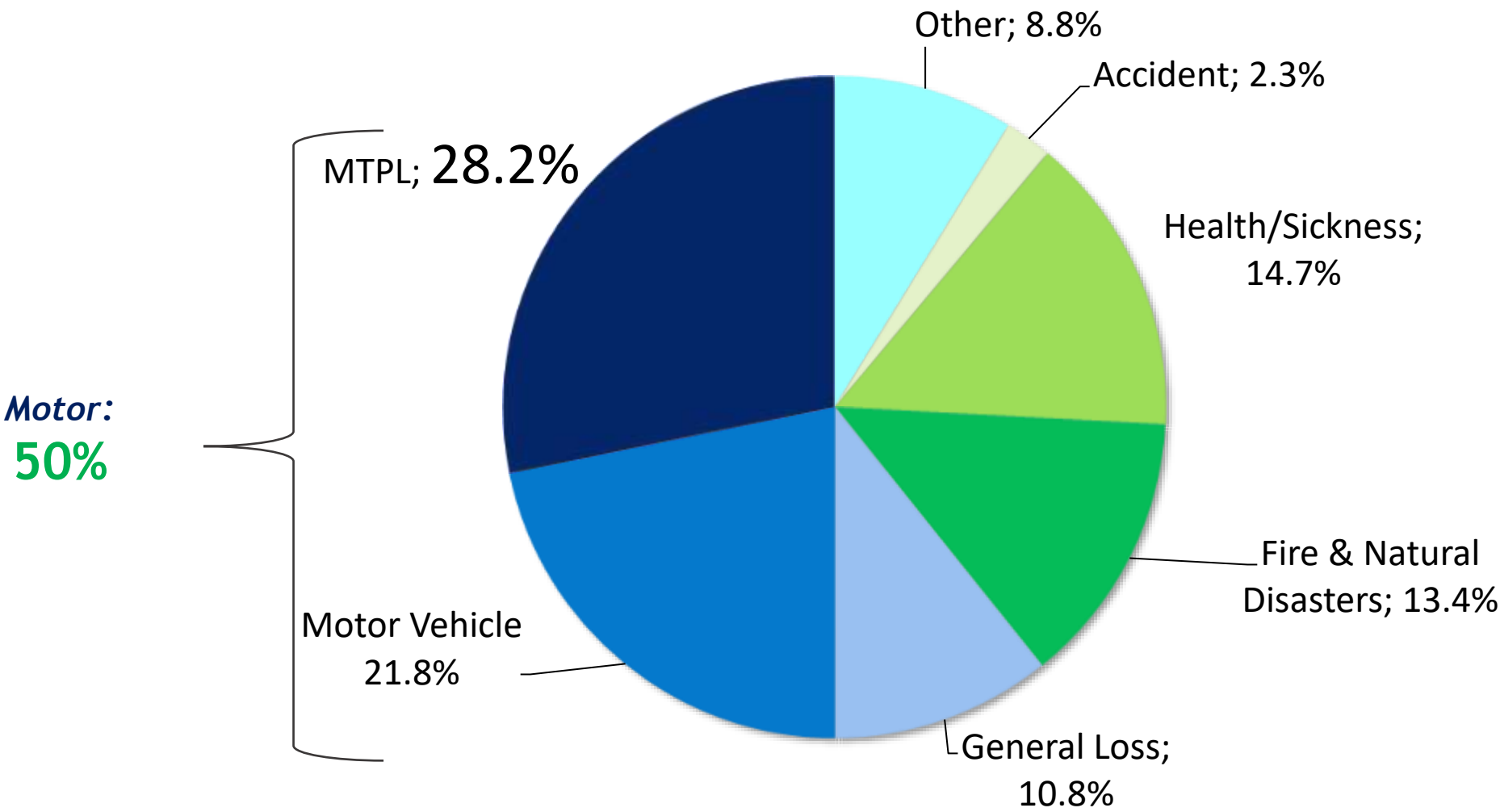
Total paid-capital: 913 Million Euro;

Foreign paid-capital: 519 Million Euro

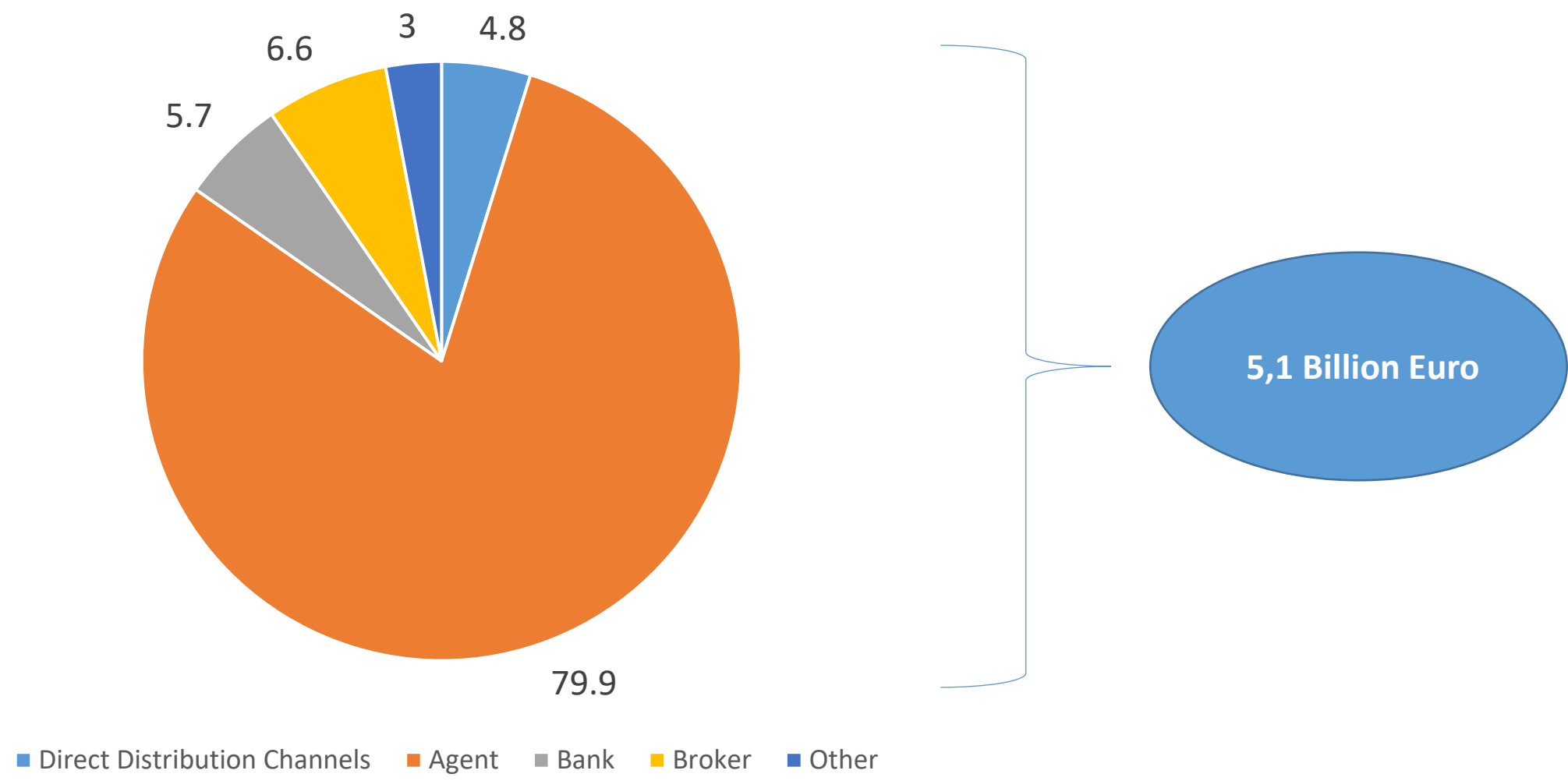
II. Motor Branch in Insurance Sector



DISTRIBUTION OF NON-LIFE PREMIUM PRODUCTION IN 2022



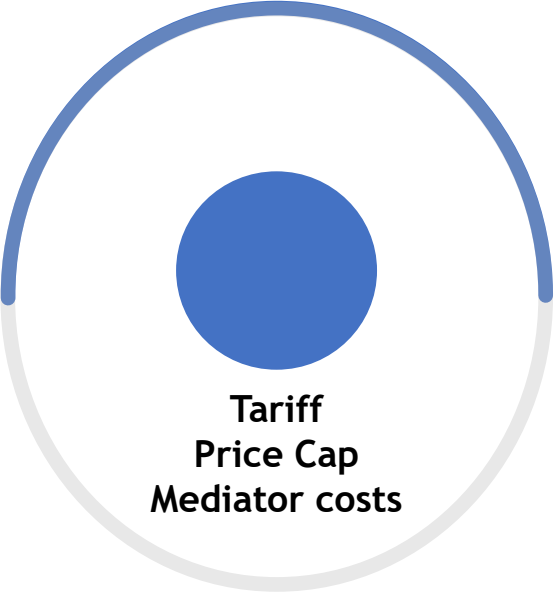
DISTRIBUTION CHANNELS IN MOTOR PREMIUM PRODUCTION IN 2022 (%)



NON-LIFE TECHNICAL RESULTS (2020-2022, Million Euro)

	2020	2021	2022
ACCIDENT	109,1	83,98	96,244
HEALTH/SICKNESS	221,1	169,8	75,563
LAND VEHICLES	251,5	88,15	354,63
TRANSPORTATION	36,25	38,85	45,318
FIRE AND NATURAL DISASTERS	108,7	112,7	119,08
GENERAL LOSSES	35,82	55,39	72,058
MTPL	114	-135	-563,7
GENERAL LIABILITY	-50,9	17,87	38,207
CREDIT	-0,77	2,647	2,2534
SURETY	1,972	6,42	1,302
FINANCIAL LOSSES	3,067	4,567	7,1107
OTHER	24,86	24,75	53,23
TOTAL NON-LIFE	854,7	470	301,4

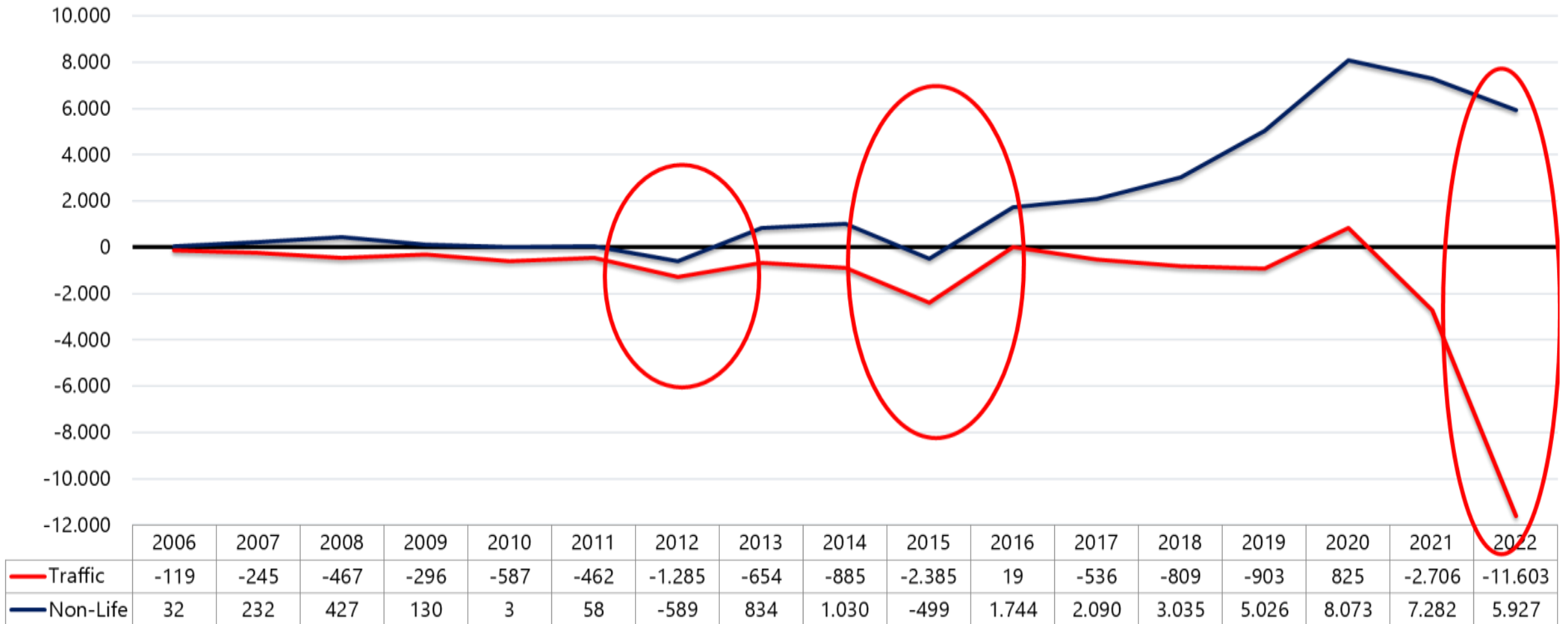
THE EFFECT OF TARIFF CHANGE IN MTPL RESULTS



	<i>Loss Ratio/100 bps</i>	<i>Loss Ratio/89bps</i>
2022/Q2	142%	160%
2022/Q4	114%	128%
2023/Q4	97%	109%

MTPL TECHNICAL RESULTS and TRENDS (2006-2022 Million Euro)

23,1 billion losses in 17 years



REASONS OF LOSS



Traffic Accidents



Tariff
MTPL Price Cap



Issues on the Court
Stages



Regulation Effect

III. Action Plan



MTPL INSURANCE ROADMAP (2023-2025)

- Reducing Traffic Accidents
- Action for the Tariff System
- Action for the Regulation
- Action for the Court/Insurance Arbitration System

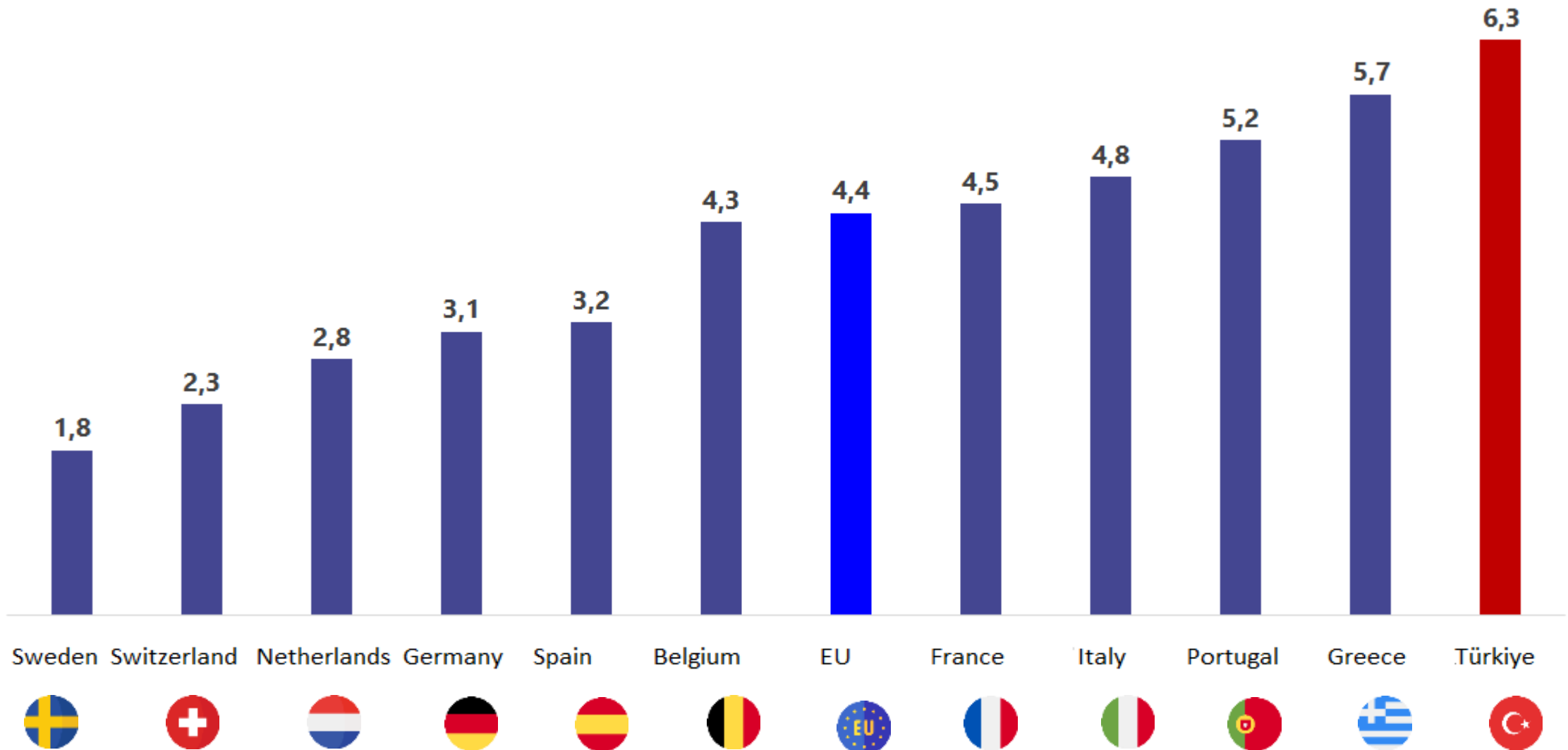
MTPL INSURANCE ROADMAP (2023-2025)

Reducing Traffic Accidents

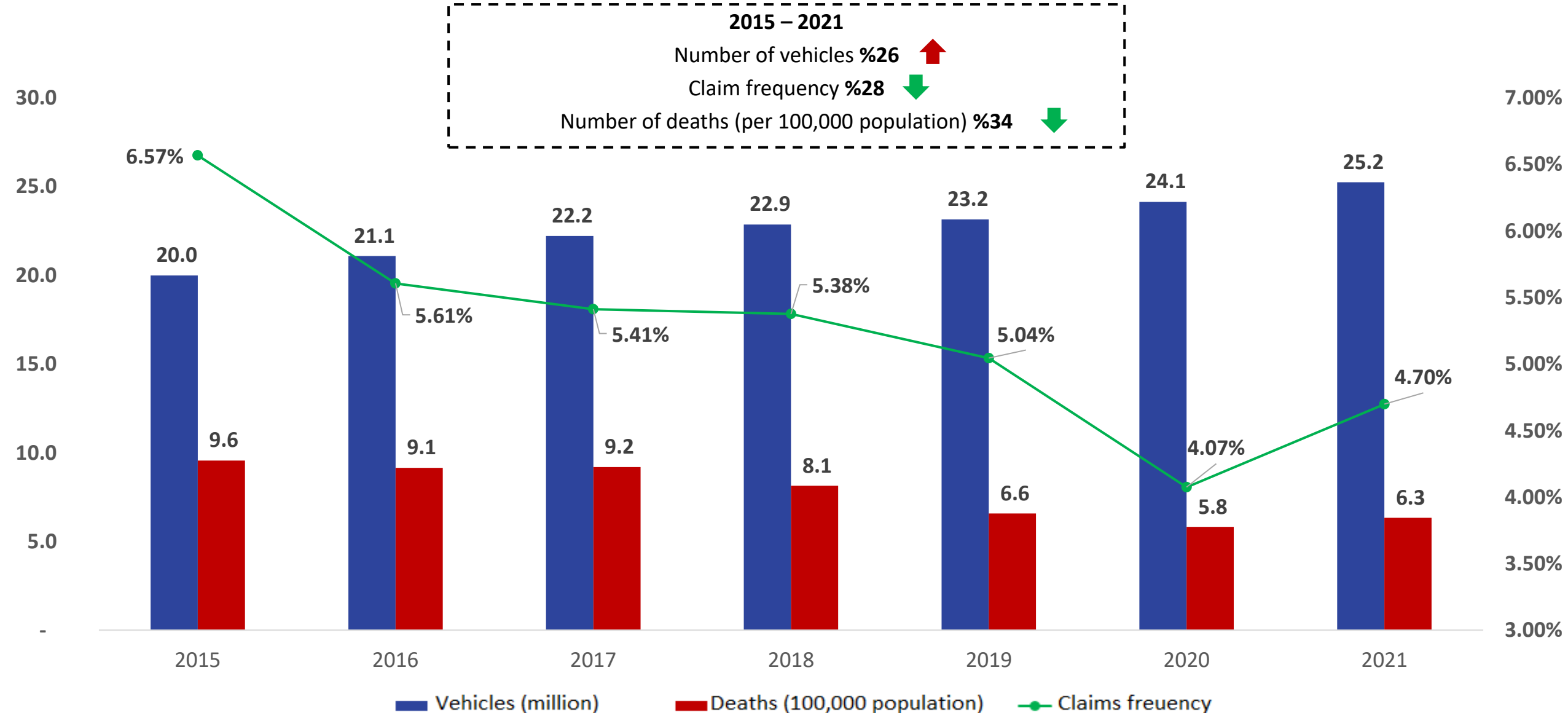
- Training support/rehabilitation of drivers who make frequent accident
- Suspending driving license of drivers who make frequent accident
- Expanding the protocol on the sharing of the bodily injury official reports

NUMBER OF DEATHS BY ROAD TRAFFIC INJURY (per 100,000 population, 2021)

A LONG WAY TO GO...



NUMBER OF VEHICLES, DEATHS AND CLAIM FREQUENCY (2015-2021)



MTPL INSURANCE ROADMAP (2023-2025)

Action for the Tariff System

- Revision of Bonus-Malus System

Introducing a new malus class-0 for accident-prone drivers, a new bonus class-8 for master drivers

- Sharing of drivers' penalty scores for using in tariffs

- Reduce black holes on traffic

- Using penalty points and other drivers' traffic summons in tariffs

- Promoting telematics and smart security systems in vehicles

MTPL INSURANCE ROADMAP (2023-2025)

Action for the Regulation

➤ Driver based insurance

Two types of MTPL insurance: Named driver insurance (premium discount), All driver insurance

➤ Direct compensation for property damage insurance

➤ Liberalisation of the MTPL market

➤ Revoking the premium ceiling and Risky Insureds Pool

➤ Decreasing the rate of Social Security Institution's(SGK) share

➤ Expanding the usage of equivalent spare parts

MTPL INSURANCE ROADMAP (2023-2025)

Other Issues

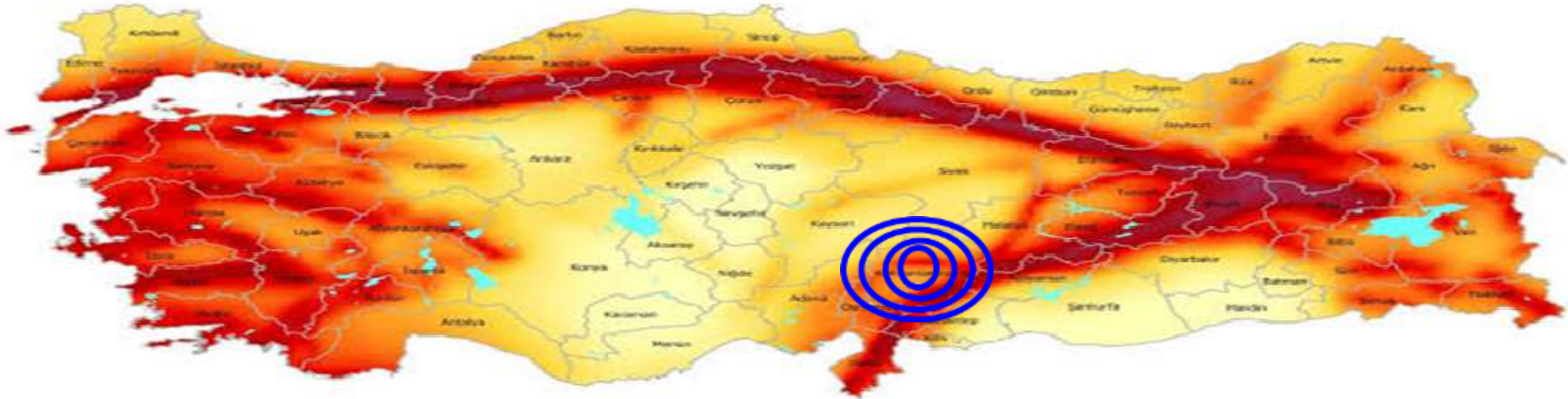
- Premium discount for electric vehicles
- Insurance and claims history certificate for drivers
- Increasing insurance penetration rate in tractor and motorcycle
- Increasing the use of mobile accident report

IV. The Earthquake in Türkiye



COST OF KAHRAMANMARAŞ EARTHQUAKE ON THE INSURANCE SECTOR

Türkiye Earthquake Risk Map



(Data for March 17, 2023)	
Number of policies (1000)	5,393.30
Total Coverage (Billion Euro)	79
Total Coverage – Retention (Billion Euro)	39
Paid Losses (Million Euro)	94
Outstanding Claims (Million Euro)	1,934
Incurred Losses (Million Euro)	2,028
Estimated Total Losses (Million Euro)	3,768

COST OF KAHRAMANMARAŞ EARTHQUAKE ON THE INSURANCE SECTOR

(Data for March 17, 2023)

(Billion Euro)	Non-Life	Life	Total
Estimated Losses Ceded to Reinsurers	3,5	0,1	3,6
Estimated Net Losses	0,1	0,0	0,1
Balancing Provision for the Earthquake ^(*)	0,1	0,0	0,2
Equity	2,1	1,0	3,2
Equity + Balancing Provision	2,3	1,1	3,3

(*) It is expected that the cost of 0.1 Billion Euro will remain on the companies (except reinsurers).

Most of these losses will be covered by balancing provision.

It is estimated that the capital adequacy impact of remained losses on companies will be just over 4% for non-life companies and less than 2% for life companies. When we include the renewal premiums, capital adequacy impact will exceed 6%.

Thank you...



SİGORTACILIK VE ÖZEL EMEKLİLİK
DÜZENLEME VE DENETLEME KURUMU