

MENEKŞE UÇAROĞLU

IUC GROUP

**The loss adjustment lessons learned from
the 2023 Kahramanmaraş Earthquake**

**MAY 2024
BUCHAREST**



MARAŞ EARTHQUAKE AND LESSONS LEARNED

- MARAŞ EARTHQUAKE UPDATE
- LOSS ADJUSTMENT PROCESS
- ACTIONS TAKEN

CITIES	NUMBER OF PAID CLAIM FILES	PAID CLAIMS IN TL	CITIES UNDER STATE OF EMERGENCY CLAIM PAYMENT RATIO
HATAY	80.958	9.436.973.516	%96
MALATYA	72.493	7.408.601.307	%93
KAHRAMANMARAŞ	75.934	5.252.101.695	%93
GAZİANTEP	70.362	3.105.476.525	%96
ADİYAMAN	28.968	2.922.826.859	%90
OSMANİYE	26.123	1.671.001.598	%94
ADANA	40.500	1.548.775.767	%94
ŞANLIURFA	40.775	1.391.232.843	%80
ELAZIĞ	20.960	1.183.578.990	%95
DİYARBAKIR	16.521	709.858.701	%92
KAYSERİ	9.969	308.247.586	-
KİLİS	5.038	145.466.242	%82
MERSİN	2.276	42.740.805	-
NİĞDE	704	40.585.591	-
BİNGÖL	349	22.875.124	-
SİVAS	506	19.557.124	-
BATMAN	508	17.489.874	-
MARDİN	402	11.933.359	-
SİİRT	325	4.787.935	-
AKSARAY	69	2.350.424	-
TUNCELİ	48	1.954.210	-
OTHER	426	6.790.829	
GENERAL TOTAL	494.214	35.255.206.902	%94

POLICIES IN FORCE
1.143.249

TOTAL PAID CLAIMS
35 Milyar 255 Milyon TL





• **MARAŞ EARTHQUAKE UPDATE**

- In a short period of 4 months after the earthquake, TCIP has completed the damage payments of all the houses that we processed within the notifications we received, whose damage documents were complete and could be identified by the Ministry of Environment, Urbanization and Climate Change.
- The work on damage reports received by TCIP continued, and as of April, the compensation payment amount exceeded 35 billion TL in response to 495 thousand claims reported to TCIP.

• MARAŞ EARTHQUAKE UPDATE

STREAMLINING CLAIM ASSESSMENT

- Our Ministry of Environment, Urbanization, and Climate Change continued to work rapidly to conduct damage assessments in the aftermath of the earthquakes we have experienced.
- Ministry of Environment, Urbanization, and Climate Change made the analysis and put QR Code Tickets on buildings to indicate level of damage.



• MARAŞ EARTHQUAKE UPDATE

STREAMLINING CLAIM ASSESSMENT

- In this regard, TCIP, has ensured parallelism between the two institutions in the assessment processes. Accordingly, they have adopted a parametric payment method for claim payments.
- If not, completing approximately 495,000 claim files manually would lead to a process spanning several years.
- Therefore, the following parameters are being applied:

Damage Definition	Claim Payment Ratio
Collapsed, Urgently Demolished, Severe Damages	100%
Moderate Damages	50%
Minor Damages	15%

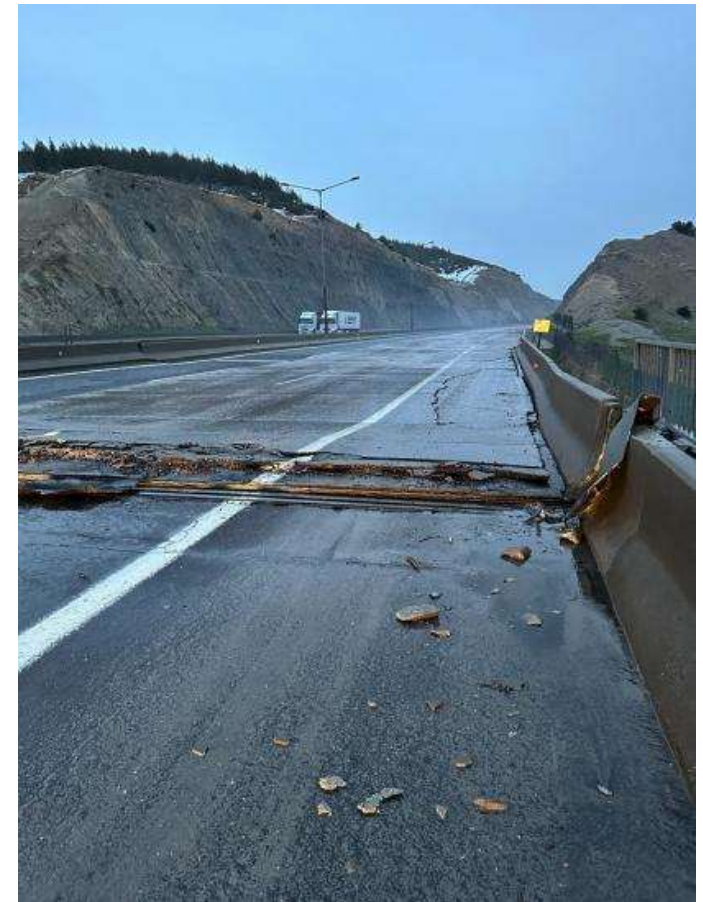


• **LOSS ADJUSTMENT PROCESS**

- Following the earthquakes in Kahramanmaraş, they could calculate the amount of damage compensation to be paid within 48 hours.
- This enabled them to carry out the cash flow planning.
- From august 2020 to april 2024 the payment capacity (reserve + reinsurance protection)of TCIP raised from 25 billion TL to 280 billion TL. This capacity can be utilized twice for two separate earthquakes that may occur within one year.

• LOSS ADJUSTMENT PROCESS

- Loss adjusters were on site for days but it was a huge problem to make inspection on site
- Technology used - drones
- Enviromental obstacles – after shocks



• LOSS ADJUSTMENT PROCESS

- Loss adjusters were on site for days but it was a huge problem to make inspection on site
- Technology used - drones
- Enviromental obstacles – after shocks
- Psychological obstacles
- Problems associated with industrial risks – not damaged equipment in damaged buildings?
- Logistic problems – where to store not damaged property ?
- Lack of human force.





• **ACTIONS TAKEN**

- With the awareness of the responsibility as an Institution, TCIP has taken a major transformation step to include all other types of natural disasters, especially floods, within the scope of TCIP.
- We wait the transformation of Compulsory Earthquake Insurance into Compulsory Disaster Insurance in the second half of 2024. Coverage will be provided for all natural disasters through a single policy.



• ACTIONS TAKEN

INTENTIONAL MISREPRESENTATION ERRORS FOR LOW PREMIUM

- Citizens intentionally provide incorrect information about the square meter of their residences to pay lower premiums for insurance policies issued in order to finalize electricity or water subscription or to make title deed procedures. This situation results in a protection gap in case of a loss.

For example, if you have insured a 100 m² residence with a premium of 300 TL and received coverage of 301,600 TL, in case of damage, this amount will be paid to you after deducting a 2% deductible, resulting in 295,568 TL. However, if you falsely declare the residence as 50 m² and obtain a policy with a premium of 150 TL, you will only receive coverage of 150,800 TL. In the event of damage, after deducting a 2% deductible, you will only be paid 147,784 TL. As a result, while the insured pays 150 TL less premium when obtaining the policy, they incur a loss of 147,784 TL in case of damage.

- Since all housing area data has not been fully digitized, efforts have begun to create a "database" using data compiled from various institutions with both historical and current information. Subsequently, square meter data will be automatically utilized in policy issuance.



• **ACTIONS TAKEN**

UPDATE OF COVERAGE AS OF JANUARY 1, 2024

- As of January 1, 2024, the Mandatory Earthquake Insurance Tariff has been updated. With the changes made:
- The unit square meter price, which serves as the basis for the insurance amount for reinforced concrete structures, has been increased from 3,016 TL to 6,000 TL. Additionally, the maximum coverage amount for a single dwelling has been raised from 640,000 TL to 1,272,000 TL. Furthermore, for the first time in DASK history, inflation protection has been introduced to the coverage of new policies issued after January 1, 2024.
- In summary, for all policies with an effective date on or after January 1, 2024, the coverage amounts will be calculated based on current values. Moreover, the coverage will be under inflation protection, meaning that each month, the coverage will be updated without requiring any additional premium payments, in accordance with the specified inflation rate.

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THANK YOU !



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