# TURKISH INSURANCE MARKET & Motor Third Party Liability - Traffic- Insurance

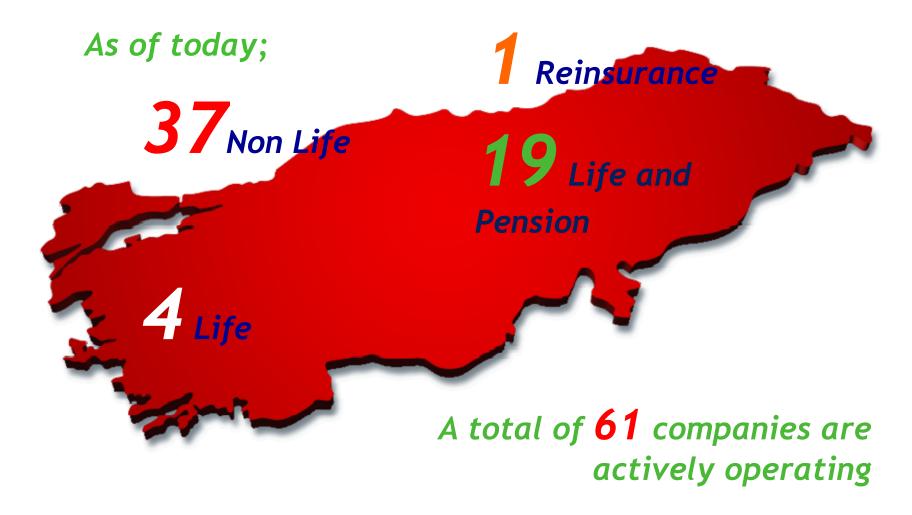
23 June 2016







### Number of Insurance Companies







### Number of employees

## company employees

19.353

Brokers 119

Loss adjusters 1 305

Agents 15 587

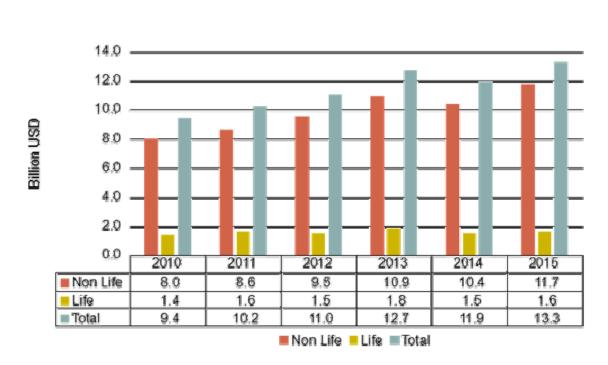
**75.000** employed

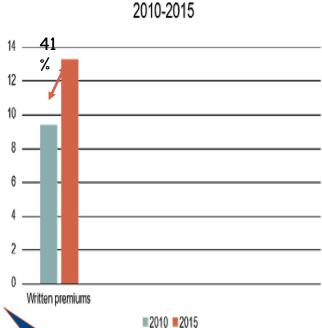




### **Premium Production**

### 2010-2015 Premium Production, Billion USD





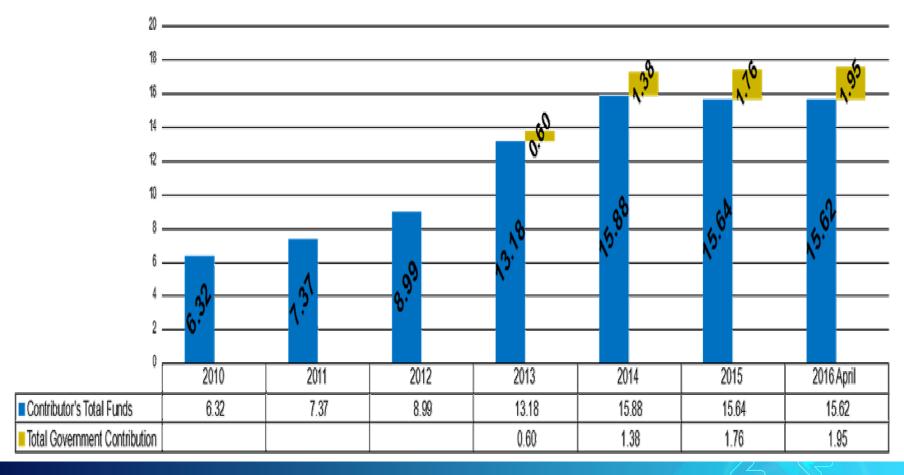
Increase in total premium production between 2010-2015 is % 41 (in terms of USD)





### Size of Private Pension Funds in Turkey

### Private Pension Funds (Billion USD)









# Total Assets of Insurance Companies 2010-2015 (Billion Dollars)







### Foreign Capital in the Market

Share of foreign capital in total paid-up capital

72%

Foreign players in the market:

- Reflecting trust into the Turkish market
- Transfering global practices into the local market
- Enabling insureds to benefit from international novelties and developments







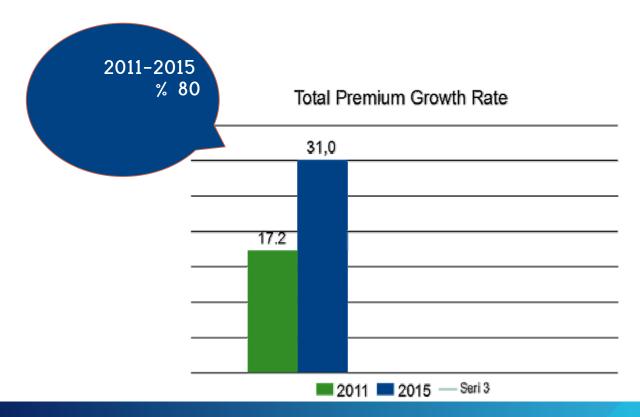
### GWP broken down by branches

TSB, 2015





### A Promising Market:Rapid growth rate









### Claim Ratios of the Main Lines Of Business

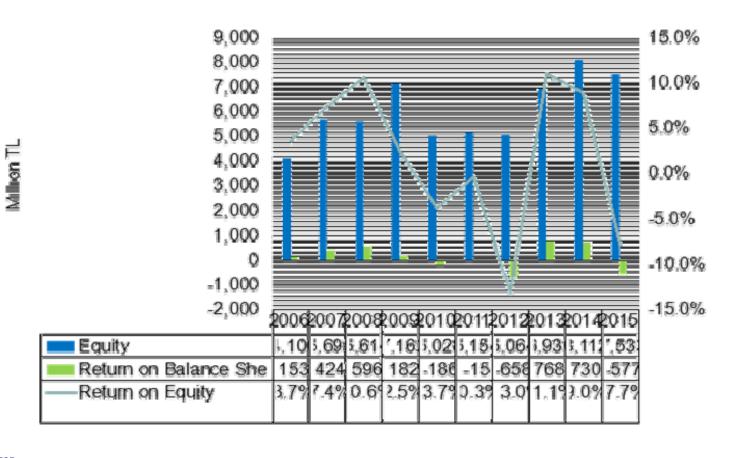
BRANCHES	LOSSRATIO
TRAFFIC	138%
OWN DAMAGE	72%
FIRE	40%
HEALTH	76%
PA	19%
TOTAL	74%





### **Balance Sheet Loss**

### **Equity and Return on Balance Sheet - Non life Companies**



Source: TSB









### General Data

- The number of recorded vehicles was 19.793.995 by October 2015.
- The number of traffic insurance was **15.931.357** by the end of October 2015
- Insurance penetration was %80.48.





### General Data

### According to the Turkish Statistical Institute's data;

In 2014, there happened 1.199.010 accidents, 1.030.498 of them was material damages,

3.524 individuals lost their lives,285.059 individuals were bodily injured.

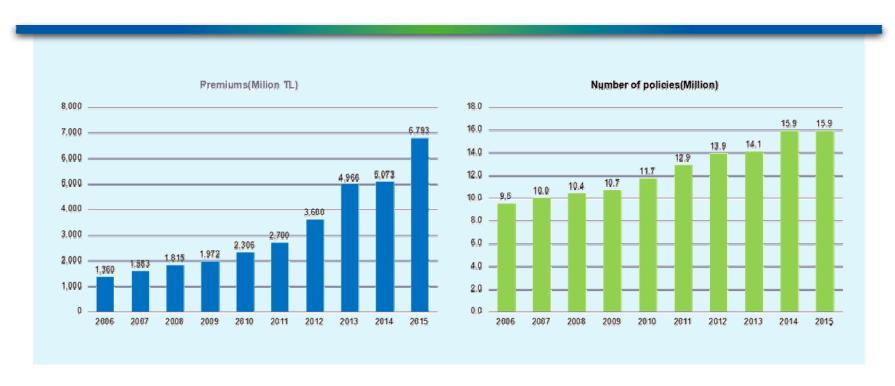
The number of official reports of accidents increased from 491.030 in 2008 to 840.749 in 2014.





### **Growth in MTPL**

The number of MTPL policies and premium production displayed an increasing trend annualy in the past decade



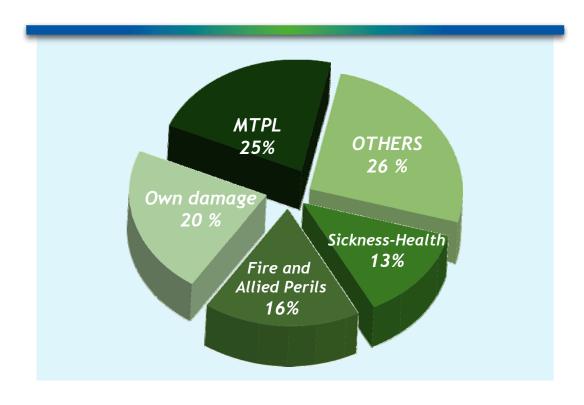






### Share of MTPL in non-life branch

### Share of MTPL in non-life branch has reached to 25 % in 2015



Source: TSB





### Loss in MTPL

In the last decade, companies reported loss in MTPL for each and every single period

Total amount of loss: 2.6 billion USD (7 billion TL)



Source: TSB







### Reasons for making loss in MTPL branch

	Average Frequency(%)	Average Premium(€)	Loss Ratio (%)	Combined Ratio (%)
Turkey(2015/9)	9%	105	%133	%163
EU(2013)	6%	230	%80	%103







### Reason for making loss in MTPL branch Turkey-EU: A comparison of average premiums



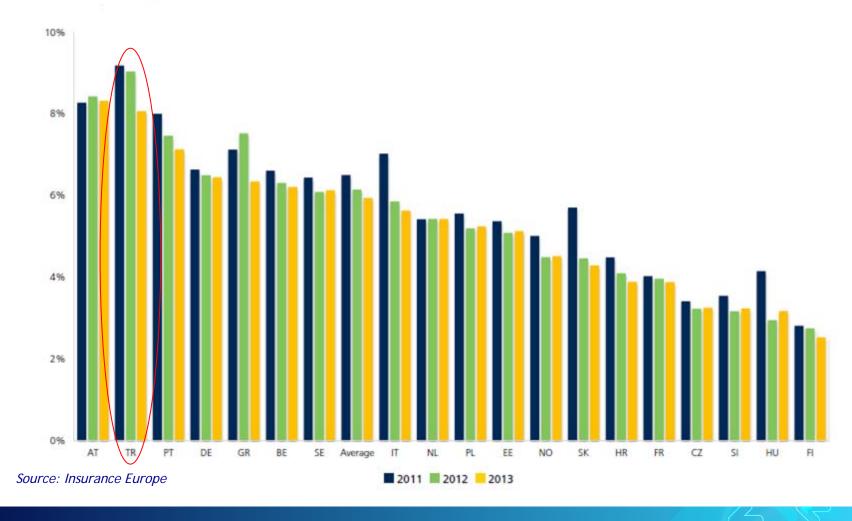








### Reasons for making loss in MTPL Turkey-EU MTPL Claims Frequency







### Reasons for making loss in MTPL Turkey-EU Comparison 2013

	Avg. Freq. (%)	Avg. Prem. (€)
Turkey	9%	110
EU	6%	230

Turkey: One of the **lowest** average premiums and the **highest** frequency



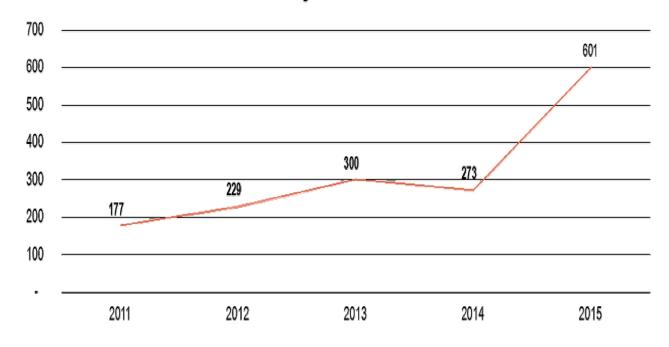




### Reasons for making Loss in MTPL An Increase in Loss Ratio

In the last 4 years, average bodily injury claims increased 311% and material damage claims increased 36% while average MTPL insurance premium increased 54%

### Average MTPL Premium



Source: TSB, SBM





### Reasons making loss in MTPL

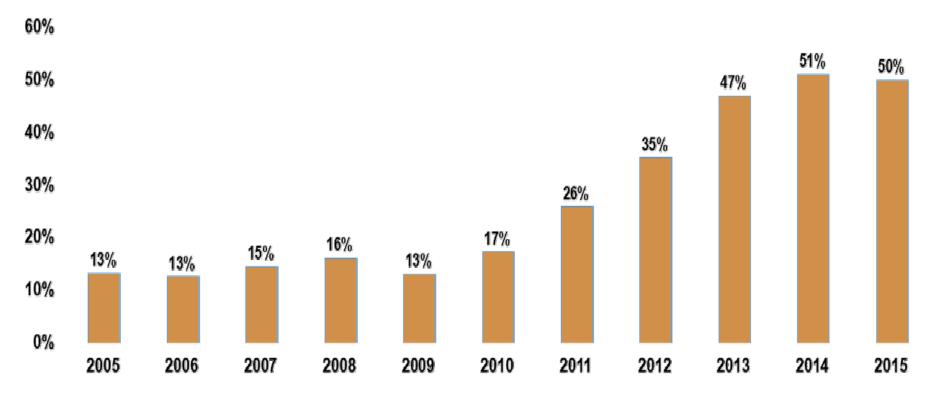
- ☐ Coverages within the scope of MTPL are:
- Material Damage Coverage
- Health Expenses Coverage
- Permanent Disability and
- Loss of Support (Death) Coverage
- Varying interpretations due to lack of clarity in the definitions and coverages of the indemnities provided under MTPL
- Lack of a standard calculation method
- Retroactive court decisions





# Reasons for making loss MTPL Share of Bodily Injury Claims in Total Incurred Claims

### Share of bodily injury claims has rapidly increased in total sums paid



Source: TSB

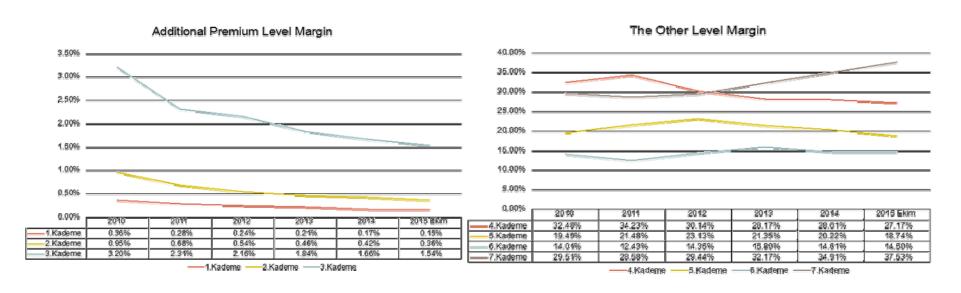






### Importance of Free Tariff System

# Motor Third Party Liability Insurance provides driving safety to prevent traffic accidents by deterrent effect of Premium increase.









# Importance of Free Tariff Implementation of Maximum Premium

Sample of operators who benefited from the latest intervention into the tariff system:

TYPE OF VEHICLES*	FREQUENCY		
	2 and more	3 and more	4 and more
TRUCK	6.960	1.988	684
PICKUP TRUCK	7.155	969	187
MINIBUS (10-17 SEAT)	2.401	547	150
BUS (18-30 SEAT)	1.393	329	100
BUS (31 AND MORE SEAT)	706	100	21
TAXI	518	82	16
TOTAL	19.133	4.015	1.158

<sup>\*:</sup> In 2015, renewed policy of damaged group frequency.





# Importance of Free Tariff System Implementation of Maximum Premium

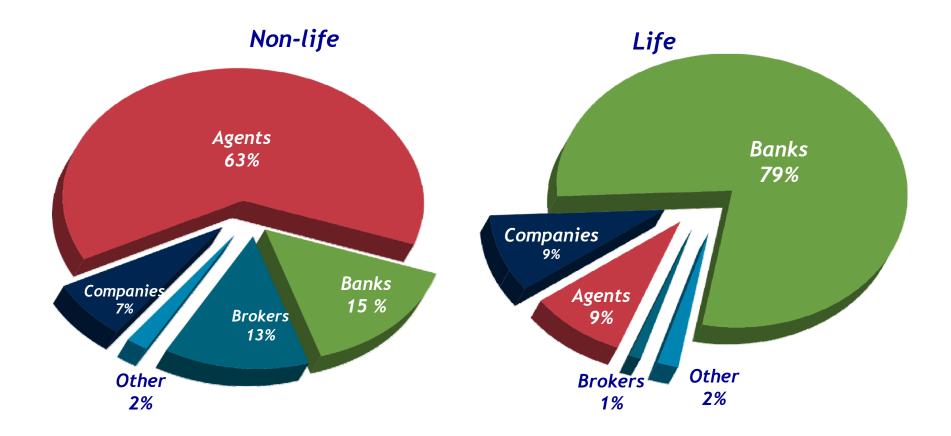
Type of Vehicles		2014 number of damage		2012 number of damage	2015 Premium Price
TRUCK	1				5.940
TRUCK	3	7	7	6	7.605
TRUCK	2	1	2	3	4.860
TRUCK	1	8	4	4	5.940
TRUCK	2	4	8	3	7.605
TRUCK	1	3	3	6	11.858
TRUCK	2	3	2	2	7.605
TRUCK	2	2	8	2	1.512
PICKUP TRUCK	2	2	2	2	3.930
TRUCK	2	4	2	2	5.940
TRUCK	3	6	3	2	7.475
TRUCK	1	1	6	3	6.882
TRUCK	1	4	6	1	7.475
PICKUP TRUCK	1	1	1	1	2.500
TRUCK	3	5	5	2	9.800
TRUCK	1	6	1	4	5.940
PICKUP TRUCK	3	2	2	3	3.930
TRUCK	1	2	2	2	7.069
TRUCK	2	1	1	1	5.031
TRUCK	3	7	2	2	7.475







### Distribution Channels by GWP



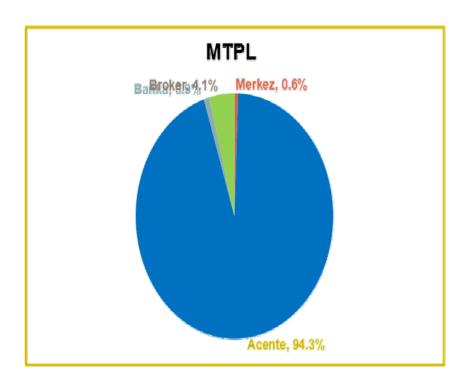
TSB, 2015

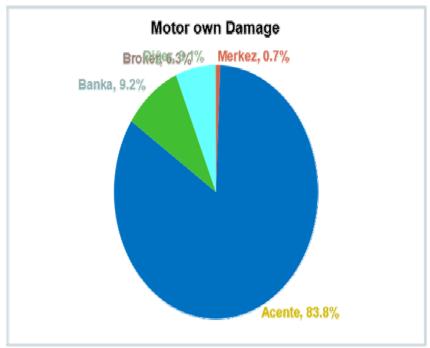






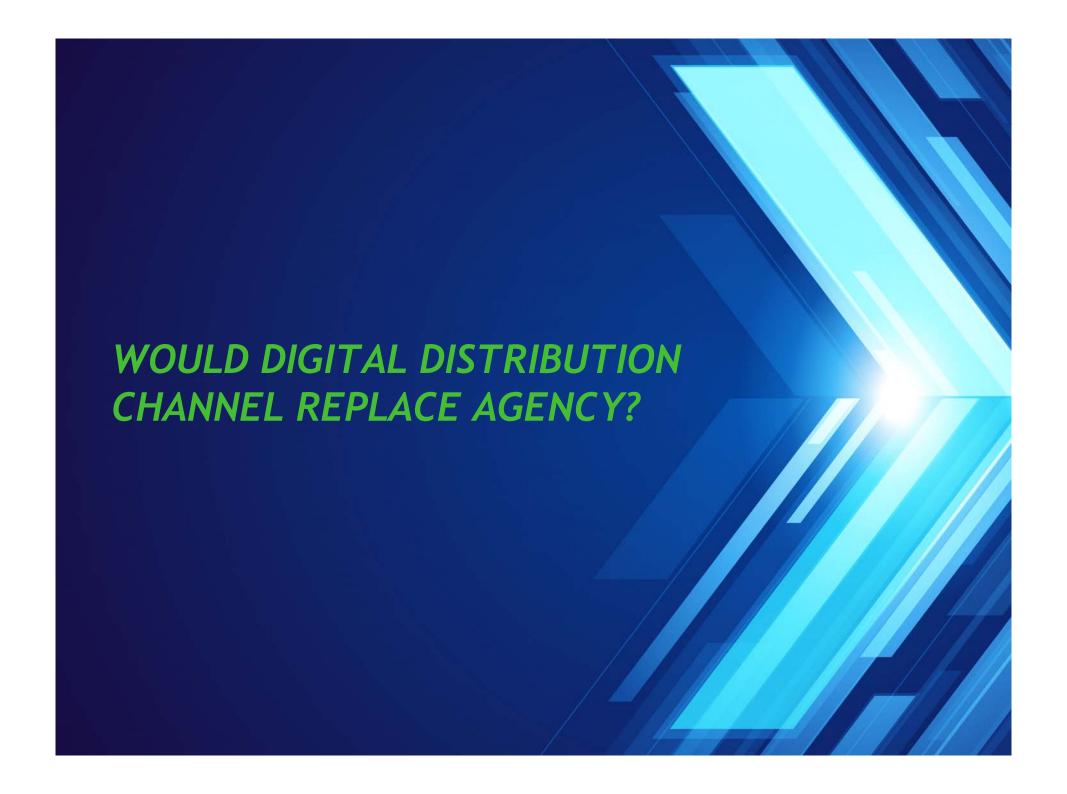
# Earned Premium of Distribution Chanels of Motor Own Damage and MTPL (2015, End of year)











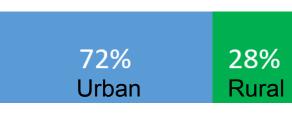
### We Have to Use Digital Channels!

### **Turkey**

78,741,053

Total Population





35.990.932
INTERNET USERS





36.000.000 Facebook Users





68.000.000

MOBILE ACCOUNTS





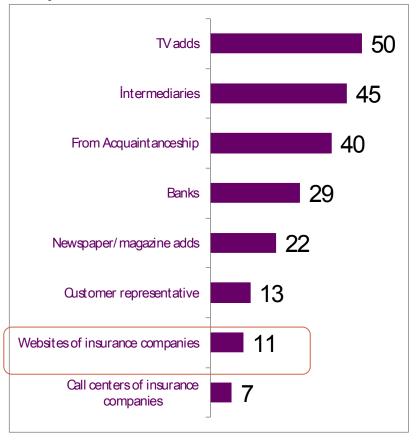
Source: US Census Bureau, InternetWorldStats, Facebook, ITU





### Information Channels

### Information Channels



### **Purchasing Channels**

% 68 intermediaries

% 27 branch offices of banks

Kaynak: IPSOS Sigorta/BES Segmentasyon Araştırması 2015







### Digital Distribution Platforms in Turkey

- Online distribution channels are developing in Turkey in the past years
- However, people use digital platforms to take information and to compare prices
- Only 6% of people who consider having insurance, actually purchase insurance through digital platforms

Kaynak: IPSOS Sigorta/BES Segmentasyon Araştırması 2015





### Digital Distribution Platforms in Turkey

