

AIIF 2015
Azerbaijan International
Insurance Forum
23 – 24 June, 2016

Bancassurance in Turkey

Menekşe Uçaroğlu
IUC

Content

1. Presentation of IUC
2. History of Bancassurance in Turkey
3. Basic Question : How to make the Bank perform ?
4. A Real Example From Turkish Market

IUC is a management and Consultancy Services Group which operates in area of insurance business and is established to add quantifiable value to

- Reinsurance & Insurance Broking
- Claims Handling
- Network & Product Services
- Training Processes of Insurance Business
- Loss Adjusting

IUC
Insurance & Reinsurance Broking

RePSConsulting

 benefit global


ISTANBUL UNDERWRITING CENTER



We present our services via 5 different brand and company organisations. IUC is based in Istanbul, Turkey and has a representative office in Bakü, Azerbaijan and in Sofia, Bulgaria

IUC

2. History of Bancassurance in Turkey

History of Bancassurance

Ancient World

- Chinese and Babylonian traders
- Rhodes created the 'general average'

Medieval Era

- First insurance contract in Genoa in 1347
- The first printed book on insurance was written in 1488

Modern Insurance

- Developed in London in 17th century
- Property insurance can be traced to the Great Fire of London
- First life insurance policies in the early 18th century

In the early 70s,

- France ACM (Assurances du Crédit Mutuel) and Vie et IARD (life and general insurance) partnership

In the early 80s,

- BANCO DE BILBAO Group acquired a majority stake in EUROSEGUROS SA, an Insurance and Reinsurance company
- The real pioneers were the British with the creation of Barclays Life in September 1965

In Europe, Germany and Italy took much longer to get involved, as did Asia

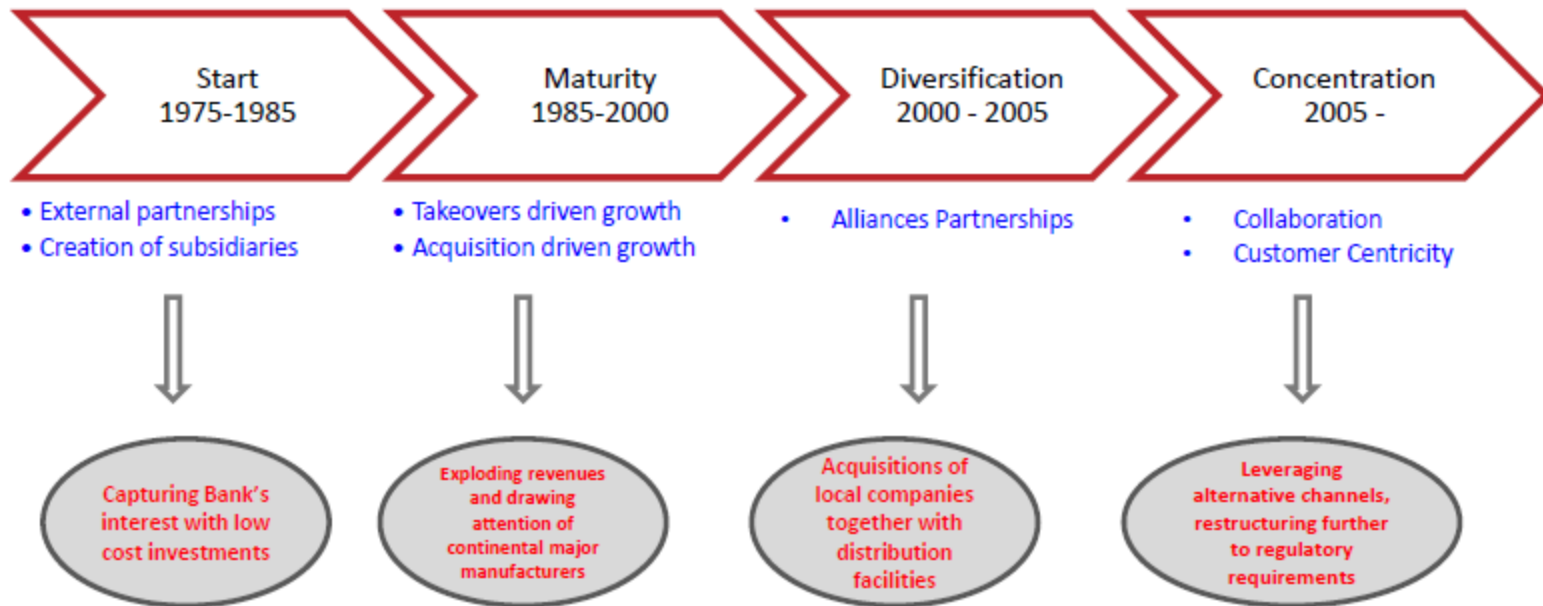
In 2003,

- Bancassurance began to attract existing Korean banks after government authorization

In 2004,

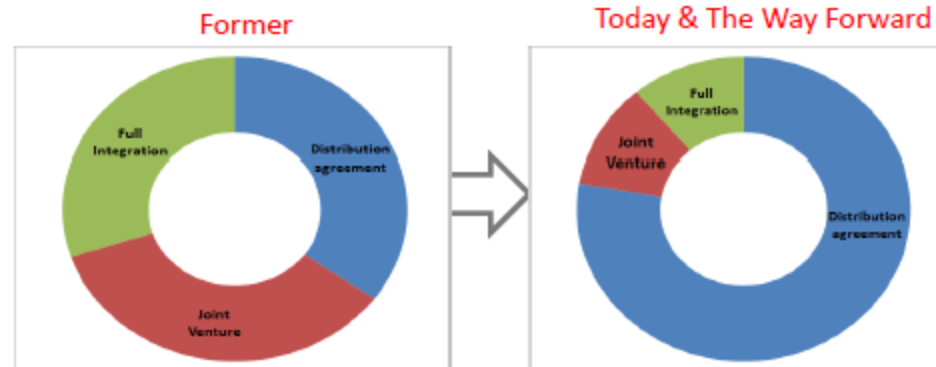
- Fortis signed a contract in Thailand with Muang Thai Group for life and non-life policies

Historical Development



* The major gap, in the first three interval phases was « Customer Centricity»

BancAssurance Model



Roles	RESPONSIBILITY	
	Former Model	Today's Model
Product		
Sales		
Process		
Performance		

BANK INSURER

- *Banks sold out their subsidiaries or minor shares to Top Insurers together with 10-15 years distribution agreement*
- *Regulators required to manage insurance like core product in the Bank*
- *A dedicated insurance product teams were established in the bank*
- *Full collaboration with Insurer(s) is the key requirement to provide Need Base Sale proposition*
-
-

What are the benefits to Bank/Insurer/Customer in the new model ?

Customers

One point for financial service

Simplified / Compliant premium payment method

Brand

Banks

Topping up financial proposition, by protection and wealth management

Empowering customer engagement

Alternative revenue without capital allocation

Insurance Companies

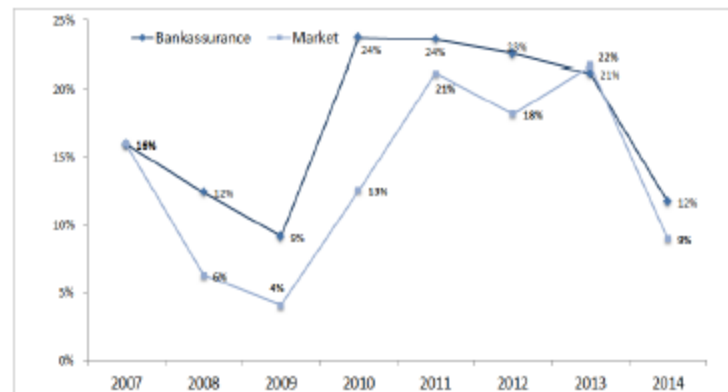
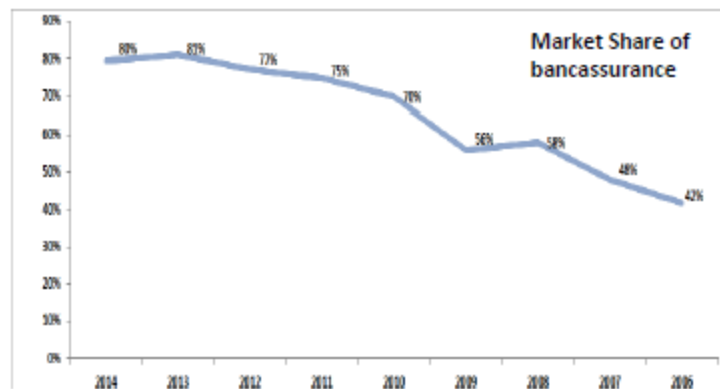
Leveraging the bank's brand

New Customer Data

Ability to distribute innovative product

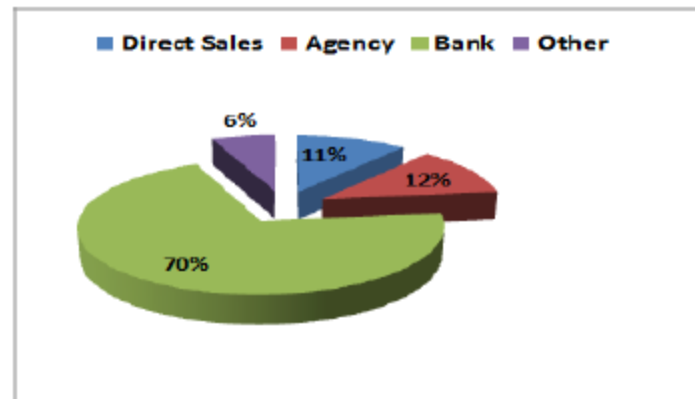
Bancassurance – Life & Pension Insurance in Turkey

LIFE



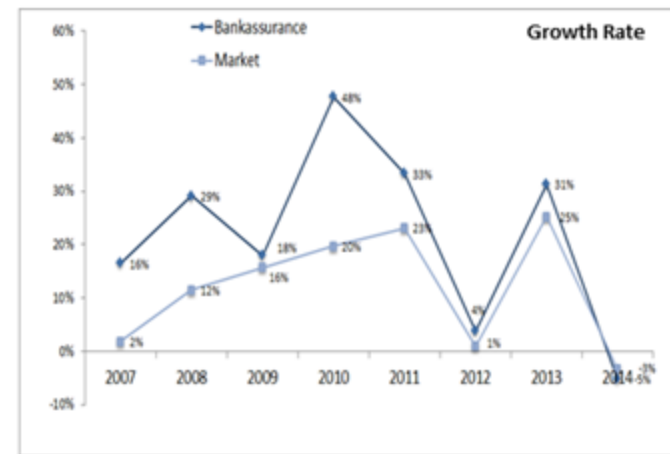
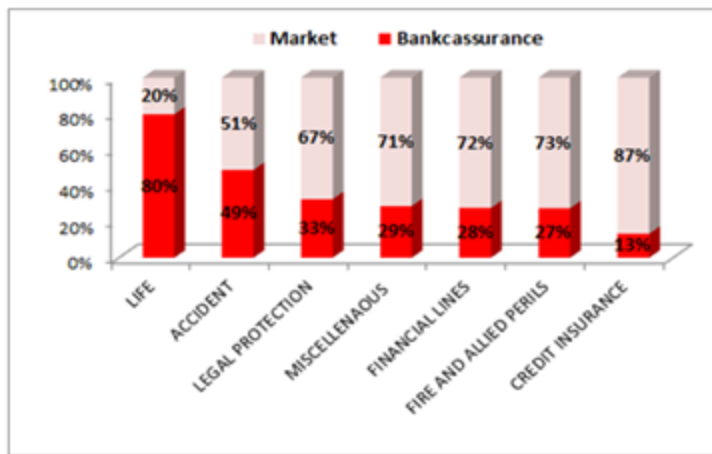
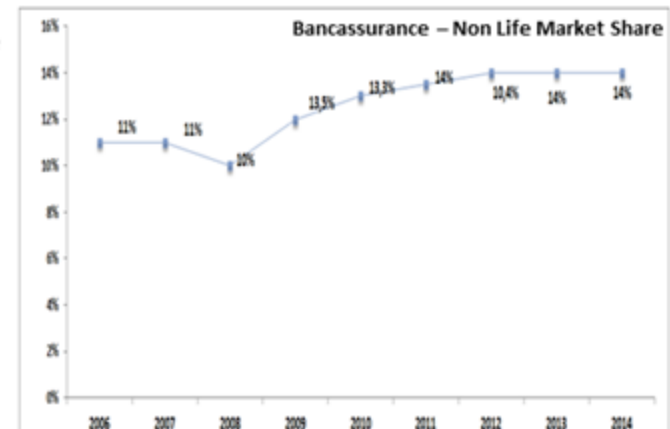
- Bancassurance has captured 80% market share in life with a sustainable growth since 2006
- Credit Life has 67% share in total life portfolio, 83% of new policies (as end of 2013)
- Due to strong pension proposition, Life and Investment portfolio is shrinking.

CONTRIBUTIONS ACCORDING TO DISTRIBUTION CHANNEL AND PAYMENT PERIOD OF CONTRACTS (2014)



Bancassurance – Non-Life Insurance in Turkish Market

- Bancassurance market share is 14% and has a tiny increase since 2006
- Growth line, since 2006, is similar with the market
- Personal Accident, Property Damage are the driver products of the Bancassurance revenue.
- Financial Lines and Trade Credit Insurance had grown significantly faster than market during the last three years



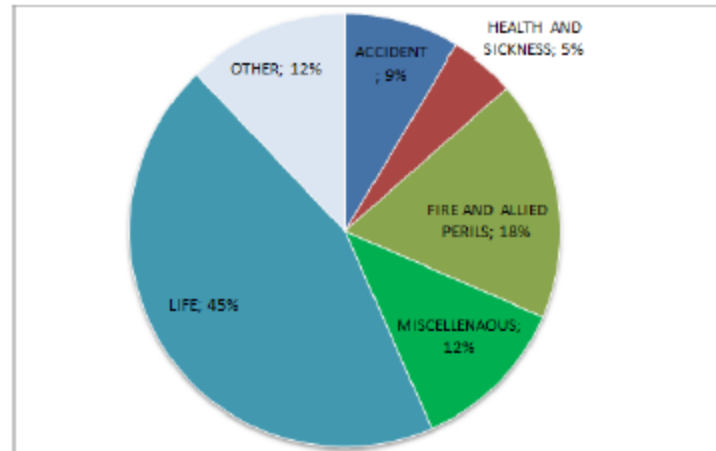
Bank Distribution Channel in Turkish Market

Market share of bancassurance

	Bank distribution channel penetration in market
LIFE	80%
ACCIDENT	49%
LEGAL PROTECTION	33%
MISCELLANEOUS	29%
FINANCIAL LINES	28%
FIRE AND ALLIED PERILS	27%
CREDIT INSURANCE	13%

- Banks are dominating Accident and Life premium production in Turkish Insurance Market with 49% and 80% respectively

Bank Channel Product Penetrations



- Life is the dominant product in bancassurance channel by 45% followed by Fire & Allied Perils with 18%

3. Basic Question for an Insurance Company

How to make them perform



HOW TO MAKE THEM PERFORM ?

- SPECIAL BANCASSURANCE DEPARTMENT
- FREQUENT VISITS AND PROBLEM SOLVING
- INNOVATIVE PRODUCTS
- ABILITY TO ADAPT TO THEIR SPEED – IT, MARKETING ETC
- ABILITY TO ADAPT TO THEIR OPERATION
- EASY TO EXPLAIN & SELL PRODUCTS !

- WHY THEY WANT TO SELL ?

- OWNERS OF INSURANCE COMPANIES
- NON-RISKY OPERATIONAL INCOME –
PRESSURE OF PROFIT
- BETTER TECHNICAL RESULTS – HIGH
COMMISSION
- NO COLLECTION PROBLEM
- BENCHMARKING AND COMPETITION

HOW THEY SELL ?

- BANK BRANCH REPRESENTATIVES
- ATM
- CALL CENTER
- CREDIT LINKED

OBSTACLES ?

- ANONYMOUS CLIENT
- CROSS-SELLING ? UP-SELLING ?
- LACK OF DIRECT CONTACT IN CASE OF CLAIM
- LOW RETENTION

4. A Real Example From Turkish Market



A REAL EXAMPLE FROM TURKISH MARKET

- A Network & Product Services Company established in 2008
- Special products designed for bancassurance
- 2,000,000 policy holders from 23 Insurance Companies & Banks

THANK YOU