

*Consumer Protection & Data Protection Regulations:
Challenges for a developing insurance industry*

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Agenda

- I. An overview of Turkish Insurance Industry***
- II. Consumer Protection in Insurance Regulation***
- III. Data Protection Act***

An Overview of the Insurance Sector in Turkey

Number of Insurance Companies: 63

<i>Non-Life:</i>	<i>39</i>
<i>Pension and Life</i>	<i>22</i>
<i>Reinsurance:</i>	<i>2</i>

Total Assets*: 143,8 bln TL (40,5 bln USD)

Premium Production:

2016: 40,5 bln TL (11,5 bln USD)

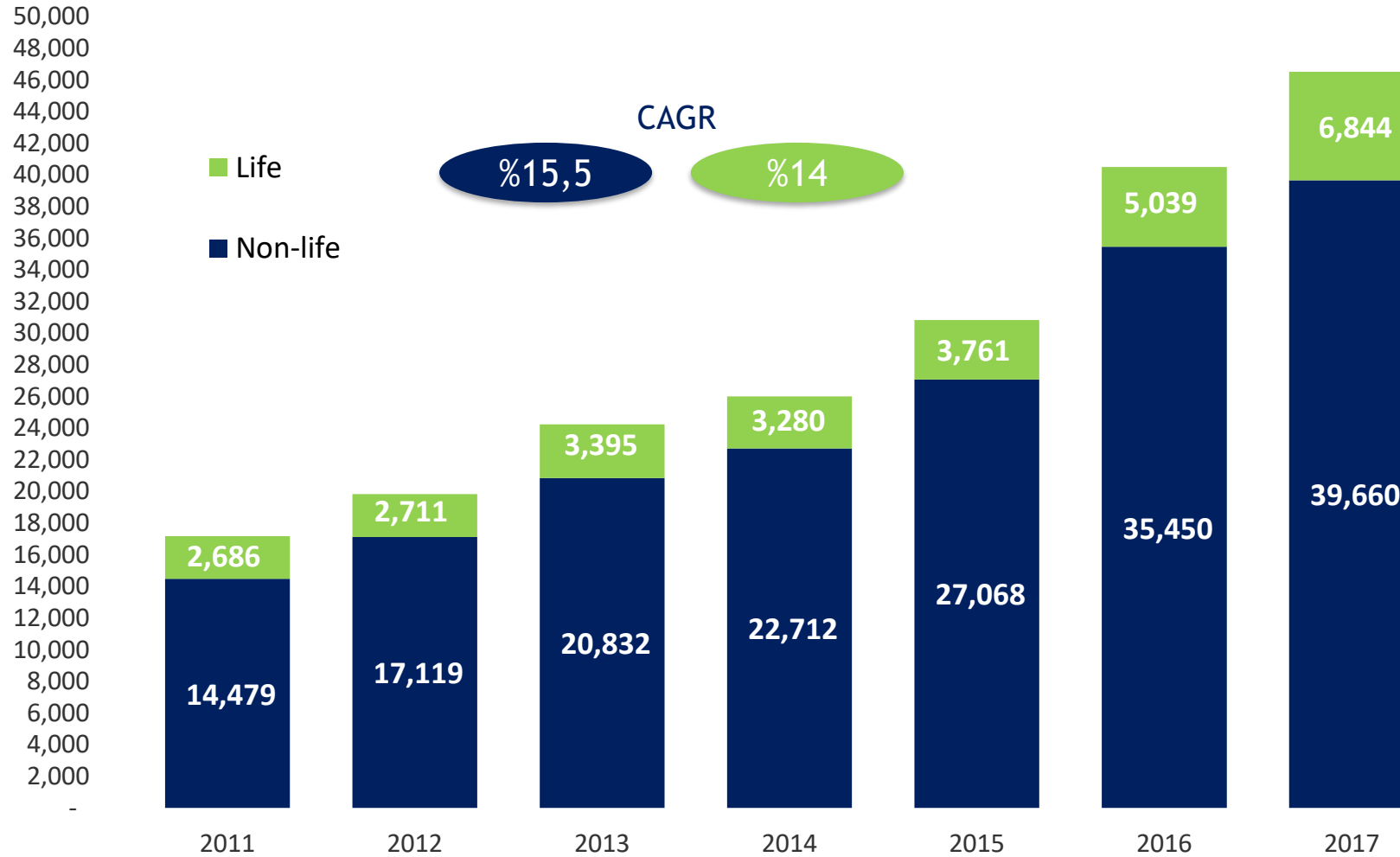
2017 : 46,5 bln TL (13,1 bln USD)

14% ↑

*2017/Q3

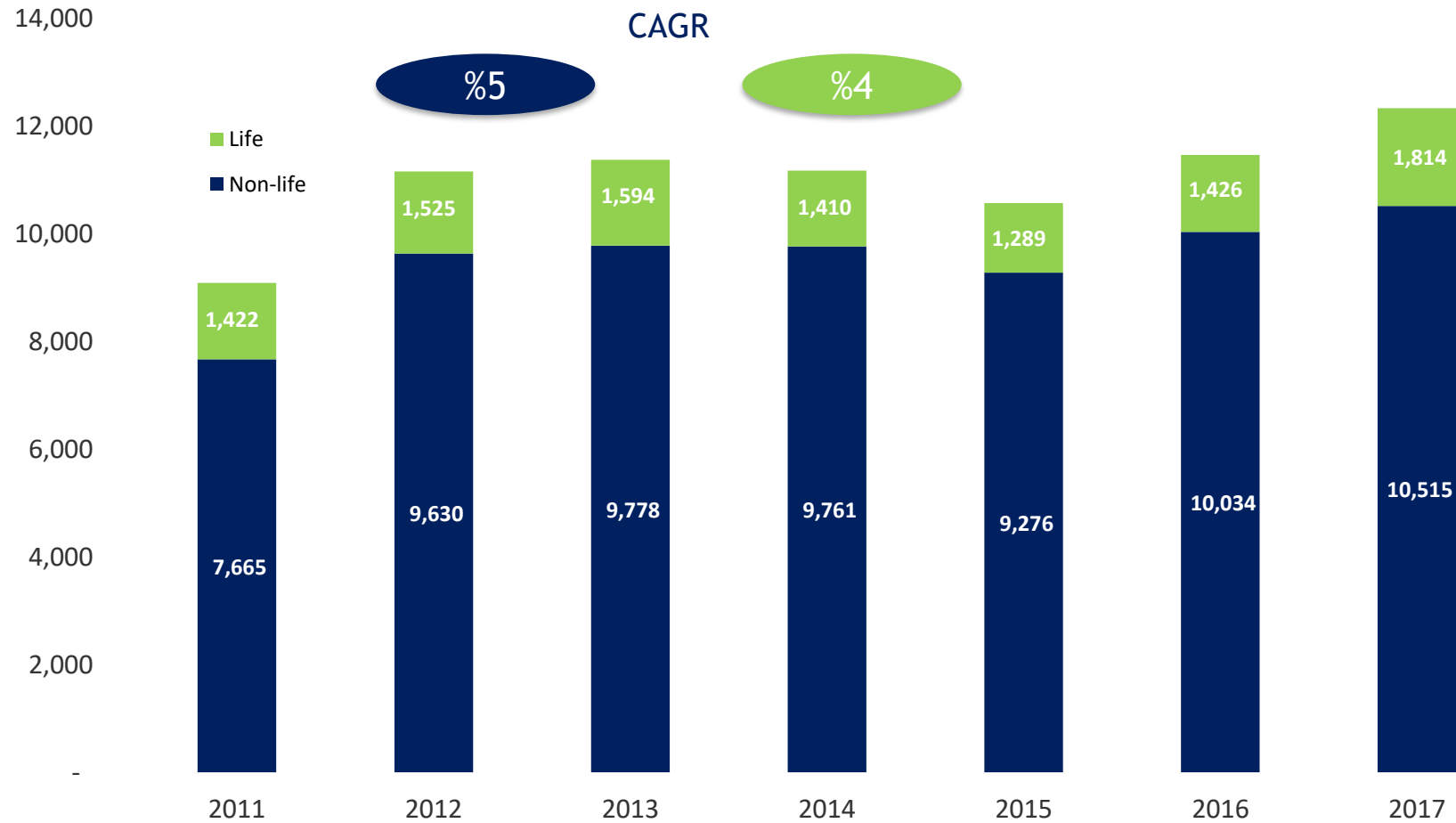
Premium Production (2011-2017)

million TL



Premium Production (2011-2017)

Million USD



Private Pension System

Auto-enrollment

Total Funds in Pension System : 2 bln TL (540 mln USD)

Number of Participants : 3,5 mln

3rd Pillar

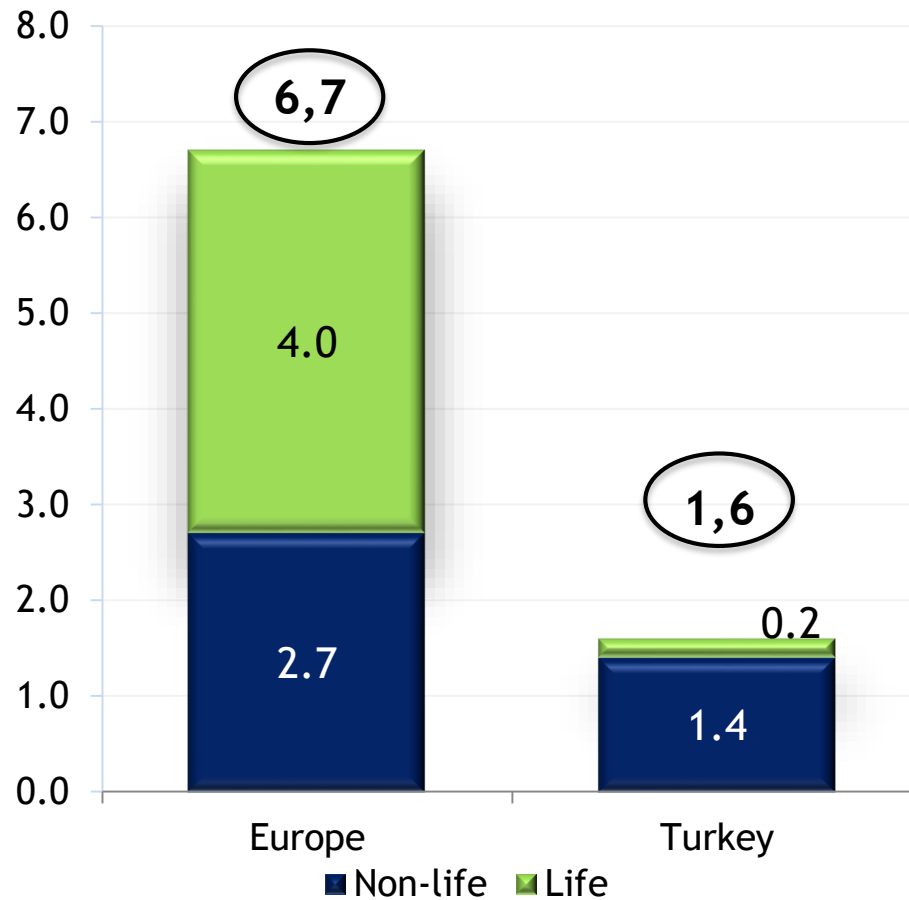
*Total Funds in Private Pensions: 79,2 billion TL
21 bln USD*

Number of Participants : 6,9 mln

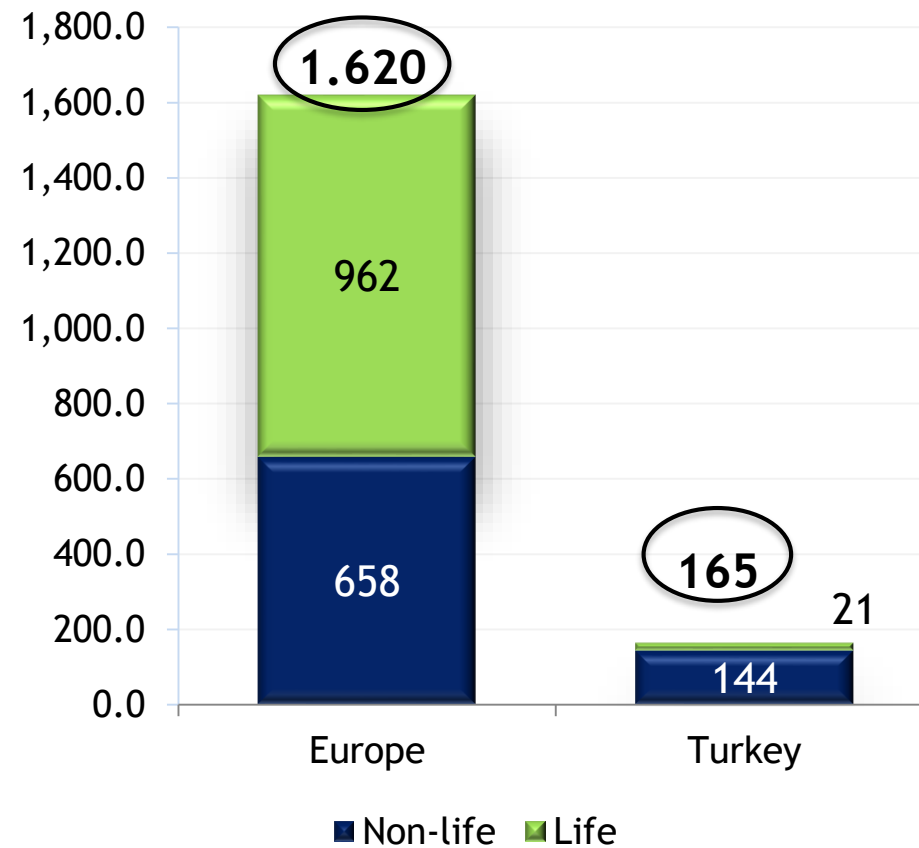
Source: Pension Monitoring Center, 26 January 2017

Penetration & Density

2016 - Insurance Penetration Rate(%)

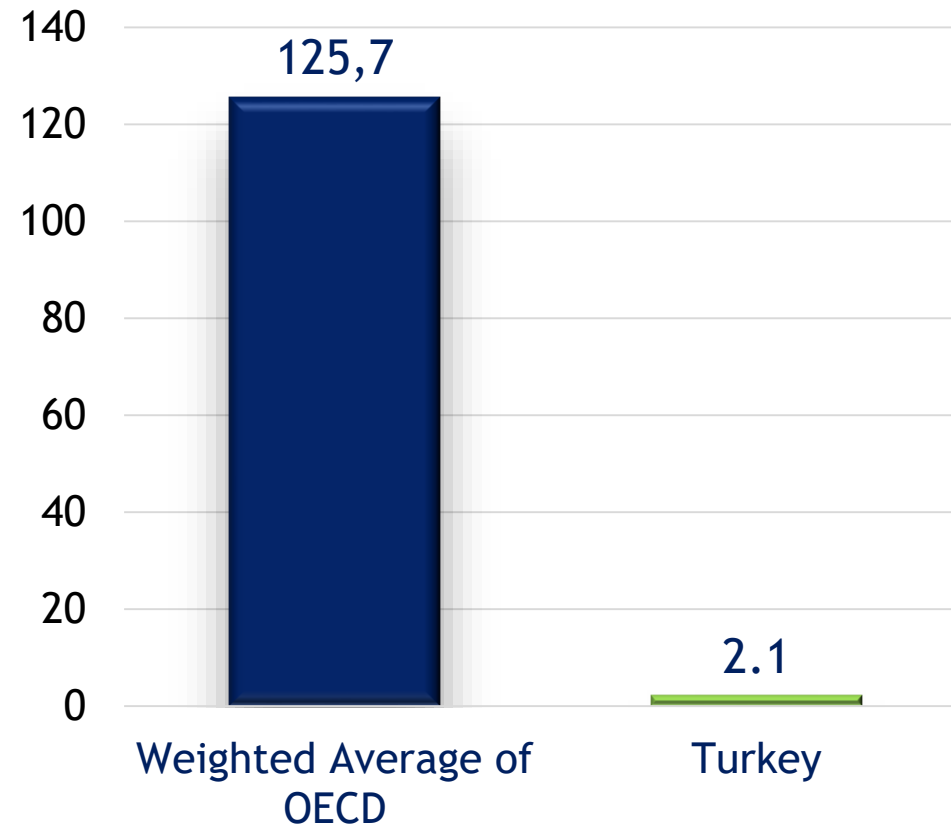


2016 - Insurance Density(\$)



Source: Sigma No3/2017

Private Pension Funds/GDP(%) - 2016



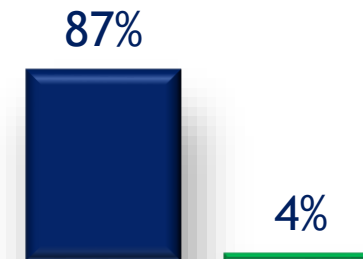
Source: OECD 2017, Pension Markets in Focus

Banking vs Insurance

Assets, 2016



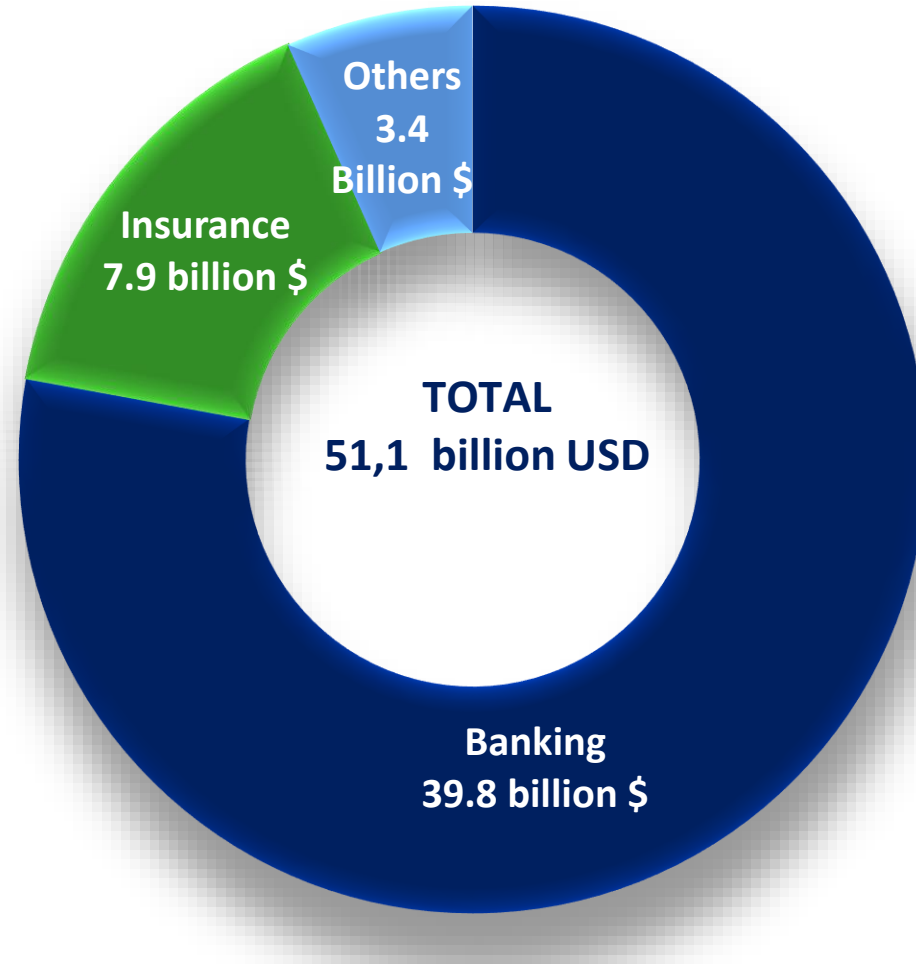
Shares in the financial system



■ Banking

■ Insurance

Foreign Direct Investment (2017)



Source: TCMB, Balance of Payment Statistics, September 2017

Providing Coverage for the Economy

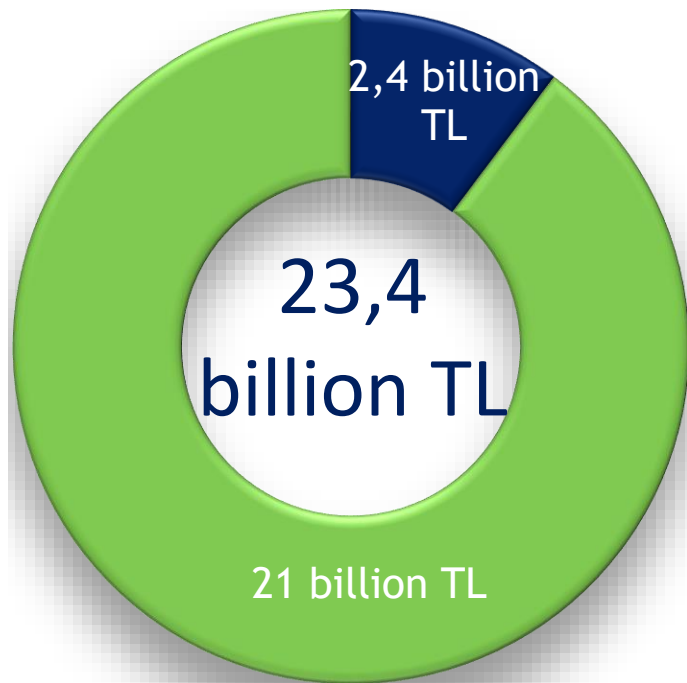
35 times of GDP, 90 trillion TL (25,5 trillion USD)



Source: Undersecretariat of Treasury, Insurance and Private Pension Report 2016

Payment for the the Losses

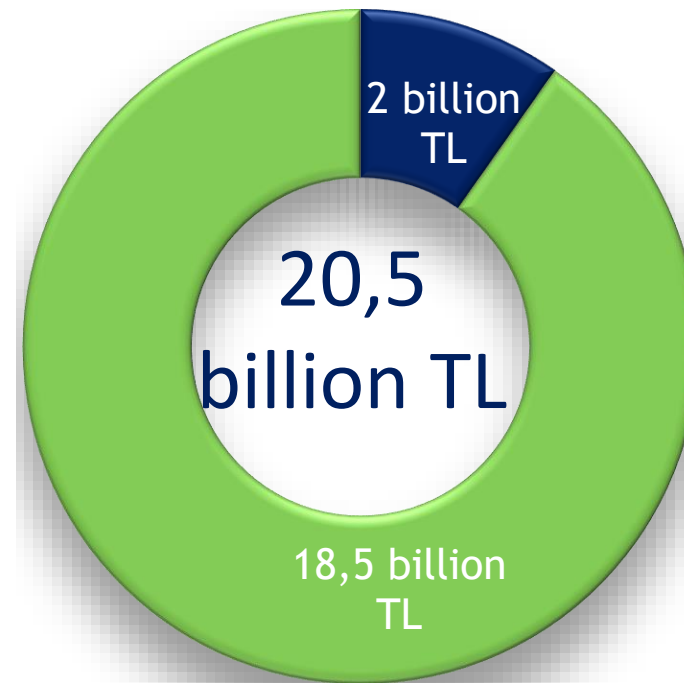
2016 Incurred Loss



6,6 bln USD

- Life
- Non-life

2017/9 Incurred Loss



5,8 bln USD

- Life
- Non-life

Claims in Credit Life Insurance

In Credit Life Insurance;

	2016	2017 (September)
<i>Insureds</i>	74.000	40.000
<i>Incurred Loss</i>	1,1 Bln TL (0,32 bln USD)	800 MlnTL (0,22 bln USD)



173 Million TL
(48,7 mln USD)

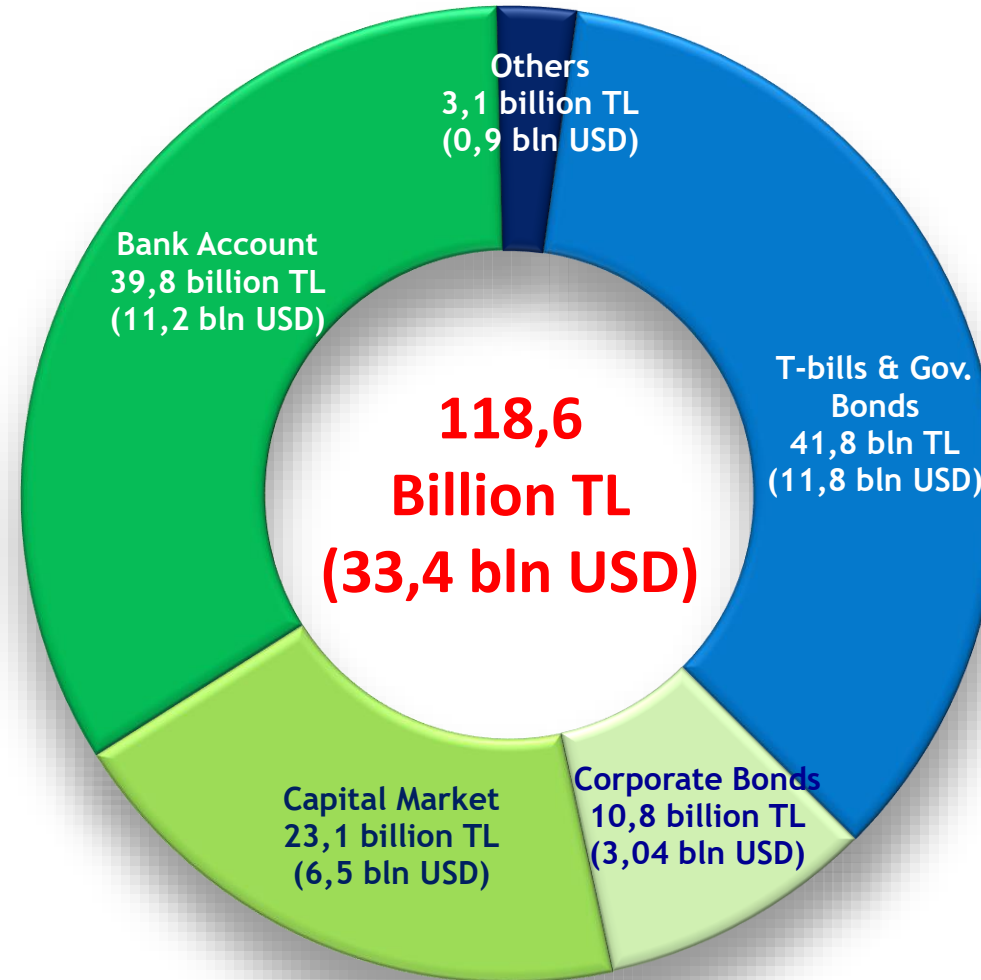
2000-2017



4 Billion TL
(1,13 bln USD)

2006-2017

Funds - bln TL (2017/Q3)



Source: Takasbank - 30/09/2017, Balance sheet2017/Q3

II. Consumer Protection in Insurance Regulation

- Consumer: relatively new in Turkish legislation
- 6502 CPA enacted in 2014
- Replaced earlier law enacted in 2003
- 6502 has articles regulating & restraining insurance business
- It has brought extensive responsibilities to inform the policy holders

- Articles regulating credit linked insurance
- Written and overt consent of the credit holder is required
- Creditor shall not require insurance as a prerequisite
- Credit holder can choose the insurance company independent of the credit institution
- Act has brought cumbersome disclosure procedures
 - forms with many pages
 - complicated and expensive: additional operational costs

- Consumer Protection in Credit linked Insurance
- Very specific and detailed regulation: not easy to comply with
- Law not following the novel products in the market

Example:

The Act also stipulates: the amount of the sum insured must be equal to the loan

not allowing to cover late payment fines for the credit

not able to offer additional covers linked with the credit product

Difficult to develop products with varying sum insured

CPA not compatible with digital insurance

- Written/signed consent of the policy holder
- It does not allow digital means as a way of approval equivalent to signature
- It also requires insurance companies to issue a printed and signed copy of the policy

Data Protection Act

- PPD was enacted in 2016
- An independent board is in charge of regulation
- Insurance companies demanded exemption from the regulation in terms of
 - accessing personal health data
 - keeping
 - processing
 - sharing with the trusted third parties

(Only on the condition that it is used for doing insurance, risk assesment and underwriting purposes for health and group life insurance policies)

Last Word...

- Turkish market is dominated by MTPL and by agencies as the main distribution channel
- Areas to expand: health (esp. complementary health) and life branches
- Digitalization is important to expand these business
- Consumer protection and data protection not allowing distance sales
- Hence these regulations restraining development potential

Last Word...

- Consumer Protection should protect policy holders; but should not restrict the business
- PPD/Consumer protection regulations makes it hard for the business
- Personal data protection new in Turkey should adopt to the needs of the developing insurance industry
- Association lobbying to explain the specific to be taken into account for insurance market

*Thank you for your
patience...*

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