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**INTERNATIONAL SEMINAR ON AWARENESS AND EDUCATION
RELATIVE TO RISKS AND INSURANCE ISSUES**

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A public approach to risks in the insurance sector

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(PowerPoint presentation)

Plan

- * **Risks/Perils**
- * **Risk Prevention/Mitigation**
- * **Risk Transfer/Compensation**
- * **Role of the The Government**
- * **What is the dilemma ?**
- * **Turkish Market Implementations**
- * **Lessons**

Risks / Perils

- * **Daily life individual risks (death, old age, sickness, injury, disability, unemployment etc.)**
- * **Liability**
- * **Property**
- * **Commercial risks**
- * **Industrial risks**

Particularly in last 10-20 years; the natural disasters, health and longevity risks became dominant.

Risk Prevention/Mitigation

*** Usual think is that you can only reduce/mitigate the risk, you can never eliminate totally any risk**

Discussion Point: Who is going to meet the cost of reduction of the risk ?

- * Individuals ?**
- * Government ?**
- * Firms ?**

Depending on the nature of the risk; one, few or all of them.

Risk Transfer/Compensation

Who is going to take the risk?

- * Government ?**
- * Insurance companies ?**
- * Individuals ?**
- * Firms ?**
- * Other institutions ?**

The Answer : Depending on the type of the risk; one, few or all of them.

Role of the The Government

- * Insurer ?
- * Reinsurer ?
- * Funder ?
- * Last resort authority ?
- * Partner ?

The answer: Depending on the type of the risk; one, few or all of them.

May this lead an income transfer to any social class ? Yes/May be/Policy decision

What is the dilemma ? (1)

**Should we cover/compensate the risks in any way?
But, how are we going to cover/compensate all type of risks?**

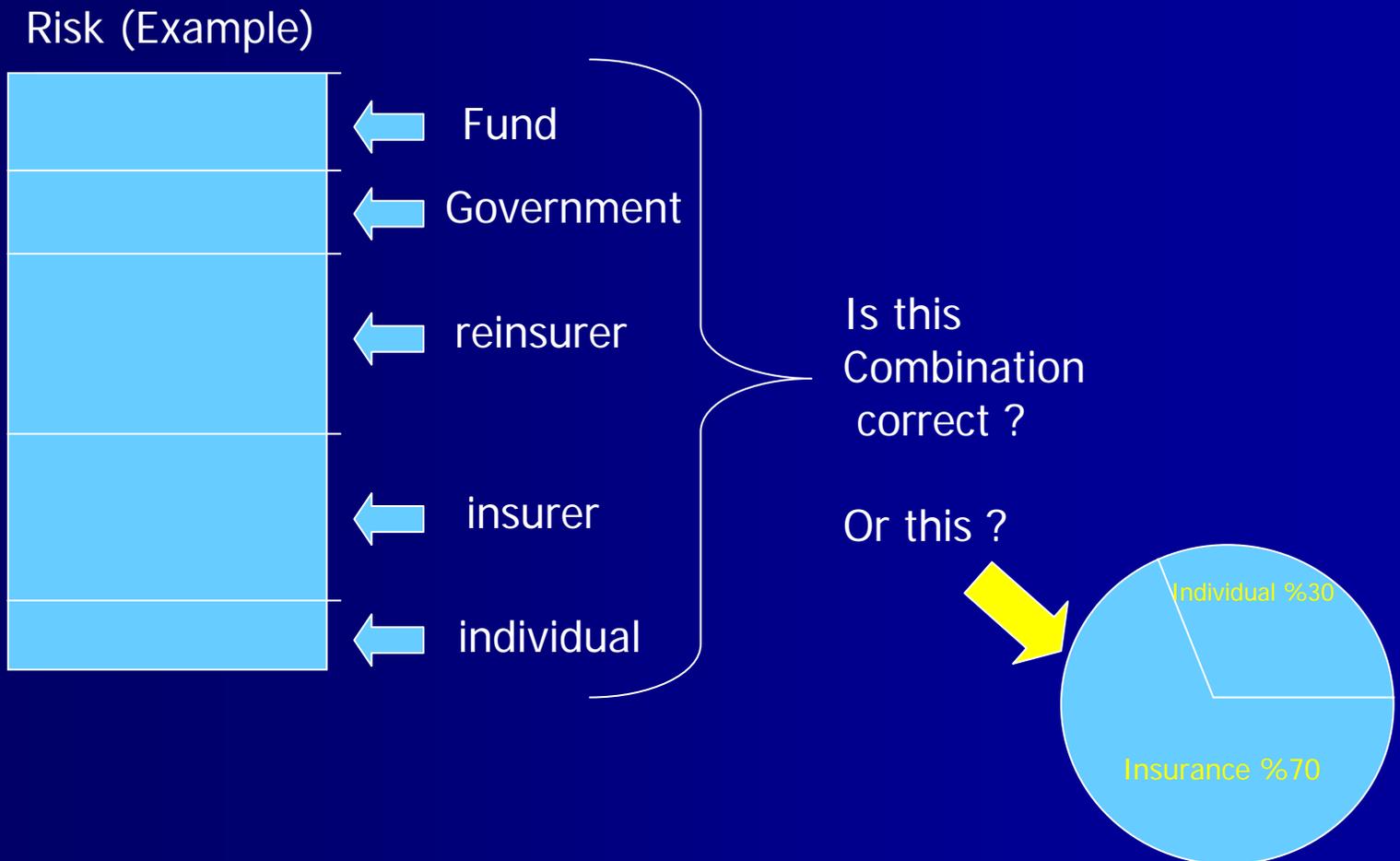
- * Uninsurable risks**
- * Deductables**
- * Cathastrophic risks**
- * Social security field type risks**
- * Limitations to sum insured**
- * Co-insurance with insured**

What is the dilemma ? (2)

- Should there be a premium support by the government ?
 - Should there be an excess of loss support by the government ?
 - What is the optimal/correct deductible ?
 - What type of risks should be taken by the government totally/more than %50.
 - What type of risks should be transferred to public private partnership organisations ?

What is the dilemma ? (3)

Who and how much of the risk is going to be taken by which actor ?



Turkish Market Implementations (1)

TCIP (DASK)

- * Earthquake risk is transferred to a Pool (Public)
- * Insurance companies are transferring the risk %100 to the Pool.
- * Insurance companies have the right to get retrocession from the Pool.
- * Very small deductible (%2)
- * Very narrowed coverage (only the cost of rebuilding)
- * Affordable premium.
- * No government premium support

Turkish Market Implementations (2)

AGRICULTURAL INSURANCE POOL (TARSIM)

- * Risk is transferred to a Pool**
- * Insurance companies are transferring the risk %100 to the Pool.**
- * Insurance companies have the right to get retrocession from the Pool.**
- * Deductables (%5-20 depending on the risk)**
- * %50 Government premium support**

Lessons

- * **All actors have to collaborate in order to overcome the bad effects of the risks damage**
- * **There is no single solution to the problem**
- * **There are a lot of combination of risk sharing among individuals, government, insurance companies and other market players.**
- * **We should not handle the risks separately, we should handle them considering the relationship with each other**
- * **We have not the luxury of evaluating the risks only according to our own company's benefit, but to consider the social effects and other side effects.**
- * **Insurance is becoming a social responsibility for the insurance companies today, more than yesterday. Because, the profit margins are going down and PPP is increasing particularly arising out of last 10-20 years catastrophic events.**