

Catastrophes and Insurance

Lessons, Challenges and Trends

**TURKISH
CATASTROPHE
INSURANCE
POOL**



International ECO Symposium on Disaster Economics

AFAD- ECO - DPPI SEE

3 April 2013

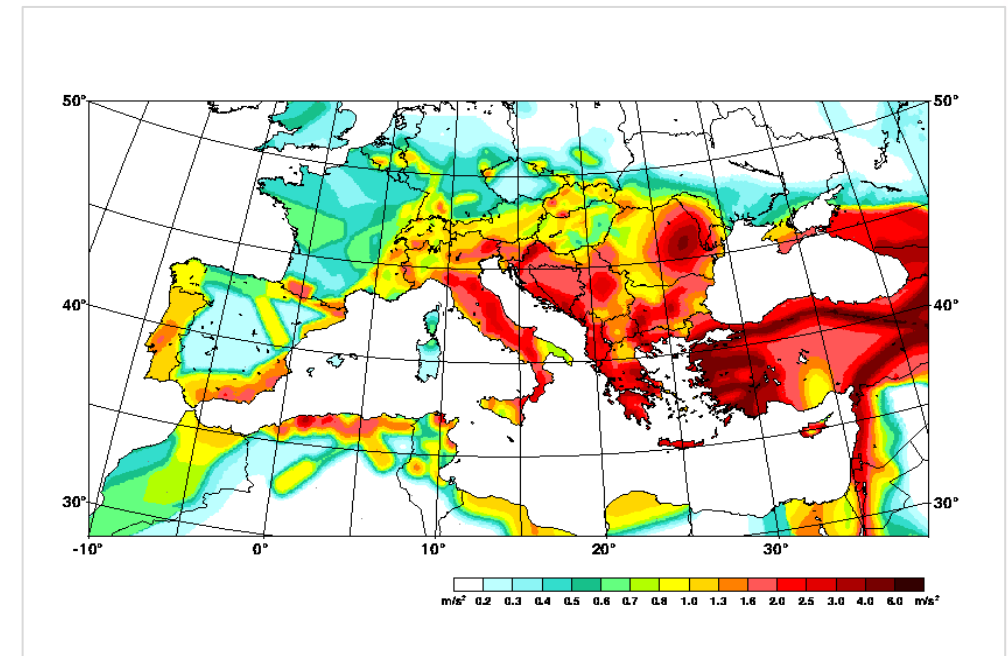
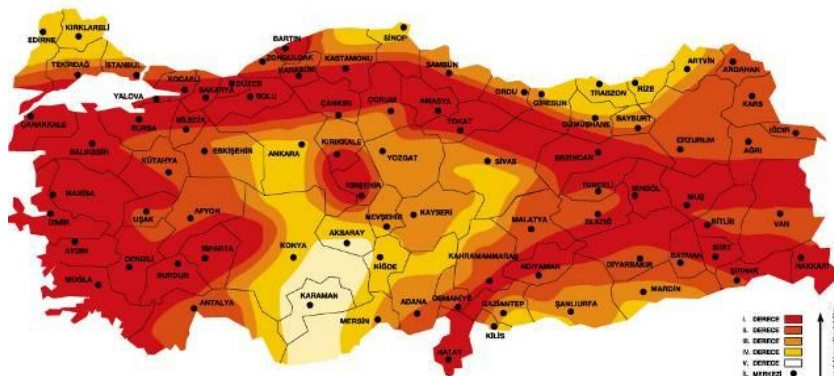
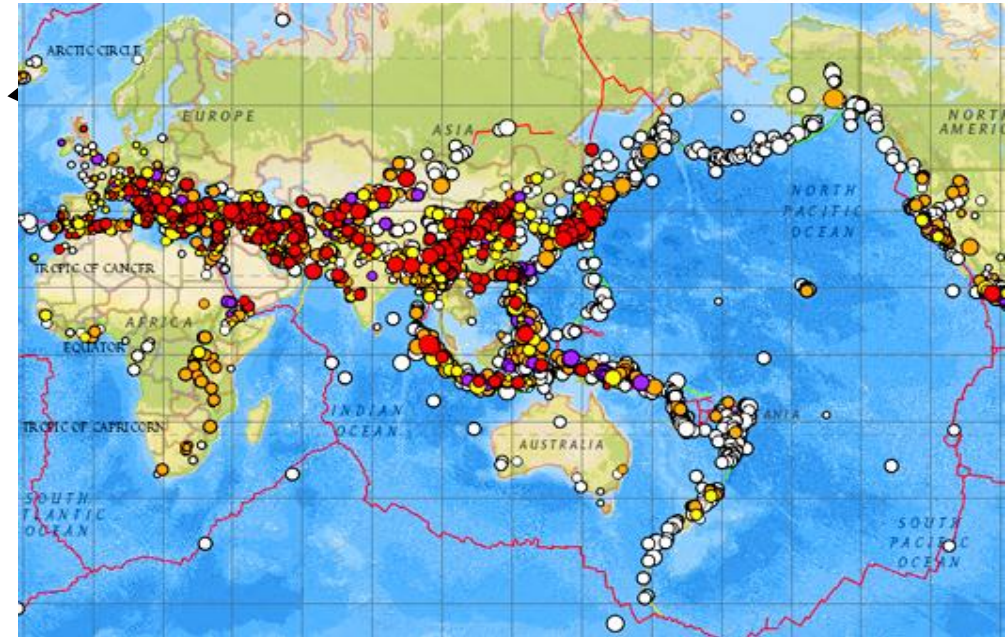
Istanbul/Turkey

www.dask.gov.tr



HISTORY

- The devastating Earthquakes in Marmara region on 17th August and 12th November 1999
- Insured loss: around USD 800 milion
- Economic loss: over USD 10 billion
- Low insurance penetration (especially for residential risks)
- Burden on public budget
- Decree law no 587 – compulsory earthquake insurance as of 27th September 2000 untill 18th of August 2012
- As from 18th August 2012 new 6305 Catastrophe Insurance Law



WHY

- **Reactive solutions versus proactive solutions**
- **Shortage of funds in immediate need**
- **Allowance of funds to those in need is problematic**
- **Political and bureaucratic considerations may prevail**
- **Government priorities is on getting back to economic and social life**

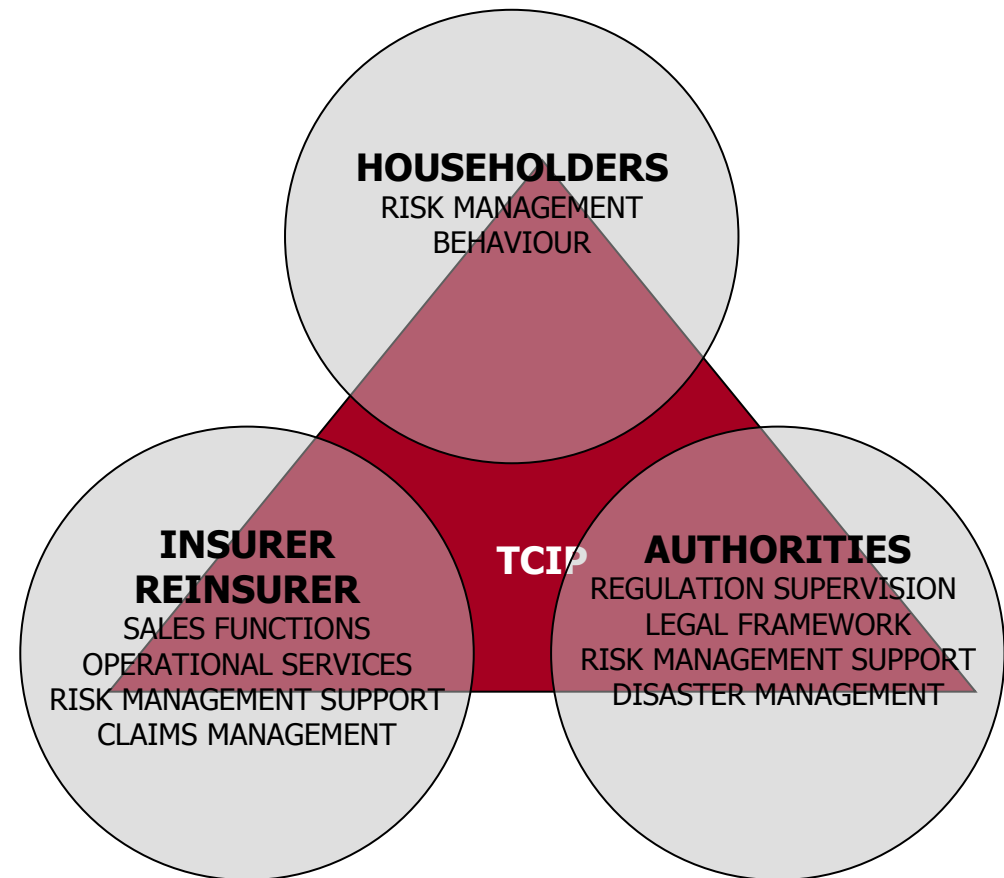
GOVERNMENT'S PRIORITIES

- **A compulsory earthquake insurance system for homeowners**
- **Affordable price for every homeowner**
- **True risk transfer mechanism**
- **Claims-paying capacity to limit government's exposure**
- **Build national catastrophes reserves by time**
- **improvement of risk culture and insurance consciousness in public**
- **Rely on distribution channels of Turkish insurance industry**

LEGAL AND FINANCIAL BASE OF TCIP

- **Financed by Marmara Earthquake Emergency Reconstruction Project co-financed by**
 - **Turkish Government**
 - **World Bank**
 - **European Bank for Reconstruction and Development**
- **Decree law no 587 – compulsory earthquake insurance as of 27th September 2000.**
- **Eureko Sigorta is tendered for the following 5 years till August, 2015**
- **As from 18th August 2012 new 6305 Catastrophe Insurance Law**

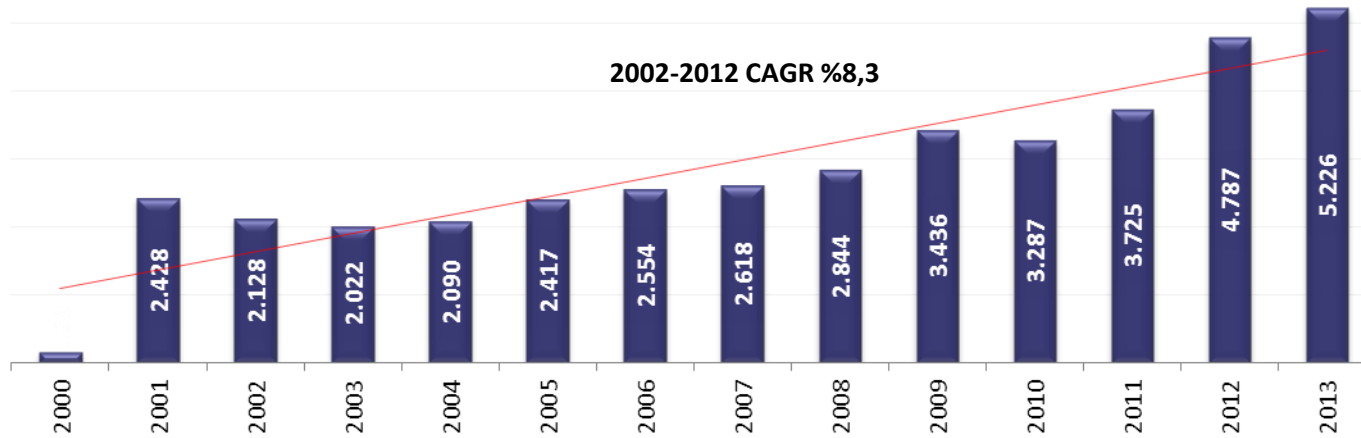
PUBLIC-PRIVATE PARTNERSHIP



EARTHQUAKE INSURANCE

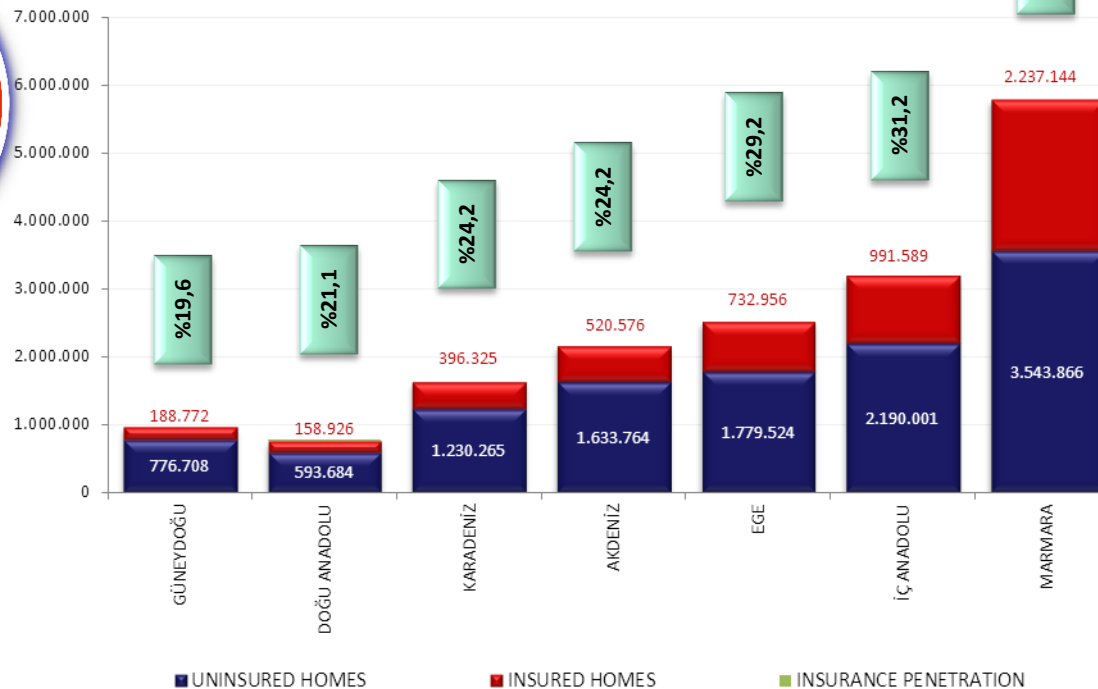


NUMBER OF POLICIES (000)



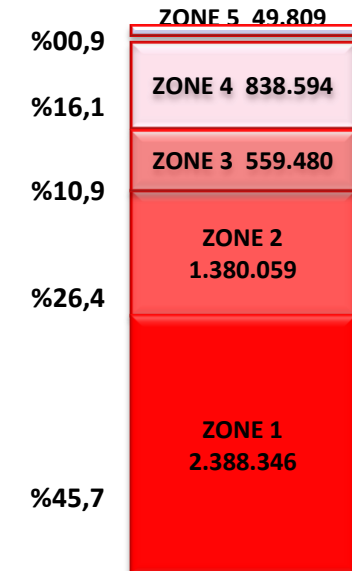
- Total No of policies 5,2 mio
- Annual premium 310 mio USD
- Avg. Sum insured 37.579 USD
- Avg. Premium 59 USD
- Total Claim Files 20.475
- Total claims paid 84 mio USD
- Total Penetration %30,8

PENETRATION

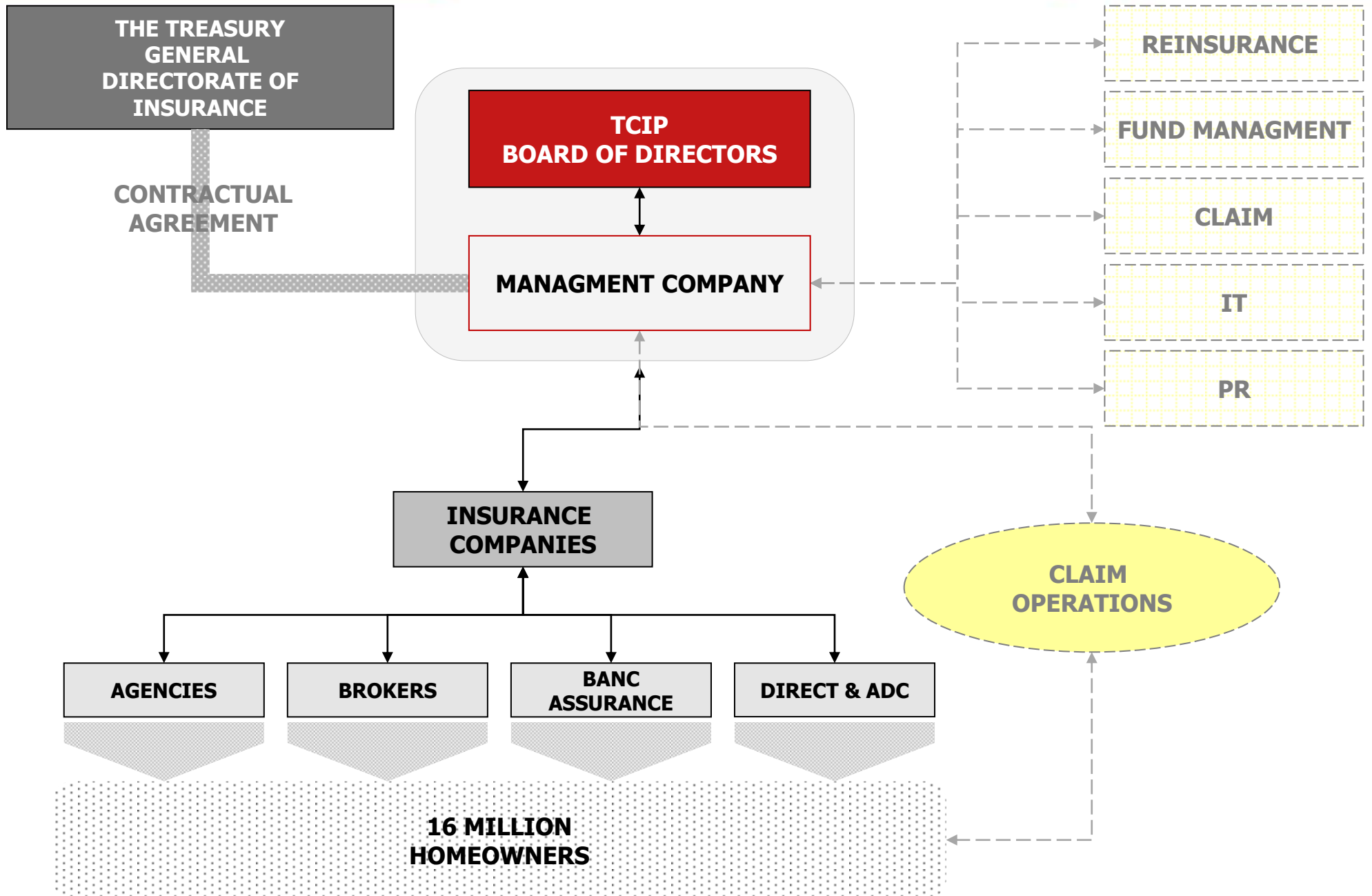


TARGET
10.000.000

EARTHQUAKE ZONES



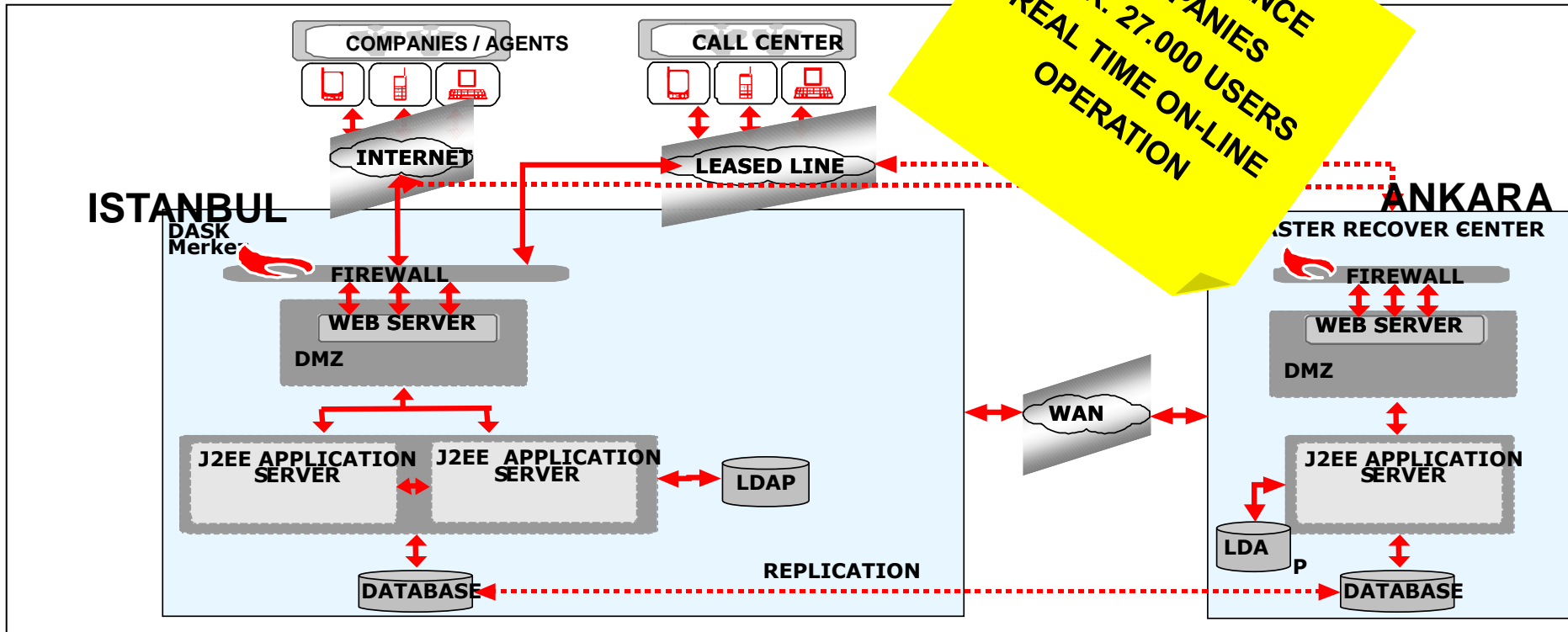
STRUCTURE OF TCIP



IT INFRASTRUCTURE



30 INSURANCE COMPANIES
APPX. 27.000 USERS
REAL TIME ON-LINE OPERATION



- **State of the art technology**
- **99,9% service level**
- **Investing into satellite and mobile technologies**
- **Continuous improvement**
- **Various level Back-up services, data and programs**
- **Disaster Recovery Center is able to be in full operation within 2 hours**

ACHIEVEMENTS

- Improved penetration from 4% to 32%
- Increased public awareness for earthquake and insurance
- Centralized marketing activities and brand management
- Kept pricing at affordable level
- Claims-paying capacity: USD 4 billion
- Solid reinsurance program
- Operational efficiency
- Improved coordinated work between the public agencies, the insurance industry, universities, etc..
- Model structure for effective public-private partnership
- Finding quality capacity
- Ethical sensitivity

NEW LAW

- Inforce since 18th of August 2012: flexible framework enabling improvements on product and structure
- Improve awareness and sign of state support
- Increased check points in utility services
- Additional natural perils to be included in case of market shortage
- Able to provide reinsurance support for natural perils
- Treasury to act as the last resort by providing reinsurance support
- Able to establish alternative distribution channel
- Government aid being subject to having TCIP policy
- Other articles on cat response, scientific research, international coordination

**NATIONAL
STRATEGIC PLAN
FOR
2023**



6.000.000 policies

Excelling in claim management

Increased use of Technology

Increased communication and public relation activities

Increased Coordination between Institutions

LESSONS

- **Less loss of lives in the countries with stringent building codes (Chile and New Zealand)**
- **Multiple events are not unusual (1999 Turkey and 2011 New Zealand)**
- **Secondary risk causing severe damages (tsunami, aquafaction)**
- **Modeling has its limitation**
- **Underestimated scenarios**
 - **Economic**
 - **Political**
 - **Demographic**
- **Ambiguity on expectations from insurance industry**
- **Importance of strong construction industry**

- 12.01.10 7.0 Haiti Earthquake
- 27.02.10 8.8 Chile Earthquake
- 04.09.10 7.1 New Zealand Earthquake

LESSONS

- **Operational capacity is as important as financial capacity**
- **Outdated operational manuals**
- **Procedures must be simple and lean**
- **Application of sum insured or indemnity limits**
- **Necessity for collaboration between;**
 - **Industries**
 - **companies and public offices**
 - **cities-countries**
- **Lack of;**
 - **adjusting capacity**
 - **technology**
 - **Field knowledge**

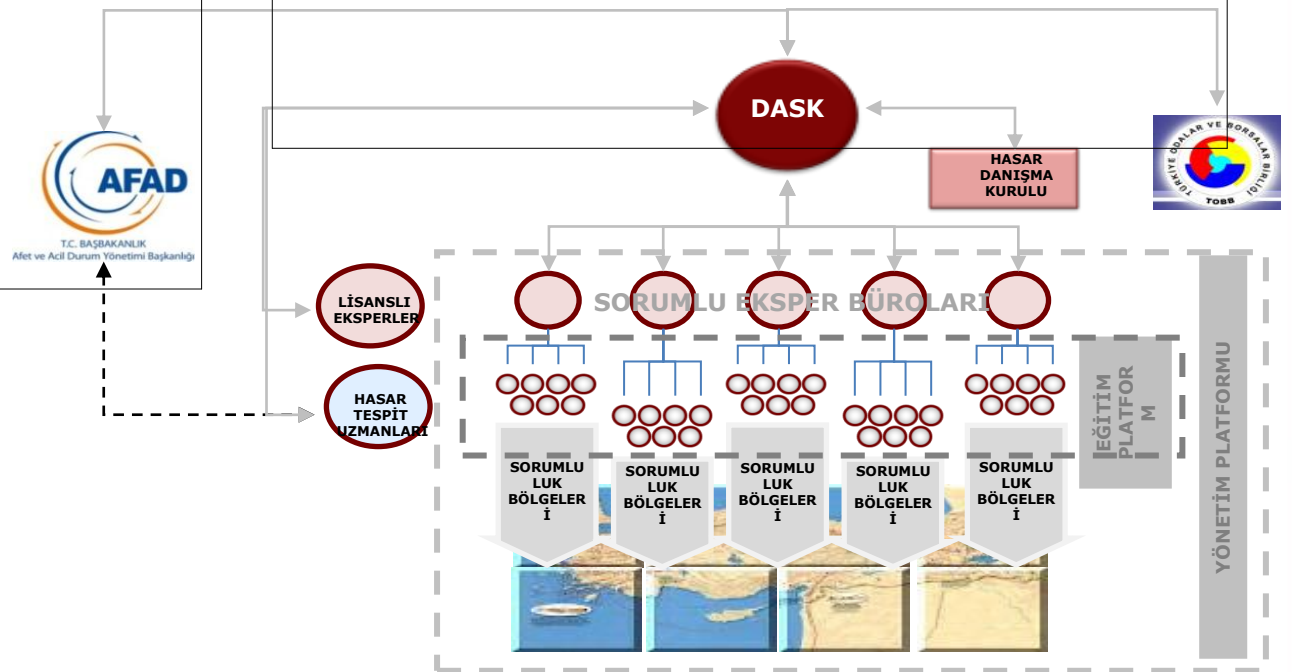
- 11.01.11 Australian Flood
- 11.03.11 8.9 Japan Earthquake
- 22.02.11 6.3 New Zealand Earthquake

RISK ASSESMENT

- Strong and efficient client contact
- Emergency call center services
- Strong presence on the field
- Fast and accurate claim adjusting
- Claim adjusting resources
- Solidarity approach against the event
- Effective communication with public

OPERATIONAL CAPACITY

- Technology is must
- Early assesment tools
- Continous assesment of the event
- Pre-described roles and activities
- Clear and smart database
- Simple and lean prodecures
- Strong operation center
- Trained adjusting capacity



RISK ASSESMENT

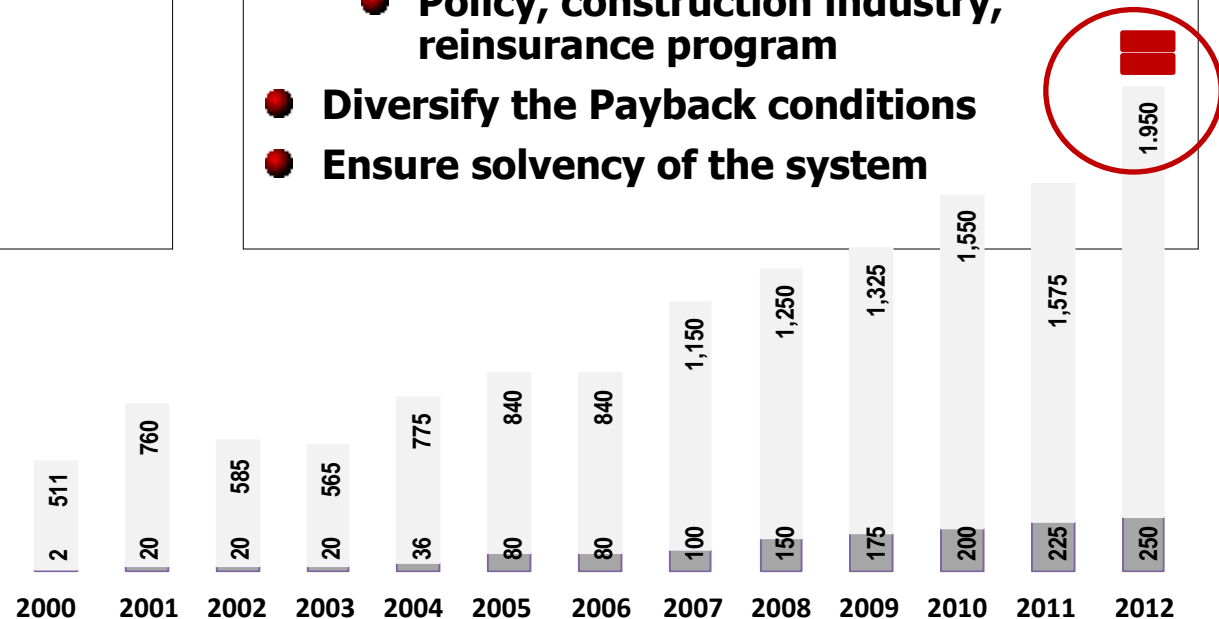
- Increased risk perception causing higher loss estimates
- Ever increasing claim protection needs
- Increased sensivity on removing burden on national budget
- Increased willingness to collaborate

CLAIM PAYMENT CAPACITY

- Diversify the Tools
 - Alternative solutions (cat bond, structured deals, swaps etc)
- Diversify the Regions
 - Spread through all regions
- Diversify the Market
 - More capacity from financial markets (credit lines, bonds etc)
- Diversify the Currency
 - Policy, construction industry, reinsurance program
- Diversify the Payback conditions
- Ensure solvency of the system

Reinsurance Program 2011-2012

- 1.780.000.000 € R/I protection
- 250.000.000 € priority
- "A" rated panel of Reinsurers
- One of the biggest R/I Program in the world





1.000.000
INSUREDS

1
CAT EVENT



1.000.000
CLAIMS

2
CLAIM
ADJUSTMENT



2.000-3000
ADJSUTER

X 1.000.000
CALLS

3
MANAGEMENT OF
OPERATION CENTER

CALL CENTER

OPERATION CENTER

1.000.000
REPORTS



4
COORDINATION
W/STAKE HOLDERS

Hazine Müsteşarlığı
Türkiye Sigorta ve Reasürans Şirketleri Birliği
Sigorta Şirketleri
Acil Durum ve Acil Durum Yönetimi Başkanlığı
TOBB Türkiye Odalar ve Borsalar Birliği
Ekspertler İcra Kurulu
İstanbul Valiliği - Acil Durum Başkanlığı
AKOM

Çevre ve Şehircilik Bakanlığı
Valilikler, Belediyeler ve diğer yerel Yönetimler
Çağrı Merkezi Şirketleri
Taşıma ve Ulaştırma Şirketleri
Telekomünikasyon Şirketleri
Catering (yiyecek-içecek) Şirketleri
Otel
Güvenlik Şirketleri
Kargo ve Kurye şirketleri
Mobil Banka Hizmetleri



CHALLENGES

- Low insurance awareness
- Enforcement of new Catastrophe Insurance Law
- Low penetration rate
- Restructuring of TCIP after a decade
- Aligning with national databases
- Effective control level in public offices
- Ensuring sound reconstruction activities after claim payment
- High cost of maintaining contingency capacity

OBJECTIVES

- Increasing number of policies
- Excelling in Cat Response
- Establishing strong synergy between institutions
 - Public offices
 - Insurance companies, intermediaries
 - Claim adjusters
- Increasing Reinsurance capacity
- Using alternative claim financing tools
- Implementation of new projects



1868





SUCCESS CONDITION:

CONTINUOUS PUBLIC EDUCATION

facebook

Günde 40 kuruş!

Sorular doğru yanıtla, DASK'tan muhteşem ödüller kazan!

Her gün **tıkla** şansını artır!

Günde sadece 40 kuruş! zorunlu deprem sigortası yaptırıp deprem güvenceli hayata sahip olabilirsin.

Her gün sorduğumuz soruların doğru yanıtla, kumbarandaki kuruşları artır! Biriktirdiğin her 40 kuruş kadar çekiliş hakkı kazan.

ŞİMDİ BAŞLA

Her gün **tıkla** şansını artır!

ALD DASK 125

DASK © 2011

Günde 40 kuruşa evinizi güvence altına alabilir misiniz?

Cevabı Facebook sayfamızda ve 25 Mayıs'tan itibaren Taksim Meydanı'nda.

Üstelik sürpriz hediyeler de sizi bekliyor!

www.facebook.com/dask

DASK DOĞAL AFET SİGORTALARI KURUMU

www.dask.gov.tr

ELEKTRİK VE SU ABONELİĞİ İÇİN İLK ADIM ZORUNLU DEPREM SİGORTASI!

Sallanmayın, sigortanızı yaptırın, geleceğinizi güvence altına alın!

DASK DOĞAL AFET SİGORTALARI KURUMU

www.dask.gov.tr



SUCCESS CONDITION: CONTINUOUS PUBLIC EDUCATION



20 ilde 40 bin kişi deprem eğitimi alacak

Doğal Afet Sigortaları Kurumu (DASK), 10. kuruluş yıldönümünde Boğaziçi Üniversitesi Kandilli Rasatemesi ve Deprem Araştırma Enstitüsü işbirliğiyle Kuzey Anadolu Fay Hattı TIR'ına Takvim'den start verdi.

Deprem simülasyon TIR'ıyla fay hattı üzerindeki 20 ilin 50 gününde ziyaret edileceği projeye, 40 bin kişi deprem ve zorunlu deprem sigortası hakkında bilinçlendirilecek. Zorunlu deprem sigortasını 5 yılda yüzde 56 artıran DASK, 2010'da sigortalı konut sayısını 5 milyona çıkarmayı hedefliyor.

DASK Yönetim Kurulu Başkanı İdris Serdar şunları söyledi:

"Elazığ'dan Çanakkale'ye Kuzey Anadolu Fay Hattı üzerindeki her duruşa uğrayacağız. Amacımız, gelmekte olan depremi, öncelikle zorunlu deprem sigortasını anlatarak halkımızı bilinçlendirmek. İlk etkinliğimiz Elazığ'da olacak. Bir sonraki güzergahımız Batı Anadolu fay kırık sistemi olacak."

SALLANMAYIN! ZORUNLU DEPREM SİGORTANIZI YAPTIRIN.

DASK
DOĞAL AFET SİGORTALARI KURUMU

KANDILLI
RASATEMESİ VE DEPREM ARAŞTIRMA ENSTİTÜSÜ

Catastrophes and Insurance

Lessons, Challenges and Trends

**TURKISH
CATASTROPHE
INSURANCE
POOL**



International ECO Symposium on Disaster Economics

AFAD- ECO - DPPI SEE

3 April 2013

Istanbul/Turkey

www.dask.gov.tr

