

INSURANCE LAW

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PART 1

Objective, Scope and Definitions

Objective and scope

ARTICLE 1 – (1) The objective of this Law is to regulate principles and procedures relating to the commencement of operations, management, organization, operation principles and procedures, termination and supervision of activities of the parties which are subject to this Law, to regulate procedures and principles related to the insurance arbitration system for the settlement of disputes arising from insurance contracts in order to provide the development of the national insurance sector, to protect the rights and interests of people involved in an insurance contract, and ensure that the national insurance sector operates effectively in a secure and stable atmosphere.

(2) Insurance companies, reinsurance companies, Association of the Insurance, Reinsurance and Pension Companies of Türkiye, intermediaries, actuaries and loss adjusters operating in Turkey are subject to the provisions of this Law.

(3) Social security institutions, Export Credit Bank of Turkey (Eximbank) and other establishments operating in insurance in accordance with their special laws are out of the scope of this Law, the provisions of this Law governing supervision are applicable for the latter.

Definitions

ARTICLE 2 – (1) For the purposes of this Law,

a) “Actuary” shall mean a person, who calculates premiums, reserves and dividends and prepares tariffs and technical principles in accordance with the legislation by applying probability and statistical theories for insurance technique and relevant investment, financing and demography issues,

b) “Intermediary” shall mean insurance agent and broker,

c) “Minister” shall mean the Minister, to which the Undersecretariat of Treasury is attached to,

ç) “Association” shall mean the Association of the Insurance, Reinsurance and Pension Companies of Türkiye,

d) “Broker” shall mean a person representing the parties who want to conclude an insurance or reinsurance contract, acting impartially and independently in the selection of companies with which such contracts are to be made, observing the rights and benefits of the people who want to purchase coverage, having adopted it as a profession to carry out preparatory works before the conclusion of the contract, and to assist if necessary during the implementation of the contract or payment of claims,

- e) “Support service organizations” shall mean those organizations that provide assistance or complementary services to the organizations covered by this Law in issues related to their fields of activity,
- f) “Account” shall mean the Assurance Account,
- g) “Business plan” shall mean a plan which details the establishment objective of insurance and reinsurance companies, and shows their ability to meet their estimates and liabilities, at least for the first three years of their operation,
- ğ) “Commission” shall mean the Insurance Arbitration Commission,
- h) “Register” shall mean registers which show the records of real/legal persons who work actively, and which will be kept by the Association for the insurance companies and reinsurance companies operating in Turkey and the pension companies that are established in accordance with the Private Pension Savings and Investment System Law No. 4632 and dated 28/3/2001, and by the Union of Chambers and Commodity Exchanges of Turkey for loss adjusters and insurance agents,
- ı) “List” shall mean insurance arbitrators list,
- i) “Minimum guarantee fund” shall mean an amount that is equal to at least one third of the equity required for the insurance and reinsurance companies,
- j) “Undersecretariat” shall mean the Undersecretariat of Treasury,
- k) “Equity” shall mean the amount remaining after balance sheet loss and the deduction of other items to be deemed appropriate by the Undersecretariat from the paid capital of insurance companies and reinsurance companies, or their capital allocated for Turkey, any reserve fund, revaluation fund, retained profit, profit and capital reserves, and capital like items and other resources to be deemed appropriate by the Undersecretariat,
- l) “Reinsurance company” shall mean reinsurance companies established in Turkey and Turkish organizations of reinsurance companies established abroad,
- m) “Insurance agent” shall mean a person who has adopted it as a profession to intermediate to insurance contracts in the name and account of the insurance company for a permanent term within a specific place or region based on a contract without holding a title such as commercial representative, commercial attorney, sales official or employee, or to perform such activity on behalf of the insurance company and who carry out the preparatory works before the conclusion of the contract and assist during the implementation of the contract and payment of claims,
- n) “Loss adjuster” shall mean an impartial and independent person who determines the amount, reasons and characteristics of losses and damages which arise as a result of the realization of risks which have been the subject of insurance and who have adopted it as a permanent profession to execute tasks such as the determination of value by reconciliation, preliminary adjusting and loss surveillance,

o) “Insurance arbitrator” shall mean a person who solves disputes arising from an insurance contract between the policy holders or people who benefit from the insurance contract and the party, which undertakes the risk,

ö) “Insurance rapporteur” shall mean a person, who for the purpose of solving disputes arising from an insurance contract between the policy holder or people who benefit from the insurance contract and the party who undertakes the risk, perform the preliminary examination upon complaints which have been referred to the Commission,

p) “Insurance company” shall mean insurance companies established in Turkey and Turkish organizations of insurance companies established abroad.

PART 2

Insurance Companies and Reinsurance Companies

Establishment of insurance companies and reinsurance companies

ARTICLE 3 – (1) Insurance companies and reinsurance companies which are going to operate in Turkey have to be established as a joint stock or a cooperative. Insurance companies and reinsurance companies shall not be engaged in other businesses except insurance transactions and businesses which are directly related to insurance operations.

(2) For insurance companies and reinsurance companies to be established as a joint stock,

a) It is compulsory that founders;

- 1) are not bankrupt or have not declared bankruptcy,
 - 2) have the financial power and good repute which are necessary to become a founder or shareholder of an insurance or reinsurance company,
 - 3) are not the holder of a share on the basis of a voting right or the capital, which is directly or indirectly ten percent and higher, or less than ten percent but grants the power to nominate members to the auditory board and the board of directors in a way that shall be effective in the auditing and management in such financial institutions which are subject to winding up, or which have been subject to the provisions of this Law, Article 20, paragraphs two and three,
 - 4) have not been sentenced to imprisonment or more than one judicial fine, or should not have been convicted of infamous offences such as simple or qualified embezzlement, corruption, bribery, theft, fraud, breach of trust, fraudulent bankruptcy, gross misconduct as well as smuggling offences, fraudulent acts in public procurements and purchases and sales, laundering the proceeds of crime, financing of terror, revealing secrets of the state or tax evasion except for crimes committed by imprudence, even if they have enjoyed amnesty,
 - 5) if they are a legal person, those who have management and auditory powers over such legal person shall meet the criteria other than financial power sought in founders,
- b) They should have shares issued in return of cash and registered excluding the part that is publicly traded in listed joint stock companies,
- c) If they are to act within a holding, then the financial standing of the holding company should be sufficient to carry out insurance activities,

(3) Insurance companies and reinsurance companies which are established as cooperative and do not make insurance contracts with people other than their members;

- a) shall deal with mutual insurance,
- b) shall not have less than two hundred partners,
- c) shall not grant any privilege to their managers.

(4) In order for cooperatives to make contracts with people other than their members, the permit of the Undersecretariat is necessary, provided that this matter is included in their article of association. In order for cooperatives to make contracts with people other than their members, they have to raise their capital to an amount to be determined by the Undersecretariat.

(5) Principles and procedures regarding the operation of foreign insurance companies and reinsurance companies in Turkey are determined by the President of Türkiye.

Organization of insurance companies and reinsurance companies

ARTICLE 4 – (1) Boards of directors of insurance companies and reinsurance companies shall not be less than five persons including the general manager, and auditors shall not be less than two persons. The general manager is a natural member of the board of directors.

(2) Members of the board of directors should meet the criteria sought in founders of an insurance company and reinsurance company except the criteria of financial power; the majority of them should hold an undergraduate degree of at least four years, and they should have at least three years of experience in any one of insurance, economics, business, accounting, law, finance, mathematics, statistics, actuary or engineering fields.

(3) General manager and deputy general managers should meet the criteria sought in founders of an insurance company and reinsurance company except the criteria financial power, should hold an undergraduate degree of at least four years, and those who are to be appointed as general managers should have minimum ten years of knowledge and experience, and those who are to be assigned as deputy general manager and will engage in insurance business and insurance technique should have minimum seven years of experience in any one of insurance, economics, business, accounting, law, finance, mathematics, statistics, actuary or engineering fields, whereas those who are to be assigned to other deputy general manager posts should have minimum seven years of experience and knowledge in that field which they shall be responsible for. At least, one of the deputy general managers should be responsible for issues related to insurance business or insurance technique.

(4) Managing directors should meet the criteria sought for the general manager.

(5) Even if they have been employed with other titles, other managers who perform duties and have powers equivalent or superior to the post of deputy general manager, are subject to provisions which are applicable to general managers and deputy general managers.

(6) Auditors should meet the criteria sought in founders of insurance company and reinsurance company except the criteria of financial power, should hold an undergraduate degree of at least four years, and they should have at least three years of experience in any one of insurance, economics, law, finance, business and accounting fields.

(7) Persons who enjoy the management and control of legal entities which hold majority interest in an insurance or reinsurance company are required to meet the criteria sought in founders of insurance and reinsurance companies except the criteria of financial power.

(8) Insurance companies and reinsurance companies are required to establish an effective internal control system, including internal auditing and risk management, in order to regularly control and audit the compliance of all their business and operations with insurance legislation and other relevant legislation, internal regulations of the company and its management strategy and policies, and to detect and prevent mistakes, frauds and unlawfulness. The implementation of the internal control systems may be carried out through outsourcing, but in limited areas determined by the Undersecretariat. The principles and procedures for the establishment of the internal control systems are determined by the Undersecretariat.

License

ARTICLE 5 – (1) For the purpose of commencing their operation, insurance companies and reinsurance companies have to obtain a license from the Undersecretariat for each insurance branch in which they would like to operate. Licenses obtained are registered to the Turkish Trade Registry, and published in the Turkish Trade Registry Gazette as well as any two of the daily newspapers which are circulated across Turkey and which are ranked among the first ten in terms of circulation.

(2) Insurance companies can only operate in any one of life and non-life insurance groups. Insurance branches included in these groups are determined by the Minister.

(3) Insurance companies and reinsurance companies which have completed establishment formalities and are seeking for a license, have to raise their paid-up capitals up to such amount to be determined by the Undersecretariat according to the insurance branches in respect of which licenses are requested and to the given coverages. This amount can not be less than five million Turkish Liras. The Undersecretariat is authorized to increase such amount provided that it does not exceed the rate of increase in Producer Price Index declared by the Turkish Statistical Institute.

(4) An insurance company or reinsurance company that fails to file an application for a license within one year as from the completion of the establishment procedures shall not use the wording of insurance or reinsurance company in their trade names.

Assessment of license request

ARTICLE 6 – (1) License application shall be refused in case of the existence of one of the followings;

a) founders, managers and auditors of insurance companies and reinsurance companies fail to meet the criteria stipulated in this Law,

b) it is found that the rights and benefits of the parties to the insurance contract cannot be protected sufficiently according to the business plan and the documents presented, or liabilities are not organized in such a manner that they are executable in a permanent and sufficient way,

c) it is found that the application does not cover sufficient statements or information or it fails to meet the criteria stipulated in this Law,

ç) it is found by way of inspection that the insurance company or reinsurance company fails to hold necessary technical equipment or sufficient number of qualified personnel, or is not capable of performing insurance business in that field for which the license is required.

Withdrawal of license

ARTICLE 7 – (1) Without prejudice to the provisions of this Law relating to the withdrawal of a license;

- a) if part or whole of the terms relating to the grant of a license are lost, and this has not been corrected within the given period, which should not be less than three months, by the Undersecretariat,
- b) if no insurance or reinsurance contract is concluded within one year from the grant of the license or if no insurance or reinsurance contract is concluded continuously for a six months time period, except for those that are concluded with the approval of the Undersecretariat,
- c) if it is found that as a result of practices that are contrary to insurance legislation, the rights and benefits of people related to an insurance contract are endangered,
- ç) if the liabilities arising from the provisions of this Law, except the provision of Article 20, are seriously violated, or the violation of duties have become customary, and this has not been corrected within the period, which shall not be less than three months, given by the Undersecretariat,
- d) if there have been major derogations from the objectives set forth in the business plan except the derogations that the Undersecretariat is informed about,

then the license of the insurance or reinsurance company in the relevant branch or all branches can be withdrawn by the Undersecretariat. License withdrawals are registered to the Turkish Trade Registry, and published in the Turkish Trade Registry Gazette as well as any two of the daily newspapers which are circulated across Turkey and which are ranked among the first ten in terms of circulation.

(2) Companies whose licenses have been withdrawn have to transfer their portfolios relating to the withdrawn license within the period, which shall not be longer than six months, given by the Undersecretariat. Otherwise, the Undersecretariat shall be entitled to take all the measures relating to the winding up of the portfolio, including ex officio transfer.

Amendments to the article of association

ARTICLE 8 – (1) Approval of the Undersecretariat shall be sought in the amendments to the articles of association of insurance companies and reinsurance companies. Draft amendments which are not approved by the Undersecretariat shall not be included in the agenda of the general meeting and discussed. The Registrar shall not register the amendments of the articles of association in the trade register without the approval of the Undersecretariat.

Obtaining beneficial interest and voting rights

ARTICLE 9 – (1) Share acquisitions which shall directly or indirectly reach or exceed ten percent, twenty percent, thirty three percent or fifty percent of the capital of an insurance company or reinsurance company as well as share transfers which will cause the shares of a shareholder to achieve or to fall below such ratios are subject to authorization by the Undersecretariat.

(2) A share transfer that grants the privilege of nominating members to the executive boards in a manner to influence the company's supervision and management are subject to authorization by the Undersecretariat irrespective of ratio limitations.

(3) Share transfers which are carried out in violation of the provisions of the first and second paragraphs and without authorization, shall not be registered to the share book.

(4) The provisions of this article shall be applied to the acquisition of beneficial interest and voting rights.

(5) It is essential that shareholders who directly or indirectly hold ten percent or more of the capital or voting rights and beneficial interest, or an interest which is lower than the said ratios but gives the privilege of nominating members to the executive boards of the management in a manner to influence management and supervision, should meet the criteria sought in the founders of the insurance company and reinsurance company. The insurance company and reinsurance company shall notify such shareholders who fail to meet such criteria to the Undersecretariat. Shareholders who lose the qualifications sought in the founders shall not benefit from the shareholder rights except dividends. In that case, shareholder rights are exercised by the trustee.

(6) The Minister may introduce share limitations to such shareholders who, due to their fields of operations, may affect the financial structure of insurance companies and reinsurance companies

Winding up, merger, acquisition, portfolio transfer and bankruptcy

ARTICLE 10 – (1) Voluntary winding up of an insurance company, its merger with one or several companies, its acquisition by another company with its assets and liabilities, transfer of insurance portfolio in part or in whole along with guarantees and reserves are subject to authorization by the Minister. The provisions of this paragraph shall apply also to reinsurance companies. Winding up, merger, acquisition and portfolio transfers which are contrary to this article will be null and void.

(2) The Undersecretariat, where necessary, may require the replacement of winding up agents.

(3) Mergers, acquisitions and portfolio transfers are published at least two times in any two newspapers circulated across Turkey and which are ranked among the first ten in terms of circulation and between these two publications there shall be a one week time period. Provided that the insurance contract is included in the transferred portfolio, the assigner of the portfolio, people who have concluded a contract with the company being acquired or merged can terminate their contracts due to acquisition, merger or portfolio transfer within three months as from the date they have become aware of such merger, acquisition or portfolio transfer.

(4) In case of the bankruptcy of the insurance company, the insured shall participate in the bankrupt's estate in the third rank.

(5) Where necessary, the Undersecretariat may require replacement of the authorities of the bankrupt's estate.

(6) The procedures and principles regarding the use of certified spare parts, documented to be equivalent to original parts in accordance with the certification, monitoring, and inspection procedures and principles determined by the Ministry of Industry and Technology for the purpose of repair and indemnification, as well as the use of reusable parts in accordance with the procedures and principles determined by the Ministry of Environment, Urbanization and Climate Change, shall be determined by the Insurance and Private Pension Regulation and Supervision Agency. The provisions of the relevant legislation concerning the preservation of warranties in motor vehicles shall remain reserved.

PART 3

Insurance Contracts

Insurance contracts

ARTICLE 11 – (1) The main content of insurance contracts are arranged in accordance with the general terms approved by the Undersecretariat and are to be applied by all insurance companies in a similar way. However, insurance companies can determine special conditions in accordance with the specialities of the matter. In that case, these special conditions shall not be misleading and will be shown clearly in the insurance contract under the title of special conditions.

(2) If within thirty days as from the date the written offer relating to the conclusion of the life assurance contract is received by the insurance company, the insurance company does not reject the offer, the insurance contract shall be considered to be concluded.

(3) Information to be provided by the insurance companies and insurance agents to the policy holder, beneficiary and the insured during the formation and maintenance of the contract shall be governed by regulation.

(4) Besides the risks covered, risks which are not covered are also stated in insurance contracts clearly. The risks which are not stated will be considered to be covered.

(5) Foreign words shall not be used in insurance contracts. Principally, the translation of foreign words shall be used as determined by the Turkish Language Institute.

(6) The procedures and principles regarding the use of certified spare parts, documented to be equivalent to original parts in accordance with the certification, monitoring, and inspection procedures and principles determined by the Ministry of Industry and Technology for the purpose of repair and indemnification, as well as the use of reusable parts in accordance with the procedures and principles determined by the Ministry of Environment, Urbanization and Climate Change, shall be determined by the Insurance and Private Pension Regulation and Supervision Agency. The provisions of the relevant legislation concerning the preservation of warranties in motor vehicles shall remain reserved.

Tariffs

ARTICLE 12 – (1) Insurance tariffs are determined freely by insurance companies in accordance with the principles of insurance, and generally recognized actuarial methods. However, amounts of coverages and tariffs and instructions for compulsory insurances imposed by this Law and other laws are determined by the Minister and published in the Official Gazette.

(2) If it is deemed necessary, the Minister may decide to require the approval of the Undersecretariat for tariffs, premiums, formulas and schemes of life assurances and personal accident, health, sickness and facultative earthquake insurances with terms longer than a year or without prejudice to the provisions of the special laws he may decide to liberate agency commission rates which are determined and announced by him and the tariffs which are determined or subjected to the approval by him.

Compulsory insurances

ARTICLE 13 – (1) The President of Türkiye may impose compulsory insurances where it deems necessary for public interest. Insurance companies, without prejudice to the provisions of Article 20, paragraph two subparagraph (b) and paragraph three of this Law, shall not refrain from providing those compulsory insurances which are within their fields of operation.

(2) The Undersecretariat is authorized to determine the persons who will perform compulsory insurance audit after it has taken the opinions of related institutions and establishments which will make operations or transactions on the benefit which constitutes the subject of compulsory insurance.

(3) Those authorities that are authorized to grant a permit or license for the execution of an activity or use of a thing, or to inspect the same, as well as institutions and establishments that are determined under the second paragraph, are obliged to inquire with respect to the acts and operations they shall carry out whether the relevant compulsory insurances have been provided within the required coverage limits. If such institutions and establishments as well as authorities that are authorized to grant permit or license and carry out inspections find that the insurance has not been provided at required coverage limits, no transaction shall be made. Until required coverage is obtained, that activity of the insured which constitutes the subject of compulsory insurance is halted by the relevant authorities.

Assurance Account

ARTICLE 14 – (1) In respect of the compulsory liability insurances imposed by Article 13 of this Law; Road Traffic Law No: 2918 and dated 13.10.1983; Highway Transportation Law No: 4925 and dated 21.12.1959 and compulsory insurances imposed by the Insurance Supervision Law No: 7397 and dated 21.12.1959 which has been abolished by this Law, an Assurance Account shall be established under the auspices of the Association of the Insurance, Reinsurance and Pension Companies of Türkiye in order to cover losses that arise as a result of the occurrence of the following conditions up to the related coverage amounts.

(2) Application to the Assurance Account is possible for the following circumstances;

- a) personal injuries to a person where the insured cannot be identified,
- b) personal injuries caused by parties which do not have the required insurance coverage at the date the risk has occurred,
- c) personal injuries and damages to property for which the insurer is obliged to pay in the case of the withdrawal of his licenses in all branches permanently or his bankruptcy due to weakness in his financial situation,
- ç) personal injuries for which the operator shall not be held responsible in accordance with the Road Traffic Law No: 2918 in an accident where the vehicle involved is stolen or seized by violence,
- d) the payments which shall be made by the Turkish Motor Insurers' Bureau which deals with Green Card Insurance applications.

The President of Türkiye, if it deems necessary, may decide that damages to property are partially or completely compensated from the Account.

(3) Revenues of the Account consist of; participation fees paid by insurance companies as one percent of total premiums collected for compulsory insurances specified in the first paragraph, and the participation fees to be collected as two percent of net premiums from policy holders.

The Minister is authorized to reduce these amounts by up to one half or increase them by up to twice or to set the participation fees in fixed amounts.

(4) Insurance companies are required to deposit the participation fee which they have to pay in accordance with the third paragraph until the end of February of the following year and the participation fee collected from policy holders until the end of the month that follows the collection month to the Account.

(5) A separate account shall be opened for each compulsory insurance and green card insurance covered by the Account, and incomes and expenses of insurances are followed in these accounts.

(6) Revenues, expenses and transactions of the Account are supervised by the Undersecretariat every year.

(7) Principles for the formation and operation of the Account, its promotion and administrative expenses, accretion of fund assets, payments to be made from the Account, recourses to the related persons and to the Turkish Motor Insurers' Bureau, the participation fee for the Insurance Information and Monitoring Centre, the Insurance Training Centre and to the Commission as well as expenses arising from auditing and monitoring of the compulsory insurances within the scope of the Account and other expenses will be regulated by regulation.

Insurances that may be concluded abroad *

ARTICLE 15 – (1) If they are located in Türkiye, insurable interests of the residents of Türkiye have to be insured in Turkey by the insurance companies operating in Türkiye.

(2) However the following insurances can be purchased abroad:

- a) Transportation insurance for the goods which are subject to export and import,
- b) Hull insurance to be provided for aircraft, ships, helicopters which are purchased with foreign loans, exclusively limited to the loan amount and applicable for the term until the foreign debt is paid up, or limited to the period of financial leasing if the same are brought home by financial leasing obtained abroad,
- c) Liability insurances arising from the operation of ships,
- ç) Life assurances,
- d) Personal accident, sickness, health and motor vehicle insurances, limited to the time people will be abroad or their temporary stay in abroad,

may be concluded abroad.

(3) The President of Türkiye is authorized to expand the scope of insurances that may be concluded abroad.

*: By the Council of Ministers Decree dated 18/11/2008 and numbered 2008/14373, the insurance of ships and yachts registered in the Turkish International Ship Registry has been included within the scope of insurances that may be obtained abroad as specified in the second paragraph of this article.

PART 4

Financial Structure

Technical reserves

ARTICLE 16 – (1) Insurance companies and reinsurance companies are obliged to allocate reserves in accordance with the principles specified in this article for their obligations arising from insurance contracts.

(2) Unearned premiums reserve; for each insurance contract in effect, consists of that part of the gross premium which extends to the next fiscal period or periods on a daily basis, and in respect of annual life assurances in effect or those life assurances with periods longer than a year for which accumulation premiums are collected, it consists of that part of the gross premiums which extends to the next period or periods after the portion that has been set aside for the accumulation and the expense shares of the accumulation premiums are deducted. However, in reinsurance and retrocession transactions where it is impossible to calculate a reserve on a daily basis, unearned premiums reserve can be allocated according to 1/8 principle. Moreover, in those insurance branches for which it is accepted that the level of risk undertaken and earned premiums throughout the insurance term are not compatible, the calculation methods that takes into account the occurrence of risk in a different way in time and the contents of which are determined by the Undersecretariat will be employed for this reserve.

(3) Unexpired risks reserve; shall be allocated where unearned premiums reserve is inadequate compared to the risk undertaken by the company and its level of expected cost.

(4) Equalization reserve; is a reserve which shall be allocated to balance the claims rate fluctuations in following fiscal periods and to cover special risks that are determined by the Undersecretariat.

(5) Mathematical reserve; is the sum of the reserves specified in the contract's technical terms and calculated using statistical and actuarial methods in order to cover the liabilities of insurance companies to policyholders and beneficiaries for life, health, sickness and personal accident insurance contracts with periods longer than a year, and if it is committed, the reserves for the part allocated to insured from the revenues derived from the investment of such reserves.

(6) Outstanding claims reserve; consists of the amount of claims that has been reported but not yet paid, estimated amount of claims that has been incurred but not reported and reserves for expenses arising from such claims, and of additional reserves allocated according to the principles set by the Undersecretariat for adequacy when such amounts prove to be inadequate.

(7) Bonus and rebate reserve; consists of the amounts of bonuses and rebates reserved for insured or beneficiaries according to the technical results of the current year if the company gives bonuses or applies rebates.

(8) It is essential that in technical reserves, the reinsurer share should be proportional to the risk and premium being transferred. However, the Undersecretariat may require that the reinsurer share is not deducted for those businesses assigned to reinsurers which fail to meet the financial criteria to be determined by the Undersecretariat.

(9) Assets of insurance companies and reinsurance companies should be adequate to cover technical reserves. Procedures and principles relating to technical reserves as well as the rules on the assets in which technical reserves are to be invested shall be determined by regulation.

Guarantees

ARTICLE 17 – (1) Insurance companies have to allocate guarantees according to the principles set forth in this article in order to meet their commitments arising from the insurance contracts they have concluded in Türkiye.

(2) Insurance companies operating in the life branch are obliged, during the period determined by the Undersecretariat and on behalf of the Undersecretariat, to block or to mortgage as a guarantee the amount that remains after deducting the loans given to the insured in accordance with the Turkish Commercial Code No: 6762 dated 29.6.1956 and the mathematical reserves that correspond to the amount of premiums not yet collected from the sum of outstanding claims reserve and mathematical reserves allocated according to the time periods determined by the Undersecretariat. However, the provisions of the fourth paragraph shall apply for life, personal accident, health and sickness coverages which such companies provide for one year or periods less than a year.

(3) In respect of insurance companies which have to make payments to the insured in the life branch within a fiscal year exceeding the revenue from that branch, that part of the assets deemed appropriate by the Undersecretariat which have been presented as guarantee and blocked for the said branch is released taking into account the portion being exceeded.

(4) Non-life insurance companies shall establish a minimum guarantee fund which should not be less than one third of their equity whose calculation method is to be determined by regulation. In any period, the minimum guarantee fund shall never be less than one third of the capital requirement necessary for each branch in which the company is operating. The provision of the second paragraph shall apply to the guarantees allocated for personal accident, sickness and health insurance contracts with terms longer than a year. However, the Undersecretariat may introduce other calculation methods, of which principles and procedures will be set out in a regulation, for the insurance branches which it deems necessary, provided that it remains within the limits mentioned in this article. For newly established insurance companies, the guarantee amount to be allocated for the first three years for their commitments arising from all insurance contracts made for one-year period and shorter than one-year period will be determined by the Undersecretariat taking into account the paid-in capital of the company.

(5) The Undersecretariat may release the guarantee blockage in those branches in which the insurance company has terminated its operation provided that all the payments for that branch have been made to the insured. However, if the company faces insolvency problems, the Undersecretariat may decide payments to be made to the insured from the guarantees.

(6) Guarantees shall not be included in the bankrupt's estate or winding up estate, seized, exposed to injunction and precautionary seizure unless all the receivables of the insured are paid. However, the Undersecretariat's right of injunction on guarantees is preserved in order to protect insured's receivables.

(7) The Undersecretariat is authorized to increase or decrease the guarantees by up to fifty percent depending on the state of the insurance industry and the general economic conditions.

(8) The Undersecretariat may decide for the allocation of special guarantee not to exceed ten percent of the guarantee amounts calculated according to this article. The special guarantee is used when the necessary resources cannot be found to enable the regular activities of those insurance companies whose authority to conclude contracts have been revoked or whose licenses have been withdrawn in all branches. The principles and procedures regarding the guarantee to be allocated and its use will be determined by the Undersecretariat

(9) The Undersecretariat is authorized to carry out arrangements related to financial structure and capital requirement of insurance companies, reinsurance companies and other establishments operating in insurance business, and to determine the types of assets to be blocked, the principles of valuation, procedures and principles relating to blocking, unblocking, imposing and revoking mortgages. Costs related to these operations are met by the relevant company.

Account principles, record order, basic financial statements and financial structure arrangements

ARTICLE 18 – (1) Insurance companies and reinsurance companies are obliged to arrange, publish and send to the Undersecretariat their accounts and financial statements in accordance with the principles and sample formats determined by the Undersecretariat.

(2) Insurance companies and reinsurance companies have to make sure that their balance-sheets, profit and loss statements and other financial statements that would be deemed appropriate by the Undersecretariat are audited by independent audit firms and published. The Undersecretariat is authorized to regulate the auditing of the insurance companies and reinsurance companies by independent audit firms.

(3) If it is found that the financial statements published by insurance companies and reinsurance companies are misrepresented, the Undersecretariat, taking into consideration the generally accepted accounting rules and principles, can make sure that the corrected financial statements are republished.

(4) The Undersecretariat is authorized to demand insurance companies and reinsurance companies to keep different books other than those compulsory under other laws, to determine the principles and procedures which such books shall be subject to, to request all kinds of information, statements, reports, account extracts and financial statements which comply with the principles and samples to be determined by itself, where deemed necessary to publish financial statements, to determine financial ratios in order to strengthen the financial structure of the insurance sector, to determine in which assets and by which ratios the company's resources shall be invested.

(5) Where necessary, the Undersecretariat is authorized to demand all kinds of information, documents, and reports from the insurance companies, reinsurance companies, intermediaries and loss adjusters. During the preparation of consolidated statements, the Undersecretariat can demand all kinds of information and documents from parent company and the parent company can demand all kinds of information and documents from the establishments which are related with the consolidated financial reporting.

Prohibition of asset reducing transactions

ARTICLE 19 – (1) Shareholders, members of the board of directors, auditors and employees of insurance companies and reinsurance companies shall not use the company resources directly or indirectly except for payments, financial support and advances given to the personnel subject to provisions determined by the articles of association of the company or by the resolution of the general meeting or the board of directors, shall not execute transactions which reduce the value of an asset in conflict with the rules of goodwill, and shall not make disguised earning transfers by any means. Insurance companies and reinsurance companies may not pledge their assets as collateral for the benefit of their personnel, shareholders, affiliates or other persons and establishments, or act as a surety and provide loans except for those arising from their own debts or insurance transactions.

Strengthening financial structure

ARTICLE 20 – (1) If it is found that an insurance company or reinsurance company fails to meet the amount of minimum guarantee fund, to allocate the guarantee which it has to establish, to have sufficient and appropriate assets to cover technical reserves, to fulfil its obligations arising from contracts or that its financial structure is weakened to endanger the rights and benefits of the insured, the Minister, by giving an appropriate period of time to the insurance company or reinsurance company, for the strengthening of the financial structure may require the insurance company or reinsurance company;

- a) to present and implement an encompassing recovery plan that includes how it shall correct the weakness of its financial structure and protect the rights and benefits of the insured,
- b) to increase capital, to pay the outstanding portion, to make payments to the company as compensation for the capital, to stop dividend payments or to allocate additional guarantee,
- c) to dispose the assets in part or in full, or to stop such disposition, to stop acquiring new affiliates and fixed assets,
- ç) to take other measures to strengthen its financial structure and liquidity, and to reduce the risks,
- d) to convene an extraordinary general meeting with an agenda to be determined, or to postpone the general meeting,
- e) to perform other similar duties.

(2) In addition, the Minister is also authorized;

- a) to take all the measures to ensure that the insurance portfolio in all branches in which the insurance company is operating and in any one or whole of the insurance groups in reinsurance companies are transferred to another company or companies along with all guarantees and reserves, and where no such assignee exists, then to take all the measures for handing over the management of the portfolio to the Account or the winding up of the portfolio which will be transferred,
- b) to limit the insurance portfolio,
- c) to replace part or all of the members of the board of directors or auditory board, or to appoint new members to these boards by increasing the number of existing members, or to request that the management of the insurance company or reinsurance company is assigned to a trustee,
- ç) to take similar measures in order to strengthen the financial structure.

Article 4 of this Law shall apply to persons to be appointed in accordance with subparagraph (c) of this paragraph.

(3) When the measures stipulated in this article are not applied or it is found that they are not going to be applied, or the insurance company or reinsurance company postpones its payments, fails to comply with its liabilities to the insured, or the company's equity falls below the minimum guarantee fund, the Minister is authorized to revoke the insurance or reinsurance company's right to conclude further insurance contracts in all branches or the relevant branches and its authority to renew policies, to withdraw its license and to block its assets.

(4) If it is found that institutions and establishments other than insurance companies and reinsurance companies, which operate in accordance with their special laws and which conclude insurance and reinsurance contracts in accordance with the provisions of the Turkish Commercial Code fail to comply with their liabilities arising from the contracts or have a weakening financial structure which may endanger the rights and benefits of the insured, the Minister shall be authorized to take measures to strengthen the financial structure, to replace part or all of the persons in management and audit positions, or to request the transfer of the management to a trustee.

(5) Criteria for weakness in the financial structure are determined by regulation.

(6) Those who are assigned to the company's management and auditing in accordance with this article shall not be held responsible for the existing or future public debts of the company, debts to social security institutions and other financial liabilities of the company. In order to institute a criminal action against public officials who are assigned in accordance with this article, authorization by the Minister is necessary, and any legal action instituted against such persons are deemed to have been instituted against the Undersecretariat. Except for actions instituted by the Undersecretariat, litigation expenses and the attorney fee determined in the minimum attorney fee tariff declared by the Turkish Bar Association arising from the legal actions, investigations and prosecutions against such persons shall be met from the budget of the Undersecretariat. Provisions of the Turkish Commercial Code relating to the release of the board of directors shall not apply to those who are appointed in accordance with this article.

PART 5

Actuaries, Intermediaries and Loss Adjusters

Actuaries and brokers

ARTICLE 21 – (1) Insurance companies and reinsurance companies have to work with a sufficient number of actuaries. The Undersecretariat shall keep an Actuaries Register where actuaries are registered. No one shall act as an actuary unless registered in the register. Principles and procedures relating to the acquisition of the title actuary as well as the duties and authorities of actuaries are determined by regulation.

(2) Brokerage is performed with a broker license obtained from the Undersecretariat. The Undersecretariat may assign duties to non-governmental organizations and professional institutions for the preparation of the procedures related to the license for examination and approval. Procedures and principles related to the brokers' duties and authorities are determined by regulation.

(3) Partners of insurance companies, insurance agents and loss adjusters, persons in charge of management and audit of these, persons who have signing power on their behalf, and

company employees engaged in professional activity; shall not act as a broker, be appointed to the board of directors and auditing board of any legal person broker, use signing power on their behalf, become partner of these and accept any paid work from them. Such restrictions shall also apply to the spouses of these persons and the children under their custody.

(4) Any person banned from acting as an insurance broker shall not be employed in any activity relating to brokerage and cooperation shall not be made with these people for the execution of the brokerage profession.

(5) Insurance brokers and their employees shall not disclose any know-how or confidential information they learn in the execution of their duties without the permission of the relevant authority. However it is obligatory that any incidence giving rise to a criminal offence is reported to competent authorities.

Loss adjusters

ARTICLE 22 – (1) Loss adjusting business is carried out by real or legal persons.

(2) Any person who wants to act as a loss adjuster;

- a) shall obtain a loss adjusting license from the Undersecretariat,
- b) shall be registered in the Register.

(3) Principles and procedures relating to foreign loss adjusters are determined by the President of Türkiye.

(4) The title of loss adjusters shall be acquired after a loss adjusting license is obtained. Persons, who work as loss adjuster, after having obtained their licenses, shall apply to the Union of Chambers and Commodity Exchanges of Turkey to be registered in the Register. The Undersecretariat may assign duties to non-governmental organizations and professional institutions for the preparation of the procedures related to the license for examination and approval.

(5) The register of the loss adjuster shall be removed from the Register if;

- a) all the licenses he has obtained have been withdrawn,
- b) a decree has been issued for his dismissal from the profession,
- c) he has failed to execute his profession within six months following his registration,
- ç) he abandons loss adjusting business,
- d) he fails to deposit the registration fee within the specified period, or fails to pay his regular fee for a consecutive period of three years.

(6) Before issuing a decision of removal from the Register, a written defence is required from the loss adjuster. In addition, to be able to take a decision of removal from the Register, the loss adjuster should have been heard, or should have not complied with the invitation for being heard. The decision for removal from the Register shall be reasoned.

(7) The loss adjuster who proves that the circumstances, which resulted in his removal from the Register no longer exist, has the right to be registered in the Register again. However, those in respect of whom a decision of dismissal from the profession has been taken shall not

be registered in the Register again. No registration fee shall be taken from a loss adjuster who is registered again.

(8) Those who request to be registered again in the Register may be required to prove the continued existence of the criteria for registration in the Register. The decision for refusal of the request to be registered again in the Register shall be a reasoned decision.

(9) The person who has been removed from the Register or whose request to be registered again has been refused may present a written objection to the Undersecretariat within fifteen business days. Upon such objection, the Undersecretariat has to notify its decision within fifteen business days at the latest. Such decision is final.

(10) Real person loss adjusters are obliged to perform loss adjusting business as their habitual profession. As long as they perform this profession, real person loss adjusters shall not be engaged in any other profession as tradesmen or businessmen, which are incompatible with the nature of this profession, or engage in insurance agent and brokerage activities.

(11) A real person loss adjuster shall not have more than one office.

(12) Legal person loss adjusters shall perform loss adjusting business exclusively. Where business is carried out with a legal person loss adjuster, the work is to be assigned to the legal person. However, a certificate of authorization is issued by the legal person to the loss adjuster who is to follow up the business. In the loss adjusting report, the seal of the company shall be accompanied by the signature of the real person loss adjuster. Loss adjusters who work for legal person loss adjusters shall not accept works other than those which are delegated by the legal person, engage in a paid work or salaried job, and work in the name and account of another legal person loss adjuster.

(13) Loss adjusters shall be impartial. Loss adjusters shall not accept a loss adjusting business where important causes which may give rise to doubts about the impartiality of the loss adjuster with respect to any of the parties exist, or where they have a degree of relativity or business partnership with any of the parties as specified in the Code of Civil Procedure No: 1086 and dated 18.6.1927, Article 245, paragraphs (1), (2), and (3). This provision shall also apply to those loss adjusters employed by legal person loss adjusters. Reports which have been issued in violation of this provision shall be void.

(14) Partners of insurance companies, insurance agents and brokers, persons in charge of management and audit of these, persons who have signing power on their behalf, and company employees engaged in professional activity; shall not act as a loss adjuster, be appointed to the board of directors and auditing board of any legal person loss adjuster, use signing power on their behalf, become partner of these and accept any paid work from them. Such restrictions shall also apply to the children under their custody.

(15) Loss adjusters and persons working for them shall not disclose any know-how or confidential information they learn in the execution of their duties without the permission of the relevant parties. However, it is obligatory that any incidence giving rise to a criminal offence is reported to competent authorities.

(16) Those that have been banned from acting as a loss adjuster shall not be engaged in activities related to loss adjusting, and no cooperation shall be made with these persons for the execution of the loss adjusting profession in whatever form.

(17) The report issued by authorized loss adjusters for traffic accidents result in damage to property, and its model to be determined by the Ministry of Interior, shall serve as accident report in the payment of claims as regards accidents and damages referred to in Highway Traffic Code, Article 99. Reports issued by loss adjusters shall be evidentiary.

(18) **(Abolished: 27/3/2015- 6637/Art.10)**

(19) The applicable procedures and principles for the fixation of appraisalment fee shall be set out by the regulation with the receipt of the opinion of the Executive Committee of Association and Loss Adjusters, including the assignment of an loss adjuster by the insurer or the policy owner or those people who benefit from an insurance contract, the acceptance of work by the adjuster and the determination of minimum rates.

(20) The qualifications of those who will perform loss adjusting; classification of loss adjusters; determination of their duties and authorities on the basis of branches; procedures and principles relating to licence, registry in the Register and operation as well as the other matters regarding the implementation of this article shall be regulated by regulation.

(21) Loss adjuster courses, exams and internships are conducted separately for each branch of expertise. Insurance adjuster courses and other training activities are not subject to Private Education Institutions Code No: 5580 dated 8.2.2007.

(22) No one, other than those authorized in this Law, shall engage in loss adjusting or use words and phrases in his trade name or in any document giving the impression that he is engaged in loss adjusting business.

Insurance agents

ARTICLE 23 – (1) Insurance agency is carried out by real or legal persons. Those who want to be engaged in insurance agency shall be registered in the Register maintained by the Union of Chambers and Commodity Exchanges of Turkey.

(2) Principles and procedures on the qualifications of insurance agents are determined by regulation. Persons who will work as insurance agents shall obtain a certificate which confirms their qualifications from the Undersecretariat and shall apply to the Union of Chambers and Commodity Exchanges of Turkey, in order to be registered in the Register. The Undersecretariat may assign duties to the Union of Chambers and Commodity Exchanges of Turkey for the preparation of the procedures related to the license for examination and approval. The Union of Chambers and Commodity Exchanges of Turkey may decide to cooperate with non-governmental organizations or professional institutions for the realization of these operations.

(3) In respect of banks and establishments which have been established by a special law and authorized to carry out insurance agency activities, the obligation to be registered in the Register as described in the first paragraph of this article and the second paragraph concerning the obtainment of a certificate from the Undersecretariat shall not apply.

(4) The register of the insurance agent shall be removed from the Register if;

- a) he has lost the qualifications necessary to carry out insurance agency,
- b) he has been dismissed from the profession,
- c) he has failed to operate within six months following his register in the Register,
- ç) he has abandoned insurance agency,
- d) his register has been removed from the chamber of commerce or chamber of industry and commerce,
- e) he fails to deposit the registration fee within the specified period, or fails to pay his monthly fee for a consecutive period of three years.

(5) Before issuing a decision of removal from the Register, a written defence is required from the agent. In addition, to be able to take a decision for removal from the Register, the insurance agent should have been heard, or should have not complied with the invitation for being heard. The decision for removal from the Register shall be reasoned.

(6) The agent who proves that the circumstances, which resulted in his removal from the Register no longer exist, has the right to be registered in the Register again. However, those in respect of whom a decision of dismissal from the profession has been taken shall not be registered in the Register again. No registration fee shall be taken from an insurance agent who is registered again.

(7) Those who request to be registered again in the Register may be required to prove the continued existence of the criteria for registration in the Register. The decision for refusal of the request to be registered again in the Register shall be a reasoned decision.

(8) The person who has been removed from the Register or whose request to be registered again has been refused may present a written objection to the Board of Directors of the Union of Chambers and Commodity Exchanges of Turkey within fifteen business days. Upon such objection, the Board of Directors of the Union of Chambers and Commodity Exchanges of Turkey has to notify its decision within fifteen business days at the latest. Such decision is final.

(9) Law on Protection of Consumers No: 4077, dated 23.2.1995, Article 4/A, paragraph three shall only apply to insurance agents with respect to their services provided related to agency operations. The insurance agent is not responsible for defective services provided by the insurance company as the provider.

(10) Except banks and establishments which are established by a special law and authorized to carry out insurance agency, insurance agents shall not have any other commercial activities other than mediation activities related to private pension transactions as well as other mediation activities related to insurance which the Undersecretariat deems appropriate.

(11) The President of Türkiye is authorized to make arrangements relating to the activities of foreign insurance agents in Turkey and the intermediation activities in Turkey by Turkish agents on behalf of foreign insurance companies.

(12) Persons in charge of management and audit of insurance companies, insurance brokers and loss adjusters and persons who have signing power on their behalf shall not assume duties in the board of directors and auditory boards of agents, use signing power on their behalf,

become partner of these and accept any paid work from them. Such restrictions shall also apply to the spouses of these persons and the children under their custody. However, the restriction that applies to the spouses and children of persons in charge of management and audit of insurance companies and persons who has signing power on their behalf is limited with the agency activities for the company where such people work.

(13) Any real or legal person, other than those who are authorized in this Law, shall not engage in insurance agency activity and use words and phrases in his trade name or in any document giving the impression that he is engaged in insurance agency business.

(14) Those that have been banned from acting as insurance agent shall not be engaged in activities related to insurance agency, and no cooperation shall be made with these persons for the execution of the insurance agency profession in whatever form.

(15) In case of the termination of the agency agreement, the insurance agent has the right to get the agent commission for the works he has already accomplished, or he would have accomplished within a short period of time if the agency agreement had not been terminated.

(16) After the termination of the agency agreement, if the insurance company gains considerable benefit due to the portfolio of the insurance agent and if it is fair and just, the insurance agent has the right to claim compensation from the insurance company. However, in case the insurance agent dissolves the contract without any sound reason or causes the dissolution of the contract as a result of his own fault, his right to claim compensation shall be forfeited.

(17) Insurance agents and their employees shall not disclose any know-how or confidential information they learn in the execution of their duties without the permission of the relevant parties. However it is obligatory that any incidence giving rise to a criminal offence is reported to competent authorities.

(18) Provisions of the Turkish Commercial Code governing agencies shall also apply to insurance agents.

PART 6

Professional Organizations

Association of the Insurance, Reinsurance and Pension Companies of Turkey

ARTICLE 24 – (1) Insurance companies, reinsurance companies and pension companies established in accordance with the Law No.4632 are obliged to become members of the Association of the Insurance, Reinsurance and Pension Companies of Turkey, which is headquartered in Istanbul and is a professional organization having the status of a public legal entity, after paying the entrance fee. This obligation is fulfilled within one month, at the latest, from the date of obtaining the insurance license for the insurance companies and reinsurance companies, and pension license for the pension companies. However, the President of Türkiye is authorized to abolish this obligation. Article 9, paragraph seven of the Law on the Union of Chambers and Commodity Exchanges of Turkey, and Chambers and Exchanges No: 5174 dated 18.5.2004, shall not be applicable to the insurance companies, reinsurance companies and pension companies.

(2) Two separate Registers are kept within the Association, one for insurance companies and reinsurance companies and one for pension companies, and the related insurance company, reinsurance company and pension company that has completed the membership procedures shall be immediately registered in the relevant Register by the Board of Directors of the Association.

(3) The removal from the Register shall take place in the following cases:

a) For insurance company and reinsurance company;

1) If its authority to conclude insurance and reinsurance contracts is revoked in all branches,
2) If it does not conclude an insurance or reinsurance contract for a consecutive six months time period within one year from the grant of the license or in the following years without informing the Undersecretariat,

3) If it does not pay the participation fees and regular fees within the specified period despite the notice given.

4) If the membership in the Association is forfeited.

b) For pension company;

1) If its license becomes invalid within the context of the second paragraph of Article 9 of the Law No. 4632

2) If its authority to conclude new contracts is revoked,

3) If its entire funds that are established in accordance with the Law No.4632 are transferred to another company,

4) If it is issued a bankruptcy order by the Minister in accordance with the Law No.4632,

5) If it does not pay the participation fees and regular fees within the specified period despite the notice given.

6) If the membership in the Association is forfeited.

(4) An insurance company, a reinsurance company and a pension company that is not registered in the Register is not authorized to elect and to be elected in the General Assembly. An insurance company, a reinsurance company and a pension company which proves that the circumstances which resulted in its removal from the Register no longer exist, has the right to be registered in the Register again and no entrance fee shall be taken from those companies.

(5) If the Board of Directors of the Association deems necessary it may request from insurance, reinsurance and pension companies, which request to be registered again, to prove the continued existence of the criteria for registration. The decision for refusal of the request to be registered again in the Register shall be a reasoned decision.

(6) The insurance company, reinsurance company and pension company which has been removed from the Register or whose request to be registered again has been refused, may present a written objection to the Undersecretariat within fifteen business days against the removal or refusal decision of the Board of Directors. Upon such objection, the Undersecretariat has to notify its decision within fifteen business days at the latest. The decision of the Undersecretariat is final.

(7) The forfeit of the Association membership shall take place in the following cases:

a) For insurance company and reinsurance company;

1) If its all licences are withdrawn,

2) If it has been issued a bankruptcy and winding up order or its operation is terminated due to other reasons.

b) For pension company;

- 1) If its pension operation license and insurance licenses are invalid,
- 2) If it has been issued a bankruptcy and winding up order or its operation is terminated due to other reasons.

(8) The objective of the Association is to ensure the development of the profession, to ensure that its members work in solidarity, unity, integrity and discipline which the profession requires, and to take and implement the necessary decisions to prevent unfair competition.

(9) Duties and authorities of the Association are as follows:

- a) to take measures for the improvement of the profession, for this purpose to establish research institutions and support researches and studies,
- b) to take necessary steps for the representation and awareness of insurance and private pension savings and investment system, to become a member of related institutions in and outside Turkey and to send delegates to these institutions,
- c) if deemed necessary, to prepare guiding tariffs for insurance contracts to be used by the sector,
- ç) to comply with the duties arising from the insurance and private pension savings and investment system legislation, and to monitor the implementation of its decisions and measures,
- d) to determine the compulsory professional rules, to ensure that members work in discipline which the profession requires in line with the needs of the economy, and to take and implement all kinds of measures necessary to prevent unfair competition among its members,
- e) to cooperate with relevant institutions and associations with the purpose of providing insurance and private pension savings and investment system education, to organize seminars and conferences, publish books, magazines and booklets,
- f) to establish examination and research committees regarding insurance and private pension savings and investment system in necessary quantity and quality, to arrange their duties, powers and methods of working,
- g) to issue annual reports about the annual operation results of its members, and to circulate these reports to members and concerned parties,
- ğ) to organize the operation of insurance arbitration and to keep a list of insurance arbitrators.

(10) The Association shall follow the implementation of the decisions and measures it has taken according to the legislation for the professions it is related to, and take those measures that have been required by the Undersecretariat.

(11) The Association, with the approval of the Undersecretariat, is authorized to establish bureaus, companies, and foundations with legal personality related to insurance and private pension savings and investment system, or participate in existing companies within the context of this Law.

(12) Bodies of the Association consist of the General Assembly, Chairman of the Association, the Board of Directors, Non-life Management Committee, Life and Pension Management Committee, Disciplinary Board and Auditory Board. Excluding the Board of Directors, insurance companies, reinsurance companies and pension companies are represented in only one of these bodies except the General Assembly.

(13) Insurance companies, reinsurance companies and pension companies are represented in the General Assembly by the general manager or a director with first degree signing authority,

who is given a power of attorney by the general manager for this purpose. The Undersecretariat may have an observer in the Association's General Assembly.

(14) The Chairman of the Association and the members of the Non-life Management Committee, Life and Pension Management Committee, Disciplinary Board and Auditory Board are elected by the General Assembly for two years. The Chairman of the Association is the Chairman of the Board of Directors as well.

(15) The Non-life Management Committee consists of nine members to be elected by the representatives of non-life companies and the Life and Pension Management Committee consists of nine members to be elected by the representatives of life and pension companies. The committee chairmen and a committee member to represent the committee at the Board of Directors are elected through an election to be held among the members of the Non-life Management Committee and the Life and Pension Management Committee.

(16) In the election of the Non-life and Life and Pension management committees, five members are elected from among the companies that are in the top ten in terms of premium production in the relevant field, three members from among the companies that are outside the top ten companies in the relevant field and a member is elected with an election held among the reinsurance companies operating predominantly in the relevant field and with the participation of all companies operating in the relevant field. When determining the top ten companies in life or pension branch, the total of year-end premiums and participation fees of the year before the election year is taken into consideration. If there are no reinsurance companies operating predominantly in the relevant field or reinsurance companies do not nominate for the related committee membership, the quota allocated to the reinsurance companies is added to the quota of the top ten companies, increasing their quota from five to six. If there are not enough candidates from the groups to realize the above distribution, the General Assembly shall decide on the distribution among the groups.

(17) The member companies are represented in the bodies of the Association at the general manager level or director level with first degree signing authority and holding same qualifications with general manager. The memberships in the Board of Directors, Non-life Management Committee, Life and Pension Management Committee, Disciplinary Board and Auditory Board are not dependent on the person and if the person who represents his/her company in the said bodies loses his/her relationship with the company, he/she is replaced by the general manager to represent the company or a director with first degree signing authority and holding the same qualifications with the general manager. In case the member companies that serve in the bodies of the Association are removed from the Register, an election is held for the vacant position as prescribed.

(18) If the Chairman of the Association loses his relationship with his company, his Chairmanship of the Association shall become null and void. A new Chairman shall be elected with an election to be held within two months to complete the period not completed by the former Chairman.

(19) The Board of Directors is composed of five members including the Chairman of the Association, Chairmen of the Non-life Management Committee and Life and Pension Management Committee and a committee member to be elected by each of the two committees. The Chairman of the Association is the Chairman of the Board of Directors and the committee chairmen are the deputy chairmen of the Board of Directors. One of the

committee members in the Board of Directors shall be elected as the accounting member by the Board of Directors.

(20) The Auditory Board and Disciplinary Board shall each consist of three members. The Auditory Board and Disciplinary Board shall elect a chairman at the first meeting.

(21) Insurance, reinsurance and pension companies shall pay an entrance fee, the amount of which is determined by the General Assembly, upon their membership to the Association and every year. The participation fees paid for the expenses of the Association are calculated and distributed based on the sum of the direct premium incomes in Turkey obtained within a year for insurance and pension companies, while based on the sum of pension participation fee and direct premium incomes in Turkey obtained within a year for pension companies as outlined by the principles in the regulation. If these fees are not paid within the periods determined by the Regulation, the Association shall collect the same by execution proceedings. Decisions related to the payment of participation fees shall have the status of written official document in the sense of the Law on Execution and Bankruptcy No: 2004 dated 9.6.1932, Article 68.

(22) Incomes and expenses relating to the fields of life, non-life, reinsurance and private pension savings and investment system are observed in separate items in the Association's budget.

(23) In respect of members which do not timely and fully comply with the decisions and measures taken by the Association according to this article an administrative fine from five thousand Turkish Liras up to fifty thousand Turkish Liras will be imposed by the Board of Directors of the Association.

(24) The working principles of the Association are determined by the regulation which is prepared by the Association and approved by the Undersecretariat.

(25) All activities of the Association are supervised by the Undersecretariat.

Election principles for the bodies of the Association and prohibitions

ARTICLE 25 – (1) Elections of the bodies of the Association shall be carried out by secret voting, and open vote counting, and each member has one vote in the bodies.

(2) No later than fifteen days prior to the General Assembly meeting during which the election shall be held, a list indicating the representatives of the members for the election of the Association and a letter including the agenda, venue, date and time of the meeting and the details of the second meeting which shall be held in the absence of quorum, shall be submitted to the judge who serves as the chairman of the county election board of that locality. If there is more than one county election board in the locality where the election shall be held, the authorized judge shall be determined by the Supreme Election Board. It is compulsory that meeting dates are arranged so that discussions are concluded within two days at most, taking into account other issues included in the agenda.

(3) The judges approve the list indicating the members who will participate in the election and other issues indicated in the second paragraph, if necessary after the examination of relevant registers and documents by the judge and if exists after the completion of deficiencies by

related parties. The approved list and other issues related to the meeting are announced in the billboards of the Association for three days.

(4) Objections to the list during the announcement period are examined by the judge, and decided within two days, at the latest.

(5) Lists that become final thereafter as well as other issues related to the meeting are sent to the Association after the approval.

(6) The Judge assigns a polling committee which consists of a chairman and two members among those who are not candidates. In the same way three substitute members are determined by the judge. In the absence of the chairman of the polling committee, the oldest member shall chair the committee.

(7) The polling committee is responsible for ensuring that the election is carried out and managed in accordance with the principles of the code, and for counting of the votes, and this responsibility shall continue uninterruptedly until the election and counting of votes are completed.

(8) At the end of the election period, the results of the election shall be registered in a minute to be signed by the chairman and members of the polling committee. If there is more than one polling station, minutes are combined by the judge. A copy of each minute is published at the election site and in this way the provisional results of the election are announced. Used vote papers and other documents are submitted to the chairman of the county election board, along with a copy of the minute to be kept for three months.

(9) Objections to the procedures carried out during the election and to the election results within two days, as of the arrangement of the minutes, are examined by the judge on the same day, and a final decision is given. After the expiry of the objection period, and conclusion of objections, the judge announces the final results as described above, and notifies the Association.

(10) A member whose name is not written in the list shall not cast vote. Votes shall be cast after the electorate proves his identity with a certificate given by the Association or an official authority, and puts his signature next to his name on the list. A vote shall be cast by placing the voting paper issued collectively or separately according to bodies into the envelope which bears the seal of the county election board and given during the voting by the chairman of the polling committee. Votes placed into other envelopes shall be void. Tools and equipment used in the elections are supplied by the county election board, and the location of voting boxes shall be determined by the judge.

(11) In the case of invalidation of the election by the judge due to irregularity or illegal practice which may affect the election results, the judge shall determine the Sunday, to repeat the election, which is not earlier than one month and later than two months, and notify the Association. On the determined day, only the election is held, and election procedures are carried out as stipulated in this article and other provisions of the Law.

(12) Remuneration shall be paid to the chairman of the county election board, the judge, chairman and members of the polling committee in accordance with the principles specified in the Law on Basic Provisions of Elections and Register of Voters No: 298 dated 26.4.1961.

This remuneration and other election expenses shall be met from the budget of the Association.

(13) Offences committed against the chairman and members of the polling committee during the elections shall be punished as if they have been committed against public officials.

(14) The Association shall not be engaged in any activity outside the scope of its establishment objectives. Political parties may not nominate candidates in the elections of the bodies of the Association. Bodies of the Association that act in violation of its objectives shall be dismissed by a court order upon the request of the Minister or the Public prosecutor, and new elections shall be held.

(15) Bodies dismissed shall be replaced by new ones within one month at the latest. Those who are newly elected shall complete the terms of office of former members.

(16) Provisions regarding dismissal shall not apply in respect of the General Assembly of the Association.

(17) The related bodies of the Association are obliged to fully comply with the decisions of the Minister and Undersecretariat on the procedures carried out by the bodies of the Association in accordance with this Law. Provisions of paragraph fourteen shall apply to the bodies of the Association which fail to obey these decisions without any legal reason or which give a new decision for the same purpose with its previous decision or which do not perform its legal duties despite the warning.

(18) Criminal responsibilities of the dismissed members of the bodies and representatives of legal persons shall continue. Dispositions which give rise to the dismissal of such bodies, under the seventeenth paragraph, shall be void.

(19) If it is deemed necessary for national security, public order, prevention of commitment or continuity of an offence, or arrest of criminals and a delay considered unfavourable then the Minister may prohibit the activities of the Association. The related decision of the Minister shall be presented to the approval of the authorized judge within twenty four hours. The Judge notifies the decision within forty eight hours; otherwise such administrative decision shall be automatically void.

(20) The persons in charge of management and audit of the Association and employees of the Association shall not disclose any know-how or confidential information they learn in the execution of their duties without the permission of the relevant parties. However, it is obligatory that any incidence giving rise to a criminal offence is reported to competent authorities.

Loss Adjusters Executive Committee

ARTICLE 26 – (1) Seven full and seven substitute members of the Loss Adjusters Executive Committee, which consists of nine members in total who have been appointed for a period of four years, are elected in accordance with the rules and principles determined by the Undersecretariat among loss adjusters who are registered in the Register kept by the Union of Chambers and Commodity Exchanges of Turkey and who have good repute and experience in the profession. Moreover, a board member of the Union of Chambers and Commodity Exchanges of Turkey and the Secretary General of the Union of Chambers and Commodity

Exchanges of Turkey or a deputy to be determined by him are appointed to this Committee as permanent member. To be eligible for election to the Loss Adjusters Executive Committee, a person should have actually performed loss adjusting at least for ten years. Criteria sought in full members shall also be sought in substitute members. Loss Adjusters Executive Committee shall elect a chairman and a vice-chairman from among its members at the first meeting. Legal person loss adjusters are represented at the Loss Adjusters Executive Committee by their general managers or people who have been authorized to represent the legal person. Those who have been subject to disciplinary punishment within the past five years and those in respect of whom an investigation has been initiated due to an offence that prevents acting as a loss adjuster shall not be elected to the Loss Adjusters Executive Committee, or represent a legal person therein until such investigation is complete. If members of the Loss Adjusters Executive Committee lose their eligibility for election later on, or fail to attend in person, or by their representatives, three consecutive meetings shall forfeit membership automatically.

(2) Loss Adjusters Executive Committee shall perform the following duties:

- a) to establish professional rules in order to ensure that loss adjusting activities are performed impartially and in an honest manner, business ethics are preserved, and members of the profession work with the attention, discipline and solidarity required by the profession,
- b) to take and implement all measures necessary to prevent unfair competition between members of the profession,
- c) to follow professional developments, administrative and legal arrangements at home and abroad, and to inform members in these issues,
- ç) to establish relations with national or international financial, economic and professional institutions and establishments in the field of loss adjusting business,
- d) to organize training activities such as courses, seminars and conferences in order to develop the loss adjusting profession,
- e) to follow developments in insurance and loss adjusting profession, to gather related publications and court decisions and submit them to the use of the members of the profession,
- f) to declare opinions to relevant authorities in respect of professional matters,
- g) to carry out the registration procedures which are necessary in order to act as a loss adjuster according to the insurance legislation, and the procedure of removal from the Register,
- ğ) to give disciplinary punishments about loss adjusters in matters which relate to insurance activity,
- h) to perform other duties to be assigned by the Undersecretariat.

(3) Loss Adjusters Executive Committee's decisions are notified to the Board of the Union of Chambers and Commodity Exchanges of Turkey in fifteen days. Procedural transactions for the entry into force of the decisions of the Loss Adjusters Executive Committee are executed by the Board of Directors of the Union of Chambers and Commodity Exchanges of Turkey. The Board of Directors of the Union of Chambers and Commodity Exchanges of Turkey has to take necessary steps for the decisions which are notified by the Loss Adjusters Executive Committee in fifteen days from the notice. Loss Adjusters Executive Committee may, for the purpose of fulfilling the operations specified in the second paragraph, authorize chambers of commerce or chambers of industry and commerce with the approval of the Board of Directors of the Union of Chambers and Commodity Exchanges of Turkey, and the Undersecretariat.

(4) Provision of the Law on The Union of Chambers and Commodity Exchanges of Turkey and Chambers and Exchanges, Article 94 are also applicable to the Loss Adjusters Executive

Committee. Attendance fees and other payments to the members of the Loss Adjusters Executive Committee are determined by the General Assembly upon the proposal of the Union of Chambers and Commodity Exchanges of Turkey's Board of Directors and the approval of the Undersecretariat.

(5) In order to secure that loss adjusting services are carried out as required, Loss Adjusters Executive Committee shall apply the following disciplinary punishments according to the nature and the degree of seriousness of the act to those loss adjusters who act in violation of the honour of the profession, those who fail to perform their duties, or who perform their duties deficiently, or those who act in a manner damaging the trust necessary for the profession:

a) Warning; is the notification to the loss adjuster by a letter that he should be much careful in the execution of his profession.

b) Censure; is notification to the loss adjuster by a letter that he is deemed faulty in his duty and behaviour.

c) Temporary suspension of professional activity; is to prohibit professional activity for a period not shorter than six months and longer than a year, provided that the title of loss adjuster is reserved.

ç) Dismissal from profession; is the dismissal of a loss adjuster from the profession, and prohibition of further execution of the profession.

(6) Those who are authorized to represent and bind a legal person loss adjuster in respect of whom a decision of dismissal from profession has been issued shall not act as loss adjusters and work as auditor or representative of another legal person loss adjuster.

(7) Those loss adjusters who act in violation of the rules of the profession, the honour of the profession, those who fail to perform their duties, or who perform their duties deficiently, or who act in a manner damaging the trust required by the duty shall be subject to a warning punishment, and to censure punishment if the same act is repeated.

(8) Those loss adjusters who fail to perform their duties independently, impartially and fairly, or who perform their duties deficiently or act in violation of the general principles of the profession shall be punished with temporary suspension of professional activity.

(9) Loss adjusters who have issued false loss adjusting reports intentionally are punished with dismissal from the profession, if this is supported by the final judgement of the court.

(10) A loss adjuster in respect of whom an investigation is being carried out due to a work which may require the punishment of dismissal from profession may be prevented from providing service as a measure with the decision of the Loss Adjusters Executive Committee. The decision of prevention from providing service is notified to the relevant authorities immediately. The decision for prevention from providing service shall be revoked when the investigation is cancelled or a punishment is given which does not prevent acting as a loss adjuster. The decision for prevention from service shall be revoked when the events and circumstances which give rise to the issue of such decision cease to be valid or when it is discovered thereafter that the same do no longer exist.

(11) In respect of a loss adjuster who commits acts which are subject to disciplinary punishments, two or more times, in a period of three years, for each new offence a punishment which is heavier than the previous one shall be applied.

(12) Loss adjusters who, having been punished with temporary suspension of professional activity, repeat the offence that necessitates such punishment within the succeeding five-year period shall be punished with dismissal from profession.

(13) Inquiry and issue of a judgment shall not prevent the performance of a disciplinary investigation and the taking of disciplinary action.

(14) Investigations about the members of the Loss Adjusters Executive Committee are carried out by the Undersecretariat. Decisions taken by the Undersecretariat are final.

(15) No disciplinary investigation shall be carried out if three years have elapsed from the date on which acts requiring disciplinary action have been committed. However, that period shall not be counted if the case has been referred to the Loss Adjusters Executive Committee.

(16) No disciplinary punishment shall be given if five years have elapsed from the date on which acts requiring disciplinary action have been committed.

(17) If the act necessitating disciplinary action constitutes an offence at the same time, and a longer lapse of time has been determined in the relevant laws for that offence, the lapse of time specified in the relevant laws shall apply instead of the lapse of time specified in this article.

(18) An objection to disciplinary decisions may be filed to the Undersecretariat within fifteen days as from the notification of the decision by the Loss adjusters Executive Committee. Undersecretariat gives its decision within a month and such decision is final.

(19) Decisions relating to disciplinary punishments shall not be applied unless such decisions become final.

(20) Loss adjusters who have been subject to a disciplinary punishment other than dismissal from profession and temporary suspension of professional activity may apply to the Loss Adjusters Executive Committee five years after the execution of such punishments, and demand that the disciplinary punishment about them is removed from their registers. If such party has not been subject to any disciplinary punishment within that period, the disciplinary punishment about him is removed.

(21) In respect of members who fail to comply with the decisions and measures taken by the Loss Adjusters Executive Committee in accordance with this article in a timely and complete manner, an administrative fine from two thousand Turkish Liras up to six thousand Turkish Liras shall be imposed by the Loss Adjusters Executive Committee.

(22) The Union of Chambers and Commodity Exchanges of Turkey allocates a suitable setting, sufficient number of personnel and necessary technical equipment for the Loss Adjusters Executive Committee to perform its duties in an effective manner.

(23) The Loss Adjusters Executive Committee is authorized to determine the fee for Registration or the regular fee with the approval the Board of Directors of the Union of Chambers and Commodity Exchanges of Turkey. Such payments are registered as revenue in the budget of the Union of Chambers and Commodity Exchanges of Turkey.

(24) If the Undersecretariat discovers any violation of applicable legislation and general interests of the insurance sector, it may require the Union of Chambers and Commodity Exchanges of Turkey to cancel the arrangements relating to loss adjusters or to introduce changes in such arrangements.

(25) The working principles and procedures of the Loss Adjusters Executive Committee are determined by regulation to be issued by the Ministry of Industry and Commerce with the approval of the Ministry which the Undersecretariat is affiliated with.

Insurance Agents Executive Committee

ARTICLE 27 - (1) An Insurance Agents Sector Council shall be established within the Union of Chambers and Commodity Exchanges of Turkey. Members of the Council which consists of forty people are elected in accordance with the principles and procedures determined jointly by the Union of Chambers and Commodity Exchanges of Turkey and the Undersecretariat from among insurance agents who have credit and experience in the profession and who are members of a chamber of commerce or a member of industry and commerce. Turkish Insurance Agents Sector Council shall not be bound by the provision of second paragraph of Article 57 of the Law on the Union of Chambers and Commodity Exchanges of Turkey and Chambers and Exchanges.

(2) Insurance Agents Sector Council Members shall elect seven members and seven substitute members to the Insurance Agents Executive Committee, which shall consist of nine members to serve for a period of four years. A Board Member of the Union of Chambers and Commodity Exchanges of Turkey and the Secretary General of the Union of Chambers and Commodity Exchanges of Turkey or the person who will be appointed by the Secretary General are appointed to this Committee as permanent member. In order to be eligible to this committee, it is essential to have performed actually as an insurance agent for a period of at least ten years. Criteria sought in full members shall also be sought in substitute members. Insurance Agents Executive Committee shall elect a chairman and a vice-chairman from among its members at the first meeting. Legal person insurance agents w are represented at the Insurance Agents Sector Council and Insurance Agents Executive Committee by their general managers or persons who have been authorized to represent the legal person. Those who have been imposed to disciplinary punishment within the past five years, those in respect of whom an investigation has been initiated due to an offence that prevents acting as an insurance agent shall not be elected to the Insurance Agents Executive Committee, or represent a legal entity therein until such investigation is complete. Members who despite their presence in the Insurance Agents Executive Committee lose their eligibility for election later on, or who fail to attend in person, or via their representatives, three consecutive meetings shall forfeit membership automatically.

(3) Insurance Agents Executive Committee shall perform the following duties;

- a) to establish professional rules in order to ensure that insurance agent activities are performed impartially and in an honest manner equitably and fairly, business ethics are preserved, and members of the profession work in solidarity and with the attention and discipline required by the profession.
- b) to determine the ethical codes and try to achieve uniformity in insurance agent practices.
- c) to take and implement measures in order to prevent unfair competition and unfair practices among insurance agents.

- ç) to observe developments, administrative and legal arrangements related to insurance and insurance agency profession at home and abroad, and provide its members and relevant parties with the information it gathers.
- d) to establish relations with other professional institutions related to insurance agency at home and abroad.
- e) to organize training activities such as courses, seminars and conferences in order to improve the insurance agency profession when necessary.
- f) to determine minimum physical conditions necessary for the insurance agency activity.
- g) to issue annual reports for submission to the Board of Directors of the Union of Chambers and Commodity Exchanges of Turkey.
- ğ) to carry out the procedures of registration in the Register which are necessary in order to act as an insurance agent under the insurance legislation, and the procedure of removal from the Register.
- h) to give disciplinary punishments about insurance agents in matters which relate to insurance activity.
- ı) to determine criteria for the employees of the insurance agent who will be entitled to draw up contracts and to keep records of these employees.
- i) to fulfil other duties to be assigned by the Undersecretariat of Treasury.

(4) Decisions taken by the Insurance Agents Executive Committee shall be notified to the Board of Directors of Turkish Union of Chambers and Stock Exchanges within fifteen days at the latest. Procedural transactions for the fulfillment of the decisions taken by the Insurance Agents Executive Committee shall be performed by the Board of Directors of the Union of Chambers and Commodity Exchanges of Turkey. Board of Directors of the Union of Chambers and Commodity Exchanges of Turkey shall be obliged to perform what is necessitated by the decisions notified by the Insurance Agents Executive Committee within fifteen days at the latest after the date of notification. The Insurance Agents Executive Committee shall be entitled to assign any chamber of commerce or chamber of industry and commerce for the fulfillment of the transactions specified in item three upon the approval of the Board of Directors of the Union of Chambers and Commodity Exchanges of Turkey, if necessary.

(5) Insurance Agents Executive Committee shall be bound with the provision of the Law on the Union of Chambers and Commodity Exchanges of Turkey and Chambers and Exchanges, Article 94. Attendance fees and other payments to members of the Insurance Agents Executive Committee are to be determined by the General Assembly upon the proposal of the Union of Chambers and Commodity Exchanges of Turkey's Board of Directors and approval of the Undersecretariat.

(6) In respect of disciplinary punishments to be given for insurance agency activities of insurance agents, the authorities specified in the Law on the Union of Chambers and Commodity Exchanges of Turkey, and Chambers and Exchanges, Articles 87, 88 and 89 are executed by the Insurance Agents Executive Committee, and Article 87 of the same Law applies to disciplinary offences and punishments to be given in respect of insurance agents. However, provisions of the Law on the Union of Chambers and Commodity Exchanges of Turkey, and Chambers and Exchanges, Article 87 governing temporary dismissal from membership and long term dismissal from membership are applied as temporary dismissal from profession and long term dismissal from profession. In respect of insurance agency activities of insurance agents, the punishment of dismissal from profession may be given for offences to be determined by the regulation. Those who are authorized to represent and bind a

legal person insurance agent in respect of whom a decision of dismissal from profession has been issued shall not act as insurance agent and work as an auditor or representative of another legal entity insurance agent. An insurance agent in respect of whom an investigation is being carried out due to a work which may require the punishment of dismissal from profession may be prevented from service as a measure with the decision of the Insurance Agents Executive Committee. The decision for prevention from service shall be revoked when the investigation is cancelled or a punishment is given which does not prevent performing as an insurance agent, and shall be revoked by the Insurance Agents Executive Committee if it is discovered that the events and circumstances giving rise to such decision do not exist, or have disappeared later on. Both the decision for prevention from service and the revocation of such decision are notified to the Chamber where the insurance agent is registered and to the relevant authorities immediately. The Union of Chambers and Commodity Exchanges of Turkey Higher Disciplinary Board shall be authorized to execute disciplinary investigations to be carried out in respect of members of the Insurance Agents Executive Committee only about the insurance agent activity, and to decide about the disciplinary punishments referred to in this paragraph. The provision of the Law on the Union of Chambers and Commodity Exchanges of Turkey and Chambers and Exchanges, Article 92 shall apply to disciplinary punishments to be given to insurance agents.

(7) The Insurance Agents Executive Committee is authorized to determine the fee for recording in the Register or the regular fee with the approval of the Board of Directors of the Union of Chambers and Commodity Exchanges of Turkey. Such payments are registered as revenue in the budget of the Union of Chambers and Commodity Exchanges of Turkey.

(8) The Union of Chambers and Commodity Exchanges of Turkey allocates a suitable setting, sufficient number of personnel and necessary technical equipment for the Insurance Agents Executive Committee to perform its duties in an effective manner.

(9) If the Undersecretariat finds any violation of legislation and violation of the general interests of the insurance sector, it may require the Union of Chambers and Commodity Exchanges of Turkey to cancel the arrangements relating to insurance agents or to introduce changes in such arrangements.

(10) The working principles and procedures of the Turkish Insurance Agents Sector Council and Insurance Agents Executive Committee are determined by regulation to be issued by the Ministry of Industry and Commerce with the approval of the Ministry which the Undersecretariat is attached to.

PART 7

Supervision and Furnishing Information

Supervision

ARTICLE 28 – (1) Supervision of all insurance operations of insurance and reinsurance companies operating in Turkey, establishments engaged in insurance operations in accordance with their special laws, insurance and reinsurance intermediaries, loss adjusting activities, actuaries and other persons operating in the insurance sector are carried out by the Insurance Supervisory Board.

(2) Insurance Supervisory Board is composed of a chairman, insurance supervisors, insurance supervisory actuaries and their assistants. Inspection, supervision, examination and inquiry

duties and authorities vested in the Ministry which the Undersecretariat is attached to or the Undersecretariat, by the provisions of this Law and other laws governing insurance business, insurance and persons and establishments operating in the insurance sector, shall be executed and exercised by insurance supervisors, insurance supervisory actuaries and their assistants.

(3) Examination, determination and inspection of the operations, assets, affiliates, receivables, equities and liabilities of insurance companies and reinsurance companies, the relation and balances between their profit and loss statements, all other elements that affect their financial structure and administrative structures, use and protection of premiums collected and actuarial and financial accounts and balances of insurance companies are carried out by insurance supervisors, insurance supervisory actuaries and their assistants.

(4) Insurance supervisors, insurance supervisory actuaries and their assistants are authorized to request information they deemed necessary, for the provisions of this Law and other laws governing insurance business, from insurance companies and reinsurance companies, their affiliates, subsidiaries, branches, and representative offices, other real and legal persons including intermediaries and banks, and to examine all their books, records and documents.

(5) Public institutions, the Association and other non-governmental and professional organizations are obliged to provide all kinds of information and documentation, if they are related with their duties, to the insurance supervisors, insurance supervisory actuaries and their assistants even if such information is confidential notwithstanding the prohibitive and restrictive provisions in special laws, except provisions relating to circumstances which shall give rise to serious consequences against the security of the State, essential foreign policy interests and the privacy of family life and the right to defence, in appropriate period of time and place, limited to the subjects and operations covered by the scope of this article, to submit and make available the required books and documents, to open the computer system in line with the purposes of the supervision, and to ensure security of the data. Insurance supervisors, insurance supervisory actuaries and their assistants are authorized to require minutes of meetings of the board of directors and auditory boards of institutions covered by this article and to carry out examinations with such persons, institutions and establishments that are relevant with the carried out procedure.

(6) If it is required during the supervision, examination and inquiry performed by insurance supervisors, insurance supervisory actuaries and their assistants, all kinds of support, including the assistance of employees working at internal control systems, shall be supplied by the establishments that are being subject to supervision, examination, or inquiry.

(7) Within the scope of the provisions of this Law and other laws, the determination, analysis, monitoring and measurement of the operations, risk structures, receivables, equities, debts, liabilities, and commitments, the relation and balances between their profit and loss statements and all other elements that affect their financial structure of the institutions which are subject to this Law, and the monitoring of the risks which may be faced by these establishments, are performed by the Undersecretariat in accordance with a regulation to be issued.

(8) The Undersecretariat is authorized to monitor and analyze the information and documents belonging to the establishments subject to this Law; to verify the compliance of the administrative and financial, on both a consolidated and non-consolidated basis, structure of these establishments with the legislation; to evaluate the reports, financial statements and

internal control reports of these establishments by comparing them with the supervision and monitoring results of the Undersecretariat; to ensure that all precautionary measures related to these establishments are implemented and concluded taking into account the type and size of their risk exposure, the reliability of their risk management systems and the audit risk according to the results obtained by the Undersecretariat; to follow the implementation of measures which affect or may affect the operations of subsidiaries, financial affiliates and branches of these establishments, and if necessary, take further measures with the relevant parties.

(9) Persons and establishments that are subject to this Law are obliged to present to the Undersecretariat the information, documents, statements, reports and financial statements which are prepared in such formats determined by the Undersecretariat to be compatible with their account and record orders using such communication channels and within the period determined by the Undersecretariat. Information sent by establishments by electronic means shall be in the responsibility of the board of directors within the scope of the internal control system.

Obligation to furnish information, membership to international organizations and cooperation

ARTICLE 29 – (1) Persons subject to this Law and engaged in any professional activity related to insurance, affiliates of insurance companies and reinsurance companies, banks and other persons are obliged to provide all kinds of information and documents required by the Undersecretariat, notwithstanding the prohibitive and restrictive provisions in special laws, in relation to the execution of this Law even if such information is confidential. Any provision relating to circumstances which shall give rise to serious consequences against the security of the State, essential foreign policy interests and the privacy of family life and the right to defence.

(2) Within the scope of reciprocity and in relation to the execution of this Law, demands of authorities, authorized to carry out supervision according to the legislation of foreign countries, to carry out supervision in, and require information from, Turkish branches and partnerships of the establishments operating in insurance sector in their home countries, which are subject to this Law in Turkey, is conditional upon the permit of the Undersecretariat. Information required by these institutions may be given by the Undersecretariat subject to a non-disclosure condition. The Undersecretariat may have all kinds of cooperation and exchange of information within the framework of agreements with the supervisory bodies of foreign countries in matters related to insurance.

(3) The Undersecretariat may become a member of the international financial, economic and professional organizations which are attended by the supervisory and regulatory authorities related with insurance, and may sign a memorandum of understanding with the international professional organizations and competent authorities of foreign countries in order to ensure cooperation and exchange of information. The signed memorandum of understanding shall enter into force with the approval of the Minister.

PART 8

Arbitration

Insurance arbitration

ARTICLE 30 – (1) In order to settle the disputes arising from the insurance contract between the policy holder or people benefiting from the insurance contract on the one side and the party undertaking the risk on the other side, or between the people benefiting from the Account and the Account, an Insurance Arbitration Commission shall be established within the Association. Those insurance establishments that want to become members of the insurance arbitration system have to notify the Commission in writing. A person who is in conflict with the member establishments of the insurance arbitration system may still benefit from the arbitration procedure even if there is no special provision in the relevant contract. For the disputes within the scope of this paragraph, which derive from the compulsory insurances required by the related legislation, cessionaries shall benefit from arbitration procedure as per the provisions of this section even if the related institution is not a member of the arbitration system. In terms of institutions which are not a member of the insurance arbitration system, the contribution to the expenses of the Insurance Arbitration Commission shall be separately determined by the Undersecretariat of Treasury.

(2) The Commission is composed of a representative from the Undersecretariat, two representatives from the Association, one representative from a consumers' association and an academician lawyer who will be determined by the Undersecretariat. The representative of the Undersecretariat must have a minimum work experience of ten years in public service, should be experienced in the insurance field, and should at least have the title of head of department; and the representatives of the Association shall meet the criteria sought in deputy general secretaries, as specified in Article 4 of this Law. The representative of the consumers' association shall be elected by the Undersecretariat from among three candidates nominated by the consumers' association which has the highest number of members in Turkey. The Commission shall elect a president from within. In the Commission, decisions are taken with the absolute majority of the total number of members. The President of the Commission and the members of the Commission who are elected to serve for two years are paid a remuneration equivalent to the monthly salary and other payments of the members and the president of the board of directors of public economic enterprises.

(3) The Commission performs the following duties;

- a) to appoint directors and deputy directors,
- b) to prepare the budget of the Commission which is to be followed in a separate account by the Association, and submit it to the Association,
- c) to take measures to ensure that the arbitration system operates in a fair, impartial and effective manner,
- ç) to prepare an annual report on the results of the activities of the Commission, and send it to the Association and the Undersecretariat,
- d) to prepare the computer infrastructure,
- e) to perform other duties assigned by the laws.

(4) The Commission is authorized to open offices where it deems necessary. In that case, the office director shall possess the same qualifications with those of the Commission director. Duties to be assigned to the office director are determined by the Commission.

(5) A director and two deputy directors, rapporteurs and sufficient number of personnel are assigned to work under the Commission. Directors and deputy directors are assigned by the Commission whereas rapporteurs and other personnel are assigned by the Commission according to the proposal of the director. Dismissal from office is subject to the same procedure with that of assignment. The director of the Commission shall;

- a) meet the criteria sought in founders of insurance companies and reinsurance companies except the criteria of financial power,
- b) at least hold an undergraduate degree,
- c) have a minimum two years of experience in insurance law or a minimum five years of experience in insurance.

(6) Deputy directors shall possess the qualifications specified in the fifth paragraph except sentence (c). In addition, at least one of the deputy directors should have two years experience in insurance field.

(7) Disputes are settled by insurance arbitrators and rapporteurs who shall work in only one of the life and non-life insurance groups.

(8) Insurance arbitrators shall;

- a) meet the criteria sought in founders of insurance companies and reinsurance companies except the criteria of financial power,
- b) To be a graduate of a higher education institution providing at least a four-year degree,
- c) have a minimum of five years of experience in insurance law or a minimum of ten years of experience in insurance. The Undersecretariat is authorized to determine the criteria for the experience to be sought in accordance with this paragraph and the knowledge forming the basis for such experience.

(9) Insurance rapporteurs who shall work at the Commission shall meet the criteria sought in the director of the Commission.

(10) Those who want to work as insurance arbitrator shall document their qualifications which are necessary to be arbitrator and apply to the Commission. Those who are deemed eligible are notified to the Undersecretariat for acceptance. If the Undersecretariat accepts the application, the name of the relevant person shall be registered in the Insurance arbitrators list which is to be kept by the Commission and a copy of which is to be sent to the Ministry of Justice, and any changes in the list are notified to the Ministry of Justice and the Undersecretariat in six month intervals.

(11) The name of the insurance arbitrator shall be removed from the list;

- a) permanently if he has lost the qualifications necessary for working as an insurance arbitrator or it has been proven that he has acted in violation of the principle of impartiality;
- b) for a period of one year if he has failed to conclude the files received by him in due time for maximum three times a year.

(12) Those that want to become a member in the arbitration system pay a participation fee, and those who apply to the Commission for the settlement of a dispute pay an application fee. The awards made by the arbitrator are final for the disputes below five thousand Turkish Liras. The arbitrator awards made for the disputes of five thousand Turkish Liras and above may be objected one time before the Commission within ten days following its notification to the related party by the Commission. In order to lodge an objection application, an application

fee determined as per this Article has to be deposited to the Commission. Upon the objection, the enforcement of the arbitrator award shall halt. The objection application shall be examined by the arbitration committees which are exclusively formed by the Commission to examine these applications. The awards relating to the objection application shall be made within two months following its transfer to the Arbitration Committee. The arbitrator awards made for the disputes of five thousand Turkish Liras and above shall become final according to this Article in case no objection application is lodged at the time. The award relating to these disputes is final which is made upon the objection application according to this article. The awards made upon objections relating to the disputes above forty thousand Turkish Liras may be appealed. However, the way to an appeal is open in cases where an award is made after the expiration of the arbitration period, an award is made on an issue that is not requested, arbitrators make award on issues that are outside their authorities, and where arbitrators do not make awards regarding the allegations of the parties. Code of Civil Procedure shall apply for principles and procedures relating to appeal.

(13) In order to apply to the Commission, the person who is in conflict with an establishment which engage in insurance business should have made the necessary applications to the insurance establishment regarding the event causing the dispute, and document that his demand has not been met in part or in full. The failure of the insurance establishment to reply in writing within fifteen business days since the application date is also a sufficient reason for an application to the Arbitration Commission.

(14) Applications shall not be filed to the Commission regarding disputes which have been referred to Court or to the Arbitration Committee for Consumer Problems according to the provisions of the Law on Protection of Consumers.

(15) The application which has been submitted to the Commission by the person who is in conflict with the establishment engage in insurance business shall be first examined by rapporteurs. Rapporteurs have to complete their examination within fifteen days at the latest. Applications which cannot be settled by rapporteurs are referred to the insurance arbitrator. The insurance arbitrator who shall deal with the dispute is selected by the Commission from the insurance arbitrators list. The Commission may decide that a panel consisting of minimum three insurance arbitrators is formed according to the nature of the case. However, where the disputed amount is equal to or above fifteen thousand Turkish Liras, it is compulsory to form a panel. The panel decides by majority. The Arbitrator may consider the case on submitted documents only. The elected insurance arbitrator shall not reject the duty except for force majeure and unexpected circumstances. However, the parties may refuse the arbitrator referring to the causes of refusal specified in the Code of Civil Procedure. The refusal request is presented to the Commission by a petition within five business days at the latest, after being informed. Upon the refusal request, the Commission director takes his decision within five business days at the latest after hearing the views of both parties.

(16) Arbitrators have to issue their awards within four months, at the latest, as from the date they have been commissioned. Otherwise, the dispute is settled by the competent court. However, this period can be extended with the express and written consent of the parties. The arbitrator submits the award to the Commission director. The decision shall be notified to the parties by the Director of the Commission within no later than three business days; additionally, the original copy of the decision shall be kept by the Commission together with the file.

(17) The attorney fee to be charged to those whose request is partially or wholly rejected is one fifth of the attorney fee stated in the Minimum Attorney Fees Tariff.

(18) Fees of arbitrators, application fee, and membership participation fee are determined by the Undersecretariat taking into account the opinion of the Commission; fees of arbitrators are paid by the Commission.

(19) Insurance arbitrators and rapporteurs are required to be impartial. Persons in charge of management and audit of insurance companies, reinsurance companies, other establishments engage in insurance business, loss adjusters, insurance agents and brokers and persons who have signing power on their behalf, and persons performing professional activities for them and loss adjusters, insurance agencies and brokers shall not act as an insurance arbitrator. Such restrictions shall also apply to the spouses of these persons and their children. The Code of Civil Procedure, Article 28 shall also apply to insurance arbitrators.

(20) Persons who are in charge for the Commission, arbitrators and rapporteurs shall not disclose any know-how or confidential information they learn in the execution of their duties without the permission of the relevant parties. However, it is obligatory that any incidence giving rise to a criminal offence is reported to competent authorities.

(21) The structure and the duties of the Commission, the qualifications of the Commission director and deputy directors of the Commission and their working principles and procedures, the working principles and procedures of rapporteurs and insurance arbitrators, the way of arrangement of the awards, principles of application to the Commission, principles related to the keeping of the List and the budget and other issues such as participation fee shall be determined by regulation.

(22) The Undersecretariat is authorized to increase the fixed monetary amounts specified in this article with the condition that the rate of increase shall not exceed the rate of the Producer Price Index declared by the Turkish Statistical Institute.

(23) Where this Law is silent, provisions of the Code of Civil Procedure shall be applied to insurance arbitration by comparison.

(24) Persons who will act as arbitrator in arbitration proceedings which are realized according to the Code of Civil Procedure shall meet the criteria sought in insurance arbitrators in this article.

PART 9

Miscellaneous

Insurance training centre, support services and other organizations

ARTICLE 31 – (1) The Minister is authorized to set up an insurance training centre to make the necessary examinations on specific topics related to insurance in an impartial manner, meet training demands at home, abroad or within the framework of international agreements, and for similar purposes. Expenses of the insurance training centre shall be met from the contributions of professional institutions operating in the insurance sector, participation fee to be transferred from the Account, from the relevant public and private sector institutions to which the centre serve and from donations in accordance with the principles to be determined

by regulation. Training activities to be carried out by the insurance training centre are not subject to the Law on Private Educational Institutions.

(2) Except institutions such as associations, federations and unions which are established under certain laws, establishment of organizations for insurance and reinsurance practices is subject to the authorization by the Minister.

(3) The persons and establishments operating within the scope of this Law shall prepare a written report, to be submitted to the Undersecretariat when necessary, about the risks that may arise due to the services they intend to obtain and their management, evaluation of expected benefits and costs before obtaining assistance or complementary support services for their field of operation. The support services to be obtained may not be in a nature to prevent the support service recipients from fulfilling their obligations arising from the legislation and their supervision.

(4) Issues related to the insurance training centre and the organizations to be established in accordance with the second paragraph and the way support services will be provided and support service organizations shall be regulated by regulation.

Obligation of Secrecy

ARTICLE 31/A – 1) Those in charge of implementing and inspecting the implementation of this Law, employees and officials of the organizations that are subject to this Law, persons who are subject to this Law and those working for them and those working in the insurance industry through outsourcing of services may not disclose any secrets relating to persons and organizations operating within the scope of this Law, their affiliates and organizations and the persons related to insurance contracts, which they have learned due to their capacity and duties, to anyone other than the competent authorities expressly authorized by this Law and may not use such information for their or others' benefit. This obligation shall also continue after the termination of capacities and duties.

(2) However, learning and sharing of secret information including wrongful insurance practices of insurance companies, reinsurance companies and pension companies or persons related to insurance contracts during all types of information and document exchanges made directly by insurance companies, reinsurance companies and pension companies among themselves or through the Insurance Information and Monitoring Centre to be used for making a confidentiality contract and only for risk assessment purposes is outside the obligation of secrecy.

Insurance Information and Monitoring Centre

ARTICLE 31/B – (1) An Insurance Information and Monitoring Centre shall be established within the Association of the Insurance, Reinsurance and Pension Companies of Turkey to collect information to be used for risk assessment including wrongful insurance practices in relation to the insureds and people benefiting even indirectly from an insurance contract, and to share such information with the insurance, reinsurance companies and pension companies engaged in insurance activity as well as with those persons to be determined by the Undersecretariat.

2) The companies mentioned in the first paragraph of this article are obliged to become a member of the Insurance Information and Monitoring Centre. The member organizations are

obliged to provide all the information required by the Insurance Information and Monitoring Centre.

(3) The Insurance Information and Monitoring Centre is authorized to request information, in line with its purposes of foundation, from private law legal persons, public institutions and organizations, professional organizations having the status of a public legal entity and their upper organizations, and other information centres established by the relevant legislation, and to sign contracts with these for exchange of information upon the approval of the Undersecretariat. The said institutions and organizations are obliged to provide any information required by the Insurance Information and Monitoring Centre. The sharing of information collected in the Insurance Information and Monitoring Centre with the information owner itself or upon his permission with private law legal persons, public institutions and organizations, professional organizations having the status of a public legal entity and their upper organizations that have entered into a contract with the Insurance Information and Monitoring Centre in accordance with this article, within the framework of the said contracts, shall be dealt with within the scope of the second paragraph of Article 31/A of this Law.

(4) The Insurance Information and Monitoring Centre is represented and administered by its own management. The works and transactions of the Insurance Information and Monitoring Centre are under the power and responsibility of its own management and the expenses necessary for its operations are covered by its own budget. The Undersecretariat supervises the Insurance Information and Monitoring Centre. The Insurance Information and Monitoring Centre carries out all types of works required by the Undersecretariat within the context of insurance practices including monitoring of policy underwriting and damage processes, and establishes the necessary infrastructure for this purpose.

(5) All transactions and records of the Insurance Information and Monitoring Centre are confidential. The Insurance Information and Monitoring Centre is obliged to provide the Undersecretariat with all types of information it has collected in the required manner and time. Such information may be provided to a designated person in return for a certain price if the information owner has given an express consent.

(6) The provisions of the ninth and tenth paragraphs of Article 35 are applicable to those who disclose the secret information kept in the Insurance Information and Monitoring Centre to anyone other than the competent authorities that are legally authorized in this matter, to those who use them unlawfully for their or others' benefit, who disseminate them, give them, convey them or obtain them. If the offences described in this paragraph are committed in relation to the operations of a legal person, the relevant legal person shall be subject to the security measures specific to legal persons in the Turkish Penal Code No. 5237 and dated 26/9/2004.

(7) The participation fees of the companies that are members of the Insurance Information and Monitoring Centre for the expenses of the Insurance Information and Monitoring Centre are determined by the Undersecretariat not to exceed one thousandth of the premium production realized by the said companies in the previous year. The Undersecretariat may decide to decrease or increase this amount by fifty percent. If the participation fees determined in this manner cannot meet the expenses of the Insurance Information and Monitoring Centre, participation fee shall be separately demanded from the member companies by the Board of the Association within the principles and procedures in the regulation to be published

according to this article. A contribution may be made from the Account to the expenses of the Insurance Information and Monitoring Centre in accordance with the principles to be set out by the Undersecretariat.

(8) The principles and procedures for the foundation and activities of the Insurance Information and Monitoring Centre, the scope, form and content of the information collected in the Insurance Information and Monitoring Centre and its sharing, the scope, content and pricing of the information to be shared, and for determining the participation fees to be paid by the members, procedures to be applied to those members who do not comply with their obligations and implementation of this article shall be determined with a regulation.

Bona fides

ARTICLE 32 – (1) Insurance companies and intermediaries shall not design their brochures, explanatory notices, other documents and their advertisements and commercials in a way that results in an understanding outside the limits and scope of the rights and benefits which they shall provide to the insured, and shall not make statements that are unreal, misleading, deceiving or that give rise to unfair competition. Where violation of this provision is ascertained the matter shall be referred to the Advertising Board that acts upon the Law on Protection of Consumers.

(2) Insurance companies, reinsurance companies, intermediaries and loss adjusters are obliged to refrain from acts which may endanger the rights and benefits of the insured, to act in accordance with the legislation and principles of the business plan, and to behave in compliance with the requirements of insurance and the rules of goodwill.

(3) Insurance companies shall not delay the payment of insurance claims in violation of the rules of goodwill.

(4) The Undersecretariat is authorized to take all the measures in order to ensure that insurance companies, reinsurance companies, intermediaries and loss adjusters comply with the above mentioned rules.

(5) Rights of persons to choose an insurance company shall not be restricted. In contracts, where one of the parties are obliged to buy insurance, provisions requiring the conclusion of the insurance contract with a certain company shall be void.

Specialty committees

ARTICLE 33 - (1) The Undersecretariat may establish specialty committees composed of people with knowledge and expertise on insurance, to make researches and analysis on the tariffs and policies set forth in this Law and the development of the insurance sector. Expenses of such committees shall be covered by the relevant professional institution operating in the insurance field under the principles approved by the Ministry.

(2) Working rules and principles of the specialty committees shall be regulated by regulation.

Article 33/A – Special Risks Management Center and coverage in extraordinary circumstances

(1) A legal entity titled the Special Risks Management Center has been established to provide coverage for risks that cannot be insured or for which it is difficult to obtain insurance or

reinsurance coverage in domestic or international markets, such as nuclear risks, and for risks whose insurance is considered to be in the public interest; to establish or coordinate the establishment of insurance or reinsurance pools; to facilitate cooperation among insurance and reinsurance companies; and to operate any such pool, organization, or cooperation mechanism.

(2) The risks to be managed under the scope of the Special Risks Management Center shall be determined by the Ministry of Treasury and Finance upon the recommendation of the Insurance and Private Pension Regulation and Supervision Agency. With respect to the risks included in this scope, whether or not the State shall provide premium or reinsurance support, the scope of such support if provided, and whether reinsurance support from the State shall be subject to a fee shall be determined by Presidential Decree, based on the proposal of the Agency and the opinion of the Ministry.

(3) The operations and procedures related to the management of the Special Risks Management Center shall be carried out by a public insurance or reinsurance company. The Special Risks Management Center shall determine the terms and procedures for cooperation with the operating company under a contract.

(4) The headquarters of the Special Risks Management Center shall be located in Istanbul.

(5) The Special Risks Management Center shall be governed by a Board of Directors. The Board shall consist of: one member from the Ministry of Treasury and Finance at the level of at least department head; one member from the Insurance and Private Pension Regulation and Supervision Agency at the level of at least department head; one member nominated by the Union of Chambers and Commodity Exchanges of Türkiye; one member selected from among three candidates proposed by the Association, in accordance with criteria determined by the Agency; and one representative of the operating company. The representative of the Ministry of Treasury and Finance shall serve as the Chairperson of the Board. Board members shall be paid a meeting fee for each day of meeting, not exceeding four times per month, in an amount calculated by multiplying the indicator number (3000) by the monthly coefficient applicable to civil servants.

(6) The revenues of the Special Risks Management Center shall consist of: premiums collected from insurance policies under its scope, income generated from these premiums, other income that may be derived from insurance and reinsurance transactions, and miscellaneous revenues. Its expenses shall consist of: indemnities to be paid for insurances under its scope, payments for protection purchased from reinsurance or similar markets, expenses related to promotion and information dissemination, expenditures for loss assessment procedures, payments to the operating company, and other expenditures made in line with the purposes of the Center.

(7) The Special Risks Management Center shall be exempt from income and corporate tax. This exemption shall not cover tax withholdings made pursuant to the Income Tax Law No. 193 dated 31/12/1960 and the Corporate Tax Law No. 5520 dated 13/6/2006. The Center shall also be exempt from inheritance and gift tax on donations, aids, and gratuitous transfers made to it, as well as from stamp tax on documents related to transactions it is party to.

(8) If deemed necessary in terms of public interest, and provided that insurance principles are observed, the Special Risks Management Center may, by Presidential Decree, provide

reinsurance coverage to the Turkish Catastrophe Insurance Pool (TCIP) and the Agricultural Insurance Pool (TARSİM), or receive reinsurance support from these institutions.

(9) The organizational structure of the Special Risks Management Center, its operating principles and procedures, investment of its assets, its authorities and responsibilities, and other procedures and principles regarding the implementation of this article shall be determined by a regulation to be issued by the Insurance and Private Pension Regulation and Supervision Agency.*

*: The expressions “...the organizational structure, operating principles and procedures...” and “...its authorities and responsibilities...” included in this paragraph were annulled by the Constitutional Court’s decision dated 5 November 2024 and numbered E: 2021/78, K: 2024/181. It has been ruled that the annulment shall enter into force nine months after its publication in the Official Gazette, on 9 October 2025.

(10) In cases of terrorism, war, natural disasters, or similar extraordinary circumstances where insurance or reinsurance coverage cannot be obtained from domestic or international markets, or where it is difficult to obtain such coverage, and where deemed necessary by the Presidency, the Minister of Treasury and Finance shall be authorized to decide on the provision of insurance or reinsurance coverage for civil air and sea transport vehicles. The scope, duration, type, and limits of the coverage to be provided, whether a fee shall be charged, the amount of such fee if applicable, and the procedures and principles regarding the investment and management of the fee collected shall be determined by the Minister of Treasury and Finance.

Unclaimed Funds of Policyholders

ARTICLE 33/B

(1) When all kinds of funds which have to be paid or returned to the cessionaries within the context of insurances that are subject to provisions of special law, are barred by lapse of time or cessionary cannot be reached by the related company or establishments which operate within provisions of special law, the said funds, following the notification to be made, shall be recorded according to their relevance as an income to the Assurance Account or to the establishments founded according to the provisions of special law.

(2) The principles and procedures regarding the enforcement of this article shall be determined by the Undersecretariat.

PART 10

Penalties

Administrative penalties

ARTICLE 34 – (1) Those who violate the principles referred to in the fourth and fifth paragraphs of Article 3, workplaces which operate without obtaining a license in violation of Article 5 shall be closed by the governorships upon the Minister’s request up to one year and their advertisements and commercials are prevented or collected.

(2) The following administrative fines shall apply:

a) Twenty five thousand Turkish Liras if the prohibition of being engaged in another business referred to in the first paragraph of Article 3 is violated,

- b) Eight thousand Turkish Liras if a company or a person that is warned for appointing persons who fail to meet the qualifications referred to in the second to seventh paragraphs of Article 4, and the assignment of the duties specified in such Article to persons who do not meet the criteria specified in this paragraph fails to comply with that warning within one month; ten thousand Turkish Liras if an effective internal control system is not established in accordance with eighth paragraph, or the obligation of recruiting sufficient number of internal control personnel is violated, and this fault is not corrected within six months after the company has been warned,
 - c) Eight thousand Turkish Liras if the necessary registration and publication procedures have not been completed in accordance with the first paragraph of Article 5,
 - ç) Twelve thousand Turkish Liras if necessary registration and publication procedures have not been completed in accordance with Article 7,
 - d) Eight thousand Turkish Liras in case of the failure to make necessary notification to the Undersecretariat in accordance with the fifth paragraph of Article 9,
 - e) Twelve thousand Turkish Liras for failure to obtain necessary authorization in accordance with Article 10,
 - f) Ten thousand Turkish Liras in case of the breach of general conditions referred to in the first paragraph of Article 11,
 - g) Five thousand Turkish Liras for failure to act in accordance with fourth paragraph of Article 14,
 - ğ) Two thousand Turkish Liras for failure to meet necessary costs referred to in the seventh paragraph of Article 17,
 - h) Twelve thousand Turkish Liras for failure to act in accordance with the first, second and third paragraphs of Article 18, to comply with the obligation of keeping books and publish financial statements in accordance with the fourth paragraph, and to act in accordance with the principles and procedures determined by the Undersecretariat, including the asset structure of the company, in accordance with the fourth paragraph,
 - ı) Eighteen thousand Turkish Liras for failure to comply with the obligation to employ actuaries in accordance with Article 21,
 - i) Twenty thousand Turkish Liras for failure to comply with the measures taken in accordance with the fourth paragraph of Article 32, and to act in accordance with the provision of the fifth paragraph,
 - j) From a thousand Turkish Liras to twelve thousand Turkish Liras for failure to comply with the decrees, regulations, communications and other regulatory arrangements issued by the President of Türkiye, the Ministry which the Undersecretariat is attached to and the Undersecretariat, if there is no other specific fine stipulated in this Law.
- (3) Administrative fines are applied by the Undersecretariat.

Judicial penalties

ARTICLE 35 - (1) Real persons and executives of legal persons who are engaged in insurance business by undertaking the risk without obtaining a license as requested in this Law, or use the name of establishments specified in this Law in their trade names, or in all their documents, advertisements and commercials, or public statements, or use such words and phrases in a manner to give the impression that they are engaged in activities regulated hereunder shall be sentenced to imprisonment from three years to five years, and a judicial fine from 600 days to 1000 days.

(2) Executives of cooperatives who conclude insurance contracts without obtaining an authorization from the Undersecretariat, in violation of the third paragraph of Article 3 of this Law, shall be punished with a judicial fine from 500 days to 1000 days.

(3) Chairman and members of the board of directors, and other employees of insurance companies and reinsurance companies shall be sentenced to imprisonment from six months to twelve years if they embezzle funds or other assets which are owned by the establishments and in their custody, control and responsibility due to their positions. Also such persons are sentenced to compensate the loss incurred by the establishment.

(4) If the offence described in the third paragraph has been committed by any fraudulent act aiming to deceive the establishment and conceal the act, the offender shall be sentenced to imprisonment not less than twelve years and to a judicial fine. However, the amount of the judicial fine shall not be less than three times of the loss incurred. If the loss is paid in full before the prosecution, the fine to be imposed is reduced by one third.

(5) Real persons and executives of legal persons who fail to provide the information and documents required by the relevant authorities and supervisors specified herein and who prevent such supervisors to perform their tasks are sentenced to imprisonment from one year to three years and to a judicial fine which shall not be less than 200 days.

(6) Real persons and executives of legal persons who provide misleading, incorrect and unreal information and documents to the relevant authorities and supervisors specified herein, to courts and other official departments are sentenced to imprisonment from one year to three years and to a judicial fine which shall not be less than 300 days.

(7) Those who intentionally damage the reputation or assets of establishments that are subject to this Law, or who spread false news in that sense are sentenced to imprisonment from one year to two years, and to a judicial fine which shall not be less than 200 days. If this act has been committed by media specified in the Press Law No: 5187 dated 9.6.2004, or any of the communication media such as radio, television, video, internet, cable broadcast, electronic data communication devices or other similar media, the imprisonment shall be sentenced from two years to four years. Those who spread false news which may rise doubts in the public as regards the reliability of the establishments which are subject to this Law, even if no names are mentioned, or which may affect the financial structure of such establishments negatively shall be punished with a judicial fine from 400 days to 1000 days.

(8) If persons who are in charge of the execution of this Law and the monitoring of its execution, insurance arbitrators and rapporteurs disclose the secrets about the persons and establishments acting under this Law, their affiliates, entities and persons who are related to insurance contracts, they learn due to their titles or in the execution of their duties, to persons other than those who have been authorized to learn such information in accordance with this Law and special laws, even after they leave their duties, or use such information for their own benefits, shall be sentenced to imprisonment from two years up to four years and to a judicial fine which shall not be less than 300 days.

(9) If the employees and executives of establishments which are subject to this Law, with the exception of the persons listed in the eighth paragraph of this Article, persons who are subject to this Law and their employees, and persons who serve in insurance sector by outsourcing, disclose the secrets which are belong to the establishments that are subject to this Law or persons who are related to insurance contracts, they learn due to their titles or in the execution of their duties, to persons other than those expressly authorized by this Law shall be sentenced

to imprisonment from one year to three years and to a judicial fine which shall not be less than 200 days.

(10) If the persons specified in the eighth and ninth paragraphs disclose the secrets specified the above paragraphs for their own benefits or the benefit of others, they shall be sentenced to imprisonment from three years up to five years, and to a judicial fine. In addition, according to the importance of the act, they are banned from executing their duties permanently or temporarily for six months to one year.

(11) Insurance company and reinsurance company auditors who prepare or approve false financial statements shall be punished with a judicial fine. However, such judicial fine shall not be less than one percent of the false amount.

(12) Those who fail to obtain the authorizations specified in the first, second and fourth paragraphs of Article 9 of this Law shall be punished with a judicial fine not less than 300 days, and those fail to comply with the share restrictions specified in the sixth paragraph shall be punished with a judicial fine not less than 400 days, and those who cause share transfers to be registered to the share book without obtaining authorization in violation of the third paragraph shall be punished with a judicial fine from 400 days to 1000 days.

(13) Those who apply tariffs in violation of the second paragraph of Article 12 herein, without the approval of the Undersecretariat shall be punished with a judicial fine not less than 500 days, and those who give commissions other than the intermediation commissions determined and announced by the Undersecretariat shall be punished with a judicial fine not less than 300 days, and those who receive such commissions shall be punished with a judicial fine not less than 100 days.

(14) Those who refrain from concluding contracts in violation of the first paragraph of Article 13 shall be punished with a judicial fine not less than 500 days.

(15) Those who purchase insurance for their interests which are insurable in Turkey from companies other than the insurance companies operating in Turkey and outside Turkey in violation of Article 15 herein are punished with a judicial fine.

(16) Those who fail to allocate adequate reserves as required in the first paragraph of Article 16 herein and those who allocate technical reserves in violation of the second to seventh paragraphs, and determine reinsurer share not as stipulated in the eighth paragraph; those who allocate guarantees in violation of the first and second paragraphs of Article 17, and a minimum guarantee fund in violation of the fourth paragraph and those who fail to make payments from the guarantees according to the fifth paragraph shall be punished with a judicial fine. However, the amount of the judicial fine shall not be less than two percent and shall not be more than twelve percent of the liability not fulfilled or the lacking part of the liability if the liability has been fulfilled in partially.

(17) Those who violate the first paragraph of Article 19 of this Law shall be punished with a judicial fine up to one thousand days; if this violation decrease the value of the asset by violating the rules of goodwill shall be punished with a judicial fine up to two thousand days. However, the amount of the judicial fine shall not be less than five percent and shall not be more than twenty percent of the reduction in the asset.

(18) Brokers failing to comply with the third paragraph of Article 21 shall be punished with a judicial fine not less than 300 days, brokers acting as insurance agent and loss adjuster besides insurance brokerage shall be punished with a judicial fine not less than 400 days and brokers acting in violation of fourth paragraph of Article 2 of this Law shall be punished with a judicial fine not less than 200 days.

(19) Those who violate the third paragraph of Article 22 herein shall be punished with a judicial fine not less than 300 days; those who engaged in another profession other than loss adjusting in violation of the tenth paragraph shall be punished with a judicial fine not less than 100 days; those who open more than one office in violation of the eleventh paragraph shall be punished with a judicial fine not less than 60 days; real person loss adjusters and executives of legal person loss adjusters who violate the twelfth paragraph shall be punished with a judicial fine not less than 100 days; real person loss adjusters and those loss adjusters working with legal person loss adjusters who accept duties in violation of thirteenth paragraph or those loss adjusters who are in breach of impartiality shall be punished with a judicial fine not less than 500 days; those who violate the fourteenth paragraph shall be punished with a judicial fine not less than 300 days; those who act in violation of the sixteenth paragraph and who carry out activities related to loss adjusting although they are not allowed according to this article shall be punished with a judicial fine not less than 200 days; those who delegate their loss adjusting powers or titles to others for their use and those who use such powers and titles in violation of the twenty second paragraph shall be sentenced to a judicial fine not less than 500 days; those who give the impression that they act as loss adjuster shall be sentenced to a judicial fine not less than 100 days.

(20) Those who violate the tenth paragraph of Article 23 of this Law shall be punished with a judicial fine not less than 100 days, those who violates the twelfth paragraph shall be punished with a judicial fine not less than 300 hundred days, those who delegate insurance agent authorities or titles to others, and persons who use such authorities and titles in violation of the thirteenth paragraph shall be punished with a judicial fine not less than 500 days, those who give the impression that they act as an insurance agent shall be punished with a judicial fine not less than 100 days, those who violate the fourteenth paragraph and those who are engaged in activities related to insurance agency although they are not allowed shall be punished with a judicial fine not less than 200 days.

(21) Responsible managers of insurance companies who conclude insurance agent contracts with parties which are not allowed to act as an insurance agent shall be punished with a judicial fine not less than 500 days, responsible managers of insurance companies who grant the authority to collect premium and to conclude contracts to parties who are not allowed to take such authority shall be punished with a judicial fine not less than 300 days, and those who accept such authorities shall be punished with a judicial fine not less than 200 days.

(22) Those who have been dismissed from the profession by a decision but continue to work as an auditor or work with powers to represent and bind a legal person loss adjuster in violation of sixth paragraph of Article 26 herein, and those who employ such persons, or those who have been dismissed from the profession by a decision but continue to work as an auditor or work with powers to represent and bind a legal person insurance agent in violation of sixth paragraph of Article 27 herein, and those who employ such persons shall be sentenced to imprisonment from one year to two years, and to a judicial fine not less than 300 days.

(23) Those who act as a broker or loss adjuster without obtaining a necessary license under this Law, who operate as an insurance agent without obtaining a certificate of conformity from the Undersecretariat and those who operate as an actuary without being registered in the Actuaries Register shall be sentenced to imprisonment from one year to three years, and to a judicial fine not less than 400 days.

(24) Executives of the insurance companies and reinsurance companies which have not become a member of the Association within the period specified herein, and those who act as a loss adjuster or insurance agent without being registered in the Register shall be punished with a judicial fine not less than 150 days.

(25) Persons who delegate actuary and broker powers and titles to others for their use and those who use such powers and titles shall be punished with a judicial fine not less than 500 days, those who give the impression that they operate as such shall be punished with a judicial fine not less than 100 days.

(26) Those who establish organizations in the field of insurance without obtaining the authorization referred to in the second paragraph of Article 31 herein shall be punished with a judicial fine not less than 300 days.

(27) Those who violate the paragraph two of Article 32 of this Law and who delay the payment of claims in violation of the rules of goodwill referred to in the third paragraph of Article 32 shall be punished with a judicial fine not less than 300 days.

Prosecution

ARTICLE 36 – (1) The initiation of a prosecution due to offences specified herein is subject to a written application by the Undersecretariat to the Public Prosecutor's office. Following such application the Undersecretariat shall gain the title of participant.

(2) If the Public Prosecutor decides that no prosecution is justified, the Undersecretariat is entitled to object to the notified decision in accordance with the Code of Criminal Procedure No: 5271 dated 4.12.2004.

(3) The provisions of this Article shall not apply to prosecutions to be carried out in respect of acts of intermediaries and loss adjusters who are considered as offences hereunder and those prosecutions initiated for violation of first paragraph of Article 15, and sixth to ninth paragraphs of Article 35.

Duty and authority

ARTICLE 36/A–

(1) Magistrates court, court of first instance or criminal court which are assigned as specialized courts by the High Council of Judges and Prosecutors are authorized to exercise jurisdiction due to the offences specified or referred in this Law.

PART 11
References, Amended and
Abolished Provisions

References

ARTICLE 37 – (1) The references made in other laws to the abolished Insurance Supervision Law No: 7397 and dated 21.12.1959 shall be deemed to have been made to the related provisions of this Law.

(2) All the terms used in other laws to connote the actuaries working in the supervision department of the Undersecretariat shall be implemented as “Insurance Supervision Actuary”.

ARTICLE 38 – (1) (This provision originates from the Law No. 5174 on the Union of Chambers and Commodity Exchanges of Türkiye, dated 18 May 2004, and has been incorporated herein).

ARTICLE 39 – (1) (This provision originates from the Highway Traffic Law No. 2918, dated 13 October 1983, and has been incorporated herein.)

ARTICLE 40 – (1) (This provision originates from the Decree Law No. 587 on Compulsory Earthquake Insurance, dated 25 November 1999, and has been incorporated herein.)

ARTICLE 41-42– (1) (These provisions originate from the Law No. 4632 on the Individual Pension Savings and Investment System, dated 28 March 2001, and have been incorporated herein.)

ARTICLE 43 – (1) (This provision originates from the Civil Servants Law No. 657, dated 14 July 1965, and has been incorporated herein.)

ARTICLE 44 – (1) (This provision originates from the Agricultural Insurance Law No. 5363, dated 14 June 2005, and has been incorporated herein.)

ARTICLE 45 – (1) Insurance Supervision Law No: 7397 dated 21.12.1959 has been abolished.

(2) Law Relating to Reinsurance No: 1160 dated 25.6.1927 has been abolished.

(3) The third paragraph of Article 107, Article 108 and the first and the second paragraphs of the additional Article 8 of Highway Traffic Law No: 2918 dated 13.10.1983 have been abolished.

ADDITIONAL ARTICLE 1 – (1) Without prejudice to the special provisions of this Law, the regulations relating to the implementation of this Law and to the persons and organizations covered by this Law shall be issued by the Ministry that the Undersecretariat is attached to.

ADDITIONAL ARTICLE 2 – (1) The references made in other laws to the Association of the Insurance and Reinsurance Companies of Turkey shall be deemed to have been made to the Association of the Insurance, Reinsurance and Pension Companies of Turkey.

ADDITIONAL ARTICLE 3 – (1) The Insurance Information and Monitoring Centre that continues its operations in accordance with the Regulation on Insurance Information and Monitoring Centre published in the Official Gazette No. 26962 and dated 9/8/2008 shall be deemed to have been established in accordance with Article 31/B as of the publication date of this Law without any need for further procedure.

ADDITIONAL ARTICLE 4

(1) The Türk Reasürans Anonim Şirketi (Turkish Reinsurance Joint Stock Company), whose capital is owned by the Ministry of Treasury and Finance, has been established in order to increase domestic reinsurance capacity and to provide insurance and reinsurance coverage for material and bodily damages that may arise from various risks for which coverage is not available or is difficult to obtain throughout the country.

(2) Except for the provisions regarding its incorporation and registration under this Law, the Company shall be subject to the provisions of the Turkish Commercial Code No. 6102 dated 13/1/2011 and private law. The Company's articles of association, prepared upon the approval of the Ministry, shall enter into force upon the approval of the first general assembly to be held within three months from the effective date of this article. The articles of association shall determine the Company's scope of activity, headquarters, purpose, resources, capital structure, shares, organs, accounts, and profit distribution rules.

(3) The Company's personnel shall be employed under labor contracts in accordance with the provisions of the Labor Law No. 4857 dated 22/5/2003. Labor courts shall have jurisdiction over disputes arising between the Company and its employees subject to Law No. 4857. Monthly salaries and other financial rights of personnel shall be determined by the General Assembly of the Company. The General Assembly may delegate this authority to the Board of Directors. The Board of Directors shall also be authorized to make decisions on other matters concerning the employment of personnel.

(4) The Company and its subsidiaries shall not be subject to the following laws and decree laws: the Travel Allowance Law No. 6245 dated 10/2/1954, the Law on the Establishment of the Press Advertisement Institution No. 195 dated 2/1/1961, the Vehicle Law No. 237 dated 5/1/1961, the State Procurement Law No. 2886 dated 8/9/1983, the Public Procurement Law No. 4734 dated 4/1/2002, Decree Law No. 233 on State Economic Enterprises dated 8/6/1984, Decree Law No. 399 dated 22/1/1990 on the Regulation of Personnel Regime of State Economic Enterprises and Repeal of Certain Provisions of Decree Law No. 233, and Decree Law No. 527 dated 18/5/1994 on Amendments to Certain Laws and Decree Laws Regarding Civil Servants and Other Public Officials, except for Article 12 of Decree Law No. 631 dated 4/7/2001 on Financial and Social Rights of Civil Servants and Other Public Officials.

(5) The Company shall be exempt from all fees collected under the Fees Law No. 492 dated 2/7/1964, and from banking and insurance transaction tax in respect of any monies it receives. No security shall be required in precautionary measures, precautionary attachments, or requests for suspension of execution.

Provisions regarding the Insurance and Private Pension Regulation and Supervision Agency

ADDITIONAL ARTICLE 5 –

(1) The President and members of the Insurance and Private Pension Regulation and Supervision Agency shall, prior to assuming office, take an oath before the First Presidency Board of the Court of Cassation, pledging to perform their duties with full diligence, honesty, and impartiality, and not to act contrary to the applicable legislation nor allow such actions. Applications for taking the oath shall be treated as urgent by the Court of Cassation. The President and members shall not be deemed to have officially assumed office until they take the oath.

(2) The following qualifications shall be required for appointments to the positions of Vice President, Head of Department, and Head of Group at the Agency:

a) To meet the general requirements listed in Article 48 of the Civil Servants Law No. 657 dated 14/7/1965.

b) To hold at least a four-year undergraduate degree.

c) To have at least five years of professional experience in the public sector and/or private sector or international organizations, or as a self-employed person, provided that such experience is subject to social security coverage.

(3) The President, members, and personnel of the Agency shall be paid remuneration and social benefits equivalent to those provided to comparable personnel identified under Additional Article 11 of Decree Law No. 375 dated 27/6/1989. Any payments made to the comparable personnel that are exempt from taxes and other statutory deductions shall also remain exempt under this Law. The President, members, and Agency personnel shall be considered equivalent to their counterparts in terms of retirement rights.

(4) The President, members, and personnel of the Agency shall be deemed insured under subparagraph (c) of the first paragraph of Article 4 of the Social Insurance and General Health Insurance Law No. 5510 dated 31/5/2006. For those appointed as President or member while already insured under subparagraph (c), the service periods during which they held these positions shall be taken into account in determining their earned monthly salaries, grades, and steps. For those covered by the temporary Article 4 of Law No. 5510 during their term of office, such periods shall be considered as qualifying periods for receiving position and representation compensation. For individuals appointed as President or member from among those insured under subparagraph (a) of Article 4 of Law No. 5510, severance or termination indemnity shall not be paid due to their disassociation from their previous institutions. The service periods eligible for severance or termination indemnity shall be combined with their term in office and treated as eligible for retirement gratuity.

(5) Individuals appointed as President or member who were, prior to their appointment, subject to other social security statutes may, upon request, retain their previous social security status, in which case paragraph four shall not apply.

(6) The Agency may assign personnel in accordance with the provisions of Additional Article 25 of Decree Law No. 375.

(7) The Agency may employ contracted IT personnel in accordance with the procedures and principles specified in Additional Article 6 of Decree Law No. 375. The conditions set forth

in subparagraphs (a) and (b) of the third paragraph of the said article shall not apply to the Agency.

(8) The authority to grant permission to initiate investigations for offenses allegedly committed by the President, members, and Agency personnel in connection with their duties shall belong to the relevant Minister in the case of the President and members, and to the President in the case of Agency personnel. In cases of offenses allegedly committed jointly by the President, members, and personnel, the authority to grant permission for investigation regarding the personnel shall belong to the relevant Minister. If a criminal investigation or prosecution is initiated for such alleged offenses—even after termination of duty—upon the request of the individual concerned, legal representation shall be provided by a lawyer appointed by the Agency. All court expenses and attorneys' fees, not exceeding fifteen times the minimum fee set by the Turkish Bar Association, shall be covered from the Agency's budget. In the event of a conviction and final judgment, the attorneys' fees paid from the budget shall be collected from the respective individuals in accordance with general provisions.

(9) The President and members shall be subject to the Law No. 3628 dated 19/4/1990 on Declaration of Property, Combatting Bribery and Corruption.

(10) The President and members shall not serve in private institutions operating in the sector and fields regulated and supervised by the Agency for two years following their resignation or dismissal from office. Those who violate this provision shall be subject to Article 4 of Law No. 2531 dated 2/10/1981 on Prohibited Activities of Former Public Officials.

(11) The assets, properties, rights, and receivables of the Agency shall be considered public property; they shall not be subject to attachment or pledge.

(12) The following shall constitute the Agency's revenues:

- a) Participation fees collected from insurance, reinsurance, and pension companies established in Türkiye and from the branches and insurance/reinsurance brokers of foreign companies operating in Türkiye.
- b) A share of the registration or membership fees collected by the Union of Chambers and Commodity Exchanges of Türkiye from insurance agents and loss adjusters.
- c) Fees for registration, authorization, and licensing services as determined by the Agency.

(13) The amounts to be collected under paragraph twelve as participation fees shall not exceed 0.05% of the previous year's total assets for the institutions mentioned in subparagraph (a), and one-fifth of the amounts referred to in subparagraph (b).

(14) For those appointed to positions within the Agency who are subject to the provisional Articles 12 and 16 of Decree Law No. 375, the provisions of said articles shall continue to apply with respect to financial rights.

ADDITIONAL ARTICLE 6 –

(1) Claims for compensation to be made from institutions or organizations engaged in insurance activities under this Law, or from the Account, may only be pursued:

- a) Personally by the claimant,

- b) By the legal representative of the claimant or by an attorney authorized directly by the legal representative,
- c) By the spouse, children, parents, siblings, or attorney of the claimant, provided they are directly authorized by the claimant.

The right to pursue a claim includes all procedures before the relevant insurance institution or organization, or the Account.

(2) Compensation claims shall only be paid to the rightful beneficiary or their attorney and may not be transferred to any other person, including those listed in the first paragraph.

(3) The procedures and principles regarding the implementation of this article shall be determined by the Insurance and Private Pension Regulation and Supervision Agency.

PART 12

Provisional and Final Provisions

PROVISIONAL ARTICLE 1 – (1) All of the liabilities, assets, claims and obligations of the Highway Traffic Guarantee Insurance Account are transferred to the Account within a month after the entry into force of this Law. Actions and enforcement proceedings related to the Highway Traffic Guarantee Insurance Account shall continue in relation to the Account.

PROVISIONAL ARTICLE 2 – (1) Regulations relating to the implementation of this Law shall be issued by the Ministry that the Undersecretariat is attached to, within one year after the entry into force of this Law.

(2) Until the entry into force of regulations provided in this Law enter, the provisions of the current regulations which are not contrary to this Law shall continue to be implemented.

(3) Until the first paragraph of Article 12 of this Law about freedom of tariff and the fourth paragraph of Article 17 about the opportunity to block or establish mortgage over the minimum guarantee fund assets enter into force, the related provisions of Insurance Supervision Law No: 7397 abolished by this Law shall continue to be implemented.

PROVISIONAL ARTICLE 3 – (1) Those that do not make necessary changes to comply with branch arrangements that shall be determined according to Article 5 of this Law within a year after the entry into force of this Law, shall not conclude new insurance contracts or make addendum, extension or renewal which may increase the risk.

(2) Mixed companies that had not transferred their portfolio relating to life assurance before the entry into force of this Law, have to transfer the said portfolio within a year after the entry into force of this Law. If there are one or more insurance companies which agree to take over the portfolio of the companies, partly or in full, which do not perform this obligation, the portfolio shall be transferred by the Minister ex-officio. The companies, their portfolio has not been transferred yet shall not conclude new insurance contracts or make addendum, extension or renewal which may increase the risk in the life assurance branch until the transfer operation is completed.

PROVISIONAL ARTICLE 4 – (1) The sixth paragraph of Article 20 of this Law shall be in force for the persons who have been assigned by the Insurance Supervision Law No: 7397 abolished by this Law, and actions and enforcement proceedings against these persons.

PROVISIONAL ARTICLE 5 – (1) The earthquake claim reserves kept according to Article 25 of the Insurance Supervision Law No: 7397 abolished by this Law shall be transferred to precautionary reserve funds within three months after the entry into force of this Law.

PROVISIONAL ARTICLE 6 – (1) The loss adjuster and broker licenses given before the entry into force of this Law are valid until they are changed by the Undersecretariat. Those who do not change their licenses within a year after the coming into force of this Law shall not continue professional activity. Loss adjusters have to register in the Register within four months after the entry into force of this Law to continue loss adjusting activity.

PROVISIONAL ARTICLE 7 – (1) Insurance agents have to take certificate of conformity from the Undersecretariat and register in the Register within a year after the entry into force of this Law. Those who do not comply with this obligation shall not continue insurance agency activities.

PROVISIONAL ARTICLE 8- (1) Even if they have enjoyed amnesty, excluding crimes committed by imprudence before the Turkish Criminal Code No: 5237, those who have been sentenced to heavy imprisonment, or imprisonment more than five years, or imprisonment or heavy pecuniary penalties more than once for violation of insurance regulations notwithstanding the type of the punishment decided, those who have been convicted of infamous offences such as simple or qualified embezzlement, corruption, bribery, theft, fraud, breach of trust, fraudulent bankruptcy, gross misconduct as well as smuggling offences, fraudulent acts in public procurements and purchases and sales, money laundering, revealing secrets of the state or tax evasion or attempt to tax evasion, shall not be a founder in the insurance or reinsurance companies, act as insurance agent, broker or loss adjuster and be a shareholder or employed in legal persons established for this purpose.

(2) The provisions of the first paragraph shall be applied to the references made to the qualifications of the founders of the insurance and reinsurance companies in this Law.

PROVISIONAL ARTICLE 9 – (1) As long as the money currency in circulation is named as New Turkish Lira according to the Law Relating to the Currency of the Republic of Turkey No: 5083 and dated 28.1.2004, this phrase shall continue to be used instead of Turkish Lira.

PROVISIONAL ARTICLE 10

(1) In relation to the funds which have to be paid or returned to the cessionaries before the date of the entry into force of Article 33/B, the transactions which are completed according to the legislation in force before the date of the entry into force of the said article remains valid. The transactions which fall under this scope and which are not completed according to the legislation in force before the date of the entry into force of the said article shall be finalized according to the provisions of Article 33/B.

PROVISIONAL ARTICLE 11 In terms of insurance agents who are authorized to conclude policies and collect premium limited to compulsory insurances and life insurances before the publication date of this article, the provisions of tenth paragraph of Article 23 which are in

force before the amendment made with the Law which imposed this article shall be maintained to be applied for a two years period.

PROVISIONAL ARTICLE 12

(1) As of the date this article enters into force, the cases heard due to the offences which are specified and referred in the Law shall be continued to be heard by the same courts. The actions which are instituted after the entry into force of this article due to the said offences shall be heard by the criminal courts assigned by the High Council of Judges and Prosecutors within the framework of article 36/A of this Law.

PROVISIONAL ARTICLE 13

(1) Pools, organizations, or cooperation mechanisms that were established and are operational prior to the effective date of this article pursuant to Article 33/A of this Law shall be transferred under the Special Risks Management Center through a contract concluded between the operating company and the Board of Directors.

(2) Assignments made and contracts concluded prior to the effective date of this article in relation to the pools, organizations, and cooperation mechanisms transferred to the Special Risks Management Center shall terminate without the need for any further action, except for the transactions carried out under the first paragraph.

Entry into Force

ARTICLE 46 – (1)

- a) The first paragraph of Article 12 about freedom of tariff and the fourth paragraph of Article 17 about the opportunity to block or establish mortgage over the minimum guarantee fund assets shall enter into force three months after the publication of this Law,
- b) The other provisions of this Law shall enter into force at the date of publication.

Enforcement

ARTICLE 47 – (1) The provisions of this Law will be executed by the Council of Ministers.