

Turkish Motor Third Party Liability Insurance -Overview

Slide 1:

Good morning, ladies and gentlemen.

My name is Gülüzar Yıldırım and I serve as the Domestic Claims Department Manager at the Turkish Motor Insurers Bureau. It's a **great honor** to be here today, on behalf of my Bureau, to share insights with you about Turkish MTPL system.

I'd like to extend my **sincere thanks** to the French Bureau, especially to Jean-Pierre, for your kind invitation and warm hospitality.

I hope today I can provide you with a comprehensive overview of the MTPL application in Turkey.

Slide 2: Market Overview

To kick things off, I'd like to give you a brief overview of the **Turkish insurance market**. It's a dynamic and quite active sector.

Currently, we have **71 active insurance companies** operating in our country. This breaks down into:

- **47 non-life insurance companies**
- **20 life insurance companies**
- And **4 reinsurance companies**

Looking at our financial performance for **2024**, our total premium production reached approximately **€22.8 billion**. To give you a clearer picture of this amount:

- **€4.2 billion** came from the **life insurance sector**.
- With the remaining, substantial **€18.6 billion** was generated by the **non-life sector**.

It's also worth highlighting that within the non-life sector, the highest premium production comes from MTPL.

Finally, in terms of claims, **total claim payments in 2024 amounted to €9.4 billion**.

Slide 3: Top Insurance Companies

In the **non-life insurance sector**, the market is quite concentrated at the top. The **top ten companies collectively account for approximately 68% of the total market share**.

Leading this segment are:

- **Türkiye Sigorta**
- **Allianz**
- **Anadolu**

The **life insurance sector** is even more concentrated, dominated by a few large companies. Here, the **top ten companies hold a significant 94% of the market share**.

The top three companies in the life insurance sector are:

- **Türkiye Hayat ve Emeklilik**
- **AgeSA**
- **Viennalife**

Slide 4: Uninsured Vehicle Rate

- Let's talk about uninsured rates – it's a really important factor in our industry. In Turkey, there are approximately **30 million registered vehicles**, and about **20% of these are uninsured**.
- We've observed a significant difference across vehicle types. Specifically, the uninsured rate is **notably high for motorcycles and tractors**.
- In contrast, for **automobiles, the uninsured rate stands at a much lower 6%**.
- Furthermore, the insurance rate is generally higher in urban areas compared to smaller towns.

Slide 5: Turkish Motor Insurers' Bureau (TMIB)

Moving on to the Turkish Motor Insurers' Bureau. It has been representing our country in the Green Card system since **1964**. All insurance companies holding a traffic license in Turkey are **obligated to be members of our Bureau**. As of today, we have **28 member companies**.

The Bureau serves several critical functions:

- We are responsible for **printing and distributing Green Cards** to our members. We also prepare the tariffs and instructions associated with these cards.
- The Bureau settles all Green Card reimbursement claims related to accidents that occur outside of Turkey as a manager of the GC Reinsurance Pool. For this, we mostly rely on our **correspondents where the accident occurred**. These local partners help us manage claims efficiently.
- Additionally, as a **Handling Bureau**, we manage **third-party damage in accidents caused by foreign-plated vehicles** entering Turkey with a valid Green Card.
- **Risky Insured Pool: If I say High-Risk Insured Pool** maybe much more understandable. In 2017 Supervision Authority established the Risky Insured Pool for high-risk vehicles. Management of this pool is also carried out by our Bureau.

Slide 6: TMIB Structure & Operation

The Bureau operates as part of the Insurance Association of Turkey.

Our Bureau is effectively organized to manage its diverse responsibilities. We currently operate with a dedicated team of **32 employees**.

This team is structured into several specialized departments to ensure smooth and specialized handling tasks. These include:

- **Foreign Claims**
- **Domestic Claims**
- **Risky Insured Pool**
- **Legal**
- **Accounting**
- **IT**

Slide 7: Green Card Reinsurance Pool

The Green Card Reinsurance Pool was established and is directly managed by Turkish Bureau with the participation of our member insurance companies. All MTPL Insurance Companies operating in Turkey have to be members of both the Bureau and the Pool. There is a Green Card Reinsurance Pool Agreement between the Bureau and the Pool Members.

The primary aim of this pool is clear: to **create a strong capacity in Green Card insurance** and to **provide** capacity especially for small insurers as claims are covered by the Pool. All premiums are also registered in the Pool.

Our members are **jointly and severally liable for claims** in proportion to the premiums they produce, ensuring collective strength and security. If one member fails to fulfill its financial obligations the other members cover the share of the failed members according to their respective share in the Pool.

The **Green Card tariff and Implementation Instructions are set by our Bureau**. All members use the same green card premium tariffs calculated by the Bureau

While you might expect everything to be digital these days, Turkish Green Cards are **still printed on green paper**. However, thanks to **SBM (the Insurance Information and Monitoring Center)**, all Green Card information is available in real-time. This means we can **instantly verify cards by license plate**, streamlining the process considerably.

Finally, it's important to note that **claims related to policies included in this pool are directly handled by our Bureau**.

Slide 8: TMIB Premium Production & Claims

Let's look at the financial performance of the Green Card Reinsurance Pool in **2024**.

In that year, the pool generated a substantial **€48 million in premiums**. In contrast, it paid out **€27 million in claims**.

This results in resulting in a loss ratio of **68% for the pool**.

Slide 9: Accidents in Turkey involving Foreign Vehicles

Now, let's shift our focus to accidents that occurred in Turkey involving foreign vehicles, where we act as the Handling Bureau.

In this category, we have processed a total of approximately **€5.1 million in claims paid** (which is 186 million Turkish Lira).

The top three countries whose vehicles most frequently caused accidents in Turkey are, respectively:

- **Germany**
- **Bulgaria**
- **France**

Focusing specifically on French-plated vehicles, a total of 16 million Turkish Lira (approximately **€460.000**) was paid for accidents they caused in 2024. Of this amount, **€250,000** (or 9,1 million Turkish Lira) was specifically for material damages, with the remainder covering bodily injuries.

In **2024**, our Bureau processed **49 Online Guarantee Calls (OGC)** and **83 Before Online Guarantee Calls (BOGC)** files specifically for the French Bureau. You may know that OGC is issued on the platform of the COB and BOGC is an email that informed the related bureau this invoice remains unpaid, and if it is not paid within 15 days we will issue an OGC.

However, I must also draw your attention to an important point regarding outstanding payments. As of today, we have **225 unpaid invoices from accidents in Turkey** that we have recourse against French insurance companies. The total amount for these invoices is over **10 million Turkish Lira, which is approximately €300,000**.

As you are aware, the standard payment period for Green Card claims is **60 days**. Disturbingly, of these 225 invoices, **160 have already exceeded this 60-day period**, amounting to **7.5 million Turkish Lira (approximately €200,000)** that has not been

According to our Internal Regulations, the Turkish Bureau could have initiated 160 OGC procedures for these overdue invoices, but chose instead to prioritize cooperative

resolution. However, instead of immediately initiating OGC, we are making efforts to resolve these cases through **open and constructive communication with the French Bureau**. For this reason, these figures have not yet been officially includede in our statistics, as we are prioritizing a collaborative resolution.

Please note that the **2024 figures have been converted to Euros using the average exchange rate for that year**, which was **36.8 Turkish Lira to 1 Euro**. Current figures, however, reflect **today's exchange rate**.

Slide 10: General Outline of MTPL

With your permission, I would like to transition to our main topic: Compulsory Motor Third-Party Liability (MTPL) insurance.

The legal framework and basis for MTPL insurance are determined by **the Turkish Code of Obligations, Turkish Commercial Law, the Insurance Law, the Highway Traffic Law, and MTPL Insurance Clauses.**

MTPL Insurance is compulsory in Turkey according to Highway Traffic Law. In order to cover responsibility based on Turkish legislation, operators are obliged to conclude an MTPL policy. Vehicles, without MTPL coverage, are forbidden from traffic and are subject to a penalty.

MTPL insurance is valid within the borders of Turkey. Vehicles arriving from abroad are required to purchase a MTPL if they don't possess a valid Green Card. MTPL policies are issued for a maximum period of one year.

Slide 11: 2025 MTPL Coverage Limits

The MTPL coverage limits are determined by the **Insurance and Private Pensions Regulation and Supervision Authority (SEDDK)** each year. For **2025**, the limits are:

- For **material damages**: approximately **€15,303 per accident**. (300.000TRY p/v, 600.000TRY p/a)
- For **bodily injuries**: approximately **€344,317 per accident**. (2.7milyonTRY (69K€) p/p, 13.5 milyon p/a)

Although they were previously updated every six months due to the high inflation experienced between 2019-2022, their normal process is to be updated annually. The limits applicable on the date of the accident can be checked on our Guarantee Fund's website: <https://www.guvencehesabi.org.tr/teminat-limitleri>

Here, I want to emphasize a crucial detail: although the insurer is liable up to these pre-defined limits, the **operator remains liable for any damage that exceed these limits**.

Slide 12: Scope of the MTPL

As a general principle, the Compulsory MTPL insurance system is based on tort (**fault liability**) in respect of the driver.

In respect of the operator the system is based on **strict** liability.

So, if a driver has committed a traffic violation and has caused damage then the operator of the vehicle (which may be the owner, long-term hirer or long-term borrower of the vehicle) is also responsible. According to the Highway Traffic Law, the "operator" is precisely defined. This refers to the **vehicle owner**, the person **registered in the title records**, or in cases of long-term lease, loan, or pledge, it refers to the person or entity that derives benefit from the vehicle's use.

For a compensation payment to be made, the **insured's fault is generally sought**. The compensation amount is reduced in proportion to the injured party's fault - a concept known as **comparative fault**. This comes into play when the injured party hasn't taken precautions, like wearing a helmet or a seatbelt. In such cases, especially in court, the impact of this on the damage is debated. If we identify these issues, to determine whether it contributed to the severity of the injury.

Furthermore, it's important to understand that the **operator is also responsible for the negligence of the driver or any assisting persons** involved in the vehicle's operation.

Slide 13: Special Cases

Let's discuss a few special situations that often arise in claims.

Firstly, in **multi-vehicle accidents** with more than one at-fault party, the injured party can claim the full amount of their damage from *any* of the at-fault parties.

If more than one vehicle (excluding the insured vehicle) is involved and the combined damages exceed the applicable policy limit, the compensation is shared between the vehicles based on their degree of fault. Critically, in these scenarios, we must receive all injured parties' applications before any payment can be made.

We request insurance companies to apply the policy limits in accordance with Article 3.5 of our Internal Regulation in these complex multi-vehicle cases. However, receiving a **timely response is essential** to avoid unnecessary mediation or legal action.

We have, at times, experienced delays by some insurers unfortunately increase the risk of mediation and litigation—leading to avoidable costs for all parties. We genuinely believe that **enhancing communication and response times can help resolve such cases more efficiently and amicably.**

Finally, a key point about healthcare costs: **Health service fees** provided by university hospitals and all other official and private healthcare institutions for traffic accidents are **covered by the Social Security Institution (SGK)**, regardless of the injured party's social security status.

Starting from 2011 MTPL insurers in Turkey are no longer responsible for compensating victims in respect of medical treatment costs.

Instead, insurers transfer approximately 15% of their MTPL insurance premium to the Social Security Institution.

All hospitals are required to provide medical treatment to a victim of a road accident free of charge.

The insurance scope also applies for foreign victims

However, Green Card related reimbursements are handled differently. For green card cases, the Institution recovers this amount from our Bureau.

Slide 14: Coverage Scope

Let's delve deeper into what MTPL actually covers. MTPL insurance applies in respect of liability for damage to property and disability/death.

An important point to understand is that **both the insurer and the operator are jointly liable**. This means the injured party has flexibility: they can file a lawsuit against the insurer, the operator, and the driver individually or jointly. Passengers inside the vehicle are considered third party.

A quick note on **trailers**: In Turkey, separate policies aren't issued for them. The **towing vehicle's MTPL policy automatically covers damages caused by the trailer** as well.

Slide 15: What Damages Are Covered

Let's specify the comprehensive scope of what MTPL insurance *does* cover. It extends to:

- **Vehicle Damage**
- Expert fee and cost
- VAT
- Towing cost
- Litigation expenses
- Passenger items in the insured vehicle
- **Loss of Value** (for the damaged vehicle)
- **Property Damage** (to third-party assets)

It's crucial to note that for any claim, the claimant must establish a clear causal link between the accident and the damages.

Slide 16: Disability and Death

- Permanent disability and incapacity of working
- Compensation for loss of support in case of death
- Funeral cost
- Medical expenses
- Temporary/permanent care expenses

In the event of a court case, the MTPL insurer of the losing party is responsible for paying court fees and a portion of the opposing party's attorney's fees.

In Turkey, out-of-court legal fees are not covered by MTPL insurers.

Slide 17: Exclusions from Coverage

While exclusions from motor insurance coverage are similar across most countries, I want to highlight those I believe are particularly relevant or potentially different in Turkey.

Firstly, **indirect damages are explicitly excluded from coverage** under the general conditions of traffic insurance. Examples of these indirect damages include:

- **Loss of use** (e.g., the cost of a rental car while a damaged vehicle is being repaired)
- **Loss of profit**
- **Loss of income**
- **Loss of rental income**

For these types of damage, the **insured remains responsible** under general legal provisions, as they are not covered by the compulsory MTPL policy.

It's important to note that **pain and suffering** and **environmental pollution damage** are also generally excluded from MTPL coverage.

Slide 18: Recourse

Let's discuss situations where compensation might be reduced or excluded.

Typical recourse situations include driving under the influence or without a valid license. In these cases, recourse for paid compensation can *only* be made against the insured.

Those engaged in activities related to motor vehicles, such as **parking lots or repair shops**, are held responsible *like* the operator for damages caused by a motor vehicle entrusted to them for these purposes. In such instances, the vehicle's operator and its traffic insurer are **not responsible** for these damages.

The insurance company can recover the compensation it paid out in certain situations from its own insured who caused the traffic accident.

Let me emphasize a critical point: the insurer cannot delay or deny payment to the insured party by referring to recourse grounds. Nor can it request documents from the insured party related to these grounds.

The insurer **must first pay the victim**, and *then* they pursue the insured separately for recourse. This principle ensures the injured party receives timely compensation.

Slide 19: Statute of Limitations for Claims

Regarding the statute of limitations:

- The general rule for material damages is **2 years** from the date on which the damage and the liable party become known, and in any case, **10 years** from the date of the accident.
- In situations that require criminal proceedings (e.g., injury or death), the statute of limitations is longer, extending to **8 years for injuries** and **15 years in cases of death**.
- The limitation period is suspended by actions such as initiating legal proceedings or submitting a formal written claim.

Slide 20: Documents Required for Claim Payments: Material Damages

For material damages, the documents you see on the screen are typically requested. These documents are essential for the efficient processing of claims.

Here, I'd also like to touch upon the types of accident reports. If the accident concerns only material damage then completing an amicable accident report is sufficient. However, sometimes a **police report is also issued** for material damage. A police report is an official document, and importantly, **objections to fault determinations in these reports can be made through the courts**. While the accident report is evidence in our claims file review, it primarily serves as an initial piece of evidence if the injured party files a lawsuit. In such court proceedings, the court will typically determine fault through its own expert.

For damage claims, **photos of the damaged vehicle are critically requested**. This helps verify whether the damage is directly linked to the accident in question.

Slide 21: Documents Required for Claim Payments: Bodily Injuries

The required documents for **loss of support claims** and for **permanent disability claims** are as listed on the slide..

It is important to note that, when calculating income, courts consider earnings in the **injured party's country of residence**.

Official income is taken into account; additional incomes like rental income are not.

Slide 22: Customer Identification Requirements

Now, I'd like to take a moment to discuss an important compliance requirement in Turkey- customer identification as mandated by the **Financial Crimes Investigation Board (MASAK)**. MASAK requires customer identification for certain transactions that exceed specified thresholds.

The detailed procedures and documents required for this identification are set out in the **Regulation on Measures Regarding the Prevention of Laundering Proceeds of Crime and Financing of Terrorism**.

According to Articles 6 and 11 of this Regulation, the identity verification process varies slightly depending on the individual or entity:

For Turkish Nationals (Real Persons):

Identification is carried out using one of the following official documents:

- **Identity Card**
- **Driver's License**
- **Passport**

For Foreign Nationals:

One of the following documents is accepted:

- **Passport**
- **Residence Permit**
- **Any other identity document deemed acceptable by the Ministry**
- with their official entry records to Turkey

For Legal Persons Established Abroad:

Legal entities abroad must present certified company documents – either apostilled or consulate- certified.

Additionally, operating under a **risk-based approach**, the identity information may be further verified using **notarized Turkish translations** of these documents, if deemed necessary based on the risk assessment.

MASAK closely monitors high-risk transactions and explicitly expects all reporting entities to be **fully compliant with these identity verification obligations**. This is a critical area for all financial institutions and reporting entities in Turkey.

Slide 23: TRAMER - SBM (Insurance Information and Monitoring Center)

SBM (TRAMER): Central Hub for Insurance Data

Let's quickly cover the **Insurance Information and Monitoring Center (SBM)**, often still referred to as **TRAMER**. Established in 2003, it's our central electronic hub for all compulsory insurance policy and claim records, managed by insurance companies under Ministry guidance.

One of its key function is determining fault in **material damage accidents**. Insurers upload agreed accident reports, and propose fault apportionment. If unresolved, TRAMER's commision makes the final decision. Policyholders are informed once a file is concluded.

Any objections to these fault determinations can be made through the **courts**.

Slide 24: Guarantee Fund

Let's briefly introduce the **Turkish Guarantee Fund as well..** Established to cover damages under compulsory insurance policies.

(the Guarantee Fund covers bodily injuries in certain cases-like when the liable party in uninsured, unidentified, or the insurer is insolvent.)

The Fund pays for:

- Bodily injuries where the liable party cannot be identified.
- Bodily injuries caused by uninsured individuals.
- Bodily injuries in accidents involving stolen or hijacked vehicles (when the operator isn't liable).
- Property damage and Bodily injuries in case of bankruptcy of the insurer.

In **2024**, the Guarantee Fund disbursed **€17 million in claims**.

Slide 25: Mediation and Legal Proceedings: Common Disputes

Although our primary aim is always to resolve claims directly through the claims file, in certain situations, the injured party proceeds to the next stage, often leading to mediation or litigation. Here are the most common drivers for such escalations:

- **Loss of Value Claims:** This is a particularly problematic area in Turkey. Unfortunately, courts have introduced vague concepts such as "real diminished value," leading many loss of value claims directly to mediation and then to court. This remains a significant, unresolved issue for all traffic insurance companies. In general, if there isn't a huge difference between the expert report and the claim amount is not significant, we forward it to the insurer for approval.
- **Insufficient Limits:** When the policy limit is insufficient, it often leads parties to sue the insured, vehicle owner, and driver directly for remaining material damages, including loss of value, or compensation for permanent disability or loss of support.
- **Multi-Vehicle Accidents:** In multi-vehicle accidents, if approval for exceeding the coverage limits is absent, one or more parties may initiate proceedings. This is often because payment requires waiting for all injured parties' applications, which can cause delays.

Ultimately, the injured party can file a lawsuit against the at-fault driver, the vehicle owner/operator, and, within policy limits, the insurance company. **In such cases, the losing party is venerally liable for the compensation, interest, and all associated legal costs.**

Slide 26: Jurisdiction

Now, I will explain the legal venues where traffic accident compensation claims may be filed in Turkey. As you can see on the slide, there are several courts that may have jurisdiction.

Such lawsuits may be filed at the following courts, depending on the case specifics.

- Firstly, at the court of the **Defendant's Domicile** – that is, where any of the individuals or entities being sued resides.
- Secondly, it can be filed at the court of the **Plaintiff's Domicile**, the place where the person bringing the lawsuit resides.
- Another option is the court where the **Insurance Company's Headquarters (HQ)** is located.
- And finally, the lawsuit can be filed at the **Accident Location** itself, the court in the geographical area where the accident occurred.

Now, regarding the specific **types of courts** involved:

- Generally, compensation lawsuits arising from traffic accidents are filed with the **Civil Courts of First Instance**.
- However, there's a crucial distinction: if the lawsuit is to be filed directly **against an insurance company**, it must be brought before the **Commercial Court of First Instance**.

Slide 27: Summons

Let's address the transmission of court summons and notifications, as this is determined by law and requires specific protocols.

It's crucial to understand that responses to these notifications **must be made through the same official channels** through which they are received.

Specifically, a court summons is sent via the **Ministry of Justice to the Ministry of Foreign Affairs**, and from there, it is routed to the **Turkish Embassy in the relevant country**. Therefore, when you need to send your responses to these notifications, responses must also be routed through the same diplomatic channel – via the relevant Turkish Embassy. This ensures legal compliance and proper delivery.

Slide 28: Insurance Arbitration Commission

Before a lawsuit, the injured party **must apply in writing to the insurer**. If there's no response within **15 days**, the right to sue arises.

Alternatively, the injured party can apply to the **Insurance Arbitration Commission**, which is a voluntary option. Decisions up to **₺15,000 TL are final**. For amounts over **₺238,731 TL on appeal**, recourse to the Court is possible.

Please note that our Bureau is **not a party** of this Commission, and therefore, claims cannot be submitted against us through this mechanism.

Slide 29: Conclusion

Yes, we have now reached the end of my allocated time.

I hope this presentation has given you valuable insights into both our Bureau's operations and the Turkish MTPL framework. Thank you again for your attention and kind interest.