



## THE TCIP COMPULSORY EARTHQUAKE INSURANCE POOL ABOUT REINSURANCE PRACTICE WITHIN THE SCOPE OF PARTICIPATION INSURANCE THE ECONOMIC ADVISORY COMMITTEE'S FIQH OPINION ON PARTICIPATION INSURANCE

This document was issued with regard to the Participation Reinsurance activities which the Turkish Catastrophe Insurance Pool (the TCIP) will carry out within the scope of the "Participation Insurance Pool". Accordingly, the following is in accordance with the principles of Islamic Finance.

1. The TCIP shall establish a Compulsory Earthquake Insurance Participation Pool, in which all participating insurance companies are partners, and to which the state shall contribute to a certain extent, if necessary,
2. The TCIP is to authorize an institution which meets the conditions specified in the legislation, as a Technical Operator to manage the Pool (as a Deputy),
3. A management company (Technical Operator) is selected to manage the Pool as a paid deputy by receiving services from the insurance companies, which are members of the system, when necessary, and by reflecting the income and expenses of the entire system to the pool account on the basis of the distribution key, which is to be approved by the advisory committee,
4. The pool incomes consist of premiums, the state's contribution, interest-free qualified investment income and the debts which are to be obtained to be repaid only with the inflationary difference if needed, while the pool expenses consist of compensation and all expenses and the difference between the principal and inflation of the debts obtained,
5. The TCIP shall insure the following against material risks which occur as a result of any fires, explosions, giant waves (tsunami) or landslides caused by earthquakes: Independent sections within the scope of the Property Ownership Law, the buildings constructed as dwellings on immovable property registered in the title deeds and which are subject to private ownership, the independent sections located within these buildings and which are used for commercial purposes, as office space or similar purposes, and dwellings built by the State or with loans provided by the State in connection with natural disasters.
6. Making the compensation payments from the Participation Pool, in case of insufficient capital, the TCIP is to borrow in favor of the Participation Pool on the terms and condition that it is repaid with the maximum inflation difference,
7. The TCIP shall receive Participation Reinsurance or other protection guarantees which are deemed appropriate in accordance with the principles approved by the Advisory Committee in order to share the risks that the Participation Pool is exposed to,
8. Provided that the funds accumulated in the pool are compatible with Islamic finance principles in form and substance, the TCIP makes use of the fund in the Participation Accounts to be opened in Participation Finance institutions, public and private Lease Certificates (Sukuk) issued in accordance with Islamic finance principles or that are to be issued in the future, and other partnership-based securities and by other methods that the Advisory committee deems appropriate,
9. The TCIP shall strictly refrain from receiving or charging interest, gambling and in all other business and transactions which are forbidden or proscribed by Islamic law while operating the pool,
10. The TCIP shall not be involved in any activity where interest is received or charged, in gambling or in any other loans, which guarantee principal and capital and which contain interest, which are forbidden or proscribed in nature by the Islamic law, except in obligatory cases which will be determined with the approval of the Advisory Committee,
11. Where there is a balance remaining in the Pool at the end of the period, this amount is not returned, and The TCIP shall place any such balance to interest-free instruments which favor the Participation Pool in order to cover the possible risks in the future,

As a result, for the TCIP to establish a Participation Insurance Pool and to carry out Participation Insurance activities within the framework of the above-mentioned procedures, terms and conditions do not contain any objection from a fiqh perspective.

Note: The duration of this document is 1 (one) year. 1 August 2021.

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