



**TURKISH CATASTROPHE INSURANCE POOL  
COMPULSORY EARTHQUAKE INSURANCE  
2014 ANNUAL REPORT**



# COMPULSORY EARTHQUAKE INSURANCE IS OUR SOCIAL RESPONSIBILITY.

TCIP supports its insurance operations with public campaigns to **raise public awareness** on the issue and underscores the fact that Compulsory Earthquake Insurance is, above all, a social responsibility for everyone.

Established in 2000, the Turkish Catastrophe Insurance Pool (TCIP; DASK in Turkish) is a public institution and a legal entity, which is charged with providing, implementing and managing Compulsory Earthquake Insurance services across Turkey.

Operating with the slogan, “**The earthquake will pass, and life will go on,**” TCIP aims to ensure that citizens continue their daily lives in safety in the aftermath of an earthquake. Compulsory Earthquake Insurance provides material assurance to insured homeowners against risks of earthquake and related fire, explosion, landslide and tsunami losses. The Pool promptly compensates policyholders for damages incurred to buildings, whether heavily or partially damaged, and assists in the return to daily life.

TCIP facilitates access to Compulsory Earthquake Insurance via a wide distribution network that includes partner insurance companies, their agencies and bank branches, and ensures that everyone regardless of means can enjoy such assurance, by keeping premiums low.

TCIP supports its insurance operations with public campaigns to raise public awareness on the issue and underscores the fact that Compulsory Earthquake Insurance is, above all, a social responsibility for everyone.

Since earthquakes have been the most common natural catastrophe to hit Turkey over the last 60 years and as nearly the entire country is considered earthquake-prone, these are events to be expected. Furthermore, earthquakes can also inflict severe economic losses not only in a single geographic area but also across the entire nation.

While providing insurance to individual dwellings, Compulsory Earthquake Insurance also constitutes a claims pool for the whole country. The size of this financial pool becomes extremely important in the aftermath of an earthquake, as it provides a guarantee to all those in need across the country, and not just those in a single province.

TCIP provides insurance for individuals as well as efficient assistance to impacted regions, thereby effectively extending social solidarity awareness.

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## WE ARE INCREASING THE INSURANCE AWARENESS



### Dear Stakeholders,

The year of 2014 was a productive year for DASK, in which we took important steps to develop and improve our projects that we have been investing in for a long time. We achieved significant advancement both with respect to enhancing reinsurance and enhancing awareness about Compulsory Earthquake Insurance. We also achieved remarkable progress for making Compulsory Earthquake Insurance widespread. With all these successful activities, as DASK, we continued to represent Turkey in the world.

### Compulsory Earthquake Insurance awareness is growing

While the number of dwellings covered by the compulsory earthquake insurance reached up to 6.8 million in the last year, penetration rate increased up to 39 percent throughout Turkey. This increase is an indicator of our society's awareness about preparedness to earthquake as well as the Compulsory Earthquake Insurance has improved. Of course, the Catastrophe Insurance Law, which was entered into force in August 2012, has also played a significant role in this increase and made significant contribution.

With the enactment of the Catastrophe Insurance Law, in addition to mortgage and title deed procedures, now Compulsory Earthquake Insurance policies are also started to be required in the electricity and water subscriptions. As the control points of Compulsory Earthquake Insurance are getting more and more widespread, we had the opportunity to contact with a larger part of homeowners and made them a part of the Compulsory Earthquake Insurance system.

The earthquakes suffered in our country in 2014 reminded us once again the importance of Compulsory Earthquake Insurance. For example, the earthquake with a magnitude of 6.5 occurring at the offshore waters of Gökçeada in May was felt by a larger area. It was our greatest consolation that nobody died due to the earthquake. However, the dwellings located near to the epicenter of the earthquake suffered small and medium size structural damages. The policy owners who have a Compulsory Earthquake Insurance were able to cover these material damages from DASK and felt the happiness of going back to their lives. DASK opened 1555 damage files for the dwellings having an earthquake insurance, which were damaged during Gökçeada earthquake and paid TL 1.5 Million in total for the damages.

### TCIP's total claim-paying capacity in the event of an earthquake exceeds TL 12 billion

DASK stood out not only with its success in payment activities for damages in 2014, but also with the improvements in its ability to pay. Government support was one of the most important factors in the successful creation and completion of our 2014 risk transfer program, being among the world's biggest programs. As part of this protection, the payments up to 241 million EUR for damages during big earthquakes were assumed by the Government as reinsurance support. Thanks to the confidence resulting from the reinsurance support provided by the Government, it had been possible to obtain additional capacities from international markets under favourable conditions. DASK's total ability to pay damages in an earthquake exceed TL 12 billion together with reinsurance protection, catastrophe bond and its own equities. The reinsurance protection obtained from international markets as a result of these developments increased by 19 percent in 2014 compared to the previous year.

### We are proud

Another development in 2014 which we are proud of was that we represented our country during Insurance Summit organized by the

## Message from Chairman

magazine "The Economist" in London and have become an organization shown as an example for the world. During the summit, we enhanced our knowledge build-up and experience in providing earthquake insurance with reasonable price and coverage to almost 200 executives and professionals from the international insurance world.

Among the most proud developments of the year were the increase in the number of dwellings covered by the compulsory earthquake insurance, successful management of indemnity payment, reinsurance support from the government, the increase in the reinsurance capacity obtained from international market and representation our country in the international arena. In addition, we have not forgotten the fact there are a great many dwellings which we need to reach out and include in the Compulsory Earthquake Insurance system in our country. With a new advertising campaign, we continued to undertake awareness activities regarding Compulsory Earthquake Insurance.

### Continuing awareness-raising activities

Since our public inquiry results and the experiences of earthquake victims in our country revealed that "being a compulsory

guest" after an earthquake was one of the top motivations of homeowners for having Compulsory Earthquake Insurance, we preferred to dwell on this concept in our ad campaigns. Our ad campaign which has been continuing since 2013 with the slogan "Take your compulsory earthquake insurance and get rid of being a compulsory guest" has been continuing with new commercial films". In the ads, we have filmed the difficulties suffered by the earthquake victims who had to be compulsory guests of their relatives for a long time as their houses were damaged and they did not have earthquake insurance.

In addition to this, we contacted with officers working at public bodies such as land registry offices, electricity and water subscription agencies throughout the ad campaign and made sure that they become a TCIP ambassador to increase the awareness of homeowners about Compulsory Earthquake Insurance. In the last commercial film, we thanked all public servants who provided their assistance to us to increase awareness about Compulsory Earthquake Insurance and to make earthquake insurance widespread.

We also included insurance agencies in the campaign for increasing awareness about Compulsory Earthquake Insurance. We sent

TCIP aims to  
increase the  
penetration rate,  
which was 38% as  
of 2014, to over  
60%.

60%

signboards bearing TCIP logo to 3 thousand agencies all around Turkey in order to increase the publicity of the agencies which issue Compulsory Earthquake Insurance.

In addition to our activities intended for the general public and our business partners, we also reached out to university/college students with our projects unveiled to increase awareness about Compulsory Earthquake Insurance. DASK Earthquake Resistant Building Design Competition which we organized for the students in construction engineering departments of universities was one of the projects which made tremendous impact in this sense. The competition was intended to improve the skills of the students, who will design the succeeding buildings, for designing earthquake resistant buildings and to attract attentions to the significance of Compulsory Earthquake Insurance. 43 teams from 28 different universities joined our competition. In the grand final of the competition held in June, we evaluated the performances of all designed buildings on the earthquake table and rewarded those ranking in the competition. Both with its creative design and its tremendous impact, the competition attracted great interest from the public and was rewarded by many national and international communication contests.

### Our goal is to secure all dwellings under Compulsory Earthquake Insurance

Although DASK operates in a difficult field in terms of communication like earthquake and insurance, the efforts we have been showing and the successful results we achieved are the core source of our motivation. Our top priority hereafter will be to make sure all dwellings under the scope are covered by Compulsory Earthquake Insurance. Sharing the experience we gained while working to achieve this goal with the entire world is one of our biggest responsibilities.

I would like to thank all of our associates who are always adding great value to our institution with their efforts and confidence in achieving the goal, our stakeholders who have always trusted us and esteemed homeowners who day by day better understand the importance of Compulsory Earthquake Insurance and get included in the system.

Sincerely yours,

Murat KAYACI  
Chairman of the Board

## A FRUITFUL YEAR



We have established a **strong information technology infrastructure** for the Disaster Management Project, which we started in order to respond faster and more accurately to the claims of the insured parties in the event of a probable earthquake.

### **Dear Stakeholders,**

We have left behind a year that; as an institution, we have been focused on projects oriented to develop Compulsory Earthquake Insurance System and increase the awareness of the subject as well. As we felt all the joy of a year past without feeling the debilitating effects and resultant sorrows of large scale, damaging earthquakes, we have worked hard to develop our system in readiness for any possible future natural disasters. As we work on projects like Natural Disaster Management, Orthophoto, National Address Database, and Catastrophe Bond on one side, we endeavored to increase awareness of Compulsory Earthquake Insurance on the other.

### **A year full of projects**

We have established a powerful information technology infrastructure for the Natural Disaster Management Project that has been initiated with the purpose of meeting the losses of the insured parties faster and more accurately, and moreover, we have gathered the human resources and established the organizational structure that would best utilize the subject matter information technology infrastructure.

Through this project, we will now be able to manage and report any and all processes of Compulsory Earthquake Insurance faster and more effectively from policy production to indemnity payment. .

One of the most significant returns of the Natural Disaster Management Project is the commissioning of the system that would enable us to contact the insured over the internet or via telephone on a 24/7 basis. By means of this system, we have been able to establish an instantaneous and direct communication channel between TCIP and policy owners.

On the other hand, within the scope of Orthophoto project, another one of our ventures, we took the necessary steps to have a map prepared by taking aerial photographs of the settlements on province, district and town level across Turkey. By means of this map we are expecting to determine beforehand how much the dwellings available in the portfolio of TCIP would be affected from probable earthquake scenarios. In case of a probable damaging earthquake, by using this map we will be able to calculate loss status of the section of the portfolio related to the area of

# TCIP IS INCREASING EARTHQUAKE AWARENESS

## Message from General Manager of Eureko Sigorta, the Technical Operator

the earthquake in a very short period of time, in the most accurate manner possible. As such we will be able to prepare ourselves better as we can determine any financial and operational requirements beforehand.

### Higher service level with National Address Database

As you might already know, beginning from March 2013, we have started using the address codes registered in the National Address Database (UAVT) in processing Compulsory Earthquake Insurance Policies. By means of the integration achieved with the National Address Database that contains 10-digit address code specific to each dwelling, we aspire to better monitor the insured dwellings, improve the service quality and render loss management more effective.

On account of address information made available through National Address Database, we have eliminated the problem of duplicate Compulsory Earthquake Insurance for dwellings within the scope of the scheme and issuance of policies mistakenly for dwellings outside the scope of it. Most importantly, if the dwelling subject to the compulsory earthquake insurance

coverage is damaged in an earthquake, by means of this system it becomes easier to determine the location of the related building and ensure that the insured has access to the services. Although integration process with National Address Database was initiated in the year 2013, we continued to monitor the changes taking place in the year 2014 and have taken important steps to determine and remedy any problems in the system.

### Turkey's first Catastrophe Bond issue

As TCIP, we not only develop our plans and the means for natural disaster management, but we also initiate important projects to create financial resources that would improve our payment capabilities. In the year 2013 we have issued the first Catastrophe (CAT) Bond in Turkey and increased the loss payment capacity in case of a possible earthquake in Istanbul. At the same time this has been an opportunity for us to obtain coverage from various markets by means of a financial instrument that is used for the first time in Turkey. The issue that was initially planned for USD 100 million has garnered interest 6 times this number and TCIP later on raised the amount of the 3-year Catastrophe Bond issue

to USD 400 million. The Catastrophe Bond, which was issued by the company named Bosphorus 1 Re that has been established by TCIP in Bermuda, has received BB+ rating from International Credit Rating Agency Standard & Poor's (S&P) and has proven its success. In 2014, we, as TCIP, have also started to work towards diversifying this important financial resource that helped us improve our payment capacity under careful management.

### Competitions and awards

Increasing the awareness of Compulsory Earthquake Insurance and ensuring the widespread use of this scheme in the community is another subject that is as important as the penetration rate, and service improvement works and increases in the payment capacity for TCIP. The year 2014 has been quite intense from this aspect. As we extended our reach to university students by means of the Earthquake Resistant Building Design Competition and International Short Film Competition, we also were able to establish better relations with public institutions, local administrations and public on account of the Cities Compete and Anatolia Meetings Projects.



## Message from General Manager of Eureka Sigorta, the Technical Operator

As TCIP, we do not only develop our disaster management plans and opportunities, but also we are also **putting our signature** under important works for financial resources that will increase our claim-paying capacity.

TCIP Earthquake Resistant Building Design Competition, which has been initiated for purposes of increasing the awareness of earthquakes in civil engineering students, while fostering earthquake resistant building design skills, was concluded after a successful process and an entertaining competition. The competition, which received participation from Civil Engineering student teams from different universities in Turkey, has proven to be an authentic venture in addition to causing quite a stir. With this contest, we helped young civil engineers that will be playing the most critical role in structuring of our country to gain awareness of earthquakes.

The Earthquake Resistant Building Design Competition has not only been a means to award university students but the Competition has also received awards in public relations competitions. The first prize in "Public Sectors" category was awarded to the "Earthquake Resistant Building Design Contest" in the 9th MediaCat Felis Awards event, in which public relations projects have competed the first time. The competition has also been deemed worthy of success awards in "Institutional Social Responsibility" and "Environment and

Sustainability" categories. The Earthquake Resistant Building Design Competition has also been successful on the international platform. The competition that was short listed in the European Excellence Awards represented our country in the best possible manner. On the other hand in PR News CSR Awards, one of the most prestigious public relations competitions in the world, the Competition was presented with the honorary award in the "Institutional Social Responsibility Focused Event" (Event: CSR / Green Focus).

Whereas the "Short Film Competition", which we have been organizing since 2009, to carry the Compulsory Earthquake Insurance and the awareness of being insured to the agenda of youth, has attained an international character this year. We carried to the international arena this competition, whose slogan is "Where would you go if your house suffered damages in an earthquake?" this year, in a manner that is open to the participation of university students from 21 countries. We also included in the competition countries that are close by that have earthquake risk with the purpose of increasing the awareness that earthquake is one of the natural disasters in the world that inflicts the most damage in the world. Thus participation



Turkey is the third  
country in the world  
that generates  
**the most** policies in  
earthquake insurance

3<sup>rd</sup>

was also ensured from neighboring countries to Turkey, Balkan countries, and Italy. Whereas the "Zede" named film of Metehan Sereflioglu, a student of Dokuz Eylul University, who won the first prize, has become a part of our advertising campaign with its competence in recounting in an effective manner the Compulsory Earthquake Insurance. The film, broadcast as a part of the TCIP advertising campaign, has become one of the most important tools in motivating youth to participate in the contest in the coming years.

#### **A more social TCIP**

This year we initiated the TCIP Anatolia Meetings, aimed at informing the public in subjects such as earthquake risk, earthquake preparation, Compulsory Earthquake Insurance and urban earthquake awareness, by traveling Turkey from city to city. We selected our provinces that especially have a risk of major earthquake but do not have sufficient penetration rates for these meetings we realized within the scope of the new social awareness program of TCIP. We had the opportunity to visit the provinces of Balikesir, Erzurum and Sivas within the scope our program in 2014, and establish contact both with local administrators as well as the public

and the press. These activities we pursued at a local level were also covered in the national press and were beneficial in increasing the recognition regarding the Compulsory Earthquake Insurance.

Our "Cities Compete, Insured Win" contest, which we organized nationwide and has the character of a mobilization for the Compulsory Earthquake Insurance, was also one of our projects that continued in 2014. Provincial administrators developed their own authentic campaigns oriented at increasing the Compulsory Earthquake Insurance awareness in their cities, and competed with these campaigns. Thus we ensured that Compulsory Earthquake Insurance was talked about in all areas of daily life from mosques to coffee shops, and from neighborhood markets to dwellings. While Sakarya was the first in our contest this year, Ordu was awarded the second prize, whereas Canakkale and Mugla shared the third place.

We, as Euroka Sigorta, the Technical Operator, take pride on behalf of our organization and our country from contributing to the successful works of TCIP. The contribution

of TCIP has been very substantial in the rise of having Turkey attain the position of being the third most policy generating country of the world today. We would like to extend our sincere thanks to insurance companies, insurance brokers and loss adjusters for their cooperation, the Undersecretariat of Treasury for its unconditional support, and to TCIP Chairman and members of the Board of Directors for their devoted efforts, who have an important contribution in this success.

Sincerely yours,

Can Akın ÇAĞLAR

**Member of the Board of Directors and  
General Manager of Euroka Sigorta,  
the Technical Operator**



ORTOPHOTO  
İSTANBUL

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# I. OVERALL

# EARTHQUAKES: A FACT OF LIFE

Do you know that **approximately 500,000 earthquakes** are estimated to occur across the world each year and only 100 thousand of them are felt?

## 1.1. EARTHQUAKE PHENOMENON AND SEISMICITY OF TURKEY

### **A natural disaster that results in multi-dimensional damages...**

Earthquakes that have been among the leading forces behind natural disasters and have caused the most damage to human life in history, happen as a result of the seismic fluctuations caused by sudden burst of energy deep down from the earth onto the surface and the spread of these fluctuations on to the surface of earth. In spite of the developments in the construction technology, earthquakes can still cause significant losses in terms of life and property even in the developed countries.

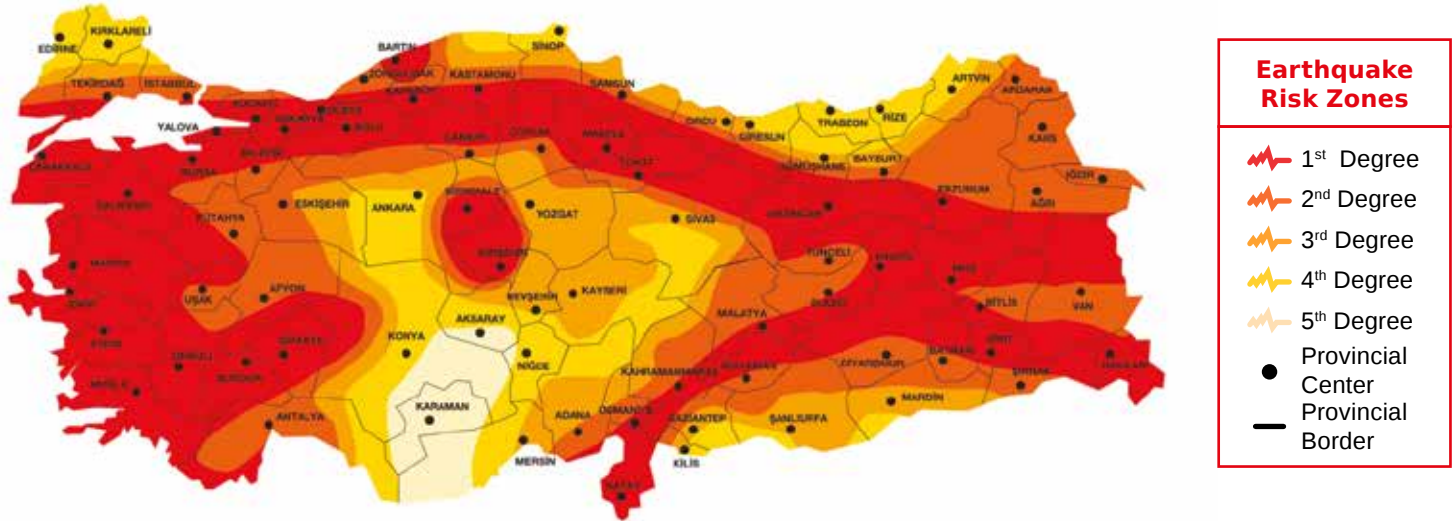
Approximately 500,000 earthquakes are occurring across the world every year and only 100,000 of them can be felt. Earthquakes that display a concentrated force in some geographic zones can be frequently witnessed in countries located around the Ring of Fire, the Alpine-Himalayan system. On the other hand in some regions that are located farther away from seismic belts, earthquakes are incidents that never occur.

### **The material losses due to natural disasters have been on the rise**

The fact that earthquakes give rise to multi-faceted negative impact ranging from damage to human life as well as property to high insurance premiums requires earthquakes to be handled with special care in the natural disaster studies conducted. Accordingly, for purposes of minimizing losses suffered in terms of life and property due to earthquakes experienced, a variety of instruments ranging from natural disaster management, to seismologic observations and scientific studies and civil defense studies open to the participation of the public sector as well as the non-governmental organizations, are being used in developed countries

When examined on a global scale, it can be observed that the material losses caused by natural disasters have been on the rise in the last decade. In the year 2014, the total of material losses experienced due to natural disasters including earthquakes reached the level of USD 110 billion. It has been reported that the subject matter number has exceeded USD 140 billion level in the past year.

## EARTHQUAKE ZONING MAP OF TURKEY



### General determinations made regarding earthquakes on a global scale

- In the recent periods a significant increase in natural disasters has been observed.
- As the life quality of individuals improves, the perception of the risk of natural disasters and hence the awareness of insurance requirements have also been gaining momentum.
- In developed countries, parallel to the changes the societal structure goes through, instead of becoming a burden on family members, people choose to rely on institutional structures when faced with natural disasters.
- In high risk regions, parallel to the urbanization trend, economic losses caused by earthquake incidents have been on the rise.
- In natural disaster studies conducted, the pre-incident work to increase awareness regarding natural disasters has gained importance as much as any measures taken against the same.

### Turkey is historically a country of earthquakes and high seismic risk...

Turkey carries high earthquake risk as located on Alpine-Himalayan belt, which is one of the significant earthquake belts in the world; it starts from Indonesia (Jawa-Sumatera), and reaches to Atlantic Ocean through the route of Mediterranean. Approximately, 17% of earthquakes on the world occur on Alpine-Himalayan seismic belt.

According to the Map of Turkey's Earthquake Zones, which is currently in effect, 66% of the country is located on 1<sup>st</sup> and 2<sup>nd</sup> degree earthquake zones, and 71% of the country's population lives in these zones. When the map is examined on the basis of cities, it can be observed that 71% of 81 centrums (equaling to 57) is located on 1<sup>st</sup> and 2<sup>nd</sup> magnitude earthquake zones.

The total of the material losses suffered across the world due to **natural disasters** that occurred in 2014 amounts to USD 110 billion.

USD, BILLION

# 110



# I. OVERALL



# 66%

of the country is located on **I. and -II. magnitude** earthquake zones.

# 71%

of our population lives in zones of **highest** seismic risk.

## **Decisive steps taken in the field of Disaster Management**

Turkey that has suffered many natural disasters such as floods, landslides, and avalanches in addition to earthquakes due to its geographic location, has recently increased its efforts to render disaster management a more institutionalized venture under the leadership of the public sector. The fact that in our country earthquakes account for 81% of the dwellings that are destroyed as a result of natural disasters makes the renewal of buildings especially in larger cities, disaster management, and increasing the awareness of the role played by insurance even more important.



# WE HAVE BEEN WORKING FOR TURKEY FOR THE LAST 14 YEARS

## 1.2. FOUNDATION AND PURPOSE OF TCIP

Having been established on account of the Legislative Decree No.587, and initiated the offering Compulsory Earthquake Insurance coverage for dwellings beginning from the 27th of September 2000, TCIP eventually embraced a much stronger legal framework with the Catastrophe Insurance Law No. 6305 on 18th August 2012. TCIP is an "insurance" pool that operates in the capacity of a public legal entity, and established in order to provide coverage for Compulsory Earthquake Insurance.

Founded in a collaborative effort between public and private sector, TCIP is a non-profit organization, which possesses a unique structure. Payment capability of TCIP is not related to the public budget. Currently 33 authorized insurance companies and their affiliated agencies provide Compulsory Earthquake Insurance coverage in the name and account of TCIP.

The established system has performed successfully and has become a showcase for many countries as pointed out by international institutions.

TCIP continues its operations with the purpose of increasing the awareness of natural disasters and earthquakes in the country and ensuring that the assurances exist against risks involved, as empowered by the existing laws and assisted by an innovative understanding of management.

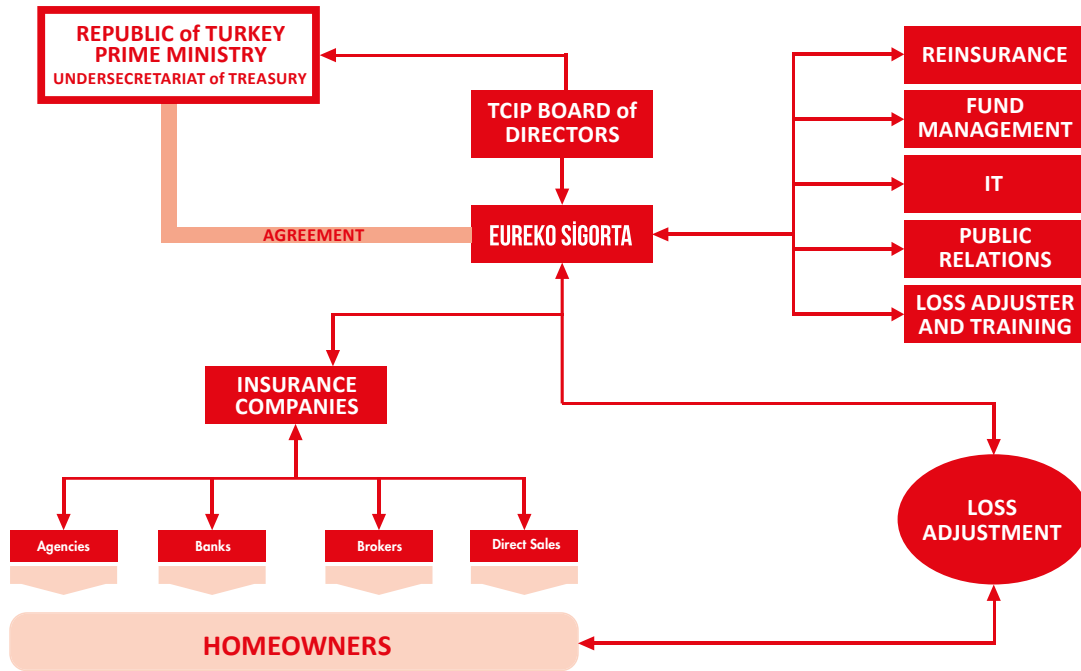
## The purposes for which TCIP is established can be summarized as follows:

- In return for an affordable premium to provide coverage for all the dwellings within the scope of the system against earthquakes,
- To establish payment capability separate and independent from the public budget,
- To ensure that the risks are shared, and the material burden to be incurred as a result of earthquakes is distributed amongst international reinsurance and capital markets through the insurance scheme,
- To ensure the accumulation of long term resources that are required for the compensation of losses incurred as a result of earthquakes,
- To contribute to the development of a consistent insurance awareness within the community.



# I. OVERALL

TCIP's Organizational Structure



TCIP, founded in a collaborative effort between the public and private sector, has shown a very **successful performance** and has since then become a showcase scheme for many countries as pointed out by international institutions.

### 1.3. TCIP'S ORGANIZATIONAL STRUCTURE

With its structure and operation, TCIP constitutes one of the best examples of public-private sector collaboration. Technical and operational works of the Institution are conducted by an insurance or reinsurance company designated by the Undersecretariat of Treasury for periods of five years each. Insurance coverage is provided by the Institution, but Compulsory Earthquake Insurance is offered to the homeowners by insurance companies. In its present state, TCIP has established an efficient operational structure by gathering the benefits of public and private sector in a single body. In order to ensure the sustainability of the policies, and to include the uninsured homeowners into the system, TCIP continues its operations continuously.. To ensure a sustainable growth in Compulsory Earthquake Insurance, TCIP not only conducts supervision over policy creation, but also undersigns

significant promotion and social responsibility projects, which improve the awareness of earthquake and insurance as well.

Technically, TCIP is an insurance pool, and as such it does not require any physical structuring in order to conduct the businesses belonging to the Institution. Instead of such a structure, TCIP outsources services for any and all the tasks for purposes of increasing the efficiency and minimizing the costs. Overall organization structure of the Institution is as follows.

### 1.4. TECHNICAL OPERATOR

The running of the technical and operational businesses of TCIP is ensured by way of outsourcing services. Based on the 6th article of the Catastrophe Insurance Law No. 6305, a service contract for a period of maximum 5-years is executed between the Undersecretariat of Treasury and the company selected for this purpose and the said contract



is renewed in the same manner. Within this scope, for the 5-year term between August 8, 2010-2015, Eureka Sigorta A.Ş. has been designated as the technical operator for the second time.

### Efficient Technical and Operational Business Processes

The technical operator is responsible for conducting TCIP's technical and operational businesses within the framework of the decisions taken by the TCIP's Board of Directors and the principles specified in the service agreement. Within this framework, the basic duties of the technical operator are:

- ✦ Printing and distribution of the policies, collection of the premiums, and performing all managerial and operational works necessary for loss adjustment and indemnity payments together with all related stakeholders,
- ✦ Implementation of risk transfers and reinsurance plans,
- ✦ Steering the institution's resources to investment within the framework of the

specified principles and restrictions, conducting the relationships with the portfolio management companies working with TCIP, informing the Board of Directors concerning the works of the portfolio management companies,

- ✦ Tracking all accounts and operations as well as the incomes and expenses pertaining to the institution in special and separate accounts and keeping accounting records of the same,
- ✦ Conducting Public relations, promotion and training campaigns,
- ✦ Carrying out the necessary correspondences with other persons, institutions and establishments on behalf of the company, preserving the information/documents appropriately and realizing the procurement of the goods and services that are required to be obtained externally as necessitated by the businesses of the Institution.
- ✦ Preparing the studies, information and reports required by the Undersecretariat of the Treasury.

The main objective of Eureka Sigorta's responsibilities pertaining to the Technical Operations of TCIP is to increase the penetration rate as well as perfecting the loss operations. With this objective in mind, Eureka performs its responsibilities by way of utilizing the best technologies to create the necessary operating order and creating the infrastructure that would allow the Institution to provide sufficient loss services and allocate the necessary reinsurance programs to ensure that sufficient financial resources are readily available for the Institution. All these works are carried out in consideration of the fact that TCIP is an Institution that conducts its operations in keeping with the principles of responsibility.

The running of technical and operational businesses of TCIP is handled by **EUREKO SIGORTA** within the scope of Outsourced Services Contract.

## 1.5. THE BOARD OF DIRECTORS

TCIP is managed by a Board of Directors consisting in total of seven members one being the Chairman of the Board. Accordingly, the Board of Directors, including the representatives of various institutions and entities, consists of the persons specified in the table below. The current structure of the Board of Directors is of importance in terms of the representation of the opinions of the related parties and an efficient working order.

### Chairman and Members of the Board of Directors

Name	Title	Institution And Title
Murat KAYACI	Chairman	Insurance General Directorate, Undersecretariat of Treasury, Deputy General Manager
Prof. Dr. Mustafa ÖZTÜRK	Member	Ministry of Environment and Urban Planning, Undersecretary
Prof. Dr. Mustafa ERDİK	Member	Kandilli Observatory and Earthquake Research Institute, Institute Manager
Esra Ada VURAL	Member	Capital Markets Board, Vice-Chairperson of the Board
Mehmet Kalkavan	Member	Association of Insurance, Reinsurance and Pension Companies of Turkey, Assistant Secretary General
Can Akın ÇAĞLAR	Member	Technical operator Eureka Sigorta A.Ş., General Manager
-	Member	Disaster and Emergency Management Presidency

# I. OVERALL

## 1.6. COMPULSORY EARTHQUAKE INSURANCE

### 1.6.1. Scope

The Compulsory Earthquake Insurance is, in general, an insurance system developed for the dwellings remaining within the borders of the municipality. The buildings The Catastrophe Insurance Law no. 6305 and the relating secondary regulations clearly defined the buildings covered by this insurance.

### Covered buildings

- ✦ The buildings constructed as dwellings on immovable properties which are subject to private ownership and have registered title deeds,
- ✦ The independent sections within the scope of Condominium Law no. 634
- ✦ The independent sections in these buildings that are intended to be used as place of business, offices and for similar purposes,
- ✦ Dwellings constructed by the State or through the loans borrowed due to natural disasters

The buildings satisfying the above conditions and having an established construction servitude, the buildings having no type classification yet and the attribute of which are still shown as "land etc." at the land register as well as the cooperative houses shall be subject to Compulsory Earthquake Insurance. The dwellings with no separate title yet may be insured based upon the statement of the insured by using the land title information.

### The following buildings are excluded from the scope of the insurance

- ✦ Buildings registered to the village population and constructed in village settlement areas and also in the surrounding and adjacent areas by permanent residents of the village,
- ✦ Buildings that are utilized fully for commercial or industrial purposes,
- ✦ Buildings and independent sections that are subject to the Public Residences Law No. 2946 dated 9/11/1983 and are utilized as public service buildings,

- ✦ Buildings that do not have a project and have not yet received engineering services,
- ✦ Buildings that are determined to have been restored in a way that may negatively affect the load bearing system and have been thus weakened,
- ✦ Buildings that have been constructed in a way that is contrary to the concerning legislations and the projects that may negatively affect the load bearing system,
- ✦ Buildings that have been resolved to be demolished by the authorized public institutions and buildings that are neglected, damaged or deserted, and are not fit to be used as dwellings.

The authorized insurance companies and their agencies prepare compulsory Earthquake Insurance policies on behalf of TCIP. 33 authorized insurance companies and their agencies are currently providing Compulsory Earthquake Insurance coverage on behalf of TCIP. In addition to this, the Institution's direct sales continue for purposes of mitigating any losses on renewals.

### 1.6.2. Check Points Electricity and Water Subscriptions

The following is stipulated in the 11<sup>th</sup> article of the Catastrophe Insurance Law No. 6305, "The existence of the Compulsory Earthquake Insurance is checked by the related institutions in the electricity and water subscriptions established in relation to the buildings and individual sections of buildings that are within the scope of the Compulsory Earthquake Insurance"; and within this scope Compulsory Earthquake Insurance checks have been started to be made during the registry of electricity and water subscriptions since 18th of August 2012.


### Title Deed Processing

Since 2000, the residential unit subject to processing is required to be insured while official transactions such as purchase-sales and mortgages are performed at title deed offices. This matter has been rearranged under the 11th article of the Law No. 6305. In order to provide convenience to the citizens in title deed transactions and to decrease the operational workload of the offices, an integrated system has been

established to ensure electronic information flow among the institutions.

### Housing Loans

According to the 13th article of the Insurance Law No. 5684, 24th article of the Regulation on the Operating Procedures of the Turkish Catastrophes Insurance Pool, 5th article of the Regulation on the Insurance Implementation Principles linked to Personal Loans and the 7th article of the Compulsory Earthquake Insurance Tariff and Instructions, if the Compulsory Earthquake Insurance in connection to the housing loan extended by banks has not been provided by the person using the housing loan, then the Bank must have the subject matter insurance coverage established by notifying the insured. If the insured fails to renew the insurance coverage during the term of the loan, the insured must be notified by the bank to have the relevant policy renewed.



The reach of Compulsory Earthquake Insurance has been expanded by means of the effective control mechanisms established.

**33** AUTHORIZED  
INSURANCE  
COMPANIES

**16** THOUSANDS  
AGENCIES

The following 33 authorized insurance companies and their agencies prepare compulsory Earthquake Insurance policies **on behalf of TCIP.**

### 1.6.3. Authorized Insurance Companies

CITIES COMPETE  
2014, MUĞLA

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# 2. TARIFF AND INSURANCE APPLICATIONS

**20% (+) 10%**  
**DISCOUNT**

The insured parties that pay their premiums regularly and on time can now pay lower premiums as they take advantage of the **discount opportunities**.

## Insurance Tariff and Premium Calculations

The premium to be paid is calculated by means of adding 10 TL to the amount calculated as a result of applying the following tariff on the basis of the earthquake zone and the construction style. For the risk coverage within the province of Istanbul, this amount is applied as 15 TL. However, the minimum amount of the premium to be paid is 25 TL regardless of the earthquake zone and the construction style.

## Unit square-meter Costs According to Construction Styles (2014)

A- Steel, Ferro Concrete Carcass Structures: 700 TL  
B- Stone Masonry Structures: 500 TL  
Other Structures: 260 TL

## The sum insured and premium are calculated as follows:

The Sum Insured = The gross area of the dwelling (m<sup>2</sup>) X unit square-meter cost according to construction type (TL)

The insurance coverage of a dwelling to which Compulsory Earthquake Insurance has been applied, cannot exceed 150,000 TL regardless of the earthquake zone and the construction style. Premium = (Sum insured TL x Tariff cost (%) + Fixed cost (10 TL or 15 TL))  
The discounts are applied before the fixed cost is added.

## Earthquake Tariff Prices Based on the Region and the Structure Styles (%)

Structure Style	1 <sup>st</sup> Region (‰)	2 <sup>nd</sup> Region (‰)	3 <sup>rd</sup> Region (‰)	4 <sup>th</sup> Region (‰)	5 <sup>th</sup> Region (‰)
A-Steel, Ferro Concrete Carcass Structures	2.20	1.55	0.83	0.55	0.44
B-Stone Masonry Structures	3.85	2.75	1.43	0.60	0.50
C-Other Structures	5.50	3.53	1.76	0.78	0.58

In the Compulsory Earthquake Insurance Tariff, the unit square-meter costs have been arranged as follows to be applicable as of 1.1.2013, and to be considered as the basis for the year 2014 as well. These amounts represent the average square-meter costs that have been taken as the basis in determining the sum insured.



# Sallanmayın

Zorunlu Deprem Sigortası yapmadığınız her an, depremden sonra evinizde oluşabilecek hasarın sorumluluğunu alıyorsunuz.

Şimdiden farkına varın, ölemenizi alın!



## Renewal and Construction Year Discount

In case the policy is renewed within 30 days at the end of its term, a renewal discount of 10% in the first renewal and 20% in the following renewals is applied over the tariff prices for the renewed policy. The discount rate of 20% is maintained in the renewals following the second one.

For the policies to be arranged after March 1, 2013, for the buildings that have a building license dated 2007 and later, a construction discount of 10% over the tariff price will be applied.

## Deductible and Insurance Term

For each loss, a deductible corresponding to 2% of the sum insured is applied. The Institution is responsible for the part that exceeds the deductible amount calculated in this manner. In terms of deductible application, each 72 hour period is deemed to be a loss. The term of the insurance is 1 year. The insurance needs to be renewed at the end of this term.

## Commission Rates

A commission corresponding to 12.5% for the risks within the borders of the Istanbul Province and a commission corresponding to 17.5% for the risks in other Provinces are paid over the Compulsory Earthquake Insurance premium on the policies drawn up by insurance companies and their agencies authorized to contract Compulsory Earthquake Insurance on behalf of the Institution.

However, for each insurance agreement, the minimum commission to be paid to the insurance company is 10 TL. 3 TL of the paid commission belongs to the insurance company while 7 TL belongs to the agency. Within the scope of the rates mentioned above, in case the commission to be paid to the insurance company exceeds 10 TL, the commission to be provided to the agency, providing that it is not below the minimum amount, is defined freely among the insurance company and the agency.

## Voluntary Insurance

For voluntary home insurance policy inclusive of earthquake coverage to be issued for independent sections and buildings within the scope of Compulsory Earthquake Insurance, it would be necessary for compulsory earthquake insurance to have already been

done for these buildings and sections. However in case the value of the independent sections and buildings, for which Compulsory Earthquake Insurances have been done, exceeds the sum insured calculated based on the principles specified in the tariff, on the amount exceeding the concerned sum insured, provided that the Compulsory Earthquake Insurance has been done, a voluntary earthquake insurance may be set up.

The assurance provided up to an amount of **TL 150,000** under the Compulsory Earthquake Insurance ensures that all your work and accumulations do not turn into dust.

\* This amount is determined by calculating the reconstruction cost of the housing.

# 3. REINSURANCE PROTECTION AND NATURAL DISASTER BONUS



TCIP's Reinsurance protection, as renewed on the basis of the **characteristics of the current portfolio** on 1 November 2014 to provide excess of loss reinsurance protection offering 2.8 billion Euro coverage.

# 12 BILLION TL

TCIP's **total** indemnity payment capacity

The important issues that the Institution takes into consideration pertaining to the capability of indemnity payment and the provisioning of the reinsurance program are as follows;

- Providing opportunities for the development of the Institution's resources,
- Creating a high quality and dependable reinsurer panel,
- Ensuring coverage diversity,
- Taking the necessary protections by accurately determining the loss load that the portfolio will create

For the purposes of meeting the loss load that the rapidly growing portfolio will cause following the Law No. 6305, protection limits have also been increased. Along with the increased protection limits, the work oriented to ensure coverage variety has been given priority and efforts were concentrated in this area in the year 2014:

- Structured capital markets reinsurance capacity limit has been increased,
- The continuity of Bosphorus 1 named catastrophe bond that has been issued in the year 2013 for the first time for a term of 3 years including Turkey's seismic risk, has been ensured, and
- The government has provided reinsurance support.

The reinsurance protection of the Institution has been renewed by taking the cost increases (PLA) that would occur following an earthquake as of 01 November 2014 into consideration and a reinsurance protection that consists of 9 tiers and provides a coverage of 2.8 billion Euro and an excess of loss reinsurance protection that includes reinsurance solutions that have been constructed together with capital markets has been ensured.

Cabinet of Ministers decided for an additional government support of 241 million Euros excess of loss reinsurance protection within the scope of 2014-2015 period traditional reinsurance protection.





### 400 Million USD Additional Capacity

As a result of the studies conducted in the alternative reinsurance markets the CAT Bond (Catastrophe Bond) has been developed in April 2013 and a capacity of 400 million USD in addition to the foregoing protection facilities have been arranged for a period of 3 years.

The total indemnity payment capacity of the Institution consists of the institution funds and reinsurance capacity and is approximately at the level of 12 billion TL. The Institution's obligations resulting from policies are monitored regularly and the required reinsurance protection limits are established by taking the results obtained from reliable earthquake loss models into consideration.

### Reinsurance application strategy

The premiums paid for reinsurance protection are the most important cash outflow item of TCIP. In order to reach the cost and placement structures specified above, the following studies are conducted each year and based on the results obtained from

these studies optimum placements have been made on year-to-year basis.

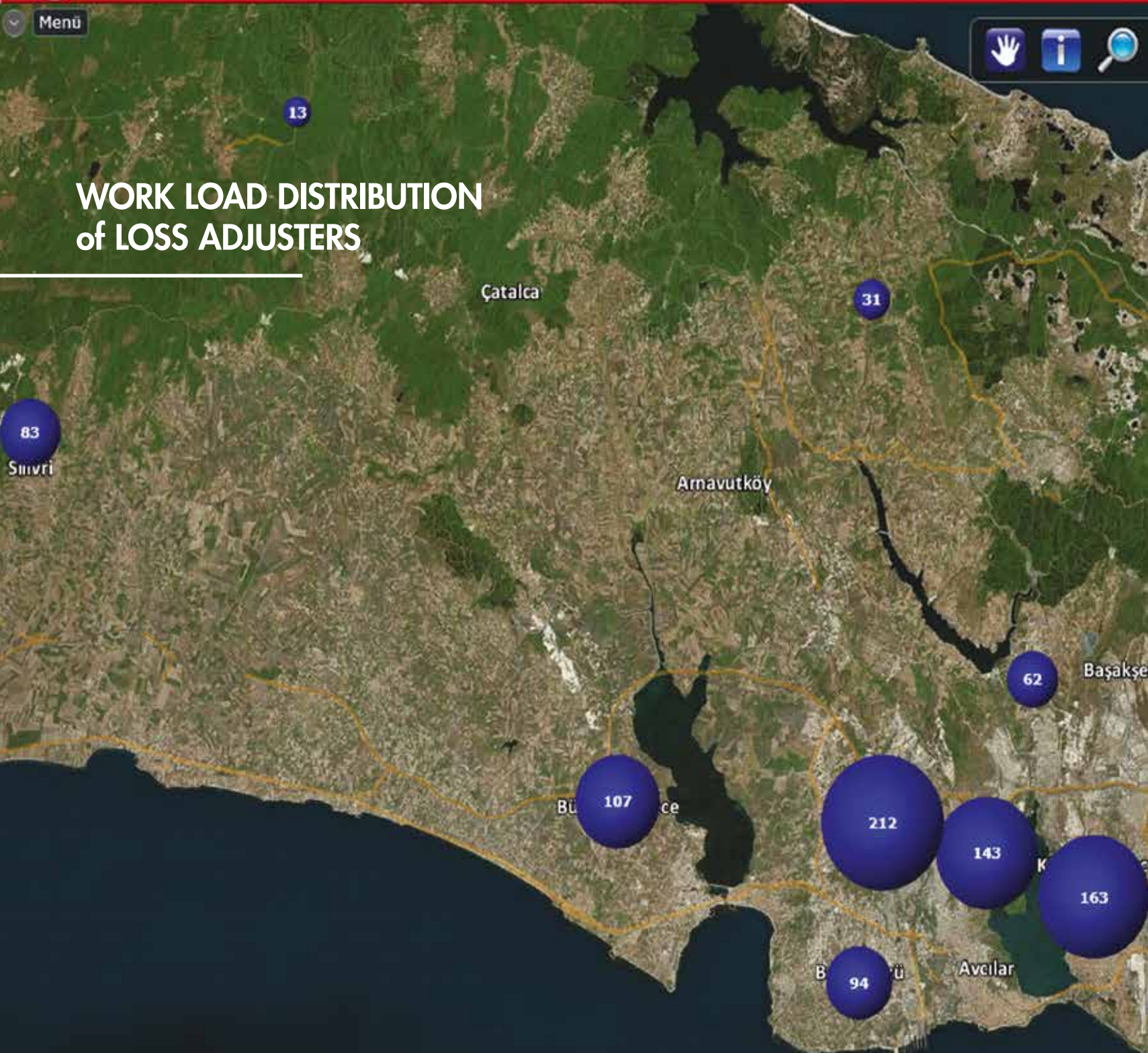
- 📊 DFA Analysis
- 📊 Risk Modeling
- 📊 Service Level Agreements (SLA-Service Level Agreement)
- 📊 Alternative Reinsurance Applications (ART)
- 📊 Establishing the Broker Panel
- 📊 Placement Strategies
- 📊 Roadshow

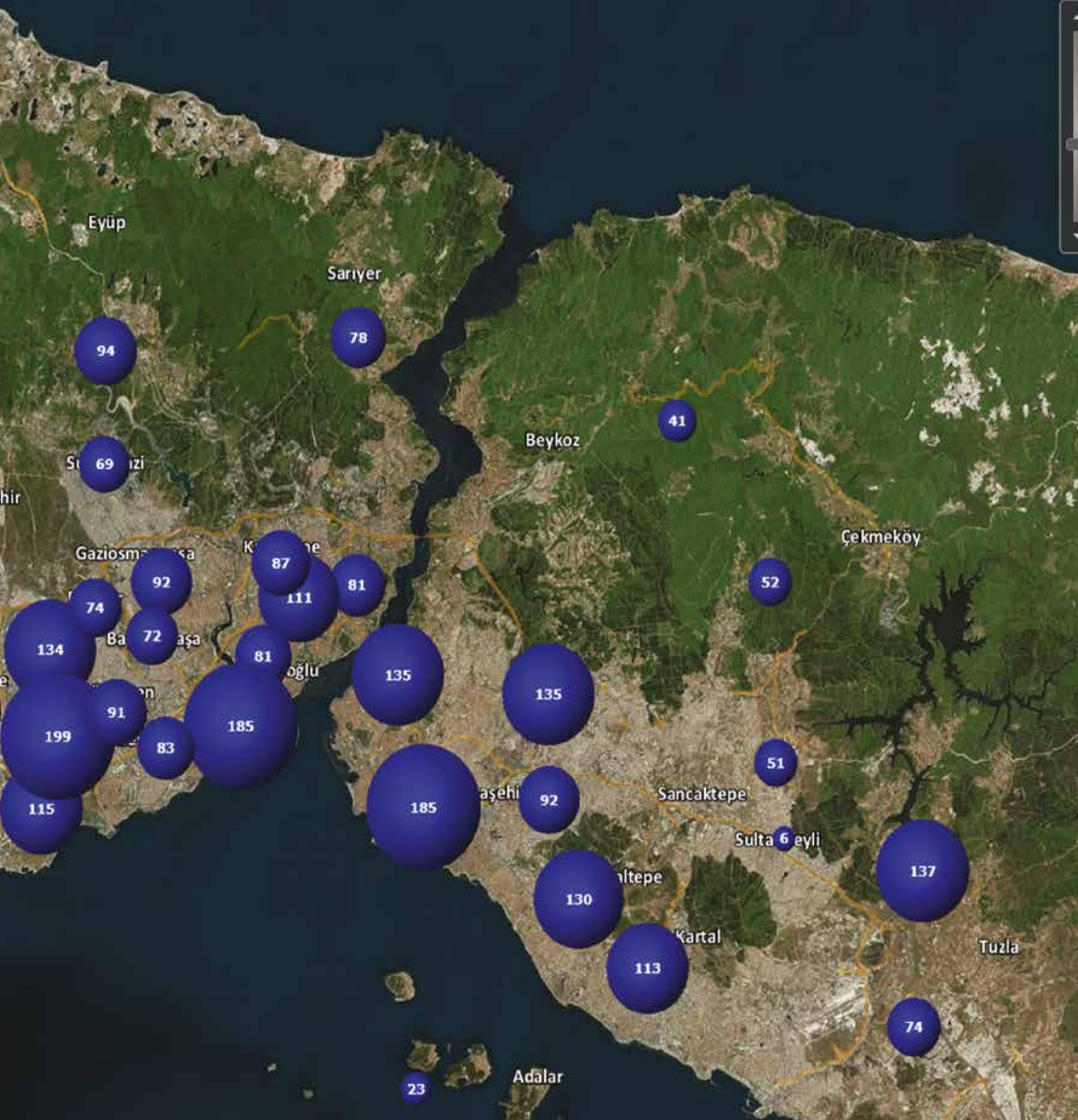
With the increasing number of policies the Institution's need for indemnity payment capacity increases as well. Regarding the future, this growth trend is expected to continue. It is planned for a part of the increasing capacity requirement of the Institution to be met from the reinsurance markets.

In addition to the reinsurance programs that have been designed for future term requirements, works continue to be performed by TCIP in order to utilize the other products in the capital markets, primarily Catastrophe bonds. The Institution pays particularly attention for the products and instruments constituting the indemnity payment capacity to display variety in terms of region, rate and product.

The work being conducted in alternative reinsurance markets have been in progress for purposes of developing protection instruments similar to Catastrophe Bond that has been introduced in April 2013. The work on Ex-ante/Ex-post loss financing products has been consistently in progress during the year.

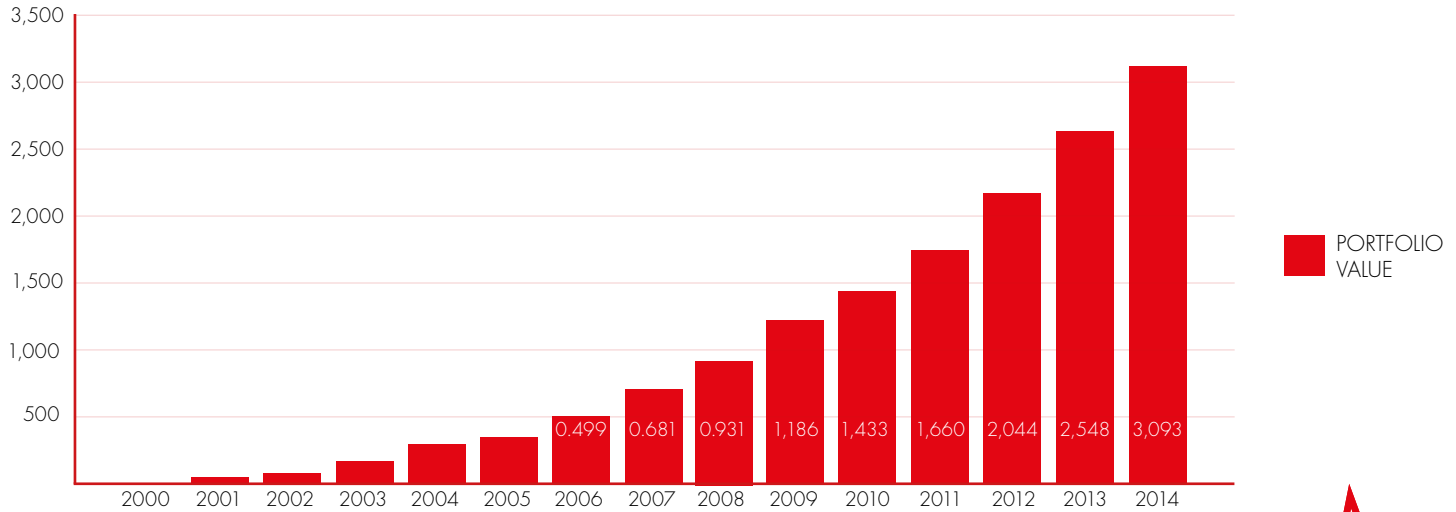
# WORK LOAD DISTRIBUTION of LOSS ADJUSTERS





# 4. FUND MANAGEMENT

Rate of Penetration on a Regional Basis, Million TL



Major Instruments Used in Fund Management and Their Development Over the Years, Million TL

YEARS	TOTAL	DEPOSITS	%	SGMK	%	OTHER	%
2000	5,215,999	1,633,640	31%	3,569,688	68%	12,671	0%
2001	38,222,985	32,080,730	84%	6,030,809	16%	111,446	0%
2002	97,331,470	70,079,665	72%	26,252,898	27%	998,907	1%
2003	116,025,753	63,373,633	55%	51,084,849	44%	1,567,271	1%
2004	202,232,650	80,940,497	40%	115,483,686	57%	5,808,467	3%
2005	311,559,315	206,235,410	66%	104,244,548	33%	1,079,358	0%
2006	499,463,532	409,962,055	82%	89,500,583	18%	893	0%
2007	681,508,659	579,947,288	85%	98,265,366	14%	3,296,005	0%
2008	931,934,659	842,084,206	90%	84,764,350	9%	5,086,103	1%
2009	1,186,378,964	944,737,214	80%	237,600,393	20%	4,041,356	0%
2010	1,433,659,436	1,179,029,221	82%	250,382,589	17%	4,247,626	0%
2011	1,660,681,919	1,552,648,290	93%	96,291,663	6%	11,741,967	1%
2012	2,044,378,962	1,893,441,852	93%	81,516,910	4%	69,420,198	3%
2013	2,548,632,255	2,322,418,804	91%	183,633,422	7%	42,580,029	2%
2014	3,092,692,979	2,031,866,840	66%	633,645,708	20%	427,180,431	14%

The Institution funds, in 2014, continued to be managed in compliance with the investment principles and strategies Guide determined by the Board of Directors as well as the 25th article of the Regulation on the Operating Principles of Turkish Catastrophe Insurance Pool. The fund size increased by 19% compared to the previous year and reached the level of 3,092,692,979.33 TL as of 31.12.2014.

The General Fund Management philosophy of the Institution is based on the following principles;

- ⚡ As in the previous years, the fundamental elements are primarily the capital safety, and ensuring liquidity and income,
- ⚡ To achieve steady and permanent growth in fund sizes by staying loyal to the risk levels determined by accurate information interpretation, correct timing and efficient decision making processes,
- ⚡ Developing income increasing new products that are appropriate for the Institution's culture and structure as well as the economical conjuncture by adopting an innovative and pioneering approach.

#### **Fund Management Committees**

In order for the growing fund to be managed more efficiently and actively, the "Investment Committee" constituted in 2011 and the "Investment Steering Committee" as a higher echelon body continued their operations in 2014.

The primary responsibility of the Investment Committee is preparing the "Annual Investment Plan", purchasing and selling investment instruments in accordance with the investment plan approved by the Board of Directors and Investment Steering Committee, trading currencies, Participation in the tenders of government debt securities, monitoring the markets pertaining to reverse repos and all similar transactions, holding meetings with other financial institutions and performing of all operational procedures. The Committee also evaluates the performances of the Technical Operator and

portfolio management companies according to the comparative criteria specified in the annual investment plan. Data of the portfolio management companies, comparison criteria amendment requests and strategy changes are evaluated by this committee.

The task of the Investment Steering Committee on the other hand is to take the executive decisions necessary for the implementation of the investment plan based on the developments that took place during the year and advise the Investment Committee that observes and evaluates the investment process and operations weekly.

#### **Investment Strategies Oriented to Protect the High Portfolio Value**

The monetary markets are closely monitored by the Investment Committee, which meets weekly, and it is endeavored by the Committee to earn high returns on investments by creating investment type and term varieties to deploy Institution's funds within the acceptable risk limits.

Within the scope of the Investment Strategy determined at the beginning of 2014, led by the time deposits as the most liquid instruments, government bonds, reverse repos and foreign currency time deposits proportionate to the liabilities undertaken have been included in the portfolio of the Institution.

Within the scope of the investment strategy determined at the beginning of 2014, led by the time deposits as the **most liquid** instruments, government bonds, reverse repos and foreign currency time deposits proportionate to the liabilities undertaken have been included in the portfolio of the Institution.



# 5. LOSS MANAGEMENT

**468** EARTH-  
QUAKES

**160** MILLION TL  
**INDEMNITY  
PAYMENTS**

In the 2014 operating year that has not been a scene to earthquakes resulting in casualties, regarding loss management, TCIP mainly dealt with legal proceedings regarding **Aegean Sea Earthquake** of 6.5 magnitude, which occurred on 24.05.2014, and the **Van Earthquake** that took place in the year 2011.

Since its establishment TCIP has realized in total TL 160,048,145 of indemnity payments regarding 468 earthquakes that took place since then. The year 2014 has been quiet in terms of loss operations and during this period focus was directed to the Natural Disaster Management Project of TCIP.

Regarding the Period  
01.01.2014–31.12.2014

📊 Total number of claim notifications: 1,996

📊 Number of finalized files: 1,939

📊 Number of files settled: 778

📊 Amount of indemnity paid: 1,751,968 TL

## Loss Payments On The Basis Of Years (31.12.2014)

Year	Number Of Earthquakes	Number Of Files	Payment (TL)
2000	1	6	23,022
2001	17	336	126,052
2002	21	1,558	2,284,835
2003	20	2,504	5,203,990
2004	31	587	768,927
2005	41	3,488	8,119,871
2006	23	500	1,303,673
2007	42	995	1,381,599
2008	45	481	558,849
2009	37	268	525,174
2010	36	455	718,347
2011	42	7,752	131,635,014
2012	56	1,661	5,174,321
2013	23	171	472,503
2014	33	778	1,751,968
<b>TOTAL</b>	<b>468</b>	<b>21,540</b>	<b>160,048,145</b>

## 2014 Aegean Earthquake Claim Payment Breakdown

City	Total Payment /TL	Total No. Of Files
AYDIN	4,960,00	7
BALIKESİR	138,734,29	104
BURSA	3,034,50	25
ÇANAKKALE	606,954,75	537
EDİRNE	323,029,33	160
İSTANBUL	87,927,39	242
İZMİR	78,489,49	114
KIRKLARELİ	5,084,00	4
KOCAELİ	4,716,60	8
KÜTAHYA	39,413,84	11
MANİSA	2,006,00	6
MUĞLA	3,490,00	5
SAKARYA	275	1
TEKİRDAĞ	266,743,11	323
UŞAK	0,00	1
YALOVA	13,985,00	7
<b>TOTAL</b>	<b>1,578,843.30</b>	<b>1,555</b>

## Loss Severity

Damage Type	Total Payment /TL	Total No. Of Files
HEAVILY DAMAGED/PERT	107,431,60	3
MINOR DAMAGE	1,301,787,30	674
MODERATE DAMAGE	169,264,40	13
<b>TOTAL</b>	<b>1,578,843.30</b>	<b>690</b>

The number of loss adjusters available in the pool of TICP with earthquake experience has increased to 278.

## Loss Adjuster Experience Table

Number Of Loss Adjusters With Earthquake Experience	280
Number Of Loss Adjusters Trained	245
Number Of Civil Engineers Trained (IMO)	354

In the year 2014 earthquakes resulting in human casualties or causing damage have not been experienced. A total of TL 1,751,968 has been paid for 778 claim files pertaining to 33 earthquakes that caused damages in the country in general. In 2014, the Institution mainly dealt with legal proceedings regarding Aegean Sea Earthquake of 6.5 magnitude, which occurred on 24.05.2014 and the Van Earthquake that took place in the year 2011.

## 24.05.2014 DATED 6.5 MAGNITUDE AEGEAN SEA EARTHQUAKE

The earthquake of Mw=6.5 magnitude took place on 24 May 2014, Saturday at 12:25 pm, on 40 km west of Gokceada, at a depth of 25 km in the sea. Following the earthquake experienced consultants and loss adjusters have been dispatched to the area to gather information on the site.

A total of 1,555 notices have been received from 16 different cities regarding the Aegean Sea earthquake. Until now, including Van earthquake, no other earthquakes with an impact area this big have been realized. The majority of notices have been received mainly from 6 cities.

In the aftermath of an earthquake this big, it is possible to explain the high number of notices received due to various reasons including the following:

- ⚡ High penetration rates of the provinces in the region,
- ⚡ Continued increases in the awareness of earthquake, TCIP and Compulsory Earthquake Insurance,
- ⚡ High risk perception of the region's population, and
- ⚡ The last but the most worrisome; the low quality of the building stock in the region.

**Care has been taken in regards to the following in managing the operation in the area, appointing and providing information to loss adjusters;**

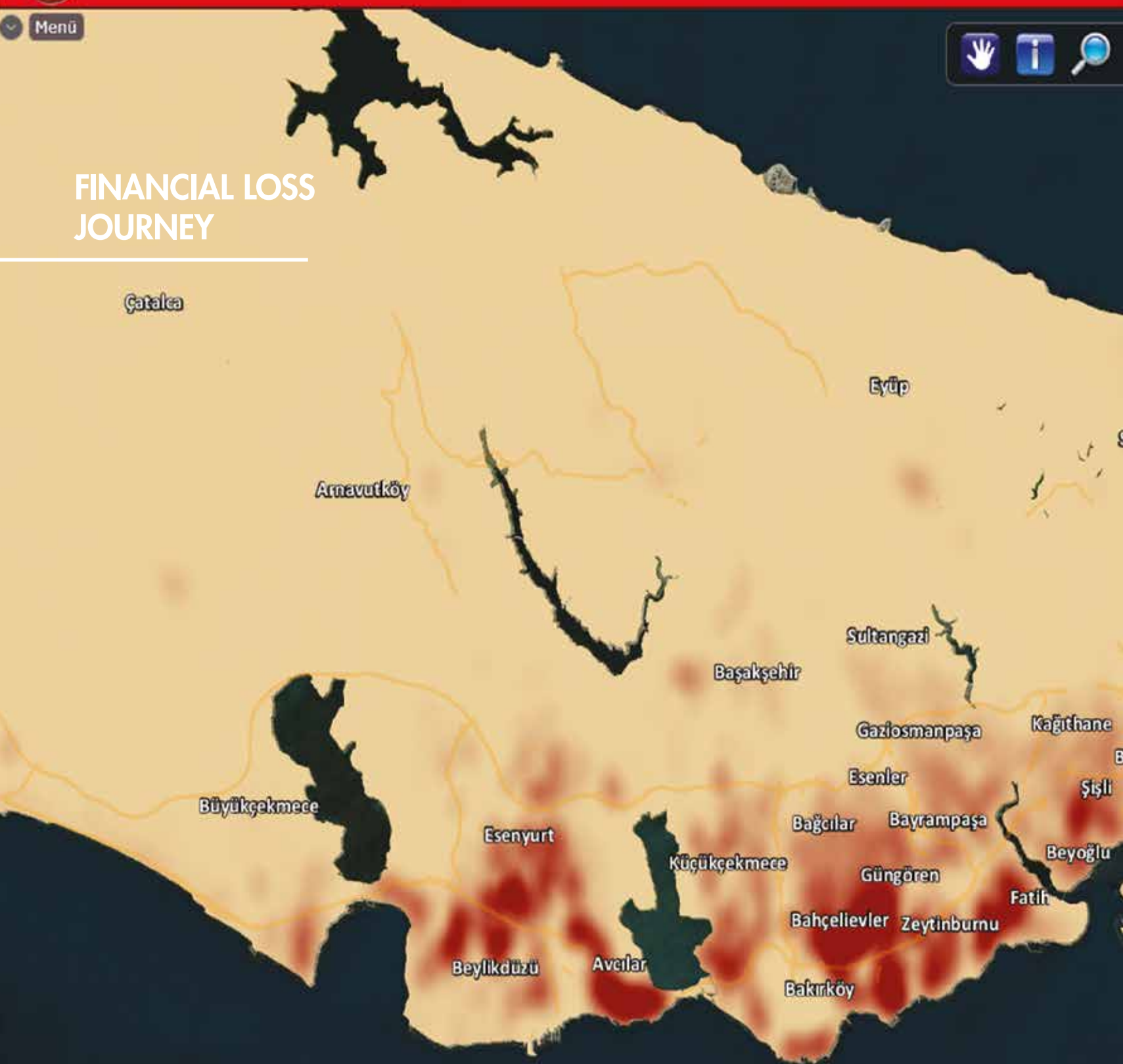
All notices have been grouped on the basis of province-district-neighborhood-building and in assigning the loss adjusters UAVT infrastructure was used extensively.

Attention was paid to assign the claim files belonging to the same neighborhood and building to the same loss adjusters. Our policy to have the highest number of loss

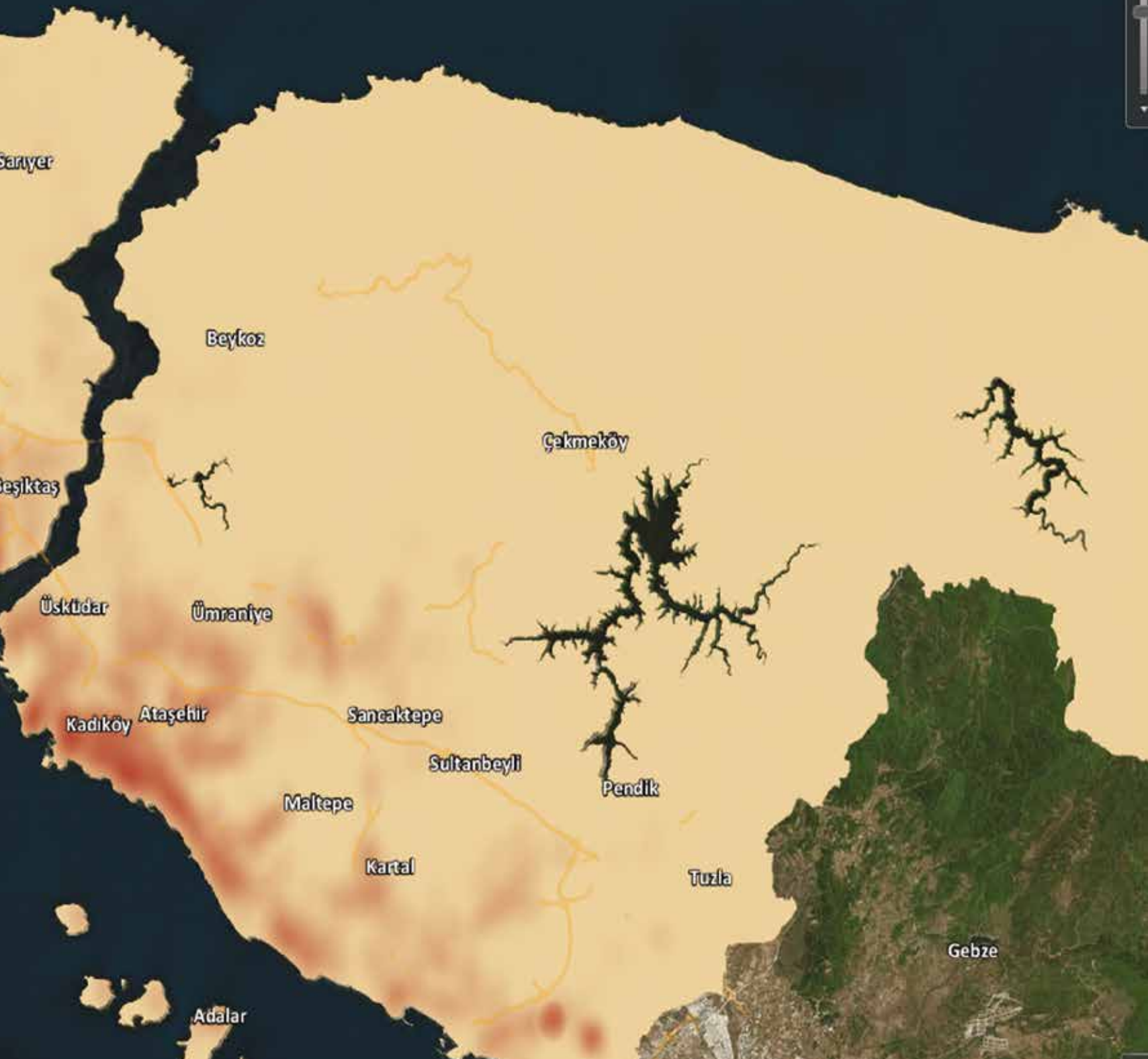
adjusters gain experience in earthquakes has also been implemented in this case. An experienced civil engineer has been appointed as the Loss Adjustment Consultant for purposes of managing the site operations and providing guidance to loss adjusters.

In case notices given for a building exceeded 50% of the number of policies for that building, the related loss adjuster was requested to inspect all the independent sections. The loss adjustment process that was performed without waiting for the notices in Van Earthquake, was realized in stages due to the fact that the damage was widespread but of low magnitude.

# FINANCIAL LOSS JOURNEY







# 6. TICP INFORMATION TECHNOLOGIES AND DATA MANAGEMENT STRATEGY



In the tests conducted to measure the operating performances of the back-up systems, it has been observed that in a possibly negative situation, TICP has the capability to become **fully operational** in a period of 2 hours.

TICP has been **fast developing** its competencies in the field of natural disaster management by means of new projects and preparing itself for the large scale earthquake scenarios that could possibly become a reality.

TCIP's Information technologies management approach is based on four fundamental principles:

- ⚡ **Specialization:** Use of up-to-date and advanced technologies along with the suppliers that are specialist in their fields,
- ⚡ **Security:** Implementation of high level security policies,
- ⚡ **Continuity:** Ensuring the business continuity by means of both technologies and processes,
- ⚡ **Traceability:** Ensuring the traceability of IT infrastructure and processes.

The development work regarding the main two processes of TICP; namely Policy Production System and Loss Management System, is still in progress. Additionally a geographic information/decision support system development work has been ongoing especially where loss management support is concerned.

2014 has been a year of projects for TCIP. Many projects that have been initiated and worked on for purposes of improving the business efficiency and service quality as well as getting ready for a possible major earthquake will become operational in the year 2015 and introduced to our insurance customers.

#### **Policy Generation System**

During the policy generation process two methods are utilized, namely real time data transfer and internet application, and the produced policy information being registered in the TCIP database simultaneously. The system back up is provided to prevent any service interruptions while the system performance and access ability are monitored on 24/7 basis. It has been observed that the system provides a service rate above 99% before encountering any important interruptions.

The Continuity Center infrastructure established at Ankara is tested at certain

intervals. In the studies performed all applications operating over the systems in Istanbul are shut down and the emergency systems at Ankara are engaged. During the tests, it is observed that TCIP have an ability to be fully operational within 2 hours.

### **New Natural Disaster Management System Project (AYS)**

A new system is in the process of being developed in place of the Loss Management System that is currently being used. The purpose behind this venture is to be able to process large amount of claim files effectively and to have the indemnities paid to the insured parties in the most accurate and expedited manner. SAP software, which is being used in many institutions in large scale operations, has been selected to constitute the basis in the system. The project will be completed and implemented in the middle of 2015.

In realizing the design of the system that is developed over SAP, information is being exchanged with specialized institutions and establishments that are active in the field of earthquakes in Turkey. In this way, the software is prepared to respond to the largest possible earthquake scenarios in Turkey. In developing the new system, the experiences gained in the recent Japan and New Zealand earthquakes are also being put to use. The basic properties of the new system to be established will be as follows:

- ⚡ All business flows from the notification process to the payments and legal proceedings will be managed over this software that will also provide traceability.
- ⚡ Mobile devices will be employed and fast simultaneous data flow from the site to the headquarters will be achieved in the loss assessment and adjustment processes.
- ⚡ A costing model specific to TCIP has been developed to be used in the calculation of pending loss provisions and coverage to ensure fast and equitable results. The data will be fed through mobile devices to this system.

⚡ It has been targeted to achieve efficient communication with large number of insured parties over multiple channels (call center, voice response system, web site, cell phone, SMS).

⚡ Simultaneous system integration with the banks will be provided to ensure that the insured parties can receive their payments quickly and efficiently.

⚡ The operational efficiency will be improved by means of full integration with the accounting and financial portfolio management modules available on the SAP system.

### **Central Reporting (Data Warehouse Project)**

In the field of reporting TCIP targets coordinated use of classic data reporting systems and location (map) based reporting techniques will be resorted to in order to achieve operational excellence.

An Oracle based reporting system has been developed and put into use by the end of the year 2014 to ensure data analysis and monitoring of "production" and "loss" capabilities which are the two main processes of TCIP. Three phases have been planned for this reporting system. Within the scope of the first phase that has become operational, the reporting of the "production system" and existing loss structure have been completed. The work on the second phase regarding the "natural disaster management system" loss reporting is still ongoing. In the third phase "business intelligence" layer will be handled and the analysis of the data in hand will be conducted.

TCIP Central Reporting System, which is a classic reporting function and a product of business intelligence, shall operate in parallel with ARYS, map based decision support and reporting system for which the details are provided below and all business intelligence requirements of TCIP shall be met by these two systems.

### **Support Systems**

The work is still in progress on this system that will operate in coordination with the

TCIP Policy System and Natural Disaster Management System, which is being developed over SAP as well as the auxiliary systems that will be supporting the main system.

### **Natural Disaster Risk Management System (ARYS)**

For purposes of facilitating the operations management and planning efforts, a multi functional multi-functional decision support system is being developed. The related system is a map based geographic information system that has been in development for the last 1.5 years. When this system becomes operational, it is expected to provide data and support in many processes ranging from loss adjuster field management, and difference perception oriented regional loss assessment determination, to pending effect calculation of various earthquake scenarios and many others. Although the actual function of ARYS is operations management, it can also provide support as a map based reporting and support system.

### **TCIP Claim Management System (DTYS)**

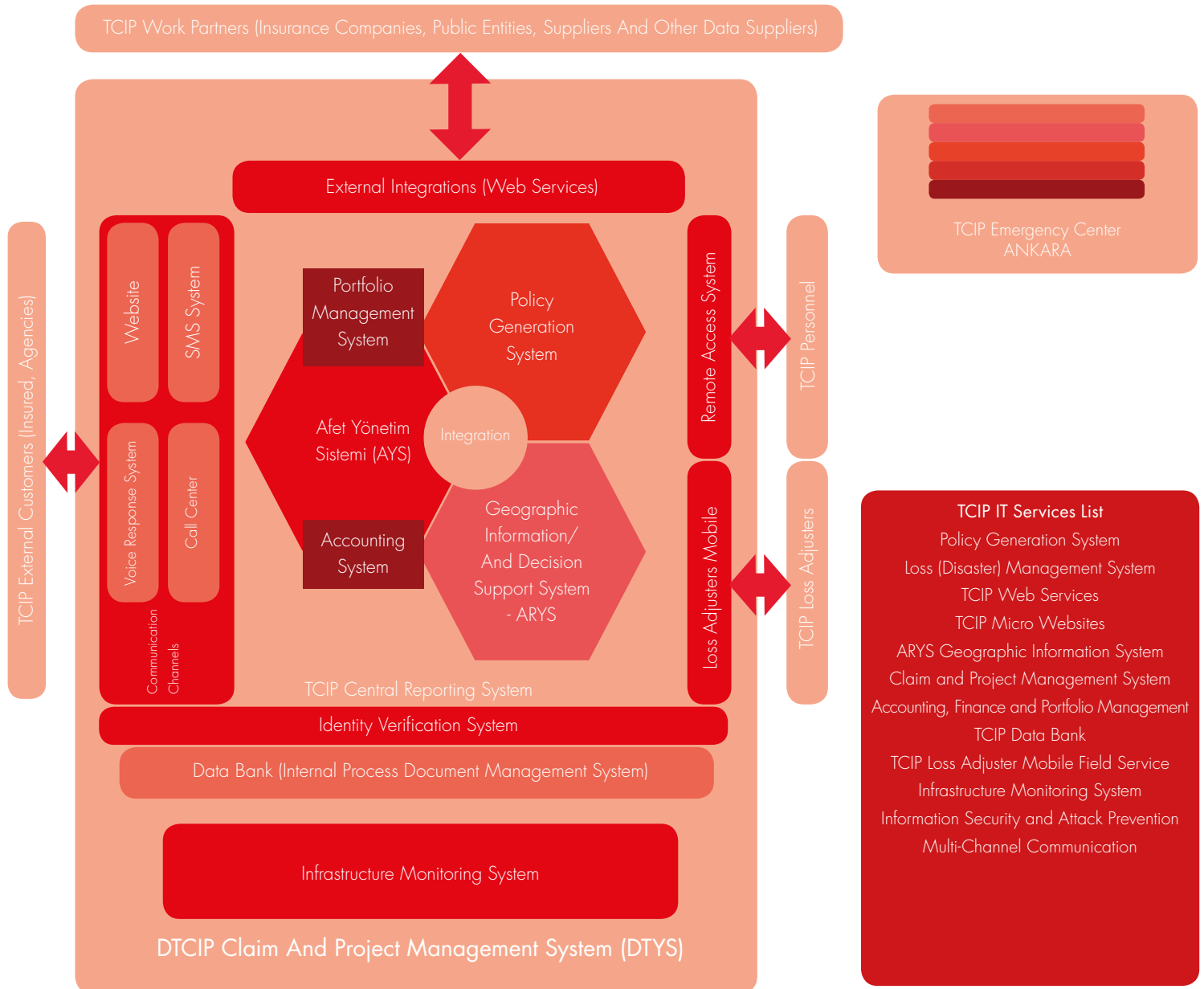
In parallel to the foregoing a new system that would enable the follow up of all claims and complaints on the basis of service levels is being developed. This system that is named as the TCIP Claim Management System is intended to be used in systematic management of feedbacks, questions and complaints received from the insured parties, ensure the scalability on the operations side, and monitor the service levels through a quality focused perspective. Ready-made software shall be adopted to the needs of TCIP regarding the system and a fast solution will be brought forth.

The work in progress outside these two main support systems is as follows:

- ⚡ Reorganization of TCIP Communication Channels
- ⚡ TCIP Data Bank (Internal Processes Document Management System)
- ⚡ TCIP Central Identity Verification System.

# 6. TICP INFORMATION TECHNOLOGIES AND DATA MANAGEMENT STRATEGY

The targeted IT architecture of TICP together with what is available is as follows;



### 6.1. ACCOMMODATION SERVICES

- ⚡ The hardware belonging to TCIP is maintained and managed at Garanti Teknoloji location within the scope of the service level agreements.
- ⚡ The data exchange between Istanbul TCIP systems and Ankara Emergency Center is conducted over a leased line of 20 Mbps capacity.
- ⚡ 24/7 monitoring and operating of leased lines are ensured.
- ⚡ Back-up connection between Istanbul Güneşli TCIP systems and Istanbul Altunizade TCIP employees is provided over 2x34 Mbps leased lines belonging to Eureka Sigorta.
- ⚡ Telecommunication infrastructure services necessary for this connection are provided (router, TDM, PCM infrastructure). The monitoring and operating of leased lines on 24/7 basis is ensured.
- ⚡ By means of the internet connection redundancy of the main data center, the risk of access problems is minimized.
- ⚡ The planning work regarding the infrastructure of the Natural Disaster Management System is in progress. TCIP intends to provide fast and uninterrupted services to the insured in probable earthquake scenarios by means of the new infrastructure to be established.

### 6.2. INFRASTRUCTURE MANAGEMENT AND SERVICE LEVEL

TCIP, benefits from Garanti Bank's IT management competency and experience within the scope of services it receives from Garanti Teknoloji. The infrastructure management led by the database is handled by experienced and certified system specialists. Additionally, the widespread IT infrastructure and service network of Garanti Teknoloji abroad can also provide services to TCIP. The services obtained from Garanti Teknoloji are monitored on the basis of specific service levels on 24/7 basis (SLA). Any disruptions are efficiently handled and reported in specific intervals.

The following processes within the scope of the services acquired from Garanti Teknoloji are monitored and controlled on 24-hour basis;

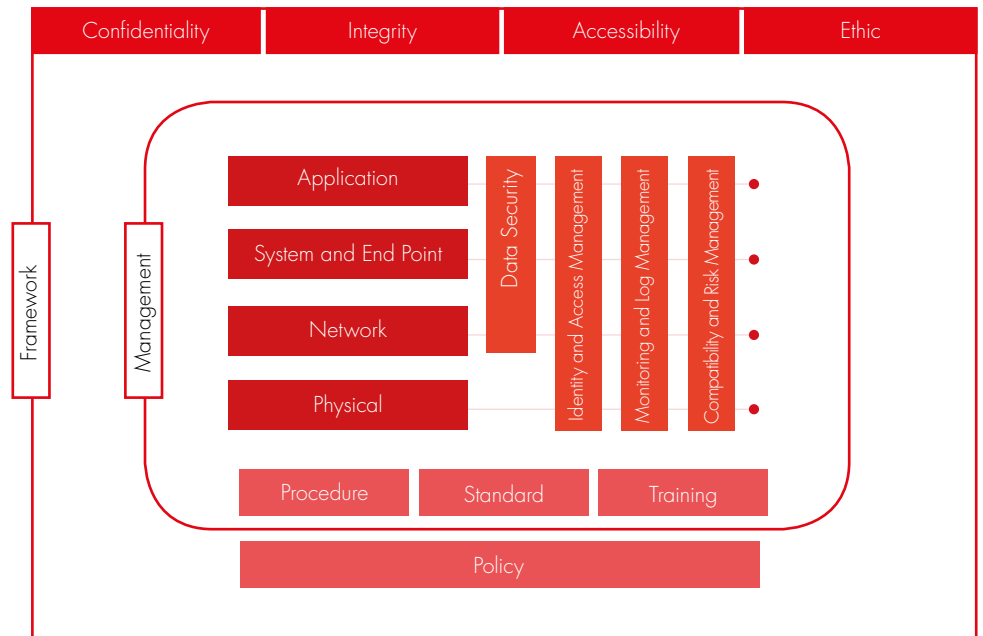
- ⚡ Accessibility to the systems and applications and measurement of performance,
- ⚡ Server, network and internet access services and
- ⚡ Security of the TCIP services available for external use.

The system is protected by firewalls installed for the installation of TCIP. Any and all attempts to attack this structure are monitored by the Garanti Teknoloji personnel as well as the other contracted institutions abroad and alarms are generated. For full security of the systems, the patch management of software and hardware is carried out in a systematic manner.

### 6.3. SECURITY ARCHITECTURE AND POLICIES

TCIP receives services compatible with the security architecture and policies for which the details are provided below and expects conformance with BDDK and COBIT standards from the infrastructure service providers that it receives services from. Garanti Teknoloji has been providing services compatible with these requirements to TCIP.

The infrastructure management is realized by experienced and certified system specialists within the scope of TCIP.



# 6. TICP INFORMATION TECHNOLOGIES AND DATA MANAGEMENT STRATEGY

## 6.4. BUSINESS CONTINUITY

### Emergency Center Management

TCIP has an Emergency Center in Ankara and by means of the infrastructure components available at this center redundancy services can be provided to the main data center in Istanbul. Tests in relation to the operability of emergency infrastructure under urgent conditions are conducted at specific intervals. In the studies conducted, all the applications enabled on the servers in Istanbul were closed down as the emergency servers in Ankara were enabled. The tests conducted are used to test all procedures and functions. The tests conducted demonstrated the emergency servers to be operational and current.

### Data Security and Back-up

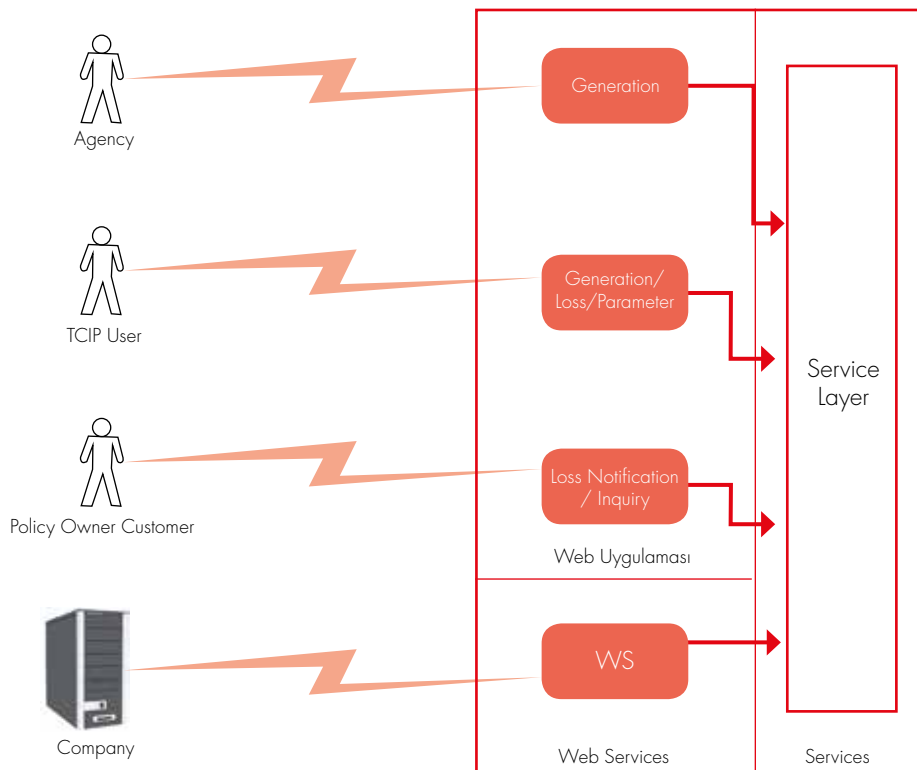
Present back-up procedure is ensured by means of state of the art technology without any requirement for manual intervention. The full daily back-up of TCIP databases are taken and the last five copies are maintained. The necessary measures have been taken to avoid an adverse effect on operations by the back-up process. Thanks to the modern hardware used, the back-up process is completed within hours and moreover, double redundancy is also provided as the backup of data is taken simultaneously at the emergency center.

## 6.5. APPLICATION SOFTWARE

The current software has been developed with the Java software language and maintains its data on the TCIP system Oracle database. All records registered in the database are also recorded in the Emergency Center in Ankara. The TCIP system provides its services with application architecture operating on backup. Thanks to this system both business continuity and load distribution is achieved. On the other hand reporting function that is used extensively operates over another application.

The process flow that showing the operating of TCIP's Policy Generation Software including the insurance companies, agencies, insured and IT process flow is as follows:

### TCIP Application Process Flow



TCIP application consists of the web, application and database layers. The hardware requirements of these layers can vary based on their utilization. This **variability** and the growth requirement is regularly monitored.



# 2014 Güvenli Yaşam Takvimi



OCAK

Donmuş dokuları vücudunuzun sıcak bir bölgesine temas ettirerek ısıtabilirsiniz, ama sakın ovuşturmayın.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31

ŞUBAT

Çiğ tehlikesinden korunmak için hava ve yol durumunu dikkatli takip edin ve çiğ bölgesine gitmeyin.

1	2	3	4	5	6	7	8	9	10	11	12	13	14
15	16	17	18	19	20	21	22	23	24	25	26	27	28

MART

Yıldırımından korunmak için içeri girin. Sığınacak bir yer yoksa alçak bir yerde çökün-kapanın.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31

NİSAN

Sel sularına girmeyin. Suların çevresinde oynamayın. Yüksek ve güvenli yerlerde kalın.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30

MAYIS

Heyelan belirtilerine dikkat edin ve gördüğünüz tehlikeleri hemen büyüklerinize haber verin.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31

HAZİRAN

Ormanda veya yakında piknik ateşi ve anız yakmayın, yangın çıkarcak nesnelere oynamayın.

1	2	3	4	5	6	7	8	9	10	11	12	13	14		
15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30

TEMMUZ

Gölgenizi görmüyorsanız gölgeye kaçın. Güneşte kalmayın, sık sık su için ve dışarıda şapkanızı giyin.

1	2	3	4	5	6	7	8	9	10	11	12	13	14			
15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31

AĞUSTOS

İlk yardım hayat kurtarır. Siz de ilk yardım uygulamalarını öğrenin. [www.ilkyardim.org.tr](http://www.ilkyardim.org.tr)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31

EYLÜL

Güneşe aldanmayın, gerektiğinde rüzgarın soğutucu etkisinden korunmak için eldiven, şapka ve atkınızı da takın.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30

EKİM

Kızılay, gücünü gönüllülerden almaktadır. Kızılay gönüllüsü olarak bütün insanlara yardımcı olabilirsiniz.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31

KASIM

Deprem değil, çürük binalar, sabitlenmemiş eşyalar ve panik bize zarar verir. Eşyalarınızı sabitleyin ve deprem anında hemen çökün-kapanın-tutunun.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30

ARALIK

Alev ya da duman görün, yanık kokusu alırsanız "yangın var" diye bağırıp etraftekileri uyarın ve hemen 110'u arayıp yangını haber verin.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31

Anne babanızın evinizin zorunlu deprem sigortası olup olmadığını sorun.

ALO DASK  
125



# 7. NATURAL DISASTER MANAGEMENT PROJECT AND OTHER PROJECTS



TCIP has initiated many **large scale projects** in the year 2014 to be carried out within the scope of Natural Disaster Management Project through which it is targeted to manage the loss **effectively** in consideration of possible earthquake disasters.

## 7.1. NATURAL DISASTER MANAGEMENT PROJECT

Automation processes oriented to loss management

The automation of systematic management of the entire loss life cycle, opening of collective loss files, receiving notifications via mobile means, web portal and IVR (voice response system) appointment of loss adjusters to loss files and their management is intended by loss application designed from one end to the other of the process. Satellite images and/or aerial photographs will be used within the scope of the project to render Difference Perception, Loss Assessment and policy based building damage estimates possible.

The objectives and basic steps of the transformation are as follows;

- ⚡ Operation management free of manual intervention as well as being independent of the persons involved,
- ⚡ "Manageability" of the natural disaster by means of automation of the basic loss functions, and

⚡ Efficiency increase and operational excellence by means of improvement.

### 7.1.1. Building Loss Assessment (Categorization)

The loss assessment is also conducted to cover the damages that might have occurred in the load bearing system and common areas of the building due to earthquake. It is also intended to establish parallel treatment in regards to the determinations made by other public institutions and to perform more equitable and accurate in the loss assessment. The methodology to be used for Damage Status Determination has been formulated by the faculty members in the University.

### 7.1.2. Standard Costing

Work oriented to the standardization of loss assessment process...

For purposes of standard calculation and reflection to the loss adjuster's report of the total payment to be made for the loss at the unit costs by taking information on the region, building specifications, etc. as reference, a

standard costing application is being developed. By using the standard costing module in the loss assessment:

- ⚡ It is ensured that the process is rendered more transparent and understandable before the insured,
- ⚡ Possibility of using people without any insurance background or training as a source in loss assessment after a training period,
- ⚡ Being able to carry out equitable loss adjustment process free of any individual assessment differences,
- ⚡ Determination and control of loss unit costs on incident basis,
- ⚡ Being able to enter the assessments made directly into the system without any paper records and instantaneous creation of data to be entered in loss application, and
- ⚡ Furthermore, updating and automation of Loss Assessment Form in a manner to include loss assessment standardization, common area measurements, loss risk measurement and cost calculations.





**BOSPHORUS AND GOLDEN HORN ORTOPHOTO VIEW**

### **7.1.3. Change Detection and Loss Estimate Project**

By means of the difference perception project it has been intended to use the aerial photographs and/or satellite images for the site before and after the earthquake to determine serious damages like the collapse, demolition, toppling, tilting to the side of the building covered under insurance policies and to use the findings obtained as explained above in the "Loss Assessment" process.

By using earthquake earth movement parameters, building loss distribution and the policy inventory with appointed geographic coordinates belonging to earthquake scenarios or real time earthquakes it is intended to estimate the financial losses that could be incurred in case of an earthquake, which carries great importance in terms of identifying the financial dimensions of an earthquake. By means of the loss estimate project, the financial losses are estimated, the dimensions of the financial obligations are examined and operational strategies within the scope of insurance industry are developed. By using the earthquake earth movement parameters, building loss distribution and the

policy inventory with appointed geographic coordinates within the scope of the operational strategies indicated, information that is defined and needed within the scope of capacity optimization on the number of loss adjusters required to be assigned to each region for "Loss Assessment" before and after an earthquake, and the follow up and management of this team at the field can be obtained.

### **7.1.4. Ortophoto Project**

It is aimed to attain real Ortophoto and geographical data generation at a scale of 1/1,000 of the settlement areas throughout Turkey (province-district-town) with the Ortophoto project conducted together with the General Directorate of Geographical Information Systems of the Ministry of Environment and Urban Planning. Ortophoto and geographical data to be generated will provide one of the base maps that will have an important place within the damage support system of TCIP. The ground, building inventory information layers of the TCIP policy data that will be combined on the Ortophoto infrastructure, and in conclusion to works to be performed with probable earthquake scenarios, estimates will be

possible for the damage potential of the portfolio as well as for various needs such as anticipated number of loss adjusters. Besides estimates, it will be possible to calculate approximately the damage status of the portfolio in a short while according to the location and severity of an earthquake in case any earthquake occurs.

Arguably one of the most important benefits to be obtained from Ortophoto project is that it will give the opportunity to the public bodies to have their data work on a common base.

### **7.1.5. Risk Modeling Study**

The goal is to ensure that TCIP has its own modeling in order to manage the portfolio in a better manner, and perform the loss estimates more efficiently. Modeling is important as it provides the opportunity for both analyzing the risk to be exposed to in the right manner, as well as enabling reinsurance placement to be performed at the optimum level. It is aimed at establishing an infrastructure that will constitute an example at an international scale in conclusion to these studies. Work is ongoing on a cooperation protocol through which the infrastructure will be established with regards to this subject.



## 7.2. OTHER PROJECTS

### 7.2.1. Title Deed Integration

In the first phase, while Compulsory Earthquake Insurance controls are being performed in a more systematic manner during title deed processes in coordination we established between our Institution and the General Directorate of Land Registry and Cadastre we initiated in 2013, certain works have also been conducted with the purpose of preventing cancellation of policies that are in violation of the legislation. Thus, in transactions that are performed regarding the immovable at the title deed offices, it has been ensured that the existence/non-existence information for the Compulsory Earthquake Insurance can be displayed and that the control mechanism can operate in a better manner while the operation work load is reduced at the title deed offices.

Following this, in 2014 this coordination was extended and currently a special structure is being set up where damages concerning the title deed information of the insured will be directly and simultaneously displayed by our unit with the purpose of accessing in the fastest manner to correct information in order to reduce the procurement of documents from the insured during the damage processes in case of a major disaster.

### 7.2.2. Use of Foreign Identity Number

A new structure was established in 2014 by the General Directorate of Civil Registration and Nationality through which foreign nationals may perform follow-ups with their Foreign Identity Numbers, and this service has been submitted to the use of institutions. A structure has been established with the integration of this service to our production structure in which personal information will be received automatically by our system with the Foreign Identity Number during policy generation and renewal procedures.

### 7.2.3 Policy Querying Web Service Based on Address Code & Turkish ID Number/Taxpayer ID Number

Policy querying web service has been provided with "Address Code" and "Turkish ID Number/Taxpayer Id Number" in order for insurance companies to perform effective querying and processing in transactions pertaining to Compulsory Earthquake Insurance policy.

As a result, insurance companies can check whether there is an ongoing ZDS policy with the address code and Turkish ID Number/Taxpayer Id Number criteria while they are depositing earthquake voluntary compensation. In the ongoing process, it is targeted to place a check so as the relevant ZDS policy cannot be cancelled in the aftermath of this query being performed.

### 7.2.4. Reporting Project Production Environment

A new step towards data analysis: reporting project

With TCIP's developing needs, requirement has arisen for analysis to be performed in different ways compared to the database acquired by the Institution throughout the years. A flexible infrastructure has been developed independent of the Information Technologies Unit with the purpose of enabling the inspection and reporting of data. This has enabled quick access to desired managerial and statistical report by TCIP team by logging in directly to the reporting infrastructure with user ID and password.

### 7.2.5. Title Deed Independent Section Number

Due to the discrepancy that arises from time to time between the independent section numbers in National Address Database kept by the General Directorate

of Civil Registration and Nationality used by us during our policy generation, and the independent section numbers kept by the General Directorate of Land Registry and Cadastre, requests were received from the insured with regards to independent section numbers in the title deed record to be printed on the policy during the title deed transactions. In order to satisfy this need, a title deed independent section number field has been inserted to the "title deed information" section on the ZDS policy, and as such control of the title deed independent section number found on the policy can now be checked during the transactions performed at the Title Deed Offices.

### 7.2.6. Renewal Scaling

Pursuant to the provision stipulated as follows; "In case the policy is renewed at the latest within 30 days as of the date of the expiry of the policy term, a discount at the rate of 10% is applied to the above tariff prices in the first renewal, and a discount of 20% is applied in the second renewal of the renewed policy. The 20% rate is kept in recurring renewals performed following the second renewal." in article 2 of the Compulsory Earthquake Insurance Tariff and Instructions issued on the date of 29 December 2012, the required software works in our production structure have been performed and arrangement has been implemented in a manner that 10% discount rate will be applied in the first renewal year and 20% discount rate will be applied in the second and following years during Compulsory Earthquake Insurance policy renewals as of 01 March 2014.

### 7.2.7. Urban Transformation

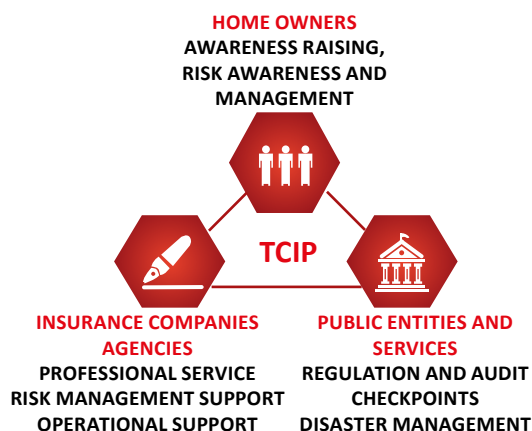
A new infrastructure is being set up where risky dwellings, assessed within the scope of urban transformation to be demolished, shall also be followed-up by TCIP and that will avert new policy generation and renewal processes for such dwellings. Software works are ongoing and commissioning of this project in 2015 will be ensured.

**HISTORICAL PENINSULA  
FATİH - İSTANBUL**

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# 8. ADVERTISING AND PUBLIC RELATIONS ACTIVITIES



The basis of TCIP's advertising and public relations strategy is **to raise** the earthquake risk perception, which is still low in our country.

## 8.1. DEVELOPING GENERAL PUBLIC RELATIONS AND ADVERTISING STRATEGIES

The strategies of advertising and public relations works of the Pool are being formed with the results of public opinion researches conducted, assessment of these results by specialist agency partnered with in the subject of advertising and public relations, feedbacks received from all stakeholders partnered with, Technical Operator opinion, and lastly with the guidance of the Board of Directors. In conclusion to all these processes, in line with the purpose of converting these strategies to projects, information notes are generated with the research results, and these are forwarded to agencies to develop ideas.

Although our country is under substantial earthquake risk, research results show that if the earthquake risk perception is low, even the fact of the dwellings situated within the 1st degree earthquake risk region does not seem enough reason to hold Compulsory Earthquake Insurance policy.

Regulations were imposed to control points with Catastrophe Insurance Law No. 6305 in 2012, and major growth was achieved in new policies joining the pool owing to this. Reaching the targeted penetration rate may only be achieved with the renewal of these policies that have joined the pool at the end of the 1st year and ensuring that these stay within the system. Strategies were developed directed at creating risk perception for holding insurance cover and policies that are required to be renewed that is at a progressively increasing volume based on the results of the research performed at the end of 2012. In parallel to these strategies, advertising and public relations strategies have been developed that will be effective throughout the country, and these have been put into effect. These works constitute the basis of the advertising and public relations works in 2013-2014.

Within this process concept test is applied by research companies to the ideas received from agencies, and the basic concept, with which strategies will be developed, is

selected with the results of such a test. The concept, upon which a consensus is reached, is conveyed to public relations, advertising and social media agencies, and these are assigned the duty of developing 360-degree projects that complement each other.

- ⚡ The public relations company is responsible for developing public relations projects, sharing with media and press, and activities,
- ⚡ The advertising company is responsible for the preparation of creative works of the campaign, and the shooting of the advertising film, if any,
- ⚡ The media purchasing company is responsible for the selection of medium and purchases,
- ⚡ The social media agency is responsible for sharing and applications on the Facebook page, and
- ⚡ The research companies are responsible for the research and concept tests.



## ZORUNLU DEPREM SİGORTASI

SİVAS'IN KENT ÖNDERLERİ VE SİGORTA AJANLARI PANELDE BİR ARAYA GELECEK

The advertising and public relations works of the Pool is based on triple communication strategy with these works that have been conducted since 2008. These strategies enhance:

- ⚡ Insurance awareness and recognition in the public,
- ⚡ Recognition and participation in the public, and
- ⚡ Ownership in the distribution channels.

Based on the research finding of the public opinion research performed in 2012, activities and advertising-public relations works were developed with regards to the "low earthquake risk perception" in 2013 and 2014.

The aim is to create in home owners a reference Pool perception for "TCIP" with all these works when earthquake is mentioned, as is the case with Kandilli and AFAD. Wrong perceptions with regards to the Compulsory Earthquake Insurance, for which current recognition rate is in the 90% level, such as

being expensive, "fatalism/who cares?" or "can the damage be compensated?" are targeted to be removed.

Whereas for the long-term, projects are realized that are focused on future generations, and concentrated on children and schools with the purpose of enhancing and developing the general awareness level of the country.

Cooperation with stakeholders (the public, universities, opinion leaders, and non-governmental organizations) throughout the

YEAR	RESEARCH FINDING	ASSESSMENT	APPROACH	ACTIVITIES
17 provinces, 2,100 (observations)	Low earthquake risk perception	The need to solidify the earthquake risk with other negative results without highlighting the death trauma 17 <sup>th</sup> of August has created	Compulsory Visit: Who would you stay with if your house suffered damages in an earthquake?	Integration of "compulsory visitor" from advertising works to the social media and entire communication applications

# 8. ADVERTISING AND PUBLIC RELATIONS ACTIVITIES

**Katılım Formu**  
DASK Deprem Çantası kazanma şansı için formu eksiksiz doldurun.

**Ad Soyad :** Merve Haznedar

**E-posta :**

**Telefon :**

**Adres :**

**Katılım Koşulları'nı kabul ediyorum.**

**Devam**  
Formu geç

country is being developed and geographical communication direction is being created from west towards east, and activities as well as promotions are being realized in media with low advertising cost.

As a Pool the general persuasion model was positioned as "learn-feel-act" in the first 5-year term. The model has been further modified as "act-feel-learn" in the following 5-year term. With the modified model it is targeted to instill the concept of "what is attained upon being a policy holder and the importance of its renewal has to be learned by being felt" with awareness works after policies are issued by the mandate imposed by the law. When considered from this aspect, the purpose of the works performed is to ensure the enhancement of the awareness of being insured, this need being established in the public, and as such basically to grow the insurance pool.

Besides developing the insurance awareness, our Pool arranges public relations and publicity projects that support the development in our country of earthquake awareness, safe life, and earthquake resistant buildings concept. The Earthquake Resistant

Building Design Contest is one of the major projects realized with this purpose. When the fact is taken into consideration that 81% of dwellings that are demolished in our country is due to disasters, it is evident that the insurance system has become even more important in the renewal of the structural inventory, especially in big cities.

### Communication works that are based on transparency and mutual trust

When determining the communication works, TCIP focuses on developing projects to enhance the awareness of earthquake and being prepared for earthquake throughout the country. The Pool reaches out to many different target audiences and primarily to dwelling owners, insurance companies and brokers, primary, secondary and university students, public institutes and local administrations.

Insurance companies and their agencies, which TCIP sees as one of its most important business partners for expanding Compulsory Earthquake Insurance throughout the country, play an important role in the development of service processes prior to and following a disaster. TCIP, which also works very closely with public institutions, is able to reach every

part of the country thanks to this.

### Social media in corporate communication

TCIP, addressing a very wide target audience from different segments of Turkey, also takes care to be present in the social media besides television, newspaper and similar media in its communication efforts. The Pool, which follows very closely the developments and trends in the social media, is thus able to adapt its communication works to the necessities of the time. It is aimed to achieve for the concept worked on to have 360-degree integrity with respect to communication, advertising, social media, and media purchase.

In the subject of communication in 2014 it has been targeted to:

- Invest in trust and reputation as a Pool,
- Develop the risk awareness about TCIP, and
- Enhance the continuity and penetration rate as 2014 starts.



## ZORUNLU MİSAFİR

**dask**  
DOĞAL  
AFET  
SİGORTALARI  
KURUMU

**Zorunlu misafirlik zordur. Hiçbir yer kendi evinizin yerini tutamaz. Başımıza ne geleceğini bilemeyiz fakat önlem almak hepimizin elinde. Siz de zorunlu deprem sigortanızı yaptırın, zorunlu misafirlikten kurtulun.**

f Paylaş

Paylaş

Tekrar Dene

[Dask Facebook sayfasına dön](#)

## 8.2. THE STUDY AND PROJECTS

The study and projects performed may be grouped under the following headings:

### 1. Project Directed at Trust and Reputation

- Safe Life Park
- TCIP Compulsory Earthquake Insurance Billboard
- Communication of Special Subjects and Projects
- Meetings and Sponsorships

### 2. Projects Aimed at Developing the Risk Perception

- Red Crescent Organizing of Opinion Leaders (TLT) Project
- TCIP Earthquake Resistant Building Design Competition
- International Short Film Competition
- Cities Compete, Insured Win

### 3. Projects Developed for Sustaining Existing and Subscribing Prospect Insurance Holders

- Advertising Campaign

- Agency Gift Cheque Campaign
- Sending of Posters to Land Registry Offices and AFAD.
- e-bulletin

All these projects have also been supported with social media projects.

### 8.2.1. Advertising Campaign Studies Advertising strategy aimed at enhancing earthquake risk perception

Works regarding the "Compulsory Visit" advertising campaign concept determined in 2013, based on the public opinion research conducted in 2012, also continued in 2014. The most striking conclusion obtained from the research is the low earthquake risk perception of prospective insurance holders. Within this concept it has been desired to emphasize the high potential of earthquake risk, negative results of earthquake damage besides death, and to embody its affect on life and to highlight the importance

of Compulsory Earthquake Insurance for continuation of life after an earthquake. In the TCIP advertising campaign concept and advertising films shot for the Compulsory Earthquake Insurance, emphasis has been placed on:

- "Solidarity" and "hospitality" values,
- Solidarity culture following natural disasters has been embraced,
- Long-term plans rather than the immediate aftermath of the natural disaster has been questioned,
- The issues arising from being a long-term visitor are raised, and Life after an earthquake is looked into.

It has been decided to continue with this concept in our advertising and promotion efforts in 2014 following the successful results we obtained from our 2013 advertisements, and in conclusion to the positive feedback. In order to sustain in 2014 the communication campaign with the "Compulsory Visit" theme

# 8. ADVERTISING AND PUBLIC RELATIONS ACTIVITIES



MUĞLA FARMERS MARKET TCIP PUBLICITY

of 2013 with the purpose of attracting attention to the importance of Compulsory Earthquake Insurance, 4 new advertising films were shot by director Cagan Irmak in 2014. Scenarios of the new advertising films were created inspired by the Van earthquake victims that were forced to stay with their families in the aftermath of the earthquake. Difficulties of being a long-term visitor were elaborated on through the use of common areas such as the living room, bedroom, bathroom and the toilet in the advertising films. In the films it has been targeted to convey the feeling, sensations and states people experience following an earthquake.

- ⚡ The TV advertisements have been broadcast in thematic news and sports channels until the end of the year starting as of the month of April.
- ⚡ The campaign has been printed with its visual in newspapers with 20,000 circulation or more based on the Press

and Announcement Association (BIK) figures during certain periods throughout 2014 within the framework of the campaign.

- ⚡ The persons Van earthquake victims lodged with and the circumstances they faced and the feelings they experienced were covered with the three different radio spots Moreover our public was invited to have their Compulsory Earthquake Insurance done with the; "Good Morning... Do not forget to get your earthquake insurance today! TCIP" message broadcast every morning at 08:00 AM.
- ⚡ The campaign appeared with its visual in the Internet media such as Hurriyet, Milliyet, Mynet, Sahibinden.com, Gazete Vatan, and Google. Our campaign visuals and announcements were published in sector and economy periodicals at certain periods.

- ⚡ Our 2014 campaign visual was displayed at the back of the buses in Ankara and Istanbul until the end of the year starting as of the month of April.
- ⚡ The additional project in which TCIP advertising films were available in PTT branches in 2013, was also continued in 2014 and the campaign was extended and supported
- ⚡ Advertising film- back of buses

**8.2.2. Cities Compete, the Insured Win**  
Life with the assurance of being insured for earthquake is aimed to be encouraged with the awareness of being covered with insurance throughout the country with "Cities Compete, Insured Win" Contest.

The fourth of The Cities Compete, Insured Win Contest, which attracts more attention with each passing year, was organized in 2014.





The announcement of the contest during the contest process is performed with the letters, posters, and project promotion film that is sent to all governor's offices and Provincial Directorates of Disaster and Emergency. TCIP and Compulsory Earthquake Insurance promotional materials are provided to AFAD personnel in line with their demands, who wish to undertake informative and encouraging works in order to popularize Compulsory Earthquake Insurance in their own province throughout the entire year. The project application files to the contest, whose deadline is end of December, are sent at the end of January 2015. Provinces, which are within the scope of the contest, are assessed according to their Compulsory Earthquake Insurance performances between the dates of 1 January – 31 December.


The Compulsory Earthquake Insurance performances of the provinces are determined according to the following three criteria:


**1<sup>st</sup> Criterion:** Insurance penetration


rate the province has attained at the end of the contest period,

**2<sup>nd</sup> Criterion:** Policy increase rate the province achieves within one year, and

**3<sup>rd</sup> Criterion:** Compulsory Earthquake Insurance Incentive works undertaken in the province throughout the entire year. The performance of the provinces is assessed based on these three criteria and ranking of provinces is determined as such.

 **Grand prize** : Material donation in the amount of TL 100,000 to the Provincial Disaster and Emergency Directorate

 **Second prize** : Material donation in the amount of TL 60,000 to the Provincial Disaster and Emergency Directorate

 **Third prize** : Material donation in the amount of TL 30,000 to the Provincial Disaster and Emergency Directorate.

Each year provinces participate in the contest with authentic works. Provinces that have completed their works by the end of 2014 and applied upon preparing their files have been: Çanakkale, Erzincan, Erzurum, Muğla, Ordu, Sakarya, and Yalova. In conclusion to the assessments conducted, the first prize went to Sakarya, second prize to Ordu, and the 3<sup>rd</sup> and 4<sup>th</sup> prizes to Çanakkale and Muğla provinces respectively.

### **8.2.3. Earthquake Resistant Building Design Contest**

TCIP targeted to promote earthquake resistant building culture in Turkey with the; "Earthquake Resistant Building Design Contest" it organized with the participation of students from faculties of civil engineering and architecture in 2014.

#### **The starting point of the fight against earthquake: Earthquake Resistant Building**

The main purpose of "Earthquake Resistant Building Design Contest", which is realized under the sponsorship of TCIP, is to focus the attention on the importance of safe structure, increase

## 8. ADVERTISING AND PUBLIC RELATIONS ACTIVITIES



PHOTOS OF COLLECTIVE PRESENTATION OF THE AWARDS FROM THE CONTEST

TCIP is aiming to spread the culture of earthquake resistant buildings in Turkey with its “**Earthquake Resistant Building Design Competition**” which was realized in 2014 for the first time.

earthquake awareness, and remind everyone to hold insurance cover. The introductory meeting of the contest, organized for the first time in 2014, was held on January 31, this was followed by a technical meeting held on March 25 in order to provide technical briefing on constructing a model to the teams, whose projects that made it to the final as well as respond to any questions the teams may have.

A total of 39 teams from 26 universities participated with the building models they designed to the Earthquake Resistant Building Design Contest that was organized by TCIP. Building models designed as a business tower in Maslak by teams consisting of civil engineering students resisted 3 earthquakes at different grades on the shaking table. The finals of the contest, which lasted for four days, commenced with the technical assessment of building models and project presentations of the teams. On the third day of the event finals, endurance performance of building models to earthquake was measured on the shake table.

The Tweezers team from Karadeniz Technical University, who received the first prize, earned for the civil engineering department of the university a shake table that simulates

earthquake to be used for educational purposes. Moreover, the first team was also the winner of TL 10,000 prize money. The second team won TL 5,000, while the third team won TL 3,000 money awards. Whereas gift cheques were given to the members of the teams that won the Best Architecture, Best Resistance to Earthquake, Best Communication Skills, and Best Competitive Spirit prizes.

Earthquake Resistant Building Design Contest was deemed worthy of the:

- First Prize in Public Sectors category, Achievement Prize in Corporate Social Responsibility category, and Achievement Prizes in Environment and Sustainability category of MediaCat Felis Prizes,
- Honorary Prize in Facebook Communications category and Public Affairs Campaign category in PR News Digital PR Awards,
- And furthermore was the finalist in the Turkish Category of European Excellence Awards contest in 2014.

Web site set up for the contest is:  
[www.daskbinatasarimi.com](http://www.daskbinatasarimi.com)

Depremde evin  
hasar görürse  
**NEREYE  
GİDERSİN?**



SON KATILIM  
20 HAZİRAN 2014

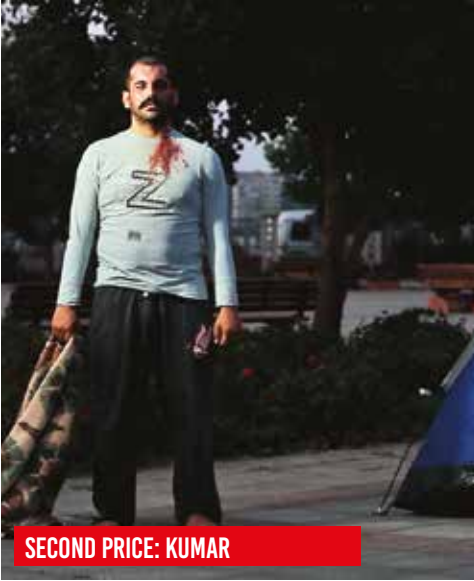
Kısa filmle herkesi sars,  
ödül kazanma şansı yakala!



www.daskfilm.com



FIRST PRICE: ZEDE



SECOND PRICE: KUMAR



THIRD PRICE: SABAHA UYANIŞ

TCIP is contributing to the development of the disaster management awareness in different countries with the **“Short Film Competition”** that has turned into an international event.

#### 8.2.4. International Short Film Competition

TCIP has initiated a new initiative in the fifth year of the Short Film Competition it had started throughout the country in 2009, and realized the short film competition it opened to the participation of undergraduates and graduates of universities from 21 countries, including Turkey. The theme of the contest, organized for the fifth time and that gained an international character for the first time; was determined as “Where would you go if your house suffered damages in an earthquake?” The aim was to have the students; “recount in the best manner the experiences homeowners would go through, whose houses became inhabitable in the aftermath of a possible earthquake.”

The jury consisting of actors Mete Horozoğlu and Ahmet Mümtaz Taylan, director Ozan Açıktan, screen writers Mehmet Açar and Şenay Aydemir, Prof. Dr. Ali Atif Bir, Assoc. Prof. Dr. Ayla Kanbur, and TCIP Secretary General Serpil Öztürk determined those that ranked highest in the contest. First prize in the contest of undergraduate and graduate students of universities

was awarded to Metehan Şereflioğlu, Demet Sever, Hüseyin Çamtepe and Ata Bacanakgil from Dokuz Eylül University with their film “Zede”. Umur Dağlı from Marmara University was awarded the second place with his “Gamble” film, and Semih Guzelay from Ankara University the third place with his “Waking up to the Morning” film. In addition, the “Zede” film that was awarded the first prize in the contest was broadcast in national news and sports channels.

Besides the first three films that took the top prizes in the TCIP International Short Film Competition, five films determined by the jury also competed for the Facebook Viewer Special Prize. In the voting conducted on the Facebook page at [www.facebook.com/dask](http://www.facebook.com/dask) address of TCIP, the “Umbrella” film of Engin Oksuz from Ege University came in first, whereas “Oxygen” film of Tuba Toprakci was second.

You can access detailed information on TCIP International Short Film Competition from the following web site: [www.daskfilm.com](http://www.daskfilm.com)

# 8. ADVERTISING AND PUBLIC RELATIONS ACTIVITIES



**BURSA SAFE LIFE PARK**

## 8.2.5. TCIP Safe Life Park Openings

A reference project from TCIP: "Bursa Safe Life Park"

The cities of Bursa, Bolu, and Tunceli, which ranked the highest in the "Cities Compete, Insured Win" contest, received, Safe Life Park award from TCIP. TCIP Safe Life Park construction works in Bursa were completed and it was delivered in August 2014. TCIP Safe Life Park, constructed in the city center to enable all citizens to benefit from it, contains an open-air cinema besides green space, entertainment, sports, and recreation areas. Educational information is also provided regarding Compulsory Earthquake Insurance in the park.

## 8.2.6. Meetings and Sponsorships Meetings

TCIP was invited to the Insurance Summit 2014, organized by The Economist weekly in London and represented Turkey. TCIP Chairman of the Board of Directors presented the Compulsory Earthquake Insurance

implementation as a sample case in the meeting attended by nearly 200 managers and professionals from the insurance sector held on February 27, 2014 in London, one of the most prominent insurance centers of the world. The challenges of providing disaster insurance at a reasonable price to wide masses and the necessary conditions for success were mentioned through the Compulsory Earthquake Insurance example in the speech. The barriers in front of enhancing insurance awareness and risk perception in Turkey and experiences regarding how these barriers were overcome were addressed. In the summit, where subjects such as adjustment to global changes, preparing insurance business with the digital consumer, accessing insurance consumer by benefiting from new technologies, and micro insurance were also discussed besides disaster losses, experiences of TCIP with regards to extending Compulsory Earthquake Insurance attracted attention.

- A sector meeting was held on 28 January 2014 in coordination with TSRSB in order to define in a more comprehensive manner the Catastrophe Insurance Pool implementations, and issues companies in the sector mention as well as oriented to the solution of such issues.
- We participated in and TCIP structure and implementations were presented in Insurance in Central Asia Conference, organized in Almaty, Kazakhstan on the dates of 15-16 April 2014, and
- the SAARC International Insurance Conference organized in Karachi, Pakistan on the dates of 14-16 April 2014.
- We participated in the "Risk Forum" organized in London on the dates of 30 June - 4 July 2014, and GEM semi-annual invitation organized in the city of Pavia in Italy on the dates of 25-28 June 2014.
- We participated in the SIFMA Insurance-and-Risk-Linked Securities

# Deprem sizi de 'zorunlu misafir' yapabilir...

Depremde evi hasar gören pek çok insan, yakınlarına uzun süre misafir olmak zorunda kaldı.



ALO DASK  
125  
Derinlikli Deprem Sigortası  
KURUMU



Zorunlu Deprem Sigortanızı yaptırın,  
zorunlu misafirlikten kurtulun.

[www.dask.gov.tr](http://www.dask.gov.tr) [facebook.com/dask](https://www.facebook.com/dask)

**dask**  
DOĞAL  
AFET  
SIGORTALARI  
KURUMU

TCIP joined as a project partner to the **Organizing of Opinion Leaders Work** the Red Crescent undertakes throughout Turkey since 2007.

meeting held in New York on the dates of 4-5 March 2014.

✦ We participated in the World Forum meetings organized in New Zealand in the month of September 2014.

✦ We participated in the SwissRe invitation held in Zurich on the dates of 01-02 June 2014.

✦ A meeting was held with the committee arriving from Mongolia on the date of 11 June 2014, and information was provided with regards to TCIP and its operations and structure.

#### Sponsored Symposiums and Conferences

The following conferences and seminars were sponsored and participation was ensured within 2014.

✦ "2<sup>nd</sup> International Urban Planning-Architecture-Design Congress" organized by Kocaeli University / 8-11 May 2014

✦ 2<sup>nd</sup> European Earthquake Engineering and Seismology Conference organized by the Turkish Earthquake Trust / 24-29 August 2014

✦ "ATAG18 Workshop 2014" organized by Active Tectonic Research Group, where scientists who perform research and generate analysis regarding the earthquake issue in Turkey meet / 5-7 November 2014

✦ "City and Risk" themed "Earthquake Summit 2014" organized by the Turkish Earthquake Trust / 12 November 2014

#### 8.2.7. Red Crescent Organizing of Opinion Leaders (TLT) Project

Joining of forces by TCIP and the Red Crescent  
The project partnership, which started in 2013 with the purpose of explaining TCIP and the Compulsory Earthquake Insurance to the opinion leaders and their target audience, who participate in the TLT training of the Red Crescent, also continued in 2014. Firstly informative materials were

# 8. ADVERTISING AND PUBLIC RELATIONS ACTIVITIES



KAHRAMANMARAŞ WAGON

prepared about TCIP and Compulsory Earthquake Insurance within the scope of Program for Reducing the Disaster Losses of the Organizing of Opinion Leaders Project realized with the project partnership of TCIP and the Turkish Red Crescent. Other works that have been realized within this scope are as follows:

Participant handbook, which is one of the main documents, is distributed to the opinion leaders (village headmen, teachers, religious officials, and community polices) participating in training held locally, was printed with the project partnership of TCIP. Other: Prints of Opinion Leaders Training Sets, Training Sets, Public Training Brochures, Source Book for Students and Instructor documents were also undertaken and their prints required were realized by the concerned institution.

Printing of 235,000 "I am Learning Safe Life with the Red Crescent" class calendars was undertaken with the TCIP project partnership in 2013, and were distributed to all 1<sup>st</sup>, 2<sup>nd</sup>,

3<sup>rd</sup>, and 4<sup>th</sup> classes of elementary schools throughout Turkey through the branches of the Turkish Red Crescent and Provincial/District Directorates of National Education.

In order to enhance the earthquake and Compulsory Earthquake Insurance in the provincial centers and districts of Zonguldak, Balıkesir, Kahramanmaraş, and Osmaniye, training was realized with Fault Line Wagon, which is equipped with earthquake simulation system within the scope of Organizing Opinion Leaders (TLT) that was put into effect with the cooperation of TCIP and the Turkish Red Crescent. In the Turkey Tour that lasted for 33 days, training was provided in total to more than 27,000 people. Bogazici University Kandilli Observatory and Earthquake Research Institute instructors explained earthquake, means of protection from earthquake, and Compulsory Earthquake Insurance to public officials, students, and the public. Participants in earthquake training experienced the earthquake moment thanks to

the simulation system in the Fault Line Wagon and had the opportunity to learn correct behavior manners.

Within the scope of the project, a total of 12,000 Participant Handbooks and DVDs were published for the TLT Project Training in a total of 7 provinces including Amasya, Bilecik, Gümüşhane, Manisa, Sivas, Tokat, and Izmir in 2014. Moreover 250,000 "I Learn Safe Life with the Red Crescent" class calendars were printed with the TCIP project partnership in 2014, and were distributed to all 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> classes of elementary schools throughout Turkey through the branches of the Turkish Red Crescent and Provincial/District Directorates of National Education.

## 8.2.8. Content Support to National Press Awareness building initiatives through printed press...

TCIP, in cooperation with Güneş Reklamcılık, continued to publish monthly newsletters in the insurance pages of dailies and in Sigortacı Gazetesi (Insurance Newspaper) in 2014.



B A K I Ş

**TRT HABER**  
**HABER**  
**TURK**

### 8.2.9. Insured Life Program

#### TCIP met with the insured through TV

The Insured Life, sustained by the Institution since 2011, continued to be broadcast on TRT News with the sponsorship of TCIP on Saturdays at 9:15 on a biweekly basis throughout 2014. In the program, to which the TCIP managers and prominent authorities from institutions and organizations the Institution is in cooperation with attend as specialist guests, Noyan Dogan, one of the most prominent insurance authors of Turkey also partook as a loss adjustor guest. In the program, the influences and short-term results of earthquakes, the penetration rate percentages of provinces and the activities partook to widespread the Compulsory Earthquake Insurance, and the current research and evaluations of academicians working in the field of earthquakes and the works performed by TCIP have been the topic of discussions. In the program broadcasted live, the viewers, who shared their questions by means of phone, e-mail, and social media, had the opportunity to immediately receive answers from TCIP managers.

The "View" program prepared by Noyan Dogan in Haberturk channel in 2014 was broadcast under the sponsorship of TCIP. The

program was broadcast on Wednesdays at 9:30 on a biweekly basis.

### 8.2.10. E-Journal

#### A communication channel directed at agencies...

TCIP, which is in a harmonious work relationship with 16,000 authorized insurance agencies affiliated with 33 insurance companies, continued sending e-journals in 2014 to the agencies for the communication of the Institution's monthly activities and the communication of its projects since 2010. In the context of the e-bulletins that are published monthly for the purpose of developing and continuing this strong bond established with the agencies, the current numerical values of the TCIP and the news of the activities arranged within that year are covered.

### 8.2.11. Social Media Works

#### More than 206,000 followers in the social media

TCIP has 206,000 followers in the social media as of the end of 2014. Thanks to the communications conducted for nearly 4 years through the page, awareness at a substantial rate has developed with regards to the

# 8. ADVERTISING AND PUBLIC RELATIONS ACTIVITIES



## PRNEWS DIGITAL PR AWARDS, HONOR AWARD

importance of TCIP, the Compulsory Earthquake Insurance. More than 30,000 new followers were gained with the prize competitions and application organized through the page as of 31st December 2014, and total followers of the page rose to approximately 206,000.

### Social media activity in line with the integrated communication concept

Besides the routine communication TCIP sustains through its Facebook page, the aims determined for the campaigns to be performed in order for the new concept to be better established in the user's mind are as follows:

- Applying the "Compulsory Visitor" concept in the social media also and continue the integrated communication,
- Remind the target audience of the messages to be given in the advertisement campaign to be launched in a manner compatible with the dynamics of the social media, and
- To give the messages in a striking manner within the determined concept

by benefiting from the strengths of the social networks.

### Social media applications that were consolidated with awards

TCIP was awarded with the Honor Award in Facebook Communications category and Public Affairs Campaign category by PRNews Digital PR Awards with its compulsory visitor Facebook application campaigns.

### 8.2.12. Facebook

#### TCIP Facebook Page 2014 Data

- Total Number of Viewers: **206.213**
- Total "Talked About" (The Number of Users who Shared Stories Concerning This Page) Number: **45.190**
- Total of Likes Given to the Content, Number of Comments, Shares: **45.190**
- Number of Users who Interacted with the Page (The Number of Users Who Clicked on a Content Related to the Page or Created a Story): **177.016**

- The Number of Users the Page Accessed (The Number of Users Who Saw Any Content Related to the Page): **12.490.682**
- Gender Distribution of the Followers: **30% Female, 69% Male**
- Age Distribution of the Followers: **18-24 (28%), 13-17 (15%), 25-34 (14%)**
- Provinces with the Most Visitors: **Istanbul, Ankara and Izmir**

### Compulsory Visitor Application

TCIP put into practice the "Compulsory Visitor" application with the purpose of developing the earthquake risk perception and to increase the Compulsory Earthquake Insurance awareness. Attention was drawn to how important a requirement TCIP is with the "Compulsory Visitor" applications put into practice through Facebook by focusing on the distresses being a compulsory visitor in the house of someone will create in case of a possible earthquake when Compulsory Earthquake Insurance policy is not taken.





TCIP ANATOLIA MEETINGS



### Other Sharing

TCIP has also achieved high viral access rates on the anniversaries of big earthquakes and on special days with the content shared.

TCIP also attracts the attention of its stakeholders with the contents it shares on special days and anniversaries of big earthquakes on its Facebook page, where applications and contests are available oriented at increasing the earthquake reality and Compulsory Earthquake Insurance awareness. Management of the Facebook page of the Institution is performed by the project consultancy of Grup 7 Communications Consultancy, and its coordination is performed by Youth Republic social media agency.

The feedback of the content informing the related followers containing the statistical data concerning the earthquake has also been significantly high.

### 8.2.13. TCIP Anatolia Meetings

Activities were organized to increase the

earthquake awareness in provinces with low penetration rates but which have a high earthquake risk with the TCIP Anatolia Meetings project organized by the Turkish Catastrophe Insurance Pool (TCIP). Activities, which covered many subjects such as earthquake risk, Compulsory Earthquake Insurance and urban earthquake awareness, were realized respectively in the provinces of Balıkesir, Erzurum, and Sivas. The activities were attended by the Governors, Mayors, local authorities, Chairmen of the Chambers of Industry and Commerce, agencies, and the public.

While the importance of being prepared for earthquake was being discussed in the activities that were organized, training was provided by Prof. Dr. Mikdat Dakioglu, Faculty Member of ITU University, to primary and secondary school students following the panels.

TCIP executives at the same time had live broadcasts in Haberturk Bakis program from the provinces visited within the scope of the project, with the participation of the Governors, and Mayors of the provinces in question.

# 8. ADVERTISING AND PUBLIC RELATIONS ACTIVITIES



## AGENCY SIGNBOARD WORKS

### 8.2.14. Works Performed Oriented to Agencies

#### TCIP Compulsory Earthquake Insurance Signboard

Regular public opinion polls undertaken by our Institution show that our Institution has new needs in the subjects of brand and product recognition. Ensuring ease of access to Compulsory Earthquake Insurance through compulsory applications in mortgage loan, electricity and water subscriptions, and title deed procedures has given rise to the need of increased brand visibility and awareness of points of sales. That is why TCIP Compulsory Earthquake Insurance signboards were produced and their distribution to agencies throughout Turkey was realized with the purpose of increasing the brand and field visibility of TCIP and Compulsory Earthquake Insurance.

The signboards were produced as one thousand units in the first phase. Deliveries were made to the agencies that realized the highest number of policies according to the penetration potential of all provinces. Signboards were designed and produced

by taking into consideration ease of assembly, functionality, and minimum maintenance requirement.

Later on additional 2,000 signboards were produced. Request forms were collected from agencies throughout Turkey for the distribution of signboards and deliveries were made accordingly.

#### Agency Gift Cheque Campaign

Our Institution has initiated the agency incentive campaign with the purpose of increasing penetration rates and policy renewals application in the Compulsory Earthquake Insurance system. With this campaign it is targeted to ensure renewal of new policies that enter into the pool with the electricity and water subscription procedures, increase the penetration awareness at the agency level and increase motivation regarding ZDS among agency employees. The campaign covered insurance agencies only, and was realized in quarterly periods. Agencies, which satisfied the campaign conditions, were supported with gift cheques that started from TL 200 according to the renewal performance they displayed.

The signboards were produced as one thousand units in the first phase. Deliveries were made to the agencies that realized **the highest number of policies** according to the penetration potential of all provinces.

# 31 TEMMUZ PERŞEMBE YENİLEME KAMPANYAMIZIN SON GÜNÜ

**HER 75  
POLİÇE YENİLEMESİNE  
200 TL  
HEDİYE ÇEKİ**



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DOĞAL  
AFET  
SİGORTALARI  
KURUMU

# 8. ADVERTISING AND PUBLIC RELATIONS ACTIVITIES



Write something...

**Alican Burak Düzen**  
Yesterday

insanın kendi evi gibisi yok :)



**DASK - Zorunlu Misafirlik**

Hiçbir ev, kendi evin gibi değildir. Zorunlu misafir olduğum bir evde başıma bunların geleceğini tahmin edemedim!

Like · Comment · Share

**Alican Burak Düzen**  
Yesterday via YouTube

...kendimizi tehlikeye atmıyoruz.  
Bakara, 2/195

İhtiyati tedbirimizi almamız.

Nisa, 4/102

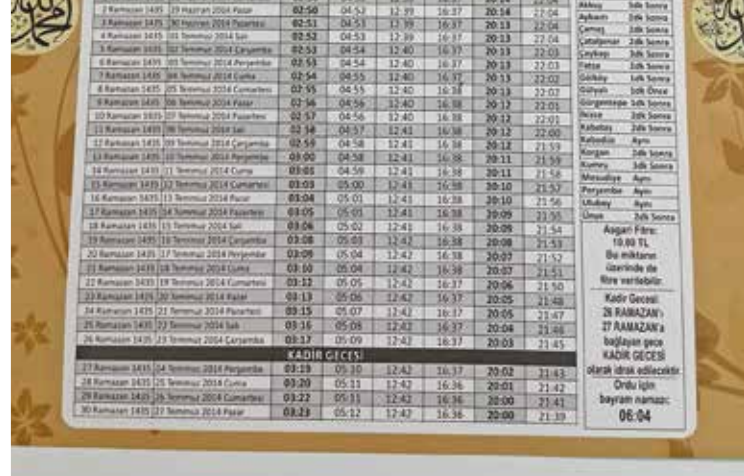
Ramazân-ı Şerifiniz Mübarek Olsun

**ALO DASK 125**  
Dinleceğiniz Sigorta Şirketi

**ZORUNLU DEPREM SİGORTANIZI YAPTIRIN,  
SÜRESİ BİTEN POLİÇENİZİ YENİLEYİN,  
EVİNİZİ VE AİLENİZİ RISKE ATMAYIN...!**

GELECEĞİNİZİ GÜVENCE ALTINA ALMAK İÇİN SİZE EN YAKIN SİGORTA ŞİRKETİNE BAŞVURABİLİRSİNİZ.

Hesap	Mevki	İstisna	Çiftleşme	Çiftleşme	Çiftleşme	Çiftleşme	Çiftleşme	Çiftleşme
1 Ramazan 1435	128 Temmuz 2014 Cumhuriyet	02:50	04:51	12:39	16:37	20:14	22:04	
2 Ramazan 1435	129 Haziran 2014 Paşazade	02:50	04:51	12:39	16:37	20:14	22:04	
3 Ramazan 1435	130 Temmuz 2014 Paşazade	02:51	04:51	12:39	16:37	20:13	22:04	
4 Ramazan 1435	131 Temmuz 2014 Paşazade	02:52	04:51	12:39	16:37	20:13	22:04	
5 Ramazan 1435	132 Temmuz 2014 Çarşıbaşı	02:53	04:54	12:40	16:37	20:13	22:03	
6 Ramazan 1435	133 Temmuz 2014 Çarşıbaşı	02:53	04:54	12:40	16:37	20:13	22:03	
7 Ramazan 1435	134 Temmuz 2014 Çarşıbaşı	02:54	04:55	12:40	16:37	20:13	22:03	
8 Ramazan 1435	135 Temmuz 2014 Çarşıbaşı	02:55	04:55	12:40	16:38	20:13	22:03	
9 Ramazan 1435	136 Temmuz 2014 Paşazade	02:56	04:56	12:40	16:38	20:12	22:03	
10 Ramazan 1435	137 Temmuz 2014 Paşazade	02:57	04:56	12:40	16:38	20:12	22:03	
11 Ramazan 1435	138 Temmuz 2014 Paşazade	02:58	04:57	12:41	16:38	20:12	22:00	
12 Ramazan 1435	139 Temmuz 2014 Çarşıbaşı	02:59	04:58	12:41	16:38	20:12	21:59	
13 Ramazan 1435	140 Temmuz 2014 Çarşıbaşı	03:00	04:58	12:41	16:38	20:11	21:59	
14 Ramazan 1435	141 Temmuz 2014 Çarşıbaşı	03:00	04:59	12:41	16:38	20:11	21:59	
15 Ramazan 1435	142 Temmuz 2014 Çarşıbaşı	03:01	05:00	12:41	16:38	20:10	21:57	
16 Ramazan 1435	143 Temmuz 2014 Paşazade	03:04	05:01	12:41	16:38	20:10	21:56	
17 Ramazan 1435	144 Temmuz 2014 Paşazade	03:05	05:01	12:41	16:38	20:09	21:56	
18 Ramazan 1435	145 Temmuz 2014 Paşazade	03:06	05:02	12:41	16:38	20:09	21:54	
19 Ramazan 1435	146 Temmuz 2014 Çarşıbaşı	03:08	05:03	12:42	16:38	20:08	21:53	
20 Ramazan 1435	147 Temmuz 2014 Çarşıbaşı	03:09	05:04	12:42	16:38	20:07	21:52	
21 Ramazan 1435	148 Temmuz 2014 Çarşıbaşı	03:10	05:04	12:42	16:38	20:07	21:51	
22 Ramazan 1435	149 Temmuz 2014 Çarşıbaşı	03:12	05:05	12:42	16:37	20:06	21:50	
23 Ramazan 1435	150 Temmuz 2014 Paşazade	03:13	05:06	12:42	16:37	20:05	21:49	
24 Ramazan 1435	151 Temmuz 2014 Paşazade	03:15	05:07	12:42	16:37	20:05	21:47	
25 Ramazan 1435	152 Temmuz 2014 Paşazade	03:16	05:08	12:42	16:37	20:04	21:46	
26 Ramazan 1435	153 Temmuz 2014 Çarşıbaşı	03:17	05:09	12:42	16:37	20:03	21:45	
<b>KADIR GİÇENİ</b>								
27 Ramazan 1435	154 Temmuz 2014 Çarşıbaşı	03:19	05:10	12:42	16:37	20:02	21:43	
28 Ramazan 1435	155 Temmuz 2014 Çarşıbaşı	03:20	05:11	12:42	16:36	20:01	21:42	
29 Ramazan 1435	156 Temmuz 2014 Çarşıbaşı	03:22	05:11	12:42	16:36	20:00	21:41	
30 Ramazan 1435	157 Temmuz 2014 Paşazade	03:23	05:12	12:42	16:36	20:00	21:39	



Deprem açısından riskli, ancak konutların yüzde 80'i depreme dayanıklıdır

# Sivas'ta konutların yüzde 29'u deprem sigortalı



## Depremde 12 milyar TL hasar ödeyecek büyüklükteyiz

**D**eğerlendirildiği kadarıyla, Türkiye'de deprem riski yüksek olan bölgelerde konutların yüzde 29'u deprem sigortalıdır. Bu oran, deprem sigortalı konutların toplam deprem riskiyle karşılaştığında, yaklaşık 12 milyar TL hasar ödeyecek büyüklükte olduğunu göstermektedir.

**BAŞKAN ERDOĞAN:** Deprem riski yüksek bölgelerde konutların yüzde 29'u deprem sigortalıdır. Bu oran, deprem sigortalı konutların toplam deprem riskiyle karşılaştığında, yaklaşık 12 milyar TL hasar ödeyecek büyüklükte olduğunu göstermektedir.



# 9. STATISTICS

## 9.1. POLICY GENERATION ON A YEARLY BASIS



# 6.8

## MILLION POLICY

TCIP was able to raise the policy number to 6.8 million and the rate of Compulsory Earthquake Insurance of dwellings to 39% in 2014 with the effects of the Law and **with the communication works** it pursued, even though a major earthquake was not experienced.

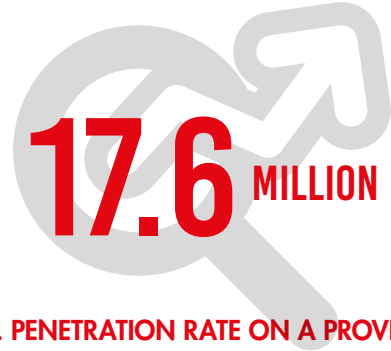
## Increase of Policy and Premium by Years

Date	Number of Policies (000)	Policy Rate (%)	Premium (000 TL)	Premium Increase (%)
2001	2,428	-	54,526	-
2002	2,128	-12.4	65,756	20.6
2003	2,022	-5	85,688	30.3
2004	2,090	3.4	126,216	47.3
2005	2,417	15.6	159,085	26
2006	2,555	5.7	205,799	29.4
2007	2,618	2.5	234,615	14
2008	2,844	8.6	272,637	16.2
2009	3,435	20.8	322,065	18.1
2010	3,316	-3.5	319,415	-0.8
2011	3,725	12.3	378,782	18.6
2012	4,786	28.5	509,772	34.6
2013	6,029	26	674,149	32.2
2014	6,808	12.9	753,924	11.8

## 9.2. NUMBER OF POLICIES GENERATED BY COMPANY

ZDS Policy Generation Report					
Generation by Companies	2013		2014		2014
	Number of Policies	Policy Rate %	Number of Policies	Policy Rate %	Police Artış %
AIG SİGORTA A.Ş.	15,651	0.3	49,101	0.7	213,7
AKSİGORTA A.Ş.	639,687	10.6	801,598	11.8	25,3
ALLIANZ SİGORTA A.Ş.	228,640	3.8	308,513	4.5	34,9
ANADOLU SİGORTA	749,146	12.4	813,573	11.9	8,6
ANKARA SİGORTA A.Ş.	75,438	1.3	101,255	1.5	34,2
AVIVA SİGORTA A.Ş.	88,187	1.5	105,268	1.5	19,4
AXA SİGORTA A.Ş.	663,100	11.0	714,033	10.5	7,7
DASK	13,771	0.2	34,529	0.5	150,7
DEMİR SİGORTA A.Ş.	17,465	0.3	16,445	0.2	-5,8
DOĞA SİGORTA KOOPERATİFİ	-	-	372	0.01	-
DUBAI STARR SİGORTA A.Ş.	33,592	0.6	26,657	0.4	-20,6
EGE SİGORTA A.Ş.	117,273	1.9	150,593	2.2	28,4
ERGO SİGORTA AŞ	236,863	3.9	267,887	3.9	13,1
EUREKO SİGORTA AŞ	235,659	3.9	254,412	3.7	8,0
GENERALİ SİGORTA AŞ	45,467	0.8	52,651	0.8	15,8
GROUPAMA SİGORTA AŞ	250,029	4.1	262,109	3.8	4,8
GÜNEŞ SİGORTA A.Ş.	420,790	7.0	463,556	6.8	10,2
HALK SİGORTA A.Ş.	280,419	4.7	307,710	4.5	9,7
HDI SİGORTA AŞ	212,981	3.5	250,207	3.7	17,5
HÜR SİGORTA A.Ş.	58,472	1.0	43,256	0.6	-26,0
IŞIK SİGORTA A.Ş.	177,468	2.9	172,761	2.5	-2,7
KORU MUTUEL SİGORTA	13,005	0.2	19,401	0.3	49,2
LIBERTY SİGORTA AŞ	93,835	1.6	84,478	1.2	-10,0
MAPFRE GENEL SİGORTA A.Ş.	142,499	2.4	181,111	2.7	27,1
NEOVA SİGORTA A.Ş.	81,991	1.4	113,866	1.7	38,9
ORİENT SİGORTA A.Ş.	-	-	501	0.01	-
RAY SİGORTA A.Ş.	79,559	1.3	95,489	1.4	20,0
SBN SİGORTA A.Ş.	42,522	0.7	49,685	0.7	16,8
SOMPO JAPAN SİGORTA A.Ş.	187,871	3.1	197,692	2.9	5,2
TURİNS SİGORTA A.Ş.	22	0.0	57	0.0	159,1
TÜRK NIPPON SİGORTA A.Ş.	32,760	0.5	36,467	0.5	11,3
YAPI KREDİ SİGORTA A.Ş.	302,777	5.0	199,814	2.9	-34,0
ZURICH SİGORTA A.Ş.	115,093	1.9	150,606	2.2	30,9
ZİRAAT SİGORTA A.Ş.	376,777	6.2	482,753	7.1	28,1
<b>TOTAL</b>	<b>6,028,809</b>	<b>100</b>	<b>6,808,406</b>	<b>100</b>	<b>12,9</b>

# 9. STATISTICS



There are about 17.6 million dwellings that fall within the scope of Compulsory Earthquake Insurance.

## 9.3. PENETRATION RATE ON A PROVINCIAL BASIS

Regions and Provinces	Total Dwellings	Insured Dwellings	Penetration rate %	Collateral	Premium	Degree of Risk	Premium for 100 m <sup>2</sup> (TL)
EGE	2,616,350	918,486	35.1	63,892,762,080	131,999,409		
MUĞLA	241,650	113,287	46.9	7,360,035,240	15,654,007	1	164.0
İZMİR	1,120,220	427,461	38.2	30,425,138,520	63,567,569	1	164.0
DENİZLİ	251,500	75,683	30.1	5,896,075,280	12,230,816	1	164.0
AYDIN	284,970	111,128	39.0	7,440,729,600	15,932,881	1	164.0
UŞAK	82,710	21,360	25.8	1,581,479,660	2,486,513	2	118.5
MANİSA	309,460	89,276	28.8	5,860,423,180	12,675,107	1	164.0
AFYONKARAHİSAR	170,720	38,052	22.3	2,532,540,260	4,563,523	2	118.5
KÜTAHYA	155,120	42,239	27.2	2,796,340,340	4,888,993	2	118.5
<b>AKDENİZ</b>	<b>2,236,030</b>	<b>764,360</b>	<b>34.2</b>	<b>53,491,841,460</b>	<b>78,550,998</b>		
ANTALYA	610,140	273,276	44.8	18,677,666,420	26,503,006	2	118.5
MERSİN	440,730	146,136	33.2	11,243,319,120	9,164,062	3	68.1
ADANA	448,380	148,692	33.2	11,157,719,620	16,823,097	2	118.5
BURDUR	63,030	17,735	28.1	1,073,343,360	2,487,680	1	164.0
ISPARTA	121,580	33,480	27.5	1,962,005,660	4,531,234	1	164.0
HATAY	274,450	74,758	27.2	4,917,204,880	10,373,296	1	164.0
OSMANIYE	89,670	22,025	24.6	1,653,186,660	3,262,092	1	164.0
KAHRAMANMARAŞ	188,050	48,258	25.7	2,807,395,740	5,406,533	1	164.0
<b>MARMARA</b>	<b>6,014,550</b>	<b>2,883,086</b>	<b>47.9</b>	<b>201,929,493,240</b>	<b>367,262,934</b>		
YALOVA	79,590	51,331	64.5	3,481,808,240	7,294,526	1	164.0
İSTANBUL	3,682,450	1,819,587	49.4	127,355,689,340	229,540,029	1	169.0
TEKİRDAĞ	264,840	150,482	56.8	10,884,073,880	12,321,396	2	118.5
KIRKLARELİ	87,430	35,918	41.1	2,685,145,520	1,673,578	4	48.5
EDİRNE	100,430	45,524	45.3	3,201,288,400	2,922,817	4	48.5
KOCAELİ	421,370	199,100	47.3	14,341,051,280	29,464,948	1	164.0
SAKARYA	194,190	104,685	53.9	7,217,027,140	15,181,744	1	164.0
ÇANAKKALE	126,590	62,184	49.1	3,970,339,860	8,516,096	1	164.0
BALIKESİR	335,710	141,220	42.1	8,871,560,880	19,172,028	1	164.0
BURSA	670,750	255,097	38.0	18,695,157,800	38,830,663	1	164.0
BİLECİK	51,200	17,958	35.1	1,226,350,900	2,345,109	1	164.0
<b>GÜNEYDOĞU ANADOLU</b>	<b>991,460</b>	<b>243,622</b>	<b>24.6</b>	<b>17,441,093,240</b>	<b>20,845,347</b>		
GAZİANTEP	290,980	82,989	28.5	6,112,790,340	5,541,029	3	68.1
DIYARBAKIR	211,240	49,377	23.4	4,087,278,220	6,340,443	2	118.5
ŞANLIURFA	171,420	47,388	27.6	2,825,687,420	2,746,398	3	68.1
ADIYAMAN	78,760	19,521	24.8	1,514,623,800	2,439,615	2	118.5
KİLİS	21,340	5,844	27.4	329,331,340	316,345	3	68.1
MARDİN	91,660	18,356	20.0	1,196,582,000	1,120,998	3	68.1
SİİRT	33,410	5,045	15.1	328,696,740	712,004	1	164.0
BATMAN	59,430	12,297	20.7	873,676,920	1,344,153	2	118.5
ŞIRNAK	33,220	2,805	8.4	172,426,460	284,362	2	118.5



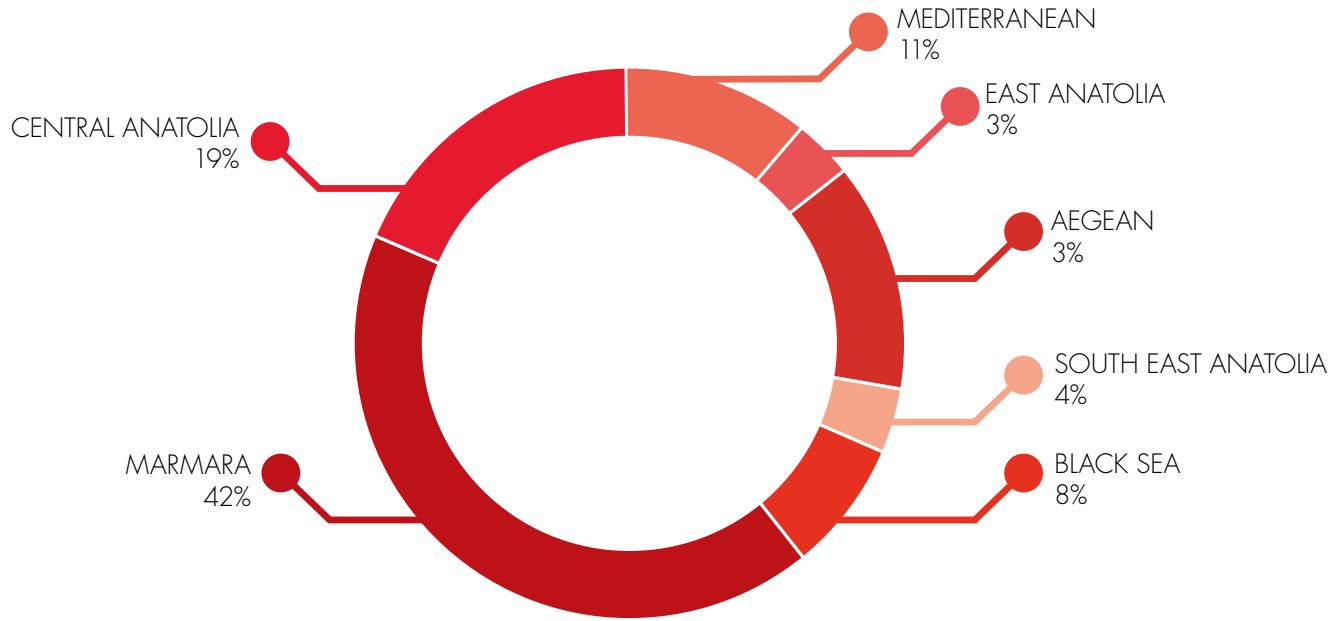
### 9.3. PENETRATION RATE ON A PROVINCIAL BASIS (Continuing)

Regions and Provinces	Total Dwellings	Insured Dwellings	Penetration rate %	Collateral	Premium	Degree of Risk	Premium for 100 m <sup>2</sup> (TL)
<b>DOĞU ANADOLU</b>	<b>777.020</b>	<b>217.445</b>	<b>28,0</b>	<b>16.914.928.640</b>	<b>29.047.993</b>		
ERZİNCAN	45.870	20.066	43,7	1.460.981.560	3.164.280	1	164,0
TUNCELİ	16.220	5.249	32,4	385.193.360	608.476	2	118,5
ERZURUM	118.900	30.954	26,0	2.504.876.580	3.791.467	2	118,5
KARS	33.050	8.999	27,2	597.307.760	938.440	2	118,5
ELAZIĞ	123.310	35.894	29,1	3.076.034.820	4.728.400	2	118,5
ARDAHAN	7.610	3.137	41,2	222.407.260	339.975	2	118,5
MALATYA	165.690	45.797	27,6	3.503.144.200	6.566.326	1	164,0
VAN	80.720	21.103	26,1	2.014.833.260	3.050.030	2	118,5
AĞRI	41.660	12.990	31,2	776.942.700	1.308.561	2	118,5
İĞDIR	20.850	6.368	30,5	366.869.020	601.625	2	118,5
BİTLİS	38.150	8.806	23,1	659.279.180	1.161.006	1	164,0
MUŞ	31.410	4.385	14,0	300.705.100	635.159	1	164,0
HAKKARİ	22.800	2.160	9,5	159.687.920	347.937	1	164,0
BİNGÖL	30.780	11.537	37,5	886.665.920	1.806.308	1	164,0
<b>İÇ ANADOLU</b>	<b>3.332.500</b>	<b>1.265.263</b>	<b>38,0</b>	<b>91.689.016.160</b>	<b>74.002.839</b>		
ANKARA	1.525.130	700.244	45,9	52.914.075.380	34.137.693	4	48,5
ESKİŞEHİR	233.240	107.960	46,3	6.665.599.120	10.295.834	2	118,5
ÇANKIRI	45.760	12.308	26,9	740.241.880	1.539.720	1	164,0
KAYSERİ	335.870	107.282	31,9	8.137.678.060	7.228.926	3	68,1
KIRŞEHİR	60.690	18.463	30,4	1.136.695.160	2.405.948	1	164,0
SİVAS	130.140	37.283	28,6	2.431.673.280	2.481.098	3	68,1
NEVŞEHİR	74.640	20.094	26,9	1.287.388.540	1.240.417	3	68,1
KARAMAN	56.810	18.609	32,8	1.368.108.220	748.980	5	40,8
KONYA	512.870	159.565	31,1	11.554.122.500	8.650.746	4	48,5
AKSARAY	90.530	23.870	26,4	1.714.837.400	986.973	5	40,8
NİĞDE	89.250	20.484	23,0	1.323.054.400	881.890	4	48,5
YOZGAT	99.860	23.659	23,7	1.473.538.100	1.499.919	3	68,1
KIRIKKALE	77.710	15.442	19,9	942.004.120	1.904.696	1	164,0
<b>KARADENİZ</b>	<b>1.693.780</b>	<b>516.144</b>	<b>30,5</b>	<b>36.095.285.460</b>	<b>52.214.747</b>		
BOLU	58.660	37.544	64,0	2.688.450.120	5.455.424	1	164,0
DÜZCE	48.080	29.437	61,2	2.086.739.820	4.329.927	1	164,0
AMASYA	73.980	22.240	30,1	1.480.817.700	3.171.065	1	164,0
SİNOP	44.090	14.598	33,1	952.554.840	897.228	4	48,5
KASTAMONU	73.710	21.917	29,7	1.497.910.720	2.695.455	1	164,0
ÇORUM	128.460	39.145	30,5	2.720.165.400	4.281.094	2	118,5
ZONGULDAK	137.510	35.529	25,8	2.407.648.760	4.047.630	2	118,5
SAMSUN	287.770	77.964	27,1	5.738.113.860	8.465.497	2	118,5
BARTIN	30.620	11.743	38,4	724.304.900	1.561.502	1	164,0
KARABÜK	56.630	18.704	33,0	1.211.957.120	2.617.934	1	164,0
TRABZON	208.190	57.534	27,6	4.380.484.280	2.808.338	4	48,5
ORDU	170.280	54.303	31,9	3.729.292.220	3.924.591	3	68,1
ARTVİN	32.060	10.908	34,0	754.296.440	594.957	3	68,1
GİRESUN	101.750	25.701	25,3	1.853.681.400	1.354.053	4	48,5
TOKAT	127.320	34.272	26,9	2.104.349.580	4.582.567	1	164,0
RİZE	74.910	16.639	22,2	1.227.567.300	795.019	4	48,5
GÜMÜŞHANE	27.140	5.687	21,0	358.987.580	467.891	3	68,1
BAYBURT	12.620	2.279	18,1	177.963.420	164.574	3	68,1
<b>OVERALL TURKEY</b>	<b>17.661.690</b>	<b>6.808.406</b>	<b>38,5</b>	<b>481.454.420.280</b>	<b>753.924.266</b>		



# 9. STATISTICS

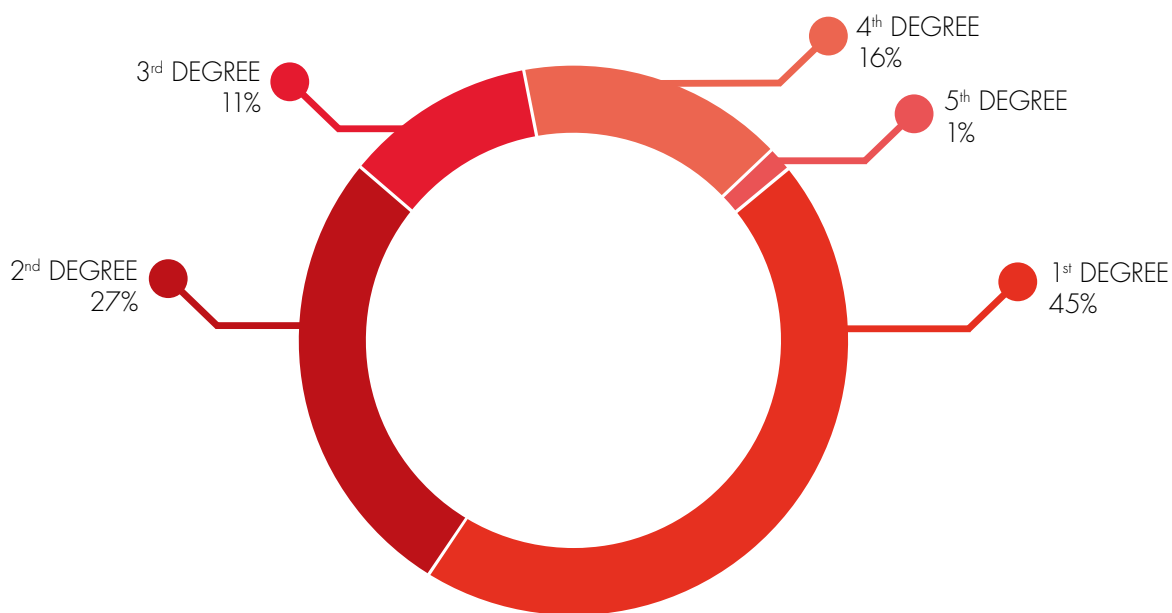
## 9.4. DISTRIBUTION OF POLICIES ON THE BASIS OF REGIONS



### Details of Distribution Of Policies On The Basis Of Regions

Regions	Total Dwellings	Insured Dwellings	Penetration Rate %	Collateral (TL)	Premium (TL)
MEDITERRANEAN REGION	2,236,030	764,360	34.2	53,491,841,460	78,550,998
EAST ANATOLIA REGION	777,020	217,445	28.0	16,914,928,640	29,047,993
AEGEAN REGION	2,616,350	918,486	35.1	63,892,762,080	131,999,409
SOUTH EAST ANATOLIA REGION	991,460	243,622	24.6	17,441,093,240	20,845,347
BLACK SEA REGION	1,693,780	516,144	30.5	36,095,285,460	52,214,747
MARMARA REGION	6,014,550	2,883,086	47.9	201,929,493,240	367,262,934
CENTRAL ANATOLIA	3,332,500	1,265,263	38.0	91,689,016,160	74,002,839
<b>OVERALL TURKEY</b>	<b>17,661,690</b>	<b>6,808,406</b>	<b>38.5</b>	<b>481,454,420,280</b>	<b>753,924,266</b>

## 9.5. DISTRIBUTION OF POLICIES ON THE BASIS OF DANGER ZONES

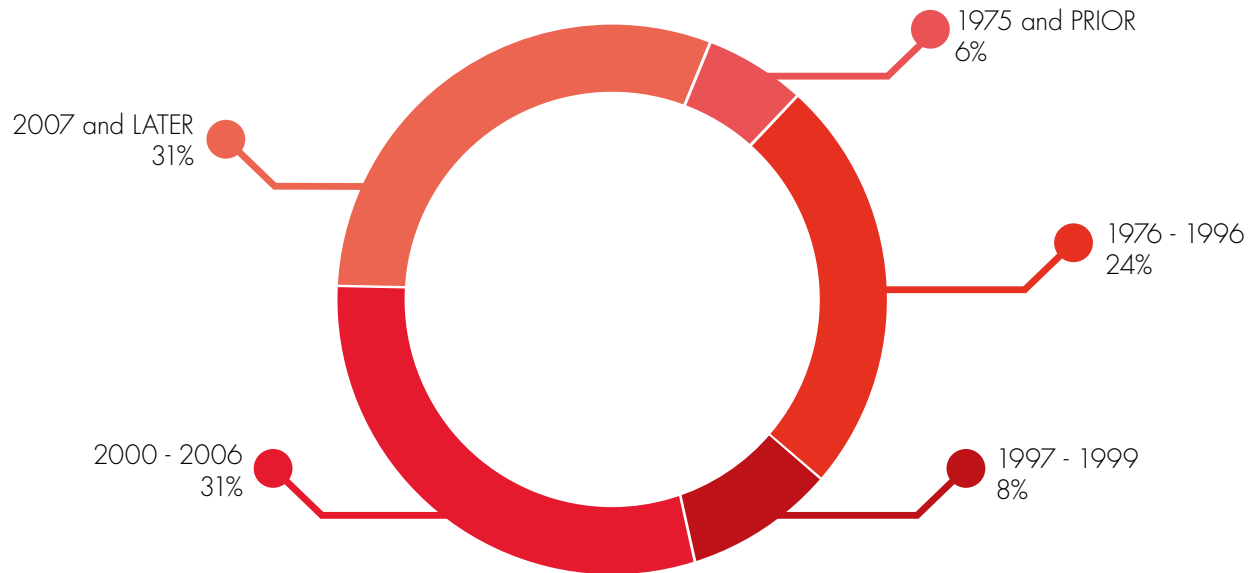


### Details of Distribution of Policies on the Basis of Danger Zones

Risk Degrees	Number of Policies	Penetration Rate (%)	Premium	Rate (%)	Oran (%)
1 <sup>st</sup> Degree	3,069,231	45.1	450,425,977	59.7	59,7
2 <sup>nd</sup> Degree	1,834,689	26.9	200,155,229	26.5	26,5
3 <sup>rd</sup> Degree	757,377	11.1	50,166,551	6.7	6,7
4 <sup>th</sup> Degree	1,076,658	15.8	50,466,239	6.7	6,7
5 <sup>th</sup> Degree	70,451	1.0	2,710,270	0.4	0,4
<b>TOTAL</b>	<b>6,808,406</b>	<b>100.0</b>	<b>753,924,266</b>	<b>100.0</b>	<b>100,0</b>

# 9. STATISTICS

## 9.6. POLICY DISTRIBUTION BY BUILDING CONSTRUCTION YEAR



### Details of Policy Distribution By Building Construction Year

Generation According To Building Construction Year	Number of Policies	Penetration Rate (%)	Premium (TL)	Rate (%)
1975 and Prior	393,878	5.79	38,737,811	5.1
1976-1996	1,654,010	24.29	187,945,886	24.9
1997-1999	566,628	8.32	65,696,559	8.7
2000-2006	2,122,802	31.18	238,788,572	31.7
2007 and Later	2,071,088	30.42	222,755,437	29.5
<b>TOTAL</b>	<b>6,808,406</b>	<b>100.00</b>	<b>753,924,266</b>	<b>100.00</b>

## 9.7. POLICY DISTRIBUTION BASED ON BUILDING SURFACE AREA

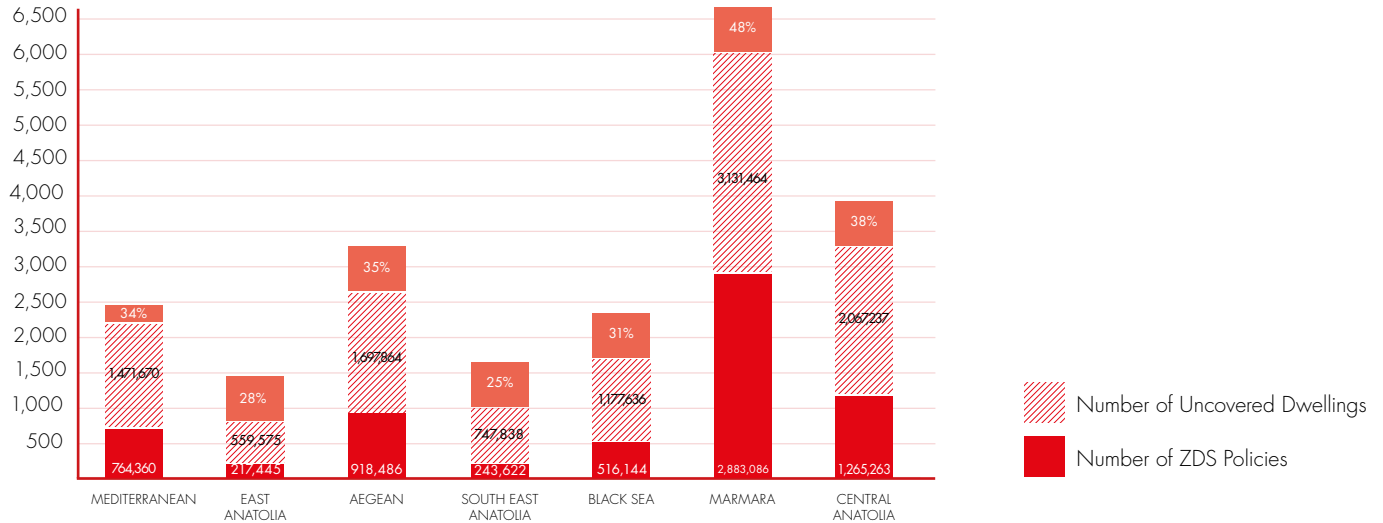


### Details of Policy Distribution Based on Building Surface Area

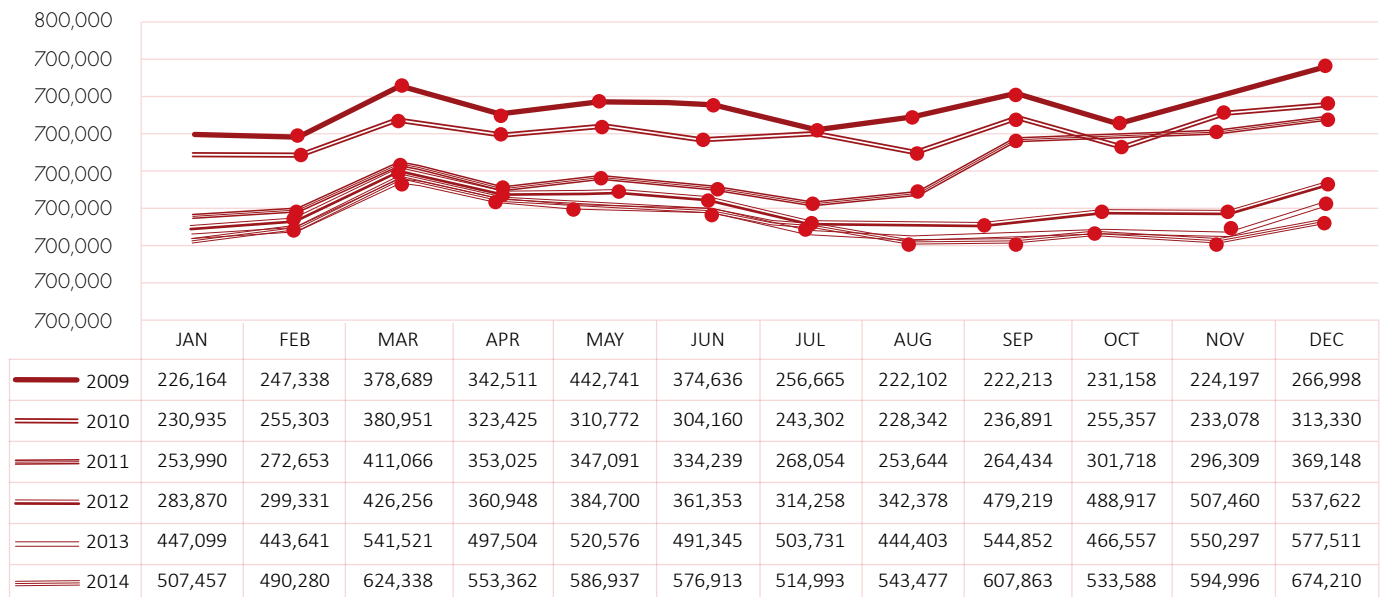
Generation According To Building Surface Area	Number of Policies	Penetration Rate (%)	Premium	Rate (%)
Smaller than 75 m <sup>2</sup>	1,713,742	25.17	117,449,239	15.58
76–100 m <sup>2</sup>	2,165,617	31.81	221,605,690	29.39
101–125 m <sup>2</sup>	1,315,533	19.32	159,421,900	21.15
126–150 m <sup>2</sup>	909,739	13.36	127,577,635	16.92
Over 150 m <sup>2</sup>	703,775	10.34	127,869,801	16.96
<b>TOTAL</b>	<b>6,808,406</b>	<b>100.0</b>	<b>753,924,266</b>	<b>100.0</b>

# 9. STATISTICS

## 9.8. RATE OF PENETRATION ON A REGIONAL BASIS



## 9.9. POLICY GENERATION BY MONTHS



# DOĐAL AFET SİGORTALARI KURUMU ("TURKISH CATASTROPHE INSURANCE POOL")

31 ARALIK 2014

FINANCIAL STATEMENTS

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT THEREON

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
AND RELATED DISCLOSURES AND FOOTNOTES  
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1.1)

AKİS BAĐIMSIZ DENETİM VE SERBEST  
MUHASEBECİ MALİ MÜŞAVİR  
ANONİM ŐİRKETİ

11 MAYIS 2015

THIS REPORT INCLUDES 2 PAGES OF INDEPENDENT AUDITORS' REPORT  
AND 27 PAGES OF FINANCIAL INFORMATION TOGETHER WITH THEIR EXPLANATORY NOTES.

Convenience Translation of the Independent Auditors' Report  
Originally Prepared and Issued in Turkish (See Note 2.1.1)

### INDEPENDENT AUDITORS' REPORT

#### To the Board of Directors of Doğal Afet Sigortaları Kurumu

We have audited the accompanying balance sheet of Doğal Afet Sigortaları Kurumu ("Turkish Catastrophe Insurance Pool: TCIP or "Institution") as at 31 December 2014 the statements of profit or loss and other comprehensive income, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Board of Director's Responsibility for the Financial Statements*

Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Independent Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with audit standards in force as per the insurance legislation. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal systems relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal system. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





**Opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Dođal Afet Sigortaları Kurumu as at 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Istanbul,  
11 May 2015  
Akis Bađımsız Denetim ve Serbest Muhasebeci Mali Műşavirlik A.Ş.  
A member of KPMG International Cooperative

Ruşen Fikret Selamet, SMMM  
**Partner**



# DOĞAL AFET SİGORTALARI KURUMU

## BALANCE SHEET AT 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Note	31 December 2014	31 December 2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4 and 5	2,459,067,700	2,365,538,869
Available-for-sale financial assets	4 and 6	633,608,516	183,633,418
Premium receivables	4 and 7	96,613,963	86,313,537
Deferred commission expense	17	64,498,095	57,045,317
Other current assets	8	161,510,626	152,331,112
<b>Total current assets</b>		<b>3,415,298,900</b>	<b>2,844,862,253</b>
<b>Non-Current Asset</b>			
Tangible Assets, net	9	11,888	13,588
Intangible Assets, net	10	13,890,098	2,548,190
Other non current Assets	8	9,075,458	21,580,144
<b>Total non-current assets</b>		<b>22,977,444</b>	<b>24,141,922</b>
<b>Total assets</b>		<b>3,438,276,344</b>	<b>2,869,004,175</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities</b>			
Short-term portion of long term borrowings	11	-	13,439,421
Short-term trade payables	4 and 12	212,459,928	225,739,092
Unearned premium reserve	13	389,216,872	346,877,328
Outstanding claims provision	4 and 13	12,597,136	13,493,400
<b>Total current liabilities</b>		<b>614,273,936</b>	<b>599,549,241</b>
<b>Non-current liabilities</b>			
Long-term borrowings	12	9,017,943	29,992,792
<b>Total non-current liabilities</b>		<b>9,017,943</b>	<b>29,992,792</b>
<b>Total liabilities</b>		<b>623,291,879</b>	<b>629,542,033</b>
Accumulated fund reserve	14	2,812,602,516	2,241,200,697
Fair value reserve	14	2,381,949	(1,738,555)
<b>Total net assets</b>		<b>2,814,984,465</b>	<b>2,239,462,142</b>
<b>Total liabilities and net assets</b>		<b>3,438,276,344</b>	<b>2,869,004,175</b>

The accompanying notes form an integral part of these financial statements.

# DOĞAL AFET SİGORTALARI KURUMU

## COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Note	2014	2013
<b>Revenues:</b>			
Earned premiums	15	711,646,520	605,594,957
<b>Total insurance revenue</b>		<b>711,646,520</b>	<b>605,594,957</b>
<b>Expenses:</b>			
Cost of reinsurance coverage	16	(206,338,874)	(194,175,838)
Commission expenses	17	(116,732,572)	(100,221,247)
Incurred claims	18	(3,686,726)	(8,896,960)
<b>Total insurance expenses</b>		<b>(326,758,172)</b>	<b>(303,294,045)</b>
<b>Insurance revenue, net</b>		<b>384,888,348</b>	<b>302,300,912</b>
General administrative expenses	19	(35,769,443)	(20,566,926)
<b>Operating income</b>		<b>349,118,905</b>	<b>281,733,986</b>
Financial income, net	20	222,282,914	159,918,885
<b>Increase in fund reserve, net</b>		<b>571,401,819</b>	<b>441,652,871</b>
<b>Other comprehensive income:</b>			
Increase/(decrease) in fair value reserve		4,120,504	(3,878,990)
<b>Increase in comprehensive fund reserve</b>		<b>575,522,323</b>	<b>437,773,881</b>

The accompanying notes form an integral part of these financial statements.

# DOĞAL AFET SİGORTALARI KURUMU

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Fair value reserve	Accumulated fund reserve	Total
<b>1 January 2013</b>	<b>2,140,435</b>	<b>1,799,547,826</b>	<b>1,801,688,261</b>
Decrease in fair value reserve – net (Note 14.b)	(3,878,990)	-	(3,878,990)
Increase in fund reserve	-	441,652,871	441,652,871
<b>31 December 2013</b>	<b>(1,738,555)</b>	<b>2,241,200,697</b>	<b>2,239,462,142</b>
Increase in fair value reserve – net (Note 14.b)	4,120,504	-	4,120,504
Increase in fund reserve	-	571,401,819	571,401,819
<b>31 December 2014</b>	<b>2,381,949</b>	<b>2,812,602,516</b>	<b>2,814,984,465</b>

The accompanying notes form an integral part of these financial statements.

# DOĞAL AFET SİGORTALARI KURUMU

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Note	2014	2013
<b>Cash flows from institution's activities:</b>			
<b>Increase in fund reserve, net</b>		<b>571,401,819</b>	<b>441,652,871</b>
<b>Adjustments for:</b>			
Depreciation and amortisation charges	19	1,637,243	853,303
Net income from investments		(222,687,285)	(157,146,353)
Interest expenses	20	404,371	919,801
Foreign exchange losses/(profits) associated with borrowings		1,239,601	3,374,198
Increases in receivables (-)		(10,300,426)	(11,684,469)
Increase in other current assets (-)		3,325,172	(89,546,200)
Change in insurance reserves and deferred commission expense		33,990,502	58,676,477
Increase in short-term trade payables		(34,254,013)	18,689,268
<b>Net cash provided by institution's activities</b>		<b>344,756,984</b>	<b>365,788,896</b>
<b>Cash flows from investing activities:</b>			
Interest received from banks		217,848,155	150,386,291
Decrease/(increase) in available-for-sale financial assets		(418,832,265)	(79,079,412)
Purchases of tangible and intangible assets	9 and 10	(12,977,452)	(1,504,349)
<b>Net cash inflow related to investing activities</b>		<b>(213,961,562)</b>	<b>69,802,530</b>
<b>Cash flows from financing activities:</b>			
Reimbursements of borrowings and interests		(13,439,421)	(12,860,709)
<b>Net cash outflows from financing activities</b>		<b>(13,439,421)</b>	<b>(12,860,709)</b>
<b>Net increase in cash and cash equivalents</b>		<b>117,356,002</b>	<b>422,730,717</b>
Cash and cash equivalents at the beginning of the period		2,331,185,074	1,923,113,746
Foreign exchange profits associated with cash and cash equivalents		(519,541)	(14,659,389)
<b>Cash and cash equivalents at the end of the period</b>	<b>5</b>	<b>2,448,021,535</b>	<b>2,331,185,074</b>

The accompanying notes form an integral part of these financial statements.

# DOĞAL AFET SİGORTALARI KURUMU

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

### NOTE 1 - NATURE OF OPERATIONS AND ADMINISTRATION

Doğal Afet Sigortaları Kurumu ("Turkish Catastrophe Insurance Pool: TCIP" or "Institution"), was established as a public legal entity in order to provide insurance and to fulfil the other tasks assigned to it under Decree Law No. 587 ("Decree Law") issued by the Council of Ministers and published in the Official Gazette on 27 December 1999. As it is published and became valid in Official Gazette under Law No. 6305 "Afet Sigortaları Kanunu" ("Law") on 18 May 2012, Decree Law was abolished and all the actives and passives and all rights and liabilities of the Institution which was founded with decree law is transferred to founded the Institution without any transaction on 18 May 2012. The main operation of the Institution is to provide Compulsory Earthquake Insurance to ensure that owners of the buildings are compensated for their losses that occur as a result of an earthquake. The organization is ruled by seven member of the board of directors of Doğal Afet Sigortalar Kurumu who has been working in T.C. Prime Ministry of Turkish Treasury ("Treasury"), Eureka Sigorta, Insurance Association of Turkey, academic member appointed by Higher Education Board, Security Exchange Commission, Ministry of Environment and Urban Planning and Disaster and Emergency Management Presidency.

The Institution started policy sales on 27 September 2000.

The execution of technical and operational activities of the Institution is outsourced. Under the provisions of Law No. 6305, administration of the operations of the Institution has been assigned to Eureka Sigorta A.Ş., as the "Institution Administrator", by Treasury through a contract signed on 8 August 2005 for a period of 5 years. After the renewal of tender in July 2010, Eureka Sigorta A.Ş. has been re-assigned as the Institution Administrator for the period between 2010 and 2015 and the related contract was signed on 8 August 2010. The Institution Administrator, based on the principles set out by Treasury and decisions of Board of Directors of the Institution; and on behalf of the Institution, provides day-to-day administrative services with respect to executing technical and operational aspects of all insurance activities of the Institution regarding compulsory earthquake insurance, applying plans for risk transfer and reinsurance, management of resources of the Institution, carrying out the campaigns related to public relations, marketing and education, purchasing of goods and services related to operations of the Institution and bookkeeping services.

Institution and funds generated by the Institution are exempt from any kind of taxation.

The organization is not subject to the law numbered 3346 Community Economical Attempts with the law about the auditing of of the funds by Türkiye Büyük Millet Meclisi, Court of Accounts Law numbered 6085, Travel Expense Law numbered 6245, Public Financial Management and Control law numbered 5018 and Public Bid Law numbered 4734. Insurance premium receivables of the Institution are collected in accordance with Law related to the Procedures for the Collection of Public Receivables numbered 6183.

Annual financial statements, transactions and expenses of the Institution are audited by Treasury.

### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Institution at 31 December 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Institution maintains its books of account and prepares its statutory financial statements in Turkish Lira ("TL") in accordance with the Law numbered 6305. These financial statements are based on the statutory records, with adjustments and reclassifications, for the purpose of fair presentation in accordance with IFRS.

The financial statements of the Institution were authorised for issue by Institution Board of Directors on 11 May 2015.



## **NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

### **Amendments and interpretations, published as of 31 December 2014, but valid after 1 January 2015:**

#### **IFRS 9, "Financial instruments"**

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is in the process of assessing the impact of the standard on financial position or performance of the Group.

## **NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Institution's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the respective accounting policy disclosures.

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied to all the years presented, unless otherwise stated.

#### ***Premium revenue/ Commission expense***

Premiums are recognized as income proportionally over the period of coverage of earthquake policies issued on a daily pro-rata basis. The portion of premium revenues that relates to the following period is accounted as the unearned premium reserve for each policy and on a daily basis. The commission expenses incurred in acquiring the unearned portion of premiums are deferred on the same basis as the premiums to which they relate.

#### ***Cost of reinsurance coverage***

The reinsurance agreements entered into by the Institution with reinsurers under which institution is compensated for losses on one or more policies, and that meet the classification requirements for insurance contracts are classified as reinsurance contracts. The cost of reinsurance, mainly consisting of excess of loss premiums, is incurred on an accrual basis.

The excess of loss reinsurance agreements are renewed annually and cover twelve-months-period from November of prior year up to the end of October of the current year. Accordingly, the cost of reinsurance accounted for under the current year include 10-months-portion of the excess of loss premium related to the reinsurance agreement ending October 2014 and 2-months-portion of the excess of loss premium related to the reinsurance agreement ending October 2015. The cost of reinsurance accounted in the current year also includes excess of loss premium adjustment accrued with respect to related reinsurance agreements as well as brokerage fees paid to and incurred for related intermediaries.



# DOĞAL AFET SİGORTALARI KURUMU

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

### NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)

#### **Claims**

The organization books outstanding claim provision for the compensation cost which was accrued and located however not actually paid by the end of the period or if the cost is not calculated they book for estimated and incurred but not reported cost. The organization considered the average 31 December 2014 and 2013 paid claims for calculating incurred but not reported claims and compensation cost and the found amount by multiplying this amount and estimated incurred but not reported claim file unit was reflected as incurred but not reported claim provision in its records.

#### **Property and equipment**

Property and equipment are carried at cost less accumulated depreciation. Depreciation is calculated using the straightline method over their estimated useful life based on the restated cost of such assets. The estimated useful lives of property and equipment are as follows:

Furniture and fixtures 5 years

If book value of an asset is more than its estimated recoverable value, book value of that asset is discounted to its recoverable amount. Profit or loss occurred due to disposal of tangible assets are determined by comparing the book value and collected amount and included to the calculation of increase in fund reserve.

Maintenance and reparation expenses are accounted under the current income statement. But the investment expenses for extending the capacity of the tangible assets' future benefits are included in the cost of the tangible assets.

#### **Intangible assets**

Intangible assets consist of the acquired information systems, franchise rights and software. Intangible assets are carried at acquisition cost and amortised by the straight-line method over their estimated useful lives after their acquisition date. If impairment exists, carrying amount of the intangible assets is written down immediately to its recoverable amount. The useful life of intangible assets is 4 years.

#### **Financial assets**

The Institution classifies its financial assets as "Available-for-sale financial assets", "Financial assets at fair value through profit or loss" and "Loans and receivables". The classification of the financial assets is decided by the Institution management at initial recognition based on the purpose for which such assets were acquired and reviewed at reporting periods.

##### **a) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either held as available for sale or not classified in any other categories. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices, are classified as available-for-sale financial assets.

##### **b) Financial assets at fair value through profit or loss**

"Financial assets at fair value through profit or loss" in the financial statements. Financial assets at fair value through profit or loss consist of financial instruments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin, formed as a part of a portfolio of financial assets that are managed together for which there is evidence of short-term profit taking, and classified as financial assets designated at fair value through profit or loss at inception since they are managed and their performance is evaluated on fair value basis.





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### **NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES (Continued)**

#### **c) *Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Institution intends to sell in the short term or that it has designated as at fair value through profit or loss or available-for-sale. Receivables arising from insurance contracts are classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

Financial assets are initially recognised at fair value. Available-for-sale financial assets are subsequently carried at fair value based on quoted bid prices. Loans and receivables are carried at cost less any provision for impairment.

Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are accounted in the fair value reserve as a part of net assets. When such financial assets are disposed or impaired, the accumulated fair value differences under net assets are transferred to the income statement. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in the income statement.

Financial assets at fair value through profit or loss are accounted for at their fair values at the inception date and measured at their fair values at subsequent periods. It is concluded that the fair value can not be reliably measured if the price that provides a basis for fair value is not set in active market conditions and "amortised cost value" that is calculated using the effective interest method is used as fair value. Valuation gains or losses are recognised in the income statement. The interest income and dividend income on financial assets at fair value through profit or loss are classified in interest income and the dividend income, respectively.

#### ***Foreign currency translation***

Transactions in foreign currencies during the period are translated into Turkish Lira at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the Central Bank of Republic of Turkey exchange rates prevailing at the period end. Exchange gains and losses arising from translation of monetary assets and liabilities denominated in foreign currencies are included in the income statement.

#### ***Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently stated at amortised cost and any difference between the borrowing amount, net of transaction costs, and the balance sheet amount calculated using the effective yield method is recognised in the income statement.



# DOĞAL AFET SİGORTALARI KURUMU

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

### NOT 3 - ÖNEMLİ MUHASEBE POLİTİKALARININ ÖZETİ (Devamı)

#### *Fair value of financial instruments*

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The classifications used by the Institution with respect to fair values of its financial assets and liabilities are disclosed below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2),
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Available-for-sale financial assets and financial assets at fair value through profit or loss included in the balance sheet are the items that are recognised at fair value. The fair value of such financial assets is determined by using quoted prices, which can be regarded as Level 1. The estimated fair values of financial instruments have been determined by the Institution using available market information and appropriate valuation methodologies to the extent that relevant and reliable information is available from the financial markets in Turkey. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein may not be necessarily indicative of the amounts the Institution could realise in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial assets and liabilities for which it is practicable to estimate fair value:

#### **Financial assets**

The fair values of balances denominated in foreign currencies, which are translated at period end exchange rates, are considered to approximate their carrying values.

The carrying values of certain financial assets, including cash and cash equivalents along with the respective accrued interest are considered to approximate their fair values.

The fair values of available-for-sale financial assets and financial assets at fair value through profit or loss are determined by reference to the market values.

The carrying values of premiums receivable are considered to approximate their fair values due to their short-term nature.

#### **Financial liabilities**

The fair value of bank borrowings for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Institution for similar borrowings.



## **NOTE 4 - MANAGEMENT OF INSURANCE AND FINANCIAL RISK**

### ***Insurance risk***

The Institution issues contracts (insurance policy) that carry insurance risk. This section summarises the risks associated with these contracts and how the Institution manages them.

The risk under insurance contracts is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of the insurance contracts, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Institution faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. The Institution management believes that the liability for claims carried at year-end is adequate. The Institution is granting earthquake coverage to residential buildings. The payment ability of the Institution is limited to its accumulated funds and reinsurance protection that is purchased from the reinsurance market. The catastrophe model outputs are taken into consideration while setting the top limit and the priorities for the reinsurance protection. The limits are monitored in line with the aggregate developments as per the key zones. Premium amounts are based on pre-determined tariffs that vary according to the earthquake zones and types of buildings. The maximum guarantee provided for a residence via Compulsory Earthquake Insurance is TL 150,000 (31 December 2013: TL 150,000). Minimum policy premium is TL 25 (31 December 2013: TL 25) regardless of the type of building and earthquake zone.

The Institution manages such risks through its underwriting strategy and reinsurance protection purchased via excess of loss reinsurance agreement.



# DOĞAL AFET SİGORTALARI KURUMU

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

### NOTE 4 - MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

The concentration of insurance risk (maximum insured loss) is summarised below:

	2014	2013
Istanbul region	127,355,130,540	116,358,853,330
Other regions	354,098,197,540	313,096,991,060
<b>Total</b>	<b>481,453,328,080</b>	<b>429,455,844,390</b>

The concentration of insurance risk in terms of geographical risk zones in Turkey, Zone 1 having the highest earthquake risk, is summarized below:

	2014	2013
Zone 1	212,902,119,520	191,782,109,140
Zone 2	127,846,121,160	112,110,064,930
Zone 3	55,583,345,360	49,309,409,100
Zone 4	80,300,370,840	72,038,525,460
Zone 5	4,821,371,200	4,215,735,760
<b>Total</b>	<b>481,453,328,080</b>	<b>429,455,844,390</b>

#### Financial risk factor

The Institution is exposed to financial risk through its financial assets, financial liabilities (borrowings) and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts and not covered by the reinsurance agreement. The most important components of the financial risk are market risk (includes interest rate risk and currency risk), credit risk and liquidity risk. The Institution's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise its potential adverse effects on the Institution's financial performance. Risk management is carried out by the Institution Administrator under policies regulated by certain legal arrangements and approved by the Board of Directors. Board of Directors considers the liquidity and credibility of the investments in the first place and seeks the maximisation of profitability on investments. The Institution does not use derivative financial instruments to hedge risk exposures.

#### (a) Market risk

##### i. Interest rate risk

The Institution is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. This risk is managed by using natural hedges that arise from balancing interest rate sensitive assets and liabilities.

Available-for-sale financial assets with variable interest rates expose the Institution to interest rate risk. As of 31 December 2014, if market interest rates on financial assets with variable interest rates were higher/lower by 1%, with all other variables held constant, as a result of higher/lower interest income on financial assets with variable rates, increase in fund reserve would be higher/lower by TL 1,034,941 (31 December 2013: TL 513,409).

#### NOTE 4 - MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

The Institution does not have any other financial assets or liabilities with variable interest rates.  
The analysis of contractual repricing dates of financial assets at the balance sheet dates are as follows:

<b>31 December 2014</b>	<b>Up to 3 months</b>	<b>3 months- 1 year</b>	<b>1 - 5 year</b>	<b>More than 5 years</b>	<b>Not subject to repricing</b>	<b>Total</b>
Available-for-sale financial assets	56,367,770	219,096,679	212,143,754	146,000,313	-	633,608,516
<b>Total</b>	<b>56,367,770</b>	<b>219,096,679</b>	<b>212,143,754</b>	<b>146,000,313</b>	<b>-</b>	<b>633,608,516</b>

<b>31 December 2013</b>	<b>Up to 3 months</b>	<b>3 months- 1 year</b>	<b>1 - 5 year</b>	<b>More than 5 years</b>	<b>Not subject to repricing</b>	<b>Total</b>
Available-for-sale financial assets	-	127,206,776	54,950,901	1,475,741	-	183,633,418
<b>Total</b>	<b>-</b>	<b>127,206,776</b>	<b>54,950,901</b>	<b>1,475,741</b>	<b>-</b>	<b>183,633,418</b>

#### ii. Foreign currency risk

The Institution is exposed to foreign exchange rate risk through the impact of rate changes at the translation of Turkish Lira pertaining to foreign currency denominated assets and liabilities. These risks are monitored and limited by the analysis of the foreign currency position (Note 21).

The Institution is exposed to foreign exchange risk primarily with respect to Euro and USD. The foreign currency risk analysis associated with these foreign currencies is as follows:

At 31 December 2014, if Euro appreciated/depreciated by 10% against TL, with all other variables held constant, as a result of foreign exchange gains/losses on the translation of Euro denominated assets and liabilities, net assets would be higher/lower by TL 743,301 (31 December 2013: TL 3,567,862).

At 31 December 2014, if USD appreciated/depreciated by 10% against TL with all other variables held constant, as a result of foreign exchange losses/gains on the translation of USD denominated assets and liabilities, net assets would be lower/higher by TL 907,546 (31 December 2013: TL 630,632).

# DOĞAL AFET SİGORTALARI KURUMU

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

### NOTE 4 - MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### iii. Price risk

The financial assets of the Institution expose the Institution to price risk.

The Institution's available-for-sale financial assets with fixed interest rate are measured at market value as of 31 December 2014. If market prices increased/decreased by 5%, with all other variables held constant, net assets would be higher/lower by TL 31,680,426 (31 December 2013: TL 9,181,681).

#### (b) Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of the agreements or will be unable to pay amounts in full when due. The Institution's exposure to credit risk arises mainly from banks deposits, financial assets, premium receivables from insurance companies and reinsurers' share of insurance liabilities. The assets bearing credit risk are analysed in the tables below using the ratings of rating institutions, namely Standard & Pools ("S&P"), Moody's and Fitch:

#### i. Bank deposits

S&P	2014			2013		
	TL	Foreign currency	Total	TL	Foreign currency	Total
B	789,409,245	-	789,409,245	826,849,334	-	826,849,334
BB	-	-	-	-	-	-
Not rated	1,171,848,870	70,612,127	1,242,460,997	1,496,100,726	42,582,189	1,538,682,915
<b>Total</b>	<b>1,961,258,115</b>	<b>70,612,127</b>	<b>2,031,870,242</b>	<b>2,322,950,060</b>	<b>42,582,189</b>	<b>2,365,532,249</b>

Moody's	2014			2013		
	TL	Foreign currency	Total	TL	Foreign currency	Total
P2	-	-	-	2,322,950,060	-	2,322,950,060
P3	1,961,258,115	70,612,127	2,031,870,242	-	42,582,189	42,582,189
NP	-	-	-	-	-	-
Not rated	-	-	-	-	-	-
<b>Total</b>	<b>1,961,258,115</b>	<b>70,612,127</b>	<b>2,031,870,242</b>	<b>2,322,950,060</b>	<b>42,582,189</b>	<b>2,365,532,249</b>

Fitch	2014			2013		
	TL	Foreign currency	Total	TL	Foreign currency	Total
F3	1,961,258,115	70,612,127	2,031,870,242	2,322,950,060	42,582,189	2,365,532,249
B	-	-	-	-	-	-
Not rated	-	-	-	-	-	-
<b>Total</b>	<b>1,961,258,115</b>	<b>70,612,127</b>	<b>2,031,870,242</b>	<b>2,322,950,060</b>	<b>42,582,189</b>	<b>2,365,532,249</b>

## NOTE 4 - MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

### ii. Available-for-sale financial assets

31 December 2014	Amount	S&P	Moody's	Fitch
Short term - TL	275,464,449	B+	-	-
Long term - TL	358,144,067	BB+	Baa3	BB
<b>Total</b>	<b>633,608,516</b>			

31 December 2013	Amount	S&P	Moody's	Fitch
Short term - TL	127,206,776	B	-	-
Long term - TL	56,426,642	BB	Baa3	BB
<b>Total</b>	<b>183,633,418</b>			

### iii. Premium receivables

	2014	2013
<b>Premium receivables from insurance companies</b>	<b>96,613,963</b>	<b>86,313,537</b>

The Institution has premium receivables from the insurance companies operating in Turkey which are subject to capital adequacy requirements of Treasury, main regulatory body regarding operational and financial activities of insurance companies in Turkey. Insurance premium receivables of the Institution are collected in accordance with Law related to the Procedures for the Collection of Public Receivables numbered 6183.

The Institution does not have any overdue receivables as of 31 December 2014 and 2013 and no receivable has been overdue during the reporting period, and the Institution management does not expect any losses from non-performance by these insurance companies.

### iv. Reinsurers' share of insurance liabilities

The institution has an excess of loss reinsurance agreement in force via the Willis Limited for the 2013-2014 period (first 10 months) and brokers panel led by Aon for the period 2014-2015 (last 2 months of 2014) to reinsure insurance risk arising on its earthquake insurance portfolio. Willis Limited and Aon are Lloyd's brokers registered in London and authorised and regulated by the Financial Services Authority, the official regulator of all providers of financial services in the United Kingdom. The reinsurance planning has been led by Aon at the end of year 2014.

The above-mentioned reinsurance agreement consists of different layers shared by various reinsurance companies and the reinsurance coverage amounts provided by these reinsurance companies in accordance with terms of the excess of loss reinsurance agreements as of 31 December 2014 and 2013 are as follows:

Limits to reinsurance coverage	EUR		TL	
	Foreign currency amount		equivalent	
	2014	2013	2014	2013
Lower limit	450,000,000	450,000,000	1,269,315,000	1,320,480,000
Upper limit	3,250,000,000	3,150,000,000	9,167,275,000	9,243,360,000
<b>Maximum coverage received</b>	<b>2,800,000,000</b>	<b>2,700,000,000</b>	<b>7,897,960,000</b>	<b>7,922,880,000</b>

In addition to the reinsurance coverages above, catastrophic bond coverage obtained during year 2014 amounts to USD 400,000,000.

# DOĞAL AFET SİGORTALARI KURUMU

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

### NOTE 4 - MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

The analysis of the credibility of the reinsurance companies with the highest risk shares with respect to the above-mentioned excess of loss reinsurance agreement and Aon, using the ratings of rating institutions, as of 31 December 2014 and 2013 is as follows:

<b>2014</b>	<b>S&amp;P</b>	<b>Moody's</b>	<b>Fitch</b>
Munich RE	AA-	Aa3	AA-
Swiss RE	AA-	Aa3	-
Scor RE	A+	A1	A+
Hannover RE	AA-	-	-
Aon	A-	Baa2	BBB+

<b>2013</b>	<b>S&amp;P</b>	<b>Moody's</b>	<b>Fitch</b>
Munich RE	AA-	Aa3	AA-
Swiss RE	AA-	Aa3	-
Scor RE	A+	A1	A+
Hannover RE	AA-	-	-
Aon	A-	Baa2	BBB+

The Institution, aims to provide protection against the financial risk which can be caused by a potential earthquake in İstanbul, by exporting 400 million dollars catastrophe bond with three-year maturity via Bosphorus 1 RE which was established in 2013, Bermuda. Bosphorus 1 RE get BB+ degree from Standard & Poor's. Bosphorus 1 Re was not evaluated as a special purpose vehicle according to IFRS 10 and has not been consolidated in the accompanying financial statements.

#### (c) Liquidity risk

The Institution uses its available cash resources to pay claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Management sets the limits of the minimum level of funds available to meet such liabilities. Cash outflows due to the borrowing payments are managed by considering the amounts of unreserved cash flow from its operations. Hence, on one hand it is possible to pay debts with the cash generated from operating activities when necessary, and on the other hand, sufficient and reliable sources of high quality borrowings are available.

The tables below present a maturity analysis for the Institution's financial liabilities, on an undiscounted basis, in accordance with relevant maturity groupings based on the remaining period at the balance sheet dates to the expected or contractual maturity date:

<b>31 December 2014</b>	<b>Contractual or expected cash flows</b>					<b>Total</b>
	<b>Up to 3 months</b>	<b>3 months - 1 year</b>	<b>1 year - 5 year</b>	<b>Over 5 years</b>	<b>No Maturity</b>	
<b>Liabilities</b>						
Trade Payables	133,343,051	79,116,877	9,017,943	-	-	<b>221,477,871</b>
Outstanding claims provision <sup>(*)</sup>	204,731	-	12,392,405	-	-	<b>12,597,136</b>
<b>Total</b>	<b>133,547,782</b>	<b>79,116,877</b>	<b>21,410,348</b>	<b>-</b>	<b>-</b>	<b>234,075,007</b>

<b>31 December 2013</b>	<b>Contractual or expected cash flows</b>					<b>Total</b>
	<b>Up to 3 months</b>	<b>3 months - 1 year</b>	<b>1 year - 5 year</b>	<b>Over 5 years</b>	<b>No Maturity</b>	
<b>Liabilities</b>						
Loans	-	13,439,421	-	-	-	<b>13,439,421</b>
Trade Payables	136,244,087	89,495,005	29,992,792	-	-	<b>255,731,884</b>
Outstanding claims provision <sup>(*)</sup>	363,878	-	13,129,522	-	-	<b>13,493,400</b>
<b>Total</b>	<b>136,607,965</b>	<b>102,934,426</b>	<b>43,122,314</b>	<b>-</b>	<b>-</b>	<b>282,664,705</b>

<sup>(\*)</sup> Provision for outstanding claims is presented in the short term liabilities of accompanying financial statements.



## NOTE 4 - MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

### Fund reserve risk management

The Institution's objectives when managing the fund reserve are to safeguard the Institution's ability to perform claim and borrowing payments including interests and to maximise the accumulation of fund reserve to maintain financial strength of the Institution so that the Institution can meet all commitments under its insurance contracts which are not covered by reinsurance agreements.

## NOTE 5 - CASH AND CASH EQUIVALENTS

	2014	2013
Bank deposits	2,031,870,242	2,365,532,249
Receivables from repurchase agreements	427,176,708	-
Other liquid Assets	20,750	6,620
<b>Total</b>	<b>2,459,067,700</b>	<b>2,365,538,869</b>

Bank deposits are further analysed as follows:

Bank deposits in TL		
- demand deposits	3,531	2,140
- vdemand deposits	1,961,254,584	2,322,949,940
Foreign currency denominated bank deposits		
- demand deposits	-	39,374
- time deposits	70,612,127	42,540,795
<b>Total</b>	<b>2,031,870,242</b>	<b>2,365,532,249</b>

Institution's time and demand deposits are placed in public banks in accordance with the regulation about the operation principles and procedures for the Turkish Catastrophe Insurance Pool.

# DOĞAL AFET SİGORTALARI KURUMU

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

### NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

Foreign currencies denominated time deposits are as follows:

	<u>Amount in foreign currency</u>		<u>TL equivalent</u>	
	2014	2013	2014	2013
EUR	25,016,804	12,014,541	70,612,127	35,280,701
USD	-	3,401,628	-	7,260,094
<b>Total</b>	<b>25,016,804</b>	<b>15,416,169</b>	<b>70,612,127</b>	<b>42,540,795</b>

Maturities of time deposits are 1.5 months and weighted average annual interest rates are as follows:

	<u>Interest rate per annum (%)</u>	
	2014	2013
TL	8.98	8.20
USD	1.81	1.98
EUR	1.45	2.43

Foreign currency denominated demand deposits are analyzed as follows:

	<u>Amount in foreign currency</u>		<u>TL equivalent</u>	
	2014	2013	2014	2013
USD	-	16,117	-	34,398
EUR	-	1,695	-	4,976
<b>Total</b>	<b>-</b>	<b>17,812</b>	<b>-</b>	<b>39,374</b>

Cash and cash equivalents included in the statements of cash flows are as follows:

	2014	2013
Cash and cash equivalents	2,459,067,700	2,365,538,869
Less: Interest accrued (-)	(11,046,165)	(34,353,795)
<b>Total cash and cash equivalents</b>	<b>2,448,021,535</b>	<b>2,331,185,074</b>

## NOTE 6 - AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014	2013
Available-for-sale financial assets		
- Government bonds and treasury bills	633,608,516	183,633,418
<b>Total</b>	<b>633,608,516</b>	<b>183,633,418</b>

The interest rate interval of the available-for-sale financial assets is as follows:

	2014 (%)	2013 (%)
Government bonds and treasury bills	5.10 – 10.53	6.78 - 9.12

A portion of marketable securities amounting to TL 103,530,960 (31 December 2013: TL 6,030,765) have variable interest rates.

The analysis of the financial assets by maturity is as follows:

2014	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	No maturity	Total
Government bonds and treasury bills	56,367,770	147,853,768	71,242,911	212,143,754	146,000,313	-	633,608,516
<b>Total</b>	<b>56,367,770</b>	<b>147,853,768</b>	<b>71,242,911</b>	<b>212,143,754</b>	<b>146,000,313</b>	<b>-</b>	<b>633,608,516</b>

2013	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	No maturity	Total
Government bonds and treasury bills	-	1,661,321	59,514,690	55,701,602	66,755,805	-	183,633,418
<b>Total</b>	<b>-</b>	<b>1,661,321</b>	<b>59,514,690</b>	<b>55,701,602</b>	<b>66,755,805</b>	<b>-</b>	<b>183,633,418</b>

## NOTE 7 – PREMIUM RECEIVABLES

	2014	2013
Premium receivables from insurance companies	96,613,963	86,313,537
<b>Total</b>	<b>96,613,963</b>	<b>86,313,537</b>

The average turnover of the Institution's premium receivables is 1.5 month (31 December 2013: 1.5 month). The Institution does not have any impaired or overdue receivables as of 31 December 2014 and 2013.

As of 31 December 2014 and 2013, there are no guarantees received for the receivables.

# DOĞAL AFET SİGORTALARI KURUMU

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

### NOTE 8 – OTHER CURRENT/NON CURRENT ASSETS

	2014	2013
Excess of loss premiums related to the following months	167,274,318	170,033,995
Brokerage fees related to the following months	3,296,766	3,677,250
Other prepaid expenses	15,000	200,011
<b>Total</b>	<b>170,586,084</b>	<b>173,911,256</b>

Excess of loss premiums and brokerage fees related to the following months consist of the costs of reinsurance coverage received and brokerage fees for the subsequent period according to the reinsurance agreement in force.

### NOTE 9 – PROPERTY AND EQUIPMENT

	1 January 2014	Additions	Disposals	31 December 2014
<b>Cost</b>				
Furniture and fixtures	7,697,123	45,913	-	7,743,036
	<b>7,697,123</b>		<b>-</b>	<b>7,743,036</b>
<b>Accumulated depreciation</b>				
Furniture and fixtures	(7,683,535)	(47,613)	-	(7,731,148)
	<b>(7,683,535)</b>		<b>-</b>	<b>(7,731,148)</b>
<b>Net book value</b>	<b>13,588</b>			<b>11,888</b>

	1 Ocak 2013	Girişler	Çıkışlar	31 Aralık 2013
<b>Cost</b>				
Furniture and fixtures	7,697,123	-	-	7,697,123
	<b>7,697,123</b>	<b>-</b>	<b>-</b>	<b>7,697,123</b>
<b>Accumulated depreciation</b>				
Furniture and fixtures	(7,631,717)	(51,818)	-	(7,683,535)
	<b>(7,631,717)</b>	<b>(51,818)</b>	<b>-</b>	<b>(7,683,535)</b>
<b>Net book value</b>	<b>65,406</b>			<b>13,588</b>



## NOTE 10 – INTANGIBLE ASSETS

	1 January 2014	Additions	Disposals	31 December 2014
<b>Cost</b>				
Rights	3,717,469	4,318,150	-	8,035,619
Investment in progress (*)	-	8,613,388	-	8,613,388
	<b>3,717,469</b>	<b>12,931,538</b>	<b>-</b>	<b>16,649,007</b>
<b>Accumulated amortisation</b>				
Rights	(1,169,279)	(1,589,630)	-	(2,758,909)
	<b>(1,169,279)</b>	<b>(1,589,630)</b>	<b>-</b>	<b>(2,758,909)</b>
<b>Net book value</b>	<b>2,548,190</b>			<b>13,890,098</b>

(\*) Investment in progress, comprise of claim management softwares related with emergency disaster action plan, which are not in use as of the reporting date.

	1 January 2013	Additions	Disposals	31 December 2013
<b>Cost</b>				
Rights	2,213,120	1,504,349	-	3,717,469
	<b>2,213,120</b>	<b>1,504,349</b>	<b>-3,717,469</b>	
<b>Accumulated amortisation</b>				
Rights	(367,793)	(801,486)	-	(1,169,279)
	<b>(367,793)</b>	<b>(801,486)</b>	<b>-</b>	<b>(1,169,279)</b>
<b>Net book value</b>	<b>1,845,327</b>			<b>2,548,190</b>

## NOTE 11 - BORROWINGS

As of 31 December 2014, borrowings by Treasury, which had been obtained from World Bank in order to cover claims due to a possible earthquake in the future was fully paid.

	2014	2013
Short-term portion of long term borrowings	-	13,439,421
<b>Total</b>	<b>-</b>	<b>13,439,421</b>

# DOĞAL AFET SİGORTALARI KURUMU

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

### NOTE 12 – SHORT-TERM TRADE PAYABLES

	2014	2013
Reinsurance payables (*)	218,455,304	248,138,089
Other	3,022,567	7,593,795
<b>Total</b>	<b>221,477,871</b>	<b>255,731,884</b>

(\*) Reinsurance payables consist of the costs of reinsurance coverage to be paid in the subsequent period according to the reinsurance agreement in force.

### NOTE 13 – INSURANCE PROVISIONS

#### 13.1 Insurance provisions

	2014	2013
Unearned premium reserve	389,216,872	346,877,328
Reported claims provision	12,143,784	12,836,916
Outstanding claims provision (IBNR)	453,352	656,484
<b>Total</b>	<b>401,814,008</b>	<b>360,370,728</b>

## NOTE 13 – INSURANCE PROVISIONS (Continued)

### 13.2 Movements in insurance provisions

#### a) Unearned premium reserve

	2014	2013
<b>Opening balance - 1 January</b>	<b>346,877,328</b>	<b>278,274,482</b>
Premiums written during the year (Note 15)	753,986,064	674,197,803
Earned premiums during the year	(711,646,520)	(605,594,957)
<b>Closing Balance - 31 December</b>	<b>389,216,872</b>	<b>346,877,328</b>

#### b) Outstanding claims provision

	2014	2013
<b>Opening Balance - 1 January</b>	<b>13,493,400</b>	<b>12,646,287</b>
Outstanding claim files notified during the year	3,671,470	3,514,330
Changes in paid claims and provisions (*)	(4,387,113)	(2,394,486)
Incurred but not reported claims	(180,621)	(272,731)
<b>Closing Balance - 31 December</b>	<b>12,597,136</b>	<b>13,493,400</b>

(\*) The amounts consist of paid amounts for outstanding claims in the beginning of the period and claim files closed without payment.

## NOTE 14 - ACCUMULATED FUND RESERVE AND FAIR VALUE RESERVE

#### a) Accumulated Fund Reserve

The movements of Accumulated Fund Reserve in the period are as follows:

	2014	2013
<b>Opening balance - 1 January</b>	<b>2,241,200,697</b>	<b>1,799,547,826</b>
Increase in net fund reserve	571,401,819	441,652,871
<b>Closing balance - 31 December</b>	<b>2,812,602,516</b>	<b>2,241,200,697</b>

According to 9th article of the Law numbered 6305 published in the Official Gazette dated 18 May 2012, the resources and accumulated fund reserve of the Institution can only be used in claim payments to policy holders, operational costs for the administration of the Institution and commission payments to the Institution Administrator, reinsurance payments, hedging costs, payments regarding scientific research studies on the subject matters related to the Institution's jurisdiction, consultation payments, payments related to public relations and marketing campaigns, commission payments to authorized insurance companies and payments related to loss adjustment procedures.

Accumulated fund reserve can not be used except for the abovementioned payments and can not be transferred to any other institution.

# DOĞAL AFET SİGORTALARI KURUMU

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

### NOTE 14 - ACCUMULATED FUND RESERVE AND FAIR VALUE RESERVE (Continued)

#### b) Fair Value Reserve

The movements of fair value reserve in the period are as follows:

	2014	2013
<b>Opening balance - 1 January</b>	<b>(1,738,555)</b>	<b>2,140,435</b>
Disposals arising from sales in the period, net	594,442	(2,025,888)
Additions arising from financial asset purchases in the period, net	3,526,062	(1,853,102)
<b>Closing balance - 31 December</b>	<b>2,381,949</b>	<b>(1,738,555)</b>

### NOTE 15 - EARNED PREMIUMS

	2014	2013
Premiums written	753,986,064	674,197,803
Unearned premium reserve	(389,216,872)	(346,877,328)
Prior year unearned premium reserve	346,877,328	278,274,482
<b>Total</b>	<b>711,646,520</b>	<b>605,594,957</b>

### NOTE 16 - COST OF REINSURANCE COVERAGE

	2014	2013
Excess of loss reinsurance agreement premiums	134,534,189	112,117,000
Cat-Bond Premium	22,561,147	27,965,817
Excess of loss reinsurance agreement adjustment premiums	44,297,955	50,006,864
Brokerage fees related to excess of loss reinsurance agreements	4,945,583	4,086,157
<b>Total</b>	<b>206,338,874</b>	<b>194,175,838</b>

### NOTE 17 - COMMISSION EXPENSES

	2014	2013
Commissions paid to insurance companies	124,185,956	110,994,729
Deferred commission expense	(64,498,095)	(57,045,317)
Prior year deferred commission expense	57,044,711	46,271,835
<b>Total</b>	<b>116,732,572</b>	<b>100,221,247</b>





## NOTE 18 - INCURRED CLAIMS

	2014	2013
Claims paid in the period	4,582,990	8,049,847
Outstanding claims provision at the period-end	12,597,136	13,493,400
Prior year outstanding claims provision	(13,493,400)	(12,646,287)
<b>Total</b>	<b>3,686,726</b>	<b>8,896,960</b>

## NOTE 19 – GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
Advertisement expenses	18,066,926	10,769,897
Emergency disaster action expenses (*)		2,785,822
Expenses paid to the Institution Administrator	5,277,202	4,719,357
Information technology expenses	2,707,039	949,008
Call center services	2,085,066	1,520,865
Depreciation and amortisation expenses (Notes 9 and 10)	1,637,243	853,303
Personnel expenses	321,484	215,777
Stationary expenses	261,306	242,868
Other	2,627,355	1,295,851
<b>Total</b>	<b>35,769,443</b>	<b>20,566,926</b>

(\*)Emergency disaster action advisory expenses related to the project of claim Management softwares.

## NOTE 20 – FINANCIAL INCOME, NET

	2014	2013
Interest income, net	148,184,018	157,378,780
Sales income from marketable securities	60,406,627	-
Net foreign exchange gains	-	7,683,530
Sales income from common stocks	-	2,753,163
Reverse repurchase transaction	14,577,771	-
<b>Total financial income</b>	<b>223,168,416</b>	<b>167,815,473</b>
Interest expenses	(404,371)	(919,801)
Loss on sales of marketable securities	-	(5,665,171)
Loss on sales of common stocks	-	(1,311,616)
Net foreign exchange loss	(481,131)	-
<b>Total financial expenses (-)</b>	<b>(885,502)</b>	<b>(7,896,588)</b>
<b>Financial income, net</b>	<b>222,282,914</b>	<b>159,918,885</b>

# DOĞAL AFET SİGORTALARI KURUMU

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

### NOTE 21 – FOREIGN CURRENCY POSITION

The assets and liabilities denominated in foreign currencies are as follows:

	2014	2013
Assets	231,858,718	216,491,425
Liabilities (-)	(248,367,189)	(258,476,370)
<b>Net foreign currency (liabilities)/assets position</b>	<b>(16,508,471)</b>	<b>(41,984,945)</b>

	2014		
	Amount in Foreign Currency	Foreign Exchange Rate	Amount TL
<b>Cash and cash equivalents</b>			
EUR	25,016,804	2.8226	70,612,127
<b>Total</b>		<b>2.8226</b>	<b>70,612,127</b>

#### Other current assets

EUR	48,830,263	2.8207	137,735,522
USD	10,138,889	2.3189	23,511,069
<b>Total</b>			<b>161,246,591</b>

#### Trade payables

EUR	76,360,911	2.8258	215,780,661
USD	14,027,778	2.3229	32,586,528
<b>Total</b>			<b>248,367,189</b>



## NOTE 21 – FOREIGN CURRENCY POSITION (Continued)

		2013	
	Amount in Foreign Currency	Foreign Exchange Rate	Amount TL
<b>Cash and cash equivalents</b>			
EUR	12,016,236	2.9365	35,285,677
USD	3,417,745	2.1343	7,294,492
<b>Total</b>			<b>42,580,169</b>
<b>Other current assets</b>			
EUR	41,648,186	2.9365	122,299,898
USD	24,181,867	2.1343	51,611,359
<b>Total</b>			<b>173,911,257</b>
<b>Trade payables</b>			
EUR	65,695,899	2.9418	193,264,196
USD	24,214,374	2.1381	51,772,753
<b>Total</b>			<b>245,036,949</b>
<b>Short-term portion of long-term borrowings</b>			
USD	6,285,684	2.1381	13,439,421
<b>Total</b>			<b>13,439,421</b>

## NOTE 22 - PROVISIONS AND CONTINGENT LIABILITIES

As of 31 December 2014, the total risk of litigation claims pending against the Institution amount to TL 12,283,521 (31 December 2013: TL 12,473,039). The total estimated ultimate cost of settling such litigation claims are provided for under claims provision in the balance sheet.

# DOĞAL AFET SİGORTALARI KURUMU

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

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### NOTE 23- SUBSEQUENT EVENTS

"The decision concerning the state support of excess of loss reinsurance for the risk of compulsory earthquake insurance which is bared by Turkish Catastrophe Insurance Pool". This decision went in effect as of January 1, 2014, and issued on January 10, 2014. In regarding to the decision and the judgment of the Catastrophe Insurance Boards 8. Article 2012/6305 based on reinsurance agreement and protection programme between November 1, 2014-October 31, 2015 by the board of management, The State provides totally 241 million EUR excess of loss reinsurance protection for the institution. (%10 share on each layer which is valued more than 840 million EUR, is given to The State.) 5,832,500 EUR, calculated with respect of the market price of reinsurance layer, paid due on February 27, 2015 to the Secretariat of Treasury.

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**CALL CENTER: ALO 125 / FAX: 0216 474 23 64**  
**ADDRESS: ALTUNIZADE MH. ORD. PROF. FAHRETTİN KERİM GÖKAY CD. NO:20**  
**34662 ÜSKÜDAR / İSTANBUL**  
**WWW.DASK.GOV.TR**