

REPUBLIC OF TURKEY

PRIME MINISTRY

Undersecretariat of Treasury

No: 48183842-308.04/E.35714

08.12.2015

Subject: About the Circular

To: ASSOCIATION OF INSURANCE AND REINSURANCE BROKERS

Please find below a copy of the Circular on Implementation of the Regulation on Insurance and Reinsurance Brokers No. 2015/54.

Please kindly be advised.

***contains e-signature***

Gökhan KARASU

Acting General Manager

on behalf of Undersecretariat

Annex: Circular(8 pages)

Note: This is the same as the original bearing secure electronic signature as per the Electronic Signatures Law No. 5070

**CIRCULAR ON IMPLEMENTATION OF THE REGULATION ON INSURANCE  
AND REINSURANCE BROKERS**

**(2015/54)**

As known, the Regulation on Insurance and Reinsurance Brokers (“Regulation”) was put into effect on 27.05.2015 on the basis of the Insurance Law No. 5684.

This circular is intended to determine such principles and methods that shall apply with respect to the implementation of provisions of the Regulation

**1. License Applications; Review of Applications**

- 1.1. The Association of Insurance and Reinsurance Brokers (“Association”) is in charge of reviewing license formalities and making them ready for approval. The Association shall employ a sufficient number of staff members and allocate adequate resources in order to fulfill its assigned tasks and duties.
- 1.2. License applications shall be filed to the Association. Applications must contain the documentation listed in the Annex 1 hereto, and such other information and documentation that might be requested by the Ministry and/or the Association whenever necessary.
- 1.3. Applications found to contain all necessary documentation based on a review of the Association shall be made ready for approval and then submitted to the Undersecretariat.
- 1.4. Brokers which are ascertained to satisfy all requirements as a result of a review shall be given a license for involvement in respective field of operation.

**2. Education Level and Minimum Professional Experience Period**

- 2.1. The minimum periods of professional experience required for real person brokers and for general managers of real and judicial person insurance and reinsurance brokers can be achieved in any one or more of branches where brokerage activities are to be performed (e.g. life, nonlife and/or reinsurance). For example, two years in life branch, three years in non-life branch, and two years in reinsurance branch; or four years in life branch, three years in non-life branch, and seven years in reinsurance branch for a person who is a graduate of a four-year university;
- 2.2. A sufficient number of assistant general managers shall be employed to be in charge of issues associated with insurance and insurance techniques for operation branches as per Article 5 of the Regulation, if deemed necessary in consideration of the size of the company.
- 2.3. Persons who are licensed to act as an intermediary as per individual retirement legislations shall be deemed as technical personnel if they pass a technical staff competency examination to be organized by SEGEM. The length of service rendered in the field of individual retirement intermediary operations shall also be taken into consideration in calculation of overall length of professional experience.
- 2.4. Those who have acquired the title of a technical personnel for agencies shall be

considered as technical personnel for brokers without seeking for the satisfaction of the requirement of passing the competency exam for technical personnel if they have completed the length of professional experience specified opposite to their educational levels in Annex 1/C. The length of service rendered for insurance agencies (e.g. as a manager, branch manager, assistant technical personnel, technical personnel, and etc.) shall also be taken into consideration in calculation of overall length of professional experience.

- 2.5. For the purpose of proving the length of professional experience, it shall be required to submit such detailed information and documentation containing job descriptions (e.g. titles, authorizations, and responsibilities) to be obtained from entities where such professional experience has been acquired, and also to submit such information and documentation that might be asked by the Association and/or the Undersecretariat.
- 2.6. Insurance units covered by the Regulation are insurance; banking; and insurance, risk management, and actuarial divisions. Such divisions that fall outside the scope of said divisions and that are considered to be equivalent to the insurance division by the Higher Education Council, shall also be considered in this scope. It is required to document the level of education received at abroad by means of a certificate of equivalency to be obtained from the Higher Education Council.
- 2.8. The occupational and technical training schools whose curriculums include insurance subjects are those schools that have insurance branch departments.
- 2.9. In order to assess the length of technical personnel served as part of public employment programs, it is required to successfully complete such courses and apprenticeship activities offered for technical personnel as part of vocational courses organized by relevant public bodies and entities.

### **3. Minimum Paid Up Capital, Equity, and Assets**

- 3.1. It is required to have paid the minimum paid up capital in cash pursuant to Article 11 of the Regulation. However said capital may be deposited into any kind of assets in the balance sheet.
- 3.2. The value of assets to be declared by a real person broker may not be less than the sum of minimum paid up capital that is required for judicial persons. Assets may include all kinds of immovable properties convertible into cash easily, securities, and immovable properties.
- 3.3. Financial statements prepared on annual basis, and tables indicating capital adequacy in a format as designated by the Undersecretariat shall be signed by real person brokers, or by persons authorized to represent judicial brokers, and then entered to the Brokerage Information System by the end of next May.
- 3.4. For calculations to be made as per Article 11(4) of the Regulation, the maturity date specified in the protocol or in special conditions of the contract executed between the broker and the company shall be taken as the basis.

### **4. Properties of Physical, Technical, and Administrative Infrastructure of the Location Where Brokerage Activities Are to be Performed**

- 4.1. The location (e.g. head office and branch) where brokerage activities are to be

performed are required to have the following properties:

- 4.1.1. A location must be available that is solely assigned to the performance of brokerage activities.
- 4.1.2. It must be seated on a separate building or at a business center, and be of a nature that it is physically separated with a separate entrance, and capable of being used as a standalone unit;
- 4.1.3. It must have adequate furnishings that are required to maintain brokerage operations;
- 4.1.4. At least two of utility invoices billed for the location must be issued in the name of the broker;
- 4.1.5. It must contain such quantities of computers, phones, printers, and fax devices that is consistent with the administrative infrastructure;
- 4.1.6. It must have a brokerage computer program; and
- 4.1.7. It must have internet connectivity.

## **5. Technical Staff**

- 5.1. Brokers shall employ a sufficient number of technical staff members for branches where they operate. The sufficient number shall be considered within scope of operation branches.
- 5.2. In order to be qualified as a technical personnel, it is required to pass a technical personnel competency examination organized by SEGEM. This requirement shall not apply for those who have become a technical personnel for agencies.
- 5.3. Applications shall require the submission of a certificate indicating that the technical personnel competency examination held by SEGEM has been passed successfully. Those who currently lack any instrument evidencing that the technical personnel competency examination has been passed successfully are required to cause such an instrument to be added into its details maintained at the Brokerage Information System by 27.05. 2016.

## **6. Professional Liability Insurance**

- 6.1. It is required to take out a professional liability insurance prior to finalization of licensing formalities.
- 6.2. The professional liability insurance must have a minimum coverage of TL 200.000 per claim, and of TL 1.000.000 per annum. In case the professional liability insurance includes a deductible, then the amount of such deductible must be at most TL 2.500, which is to be added to the coverage limit required in this article.
- 6.3. Professional liability insurance policies shall be registered into the Brokerage Information System within fifteen days of the date of issuance or renewal of insurance policy.

## **7. Information System for Insurance and Reinsurance Brokers**

- 7.1. Information concerning requirements about brokers as laid down in the Regulation shall be entered by the Association into the Brokerage Information System. Any subsequent changes in said requirements that might take place after establishment shall be notified by the company to the Association for registration to the Brokerage Information System.
- 7.2. Brokers shall notify to the Association for registration to the Brokerage Information System, any changes in general managers and assistant general managers together with necessary supporting documentation. Any changes notified by the Association to the Undersecretariat shall be deemed to have been accepted if they are approved by the Undersecretariat or if they have not been rejected within ten (10) business days.
- 7.3. Brokers shall notify to the Association for registration to the Brokerage Information System, any and all other changes (e.g. new partners / changes in existing partners, new technical personnel / changes in existing technical personnel, changes in address, and etc.) within at most two (2) business days of occurrence thereof.

## **8. Principles and Methods of Authorization of Brokers by Companies About Premium Transfers**

- 8.1. The authorization by the company of a broker to collect premiums shall depend upon availability of a provision in the protocol to this end.
- 8.2. If a company authorizes a broker to collect premiums pursuant to a protocol, then the company shall expressly inform the person to be represented about said authorization.
- 8.3. If, however, brokers collect premiums in the name of companies without executing any protocol with companies, or without being authorized to do so in spite of presence of any protocols, then companies, which have accepted premiums remitted by brokers, and makes regular reconciliations with brokers about payments, shall be deemed to have authorized such brokers to collect payments. If any premiums remitted by brokers are refunded by companies to brokers, or if it is alleged that relevant brokers has not been authorized to make collections, then whether relevant broker is authorized to collect payments shall be assessed based on actual case.
- 8.4. Brokers authorized to perform premium transfers can transfer premiums paid by insuring/ insured parties only through strictly segregated customer accounts. These accounts mean such accounts that are dedicated to brokerage activities.

## **9. Details about Principles of Operation and Contract Registration**

- 9.1. Brokers may not produce insurance policies and other similar documentation relating to insurance contracts for and on behalf of insurance companies, but they can only take and deliver to insured parties printouts of such insurance policies that are produced by insurance companies.
- 9.2. Brokers shall maintain the following registration details of contracts, in a manner that is ready for inspections
  - 9.2.1. Registration Book for Insurance Contracts: This book shall contain the date of insurance quotation, if any; the names, surnames, and addresses of the insuring party, insured party, and beneficiary; numbers of policies and their addendums; the dates of production of

insurance policies; the start and end dates of insurance contracts; risk types; and premiums and details thereof;

- 9.2.2. Registration Book for Reinsurance Contracts: This book shall contain the date of reinsurance quotation, if any; the trade name, address, and certificate numbers of insurance and reinsurance companies; the dates of production , and start and end dates of reinsurance contracts; risk types; and premiums and details thereof;

## **10. Registration of Details and Documentation of Preceding Periods to Brokerage Information System**

- 10.1.**The information and documentation which brokers are obliged to enter into the Brokerage Information System before the publication date of this Circular are required to be completed and entered into Brokerage Information System by 31.12.2015.

## **ANNEX I. DOCUMENTS REQUIRED FOR APPLICATIONS FILED FOR A NEW LICENSE**

1. An application letter containing details of address, branch, and capital
2. Copy of title deed or rent contract
3. Tax plate
4. Signature circular
5. Phone / fax bills (or application documents)
6. Articles of Association (Judicial Person)/Certificate of Incorporation(Real Person)
7. Excerpts from Trade Registry Gazette
8. Receipts indicating capital payments
9. A certified public accountant Report
10. Letter of undertaking – Annex 2 (to be signed by members of the board of directors and the board of auditors, partners, and persons holding signatory powers on their behalf)
11. Letter of undertaking – Annex 3 to be signed by a real person broker or general manager
12. Invoice issued for computer software
13. Certificates indicating that users of computer software have been trained
14. Feasibility Report (Minimum Contents)
  - Objectives
  - Market Study
  - Expectations, innovations to be offered to the sector, and new products and services
  - Detailed information about founders and their financial stances
  - Operating principles and policies of the Company
    - Organizational structure of the Company
    - Staff members to be employed and their technical background
    - Branches to be engaged and reasons for engagement into these branches
  - Organizational costs
  - Realistic estimates about management expenses and overhead expenses (for three years)
15. A table indicating the shareholding structure of broker together with Turkish Identity Numbers and taxpayer ID numbers

## **Necessary Documentation for Real Person Brokers, General Managers, Assistant General Managers, and Technical Personnel**

16. Information Form
17. Statement of Turkish ID Numbers
18. Statement of Address Details
19. Certificate of Graduation (notarized copy)
20. Criminal record (to be obtained public bodies, together with an archive record; a-state printouts are acceptable)
21. A Certificate issued by SEGEM (for technical staff members of agencies and brokers)
22. Papers indicating employment details (papers with wet signatures, or notarized copies, together with details of service lengths)
23. Statements of employment
24. Social security breakdown
25. Photograph

These documents have to be scanned and included into the dossier in CD format. These documents must not be older than six months

ANNEX 2

**LETTER OF UNDERTAKING**

**TO THE REPUBLIC OF TURKEY PRIME MINISTRY,  
UNDERSECRETARIAT OF TREASURY**

I hereby represent and warrant that no facts or situations are present in contrary to the following provisions of Article 21(3) of the Insurance Law No. 5684: *“Partners of insurance companies, insurance agents, and loss adjusters , persons in charge of management and audit of those, persons who have signing power on their behalf, and company employees engaged in professional activity; shall not act as a broker, be appointed to the board of directors and auditing board of any legal person broker, use signing power on their behalf, become a partner of these and accept any paid work from them. Such restrictions shall also apply the spouses of these persons and the children under their custody.”*

**Name and Surname (Signature)**

ANNEX 3

**LETTER OF UNDERTAKING**

**TO THE REPUBLIC OF TURKEY PRIME MINISTRY,  
UNDERSECRETARIAT OF TREASURY**

I hereby represent and warrant that we, as insurance brokers, are not involved in any other commercial activities pursuant to article 17(3) of the Regulation on Insurance and Reinsurance Brokers adopted based on the Insurance Law No. 5684.

**(For real persons)**

**Name and Surname of Official of Broker (Signature)**

**(For judicial persons)**

**Title of Insurance Broker**

**Name and Surname of Official of Broker**

**(signature)**

ANNEX 4

| INFORMATION FORM             |                     |          |                |                                   |
|------------------------------|---------------------|----------|----------------|-----------------------------------|
|                              |                     |          |                |                                   |
| NAME AND SURNAME             |                     |          |                |                                   |
| TURKISH ID NO                |                     |          |                |                                   |
| JOB DETAILS                  |                     |          |                |                                   |
| Business                     | Fields of operation | Position | Service Length | Start and End Dates of Employment |
| 1. 2. 3. 4. 5.               |                     |          |                |                                   |
|                              |                     |          | Total:         |                                   |
| NAME AND SURNAME - SIGNATURE |                     |          |                |                                   |