

## Regulation on Activities to be Evaluated under Insurance Services and on Distance Insurance Contracts Takes Effect

*6 Jul 2021*

The Regulation on Activities to be Evaluated under Insurance Services and on Distance Insurance Contracts (the "**Regulation**"), effective as of 16 June 2021, was published in Official Gazette numbered 31513 of even date, repeals and supersedes its regulatory predecessor.

The Notable provision introduced by the Regulation are as follows:

- Unless agreed to in the contract for insurance coverage, the insured cannot be required to purchase additional products or services from the insurer.
- Except in cases where reinsurance is in place, an insurer may not transfer or otherwise assign policy payment liability to a third party upon or after a liability triggering event.
- An agreement for the provision of services or labor, including subscription and other work contracts, even for a fee certain, do not constitute contracts of insurance of such payment of such fee, and are strictly construed as contracts for compensation in consideration of services. Accordingly, under the aforesaid types of contracts, it is unlawful to represent them in whole or part as insurance agreements or to collect premiums under them.
- Within the scope of the Regulation, matters regarding insurance contracts made in favor of the consumer are regulated. Accordingly,
- It is unlawful for an insurer to represent that an insurance policy was provided to a consumer as a gift free of consideration in the form of premiums. The collection of the said premium from the consumer will be considered as unauthorized intermediation within the scope of the Insurance Law and criminal liability will come to the fore.
- An insurance contract shall state clearly the name of the insurance company and that the insurance company will pay the insurance indemnity in case of the realization of the risk constituting basis for the insurance contract.
- Within the scope of insurance contracts concluded in favor of the consumer, insurers are prohibited to act in a deceptive manner and creating the false impression that the insurance is covered by itself, and to include such statements in the contracts.
- Unmandated warranties on consumer transactions for goods or services, even if for consideration, are not insurance contracts. However, distinct insurance purchased to cover losses in connection with consumer transactions for goods or services are insurance contracts.
- It is unlawful for an insurance agent to agent to receive kickbacks, commissions, or similar benefits from underwriters, or to originate a consumer insurance contract by fraud.
- Insurance companies are obliged to issue policies within the scope of distance insurance contracts. In this case, the policy can also be issued through permanent data storage.
- Insurance on tickets for travel, or on computers, household appliances and other goods, or consumer services are insurance agreements under Regulation provided that (i) the coverage complements the purchased goods or services, and is purchased at the time of sale or afterwards, and (ii) the aggregate annual premium calculated in accordance with the formula set forth in the Regulation does not exceed the limit set forth in the Regulation, (ii) coverage is limited to a maximum of two years exclusive of other warranties.
- Except within their own electronic commerce platforms, insurers shall not sell their products on e-commerce platforms where consumer goods or services are sold but may advertise on them. Insurance purchased through such advertisements, premiums may be collected with the goods sold, provided, however, that the amounts paid are broken-out and earmarked. Travel insurance may be offered for purchase on e-commerce platforms of passenger transportation companies.

- Insurances regarding travel ticket purchases can be offered on the website or mobile application of those providing passenger transportation services.
- The consumer-insured can conclude a distance insurance contract by only using the distance communication tool in person. It is not possible to mediate the conclusion of insurance contracts by non-technical staff in workplaces belonging to real and legal persons other than the authorized institution, by using the remote communication tool.

With this Regulation, the Regulation on the Activities to be Evaluated within the Scope of Insurance, Insurance Contracts Made in Favor of the Consumer and Insurance Contracts Concluded at a Distance ("**Abrogated Regulation**") has been repealed. The business processes carried out with the Abrogated Regulation must be brought into compliance with this Regulation by 1 September 2021.

The full text of the Regulation is available in Turkish at this [link](#). (Only available in Turkish)

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