

Regulation on Activities to be Evaluated under Insurance Services, on Insurance Contracts Concluded in favor of the Consumer and on Distance Insurance Contracts has been Amended

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Turkey's Ministry of Treasury and Finance has published the Regulation Amending ("**Amendment Regulation**") the Regulation on Activities to be Evaluated under Insurance Services, on Insurance Contracts Concluded in favor of the Consumer and on Distance Insurance Contracts ("**Regulation**") in the Official Gazette numbered 31122 and dated 9 May 2020.

Amendment Regulation contains regulations regarding the insurances that can be provided by businesses whose primary business activity does not involve intermediating insurance, alongside the goods and services they offer. Amendment Regulation also outlines regulations pertaining to insurance transactions to be performed through distant sale devices, as well as amendments on the distant insurance contracts.

As per the amended article 10 of the Regulation, businesses whose primary business activity does not involve intermediating insurance can provide insurance services together with the goods and services they offer if all the following conditions are met:

- On the condition of being related to the goods sold or services provided, providing insurance guarantees solely for:
 - Risk regarding breakage, loss, theft, malfunction of and any damage to the property;
 - Risk regarding Loss, theft, delay of and any damage to the baggage; or
 - Other risks related to travel services.
- Insurance coverage provided should not be a complex product, on the contrary, it should be simple and easily understandable, bearing a standard exemption, limit, and duration on a product basis,
- The insurance coverage provided should not be liability insurance, life insurance or motor vehicle insurance,
- Annual premium should not exceed TRY 3,000, considering the change of the Consumer Price Index (CPI) compared to previous year's last month,
- The insurance period should not exceed five years including renewals.

Businesses whose primary business activity involves intermediating insurance will not receive a commission on the premium for the insurance services they provide to the consumer. However, these businesses may charge a service fee without being linked to the premium.

With regards to article 9 of the Regulation, amendments have been made for distance insurance contracts. As per these amendments, in distance insurance contracts, the insurance policy can be issued through the permanent data storage devices provided that it complies with the article 1425 of the Turkish Commercial Code. Permanent data storage devices are defined in the Regulation as "SMS, e-mail, internet, disk, CD, DVD, memory card, structure and all kinds of similar tools or mediums to be established through the Insurance Information and Supervision Center or e-government platform that allows the information sent or received by the insurer, the insured and the beneficiaries to be recorded and copied unchanged, allowing for a reasonable period of review, in accordance with its purpose."

Amendment Regulation sets out that those who will conclude a distance insurance contract can pay a service fee to businesses directing consumers to distant sales channels and whose primary business activity does not include intermediating insurance, in a manner that is not linked to the premium. In addition, those concluding a distance insurance contract are now obliged to use the 3DSecure application in collections made with debit or credit cards.

Article 10/A of the Regulation enabled the sale of insurance through electronic transaction devices such as kiosk, web page, mobile applications allowing insurance transactions to be fully or partially performed. In this context,

- Compulsory earthquake insurance can be sold only in the land registry offices and power and water administrations, through distant sales devices belonging to the Turkish Natural Catastrophe Insurance Pool,
- Compulsory automobile liability insurance can be sold through distant sales devices to be placed at the vehicle inspection control stations by the Insurance Agents Executive Committee.

In the insurance sales made through electronic transaction devices, the title of the insurance company providing the guarantee has to be clearly placed at the beginning of the process —on mobile applications and web pages— or on the device —in kiosks.

Please see this [link](#) for the full text of the Amendment Regulation, published in Official Gazette numbered 31122 on 9 May 2020 (only available in Turkish).

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