

client alert

INSURANCE | TURKEY |

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RECENT AMENDMENTS TO THE INSURANCE AGENCIES REGULATION

The Amending Regulation to the Insurance Agencies Regulation was published on 16 January 2016 and focuses on the following main matters:

- The jurisdiction of the Insurance Agencies Executive Committee (SAIK) set up within the Union of Chambers and Commodity Exchanges of Turkey (TOBB) has been extended by way of abolishing several provisions from the Regulation previously issued by the Undersecretariat of Treasury ("Treasury"). The Regulation specifically provides that SAIK will now be entitled to issue relevant pieces of secondary legislation, which are expected to be effective as of 16 July 2016.
- New provisions governing the minimum requirements applicable to insurance agency contracts have been adopted.

REALLOCATION OF AUTHORITY BETWEEN TREASURY AND SAIK

With these new amendments, the monitoring of several requirements that were previously applicable to the agencies (such as technical and personal requirements, registration to the "List" managed by the TOBB, communication to regulatory authorities of major operational changes) have been withdrawn from the Treasury's competency and are expected to be passed on to SAIK under new regulations to be issued at a later date. However, the Treasury's authority to regulate the relationship between customers and insurance agencies should in any case remain effective.

Alongside this, newly adopted Article 13/A of the Insurance Agencies Regulation grants additional powers to SAIK, whereby physical and technical requirements, infrastructure, human resources, organisation of agencies, qualifications of technical personnel, notifications on changes and updates, registration of the records, regular trainings and other general requirements applicable to agencies are now subject to the authority and monitoring of SAIK.

According to a recent press release, SAIK plans to draw up a road map for the issuance of new regulations in the course of February 2016, and to receive the opinions of market players on these regulations by May 2016.

AMENDMENTS TO INSURANCE AGENCY CONTRACTS

The Amending Regulation also provides that, by 16 July 2016, the following matters must be inserted as new provisions in all current agency contracts:

- Rights and obligations of the parties;
- Just causes to be asserted for early termination (this list shall be deemed exhaustive, subject however to mandatory provisions of the Turkish Commercial Code applicable to agency contracts);
- Consequences of termination and effect on the obligations of the parties.

Furthermore, it must be noted that changes made to agency contracts to the detriment of agencies may enter into force at the earliest two months after their adoption. The Treasury is entitled to extend this duration by one additional month.

In compliance with Turkish bar regulations, opinions relating to Turkish law matters which are included in this client alert have been issued by Özdirekcan Dündar Şenocak Avukatlık Ortaklığı, a Turkish law firm acting as correspondent firm of Gide Loyrette Nouel in Turkey.

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