

MESSAGE FROM THE CHAIRMAN AND GENERAL MANAGER

a new era

We are launching a new era of progress in the areas of insurance and private pension in Turkey with "Our Story of Being One" that we have authored.

Dear stakeholders,

2020 was etched in our institutional history as the year of the biggest company merger of our sector. With this merger, we have added significant momentum to planned reforms for the insurance and private pension sectors, and taken a crucial step with respect to the progress of the non-bank financial sector and the national economy.

Before presenting an evaluation of the gains derived for the sector and for the company from the completion of our process of "Being One" and our year-end results, I would like to touch upon global and national macroeconomic overview.

Atilla Benli

Chairman of the Board and General Manager



The pandemic effects and the countermeasures adopted have made the main agenda items for the global economy and the Turkish economy.

Having penetrated our lives in 2020, the pandemic impacted the entire value cycle from manufacturing to trade, from the logistics network to the services industry through its economic implications.

The IMF, taking into account the above-projected recovery in the second half of 2020, revised its global economy contraction estimation as 3.5% in its World Economic Outlook released in January 2021. The IMF also updated its global growth projection for 2021 upwards to 5.5%.

After starting 2020 by gathering speed following the rebalancing period, the Turkish economy began sustaining the impacts of the pandemic upon the economy from the second quarter of the year. The economy returned to growth path in the third quarter owing to the monetary and fiscal supports within the scope of the government's measures, and registering 1.8% growth at the end of 2020. With this result, Turkey has been one of the few countries that ended the year with positive growth.

Shift to a more positive picture is anticipated in the financing of the current deficit, in view of the improvement tendency in the risk perception towards Turkey, the course of the relations between the US and the EU in the coming period, and the contribution of tourism revenues. On the back of consistent economy policies and dynamics, Turkey will carry on with the recovery process that started from the third quarter of 2020 with a strengthening acceleration.

We are initiating a new era in the Turkish insurance and pension sector.

In September, we have put into life the project of merging the public insurance and pension companies under a single roof that we had been carrying out since December 2019 within the timeline we committed. Ziraat Sigorta, Halk Sigorta and Güneş Sigorta joined their forces

under the roof of Türkiye Sigorta; whereas Ziraat Emeklilik, Halk Emeklilik and Vakıf Emeklilik did the same under the roof of Türkiye Hayat Emeklilik.

We assumed a critical mission in insurance and private pension sectors in Turkey with “Our Story of Being One” that we authored. This mission is shaped on the basis of increased penetration by bringing insurance and private pension services to broader segments of the society, expanding the savings base and contributing to stable growth of the industry. With the execution of our mission, a brand new era will begin paving the way for vesting the Turkish insurance industry in an independent and dynamic structure, increasing its share in the economy, and reinforcing the industry’s global competitive strength.

We are targeting to lend a high contribution to our country and our economy from the powerful areas of synergy resulting from the merger.

Our Company started activities as a leader in line with its founding mission.

According to December 2020 data, Türkiye Sigorta closed the year as the leader in non-life branch with a premium production of TL 8,887 million and a market share of 13.04%. Our Company is the sector’s leader with a premium production of TL 1,728 million in the Fire and Natural Disasters branch corresponding to a market share of 16.32%, TL 405.6 million in the Accident branch corresponding to a market share of 18.13%, and TL 899 million in the Engineering branch corresponding to a market share of 25.63%. In the State-Subsidized Agricultural Insurance branch, the Company is the industry’s leader commanding a 58.43% market share with a premium production of TL 2,304 million, boasting a magnitude of nearly four times that of its closest competition.

As Türkiye Sigorta family, we are targeting to carry the leadership position beyond numbers, and to steer the insurance understanding in Turkey with our knowledge, experience, vision and production, while acting as a role model in the world.

Our industry displayed a solid stance through a tough year.

Having stood by the policyholders during 2020 that has been the scene to natural disasters and the pandemic, the insurance industry gave a good account of itself by displaying a solid stance.

Having taken action for covering the pandemic-associated treatment costs under the health insurance policies, although it was excluded, our industry worked to increase its contribution to the national economy with a proactive approach. Claims paid in health insurance as at 15 December 2020, including COVID-19 payments, reached approximately TL 105.9 million. Similarly, our industry was quick to get involved in the case of natural disasters and completed the claims payments. Claims paid for İzmir earthquake within the scope of Compulsory Earthquake Insurance amounted to TL 180 million.

Although motor own damage, motor TPL, personal accident and health insurance branches that have a high share in the industry’s production sustained a relative stagnation from March onwards due to the pandemic, recovery began to be observed during the transition to the new normal.

While the overall industry’s production figures were registered as TL 68.1 billion in the non-life segment and TL 14.4 billion in the life segment according to December 2020 data, nominal growth rates were 17.7% and 27%, respectively.

We are hoping that the coming period will mark the shift to a breakthrough for the industry.

As individuals nurture an increased awareness of health and perception of risk, the demand for Private and Complementary Health Insurance will continue with an increasing trend. Product development efforts in the sector began with the surging demand for epidemics coverage for 2021, particularly within group health policies.

leader and role model company

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high digital competence

In keeping with our strategic goals, we will turn into a technological insurance company on the back of robust information technology infrastructure and digitalization.

The switch to a technology-backed business model runs on digital channels upon the pandemic fueled cyber threats. This leads to an increased demand in both individual and corporate cyber risk insurance; accordingly, the number of sector players incorporating these products in their portfolios is going up.

The real sector's higher need for financial insurance is reflected particularly in the demand for credit insurance. This demand is anticipated to continue at an increasing extent with the added effect of the expanded scope of the State-Subsidized Trade Receivable Insurance.

Participation insurance, which has been in existence in our country since 2009 and which increased its share in the overall premium production to 5%, will evidently be one of the significant opportunities in the period ahead.

We will work towards setting the potential in the sector in motion.

The insurance and pension sector undertakes the critical function of fund supply for sustainable growth, while supporting the deepening of capital markets for the economy, besides providing coverage.

As compared to the world, the insurance penetration rate in our country is lower. While this relatively low ratio exhibits the potential presented by the sector, it also sets a target for us all with respect to the distance to be covered.

The reforms planned with a focus on accelerating the development of the insurance and pension sector started with the establishment of the Insurance and Private Pension Regulation and Supervision Agency (SEDDK) and Türk Reasürans AŞ. The next link of the reforms that was put into life was the merger of insurance and life/pension companies controlled by public banks under a single roof.

As stated in the New Economy Program, we consider the development of the non-bank financial sector strategic and important. At this point, we espoused a market-maker, pioneering identity that boldly charges ahead with novelties, and defined our strategy along this line in order to involve the insurance industry in the diversification and strengthening of the financial sector and to ensure that our industry acquires its deserved position.

We foresee that the commencement of activities by our companies will considerably boost constructive competition, and will also set the potential of the insurance and pension sector in motion. We will work towards redefining the insurance business, acting as a pioneer by developing products in brand new areas, and steering the sector. As we capture the sector's leadership in the basic insurance products, we will also be leading strategic products such as financial insurance, maintenance insurance, FC PPS and the like. We are targeting to undertake a steering role for the industry for innovative products that are modular, created based on the use-as-you-need approach and providing coverage for all needs of a customer under a single umbrella policy.

Our new structure will bring along cost reduction and increased operational efficiency with the involvement of scale of economies. This will let us ensure more effective use of all our distribution channels. We will back our operational efficiency with our digital transformation capability. We are anticipating all these positive developments to reflect positively on customer experience and satisfaction, and to provide leverage for the industry.

We are devising a structure with high digital competence.

As spelled out in our vision, we are targeting to be transformed into a structure whereby we penetrate every moment of our policyholders and we are regarded as a solution partner by them, by transposing the “after” in the insurance experience with “before”.

As Türkiye Sigorta; we are embracing an insurance concept that is evolving from one that gets involved after the loss occurs to one that stands by the policyholder at every moment and manages risk. We recognize that this strategic direction can be achieved through a robust information technology infrastructure and digitalization. We are shaping our roadmap and plans along this line.

We are aiming to make use of IoT, AI and robotic processes as well in order to upgrade the customer experience by satisfying policyholders’ dynamic and demand-based needs, and to utilize our human resource more effectively at the same time.

At Türkiye Sigorta, we are developing a structure with a high digital capability, where all possible processes and functions are handled by AI algorithms. We are targeting to expand and reinforce the ecosystem we will be creating by collaborating with insurtechs.

We are charging ahead towards becoming a regional power, with a focus on transforming into an insurance company that effectively utilizes technology and bases business decisions upon advanced data analytics.

We have faith in the future.

We are determined to always take part in our country’s solid future serving as an element of trust, with our role to steer the industry and take it further. On the back of sustainable leadership in production and profitability, we are targeting to be a regional power and a global insurance company operating also outside of Turkey.

We will exist in every area where there is a need for trust with our solutions. In keeping with the responsibility stemming from our name, we will act with the consciousness of giving back to our environment and society.

We will work with commitment, determination and discipline for a Turkey rising upon production, targets and achievements, and we will increase our added value. We will take our place as Türkiye Sigorta in the construction of an even brighter future by providing coverage to domestic and national investments.

Thanks...

It is a source of pride for all of us to be part of a project that is so big and will contribute added value to the country. Each and every member of the Türkiye Sigorta Family, who have embraced the agile working culture, are devoted to their jobs, internalized the idea of “Being One” from the very beginning and assumed duty self-sacrificingly amid the pandemic conditions are, most certainly, the concealed heroes of this achievement. Our agencies, brokers and bancassurance channel once again exhibited that they are always by our side with their superior efforts and contributions during this process.

Our journey was crowned with the Gold PSM award in the “Best Retention Achievement” category at the PSM Awards 2020 granted to our Company’s launch campaign.

I would like to extend my thanks to our employees, policyholders, bancassurance channel, agencies, business partners and all other stakeholders for their trust in us.



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