

GEDİK & ERAKSOY

New Regulation on Insurance Outsourcing Services

On 28 August 2015, the Treasury issued a new regulation on outsourcing services in the insurance sector (the **Outsourcing Regulation**) which is due to become effective as of 28 November 2015.

The Outsourcing Regulation sets out the following categories of non-insurance services that are allowed to be outsourced by companies: (i) technical due diligence and controlling services to be provided in connection with risk assessment, loss determination and indemnity payment processes, which are performed apart from insurance appraisal activities; (ii) services relating to pre-damage risk reducing and post-damage loss reducing; (iii) receiving notice of claim, opening file and completing; (iv) repair and maintenance services; (v) spare part supply and control services; (vi) assistance services; (vii) medical consulting services on insurance loss determination process; (viii) treatment and help services; (ix) call centre services; (x) salvage management services; (xi) recourse proceeding services; (xii) archive management services; and (xiii) product and fare preparation services.

Services related to the core insurance activities, for which insurance companies or other entities (such as agencies, brokers etc) are responsible for under the Insurance Law, cannot be outsourced by companies. On the other hand, and whilst they can be outsourced by companies, services relating to legal counselling, advertisement and employee outsourcing are excluded from the scope of the Outsourcing Regulation.

Before entering into an outsourcing arrangement, companies must submit an online report to the Insurance Monitoring Centre setting out the potential risks that may arise from outsourcing services, risk management, and an assessment of the expected benefits to be derived from the outsourcing relationship. The form of this online report will further be determined by the Treasury.

The Outsourcing Regulation also provides that third parties wishing to provide outsourcing services to insurance and pension companies must be registered with the registry held by the Insurance Monitoring Centre and that domestic assistance services can only be outsourced from entities, which are incorporated and existing in Turkey.

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