

Take Step
1
For a Safe Life!

Istanbul Seismic Risk Mitigation and
Emergency Preparedness Project
ISMEP

Compulsory Earthquake Insurance Awareness



“Disaster Preparedness Training Materials for Community” which are financed in the framework of 4784-TU numbered contract of loan from World Bank and conducted by Istanbul Special Provincial Administration Istanbul Project Coordination Unit (IPCU) within the A component of “Istanbul Seismic Risk Mitigation and Emergency Preparedness Project” (ISMEP) are prepared by Beyaz Gemi Training and Consulting.

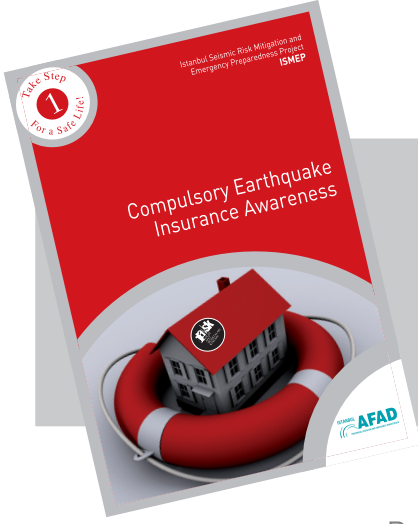
April 2009, Istanbul

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Dear residents of Istanbul,

Istanbul is a city, which is under the threat of earthquakes and many other disaster risks. In many parts of the world, precautions are taken and some preparation plans are carried out against these kinds of risks. In Turkey, there are studies, which aim at the protection of public buildings, particularly schools and hospitals, and historical monuments and there are retrofitting studies for the whole infrastructure system, especially for transportation and communication, with the participation of the professionals in our country by evaluating the studies made in developed countries.

Physical retrofitting studies have the aim of eliminating the physical threats by earthquakes. But the case of earthquake preparedness is not limited with these activities. What's more important is to change our way of life in such a way to be ready for earthquakes and to be more sensitive for our surrounding.

In order to be ready for earthquakes firstly at individual and then at the national level, we should know about earthquakes, we should develop ourselves by having safe life awareness at our home, in our offices and surrounding, we should get training and above all we should become conscious about what we can do before a possible earthquake strike.

Therefore, we have prepared these awareness raising and training materials to reach you by the means of ISMEP (Istanbul Seismic Risk Mitigation and Emergency Preparedness Project), which is conducted by Istanbul Governorship Provincial Disaster and Emergency Directorate and Istanbul Governorship Special Provincial Administration Istanbul Project Coordination Unit. The documents, which are prepared with the help of specialists from civil and private sectors, are given the last shape after the controls of experts and relevant departments.

Fifteen different training titles have been defined for our editions, which require the preparation of different documents with different themes and appropriate contents for them have been developed to reach all our citizens living in Istanbul and to ensure the institutional preparedness in every sense. We wholeheartedly believe that these training materials which are thought to be appreciated by each institution and individual would meet an important need. Before anything else, to know that our dear citizens would benefit from these activities that would help earthquake preparedness, gratifies us and enlivens our studies.

In Istanbul, where the future is strengthened by us, we share happiness of looking to the future with confidence.

Best regards,
Muammer Güler
Governor of Istanbul

Within the context of Enhancing Emergency Preparedness Capacity, which is the A component of Istanbul Seismic Risk Mitigation and Emergency Preparedness Project, multiple cooperation has a significant role in Community Disaster Preparedness Training Materialsı shaping within the framework of best practice and achieving objectives.

Within the framework of this project, which is a product of long and intensive study, and emerged in the light of profound knowledge and experiences of a good deal of people and institutions, we thank all public corporations and institutions who do not withhold their contributions from us;

Republic of Turkey Prime Ministry ‘The Presidency of Disaster and Emergency Management Agency’
Republic of Turkey Prime Ministry Undersecretariat of Treasury and Foreign Trade
Republic of Turkey Prime Ministry State Planning Organization
Republic of Turkey Prime Ministry Housing Development Administration
Republic of Turkey Prime Ministry Social Services and Child Protection Agency General Directorate
Republic of Turkey Prime Ministry Presidency of Administration for Handicapped
Republic of Turkey Ministry of Internal Affairs
Republic of Turkey Ministry of National Education
Republic of Turkey Ministry of Public Works and Settlement
Republic of Turkey Ministry of Health
Republic of Turkey Ministry of Labour and Social Security
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Union of Chambers of Turkish Engineers and Architects
Bogazici University Kandilli Observatory and Earthquake Research Institute
Earthquake Engineering Department
Disaster Preparedness Education Unit
Istanbul Technical University (ITU)
Center of Excellence for Disaster Management
Middle East Technical University (METU)
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Yıldız Technical University
Union of Municipalities and Straits of The Marmara Region
The Turkish Contractors Association
Union of Building Inspector Companies
Istanbul Chamber of Commerce
Istanbul Chamber of Industry
Turkish Red Crescent Society Training Department
Neighbourhood Disaster Volunteers Foundation
Istanbul Anatolian Side Neighbourhood Disaster Volunteers Association
Search and Rescue Association (AKUT)
Istanbul Union of Chamber of Merchants and Craftsmen
Radio Amateurs Association
Confederation of Turkish Chamber of Merchants and Craftsmen Union
Confederation of Turkish Labor Unions
Social Service Employees Association
Turkish Psychological Association
The Psychiatric Association of Turkey
Turkish Federation for the Physically Disabled
Japan International Cooperation Agency Istanbul Office (JICA)

And we thank non-governmental organizations, all publication owners in the bibliography, and project team for their meticulous and devoted efforts.

Republic of Turkey Governorship of Istanbul
Provincial Disaster and Emergency Directorate

Compulsory Earthquake Insurance is a
guarantee of your building.



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INTRODUCTION

All of us need to do, what we can do to lessen the impacts of earthquakes before it happens, during the earthquake and after its occurrence.

There are basic precautions you can take to save yourself, your family and your house from the economical impacts of the earthquakes. In this book, we will explain one of the instruments, which can be used to prevent our lives from earthquake based economical losses. If your house is damaged at any level or collapsed, 'the insurance' instrument helps you to repair, to reconstruct or to get a new house.



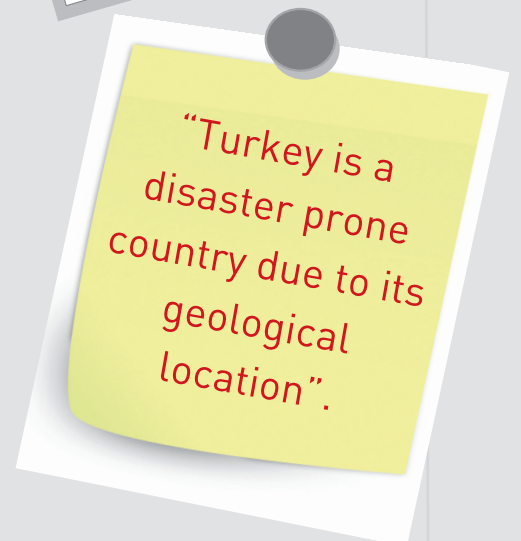
TURKEY and DISASTERS

Turkey is a disaster prone country due to its geological location. Earthquake, flood, avalanche, landslide, drought and fire are some types of disasters we face very often in Turkey. Earthquakes are the most severe one of these disasters to cause the heaviest socio-economical damage. Reasons like global climate change, excess use of underground waters and erosion are resulting in 'desertification and drought' in Turkey, which are soon to be very important disaster events in Turkey.

Earthquakes are in the top of the country's natural disaster list. The North Anatolian Fault (NAF) Line starts in Bingol-Karlıova in Eastern Region of Turkey. A chain of earthquakes occurred along the NAF starting from 1939 Erzincan Earthquake and moved towards the west of the country.

The energy outbreak on this active fault line lately was observed on 17 August 1999 Marmara and 12 November 1999 Düzce Earthquakes. The NAF has similarities with the San Andreas Fault Line starting in South America, which causes earthquakes in Chile, Peru, Mexico, the United States and Canada. There are intensive research going on the NAF and the San Andreas Fault by the scientists.

In Turkey, we mainly experience flood events in the Black Sea region. The excess rainfall and the floods following the rain caused heavy life and property losses in South East Anatolia in 2006. Avalanches occur in the East Anatolia, mainly during the winter time, where it is really mountainous.





The following table gives some figures on the natural disaster events occurred in Turkey between 1990-2004.

Natural disaster loss figures, which occurred in Turkey between 1990-2004

Event	Date	Life loss	Injured	Homeless	Effected individuals	Total loss (million dolar)
Earthquake (Erzincan)	13.03.1992	653	3.850	95.000	250.000	750
Avalanche (South East)	1992 (14 events)	328	53	11.600	30.000	25
Avalanche (East and South East)	1993 (31 events)	135	95	1.100	1300	10
Mud slide (Senirkent-Isparta)	13.07.1995	74	46	2.000	10.000	65
Earthquake (Dinar)	01.10.1995	94	240	40.000	120.000	100
Flood (İzmir)	04.11.1995	63	117	6.500	300.000	1.000
Earthquake (Çorum-Amasya)	14.08.1996	0	6	9.000	17.000	30
Flood (West Black Sea)	21.05.1998	10	47	40.000	1.200.000	1.000
Earthquake (Ceyhan)	27.06.1998	145	1.600	88.000	1.500.000	500
Earthquake (Marmara)	17.08.1999	17.480	43.953	675.000	15.000.000	16.000
Earthquake (Düzce)	12.11.1999	763	4.948	35.000	600.000	750
Earthquake (Sultandağı)	03.02.2002	42	327	30.000	222.000	95
Earthquake (Bingöl)	01.05.2003	177	520	45.000	245.000	135
Total		19.964	55.802	1.078.200	19.494.300	20.460

Source: JICA

WHAT IS AN INSURANCE?

Why do we buy insurance?

We buy insurance to lessen risks and hazards on our house, property, business, car or health.

Who buys insurance and from whom?

Everybody can buy insurance from insurance agents by paying the 'premium' amount. The insurance agreement/document is called the 'policy'. The person who buys insurance is called the 'insured', and the party who sells insurance is called the 'insurer'.

The ones with or without insurance

People who buy insurance against any type of risk feel safe and do not have huge amount of losses in case of any hazard. The premiums they paid for their insurance pays back during the loss time and insured's original situation is saved. On the other hand, people who do not have any insurance safety are vulnerable to economical losses.

Insurance means:

warranty,
sharing the burden,
transferring and so sharing the risk with others by paying a feasible amount, called the premium.

What can be insured? What are the types of insurance?

You can buy insurance for many of risks you can think of such as life, health, fire, disaster risks. Some of the insurance types are listed below:

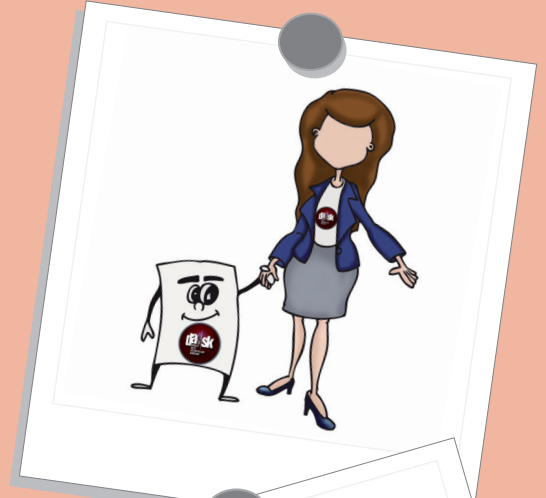
- Property insurance
- Life insurance
- Traffic insurance
- Health insurance
- Travel insurance
- Fire insurance
- Natural disaster insurance
- Compulsory earthquake insurance
- Retirement insurance

INSURANCE SECTOR and ITS DEVELOPMENT IN TURKEY

The insurance sector started following the big fire in Beyoğlu district of Istanbul in 1870 during the Ottoman Empire. The sector was mainly under the control of foreign companies then.

In 1924, “Türkiye İş Bankası” was established following the announcement of the Republic. One year later, the insurance division of the bank also started operations. There were not many activities in the sector until 1991. In 1991, life and non-life insurance separation was brought into the system.

In the following years, to help the sector to develop, the Association of the Insurance and Reinsurance Companies of Turkey was established. All insurance firms need to be registered by law to this association in Turkey. The legislative body of the insurance sector in Turkey is the Prime Ministry Undersecretariat of Treasury General Directorate of Insurance.



THE TURKISH CATASTROPHE INSURANCE POOL (TCIP)

How disaster insurance was born in Turkey?

For many years, earthquakes caused huge losses in socio-economic life in Turkey. Many families lost all their belongings and houses due to earthquakes. Government had huge budget deficits due to earthquake economic losses.

The idea of 'natural disaster insurance' came after the 1996 Afyon-Dinar and 1998 Adana-Ceyhan earthquakes in Turkey. It was not until the 17 August 1999 Marmara Earthquake that the legislative process started by the Turkish National Assembly on the 'Compulsory Earthquake Insurance (CEI)'.

The Turkish Catastrophe Insurance Pool (TCIP)


The TCIP was born with the adaptation of the California Earthquake Authority and New Zealand Earthquake Commission cases to the local case of Turkey. The TCIP started operations on 27 September 2000 under the Act No. 587. The TCIP aims to put life back into normal as soon as possible following the earthquakes.

Who is the TCIP administrator?

The administrative body of the TCIP is the Prime Ministry Undersecretariat of Treasury General Directorate of Insurance. There is a Board of seven members, including one member from academia. The Operational Manager of the TCIP is a private insurance company assigned for 5 years period as a result of bidding (2005-2010 Eureko Insurance Company). The TCIP system is a first example of public-private partnership applications.

The aims of the TCIP

The TCIP is an insurance pool. Whoever buys a CEI policy is included in the pool. In case of an earthquake, if you have earthquake insurance, your loss is paid back from the sources of the pool. The TCIP is a non-profit institution. There is a deductible amount of 2% and the rest of the losses to a housing unit due to an earthquake is paid by the TCIP.



Earthquakes, fires, explosions and landslides are some examples of disasters to impact our lives. The special insurance type to reduce this impact to minimum level is called 'natural disaster insurance'.

The TCIP in Figures

It is possible to reach the updated data regularly from the TCIP web site, which is '<http://www.dask.gov.tr>'. When this book is published, the TCIP figures are as follows:

There are 2.861.912 CEI policies in Turkey by February 2009. The total premium amount of these policies worth 276 million TL.

There have been 10.359 claims made to the TCIP for the damage of magnitude 4 or more earthquakes between December 2000 and February 2009. 19.5 million TL has been paid from the TCIP pool to reimburse the losses of these claims.



What is the coverage of the Compulsory Earthquake Insurance (CEI)?



What does the CEI not cover?



- Earthquakes
- Fires following the earthquake
- Landslides following the earthquake
- Explosions following the earthquake

“YOU CAN GET GUARANTEE FOR YOUR HOUSE FOR AN AMOUNT OF ONE SANDWICH DAILY.”

- Debris removal
- Loss of profit
- Business stoppage
- Rent stoppage
- Alternative business premises
- Financial liabilities and indirect losses
- All belongings
- All body injuries including death
- Moral claims
- All the losses not resulting from the covered disasters

You need to provide the CEI during the deed operations, that is when you want to buy/sell a property. The CEI enforces the use of the current Building Code in the country. If you own a CEI policy, the damage on your house is paid back in maximum 1 month period.

CEI policies are 1 year contracts. You need to renew your policy every year. The CEI is a cheap insurance. You can get guarantee for your house for an amount of one sandwich daily.

There are 15 tariffs available in the CEI. These tariffs are computed by using the 5 different earthquake risk zones, 3 types of building structure (reinforced concrete, masonry and other) and the size of the house in m². For instance, a 100 m² house in the most risky zone worths of paying 167 TL (approx. 110 USD) in 2009 calculations. There are 3 million policy holders in Turkey in the first half of 2009.



The Features of the TCIP

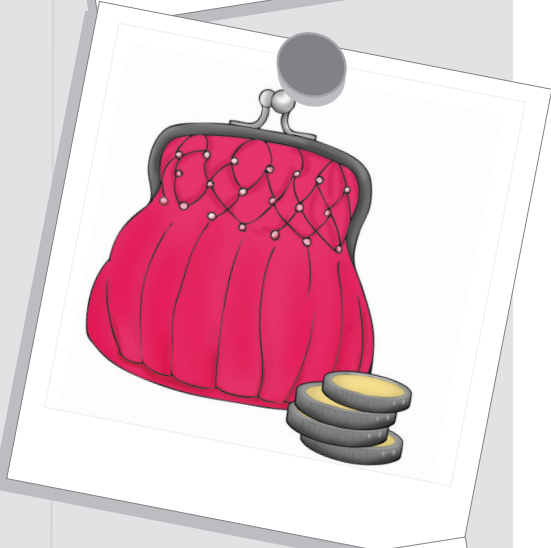
The TCIP only provides insurance for the housing units within the municipality border. It does not provide insurance for rural areas and business premises. Business owners need to buy private insurance against earthquake risk.

Regardless of the value of your house, the TCIP only provides maximum coverage of 140.000 TL (90.000 USD) by 2009 figures.

Since the start in 2000, the TCIP paid back approximately 13.000 claims after expert estimations for devastating earthquakes.

The deductible amount is 2% in the TCIP. This percentage of losses is paid by the insured.

The payment capacity of the TCIP is approximately 3 billion USD by 2009 figures.



**You are the
future of TCIP!**

The Future of the TCIP

As an individual: It is our responsibility to save our houses and budgets. Make sure that we own Compulsory Earthquake Insurance not to depend on anybody else and to continue our lives after an earthquake strike. If we do not have one, let's go and buy one today.

EARTHQUAKE DOES NOT WAIT!

As an insurer: Please give equal or more importance to Compulsory Earthquake Insurance as other insurance types. It is you, who can spread the insurance culture in the community. Please check with your clients if they do or do not own Compulsory Earthquake Insurance. The CEI is not a profitable type of insurance, but it is social responsibility. It is a duty to sell new Compulsory Earthquake Insurance policies and renew the current ones when it expires.

EARTHQUAKE DOES NOT WAIT!



FREQUENTLY ASKED QUESTIONS

What type of building are under the coverage of the CEI?

According to Act No.587, TCIP covers the housing units under the Law No. 634 Flat Ownership, any building structure which was built in the deed to use as housing units but there are offices in that building, disaster housing units that are constructed by the government following a natural disaster or constructed with mortgage credit.

What type of disaster damages does the CEI pay for?

The CEI pays for losses due to earthquake itself, fires, landslides and explosions following earthquakes (losses in building bases, main walls, garden walls, ceilings and floors, stairs, elevators, corridors, roofs, chimneys are also included).

What type of buildings are out of the coverage of the CEI?

State-owned buildings, building in rural areas, business premises and buildings which are constructed after 27 September 2000 without Building Code application are not covered within the TCIP.

What conditions are out of the coverage?

Debris removal, loss of profit, business stoppage, rent stoppage, alternative business premises, financial liabilities and indirect losses, all belongings, all body injuries including death, moral claims, all the losses not resulting from the covered disasters are excluded from the TCIP coverage.





How the insurance amount is calculated?

When deciding the insurance amount, the main factors are the type of the building, earthquake risk zone and the square meter size of the housing unit.

What happens if the insurance amount exceeds the reconstruction cost of the house?

If the reconstruction cost of the house is more than the insurance amount, only the insurance amount is paid to the insured.

What is a deductible amount?

In each loss, there is a 2% deductible amount in the TCIP. The TCIP pays the rest of the loss.

When the claim amount is paid to the insured?

In one month period, the TCIP pays back for losses claimed.

Can there be multiple compulsory earthquake insurance policies?

You can not have more than 1 policy per housing unit.

What if the beneficiary of the house changes?

If the beneficiary of the housing unit changes, the new one takes over. You need to inform the insurance agent of the change within 15 days.

GLOSSARY

CEI deductible amount: it is a fixed amount of 2% of the losses that the insured agrees to pay.

disaster: it is an event, where lives, properties, environment, economics and culture are affected. When these events are earthquake, flood, drought etc affecting the whole community, they are called 'natural disaster'.

earthquake: energy release by sudden tremors and ground movements.

fault line: geologically, the ruptures where the tectonic plates touch each other.

insurance: transferring the risk from insured to insurer for 1 year with certain amount of premium.



insured: a party who buys insurance.

insurer: a party who sells insurance.

policy: insurance document/agreement.

premium: insurance warranty amount.

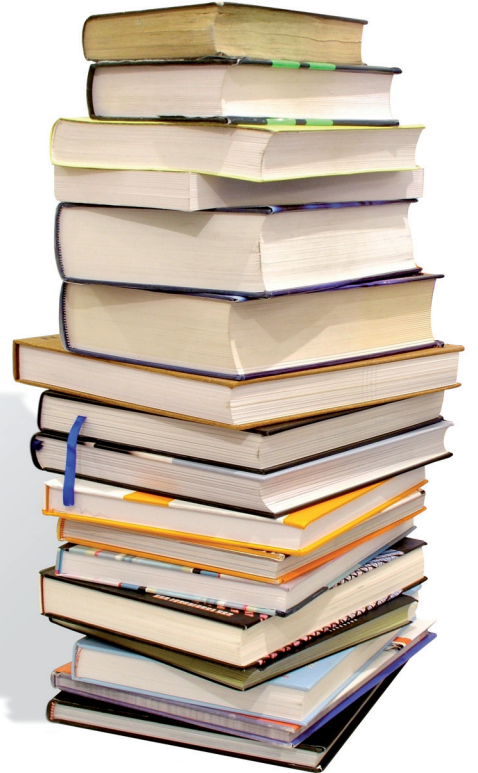
risk: it is the result of hazards. Risks can not be eliminated but their effects can be lessened. Also, Risk = Hazard x Vulnerability.

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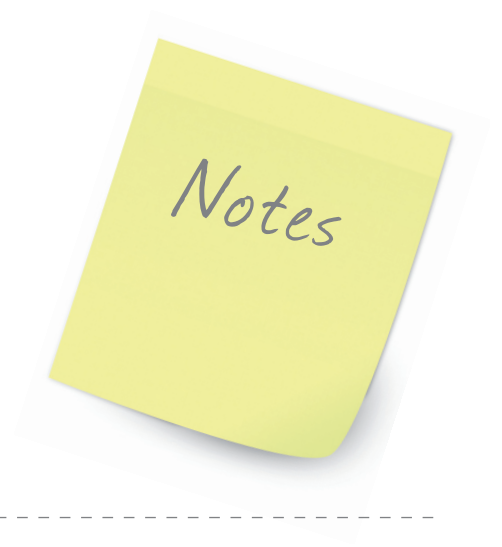
ISMEP

DISASTER PREPAREDNESS TRAINING PROGRAMS FOR COMMUNITY

- Non-structural Risk Mitigation Against Earthquake
- Structural Retrofitting Against Earthquake
- Structural Risk Mitigation Against Earthquake
- Disaster Emergency Aid Planning Guide for Educational Institutions
- Disaster Emergency Aid Planning Guide for Healthcare Organizations
- First 72 Hours for The Individual and a Family in an Earthquake
- First 72 Hours for Disabled People in an Earthquake
- Disaster Emergency Aid Planning Guide for Industries and Working Places
- Survival Under Extraordinary Conditions
- Psychological First Aid in Disasters
- Disaster Preparedness for Local Disaster Volunteers
- Compulsory Earthquake Insurance Awareness
- Urban Planning and Construction for Disaster Mitigation
 - For Local Decision Makers
 - For Technical Staff
 - For Community Representatives

Notes

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Take Step
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For a Safe Life!

www.guvenliyasam.org/en

REPUBLIC of TURKEY
Governorship of Istanbul

