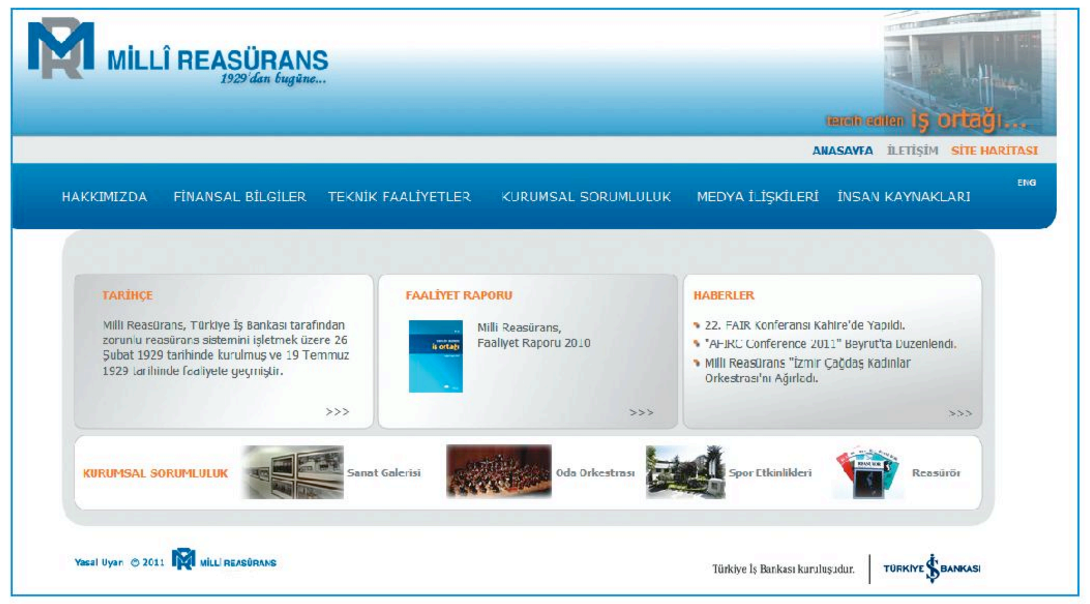
Milli Re's News
Volume Thirtytwo - April 2012



Milli Re Website is Renewed

With its new design, official website of our company is online. Along with its design, the content of our website is renewed too which can be accessed from the link www.millire.com <http://www.millire.com>

General Management

Chairman	: Mahmut Magemizoğlu
Executive Vice Chairman	: Cahit Nomer
Director & General Manager	: H. Hulki Yalçın
Assistant General Managers	: Barbaros Yalçın (Technical & Admin.)
	: Hüseyin Yunak (Technical / International)
	: Kemal Çuhacı (Technical / Local)
	: Özlem Civan (Technical / Retro & Rating)
Group Manager	: Şule Soylu (Financial Accounting)

Contacts

Head Office

Local Acceptances (Treaty)	: Burcu Ayten (bayten@millire.com)
Retrocession & Rating	: Güneş Karakoyunlu (gkosar@millire.com)
International (Technical Manager)	: V. Kaan Acun (kacun@millire.com)
International (Accounting & Claims)	: Pınar Yeter (pyeter@millire.com)
FAIR Reinsurance Pool	: Aylin Kocatürk (akocaturk@millire.com)
Address	: Milli Re Maçka Cad. No: 35 Şişli 34367 Istanbul/TURKEY
Phone	: +90 (212) 231 79 09 +90 (212) 231 47 30
Fax	: +90 (212) 234 44 68 +90 (212) 246 16 08

Singapore Branch

CEO	: Chew Kwok Choong (kc.chew@millire.com)
Address	: Milli Re Singapore Branch 24 Raffles Place #17-04A, Clifford Centre 048621 SINGAPORE
Phone	: +65 6499 9340
Fax	: +65 6534 2884

www.millire.com

Seminar on Insurance Business at Marmara University

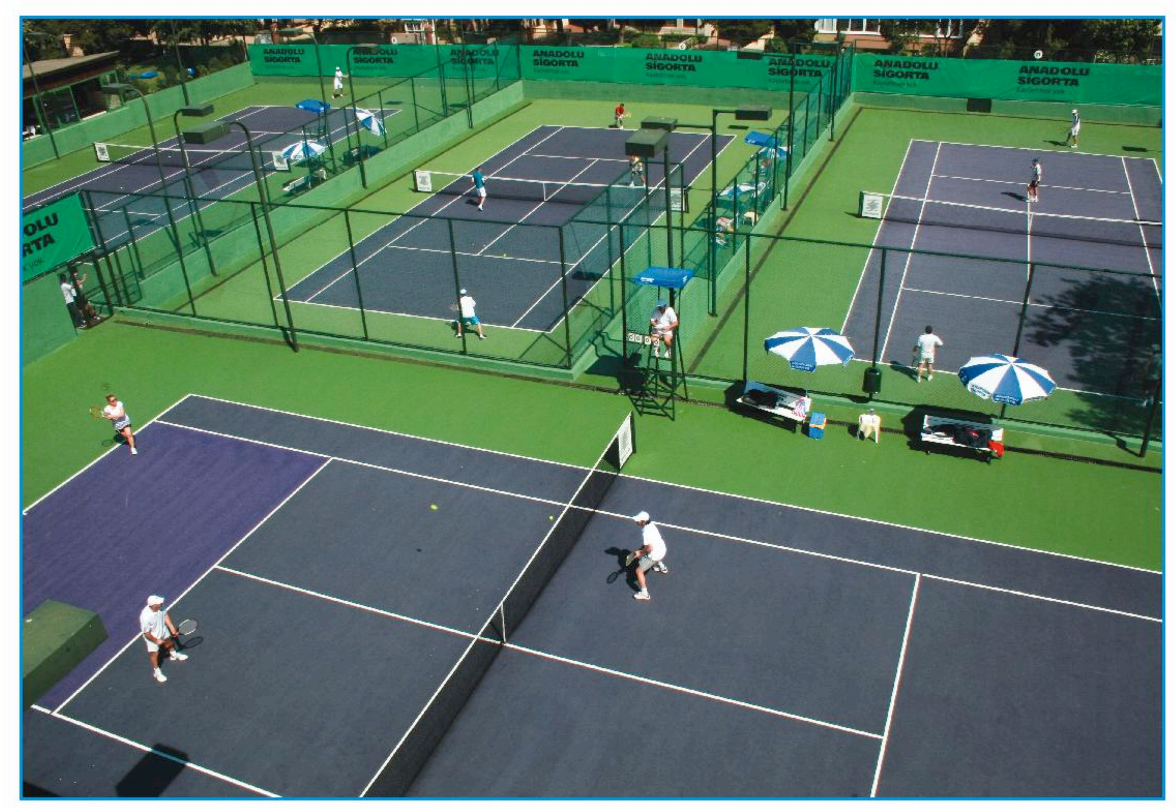
Marmara University School of Banking and Insurance Department invited Milli Re for a seminar on Insurance held on March 28, 2012.

Students showed great interest to the seminar given by Muhittin Karaman, the head of Fire Department of Milli Re.

The seminar ended with the questions coming from the students who enjoyed combining their theoretical information with the experiences of sector professionals.

Milli Re International Insurance Tennis Tournament will be Held on June 1-3, 2012

Organised by Milli Re, the 26th annual 'International Insurance Tennis Tournament' will be held on June 01-03, 2012.



Taking place at Miltaş Sport Complex each year in the beginning of summer season for three days, the annual tournament, with the participation of local and international insurers is accompanied by a great number of audience.

Milli Re takes pride in realizing this event for a quarter-century, which brings competition, excitement and joy to its participants.

An overview on Turkish Insurance Market ın 2011

Growth in total premium production exceeds the inflation rate

In 2011, total underwritten premiums in Turkish insurance market grew by 21%; a fact regarded as a hopeful development compared to 13,6% increase in the previous year.

On the other hand; developments in Turkish economy will act as a driving force for market growth in an economic environment of financial crisis that has been spreading particularly in the European Union, as well as other negative signals coming from the world's biggest economies.

The market has a high premium concentration

A major part of the life and non-life premiums is underwritten by a few leading companies. Considering that 75% of total non-life premiums are underwritten by the leading 10 companies of the market, and more than 25% of total non-life premiums are underwritten by only 2 leading companies in a market of 39 insurance companies; it can easily be concluded that there is a high premium concentration.

This concentration is even more obvious in the life segment, where 85% of total life premiums are underwritten by first 10 companies and 43% are underwritten by the leading 2.

The share of life segment in total premium production increases and reaches 15.6%

In general, life segment grew over the market averages compared to the same period of previous year, and increased the share of

premiums in total production, reaching 15.6%. Especially in parallel with the increasing banking loans, the growth in life premiums is expected to continue into the coming years.

Competition in fire and natural catastrophes line continues

Premiums underwritten in the fire and natural catastrophes line increased by 16,6%, without any notable growth in its share in total underwritten premiums. Most important reason why this line does not grow on a scale that it is expected to is the ever lasting fierce competition which impacts the annual results of insurance companies.

Land Vehicles and Motor Vehicle Liability are the two most important lines in the market as to their shares in total underwritten premiums.

Producing 40% of total underwritten premiums, Land Vehicles and Motor Vehicle Liability are the two major lines on the market. However, these two branches continue to have negative impacts on insurance companies because of their high loss ratios standing at 83% and 86% as well as commissions paid to intermediaries. Despite the measures taken by companies and relatively improving results compared to the previous year, loss ratios are not expected to decrease to a considerable level due to the fierce and price-oriented competition.

Besides, the Law no.6111 on "Restructuring of Certain Receivables, Social Security and the Amendment of the General Health Law and Certain Other Laws and Decrees with the Force of Law" which came into force on 25 February 2011, stipulates that insurance companies shall transfer a certain amount that will not exceed 15% of their total premiums in this branch to Social Security Institution in order to ensure that health services regarding the traffic accidents are covered by the Social Security institution. Moreover, the Provisional Clause 1 of the same law obligates insurance companies to hand over maximum 20% percent of the abovementioned amount to Social Security Institution for a three-year term, considering the health services provided for traffic accidents that occurred before the Law became operative.

These transfers are estimated to create a negative impact on the loss ratio of Motor Vehicles Liability line.

Agricultural insurance grew considerably

General Losses, accounting for 9% of total underwritten premiums grew by 48% in 2011. Main reasons of this positive development are the growth of engineering insurance due to the increase in power plants and investment projects, and the extension of the coverage of State Supported Crop insurance which is provided to registered farmers by TARSIM to include the life insurance for livestock. However, the loss ratio in of the General Losses reached approximately 50% due to the high frequency of losses in Machinery Breakdown and increased amount of losses arising from the coverage expansion in Agricultural insurance.

Thanks to the precautions of insurance companies, loss ratio of Health insurance improves compared to last year

Another problematic insurance line for companies is the health insurance. Accounting for nearly 12% of total life and non-life premiums, Health insurance increased its underwritten premiums by approximately 17% compared to last year. Loss ratio improved thanks to the precautions taken by insurance companies so far; it can still be regarded as a problematic branch for insurance companies considering the current loss ratio of 80% and intermediary commission rates.

Marine insurance continues to grow stably

Continuing to grow stably after the economic crisis, marine insurance accounts for 2% of total underwritten premiums. This line is still trouble-free with nearly 20% growth rate compared to last year and a loss ratio of approximately 40%.

Demand for Liability Insurance keeps increasing

Despite a 2.3% of share in total production, Liability insurance is expected to get a higher share in the coming years due to the increasing demand in this line. Premiums underwritten in this branch increased by 19% over the same period of last year; while the loss ratio stood at approximately 60%; which indicates that insurance companies should be more cautious in pricing especially the employer liability policies.