

Turkiye:Milli Re posts high nominal net profit for 2022

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Milli Re has posted a net profit of TRY889m (\$45.7m) for 2022, a 62% surge over 2021, according to the reinsurer's 2022 annual report published last month.

Premium income reached TRY4,808m in 2022, 94% higher or almost double the figure in 2021.

These increases were made against the average annual inflation of 64.3% in 2022 in the country.

| Summary of Milli Re's financial results | 2022 | 2021 | 2022 |
|---|--------|-------|------------------|
| | TRY m | TRY m | Change over 2021 |
| Premium income | 4,808 | 2,483 | 93.6% |
| Profit | 889 | 549 | 61.9% |
| As of 31 December | | | |
| Total assets | 12,400 | 7,183 | 72.6% |
| Shareholders' equity | 5,056 | 3,000 | 68.5% |

Source: Milli Re financial statements

Mr Fikret Utku Özdemir, Milli Re's general manager and a member of the company's board, commenting on the results, says in a message published in the 2022 annual report, "Our corporate competencies and experience, healthy balance sheet structure, strong liquidity and equity have enabled us to achieve high performance under extraordinary conditions of 2022.

"Our company's liquid assets constituted 44% of its total assets. Our equity has exceeded TRY5bn."

He also says that of the total premium income of TRY4.8bn, 76.7% was generated in the domestic market (2021: 74%) with the remaining 23.3% produced abroad (2021: 26%)

Mr Özdemir also said, "In 2022, when we felt the negative impact of increasing inflation and the rising damage costs due to the depreciation of the Turkish lira against foreign currencies, our company's claims payments amounted to approximately TRY2.4bn."

This figure represents a 75% increase over 2021 when claims paid grew by 31% to TRY1.37bn.

Mr Özdemir said, "While we closed the year with financial and technical profit by showing the success of increasing our financial incomes with the efficient and balanced distribution of our invested assets, our technical profit in 2022 was realised as TRY323.6m (2021:TRY221.2m) and net profit was TRY889m, with the contribution from transfers made from the non-technical section as well as growing premium income."

In 2022, Milli Re participated in the placements of 25 companies that received reinsurance protection on a proportional basis after their 2023 renewals. The reinsurer achieved a market share of 30% in terms of premiums in 2022 (2021: 27%).

Looking ahead

Mr Özdemir said, "During the process of preparing our annual report, a large geography of our country was affected by huge earthquakes on 6 February 2023."

He added, "As one of the leading reinsurers of our country, we will continue to contribute to our sector and economy, with the awareness of the burden that increasing natural disaster and earthquake risks will create on the capital of insurance and reinsurance companies and the national economy.

"While considering all our predictions and expectations with the disaster experienced, we think that the economic conjuncture will not be much different in the medium term in the upcoming period and that it will take time to recover."

2023 will see a difficult period when developments in inflation, exchange rate movements and growth dynamics in the country's economy will determine the direction of the insurance sector.

"In addition to the developments, we predict that the burden of natural disasters caused by the climate crisis will guide the markets. We anticipate that the hardening of the conditions in the reinsurance market will continue and that the capacity of the retrocession protections we will receive for our company at the end of the year will decrease."

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