Insurance Association of Türkiye

COP31
TÜRKİYE
ANTALYA

THE ROLE OF INSURANCE IN CLIMATE CHANGE

2026

About Us

The Insurance Association of Türkiye is a guiding organization that supports and develops all stakeholders of the insurance and pension sectors, enhances information sharing, expands the sector's sphere of influence, and promotes a healthy competitive environment.

As of today, the Association has 68 active members, including 45 non-life insurance companies, 19 life and pension companies, and 4 reinsurance companies.

Vision

To further strengthen the strategic role of the Turkish insurance and pension sector in Türkiye's economic and social development; increase the insurance penetration rate and its share in the financial system; and ensure the achievement of a strong and sustainable structure.

Mission

To support the sustainable development of the insurance and pension sector, protect the rights and interests of members, strengthen sectoral cooperation, and contribute to raising insurance awareness across society.

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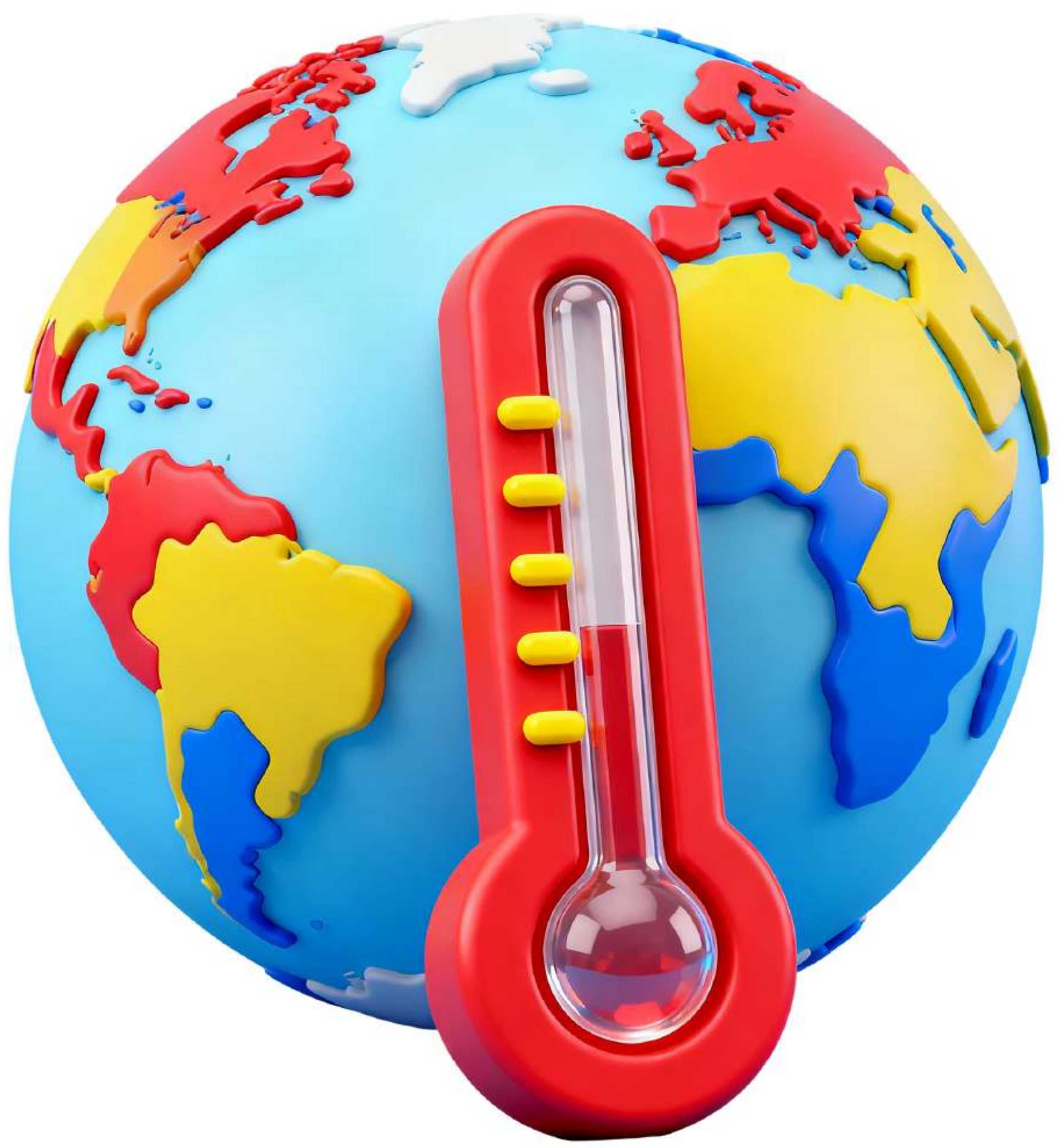
SECTION 1

GLOBAL OUTLOOK: **INCREASING CLIMATE RISKS AND THE ROLE OF THE INSURANCE SECTOR**



Natural disasters experienced across the world in recent years demonstrate that the economic and social impacts of climate change are now being felt much more concretely. Floods, wildfires, storms, droughts and extreme heat events not only cause loss of life, but also lead to significant economic losses for public finances, infrastructure, businesses and financial systems. This has made disaster risk management and the strengthening of economic resilience one of the most important items on the global agenda.

The year 2025 was also marked by a high incidence of climate-related disasters. Major wildfires in the State of California in the United States caused billions of dollars in economic and insured losses, while extreme heatwaves, floods and droughts in Europe had significant impacts on the agriculture, energy and infrastructure sectors. During the same period, excessive rainfall and flooding in Brazil's Rio Grande do Sul region, historic floods in the United Arab Emirates and typhoons affecting the Asia-Pacific region once again revealed the global scale of climate risks.

As of 2025, it is observed that approximately USD 220 billion in economic losses and USD 107 billion in insured losses occurred as a result of 190 different natural disaster events worldwide.

The fact that approximately 49% of economic losses were covered by the insurance system points to one of the highest insurance coverage rates recorded to date. However, the protection gap of approximately USD 113 billion shows that a significant portion of the economic impacts of disasters still remains on public finances, businesses and individuals. Particularly in developing countries, relatively low insurance penetration causes the post-disaster financial burden to be borne to a greater extent by public resources and individual means. Considering that, over the last decade, an average of 58% of economic losses remained outside insurance protection, it is clear that the protection gap continues to be a major structural risk area globally.

These developments are carrying the role of the insurance sector beyond that of a mechanism that merely pays claims. Today, the insurance sector has become an important stakeholder in risk reduction, climate adaptation, sustainable finance, disaster preparedness and the strengthening of economic resilience. Practices such as parametric insurance, disaster pools, agricultural insurance, green finance instruments and nature-based solutions are among the prominent elements of this transformation.

On the other hand, as sustainable finance, ESG practices, green taxonomy and regulations on the reporting of climate risks gain momentum globally, the insurance and reinsurance sector is also undergoing a broad transformation process, from underwriting policies to investment strategies.

In this context, the COP31 Türkiye process offers an important opportunity to make the insurance sector's contribution to combating climate change, managing disaster risks and supporting sustainable development more visible. As the Insurance Association of Türkiye, we aim to share our sector's know-how, risk management capacity and financial protection mechanisms more effectively on international platforms and to strengthen the solution-oriented role of insurance.

SECTION 2

GENERAL OVERVIEW OF THE TURKISH INSURANCE SECTOR

At the global level, the gap between disaster-related economic losses and insured losses demonstrates that the protection gap is a critical indicator of financial resilience against disaster risks. A similar need also stands out for Türkiye. In 2025, capital transfers provided from public resources to institutions, businesses and households within the scope of post-disaster support and recovery processes amounted to approximately USD 5.5 billion. In the same period, the amount of claims paid by the insurance sector for disaster-related losses was approximately USD 1.6 billion, demonstrating the critical role of the insurance mechanism in sharing the economic impacts of disasters and reducing the burden on public finances.

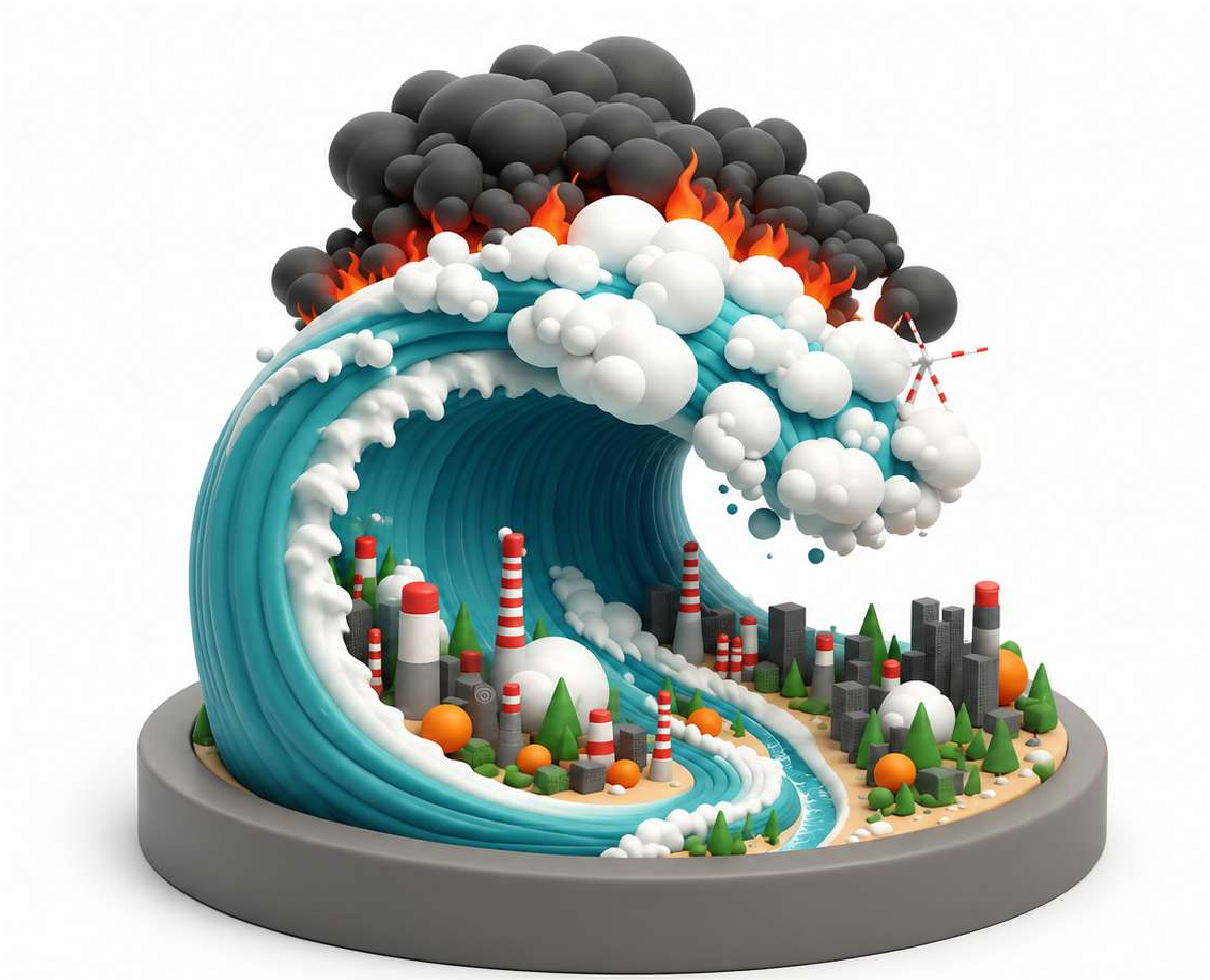
In Türkiye, the insurance protection gap refers to the difference between economic losses and the losses covered by the insurance system, and it constitutes an important indicator of financial resilience in the face of the increasing impacts of climate risks and natural disasters. The following data reveal the areas of need for increasing insurance penetration in our country and the development potential of the sector:

- **Approximately 26% of total motor vehicles in Türkiye are covered by motor own damage insurance.**
- **Approximately 26% of residences are covered by property insurance.**
- **Approximately 30% of agricultural lands are covered by agricultural insurance.**
- **The share of the population covered by complementary health/private health insurance is approximately 10%.**
- **The number of participants in the Private Pension System and the Auto-Enrolment System is 15.8 million.**
- **The number of people covered under life insurance is 15.3 million.**
- **The penetration rate of Compulsory Earthquake Insurance is approximately 58%.**

These data demonstrate the importance of strengthening insurance protection capacity in line with the increase in disaster risks, the economic impacts of climate change and sustainable development goals. The expansion of the insurance sector enhances the financial resilience of individuals, businesses and public finances against disasters, while also contributing to the development of risk awareness and a culture of preventive risk management.

SECTION 3

SECTORAL GOOD PRACTICE EXAMPLES IN TÜRKİYE RELATED TO CLIMATE RISKS



3.1. Turkish Catastrophe Insurance Pool (TCIP) and Compulsory Earthquake Insurance

Compulsory earthquake insurance is a mandatory insurance product in our country that covers material damages directly caused by earthquakes to buildings, as well as material damages resulting from fire, explosion, tsunami and landslide triggered by an earthquake. In this way, it aims to help life continue at basic pre-earthquake standards.

In our country, compulsory earthquake insurance and reinsurance coverage are provided by the Turkish Catastrophe Insurance Pool (TCIP), a public legal entity established under the Ministry.

Established in 2000, TCIP is subject to the Catastrophe Insurance Law No. 6305 in its operations and transactions. It is a public institution affiliated with the Ministry of Treasury and Finance, with legal personality, an important social function and no profit-making purpose, and is responsible for the promotion, implementation and management of Compulsory Earthquake Insurance in our country.

Compulsory Earthquake Insurance provides financial protection to insured homeowners against earthquake risks, as well as fire, explosion, landslide and tsunami risks arising from earthquakes. Whether a building becomes uninhabitable or suffers partial damage, it helps life return to normal by compensating building damages as quickly as possible.

This system aims to manage earthquake risk across society more effectively and sustainably through cooperation between the State and the insurance sector. Within the scope of the system, the objectives include insuring residences against earthquake risks with affordable premiums, sharing the risk domestically and through international reinsurance and capital markets, and reducing the financial burden that may arise for the State after disasters. It also aims to promote sound and resilient construction, ensure the accumulation of long-term financial resources, and strengthen insurance awareness and a culture of social solidarity in society.

TCIP aims to increase the prevalence of Compulsory Earthquake Insurance across the country through its distribution network consisting of insurance companies, their agents and bank branches, while also making it easier for everyone to obtain this protection through low premium costs. Compulsory Earthquake Insurance provides residential protection on an individual basis, while also creating an insurance pool for our country.

TCIP cooperates with insurance companies, agents and banks in the operation of the Compulsory Earthquake Insurance system. All insurance companies, agents and bank branches issue Compulsory Earthquake Insurance policies on behalf of TCIP.

Independent sections within the scope of the Condominium Law No. 634, buildings constructed as residences on immovable properties registered in the land registry and subject to private ownership, independent sections within these buildings used for commercial, office or similar purposes, and residences constructed or financed by the State due to natural disasters are subject to compulsory earthquake insurance. Owners or usufruct right holders are required to obtain compulsory earthquake insurance for these buildings and independent sections, and this insurance must be renewed annually. Pursuant to the Catastrophe Insurance Law No. 6305, the renewal of the Compulsory Earthquake Insurance policy is the responsibility of the insured.

Buildings and independent sections subject to the Public Housing Law No. 2946 or used as public service buildings, buildings constructed in village settlement areas and their surroundings or hamlets by persons registered in the village population and permanently residing in the village, and buildings used entirely for non-residential purposes, even if they fall within the scope of Law No. 634, are not subject to compulsory earthquake insurance. Buildings outside the scope of Compulsory Earthquake Insurance may be covered by insurance policies including optional earthquake coverage.

The tariffs and instructions regarding compulsory earthquake insurance, as well as the maximum coverage amount, are determined by the Insurance and Private Pension Regulation and Supervision Agency.

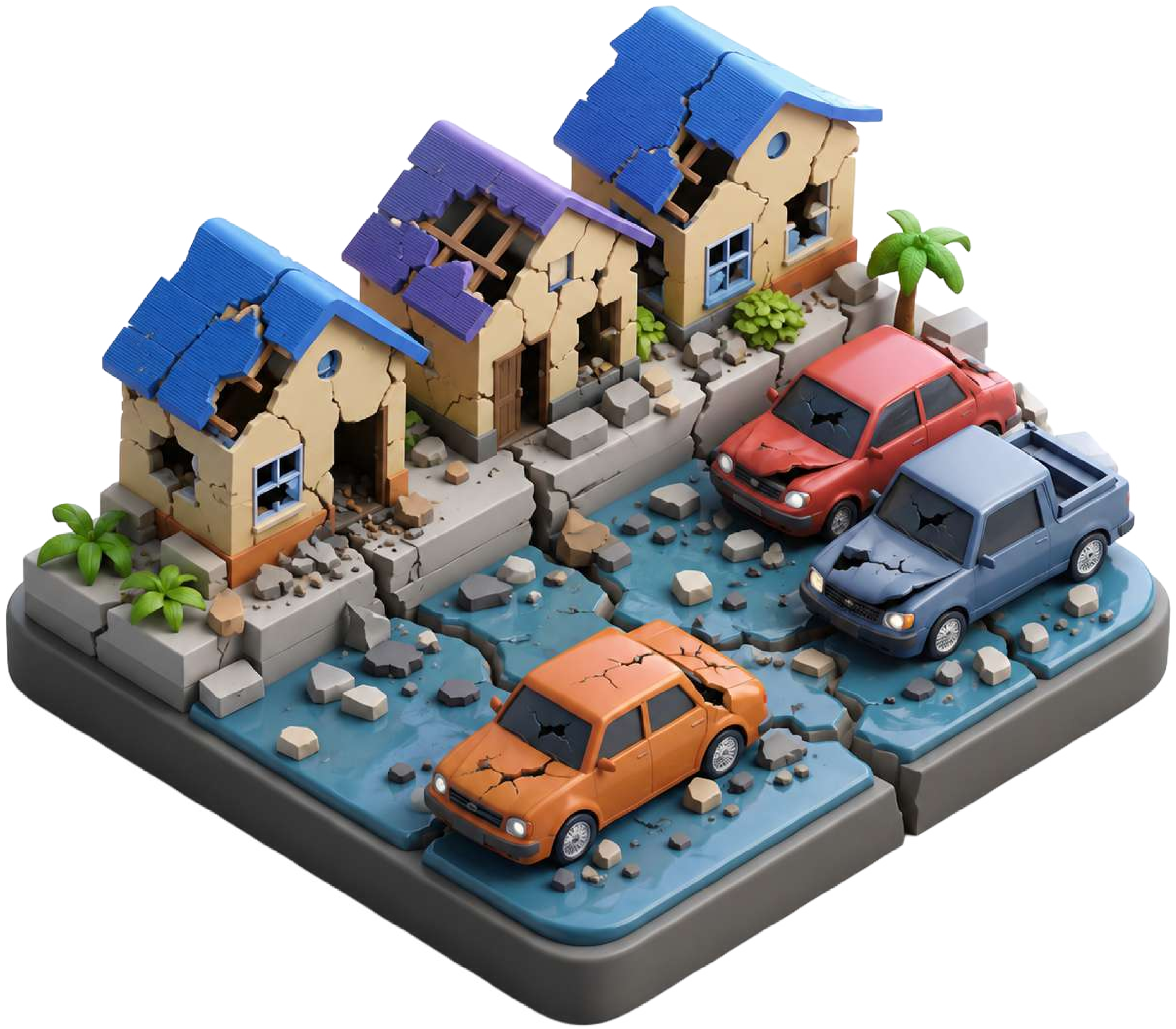
3.2. Compulsory Disaster Insurance Project

The high exposure of our country to natural disaster risks makes it necessary to expand the scope of disaster insurance and strengthen financial resilience.

As also included in the Medium-Term Program announced by our Government, efforts are ongoing to expand the coverage of Compulsory Earthquake Insurance under the Turkish Catastrophe Insurance Pool and to provide coverage under Compulsory Disaster Insurance for direct material damages caused to insured immovable properties by disasters such as floods, storms, landslides, hail, avalanches and wildfires.

With the Compulsory Disaster Insurance Project, Türkiye is expected to gain a more inclusive and sustainable financial protection mechanism not only against earthquake risk, but also against multiple disaster risks arising from climate change. This approach will contribute to reducing economic losses after disasters, easing the burden on public finances, increasing insurance penetration and strengthening society's resilience against climate and disaster risks..

In this respect, the project directly aligns with the objectives of climate adaptation, resilience financing and reducing the protection gap, which are among the prominent themes of COP31.



3.3. Turkish Agricultural Insurance Pool (TARSİM)

In addition to its critical importance for the world population, the agricultural sector has a unique structure as an extremely sensitive field of activity that is highly affected by economic, social, political, technological and personal risks. From this perspective, agriculture's ability to effectively fulfil its function of feeding humanity is directly linked to the management of risks that threaten agricultural production. Therefore, developed countries implement various protectionist policies, "Risk Management Programs" and, within these programs, "Agricultural Insurance Practices," which play an important role in risk sharing and transfer. In our country, the idea of establishing an insurance mechanism to cover the risks threatening the agricultural sector was introduced, and for this purpose the Agricultural Insurance Law No. 5363 dated 14.06.2005 was enacted.

An Insurance Pool was established with the aim of ensuring standardization in insurance contracts for risks covered by the Law, creating a suitable environment for the transfer of risk under the best conditions, paying compensation from a single center in the event of losses, and developing and expanding agricultural insurance. All operations and transactions related to this Pool are carried out by Turkish Agricultural Insurance Pool, which is jointly owned in equal shares by the insurance companies participating in the Pool.

Insurance companies issue agricultural insurance contracts on behalf of the Pool and based on the standard policies determined by the Pool, and transfer all premiums and risks to the Pool. The State provides premium support on behalf of farmers exclusively for insurance contracts concluded under this Law. The amount of State premium support is determined each year by Presidential decision, based on product, risk, region and business scale.

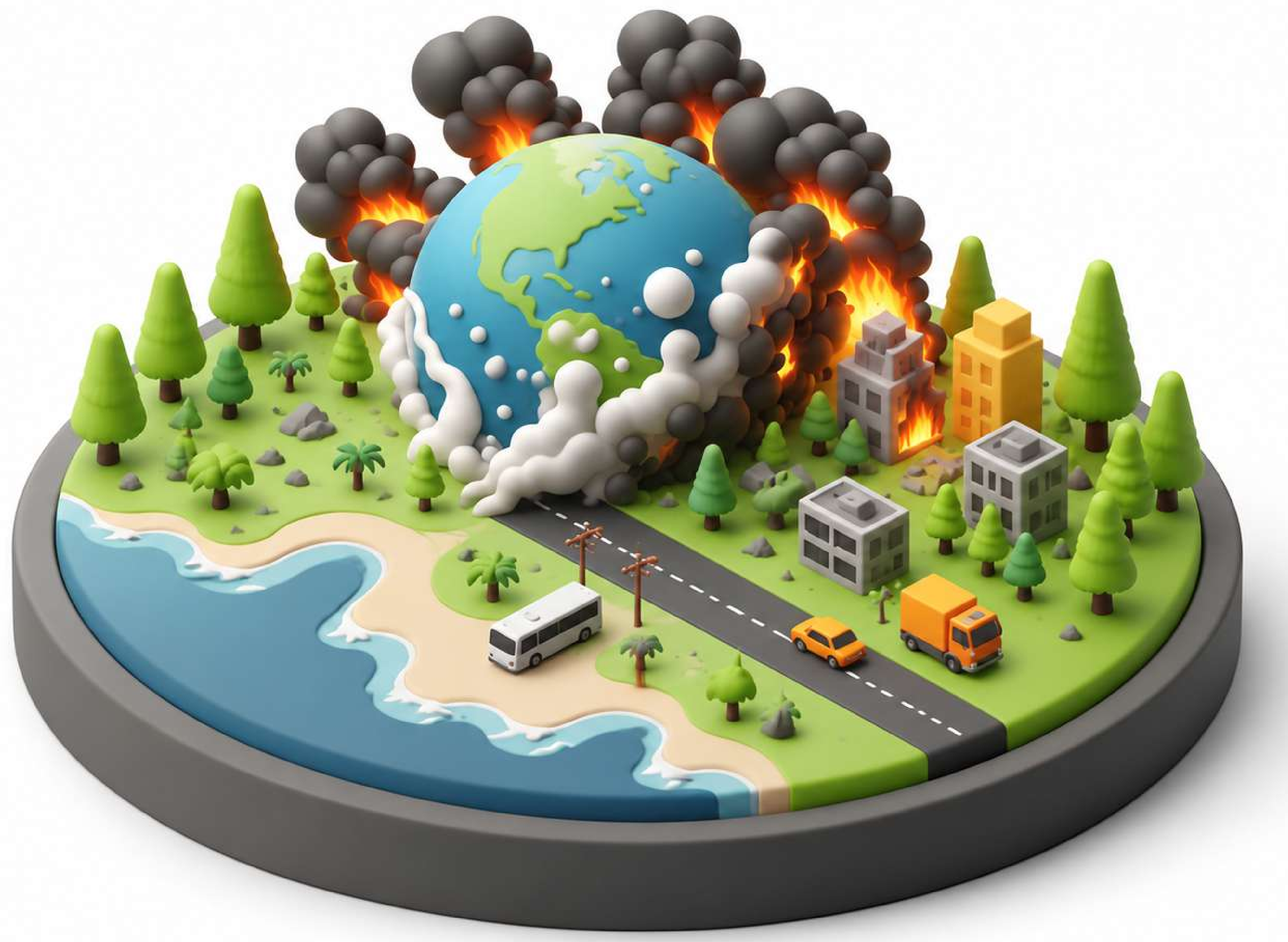
Through the Pool model, catastrophic risks such as drought and frost, which a single insurance company could not assume alone, can be included in the scope of coverage; reinsurance participation is encouraged and reinsurance capacity and scope are expanded; the knowledge, personnel and financial resources of insurance companies are used more efficiently on a shared basis; State premium and excess-of-loss support is used effectively; unfair competition in pricing is prevented; and insurance participation is increased.

The TARSİM model stands out as an important risk management mechanism in reducing the vulnerability of the agricultural sector to climate change and natural disasters. Through this structure, which is based on public-private sector cooperation, the financial resilience of agricultural production is strengthened against catastrophic risks such as drought, frost, hail and similar events, farmers' production continuity is supported and food supply security is promoted.

In this respect, TARSİM constitutes an important good practice example in terms of the COP31 objectives of climate adaptation, resilience financing, sustainable agriculture and disaster risk sharing.

SECTION 4

OUR POSITION AGAINST CLIMATE RISKS



Sustainability Guide for the Insurance Sector

The insurance sector, with its mission of securing the needs of the future, must make sustainability an integral part of its business strategies. Against global challenges such as climate change, social inequalities and increasingly complex regulatory requirements, the adoption of ESG – Environmental, Social and Governance – principles will enable the sector to transform into a more resilient and innovative structure. In line with the ESG approach, our Association continues its efforts to strengthen the sustainability focus in the insurance sector.

In this context, a Working Group was established with representatives of the Green Transformation Research and Review Committee, which carries out its activities under our Association, in order to support a common perspective and implementation framework across the sector. Under the guidance of our Association, the Working Group examined the work and good practice examples of various sectors and foreign insurance associations and prepared the "Sustainability Guide for the Insurance Sector" for the Turkish insurance sector. The Guide is a reference and guidance document on how insurance companies can adopt the ESG approach and integrate it into their operational processes to lead sectoral transformation. It provides the tools and strategic guidance necessary for the insurance sector to successfully achieve a sustainability-oriented transformation.

The Guide was shared with our member insurance companies in 2025 and added to the new "Sustainability" section opened on our Association's website. In addition, the English version of the Guide was prepared and also added to the relevant section of our website.

Accessible Access on Our Website

Our Association has prioritized efforts to increase accessibility in digital channels in order to strengthen the "Social" dimension of the ESG – Environmental, Social and Governance – approach through concrete steps. Accordingly, cooperation was established with a digital service provider to implement digital accessibility solutions.

In this framework, accessibility tool solutions were activated on our Association's website, and these applications went live as of 24.12.2025. The accessibility tool aims to enable users with different needs to access website content more easily and equally.

In addition, audio reading and sign language translation features have been made available for PDF documents in the "Legislation" section of our Association's website. In this way, it is aimed to support access by visually and hearing-impaired individuals to information and regulatory documents in the field of insurance.

As the Insurance Association of Türkiye, we will continue our work in the field of digital accessibility with a sustainable improvement approach and regularly improve our digital channels in line with user feedback.

Green Taxonomy Regulation and Technical Screening Criteria

The insurance sector actively contributes to the Green Taxonomy efforts carried out in Türkiye to strengthen the sustainable finance ecosystem and define environmentally sustainable economic activities within a common framework. In this context, a working group was established with the participation of the Insurance and Private Pension Regulation and Supervision Agency, the Insurance Association of Türkiye and representatives of member companies regarding the Green Taxonomy Regulation and Technical Screening Criteria studies carried out under the coordination of the Presidency of Climate Change.

Within this working group, international sustainable finance regulations and technical criteria, particularly the European Union Taxonomy Regulation, are closely examined, and harmonization efforts are ongoing, taking into account the structure of our country's financial system and insurance sector. The definition of environmentally sustainable activities in line with climate change mitigation and climate change adaptation objectives, the determination of technical thresholds and the development of a common approach in the reporting processes of financial institutions are among the main agenda items of the working group.

With the establishment of the Green Taxonomy infrastructure, it is aimed to direct sustainable investments, measure climate risks more effectively, develop green finance instruments and support a financial reporting system compatible with international investors. This process is also important in terms of preserving Türkiye's competitiveness in the face of international regulations such as the European Green Deal and the Carbon Border Adjustment Mechanism .

From the perspective of the insurance sector, green taxonomy efforts are of strategic importance in terms of developing sustainable underwriting practices, pricing climate and environmental risks more accurately, increasing sustainable investment portfolios and accelerating the sector's ESG transformation. As the Insurance Association of Türkiye, we closely follow these efforts, which will contribute to our sector's transformation in the fields of sustainable finance and climate risks, and we continue to actively contribute in coordination with all relevant stakeholders.

SECTION 5

TÜRKİYE SUSTAINABILITY REPORTING STANDARDS: REPORTING OF CLIMATE RISKS

The regulatory framework in the field of sustainability directly shapes the governance and reporting practices of the insurance sector. With the amendment made to Article 88 of the Turkish Commercial Code No. 6102, published in the Official Gazette dated 04.06.2022 and numbered 31856, the Public Oversight Authority was authorized to determine and publish Türkiye Sustainability Reporting Standards in line with international standards and, where necessary, to make different regulations by business size and sector.

In this context, the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures standards, issued by the International Sustainability Standards Board operating under the IFRS Foundation, were translated into Turkish by the Public Oversight Authority.

Türkiye Sustainability Reporting Standards entered our legislation through the Decision on the Determination of the Scope of Application of Türkiye Sustainability Reporting Standards, published in the Official Gazette dated 29.12.2023 and numbered 32414, 1st Repeated Issue.

TSRS 1 requires entities to structure financial information related to sustainability-related risks and opportunities in a way that supports the decision-making needs of users of general-purpose financial reports, while TSRS 2 provides a comprehensive framework for the transparent, consistent and comparable reporting of climate-related risks and opportunities.

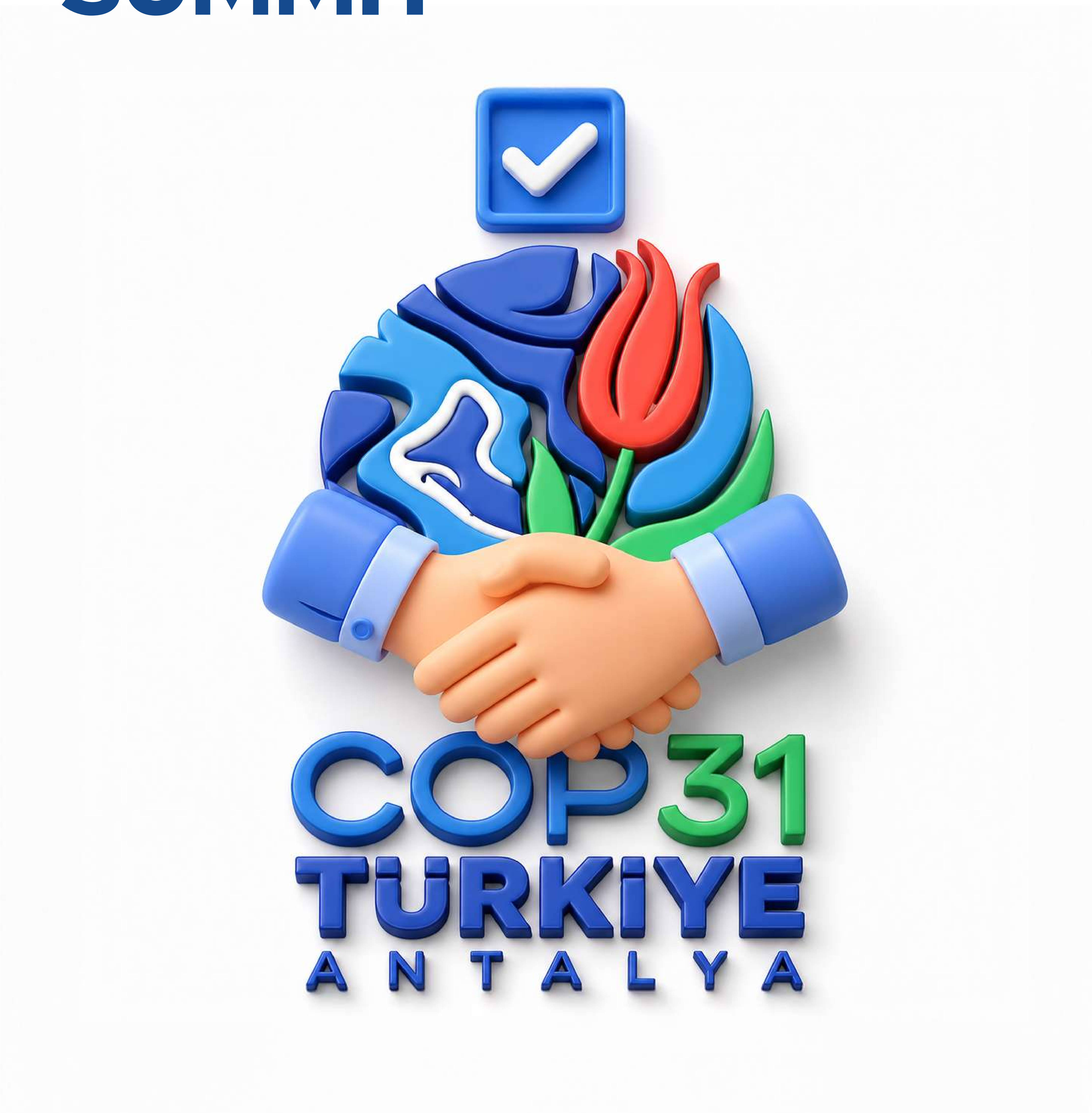
Sustainability reporting became mandatory as of 01.01.2024 for entities subject to the scope specified in the legislation and exceeding at least two of the thresholds set out in the legislation – number of employees, total assets and net sales revenue – for two consecutive reporting periods. This regulation aims to encourage institutions that create significant impact in terms of financial size, revenue level and number of employees to report more transparently and comprehensively in the field of sustainability. It also aims to ensure that companies fulfil sustainability standards and maintain their competitiveness in the face of requirements arising from international markets, such as the EU Green Deal and the Carbon Border Adjustment Mechanism.

Accordingly, the Public Oversight Authority's decision dated 25.06.2025 determined the procedures and principles regarding the scope of application of TSRSs. This new regulation, supported by detailed examples and serving as an explanatory guide, seeks to provide answers to possible questions that may arise in practice.

As the Insurance Association of Türkiye, developments regarding sustainability reporting and the effects of climate risks on the financial system are closely monitored by our Association. In this context, a working group consisting of representatives of member companies was established in 2025 in order to contribute to our sector's TSRS compliance process and to address possible needs and assessments that may arise in practice on a common platform. Through this working group, activities are carried out to evaluate regulatory developments, share sector practices and raise awareness regarding reporting processes. It is considered that our insurance sector has a significant level of preparedness for compliance with reporting processes related to sustainability and climate risks, thanks to its strong data management, risk analysis and reporting infrastructure.

SECTION 6

INSURANCE HOUSE AT THE COP31 ANTALYA SUMMIT



As the Insurance Association of Türkiye, the "Insurance House" planned to be implemented in Antalya during the COP31 process is designed as a dedicated platform to address the role of the insurance sector in climate change, disaster resilience, sustainable finance and green transformation together with national and international stakeholders.

The Insurance House, to be held throughout COP31, will serve as a sector-focused meeting point bringing together insurance and reinsurance companies, public institutions, international organizations, financial sector representatives, academics, technology companies and stakeholders working in the field of sustainability.

Within the scope of the program, high-level main sessions of approximately 40 minutes are planned to be organized each day around designated main themes. These sessions are expected to address topics such as climate risks, disaster financing, sustainable insurance, green finance, parametric insurance, agricultural insurance, energy transition, the protection gap and resilient infrastructure.

In addition to the main sessions, special speaking areas will be offered to participating companies under the designated sponsorship categories, enabling them to share their own practices and projects. In this context, approximately 15-minute mini sessions are planned so that companies can share their products, practices and projects in the fields of green transformation, sustainability, ESG, climate risk management and innovative insurance solutions with sector representatives. Under this structure, which is planned to be organized as morning and evening sessions, it is aimed to include approximately eight sponsor speeches per day.

The Insurance House will not consist solely of session areas; it will also include special spaces that will strengthen interaction among sector representatives, such as one-on-one business meetings, networking areas, experience-sharing workshops, and media and communication areas. In addition, stands and experience areas are planned to be established where sponsor and participating organizations can exhibit their sustainability and climate-focused work.

This structure is expected to increase the visibility of the insurance sector within the scope of COP31, highlight the sector's solution-oriented role and strengthen international cooperation.

SECTION 7

WHY SHOULD YOU PARTICIPATE?

Positioning in the Global Climate Agenda

The Insurance House to be organized during the COP31 process will offer companies an important opportunity to make their sustainability and climate transformation efforts visible on an international platform.

Sectoral Visibility and Leadership

Through 15-minute sponsor sessions, companies will have the opportunity to directly share their green transformation strategies, sustainable insurance practices, ESG efforts, innovative products and climate risk solutions with sector professionals.

International and National Networking Opportunities

The Insurance House will provide opportunities for direct communication and cooperation with insurance and reinsurance companies, public institutions, international organizations, investors, technology providers and academics.

New Cooperation and Project Opportunities

Through one-on-one meetings, networking areas and experience workshops to be organized during the event, companies will have the opportunity to develop new business partnerships, access international projects and increase knowledge-sharing within the sector.

Opportunity to Showcase Sustainability and ESG Activities

Through the stands and experience areas to be established, companies will be able to present their sustainability projects, technological infrastructure, data solutions and climate-focused practices to participants.

Strengthening the Solution-Oriented Role of the Insurance Sector

The Insurance House aims to demonstrate that the sector is not merely a structure that pays claims, but a strategic stakeholder that plays an active role in risk reduction, resilience financing, sustainable development and climate adaptation processes.

Insurance Association of Türkiye