

## EDUCATION OF INSURANCE AGENT TECHNICAL PERSONNEL IN TURKEY

Prof.Dr.Huriye Kubilay<sup>1</sup>

### ABSTRACT

This paper is related to education of intermediaries who sell insurance products in the name of and on account of insurers. Those persons; namely “Insurance Agents” act as direct representatives of insurers. Therefore, regarding their disclosure obligation, their knowledge about insurance products and management of risk is extremely important both for insurers and insureds.

“Insurance Agent Technical Personnel” is a quite new concept which was regulated firstly by previous Insurance Agents By-Law, that was issued in 2008. This By-Law has been based on Insurance Act which was entered into force in 2007. After promulgation of the Insurance Act and the By-Law which have been issued for the aim of harmonisation with EU Law, informing about insurance policies, marketing and sales of insurance policies can only be realised by those qualified persons. Before the regulation, insurance policies could be sold by a great number of insurance agents who haven’t got any specific education and experience.

In this paper, education of insurance agent technical personnel in Turkey which has been given by the Center of Insurance Education (CIE/Sigortacılık Eğitim Merkezi-SEGEM) under supervision of the Undersecretariat of Treasury will be evaluated regarding purpose and content of the education, education of teaching staff, the persons who have to be required to get this education, re-education and statistical datas.

**Keywords:** Insurance, agent, technical personnel, education, intermediaries

---

<sup>1</sup> Department of Commercial Law, Law Faculty of İzmir University of Economics.

## EDUCATION OF INSURANCE AGENT TECHNICAL PERSONNEL IN TURKEY

### I- INTRODUCTION

Insurance agent is one kind of insurance intermediaries<sup>2</sup>. The other kind of insurance intermediaries is “broker” in Turkish Law. Pursuant to Article 2 (1), b of Insurance Act, “*“Intermediary” shall mean insurance agent and broker.*”

General definition of “agent” has been made in Article 102 of Turkish Commercial Code numbered 6102. According to Article 23 (18) of Insurance Act; “*Provisions of the Turkish Commercial Code governing agencies shall also apply to insurance agents.*”

“Insurance agent” is defined distinctively in Insurance Act, numbered 5684 by taking into consideration insurance agent. The definition of “insurance agent”, in Insurance Act is as follows;

“Article 2 (1), m) Insurance agent, “*shall mean a person who has adopted it as a profession to intermediate to insurance contracts in the name and account of the insurance company for a permanent term within a specific place or region based on a contract without holding a title such as commercial representative, commercial attorney, sales official or employee, or to perform such activity on behalf of the insurance company and who carry out the preparatory works before the conclusion of the contract and assist during the implementation of the contract and payment of claims,*” He/she is the “*direct representative*” of insurance company. Because, insurance agents intermediate to insurance contracts in the name and account of the insurance company or make and perform insurance contracts on behalf of the insurance company.

Pursuant to Article 23 (1) of Insurance Act; “*Insurance agency is carried out by real or legal persons.*” If insurance agent is a real person, he/she must be “*technical personnel*” (Article 4 (1), a, of Insurance Agents By-

---

<sup>2</sup> CLARKE, 44.

Law) and if insurance agent is a legal person, its director must be “*technical personnel*” (Article 5 (2) of Insurance Agents By-Law; Article 5.3 of). Besides, representatives of legal person insurance agents who represents the agent in respect to insurance transactions must have “*technical personnel*” title (Article 5 (3) of Insurance Agents By-Law). In a legal person insurance agent, at least, one technical personnel must be employed beside the director (Article 5 (5) of Insurance Agents By-Law; Article 5.3 of Circular on the Implementation of By-Law on Insurance Agents, numbered 2014/8).

Required education level and minimum professional experience periods for real person agents and directors of legal person insurance agents are regulated by Appendix-1/A of Insurance Agents By-Law. Namely;

**REQUIRED EDUCATION LEVEL AND MINIMUM PROFESSIONAL EXPERIENCE PERIODS FOR REAL PERSON INSURANCE AGENTS AND DIRECTORS OF LEGAL PERSON INSURANCE AGENTS (APPENDIX-1/A)**

<b>EDUCATION LEVEL</b>	<b>PERIOD OF PROFESSIONAL EXPERIENCE</b>
Two- year college (related to insurance)	2 years
Four-year High Education Institutions	1 year 6 months
Four-year High Education Institutions (related to insurance)	-

The concept of “*Technical personnel*” is a new concept which was brought into our legal system by previous Insurance Agents By-Law, in 2008. Until this time, any condition related to education and professional experience hasn’t been required to work as an insurance agent. “*Technical personnel concept*” means that transactions of marketing, informing and selling of insurance products can only be made by those persons. “*Technical personnel*” is defined as an authorised personnel who carries

out insurance transactions with regard marketing, informing and selling in insurance agencies (Article 3 (1) h of Insurance Agents By-Law ).

In 2009, approximately 53.000 insurance agents or candidates of insurance agency have received this training<sup>3</sup>. This two-day education has continued until 2014 as “*Agent Pre-Licensing Education*” and “*Agent Continuing Education*”. After the amendment of Insurance Agents By-Law in 2014, Insurance Education Center has become a Center which provides only the “*Agent Continuing Education*”.

According to Article 19, titled “*Education of technical personnel*), paragraph 1 of previous “*Insurance Agencies By-Law*”, technical personnel has been made subject to training for maximum five business days every three years as a minimum . Activity of any technical employee who has not received the training set out in the first paragraph within its period has been suspended until this training has been completed (Article 19 (2) of the previous Insurance Agents By-Law). This face to face education has been realized for two days in practice (as 8 hours per day, totally 16 hours).

## **II- RELATED TURKISH LEGISLATION**

### **1. Turkish Commercial Code, numbered 6102**

Turkish Commercial Code, numbered 6102<sup>4</sup> governs generally the whole commercial life of Turkey. In general terms, “*agency*” is defined and regulated in details by the provisions between Article 102 and 123 of this Code. According to Article 23 (18) of Insurance Act; “*Provisions of the Turkish Commercial Code governing agencies shall also apply to insurance agents.*” However, Turkish Commercial Code doesn’t include any provision concerned the education of insurance agents.

### **2. Insurance Act, numbered 5684**

The fundamental legislation on education of insurance intermediaries is Insurance Act, numbered 5684.

---

<sup>3</sup> TUNÇAY, 80.

<sup>4</sup> Official Gazette, dated: February 14, 2011, numbered: 27846.

The Center of Insurance Education has been regulated for the first time by Article 31 of Insurance Act, as follows;

**“PART IX**

**Miscellaneous**

**Insurance training centre, support services and other organizations  
(Amended: OG-29.06.2012 - 28338)**

**ARTICLE 31 – (1)** *The Minister is authorized to set up an insurance training centre to make the necessary examinations on specific topics related to insurance in an impartial manner, meet training demands at home, abroad or within the framework of international agreements, and for similar purposes. Expenses of the insurance training centre shall be met from the contributions of professional institutions operating in the insurance sector, participation fee to be transferred from the Account, from the relevant public and private sector institutions to which the centre serve and from donations in accordance with the principles to be determined by regulation. Training activities to be carried out by the insurance training centre are not subject to the Law on Private Educational Institutions.*

*(2) Except institutions such as associations, federations and unions which are established under certain laws, establishment of organizations for insurance and reinsurance practices is subject to the authorization by the Minister.*

*(3) The persons and establishments operating within the scope of this Law shall prepare a written report, to be submitted to the Undersecretariat when necessary, about the risks that may arise due to the services they intend to obtain and their management, evaluation of expected benefits and costs before obtaining assistance or complementary support services for their field of operation. The support services to be obtained may not be in a nature to prevent the support service recipients from fulfilling their obligations arising from the legislation and their supervision.*

(4) *Issues related to the insurance training centre and the organizations to be established in accordance with the second paragraph and the way support services will be provided and support service organizations shall be regulated by regulation.*”

### **3. *By-Law on Insurance Agents and By-Law on Insurance Training Center***

By-Law on Insurance Agents and By-Law on Insurance Training Center<sup>5</sup> are *secondary legislation* concerning with the Insurance Training Center. The new By-Law on Insurance Agents was published in the Official Gazette, dated 22.04.2014 and numbered 28980 and was entered into force on 22.04.2014<sup>6</sup>. Then, Republic of Turkey Prime Ministry Undersecretariat of Treasury published “*Circular on Implementation of Insurance Agents By-Law*” (2014/8), dated May 22, 2014.

### **4. *Circular on the Implementation of By-Law on Insurance Agents, numbered 2014/8***

The general purpose of this Circular is to explain some issues concerning By-Law Insurance Agents which was entered into force on April 22, 2014.

Conditions related to assistant technical personnel, technical personnel and director are regulated by Article 5 of Circular on the Implementation of By-Law on Insurance Agents, numbered 2014/8. According to Article 5.6 of the Circular, Certificate of Technical Personnel Education, given by Insurance Education Center (Certificate of Technical Personnel Education for insurance agents and/or banks and private institutions)/Certificate evidencing successful in technical personnel proficiency examination will be required during application to be technical personnel and director. Persons who are registered in the List of Turkish Union of Chambers and Commodity Exchanges, but haven't acquired Certificate of Technical

---

2 Official Gazette of Publication: 01.06.2008 – 26893 Issued by: Prime Ministry (Undersecretariat of Treasury)

<sup>6</sup> For the previous “*Insurance Agencies Regulation*”, see Official Gazette, April 14, 2008, issue: 26847 (Repeated).

Personnel Education yet, are required to deliver Certificate of Technical Personnel Education, given by Insurance Education Center (Certificate of Technical Personnel Education for insurance agents and/or banks and private institutions)/Certificate evidencing successful in technical personnel proficiency examination, to concerning chamber, until October 22, 2014. Any kind of those certificates are not required during application to become assistant technical personnel (Article 5. 5 of the Circular).

### III- EDUCATION OF INSURANCE AGENTS IN COMPARATIVE LAW

CLARKE has indicated a reality that everyone has adopted, as follows; *“Clearly, agents would benefit from better training. In 1993, a survey by the Consumers Association indicated that many agents did not understand the terms of the insurance they were selling.”*<sup>7</sup> There is no doubt that a qualified education creates positive effects on the insurance industry.

In the United States of America, every state requires insurance agents to be licensed. In other words, insurance sales agents must obtain a license in the States where they plan to do their selling. Thus, an insurance agent is defined as a *state-licensed professional who represents an insurance company in selling and servicing policies.*

In this regard, the following example may be given;

*“Jim moved to Texas, and called his insurance agent to change his address. Jim's insurance agent put him in contact with an insurance agent in Texas who could help him obtain another insurance policy, because Jim's current insurance agent was not licensed in Texas.”*<sup>8</sup>

An insurance agent, at least needs to get a *“resident/home state license”*. To become licensed in a state other than the state where the agent resides, he/she must apply for a *“non-resident agent”* license. All non-resident

---

<sup>7</sup> CLARKE, 66.

<sup>8</sup> Information about American System and the example see, <http://personalinsure.about.com/od/insurancetermsglossary/g/agent.htm> (Access date: May 26, 2014).

licensees must firstly have a resident/home state license in his or her home state, before a non-resident license will be issued<sup>9</sup>. In other words, existing licenses will be renewed and new licenses can be issued if the home state's requirements are met.

In most states, insurance agents are required to undergo approximately 40 hours of passing classroom education for the type of insurance they are qualifying for to be approved to take the state insurance exam.

Insurance agents are required to obtain separate licenses to sell *life and health insurance* or *property and casualty insurance* as well as financial consulting. Organizations offer those professional programs in order to certify one's expertise in specialities<sup>10</sup>.

For example in Ohio State, resident agent applicants must complete the pre-licensing education program requirements from an Ohio approved pre-licensing provider, prior to taking an examination. The educational requirements may be met by either completing a 20-hour classroom course or successfully completing an approved self-study course. Upon completing the required pre-licensing education program, applicants will be issued a *Course Completion Certificate* for each line of authority completed. This certificate is valid for a period of 180 calendar days, and the corresponding exam must be successfully completed during this period<sup>11</sup>.

After successfully completing the state exam an insurance agent will need to take *continuing education* classes to keep her/his insurance license current. Only insurance agents are allowed to sell and service insurance policies and only in the states they are licensed in. For example, in Ohio State, resident agents with a continuing education requirement must obtain

---

<sup>9</sup> <http://www.insurance-schools.com/custom.aspx?id=6> (Access date: August 14, 2014).

<sup>10</sup> McKay, Dawn Rosenberg, Insurance Agent: Career Information, <http://careerplanning.about.com/bio/Dawn-Rosenberg-McKay-646.htm> (Access date:14.08.2014); Education and Training Requirements for Insurance Sales Agents, see <http://books.mongabay.com/labor/training/118.html> (Access date: 14.08.2014)

<sup>11</sup> <http://www.insurance.ohio.gov/Agent/Pages/PreLicEd.aspx> (Access date: August 27, 2014)



all required credits prior to their license expiration date. An agent will not be eligible to renew their insurance license(s)<sup>12</sup> until they have satisfied their continuing education requirement<sup>13</sup>.

*“Although voluntary, such programs assure clients and employers that an agent has a thorough understanding of the relevant specialty. Agents are usually required to complete a specified number of hours of continuing education to retain their designation.*

*Employers also are placing greater emphasis on continuing professional education as the diversity of financial products sold by insurance agents increases. It is important for insurance agents to keep up to date on issues concerning clients. Changes in tax laws, government benefits programs, and other State and Federal regulations can affect the insurance needs of clients and the way in which agents conduct business. Agents can enhance their selling skills and broaden their knowledge of insurance and other financial services by taking courses at colleges and universities and by attending institutes, conferences, and seminars sponsored by insurance organizations.*

*Most State licensing authorities also have mandatory continuing education requirements focusing on insurance laws, consumer protection, and the technical details of various insurance policies.*

*As the demand for financial products and financial planning increases, many insurance agents are choosing to gain the proper licensing and certification to sell securities and other financial products. Doing so, however, requires substantial study and passing an additional examination—either the Series 6 or Series 7 licensing exam, both of which*

---

<sup>12</sup> Depending on which license type, the license may renew biennially or annually. Renewal notices are sent at least one month prior to the license expiration date. It is the responsibility of each licensee to ensure that their license(s) are current and do not lapse even if the renewal notice is not received. <http://www.insurance.ohio.gov/Agent/Pages/AgentTab3.aspx> (Access date: August 27, 2014)

<sup>13</sup> <http://www.insurance.ohio.gov/Agent/Pages/AgentTab5.aspx> (Access date: August 27, 2014)

are administered by the National Association of Securities Dealers (NASD). The Series 6 exam is for individuals who wish to sell only mutual funds and variable annuities, whereas the Series 7 exam is the main NASD series license that qualifies agents as general securities sales representatives. In addition, to further demonstrate competency in the area of financial planning, many agents find it worthwhile to earn the designation “Certified Financial Planner” or “Chartered Financial Consultant.””<sup>14</sup>

In California, an insurance agent must complete a minimum of 24 continuing education (CE) credit hours for the license type during each two-year license term. Life-only agents, accident and health agents, property or casualty broker-agents must also complete three hours of ethics CE training every license term as a part of the requirements. Personal lines broker-agents must complete three hours of ethics CE training every license term as part of the requirements.

Moreover, additional training requirements are required for the sale of Long-Term Care Insurance or Annuities or for Homeowners' Insurance Valuation, in California<sup>15</sup>.

#### IV- INSURANCE INTERMEDIARIES OF TURKEY

With respect to Article 2 (1), b of Insurance Act, the term of “*Insurance intermediaries*” means “*insurance agent*” and “*broker*”<sup>16</sup>.

“*Insurance agent*” is defined as follows in Article 2 (1), m of Insurance Act;

“*Insurance agent*” shall mean a person who has adopted it as a profession to intermediate to insurance contracts in the name and account of the insurance company for a permanent term within a specific place or

---

<sup>14</sup> Education and training requirements for insurance sales agents, <http://books.mongabay.com/labor/training/118.html> (Access date: August, 27, 2014)

<sup>15</sup> Agents & Brokers: Continuing Education (Ce) Training Requirements, Continuing Education And Training Requirements, <http://www.insurance.ca.gov/0200-industry/0030-seek-pre-lic/0100-requirements/446-9.cfm> (Access date: August 29, 2014).

<sup>16</sup> About insurance intermediaries, see ÖZER, 181-192.

*region based on a contract without holding a title such as commercial representative, commercial attorney, sales official or employee, or to perform such activity on behalf of the insurance company and who carry out the preparatory works before the conclusion of the contract and assist during the implementation of the contract and payment of claims,”*

In Turkey, insurance agents can be established as *real person insurance agent* (Insurance Agents By-Law Article 4) or *legal person agent* (Insurance Agents by-Law, Article 5), but some institutions have privileges regarding registration condition in the List of Turkish Union of Chambers and Commodity Exchanges. According to Article 2 of “*Circular on Implementation of Insurance Agents By-Law*, those privileged institutions are;

- Banks; deposit banks, participation banks and development and investment banks, that are defined in Article 3 of Banking Act, 5411<sup>17</sup>, which will make insurance agency activities in accordance with Article (23 (3) of Insurance Act (Circular 2.1.).
- Institutions and enterprises which have been established by a private act and have been granted an authority to make insurance agency activities or have been granted an authority to make insurance agency activities by their own establishment act, such as Agricultural Credit Cooperatives and Regional Associations in scope of Act, 1581, Chambers of Agriculture, in scope of Act, 6964 and Post and Telegraph Organization Incorporation, in scope of Act, 6475 (Circular 2.2)..

Although any institution cannot engage in insurance agency activities without registration in the List of Turkish Union of Chambers and Commodity Exchanges (Insurance Agent By-Law, Article 10 (1)), those institutions are exempted from registration.

---

<sup>17</sup> Adoption Date : October 19, 2005, Official Gazette: November 1, 2005, 25983 re.

The total number of insurance agents in Turkey whose registration process have been completed, is 16.654, including 8.939 real person insurance agents and 7.715 legal person insurance agents<sup>18</sup>. As it is seen below, insurance agents have an important share regarding with insurance policies' sale.

**DISTRIBUTION OF SALE CHANNEL SHARES  
IN TURKISH INSURANCE SECTOR  
01.01.2014 – 30.06.2014**

	<b>Insurance Insurance</b>			
	<u>Company</u>	<u>Agents</u>	<u>Bank</u>	<u>Broker</u>
<b>NON-LIFE INSURANCE</b>	<b>6,76 %</b>	<b>66,16%</b>	<b>13,89%</b>	<b>13,18%</b>
<b>LIFE INSURANCE</b>	<b>100,00%</b>	<b>0,00%</b>	<b>0,00%</b>	<b>0,00%</b>

See <http://www.tsb.org.tr/resmi-istatistikler.aspx?pageID=909> (Access date: September 13, 2014).

**V- CONCEPTS OF “TECHNICAL PERSONNEL” AND  
“ASSISTANT TECHNICAL PERSONEL”  
“Technical personnel”**

Marketing, information and sale transactions of insurance products may only be performed by technical personnel of insurance agents. According to Article 3 (1),h of Insurance Agent By-Law, technical personnel means personnel, who perform marketing, information and sale transactions related to insurance policies in insurance agents.

To attain the title of “*Technical personnel*”, the following conditions are required (Art. 6 (2) of Insurance Agents By-Law):

- To have the competence to use civil rights,
- Haven't been sentenced or punished for any crimes defined in Art.4 (1), c of Insurance Agents By-Law,

---

18

<http://www.tobb.org.tr/SigortacilikMudurlugu/SigortaAcenteleri/Sayfalar/Istatistikler.php> (Access date: August 14, 2014).

- To have sufficient education level and to complete professional experience period, which are situated in Appendix-1/B of Insurance Agents By-Law (see below).
- To success technical personnel proficiency exam which will be made by Insurance Education Center.

**REQUIRED EDUCATION LEVEL AND MINIMUM  
EXPERIENCE PERIOD FOR BECOMING AN INSURANCE  
TECHNICAL PERSONNEL (APPENDIX-1/B)**

<b>EDUCATION LEVEL</b>	<b>PERIOD OF PROFESSIONAL EXPERIENCE</b>
High school or equivalent school	1 year
High school or equivalent school (Professional and technical education schools, equivalent to high schools, of which syllabus cover the subjects related to insurance)	6 months
High school or equivalent school (technical personnel public employment programme)	6 months
Two-year college	6 months
Two-year college (related to insurance)	-
Four-year High Education Institutions	-

*“Assistant technical personnel”*

Any person, who hasn't completed professional experience period yet, may be employed with the title of *“Assistant technical personnel”*. Assistant technical personnel may perform preparatory works related to marketing, information and sale transactions of insurance products. An assistant technical personnel obtains the title of *“Technical personnel”* at the end of professional experience period which is situated in Appendix-1/B of Insurance Agents By-Law, by succeeding technical personnel proficiency

exam which will be made by Insurance Education Center (Art.6 (3) of Insurance Agents By-Law).

Technical personnel and assistant technical personnel can work with only one agent and cannot accept business independently from the agent that they work (Art.6 (7) of Insurance Agents By-Law) .

Any damages to the third persons due to actions of technical personnel are under the responsibility of technical personnel and the agents to which they are connected (Art.6 (8) of Insurance Agents By-Law).

#### **VI- INSURANCE EDUCATION CENTER (IEC)**

The Center of Insurance Education is basically established for the purpose of operation to perform professional education and examination organisations towards insurance sector under a single framework.

Many institutitons have been charged for education of insurance intermediaries, in Turkey. One of the duties of Insurance Association of Turkey<sup>19</sup>, Insurance Agents Executive Committee and Loss Adjusters

---

<sup>19</sup> *“Insurance Association of Turkey is a specialist institution with the characteristics of a unique non-governmental institution established by law.*

*As a neutral and reliable authority, the vision of the Insurance Association Turkey is to become the reference institution in the field of insurance and private pension through conducting research, activities of publicity and education, organizing and coordinating the activities of all stakeholders in the sector.”* <http://www.tsb.org.tr/about-us.aspx?pageID=919> (Erişim tarihi: 20.08.2014).

*“In 1900, insurance companies operating in Turkey decided to come together under the umbrella of a “professional organization” and established the “Insurers Syndicate of Turkey”, which had 81 members, all of them being foreign companies.*

*After the proclamation of the Republic in Turkey in 1923, this Society was abolished and “The Club of Insurers” was established in 1924, which then took the name “Central Office of Insurers”. In 1952, some of the member of the Office established “The Association of the Insurance Companies of Turkey”. On the same date, Central Office of Insurers took the name “Office of Insurers of Turkey”. In 1954, both organizations merged under the name “Association of the Insurance and Reinsurance Companies of Turkey”. In 1975, the Association adopted the name “The Association of the Insurance and Reinsurance Companies of Turkey”.*

*The pension companies were organized under the roof of the Association with the amendment made in the Insurance Law No: 5684 on 29 June 2012 . Following the amendment, the official name of the Association was changed to “Association of the Insurance, Reinsurance and Pension Companies of Turkey. Then, the logo of Association has been altered and the use of “Insurance Association of Turkey” phrase with the new*

Executive Committee is to provide educational activities. In order to realise this purpose, institutions are under duty to make cooperation with related institutions and societies, to organize seminars and conferences and to publish books, journals and brochures.

“*The Insurance Education Center*” is defined as a Center, with legal personality within the Association of the Insurance and Reinsurance Companies of Turkey (Article 1 of By-Law on Insurance Training Center) and it is established based on Art.31 of Insurance Act, 5684 (Insurance Agents By-Law, Art.3 (1), g) . The body, establishment and activities of the Insurance Training Center have been regulated by By-Law on Insurance Training Center, published in Official Gazette, dated June 01, 2008<sup>20</sup>. In the new Insurance Agents By-Law, only the “*Continuous education*” is regulated in Article 20. As the title of Article 20 is “*Continuous education*”, the Article’s content is also related to the “*Continuous education*” of insurance agents. Namely; technical personnel participate the education, of which date and programme will be determined by Undersecretariat of Treasury, to ensure continuity of their professional proficiency, knowledge and skill. This education may be given by Insurance Education Center or by procurement of services made by Insurance Education Center (Article 20 (1) of Insurance Agents By-Law) . Studies on period, content, method, fee and other requirements of education are made by Insurance Education Center by obtaining the opinion of Executive Committee of Insurance Agents and are decided by the Undersecretariat of Treasury Center (Article 20 (2) of Insurance Agents By-Law) .

Activity of any technical personnel who has not accomplished the education within its period is suspended until this education is completed. Information about technical personnel whose activity is suspended, is transmitted to the Union of Chambers and Commodity Exchanges of

---

*logo has been agreed.*” <http://www.tsb.org.tr/history.aspx?pageID=969> (Erişim tarihi: 20.08.2014)

<sup>20</sup> TUNÇAY, 79.

Turkey and Insurance Association of Turkey (Article 20 (3) of Insurance Agents By-Law) .

The activities of the Centre shall be supervised by the Undersecretariat of Treasury (Art.11 (1) of By-Law on Insurance Training Center).

The Centre shall present a detailed annual report to the Undersecretariat, the Association and Union of Chambers and Commodity Exchanges of Turkey (TOBB) on the Centre's activities, personnel, budget and other relevant issues (Art.11 (2) of By-Law on Insurance Training Center).

The Centre shall ensure the holding of necessary examinations on specific topics related to insurance in an impartial manner; creation of risk and insurance awareness throughout the community; contribution to the trained personnel employment in the insurance sector; contribution to the development and effectiveness of the current training programs in insurance; coordination of training demands both at home and abroad or within the framework of international agreements; conduct of research and studies that will contribute to the development of the sector; sharing of information to be obtained with the relevant parties, and holding of necessary organisations in these matters (Art. 5 of By-Law on Insurance Training Center) . To prepare training programs in relation with the practices and developments in the field of insurance, to ensure the coordination of the on-site or computer supported remote training activities in line with the training stipulated by the relevant legislation, and the training demands received locally and from abroad, within the framework of the training activities carried out in Turkey in the field of insurance, to establish cooperation and relations with the relevant entities both at home and abroad when necessary, to obtain technical information, to hold seminars, conferences and training programs, and to publish books, magazines and brochures are some of the activities which the Center is carried out (Art.5 (2) b, d of By-Law on Insurance Training Center). According to By Law on Insurance training Center, the Centre may outsource training activities (Art.5 (3) of By-Law on Insurance Training Center).



Education given by Insurance Education Center has been submitted for insurance agents, actuaries, insurance experts and insurance and reinsurance brokers.

Expenses of the insurance training centre shall be met from the contributions of professional institutions operating in the insurance sector, participation fee to be transferred from the Account, from the relevant public and private sector institutions to which the centre serve and from donations in accordance with the principles to be determined by regulation (Article 31 (1) of Insurance Act).

Training activities to be carried out by the insurance training centre are not subject to the Law on Private Educational Institutions (Article 31 (1) of Insurance Act).

#### **VII-NATURE OF INSURANCE EDUCATION GIVEN BY INSURANCE EDUCATION CENTER**

Before the promulgation of new Insurance Agents By-Law, agents pre-licience education which has been given for two days (as 8 hours per day, totally 16 hours) , has covered the subjects on “*Conceptual Framework Related to Insurance*” for the first day and “*Legislation on Insurance*”, “*Rights and Obligations of Insurance Agents*”, “*Situation of Insurance Agents in Insurance Sector*” and “*Damage*” for the second day.

Article 6 (2), ç of the new Insurance Agency By-Law has amended the related provision of the previous By-Law as “For acquiring “Technical personnel title” it is required to success technical personnel proficiency exam, which will be made by IEC”. In this context, the obligation on mandatory training of technical personnel has been removed. It is also understood from the provisions of “*Circular on Implementation of Insurance Agents By-Law*” (2014/8)<sup>21</sup> . According to the Article 5.5 and 5.6, during application, an assistant insurance technical personnel and a technical personnel have to file a Technical Personnel Education Certificate which has been given by Insurance Education Center or a

---

<sup>21</sup> See, Article 4.2. and 4.4 of the Circular.

document related to achievement of a technical personnel proficiency exam.

According to the New Insurance Agency By-Law, proficiency exam will be made by IEC at the stage of entry into the profession, but it will not mandatory to get education for those persons, before this examination. Candidates will be able to get education for preparation for the technical personnel proficiency exam from other institutions. For the time being, Insurance Education Center has presented an e-learning programme on IEC Academy Portal (<http://www.segemakademi.org/#>). Besides, it is known that banks and other private institutions have given education by various methods to technical personnel candidates, in their own structures.

The education, in referred Article is organised similar to refresher training in previous By-Law. Therefore, it has no relation with proficiency examination. As diffeent from the previous application, this education will not be renewed on a periodical bases. If necessary, it may be organised on subject bases considering needs assesment study.

Education of insurance technical personnel is called as “*Continuous education*” in Article 20 (1) of Insurance Agents By-Law. According to this provision, technical personnel join the education of which date and programme will be determined by Undersecretariat of Treasury for the purpose of providing continuity of professional capacity, knowledge and ability of technical personnel.

The education is given by IEC or by service purchasing method of IEC. Studies related on period, scope, method and other requirements of the education, are realised by IEC upon receiving the view of Executive Committee of Insurance Agents <sup>22</sup> and have been decided by Undersecretariat of Treasury (Insurance Agents By-Law, Article 20 (2)).

---

<sup>22</sup> Insurance Agents By-Law, 3 (1), b.

The activities of technical personnel who haven't complete their education in education period are stopped until the education will complete. The information related to the technical personnel whose activities have been stopped is communicated to The Union of Chambers and Commodity Exchanges of Turkey and Insurance Association of Turkey (Insurance Agents By-Law, Article 20 (3)). So, the continuous education is still “*mandatory*”.

Undersecretariat of Treasury is authorised to specify the authority of making transactions of technical personnel and related conditions by insurance branches and to make proficiency examination in the form of licencing (Art.6 (6) of Insurance Agents By-Law).

### **VIII- IMPORTANCE OF TURKISH INSURANCE INSTITUTE (TSEV)**

Following the establishment of Insurance Education Center, Turkish Insurance Institute has begun the education of educators. After completion the education of educators, those educated educators have been appointed for two-days education of insurance agents in various parts of Turkey.

In 2009, Turkish Insurance Institute realised “*Mandatory Insurance Technical Personnel Education*”, by making cooperation with The Union of Chambers and Commodity Exchanges of Turkey and Insurance Association of Turkey. In this context, the education has been given to totally 40.000 persons, including 35.000 insurance agents and 5000 bank staff, in 18 cities across Turkey with 70 teaching staff<sup>23</sup>.

First Insurance Agency Technical Personnel Education period of 2014 year was realised between 08 February 2014 and 27 April 2014. Totally 4309 person have been participated to the education which were performed in seven centers as Ankara, Antalya, İzmir, Trabzon, Diyarbakır, İstanbul-Europe and İstanbul-Anatolia.

---

<sup>23</sup> <http://www.tsev.org.tr/hakkimizda.html> (Access date: August 27, 2014)

## IX- CONCLUSION

Before the latest amendments of legislation, as a rule, a specific, two-day pre-licencing “*education*” and “*Professional experience*” had been required for becoming an insurance agent. Now, instead of pre-licencing and continuous education, only, the continuous education of insurance agents is required and regulated by the legislation. Nowadays, Insurance Education Center has presented an e-learning programme on IEC Academy Portal. Professional experience is still required for insurance agents except few exclusions. Increasing the number of high education institutions related to insurance in Turkey may have caused the removal of mandatory pre-licencing education.

The mandatory and specific pre-licencing education which will not provided by Insurance Education Center no longer, should be improved, it should not be only a standart education but also qualified for the benefit of all interested parties (e.g. insurer, insured and beneficiary). According to Art.6 (6) of Insurance Agents By-Law, Undersecretariat of Treasury is authorised to specify the authority of making transactions of technical personnel and related conditions by insurance branches and to make proficiency examination in the form of licencing. For example, it may be diversified by taking into consideration “*fixed sum insurance*” and “*indemnity insurance*” or it may be designed as an education related to specific insurance branches, such as, life insurance, property insurance.

Instead of face-to face education, approved self-study courses may be brought into the system. So that, more people will have the opportunity to benefit from a qualified and supervised education.

Education, based on practice is pretty important for the insurance agents, some cases may be solved within the context of the education. The decisions of insurance arbitrators or insurance arbitral tribunals and objection arbitral tribunals which have been published by Insurance Arbitration Commission, can be used in those applied courses.

**REFERENCE**

- BOZER, Ali,** Sigorta Hukuku, Genel Hükümler-Bazı Sigorta Türleri, Banka ve Ticaret Hukuku Araştırma Enstitüsü, Yayın Nu: 406, 2004/11.
- CAN, Mertol,** Türk Özel Sigorta Hukuku (Ders Kitabı), Ankara 2007.
- CLARKE, Malcolm,** Policies and Perceptions of Insurance, An Introduction to Insurance Law, New York, United States 1997.
- ÖZBOLAT, Murat,** Temel Sigortacılık, 3. Baskı, Ankara 2009.
- ÖZER KABUKÇUOĞLU, F. Dilek,** Mukayeseli Hukukta ve Uygulamada Hayat Sigortası, 6102 sayılı Türk Ticaret Kanunu, 6098 sayılı Türk Borçlar kanunu, 5684 sayılı Sigortacılık Kanunu, 6502 sayılı Tüketicinin Korunması hakkında Kanun ve 4632 sayılı Bireysel Emeklilik Tasarruf ve Yatırım Sistemi Kanunu Çerçevesinde Tamamıyla Yenilenmiş 2. Bası, Banka ve Ticaret Hukuku Araştırma Enstitüsü, Yayın Nu: 484, Ankara 2014.
- TUNÇAY, Erhan,** Sigortacılık Eğitim Merkezi (SEGEM), Sigorta Zirvesi “Türk Sigorta Sektörü Modeli”, 23-24 Mayıs 2011, İstanbul, s.77-83.

