

SUBMISSION BY TURKEY ON ACTION AREA 7(d) OF WIM EXCOM WORKPLAN

(07.03.2016)

Brief information on legislation that regulates financial instruments regarding disaster risk management and agricultural insurance system in Turkey is given below.

1. LEGISLATION THAT REGULATES FINANCIAL INSTRUMENTS REGARDING DISASTER RISK MANAGEMENT

Law No. 5902 on Organization and Functions of the Disaster and Emergency Management Authority (AFAD): This law covers the matters of taking necessary measures for efficient country-wide execution of services related with disasters, emergencies and civil defense, making preparations prior to occurrence of incidents, mitigating the damage sustained, providing coordination among related institutions and organizations which manage the responses during incidents and recovery works to be performed afterwards, and creating and implementing policies on these matters.

Law No. 7269 on Measures and Assurances to Be Put into Effect Regarding Disasters Affecting the Life of the General Public: Beside other regulations, this law also takes “possible disaster” term into consideration and covers the determination of “disaster exposed area” which obligate disaster risk reduction practices in the area.

Law No. 6306 on Restructuring of Areas under Risk of Disasters: It aims to make cities and buildings resilient against disasters in Turkey. By means of this law, particularly Ministry of Environment and Urbanization, central administrations (Ministry of Interior and Housing Development Administration (TOKİ), local administrations (municipalities, special directorates), professional chambers, NGOs and the society are encouraged to cooperate in order to create disaster resilient buildings and cities.

Law No. 6305 on Catastrophe Insurance: The objective of this Law is to determine the procedures and principles for the compulsory earthquake insurance to cover the financial losses which may arise in buildings due to earthquakes and for the insurance and reinsurance coverages to be presented in order to cover the material and physical damages which may arise as a result of various disasters and risks which cannot be covered by insurance companies, or which bring about challenges with regards to offering coverage.

Regulation on Buildings to be constructed in Disaster Areas: The purpose of this regulation is to determine standards of constructions in disaster areas which are identified due to the

Law no. 7269 on Measures and Assistancess to Be Put into Effect Regarding Disasters Affecting the Life of the General Public.

Regulation on Disaster and Emergency Expenditures: Due to Law no. 5902, there is a fund which is allocated to disaster management and it could be used in a fast and efficient way. This regulations is determining the rules for this fund. One of the spending item according to this regulation is making studies, etudes, projects to prevent losses in any kind of disasters.

Regulation on Implementation of Law on Restructuring of Areas under Risk of Disasters: The purpose of this Regulation is to set out the principles and the procedures to determine the risky structure and risky area, pull the risky structure down, make build back better codes and the plans in accordance with the Law no 6306.

Regulation on the Operation Principles of Natural Disaster Insurance Institution: The purpose of this Regulation is to set out the operation principles and procedures of Turkish Catastrophe Insurance Pool (TCIP) which is established in order to provide the compulsory earthquake insurance and the other natural disaster insurance coverage.

Regulation on Expenditures of Metropolitan Municipalities and Special Provincial Administrations for Disaster and Emergency Management and Civil Defence from Investment Budget of Their Own: Due to the Law no 5902, metropolitan municipalities and special provincial administrations have to spare specified ration of their budget for disaster risk reduction activities. Main purpose of this regulation is to determine rules of this issue.

The budget system applied in accordance with Public Financial Management and Control Law is an analytical budget system, and budgets are prepared and implemented in order to ensure institutional, functional and economic consequences within international standards. Thus, governmental activities are classified as institutional, functional and economic. Because of the absence of disaster risk reduction within the existing coding system as a separate title, the statement of the ratio for the work of disaster risk reduction, disaster response and rehabilitation distinctively in the budget by all the administrative units is not possible in terms of budgeting technique.

Through the Budget Legislation; there are two different resources under AFAD (Disaster and Emergency Management Presidency) Directorate's budget for the use at national and international levels. The resource that is transferred to a special account that is for use at National level is used within the framework of "Disaster and Emergency Expenditures Code" that is produced in accordance with the provision of the Law. It is used by the administrators of a place for the actions before, during and after disaster according to the understanding of integrated disaster management within the framework of methods and principals that are determined in the Code and for the actions that are under the provision

of the Law No. 5902. This quality makes the reduction of disaster risks, the effectiveness of the intervention to the events during the disasters and return to normalcy through recovery activities after the disaster easier. It shouldn't be thought that the Disaster and Emergency fund that is also supported by the general budget would finance all the expenditures before, during and after the disaster. The resource that is reserved for the use at the international scale is also used through its transfer to the special account. The use of this resource is determined through the methods and principles set out by Ministry of Finance, Ministry of Foreign Relations and AFAD Authority.

In 2012, a regulation has been issued for the law on "Restructuring of Areas Under Disaster Risk" (Law no, 6306) and implementation of this law in order to establish high quality settlements and to transform the weak structures and the ones which are contrary to the legislation. In the same year, "Catastrophe Insurance Law" (Law No.6305) was enacted. The objective of this Law is to determine the procedures and principles for the compulsory earthquake insurance to cover the financial losses which may arise in buildings due to earthquakes and for the insurance and reinsurance coverages to be presented in order to cover the material and physical damages which may arise as a result of various disasters and risks which cannot be covered by insurance companies, or which bring about challenges with regards to offering coverage. Within the context of compulsory insurance issue in the law, the material damages caused directly by the earthquakes and the material damages which occurs because of fire, explosion, tsunamis and landslide as a result of the earthquakes are secured. Moreover, an increase in insured residents has been observed since insurance control became mandatory within electricity and water utility connection process as well as land and housing loans process.

In 2014, with a change on the law (Law No.5902) which organizes the duties of AFAD, Provincial Disaster and Emergency Departments established depending on the Governor's Office within the special provincial administrations were configured as AFAD's provincial organization (Law no.6525). The goal is to provide institutionalization which includes all the elements of disaster management. In addition, with this law, special provincial administrations' spending their at least one percent of the previous year's budget and municipalities' spending at least one-thousandth of their last year budget for the disaster, emergency and civil protection based investment projects which are considered as appropriate by the presidency became mandatory.

2. AGRICULTURAL INSURANCE SYSTEM

Compared to other sectors, agricultural production is affected more by meteorological events. Instability of producers' income increases since agricultural production is affected by meteorological events and as a result sustainability of agricultural production and food safety are imperiled. Loss and damage caused by risks which occur as the result of

meteorological events and of which actuarial calculations can be made should be covered by the insurance. Since risk is very high for agricultural insurance, it is necessary to provide premium and excess of loss support by the government to achieve a successful agricultural insurance system. In this regard, in order to manage agricultural risks in Turkey Turkish Agricultural Insurance System (TARSİM) has been established.

TARSİM is managed by Agricultural Insurance Pool Executive Board. This Board is composed of 7 members, 2 of them are representatives from the Ministry of Food Agricultural and Livestock, 2 from Undersecretariat of Treasury, 1 from Insurance Association of Turkey, 1 from The Union of Turkish Agricultural Chambers and 1 from operating company which is responsible for conducting works of Pool. System is carried out by collaboration of government, private sector and nongovernmental organizations. 23 insurance companies that are authorized for agricultural insurance are included in the system. Insurance companies only plays role in marketing of policies and risk transfer systems such as management of risks and reinsurance are carried out by the Pool. Insurance is conducted under 7 branches under TARSİM.

- 1- Crop Production Insurance (In case of qualitative and quantitative losses caused by hail, frost, fire, storm, hurricane, landslide, flood and damage caused by wild boar)
- 2- Bovine Animal Life Insurance
- 3- Ovine Animal Life Insurance
- 4- Greenhouse Insurance
- 5- Poultry Life Insurance
- 6- Aquaculture Life Insurance
- 7- Beehive (with bees in it) Insurance

Damage assessments for crop production are conducted by agricultural engineers, for livestock production by veterinaries and for aquaculture by aquaculture engineers and there have been approximately 2.500 agricultural insurance pool experts who were trained and passed the exam.