



**The Future of Life Insurance Industry in Türkiye:
Addressing underinsurance and developing
innovative products for a changing demographic**

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The Future of Life Insurance Industry in Türkiye: Addressing underinsurance and developing innovative products for a changing demographic



- 🕒 Turkish Life Insurance Market: Current Situation
- 🕒 Bridging the Protection Gap: Analysis of factors leading to uninsurance and underinsurance.
- 🕒 Exploring strategies like developing simplified products to reach wider segments and micro life insurance.
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Turkish Life Insurance Market: Current Situation



Market Size and Growth

📍 Türkiye has an immature life insurance market, however one of considerable long-term potential with large but relatively young population. Türkiye ranks very low in terms of **insurance density** (*US\$ 224 in total business: life US\$ 27 and non-life US\$ 197*) and **penetration rate** (*1.7% in total business: life; 0.2% and non-life; 1.5%*) when compared with other countries as of **2023**. These figures indicate significant room for further growth.

Insurance Penetration (% of GDP) in 2023				
Ranking	Country	Life	Non-Life	Total
1	Hong Kong	14.8	2.4	17.2
2	USA	2.6	9.3	11.9
3	South Africa	9.2	2.3	11.5
10	Japan	6.8	2.1	8.9
20	Ireland	3.6	1.8	5.4
30	Morocco	1.8	2.1	3.9
40	Mexico	1.1	1.4	2.5
55	Türkiye	0.2	1.5	1.7
World Average		2.9	4.2	7.1
Source: Swiss Re Institute, Sigma 3/2024				

📍 The Turkish life insurance market has been growing steadily in recent years, driven by factors such as rising incomes, increasing awareness of the importance of life insurance and regulatory changes.

📍 The gross written premium for the life insurance sector was **TRY 30.8 billion** as of **2022** and it reached approximately **TRY 56.6 billion** (*US\$ 2.4 billion*) in **2023**. The market has been growing at a compound annual growth rate of around **10-15%** in real terms over the past **5** years. Overall, the market is benefiting from increased consumer interest, favourable demographic trends, and strategic investments by insurers, making it a key area of growth within Turkey's broader insurance industry.

Turkish Life Insurance Market: Current Situation



Market Size and Growth:

ANNUAL PREMIUM PRODUCTION ACCORDING TO THE INSURANCE BRANCH IN TÜRKİYE (TRY;₺)										
INSURANCE BRANCH	31.12.2021	SHARE IN TOTAL	31.12.2022	SHARE IN TOTAL	CHANGE	REAL CHANGE	31.12.2023	SHARE IN TOTAL	CHANGE	REAL CHANGE
Accident	2,443,378,083	2.3%	4,711,981,091	2.0%	92.8%	17.4%	10,955,325,392	2.3%	132.5%	41.1%
Illness & Health	13,078,386,991	12.4%	30,061,294,054	12.8%	129.9%	39.9%	70,762,053,849	14.6%	135.4%	42.9%
Motor Vehicles (Own Damage)	14,291,889,908	13.6%	44,514,428,282	18.9%	211.5%	89.6%	84,211,963,060	17.3%	89.2%	14.8%
Railway Rolling Stock	30,962	0.0%	0	0.0%	-100.0%	-100.0%	0	0.0%	0.0%	0.0%
Aviation Vehicles	469,039,408	0.4%	635,247,668	0.3%	35.4%	-17.6%	1,011,305,342	0.2%	59.2%	-3.4%
Marine Vehicles	1,058,942,244	1.0%	2,188,365,682	0.9%	106.7%	25.8%	3,972,200,836	0.8%	81.5%	10.2%
Transportation	1,844,392,319	1.8%	3,827,153,009	1.6%	107.5%	26.3%	6,612,515,835	1.4%	72.8%	4.9%
Fire and Natural Disasters	14,046,572,235	13.3%	27,342,082,776	11.6%	94.7%	18.5%	65,477,458,289	13.5%	139.5%	45.3%
Miscellaneous (General Damages)	11,038,240,939	10.5%	21,954,729,978	9.3%	98.9%	21.1%	44,831,626,592	9.2%	104.2%	23.9%
Motor Third Party Liability	23,308,761,216	22.1%	57,584,634,954	24.5%	147.1%	50.4%	118,045,271,303	24.3%	105.0%	24.4%
Aviation Liability	488,973,998	0.5%	904,666,282	0.4%	85.0%	12.6%	770,445,869	0.2%	-14.8%	-48.3%
Marine Vehicles (P&I) Liability	88,526,945	0.1%	237,847,913	0.1%	168.7%	63.6%	471,275,441	0.1%	98.1%	20.3%
General Liability	3,213,054,072	3.1%	5,957,537,232	2.5%	85.4%	12.9%	11,199,490,423	2.3%	88.0%	14.1%
Credit	528,327,801	0.5%	962,384,048	0.4%	82.2%	10.9%	1,412,240,265	0.3%	46.7%	-10.9%
Surety Bond	221,493,082	0.2%	349,187,372	0.1%	57.7%	-4.0%	828,206,177	0.2%	137.2%	43.9%
Financial Losses	1,154,007,399	1.1%	1,761,229,781	0.7%	52.6%	-7.1%	5,232,337,913	1.1%	197.1%	80.3%
Legal Protection	300,224,816	0.3%	720,780,185	0.3%	140.1%	46.1%	1,973,276,305	0.4%	173.8%	66.2%
Assistance (Support Services)	6,028,376	0.0%	439,935,396	0.2%	7197.7%	4342.5%	1,460,994,574	0.3%	232.1%	101.5%
Life Group	17,726,737,287	16.8%	30,858,298,437	13.1%	74.1%	6.0%	56,692,469,008	11.7%	83.7%	11.5%
Non-Life Total	87,580,270,796	83.2%	204,153,485,703	86.9%	133.1%	41.9%	429,227,987,465	88.3%	110.2%	27.6%
Life Total	17,726,737,287	16.8%	30,858,314,007	13.1%	74.1%	6.0%	56,692,469,008	11.7%	83.7%	11.5%
GENERAL TOTAL	105,307,008,083	100.0%	235,011,799,711	100.0%	123.2%	35.9%	485,920,456,473	100.0%	106.8%	25.5%

Source: The Association of Türkiye Insurance, Reinsurance and Pension Companies, TÜİK CPI annual increase rates: Year 2021; 36.08%, Year 2022; 64.27%, Year 2023; 64.77%

Turkish Life Insurance Market: Current Situation



Competition

📍 Major players in life insurance market in Türkiye are shown in the table below

📍 A new state-owned national life insurance champion, **Türkiye Hayat ve Emeklilik AŞ** was established in April 2020 from the merger of three state-owned life insurance and pension companies: **Halk Hayat ve Emeklilik AŞ**, **Vakıf Emeklilik ve Hayat AŞ**, and **Ziraat Hayat ve Emeklilik AŞ**. The new life insurer assumes market leadership accounting to **17%** of the market written premium as at the end of **2023**.

📍 **Viennalife Emeklilik ve Hayat AŞ** has built an omni-channel communication framework by digitalizing its operational processes in recent years to provide multiple interactive touchpoints to personal loan customers of retail banks, such as social media, website, mobile phone etc. to proactively engage and convince them to buy credit life insurance cover which is about **40%** cheaper compared to the bank's credit life cover that is providing the loan.

Life Insurance Premium Production of Insurance Companies in Türkiye in 2022 and 2023							
Row	Company Name	2022 Premium Production (₺)	Market Share (%)	2023 Premium Production (₺)	Market Share (%)	Cumulative Market Share	Increase/Decrease
1	Türkiye Hayat ve Emeklilik AŞ	6,861,888,430	22.24%	9,651,607,047	17.02%	17.02%	40.7%
2	AgeSA Hayat ve Emeklilik AŞ	3,639,920,891	11.80%	7,353,081,090	12.97%	29.99%	102.0%
3	Anadolu Hayat Emeklilik AŞ	3,520,922,220	11.41%	7,066,740,268	12.47%	42.46%	100.7%
4	Viennalife Emeklilik ve Hayat AŞ	3,478,136,404	11.27%	6,818,514,882	12.03%	54.49%	96.0%
5	Allianz Yaşam ve Emeklilik AŞ	3,027,380,045	9.81%	5,626,614,995	9.92%	64.41%	85.9%
6	Garanti BBVA Emeklilik ve Hayat AŞ	2,579,556,400	8.36%	5,151,923,254	9.09%	73.50%	99.7%
7	QNB Sağlık Hayat Sigorta ve Emeklilik AŞ	2,089,218,821	6.77%	3,929,252,749	6.93%	80.43%	88.1%
8	Metlife Emeklilik ve Hayat AŞ	2,005,416,967	6.50%	3,337,025,502	5.89%	86.32%	66.4%
9	BNP Paribas Cardif Hayat Sigorta AŞ	723,646,372	2.35%	2,203,480,812	3.89%	90.20%	204.5%
10	HDI Fiba Emeklilik ve Hayat AŞ	856,691,593	2.78%	1,739,023,436	3.07%	93.27%	103.0%
11	BNP Paribas Cardif Emeklilik AŞ	713,623,731	2.31%	1,316,674,849	2.32%	95.59%	84.5%
12	Bereket Emeklilik ve Hayat AŞ	531,768,874	1.72%	820,033,247	1.45%	97.04%	54.2%
13	Allianz Hayat ve Emeklilik AŞ	316,068,510	1.02%	609,521,176	1.08%	98.11%	92.8%
14	Katılım Emeklilik ve Hayat AŞ	106,317,987	0.34%	390,889,870	0.69%	98.80%	267.7%
15	NN Hayat ve Emeklilik AŞ	194,354,028	0.63%	289,317,305	0.51%	99.31%	48.9%
16	Mapfre Yaşam Sigorta AŞ	128,463,395	0.42%	170,345,676	0.30%	99.61%	32.6%
17	Axa Hayat ve Emeklilik AŞ	46,478,303	0.15%	109,232,391	0.19%	99.81%	135.0%
18	Türkiye Katılım Hayat AŞ	0	0.00%	108,817,398	0.19%	100.00%	0.0%
19	Demir Sağlık ve Hayat Sigorta AŞ	375,302	0.00%	373,058	0.00%	100.00%	-0.6%
20	Bupa Acıbadem Sigorta AŞ	9,584	0.00%	0	0.00%	100.00%	-100.0%
21	Groupama Hayat Sigorta AŞ	38,076,151	0.12%	0	0.00%	100.00%	-100.0%
Total		30,858,314,007	100.00%	56,692,469,008			83.72%

Resource: Statistical data on the Insurance Association of Türkiye

Turkish Life Insurance Market: Current Situation



Distribution Channels

♀ Life and pension companies in Türkiye are heavily dependent on **the bancassurance distribution channel** due to the prevalent strategy of joint venture partnerships with leading local banks. There are more than one bancassurance model in the market and the one adopted is determined by the bancassurance agreement between the retail bank and the life insurance company. Life insurance sales may be made by licensed bank branch staff, overseen by the life insurance company distribution managers or by life insurance company direct sales staff working out of a bank branch.

♀ Bancassurance dominates life insurance distribution in Türkiye, accounting for **61%** of life insurance written premium as at the end of **2023**. Mostly this is group creditor life insurance purchased with personal or commercial credit, loan or mortgage finance.

♀ Group credit life insurance cover is preferred by the banks, however, as they retain greater control, ensuring adequate cover remains in force and being the primary beneficiary for any claim. Cover for credit cards typically comprises both life insurance death benefit and unemployment benefits. Credit life insurance is mostly sold through the bank channel as a group **yearly renewable decreasing term** cover linked to loan amortisation. The bank typically charges a level premium to each covered life based on an average age or age group with little or no underwriting up to a certain predetermined sum insured amount. Covered lives insured receive a certificate of insurance.

♀ Professional insurance agents dominate non-life distribution in Türkiye, but their share of life insurance is considerably smaller, accounting for only **16%** of life insurance premium production in **2023**. Life insurance agency channel is underdeveloped in Türkiye.

♀ Direct distribution and alternative distribution channel sales (*telesales through call centre, internet etc.*) are existing in the market, but remaining still a niche within the distribution mix with a share of **13%** in life insurance premium production in **2023**. However, life and pension companies have stepped up their efforts to adapt to distance selling and marketing practices, precipitated by the coronavirus pandemic.

Turkish Life Insurance Market: Current Situation



Product Mix

☯ The Turkish life insurance market is dominated by traditional life insurance products such as yearly renewable term and long-term life insurance products. However, there is an increasing demand for more sophisticated products like unit-linked and pension-related life insurance and annuities.

☯ Savings life insurance and pension-like products were preferred for regular savings before the private pension system introduction. With the implementation of private pension system in **2003** and auto enrolment in **2017** almost all of life and pension companies mainly focused on individual and group pension products and this approach made savings life insurance products somewhat inferior to pension products.

Number of Life Insurance Policies and Certificates in force in Turkish life Insurance Industry as at 31st December, 2023														
Number	Company Name	1-Year Term Life Insurance (Excluding Creditor Life Insurance)	1-Year Term Life Insurance (Creditor Life Insurance)	Long Term Life Insurance (Excluding Creditor Life Insurance)	Long-Term Life Insurance (Creditor Life Insurance)	Saving Life Insurance	Pure Endowment Insurance	Endowment Insurance	Annuities	Marriage and Birth Insurance	Insurance Linked to Investment Funds	Capital Redemption Insurance	Other	Life Total
1	Türkiye Hayat ve Emeklilik AŞ	875,511	3,840,830	659,151	5,409,838	573	199	0	76	0	0	0	0	10,786,178
2	Garanti BBVA Emeklilik ve Hayat AŞ	212,042	1,865,614	31,986	2,204,834	72	0	37,384	0	0	0	0	0	4,351,932
3	Metlife Emeklilik ve Hayat AŞ	160,746	2,549,750	10,286	1,554,089	578	0	0	122	0	0	0	0	4,275,571
4	Cigna Sağlık Hayat ve Emeklilik AŞ	40,850	1,328,683	40,901	2,496,550	0	0	19,885	0	0	0	0	0	3,926,869
5	AgeSA Hayat ve Emeklilik AŞ	134,486	1,521,494	12,003	1,977,120	39,250	0	140,774	0	0	0	0	0	3,825,127
6	Anadolu Hayat Emeklilik AŞ	387,625	701,126	39,511	2,460,106	5,321	142,237	7,844	11,922	0	0	0	0	3,755,692
7	Allianz Yaşam ve Emeklilik AŞ	200,983	445,088	4,030	1,935,896	37,679	0	93,595	0	0	0	0	0	2,717,271
8	Bereket Emeklilik ve Hayat AŞ	36,240	1,985,961	375	155,971	0	0	0	0	0	0	0	0	2,178,547
9	HDI Fiba Emeklilik ve Hayat AŞ	133,275	459,109	5,128	1,157,108	1,167	0	2,006	0	0	0	0	0	1,757,793
10	BNP Paribas Cardif Emeklilik AŞ	81,286	240,896	15,507	843,759	3	0	4,574	0	0	0	10	0	1,186,035
11	NN Hayat ve Emeklilik AŞ	22,428	32,558	651	257,156	0	0	31	0	0	0	0	0	312,824
12	Viennalife Emeklilik ve Hayat AŞ	4,391	354	8,345	10,556	85,387	0	187,966	76	0	0	0	0	297,075
13	Axa Hayat ve Emeklilik AŞ	74,279	128,603	2,379	22,452	8,240	0	1,354	206	0	0	0	0	237,513
14	Allianz Hayat ve Emeklilik AŞ	124,461	7,356	102	35,775	1,367	0	29,574	0	0	0	0	0	198,635
15	Mapfre Yaşam Sigorta AŞ	87,940	41,883	2,119	14,986	144	0	3,190	13	0	0	0	0	150,275
16	Katılım Emeklilik ve Hayat AŞ	10,621	3,623	17,855	102,109	0	0	0	0	0	0	0	0	134,208
17	Türkiye Katılım Hayat AŞ	4,700	20,126	0	41,169	0	0	0	0	0	0	0	0	65,995
18	BNP Paribas Cardif Hayat Sigorta AŞ	0	16,018	0	4,728	0	0	0	0	0	0	0	0	20,746
19	Demir Sağlık ve Hayat Sigorta AŞ	6	0	20	7	220	0	0	0	0	0	0	0	253
Total (Life and Pension Companies)		2,591,870	15,189,072	850,349	20,684,209	180,001	142,436	528,177	12,415	0	0	10	0	40,178,539
Resource: Insurance Association of Türkiye														

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Bridging the Protection Gap: Analysis of factors leading to uninsurance and underinsurance.



These factors collectively contribute to a significant gap in life insurance coverage, resulting in both uninsurance (*no coverage*) and underinsurance (*insufficient coverage*).

1) Lack of Awareness and Understanding:

- Many individuals do not fully understand the importance of life insurance or its benefits. Individual long-term financial planning is a complex matter. It is difficult to do long-term financial calculations without having any idea of how to plan your life. Also, the terminology of financial planning which includes concepts such as compound interest and geometric series is not easy.
- Misconceptions about life insurance products can lead to people avoiding coverage, believing it's unnecessary or overly complex.

2) Cultural and Social Factors

- In some cultures, discussing death or planning for it can be seen as taboo, reducing the likelihood of purchasing life insurance.
- Dependence on family or state support in the event of death can reduce the perceived need for insurance.

3) Affordability issues:

- Increasingly expensive homeowners' coverage affect more people every day. High premiums deter individuals, especially in low and middle-income segments, from purchasing adequate coverage. Growing numbers of gig, contract and freelance workers and home-based businesses lack access to basic health coverage and saving savings and investment opportunities.
- Economic instability and financial constraints limit the ability to allocate funds for life insurance and private pension products.

4) Preference for Immediate Needs:

- People often prioritize spending on immediate needs or investments with visible returns, like education or real estate, over life insurance, which is seen as a very long-term product.

Bridging the Protection Gap: Analysis of factors leading to uninsurance and underinsurance.



5) Inadequate Product Offerings:

- Standardized, “one size fits all” types of products may not meet the specific needs of various customer segments, leading to protection gaps in coverage.
- Lack of customizable, flexible or convertible insurance policies can deter potential buyers.

6) Limited Access and Distribution

- Inadequate distribution channels and limited access to insurance products in remote or rural areas result in lower uptake.
- Lack of digital platforms or agents for easy access can be a barrier.

7) Complexity of Products:

- Complex policy structures and terms can overwhelm potential buyers, discouraging them from making a purchase.
- The perceived difficulty in claiming benefits also contributes to hesitation.

8) Trust Issues:

- Distrust in insurance companies, often due to negative experiences or perceived unethical practices, leads to reluctance in buying insurance. Bad news travels fast. Sometimes news about a single negative experience with an insurance company can spread quickly through communication channels and negatively affect the choices of hundreds of thousands or even millions of people.
- Trust should be the foundation of the insurance sector, the bedrock of all relationships and the core of every interaction, communication and policy. In that sense, trustworthiness must be an active cultural attribute that guides product development, the automation of customer-facing processes, the evaluation and selection of ecosystem partners and the adoption of enabling technologies. The greater the trust insurers gain, the more they stand to benefit in terms of a larger and more loyal client base, increased profitability and more productive relationships with business partners and regulators. Trust can be built through transparency, personalization and stronger value propositions..

Exploring strategies like developing simplified products to reach wider segments and micro life insurance.



From pandemics and natural disasters to economic inequality and demographic shifts, the events of recent years have caused more people to think about the societal role of business and the responsibilities that large companies have to citizens and communities around the world. The advent of the **environmental, social and governance (ESG) movement** raised the bar on all types of businesses to make purposeful commitments, take meaningful action to execute them and report out the results. Within this context, in the insurance industry, especially in emerging markets, strategies like developing simplified products and micro insurance are employed to serve a broader base of customers. Here's what these strategies typically involve:

1. Simplified and Flexible Products

These products are usually consisting of streamlined insurance offerings that are:

- ✓ **Easy to understand:** Designed with simple terms and minimal jargon to appeal to customers who may not have a deep understanding of life insurance.
- ✓ **Quick underwriting:** They often feature simplified and relaxed underwriting requirements and processes, making it faster and easier for customers to get coverage without extensive medical checks.
- ✓ **Affordable and accessible:** Simplified products are usually priced lower and tailored to meet the basic needs of a wider audience, making them more accessible, especially for younger or first-time buyers.
- ✓ **Flexible payment options:** These options help financially stressed consumers with tight budgets, and they include flexible premium payment options, level or graduated premiums or premium holidays.

Exploring strategies like developing simplified products to reach wider segments and micro life insurance.



2. Micro Insurance

Micro insurance targets low-income populations with limited access to traditional insurance products. Key features include:

- ✓ **Low premiums:** Premiums are kept low to make the product affordable for people with limited financial capacity.
- ✓ **Basic coverage:** Offers essential coverage for health, life, or accident risks, focusing on protection rather than comprehensive benefit packages.
- ✓ **Digital distribution:** Often delivered through mobile platforms or local partnerships, leveraging digital channels to reach underserved areas.
- ✓ **Digital platforms:** Using mobile apps and online channels to simplify the sales and customer service process.
- ✓ **Partnerships:** Collaborating with banks, telecom operators, or local businesses to access a wider customer base for increased financial security and wellness for more citizens.
- ✓ **Education and training campaigns:** Providing educational initiatives and training workshops to inform potential customers about the importance and benefits of these simplified and micro insurance products.

Exploring strategies like developing simplified products to reach wider segments and micro life insurance.



3. Go-to-Market Strategies

These strategies may include:

- ✓ Partnering with universities, employers, professional organizations, non-governmental organizations and sports clubs to reach young consumers in relevant settings.
- ✓ Leveraging social media and influencer marketing to raise awareness and engagement with younger demographics
- ✓ Offering incentives like premium discounts for healthy behaviours or bundling life insurance with other financial products.

Catering to Evolving Needs: Life insurance products tailored for the growing youth population, options for student loan repayment or critical illness coverage for young professionals



To cater to the evolving needs of the growing youth population and young professionals in today's dynamic landscape, life insurance companies can develop tailored products by focusing on the following considerations:

1. Flexible and Customizable Plans

Young customers prefer flexibility to adapt to their changing life stages (*e.g., job changes, marriage, having children*). Insurance companies can offer modular plans where coverage can be adjusted based on milestones like purchasing a home or having dependents.

Options for add-ons, such as **critical illness coverage**, **mental health support**, or **income protection**, can increase product appeal.

2. Integration of Financial Wellness Features

Young adults often face financial burdens like student loans and credit card debt. Offering insurance plans that include options for **student loan protection** or **debt coverage** in case of untimely death can be attractive.

Bundling life insurance with investment components, such as savings plans or mutual fund-linked policies, can appeal to those looking for long-term wealth accumulation.

3. Digital and Tech-Enabled Solutions

The new age of consumers expects a seamless, digital-first experience. Insurers can leverage mobile apps, AI-based advisors, and chatbots for policy selection, claim processes, and personalized recommendations.

The use of wearable devices for health monitoring can be incentivized, allowing customers to earn rewards or discounts on premiums based on healthy behaviour. To this end we need to leverage technology to streamline the customer experience.

Catering to Evolving Needs: Life insurance products tailored for the growing youth population, options for student loan repayment or critical illness coverage for young professionals



4. Microinsurance and Subscription Models

Microinsurance products with smaller coverage amounts and affordable premiums can be designed for young professionals who might not be ready for full-fledged policies.

Subscription-based life insurance models with the ability to opt-in or opt-out on a monthly basis can offer greater flexibility and meet the needs of gig economy workers and freelancers.

5. Addressing Critical Health Needs

As health risks evolve, coverage for non-communicable critical illnesses like cancer, heart disease, or mental health conditions is increasingly important, particularly for young professionals facing high stress.

Policies can include mental wellness support services or coverage for preventive health checks, reflecting the growing focus on holistic well-being.

6. Education and Awareness Campaigns

The younger demographic often lacks awareness about the importance of life insurance. Targeted education campaigns using social media, influencers, and digital platforms can help bridge this gap.

Offering financial literacy programs and webinars tailored to young adults can build trust and encourage proactive financial planning.

7. Sustainability and Social Responsibility

There is growing consensus among consumers and investor that insurers can and must deliver **societal value**. Insurers are in the spotlight because of their deep risk expertise and unique ability to protect people, families and businesses of all shapes and sizes. The ability to produce significant **benefits for all parts of society** should be a pillar of the industry's value proposition – for customers, investors and regulators alike.

Today younger generations expect corporations to do their part for society and they want to work at firms that embrace a higher purpose. The youth population values companies with strong social responsibility. Life insurance products that support **sustainable investments** or donate a portion of premiums to environmental causes can resonate well with this demographic.

By addressing these key areas, life insurance companies can effectively meet the evolving needs of the younger generation, providing relevant, value-driven products that align with their life goals and expectations.

Strengthening financial inclusion and micro insurance.



Strengthening financial inclusion in the life insurance industry involves creating strategies and products that make insurance accessible and affordable to underserved populations, particularly low-income groups, rural areas, and those without prior insurance coverage. Here are key approaches:

1. Designing affordable and accessible products

- ✓ **Microinsurance:** Offering small-ticket, low-premium life insurance products tailored to the needs of low-income individuals can help bridge the gap. Microinsurance policies are simple, cost-effective, and easy to understand.
- ✓ **Simplified underwriting:** Reducing the complexity of policy terms and underwriting processes makes it easier for first-time buyers to access life insurance. Simplified policies can remove barriers like extensive medical checks and complex paperwork.

2. Leveraging digital and mobile technology

- ✓ **Mobile-first solutions:** In regions with limited access to traditional banking but high mobile phone penetration, mobile-based insurance solutions can reach the underserved. Insurance companies can collaborate with telecom operators to offer life insurance through mobile apps or SMS-based services.
- ✓ **Digital platforms and Insurtechs:** Partnering with insurtech companies can streamline the process of purchasing, renewing, and claiming insurance. Digital platforms can provide easy onboarding, digital **KYC**, and access to a wide array of products.

3. Creating awareness by education and training

- ✓ **Financial literacy programs:** Many underserved groups lack awareness about life insurance and its benefits. Insurers can partner with NGOs, community organizations, and government bodies to conduct educational campaigns focused on financial literacy and the importance of life insurance.
- ✓ **Tailored communication:** Using local languages and culturally relevant messaging can help demystify life insurance and build trust among potential customers.

Strengthening financial inclusion and micro insurance.



4. Innovative distribution channels

- ✓ **Bancassurance and partnerships with Microfinance Institutions (MFIs):** Collaborating with banks and MFIs can extend the reach of life insurance to rural and low-income customers who already have a relationship with these institutions.
- ✓ **Agency networks in rural areas:** Establishing local agency networks or employing "**community agents**" familiar with the local population can help penetrate untapped markets. These agents can provide personalized service and build trust.

5. Government and regulatory support

- ✓ **Public-Private Partnerships and Risk-sharing Programs:** Collaborations between the government and (re)insurance companies can enhance access to affordable life insurance products. **Subsidized insurance schemes**, like those targeting specific groups (*e.g., farmers, gig workers, women, or the elderly*), can increase coverage.
- ✓ **Regulatory incentives:** Policymakers can incentivize insurers to serve low-income and rural segments through tax benefits, lower compliance costs, and relaxed regulations for microinsurance products.

6. Bundling insurance with other financial services

- ✓ **Embedded Insurance:** We can define **embedded insurance** as any insurance that can be purchased within the commercial transaction of another product or service. Bundling life insurance with other products (*e.g., loans, savings accounts, or health services*) can increase adoption. For example, offering life insurance as part of a savings plan in rural banks or including coverage in micro-loans can make it more accessible.
- ✓ **Pay-As-You-Go models:** Flexible payment options like daily, weekly, or monthly premium contributions aligned with income patterns of informal workers can make insurance more affordable and sustainable.

Strengthening financial inclusion and micro insurance.



7. Utilizing technology for data and risk assessment

- ✓ **Big data and analytics:** Leveraging alternative data sources (*e.g., mobile usage, social media, credit scores*) can help insurers better assess risks and design products for underserved markets. This reduces the reliance on traditional credit scores or income proofs, which many low-income individuals may lack.
- ✓ **Blockchain for transparency:** Blockchain technology can be used to enhance transparency and trust in insurance transactions, especially important for customers who may be wary of financial institutions.

8. Focusing on inclusive product design

- ✓ **Family Protection Policies:** In many underserved communities, family structures are central. Designing products that offer coverage for multiple family members under a single plan can be more appealing.
- ✓ **Flexible Claim Processes:** Simplified and quick claim settlement processes, including digital submissions and lower documentation requirements, can improve customer experience and increase confidence in life insurance products.

9. Incentivizing healthy behaviour

- ✓ Offering discounts or rewards for healthy lifestyles (*e.g., through partnerships with fitness apps or wearable tech*) can encourage participation and make premiums more affordable, particularly for young and tech-savvy customers.
- ✓ Technology can transform actions that were thought once complicated and difficult into behaviours, that are easy and simple. It is one of the most effective and reliable way to guarantee the right behaviour. For example, saving money is often thought to be a difficult financial habit. However, employees can easily save for their retirement with an automatic payroll deduction.

By focusing on these strategies, the life insurance industry can play a significant role in promoting financial inclusion, helping protect vulnerable populations, and building a more resilient financial ecosystem.

Dear Participants,

Thank you for your attention...

Any questions?

Mr Aşkın Düşündere, FLMI



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