

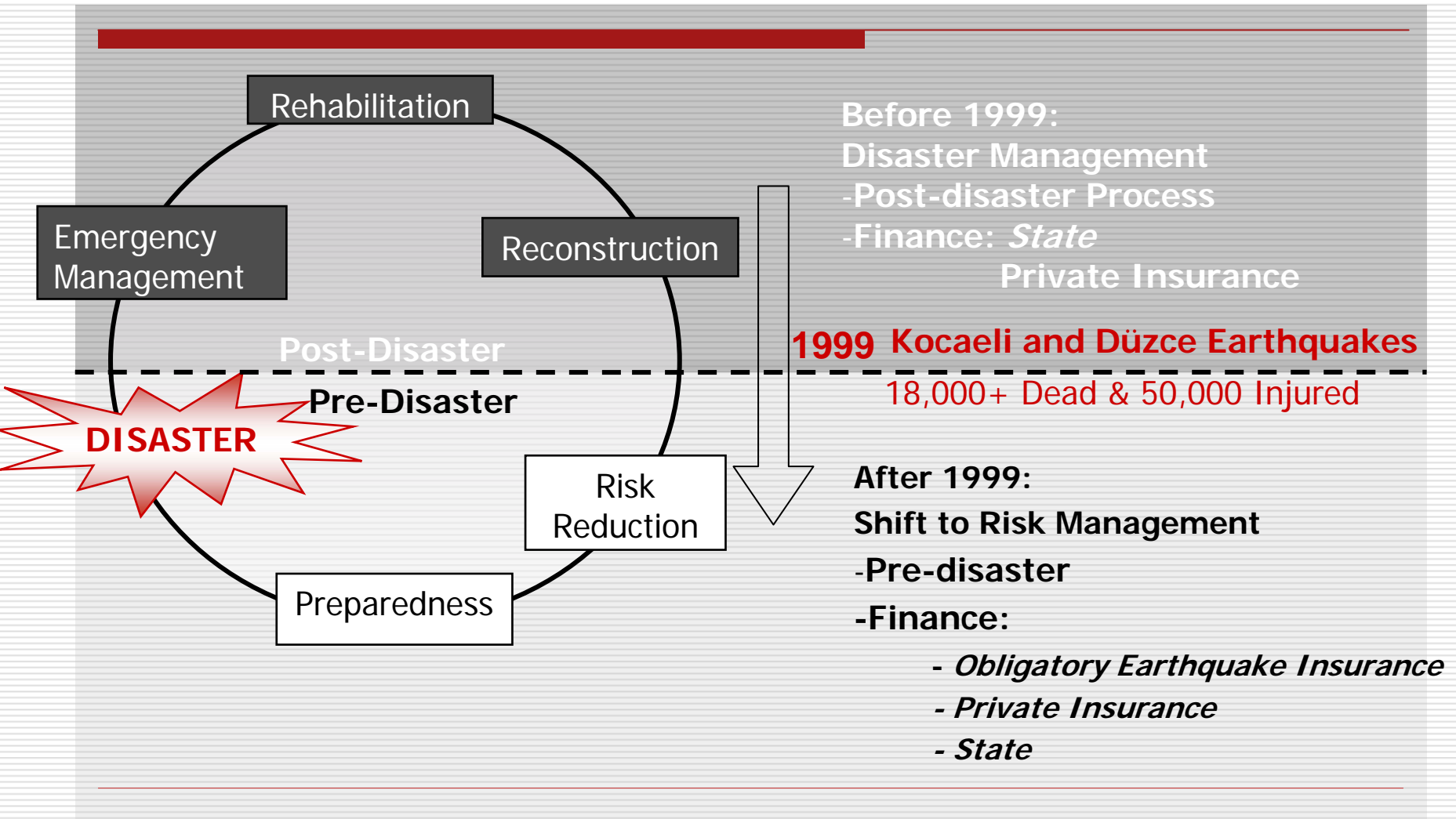
The Problems of the Current Financial System and Possible Solutions to Protect Business and Industry

Against Disasters; and How Mitigate the Risks?

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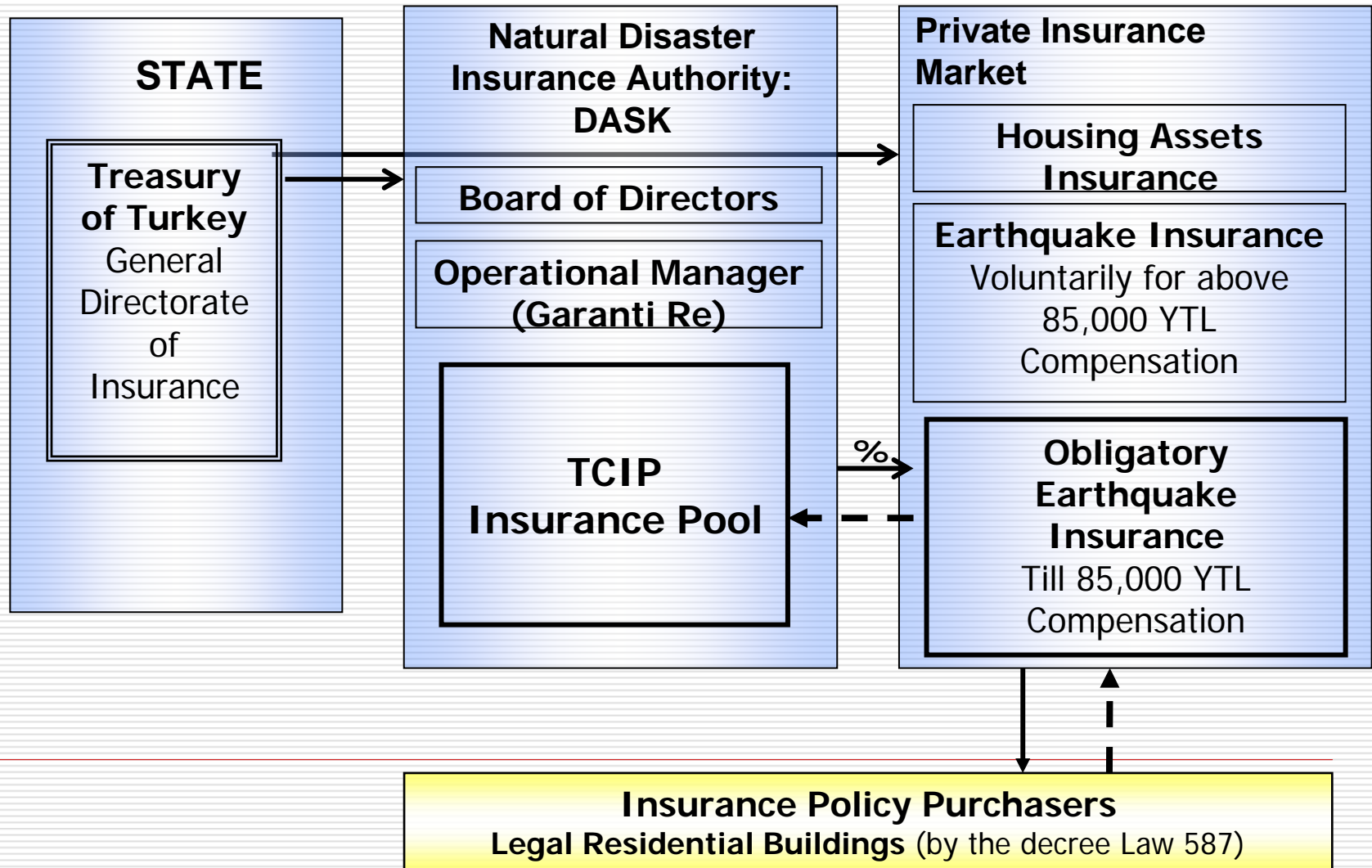
1. Earthquake Disaster Management in Turkey

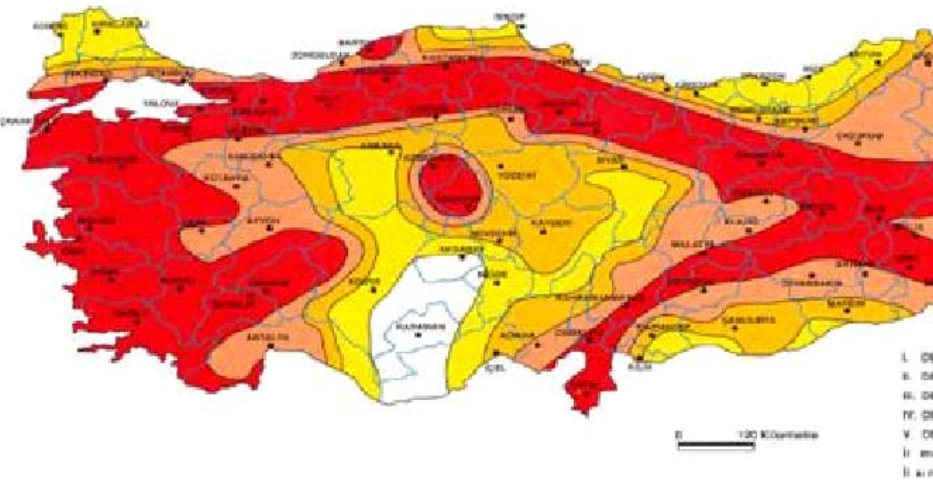


2. The Obligatory Earthquake Insurance (OEI)

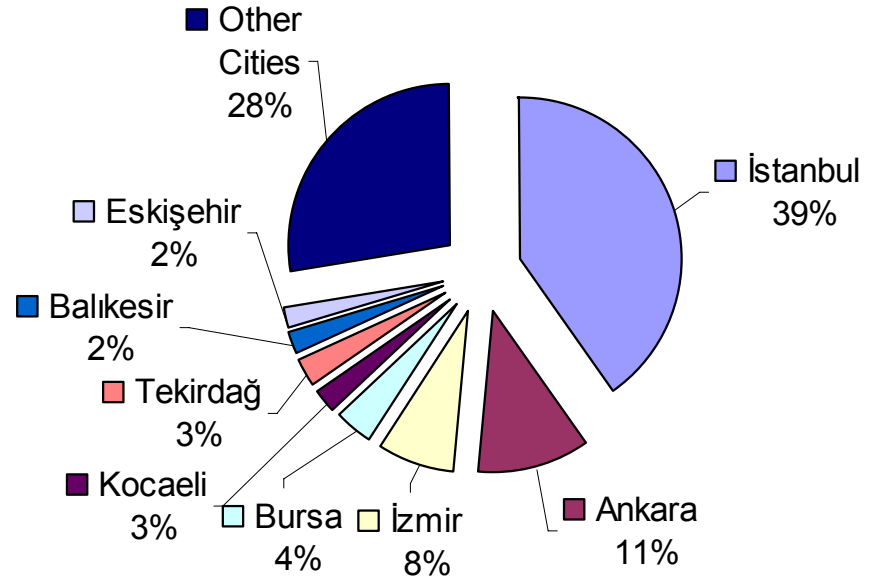
- Country Scale Obligatory Insurance Regulation
 - Lessen the financial burden of the State
 - Accumulating funds for future disasters ;
 - Sharing the risk within the country
 - Transferring risk to international capital markets
 - Provide Affordable Insurance Policy for:
 - Private homeowners in the urban residential areas
 - Earthquakes/ other secondary perils (Fire, Explosion, Land-slide)
 - Using Insurance Mechanism
 - To promote better construction practices;
 - To produce healthy buildings.
-

The Organizational Structure of the Obligatory Earthquake Insurance System





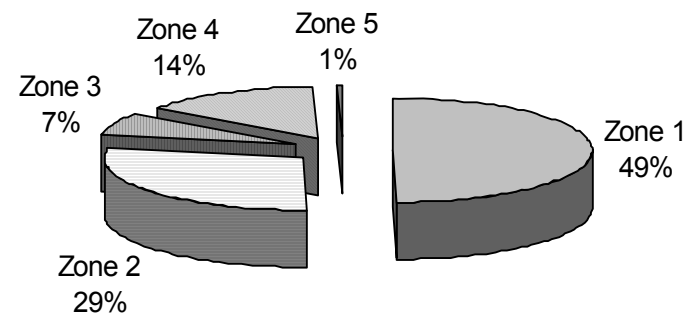
OEI Policy Distributions in Provinces



**The stock dependent on the TCIP:
12,988,665 housing units**

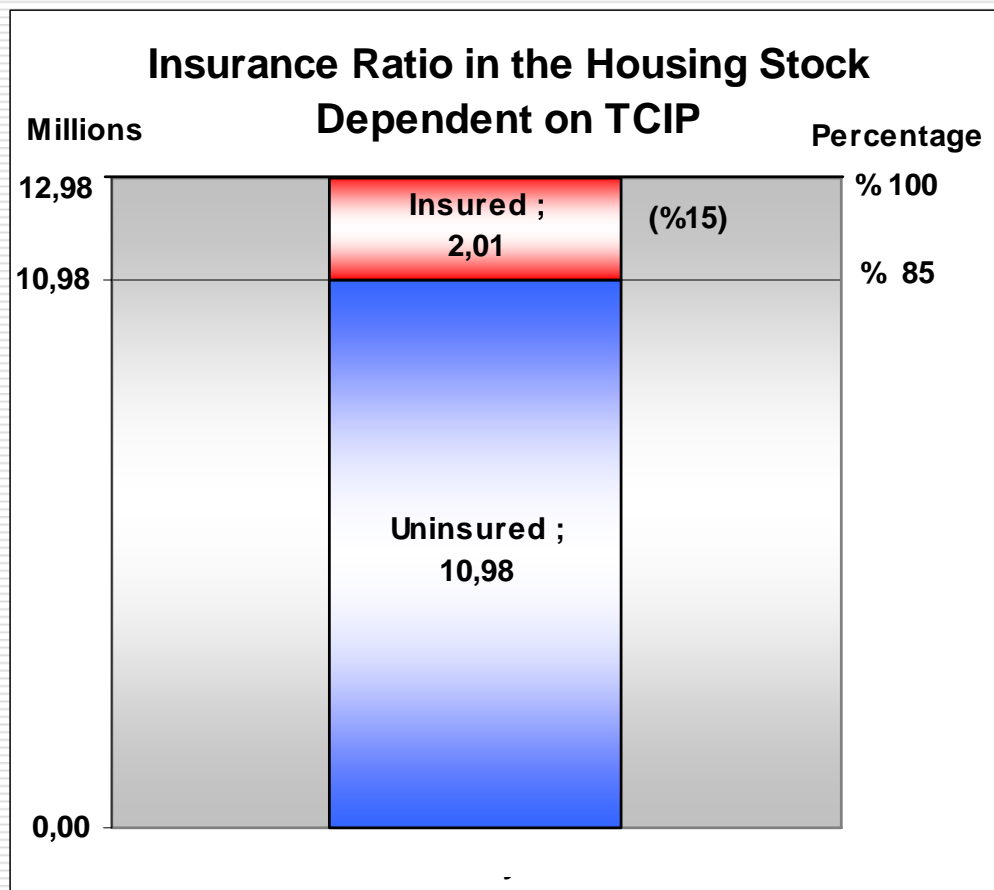


Number of Policies in Risk Regions



**Purchased OEI policies:
around 2 million**

The Working Situation of OEI



**The stock dependent on
the TCIP:**

12,988,665 housing units

**Purchased OEI policies:
around 2 million**

**The ratio of insured
houses to this stock:**

15,48 %

**Situation Before OEI:
Istanbul 15%
Other cities 2%**

Source: Treasury, 2003; 2005

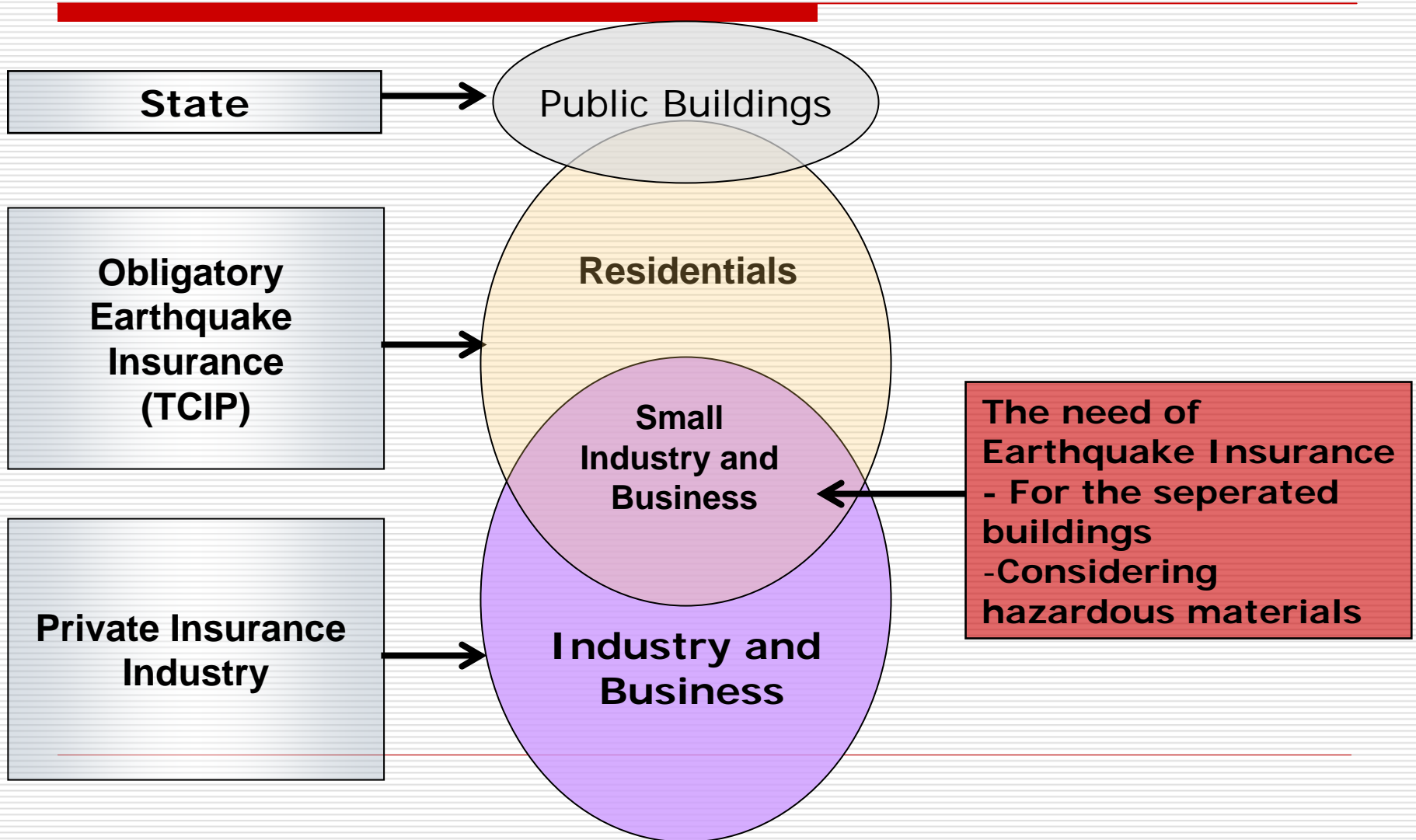
The Problems Faced in OEI

- **Low Insurance penetration ratio**
 - The renewal rate is low
 - Penetration depends on the happening eqs

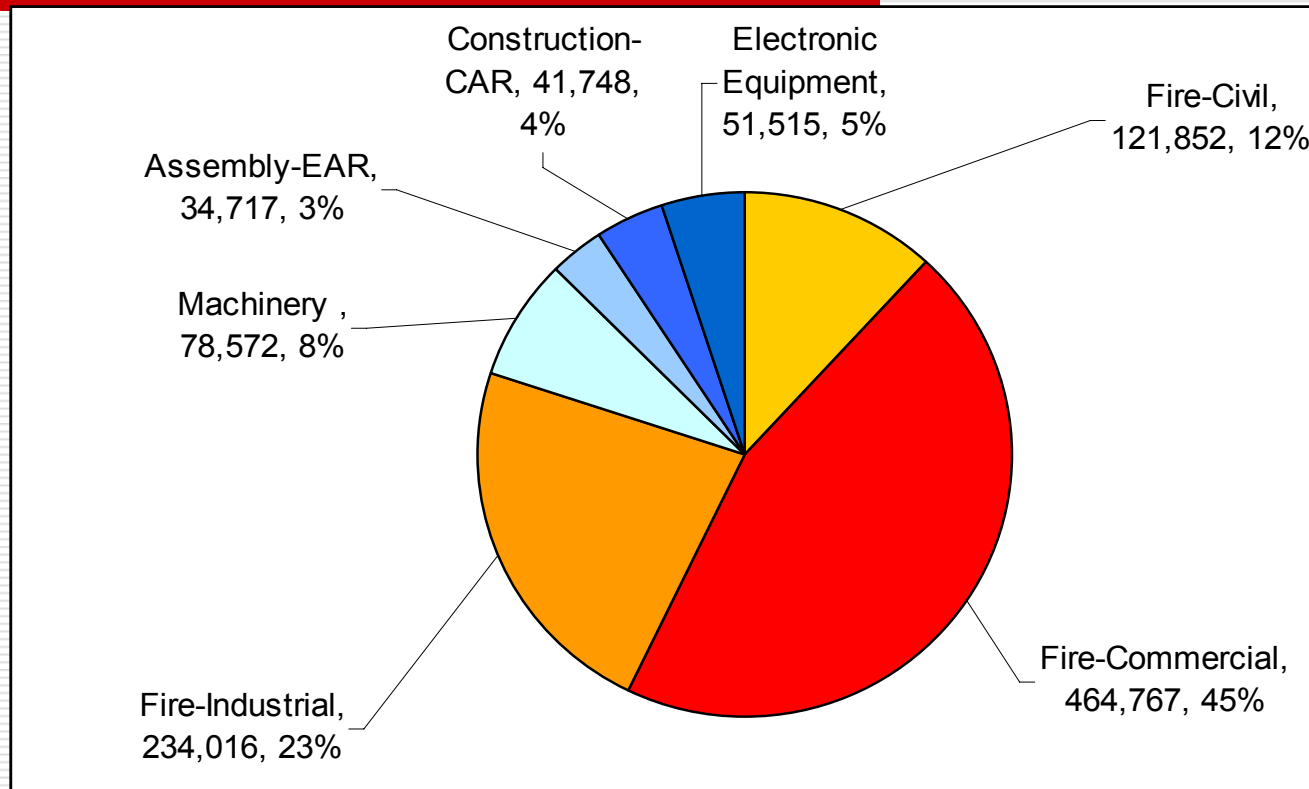
 - **OEI is actually not obligatory!**
Uncompleted Legislation Process
 - **Decree Law** (No: 587; 27.12.99)
 - Regulations by Treasury (08.09.00)
 - **Draft Law** (29.11.00-....)

 - **Insufficient Sanctions and Incentives**
 - No-more Responsibility of State
 - Requirement of OEI during House Buying and Selling Process
 - For at least 8 independent units in one building: 10 % discount
-

3. Financial Resources against Earthquake Losses



4. Insurance Policies including Earthquake Peril by Private Insurance Sector



Total Policy amount that includes Earthquake: 1,063,786
Fire industrial and commercial : 698.783

Source: Treasury, 2003

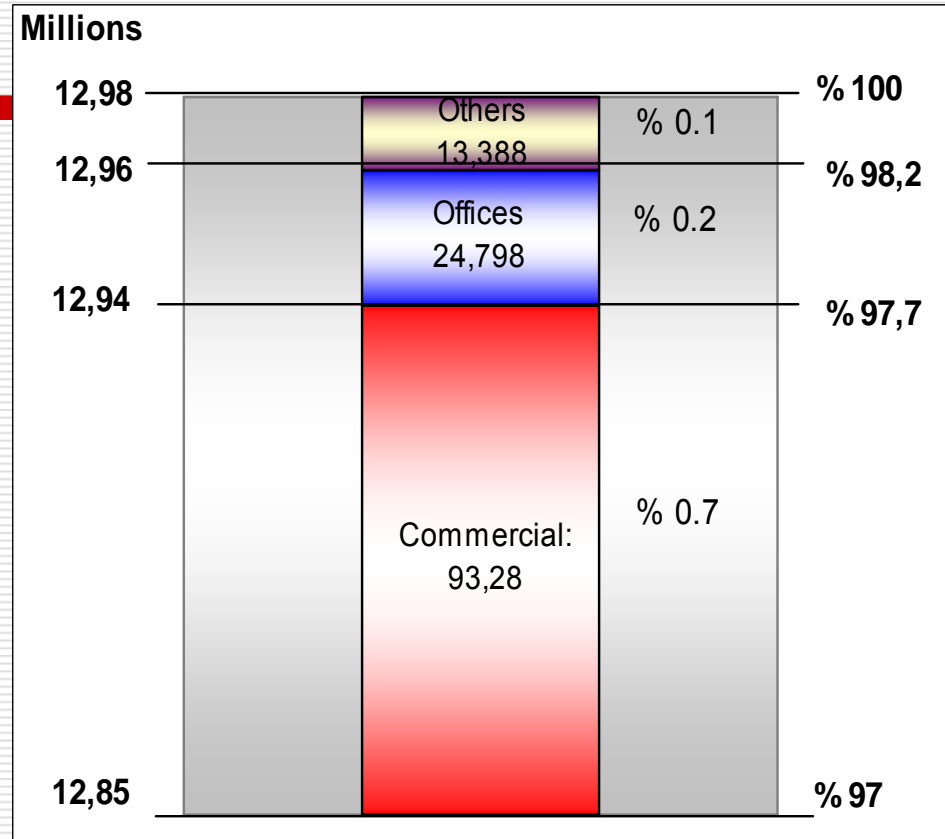
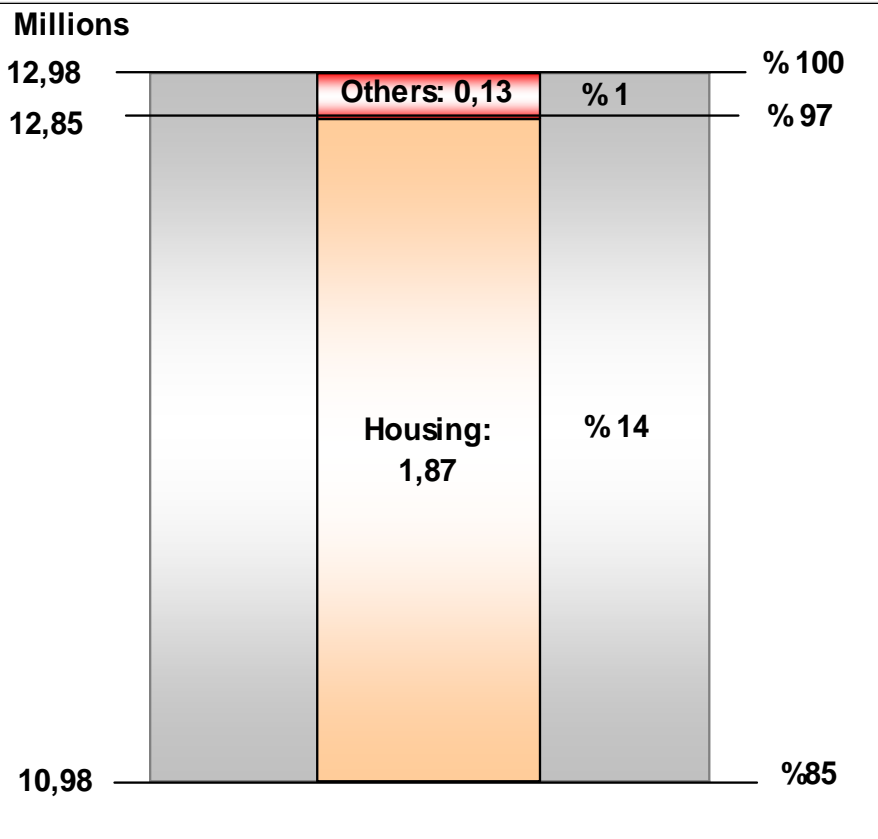
Similar situation with 1999: Financial Cost of Kocaeli Earthquake for Insurance Industry

- The **fire and engineering** policies with earthquake coverage:
 - **665,870** in the end of year 1998
 - Large industrial and commercial risks:
 - 75% of insured value
 - Policies with earthquake penetration: 85%
 - Earthquake penetration of small commercial and personal property lines: 10%
 - Residential buildings (in Turkey):
 - 15 % in Istanbul
 - 2 % in other cities
-

5. The most vulnerable sector: Small and Medium Sized Industries

- Constitute % 99,89 of all enterprises in Turkey
 - Amount of SMEs: 1.881.433
 - *In Istanbul 351.053 (% 18.7)*
 - Employment: 6.484.168 persons
 - Micro (< 10 persons) = % 96,32
 - Small (10-49 persons) = % 3,09
 - Medium (50-250 persons) = % 0,48
 - Financial Resources:
 - Banking Credits
 - Investment Subsidies
 - Earthquake Credit after 1999 earthquakes.
-

The Insurance Ratio of TCIP (DASK) According to the Usages



Commercial and Office Usages

- In Residential Buildings: **Nearly % 5** the building stock;
Nearly 922.490 units
- Insured Units : **131.474**

6. Insurance Policies for Hazardous Industries

Current implementation:

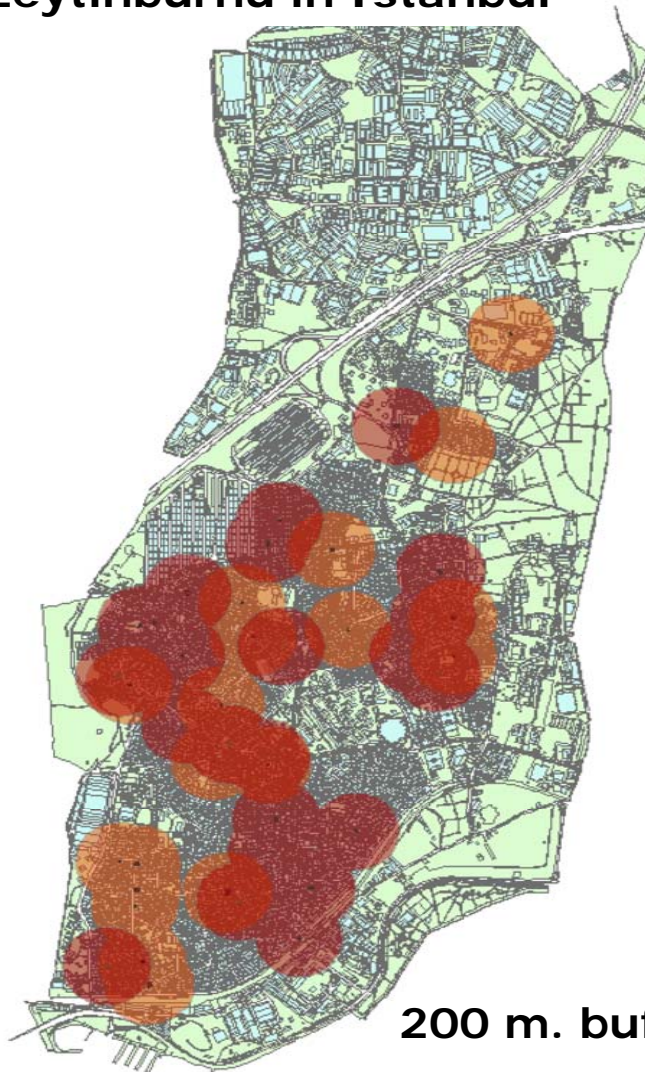
- Liability Insurance Supplied by the market as obligation
 - for the Hazardous Materials Producers, Sellers and Transporters.
 - Required during getting licence
- Ignores natural disasters and the liability to neighbourhood
 - In the urban areas:
 - mixed usages at the same buildings- houses around...

Necessities considering LAND-USE PLANNING:

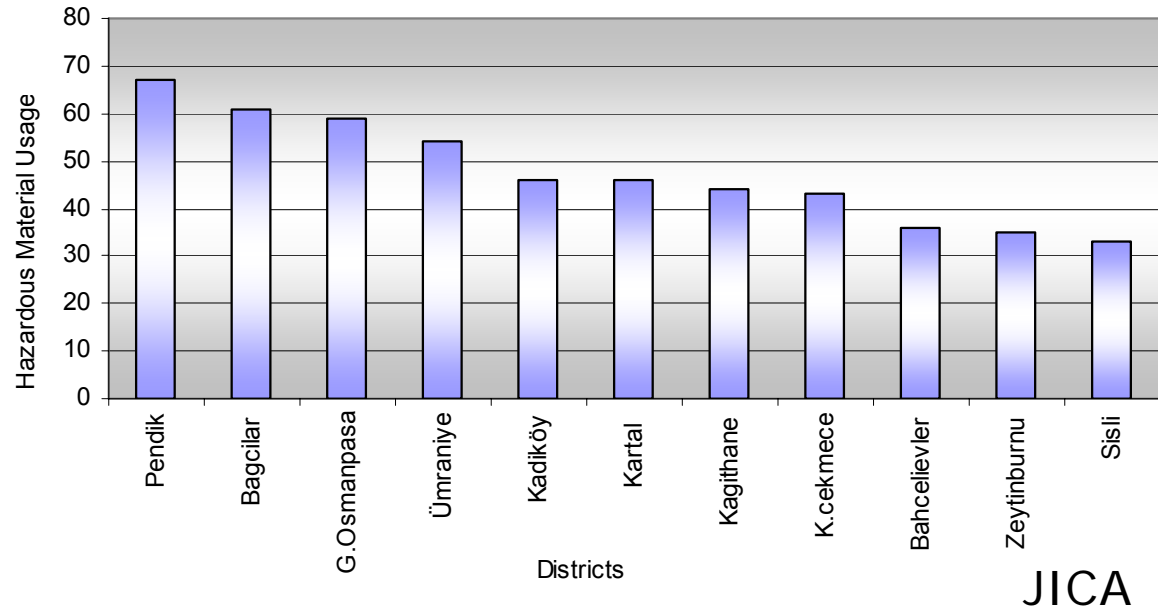
- Capacity & Transportation Limitations
 - Requirement of liability insurance for neighbouring usages
-

Hazardous Materials

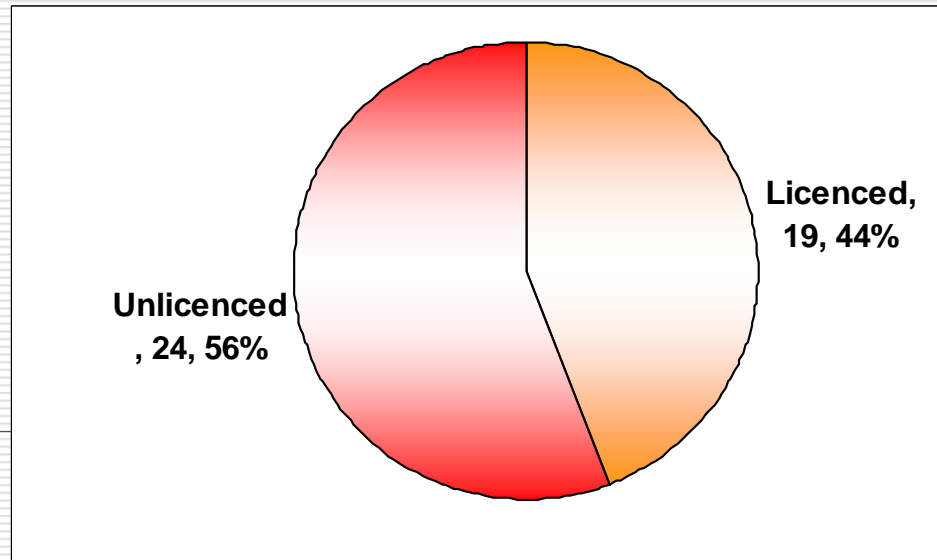
Zeytinburnu in Istanbul



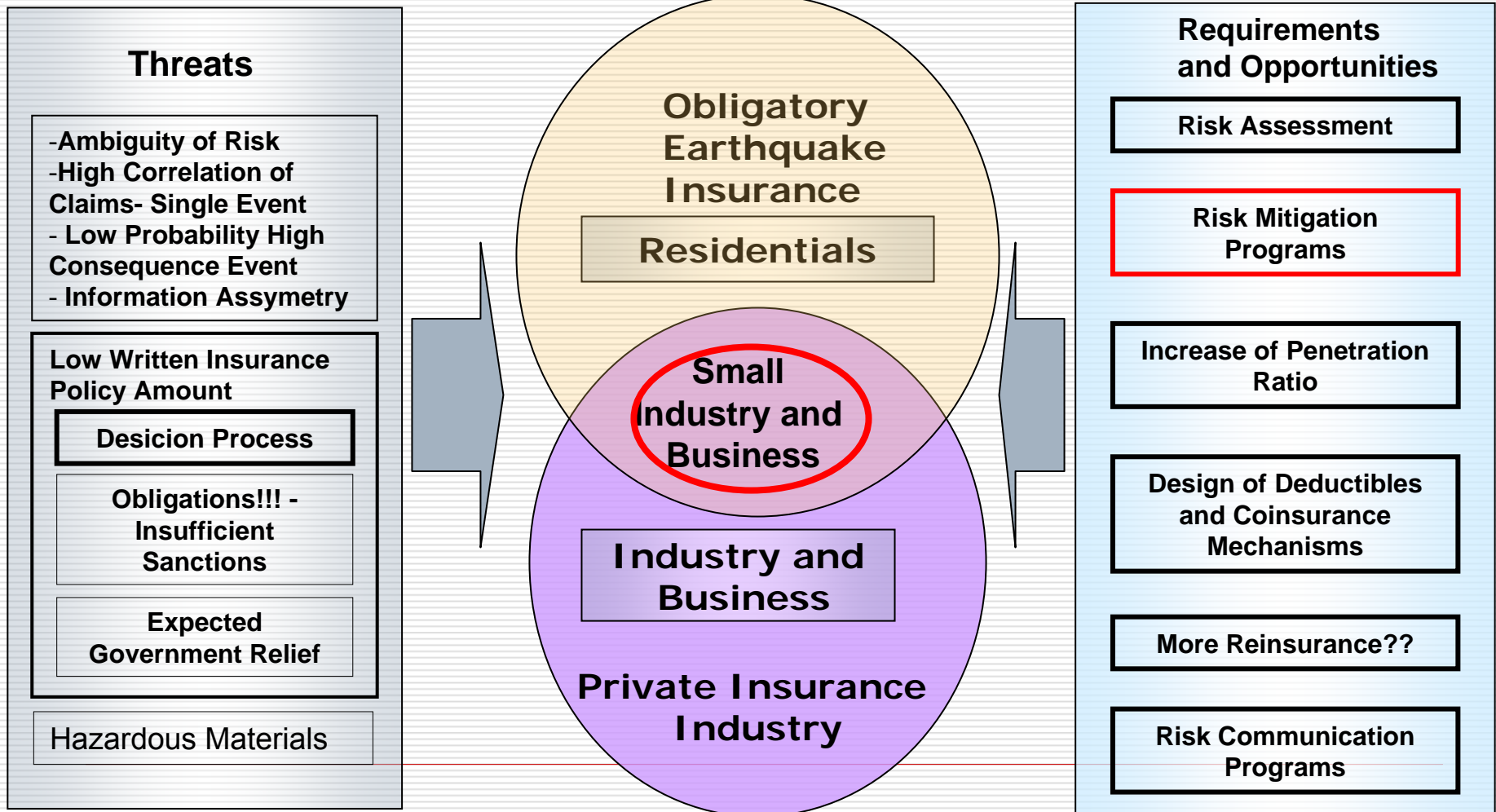
The distribution of hazardous materials to districts
Istanbul



The Licenced LPG Stations in Zeytinburnu



The Threats and Requirements of Earthquake Insurance



The Context of Disaster Risk Management?

In the case of Earthquake Risk

Urban Planning and Urban Risk Management

Settlement scale - The most suitable scale

Socio-spatial Production of Earthquake Risk

Socio-spatial Interventions for Earthquake Risk

Characteristics of Urban Planning *Control of the Development of Society*

Urban Plan Techniques and Methods

The most legitimized context for Urban Plans/
Land Use Decisions - *Development Law (No: 3194)*

The Management Ability of Urban Planning

Close relationship with local managers

Consideration of all the **stakeholders**

The Cooperation of Urban Planning and Insurance??

in the context of Urban Disaster Risk Management

