

Turkish Commercial Code (Book 6: Insurance Law)

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SIXTH BOOK

Insurance Law

FIRST PART

General Provisions

A) Insurance Contract

I - Basic Concepts

1. Definition

ARTICLE 1401 - (1) An insurance contract is an agreement where the insurer is obliged, in exchange for a premium, to compensate for a loss incurred by an individual due to a risk that jeopardizes a financial interest that can be measured in money, or to pay a sum of money or fulfill other obligations due to the life spans of one or more individuals or certain events occurring in their lives.

(2) The provisions of Articles 604 and 605 of the Turkish Code of Obligations apply to insurance contracts made with a company without a license and to those made with knowledge of this situation. This provision does not apply to insurance contracts made with insurance companies not established in Turkey.

2. Mutual Insurance

ARTICLE 1402 - (1) Mutual insurance is the obligation undertaken by multiple persons who come together to compensate for the damages that may arise in case a specific risk occurs to any of them. Mutual insurance activities can only be conducted in the form of a cooperative company.

3. Reinsurance

ARTICLE 1403 - (1) An insurer may reinsure the insured interest under any terms it wishes.

(2) Reinsurance does not eliminate the obligations and liabilities of the insurer towards the insured; it does not grant the insured the right to directly sue or make claims against the reinsurer.

4. Invalid Insurance

ARTICLE 1404 - (1) Insurance cannot be made to cover damages arising from an act of the insured or the insurer that violates mandatory provisions of law, morality, public order, or personal rights.

II - Provisions

1. Silence during the Conclusion of the Contract

ARTICLE 1405 - (1) If the offer made by a person wishing to enter into an insurance contract is not rejected within thirty days from the date of the proposal, the insurance contract is deemed to be established.

(2) Payments made at the time of the proposal are considered as premiums after the conclusion of the contract. If the contract is not made, these payments are refunded, with interest, without any deductions.

(3) The provision of Article 1483 is reserved.

2. Representation

a) In General

ARTICLE 1406 - (1) A person may enter into an insurance contract on behalf of another; if the representative is unauthorized, they will be responsible for the premiums of the first insurance period.

(2) The person for whom the insurance contract was made can give subsequent consent to the contract either before the occurrence of the risk or after the occurrence of the risk, except as provided in Article 1458.

(3) A contract that is not understood to be made on behalf of another or that is made without authorization is considered to be made in the name of the representative, provided there is an interest.

b) Lack of Instructions

ARTICLE 1407 - (1) If no instructions have been given by the insured regarding the insurance conditions, the representative makes the insurance contract according to the customary conditions at the place where the contract is made.

3. Absence of Insured Interest

ARTICLE 1408 - (1) If the insured interest does not exist at the time the insurance contract is made, the insurance contract is invalid. If the interest existing at the time the contract is made ceases to exist during the term of the contract, the contract becomes invalid at that moment.

(2) The provision of Article 1470 is reserved.

4. Scope of Insurance

ARTICLE 1409 - (1) The insurer is responsible for the damage or amount arising from the occurrence of the risk specified in the contract.

(2) The burden of proof that any of the risks specified in the contract are excluded from the insurance coverage lies with the insurer.

5. Insurance Duration

ARTICLE 1410 - (1) If the duration is not determined by contract, it will be determined by the court, taking into account the parties' wills, local customs, and circumstances.

6. Insurance Period

ARTICLE 1411 - (1) Unless the premium is calculated for shorter periods, the insurance period according to this Law is one year.

7. Knowledge and Behavior of Those Other Than the Insured

ARTICLE 1412 - (1) In cases where the law attaches legal consequences to the knowledge and behavior of the insured, the knowledge of the insured, provided that they are aware of the insurance, as well as the knowledge and behavior of the representative, if any, and the beneficiary in life insurances are also taken into account.

8. Termination and Withdrawal

a) Termination in Extraordinary Situations

ARTICLE 1413 - (1) If the insurer announces concordat, if their license related to the relevant insurance branch is revoked, or if their authority to make contracts is removed, the insured can terminate the insurance contract within one month from the date they became aware of these facts.

(2) If the insured has not paid all the premiums and has announced concordat, the insurer can terminate the insurance contract within the one-month notification period after learning this.

(3) This paragraph does not apply to compulsory insurances and life insurances that have become exempt from premium payment.

b) Termination in Case of Increase in Insurance Premium

ARTICLE 1414 - (1) If the insurer raises the premium based on adjustment conditions without making any changes to the coverage of insurance, the insured can terminate the contract within one month from the date of notification by the insurer.

c) Partial Termination and Withdrawal

Article 1415 - (1) If the insurer has justified reasons to terminate or withdraw from the insurance contract concerning some provisions, and it is understood that the insurer will not enter into the contract with the remaining provisions under the same conditions, the insurer may terminate the entire contract or withdraw from it.

(2) If the insurer has partially terminated or withdrawn from the contract, the insured may terminate the entire contract or withdraw from it.

1. Notifications and Communications

Article 1416 - (1) Notifications and communications made by the insured shall be directed to the insurer or the agent who made or facilitated the contract; notifications and communications made by the insurer shall be directed to the last addresses communicated by the insured or, where necessary, by the insured or the beneficiary to the insurer.

2. Extraordinary Situations

a) Impairment of Parties, Ineffective Enforcement

Article 1417 - (1) The insured may request a guarantee from the insurer who has become insolvent or against whom enforcement has proven ineffective, regarding the fulfillment of its commitment. If a guarantee is not provided within one week from this request, the insured may terminate the contract.

(2) For the insured who has become insolvent, declared bankrupt, or against whom enforcement has proven ineffective before the premium has been paid, the provisions of the first paragraph shall apply at the insurer's request, under the same conditions.

b) Insurer's Bankruptcy

Article 1418 - (1) In the event of the insurer's bankruptcy, the insurance contract terminates. Unpaid compensations prior to the insurer's bankruptcy shall be met from the guarantees that the insurer is required to set aside in accordance with the Insurance Law No. 5684 dated June 3, 2007, and then from the bankruptcy estate, subject to special provisions.

(2) Beneficiaries shall participate in the bankruptcy estate according to the provisions of the fourth paragraph of Article 206 of the Execution and Bankruptcy Law.

3. Premium Refund

Article 1419 - (1) If the insurance contract terminates, unless otherwise stipulated in the law, the premiums paid for the days not in effect shall be refunded to the insured.

4. Statute of Limitations

Article 1420 - (1) All claims arising from the insurance contract shall be subject to a statute of limitations of two years from the date the claim becomes due, and claims concerning insurance compensation and the insured amount shall expire six years after the date of the risk occurrence, without prejudice to the provisions of Article 1482.

(2) Provisions in other laws shall remain reserved.

II. Obligations and Responsibilities of the Parties

1. Insurer's Obligations and Responsibilities

a) Obligation to Bear the Risk

aa) In General

Article 1421 - (1) Unless otherwise agreed, the insurer's liability begins with the payment of the premium or the first installment; in insurance related to the transportation of goods by land and sea, the insurer becomes liable upon the conclusion of the contract.

(2) The provisions of Article 1430 remain reserved.

bb) Impossibility

Article 1422 - (1) If the occurrence of the risk has become impossible without any acts or effects of the insured, the insured, and in life insurances also the beneficiary, the insurer shall not be entitled to the premium.

b) Obligation to Inform

Article 1423 - (1) The insurer and its agent must provide the insured, in writing and after allowing a necessary examination period, all information regarding the insurance contract to be established, the rights of the insured, provisions that the insured should particularly pay attention to, and obligations to notify based on developments. Additionally, significant events and developments that may be important in terms of the insurance relationship throughout the contract must be communicated in writing to the insured.

(2) If the information notice is not provided, if the insured does not object to the conclusion of the contract within fourteen days, the contract shall be deemed concluded under the terms written in the policy. The burden of proof for the delivery of the information notice lies with the insurer.

(3) The Treasury Undersecretariat shall determine the form and content of the consumer information notice by considering the regulations of various countries, especially those of the European Union.

c) Obligation to Provide Insurance Policy

aa) In General

Article 1424 - (1) If the insurance contract is concluded by the insurer or its agent, they are obliged to provide a policy signed by authorized persons within twenty-four hours from the conclusion of the contract in other cases within fifteen days. The insurer is responsible for damages arising from the late provision of the policy.

(2) If the insured loses the policy, they may request the insurer to issue a new policy at their own expense.

(3) In cases where the policy is not provided, the proof of the contract shall be subject to general provisions.

bb) Content

Article 1425 - (1) The insurance policy shall contain the rights of the parties, provisions regarding default, and general and, if any, special conditions, and shall be prepared in a clear and easily readable manner.

(2) If the content of the policy and annexes differs from the proposal or agreed provisions, the provisions in those documents that are different and adversely affected the insured, the insured, and the beneficiary shall be invalid.

(3) Unless otherwise stipulated in the laws, any amendment in the general conditions that is in favor of the insured, the insured, or the beneficiary shall be applied immediately and directly. However, if this amendment requires the payment of an additional premium, the insurer may request the premium difference within eight days from the amendment. If the requested premium difference is not accepted within eight days, the contract shall continue with the old general conditions.

d) Obligation to Cover Expenses

Article 1426 - (1) The insurer must pay reasonable expenses incurred by the insured, the insured, and the beneficiary to determine the scope of the risk, the compensation, or the debt payment obligation, even if they are futile.

(2) In cases where inadequate insurance is made, the provision of Article 1462 shall be applied by analogy.

e) Obligation to Pay Compensation

aa) In General

Article 1427 - (1) If there is no contract regarding indemnity, the insurance compensation shall be paid in cash.

(2) The insurance compensation or amount becomes due after the occurrence of the risk and after the related documents regarding the risk have been submitted to the insurer and upon completion of the insurer's inquiries related to the obligation, and in any case, forty-five days after the notification to be made according to Article 1446. For life insurances, this period is fifteen days. If the investigation is delayed due to a fault not attributable to the insurer, the time shall not run.

(3) If the inquiries are not completed within three months from the notification to be made according to Article 1446; the insurer shall quickly pay at least fifty percent of the amount of damage or amount to be determined by the consensus of the parties or based on a pre-expert examination to be conducted by the court in case of a dispute, as an advance for the amount to be offset against compensation or amount.

(4) Once the debt is due, the insurer shall fall into default without the need for a warning.

(5) Any contractual provisions relieving the insurer from the obligation to pay default interest shall be invalid.

bb) Partial Compensation Payments

Article 1428 - (1) In insurances other than liability insurance, unless otherwise stipulated in the contract, partial compensation payments made during the insurance period shall be deducted from the insurance amount.

(2) In cases of partial loss, the parties may terminate the insurance contract. However, the insurer may exercise its right of termination only after the partial compensation payment.

cc) Fault in Occurrence of Risk

Article 1429 - (1) Unless otherwise stipulated in the contract, the insurer is obliged to compensate for damages arising from the negligence of the insured, the insured, the beneficiary, and those for whom they are legally responsible. If the insured, the insured, or those for whom they are legally responsible intentionally cause the occurrence of the risk, the insurer shall be relieved from the obligation of compensation and shall not refund the premiums received.

(2) Provisions of the second paragraph of Articles 1495, 1503, and 1504 shall remain reserved.

2. Obligations and Responsibilities of the Insured

a) Obligation to Pay Premium

aa) In General

Article 1430 - (1) The insured is obliged to pay the premium stipulated in the contract. Unless otherwise stipulated, the insurance premium is paid in advance. Provisions in special laws are reserved.

(2) The insurance premium is paid in cash. For the first installment, it may be paid by a promissory note upon the payment of the cash; in this case, payment occurs upon the collection of the promissory note.

(3) The insured may withdraw from the contract by paying half of the agreed premium before the insurer's liability commences. In cases of partial withdrawal from the contract, the premium that the insured is obliged to pay is half of the premium related to the withdrawn part.

bb) Time of Payment

Article 1431 - (1) If the entire premium is to be paid in installments, the first installment must be paid upon the conclusion of the contract and in exchange for the delivery of the policy. In insurances related to the transportation of goods by land and sea, the insurance premium must be paid at the moment the contract is made, even if the policy has not been delivered.

(2) If the first premium is not paid, the insurer shall not be liable for any risks arising during this period.

b) Obligation to Notify

Article 1432 - (1) The insured must notify the insurer in writing regarding all important developments and circumstances that may influence the risk, which they are aware of after the conclusion of the contract. This notification must be made without delay.

(2) In cases where a risk influencing the insurance contract occurs after the conclusion of the contract, and if the insured fails to notify the insurer of this risk, the insurer is not liable for damages arising from this risk.

c) Obligation of Cooperation

Article 1433 - (1) The insured must provide all necessary information and documents requested by the insurer regarding the events that may give rise to the insurer's obligation and facilitate the performance of the insurer's obligations.

(2) The insurer may conduct examinations regarding the insured and the insured on its own or through third parties. The insured must allow access to the insurer to the objects related to the risk and must also cooperate in all examinations.

(3) If the insured does not fulfill their obligations in this regard, the insurer shall not be liable for any damage that occurs.

d) Obligation to Mitigate Damage

Article 1434 - (1) The insured is obliged to take all necessary measures to mitigate the damage. In the event of damage, the insured is obliged to inform the insurer of the event and the circumstances of the risk without delay.

(2) The insured is obliged to prevent the increase of damage; in cases where the insured does not fulfill this obligation, the insurer may request a reduction in the amount of compensation or an exemption from paying compensation altogether, depending on the severity of the failure to mitigate.

e) Obligation to Report Damage

Article 1435 - (1) The insured must notify the insurer of any occurrence of damage or risk without delay.

(2) If the insured does not fulfill this obligation and if this failure has caused harm to the insurer, the insurer shall not be liable for the damage.

f) Obligation of Good Faith

Article 1436 - (1) The insured and the beneficiary are obliged to behave honestly and in good faith regarding their obligations arising from the insurance contract.

(2) Provisions regarding the obligation of good faith for the insurer and its agents shall also be applied.

ccc) Bağlantı

ccc) Connection

Article 1437 - (1) In compensation and payment matters, the connection between an undisclosed or misreported matter and the occurrence of the risk is considered in accordance with the rules specified in Article 1439.

ddd) Knowledge of the Insurer Regarding the Actual Situation

Article 1438 - (1) If the actual situation of an undisclosed or misreported matter or fact is known by the insurer, the insurer cannot assert that the obligation to disclose has been violated to withdraw from the contract. The burden of proof lies with the insured.

eee) Sanction

Article 1439 - (1) If a significant matter for the insurer has not been disclosed or has been misreported, the insurer may withdraw from the contract within the period specified in Article 1440 or request a premium difference. If the requested premium difference is not accepted within ten days, it is deemed that the contract has been withdrawn. The fact that a significant matter has not been learned due to the fault of the insured or that the insured does not consider it significant does not change the situation. (2) If the obligation to disclose is violated due to the negligence of the insured after the occurrence of the risk, and if this violation affects the amount of compensation or the payment due, a reduction in the compensation may be made based on the severity of the negligence. If the fault of the insured is intentional and there is a connection between the violation of the disclosure obligation and the risk that occurred, the insurer's obligation to pay compensation or amount is eliminated; if there is no connection, the insurer pays the insurance compensation or amount by considering the ratio between

the premium paid and the premium that should have been paid.

fff) Form and Duration of Withdrawal

Article 1440 - (1) Withdrawal must be directed to the insured by a declaration. (2) Withdrawal is communicated to the insured within fifteen days. This period starts from the date the insurer learns that its notification obligation has been violated.

ggg) Provisions of Withdrawal

Article 1441 - (1) In the event of withdrawal, if the insured acted intentionally, the insurer has the right to the premiums for the period it bore the risk.

hhh) Expiry of the Right to Withdraw

Article 1442 - (1) The right to withdraw cannot be exercised in the following cases:

- a) If the right to withdraw has been explicitly or implicitly waived.
- b) If the insurer caused the violation leading to the withdrawal.
- c) If the insurer made the contract while some of the questions were left unanswered.

bb) Disclosure Obligation Regarding Changes Between Proposal and Acceptance

Article 1443 - (1) The provisions regarding the obligation of disclosure during the contract's execution regarding changes between the proposal and acceptance shall be applied by analogy.

cc) During the Contract Period

aaa) In General

Article 1444 - (1) After the conclusion of the contract, the insured may not engage in actions or transactions that may aggravate the risk or the current situation affecting the amount of compensation without the insurer's permission.

(2) If the insured or another party with the insured's permission engages in actions that increase the likelihood of the risk occurring or aggravate the current situation, or if one of the matters explicitly accepted as risk aggravation occurs during the contract formation, they must immediately notify the insurer, or if the actions were done without their knowledge, no later than ten days from the date they became aware of the situation.

bbb) Rights of the Insurer

Article 1445 - (1) If, during the contract term, the insurer learns of the occurrence of the risk or the aggravation of the current situation, or the existence of events that could be accepted as risk aggravation, it may terminate the contract or request a premium difference within one month from that date. If the difference is not accepted within ten days, the contract is deemed terminated.

(2) The right to terminate cannot be used if the situation is reverted to its condition before the changes were made.

(3) If the termination and request for a premium difference are not used within the time period, they are forfeited.

(4) If the aggravation of the risk was caused by matters related to the insurer's interest, a situation for which the insurer is responsible, the fulfillment of a humanitarian duty, or changes in the insured's health in life insurance, the provisions of paragraphs one to three do not apply.

(5) If it is determined that the insured's negligence was evident after the occurrence of the risk, and if a violation of the disclosure obligation regarding changes was established, if this violation affects the amount of compensation or payment or the occurrence of the risk, a reduction in compensation may be made based on the degree of negligence. In cases of intentional fault by the insured, if there is a

connection between the change that occurred and the risk that occurred, the insurer may terminate the contract; in this case, no insurance compensation or payment will be made. If there is no connection, the insurer pays the insurance compensation or amount by considering the ratio between the premium paid and the premium that should have been paid.

(6) If the insurer learns that the insured intentionally violated their disclosure obligation before the occurrence of the risk and terminates the contract in accordance with paragraph one, it still has the right to the premium for the insurance period in which the change occurred.

(7) If the risk occurs in connection with the changes made during the notice period for termination or for it to take effect, the insurance compensation or amount will be calculated based on the ratio between the paid premium and the premium that should have been paid.

dd) Upon the Occurrence of the Risk

Article 1446 - (1) The insured must notify the insurer without delay upon learning of the occurrence of the risk.

(2) Failure to report or delayed reporting of the occurrence of the risk, if it results in an increase in the compensation or payment amount, may lead to a reduction in the compensation or payment amount depending on the degree of fault.

(3) If the insurer has previously learned of the occurrence of the risk, they cannot benefit from the provisions of the second paragraph.

e) Obligation to Provide Information and Allow Investigations

Article 1447 - (1) After the occurrence of the risk, the insured is obliged to provide all necessary information and documents within a reasonable time, as required under the contract or upon the request of the insurer, to determine the scope of the risk or compensation. Additionally, the insured is obliged to allow the insurer to conduct investigations at the sites where the risk occurred or other relevant locations and to take appropriate measures expected of them.

(2) If this obligation is violated and leads to an increase in the amount to be paid, a reduction in compensation will be made based on the degree of fault.

d) Obligation to Prevent, Mitigate Damage, and Protect Insurer's Recourse Rights

Article 1448 - (1) The insured is obliged to take measures to prevent, mitigate, or hinder the increase of damage or protect the insurer's recourse rights in situations where the risk has occurred or is likely to occur. The insured must comply with the insurer's instructions regarding this matter as much as possible. In cases where there are multiple insurers giving contradictory instructions, the insured must consider the instructions that are most appropriate for reducing damage and protecting recourse rights.

(2) If a violation of this obligation creates a situation against the insurer, a reduction in compensation will be made based on the degree of fault.

(3) The insurer is obliged to compensate the reasonable expenses made by the insured as per the first paragraph, even if these expenses turn out to be useless, separately from the insurance compensation or amount. In cases of underinsurance, the provisions of Article 1462 shall be applied by analogy.

(4) The insurer must pay the necessary amount as an advance upon the insured's request for the purpose of covering the expenses.

e) Violation of Obligations Specified in the Contract

Article 1449 - (1) In the event of a violation of an obligation that must be fulfilled against the insurer, except for the specific provisions in this Law and other laws, the provisions allowing the insurer to partially or fully terminate the contract and be relieved of performance shall have no effect if there is no fault in the violation. (2) If the violation is based on fault, the right to terminate that has not been used

within one month from the date the situation was learned shall be forfeited, unless the Law provides a different period.

(3) The insurer cannot terminate the contract if the violation does not affect the occurrence of the risk and the scope of the obligation the insurer must fulfill.

A) Application of the Provisions of the Law

Article 1450 - (1) Regarding contracts made with social security institutions, unless otherwise specified in their respective laws, the provisions of this Law do not apply.

B) Provisions Applicable to Insurance Contracts

Article 1451 - (1) In cases where there are no provisions in this Law, the provisions of the Turkish Code of Obligations shall apply regarding insurance contracts.

C) Protective Provisions

Article 1452 - (1) Contracts contrary to the provisions of Articles 1404 and 1408 and the second sentence of the first paragraph of Article 1429 are invalid. (2) The contract terms contrary to Articles 1418 and 1420 and the second paragraph of Article 1430 are invalid.

(3) The provisions of Articles 1405, 1409, 1413 to 1417, 1419, 1421, 1422 to 1426, the second to fifth paragraphs of Article 1427, Article 1428, and Articles 1431 to 1433 shall not be interpreted in a manner that weakens the rights of the insured or beneficiaries and shall be understood as the lowest level of protection for them.

(4) If the provisions that weaken the rights of the insured are made in a way that exceeds what is necessary for the risk, the parties may not argue that the provisions of this Law are not applied or are inapplicable due to the provisions made by them

SECOND PART

Special Provisions Regarding Insurance Types

FIRST CHAPTER

Property Insurance

A) Property Insurance

I - Interests and Scope

1. General Provisions

ARTICLE 1453 - (1) Those who have an interest in the non-occurrence of the risk can secure this interest through property insurance.

(2) Unless otherwise stated in the contract, losses arising from the loss of profits due to the occurrence of the risk and damages resulting from defects in the insured property are not covered by insurance. In the context of property, the portion of profit exceeding a reasonable limit cannot be insured.

(3) In group insurances of the nature of property insurance, the contract remains valid in all its provisions even if changes occur in the group of properties due to the entry or exit of properties.

(4) Property insurance made for a property group also covers the individual parts included in the group.

2. Insurance for the Benefit of Another

ARTICLE 1454 - (1) The insured can insure the interest of a third party by specifying or not specifying their name. The rights arising from the insurance contract belong to the insured. Unless there is an opposing contract, the insured can demand payment of the insurance compensation from the insurer and can sue them.

(2) In cases where the name of the third party is specified, in case of doubt, it is accepted that the insured acts not as a representative of the third party but in their own name for the benefit of the third party.

(3) It may also be left unclear in the contract for whose benefit the insurance is made. If such an insurance, made "for whoever it may concern," is understood to be made for the benefit of a third party, the provisions of the second paragraph shall apply.

3. Insurance of Common Interests

ARTICLE 1455 - (1) If a person who is an interest holder only in a portion of a property or a right related to that property has insured more than their portion, the excess portion of the insurance shall be deemed to be for the benefit of those who share the same interest as the insured.

4. Limitations on Interests

a) Limited Real Right

ARTICLE 1456 - (1) If the interest of the owner on property encumbered with a limited real right is insured, unless otherwise stipulated by law, the right of the limited real right holder continues over the insurance compensation.

(2) If the insurer is informed of the limited real right on the property, they cannot pay the insurance compensation to the insured without the permission of the real right holders. No notification is required when the real right is registered and made public or when the insurer is aware of it. Compensation may be paid to the insured, provided that it is aimed at repairing or restoring the insured property to its former state and that security is provided.

(3) The insurer who acts contrary to the provisions of the second paragraph shall be released from liability to the limited real right holders if they subsequently give written consent to the payment.

(4) When the insured or insurer terminates the contract or withdraws from the contract, if the termination or withdrawal notification is made by the insurer, they must notify the limited real right holders of the situation within fifteen days from the date of the notification. In other cases, this period begins from the termination of the contract. The insurance contract remains valid for the limited real right holders for fifteen days from the termination of the contract. If the limited real right holder does not notify the insurer that they will continue with the contract within this fifteen-day period, the insurance contract also becomes invalid for the limited real right holder. If the limited real right holder wishes to continue with the contract, the insurer cannot refuse this request without just cause.

(6) Upon request, the insurer provides information about the insurance coverage and the amount of the insurance benefit to the person who informs them that they hold a limited real right.

(7) Article 1416 shall also apply to the limited real right holders who notify the insurer of their rights.

(8) The provisions of this article do not apply to limited real rights established for the benefit of the insured.

b) Attachment

ARTICLE 1457 - (1) If the insured property is seized, the insurer shall be released from liability by paying the insurance compensation to the enforcement office, provided that they are informed in a timely manner. In the case of the attachment of a property, the enforcement officer asks the debtor whether the mentioned properties are insured; if insured, they inquire which insurer has insured them. After learning that the attached property is insured, the enforcement officer notifies the insurer that they will only be released from liability by paying the insurance compensation to the enforcement office until further notice.

II - Retroactive Insurance

ARTICLE 1458 - (1) Insurance may be arranged to provide coverage from a date prior to the conclusion of the insurance contract. However, if the risk has occurred or the likelihood of its occurrence has been eliminated at the time of the conclusion of the contract and is known by the insurer, the insured, and the insured person, the contract is invalid. In cases where the risk has occurred or the likelihood of its occurrence has been eliminated, and this is known by the insured or the insured person but not by the insurer, the insurer shall not be bound by the contract but shall have the right to the full premium.

III - Principle of Compensation

1. General Provisions

ARTICLE 1459 - (1) The insurer compensates the loss incurred by the insured.

2. Insured Value

ARTICLE 1460 - (1) The insured value is the full value of the insured interest.

3. Insurance Amount

ARTICLE 1461 - (1) The insurer's liability is limited to the insurance amount. Even if the insurance amount exceeds the value of the insured interest at the time the risk occurs, the insurer does not pay more than the incurred loss.

(2) The first paragraph does not apply to new value insurances that provide for indemnification.

4. Provisions

a) Underinsurance

ARTICLE 1462 - (1) If the insurance amount is less than the insured value, in the case of loss of part of the insured interest, unless otherwise stated in the contract, the insurer pays compensation according to the ratio of the insurance amount to the insured value.

b) Overinsurance

ARTICLE 1463 - (1) If the insurance amount is greater than the value of the insured interest, the excess portion is invalid. Therefore, the insurance amount and the portion of the premium corresponding to it shall be deducted, and any excess premium collected shall be refunded.

(2) An overinsurance contract made by the insured with the intention of obtaining financial benefit is invalid. The insurer who is unaware of the invalidity at the time the contract is made has the right to the premium until the end of the insurance period when they learn of the

situation.

c) Installment Insurance

ARTICLE 1464 - (1) If the parties have determined the insured value as a specific amount in the contract, this amount shall serve as the basis for the insured value between the parties.

(2) If the installment basis is excessive, the insurer may request a reduction of the installment. If expected profits are based on installments, if the installment exceeds the profits that could be reasonably anticipated at the time the contract was made, the insurer may request a reduction.

d) Multiple Insurance

aa) Rule

ARTICLE 1465 - (1) In the case where the same interest is insured against the same risks for the same period with multiple insurers, the insured shall not receive more than the insurance amount.

(2) In multiple insurances, the insured must inform each of the insurers of both the occurrence of the risk and the other insurances made for the same interest. In case of violation of this provision, the provision of Article 1446 shall apply.

bb) Joint Insurance

ARTICLE 1466 - (1) If an interest is insured simultaneously by multiple insurers against the same risks for the same periods, all of the multiple insurance contracts shall only be valid up to the value of the insured interest. In this case, each insurer is liable in proportion to the total amount of the insurance for the amount they insured.

(2) If, according to the contracts, insurers are jointly liable, the insured cannot request more money than the loss they suffered, and each insurer is only liable up to the amount they agreed to pay under their contract. In this case, the insurer who pays is entitled to recourse against the other insurers in proportion to the amounts they are required to pay to the insured according to the contract provisions.

cc) Double Insurance

ARTICLE 1467 - (1) A property that is fully insured cannot be insured later by the same or different persons against the same risks for the same periods; if it has been insured, the insurance shall only be valid under the following conditions:

a) If the subsequent and prior insurers give their consent; in this case, the insurance contracts shall be considered made simultaneously, and when the risk occurs, the insurance amount shall be paid by the insurers in the proportion shown in Article 1466.

b) If the insured has transferred their rights arising from the previous insurance to the second insurer or has waived those rights; in this case, the transfer or waiver must be written in the second insurance policy; otherwise, the second insurance contract shall be considered invalid.

c) If the liability of the subsequent insurer is conditioned on the fact that the previous insurer has not paid compensation; in this case, the previous insurance must be written in the second insurance policy; otherwise, the second insurance contract shall be considered invalid.

dd) Partial Insurance

ARTICLE 1468 - (1) If the value of the insured interest cannot be fully covered by a previous contract, this interest can be insured once or multiple times up to its remaining value. In this case, insurers who insure that interest later are responsible in the order of the contract dates for the balance. Contracts made on the same day are considered to have been made simultaneously.

e) The Insurer's Ability to Inspect the Insured Interest

ARTICLE 1469 - (1) The insurer can inspect the value of the insured interest during the insurance period.

I - Change of Ownership of the Insured Interest

ARTICLE 1470 - (1) In the event of a change in the ownership of the insured interest, unless otherwise agreed, the insurance relationship ends.

II - Not Making Changes to the Damaged Property and Place of Damage

ARTICLE 1471 - (1) The policyholder cannot make changes to the property and place of damage before the damage is assessed, which would complicate or prevent the determination of the cause or amount of damage, unless this change is made with the insurer's approval or to reduce the damage.

(2) In the case of a culpable violation of this obligation, the liability for damages will be reduced according to the severity of the fault, provided that there is a causal link between the violation and the damage.

III – Subrogation

ARTICLE 1472 - (1) When the insurer pays the insurance compensation, they legally step into the shoes of the insured. If the insured has the right to sue against those responsible for the incurred damage, this right transfers to the insurer to the extent of the compensation paid. If a lawsuit or enforcement action has been initiated against the responsible parties, the insurer can continue the lawsuit or enforcement action without the approval of the court or the other party, proving the payment made to the insured according to the subrogation rule.

(2) If the insured acts in a manner that violates the rights transferred to the insurer under the first paragraph, they will be liable to the insurer. If the insurer has partially compensated the damage, the insured retains their right to claim against the responsible parties for the remaining amount.

A) Liability Insurances I - General Provisions

1. Subject and Scope of the Contract

ARTICLE 1473 - (1) Unless otherwise stipulated in the contract, the insurer pays compensation to the injured party up to the amount specified in the insurance contract for the liability of the insured arising from an event occurring during the insurance period, even if the damage occurs later.

(2) If the insurance is made for the liability related to the insured's business, unless otherwise provided in the contract, this insurance also covers the liability of the insured's representative and those employed in the management, supervision, and operation of the business or part of it. In this case, the insurance is deemed to have been made for the benefit of these individuals.

2. Legal Protection

ARTICLE 1474 - (1) If a claim is made against the insured, reasonable expenses related to the claim will be covered by the insurer; provisions must be included in the contract for expenses exceeding the insured amount.

(2) The insurer is obliged to advance the expenses upon the insured's request.

3. Notification Obligation

ARTICLE 1475 - (1) The insured must notify the insurer of events that would require

liability within ten days.

(2) The insured must immediately notify the insurer of any claims made against them unless otherwise agreed. In this case, Article 1427 will apply upon notification or if the injured party directly approaches the insurer.

(3) In case of violation of the notification obligation, the provisions of Article 1446, paragraphs two and three, shall be applied by analogy.

4. Insurer's Assistance

ARTICLE 1476 - (1) Within five days from the date of notification in accordance with Article 1475, the insurer informs the insured whether they will undertake the necessary legal actions and decisions related to the claims of the injured party on behalf of the insured, but the liability and all expenses remain with the insured; otherwise, the fourth paragraph of this article will apply.

(2) The insured will carry out the mandatory actions that must be taken by the end of the period specified in the first paragraph.

(3) If the insurer has undertaken as per the first paragraph, they will protect the rights and interests of the insured.

(4) If the insurer fails to notify, they will pay the compensation that has been finalized against the insured. However, any settlement agreement made by the insured without the insurer's approval becomes invalid if not approved within fifteen days from the notification; the insurer cannot unjustifiably refuse to approve the settlement.

5. Intentional Causing

ARTICLE 1477 - (1) The insurer shall not be liable for damages arising from the insured's intentional act related to the liability.

6. Direct Right to Sue

ARTICLE 1478 - (1) The injured party can request compensation for the portion of the damage up to the insurance amount directly from the insurer, provided it is within the valid statute of limitations for the insurance contract.

7. Insurer's Right to Information from the Injured Party

ARTICLE 1479 - (1) The insurer can request information from the injured party to determine the cause of the incident and the amount of damage. The injured party is obliged to provide all relevant documents that can reasonably be expected. If the injured party fails to comply with this obligation, the insurer's liability will be limited to the amount they would have had to pay if this obligation had been fulfilled, provided the situation has been communicated to the injured party in writing.

8. Offsetting

ARTICLE 1480 - (1) The insurer cannot offset the insurance compensation they are to pay to the injured party against receivables arising from the insurance contract.

9. Subrogation

ARTICLE 1481 - (1) After paying the insurance compensation, the insurer legally steps into the shoes of the insured. If the insured has a right to sue against those responsible for the incurred damage, this right belongs to the insurer to the extent of the compensation paid.

(2) If a lawsuit or enforcement action has been initiated against the responsible parties, the insurer can continue the lawsuit or enforcement action without the approval of the court or the other party, proving the payment made to the insured according to the subrogation rule.

(3) If the insured or the injured party acts in a manner that violates the rights transferred to the insurer according to the first paragraph, they will be liable to the insurer.

10. Statute of Limitations

ARTICLE 1482 - (1) Claims for compensation directed against the insurer shall be time-barred after ten years from the occurrence of the insured event.

II - Compulsory Liability Insurances

1. Obligation to Contract

ARTICLE 1483 - (1) Insurers cannot refrain from providing compulsory insurances included in the scope of their activities, subject to provisions in other laws.

2. Performance Obligation in Relation to the Injured Party

ARTICLE 1484 - (1) Even if the insurer has completely or partially escaped their performance obligation towards the insured, the performance obligation remains towards the injured party up to the amount of compulsory insurance.

(2) The termination of the insurance relationship shall only take effect one month after the insurer has notified the relevant authorities of the termination or impending termination of the contract.

(3) The insurer's liability ends to the extent that the damage is covered by social security institutions.

III - Provisions Applicable to Liability Insurances

ARTICLE 1485 - (1) The general provisions shall apply to liability insurances along with Articles 1454 and 1458, the first paragraph of Article 1466, and Article 1471.

B) Protective Provisions

ARTICLE 1486 - (1) Contracts made in violation of the second sentence of the second paragraph of Article 1453, the second sentence of the first paragraph of Article 1458, Articles 1459 and 1461, the first paragraph of Article 1463, and the provisions of Articles 1472 and 1477 are invalid.

(2) Provisions that violate the first paragraph of Article 1456, and Articles 1465 to 1468, 1479, 1480, 1482, 1484, and 1485 are invalid.

(3) The second paragraph of Article 1471, Articles 1474 to 1476 cannot be amended to the detriment of the insured; if amended, the provisions of this Law will apply.

II - Beneficiary

1. Appointment and Change

ARTICLE 1493 - (1) The policyholder may enter into an insurance contract in favor of a real or legal person, subject to the provisions of the second and third paragraphs of Article 1490.

(2) The policyholder shall notify the insurer of the appointed beneficiary.

(3) If the beneficiary has not been notified to the insurer, the insurer is released from liability with a payment made in good faith.

(4) If the policyholder has recorded their waiver of the right to change the beneficiary in the insurance policy but has delivered the policy to the beneficiary, they cannot change that person. In case of doubt, it is accepted that the policyholder retains the right to change the beneficiary. Even if the policyholder explicitly waives the right to change the beneficiary and the insurance policy has been given to that person, the beneficiary can be changed if the circumstances for their appointment as a beneficiary have been removed, or if they have been disinherited or subjected to a claim for reimbursement.

(5) The appointment of a beneficiary and changes to the beneficiary do not require the insurer's

consent.

(6) In cases where the beneficiary cannot be changed, if the rights to withdraw and borrow are exercised by the policyholder, the beneficiary has rights to the amount payable, as well as to the amounts payable in the event of the insurer's bankruptcy before the occurrence of the risk, unless otherwise agreed.

(7) Unless otherwise agreed, the authority to request and collect from the insurer belongs to the beneficiary.

2. Interpretation Rule Regarding Beneficiary Appointment

ARTICLE 1494 - (1) In insurances made against the risk of death, if multiple persons are appointed as beneficiaries without specified shares, they are all entitled to an equal share of the insurance amount. Any share not claimed by one of the beneficiaries shall be added to the shares of the others. The renunciation of inheritance or waiver of inheritance shall not affect the beneficiary's rights.

(2) In insurances against the risk of death where no beneficiary is specified, it is deemed that the contract is made in favor of the policyholder's heirs, and in insurances made against the probability of survival, it is deemed to be made in favor of the insured.

III - Rights in Favor of the Policyholder

ARTICLE 1495 - (1) If the beneficiary fails to acquire the right to claim against the insurer, this right passes to the policyholder, and in the event of their death, to their heirs.

IV - Group Insurance

ARTICLE 1496 - (1) A single contract can be made for a group consisting of at least ten persons, whose composition can be identified according to specific criteria determined by the policyholder. Everyone included in the group benefits from the group insurance until the end of the group insurance contract. The validity of the contract is not affected if the group falls below ten persons after the contract is made.

(2) Each person in the group shall be provided with a document summarizing the content of the policy.

(3) In group insurances, the right to appoint beneficiaries belongs to the person included in the group, unless otherwise agreed.

(4) In the event of leaving the group during the term of the contract, unless otherwise agreed, the coverage provided by the group insurance may be continued individually by the policyholder, insured, or beneficiary. The continuation of the contract by the insured or beneficiary can only be done in the capacity of the policyholder. These individuals are jointly liable for the premium debts pertaining to previous periods with the prior policyholder.

(5) Regulations regarding withdrawal, borrowing, reductions, notification obligations, and other related matters in group insurances shall be governed by the regulation to be issued by the Ministry to which the Undersecretariat of Treasury is attached.

V - Declarations

1. Incorrect Age Declaration

ARTICLE 1497 - (1) If the premium has been determined lower due to incorrect reporting of age at the time of contract, the insurance amount shall be paid according to the proportion of the premium that should have been taken according to the actual age.

If the risk occurs before the discount and the insurance amount has been paid, the insurer may request the return of the excess amount paid, with interest.

(2) In case of excess premium payment according to the actual age, the insurance amount shall be increased based on the premium paid. If the insurance amount has been paid before the increase, the insurer shall complete the shortfall.

(3) The insurer may withdraw from the contract solely if the actual age falls outside the limits determined according to technical principles at the time the contract is made due to incorrect age declaration.

2. Violation of the Declaration Obligation at the Time of Contract Formation

ARTICLE 1498 - (1) The insurer may not withdraw from the contract due to the violation of the declaration obligation by the policyholder if five years have passed since the conclusion of the contract, including renewals, and can only request the premium difference unless the declaration obligation has been willfully violated. If the policyholder refuses to pay the premium difference, the insurer will pay the insurance amount by considering the ratio between the premium paid and the premium that should have been paid when the risk occurs. However, if the risk increase is beyond the limits determined by

the insurer's technical principles due to the violation of the declaration obligation, the insurer may withdraw from the contract. In renewed contracts, this period starts from the date the first contract was concluded.

3. Violation of the Declaration Obligation During the Continuation of the Contract

ARTICLE 1499 - (1) If five years have passed since the increase in risk, including renewals, the insurer may not terminate the contract due to the violation of the declaration obligation by the policyholder; it can only request the premium difference unless the declaration obligation has been willfully violated. If the policyholder refuses to pay the premium difference, the insurer will pay the insurance amount by considering the ratio between the premium paid and the premium that should have been paid when the risk occurs. However, if the risk increase due to the violation of the declaration obligation is outside the limits determined by the technical principles, the insurer may terminate the contract.

VI - Withdrawal from Insurance

ARTICLE 1500 - (1) The policyholder can withdraw from the insurance at any time by terminating the contract, provided it has been in force for at least one year and the annual premium has been paid. The withdrawal value shall be calculated in accordance with the generally accepted actuarial rules at the time the withdrawal is requested.

(2) In insurances against the probability of survival, to be able to request the withdrawal value from the insurer, the insured must prove they are healthy.

VII - Lending

ARTICLE 1501 - (1) In insurance contracts that have been in force for at least one year and for which the annual premium has been paid, at the request of the policyholder, the insurer is obliged to lend money based on the value calculated according to generally accepted actuarial rules at the time of the request.

VIII - Exempt Insurance from Premium Payments

ARTICLE 1502 - (1) In insurance contracts that have been in force for at least one year and for which the annual premium has been paid, if the policyholder subsequently fails to fulfill their premium payment obligation, the insurer may not terminate the contract or demand premiums due to this reason. In this case, the insurance shall be converted into exempt insurance from premium payments. In exempt insurance, the insurance amount shall be paid in proportion to the premium paid and the premium that should have been paid under the contract.

IX - Suicide

ARTICLE 1503 - (1) If the insured commits suicide after at least three years of having a contract made against the risk of death, including renewals, or dies as a result of an attempt to commit suicide after this period, the insurer is obliged to pay the insurance amount.

(2) If the insured's suicide or death as a result of an attempted suicide occurs due to a mental disorder within three years, the insurer is obliged to pay the insurance amount.

X - Killing by the Policyholder or Beneficiary

ARTICLE 1504 - (1) If the policyholder kills the insured or conspires to kill them to create the obligation to pay the insurance amount, the insurer is released from the obligation to pay.

(2) If the beneficiary kills the insured or participates in any way in their killing, they shall be deprived of the insurance amount, which shall be paid to the deceased's heirs.

XI - Replacement of the Beneficiary for the Policyholder

ARTICLE 1505 - (1) If the claims arising from the insurance contract made in favor of the policyholder are provisionally or definitively seized, or if a decision is made to declare bankruptcy against the policyholder, the named beneficiary can, with the policyholder's consent, become a party to the insurance contract in place of the policyholder.

(2) If the beneficiary becomes a party to the contract, in the event of termination of the contract by the insurer, they shall be liable to satisfy the claims of the creditor executing the seizure or the bankruptcy estate up to the amount the policyholder can request from the insurer.

(3) If the beneficiary is not specified or named in the contract, the right explained in the first paragraph shall pass to the policyholder's spouse and children.

(4) The beneficiary or the spouse and children must notify the insurer to be able to become parties to the contract in place of the policyholder. If the beneficiary or the spouse and children do not notify within one month from the date they learned of the seizure or bankruptcy, the right described in the first paragraph shall be forfeited.

XII - Bankruptcy of the Insurer

ARTICLE 1506 - (1) At the time of the insurer's bankruptcy, the insurance amount is not subject to the rights of the creditors.

B) Health and Sickness Insurance

I - Taking out Insurance

ARTICLE 1511 - (1) Health and sickness insurances can be taken out for the benefit of the insured; in sickness insurance, a beneficiary may also be designated.

II - Coverages

Insurance Coverage

ARTICLE 1512 - (1) The insurer provides coverage for the occurrence or emergence of one or several of the diseases specified in the contract during the term of the contract through sickness insurance. If multiple disease coverages are tied to the contract, the amount will be paid upon the occurrence or emergence of any one of the diseases, and the contract will terminate. Unless otherwise agreed, it is accepted that the coverage is granted for the occurrence of only one of the diseases.

Health Insurance Coverages

ARTICLE 1513 - (1) Through health insurance, the insurer provides coverage for:

- a) All types of medical care, including necessary medications resulting from illness, pregnancy and childbirth, and costs associated with early diagnosis of diseases, including outpatient examinations specified in the contract.
- b) Daily hospital expenses in cases where inpatient treatment is deemed medically necessary.
- c) Daily disability benefits for the income the insured cannot earn due to illness.
- d) In cases where the insured requires care, expenses arising from care or the agreed daily care allowance.

(2) Unless otherwise agreed, the coverage encompasses all amounts specified in the first paragraph.

III - Insurance Value

ARTICLE 1514 - (1) The health of the insured can be insured by one or several insurers for various amounts through sickness insurance and sum insurance.

(2) In cases where the payable amount exceeds the interest, the excess amount is deemed to have been made for the benefit of the insured.

IV - Beneficiary in Sickness Insurance

ARTICLE 1515 - (1) To take out insurance on another person's illness by determining a beneficiary, there must be a relationship of interest between that person and the beneficiary. Additionally, the written consent of the insured is required. In cases where a legal representative exists for the insured, the written consent is provided by the legal representative. If the insured is over fifteen years old, their consent must also be obtained; otherwise, the contract is invalid.

(2) In cases where the legal representative is designated as the beneficiary or is the policyholder, they do not have the authority to represent the insured in granting consent.

(3) The policyholder is obliged to inform the insurer of the designated beneficiary. If this obligation is not fulfilled, the insurer is released from liability by the good faith payment made.

(4) In cases where the beneficiary is not specified, the insurance is deemed to have been made for the benefit of the insured.

V - Waiting Period

ARTICLE 1516 - (1) In insurance contracts that stipulate waiting periods, the maximum waiting period is determined by the Ministry of Finance or an institution approved by the Ministry.

VI - Coverage of Newborns and Adopted Children

ARTICLE 1517 - (1) If there is a sickness or health insurance in place for one of the parents at the time of birth, the newborn is covered by the insurance without any additional premium, unless otherwise agreed, from the completion of the birth. However, this must be reported to the insurer within a maximum of two months after birth.

(2) The provision in the first paragraph applies to adopted minors as well.

VII - Right to Request Information

ARTICLE 1518 - (1) When examining the performance obligation, the insurer is obliged to provide information and the opportunity for review regarding the report obtained from the doctor designated by the relevant person or their legal representative upon request, concerning whether the disease within the scope of coverage has occurred and the necessity of medical treatment.

VIII - Other Provisions Applicable to Health and Sickness Insurance

ARTICLE 1519 - (1) The provisions related to life insurance apply to sickness insurance, except for the provisions of Articles 1497 and 1504. However, the applicability of Article 1503 to sickness insurance depends on whether the risk specified in the contract has occurred due to an attempted suicide.

(2) In health insurances where actual damages for the insured's illness, medication, and treatment expenses are to be covered, in addition to the general provisions, the provisions regarding property insurance and Articles 1500 to 1502 also apply to health insurance.

IX - Protective Provisions

ARTICLE 1520 - (1) Contracts that violate the provisions of the second paragraph of Article 1487, the first sentence of the second paragraph and the fourth paragraph of Article 1490, Article 1504, and the first sentence of the first paragraph of Article 1515 are invalid.

(2) Terms of contracts that contravene the provisions of the third paragraph of Article 1490, the second paragraph of Article 1491, the first paragraph of Article 1496, Article 1506, the first paragraph of Article 1507, Article 1510, Article 1511, the second paragraph of Article 1514, the second sentence of the first paragraph and the second paragraph of Article 1515, Article 1518, and Article 1519 are invalid.

(3) The provisions of Article 1489, the second sentence of the second paragraph of Article 1490, Article 1492, Articles 1497 to 1503, the fourth sentence of the first paragraph of Article 1515, and Article 1517 cannot be altered to the detriment of the policyholder, the insured, and the beneficiary; if altered, the provisions of this Law shall apply.