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We are improving our processes to carry the profession of expertise into the future

Ahmet Nedim Erdem, Chairman of the Insurance Experts Association of Turkey; "Due to its demographic structure and geography, Turkey has more than one processes in terms of insurance expertise. Therefore, experts in our country need to have broader knowledge in their fields. According to us, this makes a positive influence on the profession."

How can you define expertise as a concept in Turkey? Could you inform us about the working areas of experts?

Expertise became a legal profession in Turkey as of 1927, making it one of the oldest professions of our country. We mostly specialize in automotive and engineering insurance lines. We also have experts in fire, accident, marine and property lines as well; in addition to aviation, ships and rolling stock, fidelity, credit, and finance fields. Therefore, despite having different fields of specialties, experts are organized under a single roof. They each receive separate licenses. In the past, they were able to operate in all fields with a single license. With regulatory changes, they were later required to specialize and get certified in their own fields. If an expert who is specialized in a specific field wishes to receive another certificate, they can do so by taking the related examination. Experts in Turkey mostly serve the insurance market; however they also provide services for public institutions, citizens and courts. Expertise is a profession that can only be conducted exclusively. In that sense, it is significant and unique. Turkey's only exclusive institution specialized in loss adjustment is the Insurance Experts Association, because there are no other exclusive institutions that is legally authorized to carry out this profession.

Our goal is to improve expertise profession, raise new experts and act as a solution center to solve problems related to experts

When and with which purpose was the Insurance Experts Association of Turkey founded? Could you inform us about the activities of the Association?

Our Association was founded in 1935 when 5 experts got together. Our goal is to improve expertise profession, raise new experts and act as a solution center to solve problems related to experts. It was founded as a business association under the name of 'Society of Insurance Experts of Turkey'. Due to some regulatory changes in 1974, it has been conducting its operations under the name of 'Insurance Experts Association of Turkey' since then. In 2007, Turkish experts began to be organized as an executive committee under the roof of Turkish Union of Chambers and Exchange Commodities. We have 1.883 experts in Turkey. 1.262 of them are registered as active experts in the records of Turkish Union of Chambers and Exchange Commodities, and 727 of them are members of Insurance Experts Association of Turkey. This provides us with a specific mission. We have turned this mission into the duty of organizing and gathering insurance experts in Turkey together. In 2012, we completed the project of reorganizing insurance experts under our roof. Today, we have regional representatives in 13 regions and provincial representatives in 5 cities. At the point where insurance agents are actively organized and act in unison, it means our Association has conducted its mission. This is a very important gain for us. Because in the past, when experts did not communicate with each other and could not follow up the latest professional developments, this profession used to suffer. However, today, all the experts in Turkey can instantly be notified of a decision made by the Insurance Experts Association of Turkey. Via our whatsapp line, we can communi-

cate our decrees to experts online and receive feedbacks rapidly. We use our website and social media accounts very actively. We publish professional developments on these platforms. We can share information by sending e-mails. In case of a professional problem, we receive opinions from our regional representatives, and if necessary, escalate them to the executive committee via our management board. What is really important is to carry this mission into the future. Today, our biggest mission is to maintain this organized mechanism, foresee the future risks for this profession, develop projects to address those risks, and manage the process in implementing them. We act as the biggest helper of Insurance Experts Executive Committee.

What kind of training is required to become an expert?

We prefer candidate experts to receive trainings in the fields where they will specialize. However, according to the current legislation, graduating from any faculty of any university makes you eligible to take the experts' examination. One of our goals is to make sure that experts graduate from departments that are related to the fields they will specialize in. But a regulatory change is required to realize that goal. Today, in order to become an expert, you are required to take a preliminary exam, attend the training, take another exam after the training, and become eligible for internship. After you complete the internship program, your internship process is subjected to evaluation. If you successfully complete this process, you get registered in the Insurance Experts Executive Committee of the Union of Chambers and Commodity Exchanges of Turkey. This means that you can actively begin your profession as an expert.

Could you tell us about the advantages experts bring into the insurance market?

We have active experts in 57 cities, and majority of them are located in İstanbul, Ankara, İzmir, Bursa, Antalya, Samsun,



Kocaeli, Trabzon, and Adana. There are no experts in other remaining cities of Turkey, since loss frequencies are so low that an expert cannot earn enough money to make a living. Major areas where insurance market requires the help of experts are insurance lines with high loss frequencies such as motor accident, land vehicles, fire, theft and accident. We receive demands to organize experts' examination on an annual basis, which is normally organized every 10 years. Our Association supports this demand and works towards making it a reality. If we speak in terms of numbers; if all losses in Turkey were to be addressed by experts, we would require double the number of existing experts. However, only 30 percent of claims files in the insurance market are addressed by experts. Therefore, even under current circumstances, existing experts do not receive sufficient amount of jobs. Share of experts in the industry decreased even further by 30 percent, following the foreign exchange crisis in July 2018, when insurance companies began to engage in expertize file management process themselves. We want claims operations in Turkey to be managed by experts and more people to be engaged in the process. We are still working to achieve this goal.

What are the reasons behind the fact that experts receive fewer number of claims files in Turkish insurance industry?

Insurance companies are on one side, and policyholders are on the other. Expert is actually an element of balance. But, people in Turkey generally think of experts as the "experts of insurance companies". Yet, the law positions experts as independent and objective parties. Thus, the most important contribution of experts to the insurance market is the element of trust. They are the first party to contact with policyholders following a loss. Policyholders who are in the dark about the processes, have to face giant insurance companies in case of a claim. At this point,

experts carry out their missions to protect the interests of both parties. This is the requirement that gave life to the profession of expertise. During the initial years of Turkish Republic, a party was required to act as an arbitrator due to the discomfort created by insurance companies that used to get their loss adjustment done by their own employees. These arbitrators are today's insurance experts.

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There are parties in today's market that wish to keep experts out of the claims process. This is mainly due to the fact that expertise fees are reflected as costs on the insurance. Since overall benefit of an expert in a process can never be calculated, cost is always an issue. But if we were able to calculate the costs of flaws of a process that continues without an expert, expert fees would not be under the spotlights. So far, experts have produced and monitored many projects for the insurance market. We have also begun to digitalize those projects and processes. We hope to digitalize all operational processes as soon as possible. After we complete this mission, transactions will be managed from a single center of operations. Experts will have removed a big part of their processes from their workload by the help of digitalization. This will bring many benefits for the insurance market during the process of detecting errors and optimizing processes to avoid them, while standardizing processes across the market. These





results will reflect positively on the market as the reduction of costs, reduction of the rate of misconducts, shortening of operational processes and customer loyalty.

In your opinion, what are the major problems of experts operating in the insurance market?

We are aware of the problems of experts operating in the market. One of the major problems is pricing. On the other hand, since a significant part of the operational processes are conducted by experts, they experience two kinds of pressure. First one is the labor cost, second one is the workload created by operational processes, which can slow down the performance of our experts. As one of the dynamics of the insurance market, experts need to have a faster and more efficient communication line with insurance companies. They encounter such events in the field that they may need additional support or information, when they are required to make decisions about huge losses. They also need an efficient communication network to use while submitting the claims/requests of policyholders to insurance companies. Sometimes, processes or decisions that may influence the independency and objectivity of experts are left out to experts to handle. This naturally creates conflicts and problems. This issue should be addressed by the insurance market very sensitively.

What are the positive and negative aspects of expertise activities in Turkey, compared to other examples around the world?

We are also a member of the International Federation of Automotive Experts. We do not have huge differences compared to other experts around the world. When we examine the processes

all around the world, we see that our processes are the same; however independent expert model is only applied in France, Turkey and Spain. Due to its demographic structure and geography, Turkey has more than one processes in terms of insurance expertise. Therefore, experts in our country need to have broader knowledge in their fields. According to us, this makes a positive influence on the profession. When we analyze the loss processes of countries such as United Kingdom, Germany, and France, we see that they have completely digitalized their loss operation processes. Experts have left pen and paper, standardized their loss calculations; they manage their operations through a digital process. We are also working on a project to determine how we can implement those improvements, and initiated the studies this year. We will do our best to accelerate in the coming terms. With this project, we will have completely digitalized the expertise and loss processes. Moreover, we have observed that experts in Turkey are really competent in terms of insurance claims fraud. We have clearly seen during our meetings with both Association of European Experts and International Federation of Automotive Experts that Turkish experts have higher sensitivity about insurance fraud, due to the traditional structure of the market and the influences of Insurance Information and Monitoring Center (SBM). We wish to create a new culture of expertise in Turkey; this is our starting point. We have built a new expertise model that positions human in the center, is integrated with technology, and can address the requirements of this era and requirements of policyholders. We are improving our processes so that we can carry the profession of expertise into the future. At this point, I clearly see that experts in Turkey are supportive of this change as well.