

Profile:

Turk P&I

By Felicity Landon

When Turk P&I set up shop in 2014 as the only P&I company headquartered in Turkey, the timing, in terms of the shipping sector's woes, was far from perfect.

Instability from the Arab Spring had affected Turkish ship owners mainly trading in the Mediterranean; meanwhile the global, particularly European, economic slowdown added another layer of difficulty.

However, despite the adverse conditions, Turk P&I has continued to grow steadily. "We started our activities in marine insurance in 2014 and within a short period managed to insure over 1,500 vessels," said Halil Solak, Turk P&I's Assistant Technical Manager. "We expect to reach 2,000 vessels and have US\$8-10 million of premium income by the end of 2016. As of today, we estimate around 80% of the ships that are commercially trading in Turkish territorial waters, and almost all the passenger vessels in the cabotage trade, are insured by Turk P&I."

Because the company is mainly insuring ships trading in Turkish territorial waters, Turk P&I has established close relationships with the industry and produced local solutions to industry

requirements, said Solak. Among the vessels insured, with the support of well-established reinsurers, is Turkey's presidential yacht, owned by the Government, as well as Turkey's first civilian submarine.

"In addition, we developed special insurance policies to meet the local requirements, such as special products for yachts, diving boats and fishing boats."

Turk P&I also closely follows the activities of KOSDER, the Coastal Vessel Owners' Association, one of a number of collaborations of Turkish shipping companies looking to reduce costs and work together.

The company also developed a hull treaty to meet the increasing demand from ship owners, and began underwriting H&M and War insurance in May, with the support of the Lloyd's market.

Meanwhile, an important development for Turk P&I has been mandatory P&I insurance. In order to comply with the Athens Convention, the Turkish government issued a regulation that requires vessels carrying more than 12 passengers to have P&I insurance with a certain limit of liabilities.

Meanwhile, the company's network of correspondents has been completed and "we have recorded great progress with the flag states for the recognition of Turk P&I cover notes," said Mr Solak.

While it would be illogical to look at the Turkish maritime industry in isolation from the world, there are specific features that differentiate Turkish shipping in times of crisis, said Mr Solak.

"Turkey is a country with the characteristics of facing economic crisis quite often; Turkish executives are experienced in the risks involved and can quickly adapt to changes and survive. Turkish ship owners are no different.

"Turkish shipping companies, especially coastal vessel owners which form the bulk of Turkish shipping, consist of traditional family companies and they support their businesses with their own capital rather than bank loans. Even with the companies that do use bank loans, the main bulk of their investments is still their own capital. That's why they are relatively less affected by the economic crisis compared with the European companies that heavily rely on bank loans and structures like KG systems." ●