

ORIGINAL ARTICLE

FREIGHT FORWARDER LIABILITY (FFL) INSURANCE AN IMPLEMENTATION FRAMEWORK FOR TÜRKİYE*

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Abstract

Freight Forwarder Liability Insurance, which is the subject of the study and is much needed, and currently not available as an insurance product in Türkiye. Article 19 of the Regulation on Freight Forwarders, published in 2018, requires liability insurance. This policy, which is currently needed, cannot be issued by Turkish insurance companies in accordance with the requirements. The aim of the study is to establish the general insurance conditions of the “Freight Forwarder Liability Insurance”, which is not available in Türkiye, in line with the needs of both insurance and transportation stakeholders. In line with this purpose, it is aimed to determine the common needs by taking the attitudes of insurance companies, logistics companies, insurance brokers, loss adjusters and insurance regulators. In previous similar studies, it has been seen that different country practices and national legal functioning are taken as the basis. The novelty of this study is that it is based on the joint requirements of insurance service providers and users of FFL Insurance. The structure of FFL Insurance is described. By making general terms & conditions available for insurance, insurance companies – resident in Türkiye - will be able to provide coverage for these policies and reinsurance in case needed.

Keywords

Insurance, Freight Forwarder, Liability, FFL.

JEL Classification

G22, K33, L90.

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1. INTRODUCTION

There are no general Freight Forwarder Liability (FFL) Insurance clauses in Türkiye. Consequently, the reinsurance process becomes more complicated for FFL Insurance by Türkiye's insurance companies within Türkiye. They retain some risks they take in return for premiums and transfer the remaining risks to other insurance companies. In other words, reinsurance is the assurance of the liability of the insurance company, which means the insurance of the insurance (Açınan, 2005: 7). The most crucial purpose of reinsurance is the insurance transaction made to reduce the loss that an insurance company may incur due to their policy transactions (Alanya, 2003:11). Logistics service providers can purchase this FFL Insurance warranty either from a limited amount of domestic insurance company or directly from abroad via insurance brokers. In order To work out this setback, general clauses of FFL Insurance should be determined for Türkiye by considering the needs of logistics service providers, insurance companies, insurance brokers and public authorities regulating insurance legislation.

The role of the public sector in both social and economic lives continues to change as stated in the 11th Development Plan, 2019-2023 (SBB, 2019). Further, public sectors' both regulatory and interventionist functions are strengthened within the global economy. Insurance is the distribution of risk among people facing the same risk in return for a certain premium and guaranteeing it under certain conditions. It is also a risk transfer in which the losses faced by individuals result in support of other participants. Another definition of insurance states a bilateral contractual relationship in which the other party undertakes to pay losses if one party pays a premium to the other party and the other party provides indemnity in return for this premium. According to the Turkish Commercial Code, the insurance contract is defined as follows (Official Gazette, 2011): "An insurance contract means a contract under which the insurer promises, in exchange for a premium, to indemnify a loss caused by the materialisation of the danger (risk) having the consequence of harming the interest, measurable by Money, of the concerned person or to effect payment or to fulfil other performances based on the lifetime or upon the occurrence of certain events in the course of the lifetime of one or several persons." As can be understood from the expression 'in return for a certain premium' in all these definitions, the premium is the guarantee deposit paid by the insured against the risk taken over by the insurer.

The purpose of the study is to compose general clauses of the "Freight Forwarder Liability Insurance", which is currently unavailable in Türkiye, by aligning the needs of both insurance and transportation stakeholders. Corresponding to this goal, researchers aim to find out common needs by listening to the views of insurance companies, logistics service providers, insurance brokers, claim experts and public authorities regulating insurance. Previous studies have been based on different countries' insurance practices and functioning within a national legal system. The uniqueness of in this study is that it is based on the joint requirements of insurance companies and users of FFL Insurance. FFL Insurance structure has been discoursed by incorporating the claim process in the study.

2. FREIGHT FORWARDER

Donald Bowersox (1974), a major scholar among critical contributors to logistics and supply chain management, defined logistics as a safe and successful flow of material and information from the first point of supply to the final consumer. Therefore, logistics is concerned with the efficient and effective movement of goods among members of that particular supply chain; namely, to make the right products available in the right quantity on the right time and place. Transportation is one of the activities of supply chain management. Over the years, the number and types of companies involved in freight transportation have grown exponentially. Today, the transportation industry is highly heterogeneous, from small regional companies with few employees to global logistics service providers as multinational companies with thousands of employees. Freight transportation has become a dynamic and complex industry that includes highly specialised companies that play a specific role in the

transportation chain and meet general needs (Acar and Köseoğlu, 2020: 20).

A freight forwarder is a service agent who arranges shipments on behalf of a customer (the shipper) or consignee. A freight forwarder acts as an intermediary between the customer and the transportation sector (Çancı and Erdal, 2003: 5). From the customer's point of view, the freight forwarder carries out the transportation activities and assumes full responsibility for any delay or damage to the delivery of the goods. Reis and Macario (2019) classified the function of a freight forwarder into two main tasks:

1- Bringing together the freight transportation service: Setting up a freight transportation service means determining the most suitable transportation modes (maritime-rail-inland water-road-air) and choosing the carriers for transportation that are suitable for the needs of the customer (usually in international trade: exporter or importer).

2- Managing the freight transportation service: Executes the transportation service. The freight forwarder does the necessary work to ensure that all actors involved in the transportation of the shipment fulfil their responsibilities and duties according to the plan.

Freight forwarders, broadly termed as logistics service providers, are not required to own any assets such as vehicles or loading terminals. They can meet the transport needs of carriers and other transportation businesses (Reis and Macario, 2019: 5). Türkiye's Road Transport Law, dated July 10, 2003, defines 'transport broker' as "a person whose occupation is to haul goods in his own name and on behalf of a client for a fee". The definition of freight forwarder (in Turkish: Taşıma İşleri Organizatörü) in the context of current international trade and business organisations. is specified in the Regulation on Freight Forwarders, first issued on January 8 2018. This Regulation covers individual and legal entities who have a certificate of warrant in the field of freight transport and vehicles with foreign license plates operating in the field of freight transportation, provided that they comply with international agreements.

3. LITERATURE

Brown (1990) investigated the relationships between freight brokers and carriers involved in road freight transportation in the USA. The number of freight broker enterprises had increased from 100 in 1975 to more than 6000 in 1988. If cargo loss or damage occurs in a shipment arranged by the freight broker, the shipper applies to the carrier, not to the broker. However, in practice, the freight broker assists the shipper in preparing relevant documents and in the damage processes in case of damage. However, this should not mean that the freight broker has no responsibility. In case of transporting cargo to a carrier with under-collateralised insurance, there is a possibility that the freight broker may be liable.

The author of the INCOTERMS 2010 guide of the International Chamber of Commerce (ICC) and Swedish lawyer Jan Ramberg (1998) states that freight forwarders have an important role in international trade. He distinguishes a freight forwarder's functions to act as follows:

- 1- Agent only on behalf of the customer or performing carrier
- 2- Contracting carrier undertaking carrier liability without performing transportation
- 3- Carrier performing transportation

Freight forwarders, who have been engaged in consolidation operations for container freight during 1970s, changed their business activities from an 'agent' role to a 'principal' role. In the capacity of principal, freight forwarders became responsible toward their customers in case cargo is lost or damaged. With the evolution of freight forwarders' functions as logistics service providers, cargo insurance was inadequate in terms of liability (Ramberg, 1998).

The International Federation of Forwarders' Associations (FIATA), headquartered in Zurich, was founded in Vienna in 1926 and is the world's largest non-governmental organisation representing freight forwarding and logistics industry. As Ramberg (1998) contended, a common transportation regulation can solve the liability issue by providing a system that offers better protection from all aspects with respect to unimodal transportation regulations. FIATA first established the FIATA Model Rules

for Freight Forwarding Services in 1996 for the issues that the aforementioned common transportation regulation could not address. The insurance clause of the October 2019 revision of the model rules states that the freight forwarder will not take out any insurance unless a written instruction is given from the customer. In addition, to create a uniform working standard for freight forwarders, FIATA has created various template documents and forms. Those FIATA logo documents are recognised as documents of tradition and trust serving international trade. (FIATA, 2019a; FIATA, 2019b)

Sarma (2014) discusses that freight forwarders in India traditionally played the role of ‘agent’ as a link between cargo owners and carriers, but nowadays, they have assumed the role of ‘principal’ with the involvement of multimodal transportation, containerisation and freight consolidation, warehousing, packaging, etc. as various integrated logistics activities. Therefore, since freight forwarders perform either as ‘agent’ or ‘principal’ or both roles, they are expected to specify the services they provide and decide upon appropriate insurance coverage corresponding to their responsibilities.

Tushevska (2014) analysed theoretically complex role and responsibility of freight forwarders in Macedonia. In civil law, the concept of indirect representation is applied to freight forwarders. For example, German Commercial Code elucidates that the freight forwarder is not a carrier. Whereas in common law systems, freight forwarder liability has been studied by many factors to define the scope and type of liability. Anglo-Saxon legal systems seem more in line with the current definition of freight forwarder, however, Continental Europe legal systems have identified the dilemma on whose behalf and account freight forwarder acts.

Xiaoqiang (2007) pointed out the great development of international freight forwarding industry with rapid growth of China’s economy and foreign trade. International freight forwarders are likely to face many risks related to competition in the global market. By analysing the basic understanding of international freight forwarders in China and the situation regarding the liability insurance, a study was conducted to establish the liability insurance for international freight forwarders.

Jovanović (2019) conducted a study on the definition of standard risks and the preparation of the insurance contract for warehouse operators and freight forwarders in the Republic of Serbia. According to domestic and foreign legal codes and legislation, “standard risks” were analysed, and suggestions were made. In order to serve this purpose, various recommendations have been made to improve the text for clauses of the Law on Contracts and Torts, and of the Draft Labour Code intended for Serbia. The author concludes that both warehouse operators and freight forwarders would require insurance for storage and shipping services.

According to Anggorowati (2017), freight forwarding is significantly developing business in Indonesia. Business activities of freight forwarders have increased with as sustainable imports and exports. They reckoned that Indonesia’s growth in production, trade and retail makes the primary reason for the existence of freight forwarders. Nonetheless, worsening global economic conditions cause fierce competition among freight forwarders.

Multimodal transportation means the transportation of goods with a single document from a pickup point to till a delivery location with at least two modes of transportation, regardless of the number and type of transportation, with a single document. Zelenika et al. (2011) proposed a liability insurance model for Slovenia aiming at efficient operation of multimodal transportation. And they made a growth projection for the following 15 years.

When previous studies of freight forwarder liability insurance have been reviewed, it is noticed that new insurance products and applications are analysed generally based on international trade/business practices. There are local studies in countries with significant insurance penetration. It has been recognised that freight forwarder liability insurance is a recent application for many countries. Studies have been mainly carried out on the basis of a particular country’s own domestic and international legal systems.

4. RESEARCH

4.1. Methodology

Qualitative research approach was selected as the research methodology. It was deemed appropriate to carry out the study with a qualitative research approach to obtain in-depth information about information such as the requests of the insured, the insurer and other parties and the problems experienced, to make an analysis and to settle the situation in detail on the sample. Patton (1987), Yıldırım and Şimşek (2005) and Ekiz (2009) also stated that qualitative studies provide in-depth information, insight and understanding of the event, phenomenon or subject that is the subject of the research compared to quantitative studies. Since this study aimed to investigate a situation (need) in depth, the study was designed as a descriptive particular case study.

It is possible to define qualitative research as “research in which qualitative data collection techniques such as observation, interview and document analysis are used, and a qualitative process is followed to reveal perceptions and events in a natural environment in a realistic and holistic manner” (Yıldırım and Şimşek, 2008: 39). Qualitative research is a method that adopts an interpretive approach to examine the research problem based on an interdisciplinary, holistic perspective. The facts and events on which the research is conducted are handled in their own context and interpreted in terms of the meanings that people attribute to them (Altunışık et al., 2010: 302). There is an effort to reach a deep understanding of the subject in qualitative research. In qualitative research, the determinist approach is not prioritised, and a cause-effect relationship is not established between events. More emphasis is placed on verbal and qualitative analysis rather than numerical data and statistics. (Neuman, 2012: 224). First, the theoretical framework that will form the basis of the research should be clearly established. Second, researchers must create a systematic, feasible and flexible research strategy. A third important issue is converting research results into a consistent and meaningful report (Karataş, 2015:68).

A literature review on Freight Forwarder Liability (FFL) Insurance has been carried out, and problems experienced in practice have been identified. The research topic and requirements are uncovered by considering the authors' own experiences in the fields of insurance and logistics. While clarifying the research problem, criteria of importance and requirements have been considered. Since defining research problem directly affects other stages of this study, sufficient preliminary research has been done. In qualitative research, it is necessary to collect direct first-hand data on the chosen topic.

Observation, interview and document analysis methods are widely used in qualitative research. Since the validity of the data and the accuracy of the results are important, this study will make use of observation, interview and document review methods with respect to the characteristics of the target audience.

The sample of the study was determined according to the purposive sampling method. Purposive sampling method is useful in discovering and explaining facts and events in many cases (Yıldırım & Şimşek, 2013). Purposive sampling allows for an in-depth study of situations that are thought to have rich information (Flick, 2014).

This study is limited to five major insurance stakeholders related to the topic:

1. Association of International Forwarding and Logistics Service Providers (UTİKAD) and selected members
2. Insurance Association of Türkiye (TSB) and selected members
3. Association of Insurance and Reinsurance Brokers (SBD) and selected members
4. Association of Claims Professionals (TÜSED) and selected members
5. Insurance and Private Pension Regulation and Supervision Agency (SEDDK)

4.2. Stages of Research

The following topics are covered within questions in order to ask the insurance stakeholders:

1. Subject of the insurance (Guarantee)
2. Exclusions
3. Losses that can be incorporated in guarantee scope with an additional contract
4. Duration of insurance
5. Obligations of the parties in case of losses
6. Indemnity payment
7. Subrogation provisions
8. Statute of limitations
9. Court of competent jurisdiction
10. Documents required for the claims process

When the first draft of general terms and conditions had been prepared, the corresponding author visited the marine insurance department of a major domestic insurance company who has consistently the largest market share in Türkiye's maritime insurance branch total premium. After receiving their manager's and experts' views, the initial revision was counseled with a prominent lawyer in the area of commercial law who is an expert in about Transport Law training both insurance professionals and lawyers within industry associations.

Regarding the aforementioned ten themes, a question set has been prepared for a semi-structured interview. Interviews were conducted with six insurance companies with high market share in marine insurance among TSB members, six insurance brokers from SBD members, twenty freight forwarders from UTİKAD members, five claim experts from TÜSED members and finally, SEDDK officials.

Each of the major insurance stakeholders comprises of countable population size. The authors adopted a sample size corresponding to ten percent of each insurance stakeholder's population size. There are six insurance companies at present who are reselling FFL Insurance. Nevertheless, all the six insurance companies have been incorporated for an in-depth interview. There are 20 reinsurance brokers in Türkiye, where the authors talked to six reinsurance brokers more than planned two brokers. There are nearly 200 freight forwarders who are UTİKAD members as of 2022 and have official authorisation from by Ministry of Transport.

Consequently, 20 freight forwarders have been interviewed. Because there are 50 claim experts dealing with marine insurance, according to the Association of Claims Professionals, five claim experts were contacted for consultation. The claim experts individually participated in semi-structured interviews. Executives of both insurance companies and brokers who actively participated in the field study are in senior management organisations.

Following the above interviews with three major insurance stakeholders (insurance companies, brokers and freight forwarders), the Insurance Association of Türkiye commented on about the draft text of general terms and conditions during a committee meeting on of marine insurance. Insurance and Private Pension Regulation and Supervision Agency appointed a managerial official for this field study, and all the those data collected from the above-mentioned semi-structured interviews were evaluated with SEDDK. The last draft of general terms and conditions was prepared appropriately.

Concerned parties agree on the following clauses of the draft text: subject of insurance, duration of insurance, obligations of the parties in case of losses, indemnity payment, the statute of limitations, court of competent jurisdiction and documents for the claims process. While insurance companies would like to exclude unsuitable means of transport, extortion and fraud, improper stowage, missing official documents, and penalties from FFL Insurance, insurance brokers advocate for gross negligence, late delivery and penalties, and indirect damages to be covered by insurance policies. Freight forwarders require gross negligence, late delivery and packaging in the subject of insurance. Both insurance companies and brokers do agree on subrogation towards subcontractors. However,

freight forwarders demand that insurance companies surrender their subrogation towards a freight forwarder's subcontractor by facilitating an additional guarantee in an FFL insurance policy.

5. FINDINGS AND DISCUSSION

The inferences from interviews with major stakeholders bring about the following draft of the general conditions of FFL Insurance.

5.1. Subject of Insurance (Guarantee)

5.1.1. This insurance is about natural and legal entities,

who have obtained a certificate of authority or official authorisation in accordance with the relevant legislation in the field of freight transportation;

who carry freight/cargo on their its own behalf and account by using their facilities, capabilities and capacities;

who issues an invoice or draws up an agreement for transportation;

who perform storage, packaging, labelling, packaging, order management, customs, insurance, distribution, etc., logistics activities associated with transportation;

who have acquired the profession of providing transportation and logistics services using one or multiple modes of transportation and are given a certificate of authority by the Ministry; and covers their legal liabilities – during their activities – to freight/cargo owners about losses and damages related to or arising from freight/cargo in the transport position, in connection with the international convention, laws and general law

5.1.2. The parties have the right to decide on special conditions, provided that general conditions are not restricted.

5.2. Exclusions

The following cases are not covered by insurance

5.2.1. Intentional losses

5.2.2. Losses caused by gross negligence

5.2.3. Losses and damages caused by late delivery of freight/cargo

5.2.4. Transporting goods, paintings, works of art, precious stones, genuine real pearls, cash, valuables, documents, certificates, livestock and plants

5.2.5. Losses originating from defects due to the nature of freight/cargo, self-inflicted losses, losses arising from usual fluctuations in normal humidity, temperature

5.2.6. Loss or damage caused by the number, weight of items or insufficient markings and numbers on them

5.2.7. Losses due to lack of packaging or incorrect packaging

5.2.8. Losses caused by war, all kinds of war events, invasion, foreign enemy movements, combat (whether war has been declared or not), civil war, revolution, rebellion, insurrection and due to resul-

ting actions by police and military

5.2.9. Seizure, deprivation of property or interference by government or interventions by any other higher authority

5.2.10. All losses caused by ionising radiations or radio-activity contaminations from any nuclear fuel or from nuclear wastes as a result of the combustion of nuclear fuel or from causes attributed to them, and the military and disciplinary measures required by these

5.2.11. Losses resulting from the use of chemical, biological, biochemical substances, substances as weapons, or electromagnetic and public hazards, regardless of other causes

5.2.12. Losses due to panel provisions: fines, administrative, penalties, civil penalties

5.2.13. Losses arising from insolvency or delay in payment, the owner, lessee or operator of the vehicle transported or any other financial disputes involving the above parties

5.2.14. Losses incurred as a direct outcome of advances, repayments or the like; not used for its intended purpose, transferred or reimbursed; a wider range of resulting losses

5.2.15. Damages and compensations arising from the conclusion of contractual agreements

5.2.16. Bodily harm

5.2.17. Moral indemnity

5.2.18. Indirect compensation and loss of profit claims

5.2.19. Deliveries to countries prohibited and declared by the United Nations.

5.3. Losses That May Be Included in the Coverage with the Additional Agreement

5.3.1. Losses occurring outside the route specified in the policy

5.3.2. Casualties due to strikes, lockouts, industrial unrest, and acts of violence. Terrorist or political groups, riots and other civil unrest, regardless of the number of persons involved

5.3.3. Losses caused by an earthquake, landslide, storm, hail, lightning or volcanic eruption

5.3.4. Losses due to flood and flooding

5.4. Period of Insurance

5.4.1. Complete loading of freight/cargo and/or start of shipment causes the commencement of insurance coverage. The period of insurance ends with the delivery of freight/cargo to the destination specified in the agreement. Nonetheless, post-delivery periods originating from Transport Law and Insurance Law do endure.

5.5. Obligations of Parties in Claims Procedure

In case of loss, the insured;

5.5.1 To notify the insurer within five business days at the latest from the date of learning that the risk has occurred.

5.5.2. To take the necessary rescue and safety measures as if they are not insured and to comply as much as possible with the instructions given by the insurer for this purpose.

5.5.3. Upon the request of the insurer, to provide the insurer with the necessary information and documents, which are useful for determining the reasons for the occurrence of the risk in detail, determining the financial amount of loss and the evidence and exercising the right of recourse, and which can be provided for the insured and the policyholder, without delay.

5.5.4. To allow the insurer or its authorised representatives to make inquiries and investigations on the things covered by the insurance and related documents to determine the indemnity liability and amount and the rights of recourse.

5.5.5. To report the identities and addresses of the witnesses to the nearest competent authority if there are accidents that occur due to unjust or faulty acts of third parties and to provide an eyewitness report whenever possible.

5.5.6. In case of losses in bonded warehouses, the insurer can access inventory records and make additional claims to enable the policyholder and the insured to take additional actions.

5.5.7. If the insured or any of its agents willfully and grossly negligently violate the liability, the insurer is relieved of its obligation to pay indemnity.

5.5.8. In case of loss, the proof of the insured's absence of fault, negligence and liability belongs to the insured.

5.6. Indemnity

5.6.1. In case of realising the risk, the insured, the insurer, the policyholder or natural/legal entities who benefit from the insurance contract can freely appoint loss adjusters.

5.6.2. If there is an exemption in the concluded contract, this exemption indicates the amount that is under the responsibility of the insured and will be covered by the insured. If the requested compensation amount is below the exemption amount specified in the policy, no compensation will be paid by the insurer.

5.6.3. After the necessary information and documents are delivered to the insurer in full, provided that all the work of institutions other than the insurer has been completed, the insurer will carry out the necessary examinations within a maximum of 15 days and the compensation procedures will be completed.

5.6.4. The insurer has the right to negotiate directly with the third-party claiming loss and damage.

5.6.5. If a lawsuit is filed, the insurer may pursue the lawsuit on behalf of the Insured. The insured is obliged to give any necessary authority in this regard to the lawyer nominated by the insurer.

5.6.6. The costs of the lawsuit are paid by the insurer. However, these expenses cannot exceed the limit specified in the policy.

5.7. Subrogation

5.7.1. After the insurer pays the indemnity to the party in loss, it reserves the freight forwarder's right of recourse to the subsequent carrier and depository.

5.8. Statute of Limitation

5.8.1. The statute of limitation will be applied apply in accordance with transport legislation.

5.9. Governing Jurisdiction

5.9.1. Turkish Courts and Law will be applied in disputes arising from this contract.

5.10. Documents Requested After Loss

5.10.1. In case of loss, the insurer may request following documents concerning the damage. Apart from these documents, additional documents may be requested depending on the damage.

5.10.2. Documents that may be requested after loss:

1. Official report
2. Claim letter
3. Vehicle license information
4. Driver's license
5. Contract of carriage (between freight forwarder and subcontractors)
6. Customs entry/exit declaration
7. Official documents according to the type of loss (traffic accident report, firefighter report, theft report, not found letter, etc.)
8. Documentation concerning freight/cargo
9. Freight charge certificate

6. CONCLUSIONS

It has been observed in previous studies regarding Freight Forwarder Liability Insurance that different country practices and national legal systems are taken as the basis. The novelty of in this study is that it is based on the joint requisitions of both insurance services providers and users of FFL Insurance. Including the damage process in the study; The structure of the liability insurance is elaborated by incorporating the claims process in this study.

Türkiye's insurance industry produced approximately 12 billion USD of insurance premiums by 2022 year-end. The industry's share in national income is approximately 1.3% and per capita premium production is 135 USD. Compared to OECD countries, Türkiye's insurance penetration is far below the OECD average. For Türkiye to reach the OECD average in insurance, it needs to increase its premium production four times. Motor insurance constitutes more than half of the total premium production. The transportation and logistics industry has a central role in increasing insurance premium production. It will contribute to premium production significantly not only utilizing marine insurance but also indirectly to other insurance branches.

Preparing FFL general terms and conditions will significantly contribute to both the insurance and logistics industries. The underlying reason for this research has been that freight forwarders face

noteworthy difficulties in guaranteeing their liabilities with an insurance policy. Since general terms and conditions have not been defined for FFL Insurance in Türkiye's insurance legislation, domestic insurance companies struggle with their market offering. Insurance companies issue such policies by direct foreign reinsurance or transfer to another branch. Freight forwarder liability insurance policies issued by foreign companies result in fund transfer from Türkiye to abroad.

When these general terms and conditions are included in insurance legislation, insurance companies can do reinsurance more easily and will have better provisions in order to guarantee situations that they were previously unable to bear as risks along complex transport chains in international trade. Further, more domestic insurance companies will be able to offer FFL Insurance with multiple options of coverage in order to match risk management needs of logistics service providers.

FFL Insurance has been constructed as a liability policy adapted to Türkiye's general environment. The draft text of general terms of conditions has been prepared in order to reconcile needs and requirements of both the insured and the insurer makes this study genuine in alignment with Türkiye's regulatory framework. Once general terms and conditions are officially published for FFL Insurance, increase insurance premium production will trigger Türkiye's overall insurance penetration and will be a major factor in reducing the import of financial services such that it will have a positive effect on Türkiye's current account balance.

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