

# Turkish insurance regulator imposes further restrictions on dividend distributions

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On 4 January 2023, Turkey's Insurance and Private Pension Regulation and Supervision Agency (IPRSA) published Circular no. 2023/2 on Dividend Distributions in Insurance, Reinsurance and Pension Companies, which aims to increase the liquidities and strengthen the financial structure of sector players in order to anticipate potential needs.

With Circular no. 2021/25 dated 26 November 2021, the IPRSA had already imposed a requirement that dividend distributions by insurance, reinsurance and pension companies to be made in 2022 (on the basis of 2021 financial statements) should not result in the company's capital adequacy level falling below 135%.

The new Circular not only imposes the same limitation on dividend distributions, but also goes one step further by providing that the approval of the IPRSA must in any event be obtained for an insurance, reinsurance or pension company to distribute dividends.

It remains to be seen how this new approval process will be implemented in practice, and whether the IPRSA will maintain these restrictions in subsequent years.

Please do not hesitate to contact us for any further information on this briefing.



**Stéphanie Beghe Sönmez**  
Partner  
[sbeghe@paksoy.av.tr](mailto:sbeghe@paksoy.av.tr)



**Nazlı Bezirci**  
Partner  
[nbezirci@paksoy.av.tr](mailto:nbezirci@paksoy.av.tr)



**Aslı Eryılmaz**  
Senior Associate  
[aeryilmaz@paksoy.av.tr](mailto:aeryilmaz@paksoy.av.tr)