

# Country-by-country analysis - Estonia

Annex IX to the Report on the application of the  
Insurance Distribution Directive (IDD)

Consumer Protection Department  
EIOPA REGULAR USE  
EIOPA-BoS-21/584  
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**eioipa**

European Insurance and  
Occupational Pensions Authority

**Note:**

**Powers of national competent authorities (NCAs):**

In January 2021, EIOPA launched an online survey addressed to NCAs to gather input as to whether they are sufficiently empowered to carry out their tasks. The following information is based on the response from Finantsinspektsioon to this survey.

The figures should be interpreted with some caution as insurance markets – including the number and type of insurance intermediaries operating therein – vary significantly across Members States, as well as the supervisory structure and framework. **There are, therefore, limits to the level of comparability of data.**

**Changes in the EU insurance distribution market:**

In February 2021, EIOPA launched a survey addressed to NCAs to gather information on the insurance intermediaries' market structure and patterns of cross-border activities. The following information is based on the response from Finantsinspektsioon to this survey.

The figures should be interpreted with some caution as there are differences as to how intermediaries are registered in their home Member State, in the national categories of insurance intermediaries and in the approaches by NCAs to collect data.

## ESTONIA

### Information on the insurance intermediaries' market structure and patterns of cross-border activity

General data of the national market (2020):

	Amounts	Share total EEA
Population (in 1000) <sup>1</sup>	1,329	0.3%
(Re)insurance GWP (in million) <sup>2</sup>	761.57	0.05%
Number of (re)insurance undertakings <sup>3</sup>	8	0.3%
Number of registered insurance intermediaries	445	0.1%

National competent authority:

Finantsinspektsioon

Registered insurance intermediaries split by natural and legal persons:

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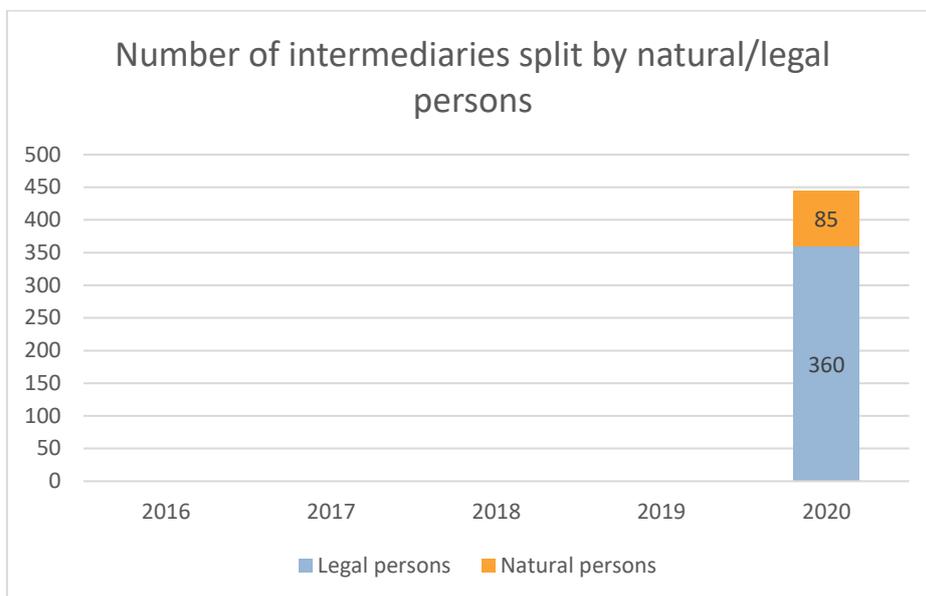
<sup>1</sup> Based on eurostat data:

<https://ec.europa.eu/eurostat/documents/2995521/11081093/3-10072020-AP-EN.pdf/d2f799bf-4412-05cc-a357-7b49b93615f1>

<sup>2</sup> (Re)insurance GWP includes life and non-life premiums generated by domestically registered undertakings year-end 2020 based on annually reported SII information:

[https://www.eiopa.europa.eu/tools-and-data/insurance-statistics\\_en#Premiums,claimsandexpenses](https://www.eiopa.europa.eu/tools-and-data/insurance-statistics_en#Premiums,claimsandexpenses)

<sup>3</sup> Number of (re)insurance undertakings includes the domestically registered undertakings. Based on SII information (see link above)



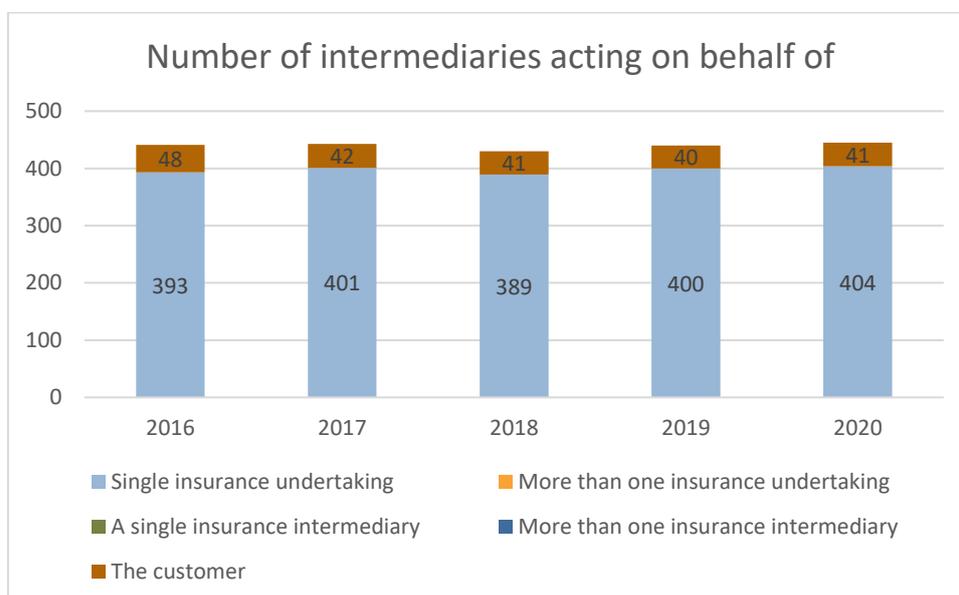
Comments provided by the NCA on the figures included in the chart above:

No information is available for the period 2016-2019. It is estimated that the proportions are similar over the years compared to 2020.

Online registration system:

Insurance agents are entered into the list of insurance intermediaries by insurance undertakings and branches of the foreign insurance undertakings. Insurance undertakings and branches of the foreign insurance undertakings are authorized (digital authorization) to enter and remove agents directly on-line on the Finantsinspektsioon's website. Estonian insurance brokers and FOS and FOE intermediaries are entered into the list of insurance intermediaries by Finantsinspektsioon. The register is updated on an ongoing basis. Estonian insurance brokers can submit an application for inclusion in the list of intermediaries on the website of the Finantsinspektsioon, see the attached link. <https://www.fi.ee/et/kindlustus/kindlustusvaldkonna-tegevuslubade-taotlemine/kindlustusvahendaja-registreerimine/kindlustusmaakleri-vahendajate-nimekirja-kandmine#registreerimisvorm>

Registered insurance intermediaries split by categories based on the activities of insurance intermediaries:



Comments provided by the NCA on the figures included in the chart above:

(i) An insurance undertaking may enter in the list of intermediaries only an insurance agent who has not already been entered in the list of intermediaries as the insurance agent of another insurance undertaking in the distribution of insurance contracts of the same class or subclass of insurance activities and who meets the requirements provided for insurance agents by Estonian Insurance Activities Act. We do not have statistics to distinguish between agents representing one or more insurers (in different classes of insurance). Therefore, we have considered all insurance agents under the category "Single insurance undertaking".

(ii) In Estonia, the insurer is also obliged to register the insurance distributors specified (excluded) in Article 1 (3) of the IDD. On the relevant list, there are 196 such agents. For the sake of uniformity of the data provided in this questionnaire, these agents are not mentioned in the table.

(iii) The category "the customer" lists the insurance brokers acting in the interests of the client.

Registered insurance intermediaries split by categories based on the way in which they are paid:

Number of intermediaries paid in relation	No intermediary is remunerated this way	Up to 25% of the intermediaries in the market are	25%-50% of the intermediaries in the market are	50%-75% of the intermediaries in the market are	More than 75% of the intermediaries in the market are

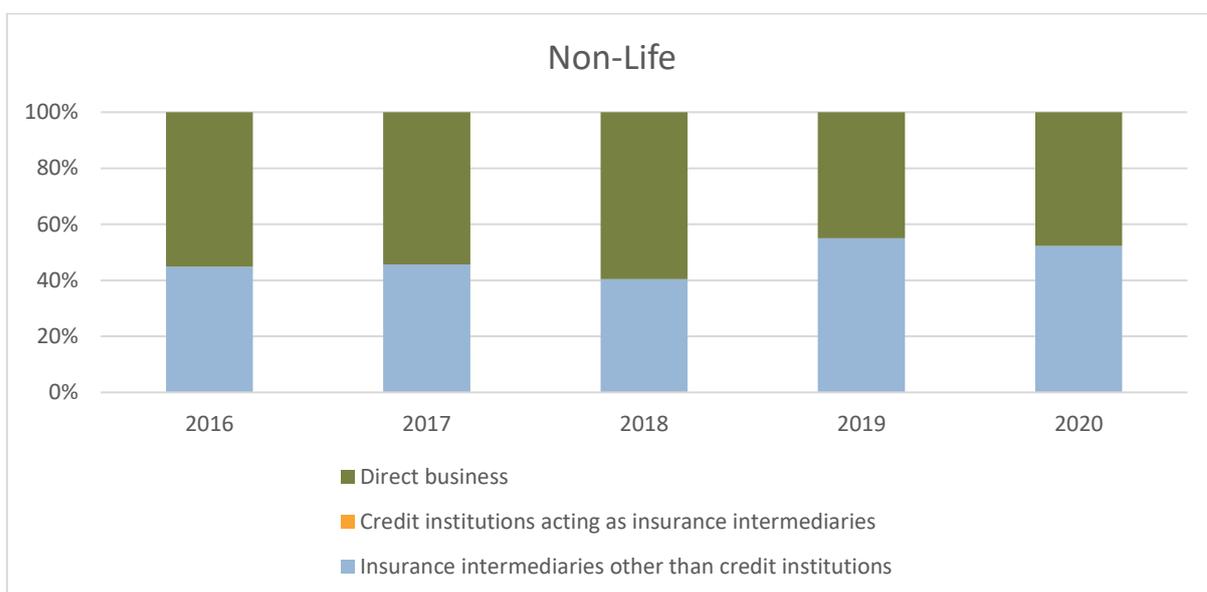
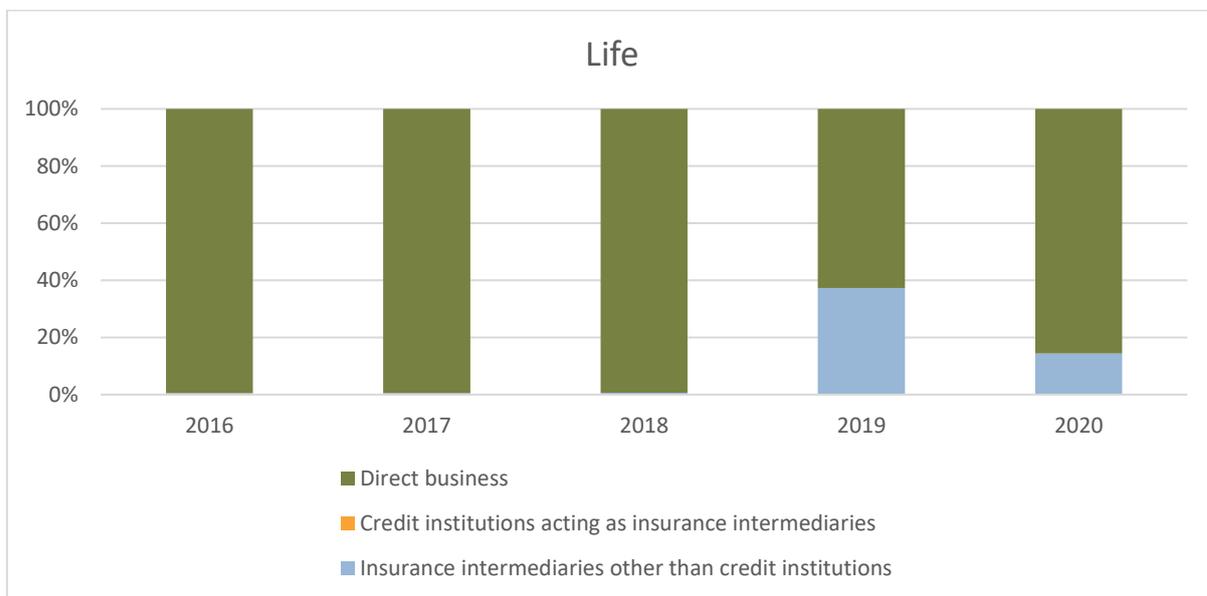
to the insurance contract	remunerated this way	remunerated this way	remunerated this way	remunerated this way
<b>1. on the basis of a fee</b>	2			
<b>2. on the basis of a commission</b>				90
<b>3. on the basis of any other type of remuneration</b>				
<b>4. on the basis of a combination of any type of remuneration set out at points 1, 2 and 3</b>	8			
<b>5.Total number of registered intermediaries (5=1+2+3+4)</b>	10.00	0.00	0.00	90.00

In Estonia, an insurance broker may be remunerated by the client or remunerated by the insurer at the client's expense. Remuneration of a broker by an insurer at the expense of a client is common. Category 2 of the table shows insurance agents.

Registered insurance intermediaries split by categories based on the basis in which they sell insurance products:

No information is available for the period 2016-2019. It is estimated that the proportions are similar over the years compared to 2020.

GWP split by distribution channels:



Comments provided by the NCA on the figures included in the charts above:

The sources of information are reports submitted to the Financial Supervision Authority and Statistics Estonia. In Estonia we had not separate reporting about sales of insurance agents (included bancassurance) until 2019. Results of the agents (included bancassurance) were included in the results of the insurers (direct business) and the results were reported together.

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Data on the "insurance intermediaries other than credit institutions" for the years 2016-2018 shows the gross written premiums written via insurance brokers only.

Data on the "direct business" for the years 2016-2018 shows the gross written premiums written via insurance agents, bancassurance and direct business.

Data on the "insurance intermediaries other than credit institutions" for the years 2019-2020 shows the gross written premiums written via insurance brokers and insurance agents (included bancassurance). Currently we do not have verified data about sales of bancassurance.

Data on the "direct business" for the years 2019-2020 shows the gross written premiums written via direct business.

Proportion of online intermediation/sales (e.g. directly via websites, mobile applications, e-mails) in terms of the total volume of gross written premiums:

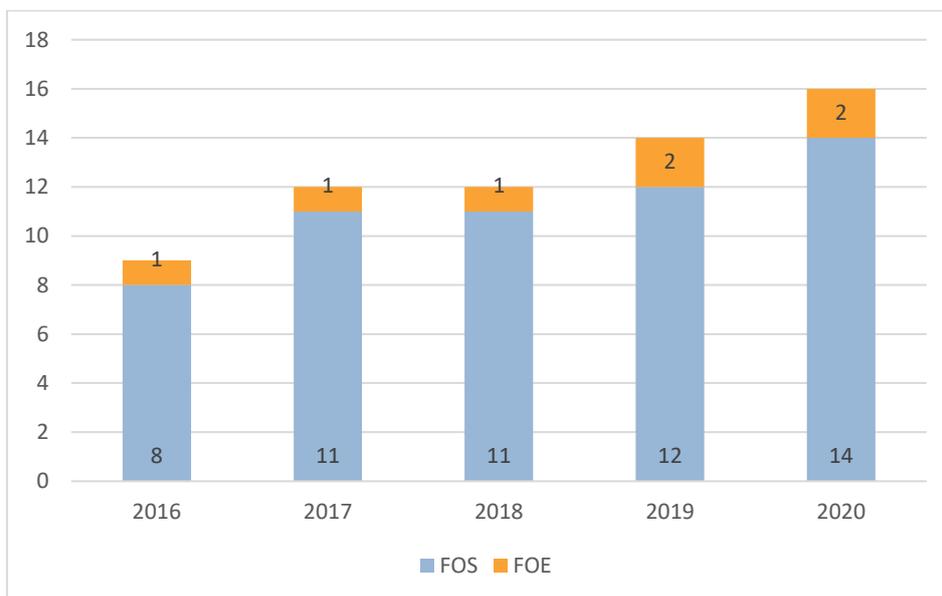
There is no information on the proportion of online insurance distribution. An estimated 80% are distributed online.

Comments provided by the NCA on the data above:

The trend is towards online distribution growth. The Covid-19 situation intensified this trend.

Number of domestic insurance intermediaries with a passport to carry out insurance mediation activities under freedom to provide services (FOS) or under freedom of establishment (FOE)

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Number of insurance intermediaries with a passport to carry out insurance mediation activities under FOS or under FOE at the reference date 31.12.2020 split by host Member State:

<i>Host Member State</i>	<i>1. FOS</i>	<i>2. FOE</i>	<i>3. TOTAL</i>
<i>Austria</i>	6	0	6
<i>Belgium</i>	7	0	7
<i>Bulgaria</i>	7	0	7
<i>Cyprus</i>	6	0	6
<i>Croatia</i>	7	0	7
<i>Czech Republic</i>	7	0	7
<i>Denmark</i>	7	0	7
<i>Estonia</i>	0	0	0
<i>Finland</i>	11	0	11

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<i>France</i>	10	0	10
<i>Germany</i>	8	0	8
<i>Greece</i>	6	0	6
<i>Hungary</i>	8	0	8
<i>Iceland</i>	4	0	4
<i>Ireland</i>	7	0	7
<i>Italy</i>	7	0	7
<i>Latvia</i>	11	2	13
<i>Liechtenstein</i>	3	0	3
<i>Lithuania</i>	11	0	11
<i>Luxembourg</i>	6	0	6
<i>Malta</i>	6	0	6
<i>Netherlands</i>	6	0	6
<i>Norway</i>	5	0	5
<i>Poland</i>	8	0	8
<i>Portugal</i>	7	0	7
<i>Romania</i>	7	0	7
<i>Slovakia</i>	6	0	6
<i>Slovenia</i>	6	0	6
<i>Spain</i>	8	0	8
<i>Sweden</i>	10	0	10
<i>Total EEA</i>	208	2	210

## Information on the powers of the NCA

### Statutory powers to implement the IDD:

Finantsinspektsioon has received the statutory powers mentioned below to ensure the implementation of the IDD:

- Market monitoring, including the market for ancillary insurance products which are marketed, distributed or sold in, or from, their Member State (Article 1(5)).

The relevant statutory powers are set out in Insurance Activities Act (IAA) § 223 (1) that provides bases and scope of supervision of Financial Supervision Authority. The Financial Supervision Authority shall exercise supervision over the compliance of the activities of persons engaging in insurance activities and insurance distribution in Estonia, as well as persons with a qualifying holding in an insurance undertaking and third parties from whom the operations are outsourced pursuant to the conditions provided for in § 104 or 182 of the IAA with the requirements established therefor in the IAA and the Acts or other legislation specified in subsection 2 (1) and clause 6 (1) 7) of the Financial Supervision Authority Act.

- Registration of (re)insurance intermediaries and ancillary insurance intermediaries (Article 3).

Insurance agents are entered into the list of insurance intermediaries by insurance undertakings and branches of the foreign insurance undertakings. Estonian insurance brokers and FOS and FOE intermediaries are entered into the list of insurance intermediaries by Finantsinspektsioon.

The relevant statutory powers are set out in:

IAA § 188 (1), (5), § 195 (1), (2), (6), § 175 (1), § 206 (8);

IAA § 187 (1) 5)-8), § 190 (3) 1)- 2), § 191 (1), § 195 (2) § 196 (3) 1), § 197 (1), § 200 (7), § 206 (7), § 223 and Financial Supervision Authority Act (FSAA) § 46<sup>3</sup> (5), § 53 (3) 5);

IAA § 188 (2);

IAA § 187 (1) 3), 41), 42), (2), § 195 (4) 1), 3), 4), § 196 (1);

IAA § 189 5)

- Notification procedure (Articles 4 and 6);

In Estonia, notification procedure is performed by the Finantsinspektsioon.

The relevant statutory powers are set out in:

IAA § 206 (1), § 206 (2), (3), (4), § 2151 § 206 (6);

IAA § 199 (7), § 200 (1), § 200 (2) (3), (4), (51), § 214 (11), (2), (3), § 200 (52), § 200 (6)

- Breach of obligations when exercising the freedom to provide services and the freedom of establishment (Articles 5 and 8);

The relevant statutory powers are set out in:

IAA § 236 (1), (2), § 237 (5<sup>1</sup>), (6), (7), § 237 (6<sup>1</sup>), § 237 (8), and FSAA § 46 (6) 5)

IAA § 237 (1), § 236 (1), § 237 (5<sup>1</sup>), § 236 (2), § 237 (6), (7), § 237 (6<sup>1</sup>), § 237 (8), FSAA § 46 (6) 5).

- Publication of general good rules (Articles 11);

General good rules are published on the Finantsinspektsioon’s website.

The relevant statutory powers are set out in the FSAA § 53 (3) 4)

- Breaches, (administrative) sanctions and other measures, including their publication and reporting (Articles 31, 32, 33, 35 and 36)

The website of the Finantsinspektsioon has a breach notification form and information on how breach notifications are handled.

Possibility set in IDD Article 31(2) is not used in Estonia.

The relevant statutory powers are set out in:

FSAA § 5 (2), § 6 (2), Administrative Procedure Act § 3 (2), IAA chapter 13, FSAA § 6 (2), IAA § 264, Consumer Protection Act § 74 (4), Penal Code § 14 (1), (2), FSAA § 54 (3), § 6 (2), § 48<sup>1</sup> § 46 (1), § 47<sup>1</sup> (4<sup>3</sup>), § 54;

IAA § 224 (1<sup>2</sup>), (1<sup>4</sup>), (1<sup>5</sup>), FSAA § 54 (5), § 46<sup>3</sup> (6);

IAA § 228 (1) 1), (2) 11),12),19), § 190 (3) 1)-3), § 196 (3) 1)-3), § 238, § 224 (1<sup>6</sup>), § 228 (2), § 190 (3), § 196 (3), § 253, § 228 (2) 12<sup>1</sup>), 19, § 190 (3), § 196 (3), § 228 (2) 19);

FSAA § 50<sup>2</sup> (1); § 50<sup>2</sup>, § 50<sup>3</sup>, § 54;

FSAA § 46<sup>3</sup> (6), § 46<sup>3</sup> (3) 5), § 46<sup>3</sup> (6).

Extent to which NCA has not been sufficiently empowered to ensure the implementation of the IDD:

Finantsinspektsioon has no right to perform mystery shopping.

Most common supervisory tools to monitor the IDD implementation (1=least common; 5=most common)

Tools	Insurance undertakings	Insurance intermediaries
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Market monitoring	5	5
Data-driven market monitoring, beyond complaints data analysis	5	5
Thematic reviews	5	5
Mystery shopping <sup>4</sup>	n/a	n/a
On-site inspections	3	3
Off-site monitoring	4	4
Consumer focus groups	1	1
Product oversight activities	5	5
Consumer research	2	2
Investigations stemming out of complaints	5	5
Other <i>a priori</i> supervisory activities (e.g., fit&proper assessments)	n/a	n/a

Comment by NCA on supervisory tools referred to in the table above:

Finantsinspektsioon pays great attention to fit and proper assessments.

Supervisory tools adopted before and following IDD implementation:

Cells marked in blue means "yes" and cells marked in grey means "no".

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<sup>4</sup> Mystery shopping is undertaken by the Consumer Protection and Technical Regulatory Authority

Tools adopted	Adopted before IDD implementation	Adopted following IDD implementation	Is planning to adopt this or next year	Would like to adopt but is not empowered to adopt
Market monitoring				
Data-driven market monitoring, beyond complaints data analysis				
Thematic reviews				
Mystery shopping				
On-site inspections				
Off-site monitoring				
Product oversight activities				
Consumer focus groups				
Consumer research				
Investigations stemming out of complaints				
Other <i>a priori</i> supervisory activities (e.g., fit & proper assessments) – indicate below				

Comment by NCA on supervisory tools referred to in the table above:

Other *a priori* supervisory activities includes Fit & Proper requirements of insurance intermediaries.

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