

# Country-by-country analysis - Latvia

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

Consumer Protection Department  
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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 the Financial and Capital Market Commission 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 the Financial and Capital Market Commission 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.

## LATVIA

### 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>                 | 1,907   | 0.4%            |
| (Re)insurance GWP (in million) <sup>2</sup>       | 514.97  | 0.03%           |
| Number of (re)insurance undertakings <sup>3</sup> | 6       | 0.2%            |
| Number of registered insurance intermediaries     | 1,264   | 0.1%            |

National competent authority:

Financial and Capital Market Commission

Registered insurance intermediaries split by natural and legal persons:

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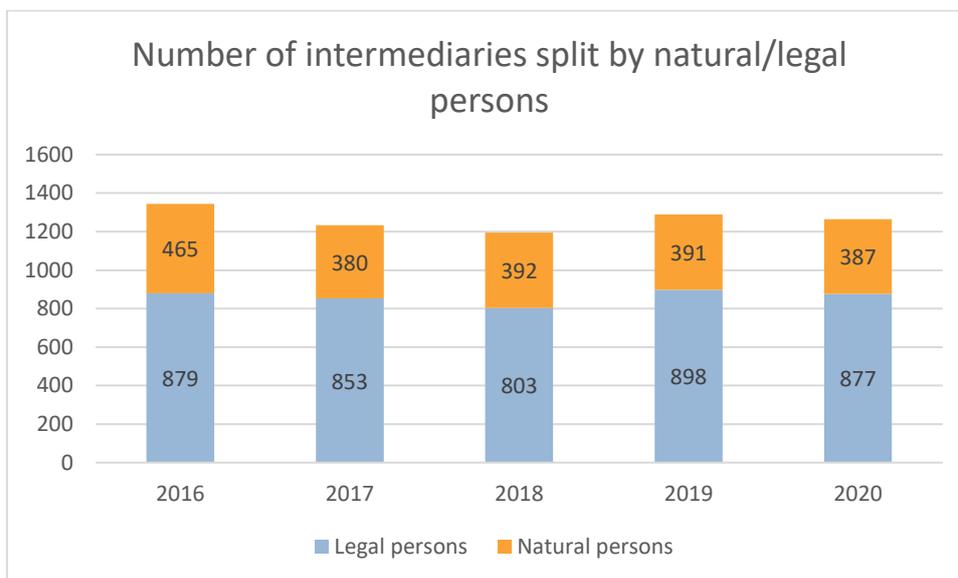
<sup>1</sup> Based on eurostat data:

<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)



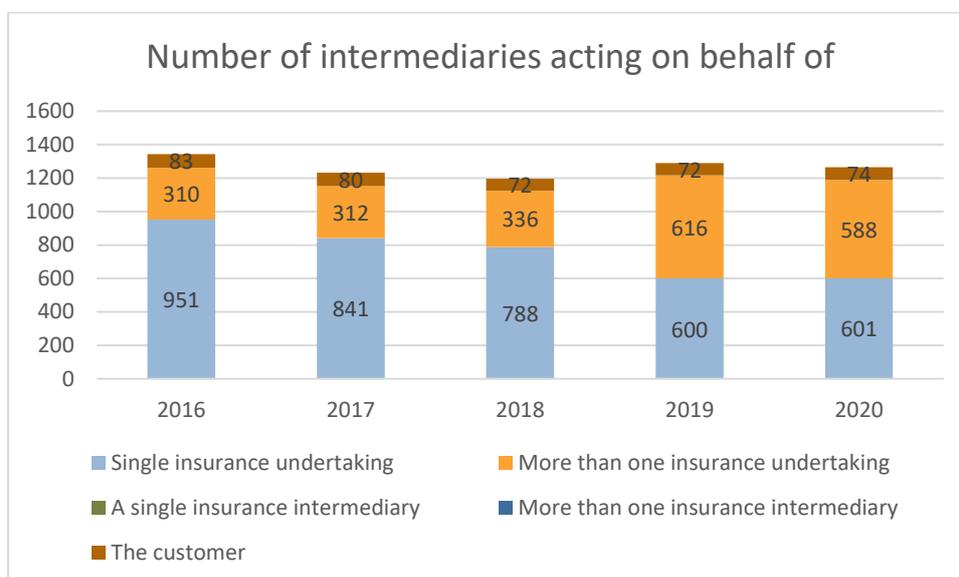
Comments provided by the NCA on the figures included in the chart above:

Information covers total number of all insurance intermediaries in Latvia (brokers, insurance agents and ancillary insurance intermediaries).

Online registration system:

In Latvia the registration documents could be sent by e-mail to the official e-mail address of the NCA and that constitutes as a bases for the registration of intermediary. The registration is fully distant and no physical meetings or resubmissions of any documents are required. The information on the number of registered insurance intermediaries is updated continuously.

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:

Information covers total number of all insurance intermediaries in Latvia (brokers, insurance agents and ancillary insurance intermediaries).

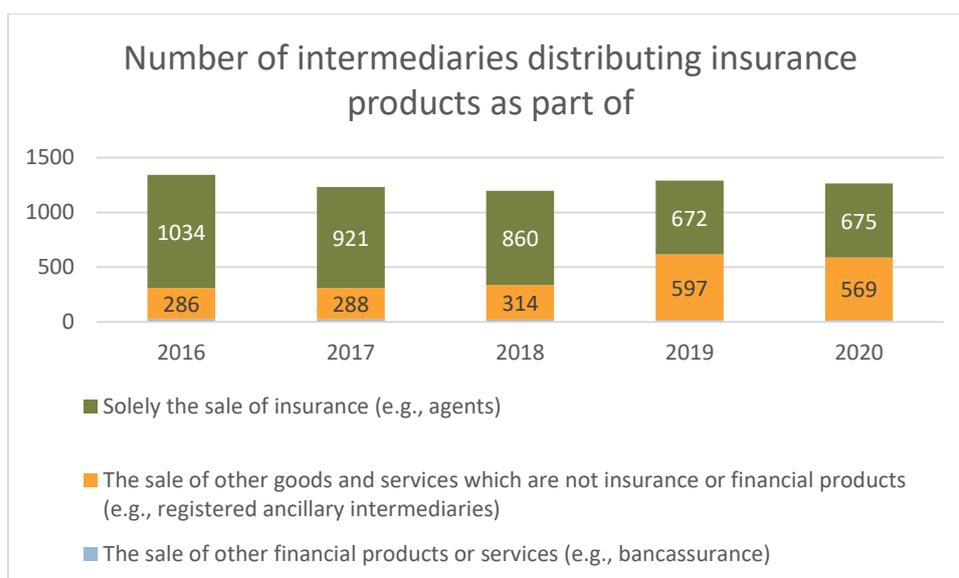
Registered insurance intermediaries split by categories based on the way in which they are paid:

| Number of intermediaries paid in relation to the insurance contract | No intermediary is remunerated this way | Up to 25% of the intermediaries in the market are remunerated this way | 25%-50% of the intermediaries in the market are remunerated this way | 50%-75% of the intermediaries in the market are remunerated this way | More than 75% of the intermediaries in the market are remunerated this way |
|---|---|--|--|--|--|
| <b>1. on the basis of a fee</b>                                     | -                                       | -  | -  | -  | -  |
| <b>2. on the basis of a commission</b>                              | -                                       | -  | -  | -  | 1,745  |
| <b>3. on the basis of any other type of remuneration</b>            | -                                       | 7  | -  | -  | -  |

|  |   |   |   |   |      |
|--|---|---|---|---|------|
| <b>4. on the basis of a combination of any type of remuneration set out at points 1, 2 and 3</b> | - | - | - | - | -    |
| <b>5.Total number of registered intermediaries (5=1+2+3+4)</b>                                   | 0 | 7 | 0 | 0 | 1745 |

The remuneration based on commissions are the dominant type of remuneration in the market. Also in those 7 cases where market participants indicated other type of remuneration, they commented that these particular types of remuneration is also connected to commissions.

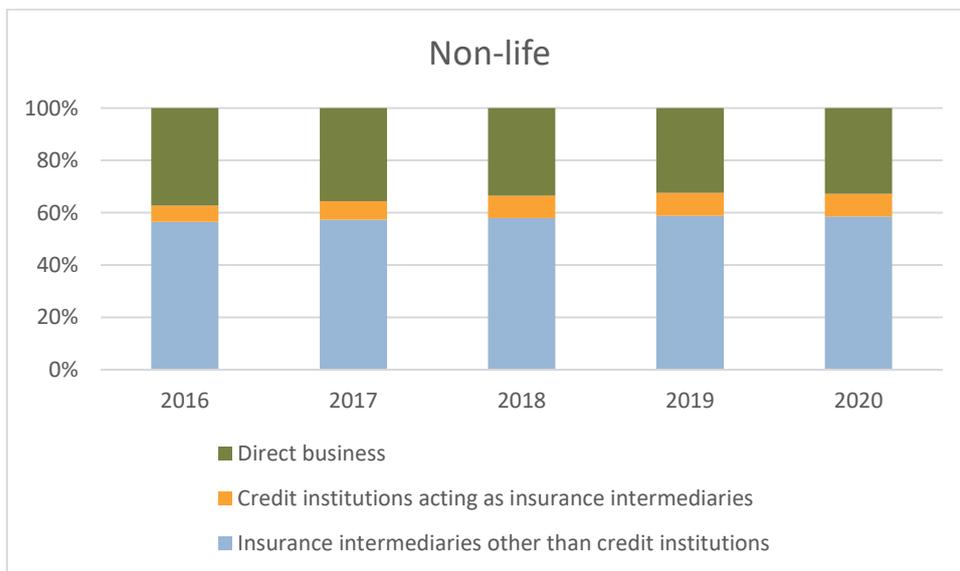
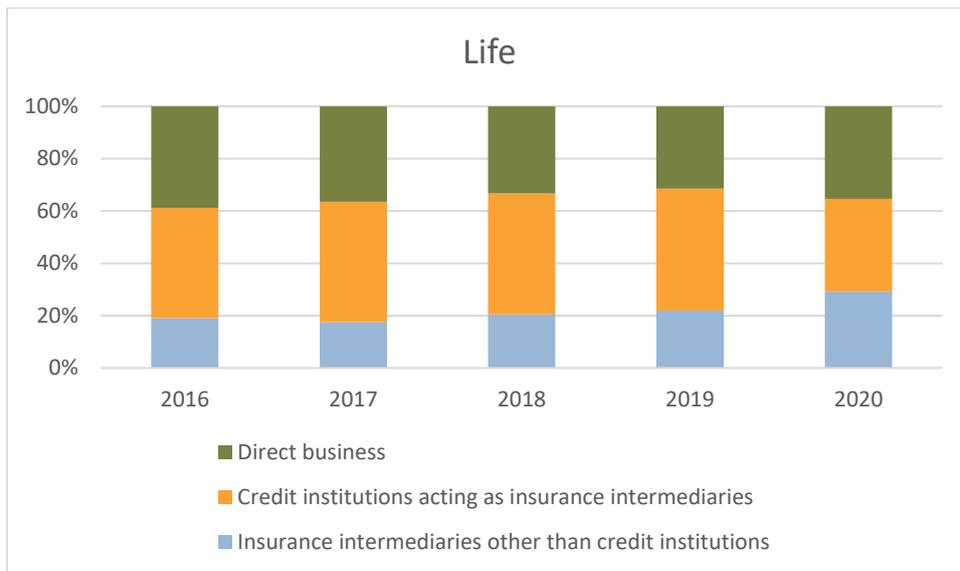
Registered insurance intermediaries split by categories based on the basis in which they sell insurance products:



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

Information covers total number of all insurance intermediaries in Latvia (brokers, insurance agents and ancillary insurance intermediaries).

GWP split by distribution channels:



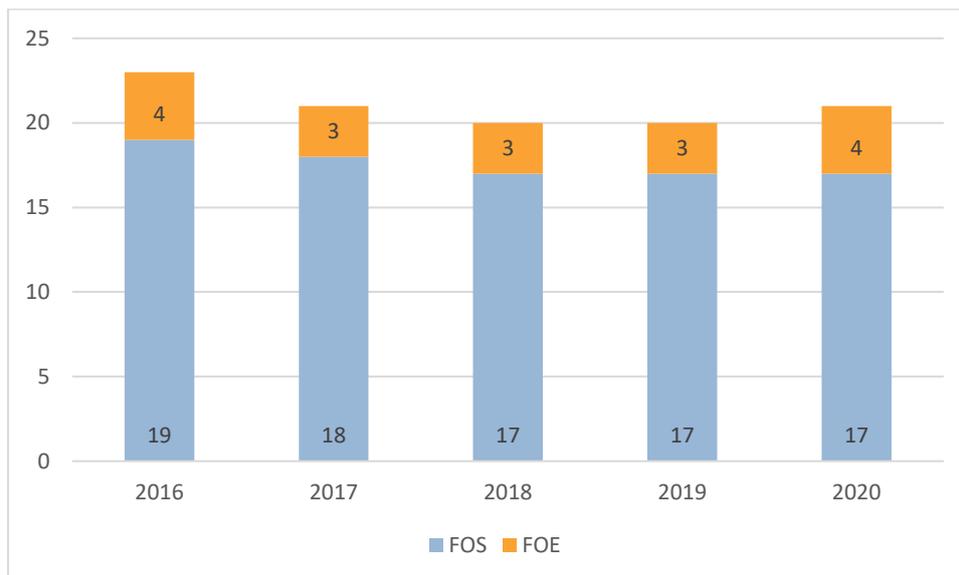
Comments provided by the NCA on the figures included in the chart above:

Information is gathered directly from insurers and fully cover insurance market in Latvia (total GWP in Latvia).

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

About 70% of total GWP was written online by the non-life insurers and about 15% of total sales was written online by the life insurers in 2020 in Latvia.

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)



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

Information covers the data about insurance brokers that carries out insurance mediation activities under FoS and FoE.

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>           | 8             | 0             | 8               |
| <i>Belgium</i>           | 7             | 0             | 7               |
| <i>Bulgaria</i>          | 6             | 0             | 6               |
| <i>Cyprus</i>            | 8             | 0             | 8               |
| <i>Croatia</i>           | 2             | 0             | 2               |
| <i>Czech Republic</i>    | 8             | 0             | 8               |
| <i>Denmark</i>           | 6             | 0             | 6               |
| <i>Estonia</i>           | 14            | 2             | 16              |
| <i>Finland</i>           | 8             | 0             | 8               |
| <i>France</i>            | 8             | 0             | 8               |
| <i>Germany</i>           | 10            | 0             | 10              |
| <i>Greece</i>            | 6             | 0             | 6               |
| <i>Hungary</i>           | 6             | 0             | 6               |
| <i>Iceland</i>           | 1             | 0             | 1               |
| <i>Ireland</i>           | 6             | 0             | 6               |
| <i>Italy</i>             | 6             | 0             | 6               |
| <i>Latvia</i>            | 0             | 0             | 0               |
| <i>Liechtenstein</i>     | 2             | 0             | 2               |
| <i>Lithuania</i>         | 16            | 2             | 18              |
| <i>Luxembourg</i>        | 8             | 0             | 8               |
| <i>Malta</i>             | 6             | 0             | 6               |
| <i>Netherlands</i>       | 6             | 0             | 6               |
| <i>Norway</i>            | 2             | 0             | 2               |
| <i>Poland</i>            | 10            | 0             | 10              |

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|                  |     |   |     |
|------------------|-----|---|-----|
| <i>Portugal</i>  | 6   | 0 | 6   |
| <i>Romania</i>   | 6   | 0 | 6   |
| <i>Slovakia</i>  | 9   | 0 | 9   |
| <i>Slovenia</i>  | 6   | 0 | 6   |
| <i>Spain</i>     | 6   | 1 | 7   |
| <i>Sweden</i>    | 8   | 0 | 8   |
| <i>Total EEA</i> | 201 | 5 | 206 |

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

Information covers the data about insurance brokers that carries out insurance mediation activities under FoS and FoE.

General qualitative description of the “patterns of cross-border activity”:

About 25% of the insurance brokers have applied notification to be able to carry out insurance mediation activities abroad (via FoS or FoE), but not all of them are providing insurance services abroad in fact. Mainly insurance brokers work abroad in two other Baltic countries (Estonia and Lithuania) what is usual and characteristic for the insurance market in region. The premiums written by brokers abroad constitutes minor part of total written volume.

## Information on the powers of the NCA

### Statutory powers to implement the IDD:

NCA has all statutory powers in place to ensure the implementation of the IDD. In Latvia the IDD provisions are transposed in the Insurance and Reinsurance Distribution Law (hereafter – the Law), where according to the Article 59 of the Law the Financial and Capital Market Commission (NCA) is empowered to perform the supervision of insurance and reinsurance distribution.

Please see below the list of references to the relevant provisions in the Law:

- 1) Market monitoring (Article 1(5) of the IDD) – Chapter VI of the Law;
- 2) Registration of insurance intermediaries (Article 3 of the IDD) – Chapter II of the Law;
- 3) Notification procedure (Articles 4 and 6 of the IDD) – Articles 48 and 50 of the Law;
- 4) Breach of obligations when exercising FOS and FOE (Articles 5 and 8 of the IDD) – Article 56 of the Law;
- 5) Publication of general good rules (Article 11 of the IDD) – Article 55 of the Law;
- 6) Breaches, (administrative) sanctions and other measures, including their publication and reporting (Articles 31, 32, 33, 35 and 36 of the IDD) – Chapter VII of the Law; Article 7, Paragraph two, Point 5 and Article 17. 1 of the Law on the Financial and Capital Market Commission.

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

Not applicable

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

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

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

Under other activities – fit and proper assessment of responsible persons of brokers; annual information from the insurers about received complaints and measures taken accordingly.

Supervisory tools adopted before and following IDD implementation:

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

| 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:

Majority of these supervisory tools NCA already used before the implementation of the IDD. Regardless of the implementation of the IDD provisions the supervisory tools of NCA are continuously evolving over time according to the necessity and capability of NCA.

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