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If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima*¹ has adopted and
the President has proclaimed the following Law:

Activities of Insurance and Reinsurance Intermediaries Law

Chapter I General Provisions

Section 1.

(1) The following terms are used in this Law:

1) **insurance mediation** — the preparation of an insurance offer, other documents required for entering into an insurance contract, the explanation of the provisions of an insurance contract, including the rights and obligations laid down in an insurance contract, the performance of other activities required for entering into an insurance contract or the entering into or administration of the referred-to contract;

2) **reinsurance mediation** — the preparation of a reinsurance offer, other documents required for entering into a reinsurance contract, the explanation of the provisions of a reinsurance contract, including the rights and obligations laid down in a reinsurance contract, the performance of other activities required for entering into a reinsurance contract, or the entering into or administration of the referred-to contract;

3) **Insurance intermediary** — an insurance broker, insurance agent or a tied insurance agent who, for remuneration, pursues insurance mediation in accordance with the procedures laid down in this Law;

4) **Reinsurance intermediary** — an insurance broker who, for remuneration, pursues reinsurance mediation in accordance with the procedures laid down in this Law;

5) **insurance broker** — a person who pursues insurance and reinsurance mediation on behalf of and in the interests of a customer, on the basis of a fair analysis of products, and which has insured its civil liability in accordance with the procedures laid down in this Law;

6) **insurance agent** — a person who pursues insurance mediation on behalf of and in the interests of only one insurance merchant, a branch of an insurer of a state that is not a Member State (hereinafter – non-Member State) or insurance merchants within a group, and a full liability for the professional activity of whom has been undertaken by the insurance merchant, the branch of the non-Member-State insurer or the insurance merchants within a group, or which has insured its civil liability in accordance with the procedures laid down in this Law;

7) **tied insurance agent** – a person who, without receiving insurance premiums and other payments in accordance with the entered into insurance contract, pursues insurance mediation on behalf of and in the interests of one or more insurance merchants or a branch of a non-Member-State insurer if the insurance services to be distributed by several insurance

¹ The Parliament of the Republic of Latvia

merchants or the branch of a non-Member-State insurer do not provide for the same class of insurance, and a full liability for the professional activity of whom has been undertaken by the insurance merchant or the branch of a non-Member-State insurer in relation to the insurance services that concern them respectively;

8) **insurance intermediary of a Member State** — an insurance intermediary registered in a Member State and who has the right to pursue insurance mediation in the home (registration) state;

9) **reinsurance intermediary of a Member State** — a reinsurance intermediary registered in a Member State and who has the right to pursue insurance mediation in the home (registration) state;

10) **a responsible person** – a self-employed person, a member of the executive body of an insurance and reinsurance intermediary or other person who, in accordance with his or her competence at the level of an insurance and reinsurance intermediary management, is responsible for insurance and reinsurance mediation;

11) **a customer** — a person, whose intention is to enter into an insurance or reinsurance contract or who is involved in:

a) the fulfilment of an insurance contract as an insurance policy holder, an insured or a beneficiary; or

b) the fulfilment of a reinsurance contract as a reinsurance policy holder;

12) **professional association of insurance and reinsurance intermediaries** – an association which has received a permit from the Financial and Capital Market Commission to provide statements in accordance with the procedures laid down in this Law regarding the knowledge and work experience required for the performance of insurance and reinsurance mediation;

13) **professional association of insurers** – an association which has received a permit from the Financial and Capital Market Commission to provide statements in accordance with the procedures laid down in this Law regarding the knowledge and work experience required for the performance of insurance mediation;

14) **fair analysis of products** – an analysis of products of insurance merchants and branches of non-Member-State insurers, which is performed by an insurance broker by evaluating a sufficiently large number of insurance services on the market, on the basis of professional criteria, in order to provide a customer with the most adequate insurance intermediary service for entering into an insurance contract;

15) **supervisory authority of a Member State** – an authority to which a Member State has delegated the supervisory function over insurance and reinsurance mediation, regardless of whether such authority has been established on the basis of law, or the performance of such function has been delegated thereto by a State administrative institution, if the relevant Member State has notified the European Commission regarding the rights and duties of such authority;

16) **employee directly involved in insurance and reinsurance mediation** – a person who is entitled to independently, without a special surveillance, pursue insurance or reinsurance mediation on behalf of an insurance or reinsurance intermediary;

17) **assistant of insurance broker** – a person who performs duties related to insurance or reinsurance mediation in the status of a self-employed person of an insurance broker or under the guidance and supervision of an employee directly involved in insurance and reinsurance mediation. An assistant of an insurance broker is not entitled to take decisions related to insurance or reinsurance mediation.

(2) Other terms used in this Law shall comply with the terms used in the Law On Insurance Companies and Supervision Thereof and in the Law On Insurance Contracts.

[16 July 2009]

Section 2.

This Law prescribes the legal status of insurance and reinsurance intermediaries, and regulates the activities and supervision thereof.

Section 3.

(1) Each person is entitled to pursue insurance and reinsurance mediation in accordance with the procedures laid down in this Law.

(2) An insurance and reinsurance intermediary is not entitled to distribute insurance and reinsurance services, the distribution of which is contrary to the Law On Insurance Companies and Supervision Thereof.

(3) An insurance and reinsurance intermediary who pursues insurance and reinsurance mediation in foreign states has a duty to observe the requirements of the laws and regulations of the foreign states.

(4) An insurance company and a branch of a non-Member-State insurer are entitled to pursue insurance mediation in accordance with the procedures laid down in the Law On Insurance Companies and Supervision Thereof.

(4¹) A reinsurance company and a branch of a non-Member-State reinsurer are entitled to pursue reinsurance mediation in accordance with the procedures laid down in the Reinsurance Law.

(5) An insurance agent – a credit institution – is entitled to pursue insurance and reinsurance mediation in the interests and on behalf of several insurance merchants or branches of non-Member-State insurers, if the insurance is a complementary service to the basic service provided within the scope of the main activity of the credit institution. The credit institution is not entitled to provide an advice or prepare an offer based on the analysis of offers.

(6) A responsible person of an insurance and reinsurance intermediary – a legal person – and an employee directly involved in insurance and reinsurance mediation is not entitled to enter into employment relationships with another insurance and reinsurance intermediary.

(7) A person who pursues insurance mediation in the status of an insurance agent – self-employed person is not entitled to simultaneously pursue insurance or reinsurance mediation on the basis of employment relationships and is not entitled in the status of a self-employed person to pursue insurance or insurance activities on behalf of and in the interests of another insurance merchant.

(8) An insurance broker and an insurance agent do not have the right to employ a person who has discontinued, for more than a year, the fulfilment of duties of a responsible person or an employee directly involved in insurance and reinsurance mediation. The person may resume the fulfilment of the referred-to duties after fulfilment of the requirements laid down in this Law.

(9) An insurance broker is entitled to employ an assistant of an insurance broker on the basis of employment relationship. The insurance broker shall ensure training for the assistant of an insurance broker.

(10) An insurance broker in the status of a self-employed person and an employee directly involved in insurance and reinsurance mediation may not have more than two assistants of a broker. The assistant of a broker is entitled to assign to third persons the duties entrusted to him or her in accordance with an employment contract.

[15 November 2007; 16 July 2009]

Section 4.

(1) An insurance and reinsurance intermediary may commence activity after registration in a register of insurance and reinsurance intermediaries or in a register of tied insurance agents.

(2) Insurance brokers and insurance agents shall be registered in a register of insurance and reinsurance intermediaries. The Financial and Capital Market Commission shall maintain the referred to register.

(2¹) An insurance broker shall register employees directly involved in insurance and reinsurance mediation and assistants of an insurance broker and shall maintain the referred-to register.

(3) Tied insurance agents shall be registered in a register of tied insurance agents. An insurance merchant or a branch of a non-Member-State insurer shall maintain the referred-to register.

(4) The registration of insurance brokers and insurance agents and the requirements governing the activities thereof are specified in Chapters II and III of this Law.

(5) The registration of tied insurance agents and the requirements governing the activities thereof are specified in Chapter IV of this Law.

[16 July 2009]

Section 5.

Insurance and reinsurance mediation and other types of commercial activity, which are directly related to insurance and reinsurance mediation, shall be recognised as the professional activity of an insurance and reinsurance intermediary.

Section 6.

(1) An insurance and reinsurance intermediary has the right to receive insurance and reinsurance premiums or other payments in accordance with an entered into insurance and reinsurance contract, if an insurance merchant, a branch of a non-Member-State insurer, a reinsurer or a customer has authorised the insurance and reinsurance intermediary to receive the relevant payments.

(2) The provisions referred to in Paragraph one of this Section are not applicable to a tied insurance agent.

Section 7.

(1) This Law shall not apply to persons pursuing insurance mediation, if the following conditions are simultaneously met:

1) only knowledge regarding insurance contract provisions is required for insurance mediation;

2) an insurance contract is not a life assurance contract;

3) in accordance with an insurance contract, the risks associated with civil liability are not insured;

4) a person whose principal activity is not insurance mediation pursues insurance mediation;

5) insurance is only a supplement to the goods supplied or the service provided, and the insurance provides for one of the following cases:

a) coverage of such losses, which are associated with damage to or loss of the delivered goods;

b) coverage of such losses, which are associated with damage to, loss of baggage and other risks associated with travel services, as well as with life assurance and civil liability insurance, if such assurance and insurance are an additional risk to the insurance that applies to the travel service provided;

6) the amount of an insurance premium per year does not exceed EUR 500, and the total duration of an insurance contract, including renewals, does not exceed five years.

(2) The activities performed by an employee of an insurance merchant, a branch of a non-Member-State insurer or a reinsurer who acts on behalf of the insurance merchant, the branch of a non-Member-State insurer or the reinsurer, shall not be recognised as insurance or reinsurance mediation.

(3) The following shall not be considered as insurance or reinsurance mediation:

1) the provision of information as an additional service in the course of another professional activity, if the purpose of such activity is not to assist in the entering into or fulfilment of an insurance and reinsurance contract;

2) the professional administration of insurance and reinsurance claims of an insurance merchant, a branch of a non-Member-State insurer or a reinsurer;

3) loss assessment or the calculation of insurance compensation.

[15 November 2007; 19 September 2013]

Chapter II

Registration of Insurance and Reinsurance Intermediaries

Section 8.

(1) The Financial and Capital Market Commission shall enter the following persons in a register of insurance and reinsurance intermediaries:

1) a commercial company entered in the commercial register of the Enterprise Register;

2) a self-employed person entered in the commercial register of the Enterprise Register or registered with the State Revenue Service;

3) a branch of a non-Member-State insurance and reinsurance intermediary.

(2) The registration of the persons referred to in Paragraph one, Clauses 1 and 2 of this Section in a register of insurance and reinsurance intermediaries gives the right to pursue insurance and reinsurance mediation in other Member States, observing the principle of freedom of establishment or freedom to provide services.

Section 9.

(1) The following information shall be entered in a register of insurance and reinsurance intermediaries:

1) the firm name (given name and surname), registration number, legal address, telephone (fax) number and e-mail address of an insurance and reinsurance intermediary ;

2) the type of insurance and reinsurance intermediary;

3) the given name and surname of the responsible person of an insurance and reinsurance intermediary;

4) the firm name of an insurance merchant or a branch of a non-Member-State insurer (on behalf of which and in the interests of which the insurance agent acts), and the registration number, legal address, telephone (fax) number and e-mail address thereof;

5) the Member State (Member States) in which an insurance and reinsurance intermediary pursues insurance and reinsurance mediation, observing the principle of freedom of establishment or freedom to provide services.

(2) If any of the information referred to in Paragraph one of this Section changes, an insurance and reinsurance intermediary shall submit a relevant notification to the Financial and Capital Market Commission within five working days.

(3) The Financial and Capital Market Commission shall make changes in an insurance and reinsurance register within three working days after receipt of the information referred to in Paragraph two of this Section.

(4) A register of insurance and reinsurance intermediaries shall be available to the public, it shall have public credibility, and any person has the right to acquaint himself or herself with such register on the website of the Financial and Capital Market Commission.

Section 10.

(1) In order to register in a register of insurance and reinsurance intermediaries, an insurance and reinsurance intermediary shall submit to the Financial and Capital Market Commission:

1) an application signed by an authorised person and addressed to such Commission, in which all the documents attached thereto are listed;

2) information regarding the responsible person and a document issued by the competent state authority certifying that none of the circumstances referred to in Section 17, Paragraph four of this Law pertain to the responsible person;

3) information regarding the type of the insurance and reinsurance intermediary;

4) a civil liability insurance policy (a copy thereof) or the contract (a copy thereof) referred to in Section 13 of this Law with an insurance merchant, a branch of a non-Member-State insurer or a reinsurer;

5) [15 November 2007];

6) a contract (a copy thereof) with a credit institution regarding the opening of a separate cash account, which indicates that the monies in the account are monies acquired as a result of insurance and reinsurance intermediary activities in accordance with the requirements of Section 15 of this Law;

7) the procedures by which the insurance and reinsurance intermediary ensures the fulfilment of the requirements of Section 17 of this Law;

8) the procedures for the protection of the information system;

9) the procedures for the identification of unusual and suspicious financial transactions;

10) the procedures by which the insurance and reinsurance intermediary examines customer complaints;

11) the procedures by which the guidance and supervision of the activity of assistants of an insurance broker are ensured.

(2) The Financial and Capital Market Commission shall examine an application for entering of an insurance and reinsurance intermediary in a register of insurance and reinsurance intermediaries and take a decision regarding the making of an entry or the refusal to make an entry within 30 days after receipt of the documents referred to in Paragraph one of this Section, which have been drawn up in accordance with the requirements specified in the laws and regulations governing the procedures for the drawing up of documents.

(3) An insurance and reinsurance intermediary is entitled to submit the document referred to in Paragraph one, Clause 4 of this Section when the decision of the Financial and Capital Market Commission to make an entry in a register of insurance and reinsurance intermediaries referred to in Paragraph two of this Section has been taken. The Financial and Capital Market Commission shall not make an entry in the register of insurance and reinsurance intermediaries prior to the receipt of the document referred to in Paragraph one, Clause 4 of this Section.

(4) If the document referred to in Paragraph one, Clause 4, 6, 7, 8, 9, 10 or 11 of this Section is amended, an insurance or reinsurance intermediary shall submit such document or its copy to the Financial and Capital Market Commission within five working days from the entry into effect thereof.

[15 November 2007; 16 July 2009]

Section 11.

(1) The Financial and Capital Market Commission shall take a decision regarding the refusal to enter an insurance and reinsurance intermediary in a register of insurance and reinsurance intermediaries if:

1) the documents referred to in Section 10, Paragraph one of this Law have not been submitted, taking into account the exception specified in Section 10, Paragraph three of this Law, or if the submitted documents contain false or incomplete information;

2) the procedures submitted by the insurance and reinsurance intermediary have not been developed in accordance with the requirements of this Law and such laws and regulations governing the procedures for the drawing up of documents, the protection of personal data and the prevention of the laundering of proceeds from crime;

3) the responsible person of the insurance and reinsurance intermediary does not conform to the requirements specified by this Law.

(2) The Financial and Capital Market Commission shall cancel an entry in a register of insurance and reinsurance intermediaries if:

1) one of the cases referred to in Paragraph one of this Section has been determined;

2) an insurance and reinsurance intermediary has not pursued insurance and reinsurance mediation for more than one year;

3) the insurance and reinsurance intermediary has violated the requirements of this Law;

4) the insurance and reinsurance intermediary has violated the requirements of the laws and regulations governing the prevention of the laundering of proceeds from crime;

5) the insurance and reinsurance intermediary that operates in a Member State, observing the principle of freedom of establishment or freedom to provide services, has violated the requirements included in the laws of a Member State protecting public interests and other laws and regulations thereof (general good);

6) the insurance and reinsurance intermediary requests cancellation of the entry in the register of insurance and reinsurance intermediaries;

7) the insurance and reinsurance intermediary – a legal person – is liquidated.

(3) In evaluating a committed violation that permits the cancellation of an entry in a register of insurance and reinsurance intermediaries, the Financial and Capital Market Commission has the right to warn an insurance and reinsurance intermediary prior to the cancellation of the entry and to determine a reasonable time period for the elimination of the violations.

(4) If an administrative statement regarding the cancellation of an entry in a register of insurance and reinsurance register issued by the Financial and Capital Market Commission is appealed, such appeal shall not suspend the fulfilment of such statement.

[15 November 2007]

Section 11.¹

An insurance broker shall maintain a register in which the following is indicated:

1) the given name and surname of an employee directly involved in insurance and reinsurance mediation, as well as the date from which he or she has begun to perform the duties of a directly involved employee;

2) the given name and surname of an assistant of an insurance broker, as well as the date from which he or she has begun to perform the duties of an assistant of a broker;

3) the given name and surname of such employee directly involved in insurance and reinsurance mediation under whose guidance and supervision an assistant of an insurance broker performs the entrusted duties, as well as the date from which the assistant of an insurance broker is employed under the guidance and supervision of the referred to employee.

[16 July 2009]

Chapter III

Requirements Governing the Activities of Insurance and Reinsurance Intermediaries

Section 12.

(1) An insurance and reinsurance intermediary shall insure its civil liability, which arises if losses to customers, insurance merchants, a branch of a non-Member-State insurer, reinsurers or other interested parties are caused due to the professional mistakes or professional negligence of the insurance and reinsurance intermediary. The insurance contract shall be in effect within the territory of all Member States.

(2) The minimum limit of civil liability per year may not be less than EUR 1 680 300, but for a single insurance case – not less than EUR 1 120 200.

(2¹) The minimum limit of civil liability per year and for a single insurance case laid down in this Section shall be revised in year 2013 and hereinafter once in every five years after previous revision. The minimum limit of civil liability per year and for a single insurance case shall be indexed by an amount which, in accordance with the information provided by the Statistical Office of the European Communities, corresponds to those percentage changes of the consumer price index that have taken place in the time period from the previous revision day until the current revision day, by rounding it up to the nearest full euros.

(3) A deductible of an insurance and reinsurance intermediary in the amount of EUR 10 000 may be provided for in a civil liability insurance contract. In order to include the deductible in a civil liability insurance contract, the permission of the Financial and Capital Market Commission is required.

(4) In order to receive the permission of the Financial and Capital Market Commission for the inclusion of a deductible in a civil liability insurance contract, an insurance and reinsurance intermediary shall submit to the Financial and Capital Market Commission the documents that certify the security for the fulfilment of the deductible obligation.

(5) The Financial and Capital Market Commission shall not give permission for the inclusion of a deductible in a civil liability insurance contract if a security is not sufficient for the fulfilment of the deductible obligation of an insurance and reinsurance intermediary or the submitted documents do not provide a clear conception regarding the existence and legality of the referred-to security.

(6) A condition regarding an extended period of notification in the case of the occurrence of an insured risk shall be included in a civil liability insurance contract. Such period shall last at least three years after expiration of the time period of operation of the insurance contract.

(7) An insurance and reinsurance intermediary shall notify the Financial and Capital Market Commission within ten days regarding an early termination of a civil liability insurance contract and all the amendments to the insurance contract, which are related to the fulfilment of the requirements of this Law.

[15 November 2007; 16 July 2009; 19 September 2013]

Section 12.¹

(1) The equity capital of an insurance broker – a legal person must be not less than EUR 15 000.

(2) If a branch of a non-Member-State insurer intends to pursue insurance and reinsurance mediation in Latvia, the non-Member-State insurer shall deposit the sum laid down in Paragraph two of this Section as a safety deposit in a bank registered in the Republic of Latvia. The deposit shall be freely accessible, it may not be encumbered and its transference shall be only possible with a permit of the Financial and Capital Market Commission.

[16 July 2009; 19 September 2013]

Section 13.

An insurance agent does not have a duty to insure its civil liability in accordance with the procedures laid down in Section 12 of this Law if such agent has entered into a contract with an insurance merchant or a branch of a non-Member-State insurer, which provides that the insurance merchant or the branch of a non-Member-State insurer undertakes full liability for the losses caused to customers due to the professional mistakes or professional negligence of the insurance agent.

Section 14. [15 November 2007]

Section 15.

(1) If an insurance and reinsurance intermediary receives insurance and reinsurance premiums and other payments in accordance with an entered into insurance and reinsurance contract, the insurance and reinsurance intermediary shall ensure that the funds acquired from insurance and reinsurance mediation are kept in a credit institution in a separate cash account, apart from the monies of the insurance and reinsurance intermediary. The insurance and reinsurance intermediary shall inform the credit institution in writing that the monies in the account have been acquired from insurance and reinsurance mediation, as well as shall ensure the analytical accounts of such funds and the claims and liabilities arising therefrom by insurance merchants, branches of non-Member-State insurers, reinsurers and insurance policy holders.

(2) In the case of the insolvency of an insurance and reinsurance intermediary, the monies in the account referred to in Paragraph one of this Section shall not be included in the property of the insurance and reinsurance intermediary from which the expenditures of the insolvency proceedings or liquidation are covered and the claims of creditors are satisfied. Such monies shall be disbursed to insurance merchants, branches of non-Member-State insurers, reinsurers and other creditors immediately after commencement of the insolvency proceedings in accordance with the insurance and reinsurance contracts.

(3) The monies referred to in Paragraph one of this Section may be invested in fixed-term deposits in such credit institutions, the conditions of which foresee the possibility to terminate the operation of such fixed-term deposit contracts before term and to receive the invested deposits not longer than within 30 days from the day when a notice on termination of the fixed-term contract was sent.

[15 November 2007]

Section 16.

(1) An insurance merchant and a branch of a non-Member-State insurer have a duty to inform the Financial and Capital Market Commission that an insurance agent discontinues to provide insurance services in the interests and on behalf of the insurance merchant and the branch of a non-Member-State insurer.

(2) An insurance broker and an insurance agent have a duty to inform the Financial and Capital Market Commission that the provision of insurance or reinsurance mediation services is discontinued or ceased.

(3) Insurance brokers shall submit information to a professional association of insurance and reinsurance intermediaries, in accordance with the procedures stipulated by the professional association of insurance and reinsurance intermediaries, regarding the amount of insurance premiums signed by insurance brokers in division by the types of insurance and insurance companies.

[15 November 2007]

Section 17.

(1) The following natural persons with the capacity to act may be an insurance broker in the status of a self-employed person, and a responsible person of an insurance agent – a legal person – and an employee directly involved in insurance and reinsurance mediation:

- 1) who have reached the age of twenty-one years,
- 2) who have acquired the appropriate higher education;
- 3) [15 November 2007];
- 4) who have acquired the knowledge necessary for the performance of insurance and reinsurance mediation and recognised by a professional association of insurance and reinsurance intermediaries;
- 5) who have acquired work experience of at least three years, recognised by a professional association of insurance and reinsurance intermediaries;
- 6) who are persons of good repute and to whom none of the conditions referred to in Paragraph four of this Section apply.

(1¹) An employee directly involved in insurance and reinsurance mediation of an insurance broker who pursues insurance and reinsurance mediation in another Member State may also be a person who complies with the requirements laid down for such persons in the relevant Member State.

(1²) The following natural persons with the capacity to act may be an assistant of an insurance broker:

- 1) who have reached the age of eighteen years,
- 2) who have acquired secondary education;
- 3) who are persons of good repute and to whom none of the conditions referred to in Paragraph four of this Section apply.

(2) The following natural persons with the capacity to act may be an insurance agent in the status of a self-employed person, a responsible person of an insurance agent – a legal person – and an employee directly involved in insurance mediation:

- 1) who have reached eighteen years of age;
- 2) who have acquired a secondary education;
- 3) [15 November 2007];
- 4) who have acquired the knowledge necessary for the performance of insurance and reinsurance mediation and recognised by a professional association of insurers;
- 5) who have acquired work experience of at least one year, recognised by a professional association of insurers;
- 6) who are persons of good repute and to whom none of the conditions referred to in Paragraph four of this Section apply.

(2¹) An employee directly involved in insurance and reinsurance mediation of an insurance broker who pursues insurance and reinsurance mediation in another Member State may also be a person who complies with the requirements laid down for such persons in the relevant Member State.

(3) The requirement referred to in Paragraph two, Clause 5 of this Section is not applicable to an employee of the legal person of an insurance agent directly involved in insurance mediation.

(4) The following persons may not be a responsible person of an insurance and reinsurance intermediary, an employee directly involved in insurance and reinsurance mediation and an assistant of an insurance broker:

- 1) who have been convicted of committing an intentional criminal offence;
- 2) who have been convicted of committing an intentional criminal offence, even if the person has been released from serving the sentence due to a limitation period, clemency or amnesty;

3) against whom a criminal matter for committing an intentional criminal offence has been terminated due to a limitation period or amnesty;

4) who have been held criminally liable for committing an intentional criminal offence, but the criminal matter against such persons has been terminated for reasons other than exoneration.

[15 November 2007; 16 July 2009]

Section 18.

(1) An insurance and reinsurance intermediary has a duty to remove from office, on his or her own initiative or on the basis of a proposal by the Financial and Capital Market Commission, the responsible person of an insurance and reinsurance intermediary or an employee directly involved in insurance and reinsurance mediation if he or she:

1) does not comply with the requirements laid down in Section 17, Paragraph one, 1.¹, two or 2.¹ of this Law or to him or her any of the Clauses of Section 17, Paragraph four may be applicable;

2) has not performed the duties of a responsible person or employee directly involved in insurance and reinsurance mediation for more than a year;

3) has violated the laws and regulations governing the prevention of money laundering;

4) has violated this Law.

(2) Upon assessment of an infringement which allows the removal from office of the responsible person of an insurance and reinsurance intermediary or an employee directly involved in insurance and reinsurance mediation, the Financial and Capital Market Commission is entitled to take a decision to issue a warning.

(3) If an administrative act regarding removal from office of the persons referred to in Paragraph one of this Section taken by the Financial and Capital Market Commission is appealed, such appeal shall not suspend the fulfilment of the respective administrative act.

[15 November 2007; 16 July 2009]

Section 19.

An insurance broker – a legal person – may combine the professional activity of an insurance and insurance intermediary only with the activity of a supplier of investment services.

[15 November 2007]

Section 19.¹

An insurance broker shall ensure that the annual account is published after its approval not later than on 15 May following the reporting year. The insurance broker may publish the annual account on his or her website or choose another information carrier or place for publishing the information.

[16 July 2009]

Chapter IV

Tied Insurance Agent

Section 20.

(1) The following natural persons with the capacity to act may be a tied insurance agent in the status of a self-employed person and a responsible person of a tied insurance agent – a legal person – and an employee directly involved in insurance mediation:

- 1) who have reached eighteen years of age;
- 2) who have acquired a secondary education;
- 3) [15 November 2007];
- 4) who have acquired the knowledge necessary for the activity of a tied insurance agent regarding the insurance service to be distributed; and
- 5) who are persons of good repute and to whom none of the conditions referred to in Paragraph two of this Section apply.

(2) A responsible person and employee of a tied insurance agent who is directly involved in insurance mediation may not be a person:

- 1) who has been convicted of committing an intentional criminal offence;
- 2) who has been convicted of committing an intentional criminal offence, even if the person has been released from serving the sentence due to a limitation period, clemency or amnesty;
- 3) against whom a criminal matter for committing an intentional criminal offence has been terminated due to a limitation period or amnesty;
- 4) who has been held criminally liable for committing an intentional criminal offence, but a criminal matter against such person has been terminated for reasons other than exoneration.

(2¹) An employee directly involved in insurance mediation of such tied insurance agent who pursues insurance mediation in another Member State, may also be a person who complies with the requirements laid down for these persons in the relevant Member State.

(3) An insurance merchant and a branch of a non-Member-State insurer shall ensure the training of the responsible person of a tied insurance agent and employees directly involved in insurance mediation, in order to provide the necessary knowledge regarding the insurance service, which is distributed within the framework of insurance mediation.

(4) An insurance merchant and a branch of a non-Member-State insurer shall be liable for the compliance of the responsible person of a tied insurance agent and employees directly involved in insurance mediation with the criteria laid down in Paragraphs one, two and 2.¹ of this Section.

[15 November 2007; 16 July 2009]

Section 21.

(1) An insurance merchant and a branch of a non-Member-State insurer shall keep a register of tied insurance agents, in which the following information shall be entered:

- 1) the firm name (given name and surname), registration number, legal address, phone (fax) number and e-mail address of a tied insurance agent ;
 - 2) the given name and surname of the responsible person of the tied insurance agent;
- and

3) the Member State in which the tied insurance agent pursues insurance mediation, observing the principle of freedom of establishment or freedom to provide services.

(2) A register of tied insurance agents shall be available to the public, it shall have public credibility and any person has the right to acquaint himself or herself with such register on the website of an insurance merchant or a branch of a non-Member-State insurer.

(3) An insurance merchant and a branch of a non-Member-State insurer shall be responsible for the accuracy and completeness of the information entered into a register of tied insurance agents.

(4) An insurance merchant and a branch of a non-Member-State insurer have a duty to cancel, on their own initiative or on the basis of a proposal of the Financial and Capital Market Commission, the entry in the register of tied insurance agents if:

1) the tied insurance agent has violated this Law;
2) the tied insurance agent has violated the laws and regulations governing the prevention of money laundering;

3) the tied insurance agent who works in another Member State in conformity with the principle of free delivery of services has violated the laws protecting the interests of the society of the Member State and other laws and regulations;

4) the tied insurance agent requests the cancellation of the entry in the register of tied insurance agents;

5) the tied agent – a legal person – is liquidated.

(5) If an administrative act regarding cancellation of an entry in the register of tied insurance agents taken by the Financial and Capital Market Commission is appealed, such appeal shall not suspend the fulfilment of the respective administrative act.

[15 November 2007]

Section 21.¹

(1) An insurance or reinsurance intermediary has a duty to remove from office, on his or her own initiative or on the basis of a proposal by the Financial and Capital Market Commission, the responsible person of a tied insurance agent or an employee directly involved in insurance mediation if he or she:

1) does not comply with the requirements of Section 20, Paragraph one of this Law or if one of the Clauses of Section 20, Paragraph two of this Law may be applied to him or her;

2) has violated the laws and regulations governing the prevention of money laundering;

3) has violated this Law.

(2) If an administrative act regarding removal from office of the persons referred to in Paragraph one of this Section taken by the Financial and Capital Market Commission is appealed, such appeal shall not suspend the fulfilment of the respective administrative act.

[15 November 2007]

Chapter V

Relations of an Insurance and Reinsurance Intermediary and a Customer

Section 22.

The relations of an insurance and reinsurance intermediary and a customer shall be determined by the laws and regulations that regulate transactions, and the entered into contracts.

Section 23.

(1) An insurance and reinsurance intermediary has a duty to act as an honest and careful proprietor and to ensure that insurance and reinsurance mediation is provided with the appropriate professionalism and care.

(2) An insurance and reinsurance intermediary may not offer the entering into of such insurance and reinsurance contract that would include provisions, which are in conflict with Paragraph one of this Section.

(3) Losses caused due to the actions of an insurance and reinsurance intermediary shall be recovered in accordance with the general procedures laid down in laws and regulations regarding the compensation of losses.

Section 24.

(1) Prior to entering into an insurance contract an insurance intermediary has a duty to provide a customer with at least the following information regarding its activities:

1) the firm name (given name and surname), registration number, legal address, phone (fax) number and e-mail address of the insurance intermediary. A natural person acting on behalf of the legal person of the insurance intermediary shall, in addition, indicate his or her given name and surname;

2) the register in which the insurance intermediary is registered and a way in which to verify the registration thereof;

3) whether the insurance intermediary has directly or indirectly obtained holdings in an insurance merchant or a non-Member-State insurer that has established a branch of a non-Member-State insurer in the Republic of Latvia and the insurance services of which the insurance intermediary intends to distribute, which comprise 10 or more per cent of the number of stocks with voting rights or equity capital of the insurance merchant or the parent company of the branch of the non-Member-State insurer;

4) whether the insurance merchant, the parent company thereof, or a non-Member-State insurer, which has established a branch of the non-Member-State insurer in the Republic of Latvia, has directly or indirectly obtained holdings in the insurance intermediary, which comprise 10 or more per cent of the number of stocks with voting rights or equity capital of the insurance intermediary;

5) the procedures by which complaints and disputes between the insurance intermediary and a customer shall be examined out of court.

(2) In addition to the information specified in Paragraph one of this Section, an insurance intermediary has a duty to inform a customer that:

1) the insurance intermediary has advised or prepared an offer on the basis of a fair analysis of products. A credit institution if it is an insurance agent in accordance with Section 3, Paragraph five of this Law has a duty to inform its customer regarding the fact that the credit institution is not entitled to provide an advice or prepare an offer based on the analysis of offers;

2) the insurance intermediary has contractual obligations to pursue insurance mediation in the interests of only one or several specific insurance merchants or branches of non-Member-State insurers. In such case, the insurance intermediary shall indicate the firm names and legal addresses of insurance merchants and branches of non-Member-State insurers on the basis of a request of the customer;

3) the insurance intermediary does not have contractual obligations to pursue insurance mediation in the interests of only one or several specific insurance merchants or a branch of a non-Member-State insurer, and the insurance intermediary has not advised or prepared an offer on the basis of a fair analysis of products; In such case, the insurance intermediary shall indicate the firm names and legal addresses of such insurance merchants and branches of non-Member-State insurers on the basis of a request of the customer, in the interests of which such intermediary pursues or is entitled to pursue insurance mediation.

(3) An insurance intermediary has a duty to inform a customer before entering of an insurance agreement regarding the amount of remuneration of the insurance intermediary for the particular insurance contract offered. When providing services of an insurance mediator, an

insurance broker has a duty to inform a customer regarding all evaluated insurance offers and the amount of remuneration of the insurance broker, which would be received from the relevant insurer in case of entering into an insurance contract. The insurance broker may indicate the amount of remuneration both in terms of money and in terms of percentage from the insurance premium.

(4) [15 November 2007]

(5) Prior to amending an insurance contract, an insurance intermediary has a duty to inform a customer regarding changes in the information referred to in Paragraph one of this Section.

[15 November 2007; 16 July 2009]

Section 25.

(1) Prior to entering into an insurance contract, an insurance intermediary shall ascertain the requirements and needs of a customer on the basis of the information provided by the customer, as well as the reasons, which are the basis for consultations provided to the customer regarding the relevant insurance service. The insurance intermediary shall prepare such information in accordance with the complexity of the offered insurance contract.

(2) If it is foreseen in the contract offered by an insurance intermediary that in case if an insurance case occurs a part of the insured risk is covered by the insured (a deductible) or if the insurance sum is fixed in an amount which creates under-insurance or over-insurance, the insurance intermediary has a duty to explain to a customer the impact of the deductible, under-insurance or over-insurance on the customer's interests.

(3) In case of a dispute an insurance or reinsurance intermediary has a duty to prove conformity with the requirements of Section 24 and Section 25, Paragraphs one and two of this Law.

[15 November 2007]

Section 26.

(1) An insurance intermediary has a duty to provide a customer with the information referred to in Section 24 of this Law:

1) in Latvian or in another language that the contracting parties have agreed upon;

2) in writing or by using any other durable medium, which the customer may use and which is available to him or her;

3) in a manner that is clear and accurate and comprehensible to the customer .

(2) A durable medium shall be considered any instrument, which enables a customer to store information addressed personally to him or her in such a way as to make it available for future reference and allow unchanged reproduction of the stored information. A durable medium shall not be considered websites, unless such websites meet the criteria laid down in the first sentence of this Paragraph.

(3) The information referred to in Section 24 of this Law may also be provided orally upon a request of a customer or in cases where a contract must be entered into without delay. In the referred to cases, the information shall be provided to the customer in accordance with Paragraph one of this Section immediately after entering into an insurance contract.

(4) If an insurance broker has published the information referred to in Section 24 and Section 25, Paragraph two of this Law in accordance with the requirements laid down in Paragraphs one and two of this Section and has simultaneously informed a customer regarding the place where such information has been published and regarding the right of the customer to request issuing of the referred-to information in writing to him or her, it shall be considered that the insurance broker has met the requirements of Section 24 and Section 25, Paragraph two of this Law.

[16 July 2009]

Section 27.

An insurance intermediary does not have a duty to fulfil the requirements referred to in Sections 24 and 25 of this Law, if such insurance intermediary provides insurance mediation for the insurance of large risks.

Section 28.

An insurance premium payment made in accordance with an insurance contract, which is paid by a customer to an insurance intermediary, shall be treated in any case as a payment made to an insurance merchant or a branch of a non-Member-State insurer, whereas a payment made by an insurance merchant or by a branch of a non-Member-State insurer to an insurance intermediary shall not be treated as a payment made to a customer until the customer actually receives the monies.

Section 29.

(1) An insurance and reinsurance intermediary has a duty to ensure effective procedures for the examination of customer complaints. Written information regarding the procedures for the examination of complaints shall be freely available at the place of the provision of insurance and reinsurance mediation and on the website of the insurance and reinsurance intermediary, if such website has been created.

(2) An insurance and reinsurance intermediary has a duty to provide a written reply to a customer complaint within one month from the day of submitting the complaint.

(3) If, due to objective reasons, it is not possible to observe the period of one month, an insurance and reinsurance intermediary may extend such time period for a period not more than four months from the day of submitting a complaint. The insurance and reinsurance intermediary shall send to a customer a justified written notification regarding the extension of the time period.

Section 30.

(1) An insurance and reinsurance intermediary shall acquaint a customer with all the documents related to the concrete insurance and reinsurance mediation on the basis of a request of such customer. The customer has the right to receive copies of the documents of the insurance and reinsurance intermediary file for a charge, which does not exceed the costs of copying. The insurance and reinsurance intermediary shall not acquaint a customer and shall not issue to him or her copies of the documents of the insurance and reinsurance intermediary file if the materials of the file have been surrendered to law-enforcement authorities within the framework of criminal proceedings.

(2) An insurance and reinsurance intermediary, after becoming acquainted with the documents related to insurance and reinsurance mediation, has the right to request that a customer sign a written certification, in which the documents with which he or she has become acquainted are indicated. If the customer refuses to sign the certification specified in this Paragraph, the insurance and reinsurance intermediary shall sign such certification, indicating in a special notation that the customer has refused to sign the certification.

Section 31.

(1) The Financial and Capital Market Commission shall provide opinions to customers regarding complaints regarding violations of this Law and other laws and regulations if such violations are related to insurance and reinsurance mediation.

(2) Customers who are considered consumers within the meaning of the Consumer Rights Protection Law are entitled to submit complaints to the Consumer Rights Protection Centre regarding violations of the requirements of this Law and other laws and regulations regarding consumer rights protection, if such violations are related to insurance mediation.

Chapter VI Pursuing Insurance and Reinsurance Mediation in Member States

Section 32.

(1) An insurance and reinsurance intermediary, who wishes to open a branch in another Member State, shall notify the Financial and Capital Market Commission in writing regarding the intention thereof.

(2) An insurance and reinsurance intermediary shall include the following information in a notification regarding the opening of a branch:

1) the Member State in which the insurance and reinsurance intermediary wishes to open a branch;

2) a description of the intended services;

3) the address of the branch of the insurance and reinsurance intermediary in the Member State (the address, which is to be used for sending and receiving information);

4) information regarding the manager of the branch of the insurance and reinsurance intermediary;

5) the firm name, registration number, legal address, phone (fax) number and e-mail address of the insurance merchant or the branch of a non-Member-State insurer (on behalf of and in the interests of which the insurance agent or tied insurance agent wishes to act).

(3) The following natural person with the capacity to act may be a manager of a branch of an insurance and reinsurance intermediary:

1) who have reached the age of twenty-one years,

2) who have acquired a higher education;

3) who have acquired the knowledge necessary for the performance of insurance and reinsurance mediation;

4) who have acquired the necessary experience in the financial and capital market;

5) who are persons of good repute and to whom none of the conditions referred to in Paragraph four of Section 17 apply.

(4) The Financial and Capital Market Commission shall examine the notification referred to in Paragraph two of this Section within 30 days after receipt thereof and shall inform a supervisory authority of the Member State of a branch regarding the intention of an insurance and reinsurance intermediary to open the branch, and at the same time shall inform the insurance and reinsurance intermediary regarding the sending of information to the supervisory authority of the Member State of the branch. The Financial and Capital Market Commission shall not submit information to such supervisory authority of the Member State of the branch, which has notified the European Commission regarding the fact that such supervisory authority does not wish to receive information regarding the intention of the insurance and reinsurance intermediaries of other Member States to open a branch in the territory thereof.

(5) The financial and Capital Market Commission shall not submit to a supervisory authority of a Member State of a branch the information referred to in Paragraph four of this Section if

the financial status of an insurance and reinsurance intermediary is not stable, the manager of the branch does not conform to the criteria referred to in Paragraph three of this Section or the insurance and reinsurance intermediary has violated this Law. If the Financial and Capital Market Commission decides not to submit information to the supervisory authority of the Member State of a branch, it shall send the relevant decision to the insurance and reinsurance intermediary within 30 days after receipt of the notification referred to in Paragraph two of this Section. The reason for refusal shall be indicated in the decision.

(6) An insurance and reinsurance intermediary may open a branch in another Member State 30 days after receipt of a notification of the Financial and Capital Market Commission that such Commission does not have any objections to the opening of the branch. If the supervisory authority of the Member State has announced to the European Commission that it does not wish to receive information regarding the intention of the insurance and reinsurance intermediaries of other Member States to open a branch in the territory thereof, the insurance and reinsurance intermediary may open a branch in another Member State as soon as an announcement of the Financial and Capital Market Commission has been received that it does not object against the opening of the branch.

[15 November 2007]

Section 33.

An insurance and reinsurance intermediary of another Member State may open a branch in the Republic of Latvia 30 days after receipt of information from the supervisory authority of the Member State thereof that such supervisory authority does not have any objections to the opening of the branch in the Republic of Latvia, and the supervisory authority of the Member State has sent a notification to the Financial and Capital Market Commission.

Section 34.

(1) An insurance and reinsurance intermediary, who wishes to pursue insurance and reinsurance mediation, observing the principle of freedom to provide services in another Member State, shall notify the Financial and Capital Market Commission in writing regarding the intention thereof, providing information regarding the Member State in which such intermediary wishes to pursue insurance and reinsurance mediation. An insurance agent and a tied insurance agent shall indicate the firm name, registration number, legal address, phone (fax) number and e-mail address of an insurance merchant or a branch of a non-Member-State insurer (on behalf of and in the interests of which such agents intend to act).

(2) The Financial and Capital Market Commission shall examine the notification referred to in Paragraph one of this Section within 30 days after receipt thereof and shall inform the relevant supervisory authority of a Member State regarding the intention of an insurance and reinsurance intermediary to pursue insurance and reinsurance mediation in such Member State, observing the principle of freedom to provide services, and at the same time shall inform the insurance and reinsurance intermediary regarding the sending of information to the relevant supervisory authority of the Member State. The Financial and Capital Market Commission shall not submit information to such supervisory authority of a Member State which has informed the European Commission that such supervisory authority does not wish to receive information regarding the intention of insurance and reinsurance intermediaries of other Member States to pursue insurance and reinsurance mediation in the territory thereof.

(3) The Financial and Capital Market Commission shall not submit to a supervisory authority of a Member State the information referred to in Paragraph two of this Section if the Financial and Capital Market Commission is not satisfied with the financial status of an insurance and reinsurance intermediary, or the insurance and reinsurance intermediary has violated this Law.

If the Financial and Capital Market Commission decides not to submit information to the supervisory authority of the Member State, it shall send the relevant decision to the insurance and reinsurance intermediary within 30 days after receipt of the notification referred to in Paragraph one of this Section. The reason for refusal shall be indicated in the decision.

(4) An insurance and reinsurance intermediary may start to pursue insurance and reinsurance mediation in another Member State, conforming to the principle of freedom to provide services, 30 days after receipt of a notification of the Financial and Capital Market Commission that such Commission does not have any objections to the activity of the insurance and reinsurance intermediary, observing the principle of freedom to provide services. If the supervisory authority of the Member State has announced to the European Commission that it does not wish to receive information regarding the intention of the insurance and reinsurance intermediaries of other Member States to pursue insurance and reinsurance mediation in the territory thereof, the insurance and reinsurance intermediary may commence pursuing insurance and reinsurance mediation in another Member State in accordance with the principle of freedom to provide services as soon as an announcement of the Financial and Capital Market Commission has been received that it does not object against the activity of the insurance or reinsurance intermediary if he or she conforms to the principle of freedom to provide services.

[15 November 2007]

Section 35.

In order for an insurance and reinsurance intermediary of another Member State to be able to start to pursue insurance and reinsurance mediation in the Republic of Latvia, observing the principle of freedom to provide services, such intermediary shall receive a notification of the supervisory authority of the Member State thereof that such supervisory authority does not have any objections against such activity. After receipt of the referred-to notification, the insurance and reinsurance intermediary of another Member State may start to pursue insurance and reinsurance mediation in the Republic of Latvia, conforming to the principle of freedom to provide services.

Section 36.

The Financial and Capital Market Commission shall ensure that information regarding the requirements to be observed in pursuing insurance and reinsurance mediation in the Republic of Latvia that are included in the laws protecting public interests (general good) is posted on the website thereof.

Chapter VII Supervision of Insurance and Reinsurance Mediation

Section 37.

The Financial and Capital Market Commission shall perform supervision of insurance and reinsurance mediation.

Section 38.

The Financial and Capital Market Commission shall supervise the branches of insurance and reinsurance intermediaries registered in the Republic of Latvia that are established in Member States, as well as the insurance and reinsurance mediation that insurance and reinsurance intermediaries registered in the Republic of Latvia perform in other

Member States, conforming to the principle of freedom to provide services. In performing supervision, the Financial and Capital Market Commission shall co-operate and consult with the supervision bodies of other Member States.

Section 39.

(1) If the Financial and Capital Market Commission determines that a branch of an insurance and reinsurance intermediary of another Member State or an insurance and reinsurance intermediary that pursues insurance and reinsurance mediation in the Republic of Latvia, observing the principle of freedom to provide services, carries out activities that are in conflict with the laws and regulations of the Republic of Latvia governing insurance and reinsurance mediation, such Commission shall immediately request that the insurance and reinsurance intermediary terminate such activities.

(2) If a branch of an insurance and reinsurance intermediary of another Member State or an insurance and reinsurance intermediary that pursues insurance and reinsurance mediation in the Republic of Latvia, observing the principle of freedom to provide services, does not terminate activities that are in conflict with the laws and regulations of the Republic of Latvia governing insurance and reinsurance mediation, the Financial and Capital Market Commission shall immediately inform the supervisory authority of the insurance and reinsurance intermediary of the relevant Member State thereof .

(3) If a branch of an insurance and reinsurance intermediary of another Member State or an insurance and reinsurance intermediary that pursues insurance and reinsurance mediation in the Republic of Latvia, observing the principle of freedom to provide services, continues to perform activities that are in conflict with the laws and regulations of the Republic of Latvia governing insurance and reinsurance mediation, the Financial and Capital Market Commission shall inform the supervisory authority of the insurance and reinsurance intermediary of the relevant Member State thereof and carry out measures to prevent such violations.

(4) If the Financial and Capital Market Commission determines that a branch of an insurance and reinsurance intermediary of another Member State or an insurance and reinsurance intermediary that pursues insurance and reinsurance mediation in the Republic of Latvia, observing the principle of freedom to provide services, performs activities that are in conflict with the laws and regulations of the Republic of Latvia protecting public interests (general good), the Financial and Capital Market Commission shall inform the insurance and reinsurance intermediary of the relevant Member State and the supervisory authority of the insurance and reinsurance intermediary of the Member State thereof, and shall immediately carry out measures to prevent such violations.

Section 40.

The Financial and Capital Market Commission shall inform a supervisory authority of a Member State regarding the cancellation of an entry in a register of insurance and reinsurance intermediaries, which such Commission has applied to an insurance and reinsurance intermediary registered in the Republic of Latvia who pursues insurance and reinsurance mediation in the territory of the relevant Member State.

Section 41.

(1) The Financial and Capital Market Commission has the right, in accordance with the competence thereof, to request that an insurance and reinsurance intermediary eliminate determined violations of this Law and carry out the necessary measures for the prevention of such violations.

(2) The Financial and Capital Market Commission has the right to require from insurance and reinsurance intermediaries information and documents regarding the activities thereof and, if necessary, to perform an inspection. An insurance and reinsurance intermediary has a duty to co-operate with the Financial and Capital Market Commission in the performance of supervision.

(3) Insurance and reinsurance intermediaries shall submit the required information within the time period stipulated by the Financial and Capital Market Commission. The submission may not be refused on the grounds of a commercial confidentiality.

(4) An administrative act of the Financial and Capital Market Commission taken in accordance with this Law may be appealed in the Administrative Regional Court. The matter shall be adjudicated in a panel of three judges. The judgement of the Administrative Regional Court may be appealed by submitting a cassation complaint.

[16 July 2009]

Section 42.

(1) The Financial and Capital Market Commission shall issue a permit to a professional association of insurance and reinsurance intermediaries and a professional association of insurers to provide statements regarding the sufficiency of knowledge and work experience of a responsible person of an insurance and reinsurance intermediary and employees directly involved in insurance and reinsurance mediation.

(2) In order to receive the permit referred to in Paragraph one of this Section, a professional association of insurance and reinsurance intermediaries shall submit the following to the Financial and Capital Market Commission:

- 1) a submission for obtaining the permit referred to in Paragraph one of this Section;
- 2) a training programme of insurance brokers, responsible persons of insurance and employees directly involved in insurance and reinsurance mediation and a security for the implementation thereof;

- 3) a code of ethics of the professional activities of insurance brokers developed by a professional association of insurance and reinsurance intermediaries.

(3) In order to receive the permit referred to in Paragraph one of this Section, a professional association of insurers shall submit the following to the Financial and Capital Market Commission:

- 1) a submission for obtaining the permit referred to in Paragraph one of this Section;
- 2) a training programme of insurance agents, responsible persons of an insurance agent and employees directly involved in insurance mediation and a security for the implementation thereof;

- 3) a code of ethics of the professional activities of insurance agents developed by a professional association of insurers.

(4) The Financial and Capital Market Commission shall examine a submission for the issuance of the permit referred to in Paragraph one of this Section and take a decision regarding the issuance of the permit or a refusal within 30 days after receipt of the documents referred to in Paragraphs two and three of this Section, which shall be drawn up in accordance with the requirements of the laws and regulations governing the procedures for the drawing up of documents.

(5) The Financial and Capital Market Commission shall take a decision to refuse to issue a permit to a professional association of insurance and reinsurance intermediaries or a professional association of insurers if:

- 1) all the documents referred to in Paragraph two or three of this Section are not submitted or if the submitted documents contain false or incomplete information;

- 2) the training programme for a responsible person of insurance or reinsurance intermediary and employees directly involved in insurance and reinsurance mediation

submitted by the professional association of insurance and reinsurance intermediaries or the professional association of insurers does not ensure verification of the sufficiency of the knowledge and work experience of a responsible person of an insurance or reinsurance intermediary and employees directly involved in insurance and reinsurance mediation in accordance with the requirements of this Law;

3) the provision of implementation of the training programme for a responsible person of insurance or reinsurance intermediary and employees directly involved in insurance and reinsurance mediation is not sufficient in order to ensure verification of the sufficiency of the knowledge and work experience of a responsible person of an insurance or reinsurance intermediary and employees directly involved in insurance and reinsurance mediation in accordance with the requirements of this Law.

(6) The Financial and Capital Market Commission shall annul the permit referred to in Paragraph one of this Section to a professional association of insurance and reinsurance intermediaries and a professional association of insurers, if:

1) any of the cases referred to in Paragraph five of this Section has been established;

2) the professional association of insurance and reinsurance intermediaries and the professional association of insurers does not ensure or does not ensure sufficiently the verification of the sufficiency of the knowledge and work experience of a responsible person of an insurance or reinsurance intermediary and employees directly involved in insurance and reinsurance mediation;

3) the professional association of insurance and reinsurance intermediaries or the professional association of insurers violates this Law.

(7) Upon assessing the violation which allows the annulment of the permit referred to in Paragraph one of this Section, the Financial and Capital Market Commission is entitled to warn the professional association of insurance and reinsurance intermediaries and the professional association of insurers before annulment of the permit and to establish an appropriate term for elimination of the violation.

(8) If an administrative act regarding the annulment of the permit referred to in Paragraph one of this Section taken by the Financial and Capital Market Commission is appealed, such appeal shall not suspend the fulfilment of the respective administrative act.

[15 November 2007]

Section 43.

The Financial and Capital Market Commission is entitled to request from the professional association of insurance or reinsurance intermediaries and from the professional association of insurers information and documents regarding the activity which is related to the verification of the sufficiency of the knowledge and work experience of a responsible person of insurance or reinsurance intermediary and an employee directly involved in insurance and reinsurance mediation and, if necessary, to perform verification.

[15 November 2007]

Section 44.

Decisions of the professional association of insurance or reinsurance intermediaries and the professional association of insurers to deliver statements on the sufficiency of knowledge and work experience of a responsible person of insurance or reinsurance intermediary and an employee directly involved in insurance and reinsurance mediation may be appealed by the persons concerned in accordance with the procedures laid down in the Administrative Procedure Law.

[15 November 2007]

Section 45.

(1) If an insurance or reinsurance intermediary does not meet the requirements of Section 3, Paragraphs two, five and ten, Section 4, Paragraph one, Section 10, Paragraph one, Clauses 7, 8, 9, 10 and 11 and Paragraph four, Section 12, Paragraph seven, Section 16, Paragraph three, Section 18, Paragraph one, Section 21.¹, Paragraph one, Section 24, Section 25, Paragraphs one and two and Section 41, Paragraphs one, two and three of this Law or if the activity of an insurance or reinsurance mediator does not meet the requirements of Section 1, Paragraph one, Clauses 5, 6, 7, 16 and 17 of this Law, the Financial and Capital Market Commission shall impose a fine of up to EUR 14 200 to the insurance or reinsurance intermediary. If an insurance or reinsurance intermediary violates the laws and regulations governing the prevention of money laundering and terrorism financing, the Financial and Capital Market Commission shall impose a fine of up to EUR 142 300 to the insurance or reinsurance intermediary.

(2) If an insurance merchant and a branch of a non-Member-State insurer does not meet the requirements of Section 16, Paragraph one of this Law, the Financial and Capital Market Commission shall impose a fine of up to EUR 1 400 to the insurance merchant and branch of a non-Member-State insurer. If an insurance merchant and a branch of a non-Member-State insurer does not meet the requirements of Section 20, Paragraphs three and four and Section 21, Paragraph four of this Law, the Financial and Capital Market Commission shall impose a fine in amount of up to EUR 14 200 to the insurance merchant and branch of a non-Member-State insurer.

[15 November 2007; 16 July 2009; 19 September 2013]

Transitional Provisions

1. With the coming into force of this Law, Cabinet Regulation No. 21 of 11 January 2005, Regulations regarding the Activities of Insurance and Reinsurance Intermediaries, issued in accordance with Article 81 of the Constitution of the Republic of Latvia (*Latvijas Vēstnesis*, 2005, No. 7), is repealed.

2. Insurance brokerage companies shall modify the activities thereof in accordance with the requirements of this Law by 1 May 2005.

3. Insurance agents and insurance agencies shall modify the activities thereof in accordance with the requirements of this Law by 1 May 2005. Insurance companies shall inform the Financial and Capital Market Commission by the referred to date regarding the insurance agents to be included in a register of insurance and reinsurance intermediaries.

4. Legal persons that have entered into contracts regarding the distribution of insurance policies by using the structure thereof, and for which the distribution of insurance policies is not the principal activity, as well as legal persons that distribute insurance policies by using press, postal and similar services, shall modify the activities thereof in accordance with the requirements of this Law by 1 May 2005.

5. Persons who have received an insurance broker certificate issued by the Financial and Capital Market Commission in accordance with Paragraph one, Section 82 of the Law On Insurance Companies and Supervision Thereof up to the day of the coming into force of this Law, are entitled to pursue insurance and reinsurance mediation in the status of an insurance broker, insurance agent, responsible person of an insurance broker or an insurance agent, or an employee directly involved in insurance and reinsurance mediation, and the requirements

referred to in Section 17, Paragraph one, Clauses 1, 2, 4 and 5 and Section 17, Paragraph two, Clauses 4 and 5 of this Law are not applicable to such persons.

6. Persons who have received the certificate of an insurance broker issued by the Financial and Capital Market Commission, but have not pursued insurance or reinsurance mediation or have not been in employment legal relationships with an insurance or reinsurance intermediary for more than a year starting from 1 January 2008, are entitled to commence pursuing insurance or reinsurance mediation or to enter employment legal relationships with the insurance or reinsurance intermediary, meeting the requirements of the law. The requirements of Clause 5 of Transitional Provisions shall not be applicable to such persons.

[15 November 2007]

7. Section 24, Paragraph three of this Law shall come into force on 1 July 2008.

[15 November 2007]

8. The period of discontinuation referred to in Section 3, Paragraph eight of this Law shall be counted from 1 January 2008.

[15 November 2007]

9. An insurance or reinsurance intermediary shall ensure until 31 August 2009 the conformity of insurance agreements on the civil liability of insurance and reinsurance intermediaries with amendments to Section 12, Paragraph two of this Law regarding the minimal limit of civil liability per year (EUR 1 680 300 equivalent in lats) and for one insurance case (EUR 1 120 200 equivalent in lats).

[16 July 2009]

10. Section 41, Paragraph four of this Law shall come into force on 1 October 2009. If an application regarding an administrative act of the Financial and Capital Market Commission has been submitted to the Administrative District Court until 30 September 2009, the decision on the submitted application shall be taken, and the administrative matter shall be adjudicated, as well as the judgement shall be rendered and appealed in accordance with the provisions the Administrative Procedure Law.

[16 July 2009]

11. Insurance brokers who employ assistants of insurance brokers shall ensure from 1 January 2010 their activity in accordance with the provisions of Section 1, Paragraph one, Clause 17, Section 3, Paragraphs nine and ten, Section 4, Paragraph 2.¹, Section 10, Paragraph one, Clause 11, Section 11.¹ and Section 17, Paragraph 1.² of this Law.

[16 July 2009]

12. Insurance brokers who employ assistants of insurance brokers shall submit the procedures laid down in Section 10, Paragraph first, Clause 11 of this Law to the Financial and Capital Market Commission until 30 September 2009.

[16 July 2009]

13. Insurance brokers – legal persons who have been registered in the register of insurance and reinsurance intermediaries until the coming into force of Section 12.¹ of this Law shall ensure the conformity of the equity capital with Section 12.¹ of this Law until 31 December 2009.

[16 July 2009]

Informative Reference to European Union Directives

This Law contains legal norms arising from Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on insurance mediation.

This Law has been adopted by the *Saeima* on 17 March 2005.

Acting for the President, The Chairperson of the *Saeima*
I. Ūdre

Rīga, 1 April 2005