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# Insurance

## Related links

[Insurance companies and insurance intermediaries operating in Estonia](#)

[The Insurance Activities Act](#)

Finantsinspektsioon carries out state supervision over insurance companies and insurance intermediaries that operate under an activity licence granted by Finantsinspektsioon.

Supervision over branches of insurance companies operating in Estonia is exercised by the supervision authority of the home country of the insurer.

Providers of cross-border insurance services are also supervised by the supervision authority of their home country.

## What is an insurance company?

An insurer, or an insurance company, is a business whose main activity is to compensate losses incurred or to pay out an agreed sum of money if an event occurs that is insured against.

Insurance activity is when the insurer takes on the risks of the policyholder or insured party under an insurance contract. If an insured event occurs, the insurance company pays out compensation.

The main types of insurance are non-life insurance and life insurance. In both non-life and life insurance, a contract is signed in order to hedge risks, while life insurance is also for collecting savings.

**Types of non-life insurance** include motor third party liability insurance and land vehicle insurance (Casco insurance); fire insurance and insurance against natural disasters; other property insurance; accident insurance; financial loss insurance; warranty insurance; credit insurance; sickness insurance; ship insurance; railway rolling stock insurance; aircraft insurance; legal expenses insurance; transportable goods insurance; and civil liability insurance.

**Types of life insurance** include annuities; unit-linked life insurance; endowment insurance; whole life insurance; pension scheme administration except for administration of pension funds provided for in the Funded Pensions Act; and birth and marriage insurance.

## Who is an insurance intermediary?

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An insurance intermediary specialises in intermediating insurance contracts, and earns a fee for doing so. Insurance intermediaries in Estonia are divided into insurance brokers and insurance agents. The roles of an insurance broker and an insurance agent are fundamentally different, as the insurance broker represents the interests of the policyholder, while the agent represents the interests of the insurance company.

**The role of the insurance intermediary includes:**

- establishing the insurance interests and requirements of the client and recommending to the client the most appropriate contract from among the offers of different insurance companies;
- explaining the recommendations and advice given to the client in sufficient detail to suit the complexity of the insurance contract;
- explaining to the client the contractual conditions of the contract before it is signed, including the size of an insurance payment, how it will be paid, and the limits and exceptions in the contract;
- informing the client of the intermediation fee received from the insurance company for each separate insurance contract intermediated;
- informing the client of the principles for compensation, including which court to turn to if there is a dispute about the insurance contract;
- consulting with the client on other questions relating to insurance, including administrative issues and how losses are handled.

**The role of the insurance agent includes:**

- informing the client which insurance company they have the right to represent and what type of contract they are intermediating;
- telling the client about possible variations in the insurance contract;
- explaining the contractual conditions of the contract before it is signed, including how the insurance payment will be paid, and the limits and exceptions in the contract;
- informing the client of the arrangements for payouts and compensation under the contract.