

**MEMORANDUM
OF
UNDERSTANDING**

Between

The Estonian Financial Supervision Authority

and

The German Insurance Supervision Authority

On the co-operation in the field of insurance supervision

I. Introduction

1. The Estonian Financial Supervision Authority – Finantsinspektsioon - (hereinafter: Estonian Authority) is an agency with autonomous competence and a separate budget, which operates at the Bank of Estonia and is in supervising and regulating also the national insurance market in Estonia
2. The German Insurance Supervision Authority - Bundesaufsichtsamt für das Versicherungswesen - (hereinafter: German Authority) is an independent superior federal authority which performs its supervisory functions in particular under the German Insurance Supervision Law (VAG). As part of the functions assigned to it, the German Authority has to adequately safeguard the interests of the insured and to ensure that the insurance companies will be able to meet their future liabilities under the insurance contract at any time.
3. In this Memorandum of Understanding (hereinafter referred to as "MoU"), "Authorities" means the Estonian Authority and German Authority.
4. The Estonian and German Authority, recognizing the increasing international activities in the insurance market and the corresponding need for mutual cooperation between the relevant authorities have, after friendly consultation, reached the following understanding:

II. PRINCIPLES

1. The purpose of this MoU is to protect policyholders and potential policyholders of insurance companies, and to promote the integrity, stability and efficiency of the insurance industry by providing a framework for cooperation, including channels of communication, increasing mutual understanding, the exchange of information and assistance to the extent permitted by laws, regulations and requirements.
2. This MoU serves as a basis of cooperation for the Authorities and does not create any binding international legal obligations. It does not affect any arrangements under other MoUs.
3. The performance of the provisions of this MoU shall be consistent with domestic laws, regulations and conventions of the respective countries of the Authorities and within the availability of respective resources of the Authorities, and shall not be contrary to the public interests of the countries of the Authorities concerned.

4. To the extent permitted in the relevant legislation, both Authorities will use reasonable efforts to provide the other Authority with any information that is discovered which gives rise to a suspicion of a breach or anticipated breach, of the regulatory requirements or laws in the insurance market administered by the other Authority.

III. SCOPE

1. The Authorities agree to promote mutual assistance and the exchange of information to assist them to perform their respective functions in relation to the following areas:
 - a) The legislative provisions dealing with proposals for the establishment, acquisition and take-over of insurance companies;
 - b) The enforcement of financial and other eligibility requirements for key positions of responsibility in insurance companies including ownership;
 - c) The continuing monitoring, auditing, inspection and examination of insurance companies for compliance with prudential, financial reporting and other supervisory requirements;
 - d) The conduct of specific inquiries into the activities of individual insurance companies;
 - e) Ensuring compliance with disclosure and marketing requirements for insurance products;
 - f) Fraudulent practices in relation to the offer, purchase or sale of insurance products;
 - g) Technical cooperation and assistance;
 - h) Other matters agreed upon by the Authorities.

IV. REQUESTS AND EXECUTION

1. Requests will be made in writing in the English language to the contact persons listed in Annex A. In urgent cases, requests may be made in summary form to be followed as soon as possible by a full request.
2. Requests should specify:
 - a) the information requested;

- b) a description of the conduct or suspected conduct which gives rise to the request;
 - c) the purpose for which the information is sought (including details of the laws and regulatory requirements pertaining to the matter which is the subject of the request);
 - d) the link between the specific laws or regulatory requirements and the regulatory functions of the requesting Authority;
 - e) the persons believed by the requesting Authority to possess the information sought, or the place where such information may be obtained, if the requesting Authority is knowledgeable thereof;
 - f) to whom, if anyone, onward disclosure of information is likely to be necessary and the reason for such disclosure;
 - g) the desired time period for the reply.
3. If in the area covered by the MoU the requesting Authority makes a request for information on behalf of another authority of the same country, this shall be indicated in the request. The Authorities will consult about the further proceedings and the exact kind of information to be possibly communicated by the requested Authority.
4. The requested Authority will deal with the request in a reasonable time.
5. Each request will be assessed by the requested Authority to determine whether the information requested can be provided under the terms of this MoU. In any case where the request cannot be accepted completely, the requested Authority will consider whether there may be any relevant information which can be given.
6. In deciding whether to accept or decline a request, the requested Authority will consider:
- a) whether the request relates to the breach of laws or regulations which has no close parallel in the country of the requested Authority;
 - b) whether broadly equivalent assistance would be available from the requesting Authority;
 - c) whether the request involves an assertion of a jurisdiction not recognized by the requested Authority;

d) whether it would be contrary to the public interests of the requested Authority.

7. Any document or other materials provided in response to a request under this MoU and any copies thereof must be returned to the requested Authority on request.

V. UNSOLICITED INFORMATION

If one Authority has information, which will assist the other Authority in the performance of its regulatory functions, the former may provide such information, or arrange such information to be provided, to the extent permitted by law, on a voluntary basis even though no request has been made by the other Authority.

VI. PERMISSIBLE USE AND CONFIDENTIALITY

1. The requesting Authority may use the information solely for the purpose stated in the request with respect to ensuring compliance with or enforcement of the legal provisions specified in the request as well as for the purpose of conducting administrative proceedings instituted as a result of a violation of the provisions specified in the request. If the requesting Authority intends to use the information furnished for any other purpose, it must obtain prior consent of the requested Authority which may subject the information to certain conditions.
2. Each Authority will keep confidential to the extent permitted by law any request made under this MoU as well as any matter arising in the course of its operation.
3. To the extent permitted by law, the requesting Authority will observe at least the same degree of confidentiality with respect to all information communicated to it under this MoU it enjoys in the country of the requested Authority.
4. Information or assistance provided under the MoU will not be disclosed by the recipient to any third parties without the prior consent of the Authority providing the assistance or information, except for the execution of the request.
5. While disclosing the information obtained pursuant to this MoU to third parties, the requesting Authority will guarantee that third parties will keep the information confidential.
6. If either Authority becomes aware that information passed under this Memorandum of Understanding may be subject to a legally enforceable demand to disclose, it will, to the extent permitted by law, inform the other

Authority of this situation. The Authorities will then discuss and determine the appropriate courses of action.

VII. TECHNICAL COOPERATION

The respective Authorities intend to work together to identify and address, subject to the availability of personnel and resources, the training and technical assistance required to facilitate the development of the regulatory framework for the insurance market both in Estonia and Germany.

VIII. CONSULTATION

1. The Authorities will consult in the event of a dispute over the meaning of any term used in this MoU.
2. The Authorities may consult, at any time, about a request or proposed request.
3. The Authorities may consult and revise the terms of the MoU in the event of a substantial change in the laws, regulations or practices affecting the operation of the MoU.
4. To improve the cooperation under this MoU, the Authorities will conduct consultations and discussions on the implementation of the MoU periodically or when necessary.

IX. CONTACT PERSONS

All communications between the Authorities should be made between the principal points of contact as set out in Appendix A unless otherwise agreed. Appendix A may be amended by written notice from either Authority without the need for re-signing this Memorandum of Understanding.

X. ENTRY INTO EFFECT

This MoU will be effective from the date of its signature by both Estonian and German Authority.

XI. TERMINATION

This MoU may be terminated by either Authority upon giving thirty days' written notice to the other Authority. This Memorandum of Understanding will continue to have effect with respect to all requests for assistance that are made before the effective date of termination.

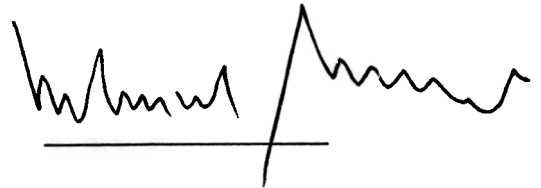
SIGNED the 18th day of March 2002 in Bonn, Germany

REPRESENTATIVE OF THE
ESTONIAN FINANCIAL
SERVICES AUTHORITY

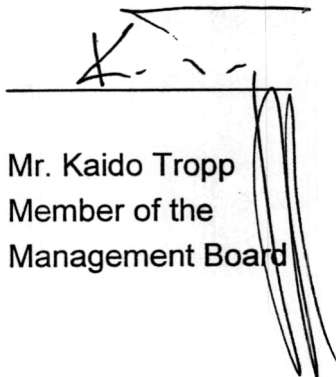
A handwritten signature in black ink, appearing to read 'Andres Trink', written over a horizontal line.

Mr. Andres Trink
Chairman of the
Management Board

REPRESENTATIVE OF THE
BUNDESAUFSICHTSAMT
FÜR DAS
VERSICHERUNGSWESEN

A handwritten signature in black ink, appearing to read 'Helmut Müller', written over a horizontal line.

Dr. Helmut Müller
Präsident

A handwritten signature in black ink, appearing to read 'Kaido Tropp', written over a horizontal line. The signature is partially obscured by a vertical scribble on the right side.

Mr. Kaido Tropp
Member of the
Management Board

Annex A**CONTACT PERSONS****The Estonian Financial Supervision Authority**

General Supervision Department
Sakala 4
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Tel: + 372 6680 752
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