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Adressaat: RAB rahapesu <info@fiu.ee>

Teema: Activity license requirements in Estonia

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To whom it may concern,

I am contacting you concerning few clarifying questions in relation to the scope of AML regulation in Estonia when founding a Branch. I sent an email earlier today, which I tried to recall (unsure whether successfully) due to some missing information. In case the recall of my previous email was unsuccessful, you can ignore that one and only consider the one at hand.

A company is founded in a Contracting State and wishes to found a branch in Estonia. The branch in Estonia would offer financing and insurance services to legal persons only. The financing services would be leasing and installment payments (järelmaks). The branch would also be offering, as an agent, non-life insurance services for legal persons.

According to Financial Intelligence Unit guidelines, the activity license should be applied via FIU in case the undertaking wishes to act as a lessor and/or a lender for legal entities.

In the Insurance Activities Act the following is stated:

§ 36 Activities of foreign insurance undertakings in Estonia

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(2) If a person permanently authorised to represent a foreign insurance undertaking is permanently engaged in activities of insurance agent or insurance activities in Estonia, the activities of the authorised person shall be deemed to be the activities of an Estonian branch of the foreign insurance undertaking and for the continuation of such activities the insurance undertaking shall found a branch pursuant to §§ 37–40 of Insurance Activities Act.

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§ 37. Branch of insurance undertaking of another Contracting State in Estonia

(1) An insurance undertaking of another Contracting State who wishes to found a branch in Estonia shall notify thereof the Financial Supervision Authority through the financial supervision authority of the Contracting State and submit to the Financial Supervision Authority the following information and documents:

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Based on the above, my understanding is that a passportation of a license should be done via Contracting State's FSA to Finantsinspektsioon in regards offering insurance products.

In the Money Laundering and Terrorist Financing Prevention Act the following is stated:

§ 6. Credit institution and financial institution

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(2) For the purposes of this Act, 'financial institution' means:

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4) an insurance undertaking within the meaning of the Insurance Activities Act (hereinafter insurance undertaking) to the extent that it provides services related to life insurance, except for services related to mandatory funded pension insurance contracts within the meaning of the Funded Pensions Act;
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My interpretation of the AML Act §6.(2)4) is that an insurance agent offering non-life insurance services to legal persons would not fall under the scope AML legislation. Moreover, my interpretation is that in case of an insurance agent offering life insurances, it would not fall under the scope of AML Act either. Could you kindly confirm this interpretation and advise how to proceed with the above.

Thank you in advance for your help. Should you have further questions, do not hesitate to reach out.

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