

Country-by-country analysis - Lithuania

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

Consumer Protection Department
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EIOPA-BoS-21/584
06 January 2022

Note:

Powers of national competent authorities (NCAs):

In January 2021, EIOPA launched an online survey addressed to NCAs to gather input as to whether they are sufficiently empowered to carry out their tasks. The following information is based on the response from the Bank of Lithuania to this survey.

The figures should be interpreted with some caution as insurance markets – including the number and type of insurance intermediaries operating therein – vary significantly across Members States, as well as the supervisory structure and framework. **There are, therefore, limits to the level of comparability of data.**

Changes in the EU insurance distribution market:

In February 2021, EIOPA launched a survey addressed to NCAs to gather information on the insurance intermediaries' market structure and patterns of cross-border activities. The following information is based on the response from the Bank of Lithuania to this survey.

The figures should be interpreted with some caution as there are differences as to how intermediaries are registered in their home Member State, in the national categories of insurance intermediaries and in the approaches by NCAs to collect data.

LITHUANIA

Information on the insurance intermediaries' market structure and patterns of cross-border activity

General data of the national market (2020):

	Amounts	Share total EEA
Population (in 1000) ¹	2,794	0.6%
(Re)insurance GWP (in million) ²	652.75	0.04%
Number of (re)insurance undertakings ³	8	0.3%
Number of registered insurance intermediaries	3,335	0.4%

National competent authority:

Bank of Lithuania

Registered insurance intermediaries split by natural and legal persons:

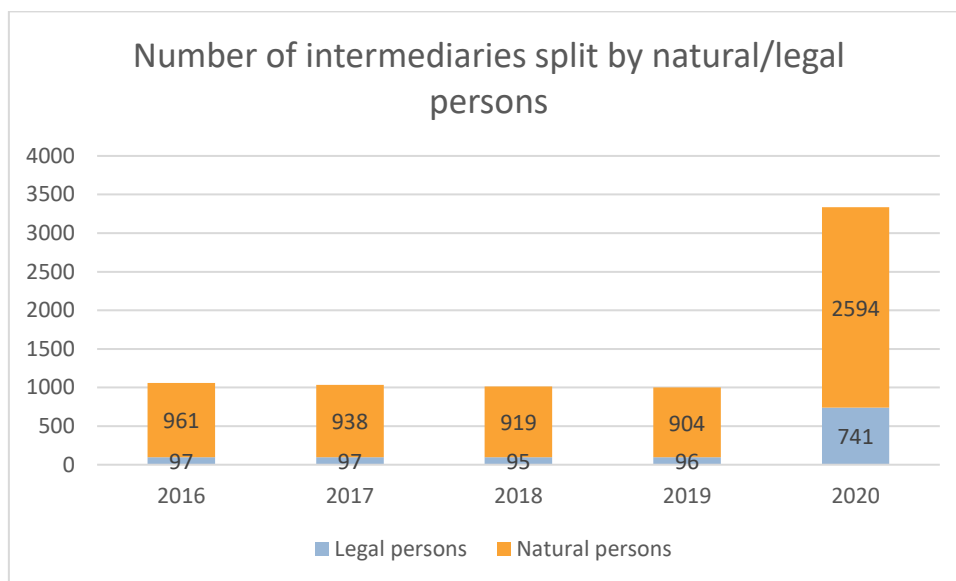
¹ Based on eurostat data:

<https://ec.europa.eu/eurostat/documents/2995521/11081093/3-10072020-AP-EN.pdf/d2f799bf-4412-05cc-a357-7b49b93615f1>

² (Re)insurance GWP includes life and non-life premiums generated by domestically registered undertakings year-end 2020 based on annually reported SII information:

https://www.eiopa.europa.eu/tools-and-data/insurance-statistics_en#Premiums,claimsandexpenses

³ Number of (re)insurance undertakings includes the domestically registered undertakings. Based on SII information (see link above)



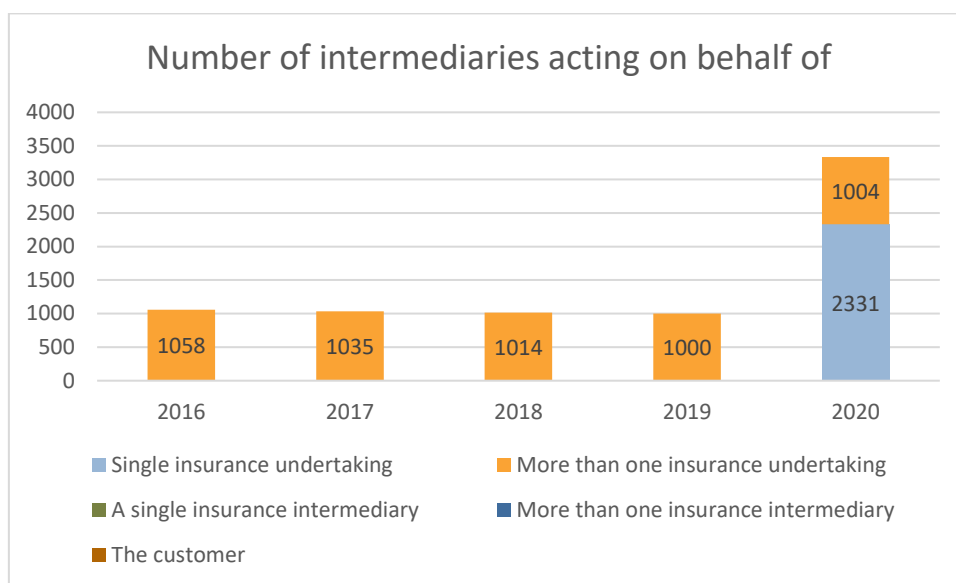
Comments provided by the NCA on the figures included in the chart above:

It should be noted that the Bank of Lithuania is responsible for registration of insurance brokerage companies, the Chamber of Insurance Brokers - for registration of insurance brokers (natural persons). Insurance agent companies (legal persons) and insurance agents are registered by insurers, the up-to-date list of insurance intermediaries acting on a single insurance undertaking is published on website of that insurer, so it is not possible to get data on the number of insurance intermediaries in 2016-2019. The number of natural persons in 2020 (2594) is a sum of the number of insurance brokers (905) and insurance agents (1 689). The number of legal persons in 2020 (741) is a sum of the number of insurance brokerage companies (99) and the number of insurance agent companies (642).

Online registration system:

<https://www.lb.lt/en/sfi-financial-market-participants?ff=1&market=2&type%5B%5D=2>). The information is regularly updated.

Registered insurance intermediaries split by categories based on the activities of insurance intermediaries:



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

Data provided on the number of insurance intermediaries acting on more than one insurance undertaking is the sum of of the number of insurance brokers and insurance brokerage companies. Regarding the number of insurance intermediaries acting on behalf of a single insurance undertaking (2331) is the sum of insurance agent companies and insurance agents (642+1689).

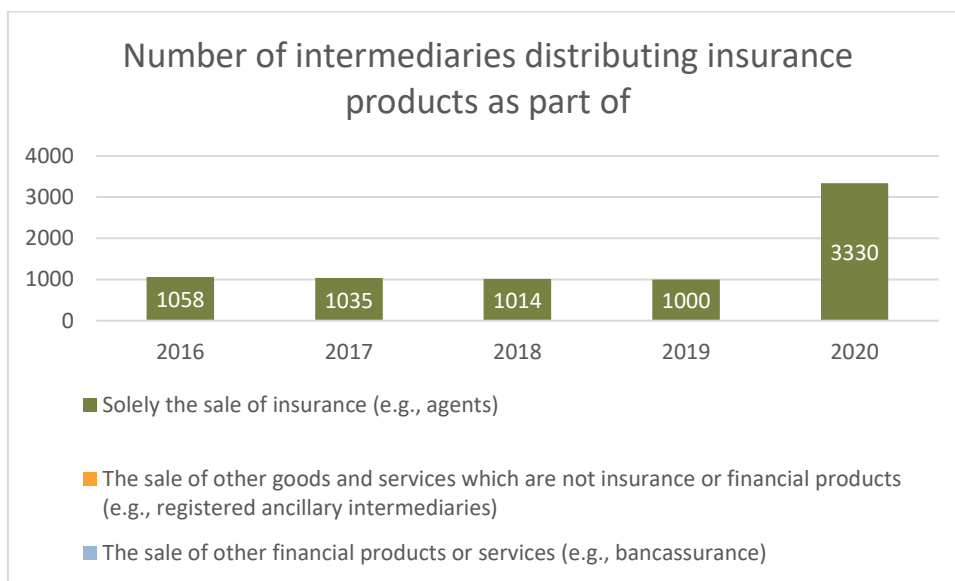
Registered insurance intermediaries split by categories based on the way in which they are paid:

Number of intermediaries paid in relation to the insurance contract	No intermediary is remunerated this way	Up to 25% of the intermediaries in the market are remunerated this way	25%-50% of the intermediaries in the market are remunerated this way	50%-75% of the intermediaries in the market are remunerated this way	More than 75% of the intermediaries in the market are remunerated this way
1. on the basis of a fee	-				
2. on the basis of a commission					3,335
3. on the basis of any other					

type of remuneration					
4. on the basis of a combination of any type of remuneration set out at points 1, 2 and 3					
5.Total number of registered intermediaries (5=1+2+3+4)	0.00	0.00	0.00	0.00	3335.00

Just 5% of income of insurance brokerage companies consists of the remuneration paid directly by the customer (just few companies have such contracts with clients), therefore, we indicated in the table that no intermediaries are remunerated this way.

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

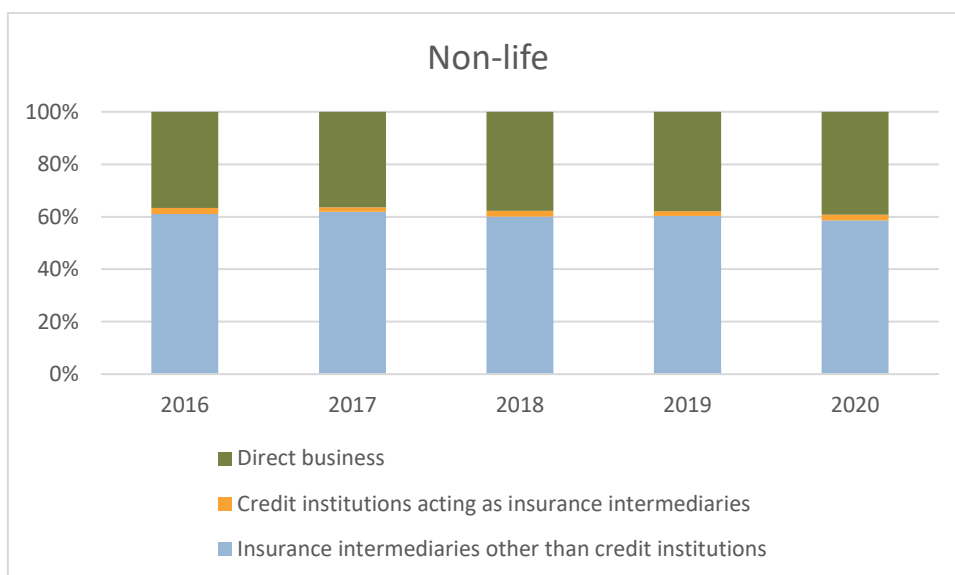
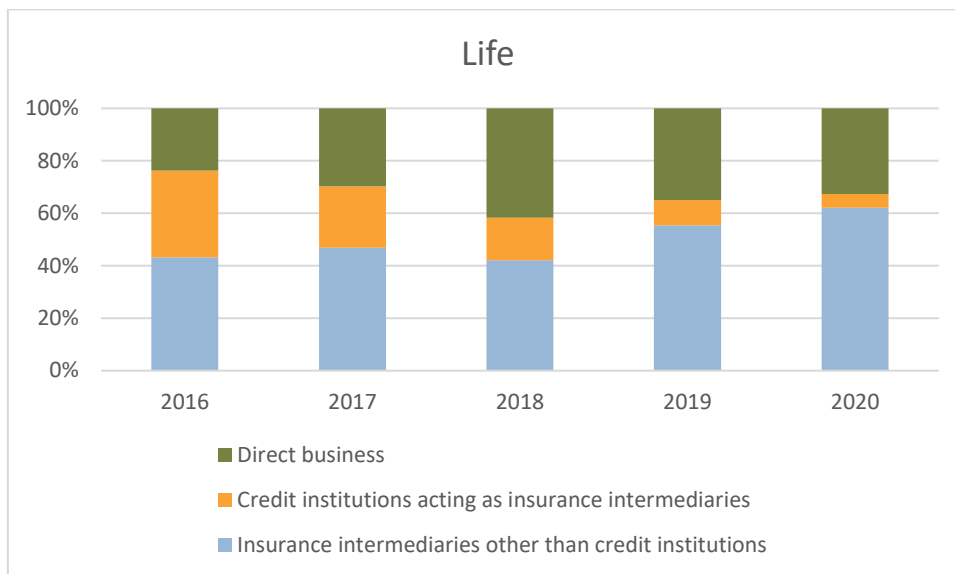


Comments provided by the NCA on the figures included in the chart above:

2016-2019 data provided on the number of insurance intermediaries distributing insurance products solely as the sale of insurance is the sum of the number of insurance brokers and insurance brokerage companies. As regards 2020 data, there are 5 banks, acting as insurance agent companies and providing bancassurance; the rest of the insurance intermediaries (insurance brokers, insurance brokerage companies, insurance agent companies and insurance agents) are indicated in the graph as insurance intermediaries distributing insurance products solely as the sale of insurance. It should be noted that number of insurance agent companies and insurance agents also includes ancillary intermediaries (insurers publish one list of registered insurance intermediaries containing different types of intermediaries (i.e., insurance agent companies, insurance agents and ancillary intermediaries)).

GWP split by distribution channels:

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

Data on gross premiums written via different distribution channels were reported by insurance undertakings (not by insurance intermediaries), in 2016 data were provided by 22 undertakings and branches, in 2017 - 21, in 2018 - 20, in 2019 - 20, in 2020 - 19.

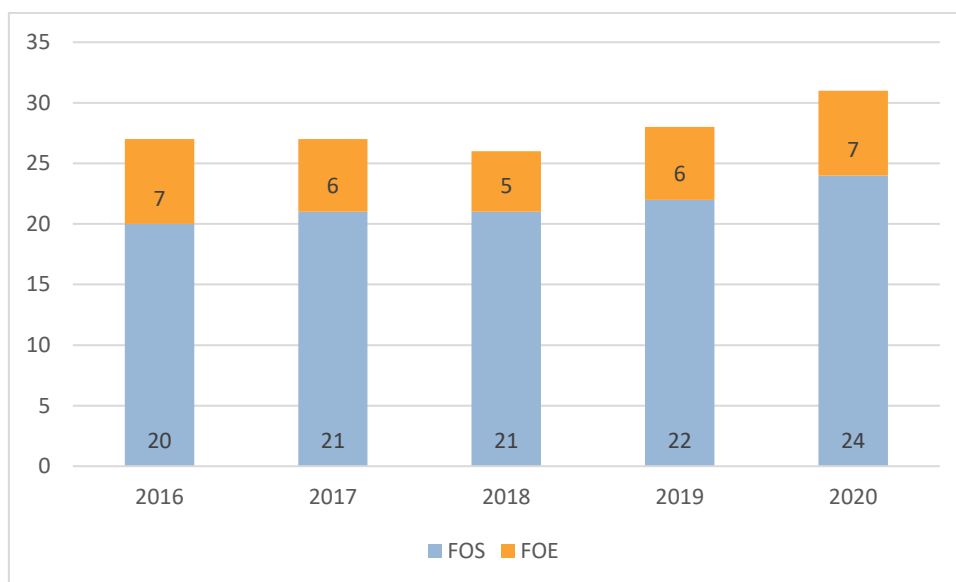
Proportion of online intermediation/sales (e.g. directly via websites, mobile applications, e-mails) in terms of the total volume of gross written premiums:

As mentioned before, data on gross premiums written via different distribution channels (including e-channel) were provided by insurance undertakings (not by insurance intermediaries). Therefore, we have data reported by insurers on their on-line sales (that comprised just about 3% from all premiums written (Non life: 1%; Life: 9%).

Comments provided by the NCA on the data above:

In 2020 insurance services were provided by 19 insurers registered in Lithuania: 8 undertakings and 11 branches of companies registered in other EU countries, of which, 8 insurers were engaged in life assurance activities and 11 – in non-life insurance activities. The life assurance market share held by branches comprised 63% of the market, while their share in the non-life insurance sector accounted for 51%. 99 insurance brokerage firms were operating at the end of 2020.

Number of domestic insurance intermediaries with a passport to carry out insurance mediation activities under freedom to provide services (FOS) or under freedom of establishment (FOE)



Number of insurance intermediaries with a passport to carry out insurance mediation activities under FOS or under FOE at the reference date 31.12.2020 split by host Member State:

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<i>Host Member State</i>	<i>1. FOS</i>	<i>2. FOE</i>	<i>3. TOTAL</i>
<i>Austria</i>	9	0	9
<i>Belgium</i>	10	0	10
<i>Bulgaria</i>	9	0	9
<i>Cyprus</i>	8	0	8
<i>Croatia</i>	5	0	5
<i>Czech Republic</i>	7	0	7
<i>Denmark</i>	11	0	11
<i>Estonia</i>	21	2	23
<i>Finland</i>	12	0	12
<i>France</i>	10	0	10
<i>Germany</i>	10	0	10
<i>Greece</i>	9	0	9
<i>Hungary</i>	10	0	10
<i>Iceland</i>	5	0	5
<i>Ireland</i>	9	0	9
<i>Italy</i>	9	0	9
<i>Latvia</i>	24	3	27
<i>Liechtenstein</i>	6	0	6
<i>Lithuania</i>	0	0	0
<i>Luxembourg</i>	9	0	9
<i>Malta</i>	9	0	9
<i>Netherlands</i>	9	0	9
<i>Norway</i>	6	0	6
<i>Poland</i>	20	2	22

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<i>Portugal</i>	9	0	9
<i>Romania</i>	9	0	9
<i>Slovakia</i>	10	0	10
<i>Slovenia</i>	9	0	9
<i>Spain</i>	9	0	9
<i>Sweden</i>	10	0	10
<i>Total EEA</i>	293	7	300

Information on the powers of the NCA

Statutory powers to implement the IDD:

Art. 1(5) of IDD has been transposed in the Law on Insurance (Art. 200 (4)) stating the Bank of Lithuania (supervisory authority) shall perform the following function – observe, analyse, check and supervise in other ways activities of insurance undertakings, reinsurance undertakings, insurance brokerage undertakings, branches of third country insurance and reinsurance undertakings and branches of third country undertakings of independent insurance intermediaries established in the Republic of Lithuania, their compliance with laws and other legal acts.

IDD provisions regarding registration of (re)insurance intermediaries and ancillary insurance intermediaries have been implemented in these Art. of the Law on Insurance: 158¹, 158⁶, 160, 162, 164, 182, 186, 186¹, 192. It should be noted that the Bank of Lithuania is responsible only for registration of insurance brokerage undertakings (Art. 158⁶ (1)) and branches of third country undertakings of independent insurance intermediaries established in the Republic of Lithuania (Art. 192). Other type of insurance intermediaries shall be registered by insurers/reinsurers (Art. 158⁶ (2)) (insurance agents), 186¹ (ancillary insurance intermediaries). Art. 158¹, 160, 162 and 182 of the Law on Insurance set out requirements for registration laid down in Art. 3(6) of IDD regarding information requested as a condition of registration of insurance, reinsurance and ancillary insurance intermediaries as well as in Art. 10 of IDD (professional and organisational requirements).

Provisions regarding the notification procedure (Art. 4 and 6 of IDD) are set out in Art. 188 of the Law on Insurance which reproduces the provisions of IDD on information to be communicated to the supervisory authority for the purpose of exercising FOS or FOE and the relevant actions of the supervisory authority.

Art. 5 and 8 of IDD have been implemented in Art. 210 of the Law on Insurance regulating supervision of insurance, reinsurance or ancillary insurance intermediaries of another EEA providing services or established in the Republic of Lithuania. This article sets out measures to be taken by the supervisory authority if there exists a reason to consider that an insurance, reinsurance or ancillary insurance intermediary acting within its territory under FOS or FOE is in breach of any obligation set out in this Directive (communication to the competent authority of the home Member State, etc.).

Provisions regarding publication of general good rules are set in Art. 190(1) of the Law on Insurance stating that the supervisory authority publishes on its website and regularly updates the list of legal acts of the Republic of Lithuania and information on the requirements of legal acts of the Republic of Lithuania applicable to insurance, reinsurance or ancillary insurance intermediaries providing services or establishing a branch in the Republic of Lithuania.

Articles 31, 32, 33, 35 and 36 of IDD have been transposed in these Art. of the Law on Insurance: 201 (in this article the rights of the supervisory authority, including the right to issue the mandatory instructions to eliminate violations of legal acts or shortcomings in activities within the term established by the supervisory authority; the right to suspend the provision of one or more insurance, reinsurance or distribution services of insurance or reinsurance products, etc., are set out), 201¹(provisions on reporting of breaches are set out), 204 (in this Article a list of sanctions, including sanctions of a public statement, withdrawal of the registration, etc., are set out), 205 (stipulating grounds and procedures for the application of sanctions), 208 (maximum administrative pecuniary sanctions are set out), 214 (provisions regarding submitting information to EIOPA in relation to sanctions and other measures are set out).

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

Provisions of IDD have been fully transposed in the national legislation, therefore, the Bank of Lithuania has all statutory powers to ensure the implementation of the IDD.

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

Tools	Insurance undertakings	Insurance intermediaries
Market monitoring	4	4
Data-driven market monitoring, beyond complaints data analysis	4	4
Thematic reviews	5	3
Mystery shopping	2	2
On-site inspections	4	4
Off-site monitoring	4	5
Consumer focus groups	1	1

Product oversight activities	4	2
Consumer research	3	1
Investigations stemming out of complaints	5	3
Other <i>a priori</i> supervisory activities (e.g., fit&proper assessments)	n/a	4

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

The supervisory tools specified for insurance intermediaries are most commonly used to supervise insurance brokerage undertakings.

Supervisory tools adopted before and following IDD implementation:

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

Tools adopted	Adopted before IDD implementation	Adopted following IDD implementation	Is planning to adopt this or next year	Would like to adopt but is not empowered to adopt
Market monitoring				
Data-driven market monitoring, beyond complaints data analysis				
Thematic reviews				
Mystery shopping				
On-site inspections				
Off-site monitoring				

Product oversight activities				
Consumer focus groups				
Consumer research				
Investigations stemming out of complaints				
Other <i>a priori</i> supervisory activities (e.g., fit & proper assessments) – indicate below				

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

Majority of supervisory tools were used before the IDD. Starting this year, we plan to conduct consumer surveys to assess their satisfaction with financial services.

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