

INTERNATIONAL MONETARY FUND



Staff Country Reports

Republic of Estonia: Report on the Observance of Standards and Codes—Banking Supervision, Data Module, Fiscal Transparency Module, Insurance Supervision, Payment Systems, Securities Supervision, and Transparency in Monetary and Financial Policies—Updates

These Updates to the Report on the Observance of Standards and Codes for the **Republic of Estonia** were prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with the member country. They are based on the information available at the time they were completed on **June 14–17, 2002**. The views expressed in these documents are those of the staff team and do not necessarily reflect the views of the government of the **Republic of Estonia** or the Executive Board of the IMF.

The policy of publication of staff reports and other documents by the IMF allows for the deletion of market-sensitive information.

To assist the IMF in evaluating the publication policy, reader comments are invited and may be sent by e-mail to Publicationpolicy@imf.org.

Copies of this report are available to the public from

International Monetary Fund • Publication Services
700 19th Street, N.W. • Washington, D.C. 20431
Telephone: (202) 623-7430 • Telefax: (202) 623-7201
E-mail: publications@imf.org Internet: <http://www.imf.org>

Price: \$15.00 a copy

**International Monetary Fund
Washington, D.C.**

This page intentionally left blank

INTERNATIONAL MONETARY FUND

REPUBLIC OF ESTONIA

**Update to the Report on the Observance of Standards and Codes, 2002—Banking
Supervision**

Prepared by the European II Department¹

June 17, 2002

This update on developments since the June 2000 Report on Observance of Standards and Codes (ROSC) was prepared on the basis of information provided by the Estonian authorities. For a full description of institutions and practices, it should be read in conjunction with the original report.

- Starting from January 1, 2002 the unified Estonian Financial Supervision Authority (FSA) is responsible for banking, insurance and securities market supervision.
- The following actions were taken to improve compliance with Basel Core Principles:

CP 1 (5) Legal protection. The Act of the FSA and The State Liability Act (enforced January 1, 2002) constitute the legal protection of supervisors.

CP 8 Asset quality. The decree No 9 by the Governor of the Bank of Estonia on rules for loan classification and loan-loss provisioning was enforced from July 1, 2000 (signed on June 27, 2000)

CP 10 Connected lending. Relevant provisions to the Credit Institutions Act (Article 84) were extended to managers of shareholders and to companies in which managers hold a qualifying interest (enforced January 1, 2002).

CP 11 Country risk. Country risk is covered by capital adequacy regulations that are based on the relevant provisions of the Credit Institutions Act. The November 7, 2000 Decree by the Governor of the Bank of Estonia states that banks have to classify their assets and liabilities according to country identification numbers. Both country and transfer risks are dealt with in Public Disclosure Reports where credit institutions have to describe their asset

¹ This *Update* was compiled by Alfred Schipke.

positions on a country basis. On July 1, 2002, the new capital adequacy and risk concentration calculation guidelines will be introduced.

CP 12 Market risk. Supervisors have received training during 2001 and 2002. A special provision was introduced to cover commodities and commodities derivatives in the capital adequacy framework.

CP 15 Money laundering. The formation of the unified FSA allows for better information sharing. In addition, the Estonian Banking Association has worked out guidelines on the prevention of money laundering for credit institutions in 2001. Anti-money laundering issues are discussed during monthly meetings of the anti-money laundering working group under the Estonian Banking Association where all the Estonian credit institutions, the Financial Intelligence Unit, the Bank of Estonia and the Estonian Banking Association are represented.

CP 18 Off-site supervision. Decree No. 9 by the Governor of the Bank of Estonia on rules for loan classification and loan-loss provisioning was signed on June 27, 2000 and became effective on July 1, 2000. The decree No. 11 by the Governor of the Bank of Estonia on reporting of credit institutions, which includes reporting of loan classes, was signed in November 2000 and is effective from December 2000 onward.

CP 19 Validation of information. On-site inspectors have additional rights, including the right to demand explanations from managers and employees of credit institutions, obtain information from the internal audit unit of the credit institution as well as from third parties with respect to the information about credit institution and companies belonging to the same consolidation group.

CP 20 Consolidated supervision. The Financial Supervisory Authority has the right to conduct on-site verifications of credit institutions, companies belonging to consolidated groups of credit institutions and branches of foreign credit institutions. The Financial Supervisory Authority shall carry out on-site verifications in credit institutions and companies which are parent companies of consolidation groups at least once every two years.

CP 23 Global consolidation. The Financial Supervision Authority has the power to revoke licenses granted to overseas branches of Estonian banks.

CP 24 Host country supervision. Host country supervision principles have been established. In addition, host country supervision principles are regulated in the Memoranda of Understanding in the field of banking supervision with Latvia, Lithuania and Finland.

INTERNATIONAL MONETARY FUND

REPUBLIC OF ESTONIA

Update to the Report on the Observance of Standards and Codes, 2002—Data Module

Prepared by the European II Department¹

June 14, 2002

This update on developments since the October 2001 Report on Observance of Standards and Codes (ROSC)—Data Module was prepared on the basis of information provided by the Estonian authorities. For a full description of institutions and practices, it should be read in conjunction with the original report.² The recommendations in the original report remain relevant except where noted below.

A. Real Sector

1. **Some progress has been made in easing access to source data and steps have been taken to improve serviceability.** Legislative barriers to access by the Statistical Office of Estonia (SOE) to tax data from the Estonian National Tax Board have been removed. However, a number of issues regarding confidentiality need to be resolved before the SOE is granted full access to these data. As regards serviceability, the SOE published a note in mid-2001 explaining revisions to the historical national accounts series³. The SOE has published its National Accounts Sources and Methods.⁴ Also, it recently surveyed users requesting views on which methodology to use for rebasing the national accounts.

B. Fiscal Sector

2. **Planned amendments to the State Budget Law include a revised coverage of general government to ensure consistency with the GFSM 2001 and ESA95.** Some

¹ This *Update* was prepared by Robert Burgess, Alfred Schipke, Niamh Sheridan, and Wayne Mitchell.

² The original report was issued as SM/01/318 and is available on the IMF website at <http://www.imf.org/external/np/rosc/rosc.asp>

³ For further details see the following web page <http://www.stat.ee/index.aw/section=10587>

⁴ For further details see the following web page <http://www.stat.ee/index.aw/section=8292>

elements of the revised coverage—including the consolidation within general government of the most important extrabudgetary funds—are already being followed in the preparation of the monthly and annual general government budget reports. The revised coverage, to be introduced in 2003, has been agreed by the Ministry of Finance, the Bank of Estonia, and the SOE, and should lead to greater consistency between the government finance statistics and other macroeconomic statistics. This will also be facilitated by more regular sharing of fiscal data between the ministry and the central bank.

3. **The consolidation procedure for compiling statistics on the general government finances has been revised in line with the *GFSM 2001*.** Social security contributions paid by the government as an employer are now shown as part of general government revenue and expenditure, and data for previous years has been revised accordingly.

C. Financial Sector

4. **The Bank of Estonia is working to improve the definitions and coverage of the monetary statistics.** In accordance with international guidelines (*MFSM 2000*), it has changed the definitions of the monetary aggregates by excluding deposits of non-residents and the central government. Also, it has taken steps to facilitate inclusion of data on Other Depository Corporations in the monetary statistics. To this end, an amendment to the Central Bank Law has been drafted and is expected to be submitted to Parliament in 2002. There have been initial contacts with savings and loan associations aimed at eliciting voluntary reporting.

D. External Sector

5. **Further steps are being taken to improve the balance of payments (BOP) statistics.** In March 2002, the Bank of Estonia began to publish the first monthly estimates of key balance of payments indicators.⁵ The Bank of Estonia also expects to finalize by end-2002 preparations to compile quarterly BOP with EU member countries, a statistical requirement for EU membership, and non-EU countries. Under consideration for 2003 is the collection of data on financial account transactions on a gross basis. These data would facilitate assessment of the country's external vulnerability. As regards serviceability, preliminary BOP data are now clearly distinguished from revised data.

⁵ For further details see the following web page <http://www.ee/epbe/en/balance.html>

INTERNATIONAL MONETARY FUND

REPUBLIC OF ESTONIA

**Update to the Report on the Observance of Standards and Codes, 2002—Fiscal
Transparency Module**

Prepared by the European II Department¹

June 14, 2002

This update on developments since the July 2001 Report on Observance of Standards and Codes—Fiscal Transparency was prepared on the basis of information provided by the Estonian authorities. For a full description of institutions and practices, it should be read in conjunction with the original report.² The recommendations in the original report remain valid except where noted below.

1. **The authorities have agreed upon a revised definition of general government that is designed to satisfy both the GFSM 2001 and ESA95.** The planned amendments to the State Budget Law, which would give the revised definition a firm legislative basis, have not yet been passed. The existing budget presentation is, however, already consistent with most of the planned amendments to the State Budget Law. The principal extrabudgetary funds, foreign-financed capital expenditures, and the operations of the Stabilization Reserve Fund, for example, have already been fully consolidated within general government in the monthly and annual general government budget reports. The authorities intend to follow the new definition of the general government in the preparation of general government budget reports from 2003 onwards. Local governments will also be required to follow the new classification in their budget reports.

2. **Improvements to the monthly reporting system are underway that will enable the cross classification of general government expenditure by both economic type and function.** Accounting reforms are also being introduced which should facilitate the provision of more accurate and comprehensive information about the government's balance sheet and, eventually, pave the way for accrual budgeting and reporting. The reforms, which are based on IPSAS, ESA95, and GFSM standards, will result in new accounting rules, a new chart of accounts, and revised reporting forms—each of which will be consistent with the new budget

¹ This *Update* was prepared by Robert Burgess and Kalle Kukk, Economic Analyst in the IMF office in Estonia.

² The original report was issued as SM/01/170 and is available on the IMF website at <http://www.imf.org/external/np/rosc/rosc.asp>

classification. These reforms are expected to be completed and implemented within the next two years. Responsibility for ensuring that revised reporting practices are properly followed has been raised from agency to ministerial level.

3. **National control over local government finances has been enhanced through recent amendments to the Local Government Budget Act.** The limits on local government borrowing in excess of 12 months have been tightened, with the maximum allowable stock of debt reduced from 75 to 60 percent of projected revenues. The coverage of borrowing has also been extended to include financial leasing, and other financial liabilities except where covered by planned budget allocations. The new law also enables the central government to withhold transfers from the State Budget if borrowing limits are exceeded or if local governments fail to provide sufficient information about their liabilities.

4. **The following other improvements have also taken place since the 2001 ROSC was issued:**

- last year, a mid-year review of budget performance—containing the budget results for the first six months of the year and estimates for the remainder of the year—was prepared for the Cabinet, and made publicly available.
- *The government's fiscal strategy document for 2002 includes estimates of the sensitivity of tax revenues to changes in economic growth.*
- Since the beginning of 2002, the authorities have begun to include some estimates of the gross stock of government debt and financial assets in the monthly government budget reports.

INTERNATIONAL MONETARY FUND

REPUBLIC OF ESTONIA

**Update to the Report on the Observance of Standards and Codes, 2002—Insurance
Supervision**

Prepared by the European II Department¹

June 17, 2002

This update on developments since the June 2000 Report on Observance of Standards and Codes (ROSC) was prepared on the basis of information provided by the Estonian authorities. For a full description of institutions and practices, it should be read in conjunction with the original report.

- Starting from January 1, 2002 the unified Estonian Financial Supervision Authority is responsible for banking, insurance and securities market supervision.
- The following reflects information on recent changes and developments:

ISP 1 Licensing and ISP 2 Changes in Control. The Insurance Activity Act (IAA), Article 12 now contains a thorough list of information and documentation required upon licencing, including data on shareholders, supervisory board and management. Article 24 contains the list of preconditions to be fulfilled by members of aforementioned bodies in the process of licencing, including explicit requirements on the suitability of owners. IAA § 32 requires that a person who intends to acquire a qualifying holding, or to increase a qualifying holding so that the proportion of the share capital or votes held by the person exceeds 20, 33 or 50 percent or more is required to seek prior approval from the IAA. Starting from January 1, 2002, the FSA has the sole right of granting and withdrawing licenses.

ISP 4 Internal Controls. The IAA, Article 46 requires that insurers establish internal rules to regulate the activities of the managers and employees to ensure observance with legislation regulating the activities of the insurer and with resolutions of the directing bodies. IAA, Article 45 requires that an insurer form an independent internal audit unit so as to monitor all the activities of the insurer and its observance with legislation and best practice. The staff members performing

¹ This Update was compiled by Alfred Schipke.

internal audits are required to communicate immediately to the supervisory board and management board of the insurer, as well as to the FSA, any information that indicates a violation of law or which may affect adversely the interest of policyholders and the insured.

ISP 5 Prudential Assets and ISP 7 Capital Adequacy and Solvency. The IAA, Article 43 stipulates requirements of using derivatives as in the EU third directives on life and nonlife insurance. The instruction issued by the MOF on calculating the solvency margin was changed by The Degree of Ministry of Finance No. 71 in order to conform with European Union's first non-life insurance directive. On January 1, 2002 the new Degree of the Ministry of Finance "Order of Calculating Solvency Margin of Insurance Company" came into force. It also conforms to the European Union's first non-life insurance directive (Article 16.)

ISP 11 Monitoring, On-site Inspections, and Access to Information. The IAA, Article 76 provides the legal basis for the supervision of affiliates and companies belonging to the same group, but also associated companies. According to Article 80, the ISA has full access to information in order to conduct supervision.

ISP 12 Sanctions. According to the IAA, the FSA has more powers (fines, invocation of special regime, withdrawal of licence) in order to protect the interest of policyholders and insured persons.

ISP 13 Coordination and Cooperation. The FSA has signed two Memoranda of Understandings with home country supervisors of foreign insurance companies with affiliates in Estonia. The MOU with the Finnish Supervisory Authority have been concluded in the field of insurance market supervision on March 2002. The MOU with Germany have been concluded on the co-operation in the field of insurance, banking and investment firms' supervision in March 2002.

ISP 14 Confidentiality. According to the Financial Supervision Authority Act (FSAA), Article 54 states that information obtained in the course of the state supervision activities of the FSA is confidential and not subject to disclosure. FSAA will also allow confidential information obtained upon inspections to be disclosed to the employees of the Bank of Estonia and public servants of the MOF for the performance of their functions, on the condition that they are required to maintain confidentiality. Confidential information and documents containing information on the results of financial supervision may be disclosed also to the foreign supervisory body for supervisory purposes only.

INTERNATIONAL MONETARY FUND

REPUBLIC OF ESTONIA

Update to the Report on the Observance of Standards and Codes, 2002—Payment Systems

Prepared by the European II Department¹

June 17, 2002

This update on developments since the June 2000 Report on Observance of Standards and Codes (ROSC) was prepared on the basis of information provided by the Estonian authorities. As the Estonian Authorities have introduced a new interbank payment and settlement system starting from January 21, 2002, the assessment of June 2000 is not applicable anymore. A factual description of the new payment system is given below.

- The new interbank payment and settlement system is based on two subsystems—the Real Time Gross Settlement System (RTGS) and the Designated Time Net Settlement System (DNS)—have been in operation since January 21, 2002. Currently only the RTGS system and the DNS system are considered as Systemically Important Payment Systems (SIPS). Both systems are owned and managed by the Bank of Estonia. The RTGS system is used for processing high-value transactions (all transactions above 1 million Euro have to be settled within the RTGS system) and urgent payments on gross basis through the participants' settlement accounts held in the Bank of Estonia. The DNS is used for processing payment that amount to less than Euro 1 million. The DNS system is based on multilateral netting procedures and the final settlement of net claims and obligations is done through the RTGS system.
- Payment and settlement activities are regulated by the Law of the Central Bank of the Republic of Estonia (May 18, 1993 and amended April 5, 1994), the Credit Institutions Act (February 9, 1999) and relevant decrees of the Governor of Bank of Estonia. The Bank of Estonia Governor's Decree No. 1 of January 10, 2002 establishes General Terms and Conditions and Price-lists of the RTGS and DNS systems. The same decree gives to administrator of both systems the right to establish technical conditions, including contingency plan.

¹ This *Update* was compiled by Alfred Schipke.

- Prompt final settlement on the day of value is provided by the RTGS system through the real time settlement on participants' accounts held with the Bank of Estonia. In the DNS system the net settlement takes place continuously throughout the day. The net claims and obligations of the DNS system participants are settled at the end of the day through the RTGS system. General terms and conditions of RTGS and DNS systems clearly define finality of settlement.
- Assets used for settlement in RTGS system are claims on central bank. The DNS system is fully protected, that is, all net obligations of each DNS system participant are 100 percent protected by collateral deposited in the central bank. Liquidity problems in the payment systems have been seldom given the high monthly averaged reserve requirement. In addition, should a commercial bank experience liquidity problems, it may borrow funds from the interbank money market or sell unlimited foreign currency or eligible foreign fixed income securities to the Bank of Estonia in real time.
- The persons having the right to become participants of the DNS and RTGS systems are specified in the contract, the general terms and conditions, and the technical conditions of the systems. All credit institutions and the Estonian Central Securities Depository (ECSD) are participants of the DNS system. There are three types of participants in the RTGS system: fully qualified participants, participants with restricted rights, and net settlement systems managers.
- The Bank of Estonia Governor's Decree No 1 of January 10, 2002 established two councils. The Council of Payment System Experts is a standing body comprising payment specialists who recommend upgrading of payment and settlement systems. The Bank of Estonia appoints three members of the Council and each of the payment and settlement system members appoints one member. The Arbitration Court of Council of Payment System Experts is a three-member out-of-court arbitration body to settle disputes between participants of the payment systems. The Bank of Estonia appoints one member of the arbitration body and two other members are appointed by each of the dispute parties.
- The Bank of Estonia has two different roles with respect to the payment system (operational role and oversight role), the tasks and responsibilities associated with these roles have been assigned to two different departments. The operational role of the system is performed by the Clearing and Settlement Department. The Financial Stability Department is responsible for the development of legal framework of the payment and settlement systems, development and implementation of the payment and settlement system policy, and the oversight of the payment systems.

INTERNATIONAL MONETARY FUND

REPUBLIC OF ESTONIA

Update to the Report on the Observance of Standards and Codes, 2002—Securities Supervision

Prepared by the European II Department¹

June 17, 2002

This update on developments since the June 2000 Report on Observance of Standards and Codes (ROSC) was prepared on the basis of information provided by the Estonian authorities. For a full description of institutions and practices, it should be read in conjunction with the original report.

- Starting from January 1, 2002 the unified Estonian Financial Supervision Authority (FSA) is responsible for banking, insurance, and securities market supervision. The functions were formerly executed by several institutions such as the Banking Supervisory Department of the Bank of Estonia, the Insurance Supervisory Authority and the Securities Inspectorate. The Financial Supervision Authority is an agency with autonomous competence and a separate budget, which operates at the Bank of Estonia.
- The Management Board of the FSA is the decision-making body in issues related to the conduct of financial supervision. Measures regarding the liability of members of the management board are stipulated in Article 29 of the FSA. The rules for the avoidance of conflicts of interests and for the use of confidential information are specified in FSA Articles 32 and 33.
- The FSA has the right to communicate confidential information to foreign counterparts if the latter agrees to maintain the confidentiality of the information received and to use the information only for the purposes of financial supervision. The specific rights, obligations, and procedures of information are specified in Memoranda of Understandings. Memoranda exist with respect to Finnish and German counterparts. Negotiations with counterparts in other countries are ongoing.

¹ This *Update* was compiled by Alfred Schipke.

This page intentionally left blank

INTERNATIONAL MONETARY FUND

REPUBLIC OF ESTONIA

**Update to the Report on the Observance of Standards and Codes, 2002—
Transparency in Monetary and Financial Policies**

Prepared by the European II Department¹

June 17, 2002

This update on developments since the June 2000 Report on Observance of Standards and Codes (ROSC) was prepared on the basis of information provided by the Estonian authorities. For a full description of institutions and practices, it should be read in conjunction with the original report.²

A. Monetary Policy

- The Bank of Estonia has further increased the availability of information to the public. Forecasts for inflation and GDP growth have been published from the second half of 2000. From spring 2001 a special press conference is held semi-annually to introduce the central bank economic forecast followed by the publication of the Comments on Economic Forecasts on the website of the Bank of Estonia³.
- The Bank of Estonia has also started as of December 2000 to publish on its website technical comments “Review on the monetary policy environment”, which cover recent developments of monetary and credit aggregates (in Estonian only). In January 2002, definitions of monetary aggregates were changed to avoid confusion among data users.⁴ As a result uniform aggregates are now used in monetary

¹ This *Update* was compiled by Alfred Schipke.

² The original report is available on the IMF website at <http://www.imf.org/external/np/rosc/rosc.asp>

³ See the website http://www.ee/epbe/en/release/index_technical.html.

⁴ Changes in monetary aggregates are explained on the Bank of Estonia website <http://www.ee/epbe/en/release/20020220.html>.

analysis and related publications. The new monetary aggregates exclude deposits of non-residents and the central government.

B. Banking Supervision

- Starting from January 1, 2002 the unified Estonian Financial Supervision Authority (FSA) is responsible for banking, insurance and securities market supervision⁵.
- Pursuant to the Financial Supervision Authority Act (adopted 9 May 2001, enforced 1 January 2002) FSA is an agency with autonomous competence and a separate budget, which operates at the Bank of Estonia. According to Article 52 of the Financial Supervision Authority Act, the FSA publishes annually a yearbook containing the annual report of the FSA approved by the Supervisory Council, a list of advisory guidelines and relevant explanations issued by FSA and a summary report on the activities of subjects of the financial supervision during the previous calendar year. The annual report of FSA is submitted to the Parliament together with the annual report of the Bank of Estonia.
- The formation of FSA reduces coordination and information sharing problems in banking, securities and insurance supervision. A formal co-operation and information sharing agreement between the FSA, the Bank of Estonia and the Ministry of Finance is currently being prepared. In addition, several Memoranda of Understanding have been concluded with foreign financial supervision authorities⁶.
- The regulatory framework of banking supervision was further improved and clarified by the Credit Institutions Amendment Act (adopted December 13, 2001). Legal protection of supervisors was enhanced by the State Liability Act (adopted 2 May 2001) and the Financial Supervisory Authority Act.

C. Deposit Guarantees

- According to the Guarantee Fund Act passed by Parliament in February 2002 (to become effective July, 1, 2002), the Deposit Guarantee Fund will be reorganised into the Guarantee Fund, which, in addition to deposit insurance, provides protection to clients of investment institutions and unit-holders of mandatory pension funds. The joint fund for three different schemes has separate pools of

⁵ The Financial Supervision Authority's website: <http://www.fi.ee/>.

⁶ The MoUs in the field of banking supervision have been concluded with Latvia, Lithuania and Finland. The Memorandum with the Finnish Supervisory Authority was amended in the field of securities market supervision in February 2002. The MoU with Germany has been concluded in March 2002 regarding the co-operation in the field of insurance, banking and investment firms' supervision.

assets for collecting contributions, making compensation payments and accounting. The policy set up and management accountability follow the same principles as the previous Deposit Guarantee Fund.

D. Securities Regulation

- Starting from January 1, 2002 the unified Estonian Financial Supervision Authority became operational. The new authority is responsible for supervising banking, insurance and securities market sectors (see item B. Banking Supervision for further information).
- As regards the securities market regulatory framework, the new Securities Market Act (SMA) was adopted on October 17, 2001 and entered into force from January 1, 2002 onward. The formal objectives of securities supervision are stipulated in the Financial Supervision Authority Act (FSAA) and the responsibilities of the FSA are clearly stated in the FSAA and the SMA. The SMA has increased and specified the rights and obligations, the mandate and the powers of the FSA (the sole right of granting and withdrawing licenses, more precisely regulated power to impose sanctions and to exercise supervisory rights). The SMA along with the FSAA ensures that the Tallinn Stock Exchange (TSE) is subject to appropriate oversight by the FSA.
- The new regulatory structure is designed to ensure the proportionate position of the securities market supervision in the FSA as well as its appropriate integration with the rest of the financial sector supervision.
- Under the new SMA and the relevant secondary legislation, the activities of investment firms with respect to investment services are regulated, and capital adequacy and reporting requirements for investment firms have been established.
- The new Funded Pensions Act was adopted and it entered into force on October 1, 2002. The FSA issued 6 licenses for pension fund managers.

E. Insurance Regulation

- Starting from January 1, 2002 the unified Estonian Financial Supervision Authority became operational. The new authority is responsible for supervising banking, insurance and securities market sectors (see item B. Banking Supervision for further information).
- As regards the insurance market regulatory framework the new Insurance Activities Act (IAA) entered into force on August 1, 2000. The IAA has increased and specified the rights and obligations, the mandate and the powers of the FSA (the sole right of granting and withdrawing licenses, more precisely regulated power to impose sanctions and to exercise supervisory rights).

- The Chapter of the IAA regulating insurance intermediaries entered fully into force on August 1, 2001. This particular regulation establishes supervision over insurance intermediaries, which was non-existent before August 2001.
- In April 2001 the new Motor TPL Insurance Act was adopted by the Parliament and entered into force from June 2001.
- The Act of Contracts and Other Obligations containing the chapter on Insurance Contracts was passed by the Parliament in September 2001 and will be enforced by a separate act by 2003 at the latest.