

Agreement of Mutual Co-operation

Gvido Romeiko Head of State Insurance Supervisory Inspectorate of Latvia and Ellen Ridaste, General Director of Estonian Insurance Supervisory Authority and Edvinas Vasilis-Vasilauskas Head of State Insurance Supervisory Authority of Lithuania, elsewhere in this document referred to as "parties to the agreement", have taken up their position that due to the development in insurance business in Baltic states strengthening of mutual relations between insurance companies has taken place, deriving from common ownership, common leadership, mutual capital interests and mutual loans; the result of which is mutual managerial and financial dependence and coincidence of interests. This has caused formation of consolidated groups which, in many cases, comprise banks, financing institutions and several other kinds of enterprises as well.

Parties to the agreement find that the mutual personal, managerial and financial dependence between insurance companies as well as the emergence of complicated management structures renders it more difficult for the supervisory authorities to do their job and endangers the interests of the clients of insurance companies.

The parties to the agreement, considering the points mentioned above, find it necessary:

- 1) When supervising groups of mutually dependant insurance companies to apply the principles of consolidated supervision as established in the 92/30/EEC Directive of EEC of April 6 1992;
- 2) To co-ordinate the work on the basis of recommendations addressed to the banking-, securities- and insurance companies supervisory authorities of the countries of the world to co-ordinate their activity;
- 3) At the request of the parties to the agreement and on mutual basis to exchange information about common directors, owners and financial relations of the insurance companies belonging to a group as well as single companies and institutions;
- 4) To establish that the information exchanged according to the point 3) will be confidential and will be allowed to be used only in supervisory purposes;
- 5) To render instant help, if requested, to the other party to the agreement in controlling the institutions falling under its supervision and in studying their managerial and financial relations.

This agreement is concluded in 20 April 1998

Gvido Romeiko

Head of State Insurance
Supervision Inspectorate
of Latvia



Ellen Ridaste
General Director of
Estonian Insurance
Supervisory Authority



Edvinas Vasilis-Vasilauskas

Head of State Insurance
Supervisory Authority
of Lithuania