
FAQ

What is a pension contract?

A pension contract within the meaning of the Guarantee Fund Act is a mandatory funded pension insurance contract established by the Funded Pensions Act. A pension contract is a contract concluded between a unit-holder and an insurance undertaking for a mandatory funded pension. The right to conclude a pension contract is granted to an insurance undertaking (life insurance undertaking) established in Estonia and to the Estonian branch of an insurance undertaking established in a contracting state of the European Economic Area.

Whose transfer of the insurance portfolio of pension contracts is the Guarantee Fund obliged to support, if necessary?

The Pension Contracts Sectoral Fund of the Guarantee Fund is used to support the transfer of the insurance portfolio of pension contracts of a life insurance undertaking (insurance undertaking) operating under authorization in Estonia and the Estonian branch of an insurance undertaking of a contracting state of the European Economic Area to another insurance undertaking.

What is the transfer of a policyholder's pension contract to another insurance undertaking?

The transfer of a policyholder's pension contract to another insurer guarantees pension payments to policyholders under the mandatory funded pension insurance contract.

How much is the amount of support?

The fulfilment of the obligations under the pension contract is fully guaranteed up to the amount of the monthly pension payments equal to one of the national pension rates established under the State Pension Insurance Act. In addition, 90% of the amount exceeding the above-mentioned national pension rate is guaranteed.

From 1 April 2023, the national pension rate is 336.39 euros.

What pension contracts are not subject to guarantee?

The Pension Contracts Sectoral Fund of the Guarantee Fund does not support the transfer of a policyholder's pension contract to another insurance undertaking if, at the time of the events giving rise to the support (withdrawal of an insurance undertaking's authorization, introduction of a special regime for insurance undertaking or declaration of bankruptcy), the policyholder who took out the pension contract was:

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- 1) a member of the management or supervisory board of the insurance undertaking whose portfolio was being transferred, or its auditor;
 - 2) the spouse of the person mentioned in clause 1;
 - 3) a member of the management or supervisory board of the parent undertaking or the spouse of a member of the management board of the insurance undertaking whose portfolio was being transferred.

What are the terms of support?

- In the event of the revocation of an insurance undertaking's authorization, the establishment of a special regime for an insurance undertaking or the declaration of bankruptcy of an insurance undertaking, the Financial Supervision Authority immediately notifies the Guarantee Fund of said event and the insurance undertaking or branch concerned.
- The Financial Supervision Authority determines whether it is necessary to support the transfer of the insurance portfolio of pension contracts of an Estonian insurance undertaking or a branch of a contracting state of the European Economic Area from the Pension Contracts Sectoral Fund and makes a relevant proposal to the Supervisory Board of the Guarantee Fund.
- The Financial Supervision Authority organizes a competition for the transfer of the insurance portfolio.
- The Financial Supervision Authority informs the Guarantee Fund of the designation of the insurance undertaking of the Fund's insurance portfolio without delay once the relevant decision has been taken.
- The transferor of the insurance portfolio, the transferee, and the Guarantee Fund conclude the contract for the transfer of the insurance portfolio specified in § 132 of the Insurance Activities Act.

What is the term for payment of the amount of support?

The Guarantee Fund pays the amount of support no later than one month after receiving the notice from the Financial Supervision Authority on the designation of the insurance undertaking accepting the insurance portfolio.

At the request of the Guarantee Fund, the Financial Supervision Authority may, with good cause, extend this term.