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COMPLIANCE GUIDE

Insurance & Insurtech Compliance in Latvia

COUNTRY Latvia

INDUSTRY Insurance & Insurtech

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KEY REGULATORS Latvijas Banka · Financial Intelligence Unit of Latvia (Finanšu izlūkošanas dienests) · Data State Inspectorate

Key takeaways

- Selling insurance in Latvia needs a licence for each insurance class from Latvijas Banka (the central bank and financial supervisor), or an insurer licensed elsewhere in the European Union or European Economic Area using its passport. Brokers, agents and retailers that bundle insurance with their goods must also be registered.
- Anti-money laundering (AML) rules apply only to life insurance and other savings-linked policies, and to intermediaries that sell them. Non-life insurers do not have to run AML customer due diligence, but they must still manage sanctions risk and freeze sanctioned persons' assets.
- Life insurers may finish verifying a low-risk customer after the policy starts, but no later than the payout. The beneficiary must be identified and checked for political exposure before any money is paid.
- Online onboarding is allowed. A customer who is not seen in person triggers enhanced checks unless the insurer has the required policies and staff training and uses one of four government-approved remote methods: qualified e-signature or national eID, live video identification, identity data from the customer's bank, or a document photo matched to a selfie.
- From 10 July 2027 the EU Anti-Money Laundering Regulation applies directly in Latvia, and the government plans a new national AML law in 2027 to go with it.

Latvia is open to digital insurers and insurtechs. Insurers established elsewhere in the European Economic Area can sell through a branch or across borders under their home licence, and online distribution is recognised in law. The market is supervised by a single integrated authority: Latvijas Banka licenses and supervises insurers and intermediaries for prudential, conduct, AML and sanctions purposes, while the Financial Intelligence Unit of Latvia (Finanšu izlūkošanas dienests) receives suspicious transaction reports and threshold declarations.

The biggest practical hurdle for a new life or investment-linked entrant is remote identification. The Cabinet regulation on non-face-to-face identification sets method-by-method technical conditions, and anything outside it pushes the customer into enhanced due diligence.

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1 Who regulates this sector

Since 1 January 2023 Latvijas Banka has held the powers of the former Financial and Capital Market Commission.

Authority	Remit for insurance	Level	Official site
Latvijas Banka	Licensing and prudential supervision of insurers; registration and conduct of brokers and other intermediaries; AML and sanctions supervision; digital resilience and AI Act supervision; administrative fines	National	bank.lv
Finanšu izlūkošanas dienests (Financial Intelligence Unit of Latvia, FIU Latvia)	Receives suspicious transaction reports and threshold declarations; grants exemptions under sanctions law	National	fid.gov.lv
Datu valsts inspekcija (Data State Inspectorate)	Supervisory authority under the General Data Protection Regulation, including biometric processing in onboarding	National	dvi.gov.lv
European Insurance and Occupational Pensions Authority (EIOPA)	EU supervisory convergence; Latvijas Banka reports certain sanctions imposed on insurers to it	Supranational	eiopa.europa.eu

2 Licensing and authorisation

Insurers

Only a person holding an insurance licence may provide insurance services, and the licence is issued separately for each class: 18 non-life classes and 7 life classes (Apdrošināšanas un pārapdrošināšanas likums [Insurance and Reinsurance Law], Sections 4 and 19). The applicant must be a joint-stock company, a European company or a mutual cooperative, and must hold eligible basic own funds at least equal to the absolute floor of the minimum capital requirement (Section 21). Under Section 130(3) the floor is EUR 2.7 million for non-life (EUR 4 million with liability, credit or suretyship classes) and EUR 4 million for life. The application includes a business plan, a bank confirmation that the capital floor has been paid in, and governance policies (Section 22). Latvijas Banka decides within six months (Section 30(1)). Licences are indefinite and valid across the EU and EEA through a branch or the freedom to provide services (Section 4(5)).

Fees

There is no licence application fee in the Insurance and Reinsurance Law; insurers pay Latvijas Banka a supervision fee on gross written premiums, invoiced quarterly: currently 0.130% for savings life and compulsory motor liability business and 0.184% for other classes (Section 14; Latvijas Banka Regulation No. 235). Brokers pay EUR 250 to register, then 0.7% of distribution income a year (EUR 150 to EUR 1,000) (Distribution Law, Section 60).

Intermediaries and embedded insurance

The Apdrošināšanas un pārapdrošināšanas izplatīšanas likums (Insurance and Reinsurance Distribution Law) requires every distributor to be registered before it starts selling (Section 5). Brokers are registered with Latvijas Banka, agents by their insurer, and ancillary intermediaries (retailers and platforms adding cover to their own goods or services) by the insurer or broker they work for. Small ancillary sales (up to EUR 600 a year, or EUR 200 per person for services up to 90 days) are largely exempt, but must still be registered (Section 3(2)).

Operating without authorisation

Unlicensed insurance can draw a warning or a fine of up to EUR 142,000 (Insurance and Reinsurance Law, Section 94(1.1)); unregistered distributors and the insurers using them can also be sanctioned (Distribution Law, Section 65(1)).

3 AML, KYC and customer due diligence

Who is in scope

Under the Noziedzīgi iegūtu līdzekļu legalizācijas un terorisma un proliferācijas finansēšanas novēršanas likums (Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing, the AML Law), an insurer is a financial institution, and therefore an obliged entity, only insofar as it carries on life insurance or other savings-linked insurance. The same applies to intermediaries selling those products (Section 1, point 7(a) and (b); Section 3(1)).

Non-life insurers fall outside the AML Law, but every person in Latvia must comply with international and national sanctions, and every entity supervised by Latvijas Banka must assess its sanctions risk and maintain a sanctions internal control system (Starptautisko un Latvijas Republikas nacionālo sankciju likums [Law on International Sanctions and National Sanctions of the Republic of Latvia], Sections 2, 5 and 13.1).

Customer due diligence and its timing

Due diligence normally precedes the relationship (AML Law, Section 11(1)). Where a documented assessment shows low risk and no enhanced due diligence is required, life and savings insurers may complete identity verification and beneficial owner checks after the policy starts, but before the beneficiary receives a payout or exercises policy rights (Sections 11(4) and 18(6)). The assessment and limits on transactions must be documented (Section 11(5)).

Beneficiaries are in scope in their own right. Once named, the insurer records the beneficiary's name; for a class of beneficiaries, it collects enough information to identify them at payout; and for a legal person or arrangement, it identifies the beneficial owner. All of this must be done before payout or before the policy is assigned to another insurer (Section 11.1(9) and (10)). The insurer must also check, before payout or transfer, whether the beneficiary or its beneficial owner is a politically exposed person (PEP) (Section 25(2.1)).

Simplified and enhanced due diligence

Simplified due diligence may be applied to life policies with an annual premium of no more than EUR 1,000 or a single premium of no more than EUR 2,500, and to annuity contracts with no early surrender option that cannot be used as collateral (Section 26(4)). Enhanced due diligence is required for non-face-to-face customers (unless the conditions in section 5 below are met), PEPs, and other higher-risk cases (Section 22(2)). The national risk assessment published in 2026 lists term life cover without savings and life policies with

annual premiums up to EUR 4,000 among low-risk cases (Annex 3). Latvijas Banka Regulation No. 316 also requires client risk scoring and product limits (points 5 to 9 and 18). Latvijas Banka's AML guidelines, updated in March 2026, accept that for life policies with premiums up to EUR 4,000 a year the source of funds may be checked against income declared in the application (paragraph 195), and expect insurers to stop accepting new premiums while enhanced due diligence information is outstanding (paragraph 206).

Reporting and record keeping

Suspicious transactions

Report every suspicious transaction to FIU Latvia immediately through its electronic reporting system, after registering as a system user (AML Law, Section 31.4).

Threshold declarations

Life and savings insurers and intermediaries file a weekly threshold declaration for every insurance payout or surrender of EUR 100,000 or more (Cabinet Regulation No. 550 of 2021, points 11 and 14.2).

Retention

Keep all due diligence information, document copies, electronic identification data and correspondence for five years after the relationship ends, then destroy it (AML Law, Section 37).

4 Identity verification and onboarding

A natural person is identified from an identity document. For residents the insurer records name, surname and Latvian personal code; for non-residents, name, surname, date of birth, photograph, document number, date of issue, and the issuing country and authority (AML Law, Section 12(1)). Documents are checked against the Invalid Documents Register (Section 12(3.1)).

Remote identification follows Ministru kabineta noteikumi Nr. 392 (Cabinet Regulation No. 392 of 3 July 2018), last amended in June 2022. The insurer first needs a documented risk

assessment, internal controls, trained staff and technology security requirements (point 2). It may then use one or more of four methods (point 7):

- a secure (qualified) electronic signature, qualified increased security electronic identification (Latvia's national eID means include the chip in the identity card), or a means usable in Latvia under the eIDAS Regulation (EU) No 910/2014;
- live video identification meeting point 10;
- identity data obtained from a credit or payment institution, for example through an identification payment;
- comparison of a photograph of the identity document with a selfie taken electronically.

For video and document-plus-selfie methods the insurer must check the document security features that can be verified remotely and compare the person's biometric data with the document (point 9). The document must have a machine-readable zone that is read during the session, optical security features, and must be checked with forgery-detection techniques (point 11).

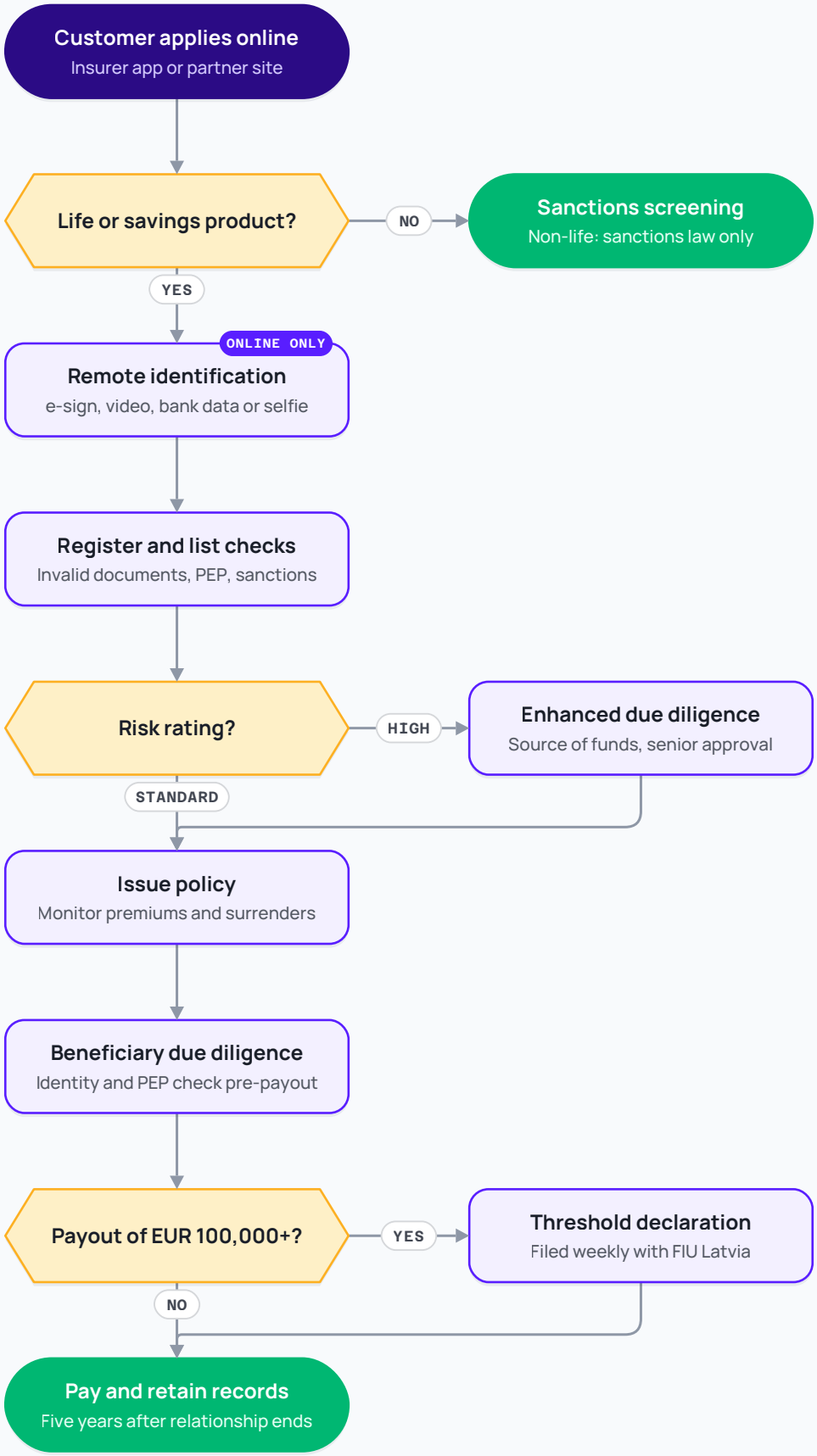


Figure 1. Remote onboarding and payout for a life or savings insurance policy in Latvia.

5 Digital channels: what's different

Bottom line: online sales of life and savings policies are permitted, but a customer who is not identified in person is an enhanced due diligence case unless the insurer uses a remote method that meets Cabinet Regulation No. 392 in full.

Requirement	In person	Online / remote	Difference
Risk treatment	Standard, risk-based	Enhanced due diligence unless Regulation No. 392 method and safeguards are used	Differs
Accepted methods	Original identity document	E-signature or eID, video, bank data, or document plus selfie	Differs
Technical checks	Document inspection	Security features, biometric comparison, machine-readable zone, forgery detection	Differs
Higher-risk countries	Risk-based measures	Bank-data and selfie methods barred for high-risk third countries and low-tax jurisdictions	Differs
Evidence kept	Copies of identity documents	Photo or video (counts as the copy), timestamped audit trail, IP address	Differs
Timing of verification	Low risk: may finish before payout	Low risk: may finish before payout	Same
Threshold declaration	Payouts of EUR 100,000 or more	Payouts of EUR 100,000 or more	Same
Record retention	Five years	Five years	Same

Method restrictions and evidence

Section 22(2)(1) of the AML Law lifts the enhanced due diligence trigger only where the insurer has risk-mitigating policies and training and uses a Cabinet-approved method. Under Regulation No. 392 the bank-data and selfie methods may not be used where the customer or beneficial owner is linked to a high-risk third country or a low-tax or no-tax

jurisdiction (point 12). The selfie method requires a timestamped audit record with the customer's name and IP address (point 14).

Supervisory expectations

Under Latvijas Banka's March 2026 AML guidelines (section 5.10), firms must take into account the European Banking Authority (EBA) Guidelines on remote customer onboarding (EBA/GL/2022/15), which expect liveness detection in unattended flows (paragraph 41). Latvijas Banka's chapter treats chip data as the most reliable source, requires real-time capture, and expects the solution to tell passports, ID cards and residence permits apart (paragraphs 179 to 184).

6 Data protection and biometrics

The General Data Protection Regulation (GDPR) applies directly; the Fizisko personu datu apstrādes likums (Personal Data Processing Law) names the Data State Inspectorate as supervisor (Section 3). Facial images used to confirm identity are biometric data (GDPR, Article 4(14)), and processing them to uniquely identify a person is prohibited unless an Article 9(2) condition applies or a national law provides for it under Article 9(4) (Personal Data Processing Law, Section 25(2)).

Where a qualified e-signature or eID is combined with video, the insurer may keep only images of the person and the document rather than the full recording (Regulation No. 392, point 16). AML records must be destroyed when the five-year period ends (AML Law, Section 37(2.1)).

7 Sector-specific obligations

Oversight of agents, brokers and onboarding partners

Latvijas Banka Regulation No. 351 (in force since 1 January 2025) governs third parties that identify customers for a supervised firm. Senior management approves each relationship and the firm stays liable (points 5 and 6). A technology provider that supplies a remote identification solution compliant with Regulation No. 392 is not an agent for this purpose (point 2.2).

Claims and payouts

The Apdrošināšanas līguma likums (Insurance Contract Law) requires an insurer to decide on a claim within 30 days of receiving all requested documents where the policyholder or insured is a natural person, extendable for objective reasons to six months from the claim (Section 32(2)).

Cybersecurity and strong authentication

The Digital Operational Resilience Act (Regulation (EU) 2022/2554) has applied to insurance and reinsurance undertakings since 17 January 2025 (Articles 2(1)(n) and 64). It requires policies for strong authentication mechanisms (Article 9(4)(d)). Smaller insurers below the national thresholds and intermediaries that are small or medium-sized enterprises fall instead under Latvijas Banka Regulation No. 409, in force since 15 January 2026, with a reduced set of rules for intermediaries (points 2 and 4). A 2025 national law also makes Latvijas Banka the supervisor of the EU AI Act for insurers within DORA's scope (Finanšu tirgus digitālās darbības noturības un mākslīgā intelekta izmantošanas likums, Sections 7 and 8).

8 Risk indicators and red flags

FIU Latvia's national risk assessment for 2023 to 2025, published in September 2026, rates money laundering risk as medium-low for life insurers and low for their intermediaries. It names sanctions evasion, tax evasion and investment of corruption proceeds as the main threats (section 5.7). Latvijas Banka Regulation No. 316 (point 6.4) also requires firms to take into account the EBA risk factor guidelines, whose Guideline 14 covers life insurance:

LIFE AND SAVINGS INSURANCE RED FLAGS (NATIONAL RISK ASSESSMENT 2026; FID TYPOLOGIES 2024; EBA/GL/2021/02, GUIDELINE 14)

- **Fund and terminate**: savings premiums paid in, then the contract ended soon after and paid out to a bank account (Latvian national typology).
- **Sanctions exposure**: non-resident customers or beneficial owners linked to jurisdictions that do not apply the sanctions against Russia and Belarus.
- **Cooling-off abuse**: repeated use of free-look periods with refunds to unrelated third parties.
- **Late beneficiary change**: insurer learns of a new, unrelated beneficiary only when the claim is made.
- **Third-party premiums**: payments from unidentified or unrelated parties, or from several accounts without explanation.
- **Mismatch with wealth or age**: contract size or product type inconsistent with the customer's profile, or a PEP's declared wealth inconsistent with savings held.
- **Cross-border spread**: customer, beneficiary and insurer in different jurisdictions, or premiums paid from higher-risk countries.

9 Enforcement and penalties

Breach	Maximum sanction	Basis
AML breach by a financial institution	10% of total annual turnover, or up to EUR 5,000,000 where 10% is lower; up to EUR 5,000,000 for responsible individuals	AML Law, Section 78(3)
AML breach (general tier)	Twice the profit gained, or up to EUR 1,000,000; public statement, warning, suspension or licence withdrawal	AML Law, Section 78(1)
Breach of the Insurance and Reinsurance Law	Up to EUR 142,000; licence withdrawal; removal of managers	Sections 93 and 94(1)
Insurance without a licence	Warning or up to EUR 142,000	Section 94(1.1)

Packaged retail and insurance-based investment product (PRIIPs) breaches	Up to EUR 5,000,000 or 3% of turnover; EUR 700,000 for individuals; or twice the gain	Section 94(3.1)

In setting AML sanctions Latvijas Banka weighs gravity, duration, turnover, gains, cooperation and previous breaches (AML Law, Section 77(3)). No AML sanctions were imposed on life insurers or their intermediaries in 2023 to 2025, and life insurers filed 10 suspicious transaction reports in that period (national risk assessment 2026, sections 5.7.7 and 5.7.9). MONEYVAL's 2026 evaluation likewise found no sanctions on the insurance sector up to 2024. Recent AML decisions in Latvijas Banka's register concern payment, banking and currency-exchange firms, such as a warning to Paysera LT (25 June 2025) over services provided through agents.

10 Recent changes and what to watch

- `Planned for 2027` Latvijas Banka's 2027 regulatory plan lists a new AML Law drafted by the Ministry of Finance (second quarter) and revisions of Regulations No. 316 and No. 351 (third quarter) to align with the EU AML package.
- `Applies from 10 Jul 2027` The EU Anti-Money Laundering Regulation (EU) 2024/1624 covers life and investment-related insurers (Article 2(1)(6)(b)) and allows identity verification by eIDAS electronic identification at assurance level "substantial" or "high" (Article 22(6)).
- `Final draft, 30 Sep 2026` The EU Anti-Money Laundering Authority (AMLA) published final draft standards on due diligence for adoption by the Commission. Under them, remote document-based tools become a fallback, for customers who cannot reasonably present a document in person and have no eIDAS identification, with the reason recorded (draft Article 7).
- `Published 24 Sep 2026` FIU Latvia published its national risk assessment for 2023 to 2025, with a list of low-risk cases that supports simplified due diligence.
- `Consultation closed 15 Aug 2026` A draft Cabinet regulation would give obliged entities one access point to state register data, including PEP, Punishment and Invalid Documents Registers.
- `In force 1 Jul 2026` The 3 December 2025 amendment lets beneficial owners facing threats ask the Register of Enterprises to restrict public access to their data.
- `Updated Mar 2026` Latvijas Banka's AML guidelines added a chapter on remote identification.

11 What this means for identity verification

- **Scope by product.** Life and savings products need full due diligence; non-life products need sanctions risk controls, including screening.
- **Regulation No. 392 as the specification.** Remote flows need machine-readable zone reading, optical security feature checks, forgery detection, face comparison and an immutable, timestamped audit trail with IP address.
- **Two identity events.** Build a second verification point at claim or surrender for the beneficiary, including PEP screening and, for legal-person beneficiaries, beneficial ownership.
- **Prepare for July 2027.** Under the EU regulation and AMLA's draft standards, eIDAS "substantial" or "high" identification becomes the default remote route; keep document-and-selfie flows as a justified fallback.

IDENTOMAT

How Identomat helps

Identomat runs identity verification, screening and monitoring for regulated businesses on one platform, with workflows you configure for each market. For the requirements in this guide, that means:

- Remote KYC onboarding with ID document capture and verification, including machine-readable zone reading and security feature checks.
- Biometric liveness detection and face match for document-plus-selfie remote identification flows.
- Video KYC for real-time, agent-led video identification sessions with a timestamped audit trail.
- AML screening against sanctions and PEP lists at onboarding and again for beneficiaries before payout.
- No-code workflow builder to route life, savings and non-life products through the checks each one requires.

Request a meeting

DISCLAIMER

This article is intended for informational purposes only and does not constitute legal advice. It is a compilation of information from various sources and reflects the information available as of the last updated date indicated above. Laws, regulations, and regulatory guidance may change, so readers should consult qualified legal professionals for advice specific to their circumstances.

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