

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Note for Information

1. Purpose

The Malta Financial Services Authority is issuing a note for information on the amendments to Insurance Intermediaries Rule 1 of 2007 – Own Funds of Persons Enrolled in the Agents List, Managers List or Brokers List Carrying out Insurance Intermediaries Activities to provide for enrolled companies the possibility of incorporating a guarantee or an irrevocable letter of credit with a bank as one of the components making up a company's own funds.

2. Insurance Intermediaries Rule 1 of 2007

An enrolled company may make use of a guarantee or an irrevocable letter of credit established with a bank or a credit institution which satisfies the requirements indicated in article 8(2)(d) (as amended) of Insurance Intermediaries Rule 1 of 2007, as a component of the own funds. A guarantee or an irrevocable letter of credit will only be permitted where it is provided by a bank or credit institution licensed to carry on business of banking under the laws of Malta or lawfully permitted to carry on business of banking in a country outside Malta, acceptable to the Malta Financial Services Authority, provided that the bank or credit institution is of first class standing.

Moreover, article 9(j) of Insurance Intermediaries Rule 1 of 2007 which lists the own funds of an enrolled company which are considered as admissible assets, has been amended to make reference to a regulated market or a multilateral system. As a result, any shares in companies enrolled in the Agents List, the Managers List or the Brokers List or authorised undertakings which have been admitted to listing on a regulated market or a multilateral system, may be taken into account when determining the value of assets covering the own funds of an enrolled company.

The Schedule to Insurance Intermediaries Rule 1 of 2007 has been amended to align it with the terminology used in the Insurance Business Act as amended by Act XXXIII of 2015 which was published in the Government Gazette 19,503 on the 20th November 2015. Finally, the amount of own funds indicated in the Second and the Fourth Column of the Schedule which an insurance agent, an insurance manager acting on behalf of a captive insurance undertaking or a captive reinsurance undertaking, and an insurance broker are required to maintain have been rounded up to 58,250 Euro.

The amended Insurance Intermediaries Rule has been uploaded on the MFSA website.

Any queries or requests for clarifications in respect of the above should be addressed by email on ipsu@mfsa.com.mt.

Communications Unit
Malta Financial Services Authority
18 April 2016