

Insurance Intermediaries Rule 12 of 2007

Scheme of Operations Relating to Enrolment in the Agents List, Managers List or Brokers List and the Application for Enrolment

Rule pursuant to articles 10 and 13 of the Act

1. (1) This Insurance Intermediaries Rule on the scheme of operations relating to enrolment in the Agents List, Managers List or Brokers List and the application for enrolment (“this Rule”) is made by the Authority pursuant to, and for the purposes of, articles 10 and 13 of the Act.

(2) This Rule shall come into force on the 1st March 2007.

Application

2. This Rule applies to -

(a) a person desirous of applying for enrolment in the Agents List, Managers List or Brokers List to carry out insurance intermediaries activities;

(b) a person enrolled in the Agents List desirous of acting on behalf of any other authorised undertaking or in relation to new classes of business of insurance; or

(c) a person enrolled in the Managers List desirous of accepting an appointment from an insurer or insurance broker enrolled in the Brokers List.

(“the applicant”).

Scope

3. The scope of this Rule is to determine –

(a) the particulars or proof to be included in schemes of operations relating to the kind of insurance intermediaries activities which applicants are desirous to carry out; and

(b) the manner in which applicants shall make application to the Authority to act as an insurance agent or insurance manager or to carry on business as an insurance broker.

Definitions

4. In this Rule, unless the context otherwise requires, the word “year” shall, where the applicant is an individual, be read and construed as reference to the calendar year and, where the applicant is a company, be read and construed as a reference to an enrolled company’s financial year.

Schemes of operations

5. (1) Indent (vi) of paragraph (a) of subarticle (1) of article 10 of the Act requires an applicant to submit to the Authority a scheme of operations relating to the kind of insurance intermediaries activities the applicant desires to carry out which includes the particulars or proof as determined by this Rule.

(2) Subject to article 7 of this Rule, any scheme of operations required to be submitted by an applicant shall include the particulars or proof concerning matters set out in article 6 of this Rule, subject that:

(a) in the case of an applicant which is a foreign company, the requirements of article 6 shall apply solely in relation to the activities proposed to be carried out in or from Malta; and

(b) in the case of an application for the approval of a cell of a cell company enrolled in the Managers List or Brokers List, the requirements of article 6 shall apply solely to the cell concerned.

(3) The scheme of operations shall be signed by a person who holds a warrant of a certified public accountant under the Accountancy Profession Act (Cap. 281) or holds professional qualifications of a similar standing of an institute of repute.

Particulars or proof to be included in schemes of operations

6. A scheme of operations required to be submitted by the applicant shall include the following particulars or proof:

(a) a forecast income statement and, *as applicable*:

(i) estimated premiums, both gross and net of commissions or brokerage, broken down between long term business and general business (where such be the case) and, in respect of each business, further broken down by class;

(ii) estimated management fees, broken down by appointment;

(iii) the expected sources of business, including the percentage share of total business expected to be generated from each source; and

(iv) details of the nature and amounts of any income (other than brokerage, commissions or management fees) expected to be earned;

(b) a forecast cash flow statement;

(c) where the applicant is a company, a forecast balance sheet and a list of admissible assets that are expected to cover the own funds of the applicant company.

Notes on particulars or proof

7. (1) The particulars or proof required by article 6 of this Rule shall be set out on both a realistic and pessimistic basis and shall relate to:-

(a) the period commencing on the date when the applicant intends to commence the kind of insurance intermediaries activities proposed to be carried out up to the end of that particular year; and

(b) each of the three years following the period specified in subparagraph (a) of this paragraph.

(2) Where, in the case of an applicant who, at the time of submitting this application, is already enrolled in the Agents List, the scheme of operations required to be submitted by the applicant shall include such particulars or proof, or cover such period, as the Authority may deem appropriate in the given set of circumstances.

Manner of submitting an application for enrolment in the Agents List, Managers List or Brokers List

8. (1) The manner in which an applicant shall submit an application to the Authority for enrolment in the Agents List, Managers List or Brokers List under article 13 of the Act is:

(a) where the applicant is **an individual**, in the application as set out in Parts I and V of the First Schedule to this Rule and the applicable parts of the Second Schedule to this Rule;

(b) where the applicant is **a local company**, other than a cell company, in the application as set out in Parts II and V of the First Schedule to this Rule and the applicable parts of the Second Schedule to this Rule;

(c) where the applicant is **a local company to be formed or constituted as a cell company or to be converted into a cell company** under regulation 6 of the Companies Act (Cell Companies Carrying on Business of Insurance) Regulations, 2010 to act as an insurance manager or to carry on business of insurance broking, in the application as set out in Parts II, IV and V of the First Schedule to this Rule and the applicable parts of the Second Schedule to this Rule;

(d) where the applicant is **a cell company** carrying on insurance intermediaries activities applying for the creation of one or more cells, in the application as set out in accordance with the Third Schedule to this Rule;

(e) where the applicant is **a foreign company**, in the application as set out Parts II, III and V of the First Schedule to this Rule and the applicable parts of the Second Schedule to this Rule.

(2) Where the applicant is enrolled:

(a) in the Agents List and the applicant proposes to act on behalf of any other authorised undertaking or in relation to new classes of business of insurance; or

(b) in the Managers List and the applicant proposes to accept an appointment from an insurer or insurance broker enrolled in the Brokers List,

the applicant shall be required to submit to the Authority the applicable parts of the Second Schedule to this Rule.

Additional requirements for an applicant who is an individual

9. Where the applicant is an individual, the applicant is also required to submit proof to the Authority that the requirements of Insurance Intermediaries Rule 9 of 2007 - Qualifications of Individuals Applying for Registration are being satisfied.

Repeals and Savings

10. (1) Without prejudice to article 4(2) of the Preliminary provisions, and saving the provisions of paragraph (2) of this article, Insurance Intermediaries Directive 12 of 1999 – Schemes of Operations Relating to Business of Insurance Broking, is hereby repealed.

(2) Every action, directive, instruction, guideline or order whatsoever taken or commenced thereunder, under Insurance Directive 10 of 1999 – Schemes of Operations Relating to Business of Insurance and Other Activities to be Carried on in the Case of Insurance Agents and Insurance Managers or under Insurance Intermediaries Directive 10 of 1999 – Particulars of Companies to be Entered in the Brokers List, in so far as it relates to the application for enrolment in the Brokers List, shall continue to be valid and in force, as if such action, directive, instruction, guideline or order were taken or commenced under this Rule.

FIRST SCHEDULE

(Article 8 of the Rule)

Insurance Intermediaries Act, 2006

(Article 13 of the Act)

Application for enrolment in the Agents List, Managers List or Brokers List

Director-General
Malta Financial Services Authority

I hereby apply for the enrolment of _____ *(Name of Applicant)* in the _____ List under article 13 of the Insurance Intermediaries Act, 2006.

An application for enrolment fee in accordance with the Insurance Intermediaries (Fees) Regulations, 2014 is made by cheque No. _____, enclosed, payable to the Malta Financial Services Authority.

The particulars provided in this application and the documents produced with it are complete and true to the best of my knowledge, information and belief. I hereby authorise the Authority to contact any or all of the persons mentioned hereunder or other persons considered by the Authority to be relevant, both at the date of application and at any time in the future unless and until I rescind this authority in writing. I also undertake to inform the Authority in writing of any material change relevant to this application.

Name and Signature _____

Position _____

Date _____

Part I

*This Part of the application is to be completed **only** by **individuals** applying for enrolment in the Agents List, Managers List or Brokers List.*

A: Personal Details

A1. Surname:- _____

Forename/s:- _____

Title:- _____

A2. Identity Card number or Passport number (**Note 1**):- _____

B: Principal Place of Business

B1. Address of principal place of business, including Post Code:-

B1.1. Business telephone number/s:- _____

B1.2. Business fax number/s:- _____

B1.3. Business e-mail address/es:- _____

C: Auditors

C1. Name of approved auditors _____

C1.1 Address including Post Code:-

C1.2. Business telephone number/s:- _____

C1.3. Business fax number/s:- _____

C1.4. Business e-mail address/es:- _____

Part II

*This Part of the application is to be completed **only** by **companies**. However, foreign companies should only complete Sections A and B.*

A: Company Details (Note 2)

A1. Name of company:- _____

A2. Date of registration:- _____

A3. Registration number:- _____

A4. Address of registered office,
including Post Code:-

A5. Business telephone number/s:- _____

A6. Business fax number/s:- _____

A7. Business e-mail address/es:- _____

A8. Date of the company's financial
year end:- _____

A9. Name of company secretary:- _____

A10. Name of appointed auditors:- _____

A10.1 Address including Post Code:-

A10.2. Business telephone number/s:- _____

A10.3. Business fax number/s:- _____

A10.4. Business e-mail address/es:- _____

B: Qualifying shareholders and percentage sizes of holdings or voting rights

B1. Individual shareholders:-

Name:- (1)_____

Identity Card number or
Passport Number (**Note 1**) :- _____

Address including Post Code:- _____

Proportion and form of voting
rights/share capital held:- _____

Name:- (2)_____

Identity Card number or
Passport Number (**Note 1**):- _____

Address including Post Code:- _____

Proportion and form of voting
rights/share capital held:- _____

B2. Body corporate shareholders:-

Name:- (1)_____

Registration number:- _____

Address of registered office
including Post Code:- _____

Proportion and form of voting rights/share capital held:-

Name:-

(2) _____

Registration number:-

Address of registered office including Post Code:-

Proportion and form of voting rights/share capital held:-

C: Directors, Management and Officers (Note 3)

C1. Names of persons who are proposed to be appointed as directors, controllers or senior managers of the company and their position:-

C2. Name of person who is proposed to be appointed as a compliance officer:-

C3. Name of person who is proposed to be appointed as a money laundering reporting officer (*if applicable*):-

D: Principal Place of Business

D1. Address of principal place of business, including Post Code (*if not the same as A4 of this Part*):- _____

D1.1. Business telephone number/s:- _____

D1.2. Business fax number/s:- _____

D1.3. Business e-mail address/es:- _____

E: Registered insurance person/s (Principal place of business)

E1. Name/s and status of registered insurance person/s (*status means whether director (D) or employee (E) of the company*):- (1) _____
(2) _____
(3) _____

E2. Certificate/s of registration number/s:- (1) _____
(2) _____
(3) _____

F: Branch or branches

F1. Address or addresses of branch or branches including Post Code:- _____

F2. Business telephone number/s:- _____

F3. Business fax number/s:- _____

F4. Business e-mail address/es:- _____

G: Registered insurance person/s (Branch/es)

G1. Name/s and status of registered insurance person/s (*status means whether director (D) or employee (E) of the company*):- (1) _____
(2) _____
(3) _____

G2. Certificate/s of registration number/s:- (1) _____
(2) _____
(3) _____

Part III

*This part of the application is to be completed only by **foreign companies***

A: Company Directors

A1. Name/s of company director/s:- (1) _____

(2) _____

(3) _____

A2. Identity Card number or Passport number/ Company Registration number:- (1) _____

(2) _____

(3) _____

B: Authorisation/permission to carry out insurance intermediaries activities in the country of registration, incorporation or constitution

B1. Authorisation/permission number:- _____

C: The Malta Branch

C1. Date of registration as an overseas company under the Companies Act, 1995 (*day/month/year*):- _____

C2. Registration number:- _____

C3. Address of branch including Post Code:- _____

C4: *Name of Officers (Note 3)*

C4.1. Name of person who is proposed to be appointed as a compliance officer:- _____

C4.2. Name of person proposed to be appointed as a money laundering reporting officer (*if applicable*):- _____

D: Principal Place of Business

D1. Address of principal place of business in Malta, including Post Code (*if not the same as C3 of this Part*):- _____

D2. Business telephone number/s:- _____

D3. Business fax number/s:- _____

D4. Business e-mail address/es:- _____

E: Registered insurance persons/s (Principal place of business)

E1. Name/s and status of registered insurance person/s (*status means whether director (D) or employee (E) of the company*):- (1) _____
(2) _____
(3) _____

E2. Certificate/s of registration number/s:- (1) _____
(2) _____
(3) _____

F: Other Place/s of Business

F1. Address or addresses of other place or places of business in Malta, including Post Code:-

F2. Business telephone number/s:- _____

F3. Business fax number/s:- _____

F4. Business e-mail address/es:- _____

G: Registered insurance person/s (Other place/s of business)

G1. Name/s and status of registered insurance person/s (*status means whether director (D) or employee (E) of the company*):-
(1) _____
(2) _____
(3) _____

G2. Certificate/s of registration number/s:-
(1) _____
(2) _____
(3) _____

H: Company representative in Malta

H1. Name of individual or body corporate

H2. Identity Card number/ Passport number or Registration number and Date of Registration under the Companies Act, 1995

H3. Address including Post Code:- _____

H4. Business telephone number/s

H5. Business fax number/s

H6. Business e-mail address/es:-

H7. Where the company representative is a body corporate, details of the individual representative of the body corporate

H7.1. Name and Surname:-

H7.2. Business address including Post Code:-

H7.3. Business telephone number/s:-

H7.4. Business fax number/s:-

H7.5. Business e-mail address/es:-

Part IV

*This Part of the application is to be completed **only** where the applicant is a local company to be formed or constituted as a cell company or to be converted into a cell company under regulation 6 of the Companies Act (Cell Companies Carrying on Business of Insurance) Regulations, 2010 to act as an insurance manager or to carry on business of insurance broking.*

A: Nature of Application (please tick the appropriate box)

Application for enrolment in the Managers List or Brokers List as a cell company to carry out insurance intermediaries activities under article 13 of the Insurance Intermediaries Act, 2006

Application for the conversion of an enrolled company into a cell company

B: General

B1. State reasons why a cell company is required and how the cells will be used.

B2. Have any of the parties connected with this application ever applied, either individually or in conjunction with others, for authority to carry on insurance business or carry out insurance intermediaries activities in any other jurisdiction? If so give details.

B3. State any connection between the cell company non-cellular section (including directors and officers of the cell company) and any person or organisation remunerated

directly or indirectly by the
cell company non-cellular
section.

B4. Please advise whether or not
the non-cellular section will
be carrying out any
insurance intermediaries
activities.

Part V

*This Part of the application is to be completed **by all persons** applying for enrolment in the **Agents List, Managers List or Brokers List***

A: Principal Bankers

A1. Name of the principal bankers:-

A2. Address including Post Code:-

A3. Business telephone number/s:-

A4. Business fax number/s:-

A5. Business e-mail address/es:-

B: Legal Consultants

B1. Name of legal consultants:-

B2. Address including Post Code:-

B3. Business telephone number/s:-

B4. Business fax number/s:-

B5. Business e-mail address/es:-

C: Connected persons

C1. Name/s of connected person/s within the meaning of Insurance Intermediaries Rule 3 of 2007:- _____

D: Professional Indemnity Insurance (Appendix 1)

D1. Amount of cover:- _____

D2. Amount of excess:- _____

E: Fidelity Bond – where applicable

E1. *Form (please tick)*

E1.1. Contract of insurance:-

E1.2. Guarantee provided by a bank or credit institution:-

E1.3. Letter of credit established with a bank or credit institution:-

E2. *Nomination of approved person to administer the fidelity bond*

E2.1. Name of individual or company:- _____

E2.2. Identity Card number or Passport number or Registration number:- _____

E2.3. Address including Post Code:- _____

E2.4. Business telephone number/s _____

E2.5. Business fax number/s _____

E2.6. Business e-mail address/es:- _____

SECOND SCHEDULE

(Article 8 of the Rule)

Insurance Intermediaries Act, 2006

(Article 13 of the Act)

Additional application details for enrolment in the Agents List or Managers List

Part I

*This Part of the application is to be completed **by all persons** applying for enrolment in the **Agents List** or persons enrolled in the **Agents List** proposing to act on behalf of any other authorised undertaking and persons applying for enrolment in the **Managers List** where the applicant proposes to hold an **appointment**, or persons enrolled in the **Managers List** proposing to accept an appointment from any other insurer or insurance broker enrolled in the **Brokers List***

A: Details of the undertaking in relation to which the applicant proposes to hold an appointment (Note 4)

A1. Name of undertaking:- _____

A2. Address including Post Code:- _____

A3. Business telephone number/s:- _____

A4. Business fax number/s:- _____

A5. Business e-mail address/es:- _____

B: *Where, in the case of an application for enrolment in the **Managers List**, the applicant proposes to hold an appointment from a company enrolled in the **Brokers List***

B1: Registered Insurance Broker

B1.1. Name and status of Registered Insurance Broker (*status means whether director (**D**) or employee (**E**) of the company*) :- _____

B1.2: Certificate of registration number:- _____

Part II

*This Part of the application is to be completed **by all persons** applying for enrolment in the **Agents List** or enrolled in the **Agents List** and persons applying for enrolment in the **Managers List** where the proposed appointment includes authority to enter into contracts of insurance, or persons enrolled in the **Managers List** proposing to accept an appointment from any other insurer with authority to enter into contracts of insurance*

A: Classes of long term business and groups of classes of general business and reinsurance thereof which are proposed to be transacted in accordance with the agency agreement or management agreement, as the case may be.

[Insert I for business of insurance, R for business of reinsurance and C for combined business of insurance and business of reinsurance]

Long term business -

- I. Life and annuity
- II. Marriage and birth
- III. Linked long term
- IV. Permanent health
- V. Tontines
- VI. Capital redemption
- VII. Pension fund management
- VIII. Collective insurance
- IX. Social insurance

General business -

1	<input type="checkbox"/>	Accident and Health	1	2				
2	<input type="checkbox"/>	Motor	1(d)	3	7	10		
3	<input type="checkbox"/>	Marine and Transport	1(d)	4	6	7	12	
4	<input type="checkbox"/>	Aviation	1(d)	5	7	11		
5	<input type="checkbox"/>	Fire and other Damage to Property	8	9				
6	<input type="checkbox"/>	Liability	10	11	12	13		
7	<input type="checkbox"/>	Credit and Suretyship	14	15				
8	<input type="checkbox"/>	General	1	2	3	4	5	
			6	7	8	9	10	
			11	12	13	14	15	
			16	17	18			

B: Other

If the applicant acts as an insurance agent or as an insurance manager for any other undertaking, please provide the name of such undertaking/s:-

T H I R D S C H E D U L E

(Article 8 of the Rule)

Companies Act (Cell Companies Carrying on Business of Insurance) Regulations, 2010

(Regulation 6 of the Regulations)

Application for approval of a cell of a cell company enrolled in the Managers List or Brokers List to carry out insurance intermediaries activities

Director-General
Malta Financial Services Authority

I/We hereby apply for the approval of a cell under regulation 6 of the above mentioned Regulations whose particulars are given below.

An application for approval fee in accordance with the Insurance Intermediaries Fees (Regulations) 2014 is made by cheque No. _____, enclosed, payable to the Malta Financial Services Authority.

The particulars provided in this application and the documents produced with it are complete and true to the best of my/our knowledge, information and belief. I/We hereby authorise the Authority to contact any or all of the persons mentioned hereunder or other persons considered by the Authority to be relevant, both at the date of application and at any time in the future unless and until I/we rescind this authority in writing. I/We also undertake to inform the Authority in writing of any material change relevant to the application.

Signature of cell company director(s) _____

Date _____

A: Applicant Details

Name or proposed name of applicant:-

A1. The cell company _____

A2. The cell _____

B: Ownership or User Details

B1. Individual shareholders or users of cell:-

Name:- (1)_____

Identity Card number/
Passport number (**Note 1**) :- _____

Address including Post
Code:- _____

Proportion and form of cell
share capital held:- _____

Name:- (2)_____

Identity Card number/
Passport number (**Note 1**) :- _____

Address including Post
Code:- _____

Proportion and form of cell
share capital held:- _____

B2. Body corporate shareholders or users of cell:-

Name:- (1)_____

Registration number:- _____

Address of registered office including Post Code:- _____

Proportion and form of cell share capital held:- _____

Name:- (2)_____

Registration number:- _____

Address of registered office including Post Code:- _____

Proportion and form of cell share capital held:- _____

C: Cell advisors (Note 5)

C1. Names of persons who are proposed to be appointed advisors to the cell:- _____

D: Cell Share Capital (Note 6)

If the individual cell does not have cell share capital, proceed to Section E.

D1. Amount of the value of the cell share capital:- _____

D2. Origin of the cell share capital:- _____

D3. Details of the cell share capital :- _____

D4. Assets of the cell company attributable to the cell :- _____

E: Country where insurance intermediaries activities are to be carried on (please tick the appropriate box)

E1. In Malta:-

E2. From Malta:-

E3. In and from Malta:-

E4. In or/and from a country outside Malta:-

give details below of jurisdictions where the risks are situated



F: Others

F1. On which date does the cell intend to commence carrying out insurance intermediaries activities? _____

F2. Have any of the parties connected with this application ever applied, either individually or in _____

conjunction with others, for authority to transact insurance business or carry out insurance intermediaries activities in any other jurisdiction? If so please give details.

F3. State any connection between the cell (including directors and officers of the cell user) and any person or organisation remunerated directly or indirectly by the cell.

F4. Details of the cell bankers and the signatories to the cell's bank mandate. Please outline the signing details.

Notes to the Schedules

When filling in the application form, if more space is needed to fill in any details or to supply any information required by the form, please add continuation sheets at the back of the form and mark each sheet with the section appropriate to the details given or information supplied. The person who signs the application form shall initial each page including any continuation sheet.

*Any reference in the application form and in the Notes to the Schedule to the **Personal Questionnaire** means a reference to the Personal Questionnaire as set out in the Schedule to Insurance Intermediaries Rule 21 of 2007.*

Where the information required has already been submitted, such information may be omitted.

Notes

1. The passport number is to be submitted only in cases where individuals do not hold an identity card.
2.
 - (a) Where an applicant is a partnership *en commandite*, the capital of which is divided into shares, formed and registered or incorporated or constituted under the laws of the country of its head office, the applicant shall inform the Authority of that fact and the Authority shall provide the applicant with the necessary modifications to the application form.
 - (b) Where an applicant is a company in formation, details required by the application form which are not available at the time of submission are to be provided as soon as these are available.
 - (c) Where an applicant is a local company, the date of registration (section A2 of Part II of the First Schedule) shall refer to the date on which the company was registered under the Companies Act, 1995 and the registration number (section A3 of Part II of the First Schedule) shall refer to the registration number under the said Act.

Where an applicant is a foreign company, the date of registration (section A2 of Part II of the First Schedule) shall refer to the date on which the company was registered, incorporated or constituted under the laws of the country where its head office is situated. Similarly, the registration number (section A3 of Part II of the First Schedule) shall refer to the registration, incorporation or constitution number under the laws of the country where the foreign company's head office is situated.

- (d) The name of a cell company shall include the expression "Protected Cell Company" or "PCC".

3. The money laundering reporting officer shall be appointed in the case of:
- (a) an insurance broker;
 - (b) an insurance agent authorised to enter into contracts of long term business of insurance, in accordance with the agency agreement entered into between the authorised undertaking and the insurance agent;
 - (c) an insurance manager, with an appointment from a company enrolled in the Brokers List ;
 - (d) an insurance manager:-
 - i. with an appointment from a captive insurance undertaking, a captive reinsurance undertaking; or
 - ii. with authority to enter into contracts of long term business of insurance on behalf of the insurer; or
 - iii. with authority to exercise managerial functions in relation to long term contracts of insurance.

The compliance officer and the money laundering reporting officer are advised to ensure they are clear about the extent of their responsibilities. In this respect, reference is to be made to Appendices II and III of this Rule.

4. In the case of an application for enrolment in the Agents List, where the applicant proposes to act on behalf of a member of Lloyd's, section A1 of Part I of the Second Schedule should include the name and syndicate number in lieu of name of undertaking.
5. Although cells cannot have directors, it is possible for persons to advise in some capacity on individual cells.
6. Where applicable, Section D4 of the Third Schedule requires the amount of own funds of the non-cellular section of the cell company which is to be used by the cell.

Documentation to be submitted with the application form

The documentation listed below is to be submitted with the application form. Where a photocopy of a document is produced, the Authority may also require the applicant to produce the original document.

Documentation submitted shall have to be either in the Maltese language or the English language. Where the documentation required has already been submitted, such documentation may be omitted.

During the analysis of the application, the Authority reserves the right to require submission of any other documentation which it deems necessary.

1. *Where the applicant is an individual, a Personal Questionnaire should be submitted by the individual.*
2. *In the case of a local company, a Personal Questionnaire for each director, controller, senior manager, compliance officer, money laundering reporting officer and cell adviser or in the case of a foreign company, a Personal Questionnaire for the compliance officer, money laundering reporting officer and for each person vested with the administration of the Malta branch.*
3. *In the case of a company, where qualifying shareholders are individuals, a Personal Questionnaire for each individual and where qualifying shareholders are body corporates, the latest audited financial statements of each body corporate qualifying shareholder.*
4. A diagram of the group family tree:-
 - where the applicant company has or will have one or more qualifying shareholders; or
 - *in the case of an application for the approval of a cell of a cell company, where the proposed cell has or will have one or more qualifying shareholders.*

In each case, the family tree should give details of the qualifying shareholders showing the percentage size of holdings in each entity forming part of the group up to the ultimate beneficial owner.

5. *In the case of a local company, the memorandum and articles of association of the company, which shall have to be approved by the Authorisation Unit of the Authority before registration or, in the case of an application by an enrolled company for its conversion into a cell company, a copy of the resolution amending the company's memorandum and articles of association.*

6. *In the case of a foreign company:-*
 - (a) memorandum and articles of association of the company or any other instrument of registration, incorporation or constitution of the company;
 - (b) an attested copy of the original certificate of registration, incorporation or constitution of the company;
 - (c) a company profile;
 - (d) audited financial statements of the company for each of the last three financial years, or, if the company has not been in business for three financial years, for each of the financial years for which it has been in business; and
 - (e) documentation evidencing authorisation/permission to carry out insurance intermediaries activities in the country of registration, incorporation or constitution of applicant.
7. *In the case of a local company*, organisation set-up including number of employees and their qualifications or *in the case of a foreign company*, branch set up including number of employees and their qualifications.
8. *In the case of an individual*, the arrangements, including the appointment of a substitute person, in the event of his indisposition to carry out insurance intermediaries activities due to incapacity, sickness, holiday or any other absence.
9. A diagram illustrating the connection in respect of each connected person. *In the case of a foreign company*, this diagram should only include connections relevant to the applicant's proposed insurance intermediaries activities in Malta.
10. A quotation of a policy of professional indemnity insurance which should conform with the requirements of the Professional Indemnity Insurance Guidelines set out in Appendix I to this Rule.
11. Where the requirement to effect and hold a fidelity bond applies:-
 - (a) a copy (*in draft form*) of the fidelity bond to be approved by the Authority in accordance with the requirements of Insurance Intermediaries Rule 14 of 2007; and
 - (b) where the approved person is an individual, a Personal Questionnaire completed by the individual.

[N.B. Where the approved person is not an individual, the person may be required to submit a copy of the last financial statements or any other documentation which the Authority may deem necessary]

12. *In the case of an application for the approval of a cell of a cell company:*
 - (a) the latest audited financial statements of the immediate parent of the proposed cell user, and if applicable, the consolidated accounts of the group;
 - (b) copy (in draft form) of any agreement entered into with third parties.

13. *In the case of an application by an enrolled company for its conversion into a cell company* a notice to be published in at least two daily newspapers of which one is published in the Maltese language and the other in the English language. The text of the notice shall be in Maltese in the Maltese daily newspaper and in English in the English daily. Where the company applying for conversion is an insurance manager with an appointment from a company to carry on business from Malta or in or from a country outside Malta and the risk or commitment is a risk or commitment situated outside Malta or where the company applying for conversion is an insurance broker carrying on business of insurance broking restricted to contracts of insurance relating to risks situated outside Malta or commitments where Malta is not the country of commitment, the notice shall be published in two daily newspapers in the country where the risk or commitment is situated.

[N.B. The text of the aforesaid notice requires the approval of the Authority prior to its publication]

14. *In the case of an application by an enrolled insurance manager for its conversion into a cell company*, a draft letter to be sent to any person from whom it holds appointment, with whom it transacts business of insurance and every other person who claims an interest in a policy.

[N.B. Before the Authority authorises the said conversion, it requires details of any representations]

15. *Where the applicant applies for enrolment in the Agents List:*
 - (a) a copy (*in draft form*) of the agency agreement which the applicant proposes to make or enter into indicating clearly whether the applicant will also be carrying on business of reinsurance and where the authorised undertaking is an undertaking whose head office is in a country outside Malta, an attested copy of the power of attorney conferred upon applicant by the authorised undertaking; or

- (b) copy (*in draft form*) of the binding authority agreement between the applicant and the member of Lloyd's on behalf of which the applicant proposes to act.

16. *Where the applicant applies for enrolment in the Managers List:*

- (a) a copy of the letter of appointment;
- (b) copy (*in draft form*) of the agreement which the applicant proposes to make or enter into with the enrolled insurance broker, restricted to contracts of insurance relating to risks situated outside Malta or commitments where Malta is not the country of commitment, and where the activities are of a kind that require a power of attorney, an attested copy of such power of attorney conferred upon applicant by the enrolled insurance broker;
- (c) a copy (*in draft form*) of the agreement which the applicant proposes to make or enter into with the insurer, indicating clearly:
 - (i) the kind of business of insurance to be carried on and the classes of business to be transacted and whether the applicant will also be carrying on business of reinsurance thereof; and
 - (ii) whether the activities governed by the appointment **include** or **exclude** authority to enter into contracts of insurance on behalf of insurer,

and where the insurer is third country insurance undertaking or a third country reinsurance undertaking or where activities are of a kind that require a power of attorney, an attested copy of the power of attorney issued to applicant by the undertaking.

17. *Where the applicant applies for enrolment in the Brokers List,* copies (in draft form) of any underwriting agreements which the applicant proposes to make or enter into with any authorised undertaking or insurance agent pursuant to article 32 of the Act and in accordance with Insurance Intermediaries Rule 20 of 2007.

Appendix I

(Section D of Part V of the First Schedule)

Professional Indemnity Insurance Guidelines

1.0 Preliminary

1.1 Indent (v) of paragraph (a) of subarticle (1) of article 10 of the Act requires a person desirous of applying for enrolment and, on continuing basis, a person enrolled in the Agents List, Managers List or Brokers List and carrying out insurance intermediaries activities (the “enrolled person”) to have in its favour a policy of professional indemnity insurance acceptable to the Authority, indemnifying the enrolled person, or any individual employed by such person, or otherwise acting for such person, to such amount, in such manner and in respect of such matters as the Authority may, from time to time, determine.

1.2 In terms of article 37(9) of the Act, an authorised undertaking shall at all times be responsible for any act or omission of its registered tied insurance intermediaries provided that such act or omission is an act or omission pertaining to a contract of insurance issued by the company or offered on its behalf through the services of such tied insurance intermediaries. In this subarticle, any reference to registered tied insurance intermediaries shall include a reference to past as well as present registered tied insurance intermediaries.

2.0 Definitions

2.1 In these Guidelines, unless otherwise defined, the words and expressions which are also used in the Act have the same meanings as in the Act.

3.0 Matters concerning Professional Indemnity Insurance

3.1 In the case of a person desirous of applying for enrolment or an enrolled person, cover is required on a claims made basis for legal liability in consequence of any negligent act, error or omission in the conduct of its insurance intermediaries activities as an enrolled person or of any individual employed by such person or otherwise acting for such person, including in the case of companies enrolled in the Agents List, tied insurance intermediaries registered in the Tied Insurance Intermediaries Company Register of the company.

3.2 Without prejudice to the generality of the foregoing provisions, the policy shall indemnify the enrolled person against claims arising from:

- (a) a dishonest, fraudulent act, error or omission of any person at any time employed by the enrolled person, or otherwise acting for such person;
 - (b) libel and slander;
 - (c) loss of and damage to documents and records the property of the enrolled person or which are in the person's care, custody or control or for which the person is responsible; including also documents and records stored on magnetic or electronic media and liability and costs and expenses incurred in replacing, restoring or reconstructing the documents or records and consequential loss resulting from the loss or damage to the documents or records.
- 3.3** The required minimum limits of indemnity shall be not less than 1,120,200 Euro in respect of each and every claim and in the aggregate 1,680,300 Euro per year for all claims.
- 3.4** If the policy is subject to an excess, this shall be for a sum not exceeding 0.5 per centum of the limit of indemnity and subject to a maximum of 23,300 Euro.
- 3.4.1** The Authority may, on application made to it in writing by the enrolled person demonstrating the inability to secure a policy of professional indemnity insurance satisfying the excess as determined in paragraph 3.4 ("the required excess"), permit that the person takes out a bank guarantee equal to the amount resulting from the difference between the amount of the excess requested by the insurer underwriting the policy and the required excess. The wording of the bank guarantee is to be approved in advance by the Authority.
- 3.4.2.** An enrolled company may, in lieu of taking out a bank guarantee as provided for in paragraph 3.4.1. above, increase the issued share capital by a cash consideration equal to the amount resulting from the difference between the amount of the excess requested by the insurer underwriting the policy and the required excess.
- 3.5** The policy shall be governed by Maltese law.
- 3.6** The policy shall cover the whole territory of the European Community.
- 4.0** In the case of a person enrolled in the Agents List, for the purposes of satisfying the obligations arising under article 37(9) of the Act and paragraph 3.1 above, the insurance agent may, in lieu of including the tied insurance intermediaries registered in the Tied Insurance Intermediaries Company Register of the undertaking under its professional indemnity insurance policy, submit to the Authority an undertaking from its principal

stating that the principal will undertake to meet any claims arising from any act or omission pertaining to a contract of insurance issued by it, or offered on its behalf, through the services of the tied insurance intermediaries.

- 4.1** For the purposes of demonstrating to the satisfaction of the Authority that the requirements of paragraph 3 above are being complied with, the enrolled person shall submit to the Authority a copy of the policy or a copy of the cover note, or such other written evidence as the Authority may require to establish compliance with these Guidelines.
- 5.0** An enrolled person shall within seven days from the date it becomes aware of any of the circumstances specified in (i) to (vii) below, inform the Authority in writing where:
- (i) during the term of a policy the enrolled person has notified insurers of an incident which may give rise to a claim under the policy;
 - (ii) during the term of a policy the insurer has avoided or cancelled the policy or has notified the intention of doing so;
 - (iii) the policy has not been renewed or has been cancelled and another policy satisfying the provisions of these Guidelines has not been taken out from the date on which the previous policy lapsed or was cancelled;
 - (iv) during the term of the policy the terms or conditions of the policy are altered in any manner so that the policy no longer satisfies the requirements of these Guidelines;
 - (v) the insurer has intimated the intention to decline to indemnify the insured in respect of a claim under the policy;
 - (vi) the insurer has given notice that the policy will not be renewed or will not be renewed in a form which will enable the policy to satisfy the requirements of these Guidelines;
 - (vii) during the term of the policy the risks covered by the policy, or the conditions or terms relating thereto, are altered in any manner.
- 6.0** The professional indemnity policy taken out by an enrolled person may with the written consent of the Authority be extended to cover any licensable activity, service or business subject that the requirements of paragraph 3 above are complied with.

7.0 Savings

- 7.1** These are general guidelines. However, the Authority may require a person desirous of applying for enrolment, and on a continuing basis, an enrolled person to have a policy of professional indemnity of such higher amount, or in such manner and in respect of such matters as the Authority may deem appropriate for the insurance intermediaries activities intended to be carried on, or are being carried on, by the enrolled person.

Appendix II

(Note 3 of the Notes to the Schedules)

Guidelines for Compliance Officers

1.0 Preliminary

- 1.1** The Authority requires persons enrolled in the Agents List, Managers List or Brokers List (the “enrolled person”) to adhere strictly to the provisions of the Act, the Regulations and the Insurance Intermediaries Rules (“Insurance Intermediaries Legislation”) which may from time to time be in force in Malta relating thereto.
- 1.2** Every person desirous of applying for enrolment, and on continuing basis, an enrolled person carrying out insurance intermediaries activities is required to identify one individual who will be responsible for ensuring the enrolled person’s adherence.
- 1.3** Where the enrolled person is an individual, the enrolled person shall comply with these Guidelines to the extent that they are applicable to such person.

2.0 Appointment of a compliance officer

- 2.1** Before a compliance officer is appointed, the enrolled person must inform in writing the Authority of the proposed appointment, after having conducted its own due diligence checks.
- 2.2** The Authority will then write to the person proposed reminding that person of the responsibilities attached to the role and asking that person to confirm in writing the understanding of these responsibilities and acceptance attached to the compliance role.

3.0 The responsibilities of a compliance officer

- 3.1** The compliance officer is the person responsible for all aspects of compliance.
- 3.2** The compliance officer shall be expected to demonstrate independence of judgement and to exercise proper day-to-day supervision and control over the activity of the enrolled person.

3.3 The compliance officer must be thoroughly familiar with Insurance Intermediaries Legislation which may be in force from time to time, the conditions that attach to the enrolment of the enrolled person, and take the steps to ensure that the enrolled person's staff are familiar with those conditions, that are relevant to their role within the enrolled person, in particular the Insurance Intermediaries Rule 6 of 2007 on Criteria of Sound and Prudent Management. This Rule requires the enrolled person to have adequate operational, administrative and financial procedures and controls to ensure compliance with the regulatory requirements.

3.4 The Authority expects the compliance officer:

- (a) not to breach, or to permit breaches by others, of internal control procedures and systems or conditions of enrolment to which the enrolled person is subject;
- (b) upon becoming aware of such breaches, to draw them to the attention of the person concerned and, where appropriate, to the attention of the partners or board of directors;
- (c) to record, in writing, all such breaches and the course of action taken as a result;
- (d) to notify the Authority of any breach of conditions of enrolment upon being aware of such breach;
- (e) to ensure, as far as possible, that incorrect or misleading information is not provided deliberately or recklessly to it, either in supervisory returns or in other way.

3.5 The compliance officer must be aware that the Authority requires very high standards of conduct and compliance from all intermediaries. A breach of any condition of enrolment and in particular, evidence of bad faith, lack of care and concern for the interests of policyholders, potential policyholders and the general public, deceptive acts and behaviour, and incompetence, shall be all considered to be serious matters.

4.0 Consultation with the Authority

4.1 The Authority considers it important to ensure that the compliance officer understands the responsibilities placed upon such role and that it is always prepared to discuss any doubts, worries, suspicions or queries that may arise from time to time in respect of the role of a compliance officer.

Appendix III

(Note 3 of the Notes to the Schedules)

Guidelines for Money Laundering Reporting Officers

1.0 Preliminary

- 1.1** The Authority is responsible for ensuring that every person desirous of applying for enrolment and, on continuing basis, a person enrolled, in the Agents List, Managers List or Brokers List (“the enrolled person”) and carrying out insurance intermediaries activities is aware of the responsibilities under the anti-money laundering legislation in Malta, mainly the Prevention of Money Laundering Act, 1994, the Regulations made thereunder and the Implementing Procedures issued by the Financial Intelligence Analysis Unit.
- 1.2** Regulation 15 of the Prevention of Money Laundering and Funding of Terrorism Regulations, 2008 requires an enrolled person to appoint a money laundering reporting officer.
- 1.3** Where the enrolled person is an individual, the enrolled person shall comply with these Guidelines to the extent that they are applicable to such person.

2.0 Appointment of money laundering reporting officer

- 2.1** Before a money laundering reporting officer is appointed, the enrolled person must inform, in writing, the Authority of the proposed appointment after having conducted its own due diligence checks.
- 2.2** The Authority will then write to the person proposed reminding that person of the responsibilities attached to the role and asking the person to confirm in writing the understanding of these responsibilities and acceptance attached to the role of the money laundering reporting officer.
- 2.3** The person assuming the role may or may not act as a compliance officer.

3.0 Responsibilities of money laundering reporting officers

3.1 The money laundering reporting officer should be thoroughly familiar with the Prevention of Money Laundering Act 1994 and any provisions amending the Act, the Regulations made thereunder, as well as the Implementing Procedures and any guidance notes issued by the Financial Intelligence Analysis Unit.

4.0 The responsibilities of the money laundering reporting officer

4.1.1 The money laundering reporting officer should ensure that all staff are familiar with the legislation referred to in paragraph 3.1 above and that regular training is being given in this regard.

4.1.2 Note is to be taken of training that has been carried out and records retained of the persons trained and the date of such training.

4.1.3 Care should be taken when new staff is recruited to ensure that they receive the necessary training.

4.2 The money laundering reporting officer should ensure that proper Customer Due Diligence procedures are in place and that the procedures set out in the Implementing Procedures relating to the identification and verification of natural or legal persons are complied with.

4.3 Any suspicious transactions are to be reported directly by the money laundering reporting officer to the Financial Intelligence Analysis Unit, even if the transaction is not carried out.

4.4 The money laundering reporting officer is to set up an internal reporting procedure to ensure that staff can report any such suspicious transactions without hindrance and that clear reporting lines are in place.

4.5 The money laundering reporting officer must be aware that the Authority requires very high standards of conduct and compliance on money laundering matters from all enrolled persons. Evidence of bad faith, lack of care and concern for the interests of policyholders, potential policyholders and the general public, deceptive acts and behaviour, and incompetence, shall be all considered to be serious matters.

5.0 Consultation with the Authority

5.1 The Authority considers it important to ensure that the money laundering reporting officer understands the responsibilities placed upon such role and that it is always prepared to discuss any doubts, worries,

suspicious or queries that may arise from time to time in respect of the role of a money laundering reporting officer.