

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Insurance Distribution Rules
issued under the
Insurance Distribution Act
(Cap.487)

Issued: **12th July 2018**

Applicable as from **1st October 2018**

Introduction

In terms of article 4 of the Insurance Distribution Act¹ (Cap.487), (“the Act”), the Malta Financial Services Authority may issue Insurance Distribution Rules and Conduct of Business Rules in respect of insurance distribution activities and, or reinsurance distribution activities, as may be required for carrying into effect any provisions of the Act and any regulations made thereunder. The competent authority may amend or revoke Insurance Distribution Rules and Conduct of Business Rules, and any amendment or revocation thereof shall be officially communicated to the persons concerned.

The Act, as amended by Act No. XXVI of 2018 published on the 10th July 2018 in the Government Gazette No. 20,023, together with regulations, Insurance Distribution Rules and the applicable Conduct of Business Rules, provide the framework of insurance distribution activities and, or reinsurance distribution activities, and more detailed provisions on the articles of the Act are found in these Insurance Distribution Rules. The objective of the Act and subsidiary legislation issued thereunder is to implement the various provisions of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast), (the “Insurance Distribution Directive”).

The Insurance Distribution Directive is a framework Directive under the Lamfalussy process which has been supplemented with delegated acts issued by the European Commission, Implementing or Regulatory Technical Standards issued in the form of EU Regulations, as well as Guidelines issued by EIOPA according to Regulation (EU) No. 1094/2012 of the European Parliament and of the Council of the 24 November 2010, establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority).

Therefore, the purpose of the Insurance Distribution Rules is to transpose some of the provisions of the Insurance Distribution Directive. It is to note that while EU Directives require transposition in the legal framework of a Member State, EU Commission Regulations have direct effect and from the date they come into force are considered to form part of the legal framework of a Member State. Therefore, although the EU Commission Regulations issued under the Insurance Distribution Directive do not require transposition, authorised insurance undertakings carrying out insurance distribution activities, authorised reinsurance undertakings carrying out reinsurance distribution activities, insurance intermediaries and reinsurance intermediaries carrying out insurance distribution activities and, or reinsurance distribution activities, tied insurance intermediaries carrying out tied insurance intermediary activities and ancillary insurance intermediaries carrying out ancillary insurance intermediary activities, are nonetheless required to comply with the Articles contained therein, as applicable.

The Insurance Distribution Rules shall be read in conjunction with the requirements of the Conduct of Business Rulebook which prescribes the conduct of business requirements for

¹ Currently the Insurance Intermediaries Act, to be renamed the Insurance Distribution Act by means of Act No. XXVI of 2018 published on the 10th July 2018 in the Government Gazette No. 20,023.

authorised insurance undertakings and insurance intermediaries including tied insurance intermediaries and ancillary insurance intermediaries.

The Insurance Distribution Rules are divided in two Parts:

Part A – Registration and Enrolment Requirements Applicable under the Insurance Distribution Act

Part B – Conditions for carrying out insurance distribution activities and reinsurance distribution activities

These Insurance Distribution Rules shall come into force on the **1st October 2018**.