

## **Insurance Rule 8 of 2007**

### **Qualifications of Individuals Who Effectively Direct the Business or Manage the Affairs of Insurance Companies, or Branches Thereof**

#### **Rule pursuant to articles 8 and 11 of the Act**

1. (1) This Insurance Rule on the qualifications of individuals who effectively direct the business or manage the affairs of insurance companies or branches thereof (“this Rule ”) is made by the Authority pursuant to, and for the purposes of, articles 8 and 11 of the Act.

(2) This Rule shall come into force on the [ 2007].

#### **Application**

2. This Rule applies, on continuing basis, to an individual who effectively directs the business of insurance carried on by, or manages the affairs of, an insurance company whose head office is in Malta or in a country outside Malta or any branches thereof (the “individual”).

#### **Scope**

3. The scope of this Rule is to determine the qualifications of individuals who effectively direct the business of insurance carried on by authorised insurance companies.

#### **Definitions**

4. In this Rule, unless the context otherwise requires “insurance intermediaries activities” means insurance intermediaries activities carried out by an insurance agent, insurance manager or insurance broker enrolled under the Insurance Intermediaries Act, 2006.

#### **Qualifications of individuals**

5. (1) The qualifications of individuals as determined by this Rule for the purposes of paragraph (d) of article 8, sub-paragraph (ii) of

paragraph (b) of subarticle (2) of article 11 are those set out in paragraphs 2 to 5 of this article.

(2) An individual is a fit and proper person within the meaning of Insurance Rule 2 of 2007 on the Criteria of Fitness and Properness.

(3) An individual demonstrates the ability and willingness to assume responsibilities relevant to his position so that the criteria of sound and prudent management are fulfilled with respect to the company issuing the appointment.

(4) In the case of an individual who effectively directs the business of insurance carried on by an authorised company -

(a) the individual is capable of displaying professional skills in advising policyholders or prospective policyholders on their insurance requirements, and:

(b) either the individual holds a qualification in business of insurance recognised by the Authority for the purposes of this article, being a qualification granted to him from a local or foreign institution, in each case, the institution is also recognised by the Authority for the purposes of this article; or

(c) the individual, in relation to business of insurance, satisfies the Authority that he possesses adequate general, commercial and professional knowledge and ability within the meaning of article 6 of this Rule .

(5) In the case of an individual who effectively manages any part of the business of a company carrying on the business of insurance the individual is capable of displaying professional skills in the performance of his duties;

### **Knowledge and ability**

**6.** (1) The Authority accepts as sufficient evidence of the knowledge and ability of an individual as referred to in sub-paragraph (c) of paragraph (4) of article 5 of this Rule if the evidence produced by the individual is evidence which demonstrates that the individual has pursued locally or overseas business of insurance or carried out insurance intermediaries activities for any of the following periods -

(a) not less than four consecutive years during the last eight years in a managerial capacity; or

(b) not less than two consecutive years during the last five years in a managerial capacity, where the individual proves that he has worked for at least three years with one or more persons carrying out insurance intermediaries activities or with one or more companies carrying on business of insurance; or

(c) not less than one year during the last three years in a managerial capacity, the individual is a fellow or associate of the Chartered Insurance Institute of the United Kingdom or holds an insurance qualification of a similar standing of an institute of repute recognised for such purpose by recognised by the Authority and proves that he has received tuition or undergone practical training in business of insurance or insurance intermediaries activities attested by references acceptable to the Authority as fully satisfying the requirements of sub-paragraph (c) of paragraph (4) of article 5 of this Rule.

(2) In a case falling within paragraph (1) of this article, an individual who has pursued business of insurance or insurance intermediaries activities in a managerial capacity for the period specified in the sub-paragraph to which the evidence relates but the period during which the individual has so pursued business of insurance or carried out insurance intermediaries activities is a period longer than the period specified in the said sub-paragraph, if the individual has pursued business of insurance or carried out insurance intermediaries activities for a period of not less than one continuous year immediately before the date of appointment in such position, that individual shall, with respect to that period, be deemed to satisfy the qualifications specified in the sub-paragraph to which the evidence relates.

### **Activity in a managerial capacity**

**6** (1) An individual is also regarded as having pursued an activity in a managerial capacity within the meaning of article 5 of this Rule where his duties in a company carrying on business of insurance or the carrying out of insurance intermediaries activities have involved the management of persons who effectively carried on the business of insurance or insurance intermediaries activities or the supervision of their work.

(2) The activities and duties to in paragraph (1) of this article must have entailed responsibility in respect of the acquisition, administration and performance of contracts of insurance.

### **Repeals and Savings**

7. (1) Saving the provisions of paragraph (2) of this article, Insurance Directive 8 of 1999 - Qualifications of Individuals Effectively Direct the Business or Manage the Affairs of Insurance Companies, Insurance Agents, Insurance Managers or Branches Thereof, is hereby repealed.

(2) Every action, directive, instruction, guideline or order whatsoever taken or commenced thereunder, in so far as insurance companies are concerned, shall continue to be valid and in force, as if such action directive, instruction, guideline or order whatsoever were taken or commenced under this Rule.