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| MALTA FINANCIAL SERVICES AUTHORITY |  |
| **First Schedule – Scheme of Operations** |  |
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| **This Scheme of Operations is required to be submitted in terms of article 8(1)(f) of the Insurance Business Act** | |
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| This scheme of operations is to be completed by:  a) an undertaking desirous of applying for authorisation to carry on and, on continuing basis, an undertaking authorised to carry on business of insurance; or  b) an undertaking desirous of applying for authorisation to carry on business of insurance as a Protected Cell Company; or  c) an undertaking desirous of applying for authorisation to carry on business of insurance as an Incorporated Cell Company; or  d) an undertaking authorised under the Act desirous of applying for authorisation to convert into a protected cell company or transform into an incorporated cell company or an incorporated cell; or  e) a protected cell company authorised under the Act, having no protected cells desirous of applying for approval of a transformation into an incorporated cell company; or  f) a protected cell company authorised under the Act, having one or more protected cells desirous of applying for approval of a division into an incorporated cell company and one or more incorporated cells; or  g) an incorporated cell company authorised under the Act, but having no incorporated cells, that desires to apply for approval for a transformation to a protected cell company; or  h) an incorporated cell company or an incorporated cell for approval for a transformation into a non-cellular company.  **Completion of the application**  This document is to be completed in a comprehensive manner as much as possible and submitted together with the application form, the checklist fully ticked, relative fees and the declaration contained in the First Schedule of the Insurance Business Rules in order for the application pack to be considered as complete and for the review of the application to commence. In the instance where application documents are submitted in a piecemeal fashion or are incomplete, the processing of an application will not start and will be delayed until receipt of all the relevant documents and fees concerned. The time taken to determine an application is significantly affected by the quality of the application submitted. In this regard, applicants are advised to provide comprehensive information as much as possible regarding the regulated activities the applicant intends to carry out and how it will be carrying out those activities. The applicant's description of its business is an integral basis of the processing of the application. All of the questions should be answered. If the applicant believes that a question does not apply, the response should be left blank. Any supporting documents submitted as part of the application pack which are not in English should be officially translated into English before being submitted to the MFSA.  **Transparency**  It is important that applicants are transparent with the MFSA at all stages of the application process. It is essential that all pertinent matters are brought to the attention of the MFSA to enable the competent authority to form a complete and thorough understanding of the applicant and its proposal. Responsibility for the submission of all relevant information rests with the applicant. Timely responses from applicants are expected. Undue and unjustifiable lengthy delays in the submission of responses from applicants may require the re-submission of updated documents.  The provision of false, misleading or inaccurate information or omission of provision of material information may prejudice the status of the application and also have a bearing on the fitness and properness of the person providing the information. Any person who knowingly or recklessly furnishes information or makes a statement which is inaccurate, false or misleading or leave out any material aspect is guilty of an offence under the Insurance Business Act.  **Changes**  If after the application has been submitted, the applicant becomes aware that the information submitted has changed or if the applicant becomes aware of any material fact that affects the information submitted, the applicant must inform the MFSA immediately. If the proposal changes significantly and materially during the application process, then the processing time may be lengthier than in normal circumstances and a fresh application may requested incorporating the new changes. | |

| **Details of the Scheme of Operations** | | | |
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| Applicant Name | | (applicant name should be same as that found in the application form)  Enter text | |
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| **1** | **Background Information to the application** | | |
| 1.1 | Please provide a description of the applicant | Enter text | |
| 1.2 | Please describe the risks or commitments which the undertaking proposes to cover | Enter text | |
| 1.3 | Please provide a description of the past history of the book of business | Enter text | |
| 1.4 | Please explain the rationale for establishing in Malta | Enter text | |
| **2** | **Shareholding structure** | | |
|  | Kindly submit: | | |
| 2.1 | The full shareholding structure of the applicant undertaking, including percentage holding. | | |
| 2.2 | Corporate Questionnaires of immediate qualifying owners and ultimate qualifying owners that are not individuals as set out in Annex to Chapter 3 of the Insurance Rules. | | |
|  | A statement of wealth which contains details on the net worth and information on where that net worth came from submitted by qualifying individual shareholders and qualifying ultimate beneficial owners are required to submit. The statement is to be verified by a qualified accountant or auditor in his/her professional capacity. | | |
|  | Full information on all the beneficial owners when any one of the qualifying shareholders is a trust, including information on the trustee (indicating the regulatory status of the trustee and submission of a copy of the trust deed), settlor, protector, any named beneficiaries and any other person exercising control, as per regulation 2(1) of the Trust and Trustees Act. | | |
|  | If the applicant is a member of a **group of undertakings/companies** please complete sections 2.3 – 2.7: | | |
| 2.3 | Please describe the significant activities of the Group | Enter text | |
| 2.4 | Please provide details on whether the applicant is a subsidiary of an insurance holding company or a mixed activity holding company | Enter text | |
| 2.5 | Please clarify whether the group of which the applicant will form part is subject to supervision as an insurance group and if so the existing arrangements for supervision as insurance group, or whether the applicant will now become subject to group supervision | Enter text | |
| 2.6 | Please explain how the establishment of the undertaking aligns with the Group’s strategy | Enter text | |
| 2.7 | Please attach the full corporate shareholding structure of the Group up to the Ultimate Beneficial Owner(s) showing the position of the undertaking within the Group, including the percentage holding | | |
| **3** | **Business Strategy** | | |
| 3.1 | Please identify the countries in which business will be written and whether this will be on a freedom of services or freedom of establishment basis[[1]](#footnote-1) | Enter text | |
| 3.2 | If the applicant intends to write business in a country or countries outside the EU, an overview of how the applicant can underwrite that business in such country or countries as an authorised undertaking with head office in Malta, is to be provided | Enter text | |
| 3.3 | Please explain how the specific market knowledge in relation to the such jurisdiction/s has/have been attained. | Enter text | |
| 3.4 | If the undertaking intends to operate exclusively or almost exclusively in one or more Member State or EEA State, other than Malta, on a freedom of services basis, please provide:  (a) the reasons supporting such a strategy; and  (b) an explanation of how the specific market knowledge in relation to the jurisdiction has been attained | Enter text | |
| 3.5 | Please provide a detailed description of the main factors influencing the success of the proposed business model and how the undertaking intends to control the success and/or failure of its business model | Enter text | |
| 3.6 | Please detail in the areas of competitive advantage which will keep the undertaking viable and sustainable | Enter text | |
| **4** | **Source of business and distribution arrangements** | | |
| 4.1 | Please identify the proposed sources of business (e.g. insurance intermediaries, direct selling, branch offices, website etc.) | Enter text | |
| 4.2 | Please indicate the approximate percentage of gross written premium expected from each source | Enter text | |
| 4.3 | Where the source of business includes the use of a website, please provide details of the purpose of website, that is, whether for advertising purposes only or whether to carry on business of insurance | Enter text | |
| 4.4 | Where the source of business includes intermediaries, please provide the following details: | | |
|  | (a) a description of the procedure which will be used to approve intermediaries as well as the procedure used to ensure that on-going due diligence on the said intermediaries will be carried out | (This should extend to the type of due diligence and other checks carried out on intermediaries)  Enter text | |
|  | (b) details on the authority which the undertaking intends to assign to the intermediaries | (e.g. underwriting authority, claims handling and/or settling authority, premium collection, authority to appoint introducers/representatives, etc)  Enter text | |
|  | (c) a description of the controls/monitoring arrangements to be applied by the applicant in relation to the activity of the intermediaries | Enter text | |
|  | (d) details in relation to the inducements that will be granted to the intermediaries, the basis of the commission, whether there will be any targets involved and commission levels | (When setting up commissions, applicants are recommended not to base such commission solely or to a large extent on sales generated but take into account other factors such as regulatory compliance, complaints record etc)  Enter text | |
|  | Please submit a draft copy of arrangement/agreement governing the appointment of the intermediaries. Please indicate where the requirements contained in Article 274 of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 are in the agreement. | | |
| 4.5 | **Modus Operandi** | | |
|  | (a) Please provide an explanation regarding the manner, in which transactions will be affected in practice (from initiation till end) specifying what will be done, by whom and from where | (flow charts may be used to better represent the supply chain)  Enter text | |
|  | (b) Please identify the target market including its characteristics | Enter text | |
|  | (c) Please confirm whether the undertaking will be entering into a co-manufacturing agreement with other undertakings or intermediaries | Enter text | |
|  | (d) Please submit a copy of the Insurance Product Information Document (IPID) in line with Article 20 of Directive (EU) 2016/97 and Commission Implementing Regulation (EU) 2017/1469 which lays down a standardised presentation format for the IPID in relation to non-life insurance contracts or the submission of a Key Information Document (KID) in respect of packaged retail and insurance-based investment products in line with the Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 | | |
|  | (e) Please provide a copy of the Product Oversight and Governance policy in line with *the* Commission Delegated Regulation (EU) 2017/2358, supplementing Directive (EU) 2016/97 of the European Parliament and of the Council with regard to product oversight and governance requirements for insurance undertakings and insurance distributors | | |
|  | (f) Please indicate the manner, in which the undertaking will ensure that all the necessary disclosures (including any particular conflict of interest) at point of sales are being communicated | Enter text | |
|  | (g) Please explain the manner, in which complaints shall be made and who will be responsible to handle them from within the undertaking | (In terms of the Conduct of Business Rulebook, this person should not be involved in claims handling (or oversight thereof) of the applicant)  Enter text | |
|  | (h) Please provide details of the questions that will be used to carry out the demands and needs test | Enter text | |
|  | (i) In the case of long-term business, details of the questions that will be used for the purpose of the suitability test and appropriateness test | Enter text | |
| **5** | **Organisation and Governance Arrangements** | | |
| 5.1 | Please submit a corporate structure chart setting out the management structure, responsibilities and reporting lines | | |
| 5.2 | Please demonstrate that adequate staff with relevant experience shall be available at all level and that mind and management is in Malta[[2]](#footnote-2) | Enter text | |
| 5.3 | Please provide an assessment of how the Board is deemed to have required diversity of knowledge, judgement and experience to properly complete their tasks | Enter text | |
| 5.4 | Please provide an assessment of how the mix of executives, non-executives and independent directors is adequate taking into account the nature, scale and complexity of the business | Enter text | |
| 5.5 | Please explain the arrangements by which systems and controls will be established and maintained and an explanation of how these will be overseen. Please provide: | | |
|  | (a) details of the manual and automated controls over key functions, processes and procedures | (Please provide detail in relation to segregation of duties, acceptance controls and levels and monitoring of risk aggregation)  Enter text | |
|  | (b) details of the role of any internal committees and frequency of meetings. With regards to the audit committee, please explain how it will be composed in line with Annex II of Chapter 6 of the Insurance Rules | (Please submit Terms of Reference for any committees to be established)  Enter text | |
|  | (c) Please provide us with an assessment on the level of experience, knowledge and competence of the identified key function holders | Compliance | Enter text |
| Risk Management | Enter text |
| Actuarial | Enter text |
| Internal Audit | Enter text |
|  | (d) Please provide us with an assessment on the level of experience, knowledge and ability requirements of the identified person within the management structure responsible for the distribution of insurance and reinsurance products as contained in Chapter 6 in Part B of the Insurance Distribution Rules issued under the Insurance Distribution Act (Cap. 487) | Enter text | |
|  | (e) With specific reference to the internal audit function please indicate the: | scope of the internal audits | Enter text |
| expected frequency of internal audits | Enter text |
| manner in which independence of the audit function from operational activities will be ensured | Enter text |
|  | (f) If other critical or important functions are identified, please explain why the undertaking deems them to be critical or important for its operation. Substance over form should be applied when determining whether or not a role is a key function | Enter text | |
|  | (g) the staffing levels in each area for the first three years of the applicant’s operations broken down on a yearly basis and proposed staff training | Enter text | |
|  | (h) details of monitoring and reporting mechanisms developed within the internal control system which provide the Board of Directors with the relevant information to take appropriate decisions | Enter text | |
|  | (i) an outline of reports and management information that will be provided regularly to: | the person responsible for the apportionment and oversight function | Enter text |
| the board and executive management | Enter text |
| **6** | **Risk Management** | | |
| 6.1 | Please provide a description of the Risk Management (RMS) comprising of: | * an overview of the general risk appetite of the undertaking, indicating the business that falls outside the risk appetite   Enter text   * the processes and procedures that will enable the undertaking to effectively identify, measure, monitor, manage and report, on a continuous basis, the risks on an individual and aggregated level, to which the undertaking is or could be exposed   Enter text | |
| 6.2 | Please indicate the tolerance limits for each risk category | Enter text | |
| 6.3 | Please identify the undertaking’s key dependencies | Enter text | |
| 6.4 | Please identify the pressure points that can potentially cause severe deterioration to the undertaking’s financial position and solvency position | Enter text | |
| 6.5 | If the undertaking forms part of a group, the undertaking is to provide a description of the complexity, interdependency and interconnectedness that exists between all the group entities | Enter text | |
| 6.6 | Please identify any conflict of interest that exists and how they will be managed | Enter text | |
| 6.7 | Please provide us with a copy of the risk register. As a minimum it is to contain the following:   * all quantifiable and non-quantifiable risks * the risk owners * frequency and severity of the risks identified and how it aligns with the risk appetite * gross and inherent risks * any risk mitigation controls to be applied and their effectiveness * the perceived Anti Money Laundering Risks in relation to the proposed business model and how these are being mitigated.   Where the applicant intends to carry on cross border business, associated risks are to be identified separately. | | |
| 6.8 | Please provide details in relation to the following categorisation of risk: | | |
|  | (a) Underwriting and reserving risk | |  | | --- | | * types and characteristics of the insurance business which the applicant is willing to accept   Enter text   * an explanation of how premium income will be sufficient to cover expected claims and expenses   Enter text   * identification of the risks arising from the applicant’s insurance obligations   Enter text   * an explanation as to how the applicant takes into account the constraints related to investments when designing a new insurance product and the premium calculation   Enter text   * an explanation as to how the applicant takes into account reinsurance or other risk mitigation techniques when designing a new insurance product and the premium calculation   Enter text | | |
|  | (b) Operational risk | |  | | --- | | * a description of the activities and the internal processes to be established by the applicant to manage operational risks, including the IT systems supporting them   Enter text   * the applicant is to provide a description of the process for the collection and monitoring of operational risk events.   Enter text | | |
|  | (c) Reinsurance and other risk-mitigation techniques | |  | | --- | | * an explanation of the applicant’s conclusion as to why the reinsurance arrangements which are to be implemented are appropriate to the its risk profile   Enter text   * the applicant is to explain how will be assessing and monitoring the credit-worthiness and diversifications of reinsurance counter-parties   Enter text   * the applicant is to explain how it will be dealing with timing mis-match between claims payments and reinsurance recoverable   Enter text | | |
|  | (d) Strategic and reputational risk | |  | | --- | | * the applicant is to explain the process of how it will be managing and reporting exposures to reputational and strategic risks.   Enter text | | |
|  | (e) Asset-liability management | |  | | --- | | * a description of how the applicant will be identifying and assessing mismatches between assets and liabilities   Enter text | | |
|  | (f) Investment risk management – | |  | | --- | | * the applicant is to explain how it will be achieving security, quality, liquidity and profitability with regards to investments   Enter text   * how the applicant will be valuing and verifying the investment assets   Enter text   * how the applicant will be monitoring the performance of the investments   Enter text   * how the applicant will be selecting assets in the best interest of policyholders and insured   Enter text | | |
|  | (g) Liquidity risk management – | |  | | --- | | * how the applicant will be determining and monitoring the level of mismatch between the cash inflows and cash outflows of both assets and liabilities   Enter text   * how the applicant will be assessing and monitoring the total liquidity needs in the short and medium term and how it will be ensuring that it will be maintaining appropriate liquidity buffer to guard against a liquidity shortfall   Enter text | | |
| **7** | **Business Continuity Plan** | | |
|  | Please provide a documented business continuity plan including the steps which will be taken by the undertaking to ensure that such undertaking keeps the operations functioning during and after an event which may affect adversely the undertaking. Please include details of when such plan is intended to be reviewed, updated and tested. | | |
| **8** | **Underwriting activities** | | |
| 8.1 | Please provide a description of the underwriting activities of the applicant including who will be undertaking such activities, reporting lines, authority levels/limits and how such limits are monitored. | Enter text | |
| 8.2 | Please indicate the underwriting guidelines and criteria | Enter text | |
| 8.3 | Please explain the role and objectives of the applicant’s underwriting function and what processes will be established to achieve those objectives | Enter text | |
| 8.4 | Please explain the internal controls that shall be in place over the underwriting process | Enter text | |
| 8.5 | Provide details of who will be responsible for the issuance of policies | Enter text | |
| **9** | **Claims activities** | | |
| 9.1 | Please indicate the reporting lines for the claims function | Enter text | |
| 9.2 | Please explain the internal controls that shall be in place over the claims process as well as the key reports to be prepared and the frequency of reporting | Enter text | |
| 9.3 | If the claims service will be delegated, please indicate to whom they will be outsourced and the authority level/limits which will be delegated. Please also explain how such limits are monitored | Enter text | |
| **10** | **Financial Crime Analysis** | | |
|  | The information contained in the financial crime analysis section is to be provided specifically in case of long-term business. | | |
| 10.1 | Please provide a detailed structure of the compliance and financial crime function in line with the proposed volume and value of business being proposed | MLROs are expected to have direct reporting lines to the Board of Directors  Enter text | |
| 10.2 | Please describe the customer onboarding process, ongoing screening and how findings will be recorded | In the description please indicate who will be involved in the process (by designated position) as well as how the three lines of defence will be implemented  Enter text | |
| 10.3 | Please explain the customer acceptance policy, clearly detailing the type of customers identified by applicant which are likely to pose higher risk of financial crime | In relation to the description of the customer acceptance policy please elaborate on the circumstances which may lead to client acceptances, suspension, rejection etc…  Enter text | |
| 10.4 | Please provide details on the Business Risk Assessment | Please include details on the inherent risks, controls in place, residual risk and the overall methodology used for analysing the business risk  Enter text | |
| 10.5 | Please provide details on the Customer Risk Assessment, including the risk scoring thresholds and risk assessment methodology | Enter text | |
| 10.6 | Please provide details of the procedures to be followed when an employee knows or suspects, or there are grounds to suspect that a person or transaction is connected to any financial crime activity | Enter text | |
| 10.7 | Please explain the type of payment screening that will be carried out to ensure that the premiums or other income are coming from legitimate sources | Please highlight any systems being used, as well as applicable thresholds if available  Enter text | |
| **11** | **Financial projections** | | |
|  | The financial projections are to be provided under a separate cover. The detail pertaining to this section is found in Chapter 1 under sub-heading Financial Projections and resources. | | |
| **12** | **Investment Strategy** | | |
| 12.1 | Please provide a description of the applicant’s proposed investment strategy, including details of the diversification, currency and types of investments which are expected to represent the insurance or reinsurance funds and the arrangements for the maintenance of adequate liquidity | Enter text | |
| 12.2 | The investment strategy shall follow the prudent person principle as provided for in paragraph 5.7 of Chapter 5 in Part of the Insurance Rules.In this respect, the undertaking shall provide the following details: | | |
|  | (a) the procedure for appropriately valuing and verifying the investments | Enter text | |
|  | (b) the procedure to monitor the performance of the investments | Enter text | |
|  | (c) the key risk indicators that are intended to be developed in line with the investment risk management policy and business strategy; | Enter text | |
|  | (d) how it will be taking into account the risks associated with the investment without relying only on the risk being adequately captured by the capital requirements | Enter text | |
|  | (e) the targets for the returns it seeks from its investments taking into account the need to obtain a sustainable yield on the asset portfolios to meet reasonable policyholders’ expectations | Enter text | |
|  | (f) any conflict of interest that arises regarding investments, irrespective of whether they arise in the undertaking or in the entity which manages the asset portfolio | Enter text | |
|  | (g) the independent valuation and performance measurement methods that have been developed by the undertaking and how it will review the appropriateness of the external credit institutions including how and the extent to which credit assessments are used | Enter text | |
|  | (h) safeguards that will be put in place against excessive risk taking by the investment function | Enter text | |
|  | (i) if parts of the undertaking’s investments will be of a non-routine nature, the undertaking is requested to describe: | * the assessment that will be carried out to ensure that it is able to perform and manage such investments; and   Enter text   * the risks specifically related to this investment and the impact of the investment on the undertaking’s risk profile.   Enter text | |
|  | (j) if the undertaking will be investing in derivatives, the undertaking is requested to demonstrate how the quality, security, liquidity and/or profitability of the portfolio will be improved without significant impairment of any of these features where derivatives are used to facilitate efficient portfolio management | Enter text | |
|  | (k) if the undertaking will be investing in securitised instruments, the undertaking is requested to explain how it ensures that its interests and the interests of the originator or sponsor concerning the securitised assets are well understood and aligned | Enter text | |
| **13** | **Information Technology** | | |
| 13.1 | **Dependency on the IT system** | | |
| 13.1.1 | To what extent will the undertaking’s operations be reliant on IT infrastructure to conduct regulated business? | Enter text | |
| 13.1.2 | To what extent will the end users, customers and third parties be affected if the IT system that the undertaking is using becomes unavailable? | Enter text | |
| 13.1.3 | Via which channels will the customers be able to purchase products offered by the undertaking? In the case of a downtime of IT infrastructure, what alternative channels will be available to the customers? | Enter text | |
| 13.2 | **Complexity of the IT System** | | |
| 13.2.1 | In terms of IT and information assets, how sophisticated or complex is the undertaking’s IT system? | Enter text | |
| 13.2.2 | Is the IT infrastructure based on any innovative technology such as a Distributed Ledger Technology? | Select: Yes or No  Enter text | |
| 13.2.3 | Will the IT system developed in house or is it an off the shelf system?  If in-house how will be the segregation of production environment from development, testing and other non-production environments ensured? | Select: In-house or Off-the-shelf  Enter text | |
| 13.3 | **Nature of operations** | | |
| 13.3.1 | What is the expected total number and value of transactions per year via the IT system? | Enter text | |
| 13.3.2 | What is the (payment) transaction process involved in terms of IT systems and services? | Enter text | |
| 13.3.3 | Does the IT system require further back office intervention? | Enter text | |
| 13.3.4 | What is the undertaking’s data and ICT systems backup and restoration policy? | Enter text | |
| 13.3.5 | Where will data backups and servers be stored? | Enter text | |
| 13.3.6 | Will any services be outsourced to third party providers, including but not exclusively, IT support and cloud service providers? | Enter text | |
| 13.3.7 | In the case of outsourced systems and services please provide the following details: | | |
|  | (a) Name of the outsourcing partner/ Cloud Service Provider (“CSP”) | Enter text | |
|  | (b) For CSP - deployment model (i.e. public/private/hybrid/community) | Enter text | |
|  | (c) An assessment of whether the outsourcing arrangement concerns a critical or important operation function | Enter text | |
|  | (d) Identification and assessment of all the relevant risks of the outsourcing agreement | Enter text | |
|  | (e) What type of due diligence was conducted on the service provider | Enter text | |
|  | (f) Whether the agreement provides clauses for access, audit and inspection rights | Enter text | |
|  | (g) An outline of the termination and exit strategy from the agreement | Enter text | |
| 13.3.8 | **ICT Risk and security management** | | |
|  | (a) Will the internal audit function possess sufficient knowledge, skills and expertise in ICT and security risks to provide independent assurance of their effectiveness to the management? | Enter text | |
|  | (b) What mechanisms will be put in place in order to keep confidentiality, integrity and availability of data, systems and networks safe from unauthorised access or use of an information asset? | Enter text | |
|  | (c) What procedures does the undertaking intend to introduce in order to detect anomalous activities that may impact undertakings’ information security? | Enter text | |
|  | (d) Has the undertaking established Business Continuity Plans and a Business Impact Assessment analysing the exposure to severe business disruptions and assessing their potential impact on the undertaking? | Enter text | |
| 13.3.9 | **Outsourcing and agreement with third parties** | | |
|  | Please provide a description of any material outsourcing or sub-contracting arrangements, in particular any outsourcing of critical and important functions, including but not limited to: | | |
|  | (a) background information concerning the third party to whom functions will be outsourced including whether the service provider is a regulated entity, whether it forms part of the same group of companies of the undertaking | Enter text | |
|  | (b) a description of the fit and proper procedures in assessing persons employed by the service provider or sub service provider to perform an outsourced key function; | Enter text | |
|  | (c) details of functions which will be outsourced, including an explanation as to why the outsourcing arrangement is not considered to materially impair the quality of the system of governance of the undertaking concerned and unduly increasing the operational risk | Enter text | |
|  | (d) the identification of the person within the undertaking with overall responsibility for the outsourced key function and the assessment carried out to ensure why he/she is fit and proper and that he/she possesses sufficient knowledge and experience regarding the outsourced key function to be able to challenge the performance and results of the service provider | Enter text | |
|  | (e) details of how the outsourced function will be monitored and controlled including details of key performance indicators to be used | Enter text | |
|  | (f) describe the business contingency plans, including exit strategies for outsourced critical or important functions or activities | Enter text | |
|  | Please submit a draft copy of the outsourcing agreement in line with Article 274 of the EU Commission Delegated Regulation. | | |
| **14** | **Reinsurance or Retrocession** | | |
|  | This section details the proposed reinsurance (or retrocession) strategy and the arrangements proposed to be put in place at authorisation. It may be appropriate for this to be represented graphically, especially for more complex programmes | | |
| 14.1 | Details of the principal reinsurers (or retrocessionaires), including name, address, country of incorporation and rating by the main rating agencies | |  |  |  |  | | --- | --- | --- | --- | | **Name** | **Address** | **Country of Incorporation** | **Rating** | | Enter text | Enter text | Enter text | Enter text |   *Further rows may be added by clicking on the at the bottom right corner of the table* | |
| 14.2 | Details of the reinsurance strategy (whether it is proportional or non-proportional) and the type of cover | Enter text | |
| 14.3 | Details of percentages of risks that will be retained by the Undertaking including maximum retention limits per reinsurance programme | Enter text | |
| 14.4 | Where a significant proportion of the programme is to be ceded to a single reinsurance undertaking (or retrocessionaires) or group, additional information should be given as to why this is considered to be appropriate, including details of the security provided and the financial adequacy | Enter text | |
| 14.5 | Please confirm that what has been declared will actually be reflected in the agreement. | (Please note that the MFSA reserves the right to request a copy of the agreement at any point in time)  Enter text | |

1. A separate notification is required to be submitted as contained in Annex I or Annex II of Chapter 10 on Freedom of Establishment and Freedom to provide Services by a Maltese Insurance Undertaking and a Maltese Reinsurance Undertaking of the Insurance Rules, depending to the type of notification. This is to be submitted once the undertaking obtains its authorisation. [↑](#footnote-ref-1)
2. This in accordance with the type and volume of business expected to be generated. [↑](#footnote-ref-2)