

MFSA's expectations in accordance with EIOPA's Recommendations for the insurance sector in light of the United Kingdom's withdrawal from the European Union

1. General Scope

Further to EIOPA's Recommendations for the insurance sector in light of the United Kingdom withdrawing from the European Union, EIOPA-BoS-19/040 dated 19 February 2019 to promote consistent supervisory practices in matters related to the consequences of the United Kingdom's ("UK") withdrawal from the European Union ("EU"), the Malta Financial Services Authority ("MFSA") is issuing this communication.

The communication is addressed to all UK insurance intermediaries which, following the United Kingdom's withdrawal from the European Union will lose their right to conduct business by way of freedom of establishment and freedom to provide services in Malta, in view that these will no longer be allowed to carry out distribution activities in Malta.

By way of this communication, the MFSA is setting out its expectations and commitments to ensure service continuity and regularity in the performance of insurance activities as well as to prevent insurance activity without authorisation after the UK's withdrawal from the EU, with the primary objective of minimising the detriment to policyholders and beneficiaries.

2. The MFSA expectations

2.1 Service continuity

The MFSA expects that all affected UK insurance intermediaries take reasonable steps to ensure continuity and regularity in the performance of their activities, including the development and implementation of realistic contingency plans to prevent insurance activity without authorisation. UK insurance intermediaries that have not yet finalised their contingency plans are expected to contact the MFSA without further delay, by not later than the **23th September 2019**.

2.2 Insurance Distribution Activities by UK intermediaries and entities

UK intermediaries and entities providing distribution activities in Malta, which intend to continue or commence distribution activities after the UK's withdrawal from the EU in Malta, are expected to be established and registered in line with the relevant provisions of the Insurance Distribution Act. The MFSA also expects that intermediaries which are legal entities, seeking registration in Malta, to demonstrate an appropriate level of corporate substance, proportionate to the nature, scale and complexity of their business.

Where UK intermediaries and entities providing distribution activities in Malta do not obtain authorisation from the MFSA before the UK's withdrawal from the EU, such intermediaries are required to inform the MFSA without further delay, of a realistic contingency plan, by not later than the **23th September 2019**.

2.3 Communication to policyholders and beneficiaries

UK Insurance intermediaries who following the UK's withdrawal from the EU will lose their right to conduct business in Malta, are also required to disclose to their policyholders and beneficiaries appropriate information with respect their plans in the case that the UK withdraws from the EU. This information would include, *inter alia*, any new contact details.

3. MFSA contact point

Affected UK insurance intermediaries may contact ipsu@mfsa.mt for further information or clarifications related to this document, by quoting in the subject line "UK intermediaries – contingency plan" followed by the full name of the UK intermediary.