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Insurance Distributors Given Guidance on Assessment of Clients Demands and Needs

The Malta Financial Services Authority has [issued](#) a comprehensive document aimed at guiding insurers on how to handle the mandatory assessment of a client's demands and needs prior to the offering of any insurance contract.

The assessment was made mandatory by the Insurance Distribution Directive, which states that insurance distributors whether undertakings or intermediaries – must obtain information from their clients about their demands and needs before proposing any products to them, and obviously the products so proposed must be appropriate to those demands and needs. This ensures that a client can make an informed decision before purchasing the product. However, the Directive is silent as to the manner in which such assessment should be made.

The assessment is seen as an important tool to ensure that clients are not offered inappropriate products, and applies to all types of insurance products. It also applies to insurance products purchased online. The MFSA has been carrying out supervisory work in this area of insurance conduct supervision and has also received demands from the industry to provide guidance in this regard.

In the light of the above, the Authority is hereby issuing Volume VI in the series of industry aids called "[The Nature and Art of Supervision](#)". This document contains further guidance as to how the demands and needs assessment is to be carried out and the Authority's expectations in this regard.

Read the full document [here](#).

About MFSA

The Malta Financial Services Authority (MFSA) is the single regulator of financial services in Malta, covering banks, insurance companies, investment services, trusts and pensions. In 2018, the MFSA became the first European regulator to develop a framework to regulate virtual financial assets. The MFSA's mission, as enshrined in its Vision 2021, is to enhance its position as an independent, proactive and trustworthy supervisory authority with the main purpose of safeguarding the integrity of markets and maintaining stability within the financial sector, for the benefit and protection of consumers. The MFSA licenses over 2,000 entities to operate in the financial services sector.



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