

CONTINUOUS PROFESSIONAL DEVELOPMENT

CHAPTER 7

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7.1 Introduction

- 7.1.1 This Chapter on continuous professional development is made pursuant to, and for the purposes of, articles 14A, 35A and 43M(2) of the Act. This Chapter lays down the requirements which relevant persons and relevant employees referred to in paragraph 7.2.1 of this Chapter need to fulfil in order to update their knowledge and ability requirements through continuous professional development.
- 7.1.2 The Chapter indicates the type of training a relevant person and a relevant employee may attend in order to comply with continuous professional training and development requirements.
- 7.1.3 The continuous professional training and development can consist of structured and unstructured training for a relevant person and a relevant employee to attain a holistic training approach to keep their knowledge and ability updated in order to conduct their activities with professionalism and ensure the protection of the interests of their clients.
- 7.1.4 The Chapter also identifies the record keeping requirements which a relevant person is required to comply with.
- 7.1.5 This Chapter shall not apply to a captive insurance undertaking and a captive reinsurance undertaking as defined in article 2(1) of the Insurance Business Act.

7.2 Applicability

- 7.2.1 This Chapter applies to:
- (a) a person/s within the management structure of an authorised insurance undertaking or an authorised reinsurance undertaking who is designated to be responsible for the distribution in respect of insurance and reinsurance products and those persons managing the insurance distribution activities or reinsurance distribution activities to be carried out;
 - (b) a person/s registered in the Agents Register, Managers Register or Brokers Register responsible for the carrying out of insurance distribution activities or reinsurance distribution activities, as specified in article 11(1) of the Act;
 - (c) a tied insurance intermediary registered in the Tied Insurance Intermediary Company Register of an authorised undertaking and enrolled with the competent authority in the Tied Insurance Intermediary List to act on its behalf, and where the tied insurance intermediary is not an individual, the individual identified in terms of article 37 of the Act;

(the “relevant person”)

(d) all relevant employees:

(i) directly involved in the carrying out of distribution in respect of insurance or reinsurance products of an authorised insurance undertaking carrying out insurance distribution activities or of an authorised reinsurance undertaking carrying out reinsurance distribution activities;

(ii) directly involved in the carrying out of insurance distribution activities and reinsurance distribution activities of a person enrolled in the Agents List, Managers List or Brokers List.

(the “relevant employee”).

7.3 Continuous professional development (“CPD”)

7.3.1 A relevant person and a relevant employee shall update their knowledge through CPD by following training in relation to, but not limited to, changes to applicable legislation, regulatory changes, new insurance products and services available on the market, new market and consumer trends.

7.4 General Requirements

7.4.1 A relevant person and a relevant employee are required to undertake as a minimum fifteen (15) hours of CPD training annually. A relevant person specified in paragraphs 7.2.1 (a) and (b) of this Chapter shall be responsible to ensure that the relevant employees specified in paragraph 7.2.1 (d) of this Chapter undertake as a minimum fifteen (15) hours of CPD training annually in order to update and satisfy their knowledge and ability requirements.

7.4.2 Unless otherwise stated in this Chapter, the number of hours credited to CPD training shall be calculated on an hour to hour basis. One CPD hour shall be earned for each hour’s participation in the activities mentioned in paragraphs 7.5.5 to 7.5.18 of this Chapter.

7.4.3 A relevant person and a relevant employee shall not carry forward any extra CPD hours accumulated within a particular year.

7.4.4 Where a relevant person or a relevant employee changes his workplace, the new employer may take into account the CPD training hours undertaken during the relevant

calendar year at the former workplace of the new employee. The new employer may only take into account such CPD training hours where such employer has reasonable measures in place to verify the completion of the previous CPD training hours during the relevant calendar year.

- 7.4.5 A relevant person and a relevant employee shall ensure that the maximum number of CPD hours a person earns in any day is eight (8) hours. Nevertheless, the maximum number of CPD hours which may qualify for any single topic is of four (4) hours.
- 7.4.6 An authorised insurance undertaking and an insurance agent enrolled under the Act (unless otherwise mandated by the authorised insurance undertaking) which has appointed and registered a person in its Tied Insurance Intermediary Company Register to act on his behalf as a tied insurance intermediary, shall ensure that the tied insurance intermediary appointed undertakes, as a minimum, fifteen (15) hours of CPD training annually, in order to update his knowledge and ability requirements.

7.5 Continuous Professional Development Training

- 7.5.1 A relevant person and a relevant employee shall undertake as a minimum fifteen (15) hours of continuous professional development training in each calendar year, which can take the form of structured CPD training or unstructured CPD training. As a minimum, such CPD training shall include twelve (12) hours of structured CPD training.
- 7.5.2 Subject to paragraph 7.5.3 of this Chapter, before choosing which study activities would be appropriate for a relevant person and a relevant employee to undertake, the relevant person shall make an assessment, taking into account the nature of the products which are to be sold and the role and activity to be carried out by such relevant person or relevant employee within the authorised insurance undertaking, the authorised reinsurance undertaking, the insurance intermediary or the reinsurance intermediary, keeping in mind any changes in the person's role and products to be sold.
- 7.5.3 Further to paragraph 7.5.2 of this Chapter, where the relevant person is a tied insurance intermediary, the authorised insurance undertaking or the insurance agent (unless otherwise mandated by the authorised insurance undertaking) on whose behalf such intermediary has been appointed shall carry out the relevant assessment.

Structured CPD Training

- 7.5.4 A relevant person and a relevant employee shall as a minimum undertake twelve (12) hours of structured CPD training. When assessing whether an activity would be qualified as structured CPD, the relevant person shall ensure that following three criteria are met:

- (a) **Relevance** – the activity is relevant to the products the relevant person and the relevant employee sells and the role or activity such relevant person or employee carries out, and that such activity would enhance such person or such employee's professional competence. Structured CPD would need to fall under one of the subject matters indicated in Sections 6.8 to 6.10 of Chapter 6 in Part B of the Insurance Distribution Rules;
- (b) **Measurability** – the activity has a defined number of hours which can be attributed to the event;
- (c) **Verifiability** – attendance to the activity can be objectively verified by a competent source. In the case of **courses**, conferences and seminars **provided by external service providers**, a certificate of attendance or equivalent would satisfy this requirement. In the case of web-based learning and in-house training, attendance can be verified by means of an assessment which is carried out upon the completion of the training.

Workshops, organised technical discussion meetings, courses, conferences and seminars

- 7.5.5 A relevant person and a relevant employee may attend workshops and organised technical discussion meetings which address one or more subject matters indicated in Sections 6.8 to 6.10 of Chapter 6 of Part B of the Insurance Distribution Rules. Such activities shall qualify as structured CPD Training, provided they meet the requirements in paragraph 7.5.4 of this Chapter. A conference or a seminar is an event coordinated by an organisation wherein one or more subject matters indicated in Sections 6.8 to 6.10 of Chapter 6 of Part B of the Insurance Distribution Rules are discussed and debated.
- 7.5.6 A relevant person and a relevant employee may attend courses which are not in house and web-based, and which address one or more subject matters indicated in Sections 6.8 to 6.10 of Chapter 6 of Part B of the Insurance Distribution Rules. Such activities shall qualify as structured CPD Training, provided that a certificate of attendance or equivalent is issued upon its completion.
- 7.5.7 Where a relevant person or a relevant employee attends a course which is not a web-based learning activity and which does not fulfil the requirements in paragraph 7.5.6 of this Chapter, such activity may qualify as unstructured CPD training.

Service on technical committees or panels

7.5.8 A relevant person and a relevant employee may serve on technical committees or panels established by professional associations, firms or governmental bodies, and such service may qualify as structured CPD training provided that:

- (a) the committee or panel can demonstrate a tangible output, such as a technical release or other form of guidance, as a result of its work; and
- (b) the relevant person or employee can demonstrate that they contributed to the original research or other work towards the final product.

7.5.9 Where the requirements in paragraph 7.5.8 (a) and (b) of this Chapter are not fulfilled, the relevant person or the relevant employee may qualify the training as unstructured CPD.

Web-based learning activities

7.5.10 A relevant person and a relevant employee may follow web-based learning activities in order to fulfil the structured CPD training. Web-based activities would usually have an assigned amount of hours. When this is not the case, the relevant person or the relevant employee shall assess the amount of time spent on such activities. Such activity may qualify as structured CPD training provided that:

- (a) the activity has a taught element which increases a relevant person and a relevant employee's technical and professional competence in one or more subject matters indicated in Sections 6.8 to 6.10 of Chapter 6 in Part B of the Insurance Distribution Rules;
- (b) the activity is measurable;
- (c) the activity is verifiable, and has a means of assessment which the relevant person or the relevant employee is required to carry out during the activity or upon its completion; and
- (d) the relevant person or the relevant employee must have completed the assessment successfully and retain a proof of such for future reference.

7.5.11 Where a relevant person or a relevant employee attends a web-based learning activity which does not fulfil the requirements in paragraph 7.5 of this Chapter, such activity may qualify as unstructured CPD training.

Lecture preparation, lecturing and assessment preparation and correction

7.5.12 A relevant person and a relevant employee may claim the time spent on lecture preparation, lecturing and assessment preparation and correction as structured CPD training provided that:

- (a) the relevant person or the relevant employee is providing such an activity upon the employer's demand, on behalf of a professional institution or organisation, or the market's demand and the subject is relevant to the relevant person or the relevant employee's work;
- (b) the subject matter covers specialist knowledge and the application of such knowledge, and relates to one or more subject matters indicated in Sections 6.8 to 6.10 of Chapter 6 in Part B of the Insurance Distribution Rules;
- (c) the depth and level of knowledge delved into by such activities shall increase the relevant person or the relevant employee's competence;
- (d) the relevant person or the relevant employee shall retain a copy of any notes and presentations produced for those attending the activity; and
- (e) only the first delivery of the same lecture is worthy to qualify as structured CPD training.

7.5.13 Where a relevant person or a relevant employee carries out lecture preparation, lecturing, assessment preparation and correction, every hour of lecturing or assessment preparation and correction, will qualify to two (2) CPD hours. A relevant person or a relevant employee may only claim up to six (6) CPD hours annually from lecturing.

Relevant Insurance Courses

7.5.14 Where a relevant person or a relevant employee is reading for a local or overseas bachelor degree or postgraduate degree or any other relevant insurance course organised by a professional body recognised by the competent authority as indicated in Chapter 14 in Part B of the Insurance Distribution Rules, which would increase such person or employee's technical or professional competences, the relevant person or the relevant employee may claim the hours spent on lectures and study as structured CPD training, provided that such lectures relate to the subject matters indicated in Sections 6.8 to 6.10 of Chapter 6 in Part B of the Insurance Distribution Rules. Every successful year of study will qualify to ten (10) CPD hours.

7.5.15 The relevant person and the relevant employee shall keep the evidence of examination results, coursework assessment or attendance as proof of such studies.

7.5.16 Where a relevant person or a relevant employee attains a qualification:

- (a) which requires such person or employee to undertake continuous professional training; and
- (b) such training has the same or more training requirements than what is provided for in this Chapter,

such person or employee may use the training attended in order to fulfil the minimum fifteen (15) hours of CPD training required.

In-House Training

7.5.17 A relevant person and a relevant employee may attend in-house training provided in a structured manner by an authorised insurance undertaking or an authorised reinsurance undertaking or a person registered in the Agents Register or the Brokers Register as applicable, or a person who satisfies one of the requirements of paragraph 6.3.1 of Chapter 6 of the Insurance Distribution Rules. The training shall address one or more subject matters indicated in Sections 6.8 to 6.10 of Chapter 6 in Part B of the Insurance Distribution Rules. Such activities shall qualify as structured CPD Training, provided they meet the requirements in paragraph 7.5.4. of this Chapter. Informal discussions cannot be qualified as structured CPD training.

7.5.18 Where training is organised by an authorised insurance or reinsurance undertaking or a person registered in the Agents Register or the Brokers Register or a person who satisfies one of the requirements of paragraph 6.3.1 of Chapter 6 of the Insurance Distribution Rules, the requirement of verifiability indicated in paragraph 7.5.4 of this Chapter may be fulfilled by means of **an assessment which is carried out upon the completion of the training.**

Unstructured CPD training

7.5.19 A relevant person and a relevant employee is required to keep abreast of the wide range of developments which affect the products they sell and their role or activity. This can be done through unstructured learning activities such as regularly reading professional journals, accessing databases on the Internet and other activities.

7.5.20 The following would qualify as unstructured CPD hours:

- (a) individual home study, including the general viewing of videos, television programmes, audio recordings or any alternative form of learning which is not measurable or verifiable, but which is relevant to the technical, professional and inter-personal development of a relevant person or a relevant employee;
- (b) private reading relating to technical, professional, managerial and ethical issues in the subject matters indicated in Sections 6.8 to 6.10 of Chapter 6 in Part B of the Insurance Distribution Rules;
- (c) activities falling under paragraphs 7.5.9 and 7.5.11 of this Chapter.

7.6 Appropriate records

Duration, frequency and proof of Continuous Professional Development

- 7.6.1 A relevant person shall ensure that it and the relevant employees attend at least fifteen (15) hours of CPD training annually in accordance with paragraph 7.5.1 of this Chapter.
- 7.6.2 Subject to paragraph 7.6.5 of this Chapter, a relevant person shall ensure that it establishes, maintains and keeps appropriate records and retains all the supporting evidence required of all the CPD training activities to demonstrate compliance with the CPD requirements of such relevant person and relevant employee.
- 7.6.3 The records referred to in paragraph 7.6.2 of this Chapter which a relevant person is required to maintain on an annual basis, shall indicate:
 - (a) the name and role;
 - (b) the date of employment;
 - (c) the year during which training has been followed;
 - (d) the name and type of structured CPD training, the hours attended, whether such training falls under the categories listed in the subject matters indicated in Sections 6.8 to 6.10 of Chapter 6 in Part B of the Insurance Distribution Rules and, **where applicable**, the assessment mark obtained upon completion of the CPD training;
 - (e) the name and type of unstructured CPD training and the hours followed.
- 7.6.4 Once the relevant person ensures that it and the relevant employees fulfil the requirements in paragraph 7.6.1 and 7.6.3 of this Chapter, it shall forward to the

competent authority a written declaration¹ that the relevant person and his relevant employees have successfully completed the relevant professional training and development established in this Chapter, on an annual basis.

- 7.6.5 Where such relevant person is a tied insurance intermediary, the requirements contained in this Section are to be complied with by the authorised insurance undertaking or insurance agent (unless otherwise mandated by the authorised insurance undertaking) appointing such tied insurance intermediary.
- 7.6.6 The relevant person shall keep the records referred to in paragraph 7.6.3 of this Chapter for a minimum of five (5) years).
- 7.6.7 The relevant person shall make the records referred to in paragraph 7.6.3 of this Chapter available for inspection, by the competent authority or upon request of the competent authority. The competent authority may enquire about the training attended by a specific individual.
- 7.6.8 The relevant employee and the tied insurance intermediary are expected to maintain records and supporting evidence of the continuous professional training and development fulfilled.

¹ Refer to Circular dated 11 November 2019 entitled *"Circular on the contents to be included in the Written Declaration to be submitted to the MFSA on Continuous Professional Development Requirements"*

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