

2 April 2026

## Circular with Reference to Chapter 8 'Monies held in a Fiduciary Capacity' of the Insurance Distribution Rules issued under the Insurance Distribution Act (CAP.487), specifically paragraphs 8.2.7 and 8.3.7

### **Background**

This Circular is being issued to Insurance Intermediaries, Tied Insurance Intermediaries and Ancillary Insurance Intermediaries.

The concept of the Business of Insurance Intermediaries Account, Tied Insurance Intermediaries ('TIIs') Account, or Ancillary Insurance Intermediaries ('Alls') Account has been embedded in our local legislation since early 2000.

Historically, the primary methods employed for the collection of insurance premiums consisted of cash and cheque payments. In the current environment, however, these have largely been superseded by a broader array of payment channels, including bank transfers, card payments, and other electronic payment solutions, which have become the predominant means of settlement.

In accordance with Chapter 8 of the Insurance Distribution Rules ('Chapter 8'), insurance monies must be deposited into the relevant Business of Insurance Intermediaries Account, Tied Insurance Intermediaries ('TIIs') Account, or Ancillary Insurance Intermediaries ('Alls') Account within the timeframes established within the said paragraphs of the Rules.

### **Clarification on the Receipt of Insurance Monies**

The Authority acknowledges that nowadays, policyholders' preferred methods are remitting insurance monies through these electronic payment solutions. This has given rise to operational challenges requiring regulatory clarification.

In certain circumstances, insurance monies are initially being credited to an account held in the name of the intermediary which does not qualify as a Business of

Insurance Intermediaries Account, Tied Insurance Intermediaries Account, or Ancillary Insurance Intermediaries Account as prescribed under Chapter 8.

The Authority considers it acceptable for insurance monies to be initially received into an account held in the name of the intermediary that does not qualify as a Chapter 8 client account, provided that:

- such account is used strictly as a temporary collection channel;
- the account is held with an approved bank as defined in paragraph 8.2.2 of Chapter 8; and
- all insurance monies are transferred in full and without deduction to the relevant Chapter 8 client account within the statutory timeframes.

### **Segregation and Identification of Transactions**

Insurance Intermediaries, TIIs and Alls are expected to maintain adequate internal procedures and reconciliation controls to ensure the proper identification and transfer of such insurance monies, in particular:

- In cases where combined or aggregated deposits are received, Insurance Intermediaries must retain sufficient records to enable them to identify each individual transaction, including the relevant policyholder and payment transaction;
- Reconciliations between temporary collection amounts and Chapter 8 client accounts should be performed on a regular basis and documented, ensuring a clear audit trail; and
- That accounting records are kept in such a way as to enable compliance with the relevant provisions of Section 8.2 of Chapter 8 to be demonstrated at any time.

### **Conclusion**

The Authority expects all Insurance Intermediaries, TIIs and Alls to adapt their operational arrangements to evolving digital payment practices without compromising the statutory safeguards established under Chapter 8. The Authority will be monitoring the adherence to this circular and Chapter 8 through its ongoing supervisory work.

Please direct all queries in relation to the above to the MFSA – Insurance and Pensions Supervision by sending an email to [ipsu@mfsa.mt](mailto:ipsu@mfsa.mt).