MFSA MALTA FINANCIAL SERVICES AUTHORITY

Circular

9 July 2026

Circular on the Fitness and Properness Assessment of Cell Committee Members of Captive Cells of Insurance Undertakings Protected Cell Companies ("PCCs") and Cell Committee Members of Insurance Brokers PCCs and Insurance Managers PCCs

1.0 Introduction

A key aspect of the MFSA's Authorisation process is the assessment of the fitness and properness of key individuals within authorised entities. The Authority expects authorised entities to undertake appropriate due diligence checks before proposing individuals for senior positions, ensuring that they possess the necessary fitness and properness for the proposed role.

As part of the MFSA's ongoing commitment to streamlining and enhancing the efficiency of the authorisation process, while continuing to promote sound corporate governance practices across the financial services sector, the Authority is placing greater reliance on the assessment and due diligence undertaken by the governing bodies of authorised entities when proposing individuals for key roles.

Following a review of the existing approval framework applicable to Cell Committee Members of Captive Cells of Insurance Undertakings PCCs, Insurance Brokers PCCs and Insurance Managers PCCs, the Authority has identified an opportunity to simplify the process and reduce the administrative burden on licence holders, without compromising regulatory standards or the effectiveness of fitness and properness assessments.

2.0 Way Forward

Going forward, **with immediate effect**, the Cell Committee Members of Captive Cells of Insurance Undertakings PCCs, Insurance Brokers PCCs and Insurance Managers PCCs will no longer be subject to a fitness and properness assessment by the MFSA. Only the Chair of such Committees will be subject to a PQ process. Notwithstanding this, Licence Holders remain responsible for ensuring that they satisfy the applicable fitness and properness requirements.

This measure is intended to facilitate a more proportionate and efficient approval process, while recognising the responsibility of authorised entities to ensure that all proposed Cell Committee Members meet the applicable fitness and propriety requirements.

Accordingly, Licence Holders are required to undertake appropriate due diligence and suitability assessments prior to their appointment, as well as ongoing assessments throughout the duration of the individual's engagement. In this regard, Licence Holders are referred to the "Guidelines to the Personal Questionnaire", which set out the Authority's expectations concerning the scope and extent of the assessments to be performed by authorised entities.

Licence Holders shall maintain adequate records evidencing the due diligence and suitability assessments conducted in respect of the stipulated Cell Committee Members. Such records must be retained and made available to the Authority promptly upon request.

Compliance Officers must ensure that the Corporate Profile of the authorised entity is continuously maintained and promptly updated to reflect any changes in appointed Cell Committee Members. The Authority places significant importance on the accuracy and completeness of information held within the Corporate Profile, as it forms a key component of its ongoing supervisory and regulatory oversight.

Contact

Any queries regarding the above should be directed to the Insurance and Pensions Supervision Function on auinsurancepensions@mfsa.mt.