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MFSA Highlights Data Quality as a Key Priority for Insurance Regulatory Reporting

Supervisory Inspections Identify Good Practices and Areas for Improvement Across the Insurance Sector.

The Malta Financial Services Authority (MFSA) has published a Dear CEO Letter outlining the findings of a series of supervisory inspections on the compilation of Regulatory Financial Returns submitted by (Re)Insurance Undertakings. The exercise forms part of the Authority's ongoing supervisory work to strengthen data quality and enhance the effectiveness of insurance supervision.

High-quality regulatory data is fundamental to the MFSA's supervisory processes, analytical assessments and reporting obligations at both national and European levels. Accurate, complete and timely information enables the Authority to make informed supervisory decisions and contributes to the stability and integrity of the insurance sector.

Assessing Regulatory Reporting Processes

The supervisory inspections examined the processes and controls employed by (Re)Insurance Undertakings in preparing and submitting key Regulatory Financial Returns, including Management Accounts, National Specific Templates and Quantitative Reporting Templates.

The assessment also considered firms' end-to-end reporting processes, including data flows, governance arrangements, internal controls, information technology systems, data management frameworks and compliance functions.

The inspections enabled the MFSA to identify examples of good practice while highlighting areas where processes could be further strengthened to improve the accuracy, completeness and timeliness of regulatory reporting.

Continued Focus on Data Quality

The inspections found that firms have implemented a range of processes and procedures designed to ensure that regulatory data is submitted accurately and on time. Overall, the findings indicate that (Re)Insurance Undertakings are placing increasing importance on data quality in recognition of its role in supporting both internal decision-making and regulatory reporting.

Ray Schembri, Head of Insurance and Pensions Supervision at the MFSA, said:

"We recognise the significant efforts being undertaken across the sector to enhance data quality and strengthen reporting frameworks. Accurate, complete and timely data is fundamental to effective supervision and sound decision-making.

We encourage firms to continue building on this progress by further enhancing governance, controls and data management practices to ensure reliable and consistent regulatory reporting."

Dear CEO Letter Outlines Supervisory Expectations

The Dear CEO Letter highlights recurring data quality issues identified during the inspections and sets out the Authority's supervisory expectations and next steps for (Re)Insurance Undertakings. The findings are intended to support firms in strengthening their reporting frameworks and maintaining high standards of regulatory compliance.

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 Strategic Statement, 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.