MFSA MALTA FINANCIAL SERVICES AUTHORITY

Media Release

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MFSA Calls on Insurers to Strengthen Value-for-Money Assessments and Product Oversight

Thematic Reviews Identify Areas for Improvement in Unit-Linked Life Insurance and Cross-Border Non-Life Insurance Products

The Malta Financial Services Authority (MFSA) has published the findings of two thematic reviews examining value for money in insurance products. The reviews cover unit-linked life insurance products offered by locally authorised undertakings and non-life insurance products distributed across borders.

Both reviews identified areas for improvement in product governance, cost transparency, documentation and the monitoring of customer outcomes. They also highlighted good practices that can support stronger oversight and consumer protection.

Unit-Linked Life Insurance: Costs and Customer Outcomes

The review examined products from four insurance providers, representing approximately 44.4% of unit-linked products offered by locally licensed undertakings.

Findings included gaps in target market assessments, outdated or insufficiently transparent cost disclosures, and inconsistent monitoring of underlying investment funds. Not all undertakings provided sufficient evidence of assessments covering break-even points and customer outcomes, including surrendered policies.

The MFSA expects insurers to strengthen product-level value-for-money assessments, ensure disclosures are clear and up to date, and document the ongoing monitoring of costs, investments and customer outcomes.

Cross-Border Insurance: Oversight and Claims Monitoring

The second review examined travel, gadget, accident and health insurance products distributed by Maltese-authorised insurers in other jurisdictions, in particular Managing General Agents.

The review identified gaps in product approval and review documentation, insufficient justification of some costs and commissions, and weaknesses in the monitoring of claims and complaints. These findings highlight the importance of identifying potential consumer detriment and ensuring that policyholders understand the cover and exclusions applicable to their policies.

The MFSA expects insurers to maintain effective oversight of cross-border products and distribution arrangements, justify cost and commission structures, and use claims and complaints data to identify and address emerging issues.

Ongoing Product Oversight

Both reviews underline the need for value-for-money assessments throughout the product lifecycle, from design and approval to distribution and ongoing monitoring. The MFSA expects the insurance undertakings concerned to assess their practices against the findings and supervisory expectations set out in the respective Dear CEO letters and take appropriate remedial action.

The Authority will continue to monitor developments in this area as part of its supervisory work, with a focus on fair customer outcomes and products that meet the needs of their intended target markets.

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.