

Country-by-country analysis – Malta

Annex IX to the Report on the application of the
Insurance Distribution Directive (IDD)

Consumer Protection Department
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EIOPA-BoS-21/584
06 January 2022



eioipa

European Insurance and
Occupational Pensions Authority

Note:

Powers of national competent authorities (NCAs):

In January 2021, EIOPA launched an online survey addressed to NCAs to gather input as to whether they are sufficiently empowered to carry out their tasks. The following information is based on the response from the Malta Financial Services Authority (MFSA) to this survey.

The figures should be interpreted with some caution as insurance markets – including the number and type of insurance intermediaries operating therein – vary significantly across Members States, as well as the supervisory structure and framework. **There are, therefore, limits to the level of comparability of data.**

Changes in the EU insurance distribution market:

In February 2021, EIOPA launched a survey addressed to NCAs to gather information on the insurance intermediaries' market structure and patterns of cross-border activities. The following information is based on the response from the Malta Financial Services Authority (MFSA) to this survey.

The figures should be interpreted with some caution as there are differences as to how intermediaries are registered in their home Member State, in the national categories of insurance intermediaries and in the approaches by NCAs to collect data.

MALTA

Information on the insurance intermediaries' market structure and patterns of cross-border activity

General data of the national market (2020):

	Amounts	Share total EEA
Population (in 1000) ¹	514	0.1%
(Re)insurance GWP (in million) ²	6,108.88	0.4%
Number of (re)insurance undertakings ³	64	2.6%
Number of registered insurance intermediaries	425	0.1%

National competent authority:

Malta Financial Services Authority

Registered insurance intermediaries split by natural and legal persons:

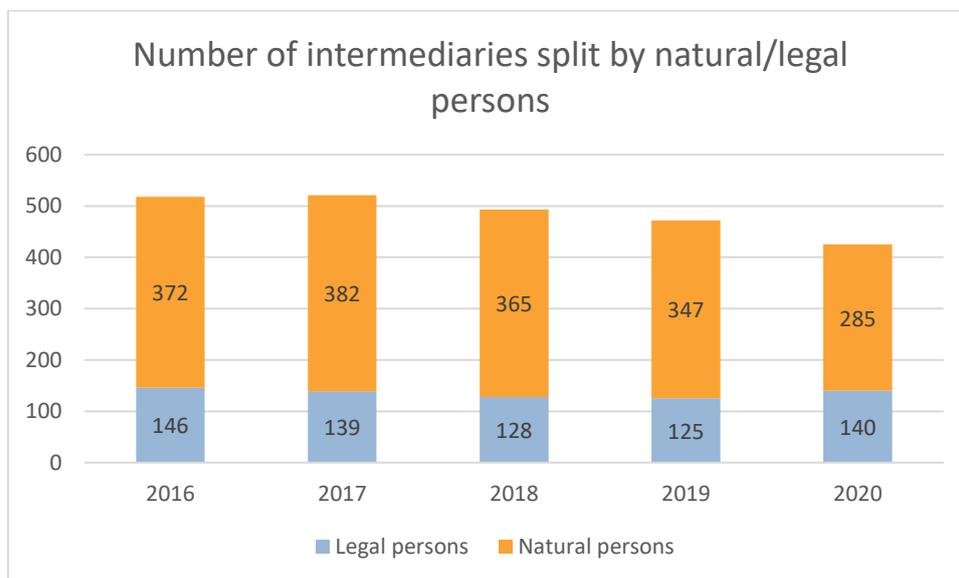
¹ Based on eurostat data:

<https://ec.europa.eu/eurostat/documents/2995521/11081093/3-10072020-AP-EN.pdf/d2f799bf-4412-05cc-a357-7b49b93615f1>

² (Re)insurance GWP includes life and non-life premiums generated by domestically registered undertakings year-end 2020 based on annually reported SII information:

https://www.eiopa.europa.eu/tools-and-data/insurance-statistics_en#Premiums,claimsandexpenses

³ Number of (re)insurance undertakings includes the domestically registered undertakings. Based on SII information (see link above)



Comments provided by the NCA on the figures included in the chart above:

The figures shown above are as at 31 December of each year.

Online registration system:

In line with the requirements emanating from the IDD, the MFSA has launched an online application facility wherein persons (natural and legal) wishing to apply for an insurance intermediary licence can submit their application online to the MFSA. The applications which are available are the following:

- Application for enrolment in the Agents, Managers or Brokers List;
- Application for the registration of individuals in the Agents, Managers or Brokers Register;
- Application for the enrolment of Tied Insurance Intermediaries in the Tied Insurance Intermediaries List; and
- Application for the enrolment of Ancillary Insurance Intermediaries in the Ancillary Insurance Intermediaries List.

In order for persons to submit an online application, they first need to apply for a username through the MFSA Portal and once they are granted with the log in details, they can fill in the

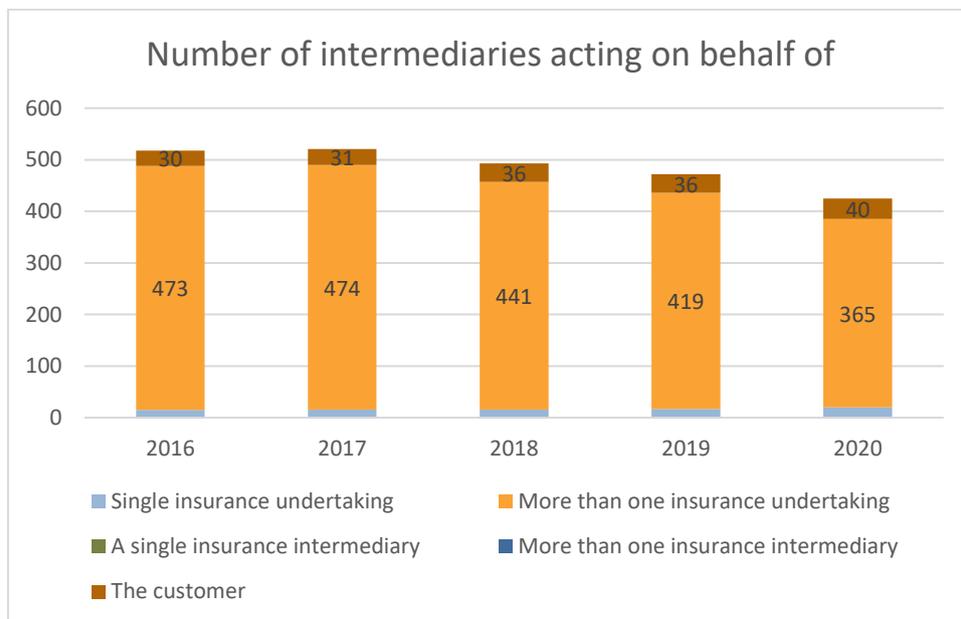
respective application. Depending on the type of application submitted the applicant will be asked to include certain documentation. For example, in the case of an insurance broker / agent / manager they will be requested to submit a scheme of operations and financial projections.

Once the application is completed and all the required documentation is attached the applicant submits the application through the MFSA portal.

The applicant is informed every time the status of the application changes for example from the “submitted status” to “assigned status” to “in process status” to the final stage which is the “approved status”.

The IT system introduced also provides the facility that at any point in time we can issue statistics on the number of applications received, applications being processed and applications approved, refused or withdrawn.

Registered insurance intermediaries split by categories based on the activities of insurance intermediaries:



Comments provided by the NCA on the figures included in the chart above:

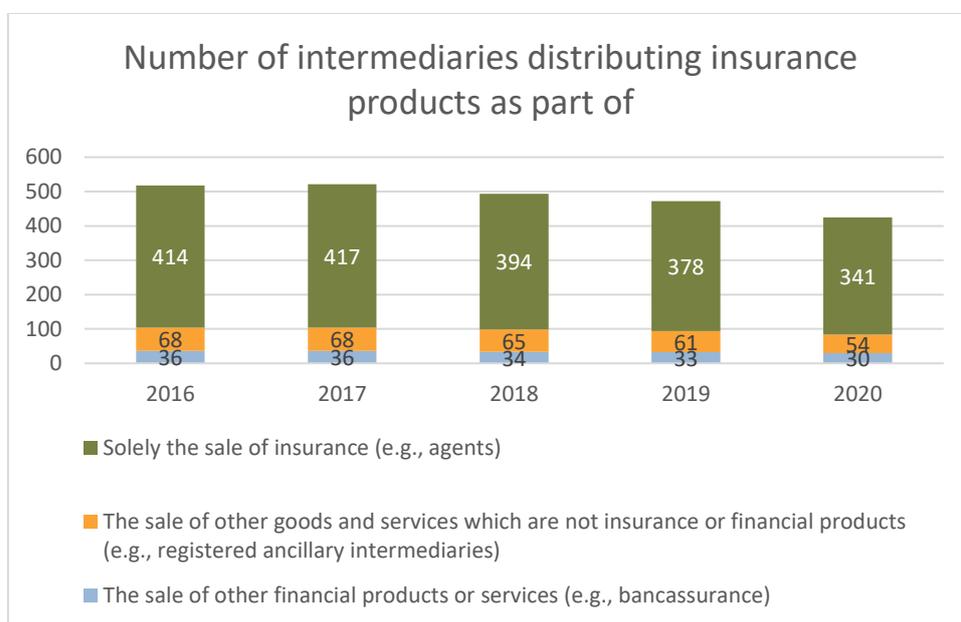
One of the relevant categories in the Maltese national register is 'tied insurance intermediaries' which can work with only one insurance undertaking on particular classes of business. Example - XYZ is a tied insurance intermediary who transacts life business with Company A and general business (non-life) with Company B.

Registered insurance intermediaries split by categories based on the way in which they are paid:

Number of intermediaries paid in relation to the insurance contract	No intermediary is remunerated this way	Up to 25% of the intermediaries in the market are remunerated this way	25%-50% of the intermediaries in the market are remunerated this way	50%-75% of the intermediaries in the market are remunerated this way	More than 75% of the intermediaries in the market are remunerated this way
1. on the basis of a fee					
2. on the basis of a commission					365
3. on the basis of any other type of remuneration					
4. on the basis of a combination of any type of remuneration set out at points 1, 2 and 3		60			
5.Total number of registered intermediaries (5=1+2+3+4)	0.00	60.00	0.00	0.00	365.00

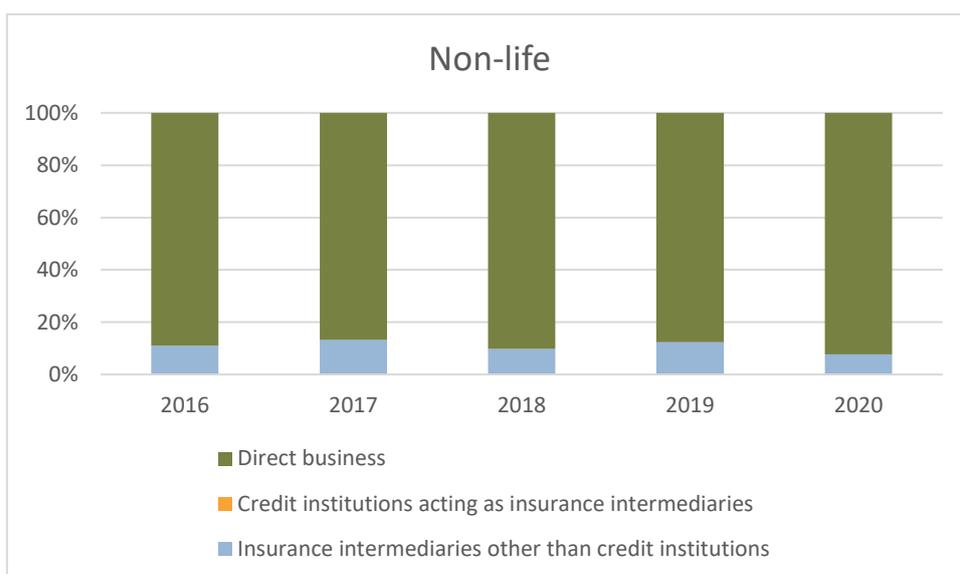
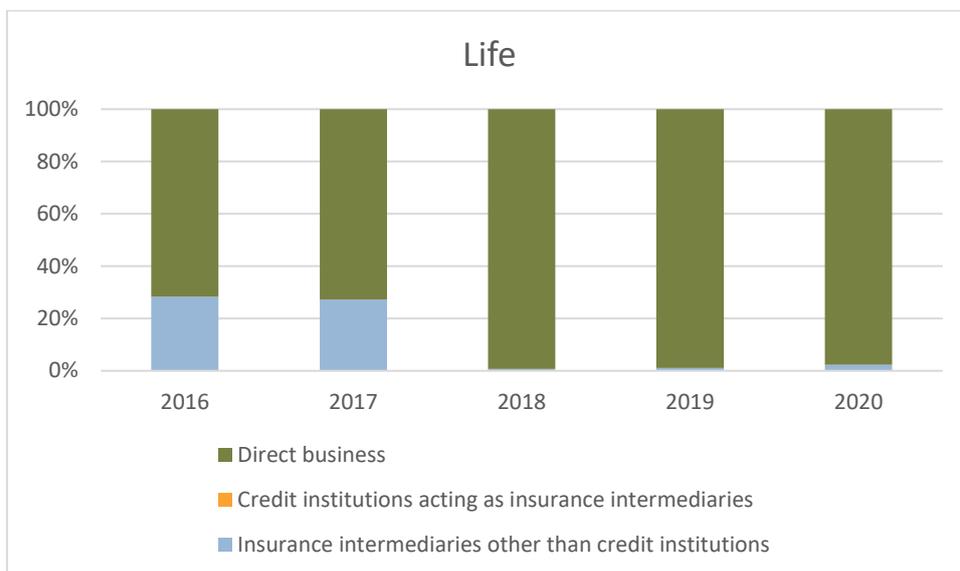
Tied Insurance Intermediaries are solely remunerated on the basis of a commission which is included in the insurance premium and paid by the Insurance Undertaking. Insurance Brokers & Insurance Agents are usually remunerated on the basis of a commission which is included in the premium as well as additional fees, established by the intermediary and which are paid by the customer such as policy fees, admin fees, brokerage fees).

Registered insurance intermediaries split by categories based on the basis in which they sell insurance products:



GWP split by distribution channels:

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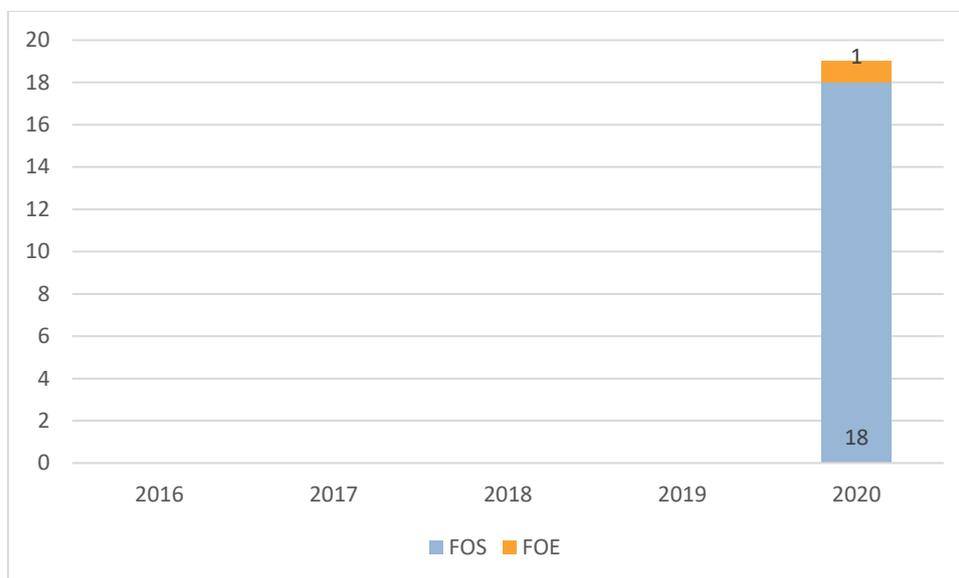


Comments provided by the NCA on the figures included in the chart above:

MFSA Insurance Statistics. Figures above are in (€000s)

In the Maltese regulatory framework, credit institutions acting as insurance are categorised as tied insurance intermediaries. We do not collect quantitative data of tied insurance intermediaries in our regulatory returns as these would have been captured under direct business in the table above.

Number of domestic insurance intermediaries with a passport to carry out insurance mediation activities under freedom to provide services (FOS) or under freedom of establishment (FOE)



Comments provided by the NCA on the figures included in the chart above:

The data we collect in relation to the above table is on a rolling basis and therefore we do not have specific data for previous years. Going forward, we intend to maintain such data on a year by year basis.

Number of insurance intermediaries with a passport to carry out insurance mediation activities under FOS or under FOE at the reference date 31.12.2020 split by host Member State:

<i>Host Member State</i>	<i>1. FOS</i>	<i>2. FOE</i>	<i>3. TOTAL</i>
<i>Austria</i>	9	0	9
<i>Belgium</i>	10	0	10
<i>Bulgaria</i>	9	0	9
<i>Cyprus</i>	9	0	9
<i>Croatia</i>	6	0	6

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<i>Czech Republic</i>	9	0	9
<i>Denmark</i>	10	0	10
<i>Estonia</i>	10	0	10
<i>Finland</i>	9	0	9
<i>France</i>	11	0	11
<i>Germany</i>	9	0	9
<i>Greece</i>	9	0	9
<i>Hungary</i>	9	0	9
<i>Iceland</i>	4	0	4
<i>Ireland</i>	10	1	11
<i>Italy</i>	10	0	10
<i>Latvia</i>	10	0	10
<i>Liechtenstein</i>	4	0	4
<i>Lithuania</i>	10	0	10
<i>Luxembourg</i>	12	1	13
<i>Malta</i>	0	0	0
<i>Netherlands</i>	10	1	11
<i>Norway</i>	4	0	4
<i>Poland</i>	10	0	10
<i>Portugal</i>	11	0	11
<i>Romania</i>	10	0	10
<i>Slovakia</i>	10	0	10
<i>Slovenia</i>	10	0	10
<i>Spain</i>	12	0	12
<i>Sweden</i>	10	1	11

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<i>Total EEA</i>	266	4	270
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General qualitative description of the “patterns of cross-border activity”:

The majority of the domestic insurance intermediaries which passport in other Member States are insurance brokers. There are no predominant classes of business mediated by insurance brokers.

Information on the powers of the NCA

Statutory powers to implement the IDD:

- Market monitoring, including the market for ancillary insurance products which are marketed, distributed or sold in, or from, their Member State (Article 1(5));

Article 4(4B) of the Insurance Distribution Act.

- Registration of (re)insurance intermediaries and ancillary insurance intermediaries (Article 3);

Article 6 of the Insurance Distribution Act provides for the registration or enrolment of insurance intermediaries proposing to carry out insurance distribution activities and reinsurance distribution activities in Malta.

- Notification procedure (Articles 4 and 6);

Regulations 7(3) and 11(1)(a) and (b), 11(2),(3),(4) and (6) and Regulations 2(1), 3(4), 8(1),(2),(4),(5),(6),(7)(a) and (b), Regulation 7(3) and 8(8) and (9) of Legal Notice 238 of 2018 - European Passport Rights for Intermediaries Regulations, 2018

- Breach of obligations when exercising the freedom to provide services and the freedom of establishment (Articles 5 and 8);

Regulations 12(3),(4) and (5),13(1) to (4) and 16(1) and (2) of Legal Notice 238 of 2018 - European Passport Rights for Intermediaries Regulations, 2018

- Publication of general good rules (Articles 11);

Regulation 3(4) and (8) and Regulation 7(4) and (8) Legal Notice 238 of 2018 - European Passport Rights for Intermediaries Regulations, 2018

- Breaches, (administrative) sanctions and other measures, including their publication and reporting (Articles 31, 32, 33, 35 and 36)

Article 31 of IDD - Regulations 7,8(1),(2) and (3),9 and 13 of Legal Notice 239 of 2018 (Insurance Distribution (Penalties and other Measures) Regulations, 2018

- Articles 50(2)(k), 4(1B), 42(2)(g), 46 and 53(2),(3) of the Insurance Distribution Act.
- Article 17(2)(b) and (c) of the Malta Financial Services Authority Act.

Article 32 of IDD - Article 53A(1),(2) and (3) of the Insurance Distribution Act.

Article 33 of IDD - Regulations 10(1)(a) to (f) , 10(2)(a) to (3) of Legal Notice 239 of 2018 (Insurance Distribution (Penalties and other Measures) Regulations, 2018

Articles 10(2), 16(a),(o),(p) and (q) and Article 19(1) of the Insurance Distribution Act.

Article 35 of IDD - Regulations 12(1) and 12(2)(a) to (c) of Legal Notice 239 of 2018 (Insurance Distribution (Penalties and other Measures) Regulations, 2018

Article 36 of IDD - Article 53A(1) and 53A(3)(a) and (b) of the Insurance Distribution Act.

Extent to which NCA has not been sufficiently empowered to ensure the implementation of the IDD

The IDD has been fully transposed into Maltese law and the MFSA as the Competent Authority under the IDD has the necessary powers to implement this Directive.

Most common supervisory tools to monitor the IDD implementation (1=least common; 5=most common)

Tools	Insurance undertakings	Insurance intermediaries
Market monitoring	3	3

Data-driven market monitoring, beyond complaints data analysis	2	2
Thematic reviews	4	4
Mystery shopping	1	1
On-site inspections	5	5
Off-site monitoring	4	4
Consumer focus groups	1	1
Product oversight activities	4	4
Consumer research	3	3
Investigations stemming out of complaints	2	2
Other <i>a priori</i> supervisory activities (e.g., fit&proper assessments)	5	5

Comment by NCA on supervisory tools referred to in the table above:

By way of *a priori* supervisory activities, a full due diligence process is implemented during the authorisation (registration) process whereby checks are carried out on the applicant's fitness and propriety. These checks include an assessment of the competence, integrity and solvency of the applicant as well as an assessment of independence and conflicts of interest pertaining to applicants.

Supervisory tools adopted before and following IDD implementation:

Cells marked in **blue** means "yes" and cells marked in **grey** means "no".

Tools adopted	Adopted before IDD implemen- tation	Adopted following IDD implementation	Is planning to adopt this or next year	Would like to adopt but is not empowered to adopt
Market monitoring				
Data-driven market monitoring, beyond complaints data analysis				
Thematic reviews				
Mystery shopping				
On-site inspections				
Off-site monitoring				
Product oversight activities				
Consumer focus groups				
Consumer research				
Investigations stemming out of complaints				
Other <i>a priori</i> supervisory activities (e.g., fit & proper assessments) – indicate below				

Comment by NCA on supervisory tools referred to in the table above:

By way of a priori supervisory activities, a full due diligence process is implemented during the authorisation (registration) process whereby checks are carried out on the applicant's fitness and properness. These checks include an assessment of the competence, integrity and solvency of the applicant as well as an assessment of independence and conflicts of interest pertaining to applicants.

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