

# MFSA

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MALTA FINANCIAL SERVICES AUTHORITY

## **Consultation Procedure**

### **Proposals for Insurance Rules**

#### **Explanatory Note**

The documents circulated by the MFSA for the purpose of consultation are in draft form and consist of proposals. Accordingly these proposals are not binding and are subject to changes and revisions following representations received, inter alia, from licence-holders and other involved parties. It is important that persons involved in the consultation bear these considerations in mind.

#### **Note for Consultation**

#### **(Insurance Intermediaries Rules)**

##### **1. Purpose**

The MFSA is issuing a Note for Consultation relating to the proposed amendments to Insurance Intermediaries Rule 17 of 2007 and Insurance Intermediaries Rule 18 of 2007. In this respect, we are attaching the draft insurance intermediaries rules in order to seek consultation prior to implementation. Comments are to be provided to the MFSA in writing by not later than the 12<sup>th</sup> July 2011.

##### **2. The proposed amendments**

2.1 In terms of article 5 of the Insurance Business Act (Cap. 403) and article 16 of Directive 2009/138/EC (the Solvency II Directive), an authorised company which has obtained an authorisation for a principal risk belonging to one class or group of classes as set out in Part I of the Third Schedule may also insure risks included in another class, other than classes 14 - Credit Insurance, 15 - Suretyship and 17 - Legal Expenses, without the need to obtain authorisation in respect of such risks provided that certain conditions are fulfilled. Hence, insurance companies carrying on business of insurance where legal expenses insurance is sold

as an ancillary risk to the main insurance policy are also required to be authorised to carry on business in class 17.

2.2. Following a review process, the MFSA noted that tied insurance intermediaries are carrying out tied insurance intermediaries activities on behalf of insurance principals in relation to motor policies which include legal expenses insurance as an ancillary risk covered under the said contracts of insurance.

2.2 Therefore, the MFSA is proposing to remove class 17 listed under Title II of the Schedule to Insurance Intermediaries Rule 18 of 2007. In this manner, tied insurance intermediaries will be permitted to carry on tied insurance intermediaries activities also in respect of this class of business. As a consequence, the applications contained in the First and Second Schedules to Insurance Intermediaries Rule 17 of 2007 are being amended to reflect the proposed amendments to Insurance Intermediaries Rule 18 of 2007.

**Communications Unit**  
**MFSA Ref 06-2011**  
**21<sup>th</sup> June 2011.**