| **Section – A**  General Information | | |
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| **Ref.** | **Information and/or documentation required by the Authority** | **Information and/or documentation and/or comments provided by the Authorised undertaking** |
| 1. | Name of Authorised Undertaking |  |
| 2. | Details of the Managing General Agent (“MGA”) and/or Intermediary (“INT”) and/or Third-Party Administrators (“TPA”) being given delegated underwriting, claims and/or distribution authority  ***(Note: as a minimum please provide full name, registered address, contact numbers, emails and website where applicable)*** |  |
| 3. | Country of Incorporation of the MGA/INT/TPA |  |
| 4. | Details of the National Competent Authority responsible for the authorisation and supervision of the MGA/INT/TPA (as applicable) |  |
| 5. | Details of Administrative Measures & Penalties in relation to the MGA/INT/TPA mentioned above (as applicable) |  |
| 6. | Proposed classes of business, brief description of the products to be sold and a brief description of the target market where the product will be distributed including non-EU/EEA countries (as applicable). |  |
| 7. | Details of delegation of authority given to the MGA/INT/TPA by the authorised undertaking |  |
| 8. | Details of the claims handling arrangements including whether this will be carried out by the MGA, INT, TPA, sub-outsourced, hybrid for each product(s) |  |
| 9. | Clarification of how this business/binder arrangement has been introduced to the authorised undertaking. |  |
| 10. | Does the notified outsourced activity involve new authorised classes of business or passporting notifications in relation to new territories where the undertaking will be carrying out its activities?  If yes, the authorised undertaking is requested to send a formal notification to the Authorization Unit of the MFSA ([auinsurance@mfsa.mt](mailto:auinsurance@mfsa.mt)) and copy in [ipsu@mfsa.mt](mailto:ipsu@mfsa.mt). |  |
| 11. | Information on the MGA/INT/TPA relating to:   1. Number of years operating in the market where the products will be distributed; and 2. Its relevant expertise and knowledge of the market, including products to be sold in relation to this binder arrangement. |  |
| 12. | Maximum Authority limit allowed per product(s). |  |
| 13. | 3-year projections in relation to the following[[1]](#footnote-1):   * Gross Written Premium (GWP) * Loss Ratio (Percentage of Claims over the GWP) * Expense Ratio (Percentage of Distributor/Broker Commission and Technical Expenses over the GWP) * Combined Ratio (the sum of the Loss Ratio and the Expense Ratio over the GWP) |  |
| 14. | Projected acquisition costs. The authorised undertaking is to provide a list of ALL costs emanating from securing this binder arrangement. |  |
| 15. | Percentage of the GWP that will paid in commissions. |  |
| 16. | Authorised undertaking’s retention of risk in relation to this Binder and how this fits within its risk appetite |  |
| 17. | Details of reinsurance arrangements, including the following:   1. rating of the reinsurer(s) 2. jurisdiction where the reinsurer(s) is / are licensed (please also provide link to the regulator’s website) 3. the authorised undertaking’s conclusion as regards to the financial soundness of the reinsurer(s) |  |
| 18. | Reason(s) behind the selection of this Binder as reflected in the documented decision of the Board or a Committee thereof.  *N.B. The said decision(s) should be readily available in case it is requested by the Authority.* |  |
| 19. | Planned Launch Date |  |

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| **Section B**  Additional information | | |
| **Ref.** | **Information and/or documentation required by the Authority** | **Information and/or documentation and/or comments provided by the Authorised undertaking** |
| 1. | The authorised undertaking is to confirm if there will be a trust account or escrow agreement in place (account where funds are held in trust whilst two or more parties complete a transaction) immediately from the commencement of this binder. Otherwise, please explain the controls the authorised undertaking has put in place in order to ensure that the policyholders/claimants monies are adequately protected at all times. |  |
| 2. | Details of:   * + 1. previous Insurer(s) providing capacity for this binder arrangement;     2. previous INTs/MGAs) which were provided with delegated authority in relation to this binder arrangement; and     3. the rationale behind the change of Insurer/INT/MGAs (as applicable). |  |
| 3. | The authorised undertaking to specify whether the MGA/INT/TPA will work exclusively for the authorised undertaking. If not, please provide details. |  |
| 4. | The authorised undertaking is requested to provide the following information:   1. the outcome of the assessment carried out to identify all possible conflicts of interest between the authorised undertaking and any of the MGAs/INTs/TPAs (including distributors); 2. explanation of how such identified conflicts of interest have been triggered; 3. controls put in place by the authorised undertaking to manage identified conflicts of interest if these cannot be eliminated completely; 4. confirmation that the MGAs/INTs/TPAs has/have in place and maintain an effective policy to identify, assess, manage and mitigate or prevent actual or potential conflicts of interest that may arise; and 5. confirmation that the MGAs/INTs/TPAs has/have appropriate organisational measures to ensure conflicts of interests do not harm the clients’ interests. |  |

| **Section – C1**  This section is to be completely **SOLELY** by those authorised undertakings which meet the following criteria:   * the insurance cover provided is a **compulsory class of business in the jurisdiction where the product will be distributed;**   and/or   * if the **aggregated projected gross written premiums over the first 3 consecutive years from the date when the insurance business starts being written exceed 2 million euros**. | | |
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| **Ref.** | **Information and/or documentation required by the Authority** | **Information and/or documentation and/or comments provided by the Authorised undertaking** |
| 1. | The latest organization chart of the MGA/INT/TPA which is to include the names of the individuals assuming the various roles, reporting lines and identification of any outsourced activities/ functions by the MGA/INT/TPA |  |
| 2. | Maximum Period for Remittance of Settlements of Premiums Collected from the Distributors to the authorised undertaking |  |
| 3. | The authorised undertaking is to confirm:   1. that it will have real time access to the MGA/INT/TPA’s IT system for both underwriting and/or claims handling immediately from the commencement of this binder arrangement. Otherwise, please specify what controls will be put in place to mitigate associated risks in this regard; and 2. whether information available through the IT system is granular enough to provide segregated information for each product related to this binder arrangement. Otherwise, please explain how the authorised undertaking will be monitoring each product. |  |
| 4. | Provide detail as regards to the Distribution Network including the names of the top 10 intermediaries expected to introduce most business.  In relation to the top 10 producing intermediaries, please also provide details of the National Competent Authority responsible for their authorisation and supervision, registration number, classes of business and products to be sold by them. |  |
| 5. | The authorised undertaking is to specify whether it is a new or existing business which was in place with **other insurers** previously.  *N.B. In case of existing business, the authorised undertaking to provide the Authority with at least 5-year performance history (where applicable), including the following ratios:*   * Loss Ratio (Percentage of Claims over the GWP) * Expense Ratio (Percentage of Distributor/Broker Commission and Technical Expenses over the GWP) * Combined Ratio (the sum of Loss Ratio and Expense Ratio over the GWP) |  |
| 6. | 3-year projected profit/loss on a gross and a net (of reinsurance) basis. The authorised undertaking is to provide:   * Earned Premiums * Incurred Claims * Technical Expenses/Commission (including Deferred Acquisition Cost Movement) * Reinsurance Commission |  |

| **Section – C2**  This section is to be completely **SOLELY** by those authorised undertakings which will enter into arrangements that meet the following criteria:   * The product type offered is one of the following:   After the Event, Cessione del Quinto, Construction Liability, Directors & Officers, Errors & Omissions, Health Insurance, Medical Malpractice, Motor/Motorcycles, Professional Indemnity, Surety (referring to all products falling under this class)  and/or   * any of the following criteria are met:   + **Current License Holder Solvency Ratio**: MCR% or SCR% is < 125%.   + **Negative SCR Ratio impact of binder**: impact of the binder on the MCR%/SCR%, with other business assumed frozen, more than a 15 p.p. deterioration vs the current ratio at any point over the next 3 years.   + **Absolute SCR Ratio impact of binder**: impact of the binder on the MCR%/SCR%, with other business assumed frozen, more than a 30 p.p. impact in either direction vs the current ratio at any point over the next 3 years. | | |
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| **Ref.** | **Information and/or documentation required by the Authority** | **Information and/or documentation and/or comments provided by the Authorised undertaking** |
| 1. | Copy of the Actuarial report prepared by the Actuarial Function of the authorised undertaking in respect of the proposed Binder arrangement which shall include as a minimum:   * Historical loss ratios * Adequacy of pricing based on the historical performance * Actuarial opinion of the impact of this arrangement on the SCR factoring in any specificities linked to the specific jurisdiction where the business will be written in * Benchmarking (particularly in the absence of historical data) * Proposed Combined Ratio |  |

| **Section – D**  Declarations | | |
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|  | **Declaration by the Board member responsible for the oversight of the distribution activities**  The **Board member responsible for the oversight of the distribution activities** *of the Authorised Undertaking* confirms that the decision to proceed with this binder arrangement falls within the risk appetite as set out by the Board of Directors of the Authorised Undertaking and has undergone the relevant approval processes as determined by the Board of Directors of the Authorised Undertaking. To the best of my knowledge, the information provided is truthful, accurate and complete. The Authority is to be immediately notified if there are material changes to the information provided at notification stage prior to or subsequent to the MFSA providing its no objection to this arrangement. | |
| Name of Board member responsible for the oversight of the distribution activities |  |
| Signature of Board member responsible for the oversight of the distribution activities |  |
| Date of Signature |  |
|  | **Declaration by the Compliance Officer**  The individual approved by the MFSA, responsible to carry out the **Compliance function** confirms the following:   1. A detailed review has been carried out in relation to the applicability of the General Good Provisions and any other laws and regulations applicable to this binder arrangement. 2. The authorised undertaking will be addressing/has addressed and will be closing/has closed all gaps identified in the review referred to in a) above prior to the inception of this binder arrangement. 3. The authorised undertaking has implemented an adequate ongoing monitoring process to ensure that it is abiding to all General Good Provisions and any other laws and regulations applicable to this binder arrangement. 4. A detail assessment has been carried out and independent legal advice has been obtained where it is deemed necessary in order to conclude whether this binder arrangement will be on a Freedom of Services (“FOS”) or Freedom of Establishment (“FOE”) basis. 5. The proposed new product has passed through the authorised undertaking’s product approval process in terms of its Product Oversight and Governance policy which, in turn, should be in line with the applicable regulatory requirements and the Authority’s expectations in this regard as communicated to the industry on the 16 July 2021 and any communication thereafter. 6. If the complaints handling is delegated to the service provider, a complaints procedure guidance has been provided to the service provider to ensure that complaints are handled in an equivalent way as these would have been handled by the authorised undertaking.   To the best of my knowledge, the information provided is truthful, accurate and complete. The Authority is to be immediately notified if there are material changes to the information provided at notification stage prior to, or subsequent to, the MFSA providing its no objection to this arrangement. | |
| Name of Compliance Officer |  |
| Signature of Compliance Officer |  |
| Date of Signature |  |

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| **Section E**  Sub-Outsourcing  This section is to be completely **SOLELY** by those authorised undertakings solely when any of the delegated outsourced activities to them will be sub-outsourced.  The information requested in Section E is to be provided **for each** sub-outsourced entity. | | |
| **Ref.** | **Information and/or documentation required by the Authority** | **Information and/or documentation and/or comments provided by the Authorised undertaking** |
| 1. | Details of the Sub-Outsourcing entity (MGA/INT/TPA)  ***(Note: as a minimum please provide full name, registered address, contact numbers, emails and website where applicable)*** |  |
| 2. | Country of Incorporation of the Sub-Outsourcing entity (MGA/INT/TPA) |  |
| 3. | Details of the National Competent Authority responsible for the authorisation and supervision of the Sub-Outsourcing entity (where applicable) |  |
| 4. | Details of delegated authorities given to the Sub-Outsourcing entity |  |
| 5. | Provide the following information on the Sub-outsourcing entity[[2]](#footnote-2) :   1. Number of years operating in the market where the products will be distributed. 2. Its relevant expertise and knowledge of the market, including products to be sold in relation to this binder arrangement. 3. The latest organization chart of the Sub-outsourcing entity which is to include the names of individuals assuming the various roles, reporting lines and identification of any outsourced activities/functions by the sub-outsourcing entity. |  |

1. This may be omitted if the Authorised Undertaking is completing Section C Question 5 [↑](#footnote-ref-1)
2. Ref. 5(1) and 5(2) are to be completed solely when the activity is in relation to a sub-outsourcing of delegation of authority. [↑](#footnote-ref-2)