

# MFSA

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## MALTA FINANCIAL SERVICES AUTHORITY

### **Circular relating to the new Insurance Distribution (Exemption) Regulations, 2018 (L.N. 237 of 2018)**

#### **1.0 Background**

[Act No. XXVI of 2018](#) entitled the Various Financial Services Laws (Amendment) Act, 2018, was published on the 10<sup>th</sup> July 2018 in the Government Gazette No. 20,023. Parts I and II of the said Act amend the Insurance Intermediaries Act (Cap. 487) (which as from 20<sup>th</sup> July 2018 is renamed as *the “Insurance Distribution Act”*) and the Insurance Business Act (Cap.403), for the purposes of transposing relevant provisions of the Insurance Distribution Directive. The said amendments shall come into force in accordance with the [Commencement Notice of Act No. XXVI of 2018](#).

On 20<sup>th</sup> July 2018, regulations have been issued under the Insurance Distribution Act and the Insurance Business Act and published in the Government Gazette No. 20,028. The said regulations shall come into force on 1<sup>st</sup> October 2018.

#### **2.0 The Insurance Distribution (Exemption) Regulations, 2018**

The purpose of the [Insurance Distribution \(Exemption\) Regulations, 2018](#) (L.N. 237 of 2018) issued under the Insurance Distribution Act is to transpose and implement Articles 1(3), 1(4) and 2(2) of the Insurance Distribution Directive. On 1<sup>st</sup> October 2018, the said Regulations will repeal the current Insurance Intermediaries (Exemption) Regulations, 2006, (S.L. 487.05).

As explained in the [MFSA Consultation Document of 3<sup>rd</sup> July 2017](#), under the current Insurance Intermediaries (Exemption) Regulations, 2006, (S.L. 487.05), the exemptions from the provisions of the Act apply to **all intermediaries**. However, under the new Insurance Distribution (Exemption) Regulations, 2018, exemptions from the provisions of the Act are now made applicable **only to ancillary insurance intermediaries**. Regulation 3 of the new Insurance Distribution (Exemption) Regulations, 2018, which transposes Article 1(3) of the Insurance Distribution Directive, provides for exemptions of persons carrying out ancillary insurance intermediaries activities from the provisions of the Act, if a set of cumulative conditions are satisfied whereby the premium is not to exceed a certain amount and the risks covered are limited.

In view of the above, it is being brought to the attention of authorised insurance undertakings and insurance agents who utilise the services of persons who are currently exempted from the requirement of registration or enrolment under the Act, in terms of regulation 3 of the Insurance Intermediaries (Exemption) Regulations, 2006, (S.L. 487.05), that such persons acting on their behalf, may no longer be eligible to benefit from exemptions in terms of the new Insurance Distribution (Exemption) Regulations, 2018.

Consequently, authorised insurance undertakings and insurance agents currently utilising the services of such persons are required to ensure, that such persons satisfy the new cumulative conditions for exemption from the provisions of the Insurance Distribution Act found in regulation 3 of the new Insurance Distribution (Exemption) Regulations, 2018. If this is not the case, such persons are to be registered and enrolled in terms of the Insurance Distribution Act.

### **Contacts**

Any queries or requests for clarifications in respect of the above should be sent by email on [idd@mfsa.com.mt](mailto:idd@mfsa.com.mt).

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31st July 2018**