

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

CONSULTATION DOCUMENT

**PROPOSED REVIEW OF FEES FOR INSURERS,
REINSURERS, INSURANCE INTERMEDIARIES
AND
RETIREMENT FUNDS FOR THE PERIOD
2014 TO 2018**

[MFSA REF.:17-2013]

Closing Date: 10th January, 2014

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 from Licence Holders and other involved parties. It is important that persons involved in the consultation bear these considerations in mind.

1. Introduction

Since the Malta Financial Services Authority [MFSA] was established in 2002, the Authority has sought to generate stability and predictability of the regulatory fees charged to licence holders.

Over the last ten years, the MFSA has retained licence fees unchanged for two consecutive periods of five years. The Authority anticipates that the revised fees will remain stable for a further five year period from 2014 to 2018 unless economic or regulatory requirements dictate an earlier review.

2. Proposed Fee Changes for (i) Insurers, Reinsurers, Insurance Intermediaries, Insurance Managers and Tied Insurance Agents and (ii) Retirement Pensions

In proposing the new fee structure for all licence holders, the Authority has taken into account that over the five year period from 2009 to 2013, the operational costs of the supervisory units have increased as a result of additional resources to comply with EU structures. It is projected that the resources employed over the forthcoming 5 years will not be materially different from those at the end of the current period. Direct expenses have increased at an average cumulative rate of 13% [thirteen per cent] per annum while shared expenses with other non-supervisory units have increased by 13% [thirteen per cent].

In the Insurance and Pensions Supervision Unit, 57% [fifty seven per cent] of the Unit's total expenditure is represented by direct expenses while 43% [forty nine per cent] constitute indirect expenditure.

The revised fees will be effective from 1st January 2014 and fees are non-refundable.

Insurance and Reinsurance Companies

Application for Authorisation Fees

- The current application and licensing fees have been re-aligned to the actual cost structures required for granting an authorisation to an insurance or reinsurance company. The separate licence fee is being abolished and a single application fee for authorisation to carry on business of insurance is being introduced as follows:

Insurers and Reinsurers	Application Fee
Insurance and Reinsurance - Long Term Business	€500 per Class subject to a minimum fee of €5,000
General Business	€300 per Class subject to a minimum fee of €3,500
Additional Insurance or Reinsurance authorisation for classes already authorised of Reinsurance or Insurance respectively. Long Term Business	€250 per Class subject to a minimum fee of €2,500
General Business	€150 per Class subject to a minimum fee of €1,750
Approval of a Scheme to transfer General Business outwards	0.02% of Gross Premium Written (GPW) in the last financial year - €3,250 minimum fee
Permit to open a Branch	€500

Affiliated Insurance Companies	Application Fee
Authorisation to setup an Affiliated Insurance Company	€5,000
Affiliate Companies – permit to cease to carry on business and continue servicing	€2,500

Protected Cell Companies	Application Fee
Authorisation to setup a Protected Cell Company	€6,500
Authorisation for the setup of Cells	€2,500 per Cell

Approved Auditors	Application Fee
Authorisation to act as an Approved Auditor - Individual	€300
Authorisation to act as an Approved Auditor - Partnership	€750

Annual Supervision Fees

- The annual supervision fee to be paid by authorised insurance and reinsurance license holders will continue be computed with reference to the revenue of the year immediately preceding the year when the fees are payable. The revised annual supervisory fee will be as follows:

Insurers and Reinsurers Submission of Business Statements	Supervisory Fee
Gross Premium Written (GPW) up to and including €1m	€3,250 (minimum fee)
GPW from €1m up to and including €2.5m	€7,500
GPW from €2.5m up to and including €3.5m	€8,500
GPW from €3.5m up to and including €5m	€10,000
GPW from €5m up to and including €7.5m	€14,000
GPW from €7.5m up to and including €12m	€16,250
GPW from €12m up to and including €25m	€19,500
GPW from €25m up to and including €35m	€26,000
GPW from €35m up to and including €50m	€29,000
GPW from €50m up to and including €70m	€31,500
GPW from €70m up to and including €100m	€36,500
GPW from €100m up to and including €150m	€43,000
GPW in excess of €150m	€50,000
Permit to maintain a Branch	€500
Permit to continue to service insurance business	€2,000

- A newly authorised insurance and reinsurance license holder will be required to pay the minimum annual supervisory fee for the first year of operation upon receipt of the license. The fee payable shall be proportionate to the period remaining between the date of the granting of the licence and the due date of the next annual fee.

European Insurance and Reinsurance Undertakings Submission of Business Statements	Supervisory Fee
Gross Premium Written (GPW) up to and including €2.5m	€6,000 (minimum fee)
GPW from €2.5m up to and including €3.5m	€7,000
GPW from €3.5m up to and including €5m	€8,250
GPW from €5m up to and including €7.5m	€11,500
GPW from €7.5m up to and including €12m	€13,000
GPW from €12m up to and including €25m	€17,000
GPW in excess of €25m	€25,000

- A European Insurance and Reinsurance Undertaking will be required to pay the minimum annual supervisory fee for the first year of operation upon the start of

business. The fee payable shall be proportionate to the period remaining between the date of the start of business and the due date of the next annual fee.

Affiliated Companies	Supervisory Fee
Continuance of an Affiliated Company transacting insurance business	€6,500
Permit to service Affiliated insurance or reinsurance business.	€2,000

- A newly authorised affiliated insurance company will be required to pay the minimum annual supervisory fee for the first year of operation upon receipt of the license. The fee payable shall be proportionate to the period remaining between the date of the granting of the licence and the due date of the next annual fee.

Protected Cell Companies	Supervisory Fee
Continuance of a Protected Cell Company with no insurance business	€3,250
Continuance of a Protected Cell Company transacting insurance business	As per Supervisory fee for insurance and reinsurance companies
Continuance of Cells of a Protected Cell Company transacting insurance business	As per Supervisory Fee for insurance and reinsurance companies
Continuance of Cells of a Protected Cell Company transacting affiliated insurance business	€3,250

- A newly authorised Protected Cell Company including Cells of an authorised Protected Cell Company will be required to pay the minimum annual supervisory fee for the first year of operation upon receipt of the license. The fee payable shall be proportionate to the period remaining between the date of the granting of the licence and the due date of the next annual fee.

Approved Auditors	Annual Fee
Authorisation to act as an Approved Auditor - Individual	€300
Authorisation to act as an Approved Auditor - Partnership	€750

- An approved auditor will be required to pay an annual fee including for the first year upon receipt of the authorisation. The fee payable for the first year shall be proportionate to the period remaining between the date of the granting of the licence and the due date of the next annual fee.

Insurance Intermediaries – Agents and Brokers

Application for Authorisation

- The current application and licensing fees have been re-aligned to the actual cost structures required for granting an authorisation to an insurance intermediary. The separate licence fee is being abolished and a single application fee for authorisation as an insurance intermediary is being introduced as follows:

Insurance Intermediaries	Application Fee
Registration of a person in the Agents or Brokers Register	€175
Enrolment of a person in the Agents or Brokers List	€1,300
Additional enrolment in the Agents List for Long Term Business or General Business with the same Insurer	€650
Appointment of Agent on behalf of Insurer	€800 (per appointment)
Restoration of a Person in the Agents or Brokers Register	€175
Restoration of Person in Agents or Brokers List	€1,200
Permit to open a branch	€300 per branch
Registration of an underwriting agreement	€300 per agreement
Application of a Broker to setup a Protected Cell Company	€2,000
Application of a Broker for the setup of Cells	€1,500 per Cell

Annual Supervisory Fees

- The annual supervisory fee to be paid by authorised insurance intermediaries will continue to be computed with reference to the revenue of the year immediately preceding the year when the fees are payable. The revised annual supervisory fee will be as follows:

Insurance Intermediaries	Supervisory Fee
Continuance of a Person in the Register	€200
Permit to maintain a branch	€300 per branch
Continuance Protected Cell Company enrolled in Brokers List	€1,700
Continuance of separate cells enrolled in Brokers List	€1,100 (per Cell)
Commission receivable up to and including €250,000	€2,000
Commission receivable from €250,000 up to and including €750,000	€3,000
Commission receivable from €750,000 up to and including €1m	€4,000
Commission receivable in excess of €1m	€7,000

- A newly authorised insurance broker or agent will be required to pay the minimum annual supervisory fee for the first year of operation upon receipt of the licence. The fee payable shall be proportionate to the period remaining between the date of the granting of the licence and the due date of the next annual fee.

Insurance Intermediaries - Managers

Application for Authorisation

- The current application and licensing fees have been re-aligned to the actual cost structures required for granting an authorisation to an insurance manager. The separate licence fee is being abolished and a single application fee for authorisation as an insurance manager is being introduced as follows:

Insurance Managers	Application Fee
Registration of a person in the Managers Register	€175
Enrolment of a person in the Managers List	€1,200
Appointment of Manager on behalf of Insurer	€650 (per appointment)
Restoration of a Person in the Managers Register	€175

Insurance Managers	Application Fee
Restoration of Person in Managers List	€1,200
Application of Manager to setup a Protected Cell Company	€2,000
Application of Manager for the setup of Cells	€1,500 per Cell

Annual Supervisory Fees

- The annual supervision fee to be paid by authorised insurance manager will continue be computed with reference to a base rate and in accordance with the number of appointments. The revised annual supervisory fee will be as follows:

Insurance Managers	Supervisory Fee
Continuance of Registration a Person in the Register	€200
Continuance of Enrolment of Person in the Managers List	€750
Continuance of Appointment of Manager on behalf of Insurer	€450 (per appointment)
Continuance Protected Cell Company enrolled in Managers List	€1,700
Continuance of separate cells enrolled in Managers List	€1,100 (per Cell)

- A newly authorised insurance manager will be required to pay the minimum annual supervisory fee for the first year of operation upon receipt of the license. The fee payable shall be proportionate to the period remaining between the date of the granting of the licence and the end of that calendar year.

Tied Insurance Intermediaries

Application for Authorisation

- The current application and licensing fees have been re-aligned to the actual cost structures required for granting an authorisation to a tied insurance intermediary. The separate licence fee is being abolished and a single application fee for authorisation as a tied insurance intermediary is being introduced as follows:

Tied Insurance Intermediaries	Application Fee
Enrolment of a person (individual) in the Tied Insurance Intermediaries List for Long Term Business or General Business	€300

Tied Insurance Intermediaries	Application Fee
Enrolment of a person (not an individual) in the Tied Insurance Intermediaries List for Long Term Business or General Business	€300
Enrolment of a person (individual) in the Tied Insurance Intermediaries List for Long Term Business and General Business	€400
Enrolment of a person (not an individual) in the Tied Insurance Intermediaries List for Long Term Business or General Business	€450
Enrolment of a person (individual) in the Tied Insurance Intermediaries List for additional Classes	€100
Enrolment of a person (not an individual) in the Tied Insurance Intermediaries List for additional Classes	€150
Restoration of a name to the Tied Insurance List	€300
Permit for Additional Business Premises	€300

Annual Supervisory Fees

- The annual supervision fee to be paid by authorised tied insurance intermediaries will continue to be a flat annual fee. The revised annual supervisory fee will be as follows:

Tied Insurance Intermediaries	Application Fee
Continuance of a person (individual) in the Tied Insurance Intermediaries List for Long Term Business or General Business	€300
Continuance of a person (not an individual) in the Tied Insurance Intermediaries List for Long Term Business or General Business	€300
Continuance of a person (individual) in the Tied Insurance Intermediaries List for Long Term Business and General Business	€400

Tied Insurance Intermediaries	Application Fee
Continuance of a person (not an individual) in the Tied Insurance Intermediaries List for Long Term Business or General Business	€450
Continuance fee for every Business Premises	€300

- A newly authorised tied insurance intermediary will be required to pay the annual supervisory fee for the first year of operation upon receipt of the license. The fee payable shall be proportionate to the period remaining between the date of the granting of the licence and the end of that calendar year.

Retirement Funds

Application for Authorisation Fees

- The current application fees for retirement schemes, retirement fund, retirement fund administrator, retirement fund custodians and asset managers have been re-aligned to the actual cost structures required for granting an authorisation. Revised authorisation fees for the period 2014 to 2018 under the Special Funds Act are being introduced as follows:

Retirement Schemes

- The Retirement Scheme application fee will be €1,500.

Retirement Funds

- The Retirement Fund application fee will be €1,600. No distinction on the number of sub-funds of the Scheme will be taken into account from 2014. The application fee per sub-fund of the Retirement Funds will be €450

Retirement Schemes or Fund Administrator

- The application fee for Administrators of Retirement Schemes and Retirement Funds will be €1,000. Where the Administrator maintains custody of the assets, the fee will be €2,000.

Retirement Fund Custodians

- The application fee for Custodians of Retirement Funds will be €2,000.

Retirement Funds Asset Manager

- The authorisation fee for non-EU based Asset Managers of Retirement Funds will be €300.

A newly authorised Retirement Scheme, Fund (including sub-Funds), Administrator, Custodian and Asset Manager will be required to pay the annual supervisory fee for the first year of operation upon receipt of the license.

Annual Supervisory Fees

- The annual supervisory fee to be paid by Retirement Schemes and Funds, Administrators, Custodians and Investment managers will be as follows:

Retirement Schemes

- The Retirement Scheme annual supervisory fee will be €2,500. The current Retirement Scheme supervisory fee based on the number of members participating in the Retirement Scheme has been abolished.

Retirement Funds

- The Retirement Fund supervisory fee will be €2,000. No distinction on the number of sub-funds will be taken into account from 2014. The supervisory fee per sub-fund of the will be €500.

Retirement Schemes or Fund Administrator

- The supervisory fee for Administrators of Retirement Schemes and Retirement Funds will be €3,000. Where the Administrator maintains custody of the assets, the fee will be €4,000.

Retirement Pensions Custodians

- The supervisory fee for Custodians of Retirement Funds will be €4,000.

Retirement Funds Asset Managers

- The supervisory fee for non-EU based Asset Managers of Retirement Funds will be €700.

3. Contact

Interested parties are to send their comments in writing by not later than **10th January, 2014** and are to be addressed to the Communications Unit at communications@mfsa.com.mt

Communications Unit
Malta Financial Services Authority
19th December 2013
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