

SUBSIDIARY LEGISLATION 403.10

**INSURANCE BUSINESS (LONG TERM
BUSINESS CONTRACT STATUTORY NOTICE)
REGULATIONS**

1st January, 2001

LEGAL NOTICE 106 of 2000, as amended by Legal Notices 115 and 321 of 2006, 426 of 2007 and 402 of 2015.

1. The title of these regulations is the Insurance Business (Long Term Business Contract Statutory Notice) Regulations. Title.

2. In these regulations, unless the context otherwise requires -
"the Act" means the Insurance Business Act;
"competent authority" means the Malta Financial Services Authority established by the Malta Financial Services Authority Act;
"insurer" means any insurance undertaking authorised under the Act to carry on long term business in Malta;
"linked long term contract of insurance" means a contract of insurance falling within the meaning of class III of the Second Schedule to the Act;
"long term business contract" means a contract of insurance of a long term business class falling within the Second Schedule to the Act, and which is not a distance contract as defined in the Distance Selling (Retail Financial Services) Regulations;
"party" means any party to a long term business contract of insurance;
"term insurance" means a long term business contract of insurance which provides solely for the payment by the insurer of a sum of money or other consideration upon the happening of death within a term which is specified in the contract, and which is not extendible by any of the parties thereto;
and the words and expressions which are also used in the Act have the same meanings as in the Act.

Interpretation.
Amended by:
L.N. 115 of 2006;
L.N. 321 of 2006
L.N. 402 of 2015.
Cap. 403.
Cap. 330.

S.L.330.07

3. (1) No insurer shall enter into a long term business contract unless that insurer serves upon the other party a statutory notice in relation to that contract at the time when the contract is entered into.

Statutory notice.
Amended by:
L.N. 115 of 2006;
L.N. 321 of 2006;
L.N. 426 of 2007;
L.N. 402 of 2015.

(2) A statutory notice is a notice which:

- (a) in relation to long term business contracts, other than linked long term contracts of insurance, contains such matters (and no others) and is in the form set out in the First Schedule and complies with the requirements specified in the following subregulations;

- (b) in relation to linked long term contracts of insurance, contains such matters (and no others) and is in the form set out in the Second Schedule and complies with the requirements specified in the following subregulations; and
 - (c) in each case, has annexed to it a form of notice of cancellation as set out in the Third Schedule.
- (3)
 - (a) In the case of a long term business contract, where Malta is the country of commitment, a statutory notice shall be made out in the Maltese and English languages.
 - (b) In the case of a long term business contract where Malta is not the country of commitment, the statutory notice shall be made out in the language of the country of the commitment, or in any other language agreed to by the parties.

(4) A statutory notice shall be easily legible and shall, as nearly as practicable, be a reproduction of that set out in the First or Second Schedule, as the case may be, (and, in so far as it relates to the notice of cancellation, that set out in the Third Schedule), whether as respects size, colour, print, the use of capitals or bold lettering and other means of emphasis.

(5) For the purpose of paragraph (1) of the form set out in the said First or Second Schedule the reference to a name shall be deemed to include a reference to the description or title of the person concerned.

(6) An insurer who contravenes any of the provisions of this regulation shall be guilty of an offence and shall be liable, on conviction, to a fine (*multa*) of not less than one thousand euro (€1,000) and not exceeding one hundred and fifty thousand euro (€150,000); but, without prejudice to regulation 4(2), no long term business contract shall be invalidated by reason of the fact that the insurer has contravened this regulation in relation to that contract.

(7) Subregulation (1) shall not apply to -

- (a) long term business contracts for which the policyholder is not an individual;
- (b) long term business contracts for which the policyholder, or if there is more than one policyholder, at least one of the policyholders, is neither a person on whose life the contract is made nor the spouse or minor child of such a person;
- (c) contracts of term insurance into which the policyholder is required to enter in order to obtain credit or loan facilities and such requirement is shown by documentary evidence referred to or attached with the proposal:

Provided that this paragraph shall not apply when the credit or loan facility is to be granted by an individual;

- (d) long term business contracts of six months' duration or

less;

(e) long term business contracts of reinsurance.

4. (1) A person upon whom a statutory notice has been served by an insurer in relation to any contract to which regulation 3(1) applies, may, within a period of thirty days beginning from the date on which such notice has been served, serve on the insurer a notice of cancellation which complies with subregulation (3).

Notice of
cancellation.
Amended by:
L.N. 115 of 2006;
L.N. 321 of 2006;
L.N. 402 of 2015.

(2) A person to whom an insurer ought to have, but has not, served a statutory notice in relation to any such contract as aforesaid may, before the lapse of one year beginning from the date of contract, serve a notice of cancellation on the insurer. If, however, the insurer serves a statutory notice upon such person in relation to that contract before such latter person has served a notice of cancellation under this subregulation, then, without prejudice to his right to serve a notice of cancellation under subregulation (1), the right of such latter person to do so under this subregulation shall cease.

(3) A notice of cancellation may, but need not, be in the form annexed to the statutory notice, and shall have effect if, however expressed, it indicates the intention of the person serving it to withdraw from the transaction in relation to which the statutory notice was or ought to have been served. Save as aforesaid, the requirements applicable to the statutory notice shall *mutatis mutandis* apply to a notice of cancellation.

(4) Where a person serves a notice of cancellation, the notice shall operate so as to:

- (a) cancel the contract as if that contract was never issued or signed by the insurer; and
- (b) have the effect of releasing a person from any future obligation arising from the contract.

(5) Where a notice of cancellation operates to cancel a contract, then -

- (a) any money which the person serving the notice has paid in connection with the contract (whether by way of premium or otherwise, and whether to the insurer or to a person who is the agent of the insurer for the purpose of receiving the money) shall be recoverable from the insurer by the person serving the notice;
- (b) any benefit under the policy which the insurer has paid to the person serving the notice shall be refunded by such person to the insurer;
- (c) any adverse market movement in the value of the property represented by a linked long term contract of insurance shall be borne by the party serving the notice of cancellation.

Serving of
statutory notice
and/or notice of
cancellation.
Amended by:
L.N. 321 of 2006.

5. (1) For the purpose of regulation 3(1), a statutory notice shall be deemed to be served on the other party if it is sent to such party by registered post at the address specified on the proposal form.

(2) For the purpose of regulation 4, a notice of cancellation shall be deemed to be served on the insurer if it is sent by registered post to the person specified on the statutory notice at the address specified also thereon.

(3) Notwithstanding the provisions of subregulations (1) and (2), a statutory notice or a notice of cancellation, as the case may be, may be served on the other party, or the representative of the other party, by any other manner whatsoever:

Provided that, other than serving by a judicial manner or registered post, the party receiving the notice shall sign the receipt of acknowledgement which has to indicate the date of signature and surrender such receipt to the party serving the notice.

(4) For the purpose of these regulations, the date on which a statutory notice or a notice of cancellation, as the case may be, shall be deemed to be served on the other party -

(a) when served by registered post -

(i) in respect of a statutory notice, shall be the first working day following the day of posting; and

(ii) in respect of a notice of cancellation, shall be the day of posting; and

(b) when served by any other manner, save a judicial manner, shall be the date on the receipt of acknowledgement.

(5) In the event that the insurer alleges that the right of cancellation has not been exercised by the party within the periods established by these regulations, the burden of proof shall lie with the insurer.

Savings.

6. Where, immediately after the date of coming into force of these regulations, a statutory notice or a notice of cancellation, as the case may be, in relation to a long term business contract of insurance was, immediately before that date, served or ought to have, but has not, been served, as respects a statutory notice, under regulation 3(1) of the Life Insurance (Statutory Notice) Regulations, 1989 (hereinafter referred to as "the 1989 Regulations"), and revoked by these regulations, a notice of cancellation, under regulation 4(1) or (2) of the 1989 Regulations, regulation 3 or 4 of the 1989 Regulations, as the case may be, shall, in relation to that contract, continue to have effect until the requirements under the appropriate regulation had been satisfied.

FIRST SCHEDULE
(Regulation 3)

*Amended by:
L.N. 115 of 2006;
L.N. 321 of 2006.*

STATUTORY NOTICE: LONG TERM BUSINESS CONTRACTS

To:

.....
(insert the name and address of the person to whom this Notice is sent)

IMPORTANT! READ THIS NOTICE CAREFULLY

STATUTORY NOTICE RELATING TO LONG TERM BUSINESS CONTRACTS
OF INSURANCE (OTHER THAN LINKED LONG TERM CONTRACTS) ISSUED
IN COMPLIANCE WITH THE PROVISIONS OF THE INSURANCE BUSINESS
(LONG TERM BUSINESS CONTRACT STATUTORY NOTICE) REGULATIONS
YOUR RIGHT TO CHANGE YOUR MIND

.....
(identify the contract to which the notice relates or state how it may be identified,
e.g. by reference to an accompanying contract note)

1. You have entered into a long term business contract of insurance with

.....
(insert the name and address of the insurer with whom the contract has been entered
into).

2. You have a legal right to consider the matter again and change your mind if
you wish.

Points to consider

3. Before you decide whether you want to change your mind. ask yourself:

- If you received personal advice on your policy, are you clear whether
that advice was given by an independent person working on your behalf
or by someone representing the insurer?
- Have you received all the information you want in order to understand
your policy?
- Are you satisfied that the policy is suitable for your needs and you meet
the obligations of the policy?

If the answer to any of these questions is NO, you should consult your
adviser (or the insurer) as quickly as possible. There is no extension to the
cancellation period if you ask for further information or the reply is delayed.

4. The regulations give you 30 days beginning from the day on which you are
served with this notice to consider the matter again and, if you wish, to withdraw
from the transaction.

Your right to withdraw from the transaction

5. If you wish to go ahead with the transaction you should do nothing with the
attached notice of cancellation. But if you wish to withdraw and to have repaid to
you any money you have paid to the insurer or his representative in connection with
the contract, you should serve notice of cancellation (either on the form attached to
this notice or otherwise in writing to the same effect) to the insurer whose particulars
are given in paragraph 1 of this notice within the period of 30 days.

Financial consequences of withdrawal

6. If you withdraw, you are entitled to have repaid to you any money you have paid the insurer or his representative, and you will have to repay any amounts already paid to you by the insurer under the contract.

Acknowledgement

7. If you have been served with this notice by hand, you are asked to acknowledge its receipt by signing the sub-joined form hereunder on a duplicate copy of this notice.

.....

Signed

.....

Name in block capitals

.....

Office

MAKE SURE THAT YOU KEEP THIS NOTICE AND THAT YOU ONLY RETURN A COPY THEREOF, DULY SIGNED AND DATED, TO THE PERSON WHO HAS SERVED IT ON YOU.

RECEIPT

I, the undersigned, hereby declare that I have been served with the Statutory Notice relating to the long term business contract of insurance, of which the above is a copy.

.....

Signed

.....

Name in block capitals

.....

Date

SECOND SCHEDULE
(Regulation 3)

*Added by:
L.N. 321 of 2006.*

LINKED LONG TERM CONTRACTS OF INSURANCE - STATUTORY NOTICE

To:
(Insert name and address of the person to whom this Notice is sent)

IMPORTANT - READ THIS NOTICE CAREFULLY

YOUR RIGHT TO CHANGE YOUR MIND

.....
(Identify the contract to which the notice relates or state how it may be identified,
e.g. by reference to an accompanying contract note)

1. You have entered into a Linked Long Term Contract of Insurance with

.....
(name and address of the insurer with whom the contract has been entered into)

2. The purpose of this Statutory Notice is to ensure that you are aware that you
have a legal right to reconsider the matter and to change your mind if you wish.

Points to consider

3. Before you decide whether you want to change your mind, ask yourself:

* If you received personal advice on your investment or policy of insurance, are
you clear whether that advice was given by an independent person working on your
behalf or by someone representing the insurer?

* Have you received all the information you want in order to understand your
investment or policy of insurance?

* Are you satisfied that the investment or policy of insurance is suitable for your
needs?

* Do you, for example:

- understand how much you will pay now and in future?
- understand what benefits will be paid under the policy - either at the end
of the policy term or if you die before the end of the policy term?

Do you also understand to what extent the benefits are guaranteed and to what
extent they depend on how well the investment or policy of insurance performs?

- understand that if you stop the policy in the early years you could lose
money?
- understand the effect that any expenses or charges will have on your
investment or policy of insurance?

If the answer to any of these questions is NO, you should consult your adviser or
the insurer as quickly as possible. There is no extension to the cancellation period if
you ask for further information or if the reply is delayed.

Your right to withdraw from the transaction

4. The law gives you 30 days beginning from the day on which you are served
with this notice, to consider the matter again and, if you so wish, to withdraw from
the transaction.

5. If you wish to go ahead with the transaction you should do nothing with the

attached notice of cancellation. But if you wish to withdraw and to have back the money you have paid to the insurer or to his representative in connection with the contract, you should serve notice of cancellation (either on the form attached to this notice or otherwise in writing to the same effect) to the insurer whose particulars are given in paragraph 1 of this notice within the period of 30 days:

Provided that you will have to repay any amounts already paid to you by the insurer or his representative under the contract, and any adverse market movement in the value of the property represented by the contract shall be at your risk.

Acknowledgment

6. You are asked to acknowledge receipt of this notice by signing the sub-joined form hereunder.

.....

(Signed)

.....

(Name in block capitals)

.....

(Office)

MAKE SURE THAT YOU KEEP THIS NOTICE AND THAT YOU ONLY RETURN A COPY THEREOF, DULY SIGNED AND DATED, TO THE PERSON WHO HAS SERVED IT ON YOU.

RECEIPT

I, the undersigned, hereby declare that I have been served with a Statutory Notice relating to the linked long term contract of insurance, of which the above is a copy.

.....

(Signed)

.....

(Name in block capitals)

.....

(Date)

THIRD SCHEDULE
(Regulation 3)

Amended by:
L.N. 115 of 2006;
L.N. 321 of 2006.

NOTICE OF CANCELLATION

(To be returned only if you wish to cancel the contract)

IMPORTANT! THIS NOTICE, IF MADE USE OF, MAY BE SERVED BY HAND, BY YOU OR BY SOMEONE ELSE ON YOUR BEHALF, OR BY REGISTERED POST

.....
* (contract reference or code number)

.....
* (name of insurer)

.....
* (address of insurer)

I, the undersigned, hereby give notice that I have decided not to proceed with this long term business contract of insurance and that I request the return of the money paid to you or your representative in connection with the said contract.

.....
Signed

.....
Name in block capitals

.....
Address

.....
Date

* (To be filled in by the insurer)

RECEIPT

I, the undersigned, hereby acknowledge receipt of the Notice of Cancellation relating to the long term business contract of insurance reference/code number (insert number)

proposed by
(insert the name of the policyholder)

.....
Signed

.....
Name in block capitals

.....
Name of insurer/insurance agent

.....
Date