

YOUR GUIDE TO  
Financial Services in Malta



# Insurance and Reinsurance Protected Cells



FinanceMalta





# Why Malta for Insurance Cells

We are a leading European insurance and captive hub with a deep insurance talent pool. Benefit from our unique protected cell company legislation. Cover risks in the European Union without additional fronting insurers. Find more cost-effective ways to cover existing and emerging risks. Pilot and scale InsurTech solutions. Be part of a strong cluster of leading insurers, captives, reinsurance giants and global insurance managers. Connect with top-tier service providers and protected cell companies (PCCs) with many years of practical experience.

Malta is the only EU member state that has PCC legislation, which was introduced in 2004. With over two decades of experience in cell company structures, we know this segment inside out. The structure allows firms to write risks through cells within a host company and provide businesses with a cost-effective alternative to setting up a standalone insurance company or captive.

The cell model also applies to insurance managers and brokers and is seen as the ideal structure for startups, which otherwise might struggle to comply with today's capital and cost requirements.

The cell structure offers economies of scale and significant cost burden sharing whilst it grants cells access to a shared pool of knowledge and expertise within the management at the core of the cell company.

The legal segregation of assets and liabilities within a PCC structure ensures that the assets of one cell are not affected by the liabilities of another cell or the core, providing a high level of security and protection for each cell's assets. Each cell within a PCC can have its distinct business purpose, risk profile and investment strategy, enabling flexibility and customisation to suit the specific needs of each cell owner.





# What is a Protected Cell

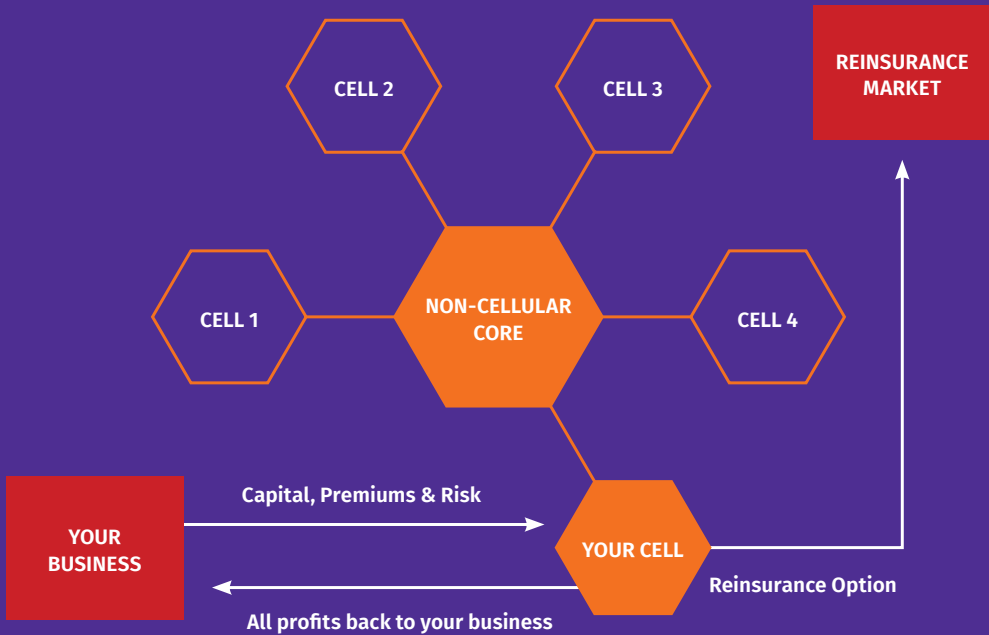
A PCC is a corporate entity that may establish and host one or more cells within itself. Cellular assets are segregated and protected at law from liabilities of other cells or the entity's non-cellular core. A PCC is recognised as a single legal person, and the creation of a cell does not create, in respect of that cell, a separate legal person from the company.

Different business can be carried out through each cell. Various investors may establish and own a cell within an already existing PCC. Through the licence of the PCC, they may carry on the business of insurance transacted separately to the other cells within the same PCC without the burden of creating and staffing a fully-fledged standalone insurance company or captive.

The main benefit is efficiency through significant cost burden sharing. Cells benefit from the established licences, governance, resources, reporting and other processes of the PCC. Cell owners can save considerable management time, enabling them to concentrate on their business and risks. Insurers are increasingly expected to satisfy substance requirements and have adequate on-the-ground staff. PCCs can address substance as cells form part of a broader single entity providing shared board, governance and key functions in Malta.

The application process for a cell is less demanding because the management of the PCC is already known to the regulator.

The capital required can also be lower for individual cells. EU Solvency II recognises cells as ring-fenced funds, which have no absolute minimum capital requirements of their own. Cells often have capital needs to cover their risks below standalone insurer minimums.



## Protected Cells – Our Sector at a Glance

**Insurance Undertaking PCCs**

14 with 79 Cells

**Insurance Broker PCCs**

5 with 17 Cells

**Insurance Managers**

10 of which 2 are PCCs

Source: **MFSA**. All data as of December 2023.

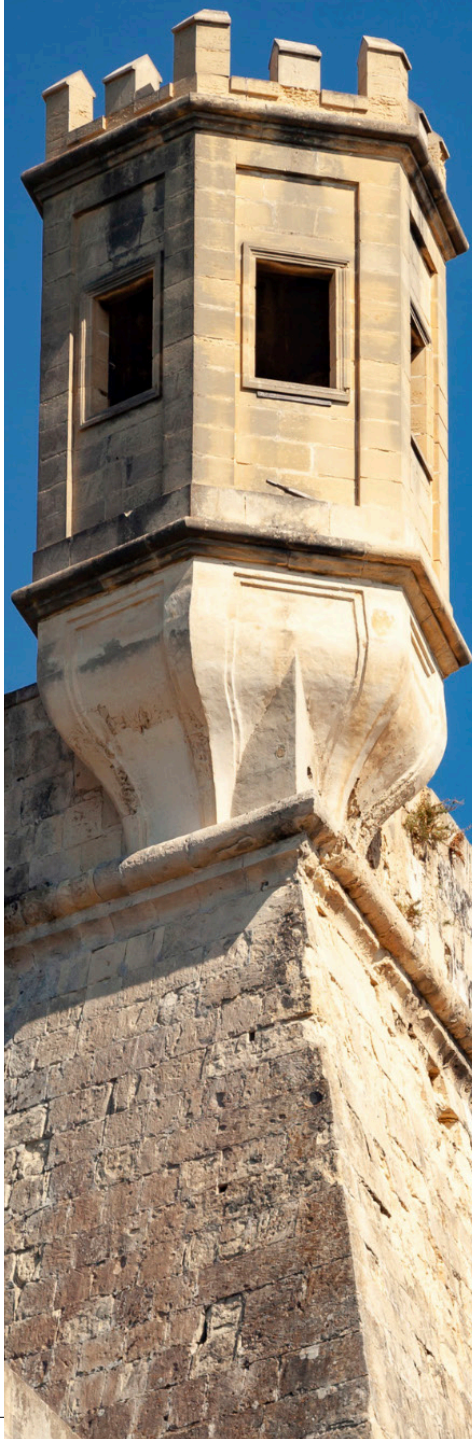
## Why Set-Up a Cell

Whether exploring efficient captive risk financing, venturing into the European insurance market, seeking cost-effective fronting solutions, considering reinsurance avenues, or managing a run-off business, Malta's PCC framework presents a flexible, compelling solution.

- **Captive Risk Financing** – Cells offer an efficient entry for organisations who do not yet have a captive and are keen to improve risk financing of retained risk and unlock access to the reinsurance market, benefiting from broader, more stable capacity and reduced costs compared to primary retail insurance markets.
- **Direct Insurance Sales** – Leverage Malta's strategic position and full EU membership to write business directly across the European Economic Area (EEA), with certain PCCs also providing direct access to other markets, such as the UK, through their branches and networks. Malta is a leader in protected cells writing embedded and other forms of digital consumer insurance with a framework that supports direct sales to complement core offerings, enhancing customer value and business growth.
- **Fronting Solutions** – For non-European insurers or captives looking to reduce EEA fronting expenses, establishing a cell in Malta offers a streamlined, cost-efficient pathway to European markets.
- **Reinsurance** – Choose Malta for your reinsurance cells, where the substance provided by PCCs and the onshore EU jurisdiction's reputation align with stakeholder interests, offering a robust platform.
- **Run-Off and Special Purpose Applications** – Utilise Malta's PCCs for segregating and managing run-off business, including where the shareholding interests vary through mergers and acquisitions. Facilitate transactions with specialist risk-bearers.







Some PCCs have active cores that can rapidly incubate and front risks, providing more time to assess and set up a cell. This agility can also help startups that need more data or capital to set up a cell. PCCs have, for example, assisted in micro-testing parametric and blockchain smart contracts to automate underwriting and claims processes.

# Key Strengths

Malta lies in the heart of the Mediterranean, a gem that has rapidly emerged as a premier destination for protected cells. This strategic island nation, steeped in rich history and culture, stands at the crossroads of Europe, Africa, and the Middle East, offering a unique blend of tradition and modernity. As a full member of the European Union, Malta provides a stable, secure, and forward-looking environment for businesses seeking innovative insurance and risk management solutions.

From Malta, financial services companies can access the EU's massive single market of over 400 million people. In addition, Malta offers an OECD and EU-approved fiscal framework and has a network of around 80 double-taxation treaties, covering most of the world's high-growth markets and facilitating trade and international business. Malta boasts a stable and growing economy, underscored by an A+ long-term rating by Fitch and a low unemployment rate.

Malta has also become internationally recognised as a thought leader in financial services. We championed the introduction of cell company structures, an essential element in the captive insurance and Insurtech sector today. We still have an active appetite for innovation, which will continue to power our growing financial services sector.

As the only EU member state with comprehensive legislation for PCCs, Malta offers unparalleled regulatory clarity and efficiency, further allowing businesses to operate across borders with reduced fronting costs and regulatory hurdles. Direct market access to the EEA eliminates many barriers typically associated with cross-border insurance activities, providing a clear competitive edge.

Malta's prowess in the insurance sector, particularly in the realm of protected cells, is not by chance but the result of a carefully cultivated ecosystem that values regulatory excellence, economic resilience, and strategic agility. The Maltese regulatory framework is tailored to meet the nuanced needs of the



insurance industry, offering a robust yet flexible environment that aligns with EU standards while promoting innovation and efficiency.

The Malta Financial Services Authority (MFSA) is approachable and understands the needs of captives and protected cells, actively engaging with businesses to ensure compliance while fostering innovation.

In the rapidly changing landscape of the insurance industry, marked by new challenges and opportunities, Malta emerges as a leading hub of innovation. Offering seamless access to the European Economic Area (EEA) and, through certain providers, direct access to the United Kingdom via established branches, Malta pairs this expansive market reach with cost-efficient solutions and robust support infrastructure. These combined attributes underscore Malta's status as the preferred domicile for protected cells, positioning it at the forefront of the sector's evolution.

**EU SINGLE PASSPORT**  
AVOID FRONTING COSTS

**EU MEMBER STATE**  
POSITIONED AS AN EFFICIENT COMPETITIVE  
EUROPEAN ONSHORE BASE

**ACCESSIBLE & RESPONSIVE  
REGULATOR**

**PPC LEGISLATION**  
ONLY EU MEMBER STATE TO HAVE IT

**IFRS ACCOUNTING STANDARD**  
FALICITATING GROUP CONSOLIDATION

**80+ DOUBLE TAXATION TREATIES**  
AS PART OF AN EFFICIENT FISCAL SYSTEM

**COST-EFFECTIVE SOLUTIONS**

**HIGHLY QUALIFIED &  
EXPERIENCED WORKFORCE**  
ENSURING PROFESSIONAL MANAGEMENT

**VERY STRONG BANKING, LEGAL &  
FINANCIAL SERVICES SECTOR**

**TIME ZONE, FLIGHT CONNECTIONS &  
ENGLISH AS BUSINESS LANGUAGE**





# Malta's Supportive Ecosystem

Choosing Malta as the domicile for your protected cell goes beyond the strategic benefits of regulatory compliance, cost efficiency, and market access. Beyond the financial benefits, Malta's ecosystem has well-resourced and experienced PCCs and insurance management companies, ranging from well-known international names to more boutique establishments.

Malta offers a robust network of service providers who specialise in insurance, with advanced IT systems and a highly skilled, English-speaking workforce. This supportive environment ensures that entities setting up a cell in Malta can access high-quality advice and services, facilitating compliance, operational efficiency, and strategic growth.

The Maltese insurance sector is characterised by its innovative approach, offering solutions that transcend traditional insurance models. Malta's PCCs stand out for their adaptability, allowing for creation of bespoke insurance solutions that can rapidly adjust to the market's changing needs and regulatory environment. This flexibility is precious in sectors such as insurtech, where companies seek to test and scale new technologies and business models. Malta offers an environment where insurtechs can thrive, leveraging protected cells to pilot innovative insurance products with the full support of a forward-thinking regulator.

A well-established and experienced insurance community in Malta also means that protected cells can benefit from shared insights and best practices, fostering a culture of continuous improvement and innovation. This collaborative environment enhances Malta's attractiveness as a domicile, with protected cells at the forefront of industry developments.



# Conclusion

Malta's position as a leading domicile for protected cells is underpinned by more than its EU membership and other strategic advantages.

It is reinforced by the island's depth of innovation, flexibility, and support. The success stories of businesses that have leveraged Malta's PCC framework testify to the jurisdiction's ability to accommodate a wide range of insurance solutions, from traditional risk financing to cutting-edge insurtech innovations and ESG-driven strategies.

As the insurance landscape evolves, Malta remains committed to providing a dynamic and supportive environment for protected cells. The combination of regulatory excellence, economic resilience, and a culture of innovation makes Malta not just a domicile but a strategic partner for businesses looking to navigate the complexities of the global insurance market.

Malta offers comprehensive benefits and expertise, providing a platform for growth, innovation, and sustainable success in the insurance industry.



Embarking on the journey to establish a protected cell in Malta brings you into a vibrant and innovative insurance ecosystem supported by diverse service providers, including several experienced PCCs, insurance management companies, legal firms, auditors, and consultants.

We encourage you to reach out, connect with these resources, and discover firsthand why Malta is the domicile of choice for innovative insurance solutions. Malta's combination of regulatory excellence, economic resilience, strategic location, and a supportive professional community offers a unique platform for growth, innovation, and sustainable success in the global insurance market.

Take the first step towards establishing your protected cell in a jurisdiction that supports your growth and innovation.

We are sure you have questions. We are here to help you. Contact us for a more personalised introduction to opportunities in Malta's financial services centre.

## GET IN TOUCH

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