

## Instructions

### on the license application for insurance intermediaries engaged in full-time or part-time insurance mediation

These instructions contain an overview of the materials to be submitted for an application for a license as an insurance intermediary under article 6 of the Insurance Mediation Act (IMA) for natural or legal persons engaged in insurance mediation full-time or part-time (alongside the person's main professional activity). In individual cases, the legal provisions and the orders of the Financial Market Authority (FMA) as the supervisory authority are exclusively determinative. The FMA is happy to answer any questions you may have.

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#### General remarks

Insurance intermediaries and their employees engaged in insurance mediation in Liechtenstein or from Liechtenstein are subject to the Insurance Mediation Act. Supervision of insurance intermediaries and their employees is the responsibility of the FMA (article 18, paragraph 1 of the IMA).

Legal and natural persons intending to engage in insurance mediation require a license issued by the supervisory authority. This license is granted upon application if the applicant meets the conditions under article 6 IMA.

Licensed insurance intermediaries domiciled in Liechtenstein may, if the applicable conditions are met, engage in insurance mediation in the Contracting Parties of the EEA Agreement (article 8 IMA) and in Switzerland (Agreement between the Principality of Liechtenstein and the Swiss Confederation on Direct Insurance and Insurance Mediation, Liechtenstein Law Gazette LGBl. 1998 No. 129).

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#### Scope of application

The following fall within the scope of the Insurance Mediation Act:

- Brokers: Insurance intermediaries entrusted with insurance mediation by an insurer or another broker.
- Agents: Insurance intermediaries entrusted with insurance mediation by an insurance undertaking or another agent.
- Independent general agencies of insurance undertakings fall within the scope of the IMA. Criteria indicating an independent general agency include:
  - Activity in own name and for own account;
  - Agent or agency bears own entrepreneurial risk;
  - Social security contributions are settled independently.

Exemptions from the scope of application:

- Insurance undertakings and their employees.
- Dependent agents/agencies.
- Mediation of annex insurances:

- Persons who engage in part-time insurance mediation, if only knowledge of the offered insurance coverage is required for the insurance contract concerned; and
  - The insurance is not a life insurance or a liability insurance; and
  - The insurance represents a benefit complementary to the product or service supplied and covers either the risk of breakdown, loss of or damage to goods, damage to or loss of baggage, or other risks linked to booked travel, including liability and accident insurance risks, provided that the cover is ancillary to the main cover for the risks linked to that travel; and
  - The amount of the annual premium does not exceed the amount of EUR 500 or the equivalent.
  - The total duration of the insurance contract, including any renewals, does not exceed five years.
- The casual provision of information in connection with another professional activity, the goal of which is not to support the client in concluding or handling an insurance contract.
  - The professional administration of claims of an insurance undertaking as well as claims processing and expert services in connection with claims.
  - Address mediator (tip-giver): The activity is limited to providing information about possibilities for concluding insurance contracts or providing contacts between a potential insured and an insurance intermediary or insurance undertaking.

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### **Note on the approval procedure**

To ensure expeditious processing of an application, the applicant may, in accordance with article 82, paragraph 2 of the National Administration Act, waive the right to a formal decree. In such cases, the FMA will notify the applicant of its decision on the application by way of a simple notice without reasons.

The waiver of a formal decree has the advantage for the applicant that the procedure can be concluded more quickly. There are no disadvantages for the applicant: If the FMA rejects the application, the applicant always receives a formal decree with reasons. Moreover, the declaration of waiver of decree can be revoked within four weeks of delivery of the simple notice.

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### **License application**

The license application and the supporting materials must in general be submitted in German. The FMA may grant exemptions.

All necessary forms (license application, written explanation of any pending criminal or administrative criminal proceedings, declarations of freedom from execution and bankruptcy, certification of coverage) are available for download from our website, [www.fma-li.li](http://www.fma-li.li), under **Versicherungsvermittler/Publikationen/Formulare**.

Should the application not be submitted by the applicant himself, an appropriate power of attorney must be provided.

The license application must contain the following minimum content and certifications:

- Completed form "License application – Insurance Intermediaries" for natural or legal persons.
- In the case of new companies, the reasons for formation of an insurance mediation company in Liechtenstein must be given. The applicant must also explain the business model or business idea. Draft articles of association must also be provided.

- Extract from the Public Registry or copy of an official identity paper with photograph (copy of passport or ID card) for natural persons (article 1, paragraph 1(b) of the Insurance Mediation Ordinance (IMO)) ❶ ❷.
- Passport photograph of all persons or employees directly involved in insurance mediation.
- Proof of professional qualifications and information on previous professional experience (article 1, paragraph 1(c) IMO) ❸ ❹:
  - Dated and signed curriculum vitae;
  - Proof of education (diplomas, professional certifications, etc.);
  - Proof of professional experience (e.g. job certifications, references, etc.)
- Current extract from the criminal records and a written declaration on any pending criminal and administrative proceedings (article 1, paragraph 1(d) IMO) ❶ ❷.
- Current extract from the collections and attachment register and a written declaration on freedom from execution and bankruptcy (article 1, paragraph 1(e) IMO) ❶ ❷.
- Copy of the indemnity insurance policy and certification of coverage or proof of other financial guarantee (article 1, paragraph 1(f) IMO) ❸.
- Information on the planned activities (article 1, paragraph 1(g) IMO):
  - In particular whether the applicant will work as an agent and/or broker;
  - In which classes of insurance he will work (according to Annexes 1 and 2 of the Insurance Supervision Act);
  - Which products he intends to provide mediation for;
  - Whether and in which Contracting Parties to the EEA Agreement the applicant intends to work by virtue of freedom of establishment or free movement of services.
- Information on organization of business (article 1, paragraph 1(h) IMO): number of employees, organizational chart, rental contract, etc.
- Information on any economic links with insurance undertakings (article 1, paragraph 1(i) IMO) ❹.
- Insurance intermediaries working as agents must disclose their agency relationships and submit copies of the contracts governing cooperation with insurance undertakings.
- Applicants not working full-time as insurance intermediaries must indicate in their application their main profession and the percentage of their work dedicated to insurance mediation.
- The license application must contain information on the identity and holdings of direct or indirect shareholders. In the case of qualifying holdings (more than 10%), the following materials must be submitted for natural persons:
  - Copy of an official identity paper with photograph;
  - Dated and signed curriculum vitae ❶;
  - Current extract from the criminal records and written declaration on any pending criminal and administrative proceedings ❶;
  - Current extract from the collections and attachment register and a written declaration on freedom from execution and bankruptcy ❶;

For legal persons, the following materials must be submitted:

- Current extract from the Public Registry ❶;
- Current annual report (where possible, from the last three years);
- Formation documents.

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## Notes

- ❶ These documents may not be more than three months old.
- ❷ The evidence and materials in the case of legal persons must be submitted for all members of the general management/board of directors and for all employees working directly for insurance mediation.

If the applicant is a natural person, the evidence and materials must be submitted for the applicant and for all employees working for insurance mediation.

- ❸ The proof of professional qualifications in the case of legal persons must be submitted for the members of the general management responsible for insurance mediation, for the members of the board of directors engaged in insurance mediation, and for all employees working directly for insurance mediation.

If the applicant is a natural person, the proof must be submitted for the applicant and for all employees working for insurance mediation.

- ❹ Professional qualifications:

Pursuant to article 6, paragraph 1(a) IMA in conjunction with article 2, paragraph 2 IMO, insurance intermediaries must show that they have sufficient knowledge in particular with respect to the insurance business, sectoral knowledge, law, commerce, and marketing. As a rule, evidence is provided by presenting a certificate of competence recognized by the FMA. If the professional qualifications are demonstrated solely by means of evidence or professional experience, proof must be given that in the last 8 years before the application, the applicant was engaged full-time for an uninterrupted period of 5 years in the field of insurance mediation (e.g. job references).

Part-time insurance mediation: If the applicant works exclusively as an agent and if neither premiums nor amounts designated for the client are received, then the professional qualifications may be shown by means of a confirmation by the insurance undertaking or the insurance undertakings of training appropriate to the requirements applicable to the products offered (article 3, paragraph 2 IMO).

- ❺ Professional indemnity insurance:

To cover liability arising from violations of professional diligence, the applicant is required to conclude professional indemnity insurance with an insurance undertaking licensed to conduct business in Liechtenstein or must demonstrate equivalent guarantee.

The professional liability insurance must meet the conditions set out in article 5 IMO. The minimum insurance cover must be EUR 1.13 million applying to each claim and EUR 1.7 million for all claims within a year (see Official Announcement of 18 December 2008 on the Minimum Insurance Cover of Professional Indemnity Insurance for Insurance Intermediaries). The professional indemnity insurance may provide a deductible of at most 10% of the insurance cover and subsequent liability for at least 3 years.

The obligation to conclude professional liability insurance is waived for insurance intermediaries who:

- a) are already covered by equivalent professional liability insurance concluded by another insurance intermediary or by an insurance undertaking or other undertaking on whose behalf the insurance intermediary is authorized to act (article 5, paragraph 4(a) IMO);
- b) demonstrate that an insurance undertaking or other undertaking has assumed unrestricted liability for the actions of the insurance intermediary. In such cases, a declaration of liability of the undertaking must be submitted with the application (article 5, paragraph 4(b) IMO);
- c) render another equivalent guarantee (article 5, paragraph 4(c) IMO).

The FMA decides on a case-by-case basis whether the preconditions for waiver of the insurance obligation are met.

- ⑥ The applicant must notify whether he has a holding, direct or indirect, representing more than 10% of the voting rights or the capital in a given insurance undertaking and whether a given insurance undertaking or parent undertaking of a given insurance undertaking has a holding, direct or indirect, representing more than 10% of the voting rights or of the capital in the insurance intermediary.

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## Costs

The fee for grant of the license and entry in the register under the IMA is

- CHF 2,000 for legal persons, plus CHF 200 per employee engaged in insurance mediation;
- CHF 1,000 for natural persons, plus CHF 200 per employee engaged in insurance mediation.

The FMA may adjust the licensing fees in accordance with the actual associated workload.

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## Legal foundations

- Law of 17 May 2006 on Insurance Mediation (Insurance Mediation Act; IMA); LGBl. 2006 No. 125;
- Ordinance of 27 June 2006 on Insurance Mediation (Insurance Mediation Ordinance; IMO); LGBl. 2006 No. 136;
- Ordinance of 21 December 2004 on the Levy of Supervision Taxes and Fees pursuant to the Financial Market Authority Act (FMA Fee Ordinance); LGBl. 2004 No. 288;
- Official Announcement of 18 December 2008 on the Minimum Insurance Cover of Professional Indemnity Insurance for Insurance Intermediaries.

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