

THE DEVELOPMENT OF THE MALTESE INSURANCE INDUSTRY

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THE DEVELOPMENT OF THE MALTESE INSURANCE INDUSTRY: A COMPREHENSIVE STUDY

**MARK LAURENCE ZAMMIT,
JONATHAN SPITERI AND SIMON GRIMA**

*Faculty of Economics, Management and Accountancy,
Insurance Department, University of Malta, Malta*



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Abbreviations

Other Abbreviations

NAV	Notarial Archives Valletta
NLM	National Library of Malta
NLM, AOM	National Library of Malta, Archives of the Order of Malta
NLM, Libr. MS	National Library of Malta, Library Manuscripts Collection
NLM, Univ.	National Library of Malta, Università' Manuscripts Collection

Archival Abbreviations

<i>ab inc</i>	<i>ab incarnatione</i>
Doc./Docs.	Document/Documents
f./ff.	folio/folios
MS	Manuscript
R	Register
v.	verso
Vol./Vols.	Volume/Volumes

Measurements of Currency

- 1 uncia or 2 scudi = 30 tari
- 1 scudo = 12 tari
- 1 tari = 20 grani
- 1 grano = 6 dinari or Picciol

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Author Biographies

Mark L. Zammit, MA Insurance and Risk Management, MBA (Henley) CIRM, is an experienced Banking and Financial Services Professional with over 22 years of experience within the Retail Banking, Insurance, Financial Services Sectors and Business Consultancy.

He has recently been qualified as an independent Risk Manager with experience in VAR, RMICAAP, Business Continuity and Disaster Recovery. He has over the years built his experience in Operations Management, Recruitment and Training and Risk Management.

Moreover, he is currently Chief Risk Officer with a leading insurance company in Malta and is also a Visiting Lecturer at the University of Malta in subjects directly related to Risk Management, Insurance and Compliance. He also takes on a number of directorships of licensed entities within the Malta Financial Services Industry and is an independently licensed Risk Manager via AIRMIC (London) and Malta Financial Services Authority (Malta).

Jonathan Spiteri is a Resident Academic within the Department of Insurance at the University of Malta and a Visiting Lecturer in Economics at the University of Edinburgh. He graduated with Honours in Economics (First Class) from the University of Malta, a Master of Science in Economics (with Distinction) and, as an ESRC Scholar, a PhD in Economics, both from the University of Edinburgh. He has presented his research at various leading conferences, including the European Meeting of the Econometric Society, the Congress of the European Economic Association and the Royal Economic Society.

His current research interests include Behavioural Economics, Environmental Economics and Health. He is currently involved in the R2Pi Horizon 2020 project which examines the shift from the concept of Circular Economy to one of Circular Economy Business Models in Europe. He also forms part of the Nudge-It FP7 project which aims to develop and implement novel scientific approaches across various disciplines to better understand people's nutritional choices and health outcomes.

Prior to furthering his studies, Jonathan worked for a number of years in the private sector, both in Malta and London. He has significant experience in the evaluation and assessment of EU-funded projects and has been involved in several consulting projects related to global wire and cable markets, the fertilizer industry and automotive diesel emissions.

Simon Grima, PhD (Melit.), MSc (Lond), MSc (BCU), BCom (Hons) (Melit.), FFA, FAIA (Acad), is the Head of the Insurance Department, in charge of the undergraduate and postgraduate degrees in Insurance and Risk Management and a Senior Lecturer at the University of Malta. He served as the President of the Malta Association of Risk Management between 2013 and 2015 and is the Current President of the Malta Association of Compliance Officers since 2016. Moreover, he is among the first Certified Risk Management Professional, is the Chairman of the Scientific Education Committee of Public Risk Management Organisation and a Member of the Curriculum Development Team of PRIMIA in 2014. His research focus and consultancy is on Governance, Regulations and Internal Controls (i.e. Risk Management and Internal Audit and Compliance) and has over 30 years of experience varied between Financial Services and with public entities in Academia, Internal Controls, Investments and IT. He acts as an Independent Director for Financial Services Firms sits on Risk, Compliance, Procurement, Investment and Audit Committees and carries out duties as a Compliance Officer, Internal Auditor and Risk Manager.

Simon has acted as Co-Chair in various international conferences and is a Chief Editor, Editor and Review Editor of some journals and book series. He has been awarded outstanding reviewer for *Journal of Financial Regulation and Compliance* in the 2017 Emerald Literati Awards.

Preface

Insurance is one of the largest sectors of the Maltese financial services industry and a major pillar in its economy. Despite this, whereas there is an abundance of literature and documentation revolving around several facets of the domestic economy, particularly maritime trade, there is a lack of research and literature pertaining directly to insurance in the country. This is because most historical records found by the various authors, referenced in this book, hinge on maritime history and the historical accounts of the ports and port activity.

The authors, herein, immortalise in one book, for the first time, literature and insights from prominent figureheads and history on the development of this sector of the Maltese economy, starting from the earliest inhabitants of the island, tracing its roots back to maritime trade, to the present period with the emergence of more complex and sophisticated insurance services and products.

Reference to insurance in Malta can be traced back as early as 750 BC since the time of the Phoenicians, with the earliest insurance contract dating to 1524 as found by the authors in this study. Intra and extra-territorial socio-political, economic and regulatory events have strongly contributed to the development of insurance and have forged it into the industry it is today.

However, to date, there exists no empirical literature that actively and directly chronicles the key contributors and events that were paramount to the industry's development in Malta. Therefore, with this book, the authors seek to deliver a case study of the development of insurance in Malta based on findings from empirical literature, archival research and semi-structured interviews with key individuals who have all played active parts in the recent developments.

The Uniqueness of Malta

The island of Malta, with a population of around 430,000 inhabitants, is one of the smallest European states situated in the centre of the Mediterranean and forms part of the Eurozone. As noted above, the financial services sector is a major pillar of Malta's economy and this may be attributed to specific economic, socio-political, historical, cultural and environmental advantages such as the tax regime, a low-cost environment, a well-trained and motivated labour force and an EU-compliant, yet flexible, domicile. The authors, in this book, highlight most of the very specific aspects about Malta's financial system and history, while underscoring their individual and collective contribution towards the development of

insurance domestically, and thus the interesting features that they have imbued to this sector (Bezzina, Grima, Mamo, 2014).

One of the key contributors to the idiosyncratic development of insurance in Malta is its political and legal landscape. Different from many other small island states, the political parties are strong and stable with a centralized system of government but with a local council's system, and a national Constitution.

Malta's legal system for many centuries was based on Roman law codified by the Emperor Justinian, as practiced by the greater part of continental Europe. The predominance of Roman law increased and strengthened with the arrival of the Order of St John. In 1798, although having little time to establish its roots, the French invasion brought about a large revolution in Maltese law and society. With the arrival of the British more and more legal institutions and principles such as trial by jury, the rules of evidence and the organisation of the courts were introduced. In time, especially after Independence in 1964, the legal system was broadened and deepened by laws promulgated by the Maltese parliament. The European Union Treaty was then transposed into Maltese law and is now the law of the country.

Another crucial characteristic that has helped to define Malta, and indeed the insurance industry in recent years, is the country's economic resilience. As highlighted by Bezzina et al. (2014), "during and in the wake of the financial crisis of 2008–2009 and the ensuing recessions, Malta did not have to resort to any bail-outs from the EU or other sources. While other Mediterranean countries (Greece, Portugal, Cyprus, Spain and Italy) went through financial, political and social turmoil, statistics published by the European Central Bank (2009, 2010). In addition, Calomiris and Harber (2014) list Malta as one of only six countries to meet the threshold for being both credit abundant and crisis free since 1970.

These unique factors, and several others, constitute the reality of Malta as a modern small island economy, within which the current insurance industry has grown and flourished. Within this context, understanding the key factors behind the development of the insurance industry is important both from an academic and policy perspective. Furthermore, as noted above, this research is also relevant because it is the first such study for Malta and hence important for Maltese financial policy and regulatory development. Ultimately, Briguglio (1995) and King (1993) suggested that one could use islands as small-scale laboratories for more complex politics of larger countries, and thus the findings in this study may also shed light on the future development of insurance in other jurisdictions and economies around the world.

Chapter 1 gives the background to the study. It includes the research questions and objectives, the motivation for the study, the research methodologies used and the conceptual framework adopted, as well as the significance of the study.

Chapter 2 introduces the insurance market by defining insurance and giving a detailed overview of the industry as we know it today. Attention to the terminology used and the classes of insurance products being offered gives the reader an end context under which we can determine the journey of development of insurance in Malta from its earliest forms. It also presents and discusses the findings

from other studies and academic literature which sheds light on the development of insurance industry in Europe.

Chapter 3 highlights the findings and results of the case study research on Malta conducted by the authors. Starting from as early as 750 BC, this chapter journeys through the various eras and milestones of Malta's turbulent history, which have helped to shape the country's socio-cultural landscape as well as its economy and, ultimately, the growth and evolution of its insurance industry.

In this chapter, the authors combine the findings from the different research with those emanating from empirical data found in Chapter 2. The main themes and propositions raised in earlier chapters shall be discussed in full detail and conclusions drawn in relation to the conceptual framework that underpins this study.

In Chapter 4, the authors conclude the study with an overview of the main findings and salient points raised throughout the analysis. Herein the authors also identify a number of potential avenues for future research in this exciting and burgeoning field, while highlighting the limitations and significance of the study, together with a number of relevant policy recommendations.

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Chapter 1

Introduction and Roadmap of the Study

Background

Since the early 1990s, Malta has established itself as a renowned and stable financial services sector. The insurance industry is one of the pillars of this development, with the Malta Financial Services Authority (MFSA) working to create a stable, yet innovative jurisdiction aimed at encouraging the growth of insurance and reinsurance business, including captive insurance companies, protected cell companies (PCCs) and incorporated cell companies (ICCs), passporting their services throughout the European Union (EU) (PWC, 2012).

The insurance industry in Malta boasts a mature domestic market constituted of life and non-life insurers, as well as a thriving international sector, including captives and direct underwriters and reinsurers. The number of insurance intermediaries and service providers also continues to increase.

As per the Malta Insurance Management Association survey results published on 30 July 2010, the number of managed insurance companies, and cells in PCCs, has increased from 20 in 2008 to 41 in 2010, and assets under management have increased from €555,305,454 in 2008 to €1,099,657,011 in 2010. Similarly, annual gross premium written by insurance companies and cells under management has grown by 68% since 2008.

In fact, the growth in the insurance market has been evolving rapidly and this is evidenced by the growth in the number of employees in the industry with 1,250 employees in 2007 (Cordina & Cutajar, 2009) to over 9,000 employees in financial services and insurance-related business in the first quarter of 2016 (National Office of Statistics, 2016). According to MFSA (2017) Malta has around 60 insurance-related entities with 36 cell companies alone.

The development of the insurance industry in Malta has no doubt increased in the last 10 years after Malta's accession to the EU. The stable economic and political environments are key factors in the growth of this flourishing industry.

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In fact, by the end of the year 2010, there were 50 insurance undertakings providing insurance services across 27 EU countries and beyond from Malta (Camilleri, 2012).

The above scenario allows us to understand where the country stands in terms of the current insurance market and the various insurance products which are offered in Malta. Albeit, understanding the roots of the insurance industry in Malta is somewhat unclear and disparate considering that this topic has never been researched as a singular subject to the best of the author's knowledge.

Where do the roots of insurance practice in Malta stem from? How did insurance develop throughout the years? What were the underlying factors that contributed to this development? Which socio-political events spurred the direction in which the insurance industry developed in Malta?

As we shall see in the following chapters, being able to understand where the insurance industry will strive to grow in the future is dependent on understanding the reasons why it developed in this way.

Even though insurance has become one of the largest and most influential financial pillars of the Maltese financial services industry and several scholars and industry professionals such as Debono (2000), Vassallo (1998) and Abela (2012) have touched upon areas of insurance such as life insurance, surety and loss insurance, primarily through their respective studies on Malta's history in maritime trading and port activities, the development of the insurance industry in Malta is relatively undocumented and the literature on the subject, compiled in one document, is virtually non-existent.

Industry professionals such as Felice Pace (1998) carried out in depth research on Marine Cargo Insurance in Malta. The requirement for such emanating from either their personal interest towards the subject, the regulatory background upon which, development of the insurance industry required to be built or else for some like Felice Pace (1998), the need to interpret and implement new insurance clauses in the Maltese market which were not present at the time and which were needed.

The result of such has led to a sporadic collection of information which, to the authors' knowledge, seems to have never been collected in one document focusing mainly on the development of the industry in Malta.

This contrasts greatly with the information found with regards to the development of insurance in Europe where the authors could find documentation which specifically focusses on the subject at hand. Hence there is a clear gap between the literature found with regards to European insurance development and the almost non-existence of literature for the case of Malta on the subject.

Therefore, the authors' objective for this study was to identify the factors that lead the development of the insurance industry in Malta. In doing this the authors aimed to determine how the Maltese insurance industry developed, the main contributors and whether these impede or foster Malta's attractiveness as a domicile for insurance companies.

Consideration towards existing literature, newspapers, journals, books and online material such as articles, interviews and transcripts were required for the

authors to conduct the study. Along with these, the study focussed on the use of archival research and interviews with peers in the areas of financial services.

Conceptual Framework

This study is based on a constructivist paradigm as suggested by Stake (1995) and as suggested by Yin (2002), the authors gathered information on the subject at hand, from literature and discussions with peers and compiled several high-level propositions, listed below, from existing literature being reviewed at the time of the study.

This enabled the authors to build the conceptual framework that acted as a guide through the study and which would be used for testing against the case of Malta.

Concepts and Propositions

The authors took a logical approach towards the undertaking of the study and, instead of conducting sporadic research, dissected the information into concepts and propositions, which each fell under a thematic umbrella. These concepts led to propositions which ultimately laid the foundations for the research for the case study on the Maltese Insurance Industry itself and allowed the authors to focus the research accordingly. From the range of concepts, mentioned below, several relational propositions (Mann & Thompson, 1986) became paramount for the study.

To develop such an inventory of propositions and hence the design of this study, the authors participated in various forums, round tables and sub-groups organised by a number of associations of which the authors were an active member or attendee, relating to insurance.

The authors subsequently carried out one-to-one preliminary interviews with a few insurance professionals of their acquaintance. This helped them structure the study and identify the participants for the interviews. They also consulted preliminary literature during the research proposal stage to gather a good idea of the recurring concepts and propositions which eventually appear in this study. This information together with that gathered from the research literature during the study itself resulted in a set of the following eight themes and 16 main propositions driving the development of insurance in both Europe and Malta.

History

Certain social and political events that have made their impact on society both in Europe and in Malta can be seen as catalysts to change. Historical documents give valuable testimony and insight into the case study. How did these events influence culture, trade, legislation? What socio-political events influenced the market and the development of insurance? These historical documents can provide evidence to allow the authors to determine when insurance emerged.

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Trade

Domestic and international trade play a pivotal role in the way that insurance developed in Malta. Literature suggests that insurance has its roots in trade, specifically trade around the ports and port activity (Abela, 2007; Debono, 2000).

Aviation

The emergence of air transport had a direct influence on the way people traded and interacted. The introduction of aviation created a definite shift from maritime based on air-based trade. Aviation required a different type of insurance due to the different risks involved, albeit using shipping as a basis for legislation. Maritime transport needed to adjust to the introduction of globalisation brought about by aviation (Corbet & Winebrake, 2008).

European Backdrop

Throughout its history, Malta has been dependent on foreign, mostly European influences, either by way of stewardship or socio-political inferences. The European backdrop is an area which requires further analysis since it is central to the subject and provides several inferences on the case study.

Regulation

Looking at development of any sector, the introduction of regulation has in its majority spurred growth in the industry (MFSA, 2016a). Questions arise as to when regulations were introduced on insurance, why were they introduced and how did they influence the industry?

Economics

Economics is in general an overarching concept which includes several aspects that influence the development of insurance. Since Malta has been mostly dependent on imports and does not have many natural resources, the economic needs of the country are different than those of Europe. The study will research a variety of economic factors that were influential to the case.

Culture

Social demographics characterise a country and define its unique culture. Culture influences the way people think, their perception of needs and values. Culture therefore contributes to how the market evolves and which insurance products are introduced. The case will show, for example, that in Malta, marine insurance and equine insurance were niches which are particularly important to the country (Felice Pace, 2017).

Economic Trends

Insurance companies provide financial services and together with pension funds belong to the major investors into financial markets, and their influence is likely to increase because of the worldwide integration, ageing population and growing income imbalances. Market activity of insurance companies includes providing risk transfer and financial intermediation (Haiss & Sumegi, 2007).

The propositions listed in [Table 1.1](#) were tested on the data collected for the case. The results of which are presented in Chapter 4. The authors also kept an open mind for any other propositions/themes that may have emerged from this study. To capture this, one of the above-mentioned propositions is listed as other.

[Fig. 1.1](#) depicts the conceptual framework upon which this study has been conducted.

Table 1.1: Propositions.

#	Propositions	Description
A	European Development	Europe attributes the emergence of insurance companies after the great fire of London in September 1666 as suggested by Klein (2001). We also see the emergence of the insurance giant Lloyds from a mere coffee shop in 1680 (Palmer, 2007). Albeit in 1642, Bilsener Gilde was established in Germany as the first insurance company in Europe (International Cooperative and Mutual Insurance Federation, 2014). During the British rule in Malta, several representatives of European insurance companies were set up as suggested by D'Angelo (1990).
B	Trade	Scholars suggest that modern insurance knows its roots to trade, especially trade from sea faring expeditions. The many risks associated with trade required the payment of premium (Vaughan, 1997). Trade in Malta has been the centre of its economy since the times of the Phoenicians and has continued to spur advancements in many sectors including insurance.
C	European Regulations	Insurance regulation emerged in Europe in the 1970s as discussed by Fine (1997). Regulation and the overall regulatory environment is constantly improving and changing to meet the exigencies of the market. In 1981, the first insurance business act was introduced in Malta as discussed by Attard (2016).

Table 1.1: (Continued)

#	Propositions	Description
D	Transportation	The emergence of the various modes of transportation has brought with them several different risks. Shipping seems to be the first mode of transport used upon which insurance was required in Europe due to the request for Bottomry Bonds (Bryant, 2011). Other modes of transport such as rail, motor and aviation have changed the landscape and have influenced insurance throughout the years (Rokas, 2004).
E	Socio-Political Events	Social and political events have a direct influence on insurance and its development. World wars and their aftermath have been good examples of catalysts for change (Farny, 1999). In Malta, the different powers whom have governed the island have impacted heavily on insurance development.
F	Economic Development	The industrial revolution spurred a Europe-wide economic boom. It is seen that through economic development, insurance classes were adopted, and insurance was categorised and defined (Rokas, 2004). The establishment of the European Economic Community in 1957 further strengthened the grounds for development in insurance albeit not as a catalyst for innovation (MacNeil, 1995).
G	Disaster Recovery	As pointed out above, by Klien (2001) the fire of London in 1666 gave rise to the first insurance companies in Europe due to the increased awareness of risks and the need to mitigate them. Other disasters both natural and economic have fuelled the need for better insurance coverage and policy.
H	Risk Mitigation	Risk mitigation has always been at the centre of insurance. Insurance emerged in Europe from the need to cover ship owners and seafarers and has evolved to cover a variety of risks in several different categories (Abela, 2007; Debono, 1983).
I	Globalisation	The world has become a smaller place due to an increase in globalisation. But despite being able to access new markets and trade practically in any country, we have seen a growth in the amount of contagion risk. Economic fallouts such as the 2008 financial crisis show us how globalisation can increase exposure of risks otherwise not found in a country (IAIS, 2016).

#	Propositions	Description
J	EU Accession	In 2002, Malta was accepted as a member state of the EU. This created many challenges especially prior to accession such as harmonisation of economic and legislative frameworks as discussed by Attard (2016) and Galea St John (2016) in Chapter 4.
K	Industry Trends	It has been noted that certain insurance classes have been introduced in the market due to the variance of trends and the advancement in financial services and technology (Smolka, Allmann, Hollnack, & Thrainsson, 2004) Captive insurance and re-insurance are examples of this and are elaborated on in the literature review and case study (Galea St John, 2016).
L	Technology	Instead of just adding value to the insurance sector, technology underpins its very growth and evolution. In the last few years alone, the use of mobile devices, GPS, social media and CCTV footage have all impacted hugely upon the way claims are processed and policies assessed. Cyber risk has become of paramount importance and is a relatively new area in insurance (Eling & Schnell, 2016).
M	Climate Change	The ability of the global insurance industry to manage society's risks is being threatened by climate change according to the Cambridge Institute for Sustainability Leadership (Hainaut, 2017).
N	Cultural Changes	The amount of risk an individual is willing to take has increased gradually through the years. Prior to the introduction of easy credit lines, the culture of saving before buying was the norm. Today many people are willing to purchase on credit and pay later effectively submitting to a higher risk (Chen, Chen, Sun, Yu, & Zhong, 2013).
O	Economic Needs	Economic Capital is a crucial regulatory requirement for insurance companies. Economic capital should reflect a level of eligible own funds that enables insurance and reinsurance undertakings to absorb significant losses as per the Solvency II Association (2017).

Table 1.1: (Continued)

#	Propositions	Description
P	Economic Trends	Insurers are grappling with the tough new business, investment and regulatory environments that are emerging from the financial crisis. The industry, however, also faces far broader challenges. Demographic shifts, the rise in power of the emerging markets and changing customer behaviour will all help shape the sector’s longer-term future. Insurers who can anticipate and plan for change can create their own future. Others who are ‘fast followers’ will need to be agile enough to recognise the leaders and adopt similar strategies. The ‘survivors’ are likely to be focussed on short-term performance (PWC Analysis, 2012).
Q	Other	Any other propositions that shall emerge from the study.

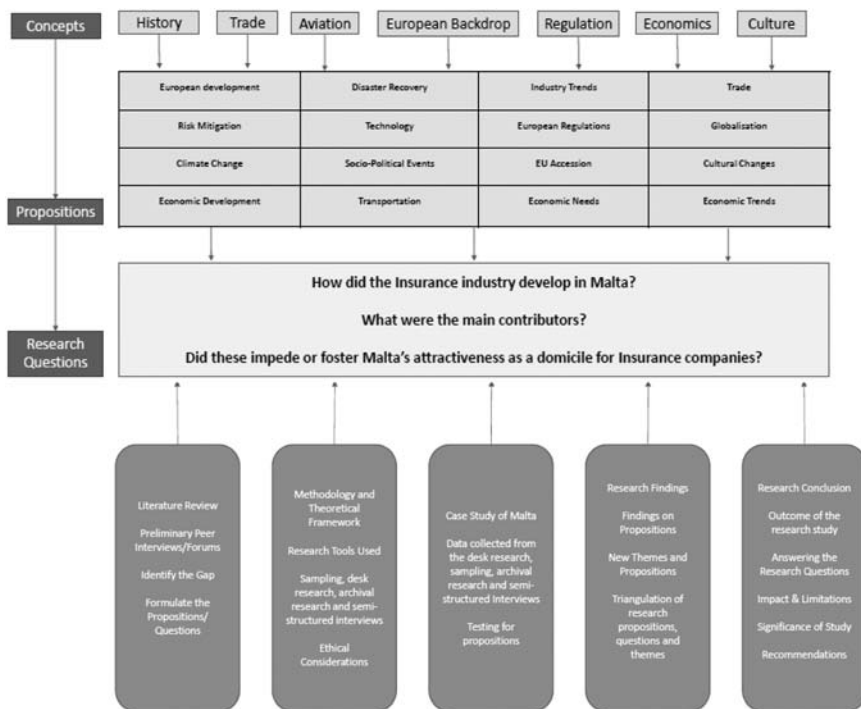


Fig. 1.1: Conceptual Framework. Source: Adapted from Zammit (2017).

Methodology

The authors approached the study openly to bring together as much theory and practicality from experience in the field as possible. They also explain the procedures and strategies in identifying the sources needed for data collection, sampling and the overall research design that was followed.

Having gone through academic literature on research methodology, it was concluded that the most suitable research approach towards achieving the main goals of this study was to adopt a thematic approach using a constructivist epistemology paradigm as per Merriam (1998) to research a case study on the insurance industry in Malta.

The authors initially sifted through available literature to come up with propositions which included key disruptors to the insurance industry. To decide upon which propositions, the authors participated in various forums, round tables and sub-groups organised by the Public Risk Management Organisation, the Malta Association of Compliance Officers, the Malta Association of Risk Management and the Institute of Financial Services Practitioners of which the authors were active members or attendees, relating to insurance in regulation and the impact this is having on the economic development. The authors also used these forums to broaden their network of insurance-related professionals to acquire contacts for further development of concepts and propositions.

Subsequently, one-to-one preliminary interviews were carried out with Mr Andre Farrugia from the Malta International Training Centre (MITC) and Mr Konrad Farrugia, Assistant Lecturer in the Department of Insurance, University of Malta. This helped the authors to structure the study whilst helping to identify the participants for the interviews.

The authors also consulted preliminary literature during the research proposal stage to gather a good idea of the recurring concepts and propositions which eventually appear in this study. This information together with that gathered from the research literature during the study itself resulted in a set of 16 main propositions which were viewed as driving the development of insurance in both Europe and Malta.

Through the initial review of numerous articles and journal papers related to this subject, several statements and overriding concepts were apparent to the authors and could be used as propositions. To achieve a complete picture and to answer the questions of this study, the authors kept to an ontological research philosophy, the study being objectivist in nature since, to the knowledge of the authors, no other academic research has been conducted prior to this study on this subject.

It was imperative to plan and scope out the type of research approaches available to them which were highly dependent on the propositions and research questions themselves. Considering that the research questions pivoted on the requirement to present evidence of insurance through the sourcing of historical facts, a thematic approach was used which considered several themes in order to source the data to present the evidence required to answer the research questions.

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Research of the main themes of this study began by looking for references to insurance in documents held in Melitensia and the library. Each document which had references to insurance was noted and researched in further detail by looking up the references in the documents. Every attempt was made to revert to the original source of the citations being made in the documents being researched. The documentary research led the authors to contracts of insurance and other manuscripts being held in archival records.

It was through the research of the documentary and empirical data that the necessary themes and propositions were devised, which ultimately led to the research questions for this study. Research at the macrolevel was required to give a firm basis to the concepts and propositions within which the development of insurance in Malta took root.

The main themes presented in the study:

- a) The **Historical Background** and empirical evidence of the earliest references to the existence of insurance in Malta. This approach also gives evidence to the references made to insurance and its development throughout the history of Malta to its current status.
- b) **Socio-Political Framework** of Malta throughout the years and how this predominantly influenced the development of the industry in Malta.
- c) The **Regulatory Framework** and the changes the industry underwent due to the changing socio-political landscape, culminating in Malta's alignment to the EU's insurance-related regulatory environment.
- d) The **Domiciliation** of international insurance companies to Malta, the effect of Malta's attractiveness as a reputable insurance jurisdiction and the benefits of the local fiscal and regulatory regimes.

The above themes were also used considering the conceptual framework adopted and connections were derived between the concepts and propositions highlighted above and further researched in Chapter 2 from an external context and the case study itself from an internal context in Chapter 3, aiming at using the case study to answer the research questions. The authors used both primary and secondary data sources to answer the research questions.

It was decided to adopt three complementary research strategies which were found to be both suitable and reliable methods to ascertain and provide a conclusive study as per the theoretical framework mentioned earlier in this study. As per Yin (2002), Stake (1995) and Merriam (1998), multiple sources for data collection shall be utilised.

The authors adopted the case study data collection technique envisaged by Yin (2002) in that data were researched from at least three of the six evidentiary sources mentioned being (a) documentation, (b) archival records and (c) interviews.

An archival research strategy was decided upon which is primarily based on ontological philosophy, the study being objectivist in nature. This research strategy was used since upon review of the current scenario, little or no evidence of studies on the development of insurance in Malta and the factors influencing

this development has ever been conducted to the best of the authors' knowledge. In fact, based on preliminary findings, it transpired that the information documented on insurance in Malta is sporadic and found in different locations and contextual frameworks.

The archival research strategy which was used in this study can be considered as primary research as it involved seeking out and extracting evidence from original archival records and insurance contracts. The main sources of primary data that evidence the development of insurance were sought from different archives in Malta, which were separate and distinct from each other, but which provided the necessary data to answer the research questions.

Archival research was focussed on two main archives, those of the Notarial Archives and the Chamber of Commerce both situated in Valletta.

The work on compiling reasonably detailed descriptions of archival and manuscript holdings which are relevant to Malta dates to the publication of Alfredo Mifsud's pioneering *Appunti sugli Archivi di Malta* in 1913.¹

Set up by Grand Master Lascaris in 1640, the Notarial Archives date back to the times of the Order of the Knights of St John yet the oldest notarial volume preserved there is the one authored by Notary Paolo Bonello which dates back to 1467.

These historical manuscripts are an incredible link with the past and provide valuable information about Maltese society throughout the last 600 years. Notary Salvatore Ciantar is listed as the first Archivist. Stanley Fiorini transcribed the earliest notarial material that exists in Malta, those of notaries Paulo Bonello and Giacomo Zabbara (Abela, 2007).

The Chamber of Commerce was established in 1848 and contains valuable information with regards to the insurance industry in the 1800s onwards.

To complement the archival research strategy, the authors also used a case study research strategy. Robson (2002) defines case study as a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real-life context using multiple sources of evidence.

Sampling Methods

The authors used non-probability purposive and snowballing sampling techniques Battaglia (2011) to determine the participant sample and the literature and documents to review. Through both further review of the secondary data provided by the data sources of the literature review and the information provided through the interviews themselves, the authors were also able to source further candidates to interview and each led to new aspects of the development of the insurance industry, which ultimately required further research used to increase the robustness of this study.

Through the literature review, key individuals who are experts in the subject of the study were purposely highlighted. Other individuals were sourced from

¹Archivum Melitense, II, 13–16 91912–13), 9–67.

the review of the empirical data of the literature and through citations of these individuals to other experts on the subject. Whilst the authors conducted the initial preparation for interviews and during the actual interviews themselves, the participants being interviewed recommended secondary individuals due to their further knowledge on insurance. These individuals provided further insight into the subject being discussed or further exploration of branches which were only touched upon during the said interview.

An example of non-probability, snowball sampling used was that during a particular interview with an insurance professional in the industry specialising in marine insurance. Whilst conducting the interview, the subject recommended another individual who was ultimately chosen for sampling as he was found to specialise in marine insurance and cargo insurance. Upon interviewing the latter insurance professional, the authors were guided towards yet another individual and specific empirical data which allowed the study to delve into uncommon insurance products such as equine insurance.

Snowball sampling was also used for researching of documentary evidence in order to widen the research through the finding of references in the documents being reviewed. As an example of this, the authors reviewed a study in which several references to insurance and insurance-related issues were cited. These references would then be highlighted and noted using the full citation from the bibliography. In turn, these references would then be sifted and analysed to obtain the original source of the data as evidence for the study.

Limitations of Methodology

The research approach and strategy chosen were deemed as being the most reliable and conducive to extracting the evidence required to answer the research questions, albeit, there were a number of inevitable limitations in the methodology which need to be cited and acknowledged.

From an archival research point of view, the major limitation was that of a palaeographic nature. The documents sourced at the Notarial Archives and those of the Chamber of Commerce consisted of old original manuscripts which were written by hand and in either Latin, Italian, French or early English.

Other limitations in the archival research were that the documents included many abbreviations which were difficult to interpret by the authors without the help of the archival experts.

The handwriting used was generally cursive and again difficult to interpret given that this was a changing factor dependent on the different notaries which wrote contracts and other documents being reviewed in the research. Hence the documents being researched were not easy to read and decipher.

To reduce these limitations, assistance from archival experts was sourced, in particular Dr Joan Abela, Head Curator of the Notarial Archives and Mr. Angel Camilleri whom were both accustomed to the languages being used in the contracts and documents used for this study.

Moreover, the authors made use of other period documents to decipher the text of each manuscript researched. By comparing the documents of both the

same notary and other notaries within the same period, the authors were able to decipher text and interpret the languages.

Another factor that helped manage this limitation was that the authors are fluent in both Italian and French and have a conceptual grasp of the Latin language. Hence this enabled us to interpret and discern the text of the original documents albeit through long hours of research and translations. Through the above-mentioned mitigation strategies, the limitations were overcome and as a result, the study had no negative impediment.

From an archival research perspective, the authors were unable to research documents which existed prior to 1473 because these have not yet been made available for research since there are still a number of documents currently waiting to be curated with great care and this requires time and patience.

With regard to the interviews, the authors were fortunate to be able to interview several industry professionals who were key in the recent development of the insurance industry.

In this kind of study, certain limitations are inevitable, and in this case, these were predominantly due to the non-standardised and semi-structured nature of the interviews conducted. The authors were required to spend several hours preparing for the interview, collating a lot of data which would act as the basis for the specific questions being asked.

This limitation was mitigated through purposively conducting the interviews in a semi-structured method using pre-determined questions which were sent to the interviewee prior to the interview. The questions used in each interview were pre-determined and focussed on the areas which the subject of the interview was familiar with.

To allow for further research and topics to be identified, the authors made use of open-ended questions and closed-ended questions. This allowed the interviewed person to elaborate on the subjects chosen for the research.

Sourcing of interviewees also proved as an inevitable limitation as some key industry professionals either declined to be interviewed or more importantly declined access to their premises to allow the authors to do more in-depth research. Only a few candidates were available that had first-hand experience of the industry's business and regulatory development.

To mitigate the above-mentioned limitation, the authors contacted prospective candidates for interviews and provided each subject with a letter formally explaining the research and the aim of the study. The letter included the following factors:

- scope of the research;
- why the authors are requesting the subject to be interviewed;
- assurance to the participants that data provided shall solely be used for the study;
- assurance that quotations would be duly cited to the participants; and
- signed consent by the subject to participate in the research.

The participants in the interviews were also provided with the sample questions to be used during the interviews in advance. This was done for two reasons: the

first to provide the participants with ample time to collect any data they wished to provide during the interview and second to allow for any clarifications which the participants wished to make on the scope and questions being forwarded. A copy of the cover letter and sample questions are annexed in Appendix 1.

Data Collection Tools

The data for the research were collected and analysed in two distinct methods, which are archival research and non-standardised, semi-structured interviews.

Archival Research Tools

According to Ventresca and Mohr (2001), archival research methods include a broad range of activities applied to facilitate the investigation of documents and textual materials produced by and about organisations. In its most classic sense, archival methods are those that involve the study of historical documents, that is, documents created at some point in the relatively distant past, providing access that we might not otherwise available to the organisations, individuals and events of that earlier time.

For the authors to conduct proper and significant research in the Notarial Archives, a preliminary meeting was held with the curator to introduce and explain the documents held in the archive. The archives have a specific referencing system which allows researchers to source the required documents with relative ease. The authors were presented with a notarial index which lists each register being held in the archives, the notary and the period in question. It also indexes the archival reference. A copy of the notarial index is annexed in Appendix 2.

The authors visited the archives several times and viewed a pre-determined register which was made available. The Archivist also presented the authors with a list of abbreviations and notarial meanings which were used by the authors to help decipher and interpret the text in the documents and notarial registers. To further substantiate the development of insurance in Malta during the nineteenth century, the authors conducted research at the Malta Chamber of Commerce in Valletta to source primary evidence which corroborate to empirical evidence mentioned in Chapter 2 that the insurance industry in this period was predominantly focussed on maritime trade.

Again, the authors conducted an introductory interview with the Head of the Administration of the Chamber of Commerce in order to establish the requirements and to familiarise with the archives of the Chambers.

Unfortunately, the authors were not provided with any references or indexing, and it was found that the documents held in the archives of the Chambers did not hold any particular archival order other than that most documents were bound together according to the year. This required more time to be able to inspect and source the correct documents for the collection of the correct data.

The data which were sourced through archival research were analysed by the authors. The use of specific keywords and abbreviations noted in the documents was a key element towards practical and efficient data analysis for this study.

Documents including specific terms such as ‘Assicurazio’ [assurance], ‘Com-menda’ [partnership], ‘debitum’ [debt] and others were highlighted in the documents at an early stage, and the document was further analysed and researched in more meticulous detail.

The authors needed to determine whether the documents being researched in the archives had any direct references to insurance to discount documents which neglected any such references. To establish this, preliminary research of all the available documents was required, albeit limiting the research to the earliest periods held within the archives. A copy of the notarial meanings is annexed in Appendix 3.

Tools Used in Semi-structured Interviews

Non-standardised and semi-structured interviews were conducted to source primary data for the study. The data subjects were contacted by the author via email and telephone during which a request for an interview would be made, together with a high-level explanation of the study in question.

The authors determined the questions to be asked during the interview based on the empirical data already researched and to specifically and purposively direct the interview towards the areas which were deemed to be useful for further research on the subject. The questions were purposively chosen to extract further details and evidence previously found in empirical data research in Chapter 2. The questions along with a detailed explanation of the study in general were sent to the interview subject prior to the interview being held. This was done for two primary reasons. The first was to allow the interview subject to reflect and to gather any empirical and primary data to be used during the interview and the other was to allow the authors to maximise the resources and the time used to conduct the interview itself.

Each interview was conducted on a stand-alone basis and no one interview referred to the exact same questions and structure. The interview was semi-structured in nature with a formal set of questions being used which were both open and closed ended in nature.

The same close-ended questions were used in all interviews and gave us the ability to analyse categorically the research questions across the board in the same way. Open-ended questions were used carefully to expand on areas which required further research and analysis, and which provided a basis for new [other] propositions to be identified.

Significance of the Study

With the research conducted through this study there will exist a documented study dedicated entirely to the development of insurance in Malta. It is envisaged that this study will be important to the insurance industry and its participants.

The contributions of this study will be of interest and use to insurance professionals who wish to continue their studies in the industry, to insurance risk managers as the study gives reference to the types of risks and the classes of risk

to which insurance policies have been written, to local policymakers whom may view this study as valuable to them in order to have an understanding of the way in which insurance has developed and the catalysts to this development. It would give them more background upon which future regulations are introduced. The study may also be used as a unique reference point for university students and industry professionals for citation purposes and its research value.

In addition, by identifying the key factors that contributed to the development of the insurance industry to date, the study will also act as a precursor for the identification of current and future strengths and weaknesses in the thematic areas researched.

The study is intended to encourage future developments in the industry and the fostering of Malta's continued attractiveness to become one of the most reputable insurance jurisdictions in the world.