

Before the Arbiter for Financial Services

Case ASF 051/2026

BX

(Complainant)

vs

Atlas Insurance PCC Limited

(C 5601)

(‘Service Provider’/‘Atlas’)

Sitting of 08 May 2026

The Arbiter

Complaint

Having seen the complaint¹ filed on 02 February 2026 whereby the Complainant states that the Service Provider has incorrectly reduced the No Claim Discount (NCD) from 60% to 35% when renewing his car comprehensive policy in February 2026, offsetting one claim from the 4 years NCD base.

Complainant argues they should have offset the claim from a 5-year NCD of 65% and reducing it to 50%. A claim was made during the expiring insurance term.

This failure would reflect an increase of €344 in the premium.

It was explained that Complainant had the following car insurance history:

¹ Pages (p.) 1 - 6 and attachments p. 7 - 73

1. 14.01.2019 to 31.12.2023 insured by a third-party insurance provider without any claims incurred during 4 full years and a part year (2019) 352 days.
2. Policy transferred to Atlas with a 4 full NCD years as from 01.01.2024.
3. Policy stopped in October 2024 as car was sold so that the year 2024 is not counted as a full year for NCD purposes.
4. New policy was issued covering a purchased car (used imports from Japan) in February 2025 based on 4-year NCD of 60%.
5. A first ever-claim was filed in August 2025.
6. Renewal on a comprehensive basis was offered with reduced NCD of 35% based on 4-year NCD with one claim. Customer contends the NCD should have been 50% based on 5 years with one claim.
7. As customer considered the premium with 35% NCD amounting to €1,495.66 (rather than €1,151.66 if based on 50% NCD) too expensive, he opted for third-party cover rather than comprehensive cover.

Customer argues that between 14.01.2019 and renewal in February 2025, he had 6 full years (with a gap from October 2024 and January 2025 when he had sold his car and was awaiting the new one) of claims-free insurance and it is unfair that for NCD purposes Atlas consider only the 4 completed years.

He explains that this is correct from a technical perspective but does not reflect his overall insurance history and claim-free driving record.²

He argues that Atlas should acknowledge this record and restore his NCD discount to 50% based on 5 years for 2026 and so on for successive years depending on future claim performance.

² P. 2

Reply

Having seen the Reply³ of Atlas where they state:

'We refer to the complaint submitted by (Complainant) and present below a clear and structured explanation regarding the application of the No Claims Discount (NCO) on his motor policies, addressing:

(i) the areas where Atlas correctly applied its published rules,

{ii) the elements that may have caused ambiguity, and

(iii) our proposed resolution.

1. Applicable NCD Rules

Atlas applies its published NCO scale uniformly across all motor policyholders. These rules are publicly available and serve as the governing framework for the application of NCO on all Atlas policies. You will be aware of the importance given to the correct, fair and uniform NCD across all policies issued by an insurance company. Atlas' NCD rules are the basis for all decisions taken in relation to (Complainant's) policies.

2. Insurance History and NCO Progression

Below is a chronological outline of the relevant transactions and the application of NCO at each stage.

- Policy for vehicle LXX9XX {215321 503 001) incepted on 01/01/2024: The client declared a 5-year NCD at inception. A certificate subsequently provided by MAPFRE confirmed 4 years NCD. We amended the NCD to reflect the Mapfre certified 4 years. Atlas acted correctly in applying an adjustment to the NCO to match the NCO certified documentation. In this case, because (Complainant's) policy was on a minimum premium and the additional premium charged still fell below the minimum premium amount, (Complainant) was not charged any additional premium at this point. To be clear, the NCD went from 65% for 5 years to 60% for 4 years, although no additional premium was generated due to the application of minimum premium.*

³ P. 76 - 78

- *The same policy (215321 503 001) was cancelled on 09/10/2024 as the vehicle was sold. The NCD at cancellation remained 4 years because a full year had not elapsed, as confirmed by the certificate issued. Logically, as NCD additional amounts are granted at the end of a full year of policy period, a “step-up” cannot occur unless a full 12-month period has elapsed. Atlas acted correctly in confirming that (Complainant) was eligible for 4 years of NCD at cancellation.*
- *A new policy for vehicle AXX0XX {215321 501 001} was issued on 24/02/2025, after 4.5 months “break” and the certified 4-year NCD from the previous policy was transferred to the new policy and Atlas acted correctly in applying NCD of 4 years.*
- *A claim was registered on 07/08/2025 in which the client was at fault. As per the published NCD scale, the discount was stepped down from 4 years to 2 years. Atlas acted correctly in applying the standard published NCO reduction following a fault claim. Policy was renewed {215321 501 001} with effect from 02/02/2026 with 2 years NCD.*

3. Clarification Regarding the Client's Arguments

On page 002 of the complaint form, the complainant acknowledges that: “Atlas has applied its published NCD scale correctly from a technical perspective.” We appreciate this recognition. While we understand the client's disappointment that Atlas did not apply discretionary adjustments, we must apply NCD rules consistently across all customers to maintain fairness and transparency. (Complainant) is not correct in assuming that a NCD certificate is cumulative across insurers. Atlas consistently honoured the certified 4-year NCD at each relevant stage:

- *At inception in January 2024*
- *At cancellation in October 2024*
- *At transfer to a new vehicle in February 2025.*

4. Identification of Ambiguity

Upon re-evaluating the case internally, we recognise that while our internal underwriting guidelines specifies a full 12-month period for an

NCD step-up, this requirement is not expressly stated in the published NCD Rules or in the policy wording. We acknowledge that we can make this clearer by expressly stating it in the published NCO guidelines which is available to clients.

5. *Proposed Resolution (Ex Gratia Offer)*

In light of the above lack of specific mention of a full year requirement, and without prejudice, Atlas is prepared to offer an ex gratia refund of €344 to resolve the matter with (Complainant). This offer is based on our recognition that clearer documentation could have avoided the misunderstanding, even though the NCO was applied correctly in line with the documented rules and logic that we have today.

6. *Internal Corrective Action*

Atlas will be taking steps with our underwriting team to ensure that future versions of the published NCO Rules explicitly state circumstances where an NCO step-up does not apply, including the requirement for a full 12-month policy period.

We trust that this explanation, together with our goodwill gesture, provides a fair and transparent resolution to the matter.⁴

Hearing

A hearing was held on 17 April 2026 where the parties largely restated their position as above explained.

Atlas further clarified that the ex gratia offer for payment of €344 was made on the wrong assumption that Complainant had renewed his cover in February 2026 on a comprehensive basis whereas, in reality, he renewed on a third-party basis involving a premium increase of only €174.

Consequently, the ex gratia offer, which was not accepted, has been withdrawn.

⁴ *Ibid.*

Final Submissions

The Complainant submitted as follows:

'I say that they are using this thing but as I demonstrated, I have email exchanges where I was asking whether going for the third part only was going to affect. So, I did not do it in bad faith. I would say I did it because I was thinking that the quotation was not fair. And simply for that, I went for the third part only.

I was not trying to look for compensation in terms of money. And this is also another thing that demonstrates that I am not acting in this way that they are saying that it was done in bad faith.

So, the thing that I wanted to point out is that, normally, I would say MFSA or whatever entity creates the rules give fair treatment towards clients with regard to funds, when you have investments and when you have insured clients.

In my case, I was on the road with insurance from 14 January 2018 till 31 October 2024. That is the time when I sold my car. So, if I count the dates, five years and nine months have passed. So, I do not understand how they could say that it is fair to give me four years' No Claims Discount. Just because they automatically say no, they changed the insurance. So, I lost one year basically because I changed my insurance from MAPFRE to Atlas.

I say that from 14 January 2019, I continued to 31 December 2023; and after passing 31 December 2023, and I went to 14 January 2024 with Atlas, so that in 14 days, I would have been five years. So, for my case, it is not fair treatment.

And the other thing that they don't consider at all is that, obviously, when I do not go for the comprehensive policy for my type of car, I'm exposed to a big risk because every time you are exposed to risk.

I say that the compensation that they offered was not fair because they are not taking into consideration the risk that I am exposed to. That is a bigger risk than if I had bought a comprehensive policy.⁵

⁵ P. 86 - 87

The Service Provider submitted as follows:

'Our main point is that whilst we empathise with (Complainant's) case, and it seems that he missed twice in completing another NCD by quite a small margin of time, we operate within a framework which we are bound to adhere to as financial services operators.

So, we made our ex gratia offer showing an empathic understanding of his situation. However, we decided to withdraw it when he - and I understand this might have been done in good faith - made his renewal on a third-party basis. Maybe this was done in good faith. Maybe he intended to change it back to comprehensive if he wins this case; I do not know.

But the fact is that we offered the ex gratia payment in good faith to keep good customer experience whereas that was rejected and (Complainant) asked for more than double the amount when he had already stated in his complaint that we had actually applied the NCD rules correctly.

So, in effect, (Complainant) is asking us to act outside the rules which we are bound to apply.

I confirm that the ex gratia offer is withdrawn and we await the Arbiter's decision.

And that I think is the wrap up of our case.'⁶

Analysis and consideration

The Arbiter notes an industry-wide practice, enshrined in the "Rules of Practice Agreement" subscribed by all motor insurers, that for purposes of NCD calculations only full term of annual insurance is taken into consideration.

In fact, when Complainant moved cover from the original insurance provider to Atlas in 2024, only 4 years NCD was taken over despite Complainant being only 13 days short from gaining a 5-year NCD. Furthermore, when the previous insurer renewed the policy in 2020, no NCD was given for 2019 as this was short by a few days from the full year requirement.

⁶ P. 87 - 88

No evidence emerged that this was contested by Complainant at the time which indicates awareness of the full year criterion for accumulation of NCD.

The NCD framework applied by the industry has, like all frameworks, a sharp dividing line where consumers falling just outside of it tend to consider the framework unfair. But, by necessity, frameworks have to have rigid dividing lines.

Decision

The Arbiter is bound to adjudicate in terms of Article 19(3)(b) of Chapter 555 of the Laws of Malta, by reference to what, in his opinion, is fair, equitable and reasonable in the particular circumstances and substantive merits of the case.

The Arbiter cannot find fault in the way that Atlas applied the NCD in accordance with industry standards.

However, the Rules published by Atlas and which form part of the policy wording,⁷ refer to ***'number of claim free years'*** and make no clarification that years have to be completed years, with exclusion of partial/broken year periods. Atlas themselves admit that their guidelines and policy wording contain ambiguity on how to calculate the NCD years and are taking steps to remove such ambiguity.

The Arbiter does not consider it proper to order Atlas to increase the NCD discount in a way which departs from the industry standard.

However, on an equity basis, taking into consideration the admitted ambiguity and given that consumers may not be aware of the rigid industry-wide NCD framework, the Complainant may have had some reason to expect a 50% NCD rather than a 35% NCD.

Consequently, the Arbiter considers it fair that Atlas refund to Complainant the difference between 35% and 50% NCD with possibility for Complainant to upgrade his cover to fully comprehensive going forward till next renewal.

No adjustment is being ordered for subsequent renewal terms as the ambiguity issue would no longer apply.

⁷ P. 89

The above is in terms of powers given to the Arbiter by Art. 26 (3)(c)(iv) of Chapter 555 of the Laws of Malta.

The exact amount of payment is to be informed to the Arbiter by the Service Provider within one week of payment.

Alfred Mifsud
Arbiter for Financial Services

Information Note related to the Arbiter's decision

Right of Appeal

The Arbiter's Decision is legally binding on the parties, subject only to the right of an appeal regulated by article 27 of the Arbiter for Financial Services Act (Cap. 555) ('the Act') to the Court of Appeal (Inferior Jurisdiction), not later than twenty (20) days from the date of notification of the Decision or, in the event of a request for clarification or correction of the Decision requested in terms of article 26(4) of the Act, from the date of notification of such interpretation or clarification or correction as provided for under article 27(3) of the Act.

Any requests for clarification of the award or requests to correct any errors in computation or clerical or typographical or similar errors requested in terms of article 26(4) of the Act, are to be filed with the Arbiter, with a copy to the other party, within fifteen (15) days from notification of the Decision in terms of the said article.

In accordance with established practice, the Arbiter's Decision will be uploaded on the OAFS website. Personal details of the Complainant(s) will be anonymised in terms of article 11(1)(f) of the Act.