Regulatory developments in the global insurance sector

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Executive summary[1]

Region	No	Organisation(s)	Date	Regulatory developments
Global	1	Financial Stability Board (FSB)	24 February 2025	■ **The FSB submitted a letter on a plan and the status of their prioritised initiatives to G20 Finance Ministers and Central Bank Governors**. Initiatives addressed in the letter include the following. ➢ Implementation: The FSB will perform a strategic review of the FSB's monitoring of 15 years of implementation of reforms, which has been launched at the request of the South African G20 Presidency. ➢ Cross-border payments: The FSB will publish a progress report on their goal of making cross-border payments faster, cheaper, more transparent and accessible. ➢ Non-bank financial intermediation (NBFI): The FSB will make recommendations to address financial stability risks arising from leverage in NBFI. The FSB will also examine challenges related to the NBFI sector.
	2	Financial Stability Board (FSB)	21 February 2025	■ **The FSB published terms of reference for their thematic peer review exercise on crypto-asset activities**. Key elements of the peer review include the following. ➢ Objectives: The objective of the review is to examine FSB member and selected non-member jurisdictions' progress in implementing the FSB's global regulatory framework for crypto-asset activities. ➢ Tasks: The review will focus particularly on the aspects of (i) regulatory frameworks and their implementation status and (ii) data reporting of the FSB framework. ➢ Deliverables: The FSB will publish the results of the review in October 2025.
Europe	3	European Insurance and Occupational Pensions Authority (EIOPA)	20 February 2025	■ **The EIOPA published a supervisory statement that provides guidance on the treatment of insurers' foreseeable dividends in the context of Solvency II regulation**. Key elements of the statement include the following. ➢ Background: Insurers have implemented various approaches to deduct foreseeable dividends from their own funds. These approaches can be summarised into the following three approaches: (i) annual full deduction; (ii) quarterly accrued deduction and (iii) deduction after the Board's approval.

[1] Volumes 1 to 12 of the report 'Regulatory developments in the global insurance sector' are available only in Japanese. This executive summary is a summary of the Japanese version of the Volume 56 report. It is advised that you refer to the respective original materials for accurate information.

				➢ The EIOPA's expectations • The EIOPA considers the annual full deduction approach as a feasible option in cases where insurers operate in a stable and predictable environment or there are high expectations of paying a fixed amount as dividends. • The EIOPA considers the deduction of dividends after formal approval from the Board feasible only in cases where it is difficult to estimate foreseeable dividends objectively.
	4	European Supervisory Authorities (ESAs)	18 February 2025	■ **The ESAs**, which are the European Banking Authority (EBA), the EIOPA and the European Securities and Markets Authority (ESMA), **issued a roadmap towards the designation of critical ICT third-party service providers (CTPPs) under the European Digital Operational Resilience Act (DORA)**. Key milestones towards the designation include the following. ➢ Collection of information: Competent Authorities will submit to the ESAs the Registers of Information on ICT third-party arrangements by 30 April 2025. ➢ Criticality assessments: The ESAs will assess criticality of ICT third-party service providers and notify them of their classification as critical by July 2025. ➢ Designation: The ESAs will designate CTPPs six weeks after the notification and start oversight of said CTPPs.
	5	European Insurance and Occupational Pensions Authority (EIOPA)	12 February 2025	■ **The EIOPA published a draft of its opinion on artificial intelligence (AI) governance and risk management**. Supervisory expectations proposed in the document include the following. ➢ Risk-based approach: Insurers should assess the risk of AI systems and develop governance and risk management measures tailored to the characteristics and risks of the respective AI systems. ➢ Risk management system: Insurers should develop governance and risk management systems that consider, at least, fairness and ethics, data governance and human oversight. ➢ Robustness and cybersecurity: AI systems should be resilient against attempts by unauthorised third parties to alter their use, outputs or performance by exploiting vulnerabilities.
	6	European Systemic Risk Board (ESRB)	3 February 2025	■ **The ESRB published a report on a monitoring framework for systemic liquidity risks in financial systems**. ➢ The report defines systemic liquidity risk as the risk of simultaneous liquidity difficulties at multiple financial institutions affecting key markets, describing that there are two major dimensions of liquidity, i.e., funding liquidity and market liquidity. ➢ The report provides the following four main steps to operationalising the systemic liquidity risk surveillance framework.

				• Identifying the key entities and markets in scope • Selecting surveillance indicators for funding and market liquidity risks • Selecting indicators for contagion and amplification risks and interactions between funding and market liquidity • Synthetising the information into practical heat maps and a set of composite liquidity risk indices
Americas	-	-	-	-
Asia Pacific	7	Insurance Regulatory and Development Authority of India (IRDAI)	28 February 2025	■ **The IRDAI published guidelines on hedging through equity derivatives**, given that insurers' investment in equity has been increasing. Requirements in the guidelines include the following. With these guidelines, insurers are allowed to use (i) stock futures and index futures and (ii) stock options and index options for hedging of their unit-linked fund products, etc. ■ Regulatory requirements include the following. ➢ Risk management • Insurers put in place a hedging policy approved by the Board. • Insurers identify various types of risks for equity derivatives. ➢ Corporate governance • The board is satisfied with having in place adequate risk measurement, management policy and procedures as well as controls for equity derivative contracts. • Insurers disclose relevant information on equity derivatives in their sales brochure of unit-linked insurance products.
	8	Australian Securities and Investments Commission (ASIC)	26 February 2025	■ **The ASIC expressed its preliminary views on the opportunities and risks emerging from shifts in public and private capital markets, expressing its concerns about the future of Australia's public equity markets** in that deterioration in the quality, diversity and depth of the markets would have significant adverse effects on the economy and its liquidity and on Australians' financial participation in these accessible and transparent markets. ■ Outlines of the focus areas for the future of public and private markets and key questions associated with each area expressed in the paper are as follows. ➢ Health public markets: Should issuer requirements be streamlined? ➢ Private market risks and market efficiency and confidence: How should risks in private markets be addressed?

				➢ Retail investor participation in private markets: How can retail investor access to investment opportunities be balanced with protections? ➢ Transparency and monitoring of the financial system: Is more transparency required given private market growth?

Sources:

1. FSB ‘FSB Chair’s letter to G20 Finance Ministers and Central Bank Governors: February 2025’
2. FSB ‘Thematic Peer Review on FSB Global Regulatory Framework for Crypto-asset Activities’
3. EIOPA ‘EIOPA sets supervisory expectations on the deduction of foreseeable dividends from insurers’ own funds under Solvency II’
4. EIOPA ‘The ESAs provide a roadmap towards the designation of CTPPs under DORA’
5. EIOPA ‘EIOPA is seeking feedback on its Opinion on Artificial Intelligence governance and risk management’
6. ESRB ‘ESRB publishes report on a monitoring framework for systemic liquidity risks in financial system’
7. IRDAI ‘Guidelines on Hedging Through Equity Derivatives’
8. ASIC ‘Advancing Australia’s regulatory roadmap for public and private capital markets’

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