



## Regulatory developments in the global insurance sector

Vol. 62 (August to September 2025)



## Executive summary<sup>1</sup>

Region	No	Organisation(s)	Date	Regulatory developments
Global	-		-	-
Europe	1	U.K. Financial Conduct Authority (FCA)	15 August 2025	<p>■ <b>The FCA published the results of its review of life insurers' pension transfer processes.</b> The FCA reviewed data submitted by 18 life insurers that administer over 12 million individual personal pension policies, representing about 80% of the individual personal pensions held by life insurers. Findings from the review include the following.</p> <ul style="list-style-type: none"> <li>➤ Life insurers are well-intentioned and seek to ensure consumers receive good outcomes when transferring their pensions. More than three-quarters of the insurers completed all transfer requests within 20 days on average.</li> <li>➤ When both the ceding schemes and receiving schemes used a digital platform to process a transfer request, the transfers usually proceeded more quickly than transfers made manually through a paper application.</li> <li>➤ Some insurers have nevertheless taken significantly longer than their peers on average to complete a transfer.</li> </ul>
	2	European Insurance and Occupational Pensions Authority (EIOPA)	6 August 2025	<p>■ <b>The EIOPA published its opinion on artificial intelligence governance and risk management</b> with the aim of providing guidance on how to interpret various provisions of the existing insurance sector legislation in the context of AI systems. Guidance provided includes the following.</p> <ul style="list-style-type: none"> <li>➤ Insurers should assess the risks of the different AI systems used.</li> <li>➤ Insurers, which are ultimately responsible for the AI systems they use, should obtain adequate information and assurances from third-party service providers about, for example, data used to train and test AI systems they use as well as limitations of the AI systems.</li> <li>➤ Insurers should develop risk-based governance and risk management systems, considering the following aspects: (i) fairness and ethics; (ii) data governance; (iii) documentation and record-keeping; (iv) transparency and explainability; (v) human oversight and (vi) accuracy, robustness and cybersecurity.</li> </ul>

<sup>1</sup> 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 62 report. It is advised that you refer to the respective original materials for accurate information.

	3	U.K. Financial Conduct Authority (FCA)	3 August 2025	<ul style="list-style-type: none"> <li>■ <b>The FCA presented its thoughts on an industry-wide scheme to compensate motor finance customers who were treated unfairly in relation to discretionary commission arrangements (DCAs)</b> they paid to car dealers based on the ruling by the Supreme Court, indicating that it will publish the consultation by early October.</li> <li>■ Key messages expressed by the FCA include the following. <ul style="list-style-type: none"> <li>➤ The FCA's consultation will cover how to assess whether the relationship between the lender and borrower was unfair and if so, what compensation should be paid to customers.</li> <li>➤ It will be necessary to consider how a range of factors must be assessed when deciding on whether the relationship was unfair, considering that the Supreme Court ruled that the unfairness to consumers has arisen from the non-disclosure of specific features of the commission arrangements, even though many of these features are not themselves unfair, etc.</li> <li>➤ The scheme would need to cover not only DCAs but also (part of) non-discretionary commission arrangements as the Supreme Court ruling made it clear that non-disclosure of other facts relating to the commission can make the relationship unfair.</li> </ul> </li> </ul>
Americas	4	U.S. National Association of Insurance Commissioners (NAIC)	21 August 2025	<ul style="list-style-type: none"> <li>■ <b>The NAIC adopted its Actuarial Guideline 55 that requires additional disclosures on asset-intensive reinsurance contracts to ensure life insurers have adequate technical provisions after transferring risk to a reinsurer.</b> The guideline requires life insurers with a large amount of asset-intensive reinsurance transactions to perform asset adequacy analysis using a cash-flow testing methodology. Requirements associated with cash-flow testing include the following. <ul style="list-style-type: none"> <li>➤ Projections, key assumptions and ending results shall be documented.</li> <li>➤ Explanations of margins on assumptions shall be provided along with the results of appropriate sensitivity tests.</li> <li>➤ The addressing of significant risks, such as the illiquidity risk of assets, shall be modelled and explained.</li> </ul> </li> </ul>
	5	Bermuda Monetary Authority (BMA)	30 July 2025	<ul style="list-style-type: none"> <li>■ <b>The BMA issued a discussion paper titled 'The Responsible Use of Artificial Intelligence in Bermuda's Financial Services Sector',</b> proposing its regulatory approaches to AI. These proposed approaches include the following. <ul style="list-style-type: none"> <li>➤ Financial institutions (FIs) should have in place a comprehensive, strong AI governance framework that clarifies accountability at the Board and senior management levels for</li> </ul> </li> </ul>

				<p>having sufficient AI literacy.</p> <ul style="list-style-type: none"> <li>➤ FIs should implement comprehensive risk assessment frameworks across the following aspects: (i) impact severity; (ii) autonomy and human oversight; (iii) complexity and explainability; (iv) data sensitivity and (v) deployment context and scale.</li> <li>➤ FIs should implement mitigating controls for generative AI, which include (i) human oversight for all critical decision-making points, (ii) guardrails and filters that detect toxicity and biases and (iii) enhanced data security measures.</li> </ul>
Asia Pacific	6	Bank Negara Malaysia (BNM)	29 August 2025	<p>■ <b>The BNM published its standards and guidance on registration procedures and requirements on professionalism of adjusters.</b> These standards include the following.</p> <ul style="list-style-type: none"> <li>➤ The Board of a registered adjuster shall oversee the formulation and implementation of a registered adjuster's internal governance and control frameworks.</li> <li>➤ A registered adjuster shall ensure that its adjusting employees carry out their adjusting work independently and objectively.</li> <li>➤ A registered adjuster shall ensure that an adjusting report clearly discloses and describes the material information. A registered adjuster shall ensure adequate records and supporting documentation on its work are maintained for at least seven years.</li> </ul>
	7	Australian Prudential Regulation Authority (APRA)	21 August 2025	<p>■ <b>The APRA published its 2025-26 plan.</b> Key strategic objectives and related activities described in the plan include the following.</p> <ul style="list-style-type: none"> <li>➤ Maintaining financial and operational resilience <ul style="list-style-type: none"> <li>- Monitor financial industry's implementation of the Prudential Standard CPS 190 on recovery and exit planning</li> <li>- Assess financial institutions' implementation of the Prudential Standard CPS 230 on operational resilience</li> </ul> </li> <li>➤ Responding to significant and emerging risks <ul style="list-style-type: none"> <li>- Strengthen financial institutions' cyber resilience</li> <li>- Assess emerging risks associated with the use of AI</li> </ul> </li> <li>➤ Getting the balance right <ul style="list-style-type: none"> <li>- Reduce capital requirement for life insurers offering annuity products</li> </ul> </li> </ul>

	8	Australian Securities and Investments Commission (ASIC)	19 August 2025	<p>■ <b>The ASIC published the results of its review of direct sales practices of life insurers</b> to check whether consumer outcomes had improved since its review conducted in 2018 where the ASIC identified several concerns. Based on the findings from the review, the FCA urged insurers to do the following.</p> <ul style="list-style-type: none"> <li>➤ Strengthen product design with better use of customer feedback by testing and incorporating complaints, etc.</li> <li>➤ Improve sales and payment practices by enhancing quality assurance processes and by linking sales staff compensations to compliance and customer satisfaction measures.</li> <li>➤ Apply consistent quality standards to retention calls and streamlining cancellation processes.</li> </ul>
	9	Insurance Regulatory and Development Authority of India (IRDAI)	14 August 2025	<p>■ <b>The IRDAI issued a circular on the launch of its 2<sup>nd</sup> Quantitative Impact Study (QIS) for the development of a risk-based capital (RBC) framework for insurers</b>, noting that development and implementation of the RBC framework is one of the key initiatives undertaken by the IRDA.</p> <p>■ Insurers are required to carry out the QIS 2 using the financial data used for Actuarial Valuation as of 31 March 2025, and submit the results by 15 October 2025.</p>
	10	Bank Negara Malaysia (BNM)	5 August 2025	<p>■ <b>The BNM issued a discussion paper on artificial intelligence in the Malaysian Financial Sector, expressing its regulatory and supervisory approaches to AI</b>, which include the following.</p> <ul style="list-style-type: none"> <li>➤ The BNM preserves the principles of parity, proportionality and neutrality in our approach to the oversight of AI-related activities in the financial sector, which means that activities bearing the same types of risks will be regulated the same way, etc.</li> <li>➤ Financial service providers (FSPs) are expected to ensure that the responsible handling of data continues to remain a critical area of focus; this includes ensuring transparency in data sourcing, obtaining informed consent and implementing sound data management practices.</li> <li>➤ The BNM is of the view that a key step in advancing responsible innovation is prioritisation of ‘win-win-win’ use cases across the following three areas: (i) benefiting consumers; (ii) enhancing business outcomes for FSPs and (iii) aligning with regulatory objectives for financial stability, development and inclusion.</li> </ul>

## Sources:

1. FCA 'Life insurers' pension transfer process – review'
2. EIOPA 'Opinion on Artificial Intelligence governance and risk management'
3. FCA 'FCA to consult on a compensation scheme for motor finance customers'
4. NAIC 'NAIC Adopts Key Initiatives to Help Ensure Payment of Claims'
5. BMA 'Discussion Paper - The Responsible Use of Artificial Intelligence in Bermuda's Financial Services Sector'
6. BNM 'Policy Document on Registration Procedures and Requirements on Professionalism of Adjusters'
7. APRA 'APRA publishes 2025-26 Corporate Plan'
8. ASIC 'ASIC urges life insurers to spearhead improvements to direct sales practices'
9. IRDAI 'Risk Based Capital (RBC)- Quantitative Impact Study-2'
10. BNM 'Discussion Paper on Artificial Intelligence in the Malaysian Financial Sector'

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