



Regulatory developments in the global insurance sector

Vol. 63 (September to October 2025)



Executive summary¹

Region	No	Organisation(s)	Date	Regulatory developments
Global	-	-	-	-
Europe	1	U.K. Prudential Regulation Authority (PRA)	30 September 2025	■ The PRA finalised its regulations on insurers' liquidity reporting and standard formula reporting, which include the following. ➤ Liquidity reporting: Large-sized insurers are required to submit information on, for example, group liquidity risks (annually), individual liquidity risk (quarterly) and cash-flow mismatch (monthly). ➤ Standard formula SCR reporting: Insurers with material non-life technical provisions that are permitted to use an internal model for solo SCR calculation are expected to report their standard formula SCR results for their non-life business privately to the PRA.
	2	European Supervisory Authorities (ESAs)	19 September 2025	■ The ESAs, which are the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA), issued their Autumn 2025 Joint Committee Report on risks and vulnerabilities in the EU financial system. Key messages include the following. ➤ Financial institutions and supervisors should remain vigilant to operational and financial stability risks that could arise from cyber-risks. ➤ Regarding liquidity, insurers can be challenged by the market movements, such as interest rate changes, that trigger margin calls on their derivative positions. ➤ Sharp changes in market interest rates that were seen in the increases in bond yields with the increases in defence spending can have material consequences on insurers' capital position.
	3	U.K. Prudential Regulation Authority (PRA)	18 September 2025	■ The PRA's Director for Prudential Policy expressed the PRA's views on asset-intensive reinsurance (funded reinsurance) and bulk purchase annuities (BPA). Key messages include the following. ➤ The PRA considers that asset-intensive reinsurance that leverages differences in reserving approaches, capital requirements and investment flexibility is troubling from a supervisory standpoint.

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 63 report. It is advised that you refer to the respective original materials for accurate information.

				➤ The PRA considers exploring whether the current bundled treatment of the components of an asset-intensive reinsurance transaction accurately reflects the risks. ➤ The PRA has not identified a systemic shortfall in capital available to support the BPA sector. However, there are signs that patience is eroding from more traditional forms of capital.
	4	U.K. Prudential Regulation Authority (PRA)	16 September 2025	■ The PRA released its draft policy on the supervision of insurance third-country branches with the aim of further clarifying its expectations for these branches. Proposals in the draft policy include the following. ➤ Third-country branch subsidiarisation threshold: Increase the threshold of insurance liabilities from £500 million to £600 million ➤ Reporting amendments for smaller branches: Require large branches with at least £1 billion in gross written premiums or £2 billion in branch provisions to submit the full reporting ➤ Restatement of EIOPA Branch Guidelines: Add guidance for branch-specific ORSAs, by which branches are required to include a high-level summary of their solvency position and an overview of stress testing results in their ORSA report
	5	De Nederlandsche Bank (DNB)	10 September 2025	■ The DNB updated its guide to manage climate and nature-related risks to help financial institutions strengthen their approach to these risks. The guide presents 19 good practices in four focus areas, i.e., business model and strategy, governance, risk management and information provisions, including the following. ➤ Insurers shall use scenario analysis in their strategic planning. ➤ Insurers shall develop a remuneration policy that fosters sustainable, long-term value creation through integrating climate and nature-related risks into the policy. ➤ Insurers shall conduct nature-related impact and dependency analysis. ■ The DNB states that it will increasingly shift their focus to regulatory compliance from raising awareness.
Americas	6	Bermuda Monetary Authority (BMA)	17 September 2025	■ The BMA published the results of their 2025 Global Financial Crisis Stress Test for 106 Bermuda-based commercial long-term reinsurers. The objectives of the stress test are to assess the resilience of the jurisdiction's long-term reinsurance sector and to gather data on the extent of recapture clauses within reinsurance treaties, etc.

				■ The key aggregate metrics from the test include the following. ➤ Baseline average Enhanced Capital Requirement (ECR) Coverage dropped to 348% from 424%. ➤ The number of entities whose post-stress ECR dropped below 100% were 11 out of 106 participants.
Asia Pacific	7	Australian Securities and Investments Commission (ASIC)	30 September 2025	■ The ASIC published findings from their review of the financial reporting and audit of superannuation funds. Major findings from the review include the following. ➤ Registrable superannuation entities (RSEs) take different approaches to categorising unlisted investments, and their approach is not disclosed sufficiently. ➤ Sponsorship and advertising expenses are not separately disclosed from other expenses in some RSEs' financial reports due to a narrow, quantitative approach to materiality they take. ➤ Auditors are not doing enough to obtain sufficient audit evidence that provides reasonable assurance about investment valuations in the RSE financial report.
	8	Australian Securities and Investments Commission (ASIC)	22 September 2025	■ The ASIC expressed their views on rapidly expanding private capital markets in Australia, referring to a report on private credit in Australia prepared by professionals, given that the Australian private credit market has grown in recent years. ■ The report highlighted the following four key areas of operation in the private credit market that require improvement. - Conflicts of interest in fee incentives, net interest margin capture, related party transactions and independence - Fees and remuneration, including disclosure gaps and inconsistencies in disclosed information - Portfolio transparency and valuations in terms of such as frequency, independence and methodology, etc. - Inconsistencies in terminology (such as investment grade, security and loan-to-valuation ratio)

Sources:

1. PRA 'PS15/25 – Closing liquidity reporting gaps and streamlining Standard Formula reporting'
2. EIOPA 'Joint Committee Report on risks and vulnerabilities in the EU financial system - Autumn 2025'
3. PRA 'Funded realignment: balancing innovation and risk – speech by Vicky White'
4. PRA 'CP20/25 – Insurance third-country branches: policy implementation and other updates'
5. DNB 'Updated guide to managing climate and nature-related risk, also available in English'
6. BMA 'Press Release - The Bermuda Monetary Authority Publishes Results Of The 2025 Global Financial Crisis Stress Test'
7. ASIC 'Review finds greater uplift needed in quality of super fund financial reports and audits'
8. ASIC 'Advancing Australia's public and private markets: progress update'

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