



Regulatory developments in the global insurance sector

Vol. 57 (March to April 2025)



Executive summary¹

Region	No	Organisation(s)	Date	Regulatory developments
Global	1	International Association of Insurance Supervisors (IAIS)	19 March 2025	<ul style="list-style-type: none"> ■ The IAIS issued a draft of its Issues Paper on structural shifts in the life insurance sector that focuses on (i) increasing investment in alternative assets and (ii) growth of asset intensive reinsurance transactions, in which the IAIS expressed their concerns about these two topics. ■ Supervisory concerns over alternative asset investments include the following. <ul style="list-style-type: none"> ➢ Valuation: Several factors, such as observability of inputs, different valuation methods, forced sellers, lack of reliable quotes and conflicts of interest, can make the valuation of alternative assets difficult. Hidden leverage can also matter. ➢ Liquidity risks: Limited liquidity of alternative assets can hamper the effectiveness of risk management tools and can also have an impact on financial stability. ➢ Links to private equity firms and potential conflicts of interest: When an insurer is under control of PE firms, the insurer may be required to allocate capital to the funds and different investment time horizons between PE firms and can create conflicts of interest in the timing of returns and investment strategies. ■ Supervisory concerns over asset intensive reinsurance (AIR) include (unsound) motivation for AIR by a cedent insurer, increasing complexity, concentration risks and recapture risks.
	2	European Insurance and Occupational Pensions Authority (EIOPA)	27 March 2025	<ul style="list-style-type: none"> ■ The EIOPA recommended to the European Commission the following in regard to the treatment of investments in crypto assets under the solvency regulation. <ul style="list-style-type: none"> ➢ Applying a 100% undiversified stress to all exposures to crypto assets in the Solvency Capital Requirement (SCR) standard formula ■ The EIOPA considered an option under which tokenised assets are subject to look through and stressed according to the underlying assets' risk, which reflects an approach under Markets in Crypto Assets Regulation (MiCAR). Nevertheless, the EIOPA believes it appropriate to monitor developments in this area, given that MiCAR is still at its early stages.
	3	U.K. Financial Conduct Authority (FCA)	21 March 2025	<ul style="list-style-type: none"> ■ The FCA launched a market study into how well the distribution of pure protection insurance products is working for consumers. The reasons for doing such a study are as follows. <ul style="list-style-type: none"> ➢ The design of distribution arrangements and commissions may give rise to disadvantages to

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

				<p>consumers.</p> <ul style="list-style-type: none"> ➤ Some pure protection products may not provide fair value to consumers. ➤ Individuals who fall outside the ‘health lives’ definition may struggle to access affordable insurance products. <p>■ The scope of the market study is as follows.</p> <ul style="list-style-type: none"> ➤ Products in scope: Pure protection products for individuals, i.e., term assurance, critical illness cover, income protection insurance and whole of life insurance ➤ Activities in scope: Design and distribution of products (for insurers) and distribution of products and commission structures (for intermediaries)
	4	European Supervisory Authorities (ESAs)	18 March 2025	<p>■ The ESAs, which are comprised of the European Banking Authority (EBA), European Insurance and Occupational Pensions Authority (EIOPA) and European Securities and Markets Authority (ESMA), issued joint guidelines on the estimation of aggregated annual costs and losses caused by major ICT-related incidents under the Digital Operational Resilience Act (DORA).</p> <p>■ Regulatory requirements provided by the guidelines include the following.</p> <ul style="list-style-type: none"> ➤ Financial institutions should estimate the aggregated annual costs and losses of major ICT-related incidents. ➤ The estimate should be done in the following order. <ul style="list-style-type: none"> - Estimate the costs and losses of each major ICT-related incident - Estimate the financial recoveries for each major ICT-related incident - Aggregate the gross costs and losses and the financial recoveries across major ICT-related incidents
	5	U.K. HM Treasury (HMT)	17 March 2025	<p>■ The HMT issued a policy paper entitled ‘A new approach to ensure regulators and regulation support growth’, recognising that the current regulatory landscape is not functioning as effectively as it should be and the U.K.’s system too often holds back growth and inhibits private sector investment.</p> <p>■ The paper proposes the following three action plans: (i) tackle complexity and the burden of regulation; (ii) reduce uncertainty across our regulatory system and (iii) challenge and shift excessive risk aversion in the system.</p> <p>■ Financial services are mentioned in the context of action plan 2. Key regulatory pledges related to</p>

				<p>financial services sectors include the following.</p> <ul style="list-style-type: none"> ➤ Provide 50% more dedicated supervisors to early and high growth firms to help them navigate the regulatory system and support their growth ➤ Indicate more often that the Financial Conduct Authority (FCA) is ‘minded to approve’ startups to help them secure funding ➤ Consult on a matching adjustment investment accelerator aimed at reducing the time between life insurers identifying a productive investment opportunity and making that investment
	6	U.K. Financial Conduct Authority (FCA)	5 March 2025	<ul style="list-style-type: none"> ■ The FCA completed a multi-firm assessment of valuation practices and governance for valuing private equity, venture capital, private debt and infrastructure assets. Firms that were in the scope of the assessment are asset managers, alternative investment fund managers, investment and portfolio managers and investment advisors. ■ Action items based on the findings from the assessment include the following. <ul style="list-style-type: none"> ➤ Governance arrangements: Firms should consider whether their governance arrangements ensure that there is clear accountability for valuation and robust oversight of the valuation process. ➤ Conflicts of interest: Firms should take action if the valuation-related conflicts of interest in, for example, investor fees, asset transfers, redemptions and subscriptions, investor marketing and secured borrowing are relevant to their practices to mitigate them. ➤ Functional independence and expertise: Firms should assess whether they have sufficient independence in their valuation functions and the voting membership of their valuation committees to ensure effective control and expert challenge.
	7	U.S. National Association of Insurance Commissioners (NAIC)	21 March 2025	<ul style="list-style-type: none"> ■ The NAIC announced its 2025 federal legislative and regulatory priorities. These priorities include the following. <ul style="list-style-type: none"> ➤ Preserving and respecting states’ primary role as insurance regulators by eliminating the Federal Insurance Office ➤ Ensuring natural catastrophe resilience through targeted funding, tax incentives and support of state mitigation programmes by Congress ➤ Promoting and preserving a state’s flexibility to manage their health insurance markets by supporting state-based policies, etc.
Americas	8	Canada Office of	7 March	<ul style="list-style-type: none"> ■ The OSFI updated its Guideline B-15 on climate risk management to reflect the finalisation of

		the Superintendent of Financial Institutions (OSFI)	2025	<p>climate/sustainability-related standards for the Canadian Sustainability Standards Board. Major updates include the following.</p> <ul style="list-style-type: none"> ➤ Climate transition plan: To be considered ➤ Disclosure of Scope 3 absolute gross GHG emissions: From 2025 to 2028 for large financial institutions and from 2026 to 2028 for others ➤ Additional and specific information about financial institutions' Category 15 investments emissions: 2029 (newly added) ➤ Disclosure of industry-based metrics: From 2025 to 2028 for large financial institutions and from 2026 to 2028 for others
Asia Pacific	9	Insurance Regulatory and Development Authority of India (IRDAI)	26 March 2025	<p>■ The IRDAI issued a circular regarding cyber incident or crisis preparedness. Key messages expressed in the circular include the following.</p> <ul style="list-style-type: none"> ➤ Insurers' attention should be paid, in particular, to the existing requirements that (i) insurers report any cyber incidents to the IRDAI within 6 hours of noticing such incidents and (ii) all ICT infrastructure and application logs are maintained for 180 days. ➤ Insurers should establish a well-defined procedure/practice to ensure that forensic auditors are empanelled in advance and can be onboarded to conduct forensics without any delay. ➤ It must be ensured that the vendor handling security operation centres, attack surface monitoring and other activities is not engaged as the forensic auditor.
	10	Australian Prudential Regulation Authority (APRA)	6 March 2025	<p>■ The APRA proposed to strengthen its prudential governance framework for financial institutions. Proposed requirements include the following.</p> <ul style="list-style-type: none"> ➤ Skills and capabilities: Financial institutions should identify and document the skills and capabilities necessary for the board overall. ➤ Fitness and propriety: Financial institutions should meet higher minimum requirements to ensure fitness and propriety of their responsible persons. ➤ Independence: Financial institutions should strengthen independence of their boards by, e.g., requiring that at least two of their independent directors are not members of any other board within the institution's group.

Sources:

1. IAIS 'Public consultation on draft Issues Paper on structural shifts in the life insurance sector'
2. EIOPA 'Technical advice on standard formula capital requirements for crypto assets'
3. FCA 'FCA to scrutinise whether pure protection market provides fair value to consumers '
4. EIOPA 'Joint Guidelines on estimation of aggregated annual costs and losses caused by major ICT-related incidents under DORA'
5. HMT 'Policy paper: A new approach to ensure regulators and regulation support growth'
6. FCA 'Growth of private markets requires continued focus on valuations'
7. NAIC 'NAIC Announces 2025 Federal Legislative and Regulatory Priorities'
8. OSFI 'Updates to Guideline B-15'
9. IRDAI 'Circular on Cyber Incident or Crisis Preparedness'
10. APRA 'APRA proposes changes to strengthen and streamline governance and fit and proper requirements'

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