



Regulatory developments in the global insurance sector

Vol. 58 (April to May 2025)



Executive summary¹

Region	No	Organisation(s)	Date	Regulatory developments
Global	1	International Association of Insurance Supervisors (IAIS)	16 April 2025	<p>■ The IAIS published its Application Paper on the supervision of climate-related risks in the insurance sector that provides an overview of how the IAIS's existing Insurance Core Principles (ICPs) can be applied to address climate-related risks. Descriptions provided by the Application Paper include the following.</p> <ul style="list-style-type: none"> ➤ ICP 15 (Investments): Insurers should consider climate-related risks as part of their asset-liability management (ALM). ➤ ICP 16 (ERM): Insurers should consider the potential impact and materiality of climate-related risks when assessing the existing risk categories. ➤ ICP 19 (Conduct of business): Insurers should examine their claims handling operations and consider whether a demand surge plan, etc., is required to ensure adequate and timely claims handling in the event of a major NatCat event.
	2	Financial Stability Board (FSB)	15 April 2025	<p>■ The FSB finalised its Format for Incident Reporting Exchange (FIRE), which is a standardised format to enhance the efficiency and consistency of cyber and operational incident reporting. Information to be included in an incident report includes the following.</p> <ul style="list-style-type: none"> ➤ Reporting details: Reporting entity, receiving entity and contact details of the reporting entity ➤ Incident details: Incident, change(s) since the previous report and data/time markers ➤ Impact assessment: Severity of the incident, affected parties, affected services and resources and a qualitative expression of impact ➤ Incident closure: Cause and lessons
Europe	3	U.K. Prudential Regulation Authority (PRA)	30 April 2025	<p>■ The PRA published its draft proposals on enhancing banks' and insurers' approaches to managing climate-related risks. The draft proposals cover (i) governance, (ii) risk management, (iii) climate scenario analysis, (iv) data, (v) disclosures, (vi) banking-specific issues and (vii) insurance-specific issues. Insurance-specific issues proposed include the following.</p> <ul style="list-style-type: none"> ➤ Insurers' risk management frameworks should reflect climate-related risks, including the impact of climate-related risks on technical provisions and assets.

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

				<ul style="list-style-type: none"> ➤ Insurers' ORSAs should include climate scenarios when climate-related risks are material. ➤ Insurers' SCRs should reflect the impact of climate-related risks on underwriting, reserving, market, credit and operational risks, where relevant.
	4	European Insurance and Occupational Pensions Authority (EIOPA)	15 April 2025	<ul style="list-style-type: none"> ■ The EIOPA released a report on the costs and past performance of retail investment products within the EIOPA's remit, analysing data from December 2019 to December 2023. Major findings provided in the report include the following. <ul style="list-style-type: none"> ➤ Insurance-based investment products (IBIPs) delivered positive net returns in 2023, driven by the recovery of financial markets. ➤ The value of IBIPs is highly dependent on the risk profile of the product and consumers' investment objectives. For example, unit-linked products with higher risks achieved the highest net returns while remaining more expensive than other IBIPs. ➤ There is continued momentum towards sustainable investing in 2023. These products invest in equity funds with ESG features, delivering better returns than those without such features.
	5	U.K. Prudential Regulation Authority (PRA)	10 April 2025	<ul style="list-style-type: none"> ■ The PRA issued its business plan for 2025/2026 that sets out their three strategic priorities listed below and associated workplans. <ul style="list-style-type: none"> ➤ Priority 1: Maintain and ensure the safety and soundness of the banking and insurance sectors and ensure continuing resilience ➤ Priority 2: Be at the forefront of identifying new and emerging risks and developing international policy ➤ Priority 3: Support competitive, dynamic and innovative markets alongside facilitating international competitiveness and growth ■ Key (planned) regulatory initiatives in the insurance sector include the following. <ul style="list-style-type: none"> ➤ Accelerating innovation and investment through, e.g., introducing a Matching Adjustment Investment Accelerator ➤ Continuing close monitoring of the growth of the bulk purchase annuity market and asset intensive reinsurance (or funded reinsurance) transactions ➤ Continued monitoring of general insurers' underwriting strategies and pricing actions by, for instance, challenging their overly optimistic underwriting profits projections in their business plans and internal models

	6	U.K. Prudential Regulation Authority (PRA)	8 April 2025	<ul style="list-style-type: none"> ■ The PRA issued its draft proposals on a Matching Adjustment Investment Accelerator (MAIA). The MAIA framework is supposed to remove the requirement to obtain prior approval from the PRA before an insurer can claim a Matching Adjustment (MA) benefit on certain assets, which enables insurers to take advantage of investment opportunities more quickly. ■ Key elements of the proposed framework/requirements include the following. <ul style="list-style-type: none"> ➤ An insurer with MAIA permission will be able to add assets to its MA portfolio that do not possess the same features as those included in its MA permission, without first seeking a variation. ➤ An exposure limit will be placed on the amount of assets that can be held in an insurer's MA portfolio using the MAIA permission. ➤ An insurer using its MAIA permission will need to submit to the PRA an application to vary the scope of its MA permission within 24 months of their inclusion in the MA portfolio.
	7	European Insurance and Occupational Pensions Authority (EIOPA)	8 April 2025	<ul style="list-style-type: none"> ■ The EIOPA published a note that expressed their views for better regulation and supervision. The EIOPA states in the note that competitiveness is being translated into regulatory simplification and burden reduction, referring to the European Commission's Competitiveness Compass. Key policy directions described in the note include the following. <ul style="list-style-type: none"> ➤ Prudential reporting: The EIOPA is working on Solvency II-related regulations aimed at simplifying reporting requirements, while carefully considering the impact of the reporting reduction on prudential supervision, etc. ➤ Policymaking: The EIOPA believes that simplification should begin at the earliest stages of the EU legislative process and thus greater involvement of the EIOPA during Level 1 negotiations would be necessary. ➤ Supervision: Strong supervisory convergence is essential. Rather than taking separate approaches across member states and then seeking convergence, ways of working together from the outset should be further explored.
Americas	8	Bermuda Monetary Authority (BMA)	11 April 2025	<ul style="list-style-type: none"> ■ The BMA issued its guidance note for insurers' recovery planning requirements. Key requirements with regard to insurers' recovery planning include the following. <ul style="list-style-type: none"> ➤ Scope: The criteria for determining insurers that will be required to have a recovery plan include (i) total assets of at least 10 billion USD and (ii) total gross written premiums of at least 5 billion USD. ➤ Use of a group recovery plan: A Bermuda insurer may apply to the BMA for the use of their group

				<p>recovery plan. When the BMA approves the application, the insurer does not necessarily need to prepare its recovery plan.</p> <ul style="list-style-type: none"> ➤ ERM and recovery plan: The recovery plan should complement and enhance the insurer's existing ERM framework. ➤ Key elements of a recovery plan: A recovery plan should include, for example, governance arrangements, recovery triggers, recovery options and a communication strategy.
Asia Pacific	-	-	-	-

Sources:

1. IAIS 'IAIS publishes comprehensive Application Paper on the supervision of climate-related risks in the insurance sector'
2. FSB 'Format for Incident Reporting Exchange (FIRE): Final report'
3. PRA 'CP10/25 – Enhancing banks' and insurers' approaches to managing climate-related risks – Update to SS3/19'
4. EIOPA 'Costs and past performance report'
5. PRA 'Prudential Regulation Authority Business Plan 2025/26'
6. PRA 'CP7/25 – Matching Adjustment Investment Accelerator'
7. EIOPA 'Note on EIOPA's views for better regulation and supervision'
8. BMA 'Consultation Paper - Recovery Planning Guidance Note'

Contact:

Shinya Kobayashi

Managing Director

Financial Services

Deloitte Tohmatsu Risk Advisory LLC

Deloitte.

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