



Regulatory developments in the global insurance sector

Vol. 69 (March to April 2026)



Executive summary¹

Region	No	Organisation(s)	Date	Regulatory developments
Global	-	-	-	-
Europe	1	European Insurance and Occupational Pensions Authority (EIOPA)	30 March 2026	<ul style="list-style-type: none"> ■ The EIOPA published its third report on the application of the Insurance Distribution Directive (IDD). Key messages presented in the report include the following. <ul style="list-style-type: none"> ➤ Overview: The total number of registered insurance intermediaries decreased by 7.5% from 2020 to 2024 because of, for example, stricter professional requirements and increased supervisory pressure. ➤ Regulatory framework: Digitalisation of insurance distribution continues to progress slowly. One challenge is that the IDD does not provide detailed guidance on AI-based or automated advice models. ➤ Supervisory framework: Some supervisors have found that cross-sold insurance products often offer poor ‘value for money’ and have high commissions; consumers may find it more challenging to understand coverage in cross-selling situations.
	2	European Supervisory Authorities (ESAs)	27 March 2026	<ul style="list-style-type: none"> ■ The ESAs, which are comprised of the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities Markets Authority (ESMA), published their Spring 2026 report on risks and vulnerabilities in the EU financial system. Key messages presented in the report include the following. <ul style="list-style-type: none"> ➤ Geopolitical events continue to shape the financial market context in the EU. The recent war in the Middle East has added further uncertainty and brought energy price increases. ➤ Private equity and private credit have grown rapidly over the last 15 years. Private finance growth has come with increasing interconnectedness with the banking and insurance sectors. ➤ Potential deregulation in the US may differentiate banks’ willingness to expand their balance sheets region by region.
	3	U.K. Prudential Regulation	18 March 2026	<ul style="list-style-type: none"> ■ The PRA published its Supervisory Statement (SS) on operational resilience and incident reporting, which will become effective in March 2027. Key requirements/expectations

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

		Authority (PRA)		<p>provided by the SS include the following.</p> <ul style="list-style-type: none"> ➤ Financial institutions must submit an operational incident report if an operational incident could pose a risk to the stability of the U.K.'s financial system, the institution's safety and soundness or an appropriate degree of protection of policyholders. ➤ When an operational incident meets a threshold, a financial institution is required to submit to the PRA, in principle, (i) an initial report as soon as is practicable after the occurrence, (ii) an intermediate report after any significant change in circumstances and (iii) a final report within 30 working days of the operational incident being resolved. ➤ Financial institutions are expected to have in place a clear governance system with regard to operational incident reporting.
Americas	4	U.S. Financial Stability Oversight Council (FSOC)	25 March 2026	<p>■ The FSOC published a draft of the updated interpretative guidance on non-bank financial company designations, which will amend their interpretative guidance which was adopted in November 2023. Key elements of the proposed designation framework include the following.</p> <ul style="list-style-type: none"> ➤ When assessing potential risks to U.S. financial stability, the FSOC needs to consider risks associated with, for example, leverage, liquidity risk and maturity mismatch, asset valuations, interconnections, operational risks and concentration. ➤ The FSOC needs to prioritise its effort to use an activities-based approach in identifying, assessing and responding to potential risks to U.S. financial stability, working with relevant financial regulatory agencies at the federal and state levels. ➤ Only if the activities-based approach does not work and the potential threat can be effectively addressed by designating one or more non-bank financial companies may the FSOC designate these companies.
Asia Pacific	5	Australian Prudential Regulation Authority (APRA)	31 March 2026	<p>■ The APRA amended its prudential standards on the treatment of longevity insurance/annuity products to strengthen their market for retirement income products. The key change to their capital regulation is to introduce an option for insurers to use advanced illiquidity premiums (AILP) when determining capital requirements for those products. Details of the change include the following.</p> <ul style="list-style-type: none"> ➤ AILP may be applicable to products that, subject to the judgment by the Appointed Actuary, carry material longevity risk and do not expose the life insurer to material illiquidity risks under severe but plausible scenarios. ➤ AILP is calculated by subtracting 'risk allowance' from 'the spread on Advanced Illiquidity

			<p>Premium reference portfolio' in the initial phase.</p> <ul style="list-style-type: none"> ➤ The Appointed Actuary of the life insurer that elects to use the AILP must provide the APRA with information associated with their determination of the AILP.
6	Insurance Regulatory and Development Authority of India (IRDAI)	30 March 2026	<ul style="list-style-type: none"> ■ The IRDAI adopted the Indian Accounting Standards framework for insurers, which will become effective from April 2026. ■ Insurers will be required to prepare and present their financial statements in accordance with the framework, while they may report alongside financial information under the existing accounting framework for a period of two years. ■ The new framework, which is considered aligned with globally accepted accounting standards, is expected to enhance transparency, credibility and regulatory oversight.
7	Australian Prudential Regulation Authority (APRA)	26 March 2026	<ul style="list-style-type: none"> ■ The APRA released the results of its Insurance Climate Vulnerability Assessment (Insurance CVA), a prudential stress test that explores how a changing climate could affect home insurance affordability and the insurance protection gap in coming decades. Key findings and insights from the assessment include the following. <ul style="list-style-type: none"> ➤ The home insurance protection gap for households in freestanding properties widens under both of the scenarios tested, while the underlying drivers of increasing affordability stress and widening protection gap differ between the two scenarios. ➤ More households would experience uninsured losses as the protection gap widens. While insurers can adjust their premiums periodically, increasing unaffordability of insurance may undermine the insurance industry's ability to meet societal expectations. ➤ A widening protection gap could lead to increased reliance on government support, which then could result in higher fiscal costs for governments.
8	Monetary Authority of Singapore (MAS)	6 March 2026	<ul style="list-style-type: none"> ■ The MAS proposed updates its guidelines on operational risk management. Proposed updates include the following. <ul style="list-style-type: none"> ➤ A domestic systemically important bank or insurer is expected to publicly disclose its approach to operational risk management, operational risk exposures and code of conduct. ➤ A financial institution is expected to establish a robust change management process to identify and assess material incremental operational risks arising from planned changes in its operations, which include relevant policies, standards and procedures for approving

				<p>changes.</p> <ul style="list-style-type: none"> ➤ A financial institution is expected to ensure that these guidelines are observed by its branches and subsidiaries by applying an operational risk management framework that is in line with these guidelines.
	9	Monetary Authority of Singapore (MAS)	6 March 2026	<ul style="list-style-type: none"> ■ The MAS issued a draft of the guidelines on third-party risk management. These guidelines include the following. <ul style="list-style-type: none"> ➤ A financial institution should consider maintaining a record of their third-party arrangements so that it can identify and monitor for changes in the risk materiality of its third-party arrangements, understand their concentration risks and map dependencies and interconnections relating to its material third-party arrangements. ➤ The board and senior management of a financial institution should ensure that there are adequate processes to provide a comprehensive institution-wide view of its risk exposures from third-party services. ➤ A financial institution should establish a third-party risk management framework that is aligned with its broader framework for operational risk management and strategy for the use of third-party service providers.

Sources:

1. EIOPA 'EIOPA publishes third Report on the application of the Insurance Distribution Directive'
2. EIOPA 'ESAs spring risk update highlights geopolitical pressures and rising private finance risks'
3. PRA 'SS1/26 – Operational resilience: Incident reporting'
4. FSOC 'Financial Stability Oversight Council Issues Proposed Guidance on Nonbank Financial Company Designations'
5. APRA 'APRA finalises changes to the capital treatment of longevity products to improve retirement outcomes'
6. IRDAI 'IRDAI introduces Ind AS based financial reporting framework for insurance sector'
7. APRA 'APRA stress test shows how the widening home insurance protection gap may impact Australia's financial system resilience'
8. MAS 'Consultation Paper on Updated Guidelines on Operational Risk Management'
9. MAS 'Consultation Paper on Proposed Guidelines on Third-Party Risk Management'

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