



Regulatory developments in the global insurance sector

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Executive summary¹

Region	No	Organisation(s)	Date	Regulatory developments
Global	1	Basel Committee on Banking Supervision (BCBS)	10 December 2025	<ul style="list-style-type: none"> ■ The BCBS finalised its principles for the sound management of third-party risk, which set forth twelve principles (nine for banks and three for supervisors). These principles include the following. <ul style="list-style-type: none"> ➤ Governance, risk management and strategy: The board of directors has ultimate responsibility for the oversight of the bank's third-party risks and should approve a clear strategy and define the bank's risk appetite and associated tolerance for disruption. ➤ Due diligence: Banks should conduct appropriate due diligence on a prospective third-party service provider (TPSP) prior to entering into an arrangement. ➤ Termination: Banks should maintain exit plans for planned termination and exit strategies for unplanned termination of TPSP arrangements.
	2	International Association of Insurance Supervisors (IAIS)	2 December 2025	<ul style="list-style-type: none"> ■ The IAIS published its Global Insurance Market Report (GIMAR) 2025. The report highlights three key insurance sector-wide themes as follows. <ul style="list-style-type: none"> ➤ Impact of geoeconomic fragmentation on insurers' management of assets and liabilities: Geoeconomic fragmentation poses a variety of risks to financial markets, which include interest rate risks, currency risks and underwriting risks. Cybercrime and trade credit insurance may face higher risks from geoeconomic shifts. ➤ Insurers' increasing investments in private credit: While private credit investments by insurers currently account for a relatively small share of their overall portfolios, it is important to consider their off-balance sheet exposures arising from asset-intensive reinsurance agreements. An ongoing growth of private credit could pose risks to financial stability. ➤ Insurers' adoption and governance of AI: Key risks of AI adoption from the perspective of supervisors include algorithmic bias and unlawful discrimination, cyber security and data privacy risks and third-party dependencies. In addition, evolving the market for AI liability risk would require supervisors to pay attention to insurers' AI liability underwriting risk management.

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

Europe	3	European Insurance and Occupational Pensions Authority (EIOPA)	15 December 2025	<p>■ The EIOPA published its Financial Stability Report for the latter half of 2025. The report highlighted four focus topics, which include the following.</p> <ul style="list-style-type: none"> ➤ Private credit investments: While it is unclear whether insurers' allocation to private credit will continue to increase, it is important for supervisors to monitor the development of European insurers' asset allocations. ➤ U.S. dollar depreciation: Due to the current market volatility and the potential for a further decline of the U.S. dollar, it is important to monitor these developments and insurers' hedging practices in terms of, e.g., liquidity risk associated with hedging practices and a potential impact on the value of the U.S. dollar by global investors' hedging activities. ➤ Cyber risk: The cyber risk insurance market in the EEA continues to evolve and show signs of maturity. Some insurers chose to take a more prudent stance on underwriting cyber risk.
	4	European Insurance and Occupational Pensions Authority (EIOPA)	9 December 2025	<p>■ The EIOPA published a draft set of guidelines in relation to the implementation of the EU's insurance recovery and resolution framework, including guidelines on scenarios and those on indicators. Major requirements proposed include the following.</p> <ul style="list-style-type: none"> ➤ Scenarios: Scenarios of severe macroeconomic and financial stress should include (i) a system-wide event, (ii) an idiosyncratic event and (iii) a combination of these two types of events. ➤ Indicators: The calibration of recovery plan indicators should ensure that appropriate levels are set to alert the insurer or insurance group early enough and can allow them to react promptly and effectively in a crisis situation.
	5	U.K. Financial Conduct Authority (FCA)	9 December 2025	<p>■ The FCA finalised its rules for simplifying insurance regulatory requirements while maintaining appropriate consumer protection. Major revisions include the following.</p> <ul style="list-style-type: none"> ➤ A new definition of 'larger commercial customer' and 'specialist risks contracts' are introduced to identify large insurers and large risks. ➤ Certain requirements on product governance are exempted for specialist risks contracts, general insurance contracts distributed to large commercial customers, bespoke insurance contracts, etc. ➤ The frequency of reviews of non-investment insurance products has been changed from every twelve months to being based on risk.
	6	U.K. Bank of	4 December	<p>■ The BoE launched its second system-wide exploratory scenario (SWES) exercise focusing on how the private markets ecosystem operates under stress and the potential</p>

	England (BoE)	2025	<p>implications for financial stability and real economy in the U.K. An outline of the second SWES exercise is as follows.</p> <ul style="list-style-type: none"> ➤ Objective: To better understand how banks and non-banks active in private markets would respond to a severe but plausible global downturn, etc. ➤ Participants: Participants of this exercise are key firms in the private markets ecosystem, including alternative asset managers and large banks that provide credit to private market funds and private equity-sponsored corporates. ➤ Key milestones: The exercise will be completed in 2026 and a final report will be published in early 2027.
Americas	7	Bermuda Monetary Authority (BMA)	<p>22 December 2025</p> <ul style="list-style-type: none"> ■ The BMA published a report on cyber underwriting in Bermuda. Major messages of the report include the following. ➤ The Bermuda cyber insurance market accounted for about 73% of global cyber premiums written in 2024. ➤ To maintain and strengthen the Bermuda cyber market's position, market participants should, for instance, focus on direct, standalone cyber insurance to better address evolving risk models and embed clear cyber exclusion clauses in non-affirmative policies.
	8	U.S. National Association of Insurance Commissioners (NAIC)	<p>16 December 2025</p> <ul style="list-style-type: none"> ■ The NAIC made a statement on the Executive Order 'Ensuring a National Policy Framework for Artificial Intelligence' that intends to challenge state-by-state regulation on AI. Key messages expressed include the following. ➤ The Executive Order could implicate routine analytical tools that insurers use on a day-to-day basis and prevent regulators from addressing risks in certain areas, such as rate setting, underwriting and claims processing. ➤ The Executive Order could disrupt well-established processes that ensure fairness and transparency in insurance markets and safeguard consumers from unfair or discriminatory practices. ➤ The NAIC urges the Administration to reconsider the Executive Order and affirm state regulation of AI to avoid damaging uncertainty.
	9	U.S. Financial Stability Oversight Council (FSOC)	<p>11 December 2025</p> <ul style="list-style-type: none"> ■ The FSOC released its 2025 annual report, in which the following four areas are highlighted as key areas of focus: (i) bolstering Treasury market resilience, (ii) addressing cyber risk and navigating an evolving threat landscape, (iii) enhancing supervisory and regulatory frameworks for depository institutions and (iv) harnessing artificial intelligence to promote financial

				<p>stability.</p> <ul style="list-style-type: none"> ■ The report also addressed insurance market-related issues in the U.S., which include the following. <ul style="list-style-type: none"> ➤ Life insurers continue to increase allocations to alternative and other non-traditional asset classes, which include holding private credit loans, investing in private equity and private credit funds and providing credit facilities to private funds. ➤ Life insurers also continue to rely on non-traditional funding sources, such as spread-based products. ➤ Regarding the U.S. property and casualty insurance sector, insurers continue to raise rates or pull back from writing policies in certain areas in response to rising insured losses, etc.
Asia Pacific	-	-	-	-

Sources:

1. BCBS 'Principles for the sound management of third-party risk'
2. IAIS 'IAIS Global Insurance Market Report 2025 highlights growth of investments in private credit, geoeconomic fragmentation and AI adoption as key supervisory priorities'
3. EIOPA 'Financial Stability Report December 2025'
4. EIOPA 'EIOPA launches a new set of consultation papers in relation to the implementation of EU's insurance recovery and resolution framework'
5. FCA 'PS25/21: Simplifying the insurance rules'
6. BoE 'Bank of England launches system-wide exploratory scenario exercise focused on private markets'
7. BMA 'Cyber Underwriting Report – 2025'
8. NAIC 'Statement from the National Association of Insurance Commissioners (NAIC) on AI Executive Order'
9. FSOC 'FSOC 2025 Annual Report'

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