



## Regulatory developments in the global insurance sector

Vol. 55 (January to February 2025)



## Executive summary<sup>1</sup>

Region	No	Organisation(s)	Date	Regulatory developments
Global	1	International Association of Insurance Supervisors (IAIS)	25 January 2025	<ul style="list-style-type: none"> <li>■ <b>The IAIS published its roadmap for 2025 to 2026</b> based on four core objectives. Key initiatives described in the roadmap include the following.               <ul style="list-style-type: none"> <li>➤ <b>Core objective 1: Monitor and respond to key risks and trends</b> <ul style="list-style-type: none"> <li>• The 2025 GIMAR special topic edition will focus on the potential financial stability implications of NatCat protection gaps.</li> <li>• The IAIS will identify areas for possible enhancement of supervisory practices in ‘asset allocation to alternative assets’ and ‘growth in cross-border asset-intensive reinsurance’.</li> </ul> </li> <li>➤ <b>Core objective 2: Set and maintain globally recognised standards</b> <ul style="list-style-type: none"> <li>• The IAIS will develop new ICS-related standards on supervisory reporting and public disclosures, etc.</li> </ul> </li> <li>➤ <b>Core objective 3: Support members by sharing good supervisory practices, etc.</b> <ul style="list-style-type: none"> <li>• The IAIS will consult on a toolkit to support supervisors in their oversight of insurance sector operational resilience.</li> </ul> </li> </ul> </li> </ul>
	2	Financial Stability Board (FSB)	23 January 2025	<ul style="list-style-type: none"> <li>■ <b>The FSB published its work programme for 2025.</b> Key initiatives presented in the programme include the following.               <ul style="list-style-type: none"> <li>➤ <b>Supporting global cooperation on financial stability:</b> To monitor global financial stability developments and the implications of emerging financial innovations, including tokenisation and crypto assets.</li> <li>➤ <b>Enhancing the resilience of the NBFi sector:</b> To finalise policy recommendations on NBFi leverage.</li> <li>➤ <b>Harnessing the benefits of digital innovation:</b> To publish a report on the monitoring of AI adoption and the assessment of related vulnerabilities by authorities in the financial sector.</li> <li>➤ <b>Implementing the SIFI framework:</b> To monitor insurer systemic risk annually.</li> </ul> </li> </ul>

<sup>1</sup> 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 55 report. It is advised that you refer to the respective original materials for accurate information.

	3	Financial Stability Board (FSB)	16 January 2025	<ul style="list-style-type: none"> <li>■ <b>The FSB released a report on climate-related vulnerabilities that introduces an analytical framework</b> for tracing climate-related risks <b>and presents an analytical toolkit</b> for monitoring climate-related vulnerabilities.</li> <li>■ <b>The framework</b> identifies transmission channels and corresponding transmission sources, which include the following. <ul style="list-style-type: none"> <li>➤ Credit risk: Insurers may face credit risks through their direct lending and reinsurance contracts.</li> <li>➤ Underwriting risk: Climate change may increase the cost of natural catastrophe claims, which may lead to underwriting losses.</li> <li>➤ Liquidity risk: Abrupt repricing of some asset classes can trigger correlated redemption requests and increased collateral requirements.</li> </ul> </li> <li>■ <b>The analytical toolkit</b> presented in the report includes the following. <ul style="list-style-type: none"> <li>➤ Proxies: To provide an early signal on potential drivers of transition and physical risks.</li> <li>➤ Exposure metrics: To provide insights on how climate risk drivers could transmit through the financial system and affect different sectors.</li> <li>➤ Risk metrics: To quantify financial impacts, building on the information contained in proxies and exposure metrics.</li> </ul> </li> </ul>
	4	Financial Stability Board (FSB)	18 December 2024	<ul style="list-style-type: none"> <li>■ <b>The FSB proposed nine policy recommendations on NBFIs leverage</b> with the aim of enhancing the ability to monitor for vulnerabilities from NBFIs leverage. These recommendations include the following. <ul style="list-style-type: none"> <li>➤ Authorities should have a domestic framework to identify and monitor vulnerabilities related to NBFIs leverage and associated financial stability risks.</li> <li>➤ Authorities should take steps to address the financial stability risks from NBFIs leverage in core financial markets, which include activity-based measures and entity-based measures.</li> <li>➤ Authorities should review the adequacy of existing private disclosure practices between leveraged non-bank financial entities and leverage providers.</li> </ul> </li> </ul>

Europe	5	European Insurance and Occupational Pensions Authority (EIOPA)	30 January 2025	<ul style="list-style-type: none"> <li>■ <b>The EIOPA recommended updating risk factors for natural catastrophic events in insurers' standard formula calibrations of risks under Solvency II.</b></li> <li>■ These updates included the following. <ul style="list-style-type: none"> <li>➤ Flood: Increased the corresponding risk factor for one jurisdiction, decreased for two jurisdictions and newly introduced for seven jurisdictions</li> <li>➤ Hail: Increased the corresponding risk factor for five jurisdictions and newly introduced for one jurisdiction</li> </ul> </li> </ul>
	6	U.K. Prudential Regulation Authority (PRA)	18 January 2025	<ul style="list-style-type: none"> <li>■ <b>The PRA responded to the Prime Minister's letter concerning regulation and sustainable economic growth.</b> Further actions the PRA intends to take that are mentioned in the response letter include the following. <ul style="list-style-type: none"> <li>➤ Simplifying the prudential regime for small banks and regulatory data reporting from banks</li> <li>➤ Increasing the ability of the insurance sector to invest in the UK economy</li> <li>➤ Improving the UK framework for Insurance Special Purpose Vehicles (ISPVs)</li> <li>➤ Making further amendments to remuneration requirements to enhance competitiveness</li> </ul> </li> </ul>
	7	European Banking Authority (EBA)	16 January 2025	<ul style="list-style-type: none"> <li>■ <b>The EBA published its draft guidelines on ESG scenario analysis.</b> These draft guidelines include the following. <ul style="list-style-type: none"> <li>➤ Purpose and governance: Banks should develop forward-looking approaches and perform scenario analyses as a part of their toolkit to manage ESG risks and inform strategic decisions.</li> <li>➤ Setting climate scenarios: Banks should consider a number of intertwined factors when setting their climate scenarios, which consider elements related to socioeconomic context, technological evolution, climate policies, etc.</li> <li>➤ Testing financial resilience through Climate Stress Test (CST): Banks should progressively develop their CST approaches, starting with credit risks, and aim to capture the impacts of climate change on other traditional risk categories.</li> </ul> </li> </ul>
	8	U.K. Prudential Regulation Authority (PRA)	9 January 2025	<ul style="list-style-type: none"> <li>■ <b>The PRA announced its priorities for the supervision of the U.K. insurance sector.</b> These priorities include the following. <ul style="list-style-type: none"> <li>➤ <b>Evolution in the insurance industry</b> <ul style="list-style-type: none"> <li>• Solvency UK implementation: The PRA will ensure that the Solvency UK helps achieve their objectives to support insurers in making long-term investments to support growth, etc.</li> </ul> </li> </ul> </li> </ul>

				<ul style="list-style-type: none"> <li>• Bulk purchase annuity (BPA): The PRA will continue to focus on funded reinsurance (asset-intensive reinsurance). A funded reinsurance recapture scenario will be included in the 2025 Life Insurance Stress Test (LIST).</li> <li>• Cyclicity in the general insurance market: The PRA will continue to focus on cyber underwriting risks.</li> </ul> <p>➤ <b>Evaluating and maintaining resilience</b></p> <ul style="list-style-type: none"> <li>• LIST: The 2025 LIST exercise will be launched in January 2025. The results will be published in Q4 of 2025.</li> <li>• Liquidity resilience: The PRA will encourage eligible insurers to apply early for the Bank of England’s new collateralised lending facility for certain non-banks.</li> <li>• Solvent exit planning for insurers: New policy requirements will become effective in June 2026.</li> </ul>
Americas	9	Canada Office of the Superintendent of Financial Institutions (OSFI)	15 January 2025	<p>■ <b>The OSFI updated its technology and cybersecurity incident reporting form.</b> Financial institutions will be required to report an incident to the OSFI within 24 hours, which will be followed by subsequent reports. Criteria for reporting include the following.</p> <ul style="list-style-type: none"> <li>➤ Impact has potential consequences to other financial institutions or the Canadian financial system.</li> <li>➤ Financial institution’s operations, infrastructure, data and/or systems are likely to be impacted.</li> <li>➤ Impact to a third-party may affect the financial institution.</li> </ul>
	10	Bermuda Monetary Authority (BMA)	14 January 2025	<p>■ <b>The BMA published its draft standards on operational resilience for financial institutions.</b> Proposed regulatory requirements include the following.</p> <ul style="list-style-type: none"> <li>➤ Governance: The board must review Business Continuity Plans (BCPs) and Disaster Recovery Plans (DRPs) along with the results of their regular testing.</li> <li>➤ Outsourcing management: Financial institutions must have policies, procedures and controls to implement resilience measures and ensure that essential business services remain within tolerance.</li> <li>➤ Testing: Financial institutions must regularly test their ability to remain within impact tolerances.</li> </ul>
Asia Pacific	-	-	-	-

## Sources:

1. IAIS 'IAIS publishes its workplan (Roadmap) outlining key deliverables for 2025-2026'
2. FSB 'FSB Work Programme for 2025'
3. FSB 'Assessment of Climate-related Vulnerabilities: Analytical framework and toolkit'
4. FSB 'Leverage in Non-Bank Financial Intermediation: Consultation report'
5. EIOPA 'EIOPA recommends new risk factors for flood, windstorm and hail risk in insurers' standard formula capital calibrations'
6. UK PRA 'PRA letter to the Prime Minister'
7. EBA 'Consultation on Guidelines on ESG scenario analysis'
8. UK PRA 'Letter from Gareth Truran and Shoib Khan – Insurance Supervision: 2025 priorities'
9. OSFI 'Technology and Cyber Security Incident Reporting'
10. BMA 'Consultation Paper - Operational Resilience and Outsourcing Code Package'

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