



Insurance Regulatory eBulletin

Round up of regulatory developments in August 2025

Welcome to our Insurance Regulatory eBulletin

Welcome to the August 2025 edition of our Insurance Regulatory eBulletin. I hope you enjoyed the British summer. This publication aims to keep you updated with significant regulatory developments during the month and their implications across the insurance sector.

August saw various reports issued by the FCA covering the life insurance pension transfer process, climate reporting (for asset managers, life insurers and pension funds), and the sustainability-linked loans market. There is an announcement on trustees needing to understand diverse savers' needs for guided retirement planning. There is also a paper on the governance considerations for the use of synthetic data (artificial data which replicates the statistical properties of real data and excludes private/sensitive information), and a couple of announcements on simplifying data requests and communications.

The PRA has issued a statement of policy on its approach to authorising insurance special purpose vehicles, including pre-authorisation and documentation. EIOPA has published a notable opinion on artificial intelligence governance and risk management, and an impact assessment should the opinion be adopted. It has also published a couple of technical Solvency II updates. Finally, the Financial Reporting Council has requested views from stakeholders on recently proposed amendments by the International Sustainability Standards Board.

There were no public announcements from the ICO or any substantive FCA enforcement notices of relevance in August. August was a relatively quiet month for announcements across the board.

I've highlighted these elements from the August edition. As usual, there's much detail referenced to source documents. I hope you find this helpful in identifying matters relevant to you in keeping abreast of regulatory activity. Please do not hesitate to contact myself or your usual BDO contact if you have any concerns over any matter highlighted in this update. For more information about our audit, tax and advisory services to the insurance sector, visit our [insurance services](#) page.

I hope you enjoy reading this latest update.



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PRUDENTIAL REGULATION

SOP4/25 THE PRUDENTIAL REGULATION AUTHORITY'S APPROACH TO AUTHORISING AND SUPERVISING UK INSURANCE SPECIAL PURPOSE VEHICLES

On 27 August 2025, the PRA [published](#) a Statement of Policy (SoP) outlining its approach to the authorisation and supervision of UK Insurance Special Purpose Vehicles (UK ISPVs). These vehicles enable (re)insurers to transfer insurance risk to capital markets through instruments like Insurance-Linked Securities (ILS), offering an alternative to traditional reinsurance. The SoP details the authorisation process, including pre-application discussions, documentation requirements, and accelerated pathways for specific ISPVs. It also sets out ongoing supervision expectations, governance standards, solvency requirements, and inter-cell arrangements. The policy aims to ensure that UK ISPVs operate with robust risk management and regulatory compliance, contributing to financial stability and market confidence.

FUTURE BANKING DATA ROUNDTABLE WITH THE ASSOCIATION OF FOREIGN BANKS

On 21 August, the Prudential Regulation Authority (PRA) and Bank of England [published](#) the results of a roundtable meeting of the Association of British Insurers (ABI) Future Banking Data Roundtable (which took place on 13 June). The purpose of the roundtable was to discuss the future of banking data and the role of the ABI in the development of the future banking data (FBD) market. Among other things, the meeting discussed: (i) regulatory change and ambiguous guidance as sources of burden; (ii) the need for careful consideration around granularity in future strategy; and (iii) opportunities for relieving burden through improving the interface between regulators and firms. This is one of a series of meetings the Bank is holding with industry this year on FBD.

CONDUCT REGULATION

CLIMATE REPORTING BY ASSET MANAGERS, LIFE INSURERS AND FCA-REGULATED PENSION PROVIDERS

On 6 August, the FCA [announced](#) that it has reviewed how asset managers, life insurers, and FCA-regulated pension providers are meeting climate reporting rules based on the Taskforce on Climate-related Financial Disclosures (TCFD). The review found that these rules have improved firms' consideration of climate risks and transparency, but firms face challenges with data availability, complex disclosures for retail investors, and overlapping sustainability reporting requirements. The FCA plans to streamline sustainability reporting, maintain good outcomes for clients, and promote international consistency, while continuing to work with industry and government on future requirements.

TRUSTEES MUST UNDERSTAND DIVERSE SAVER NEEDS TO ENSURE GUIDED RETIREMENT MAKES A DIFFERENCE

On 22 August, the Pensions Regulator and FCA [jointly](#) called on trustees to better understand the diverse needs of savers to ensure guided retirement solutions deliver meaningful outcomes. In a podcast released on 22 August 2025, both regulators emphasized the importance of tailored retirement income strategies and encouraged trustees to respond to the FCA's consultation on Targeted Support, which closed on 29 August 2025. These efforts align with upcoming reforms under the Pension Schemes Bill, which will require trustees to offer default decumulation options unless members opt out.

LIFE INSURERS' PENSION TRANSFER PROCESS - REVIEW

On 15 August, the FCA [published](#) a report on its review of life insurers' pension transfer processes. It found that firms generally act with good intentions to deliver good consumer outcomes, and that transfers are faster when both ceding and receiving schemes use a digital

platform rather than paper applications. The FCA expects firms to avoid unreasonable delays or barriers, use 'positive friction' only where it protects consumers, resource for rising transfer volumes, improve communications and monitoring, and evidence outcomes. It will also follow up with slower firms and continue related work on pensions policy and consumer support.

SUSTAINABILITY-LINKED LOANS MARKET - 2 YEARS ON

On 14 August, the FCA [published](#) a letter from Sacha Sadan, Director of Sustainable Finance, on the sustainability linked loans market two years into the FCA's 2025-2030 strategy. Among other things, the FCA has observed increasing prevalence of multiple sustainability coordinators across syndicated SLLs, has been encouraged by the positive action to raise standards within the SLL market and notes that a lack of clarity in banks' articulation of how they account for SLLs in their sustainable financing targets may expose them to reputational risks and reduce trust in the SLLs they offer.

GENERATING AND USING SYNTHETIC DATA FOR MODELS IN FINANCIAL SERVICES: GOVERNANCE CONSIDERATIONS

On 19 August, the FCA [published](#) a report applicable to synthetic data practitioners and those working with, or exploring, synthetic data across financial services. Synthetic data is artificial data which replicates the statistical properties of real data while omitting private or sensitive information and is regarded as a potential solution to the challenges associated with data use. This second [\[WD1\]](#) report in a series builds on the considerations outlined in the first paper, and responds to key feedback in the FCA's 2022 call for input.

THE FCA'S RESPONSE TO THE COMPLAINTS COMMISSIONER'S REPORT

On 7 August, the FCA [announced](#) its response to the Complaints Commissioner's Report, accepting the recommendation to investigate concerns around firms accepting pension transfers from

insistent customers through supervisory work with an update due in six months. The FCA also accepted the Commissioner's recommendation to apologise to the complainant for their handling of the case.

NUMBER OF SKILLED PERSONS REPORTS COMMISSIONED IN 2025/26 Q1 (1 APRIL 2025 - 30 JUNE 2025)

On 1 August, the FCA [issued](#) its 2025/26 Q1 Number of Skilled Persons Report (1 April - 30 June 2025), commissioning 9 Skilled Person Reports in this period, with 2 of these commissioned directly by the FCA. Firms are responsible for selecting and appointing Skilled Persons, subject to FCA approval. The figures are accurate as of 30 June 2025 but may be subject to change.

Market	Number of Skilled Persons Reports commissioned in 2025/26 Q1
Consumer Finance	0
Consumer investigations	2
Infrastructure and exchanges	0
Insurance	1
Payments and digital assets	1
Retail Banking	1
Wholesale Buy-Side	1
Wholesale Sale-Side	3
Total	9

FCA REMOVES MORE DATA RETURNS, HELPING 36,000 FIRMS

On 28 August, the FCA [announced](#) that 36,000 firms will now no longer need to submit a nil return when completing certain tasks relating to disciplinary action (REP008), saving them time

and reducing burden. This comes as the FCA's continued effort to make data reporting more proportionate by reducing and removing regulatory returns for 95% of all authorised firms according to the FCA.

FCA CONTINUES TO SIMPLIFY SUPERVISORY COMMUNICATIONS

On 28 August, the FCA also [announced](#) that it is simplifying its multi-firm and thematic reviews, labelling those published before 2022 as "historical" (around 80% of reviews) to make it easier for firms to find up-to-date supervisory communications. Historical documents will remain accessible via existing links, and the FCA will continue publishing and evaluating reviews in line with its strategy.

EIOPA

We continue to monitor the European Insurance and Occupational Pensions Authority's (EIOPA), activity and draw your attention to it, where we believe it to be necessary or helpful. This will, we believe, assist those firms operating in the EU.

EIOPA'S INSURANCE RISK DASHBOARD SHOWS A STABLE RISK LANDSCAPE BUT FLAGS A NEGATIVE OUTLOOK IN CERTAIN AREAS DUE TO THE COMPLEX GLOBAL ENVIRONMENT

On 31 July, EIOPA [announced](#) the publication of the most recent Insurance Risk Dashboard report, covering Q1 2025 Solvency II data and Q2 2025 market data. Its findings show that risks in the European insurance sector are stable at a medium level. However, some areas have a negative outlook for the next 12 months, marked by geopolitical tensions, uncertain trade dynamics, and market volatility.

EIOPA-BOS-25-360 OPINION ON ARTIFICIAL INTELLIGENCE GOVERNANCE AND RISK MANAGEMENT

On 6 August, EIOPA [issued](#) its opinion on the governance and risk management of artificial intelligence (AI), aiming to clarify the main principles and requirements in insurance sector legislation that apply to AI systems, as long as these systems are not designated as prohibited or high-risk under the AI Act.

EIOPA-BOS-25-363 IMPACT ASSESSMENT OF OPINION ON ARTIFICIAL INTELLIGENCE GOVERNANCE AND RISK MANAGEMENT

On 28 August 2025, following the publication of the above opinion EIOPA [published](#) the results of its impact assessment accompanying the Opinion on Artificial Intelligence (AI) governance and risk management. The assessment outlines a risk-based and proportionate framework for supervising AI systems in the insurance sector, clarifying how existing legislation, such as the Insurance Distribution Directive and Solvency II, applies to AI use. It aims to promote supervisory convergence and responsible AI adoption,

without introducing new regulatory requirements.

This document was dated 6 August 2025, and was published on the EIOPA website on 28 August 2025.

EIOPA(2025)0143956 OPINION ON THE DECISION OF THE EUROPEAN PARLIAMENT IN THE DISCHARGE PROCEDURE IN RESPECT OF THE IMPLEMENTATION OF THE BUDGET FOR THE FINANCIAL YEAR 2023

On 13 August, EIOPA [issued](#) an opinion (dated 7 August) regarding the European Parliament's decision to grant discharge for EIOPA's 2023 budget implementation. The opinion addresses Parliament's observations on budgetary management, staffing policies, and gender equality, with EIOPA detailing measures taken including activity-based budgeting implementation, staff retention initiatives following a 6% turnover rate, and progress toward gender balance in management positions.

EIOPA TAXONOMY ROADMAP

On 29 August, EIOPA [published](#) an updated version of its Taxonomy Roadmap as of 29 August 2025.

ADDITIONAL EIOPA UPDATES

EIOPA has also published the following technical solvency 2 related updates:

- EIOPA Publishes Monthly Update of the Symmetric Adjustment of the Equity Capital Charge for Solvency II - End-July 2025 ([link](#))
- EIOPA Publishes Monthly Technical Information for Solvency II Relevant Risk-Free Interest Rate Term Structures - end-July 2025 ([link](#))

CORPORATE GOVERNANCE

UK SUSTAINABILITY DISCLOSURE TAC SEEKS VIEWS ON ISSB AMENDMENTS

On 29 July, the Financial Reporting Council (FRC) has [requested](#) views from stakeholders on recently proposed amendments by the International Sustainability Standards Board (ISSB) to the Sustainability Accounting Standards Board (SASB) Standards. Comments are due by 29 August 2025. The ISSB is proposing to make changes to nine SASB Standards in those

industries it has identified as priority industries, as well as targeted amendments to 41 additional SASB standards and consequential amendments to the Industry-based Guidance on implementing IFRS S2 based on those amendments.

ROUNDTABLE INVITATION: SME AUDIT MARKET STUDY

On 14 August, the FRC [issued](#) an invitation to stakeholders for a series of roundtables to inform its small and medium sized enterprises (SME) market study. The first roundtable is taking place on Tuesday 9 September, with more roundtables taking place across September and October.

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