



Insurance Regulatory eBulletin

Round up of regulatory developments in May 2025

Welcome to our Insurance Regulatory eBulletin

As we move into meteorological Summer, welcome to the May 2025 edition of our Insurance Regulatory eBulletin. This publication aims to keep you updated with significant regulatory developments during the month, and their implications across the insurance sector.

A theme of recent months has been the drive by all regulators to reduce the regulatory burden to help grow the economy, this being reinforced by messaging from the Government. An outworking of this theme during the month has been the FCA's publishing of a consultation regarding proposed changes to simplify insurance rules, these follow from an earlier discussion paper, DP24/1. The aim of the proposed changes is to reduce the regulatory burden whilst maintaining consumer protection. There was also a speech by the FCA Chair, Ashley Alder, in which he emphasised the importance of strengthening the UK-China financial partnership.

In our analysis of relevant developments within the EU, EIOPA have published its analysis across eight European countries, regarding insurance cover for homes in the event of natural catastrophe. This reveals that many insurers use vague language and inadequately explain limitations, contributing to Europe's protection gap where only 25% of natural disaster losses are insured.

I have highlighted these elements from this month's edition. However, as usual there is much detail, referenced to source documents. I hope you will find this helpful in identifying matters relevant to yourself 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

CHANCELLOR SPEECH AT INNOVATE FINANCE GLOBAL SUMMIT 2025

The Chancellor of the Exchequer, Rachel Reeves, delivered a [speech](#) at the Innovate Finance Global Summit 2025. She emphasised the UK's commitment to supporting FinTech growth through regulatory reforms, including the consolidation of the Payment Systems Regulator into the FCA and the upcoming Pension Schemes Bill aimed at unlocking £80 billion of investment. Additionally, draft legislation for a comprehensive regulatory regime for crypto-assets is being published, with final legislation expected later this year, reinforcing the UK's position as a favourable environment for digital asset companies.

OVERSEEING BULK PURCHASE ANNUITY GROWTH SAFELY - SPEECH BY GARETH TRURAN

Gareth Truran, Executive Director of Insurance Supervision at the Bank, delivered a [speech](#) at the 22nd Westminster and City Annual Bulk Annuities Conference. The speech addresses the current trends and challenges in the bulk purchase annuity (BPA) sector, highlighting the near-record levels of BPA deals and the forecast for continued high transaction volumes. Key topics include reforms to the Matching Adjustment regime, the introduction of an investment accelerator, supervisory work on solvency triggered termination rights, funded reinsurance, and the implementation of stress testing for life insurers.

MAINTAINING MOMENTUM: MANAGING CLIMATE RISK IN A CHANGING WORLD - SPEECH BY DAVID BAILEY

David Bailey, Chief Executive, of the Bank delivered a [speech](#) at the Climate Financial Risk Forum. In his address, he discussed the opening of a consultation period in relation to proposed updates to Supervisory Statement 3/19 (SS3/19), enhancing banks' and insurers' approaches to managing climate-related risks.

CP10/25 ENHANCING BANKS' AND INSURERS' APPROACHES TO MANAGING CLIMATE-RELATED RISKS - UPDATE TO SS3/19

The PRA has [published](#) Consultation Paper 10/25 an update to SS3/19. This consultation is in relation to proposals for enhancing banks' and insurers' approaches to managing climate-related risks.

The deadline for submitting comments is 30 July 2025.

CONDUCT REGULATION

STRENGTHENING THE UK-CHINA FINANCIAL PARTNERSHIP

On 12 May, Ashley Alder, Chair of the FCA, delivered a [speech](#) at Caixin Media's London Atlantic Dialogue event, emphasising the importance of strengthening the UK-China financial partnership. The speech highlighted the value of open financial markets, the role of regulatory cooperation in advancing sustainable finance and the importance of transparency and trust in cross-border financial activities. Alder reaffirmed the FCA's commitment to high standards while supporting innovation and global engagement.

FCA BOARD MINUTES: 27 MARCH 2025

On 8 May, the FCA [published](#) the minutes of the FCA Board meeting held on 27 March 2025. Among other things, the board considered updates from the Oversight Committee, the Risk Committee, the FCA Chair and reports from the Independent Panels. A fire alarm evacuation led to a deferral of the Strategic Discussion item.

CONSIDERATIONS FOR FIRMS AFTER THE TRANSITION PERIOD

On 29 May, the FCA [updated](#) its 'Considerations for firms after the transition period' page. This addresses the cessation of passporting rights between the UK and EEA, requiring firms to comply with local laws and regulatory expectations to continue business.

OVERSIGHT OF APPOINTED REPRESENTATIVES

On 7 May, the FCA [published](#) an updated version of its guidance on the responsibilities and how to oversee appointed representatives (ARs), which is effective immediately. The guidance sets out the FCA's expectations for principal firms in relation to their responsibilities in overseeing an AR.

The FCA also published [data](#) in respect of the AR regime. The FCA is focused on strengthening the oversight of ARs by principal firms and considers

ARs play a crucial role in how consumers interact with financial services.

WHISTLEBLOWING QUARTERLY DATA 2025 Q1

On 12 May, the FCA [issued](#) its whistleblowing quarterly data for Q1 2025, which shows a total of 281 new whistleblowing reports was received between January and March 2025. The number of existing reports closed during this period was 468.

COMPLAINT DATA - H2 2024

The FCA has [published](#) the most recent data on the volume of complaints reported by firms during H2 of 2024.

Key findings include:

- ▶ In 2024 H2, financial services firms received 1.78m complaints, a 4.3% decrease from 2024 H1 (1.86m).
- ▶ All product groups saw a decrease in their complaint numbers.

CP25/12 SIMPLIFYING THE INSURANCE RULES

On 13 May, the FCA [issued](#) a consultation paper on the proposed amendments to simplify insurance rules following a previous discussion paper (DP24/1). The paper seeks feedback on changes aimed at reducing regulatory burdens while maintaining consumer protections. Key proposals include:

- ▶ redefining which rules apply to commercial insurance;
- ▶ allowing a lead firm in co-manufacturing arrangements;
- ▶ broadening the bespoke contracts exclusion;
- ▶ adjusting product review frequencies;
- ▶ removing certain Employers' Liability notification and reporting requirements; and
- ▶ eliminating the 15-hour Continuing Professional Development requirement for insurance intermediaries and funeral plan firms.

Comments should be submitted on or before 2 July 2025.

CP25/13 IMPROVING THE COMPLAINTS REPORTING PROCESS

The FCA has [issued](#) a consultation paper on improving the complaints reporting process. This CP explains the improvements the FCA proposes to make to its data collection and the reasons for these changes. The FCA also discusses how its proposals should improve firms' experience in reporting complaints and the broader benefits to consumers.

Comments should be submitted by 24 July 2025.

REGULATION ROUND-UP

On 29 May, the FCA published its monthly Regulation Round-up. In addition to various topics, noted either last month or above, this noted, the following:

- ▶ On 16 May, the FCA [published](#) its 2024 Financial Lives survey.
- ▶ Regulatory data feedback: the FCA has added a new feedback option in RegData, its data collection platform. The FCA welcomes this as a method of providing feedback on form-based data items.

EIOPA

We continue to monitor EIOPA's activity and draw your attention to it, where we believe it to be necessary or helpful. This will, we hope, assist those firms operating in the EU.

DIVERSITY BY DESIGN: SUPERVISORS SHAPING THE INSURANCE AND PENSION SECTORS TO SERVE FOR ALL

On 15 May, Petra Hielkema, Chair of EIOPA, delivered a [speech](#) at the De Nederlandsche Bank (DNB) International Conference. The speech addresses the role of central banks and financial supervisors in promoting LGBTIQ+ inclusion in the workplace and society. It emphasises the importance of diversity, equity, and inclusion in the insurance and pension sectors, highlighting how these principles are central to building trust and delivering fair outcomes.

EIOPA-BOS-25/192 NATURAL CATASTROPHES - IS YOUR HOME COVERED?

On 19 May, EIOPA [published](#) a report revealing that home insurance policies need clearer information about natural catastrophe coverage to prevent "insurance illusion." EIOPA's analysis across eight European countries revealed that many insurers use vague language and inadequately explain limitations, contributing to Europe's protection gap where only 25% of natural disaster losses are insured. While good practices exist, EIOPA have stressed that better-designed Insurance Product Information Documents are essential for consumers to make informed decisions about their coverage.

IRSG-25/08 ADVICE ON THE EIOPA'S OPINION ON ARTIFICIAL INTELLIGENCE GOVERNANCE AND RISK MANAGEMENT

On 12 May, EIOPA [published](#) the Insurance and Reinsurance Stakeholder Group's (IRSG) feedback on its Opinion regarding Artificial Intelligence Governance and Risk Management.

The IRSG's response highlights the importance of adopting a principle-based approach that emphasises consumer outcomes and proportionality, while expressing concerns about

the prescriptive language in the Opinion that could inadvertently introduce new mandatory requirements, potentially hindering innovation and competitiveness in the insurance sector.

EIOPA-BOS-25-174 INSURANCE RISK DASHBOARD - APRIL

EIOPA has [released](#) its April 2025 Insurance Risk Dashboard, utilising Q4 2024 Solvency II statistics and Q1 2025 market data. The main findings reveal that risks within the European insurance industry are steady and generally at moderate levels, though there are specific areas of vulnerability due to continuous market fluctuations associated with significant geopolitical uncertainty.

CONSULTATION ON THE INSURANCE RECOVERY AND RESOLUTION DIRECTIVE

On 29 April, EIOPA issued various consultation papers in respect of the Insurance Recovery and Resolution Directive. These were detailed in April's edition with the exception of the following:

[EIOPA-BoS-25-097](#) on draft regulatory technical standards that further specify the minimum elements that must be included in the pre-emptive recovery plan of (re)insurers subject to pre-emptive recovery planning requirements.

Feedback should be received by 31 July 2025.

SURVEY ON THE ADOPTION OF GENERATIVE AI SOLUTIONS IN THE EUROPEAN INSURANCE SECTOR

On 15 May, EIOPA [released](#) a consultation survey regarding the adoption of generative AI solutions in the European insurance sector. The survey seeks to collect information on the extent to which insurance companies have adopted, or are planning to adopt, generative AI solutions, how these differ from their use of traditional AI systems, and what governance and risk management strategies they are employing to ensure responsible use of the technology.

Comments should be submitted on or before 15 July 2025.

**MONTHLY TECHNICAL INFORMATION FOR
SOLVENCY II RELEVANT RISK-FREE INTEREST
RATE TERM STRUCTURES - END-APRIL 2025**

On 6 May, EIOPA [published](#) technical information on the relevant risk-free interest rate term structures as of the end of April 2025, based on their Technical Documentation.

**MONTHLY UPDATE OF THE SYMMETRIC
ADJUSTMENT OF THE EQUITY CAPITAL
CHARGE - END-APRIL 2025**

On 6 May, EIOPA [published](#) the technical information on the symmetric adjustment of the equity capital charge for Solvency II, referencing the end of April 2025.

CORPORATE GOVERNANCE

CODEX PROJECT MAKES STRUCTURED FINANCIAL DATA MORE ACCESSIBLE

On 30 May, the FRC [published](#) its final report on the Company and Organisational Data Explorer (CODEx) project, marking the successful completion of this innovative initiative.

The 18-month project, led by the FRC and in collaboration with Companies House, the Financial Conduct Authority, The Charity Commission, and HMRC, has successfully delivered on its aim to find innovative and cost-effective ways of accessing and using structured accounting and reporting data in the UK.

As part of the project, the FRC launched its Digital Reporting Viewer tool in March, unlocking vast repositories of digital data, enabling investors, businesses and the public to easily access and analyse company information and in turn support UK economic growth.

FRC CONSULTATION RELEASE: INTRODUCTION OF INTERNATIONAL STANDARD ON SUSTAINABILITY ASSURANCE (UK) 5000

On 29 May, the FRC [issued](#) a consultation on a proposed UK version of the International Standard on Sustainability Assurance (ISSA) 5000, “General Requirements for Sustainability Assurance Engagements”.

The consultation proposes ISSA (UK) 5000 for use on a voluntary basis by assurance providers. The FRC proposes alignment with the international standard in order to minimise burdens for firms carrying out assurance engagements across multiple jurisdictions. The profession-agnostic Standard supports application by both professional accountants and other assurance practitioners, provided they meet the relevant quality management and ethical requirements.

During its recent study of the UK sustainability assurance market, stakeholders expressed support for an assurance framework that

provides a clear and internationally consistent approach to sustainability assurance.

Comments on ISSA (UK) 5000 are requested by Thursday 31 July 2025.

CORPORATE GOVERNANCE IN EUROPE: A JOINT STATEMENT ON RESPONSIBLE, SUSTAINABLE LONG-TERM VALUE CREATION AND COMPETITIVENESS

On 28 May, a Joint Statement was [issued](#) following the meeting of the Eight Chairs Forum. This is an informal forum of the chairs of the national corporate governance code institutions of Belgium, France, Germany, Italy, the Netherlands, Spain, Sweden, and the United Kingdom. This convened on 15 May to discuss key developments in corporate governance across Europe. The group meets biannually to exchange insights on market dynamics as well as regulatory and market practices evolution, with the shared goal of promoting effective, trusted future-oriented corporate governance.

At a time of increasing geopolitical instability and economic uncertainty, the Chairs jointly reaffirmed their commitment to the foundational principles of corporate governance - accountability, trust and transparency. These principles are embedded in the national corporate governance codes and remain essential for fostering long-term value creation and competitiveness in European companies.

The Chairs underlined that corporate governance codes, both at national and European levels, are not static rulebooks, but dynamic frameworks designed to guide companies toward sustainable success.

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INFORMATION COMMISSIONER'S OFFICE

We continue to monitor material being issued by the ICO with a view to highlighting high-level matters that may be relevant to readers.

NATIONAL CYBER SECURITY CENTRE STATEMENT: INCIDENT IMPACTING RETAILERS

On 2 May, following news of cyber incidents impacting UK retailers, the National Cyber Security Centre (NCSC) can confirm it is working with organisations affected.

“... These incidents should act as a wake-up call to all organisations. I urge leaders to follow the advice on the NCSC website to ensure they have appropriate measures in place to help prevent attacks and respond and recover effectively.”

The announcement had links to two NCSC guidance advice:

- ▶ [Incident management](#)
- ▶ [Effective communications in a cyber incident](#)

ENFORCEMENT ACTION

PRA / FCA REGULATORY FINES & ENFORCEMENT ROUND-UP

We have reviewed key relevant enforcement action announced by the PRA / FCA during May and there were no significant matters to report.

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