



Summary of regulatory developments

Updates for May 2023

This memo identifies and summarises any regulatory updates published during May 2023 that may be of relevance to life insurance companies.

The following table summarises the relevant updates identified in May.

REGULATORY ITEMS IDENTIFIED IN MAY THAT MAY BE OF RELEVANCE TO LIFE INSURANCE COMPANIES

Date	Description
2-May	The Prudential Regulation Authority (PRA) sets out its Business Plan 2023/24
4-May	The PRA publishes Consultation Paper (CP) 9/23, "The Bank of England's (BoE) approach to enforcement"
10-May	The Financial Conduct Authority (FCA) publishes warning on Consumer Duty Deadline
15-May	The European Insurance and Occupational Pensions Authority (EIOPA) publishes its Risk Dashboard based on fourth quarter Solvency II data
15-May	The European Supervisory Authorities (ESAs) publish an interactive fact sheet to help consumers understand how increases in inflation and interest rates can affect their finances
23-May	The ESAs publish Joint Annual Report for 2022
25-May	The ESAs consult to amend technical standards on the mapping of External Credit Assessment Institutions (ECAIs) credit assessments
26-May	The ESAs publish a discussion paper on criteria for critical information communications technology (ICT) third-party providers (CTPPs) and oversight fees
31-May	EIOPA publishes its Q&A on regulation

Updates for May 2023

This section highlights articles of interest to life companies released in May 2023.

ESAs

- **The ESAs publish an interactive fact sheet to help consumers understand how increases in inflation and interest rates can affect their finances**

The fact sheet includes the financial products and services that consumers currently hold or plan to buy, such as loans, savings, financial investments, insurance and pensions.

In particular, the fact sheet sets out five key points consumers should bear in mind:

- Know how much you are spending and on what
- Prioritise your spending and plan your budget
- Pay attention to different fees
- Seek advice to adapt your financial plan
- Be aware that central bank interest rates may impact you

The fact sheet also provides answers to frequently asked questions and steps consumers can take to deal with the impact of inflation and rising interest rates on their finances.

- **The ESAs publish Joint Annual Report for 2022**

The report provides an account of the Joint Committee's work completed over the past year. This work focussed on issues of cross-sector relevance, such as:

- Joint risk assessment
- Sustainable finance
- Digitalisation
- Consumer protection
- Securitisation
- Financial conglomerates

The Committee's main deliverables concerned the Sustainable Finance Disclosure Regulation (SFDR) and the Digital Operational Resilience Act (DORA).

- **The ESAs consult to amend technical standards on the mapping of ECAIs' credit assessments**

The ESAs have launched a public consultation to amend the Implementing Regulations on the mapping of the credit assessments of ECAIs for credit risk. The Implementing Regulations are part of the EU Single Rulebook for banking and insurance aimed at creating a safe and sound regulatory framework consistently applicable across the EU.

The proposed amendments reflect the outcome of a monitoring exercise on the adequacy of existing mappings, namely those to the credit quality steps (CQS) allocation for four ECAIs and the introduction of new credit rating scales for seven ECAIs as well as the withdrawal of the registration of one ECAI.

The consultation closes 26 June 2023.

- **The ESAs publish a discussion paper on criteria for critical ICT third-party providers (CTPPs) and oversight fees**

The Discussion Paper is separated into two parts:

- Proposals covering the criteria to be considered by the ESAs when assessing the critical nature of ICT third-party service providers, in particular a number of relevant quantitative and qualitative indicators for each of the criticality criteria, along with the necessary information to construct such indicators.

- Proposals in relation to the amount of the fees levied on CTPPs and the way in which they are to be paid, in particular the types of expenditures that shall be covered by fees as well as the appropriate method, basis and information for determining the applicable turnover of the CTPPs, which will form the basis of fee calculation. The ESAs are also seeking input on the fee calculation method and other practical issues regarding the payment of fees.

Comments are welcome by 23 June 2023.

EIOPA

- **EIOPA publishes its Risk Dashboard based on fourth quarter Solvency II data**

The results show that insurers' exposures to macro and market risks are currently the main concern for the insurance sector. All other risk categories, such as profitability and solvency, climate and digitalisation remain at medium levels.

With regard to macro risks, while forecasts for global gross domestic product (GDP) growth have ticked up slightly and unemployment remains low, projected consumer prices are in the higher range of previous assessments. Fiscal balances have deteriorated, and the credit-to-GDP gap has slightly increased. Central banks keep tightening monetary policy in response to this.

- **EIOPA publishes its Q&A on regulation**

Updates include the following:

- (EU) No 2015/2450 – Templates for the submission of information to the supervisory authorities. Questions [2520](#), [2616](#), [2535](#), [2597](#) and [2546](#).
- (EU) No 2015/35 – Supplementing Dir 2009/138/EC – Taking up & pursuit of the business of insurance and reinsurance (SII). Questions [2530](#), [2521](#), [2408](#), [2461](#), [2373](#), [2317](#) and [2197](#).
- (EU) No 2009/138 – Solvency II Directive (Insurance and Reinsurance). Question [2385](#).
- (EU) No 2016/97 – Insurance Distribution Directive. Question [2525](#).

FCA

- **The FCA publishes warning on Consumer Duty Deadline**

The Duty aims to ensure that consumers receive communications they can understand, products and services that meet their needs and offer fair value and the customer support they need, when they need it.

The new rules and guidance come into force on a phased basis:

- 31 July 2023 for new and existing products or services that are open to sale or renewal
- 31 July 2024 for closed products or services

The FCA urges firms to ensure that they are prepared for the upcoming deadline.

To further support firms, the FCA has shared [findings](#) from its review of firms' fair value assessment frameworks, which highlights good practice and areas for further consideration.

PRA

- **The PRA sets out its Business Plan 2023/24**

The PRA's Business Plan sets out the work plan for each of its strategic goals, together with an overview of the PRA's budget for the period in question.

The PRA's strategic goals fall into four areas:

- Maintain and build on the safety and soundness of the banking and insurance sectors, and ensure continuing resilience
- Be at the forefront of identifying new and emerging risks, and developing international policy
- Support competitive and dynamic markets, alongside facilitating international competitiveness and growth
- Run an inclusive, efficient and modern regulator within the central bank.

- **The PRA publishes CP 9/23, “The BoE’s approach to enforcement”**

The CP sets out proposed changes to the BoE and PRA enforcement policies and procedures. The changes are mainly designed to provide greater clarity for ease of usage and to introduce options for speedier investigatory outcomes, including through the creation of a new route for early cooperation for subjects of an investigation and enhanced settlement discount of up to 50% for early admissions.

The CP also describes proposed changes to the PRA’s policies and procedures for making supervisory and other statutory notice decisions, and to the procedures of the BoE’s Enforcement Decision Making Committee (EDMC).

This consultation closes 4 August 2023. The BoE will also be holding a series of roundtable discussions on the proposals.



Milliman is among the world’s largest providers of actuarial and related products and services. The firm has consulting practices in life insurance and financial services, property & casualty insurance, healthcare, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe.

milliman.com

CONTACT

Neil Christy
neil.christy@milliman.com

Isabel Stansfield
isabel.stansfield@milliman.com

Monique Mahabir
monique.mahabir@milliman.com

© 2023 Milliman, Inc. All Rights Reserved. The materials in this document represent the opinion of the authors and are not representative of the views of Milliman, Inc. Milliman does not certify the information, nor does it guarantee the accuracy and completeness of such information. Use of such information is voluntary and should not be relied upon unless an independent review of its accuracy and completeness has been performed. Materials may not be reproduced without the express consent of Milliman.

Milliman LLP is a limited liability partnership registered in England and Wales (number OC376134).
Registered Office 11 Old Jewry, London EC2R 8DU
Offices in Principal Cities Worldwide