



Summary of regulatory developments

Updates for March 2024

This memo identifies and summarises any regulatory updates published during March 2024 which may be of relevance to life insurance companies.

The following table summarises the relevant updates identified in March.

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

Date	Description
5-Mar	The Financial Conduct Authority (FCA) Chief Operating Officer and Executive Director of Authorisations delivers speech on the hallmarks of a future-fit workforce
5-Mar	The Prudential Regulatory Authority (PRA) publishes intent to review liquidity reporting under Solvency II
13-Mar	FCA Chief Executive delivers speech on the future of pensions
15-Mar	FCA publishes notice to review firms' treatment of customers in vulnerable circumstances
19-Mar	FCA publishes Business Plan for 2024-25
21-Mar	The European Insurance and Occupational Pensions Authority (EIOPA) Chairperson delivers speech on Insurance and Pensions Supervision for a more resilient society
27-Mar	FCA publishes consultation paper (CP)24/4 – Further consultation on the regulatory framework for pensions dashboard service firms
31-Mar	EIOPA publishes its Q&A on regulation

Updates for March 2024

This section highlights articles of interest to life companies released in March 2024.

EIOPA

- **EIOPA Chairperson delivers speech on Insurance and Pensions Supervision for a more resilient society**

Highlights from the speech include:

- EIOPA and the European Central Bank (ECB) are working together to address the insurance protection gap for natural catastrophes. They aim to increase the uptake of climate catastrophe insurance and create incentives for climate risk adaptation and mitigation.
- EIOPA is addressing the systemic risk of pension gaps in Europe through a multi-phase effort to develop all three pillars of the pension system: public/state pensions, occupational pensions and individual/private savings. EIOPA will also be advocating for better data collection, raising awareness about pension gaps and educating citizens about their pensions from the beginning of their working life.
- EIOPA is working on cross-border business supervision to reflect the increasing volume of cross-border activity. EIOPA notes that there are still noticeable differences in how different supervisory authorities interpret and implement the Solvency II Directive.
- EIOPA's survey on digitalisation in the life insurance sector revealed that 25% of respondents use artificial intelligence (AI), with 40% planning to adopt it soon. EIOPA is currently analysing how best to supervise AI.

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

Updates include the following:

- (EU) 2019/1238 – Pan-European Personal Pension Product (PEPP). Questions [2625](#) and [2656](#).
- (EU) 2023/894 – Information technology services (ITS) with regard to the templates for the submission of information necessary for supervision. Questions [2953](#), [2965](#) and [2843](#).
- (EU) No 2015/35, supplementing Dir 2009/138/EC: Taking up and pursuit of the business of insurance and reinsurance (Solvency II [SII]). Question [2855](#).

FCA

- **FCA Chief Operating Officer and Executive Director of Authorisations delivers speech on the hallmarks of a future-fit workforce**

Highlights from the speech include:

- It is important to tap into skills markets outside of London as financial services look to plug the skills gap and ensure their future competitiveness. This will also help firms to better reflect consumer demographics.
- To attract and retain talent it's important for firms to build strong and healthy cultures that are inclusive, enabling diversity of thought and healthy challenge.
- A highly skilled and agile workforce is better able to respond and adapt to changing world events and also new ways of working. Firms should look at ways to upskill their workforces as we grapple with the potential and challenges linked to AI.

- **FCA Chief Executive delivers speech on the future of pensions**

Highlights from the speech include:

- Recognition should be given to auto-enrolment for its successes, but significant gaps and inadequacies remain.
- We should challenge ourselves to ask whether our products will deliver the value and returns needed for an adequate retirement.
- Pensions dashboards will make it easier to track down disparate savings pots, seek advice and make informed decisions to plan for retirement.
- Regulators, consumers and firms can act today to improve outcomes without waiting for a perfect future solution.

- **FCA publishes notice to review firms' treatment of customers in vulnerable circumstances**

The review is in line with the FCA's [2021 commitment](#) to look into how firms are acting to understand and respond to the needs of customers in vulnerable circumstances. The FCA will also conduct consumer research as well as gather information from firms and consumer representatives to make this assessment. The review will include older customers in vulnerable circumstances rather than conducting a [separate piece of work as indicated in 2017](#).

The aim is to understand whether those consumers most susceptible to harm are receiving good outcomes. The FCA plans to share its findings by the end of 2024.

- **FCA publishes Business Plan for 2024-25**

The FCA's Business Plan has set out an ambitious programme of work for the final year of its three-year strategy to achieve better outcomes for consumers and markets.

Specific issues the FCA will prioritise include:

- Protecting consumers by testing whether firms are meeting the high standards set by the Consumer Duty, supporting people's long-term financial well-being through the Advice Guidance Boundary Review and making sure pension products deliver value for money.
- Contributing to UK competitiveness and growth by improving the attractiveness and reach of UK wholesale markets, supporting firms to invest, innovate and expand through FCA innovation services and continuing to make it quicker and easier for firms to apply for authorisation.
- Building on the progress already made to become a data-led regulator by automating more analytics tools to help detect and respond to consumer harms faster and working with firms on the safe deployment of artificial intelligence.

- **FCA publishes CP24/4 – Further consultation on the regulatory framework for pensions dashboard service firms**

In December 2022, the FCA published [CP22/25](#), consulting on a proposed regulatory framework for pensions dashboard service firms. The proposals set out the FCA's approach to supervision for dashboard operators, including fees, regulatory reporting, recordkeeping, prudential requirements and conduct rules.

Within CP24/4, the FCA is proposing to include guidance in its Perimeter Guidance Manual (PERG) to help firms understand the scope of the new regulated activity and when FCA authorisation and permission is required. The regulator is also inviting feedback on CP22/25.

The consultation closes 8 May 2024. The FCA aims to finalise the full set of rules, PERG and policy statement in Q4 2024.

PRA

- **PRA publishes intent to review liquidity reporting under Solvency II**

Market-wide stresses in March 2020 and September 2022 led to liquidity strains for some insurers as well as highlighting gaps in insurers' liquidity risk frameworks. During these events, the PRA sought data on firms' positions and exposures and is looking to collect this information on a more consistent basis in advance of potential future market stresses.

Therefore, during 2024, the PRA together with relevant stakeholders will work to develop liquidity reporting requirements. This work aims to provide the PRA with timely, consistent and accurate information on insurers' liquidity positions.

The PRA launched this work through a Liquidity Roundtable with insurers and relevant stakeholders held on 19 March 2024. The roundtable covered the PRA's views on sources of liquidity risks within insurers, the existing liquidity risk management framework and the PRA's planned engagement during 2024.

Regular subject expert group meetings will be held until September 2024 to explore the topic further.



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milliman.com

CONTACT

Neil Christy
neil.christy@milliman.com

Isabel Stansfield
isabel.stansfield@milliman.com

Monique Mahabir
monique.mahabir@milliman.com

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