



# Summary of regulatory developments

## Updates for July 2024

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

The following table summarises the relevant updates identified in July.

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

Date	Description
1-Jul	The European Insurance and Occupational Pensions Authority (EIOPA) publishes amendments to facilitate cross-border cooperation between supervisors
2-Jul	EIOPA publishes opinion on the supervision of captive insurers
10-Jul	The Prudential Regulatory Authority (PRA) publishes its approach to Life Insurance Stress Test (LIST) 2025
11-Jul	The Financial Conduct Authority (FCA) overhauls listing rules to boost growth and innovation on UK stock markets
17-Jul	The European Supervisory Authorities (ESAs) establish framework to strengthen coordination in case of systemic cyber incidents
17-Jul	The ESAs publish second batch of policy products under the Digital Operational Resilience Act (DORA)
26-Jul	The ESAs publish joint final report on the draft technical standards on subcontracting under DORA
26-Jul	The PRA publishes policy statement (PS) 13/24, "Funded reinsurance"
29-Jul	The FCA seeks to reduce burdens on firms and support growth
30-Jul	The PRA publishes its Annual Report 23/24

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

Date	Description
30-Jul	The PRA publishes the report “Competitiveness and growth: Embedding the PRA’s new secondary objective”
31-Jul	The FCA Executive Director of consumers and competition delivers speech at “Consumer Duty: 1 year on event”
31-Jul	EIOPA publishes its July 2024 Insurance Risk Dashboard
31-Jul	EIOPA publishes its Q&As on regulation.

## Updates for July 2024

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

### ESAS

- **The ESAs establish framework to strengthen coordination in case of systemic cyber incidents**

The EU Systemic Cyber Incident Coordination Framework (EU-SCICF) will facilitate an effective financial sector response to a cyber incident that poses a risk to financial stability, by strengthening the coordination among financial authorities and other relevant bodies in the EU.

Over the coming months, the ESAs will kickstart the implementation of the framework by setting up:

- The EU-SCICF Secretariat, supporting the functioning of the framework
- The EU-SCICF Forum, working on testing and maturing the functioning
- The EU-SCICF Crisis Coordination, facilitating during a crisis the coordination of actions by the participating authorities

The ESAs will identify legal and other operational hurdles encountered during the initial setup and report them to the European Commission.

- **The ESAs publish second batch of policy products under DORA**

This batch of guidelines is aimed at strengthening the digital operational resilience of the financial sector by providing clear standards and best practices for managing technology and cyber risks.

The package focuses on the reporting framework for incidents related to information and communications technology (ICT) and threat-led penetration testing while also introducing some requirements on the design of the oversight framework. The aim is to ensure that financial institutions are better prepared to handle and recover from digital disruptions, thereby enhancing overall stability and security in the financial system.

- **The ESAs publish joint final report on the draft technical standards on subcontracting under DORA**

This report outlines requirements for how financial institutions should manage and oversee their ICT services provided by subcontractors to ensure compliance with DORA’s standards for digital resilience.

The technical standards address the need for clear guidelines on risk management, due diligence and oversight practices when outsourcing critical functions to third parties.

### EIOPA

- **EIOPA publishes amendments to facilitate cross-border cooperation between supervisors**

EIOPA’s amendments are specific to when (re)insurance undertakings relocate within the EU. This new annex intends to facilitate an effective transition when undertakings move their registered office within the single market.

The annex emphasizes active and early engagement between supervisors in the departure and destination countries. The approach aims to ensure that the relocating entity can continue to provide its services without interruption and under continuous, consistent and sound supervision. It promotes a structured transfer of supervisory information and knowledge regarding the relocating of (re)insurance undertakings and aims to safeguard the interests of policyholders and beneficiaries throughout and after the transition.

- **EIOPA publishes opinion on the supervision of captive insurers**

EIOPA published its [opinion](#) regarding the supervision of captive (re)insurance undertakings with the aim of facilitating a risk-based and proportionate supervision of captive (re)insurance undertakings. EIOPA focuses on intragroup transactions (especially cash pooling) and the consistent application of the prudent person principle as well as governance-related aspects in connection with key functions and outsourcing requirements.

- **EIOPA publishes its July 2024 Insurance Risk Dashboard**

The dashboard indicates that the overall risk assessment for the insurance sector remains stable. The report highlights that, while insurers are managing risks effectively, market risks continue to be a significant concern, stemming from market volatility and persisting real estate market vulnerabilities.

Risks related to environmental, social and corporate governance (ESG) as well as digitalisation and cyber risks also remain a concern, showing a worsening risk outlook for the next 12 months based on the assessment of national supervisors.

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

Updates include the following:

- (EU) No 2015/35: supplementing Dir 2009/138/EC – Taking up and pursuit of the business of insurance and reinsurance, Solvency II (SII). Question [3116](#).
- Guidelines on valuation of technical provisions. Question [3098](#).
- (EU) No 2009/138 – Solvency II Directive (Insurance and Reinsurance). Questions [3105](#) and [2806](#).
- (EU) 2023/894: Intelligent transport systems (ITS) with regard to the templates for the submission of information necessary for supervision. Questions [2954](#), [2976](#), [3016](#), [2904](#), [2852](#) and [3068](#).

## FCA

- **FCA overhauls listing rules to boost growth and innovation on UK stock markets**

The revised rules are designed to attract a broader range of companies, including high-growth and innovative firms, by making the listing process more accessible and flexible. Key changes include simplifying listing requirements, reducing costs, and providing clearer guidelines to support emerging businesses and foster a more dynamic market environment.

These updates aim to improve the competitiveness of the UK stock markets, making them more appealing to both domestic and international companies. By modernising the listing framework, the FCA seeks to boost investment opportunities and drive economic growth, while maintaining high standards of investor protection.

- **FCA seeks to reduce burdens on firms and support growth**

The rules governing financial services could be streamlined to reduce the burden on businesses, following a review launched by the FCA. The regulator is calling on industry to identify rules which could be removed or simplified if they overlap with the Consumer Duty.

Reducing the complexity of the FCA's rulebook could lower costs for firms, encourage innovation and help support the risk appetite needed to support growth, ultimately boosting the economy over the long term.

Alongside the broad rule review, the FCA is considering simplifying rules in the commercial insurance sector. The FCA is inviting views on whether changing how customers are categorised could significantly reduce the time needed to take on new customers, or renew their contracts, and allow products to be custom-made. This would reduce regulatory costs and may increase the competitiveness of the commercial insurance market.

- **FCA Executive Director of consumers and competition delivers speech at "Consumer Duty: 1 year on event"**

Highlights included the following:

- The FCA welcomes the improvements firms have made to deliver better consumer outcomes in the first year of the Duty.
- The outcomes-based nature of the Duty will allow the FCA to streamline its rulebook to support competitiveness and growth, while ensuring good consumer outcomes.
- The FCA will continue to focus on how firms are embedding the Duty, acting to address harm.

## PRA

### ▪ The PRA publishes its approach to Life Insurance Stress Test (LIST) 2025

LIST 2025 has three objectives:

- To assess sector and individual firm resilience to severe but plausible events
- To strengthen market understanding and discipline through individual firm publication
- To improve insight into risk management vulnerabilities

The 2025 LIST targets UK life insurers active in the bulk purchase annuity (BPA) market with the largest annuity portfolios. These insurers are crucial for providing long-term retirement income and insurance coverage to defined benefit (DB) pension schemes. With significant growth in BPA transfers expected over the next decade, transparency about the financial resilience of these insurers is increasingly important.

The 2025 stress test includes a core scenario and two exploratory scenarios to evaluate the resilience of these insurers. The core scenario, updating the 2022 stress test, will assess sector and firm resilience, with results published at an individual firm level. The exploratory scenarios will address emerging risks and help develop industry modelling capabilities, with results published at an aggregate level. These scenarios will focus on asset-type concentration stress and FundedRe recapture stress.

The PRA has also requested technical input on draft LIST instructions and templates, with the final scenario design to be published in January 2025 and results in Q4 2025.

### ▪ The PRA publishes PS13/24, "Funded reinsurance"

The PS contains the PRA's final policy relating to life insurers entering into or holding funded reinsurance arrangements as cedants. The new supervisory statement (SS) 5/24 reflects the PRA's assessment of potential risks from excessive concentrated exposures to correlated, credit-focused counterparties.

The PRA aims to advance safety, soundness and policyholder protection whilst allowing the life insurance sector to continue contributing to productive investment in the UK economy. Therefore, the SS covers expectations on:

- The ongoing risk management of funded reinsurance arrangements
- The modelling of the Solvency Capital Requirement (SCR) associated with funded reinsurance arrangements
- How firms should consider the structuring of funded reinsurance arrangements

The PRA has also issued a Dear CEO [letter](#) setting out in more detail the implementation approach for the SS and the approach that it expects firms to take in their self-assessments against the expectations of the SS.

The PRA expects to seek assurance on firms' practices in a proportionate way, focusing on the exposures which in the PRA's view present the greatest risk. The PRA may consider this as a topic in a firm's periodic summary meeting (PSM) or, where appropriate, look to commission a skilled persons review under section 166 of the Financial Services and Markets Act 2023 (FSMA).

### ▪ The PRA publishes its Annual Report 23/24

This PRA report includes information on its activities for the year. Notable achievements include:

- The introduction of Solvency UK: The new insurance regime set to be implemented in 2024, which aims to provide a more tailored and effective regulatory framework for the UK insurance sector.
- Enhanced data and technology integration: The PRA has invested in advanced data-related technologies and processes to strengthen its supervisory capabilities. This modernisation supports more effective oversight of insurers, ensuring they meet regulatory requirements and manage risks effectively.
- Focus on climate risk: The PRA has continued its efforts to integrate climate risk into its regulatory approach. This includes developing guidelines and frameworks to help insurers manage and disclose climate-related financial risks, aligning with broader environmental sustainability goals.
- Operational resilience: The PRA has worked on enhancing the operational resilience of insurers, particularly in managing operational disruptions and ensuring continuity of critical functions.
- Support for competitiveness: The PRA's new secondary objective under the FSMA to support the international competitiveness and long-term growth of the UK encourages a regulatory environment that fosters sector growth and innovation.

- **The PRA publishes the report “Competitiveness and growth: Embedding the PRA’s new secondary objective”**

The Financial Services and Markets Act 2023 introduced a new secondary objective for the PRA: to enhance the international competitiveness of the UK economy and support its growth over the medium to long term. This objective is known as Supporting the Competitiveness and Growth of the UK (SCGO).

This report is the first from the PRA to document progress on the SCGO initiative. It outlines the PRA’s SCGO-related activities and their impact, along with the effects on its other secondary objective—facilitating effective competition (SCO).

Additionally, the report addresses the PRA’s response to the assessment of the Independent Evaluation Office (IEO) on its readiness to integrate the SCGO objective. It highlights the PRA’s strategies to balance regulatory requirements with enhancing the UK’s appeal as a global financial center and demonstrates how these strategies are expected to foster a more supportive and growth-oriented environment for the insurance sector.



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