



Summary of regulatory developments

Updates for December 2024

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

The following table summarises the relevant updates identified in December.

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

Date	Description
4-Dec	The European Insurance and Occupational Pensions Authority (EIOPA) launches second batch of consultations on legal instruments after Solvency II review
5-Dec	EIOPA issues call for candidates to join its Consultative Expert Group on data use in insurance
10-Dec	EIOPA publishes updated representative portfolios to calculate the volatility adjustment (VA) for the Solvency II risk-free interest rate (RFR) term structures
11-Dec	The Prudential Regulation Authority (PRA) publishes consultation paper (CP) 19/24, "Closing liquidity reporting gaps and streamlining standard formula (SF) reporting"
11-Dec	PRA's Director of Insurance Supervision delivered a presentation at the PRA's annual Small & Medium Sized Insurers' Conference
12-Dec	EIOPA publishes its December 2024 Financial Stability Report
12-Dec	The Financial Conduct Authority (FCA) issues discussion paper (DP) 24/3, "Pensions: Adapting our requirements for a changing market"
12-Dec	FCA publishes CP 24/27, "Advice Guidance Boundary Review (AGBR) – proposed targeted support reforms for pensions"
12-Dec	PRA publishes plans to review its cost benefit analysis (CBA)

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

Date	Description
13-Dec	PRA publishes CP 17/24, "Operational resilience: Operational incident and outsourcing and third-party reporting"
17-Dec	EIOPA publishes the results of its 2024 Insurance Stress Test
17-Dec	The European Supervisory Authorities (ESAs) publish a summary report with the key findings from the 2024 Dry Run exercise on reporting the registers of information under the Digital Operational Resilience Act (DORA)
18-Dec	PRA publishes policy statement (PS) 20/24, "Solvent exit planning for insurers"
19-Dec	EIOPA revokes guidelines to avoid duplication and overlaps with DORA
20-Dec	PRA publishes "Restatement of Solvency II assimilated law: Correction to standard formula mass lapse life underwriting risk rule in PS 15/24"
31-Dec	EIOPA publishes its Q&As on regulation

Updates for December 2024

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

ESAs

- ESAs publish a summary report with the key findings from the 2024 Dry Run exercise on reporting the registers of information under the Digital Operational Resilience Act (DORA)

The exercise included participation from almost 1,000 financial entities across the EU. The report highlights that the registers submitted were in line with the ESAs' expectations and, of the registers analysed, 6.5% successfully passed all data quality checks while 50% of the remaining registers failed less than five out of 116 data quality checks.

EIOPA

- EIOPA launches second batch of consultations on legal instruments after Solvency II review

The following are the six consultations issued:

- Consultation on a report on biodiversity risk management
- Consultation on Regulatory Technical Standards on management of sustainability risks including sustainability risk plans
- Consultation on guidelines regarding the notion of diversity for the selection of the members of the administrative, management or supervisory body
- Consultation on revised guidelines on undertaking-specific parameters
- Consultation on revised guidelines on market and counterparty risk exposures in the standard formula
- Consultation on revised Implementing Technical Standards on the lists of regional governments and local authorities' exposures to central government

Stakeholders are invited to provide their feedback via online surveys no later than 26 February 2025.

- EIOPA issues call for candidates to join its Consultative Expert Group on data use in insurance

EIOPA's Consultative Expert Group will analyse the impacts of increased data use in insurance. The group will explore methods to maintain the role of insurance in risk management for individuals, society and the economy through mutualisation, investigate how enhanced data can support these objectives and find ways to mitigate the risks of unfair treatment and exclusion.

EIOPA invites applications until 31 January 2025.

- **EIOPA publishes updated representative portfolios to calculate the volatility adjustment (VA) to the Solvency II risk-free interest rate (RFR) term structures**

The [updated portfolios](#) are based on end-of-2023 annual reporting templates as reported by European (re)insurance companies to their national supervisory authorities.

EIOPA will begin using the updated representative portfolios for the calculation of the VA at the end of March 2025, and will publish the VA at the start of April 2025.

EIOPA has also provided [technical documentation](#) on this.

- **EIOPA publishes its December 2024 Financial Stability Report**

The [report](#) assesses the risks and vulnerabilities facing European insurers and occupational pension funds. EIOPA features institutional investors' exposures to real estate, the risk of asset-intensive (or funded) reinsurance and the structure of EIOPA's framework to assess systemic risk in the European insurance sector.

- **EIOPA publishes the results of its 2024 Insurance Stress Test**

The stress test included 48 undertakings from 20 Member States, representing approximately 75% of the European Economic Area (EEA) market in terms of total assets. The [report](#) highlights that insurers in the EEA are overall well-capitalised and able to meet the Solvency II requirements even under the stress test's severe but plausible shocks that stem from widespread supply-chain disruptions, low growth and renewed inflationary pressures.

EIOPA published a [fact sheet](#) alongside the report.

- **EIOPA revokes guidelines to avoid duplication and overlaps with DORA**

To eliminate overlaps and foster a unified regulatory framework for DORA, EIOPA has decided to withdraw the following:

- [Guidelines on information communication technology security and governance](#) issued in the context of Solvency II.
- [Guidelines on outsourcing to cloud service providers](#) issued in the context of Solvency II.
- [Opinion on the supervision of the management of operational risks faced by IORPs](#) issued in the context of the Institutions for Occupational Retirement Provision (IORP) Directive II of 2016.

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

Updates include the following:

- (EU) 2023/894 – Intelligent Transport Systems (ITS) with regard to the templates for the submission of information necessary for supervision. Questions [2978](#), [2982](#), [2979](#), [2717](#), [2957](#), [3020](#), [2911](#), [3185](#), [3184](#), [2718](#) and [2823](#).
- (EU) 2016/2341 – IORP II Directive. Question [3159](#).
- (EU) No 2015/35 – supplementing Dir 2009/138/EC – taking up and pursuit of the business of Insurance and Reinsurance (SII). Questions [2746](#), [3146](#) and [3157](#).

FCA

- **FCA issues DP 24/3, "Pensions: Adapting our requirements for a changing market"**

The [DP](#) aims to facilitate feedback on what further changes might be needed to certain aspects of the FCA's pensions regulatory framework. The FCA is also asking for discussion on:

- The regulatory framework that governs projections, tools and modellers.
- Requirements for individual defined contribution (DC) pension transfers and consolidation.
- The regulatory framework for self-invested personal pensions.

The FCA invites feedback via an [online response form](#) by 27 February 2025.

- **FCA publishes CP 24/27, "Advice Guidance Boundary Review (AGBR) – proposed targeted support reforms for pensions"**

Following the initial proposals outlined jointly with the government in [DP 23/5](#), the FCA sets out its high-level proposals for targeted support in pensions as part of the AGBR in this [CP](#). The CP aims to help consumers, at scale, make effective, timely and properly informed decisions about their pensions. The FCA is seeking feedback on its proposed direction and is not consulting on new rules at this stage.

The FCA invites feedback via an [online response form](#) by 13 February 2025.

PRA

- **PRA publishes CP 19/24, "Closing liquidity reporting gaps and streamlining standard formula (SF) reporting"**

The CP sets out the PRA's proposals to close liquidity reporting gaps for large insurance firms with significant exposure to derivatives or securities involved in lending or repurchase agreements. The CP also sets out the PRA's proposals to remove the expectations for life insurers with internal model (IM) permission to annually submit the SF.01 template containing Solvency Capital Requirement (SCR) information calculated using the SF.

The PRA invites feedback via [email](#) by 31 March 2025.

- **PRA's Director of Insurance Supervision delivered a presentation at the PRA's annual Small & Medium Sized Insurers' Conference**

Highlights from the presentation include:

- The PRA's aims for a vibrant and competitive insurance sector and strives to achieve its primary objective of safety and soundness whilst being proportionate and enhancing secondary objectives.
- The PRA encourages firms to engage with it early if they need to discuss supervisory issues.
- The PRA will be tailored and proportionate in how it sets future policy, with its supervisory approach for insurance branches being an example of how it applies tailored proportionality for a section of firms. More generally, it is also reducing reporting requirements through Solvency UK and taking a more principle-based approach to model approvals.

- **PRA publishes plans to review its cost benefit analysis (CBA)**

The PRA plans to review the statement of policy (SoP) on CBA, published on 12 December 2024, in Q4 2025. The review will consider feedback from the CBA Panel and other stakeholders.

The PRA invites feedback via [email](#) by 30 September 2025.

- **PRA publishes CP 17/24, "Operational resilience: Operational incident and outsourcing and third-party reporting"**

The CP sets out the PRA's proposals for requirements in rules and expectations for firms to report operational incidents and their material third-party arrangements.

The PRA invites responses via [email](#) by 13 March 2025.

- **PRA publishes PS 20/24, "Solvent exit planning for insurers"**

Following the responses to [CP 2/24, "Solvent exit planning for insurers,"](#) the PRA has published this [PS](#) with its feedback to the responses and its final policy, as follows:

- Preparations for Solvent Exit Part of the PRA Rulebook.
- Supervisory Statement ([SS](#)) 11/24, "Solvent exit planning for insurers."

- **PRA publishes Restatement of Solvency II assimilated law: Correction to standard formula mass lapse life underwriting risk rule in PS 15/24**

The PRA has identified an error in rule 3B6.6(1) in the SCR-SF Part of the PRA Rulebook published in [PS 15/24, "Review of Solvency II: Restatement of assimilated law."](#) This [statement](#) provides an overview of the error and the PRA's approach to rectifying the mistake.

The rule instrument will take effect on 31 December 2024.

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