



Summary of regulatory developments

Updates for January 2025

This memo identifies and summarises any regulatory updates published during January 2025 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
9-Jan	The Prudential Regulation Authority (PRA) publishes letter on Insurance Supervision: 2025 priorities
10-Jan	PRA publishes Cost Benefit Analysis (CBA) Panel Annual Report 2024
15-Jan	The European Insurance and Occupational Pensions Authority (EIOPA) publishes its 2024 Consumer Trends Report
17-Jan	The European Supervisory Authorities (ESAs) publish report on major Information and Communication Technology (ICT)-related incident reporting by financial entities according to the Digital Operational Resilience Act (DORA)
17-Jan	The Financial Conduct Authority (FCA) publishes response to government call for regulators to support growth
20-Jan	PRA publishes letter to the Prime Minister
28-Jan	FCA publishes its Adaptation Report for 2025
29-Jan	EIOPA publishes its annual report on sanctions under the Insurance Distribution Directive (IDD) in 2023
30-Jan	EIOPA publishes its final technical advice on the standard formula capital treatment of insurers' direct exposure to qualifying clearing counterparties (CCPs)

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

Date	Description
30-Jan	EIOPA publishes its January 2025 Risk Dashboard on Institutions for Occupational Retirement Provisions (IORPs) based on third-quarter 2024 data
30-Jan	EIOPA publishes technical advice on the implementation of the new proportionality framework under Solvency II
30-Jan	EIOPA publishes its Insurance Risk Dashboard based on third-quarter Solvency II data
30-Jan	FCA and Practitioner Panel launch joint survey for 2025
30-Jan	PRA publishes Climate Change Adaptation Report for 2025
31-Jan	EIOPA publishes its Q&As on regulation

Updates for January 2025

This section highlights articles released in January 2025 of interest to life companies.

ESAs

- **ESAs publish report on major Information and Communication Technology (ICT)-related incident reporting by financial entities according to DORA**

The [report](#), in line with the DORA mandate, assesses the feasibility of three different models to further centralise the reporting of major ICT-related incidents to competent authorities. The report considers the potential burden, cost reductions, efficiency and effectiveness gains that each model would bring for cross-sector supervisory practices. The ESAs conducted the assessment on three models: the baseline model, a model with enhanced data sharing arrangements and a fully centralised model.

EIOPA

- **EIOPA publishes its 2024 Consumer Trends Report**

The [report](#) highlights the main trends in consumers' experience with insurance and pension products in four key areas:

- The role of digitalisation in shaping the insurance and pension sectors
- The transformative power of artificial intelligence (AI) in insurance
- Consumers' appetite for supplementary pensions in light of increasing pension gaps
- The real and perceived value of money of insurance and pension products

EIOPA also highlights additional developments:

- Access to investment and non-life insurance products slightly declined over the year
- An increasing proportion of consumers are considering purchasing insurance and pension products with sustainability features
- Sales of cross-border insurance products continue to increase moderately, driven by digitalisation

- **EIOPA publishes its annual report on sanctions under the Insurance Distribution Directive (IDD) in 2023**

The [report](#) is the fifth annual report on administrative sanctions and other measures imposed during 2023 by the National Competent Authorities (NCAs) under the IDD. The NCAs across 20 member states imposed 1,510 sanctions in 2023 and EIOPA has found:

- Since 2021, there has been a rise in the number of sanctions relating to product oversight and governance requirements as a result of higher supervisory scrutiny at the national and European levels.
- There has been a continuous increase in sanctions imposed related to general conduct of business requirements, such as the provision of advice.

- Registration withdrawals and administrative fines are the most common sanction tools, with more than 8,000 withdrawals of registration and over 3,800 fines imposed in the European Economic Area (EEA) over the past five years.
- Orders to cease and desist have been successful in limiting or resolving issues before they would become detrimental to consumers.

- **EIOPA publishes its final technical advice on the standard formula capital treatment of insurers' direct exposure to qualifying clearing counterparties (CCPs)**

The [technical advice](#) aims to more closely align the treatment of direct exposure to qualifying CCPs under Solvency II with their treatment under the [Capital Requirements Regulation](#). EIOPA advises extending the treatment of indirect exposures to direct exposures and further aligning the treatment of default fund contributions with the risk-sensitive approach taken under the Capital Requirements Regulation to address concerns about risk-sensitivity and potential disincentives to direct clearing.

- **EIOPA publishes its January 2025 Risk Dashboard on Institutions for Occupational Retirement Provisions (IORPs) based on third-quarter 2024 data**

The results of the [dashboard](#) show that IORPs exposures to the following risks are currently the main concern for the European IORP sector:

- With regard to macro risks, 10-year swap rates have increased while forecasted gross domestic product (GDP) growth and inflation held steady at the end of 2024. Geopolitical tensions are reshaping global dynamics, heightening concerns about declining international cooperation and escalating risks and uncertainties in the years to come.
- Market and asset return risks remain high despite stabilisation towards the end of December 2024 and real estate prices kept sliding across the EEA.
- Liquidity risks are showing a decreasing trend, driven by positive developments in IORPs' derivative positions.
- Within reserve and funding risks, the financial position of defined benefit (DB) IORPs remains robust.
- Digitalisation and cyber risks are unchanged.

- **EIOPA publishes technical advice on the implementation of the new proportionality framework under Solvency II**

The [technical advice](#) endorses the methodology for classifying insurance undertakings as "small and noncomplex," as outlined in the amended Solvency II Directive, and puts forward a set of conditions for granting similar proportionality measures to (re)insurers that do not classify as small and noncomplex.

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

The results of the [dashboard](#) show that insurers' exposures to the following risks are currently the main concern for the insurance sector:

- Macro risks remain stable at medium levels with GDP growth and inflation forecasts holding steady. Geopolitical tensions are reshaping global dynamics, heightening concerns about declining international cooperation and escalating risks and uncertainties in the years to come.
- Market risks remain high. Although bond volatility stabilised, it remains above historical standards.
- Liquidity and funding risks are at medium levels but are trending upwards due to a gradual increase in risks over the last year and the worsening of funding conditions in Q4 2024.
- Solvency and profitability risks for life undertakings are largely unchanged and remain at medium levels.
- Credit risk, insurance risks and market perceptions as well as interlinkages and imbalances risks are at medium levels.
- Environmental, social and governance (ESG)-related risks point to an increase in risks over the next 12 months due to growing skepticism and evolving dynamics in environmental agreements making it more challenging to ensure consistent progress towards long-term sustainability goals.
- Digitalisation and cyber risks are slightly increasing due to higher perceived probability of these risks materialising.

- **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 [3003](#), [2903](#), [3198](#), [2577](#), [3143](#), [3001](#), [3192](#), [3183](#), [2658](#), [2913](#), [3194](#), [3049](#) and [3007](#).
- (EU) 2023/894 – ITS with regard to the templates for the submission of information necessary for supervision, (EU) No 2015/35 – supplementing Dir 2009/138/EC – taking up and pursuit of the business of Insurance and Reinsurance (SII). Questions [3151](#), [2896](#) and [3128](#).
- (EU) No 2015/35 – supplementing Dir 2009/138/EC – taking up and pursuit of the business of Insurance and Reinsurance (SII). Question [2537](#).
- (EU) 2022/2554 – Digital Operational Resilience Act (DORA). Questions [2999 – DORA030](#), [3074 – DORA096](#) and [3100 – DORA099](#).

FCA

- **FCA publishes response to government call for regulators to support growth**

The [letter](#) sets out the work that the FCA has underway and the additional steps the FCA will take to further support growth.

- **FCA publishes its Adaptation Report for 2025**

The [report](#), written in response to an invitation by the Department for Environment, Food and Rural Affairs (DEFRA) to participate under the fourth round of the climate change adaptation reporting power, focuses on:

- Risk management adjustments that financial services firms need to make due to climate change.
- The importance of financial products in enabling and supporting adaptation and transition in the wider economy.

- **FCA and Practitioner Panel launch joint survey for 2025**

The survey is being sent to all regulated firms for the first time in order to share their feedback on how the FCA regulates the industry. The FCA aims to better understand issues affecting firms and to assess any changes that the FCA should consider making.

The results of the survey will be published in the summer of 2025.

PRA

- **PRA publishes letter on Insurance Supervision: 2025 priorities**

The 2025 priorities from the [letter](#) to Chief Executive Officers of PRA-regulated insurance firms include:

- Solvency UK implementation and other policy reforms
- Bulk annuity purchase market developments, including funded reinsurance
- Life insurance stress test
- Liquidity resilience
- Solvent exit planning for insurers
- Operational resilience, cybersecurity and third-party risk
- Climate

- **PRA publishes Cost Benefit Analysis (CBA) Panel Annual Report 2024**

The CBA Panel is a statutory panel established to provide advice to the PRA and the Bank of England on the preparation of the CBA report. The Panel provides independent input to the PRA's and the Bank's CBAs, helping to support increased transparency and scrutiny of their policymaking.

The CBAs considered between 1 August 2024 and 31 October 2024 [included consultation paper \(CP\) 15/24, Proposed changes to the UK Insurance Special Purpose Vehicles \(UK ISPV\) regulatory framework](#). The Panel recommended that the economic benefits of the proposals be further explained to demonstrate more clearly how they advance the PRA's primary and secondary objectives and outweigh the cost.

- **PRA publishes letter to the Prime Minister**

The [letter](#) is in response to the Prime Minister's letter concerning regulation and sustainable economic growth. The PRA highlights the actions it has already taken and further changes it intends to undertake. The PRA also suggests wider changes to help simplify and rationalise the UK regulatory regime and support UK growth in other ways.

- **PRA publishes Climate Change Adaptation Report for 2025**

The report, written in response to an invitation by the Department for Environment, Food and Rural Affairs (DEFRA) to participate under the fourth round of the climate change adaptation reporting power, sets out the PRA's response to the risks posed by climate change to its operations and policy objectives in the period since October 2021.

The PRA will be focusing on updating its supervisory expectations and plans to issue a CP seeking views on proposals in 2025.

Solutions for a world at risk™

Milliman leverages deep expertise, actuarial rigor, and advanced technology to develop solutions for a world at risk. We help clients in the public and private sectors navigate urgent, complex challenges—from extreme weather and market volatility to financial insecurity and rising health costs—so they can meet their business, financial, and social objectives. Our solutions encompass insurance, financial services, healthcare, life sciences, 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

Mirakh Modasia
mirakh.modasia@milliman.com

Monique Mahabir
monique.mahabir@milliman.com



© 2025 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.