



# Summary of regulatory developments

## Updates for March 2025

This memo identifies and summarises any regulatory updates published during March 2025 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
7-Mar	The Financial Conduct Authority (FCA) publishes review of firms' treatment of vulnerable customers.
11-Mar	The FCA publishes statement on sustainability regulations and UK defence.
21-Mar	The FCA launches market study into pure protection markets.
25-Mar	The FCA launches five-year strategy.
25-Mar	The FCA outlines the next steps on Consumer Duty rule review.
28-Mar	The FCA's chief executive delivers a speech on connecting consumers, products and growth.
31-Mar	The Prudential Regulation Authority (PRA) publishes Public Working Draft (PWD) on insurance liquidity taxonomy.

## Updates for March 2025

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

### FCA

- **The FCA publishes review of firms' treatment of vulnerable customers.**

The review aimed to understand how firms are supporting customers in vulnerable circumstances and whether the FCA's existing guidance remains appropriate. The review included:

- Interviews with experts on vulnerability and financial services
- Research on consumers in vulnerable circumstances, including a survey of 15,000 consumers
- Analysis of the [Financial Lives survey](#) data
- Responses from 725 firms to a survey on how practices were affecting outcomes and how they are being monitored

The FCA found that there were many examples of positive actions by firms across sectors, as well as some areas where firms could do better, so it has published case study examples for [good practice and areas for improvement](#).

- **The FCA publishes statement on sustainability regulations and UK defence.**

The FCA's statement highlights:

- The FCA's sustainability rules do not prevent investment in, or finance for, defence companies.
- The sustainability rules aim to ensure information on sustainable investments can be trusted and readily understood and to improve the quality of sustainability-related information in the market.
- The sustainability rules should not be confused with financial institutions' own policies relating to the type of business they support and their own risk appetites.

- **The FCA launches market study into pure protection markets.**

The FCA has launched a market study into how well the distribution of pure protection insurance products provides fair value to consumers. The study will focus on term assurance, critical illness cover, income protection insurance and whole of life insurance, and it will examine:

- Commission structures and whether they encourage switching that may not be beneficial to consumers
- If higher premiums are imposed to offer higher commissions to intermediaries
- If products provide fair value
- If the market supports innovation and growth

The FCA plans to publish initial findings and propose any next steps by the end of 2025.

- **The FCA launches five-year strategy.**

The [five-year strategy](#) aims to support growth and improve lives by focusing on the following priorities:

- Being smarter, predictable, purposeful and proportionate by improving its process and embracing technology
- Supporting sustained economic growth through investment, innovation and continued competitiveness
- Helping consumers navigate their financial lives by boosting trust, product innovation and support for financial decisions, alongside the industry
- Fighting financial crime

- **The FCA outlines the next steps on Consumer Duty rule review.**

The proposals are part of the FCA's work to streamline rules, reduce burdens on businesses and improve outcomes for consumers following the introduction of Consumer Duty. The FCA's plans include:

- Easier navigation of regulation for consumer finance, investment and mortgages firms by planning to retire over 100 pages of outdated guidance
- Withdrawal of hundreds of supervisory publications
- Review of prescriptive disclosures on items such as online and digital transactions to provide more flexibility to tailor communications to consumers' needs and preferences
- Revisiting rules for businesses with customers outside of the UK

- **The FCA's chief executive delivers a speech on connecting consumers, products and growth.**

Highlights from the speech include:

- The financial system is fragmented with pensions, savings, mortgages and housing wealth operating independently. This fragmentation leads to confusion and missed financial opportunities for consumers.
- The FCA's new five-year strategy focuses on helping consumers navigate their financial lives.
- Focus must be given to improving outcomes through better returns, risk alignment and support for pensions specifically.
- The FCA is working with partners across the system to drive better outcomes for consumers at scale and to encourage a shift from cost to long-term value.

## PRA

- **The PRA publishes Public Working Draft (PWD) on insurance liquidity taxonomy.**

The PWD sets out the technical implementation of the proposals outlined in [Consultation Paper \(CP\) 19/24, 'Closing liquidity reporting gaps and streamlining Standard Formula reporting,'](#) which covers the proposals to close liquidity reporting gaps for large insurance firms with significant exposure to derivatives or securities involved in lending or repurchase agreements.

The PRA invites feedback from firms and software vendors on the PWD technical artefacts via [email](#) by 30 April 2025.

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