



Summary of regulatory developments

Updates for July 2025

This memo identifies and summarises any regulatory updates published during July 2025 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 chief data, information and intelligence officer of the Financial Conduct Authority (FCA) delivers speech on harnessing artificial intelligence (AI) and technology to deliver the FCA's 2025 strategic priorities .
2-Jul	The FCA launches consultation paper (CP) 25/18, 'Tackling non-financial misconduct in financial services.'
4-Jul	The Prudential Regulation Authority (PRA) publishes letter to chief risk officer on the use of solvency-triggered termination rights (STTR) clauses in bulk purchase annuity (BPA) transactions .
14-Jul	The European Insurance and Occupational Pensions Authority (EIOPA) publishes first set of technical standards to the European Commission after the review of Solvency II .
14-Jul	EIOPA publishes consultations and surveys .
15-Jul	The PRA and the FCA publish joint statement on the captive insurance consultation response by His Majesty's Treasury (HMT) .
15-Jul	The PRA launches CP18/25, 'Review of the Senior Managers and Certification Regime (SM&CR).'
15-Jul	EIOPA publishes guidance for supervising mass-lapse reinsurance and reinsurance termination clauses .

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

Date	Description
15-Jul	The FCA targets faster authorisations .
15-Jul	The FCA reforms the redress system to prevent compensation delays and provide predictability needed for innovation .
17-Jul	The PRA launches policy statement (PS) 12/25, 'Restatement of CRR [Capital Requirements Regulation] and Solvency II requirements in PRA Rulebook – 2026 implementation.'
23-Jul	The FCA invites UK and Swiss firms to submit interest in providing cross-border services as part of the Berne Financial Services Agreement (BFSA) .
24-Jul	The PRA publishes PS9/25, 'Changes to the UK Insurance Special Purpose Vehicles (UK ISPV) regulatory framework.'
NA	The PRA publishes insurance updates.

Updates for July 2025

This section highlights articles released in July 2025 which are of interest to life insurance companies.

EIOPA

- **EIOPA publishes first set of technical standards to the European Commission after the review of Solvency II.**
EIOPA published three draft technical standards and one set of revised guidelines to support the implementation of the reviewed Solvency II Directive. The policy documents, relevant to supervisory authorities, cover:
 - [Factors for identifying insurance undertakings](#)
 - [Conditions and criteria when considering the relevance of cross-border activities](#)
 - [Updates to the list of regional governments' and local authorities' exposures](#)
 - [Guidelines on undertaking-specific parameters that replace the standard parameters in the Standard Formula](#)
- **EIOPA publishes consultations and surveys.**
EIOPA has published multiple consultations for feedback from stakeholders. Comments to these will be published on the EIOPA website (unless confidentiality is requested). These include:
 - [Consultation on revised guidelines on exchange of information within colleges – Solvency II review](#)
 - [Consultation on supervisory reporting and public disclosure requirements under Solvency II](#)
 - [Consultation on the proposal for revised guidelines on supervisory review process – Solvency II review](#)
- **EIOPA publishes guidance for supervising mass-lapse reinsurance and reinsurance termination clauses.**
EIOPA published two annexes providing guidance to supervisors on the assessment of mass-lapse reinsurance and the evaluation of reinsurance termination clauses.
 - The [mass-lapse reinsurance](#) annex details guidance to supervisors on the prudential treatment of mass-lapse reinsurance, clarifying key elements such as measurement periods, exclusions, and termination clauses, to ensure consistent and effective risk transfer assessment and harmonised supervision across Europe.
 - The [reinsurance agreements' termination clauses](#) annex addresses termination clauses in reinsurance agreements that may undermine effective risk transfer, particularly where reinsurers are released from obligations or allowed to retain assets and premiums upon termination.

FCA

- **The FCA's [chief data, information and intelligence officer delivers speech on harnessing AI and technology to deliver the FCA's 2025 strategic priorities.](#)**

Jessica Rusu's speech at the AI and Digital Innovation Summit highlighted the FCA's commitment to fostering innovation, particularly in AI, to drive growth, regulatory efficiency and positive outcomes for UK financial services.

Key points include:

- Innovation, especially in AI, is at the heart of the FCA's 2025–30 strategy to drive growth and improve financial services.
- The new Supercharged Sandbox and AI Live Testing initiatives provide firms with enhanced tools and regulatory support to safely experiment with AI.
- The FCA believes current regulatory frameworks are sufficient for overseeing AI, allowing the UK to remain agile and competitive without new rules.
- The FCA encourages open industry engagement to ensure the UK becomes a global leader in responsible AI adoption.

- **The FCA [launches CP25/18, 'Tackling non-financial misconduct in financial services.'](#)**

The FCA's [CP](#) extends its misconduct rules to better cover non-financial misconduct (such as bullying and harassment) in non-banks from 1 September 2026, to align with banks and drive consistency across the financial sector. The FCA is also consulting on whether extra guidance is needed to help firms apply these rules. These changes aim to promote healthier workplace cultures and clearer standards for all regulated firms.

The FCA invites feedback via an [online form](#) by 10 September 2025.

- **The FCA [targets faster authorisations.](#)**

The FCA is introducing faster targets for authorising firms and individuals, aiming to support UK growth while maintaining high standards. Statutory deadlines for new firm authorisations will be reduced from six to four months for complete applications. There are also reductions in other target timelines. These changes, alongside improvements like digitised application forms, are designed to make the process quicker, more predictable and supportive of a competitive financial services environment.

- **The FCA [reforms the redress system to prevent compensation delays and provide predictability needed for innovation.](#)**

In its [CP25/22](#), the FCA and Financial Ombudsman Service are reforming the financial redress system to prevent delays in consumer compensation and provide greater predictability for firms, supporting innovation and growth. Key changes include:

- Improved coordination between the FCA and Financial Ombudsman
- Clearer guidance for firms on handling complaints
- Streamlined processes for resolving widespread issues
- Proposals to modernise how complaints are assessed and processed

- **The FCA [invites UK and Swiss firms to submit interest in providing cross-border services as part of the BFSA.](#)**

The FCA is inviting UK and Swiss firms to express interest in cross-border financial services under the new BFSA, which will reduce regulatory barriers and boost market access. The agreement allows UK firms to provide wholesale financial services in Switzerland and vice versa, relying on home country rules rather than local authorisation, supporting international competitiveness and growth in both markets.

PRA

▪ The PRA published the following updates in July:

- [Extension to the consultation deadline for CP12/25](#): The PRA has extended the deadline for responses by 25 days to 30 September 2025. In addition, the PRA has also extended the proposed implementation date for the changes to pension obligation risk, market risk and counterparty credit risk to 1 July 2026 instead of 2 March 2026.
- [A letter on updates to the speed of regulatory approvals](#): The PRA has shortened the approval time targets in certain circumstances in comparison to those proposed by the government.
- 2025 Firm Feedback Exercise: The PRA will be seeking firms' views on the effectiveness and quality of the PRA's supervisory framework through a survey in August.

▪ The PRA publishes letter to chief risk officer on the use of STTR clauses in BPA transactions.

The PRA's [letter](#) explains that there are various potential risks when an STTR clause is triggered and that these risks could be exacerbated if there are any contractual ambiguities in the STTR clause that may interact with collateral available to a firm in the case of funded reinsurance contracts.

The PRA expects that the key potential risks to insurers are impacts on the composition of the firms' remaining asset portfolios, liquidity positions, management of the matching adjustment portfolios and, in a stressed situation, operations.

In 2026, the PRA plans to review how market practices for STTR clauses and firms' risk management approaches have developed, with a particular focus on the risks laid out in the letter.

▪ The PRA and the FCA publish joint statement on HMT captive insurance consultation response.

The statement welcomes HMT plans to support the growth of the UK's captive insurance market, particularly the HMT's commitment to introducing legislation to enable captives to be established within protected cell companies, which will provide more affordable access for smaller businesses.

The PRA plans to launch consultations in the summer of 2026, and with the FCA, they will be establishing subject-expert groups with stakeholders for feedback on policy development and technical issues.

▪ The PRA launches CP18/25, 'Review of the Senior Managers and Certification Regime (SM&CR).'

The CP contains the following:

- Changes to regulatory assessment of senior management function applications, focusing on the '12-week rule' to provide context for PRA fitness and propriety assessments
- An outline of who is covered by the SM&CR, including the group entity senior manager function, and proposed exclusions for certain resolution or stabilisation roles
- The application of the SM&CR, including clarifications on statements of responsibilities, management responsibilities maps, criminal record checks, the certification regime, and notification requirements for key function holders
- Suggestions for helping firms with SM&CR, including clarifying SM responsibilities, developing a policy index and updating guidance to remove outdated or gendered references

The PRA invites responses via [email](#) by 7 October 2025.

▪ The PRA launches PS12/25, 'Restatement of CRR and Solvency II requirements in PRA Rulebook – 2026 implementation.'

Although this paper is mainly relevant to other financial services firms, the PS contains important updates for life insurers regarding the mapping of external credit ratings to credit quality steps (CQS) under Solvency II. From 1 January 2026, revised mapping tables will apply, reflecting new rating scales and minor amendments. These changes will impact how life insurers assign capital charges to rated exposures and require attention to ensure compliance with updated regulatory requirements.

▪ **The PRA publishes PS9/25, ‘Changes to the UK Insurance Special Purpose Vehicles (UK ISPV) regulatory framework.’**

The PS provides feedback to CP15/24, ‘Proposed changes to the UK ISPV regulatory framework’ and contains the PRA’s final policy. The CP proposed reforms to allow the UK to participate more in the global insurance-linked securities (ILS) market. The feedback to the CP was generally positive; however, some firms noted that the proposed changes on their own may not be sufficient to bring new business to the UK.

The final policy contains:

- Amendments to the ISPV part of the PRA Rulebook
- [Supervisory Statement \(SS\) 2/25, ‘Prudential considerations for insurance and reinsurance undertakings when transferring risk to Special Purpose Vehicles’](#)
- Statement of policy (SoP) on the PRA’s approach to authorising and supervising UK ISPV, which has entirely replaced SS8/17

Firms are expected to meet the requirements and expectations set out under the final rules from the implementation date of 24 July 2025.

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