# Summary of regulatory developments

## Updates for August 2025

This memo identifies and summarises any regulatory updates published during August 2025 which may be of relevance to life insurance companies.

The following table summarises the relevant updates identified in August.

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

| Date | Description |
|---|---|
| **1-Aug** | The chief data, information and intelligence officer of the Financial Conduct Authority (FCA) invites applications for Artificial Intelligence (AI) Live Testing. |
| **6-Aug** | The FCA publishes findings and next steps on climate reporting. |
| **15-Aug** | The FCA publishes results from life insurers' pension transfer process. |
| **19-Aug** | The Prudential Regulation Authority (PRA) publishes review of the analytical framework supporting financial policy at the Bank of England. |
| **28-Aug** | The FCA announces plans to simplify supervisory communications. |

# Updates for August 2025

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

**FCA**

- **The FCA invites applications for AI Live Testing.**

  The FCA launched its AI Lab in October 2024 with the aim of supporting innovators as they develop new AI models and solutions. AI Live Testing is the fifth and newest component of the AI Lab. The FCA is inviting firms interested in testing AI-driven services under real-world conditions to collaborate while the FCA offers regulatory support and oversight throughout the process.

  Applications to AI Live Testing close on 5 September 2025.

- **The FCA publishes findings and next steps on climate reporting.**

  The FCA examined the implementation of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and gathered feedback from firms by reviewing 10 TCFD entity reports and 77 TCFD product reports from eight of the same entities. The FCA also engaged with trade associations and seven firms in scope of the TCFD rules. The FCA's findings include:

  - The rules have prompted firms to treat climate change as a material risk and integrate it into strategies, while increasing transparency with clients.
  - Firms report that detailed climate disclosures aid institutional investors but are often too complex for retail investors, resulting in limited retail engagement with TCFD reports, especially at the product level.
  - Entity-level reports are generally easy to find, but product-level reports are harder to locate, possibly reducing retail investor engagement.
  - Most firms can provide historical data like carbon emissions, but many struggle with forward-looking quantitative disclosures, such as scenario analysis, which hampers comparability.
  - Asset managers find current reporting requirements under multiple regimes, including TCFD, overly detailed and suggest simplification.
  - Firms seek more guidance on the trajectory of TCFD rules amid moves towards International Sustainability Standards Board (ISSB) standards and advocate for international consistency and practical future reporting frameworks.

  As a result, the FCA has provided clarity on its sustainability reporting requirements.

- **The FCA publishes results from life insurers' pension transfer process.**

  The FCA review was based on data provided by 18 life insurers which administer about 80% of the individual personal pensions held by life insurers. The FCA found:

  - Firms generally facilitate pension transfers with the aim of achieving suitable outcomes for consumers. The results also show that ceding schemes typically made most transfer payments. More than three-quarters of the firms in the sample completed all transfer requests, on average, within 20 days.
  - Transfers are faster when both schemes use digital platforms rather than paper applications. While quick transfers usually benefit customers, adding extra steps and checks can sometimes help prevent harm and encourage better decisions. Most firms completed over 80% of transfers via an electronic platform, Origo Transfer Service.
  - There is no set standard for how long pension transfers take, and some firms take longer than others. Firms report challenges such as added checks for customer protection and higher demand, but most say they are working to resolve these issues.
  - The reviewed firms received around 1 million transfer requests in a year, mostly cash transfers. Five firms handled over two-thirds of these, and about 87% were completed within 15 days.
  - Over 75% of firms completed transfers that required no extra checks within 10 days, with some as quickly as five days. For transfers requiring extra checks, half the firms completed them in 41 to 80 days on average; others took between 26 and 160 days.
  - No correlation was found between firms' average times for transfers with or without extra checks; firms slow for one were not always slow in the other.

- **The FCA announces plans to simplify supervisory communications.**

  The FCA is simplifying its supervisory publications to clarify its priorities and align with the ongoing review of Consumer Duty requirements. The FCA will publish market reports containing guidance, insights and information relevant to different types of firms.

**PRA**

- **The PRA publishes review of the analytical framework supporting financial policy at the Bank of England.**

  The PRA notes that there is improvement required in the following areas:

  - Expanding modelling capability:
    - Continual investment in models is needed to help assess propagation of shocks in macroeconomic and financial market stress scenarios, ensuring that not only banks are covered but that insurers and investment funds are also included.
    - Creation of models that assess how financial market stress impacts the overall system, reducing dependence on industry-only scenarios but still engaging firms for validation.
    - Refine models to better capture feedback between the real economy and finance.
  - Modular scenario analysis:
    - Integrating mapping, indicators and models for full end-to-end risk assessment.
    - Tailor inputs for different risks to simulate shock propagation stages.
    - Link scenarios across the financial system, including banking, insurance and other sectors, through system-wide models or coordinated stress tests.
    - Standardised inputs and a modular system improve shock simulation, linking scenarios through system-wide models or coordinated stress tests.

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