



Summary of regulatory developments

Updates for January 2019

This memo identifies and summarises any regulatory updates published during January 2019 that may be of relevance to life insurance companies.

The following table summarises the relevant updates that were identified in January:

REGULATORY ITEMS IDENTIFIED IN JANUARY THAT MAY BE OF RELEVANCE TO LIFE INSURANCE COMPANIES

Date	Description
7-Jan	The Prudential Regulation Authority (PRA) releases a statement clarifying the PRA's and the Financial Conduct Authority's proposals for the application of the Senior Managers and Certification Regime (SM&CR) to firms in the temporary permissions regime (TPR)
7-Jan	The Financial Conduct Authority (FCA) releases a statement to inform firms that the notification window for the TPR is open
8-Jan	FCA publishes a Consultation Paper (CP) on contractual continuity after Brexit
10-Jan	The European Insurance and Occupational Pensions Authority (EIOPA) publishes its first Report on Costs and Past Performance of insurance and pension products
16-Jan	EIOPA seeks evidence on integration of sustainability risks in Solvency II
17-Jan	EIOPA publishes new sets of Q&A on regulation
17-Jan	PRA consults on changes to various PRA forms relating to applications or notifications for regulatory transactions
23-Jan	FCA consults on cryptoassets guidance
28-Jan	FCA proposes rules on investment pathways and other measures to improve retirement outcomes for consumers
30-Jan	FCA consults on proposals to improve shareholder engagement

Updates for January 2019

This section highlights articles of interest to life companies released in January 2019.

EIOPA

- EIOPA [publishes its first Report on Costs and Past Performance of insurance and pension products](#)

The [report](#) provides aggregate data on the costs of insurance-based investment products (IBIPs) across the European Union as well as for certain similar personal pension products (PPPs) and sets out the net performance for the period between 2013 and 2017. It is based on data derived from Key Information Documents (KIDs). On past performance insufficient data is available from market providers and therefore EIOPA requested additional data from insurance undertakings. Similar requests were necessary for personal pension products.

The report shows that costs vary depending on the type of product, premium, risk category and jurisdiction. Variations in asset management costs related to different risk categories are a major factor.

The report concludes that due to the differences between products there are significant challenges with comparing performance.

- EIOPA [seeks evidence on integration of sustainability risks in Solvency II](#)

EIOPA issued a Call for Evidence to collect information from market participants on the integration of sustainability risks and factors in the prudential assessment of assets and liabilities for insurers and reinsurers. The deadline for submission to this Call for Evidence is Friday 8 March 2019.

- EIOPA [publishes new sets of Q&A on regulation.](#)

Updates include the following:

- [\(EU\) No 2015-2450 templates for the submission of information to the supervisory authorities.](#) Questions 1751, 1776, 1780, 1735, 1786, 1787, 1791, 1792, 1774 and 1723 have been added during January 2019.
- [\(EU\) 2015-35 supplementing Directive 2009-138.](#) Question 1037 has been added during January 2019.

PRA

- PRA [releases a statement clarifying the PRA's and the FCA's proposals for the application of the SM&CR to firms in the TPR](#)

This statement includes a set of FAQs on how the two sets of proposals would apply to dual-regulated, European Economic Area (EEA) firms currently operating in the UK via an establishment passport through a branch (EEA branches).

The points in this statement relating to the FCA's and PRA's proposals for applying the SM&CR to firms in the TPR which currently operate as an EEA branch are subject to the outcome of the PRA's and FCA's consultations.

- PRA [consults on changes to various PRA forms relating to applications or notifications for regulatory transactions](#)

The Policy Statement (PS) provides the final rules and forms to CP 21/18 'Regulatory transactions: Changes to notification and application forms.' The PRA received no responses to the CP and has decided to make the changes to the rules and forms as consulted. The PRA has also made minor typographical and drafting changes, detailed in the PS.

FCA

- FCA [releases a statement to inform firms that the notification window for the TPR is open](#)

The TPR will allow EEA-based firms currently passporting into the UK to continue new and existing regulated business within the scope of their current permissions in the UK for a limited period, while they seek full FCA authorisation, if the UK leaves the EU on exit day without an implementation period in place.
- FCA [publishes a CP on contractual continuity after Brexit](#)

The FCA published [CP 19/2: Brexit and contractual continuity](#)—a proposal to introduce the financial services contracts regime (FSCR) which allows for continuity of existing contracts after exit day for EEA firms which do not enter the TPR or exit the regime without full UK authorisation.
- FCA [consults on cryptoassets guidance](#)

The FCA is consulting on guidance to help firms understand whether their cryptoasset activities fall under FCA regulation. Firms will have a better understanding of whether they need to be authorised and can ensure they are compliant and have appropriate consumer safeguards in place.

The consultation is in response to industry request for greater clarity, and to the Cryptoasset Taskforce's recommendation that the FCA provides additional guidance on the existing regulatory perimeter.
- FCA [proposes rules on investment pathways and other measures to improve retirement outcomes for consumers](#)

The FCA is proposing that firms offer customers who do not take advice a range of investment solutions that broadly meet their objectives, otherwise known as 'investment pathways.' The FCA is also proposing that consumers' pension investments are not defaulted into cash savings unless the customer actively chooses this option. These measures are a part of the FCA's wider pensions strategy, and follow from the Retirement Outcomes Review report in summer 2018.

The FCA is also announcing new rules on the 'wake up packs' that must be given to consumers as they approach retirement, and on the disclosure of charges by pension providers.
- FCA [consults on proposals to improve shareholder engagement \(CP 19/7\)](#)

The FCA proposes regulatory measures to implement the provisions of the amended Shareholder Rights Directive (SRD II) for FCA-regulated life insurers and asset managers, as well as for issuers of shares in respect of related party transactions. The Directive comes into effect in June 2019 and, assuming a transition period for EU withdrawal is agreed, will need to be transposed in the UK. SRD II aims to promote effective stewardship and long-term investment decision-making.



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CONTACT

Claire Booth
claire.booth@milliman.com

Neil Christy
neil.christy@milliman.com

Oliver Gillespie
oliver.gillespie@milliman.com