



# Summary of regulatory developments

## Updates for August 2022

This memo identifies and summarises any regulatory updates published during August 2022 that may be of relevance to life insurance companies.

The following table summarises the relevant updates identified in August.

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

Date	Description
1-Aug	The European Insurance and Occupational Pensions Authority (EIOPA) <a href="#">consults on governance arrangements in third countries</a>
1-Aug	EIOPA <a href="#">publishes its Risk Dashboard based on the first quarter of 2022 Solvency II data</a>
2-Aug	EIOPA <a href="#">publishes final application guidance on how to reflect climate change in Own Risk and Solvency Assessments (ORSAs)</a>
8-Aug	The Prudential Regulation Authority (PRA) <a href="#">publishes PS7/22, "Responses to Occasional Consultation Paper March 2022"</a>
23-Aug	The Financial Conduct Authority (FCA) <a href="#">looks for external experts to help shape its work on Environmental, Social and Governance (ESG) issues</a>
31-Aug	EIOPA <a href="#">publishes its Q&amp;A on regulation</a>

## Updates for August 2022

This section highlights articles of interest to life companies released in August 2022.

### EIOPA

- EIOPA [consults on governance arrangements in third countries](#)

This consultation aims to enhance the supervision and monitoring of insurance undertakings' and intermediaries' compliance with relevant EU legislation concerning governance arrangements in third countries.

EIOPA indicates that governance arrangements raise concerns when they are used to conduct certain regulated functions and activities for undertakings and intermediaries that ultimately serve policyholders in the European Economic Area (EEA). This has the potential to impair risk management and effective decision making and impact the ability of supervisory authorities to conduct proper supervision.

Stakeholders are invited to provide feedback by 31 October 2022.

- EIOPA [publishes its Risk Dashboard based on the first quarter of 2022 Solvency II data](#)

The results show that insurers' exposures to macro, market and digitalisation risks are currently the main concern for the insurance sector. The other risk categories, such as insurance as well as profitability and solvency risks, stay at medium levels.

With regard to macro risks, forecasted gross domestic product (GDP) growth at global level decreased while inflation forecasts for main geographical areas remain high. Central banks are adjusting their instruments in response to this.

- EIOPA [publishes final application guidance on how to reflect climate change in ORSA](#)

The application guidance provides a detailed and practical basis on how to implement sustainable finance ambitions in practice. It gives insights into where undertakings have the possibility to address climate change risks in the ORSA and provides examples using dummy non-life and life companies to help undertakings design the steps for the materiality assessment and run climate change scenarios.

The case studies for materiality assessment of climate change scenarios should also contribute to lowering implementation costs for insurance undertakings and improve the comparability of reported information.

- EIOPA [publishes its Q&A on regulation](#)

Updates include the following:

- (EU) No 2015/35 – Taking-up and pursuit of the business of Insurance and Reinsurance (SII). Question [2402](#).
- (EU) No 2009/138 – Solvency II Directive (Insurance and Reinsurance). Question [2442](#).
- (EU) No 2015/2450 – Templates for the submission of information to the supervisory authorities. Question [2471](#).

### FCA

- The FCA [looks for external experts to help shape its work on ESG issues](#)

The FCA has decided to establish a new ESG Advisory Committee to help execute its ESG-related responsibilities and provide advice to the board. This includes meeting the government's expectation that the FCA "have regard" to the UK's commitment to achieving a net zero economy by 2050, when considering how to advance and achieve their objectives and functions.

The Committee's membership will include a small number of external experts who have in-depth knowledge of ESG issues in the financial sector. The Committee is expected to meet for the first time in Q4 2022, and at least quarterly from then onwards. The FCA is accepting applications until 16 September 2022.

## PRA

- The PRA publishes [PS7/22, “Responses to Occasional Consultation Paper March 2022”](#)

This policy statement (PS) sets out the PRA’s final proposals regarding minor amendments to:

- UK Technical Standards
- PRA rules
- Supervisory Statements
- Statement of Policies

Chapter 2 and Chapter 5 of the PS contain changes relevant to UK insurers. Chapter 2 highlights amendments to the PRA’s approach to Solvency II technical information. Chapter 5 identifies legacy supervisory statements that have been deleted. They include supervisory statements covering EIOPA guidelines and the UK’s withdrawal from the EU.

The implementation date for the policy changes is 1 September 2022.



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