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INSURANCE REGULATORY EBULLETIN

ROUND UP OF REGULATORY DEVELOPMENTS IN FEBRUARY 2023



WELCOME TO OUR INSURANCE REGULATORY EBULLETIN

Welcome to this February 2023 edition of our Insurance Regulatory eBulletin, which aims to keep you updated with significant regulatory developments from the last month and their implications across the insurance sector.

This month on the Prudential side, there have been a couple of speeches referring to potential changes in the solvency rules and also to the Government's desire to promote growth and competitiveness in the insurance sector. There have also been several pieces of updated guidance regarding financial sanctions and cyber crime.

On the Conduct side, the FCA have issued separate letters to the life and general insurance sectors to help them implement and embed the Consumer Duty effectively. In addition, Sheldon Mills, of the FCA, in a speech at the *Countdown to Implementation of the Consumer Duty* event, likened the preparation for the Consumer Duty to the advice from Mark Twain who said: "Eat a live frog first thing in the morning and nothing worse will happen to you the rest of the day". He thanked those who had taken the time to tackle a task of preparing for the Consumer Duty, that at first may have seemed overwhelming. In so doing he stated: "Many of you have eaten that frog. Or at least devoured a leg".

This bulletin contains as much up to date regulatory news as we can gather. Inevitably, this may change as the current situation develops and we will aim to keep you informed in the future.

Please do not hesitate to contact myself or your usual BDO contact if you have any concerns over any matter highlighted in this update. For more information about our audit, tax and advisory services to the insurance sector, visit our [insurance services](#) page.

I hope you enjoy reading this latest update.



ALEX BARNES
PARTNER

+44 (0)20 7651 1213
alex.barnes@bdo.co.uk

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PRUDENTIAL REGULATION

FUNDAMENTAL SPREADS – SPEECH BY SAM WOODS

Sam Woods, Chief Executive of the PRA, delivered a [speech](#) at the ABI Dinner on 20 February 2023 on the next steps for reforming the Solvency II insurance regulations in the UK. Specifically, on whether UK Parliament agrees to progress the Solvency UK package, and what this means for moving from the debating phase of regulatory reform into the implementation phase.

ECONOMIC SECRETARY SPEECH AT THE ASSOCIATION OF BRITISH INSURERS' ANNUAL CONFERENCE

Andrew Griffith MP, Economic Secretary to the Treasury, delivered a [speech](#) at the Association of British Insurers' Annual Conference on 21 February 2023. He spoke about the Government's plans to promote growth and competitiveness in the insurance sector, including reform of burdensome EU-era Solvency II rules. Among other things, he spoke about:

- ▶ reforming MiFID II and MiFIR;
- ▶ streamlining the senior manager authorisation regime;
- ▶ removing the cap on the number of senior managers a bank can authorise; and
- ▶ reforming the regulatory framework for pensions.

LETTER FROM THE BANK, PRA, AND FCA '2022 CBEST THEMATIC FINDINGS'

The PRA, Bank of England, and the FCA have [published](#) the thematic findings from the latest annual cycle of CBEST assessments on participating banks, insurers, asset and investment managers and Financial Market Infrastructures. The themes are based on over 350 findings from intelligence-led penetration tests conducted on 14 firms and are presented together with examples of the most common control weaknesses within those areas. The purpose of making these findings available to

senior managers with responsibility for cyber is to ensure that firms can benefit from any identified weaknesses and address similar weaknesses in their firm; to raise awareness in senior executive teams; and to inform the work of risk and internal audit functions.

ECONOMIC CRIME AND CORPORATE TRANSPARENCY BILL 2022: ECHR MEMORANDA

HM Treasury has updated the European Convention on Human Rights (ECHR) [memorandum](#) relating to the Economic Crime and Corporate Transparency Bill, as at 30 January 2023.

The Bill is made up of six parts:

- ▶ amendments to the Companies Act 2006 to reform Companies House processes and furnish the Registrar with new statutory functions and objectives;
- ▶ reforms to bring the law applicable to limited partnerships up to date and to bring greater alignment with the law applicable to companies;
- ▶ new provisions relating to the Register of Overseas Entities, which was introduced by the earlier 2022 Act;
- ▶ changes to the law relating to the seizure of cryptoassets;
- ▶ further reforms to the legal framework that makes up the anti-money laundering regime;
- ▶ other general provisions.

The memorandum is concerned with parts 1 to 3 of the Bill, which contain the content in relation to the Department of Business, Energy & Industrial Strategy (BEIS).

OFSI & HM TREASURY UPDATED GUIDANCE

On 1 February 2023, the Office of Financial Sanctions Implementation (OFSI) and HM Treasury has [published](#) updated guidance for

financial sanctions under the Sanctions and Anti-Money Laundering Act 2010, which includes:

- ▶ UK financial sanctions: General guidance for financial sanctions under the Sanctions and Anti-Money Laundering Act 2018;
- ▶ Monetary penalties for breaches of financial sanctions: guidance;
- ▶ (Libya (Sanctions) (EU Exit) Regulations 2020);
- ▶ Charity sector guidance: financial Sanctions guidance for charities and other non-governmental organisations (NGOs);
- ▶ Importers and exporters: financial sanctions - frequently asked questions; and
- ▶ Maritime guidance.

The OFSI has updated its frequently asked questions page on financial sanctions. This document covers questions relevant to those involved in importing and exporting goods and services, especially those operating in areas where financial sanctions are in force. It should be read alongside the OFSI's Financial Sanctions Guidance and also the guidance that corresponds with each sanctions regime.

RANSOMWARE AND SANCTIONS GUIDANCE

The OFSI has published [guidance](#) on ransomware and financial sanctions. It contains information on:

- ▶ the impact on ransomware payments;
- ▶ cyber sanctions legislation;
- ▶ His Majesty's Government's (HMG) approach to enforcement and what you need to do;
- ▶ sectoral sanctions risk; and
- ▶ cyber resilience and mitigating ransomware attacks.

G7 FUNDAMENTAL ELEMENTS FOR THREAT-LED PENETRATION TESTING

HM Treasury has published a [policy paper](#) setting out the G-7 Fundamental Elements for Threat-Led Penetration Testing (G7FE-TLPT), a guide for finance sector firms on the assessment of the resilience against malicious cyber incidents and

for authorities considering the use of threat-led penetration testing (TLPT) within their jurisdictions. The G7FE aims to drive greater compatibility among TLPT approaches and not to invalidate existing frameworks or prevent their continuous adaptations to the evolving threat landscape.

G7 FUNDAMENTAL ELEMENTS FOR THIRD PARTY CYBER RISK MANAGEMENT IN THE FINANCIAL SECTOR

HM Treasury has [published](#) an updated guide to third-party risk management for the finance sector. The G7 originally issued the Fundamental Elements for Third Party Cyber Risk Management in the Financial Sector in 2018 as a way to support the development of third-party cyber risk management in the financial sector. The use of third parties, including ICT providers, may introduce added cyber risks that entities should consider and manage. In recent years, cyber incidents have shown that critical parts of the ICT supply chain can involve cyber risk for an individual entity as well as systemic cyber risk to the financial sector.

CP2/23 MOVING SENIOR MANAGERS REGIME FORMS FROM THE PRA RULEBOOK

The PRA is [consulting](#) on its proposals to remove certain Senior Managers and Certification Regime (SM&CR) forms from the PRA Rulebook and to extend the length of employment history required in the long form A. The proposals would make changes to the Senior Manager Regime - Applications and Notifications Parts of the PRA Rulebook. This means that when the PRA needs to make administrative or other non-material changes to these forms it would not be required to follow the statutory consultation process for rule changes. These forms would be available on the Connect system in the same manner as other regulatory transaction forms.

The deadline for submitting comments is 28 February 2023.

CP3/23 - DEALING WITH INSURERS IN FINANCIAL DIFFICULTIES

The PRA has issued a [consultation paper](#) setting out its proposed rules and policy in respect of

the changes introduced by the Financial Service and Markets Bill 2022-23 (FSM Bill) to the Financial Services and Markets Act 2000 (FSMA) concerning insurers in financial difficulties. The proposals would result in changes to the Policyholder Protection Part of the PRA Rulebook (PPP) (Appendix 1), the Policyholders protection Statement of Policy (FSCS SoP), the introduction of new PRA rules, and a new SoP.

Comments should be submitted on or before 31 March 2023.

WAIVERS AND MODIFICATIONS OF RULES

The PRA has [updated](#) its waivers and modifications of rules page. Specifically, the PRA has made the modification by consent of Solvency II Reporting 2.2(1) available.

SUPPLEMENTARY INFORMATION FOR APPLICATIONS FOR QUARTERLY REPORTING EXEMPTIONS

The PRA has [published](#) supplementary information for applications for quarterly reporting exemptions. It considers that firms designated as category 3 and 4 by the PRA can apply on a solo basis for a modification by consent. Firms designated as category 1 and 2 by the PRA may be able to apply on an exceptional basis for a rule modification. Firms that are part of a group can apply on a solo and a group basis.

UPDATE ON BANK OF ENGLAND AND FINANCIAL CONDUCT AUTHORITY MEMORANDUM OF UNDERSTANDING ON THE SUPERVISION OF MARKET INFRASTRUCTURE AND PAYMENT SYSTEMS

The Bank of England has [announced](#) that it co-operates closely with both the FCA and Payment Systems Regulator (PSR) to supervise financial market infrastructure and payment systems respectively and help ensure the stability and integrity of UK financial markets. The frameworks for co-operation with these authorities are set out in two memoranda of understanding (MoU) to support effective supervision and policy making by sharing information between the regulators and promote efficiency by minimising duplication of

regulators' activities in respect of these entities. Signatories to the frameworks are required to review the MoUs annually to assess whether the arrangements set out in the MoU are proving effective. The conclusions from the results of this review which included seeking feedback from supervised firms and consultation with market infrastructures have been published.

CONDUCT REGULATION

SPEECH BY SHELDON MILLS - CALL OF DUTY: HOW PUTTING CUSTOMERS FRONT AND CENTRE WILL HELP INDUSTRY INNOVATE

On 22 February, Sheldon Mills, Executive Director, Consumers and Competition, [delivered](#) a speech at the Countdown to Implementation of the Consumer Duty event: The themes of the speech were:

- ▶ Firms will innovate through the Consumer Duty, which puts customers at the heart of any planning for financial services and products.
- ▶ The FCA is thankful to the many firms that are continuing to make substantial efforts to embed the policy across their organisations.
- ▶ Focusing on the areas that will have the greatest impact on consumer outcomes should be every firm's priority ahead of 31 July.

IMPLEMENTING THE CONSUMER DUTY IN LIFE INSURANCE

On 3 February, the FCA issued a [letter](#) to firms in the Life Insurance sector and their FCA-regulated outsourced service providers (OSPs) to help them implement and embed the Consumer Duty effectively. The letter is for all Life Insurance firms whose products and services are used by retail customers, and all FCA-regulated OSFs providing servicing and administration services to these firms. The relevant products and services include pensions, long-term savings and retirement income and pure protection. The FCA's letter sets out:

- ▶ a reminder of the implementation timeline, key elements of the Duty and how it applies to Life Insurers and OSFs;
- ▶ expectations for how firms should embed the Duty, including relevant examples of good and poor practice;
- ▶ feedback from a recent review of firms' implementation plans;

- ▶ the FCA's approach to supervising the Duty for Life Insurer and OSFs; and
- ▶ planned next steps.

IMPLEMENTING THE CONSUMER DUTY IN THE GENERAL INSURANCE AND PURE PROTECTION SECTORS

On 3 February, the FCA published a [letter](#) to firms in the General Insurance (GI) and Pure Protection (PP) sectors to help them implement and embed the Consumer Duty effectively. The letter sets out:

- ▶ a reminder of the implementation timeline, key elements of the Duty and how it applies to firms;
- ▶ the FCA's expectations for how firms should embed the Duty in the GI and PP sectors, including relevant examples of good and poor practice;
- ▶ the FCA's approach to supervising the Duty in the GI and PP sectors and planned next steps.

The Duty comes into force on 31 July 2023 for new and existing products or services that are open to sale or renewal, and on 31 July 2024 for closed products or services.

PROTOCOL FOR THE RELATIONSHIP BETWEEN THE OFFICE OF THE COMPLAINTS COMMISSIONER AND THE FCA

The FCA has outlined the [protocols](#) for its relationship with the Office of the Complaints Commissioner. These protocols make provisions for, among other things, the level of communication between the FCA and the Commissioner, investigations into complaints sent to the Commissioner, confidentiality, and Annual Reports and Management Information.

This document is dated December 2022, but was published on the FCA's website on 8 February 2023.

REGULATORY INITIATIVES GRID DASHBOARD - FEBRUARY 2023

The FCA has published the [Regulatory Initiatives Grid dashboard](#) for February 2023. The interactive dashboards allow users to filter initiatives included in the February 2023 Grid by:

- ▶ sector;
- ▶ expected impact on firms;
- ▶ those of interest to consumers and consumer organisations; and
- ▶ whether consultations are currently planned for the initiative during the Grid planning horizon.

CIVIL LIABILITY (INFORMATION REQUIREMENTS) AND RISK TRANSFORMATION (AMENDMENT) REGULATIONS 2020

The [Civil Liability \(Information Requirements\) and Risk Transformation \(Amendment\) Regulations 2020](#) in relation to the Civil Liability Act 2018 impose requirements for reporting data upon relevant insurers. The data to be provided under these regulations is to cover the three annual periods commencing 1 April 2020 and finishing 31 March 2023 and is to be provided to us as a single return to the FCA by 1 October 2023. There is an expectation that there is a once only audit of this information.

FS23/1 SYNTHETIC DATA CALL FOR INPUT FEEDBACK STATEMENT

The FCA has published a [feedback statement](#) in response to the feedback it received to its Call for Input on synthetic data published in March 2022. The FCA has identified several key themes to refine its thinking on next steps, and to ensure that it continues to be at the forefront of innovation in financial services. Based on this feedback and previous research, the FCA's current position is that synthetic data can make an important contribution to beneficial innovation in UK financial markets. The FCA believes more research is needed before the benefits of this technology can be fully realised. The FCA will continue to engage with domestic and international regulators, industry, and academia to explore synthetic data and data

sharing further, and will continue to explore potential partnerships to address key use cases in the future.

The FCA is also establishing a Synthetic Data Expert Group to create an effective framework for collaboration on issues related to synthetic data. This group will explore key issues in theory and in practice with the use of synthetic data in UK financial markets and identify best practices for adoption. It will also provide a sounding board on specific FCA synthetic data projects.

Applications to join the group will open in February 2023, with the first session to be in the spring.

DP23/1 FINANCE FOR POSITIVE SUSTAINABLE CHANGE: GOVERNANCE, INCENTIVES AND COMPETENCE IN REGULATED FIRMS

The FCA is [seeking feedback](#) on how firms embed a clear purpose, how this relates to sustainability objectives, and the strength of the 'tone from the top' on sustainability-related issues. The FCA believes remuneration is an essential tool to help align corporate outcomes with long-term sustainability goals. The FCA would welcome feedback on how firms' governance, incentives and competencies align with their integration of sustainability-related considerations and their commitments to contribute to positive change.

Comments should be submitted by 10 May 2023.

CP23/4 VALUE FOR MONEY: A FRAMEWORK ON METRICS, STANDARDS, AND DISCLOSURES

The FCA, Department for Work and Pensions (DWP), and the Pensions Regulator (TPR), has issued a [consultation paper](#) seeking views and evidence on the metrics, standards and public disclosure of data required under the proposed Value for Money (VFM) framework and the proposed use of this data in comparisons and assessments of VFM. The overarching aim of the proposed VFM framework is to improve the value savers get from their defined contribution (DC) pension. The framework will improve comparability, transparency and competition across DC pension schemes, and help schemes shift their focus from purely cost to a more

considered and holistic assessment of value for money.

Comments should be submitted by 27 March 2023.

PRIMARY MARKET BULLETIN 43

The FCA has [published](#) the latest edition of its Primary Market Bulletin newsletter. This edition includes articles on:

- ▶ the launch of multi-factor authentication for FCA systems, including the Electronic Submission System, and
- ▶ the equivalence of non-UK regimes.

FINANCIAL PROMOTIONS QUARTERLY DATA 2022 Q4

The FCA has [published](#) data covering 1 October 2022 to 31 December 2022 from its action against authorised firms breaching financial promotion rules and referrals and investigations into unregulated activity. The data gathered enables the FCA to monitor developments in the market, get insights into sectors it has concerns about and act to prevent consumers from harm. 870 promotions were reviewed during Q4 2022, with intervention resulting in 3,973 amends /withdrawals. 531 alerts were issued by the FCA about unauthorised firms and individuals, with 10% of these related to clone scams.

REGULATORY FEES AND LEVIES 2023/24: FEE-BLOCKS A023 AND I025 - FUNERAL PLAN PROVIDERS AND INTERMEDIARIES

The FCA has [published](#) a guidance sheet providing details on the data to include within the firm's fee tariff data submission for the following fee-blocks:

- ▶ FCA fee-block A023 - funeral plan intermediaries and providers; and
- ▶ FOS industry block I025 - general insurance distribution. Firms that have been placed into this fee block due to legacy Funeral Plan Contract permissions that are no longer used must contact the Supervision Hub to remove the permission by 31 March 2023 in order to avoid the associated fees for 2023/24.

BRITISH STEEL PENSION SCHEME - UPDATE

The FCA has [published](#) an updated version of its news story on misleading offers to former British Steel Pension Scheme (BSPS) members. They have identified 15 firms who are engaged in this misconduct, most of which are associated with the British Steel Action Group. The FCA is concerned that this is a deliberate attempt to exclude former BSPS members from the scheme, binding them to receiving less money than they might be entitled to under the scheme.

The FCA have required two firms, [Abbey Lane Financial Associates Limited](#) and [Estate Capital Financial Management Limited](#), to stop making unsolicited settlement offers to former BSPS members. The firms will be required to apply the redress scheme to consumers who have accepted these offers in the same way they must for consumers who have not accepted offers.

FCA 2023/6 FCA REGISTRATION FUNCTION UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014 GUIDE INSTRUMENT 2023

The FCA has [adopted](#) the FCA Registration Function under the Co-operative and Community Benefit Societies Act 2014 Guide Instrument 2023, which amends the Glossary of definitions and the FCA Registration Function under the Co-operative and Community Benefit Societies Act 2014 Guide (RFCCBS). This instrument comes into force on 24 February 2023.

REGULATION ROUND UP

On 23 February, the FCA published its monthly Regulation Round-up. In addition to various topics, detailed above, this noted the following:

- ▶ Appointed representatives changes: A reminder for principal firms to notify the FCA, using the appropriate forms, of any changes in status to Appointed Representatives. In particular, where they go out of business or change name.
- ▶ Innovation Advisory Group (IAG): The FCA have announced appointments to their IAG which has met for the first time. This group will provide early input into planned

initiatives, bring to the FCA's attention key issues or concerns impacting the FinTech and RegTech sectors, identify opportunities for continued innovation in financial services, and collaboration between the industry and the regulator.

EIOPA

We continue to monitor EIOPA's activity and draw your attention to it where we believe it to be necessary or helpful. This will, we hope, assist those firms continuing to operate in the EU.

Items of possible interest this month are as follows:

DEMYSTIFYING PENSIONS - A SPEECH BY PETRA HIELKEMA

On 23 February, Petra Hielkema, Chair of EIOPA, delivered the keynote [speech](#) at the Fourth Occupational Retirement Provision Forum in Athens. She spoke about the myths concerning pensions that persist from generation to generation and how to overcome them.

EIOPA-22/362 SUPERVISORY STATEMENT: THE USE OF GOVERNANCE ARRANGEMENTS IN THIRD COUNTRIES

On 3 February, EIOPA issued a [Supervisory Statement](#) on the use of governance arrangements in third countries to perform functions or activities. The Statement is intended to ensure appropriate supervision and monitoring of the compliance of insurance undertakings and intermediaries with the requirements of the relevant EU legislation in relation to their governance arrangements. It is addressed to the competent authorities.

IMPACT UNDERWRITING: REPORT ON THE IMPLEMENTATION OF CLIMATE-RELATED ADAPTATION MEASURES IN NON-LIFE UNDERWRITING PRACTICES

On 6 February, EIOPA [published](#) a report on the implementation of climate-related adaptation measures in non-life insurance underwriting practices. EIOPA discusses the pilot exercise it undertook with 31 volunteering insurance undertakings from 14 countries. The aim of the exercise was to develop a better understanding of the industry's current underwriting practices in relation to climate change adaptation and to assess their prudential treatment under Solvency II. Overall, while the exercise demonstrated that

the current implementation level of adaptation measures in the European insurance market indicate that progress is being made to make society and the economy more resilient against the occurrence of climate- and weather-related loss events, there is definite room for improvement. Three main areas of challenges were drawn from the participants' responses:

- ▶ the lack of policyholder awareness about the influence of climate change on their physical risk exposures and corresponding preventive actions;
- ▶ difficulties for insurance undertakings to implement adaptation measures in standardised insurance contracts; and
- ▶ the material costs associated with adaptation measures that would require financial incentives for an effective stimulation of climate change adaptation in non-life insurance.

EIOPA stresses that it will continue its work on impact underwriting and will contribute with its work programme for 2023 to help solve some of the challenges that came up in the pilot exercise.

BOARD OF SUPERVISORS DECISION REGARDING EIOPA'S OCCUPATIONAL PENSIONS INFORMATION REQUEST

On 10 February, EIOPA issued a [decision](#) setting out the reporting templates, formats and instructions for national competent authorities (NCAs) with regard to the IORP Directive. The reporting requirements apply to:

- ▶ all NCAs being responsible for the supervision of arrangements or activities subject to the IORP Directive, which are Members of the Board of Supervisors of EIOPA; and
- ▶ the EEA EFTA Members of the EEA and EFTA NCAs to the extent to which the IORN Directive is binding on them.

The reporting deadline for quarterly data is to be nine weeks following the end of the quarter, and for annual data, this will be 20 weeks.

CONSULTATION: ESMA GUIDELINES FOR THE EXCHANGE OF INFORMATION TO ASSESS FITNESS AND PROPRIETY BY COMPETENT AUTHORITIES

The three European Supervisory Authorities (ESAs) (These being EBA, EIOPA and ESMA) are inviting stakeholders to respond to the [consultation paper](#) on draft joint Guidelines on the system for the exchange of information when assessing the fitness and propriety requirements. These Guidelines aim to increase the efficiency of the information exchange between sectoral supervisors by harmonising practices and clarifying how competent authorities should use the information system developed by the three ESAs.

The deadline for submitting comments is 2 May 2023.

EIOPA CONSULTATION - DRAFT AMENDMENTS TO REGULATORY TECHNICAL STANDARDS: ADAPTING BASE EURO AMOUNTS FOR PROFESSIONAL INDEMNITY INSURANCE AND FINANCIAL CAPACITY OF INSURANCE INTERMEDIARIES UNDER IDD

EIOPA has launched a public [consultation](#) on its draft amendments to the Regulatory Technical Standards (RTS) adapting the base euro amounts for the professional indemnity insurance (PII) cover and financial capacity of insurance intermediaries under the Insurance Distribution Directive (IDD). The IDD prescribes that changes to the minimum amounts shall be based on the rate of inflation.

Comments can be submitted until 6 May 2023.

CORPORATE GOVERNANCE

POST IMPLEMENTATION REVIEW OF TECHNICAL ACTUARIAL STANDARDS: POSITION PAPER

The Financial Reporting Council (UK) (FRC) has [published](#) a position paper summarising the feedback received to the Call For Feedback (CFF) published in May 2022 and providing clarity over how the FRC proposes to respond to feedback, taking into account the events arising that have implications for actuarial regulation. In total, twelve responses were received by the FRC, all of which were non-confidential and have been published on the FRC website.

CONSULTATION ON PROPOSED AMENDMENTS TO TECHNICAL ACTUARIAL STANDARDS 400

On 1 February 2023, the FRC issued a [consultation paper](#) outlining revisions to Technical Actuarial Standards 400, following the transfer of funeral plan authorisations and supervision to the FCA. The proposed amendments include, among other things, new requirements for actuaries' responsibilities, such as approvals and transfers. Comments should be submitted on or before 12 April 2023.

The FRC has also published an [Exposure Draft](#) concerning Technical Actuarial Standard 400: Funeral plans (TAS 400), which covers:

- ▶ the determination, calculation and verification of the assets and liabilities of a funeral plan trust as required by legislation;
- ▶ the standards required by the rules of the FCA under The Funeral Plan: Conduct of Business Sourcebook (FPCOB); or
- ▶ the determination, calculation and verification of the liabilities of a funeral plan for inclusion in the relevant funeral plan provider's corporate accounts.

IASB EXPOSURE DRAFT ON INTERNATIONAL TAX REFORM: PILLAR TWO MODEL RULES

The FRC [announced](#) that the International Accounting Standards Board (IASB) has proposed a temporary exception from deferred tax accounting for Pillar Two top up tax and a new set of disclosures in response to concerns regarding the complexity of deferred tax accounting in relation to Pillar Two.

The has announced that the UK Endorsement Board (UKEB) has published a [draft comment letter](#) in response to the IASB Exposure Draft (ED) International Tax Reform - Pillar Two Model Rules for public consultation.

The FRC has stated that it welcomes the ED and supports its objectives, the accelerated timetable and the introduction of a mandatory temporary exception from accounting for deferred tax arising from the Pillar Two model rules. The FRC has also set out some potential enhancements to the proposals, identified from its analysis and outreach with stakeholders.

Comments can be submitted to the UKEB on or before 3 March 2023.

FRC RELEASES PATCH FOR 2023 TAXONOMY SUITE

The FRC has released a [hotfix](#) to the 2023 Taxonomy Suite. This was necessary to address an issue that would have prevented two income hypercubes being valid regardless of how the tagging was arranged.

INFORMATION COMMISSIONER'S OFFICE

We continue to monitor material being issued by the Information Commissioner's Office (ICO) with a view to highlighting high-level matters that may be relevant to readers. The following has been identified for this month:

INFORMATION COMMISSIONER'S OFFICE CALLS FOR ACCOUNTANTS TO PLAY THEIR ROLE IN SMES DATA PROTECTION COMPLIANCE

The ICO is [calling](#) on UK accountants to recognise the crucial role they play in helping their SME clients have the right data protection practises in place from the day their business is established. The ICO has listed seven key questions for accountants to ask their SME clients about their data protection compliance.

- ▶ How much does your client know about data protection compliance and the ICO?
- ▶ What types of personal information will they collect on a day-to-day basis?
- ▶ Encourage them to ask 'why' they are holding this personal information?
- ▶ What security measures do they have in place?
- ▶ Do they have a privacy notice?
- ▶ Do they know what a subject access request (SAR) is?
- ▶ Do they know what to do if their business has a personal data breach?

BUSINESS FINED £200,000 FOR MAKING OVER 1.7 MILLION UNLAWFUL CALLS

On 16 February, the ICO [fined](#) It's OK Ltd £200,000 for what it called a "sustained and exploitative campaign" of nuisance calls.

It's OK Ltd have been found to have made 1,752,149 nuisance calls over the period 1 July 2019 to 1 June 2020 to people registered with the Telephone Preference Service (TPS).

Some complaints received by the ICO suggested that the company would attempt to mislead individuals that their white good warranties had expired and encourage them to pay for services they may not have needed.

The ICO's investigation also found evidence to suggest that It's OK Ltd were potentially targeting elderly individuals.

FORMER RAC EMPLOYEE FINED FOR STEALING DATA OF VICTIMS OF ROAD TRAFFIC INCIDENTS

A former employee of breakdown services company, the RAC, has [pleaded guilty](#) and been fined for the stealing of data of victims of road traffic accidents.

The employee was working for the RAC as a Customer Solutions Specialist. Over a single month in 2019, the RAC had received 21 complaints from suspicious drivers who received calls from claims management companies following accidents in which the RAC had assisted.

A search warrant, executed by the ICO, seized two phones from the employee and a customer receipt for £12,000. The phones contained photos of data on it relating to over one hundred road incidents.

The employee pleaded guilty to two counts of stealing data in breach of Section 170 of the Data Protection Act 2018 when he appeared at Dudley Magistrates Court in January 2023. He was fined £5,000 and ordered to pay a victim surcharge and court costs.

The ICO Director of Investigations, said:

"...We know that receiving nuisance calls can be hugely frustrating and people often wonder how these companies got their details in the first place.

This case shows one such way that it happens. But also shows that those who do this crime will be caught, will be convicted and justice will be served."

ENFORCEMENT ACTION

PRA / FCA REGULATORY FINES ROUND-UP

We have reviewed key relevant enforcement action announced by the PRA / FCA during February and there were no relevant matters to report.

CONTACTS

EXTERNAL AUDIT

ALEX BARNES

Partner & Head of Insurance
alex.barnes@bdo.co.uk

GEETA JOSHI

Partner
geeta.joshi@bdo.co.uk

JOHN PERRY

Partner
john.perry@bdo.co.uk

TOM REED

Partner
tom.reed@bdo.co.uk

RUPERT LIVINGSTONE

Principal
rupert.livingstone@bdo.co.uk

INTERNAL AUDIT

CHRIS BELLAIRS

Partner
christian.bellaairs@bdo.co.uk

SAM PATEL

Partner
sam.patel@bdo.co.uk

LUKE PATTERSON

Partner
luke.patterson@bdo.co.uk

REGULATORY ADVISORY

RICHARD BARNWELL

Partner
richard.barnwell@bdo.co.uk

JOHN OWENS

Director
john.owens@bdo.co.uk

NICOLA BALL

Director
nicola.ball@bdo.co.uk

ACCOUNTING & CORPORATE REPORTING ADVISORY

MARK SPENCER

Principal - Accounting & Corporate Reporting Advisory Leader
mark.spencer@bdo.co.uk

ACTUARIAL

ROB MURRAY

Partner & Head of Actuarial
rob.murray@bdo.co.uk

SANTIAGO RESTREPO

Partner
santiago.restrepo@bdo.co.uk

ELINORE O'NEILL

Director
elinore.oneill@bdo.co.uk

TAX

THOMAS TO

Partner
thomas.to@bdo.co.uk

CORPORATE FINANCE

ADAM WHISTANCE

Director & Head of Insurance M&A
adam.whistance@bdo.co.uk

OLADIPO OYE-SOMEFUN

Director
oladipo.oye-somefun@bdo.co.uk

FORENSICS

RICHARD CAMERON-WILLIAMS

Partner
richard.cameron-williams@bdo.co.uk

OUTSOURCING

ROBERT HUTCHINGS

Director
robert.hutchings@bdo.co.uk

FOR MORE INFORMATION:

ALEX BARNES

+44 (0)7903 891 435
alex.barnes@bdo.co.uk

JOHN OWENS

+44 (0)7946 700 242
john.x.owens@bdo.co.uk

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