

CONSULTATION PAPER
NO. 13 OF 2025

**IAIS INSURANCE CORE PRINCIPLES
AND CLIMATE RISK MANAGEMENT**

26 NOVEMBER 2025



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Introduction

Why we are issuing this paper

1. The Financial Services Regulatory Authority (the “FSRA” or “we”), the financial services regulator for Abu Dhabi Global Market (“ADGM”), recently completed ten years of operations and considers this an opportune moment to take stock of our regulatory framework for financial services.
2. Our ambition is to ensure that our regulatory framework continues to be aligned with international standards, including those issued by the following international standard-setting bodies:
 - (i) *Core Principles for effective banking supervision*¹, issued by the Basel Committee on Banking Supervision (the “BCBS Principles” and “BCBS” respectively);
 - (ii) *Objectives and Principles of Securities Regulation*², issued by the International Organization of Securities Commissions (the “IOSCO Principles” and “IOSCO” respectively); and
 - (iii) *Insurance Core Principles*³, issued by the International Association of Insurance Supervisors (the “IAIS Principles” and “IAIS” respectively).

For this Consultation Paper (“CP”), these will be referred to collectively as the “International Standards”.

3. The first stage in the benchmarking of our regulatory framework considered alignment with the BCBS Principles. We published Consultation Paper No. 9 of 2024 in October 2024, and implemented the relevant amendments in January 2025, alongside other miscellaneous amendments.
4. The second stage considered alignment with the IOSCO Principles. We published Consultation Paper No. 8 of 2025 in July 2025 and implemented the relevant amendments in October 2025 to further this effort.

¹ <https://www.bis.org/bcbs/publ/d573.pdf>, April 2024

² <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD561.pdf>, May 2017

³ <https://www.iais.org/uploads/2025/06/IAIS-ICPs-and-ComFrame-December-2024.pdf>, December 2024

5. This CP addresses the following topics.

Topic	Firms affected
Section A contains proposals to address the areas where enhancements to the regulatory framework will ensure further, appropriate alignment with International Standards, in this case, the IAIS Principles.	<ul style="list-style-type: none"> • Insurers, including Captive Insurers • Insurance Intermediaries • Insurance Managers
Section B proposes the introduction of International Financial Reporting Standard 17 <i>Insurance Contracts</i> (“IFRS 17”) for reporting by Insurers.	<ul style="list-style-type: none"> • Insurers, including Captive Insurers
Section C outlines miscellaneous enhancements intended to provide greater clarity and remove unnecessary regulatory requirements.	<p>In relation to the mechanism to lodge complaints with the FSRA:</p> <ul style="list-style-type: none"> • All Authorised Persons and Recognised Bodies <p>In relation to other miscellaneous enhancements:</p> <ul style="list-style-type: none"> • Insurers, including Captive Insurers • Insurance Intermediaries • Insurance Managers
Section D sets out proposals for the management of climate-related financial risks (“CRFR”).	<ul style="list-style-type: none"> • All Authorised Persons and Recognised Bodies
Section E outlines the steps that the FSRA intends to take to support the establishment of Internationally Active Insurance Groups (“IAIGs”) in ADGM.	<ul style="list-style-type: none"> • Insurers, including Captive Insurers

6. Capitalised terms which appear in this paper have the meanings attributed to them in the FSRA’s Glossary Rulebook (“GLO”), unless otherwise defined herein.

How to provide comments

7. We welcome suggestions for alternative approaches to address the regulatory considerations raised herein. Comments supported by reasoning and evidence will be given more weight.

8. All comments should be made in writing. When submitting your comments by email, please use the Consultation Paper number in the subject line. If relevant, please identify the organisation you represent when providing your comments. We reserve the right to publish any comments you provide, including on our website, unless you expressly request otherwise when submitting those comments.

Consultation Paper No. 13 of 2025

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What happens next

9. The deadline for providing comments on these proposals is 30 January 2026. When we receive your comments, we will consider whether any modifications to the proposed amendments are required. The FSRA will then proceed to enact the proposed amendments in their final form and you should not act on them until the relevant Rules are implemented.

Background

1. The FSRA is taking a phased approach to further align our regulatory framework with the ever-evolving International Standards and best practices. This CP is the third phase of enhancements, which aims to increase alignment of our regulatory framework with the IAIS Principles. This follows the enhancements implemented in January 2025 and October 2025 that further aligned it with the BCBS Principles and the IOSCO Principles, respectively.
2. In terms of alignment with the IAIS Principles, we are taking a multi-staged approach. Given the limited nature and scale of insurance-related activities in ADGM currently, this CP is focused on the IAIS Principles that do not directly address elements relevant to IAIGs. In future, as ADGM comes to host IAIGs, we will continue to assess and further our alignment with the IAIS Common Framework for the Supervision of Internationally Active Insurance Groups (“ComFrame”) and the Insurance Capital Standard (“ICS”); see also Section E of this CP titled “Establishing ADGM as a Hub for Reinsurance”.
3. The proposals contained in this paper have also been benchmarked against regulatory frameworks in other key international jurisdictions to ensure that the FSRA’s regulatory powers and requirements remain comprehensive and result in fair, proportionate and risk-sensitive outcomes for all stakeholders.
4. Overall, the FSRA’s regulatory framework remains aligned with the IAIS Principles and other international frameworks for insurance. However, alongside some miscellaneous amendments considered in Section C, we are proposing some targeted enhancements including:
 - a. in relation to reinsurance, appropriate risk management/risk transfer practices (section A);
 - b. conduct-related expectations, primarily in relation to the treatment of customers (section A);
 - c. alignment with IFRS 17 reporting standards (section B); and
 - d. CRFR management (section D).
5. In relation to CRFR management, the proposed enhancements will be relevant to **all Authorised Persons and Recognised Bodies**.

Impacted Rulebooks and Guidance

6. The proposed amendments will require the amendment of a number of Rulebooks and Guidance.
 - Captive Insurance Business Rulebook (“CIB”)
 - Conduct of Business Rulebook (“COBS”)
 - General Rulebook (“GEN”)
 - Glossary Rulebook (“GLO”)
 - Market Infrastructure Rulebook (“MIR”)
 - Prudential – Insurance Business Rulebook (“PIN”)
 - Prudential – Investment, Insurance Intermediation and Banking Rulebook (“PRU”)
 - Guidance & Policies Manual (“GPM”)

A. IAIS Insurance Core Principles

A.1 Risk Management/Transfer

7. Insurance Core Principle (“ICP”) 13, “Reinsurance and Other Forms of Risk Transfer”, primarily concerns the effective management and supervision of reinsurance and other forms of risk transfer. It requires that where insurance risk is being transferred, the ceding insurer should have a reinsurance program that is appropriate to their business, consistent with the entity’s overall risk and capital management strategies, and incorporates appropriate systems and controls to ensure that the strategy is implemented effectively. The standard covers both traditional reinsurance and other forms of risk transfer, such as those to capital markets.
8. In order to align better with the requirements of this ICP we are proposing some targeted enhancements, of which the key ones are highlighted below.
 - a. *Reinsurer selection*: we are proposing more detailed guidance around the criteria to be considered in the selection of reinsurers when ceding insurance risk.
(PIN Appendix A2.14, Guidance notes 7 to 9)
 - b. *Reinsurance reporting of claims*: we are proposing additional guidance that the systems for selecting and monitoring reinsurers should include appropriate consideration of the process for reporting and ongoing monitoring and management of claims under reinsurance contracts.
(PIN Appendix A2.14, Guidance notes 4 and 5)

- c. *Insurer's insolvency*: we are proposing that an insurer's risk management system should consider the risk of insolvency and how its reinsurance contracts will operate in the event of an insolvency of either the ceding insurer or its reinsurer. (PIN 2.3.1 and 2.3.4)
- d. *SPV structures*: while PIN 10.1.6 requires that the rights of the providers of any debt or other financing arrangements used to fund an Authorised Insurance Special Purpose Vehicle's ("Authorised ISPV") reinsurance liabilities are fully subordinated to the claims of creditors under its contracts of reinsurance, we are proposing explicit amendments to align with the requirement in ICP 13 that investors in an Authorised ISPV may not have recourse to a ceding insurer in the event of an economic loss.
- e. *SPV risk management and internal controls*: while PIN 10.1.4 requires an Authorised ISPV to develop, implement and maintain a risk management system to address all material risks to which it is subject, in order to better align with ICP 13, we are proposing to specify aspects that must be considered, including ISPV investment restrictions, collateral management, and asset identification, among other considerations.

Question 1: Are there other considerations that should be outlined in the guidance in relation to the selection of reinsurers when an Insurer cedes insurance risk or in relation to the systems for selecting and monitoring reinsurers?

Question 2: Are there any other practical aspects in relation to the structuring of Authorised ISPVs which require regulatory consideration?

A.2 Market Conduct

- 9. ICP 19, "Conduct of Business", requires insurers and intermediaries to, in the conduct of their insurance business, treat customers fairly, both before a contract is entered into and through to the point at which all obligations under it have been satisfied.
- 10. While ADGM is currently a largely wholesale-focused insurance market with little interaction with retail customers, given its ambitions to establish itself as a hub for IAIIGs which may have retail businesses, it is appropriate to consider targeted enhancements to our conduct rules for insurance to better align with the standards set out in this ICP.
- 11. As part of this CP, we are proposing some targeted enhancements, including in areas where we already have requirements, the key ones being highlighted below.

- a. *Conducting business with licensed persons:* we are proposing that an Insurer, Insurance Intermediary or Insurance Manager must only conduct business with entities that are appropriately authorised/registered in their home jurisdiction and should satisfy themselves that such intermediaries possess appropriate levels of professional knowledge and experience.
(COBS 7.2.7 and 7.2.8, and Guidance notes 4 to 7)
- b. *Process for developing and distributing insurance products:* we are proposing that when designing and developing insurance products, Insurers must take into consideration the following, among other matters:
 - the needs and requirements of target customer segments;
 - an assessment of the features and characteristics of the product and its benefits to consumers;
 - the understandability and suitability of the product for the target customers; and
 - the appropriateness of the distribution model.*(COBS 7.13, “Product Development” and the associated guidance)*
- c. *Clear, fair and not misleading promotion:* while we have existing provisions in regard to clear, fair and not misleading disclosures, in order to align with the expectations set out in the ICP, we are proposing a requirement that where the Authorised Person becomes aware of any information that is not clear, fair or misleading, it must withdraw that information as soon as possible and take reasonable steps to notify all Persons who are known to be relying on such information. Additionally, we are providing guidance that an independent review of promotional materials should be undertaken by a person other than the person who prepared or designed them.
(COBS 7.3.2 and the associated Guidance)
- d. *Provision of advice:* we are proposing certain amendments to the suitability-related provisions under COBS chapter 7 to encapsulate instances where advice may be provided. In particular, we are proposing that an Insurer, Insurance Intermediary or Insurance Manager must:
 - make clear whether it is providing advice or not;
 - where it is providing advice, take reasonable steps to ensure that all advice is communicated in a clear and accurate manner that is comprehensible and documented in writing; and
 - where it is not providing advice to a Retail Client in respect of Direct Long-Term Insurance, recommend to the Retail Client that they seek independent advice, and if the Retail Client chooses not to receive advice, to obtain a written acknowledgement to this effect.

(COBS 7.8.5 to 7.8.7)

- e. *Avoid or properly manage any potential conflicts of interest:* while our COBS Rules have extensive requirements in relation to the avoidance or management of potential or crystallised conflicts of interest under COBS 3.5, covering sectors other than insurance, we are proposing that Insurers, Insurance Intermediaries and Insurance Managers must take all appropriate steps to identify, prevent or manage and disclose all conflicts of interest to ensure that its clients are treated fairly and not prejudiced by any such conflicts. Where they are unable to prevent or manage the conflict of interest, the Insurer, Insurance Intermediary or Insurance Manager must decline to act for such clients.

(COBS 7.12)

12. Lastly, we are making a number of minor changes throughout COBS 7 to ensure that appropriate regulatory obligations and expectations are extended to all relevant Authorised Persons, including those playing an intermediation role, in the provision of insurance-related services.
13. We note that while ICP 19 sets out a number of distinct expectations around the fair treatment of customers, we are considering whether, and if so how, to constructively embed customer fairness into the FSRA's "Principles for Authorised Persons" (GEN 2.2). However, this is a topic that requires holistic consideration across all sectors of ADGM's financial services industry. As such, we may set out any expectations for the fair treatment of customers at a future stage.

Question 3: Do you agree with the proposed changes to our conduct rules in relation to provision of insurance services? Are there other areas where more guidance is appropriate?

Question 4: Do you have any feedback on whether/how the FSRA should embed fair treatment of customers, particularly with a view to the protection of retail customers, in its Principles for Authorised Persons?

B. IFRS 17 Insurance Contracts

14. The International Accounting Standards Board issued IFRS 17 in May 2017, superseding IFRS 4 *Insurance Contracts* ("IFRS 4"), and subsequently amended it in June 2020, with it becoming effective for annual reporting periods beginning on or after 1 January 2023. It is intended to provide consistent principles for all aspects of

accounting for insurance contracts and removes inconsistencies in accounting practices which were previously permitted under IFRS 4.

15. Amendments to the regulatory framework for the insurance sector are proposed to operationalise IFRS 17 within ADGM. These amendments would primarily be reflected in updates to the PIN and CIB Rulebooks to ensure that accounting for insurance contracts in ADGM is aligned with international best practice.

Question 5: Do you have any comments on the proposed amendments to apply IFRS 17 in ADGM?

C. Miscellaneous Enhancements

16. In addition to the legislative amendments proposed above, further miscellaneous enhancements are being proposed in the following areas to address certain aspects of insurance regulation and improve alignment with broader UAE legal requirements.
 - a. *Insurance activity restrictions:* clarifying the scope of restrictions applicable to Insurers, Insurance Intermediaries and Insurance Managers, and refining the restriction to act in respect of a contract of insurance to exclude a contract for a risk situated in another Financial Free Zone, outside ADGM.
(COBS 7.2.2)
 - b. *Client classification:* introducing a new provision to streamline the treatment of ceding insurers and insurance brokers as Market Counterparties, thereby eliminating the need for an Authorised Person involved in reinsurance to undertake client classification for that ceding insurer or insurance broker.
(COBS 2.5.1 and 2.5.2)

Codifying regularly granted relief: repealing the requirement in CIB for Captive Insurers to file quarterly regulatory returns, unless required to do so by the Regulator.

17. Additionally, we are updating the GPM to remove the option for a complainant to lodge a regulatory complaint via email to the FSRA. This will streamline the process for lodging and effectively dealing with complaints received by the FSRA through the online complaints form located on our website⁴.

⁴ <https://www.adgm.com/operating-in-adgm/additional-obligations-of-financial-services-entities/enforcement/complaints/submit-a-complaint>

18. These amendments are designed to provide greater clarity, reduce unnecessary burdens, and ensure that the regulatory framework for insurance in ADGM remains proportionate and effective.

Question 6: Do you have any comments on the proposed miscellaneous enhancements noted above?

D. Climate-Related Financial Risks

19. International standard setters are increasingly focused on the identification, measurement, management and disclosure of CRFR as exemplified in various publications from the BCBS⁵ and the IAIS⁶. The IAIS has also incorporated consideration of CRFR in the ICPs related to investments and enterprise risk management, specifically in ICP 15, “Investments”, and ICP 16, “Enterprise Risk Management for Solvency Purposes”.
20. In 2023, the FSRA published the UAE Sustainable Finance Working Group’s *Principles for the Effective Management of Climate-related Financial Risks* (the “SFWG Principles”) as Guidance⁷. The SFWG Principles are modelled on international standards in this area.
21. In Discussion Paper No. 1 of 2024, the FSRA sought feedback on potential next steps to encourage or require effective management of CRFR. The response indicated that policy development efforts needed to be undertaken in an iterative, proportionate manner and particular considerations raised included that:
 - methodologies for assessing and managing CRFR are still developing;
 - there is variable data availability and quality; and
 - stakeholders are at different stages in developing relevant capabilities.

⁵ Examples of the BCBS’s publications include the Principles for the effective management and supervision of climate-related financial risks, June 2022, and Climate-related risk drivers and their transmission channels, April 2021.

⁶ In April 2025, the IAIS published their Application Paper on the supervision of climate-related risks in the insurance sector which aims to support supervisors in effectively integrating climate-related risks into supervisory practices.

⁷ Guidance - Principles for the Effective Management of Climate-related Financial Risks,
25 September 2023

22. Against this background, the FSRA intends to set regulatory expectations relating to the identification, measurement and management of CRFR in an iterative manner over time.
23. As a first step, we are proposing that all Authorised Persons are required to:
 - a. consider, as part of their systems and controls for managing risks, whether CRFR may be material to their businesses;
 - b. understand and manage their material CRFR in a manner proportionate to the nature of those risks and the nature, scale and complexity of their businesses; (*GEN 3.6*); and
 - c. consider the impact of CRFR on their assessment of capital adequacy. (*PRU 10.2, 11.1, A11.1*).
24. Notwithstanding the proposed new requirements, our view is that CRFR should be considered within existing frameworks for risk management, capital adequacy, and disclosure. Accordingly, we have included this expectation as Guidance for Recognised Bodies in MIR.
25. In addition, we are proposing guidance for Authorised Persons on making public disclosure of material CRFR identified in PRU. Other consequential changes are proposed to CIB, PIN and GLO.

Question 7: Do you have any comments on the principles-based, materiality-focused approach to the consideration of CRFR that the FSRA proposes across Authorised Persons and Recognised Bodies?

Question 8: In particular, is the Guidance appropriate in relation to:

- (i) when CRFR may be considered material; and
- (ii) the reasonable steps that may be taken to understand and manage material CRFR?

E. Establishing ADGM as a Hub for Reinsurance

26. As noted earlier in this CP, we anticipate that ADGM will continue to grow and establish itself as a regional and international hub for reinsurance, with the potential, in time, for IAIGs to be based and regulated here. Given this expectation, it is appropriate for us to consider, holistically and strategically, the topics of

capital/solvency, group supervision, exit and resolution, and public disclosures amongst others with a long-term view to developing this industry sector in ADGM.

27. Having considered international best practices, the FSRA intends to publish a discussion paper which will provide detail on our preferred direction of travel in relation to a number of areas that are integral to a robust and internationally recognised regulatory framework.
28. The Discussion Paper will invite feedback from stakeholders on a number of topics that will inform the development of a “best-in-class” regulatory framework that is appropriate to the reinsurance sector in ADGM.

Conclusion

29. The detailed, proposed legislative amendments to the relevant Rulebooks and GPM are provided in Appendices 1 to 8. We are of the view that these proposed enhancements will support our efforts to ensure ongoing alignment of our regulatory framework with the International Standards and enhance CRFR management by Authorised Persons and Recognised Bodies.
30. We encourage all stakeholders to engage with us by providing written feedback in relation the topics outlined in this CP.

Appendices

- Appendix 1: Proposed amendments to CIB
- Appendix 2: Proposed amendments to COBS
- Appendix 3: Proposed amendments to GEN
- Appendix 4: Proposed amendments to GLO
- Appendix 5: Proposed amendments to MIR
- Appendix 6: Proposed amendments to PIN
- Appendix 7: Proposed amendments to PRU
- Appendix 8: Proposed amendments to GPM