



Regulatory Priorities

Insurance

February 2026

This Regulatory Priorities report is for:

Retail insurers

Wholesale insurers

Insurance intermediaries

Price comparison websites

Life insurers

Funeral plan providers



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Regulatory Priorities
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regulatory-priorities](http://www.fca.org.uk/regulatory-priorities)

Contents

Foreword

Page 3

Executive summary

Page 4

What we've done in the market

Page 7

Our priorities: Improving consumer understanding, claims handling and service quality

Page 8

Our priorities: Increasing access to insurance

Page 9

Our priorities: Supporting growth and innovation

Page 10

Our priorities: Simplifying regulation

Page 11

Other areas of focus

Page 12

Key publications and speeches

Page 13

Timeline

Page 14

Foreword



We're committed to being a smarter regulator – predictable, purposeful and proportionate.

Central to that is how we communicate to the firms we regulate what's important to us.

These new Regulatory Priorities reports replace more than 40 portfolio letters. Published annually, they set out our areas of focus by industry sector. They attempt to pull together all that we're doing – whether by supervisors or in policy development. A clear, succinct one-stop shop.

They should act as a guide for firms' boards and chief executives. You should read these reports carefully, review the priorities within them – and act where you need to.

This is the latest example of how we're transforming the way we supervise. This year we'll go further, expanding dedicated supervisory contacts, applying a more risk-based approach for our largest firms, and making data collection more targeted and efficient. Our goal is simple: less intensive attention on firms doing the right thing, and stronger, faster action where harm is greatest.

Importantly, we also want you to engage with us. We welcome your feedback on these reports and our approach to supervision. Share your insights, challenge our thinking, and work with us as we refine this new model.

Together, we can build a regulatory system that deepens trust and rebalances risk, to support growth and improve lives.

Sarah Pritchard

Deputy CEO

Graeme Reynolds

Interim Director of Insurance

Executive summary

Insurance is a key part of the UK economy, employing over 300,000 people and materially contributing to GDP. 86% of consumers have at least one general insurance or pure protection product, showing how important the insurance market is to people's financial planning, and to a resilient UK economy.

The London Market has doubled in size over the last 10 years. It is worth \$187bn in Gross Written Premiums (GWP), up 17% from 2022. It now contributes £61bn to overall UK GDP and 37% of "City" GDP, compared with £49bn in 2020. The market continues to be internationally competitive, both in retail and wholesale, with the London Market a global leader in underwriting complex and specialty risks.

We want a competitive, innovative market that encourages new entrants, rewards high standards, and ensures that innovation has tangible benefits. This should mean better outcomes for consumers and businesses.

Our insurance priorities for this year

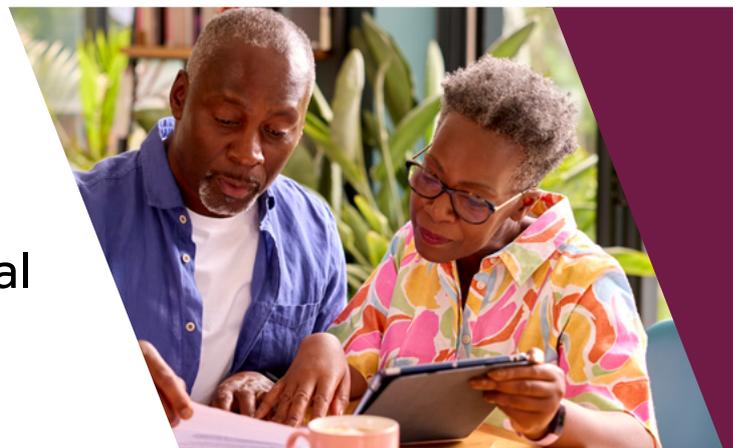
Improving consumer understanding, claims handling and service quality

Insurers provide vital protection when things go wrong, but too many people have poor experiences when they make a claim. Firms should ensure they:

- comply with the Consumer Duty where it applies
- communicate clearly with consumers, so they understand their insurance cover and deliver good outcomes when they claim
- respond promptly, fairly and transparently to claims and queries
- monitor that their products and services deliver what has been promised to consumers

Following the Which? super complaint, we've made several commitments for this year. We'll continue our supervisory and enforcement investigations on home and travel claims handling, review firms' oversight arrangements, and drive improvements in consumer outcomes.

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Increasing access to insurance

Access to insurance is key to protecting consumers and improving their resilience. Some of the most vulnerable people in society don't have that access, leaving them without cover when things go wrong.

Our recent work with the Government on its [Financial Inclusion Strategy](#) and [Motor Insurance Taskforce](#) reports highlighted several actions for us, industry and the Government. We are committed to taking these actions forward. Firms and industry stakeholders should consider the reports' findings and consider where they can make relevant changes to improve consumer outcomes.

Our [market study on premium finance](#) found a significant drop in the cost of paying for insurance monthly since 2022. Firms should continue their Fair Value Assessments and deal with any areas that don't give consumers fair value.

Our interim findings from our [pure protection market study](#) showed the market working well in many respects, but there are issues to address, including to close the protection gap.

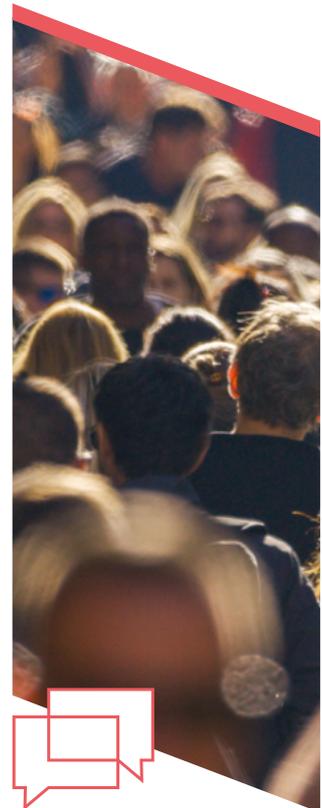
Supporting growth and innovation

A growing insurance market helps the UK innovate and compete globally. Expansion allows firms to invest in technology, develop products and deal with new risks. We'll support opportunities for firms to innovate with AI and new technology – we encourage them to test ideas in our AI Lab. But they must take responsibility and monitor consumer outcomes closely, mitigating any risks they find.

We encourage insurers to be confident to innovate and provide products that consumers and businesses need now and in the future. We'll look at cyber insurance coverage and examine the risks, opportunities and barriers to adoption. We'll also consult, with the PRA, on a new regulatory framework for captive insurance.

Simplifying regulation

In December 2025, we published our policy statement on [simplifying the insurance rules](#). We'll continue to review our rules, reducing requirements while maintaining appropriate consumer protections. We'll keep talking to firms about how we can do this. This year we'll simplify insurance rules further and review our regulatory returns to make sure we only ask firms for what we need.



Access to insurance is key to protecting consumers and improving their resilience. Some of the most vulnerable people in society don't have that access.



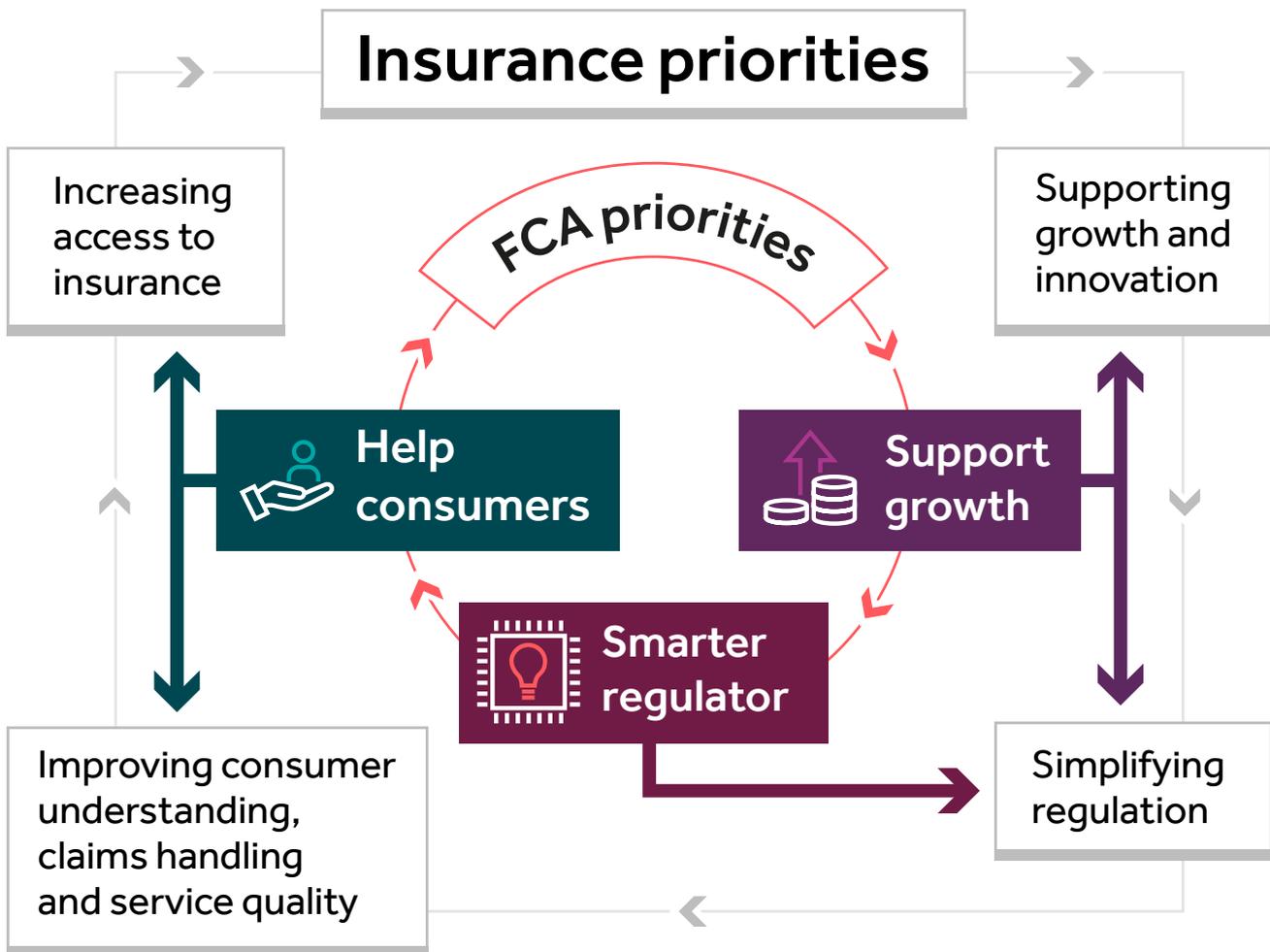
These are our main focus areas this year. We will continue to monitor risks and opportunities through data, market intelligence and engagement with industry. We will pause or stop work if we need to look at urgent new issues. For example, in 2025 we paused work on reviewing the quality of retail insurance services to assess if they are delivering good outcomes for consumers so we could contribute towards the Motor Insurance Taskforce – we'll resume that work this year.

Areas we continue to monitor for potential future action include pet insurance and private medical insurance, which have seen price rises and issues with consumer understanding. Ghost broking, the criminal act where fraudsters pose as brokers, selling fake motor insurance policies, remains a concern and we're pleased that firms are tackling it collectively.

Underpinning our approach, we will continue our work to ensure the Consumer Duty is integral to how regulated financial firms treat their consumers. This will increase consumers' confidence when seeking products and services that meet their needs and match their capacity for risk.

As we progress with our work, we will ensure that we take the most appropriate and proportionate action. Where we identify serious misconduct, we'll consider the tools available to us, including supervisory intervention or enforcement.

How our insurance priorities support our strategy



What we've done in the market

In recent years, we've focused on the essentials of insurance – the services firms provide, the value they offer consumers, and how they handle claims. We've found good practices that support good consumer outcomes, and some issues we had to deal with.

We tackled underpayment of Motor Total Loss claims, reduced costs for consumers on GAP insurance, and reduced price-walking practices that penalise loyal consumers.

We have comprehensively reviewed how home, travel and motor insurance markets are working, with a package of reports published in July 2025, and an ongoing programme of work this year.

We have concluded a market study on how the premium finance market is operating. Since the study launched, the cost of paying for insurance monthly has fallen, saving consumers an estimated £157m annually. We challenged firms to provide fair value; over half of them have now cut prices or changed how they review them as a result of the steps taken through the market study.

Our interim findings from our pure protection market study show that the market is working well in many respects, but there are issues to address, including to close the protection gap. We will conclude our work on this market study later in 2026.

We published data from our review of non-financial misconduct in wholesale insurance and other wholesale markets in 2024 so that firms can benchmark their own processes, procedures and controls.

We've also been working with the industry to identify rules we can simplify to promote growth and have been seeking views through our Consumer Duty requirements review on steps that can be taken to simplify regulation now that the Duty is in place.



Since our premium finance market study launched, the cost of paying for insurance monthly has fallen, saving consumers an estimated

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Our priorities:

Improving consumer understanding, claims handling and service quality

Retail and wholesale insurers, insurance intermediaries, price comparison websites and life insurers

What we expect firms to do

- **Be clear:** Tell consumers clearly what their insurance covers and test understanding.
- **Handle claims fairly:** Respond promptly, fairly and transparently to consumers and deliver good outcomes when they claim.
- **Test outcomes:** Track whether products, services, and interactions with consumers are delivering good outcomes in line with our rules.

Insurance provides vital protection when things go wrong, but too many people have poor claims experiences.

We found some good practice in [home and travel insurance](#), but also areas for improvement – particularly where firms outsource processes. In our [Which? super complaint](#) response, we set out our concerns and what we'll do to improve standards.

We are seeing progress. The ABI's actions and commitments include updating consumer guidance on storms and flooding, expanding FAQs on property maintenance and claims processes, and revising storms advice to firms. Price comparison websites can strengthen consumer understanding by providing comparable information.

We're acting where firms don't meet our expectations. Our [Motor Total Loss claims](#) work will result in around 270,000 drivers getting compensation.

What we'll do this year

- As fully set out in the super complaint response, we will:
 - continue supervisory and enforcement investigations on **home and travel insurance claims** and monitor outcomes of interventions
 - support the ABI's work on **storm claims and cash settlements**
 - analyse how different **sales processes** affect consumer outcomes
 - review how home and travel insurance firms are acting to **improve consumers' understanding** of their cover
 - consider how we capture claims outcomes as part of our **post-implementation review of value measures rules**
 - begin consulting on how we reflect the **Digital Markets, Competition and Consumers Act 2024** in our Handbook
 - expand our review of firms' oversight of outsourced claims processes, to include different delegated authority models and remuneration arrangements
- **Analyse claims and other service quality** to test whether they provide good outcomes.

Our priorities:

Increasing access to insurance

Retail and wholesale insurers, insurance intermediaries, price comparison websites and life insurers

What we expect firms to do

- **Review and engage with the Government's Financial Inclusion Strategy and Motor Insurance Taskforce reports.**
- Deliver good outcomes for consumers, consistent with the Consumer Duty, **especially those in vulnerable circumstances**.
- **Look for ways to improve access for consumers**, including developing propositions in our Innovation Hub.
- **Review our Premium Finance and interim Pure Protection Market Study findings.**

Some vulnerable people don't have access to insurance and protection. Firms should consider different consumers' needs when they develop and review products.

We're taking actions to support the Government's objective to help people get better access to insurance.

Our premium finance market study showed that the cost of monthly insurance payments has fallen since 2022. However, we questioned some firms on their Fair Value Assessments.

Interim findings from our pure protection market study showed the market is working well in many respects. There are issues to address, including closing the protection gap.

What we'll do this year

- In line with the Financial Inclusion Strategy, we'll work with consumer groups, insurers and trade bodies on:
 - **increasing home contents insurance uptake** for social renters
 - **travel insurance underwriting decisions** for consumers with pre-existing mental health conditions
- As set out in the Motor Insurance Taskforce report, we'll:
 - work with the ABI and firms to **improve efficiency and control costs in claims handling**, to support lower, more affordable motor insurance premiums
 - work with the Government on **insurance use cases for smart data**, including in the Smart Data Accelerator
 - continue **calling for social media companies to do more to block fraudulent content** so consumers can trust how they access insurance.
- Conclude our **pure protection market study**. We'll look for ways to reduce the protection gap, and improve consumer awareness and claims experiences. We'll also examine further claims ratios and incentives for consumers to switch products.
- **Monitor APRs in premium finance** and take action where we have concerns about fair value.

Our priorities:

Supporting growth and innovation

Retail and wholesale insurers, insurance intermediaries, price comparison websites and life insurers

What we encourage firms to do

- **Explore how AI can help:** We support firms' use of AI, but they must monitor outcomes for consumers closely. Firms should consider testing ideas in our AI Lab.
- **Develop products for emerging risks:** Engage with initiatives to support growth in insurance, especially for under-insured risks. We welcome submissions to the FCA Sandbox.

A growing insurance market helps the UK innovate and compete globally. Expansion allows firms to invest in technology, develop new products and propositions, and deal with emerging risks, so the market stays relevant and resilient. Sustained growth attracts international capital and talent, reinforcing the UK's position as a leading insurance hub.

We encourage firms to experiment with AI and use our sandbox services, and look at our Innovation Pathways. We have specific services open to smaller market participants, including our Supercharged Sandbox. We'll publish an evaluation report from AI Live Testing by the end of this year.

We're committed to working with the industry to boost growth in insurance and the wider economy. We've seen good engagement on the captive insurance regime, and on initiatives like the ABI's cyber safety tool for SMEs to boost take-up of cyber insurance.

What we'll do this year

- **Evaluate the risks and opportunities of AI in insurance.** We'll assess how firms use AI in their internal processes – underwriting, claims, services to consumers – and identify barriers to adoption.
- **Review cyber insurance** to improve our understanding of the risks, opportunities, and barriers to purchase.
- With the PRA, consult on a regulatory framework for **captive insurance**.
- Continue to **engage with the industry on the future of insurance**. We want to hear firms' views on how we can help them develop products to meet new and evolving needs.



We're committed to working with the industry to boost growth in insurance and the wider economy.

Our priorities:

Simplifying regulation

Retail and wholesale insurers, insurance intermediaries, price comparison websites and funeral plan providers

What we encourage firms to do

- **Talk to us:** We want to strike the right balance between growth and consumer outcomes. We welcome views on how we can simplify and focus our rules and data requests.

We recognise that our rules for firms have grown over time in response to emerging consumer harms. We want regulation to remain proportionate, reflecting different products, consumers, and manufacturing and distribution arrangements - while supporting consumers and markets. We'll be data-led, use technology like AI to manage and analyse data, and minimise the burden on firms.

We're simplifying our Handbook. Where possible we'll rely on existing rules, particularly the Consumer Duty, instead of creating new ones. In the last year we've taken action to remove some product-specific insurance rules, and product governance requirements for insurers and funeral plan providers. We've also given firms more flexibility on intervals for product reviews and levels of professional development.

To make sure that we are only asking for data that we need, we've also consulted on removing some pricing returns.

What we'll do this year

- **Simplify insurance rules and data requirements** as set out in [PS25/21: 'Simplifying the insurance rules'](#). We will
 - respond to our consultations on removing some product-specific rules (CP25/37), rationalising conflicts of interest rules (CP25/36), and deleting 3 pricing practices data returns (CP25/35)
 - consult on disapplying the Consumer Duty to non-UK business and review the international scope of ICOBS and PROD 4
 - consult on further simplification of insurance rules and reporting, including GAP insurance rules, General Insurance Pricing data, and information disclosure requirements
 - assess whether we need more reporting changes
- **Review our value measures rules:** the impact of our rules and how firms have implemented them.
- Work with the Treasury and the PRA to review the **Senior Managers and Certification Regime** to halve its regulatory burden.

Other areas of focus

Product reviews

Life insurers

Following the launch of Consumer Duty, we will consider how firms are ensuring good outcomes for consumers with closed book products. This year, we will consider this for Child Trust Funds and further products.

Funeral plans rules review

Funeral plan providers

In 2026, we'll review the rules in our 'Funeral Plan: Conduct of Business' sourcebook (FPCOBS). We introduced these rules in 2022, and this year we'll assess whether they're delivering the intended outcomes.

Financial crime systems and control review

Retail, wholesale and life insurers

We're reviewing the effectiveness of financial crime systems and controls across a sample of our larger firms. This is to understand how well they're mitigating the risk of being used to further financial crime. We'll share the results in 2026 for the wider industry to consider.

Operational incidents and material third parties reporting

Retail, wholesale and life insurers

Alongside the PRA, we will introduce new rules for reporting operational incidents and information on material third parties following [CP24/28](#). We will engage with firms during the implementation period following publication.

Key publications and speeches

Roadmap for retail insurance – empowering consumers and strengthening markets

(July 2025)

Includes reviews of:

- Motor claims costs
 - Home and travel claims handling
 - Premium finance business models and vulnerable consumers update paper
 - Impact of our prior interventions
 - Cost of insurance across specific consumer groups
-

Letter to Chancellor on **Mansion House commitment on the Consumer Duty's application to wholesale firms** (September 2025)

Speech: Hardwiring finance into national security (Nikhil Rathi, FCA chief executive at the Corporation of the City of London's annual City Dinner, October 2025)

Speech: Resilient futures: strengthening financial capability and inclusions for all (Nikhil Rathi, FCA chief executive, at the Fair4All Finance Delivering Financial Inclusion Together Conference, November 2025)

The Government's **Financial Inclusion Strategy** (November 2025)

FCA letter to the Prime Minister updating on our approach to growth (December 2025)

Our **response to the Which? super complaint** on home and travel insurance (December 2025)

Motor Insurance Taskforce: Final Report (December 2025)

Policy statement: **Simplifying the insurance rules** (December 2025)

Research note: **Motor Insurance Pricing and Local Area Ethnicity in England and Wales** (December 2025)

Pure Protection Market Study interim report (January 2026)

Speech: Insurance: Innovation, growth and trust (Sarah Pritchard, Deputy CEO at the ABI Conference, February 2026)

Premium Finance Market Study final report (February 2026)

Our **Strategy, annual report and annual work programme webpage**

Our **Consumer Duty webpage** for the latest Consumer Duty updates

Regulatory Initiatives Grid (December 2025)

Timeline

Our indicative timelines of key start dates are set out below. Plans may change if we have new priorities or existing priorities change scope.

Priority: Improving consumer understanding, claims handling and service quality

Ongoing

Claims Handling – Investigations: Progress the investigation and remediation with firms following our home and travel claims review.

Claims Handling – Outcome delivery: Monitor outcomes of interventions and consider whether there is a need for any further market-wide action.

Claims Handling – Improve understanding of our expectations: Supporting the ABI's commitment to work with its members to understand our expectations on storm claims, cash settlements, and effective governance, oversight and management information.

Q1 2026

Sales processes – Consumer outcomes: Analysis of how different sales processes affect consumer outcomes. Start work in Q1 2026 and will publish findings later in the year.

Sales processes – Consumer understanding: Work with industry and consumer groups to improve consumer understanding of their insurance cover. Start work in Q1 2026 and will publish findings later in the year.

Claims handling – Value measures: Undertake a review of the value measures rules and make changes as required. Review has started and will conclude in Q4 2026.

Application of rules and law: Follow-up with firms identified by Which? to ensure they comply with our rules and consumer protection legislation.

Application of rules and law – DMCCA 2024: Begin publicly consulting on reflecting the Digital Markets, Competition and Consumers Act 2024 in our Handbook.

Retail insurance services to consumers: Review services for indicators of poor outcomes and how firms treat consumers in vulnerable circumstances. We will start our analysis in Q1 2026 and decide which services to prioritise for review.

Q2 2026

Sales processes – Consumer understanding: Review of how home and travel insurance firms are acting to improve consumers' understanding of their insurance cover and share best practice with industry. Start Q2 2026, we will update on our findings later in the year.

Claims handling – Oversight review: Oversight review of outsourcers and delegated authority models with an aim to report our findings in early 2027.

Priority: Increasing access to insurance

Ongoing **Improving claims processes:** The FCA will work with the ABI and firms to consider how claims can be better managed to ensure greater efficiency and cost control, without adversely affecting consumer outcomes.

Tackling uninsured driving, fraud and crime: Call for more action to be taken by social media companies to prevent fraudulent content from appearing on their platforms. Where the FCA identifies unlawful content, including ghost broking, ad-spoofing and material posted by influencers, it will seek to get the content removed and work with other partner agencies, including law enforcement, working to combat these activities.

A well-regulated insurance market: The Government will continue to work closely with the FCA to support possible insurance use cases for smart data, including in the FCA's Smart Data Accelerator

Premium Finance: We'll continue to monitor APRs in the premium finance market and take action where we have concerns about fair value.

Q1 2026 **Increasing contents insurance uptake for social renters:** Work with Fair4All Finance, insurers and social housing sectors to explore different methods of increasing contents insurance uptake for social renters, as set out in the Government's Financial Inclusion Strategy. Launches Q1 2026 with aim of sharing lessons by end of 2027.

Travel insurance underwriting decisions review: Work with the ABI and Money and Mental Health Policy Institute to build a shared understanding of how pre-existing mental health conditions decisions are reached in travel insurance underwriting, as set out in the Government's Financial Inclusion Strategy. Launches Q1 2026.

Pure Protection: Following the interim report publication in January 2026, publish the Pure Protection Market Study final report in Q3 2026. Subject to findings, we will undertake further work.

Priority: Supporting growth and innovation

Q1 2026 **Artificial Intelligence review:** Engage industry on the uses, risks and opportunities of AI in insurance and how we can remove barriers to encourage safe use to the benefit of firms and consumers.

Focused product review – Cyber insurance: Review into cyber insurance to improve our understanding of the risks, opportunities, and barriers to purchase. Work started and will conclude later in 2026.

Q1 2026 **Captive insurance consultation:** Develop framework for consultation in Q3 2026 with the framework introduced in 2027.

Q3 2026 **Future of insurance products:** We want to start a conversation later this year with industry on the future of insurance products and how we as a regulator can help to reduce barriers.

Priority: Simplifying regulation

Q1 2026 **Simplification of rules:** We will conduct further engagements in early 2026. Our work will cover the current open consultations, changes as part of the Consumer Duty requirements review, and further changes to simplify insurance rules and reduce reporting requirements. For more detail see [PS25/21](#).

Q2 2026 **Disapplying the Consumer Duty to non-UK consumers:** Consultation and review of the international scope of ICOBS and PROD 4. Consult in the first half of 2026.

H1 2026 **Senior Managers & Certification Regime:** Working with the Treasury and the PRA, review the efficiency and effectiveness of the SMCR.

Other areas of focus

Q1 2026 **Focused product review – Child Trust Funds:** Review into Child Trust Funds including the issue of goneaways and connecting people with their funds at maturity. Work started and will conclude with a publication later in 2026.

Financial crime systems and controls review: We will engage with some of the larger insurers in the market to review their systems and controls. Work started and we will publish a good practice and areas for improvement report later this year.

Q2 2026 **Focused product review – closed book life insurance product:** Review into how firms are delivering good outcomes, following introduction of the Consumer Duty, to closed book life insurance consumers (specific product to be confirmed). Start in Q2 2026.

Post-implementation review of FPCOBS: As set out in our Policy Statement 21/15 we will conduct a post-implementation review of FPCOBS. Start in Q2 2026, we will conclude our work by Q4 2026.

H1 2026 **Operational incidents and material third parties reporting:** We will introduce new rules for reporting operational incidents and information on material third parties following CP24/28. We will engage with firms during the implementation period following publication.

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