# The PRA's Insurance Supervision Priorities for 2026

**3 February 2026**

On 15 January, the PRA released its non-exhaustive list of priorities for 2026. Many of the priorities are a continuation of its priorities from 2025 and reflect ongoing trends in the insurance market, namely: (i) pressures in the bulk purchase annuity ("BPA") market; (ii) a softening underwriting cycle in the general insurance market; and (iii) investment in operational resilience. This note provides a summary of the PRA's priorities in both the life and general insurance sectors, as an indication of what firms can expect from the PRA's supervisory approach in 2026.

The four main themes we would note from the PRA's priorities are:

- **Operational Resilience**. In both the life and general insurance sector, the PRA continues to focus on firms' operational resilience, with a particular emphasis on firms investing in upgraded systems, tools and models, whilst also recognising that such investment can open up new risks, particularly in change management and cyber security.

- **Managing Risks**. In life insurance sector, the PRA expects firms to manage the risks of the continued competitive pressures in the BPA market and to ensure discipline is retained in internal risk management frameworks and controls.

  In the general insurance sector, the PRA will engage with firms to assess the overstatement of underwriting performance in firms' internal models understating SCRs.

  Various exercises will be implemented this year in order for the PRA to assess where improvement is required in the evolving risk landscape, including the Dynamic General Insurance Stress Test and the Solvent Exit Analysis.

- **New Capital**. The PRA is encouraging of the new capital entering the BPA markets and will be consulting on the new UK captive regime this summer. In the life insurance sector, there will be exploration on how investment in private capital flows affect market dynamics and financial stability, particularly in stressed conditions.

- **AI and Tech**. The PRA remains supportive of technological innovation and the use of artificial intelligence (“AI”) but views both primarily through the lens of prudential risk and operational resilience.

## LIFE INSURANCE PRIORITIES

The PRA will continue to pay particular attention to the BPA market in 2026. The PRA’s aim is for the life insurance sector to address demand in the economy for pension saving de-risking and long-term investment in a sustainable way. Through the implementation of the Solvency UK reforms (in 2024) and the launch of the Matching Adjustment Investment Accelerator (in 2025), the PRA is looking to support the delivery of the UK insurance industry’s commitment to invest in UK productive products.

### Competitive Pressures

The PRA remains concerned that there is pressure on insurers to weaken pricing discipline and/or risk management standards. It has encouraged firms to ensure their internal risk management frameworks and controls are sufficiently robust to assess and manage risks as pressure on pricing increases and complex transaction features are considered in the BPA market. The PRA will be revisiting the risks of solvency-triggered termination rights in light of responses it has received to its Dear CRO letter published in July 2025.

Following the PRA’s Dear CEO letter which accompanied its supervisory statement (SS) 5/24 – Funded Reinsurance, the PRA has engaged with firms to consider whether further policy action is required and the range of approaches which could be taken. The PRA expects to report back on this in Q2.

### Investment Strategies

The PRA acknowledges the changing market conditions and the impact this has on life insurers. It expects firms to consider the cumulative impact and potential leverage of strategies which can introduce potential liquidity risk. The PRA expects to gain further insights on major UK insurer’s liquidity exposures following the implementation of the liquidity reporting requirements in September 2026.

The PRA will continue to focus on the adequacy of firm’s credit assessment frameworks, including the robustness of internal ratings, as firms increasingly invest into newer asset classes and geographies. In particular, the PRA notes that firms should pay particular attention to exposures to private credit assets and the potential interlinkages and vulnerabilities of exposures to private markets in stressed conditions following two reports made by the Financial Policy Committee in 2025. The NAIC have similarly noted a concern in the increasing reliance by insurers on complex assets and private credit, and the resulting liquidity risks and reduction in transparency creating potential vulnerabilities for policyholders. The Bank of England will launch a further system-wide exploratory scenario in 2026 to focus on how private capital flows could affect market dynamics and financial stability. This will seek insights from a range of market participants, including insurers.

### New Capital and Ownership Structures

The PRA continues to observe additional capital and new investors seeking to enter the BPA market and is open to the contribution of a diverse range of business models and ownership structures. However, the PRA expects firms to manage conflicts of interests between wider group structures.

### Life Insurance Stress Test (LIST)

The result of the 2025 LIST exercise will inform the PRA's supervisory approach at an individual level as well as its policy development. In 2026, the PRA will gather feedback from firms and disclosure users to inform the scope and design of future exercises and disclosures.

## GENERAL INSURANCE PRIORITIES

The PRA expects boards to maintain robust underwriting discipline and to ensure that they are pricing and reserving adequately. The PRA has observed a softening underwriting cycle in the general insurance market, which is reflected in many of its 2026 priorities.

### Optimistic Underwriting Assumptions in Internal Models

The PRA has previously flagged its concern that some firms are making assumptions in their internal models about future underwriting performance that are overly optimistic compared to their underwriting track record, resulting in SCRs being understated. The PRA intends to increase its engagement with firms with the most material differences in actual and assumed profitability in their internal models. If firms cannot provide robust justification, the PRA will consider further supervisory action to ensure SCRs are not materially understated.

### Exposure Management

Following its exposure risk management reviews, the PRA has found that some firms need to improve data quality and standards, as well as investing in their systems, tools and models to ensure they remain appropriate for an evolving risk landscape. The PRA will be engaging with firms where improvements are required.

### Delegated Authority Underwriting

The PRA recognises that delegated authority business is set to grow in the London market. To ensure that underwiring standards are maintained, the PRA will be engaging with firms to ensure that firms have strong oversight arrangements in place to monitor the performance of these arrangements, including consideration of how firms can exit unprofitable arrangements.

### Dynamic General Insurance Stress Test ("DyGIST")

The PRA will conduct the DyGIST in May 2026 to allow participating firms to rehearse crisis response protocols, strengthen coordination and identify areas for improvement. Participating firms should review their crisis management playbooks and test internal communications and coordination.

## CROSS-SECTORAL PRIORITIES

### Operational Risk Resilience

The PRA expects operational resilience to be an integral part of firms' decision making and that firms will continue to improve their operational resilience testing. Cyber risk remains a key consideration for operational resilience.

### Solvent Exit Planning

The PRA will be implementing its policy on solvent exit for insurers. All firms in scope (being, PRA regulated insurers except firms in passive run-off, UK branches of overseas insurers and Lloyds managing agents) will need to prepare a Solvent Exit Analysis by 30 June.

### Artificial Intelligence

The PRA sees the innovation in Artificial Intelligence as key to supporting growth and competitiveness but also recognises that it presents novel risks and amplifies existing issues (such as, inaccurate data, reliance on third-party providers and cyber risks). Firms need to adopt new technologies without compromising on safety and soundness.

## THE PRA'S SECONDARY OBJECTIVES—FACILITATING COMPETITION, INTERNATIONAL COMPETITIVENESS AND GROWTH

The PRA's priorities in respect of its secondary objectives are:

- the development of the new UK captive regime, on which it will consult in the summer of 2026, with a view to launching the regime in 2027;
- seeking views on alternative life capital options, with the intention of removing barriers to patient capital entering the sector;
- seeking to accelerate timelines for new firm authorisations; and
- working with the FCA to consider how best to support the mutuals landscape.

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