

# Legal & Regulatory Update



The first half of 2025 was a very busy and productive time for the LMA's [Legal and Regulatory team](#). We've engaged on a diverse range of topics across the market while continuing to support our colleagues in Underwriting, Claims, Operations, Finance and Risk and the LMA Academy.

Below, we've outlined the key successes and activities the team has worked on and delivered. While not exhaustive, this summary offers a snapshot of the impactful work supported in H1.

The team continues to deliver our legal and regulatory strategy agreed with the LMA Board at the end of 2024. This strategic direction is shaping our priorities and is reflected in the international focus of our work.

## **Subscription market brokerage (SMB) and broker payments**

In conjunction with the LMA's Underwriting team, we hosted a well-attended event on broker remuneration with a particular focus on SMB. Topics included revisiting the Spitzer investigation and the subsequent fallout, presented by Chris Paparella of Steptoe, an examination of English law relating to the disclosure of SMB, by Aidan Christie KC of 4 Pump Court, and a review of the competition law aspects of broker remuneration by Bill Batchelor of Skadden Arps. The session was recorded and is [available to view here](#).

As a consequence of the event, Aidan produced a legal opinion on the disclosure requirements surrounding SMB, including whether any obligations fall on underwriters to ensure such disclosure. The opinion has been circulated to all heads of legal and regulatory, together with a checklist of questions underwriters should be reviewing when considering payments to brokers.

We have been monitoring the motor finance cases in the Supreme Court and following the judgment, Aidan has reviewed his opinion and determined that it remains unchanged, including the checklist of questions.

## **Indian reinsurance clauses**

Lloyd's India gave a presentation to our members on changes to Indian regulation on the provision of reinsurance, which impacts all reinsurance contracts entered into with Indian cedants by Lloyd's syndicates from 01 April 2025. The new regulations require collateralisation of such reinsurance contracts by reinsurers that do not have a branch in India.

In response to market demand, we assembled a working group and published two model clauses to assist reinsurers in their negotiations with cedents. These are now being updated in light of experience since the legislation has been in force and will be issued shortly.

### **Litigation funding**

We submitted a response to the Civil Justice Council's (CJC) consultation on litigation funding. The central issue was whether litigation funding should be regulated. This consultation followed the PACCAR judgment, which raised concerns about the enforceability of funding agreements where certain regulatory conditions were not met.

Ray Koh (LMA Legal) was subsequently invited to speak at the Civil Justice Council's event on litigation funding, particularly focusing on before-the-event legal expenses insurance. He has now joined the Council's consultation group, which acts as a sounding board for the Council's proposals before they are formally introduced. We are also closely monitoring developments in other jurisdictions, in particular with respect to group actions as part of the work of the Environment and Climate Litigation Committee (ECLIC).

### **ECLIC**

The H1 ECLIC newsletters have been circulated, and these are available [on the LMA website](#).

In August, we relaunched ECLIC as the Emerging Litigation Forum. This increases the scope of topics we will consider and opens the forum to the wider LMA membership. Further information on sessions and topics will be issued later in the year. LMA members are also invited to submit topics for consideration.

### **Ransomware**

The Home Office launched a consultation on proposals to reduce the frequency of ransomware attacks in the UK. In response, the LMA formed a working group, aided by Stewart Room of DWF, with representatives from the Financial Crime Workstream, the Regulatory Committee, the Legal Committee, and both the cyber underwriting and cyber claims groups. Members of the equivalent NextGen committees also participated. The important questions being raised were:

1. Should entities providing critical infrastructure be banned from paying ransoms?
2. Should reporting of ransomware attacks become compulsory?
3. Should it extend to all parties?

We have worked closely with the ABI and Lloyd's to ensure consistency across industry responses. Our response is set out [here](#). We are now working with the LMA's Underwriting team to produce a standard minimum terms SME cyber insurance policy. Anyone wishing to join the working group should contact [Max Gross](#) (LMA Legal).

### **Economic Crime and Corporate Transparency Act 2023 (ECCTA)**

We held an online event to discuss the implications of the Economic Crime and Corporate Transparency Act 2023, hosted by Beale & Co. The Financial Crime Workstream is now preparing documentation to assist the market with compliance, particularly in relation to the duty to prevent fraud, which came into force on 01 September 2025.

## Lawyers' Forum

At the Lawyers' Forum, we've hosted a number of presentations:

- Keith Moskowitz of DLA Piper presented on surplus lines regulation in the US, with a particular focus on the blurring of lines between the regulation of admitted carriers and surplus lines insurers.
- Stuart Buckingham KC discussed the case of *Lonham v Scott Beef* – a key judgment on the application of the Insurance Act 2015.
- Ben Knowles of Clyde & Co gave us his view on the CJC's report on litigation funding.
- Chris Po Ba, head of sanctions at Lloyd's, gave a beginner's guide to sanctions, explaining who is responsible for what at a governmental level.
- Harry Wright gave a very useful presentation on the outcome of the Russian aviation case with "everything you need to know" condensed to 30 minutes link. [Watch the replay.](#)

As always, a huge thank you to all our presenters and please do let us know if there are topics you would like to hear about. The Lawyers' Forum is open to all lawyers employed by managing agents. When topics are of interest to other functions such as claims, we invite members working in those functions too.

## General Documentation Clause

Work continued on the General Documentation Clause. This is a clause that has been drafted to enable underwriters and brokers to request documentation during the course of a contract from the insured to demonstrate that all parties are in compliance with financial crime rules and regulations. Recent sanctions have required provision of such information and the usual sanctions clauses do not give underwriters the ability to request documentation, so this clause fills that gap. Jawdat Khurshid KC of 7KBW presented updates to the Wordings Forum. The clause is drafted to enable its use with different laws and jurisdictions.

The clause was officially launched at an event on 23 June.

## Insurance Act anniversary event

In March, we hosted an event in collaboration with 7KBW to mark the tenth anniversary of the Insurance Act 2015. The panel featured David Hertzell (former Law Commissioner who led the review of insurance law culminating in the Act), Harry Wright (who advised the LMA throughout the Law Commission's review period), Christopher Foster of HFW, Josephine Higgs KC of 7KBW and the LMA's Arabella Ramage. [Watch the replay.](#)

## **Blueprint Two**

The Legal and Regulatory team was involved in the drafting of the Exit Plan, alongside the Operations Team, the IUA, Lloyd's and Velonetic. The LMA commissioned advice from Clifford Chance on whether signature of the Exit Plan compelled an exit from the heritage services and cutover to Blueprint Two. We also issued advice from Clyde & Co in relation to the data protection aspects of Blueprint Two to provide a guide designed to help members produce a Data Protection Impact Assessment. This work was a joint project with the IUA. Although Blueprint Two has been delayed, the Exit Plan still needs to be signed to allow data to be moved for the testing phases when they commence.

## **Data protection**

April saw the formation of the Joint LMA/IUA Data Protection Committee. Invites were sent out to existing LMA data protection contacts. The Committee helped review drafts of the Blueprint Two Data Protection Impact Assessment Guide referred to above. If you want to join this committee, please contact [Ray Koh](#).

## **Legal trainees**

We welcomed our latest trainees to the LMA – Max Gross, Muhammad Hammad and Bryana Daniels. Please contact [Ray Koh](#) if you are interested in a trainee joining your company. They are fully funded by the LMA.

## **Proportionate regulation**

The Legal and Regulatory Team continued close engagement with the FCA over the first half of 2025. Not only formally responding to the Discussion Paper DP24/1 "Regulation of commercial and bespoke insurance business" (Part 2) but also holding a number of liaison calls and working level meetings.

This has resulted in much of CP25/12 "Simplification of Insurance Rules," launched in May, reflecting the feedback already given to the FCA. The drafting of the response was led by our Regulatory Committee. May saw significant activity on this with working group sessions conducted to inform the LMA's response. The FCA is now drafting amended regulation. We have produced a further document for them setting out why we consider that their proposals do not go far enough in terms of defining a consumer or limiting their international reach.

## **Non-financial misconduct**

The Legal and Regulatory team, Communications and LMA Academy teams have supported the launch of a six-month training programme aimed at helping firms tackle non-financial misconduct. This has been a significant collaboration not just within the LMA but with our partner trade bodies, the IUA and LIIBA. Further information and replays of these sessions are available [on our website](#). We have also submitted a response to the FCA's proposals as to changes to their regulations dealing with financial misconduct, in particular incorporating commentary on the rationale for departing from the law and setting their own standards. We consider this may cause problems when employment proceedings are happening at the same time as the FCA is looking at the matter.

## Pool Re

We hosted a number of sessions at which Pool Re was able to engage with members on a roundtable basis to discuss its 2025 Market Consultation. The LMA prepared a substantive response to the consultation which required running a market survey and collating member feedback on Pool Re's proposals.

## Compliance Officers' Group (COG)

In January, members heard from Lloyd's on its 2025 Market Oversight Plan and HFW Law on recent regulatory change and horizon scanning. The event was followed by a networking session.

The COG met again in May where attendees heard from the authors of the FCA's Consultation Paper on the Simplification of Insurance Rules (referred to above), just a week after it had been launched. There was an extensive Q&A session which helped give context to the consultation and the intent of the FCA team. This will help inform the LMA's response.

Attendees also heard a presentation from Clyde & Co on what insurers need to consider when entering into Broker Service Agreements. The event finished with a networking session.

## Other events

The Legal and Regulatory team represented the market at a number of high-profile events:

- The FCA's five-year strategy launch event. This was an opportunity to engage with FCA senior leadership on more granular plans for 2025/6 and the plans for more proportionate regulation of the Lloyd's market.
- Arabella Ramage was a panel speaker at Marine Insurance London, discussing the Lloyd's Open Form (LOF) salvors regime.
- John Levett spoke at the Insurtech Insights Europe event in Greenwich. John's panel session was on keeping ahead of regulatory change in artificial intelligence. [Watch the video replay](#).
- Arabella Ramage and John Levett represented the LMA at the Global Federation of Insurance Associations and Insurance Europe Conferences both held in Brussels.

These events were an excellent opportunity to build bridges with international lobbying partners. Key topics were ensuring global markets remain open and combating protectionism in insurance markets.

## International

In February, we attended a two-day forum between LMA senior leadership and Lloyd's Insurance Company's leaders in Brussels. This gave us an opportunity to understand LIC's priorities for 2025 and influence its next steps on maturing its legal and compliance functions. There was also an event in Paris at the British embassy to allow underwriters to meet French brokers and insurance associations particularly focusing on property and cyber lines of business.

The LMA facilitates the Lloyd's international forum and LIC quarterly forums. On top of this, the LMA helped enable the market to engage with significant regulatory and policy changes on international issues, including:

- **Italian NatCat** – We brought together underwriters and compliance teams to ensure compliance with the new Italian NatCat rules requiring insurers to provide minimum terms on all commercial property policies 01 April.
- **Indian Collateral Requirements** – The LMA ensured that those writing Indian reinsurance were updated on developments in India (see above).
- **New Zealand CoFI** – During Q1, the Conduct Committee was a key stakeholder in ensuring a joined-up approach, with Lloyd's issuing a single fair conduct programme summary on behalf of the Lloyd's market.
- **LIC funds withheld model** – Updates were provided at the LIC quarterly forum and other LMA forums. Work continues to develop the appropriate final process and clauses.
- **Brazil** – We started work to enable the market to respond to the new Brazilian Insurance Act.

### **Horizon scanning and consultations**

As part of the approved Legal and Regulatory strategy, the team worked closely with Luther Pendragon during Q1 to develop a new and detailed horizon scanning report. This has included workshops with the Legal and Regulatory Committees to share the plan and obtain feedback before the formal launch. The [Legal & Regulatory Radar](#) is updated monthly and available on our website exclusively for members.

In H1 2025, the Legal and Regulatory team identified, triaged and reviewed 114 separate consultations and calls for input by UK and international regulatory bodies which had potential impacts on our members.

For many, we worked jointly with other stakeholders such as Lloyd's, the London Market Group and other trade bodies to influence outcomes.

We also provided substantive responses to 21 consultations, including the following:

#### *UK Regulators:*

**FCA** – CP24/2 Part 2: Greater transparency of our enforcement investigations

**FCA** – Modernising the Redress System

**FCA** – DP24/1: Part 2: Regulation of commercial and bespoke insurance business

**FCA & PRA** - Operational resilience: Operational incident and outsourcing and third-party reporting

**PRA** – Proposed changes to the UK Insurance Special Purpose Vehicles (UK ISPV) regulatory framework

**Lloyd's** – proposed New Conduct Framework consultation

*UK Government:*

**European Affairs Committee** – The UK-EU Reset and Cooperation and Trade Agreement

**HM Treasury** – Captive Insurance Consultation

**Courts & Tribunals Judiciary** – Litigation Funding

**Department for Business and Trade** – Strategic Steer to the Competition and Markets Authority

**National Security Strategy (Joint Committee)** – Undersea Cables Call for Evidence

**Foreign Affairs Committee** – UK Sanctions Strategy Call for Evidence

**Environment Agency** – Applying Environment Act 2021 civil sanctions

**Home Office** – Ransomware Legislative Proposals

**Department for Energy Security and Net Zero** – Extending the UK Emissions Trading Scheme Cap Beyond 2030 – Consultation

*Other:*

**EIOPA** – Artificial Intelligence Governance and Risk Management

**EFRAG** – ESRS Set 1 Revision

**Pool Re** – Market Consultation 2025

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