

To: Solvency II WG, Corporate Reporting - Investments & Sustainable Finance WG, Conduct of Business Committee, Distribution PG, PRIIPs PG

Cc: Personal Insurance Committee, Insurtech PG

From: Prudential Team

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Subject: EIOPA publication on simplification

## Summary

On 8 April, EIOPA published its [approach](#) to supporting the objective of simplifying regulation and reducing administrative burdens for enhanced European competitiveness.

The secretariat has reviewed the publication and highlights the **key extracts** and positions for relevant working groups below.

This publication follows the [Op-ed](#) by the Chair of EIOPA, addressing the Savings and Investment Union (SIU). The Op-ed, published on 27 March, is titled "Unlocking the potential of Europe's savers".

## General comments

- While competitiveness is not explicitly part of EIOPA's mandate, and the Authority has not received any official mandates to simplify and reduce burden, EIOPA acknowledges the new political priorities of the European Union. Together with its Members, EIOPA is committed to constructively supporting the debate and contributing to a well-balanced and credible outcome.
- EIOPA calls for smarter, **more harmonised** regulation alongside more effective supervision at the EU level.
- EIOPA suggest greater involvement during **Level 1 negotiations**, especially for horizontal legislation, would help to ensure solid technical input to co-legislators regarding the need for specific mandates.
- A **stronger mandate** at the EIOPA Board level would help reduce complexity and enhance efficiency. In specific areas, such as the **supervision of cross-border undertakings** more consistent enforcement across jurisdiction could strengthen the overall effectiveness of supervision, promote a level playing field and lower administrative burdens – ultimately boosting competitiveness.
- In the related [news article](#), Petra Hielkema, Chair of EIOPA said: "Efforts to simplify regulation must, in our view, strike the right balance, ensuring that streamlining leads to a stronger, more cohesive framework, rather than introducing **new gaps, inconsistencies or unintended burdens** elsewhere."

## On Solvency II

EIOPA has been advancing regulatory simplification in all areas of its work by:

- Shortening Solvency II guidelines.
- Streamlining reporting templates and reducing data points for Solvency II reporting.
- Introducing proportionality principles where possible.
- Permanently reducing the frequency of stress tests for insurers.

## Prudential reporting

- The ITS for YE2023 reduced reporting by around **1000** data points for SMEs.
- EIOPA is revising this ITS again with the following aim:
  - deleting templates/tables/information

- reducing reporting frequency
- enhancing proportionality by reviewing materiality thresholds
- simplifying information by reviewing templates and instructions.
- EIOPA also started to shorten all existing Level 3 texts that are relevant for the insurance industry by reducing, to the extent possible, the **number of articles by 25%**.
  - While recognising that this in itself may not result in a 25% reduction overall, it contributes to foster a mindset of better regulation

#### Other topics

- **Proportionality:** Advice to the European Commission on Level 2 emphasises a balanced approach that combines quantitative and qualitative criteria, for undertakings that do not qualify as small and non-complex undertakings (non SNCUs).
- **Sustainability:** Draft RTS on sustainability risk plans (SRPs) starts from data already in place through ORSA scenarios and CSRD/ESRS. Data points related to financial risk assessment should primarily be the result of the prudential assessment.
- **Digitalisation:** Revised Solvency II Directive mandated EIOPA to draft a report on integrated data reporting, including potential measures to develop an integrated data collection.
- **Stress tests:** Already further simplified, with its frequency permanently reduced to a **three-year cycle**. EIOPA is investing in **top-down** stress testing analysis, already used in the Fit-for-55 exercise, to extend bottom-up stress tests to every **four years** or beyond.
- **Liquidity monitoring:** Efforts are also underway to significantly limit or replace current liquidity monitoring reporting with Solvency II data analysis for greater efficiency

#### On Sustainability and Reporting

- EIOPA supports and will provide, as appropriate, input to the European Commission's Sustainability **Omnibus package** aimed at simplifying the European sustainability reporting framework.
- EIOPA will strive to ensure that EU (re)insurers **maintain sufficient access** to reliable, standardized and consistent sustainability data.
- The European Single Access Point (**ESAP**) will collect and provide access to **public disclosures** originating from multiple EU regulations and directives.

#### On Digital

- EIOPA is preparing an Opinion on the application of sectoral legislation (eg Solvency II) to use cases that are not classified as high-risk under the **AI Act**.

#### On Products, Disclosures and Distribution

- EIOPA has been promoting the streamlining of requirements related to product disclosures, product design and sales processes to promote **greater uptake** of insurance and pension products, enhance consumer **financial health**, and boost SME **competitiveness**.
- Progress is often hindered by **national or other infrastructure** barriers
- Limited uptake of the Pan-European Personal Pension Product (**PEPP**) is partly due to product features but also to national-specific solutions
- Current discussions on the Retail Investment Strategy (**RIS**) show the introduction of multiple layers, limiting efficiency and effectiveness.
- EIOPA already advised, **simpler products** should be accompanied by a simplified advice and distribution process, as existing—**often duplicative**—requirements do not always achieve their intended objectives.
- EIOPA's recent **mystery shopping** indicates that extensive regulatory requirements **do not necessarily lead to better outcomes** for consumers during the sales process.
- Initiatives such as introducing a summary dashboard in the **PRIIPs** Key Information Document (**KID**) and re-thinking more broadly disclosures (eg labels for **NatCat products**) can reduce the burden on intermediaries and improve consumer understanding.