

Insurance Europe – Simplification for a more competitive Insurance sector

Executive summary

The European insurance sector is committed to delivering strong protection for consumers and supporting the EU economy. But excessive regulatory and reporting complexity drains resources away from consumers and productive investment. Rules designed to protect can, when duplicated or disproportionate, instead increase costs, slow innovation and make cover less affordable and available.

This report sets out practical, targeted recommendations to align with the European Commission’s simplification agenda, reduce unnecessary administrative burdens and strengthen the sector’s competitiveness. It’s not about deregulation, but about smarter, better regulation that maintains strong safeguards while removing unnecessary complexity.

Our proposals are designed to:

- Maintain robust consumer protection and financial stability.
- Simplify rules and reduce duplication across EU and national requirements.
- Improve proportionality for all insurers, not just small or non-complex undertakings.
- Support innovation, sustainability goals, and efficient supervision.

Simplification in regulation is never simple. Yet it matters because it:

- **Frees resources for progress.** Insurers today file hundreds of pages of overlapping reports, often repeating the same data in different formats. Cutting duplication would save millions that could instead fund faster digital claims, climate-resilient products and green investment.
- **Protects people without waste.** Smarter, proportionate rules maintain safeguards where they matter most while sparing customers and companies needless cost and delay.
- **Keeps cover affordable.** Constant rule changes force insurers to spend heavily on compliance projects instead of pricing cover competitively. A stable and predictable framework allows insurers to plan long-term investment in renewables, infrastructure and innovation, supporting jobs and keeping premiums manageable.

Our recommendations

The recommendations cover the **full spectrum of regulatory frameworks** affecting insurers:

- **Prudential, compliance and reporting** (Solvency II, IRRD, AML, taxation)
- **Distribution and disclosures** (Retail Investment Strategy (RIS) incl. IDD and PRIIPs)
- **Sustainability** (CSRD, ESRS, Taxonomy, SFDR, CSDDD)
- **Digital and innovation** (AI, cloud, cybersecurity)
- **Data protection** (GDPR and health data use)
- **Supervision and governance** (EIOPA Q&As, impact assessments, national templates)

Together, these proposals show how simplification delivers real benefits. It frees resources for innovation, makes insurance clearer and more affordable for consumers, and strengthens Europe’s competitiveness.

A simpler framework also supports growth, resilience and the green transition.

1. Prudential, Compliance & Reporting

Context and importance

Prudential, compliance, and reporting frameworks are the backbone of the EU's insurance regulatory system, safeguarding consumer protection and financial stability and enabling early supervisory action. However, the scope, frequency, and overlap of requirements — especially under Solvency II (SII), the Insurance Recovery and Resolution Directive (IRR), Anti-Money Laundering (AML), and taxation — create substantial and unnecessary administrative burdens. Streamlining these obligations would free up resources for innovation, sustainable investment, and consumer-focused solutions, without weakening policyholder protection or prudential soundness.

Key challenges at a glance

- **Volume and frequency of reporting:** Quarterly and annual Quantitative Reporting Templates (QRTs), Regular Supervisory Report (RSR), Solvency and Financial Condition Report (SFCR), and AML obligations require significant resources, often duplicating data provided through other channels.
- **Disproportionate treatment:** Proportionality measures (e.g., reduced reporting) remain limited to Small and Non-Complex Undertakings (SNCUs), excluding mid-sized insurers that face similar burdens, and create inconsistencies for SNCUs within groups that do not qualify as Small and Non-Complex Group (SNCGs).
- **Duplication:** Multiple, unaligned anti-tax-avoidance regulations and tax reporting obligations add unnecessary complexity.

Spotlight: where simplification delivers impact

1. **Delete sustainability risk plans** (Article 44 SII Directive) or postpone Regulatory Technical Standards (RTS) until frameworks are aligned.
2. **Abolish Q4 QRT reporting and streamline SFCR** to cut year-end pressure, without reducing transparency for consumers.
3. **Extend proportionality beyond SNCUs**, ensuring fairer treatment for all insurers while safeguarding supervisory oversight.
4. **Introduce "stop-the-clock" mechanisms under IRR and taxation** to allow proportionate, orderly implementation.
5. **Digital-first, report-once-use-many:** a single entry system usable by multiple authorities.

Concrete policy priorities

Solvency II

- **Sustainability requirements:** Delete sustainability risk plans (Article 44 SII Directive) to avoid duplication and fragmentation.
- **Reporting simplification:**
 - Abolish Q4 QRT reporting to ease year-end pressure.
 - Streamline SFCR: retain a short public policyholder section + quantitative annex.
 - Remove mandatory external audit of SFCR balance sheet.
 - Limit new RSR requirements to material topics, avoiding line-of-business or geographic breakdowns that add burden without providing meaningful supervisory insight.

These measures would cut costs while maintaining transparency and trust.

- **Proportionality and supervisory tools:**
 - Reconsider the need and design of regular EU-wide stress tests, as Solvency II already stresses insurers' balance sheets to determine capital requirements and provides extensive solvency information through existing reporting.
 - Simplify the standard formula by removing immaterial modules and address gaps through Own Risk and Solvency Assessment (ORSA), ensuring focus on material risks.

- Adjust the treatment of expenses in the standard formula so that contractually fixed expenses, which do not vary in practice, are not stressed. This ensures a more accurate and proportionate calibration.
- Reinstate EIOPA's publication of Non-European Economic Area (non-EEA) Risk-Free Rate (RFR) data, to ensure transparency and consistency across markets.
- It is important that the Directive specifies that the proportionality measures envisaged for SNCUs, as established in Article 29, shall also apply to non-SNCUs without prior supervisory authorisation, as is the case for SNCUs.
- Enhance the application of proportionality within groups: allow the use of historical data or the exclusion of exempted SNCUs from group reports and plans, ensuring proportionality applies consistently at both solo and group level.
- **Long-term measures:**
 - Allow flexible, proportionate implementation of Volatility Adjustment (VA) / Dynamic Volatility Adjustment (DVA), ensuring the framework remains usable for different business models.
 - Avoid duplicative "Day 1" reporting in 2027, preventing unnecessary operational costs during transition.
 - Retain current Expected Profits in Future Premiums (EPIFP) treatment to provide stability and predictability

IRRD

- Introduce a **"stop-the-clock" mechanism** to pause implementation and reassess legislation necessity.
- Delete market coverage requirements (Articles 5(2) and 9(2)) to avoid unnecessary recovery/resolution plans.
- Streamline RTS content and delay the first pre-emptive recovery plans until 2029.

AML

- **Reporting and data collection**
 - Build reporting requirements on **existing practices and available data**, avoiding duplication and unnecessary burden.
 - Ensure that **new data collection is strictly limited to what is necessary** for Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) supervision, in line with the **EU's 25% reduction target for reporting burdens**.
 - Introduce a **transition period for new reporting requirements**.
- **Review frequency**
 - Impose a **three-year review frequency** instead of annual reviews for the risk profiles of **low-risk life insurance products** with ad-hoc reviews only if incident-driven criteria are met.
- **Customer identification and verification**
 - Ensure **proportionality in customer identification**, especially for low-risk situations.
- **Simplified due diligence (SDD)**
 - Explicitly recognise **low-risk life insurance products** such as pension products, pure risk insurance policies, and paid-up policies **eligible for sector-specific SDD measures**.
 - Allow **event-driven updates** of customer information (e.g., before payout or due to contract changes) instead of periodic updates every one to five years.
- **Enhanced due diligence (EDD)**
 - **Exempt low-risk life insurance products** such as pension products and pure risk insurance policies from **EDD requirements**.

Taxation

- **EU tax framework**
 - **Streamline overlapping anti-tax-avoidance regulations and reporting requirements** to ensure coherence, reduce duplication, and cut administrative burdens for cross-border businesses.
 - **Harmonise reporting deadlines, and templates** across directives to support efficient compliance and a level playing field.
- **OECD Pillar II – competitiveness and simplification**
 - **Introduce a whitelist of jurisdictions** with effective tax at or above 15%, reducing compliance checks and preventing unnecessary top-up tax exposures.
 - **Ensure tax neutrality for investment entities** by simplifying their treatment and avoiding compliance burdens or disproportionate taxation.
 - Continue the **transitional CbCR Safe-Harbour regime** with targeted adjustments.
 - **Allow companies to treat deferred tax liabilities (DTLs) as covered taxes with minimal exceptions to tackle abuse**, avoiding burdensome retrospective re-computation under the DTL recapture mechanism.
 - **Extend the Country-by-Country Reporting (CbCR)-Safe-Harbour**, to ensure sufficient time to assess efficiency of Global anti-Base Erosion (GloBE) rules and design a permanent safe-harbour.
- **OECD Pillar II – global alignment**
 - **The EU should support negotiations at OECD/G20** to ensure fairness and a level playing field, including in transatlantic agreements with the US.
 - **Introduce proportional and predictable penalty frameworks at EU level**, to avoid excessive sanctions under conditions of legal uncertainty and complex interpretations.
 - Reassess **whether administrative burdens under Pillar II are proportionate** to its policy objectives, particularly in sectors with specific complexities such as insurance.
- **Reporting and compliance burden**
 - **Reduce the granularity of reporting and computations**, allowing reliance on data already available from accounting systems.
 - **Align GloBE rules with financial accounting standards** to minimise complexities created by divergencies.
 - **Revise Global Information Return requirements** to cut compliance burdens.
 - **Harmonise Qualified Domestic Minimum Top-up Tax (QDMTT) reporting deadlines and templates** across member states.
- **Tax incentives**
 - Address the treatment of tax incentives by **reducing limitations and clarifying eligibility criteria** to support legitimate investment activities.
 - Ensure that rules do not inadvertently **undermine EU competitiveness** by discouraging innovation or long-term investment.

Section close – political signal

A smarter, more proportionate approach to prudential, compliance and reporting rules would cut unnecessary costs while safeguarding policyholder protection. Removing redundant requirements — from sustainability risk plans under Solvency II to duplicative AML checks and Pillar II filings — would send a clear political signal that Europe is serious about competitiveness and committed to enabling insurers to focus on serving consumers and financing the economy.

2. Distribution & Disclosures

Context and importance

Nowadays, European consumers benefit from a robust distribution and disclosures regulatory framework. This includes, among others, the Insurance Distribution Directive (IDD), which regulates the sales of insurance products, and the PRIIPs Regulation, which introduced the Key Information Document (KID). However, the consumer journey to obtaining insurance can be excessively long and burdensome, with multiple tests and layers of disclosures. This overwhelms consumers rather than empowering them, while adding heavier regulatory and compliance burdens for the market. To remedy this, the Retail Investment Strategy (RIS) was put forward, aiming to boost retail participation in the EU financial markets. Unfortunately, many of the RIS proposals go in the opposite direction, with further red tape, prescriptiveness and administrative burdens. Streamlining these frameworks is crucial, as it would create simpler, more efficient processes for both consumers and companies and it would support the European Commission's (EC) objectives of competitiveness and burden reduction.

Key challenges at a glance

- **Overwhelming consumer journey:** The purchase of a green insurance-based investment product (IBIP) with advice takes up to 2 hours, discouraging many consumers from investing.
- **Information overload:** Disclosure rules at EU level require the provision of up to 339 pieces of pre-contractual information for a green IBIP, making products difficult to understand and compare.
- **Rising complexity:** The new RIS proposals risk increasing bureaucracy further, with stricter product design and remuneration rules, heavier reporting burden, longer sales process (over 2 hours and more than 14 pages of questionnaires¹) and increased information overload (up to 350 disclosures).

Spotlight: where simplification delivers impact

The RIS is an opportunity to:

1. Ensure consumers enjoy a **smooth and engaging purchasing process with easy access to advice and products, tailored to their needs.**
2. **Tackle information overload** by focusing disclosures on what truly matters for consumers.
3. **Avoid unnecessary reporting, compliance costs and red tape** for companies.

Concrete policy priorities

RIS:

- **Value for Money (VfM)**
 - **Keep benchmarks for supervisors only**, to monitor the market and identify outliers, while avoiding price control and product standardisation.
 - **Oppose peer grouping**, which would duplicate benchmarks and create unnecessary paperwork, without any proven benefits for consumers.
 - **Avoid new reporting requirements**, as the PRIIPs KID and Solvency II provide sufficient data for a first market screening. The European Single Access Point (ESAP) will soon make the KID information even more easily accessible.
 - **Do not publish benchmarks**, as they could be misused or misinterpreted by the wider public (e.g., the press, NGOs, unfair competitors, consumers, etc.).
 - **Delete the Level 2 empowerments**, as VfM is one of the key RIS topics which should not be removed from the political debate.
- **Consumer journey**
 - **Do not add new questions to the suitability assessment**, as this would lengthen the advice process and be incompatible with insurance distributors' qualifications.

¹ Estimation based on the Belgian market

- **Do not add new questions to the appropriateness assessment**, as this would make it harder for consumers to invest, especially those looking for a short investment journey.
- **Remove the new inducements test**, as the robust IDD framework on conflicts of interest and the new best interest test provide sufficient safeguards for the payment of inducements.
- **Ensure that the best interest test is workable for all insurance channels and products:**
 - Criterion a) should not require an “appropriate range” of products, as it cannot be met by all insurance distributors (e.g., tied agents, insurers’ employees, small insurance companies etc.), would raise compliance costs and reduce competition.
 - Criterion b) must duly consider the qualitative features of insurance products (e.g., financial guarantees, biometric risk coverage), as these are key elements driving consumers’ choice to invest.
 - Criterion c) must be deleted, as recommending the cheaper product ignores that, in insurance, “cheaper” could entail less coverage, less protection and fewer benefits for consumers. Similarly, the proposal in the suitability test “to not consider a product suitable where it contains additional features that are not necessary for the consumer’s objectives” should also be deleted.
- **Delete the Level 2 empowerment on inducements and the best interest test**, as these are key proposals that need to be defined in Level 1.
- **Disclosures**
 - **The new warnings for risky/complex products and the comprehension alert should be removed**, as they would discourage consumers from investing.
 - **For both pre-contractual disclosures and the annual statement, oppose the Level 2 empowerment to define a standardised format and content** as this would not work for diverse products and markets.
 - **Maintain the current approach to Multi-Option Products (MOPs)**, as the RIS proposals would add excessive cost disclosures and would make it more difficult to offer these products.
 - **Oppose the ESG dashboard in the PRIIPs KID**, as it duplicates the Sustainable Finance Disclosure Regulation (SFDR) information.
 - **The Product at a glance dashboard should clearly display both financial guarantees and insurance benefits**, as these are key elements in driving consumers’ choice.
 - **Apply the annual statement only to new contracts**, as this would prevent consumer confusion and increased compliance costs. Besides, the Council’s proposal to provide the annual statement no later than 4 months after the end of the reporting period should be opposed as this deadline would be unfeasible for insurers to meet.
 - **All immediate annuities should be clearly excluded from the scope of PRIIPs**, as the KID is not fit, and could even be misleading, for these products.
 - **Oppose the PRIIPs online comparator**, as it cannot reflect IBIPs’ multiple features. Moreover, it could be misused or misinterpreted by the wider public as a ranking of “good” and “bad” products in the market.
 - **Delete the requirement to inform consumers on “how the recommended IBIPs take into account the diversification of the customer’s portfolio”**, as it is not suitable for insurance.
 - **For PRIIPs KID with a layering option, clarify that only the Product at a glance dashboard appears in the first layer of the PRIIPs KID**, with all the other information items moved to subsequent layers.
 - **The PRIIPs KID should be published on the manufacturer’s website only** to avoid duplication and unnecessary costs for distributors to set up and run a website.
 - **Focus disclosures on the total cost at the end of the recommended holding period (RHP) in the “What are the costs?” section of the PRIIPs KID.**

- **Avoid intermediate time periods** in the “What are the risks and what could I get in return?” section of the PRIIPs KID

Insurance Distribution Directive (IDD)

- Use the RIS to:
 - Apply the digital-by-default approach for all insurance products.
 - Allow the layering option for the provision of disclosures for all insurance products.
 - Maintain the current framework for the demands & needs test, the appropriateness assessment and execution-only, without introducing further changes.
 - Remove the “knowledge” and “experience” questions in the suitability assessment as not meaningful nor relevant in an advised sales process.
 - Better streamline disclosure requirements and focus on what matters for consumers.
 - Ensure that the IDD focuses on individual consumers, with no need to apply the full IDD (e.g., use of IPID, demands and needs test, the full POG, etc.) to commercial contracts. Moreover, the IDD should not apply to reinsurance and occupational pension products.
 - Limit the number of Level 2 & 3 empowerments and ensure that key aspects are discussed as part of the political debate.

Use the SFDR review to simplify the terminology used for sustainable products and better align the SFDR framework with IDD Level 2 on the sustainability preferences assessment, and then update and simplify the guidance.

PRIIPs Regulation

- Use the RIS to:
 - Apply the digital-by-default approach.
 - Allow the option to layer information.
 - Follow the “one in, one out” principle e.g., if new sections are introduced in the KID, other less important elements should be deleted.
 - Apply consumer testing to improve the jargon that is not understandable by real consumers.
 - Avoid repetitions based on the mandatory narratives (e.g., the RHP and the invested amount).
 - Limit the number of Level 2 and 3 empowerments.

Illustrative example

“Take the Retail Investment Strategy, for example. The European Parliament and Council had their position ready – but now it’s time to adjust it to cross the finish line. And this should be done through the lens of simplification, so that the final text truly empowers Europeans and unlocks investment. Simplification isn’t a one-time exercise. It’s a method – and more importantly – a commitment we need to apply today and tomorrow, across all legislation” – MEP Stéphanie Yon-Courtin, June 2025

Section close – political signal

Simpler rules on distribution and disclosures mean better outcomes for consumers and a more competitive insurance market. As policymakers advance discussions on the RIS, it is therefore vital to keep simplification at the core of the debate.

3. Sustainability

Context and importance

The industry requires regulatory stability. Instead of adding new layers of obligations, the priority should be to make existing requirements more coherent, more consistent across pieces of legislation, clearer and easier to use. Current sustainability rules are already extensive, often overlapping, and experience has shown that additional guidance can unintentionally complicate what was meant to be straightforward. Without a clear and streamlined approach, insurers face continued uncertainty and unnecessary costs.

Key challenges at a glance

- **Excessive regulatory burden:** Implementing overlapping and disproportionate requirements mobilises significant resources without corresponding benefits.
- **Need for coherence and proportionality:** Insurers require coherent rules across the sustainable finance framework which focus on material information and avoid duplication.
- **Impact on competitiveness:** Excessive reporting and regulatory requirements divert capital and expertise away from sustainable investment and innovation.

Spotlight: where simplification delivers impact

The Sustainable Reporting Omnibus is an opportunity to:

1. **Reduce existing overly burdensome sustainability reporting requirements in the Corporate Sustainability Reporting Directive (CSRD) and EU Taxonomy.**
2. **Avoid introducing new reporting requirements through the European Sustainability Reporting Standards (ESRS) sector specific standards, or planned additions to the EU Taxonomy Disclosures delegated acts.**
3. **Avoid unnecessary reporting, compliance costs and red tape** for companies.

Concrete policy priorities

CSRD/ESRS

The industry supports the omnibus proposal to:

- **Remove new sector-specific reporting** standards or guidance so that companies can focus on the already extensive sector agnostic requirements.
- **Review and significantly simplify ESRS** for Wave 1 and others, ensuring interoperability and focusing only on key sustainability aspects.
- Keep assurance at **limited level** to avoid extra costs.
- Keep reporting **mandatory only for >1000 employees**, met in two consecutive years, others should report voluntarily.
- Ensure **Omnibus covers electronic tagging**, pause or phase it given costs and AI developments that may replace or simplify it.

EU Taxonomy

- Remove the **underwriting Key Performance Indicator (KPI)** or suspend its application until its usefulness is properly assessed.
- Support simplified templates (cutting ~70% of data points), and exemption of smaller entities (<1000 Full-Time Equivalents (FTEs)).
- **Simplify the Do No Significant Harm (DNSH)** criteria and Minimum Safeguards requirements
- The upcoming Implementing Technical Standards (ITS) update on Environmental, Social and Governance (ESG) risks in Pillar 3 should exclude all Taxonomy-related templates to avoid duplicate reporting. In addition, the Pillar 3 requirements should be simplified and better aligned with other regulatory frameworks.

SFDR

- Ensure alignment of **data requirements** with CSRD and EU Taxonomy to avoid duplication.
- Streamline and simplify disclosure obligations, especially for smaller entities, to focus on **comparability** and usability of information.
- **Improve clarity and usability:** Support a comprehensive review of SFDR that enhances coherence and ensures the framework is practical for users.
- **Simplify disclosures:** Focus on decision-useful, material information rather than excessive detail, ensuring disclosures are understandable for investors.
- **Address current challenges by** simplifying complex templates, closing persistent data gaps, eliminating overlaps with IDD, CSRD, MiFID II, Solvency II, and the EU Taxonomy, and ensuring legal certainty through a clear definition of “sustainable investment.”
- **Enable transition finance:** Ensure SFDR fully recognises and supports transition finance as a critical tool for meeting climate objectives.
- **Consider product categorisation:** Acceptable only if it is simple, clearly defined, consumer-tested, and applies to all financial products, including insurance (multi-asset portfolios, general accounts).
- **Accommodate diverse instruments:** Explicitly cover sovereign bonds, retail and non-retail assets, securitisations, and Natural Catastrophe (NatCat) bonds to reflect the breadth of sustainable finance markets.
- **Ensure regulatory alignment:** Align SFDR requirements with CSRD and the Omnibus Package to avoid duplication and fragmentation.
- **Safeguard competitiveness:** Ensure SFDR rules strengthen, rather than undermine, the competitiveness and attractiveness of sustainable products in Europe.
- Simplify disclosures for retail investors, focusing on **key, decision-useful information**. The European Supervisory Authorities (ESAs) dashboard provides a good basis, and ESG annexes should be aligned with MiFID II/IDD sustainability preference definitions.
- **Remove the entity-level PAI statement from SFDR** – entity level disclosures are already reported through the CSRD.
- Eliminate product-level SFDR disclosures on websites, as investors already receive this information through **pre-contractual documents or fund prospectuses. It should be possible to cross-reference existing SFDR disclosures of the fund providers in the pre-contractual information, thereby simplifying reporting requirements.**
- Remove the requirement to explain changes on the website, as it **adds bureaucracy without value** to investors.

Corporate Sustainability Due Diligence Directive (CSDDD) The industry supports the omnibus proposal to:

- Exempt financial services sector from downstream due diligence obligations and remove the review clause
- Focus on direct business partners (tier-1)
- Reduce risk assessments and monitoring obligations (e.g., every five years instead of annually)

Quote

“Reducing excessive, outdated or overlapping requirements is not about removing safeguards, but about reducing unnecessary friction.”

Alban de Mailly Nesle

Section close – political signal

Implementing these simplifications would send a strong political signal, that the EU is committed to both **competitiveness and climate action**, ensuring that sustainable finance rules are **coherent, proportionate, and impactful**.

4. Digital & Innovation

Context and importance

Insurers are navigating an increasingly complex regulatory environment that spans from artificial intelligence (AI) and cloud, to data protection, and cybersecurity. Insurers are key enablers of Europe's digital transformation: they protect against cyber risks, innovate to better serve customers and leverage data to increase insurability. However, fragmented and overlapping regulatory requirements divert resources which would otherwise be invested in innovation and towards improving services to the benefit of customers.

The forthcoming European Commission's Digital Omnibus package offers a unique opportunity to deliver a more coherent, innovation-friendly digital framework that supports resilience and competitiveness and maintains consumer protection.²

Key challenges at a glance

- **Duplicated obligations:** Insurers face overlapping rules, leading to higher reporting burden and substantial costs.
- **Legal uncertainty:** Narrow interpretations, e.g., for anonymisation in General Data Protection Regulation (GDPR), create uncertainty, slowing innovation and deterring investment.
- **Excessive compliance burden:** On-site inspection obligations for cloud providers and multiple cybersecurity reporting regimes drive up costs without any benefits.
- **Consumer impact:** Complexity and unclear rules ultimately affect consumers through slower digital uptake and less innovative products.

Spotlight: where simplification delivers impact

The Digital Omnibus package is an opportunity to:

1. **Cut duplication across frameworks:** Streamline obligations between GDPR and AI Act, and ensure exemptions for Digital Operational Resilience Act (DORA) entities apply where equivalent requirements exist (e.g., CRA).
2. **Enable proportionate cloud rules:** Allow reliance on EU-recognised certifications and shared ESA audits to avoid redundant inspections.
3. **Clarify data use for innovation:** Introduce a legal basis for AI training with sensitive data, and adopt a risk-based approach to anonymisation.
4. **Harmonise cybersecurity reporting:** Align formats, deadlines, and supervisory guidance across EU legislation to reduce administrative burden and strengthen resilience.

Artificial Intelligence

The AI Act will apply in addition to an extensive set of existing rules which govern insurers' use of AI, including Solvency II and the Insurance Distribution Directive (IDD). These already address governance, transparency, fairness, ethics, and outsourcing risks. Without clarity, insurers face duplication of obligations and therefore risking unnecessary complexity. This holds particularly true for requirements related to governance, conduct, and disclosure.

Concrete policy priorities

- Clarify how existing financial services regulations meet AI Act requirements to avoid duplication and ensure that the sector is enabled to uptake and deploy AI tools.

² Insurance Europe has developed a detailed set of proposals for the Digital Omnibus Package. The sector's suggestions can be [found here](#).

Cloud Services

Under Solvency II, insurers remain fully responsible for outsourced **Information and Communication Technology (ICT)** services, with on-site inspection requirements that are ill-suited to cloud computing. Current rules under Delegated Regulation (EU) 2024/1773 prevent reliance solely on recognised third-party certifications, obliging insurers to duplicate audits — even when the same providers have been reviewed by the ESAs' Joint Examination Teams under DORA. This drives costs and can unintentionally increase concentration risk.

Concrete policy priorities

- Allow greater reliance on recognised certifications and audit reports to prevent duplication.
- Grant access to the ESA Joint Examination Team audit results to reduce redundant oversight.

Cybersecurity

Cybersecurity rules and reporting requirements are numerous, across different pieces of legislation. Adjustments made to these requirements would reduce reporting duplication, align timelines, and ensure coherent interplay between regimes would help reduce the administrative burden companies are facing. At the same time, clear overlaps between the Cyber Resilience Act (CRA) and the Digital Operational Resilience Act (DORA) risk creating double requirements for financial institutions.

Concrete policy priorities

- Ensure consistent and comparable cybersecurity reporting formats across jurisdictions to avoid differing interpretations.
- Issue clear and consistent guidance to member states, to prevent the emergence of conflicting national frameworks.
- Streamline DORA reporting.
- Ensure a more proportional and efficient DORA application.
- Ensure stakeholder participation and transparency in potential future certification schemes.
- Issue a clear exemption from the CRA measures for financial entities subject to DORA in order to address the duplication of cybersecurity requirements between the two frameworks.
- Coordinate digital legislation to uphold coherence and reduce implementation burden.

GDPR & AI Interplay

The ongoing digital transformation and integration of AI present significant opportunities for insurers and their customers alike. Innovation and digitalisation are driving forces within the insurance sector. While the current regulatory framework is designed to safeguard consumers, it is equally important to evaluate whether existing rules inadvertently hinder innovation or impose unnecessary barriers for both insurers and policyholders. This includes:

- Narrow interpretations by data protection authorities of GDPR Article 22 limiting automated decision-making.
- Duplication between GDPR Data Protection Impact Assessments and AI Act Fundamental Rights Impact Assessments.
- Lack of a clear legal basis to process sensitive data for AI training.
- Legal uncertainty around when data is "anonymised."

Concrete policy priorities

- Clarify that GDPR Article 22 is a data subject right, not an ex-ante prohibition, provided safeguards exist.
- Address overlapping assessment requirements, ensure that insurance supervisors lead AI Act oversight in the sector.
- Introduce a legal basis for using special categories of data in AI model training to ensure accuracy and fairness.
- Adopt a relative approach to anonymisation: pseudonymised data should not be deemed personal where re-identification is not reasonably possible for the recipient.

5.Data protection

Context and importance

While the GDPR plays a vital role in protecting individual privacy rights, it continues to pose significant compliance challenges — especially for small and medium-sized enterprises (SMEs). Without a more ambitious effort, the EU risks undermining its global competitiveness, stifling technological progress, and placing European companies at a disadvantage compared to their international counterparts.

Key challenges at a glance

- **International Data Transfers:** The GDPR's current framework — particularly following Schrems II — places the burden of carrying out a transfer impact assessment on companies, many of which lack the resources or access to conduct comprehensive legal assessments of third-country legal regimes. Despite safeguards in place when no adequacy decision applies, companies must conduct burdensome case-by-case assessments even for low-risk data, such as professional contact details in video calls
- **Codes of conduct:** To date, very few codes of conduct have been approved, demonstrating that the process is both underutilised and unworkable in its current form. A key barrier lies in the requirement to establish an independent monitoring body with both functional and legal independence. In many cases, such bodies are not yet in place and must be created from the ground up. This process introduces significant delays, uncertainty and discourages industry initiatives. Ultimately, supervision of EU data protection rules should be a responsibility of the relevant national data protection authorities
- **Health Data:** The processing of health data is essential for insurers, both for underwriting and claims handling, as well as for reinsurance. In practice, however, there is no uniform legal basis across the EU. In the absence of a specific national provision or intervention at national level, insurers are often left with the option of processing health data based on consent. However, the validity of the consent could be challenged as the performance of certain insurance contracts is simply not possible without the processing of health-related data. Diverging interpretations among Member States also create significant problems in cross-border collaboration, especially for reinsurers, who need access to health data from other countries without direct contact with the data subject.

Spotlight: where simplification delivers impact

1. Clarify that the risk-based approach (Articles 24 and 32 GDPR) applies also to the measures for data transfers to third countries (Chapter V).
2. To promote further developments of codes of conduct, the requirement to establish a monitoring body should be made optional.
3. In order to ensure legal certainty, clarify that the processing of health data necessary for the performance of insurance contracts and for claims settlement (including reinsurance) can be covered by one of the derogations in Article 9 (2) GDPR or introduce a clear statutory legal basis.

Section close – political signal

A coherent and simplified digital framework will strengthen Europe's competitiveness, support innovation and ensure consumers benefit from secure, fair and accessible insurance services. In light of the upcoming Digital Omnibus package, it is essential that policymakers prioritise consistency and simplification across AI, data, cloud and cybersecurity rules. A pragmatic approach to GDPR is also needed to reduce duplication, provide legal certainty for data use (including health and AI-related data) and ease unnecessary burdens on SMEs, while fully safeguarding consumers' fundamental rights.

6. Supervision & Governance

Context and importance

Effective and consistent supervision underpins consumer protection and financial stability. However, the current supervisory and governance framework has become fragmented, with overlapping processes, complex layering of legislation, and inconsistent national practices. Instead of creating certainty, this complexity often results in duplication, unnecessary costs, and a lack of predictability for insurers. A more transparent, coordinated, and proportionate approach to supervision and governance would free resources to focus on delivering real value to policyholders.

Key challenges at a glance

- **European Insurance and Occupational Pensions Authority (EIOPA) Questions and Answers (Q&A) process:** Q&As risk becoming “hidden legislation” by creating new obligations without a legal basis.
- **Insufficient impact assessments:** New rules, especially at Level 2 and 3, are introduced without adequate cost–benefit analysis.
- **Short review clauses:** Directives often include premature review requirements, leading to constant change and regulatory instability.
- **Lamfalussy procedure:** The layering of Level 1, 2, and 3 measures has become overly complex, leaving little time for implementation.
- **National templates:** Member States continue to add specific reporting templates, undermining the single market and offsetting EU-level simplification efforts.

Spotlight: where simplification delivers impact

1. Robust governance of the Q&A process would improve legal certainty and reduce “hidden” compliance costs.
2. Extending review timelines would reduce regulatory churn and allow evidence-based adjustments, improving trust and stability.
3. Phasing out disproportionate national templates would cut duplication and strengthen the single market.

Concrete policy priorities

- **Q&A process:** Ensure the Q&A process avoids re-interpretation of legislation and includes transparency, version control and a clear audit trail.
- **Impact assessments:** Require quantitative cost–benefit analysis for all new measures, including Level 2/3.
- **Review clauses:** Extend timelines to allow full implementation before revisions.
- **Supervisory layering:** Simplify sequencing of Level 1–3 measures; allow longer lead times before new rules apply.
- **National templates:** Phase out disproportionate national requirements; align with EU formats.

Section close – political signal

A more transparent and proportionate supervisory framework would strengthen trust in EU regulation, cut unnecessary costs, and enhance the competitiveness of the European insurance sector — without weakening consumer protection or financial stability.

Priority Map – the essentials

Thematic area	Key policy ask	Benefit
Prudential, Compliance & Reporting	Delete sustainability risk plans under Solvency II (Art. 44) or postpone RTS	Removes duplication with wider sustainability frameworks, reduces burden
	Abolish Q4 QRT reporting; streamline SFCR (short public section + quantitative annex)	Cuts year-end pressure, saves resources for innovation
	Extend proportionality beyond SNCUs and ensure consistent application at group level (allow use of historical data or exclusion of exempted SNCUs)	Fairer treatment across solo and group level, reduces unnecessary burden
	Reconsider the need and design of regular EU-wide stress tests	Avoids duplication with Solvency II's existing stress-based capital framework; reduces cost while maintaining supervisory insight
	Introduce "stop-the-clock" for IRRD	Allows proportional, orderly implementation
	Reduce frequency of low-risk AML product reviews and delete excessive Know-Your-Customer (KYC) data points	Frees compliance resources, ensures proportionality
	Extend the CbCR Safe-Harbour to allow sufficient time to assess the efficiency of GloBE rules and design a permanent safe-harbour	Provides regulatory stability, reduces compliance burden, supports competitiveness
	Keep Value for Money benchmarks for supervisors only, based on existing data and not published & avoid peer grouping by market participants	Avoids duplications and red tape, supports competition and innovation in the market, frees up resources for consumers' services
	Ensure a smooth and lean purchasing process (e.g., do not add new questions to the suitability and appropriateness assessments)	Boosts retail participation in the EU financial markets while avoiding unnecessary bureaucracy for insurance companies
	Focus disclosures on what truly matters to consumers and make them more engaging	Improves products understanding and facilitates consumers' choice
Sustainability	Apply 10% materiality threshold in EU Taxonomy; simplify templates	Cuts ~70% of reporting points, frees capacity for real sustainability actions
	Align SFDR, CSRD, Taxonomy to avoid duplication	Ensures coherence, reduces compliance burden
	Keep ESRS assurance limited; Remove new sector-specific standards	Controls costs, supports stable transition
	Delete sustainability risk plans under Solvency II.	Avoids duplication with transition plans under CSRD/CSDDD and existing risk management
Digital & Innovation	Cut duplication between AI Act, GDPR, DORA, CRA	Reduces costs, enables innovation
	Allow reliance on EU-recognised cloud certifications and shared ESA audits	Avoids redundant oversight, lowers concentration risk

		Streamline and harmonise cybersecurity reporting	Stronger resilience, less administrative burden
		Ensure a more proportional and efficient DORA application	
Data (GDPR)	Protection	Clarify risk-based approach to data transfers; make monitoring body optional for codes of conduct	Reduces red tape, encourages industry initiatives
		Introduce clear legal basis for insurers to process health data	Legal certainty, supports fair underwriting & claims handling
Supervision & Governance		Prevent EIOPA Q&As from creating "hidden legislation"	Improves legal certainty
		Require quantitative impact assessments for all new measures	Ensures proportional, evidence-based rulemaking
		Extend review timelines in directives	Less regulatory churn, more stability
		Phase out disproportionate national reporting templates	Avoids duplication, strengthens single market

Conclusion

A simpler, more proportionate regulatory framework is not about lowering standards or reducing consumer protection. It is about ensuring that regulatory resources are deployed where they deliver the greatest value for policyholders, supervisors, and the wider economy.

By cutting duplication, aligning requirements, and focusing on material risks, Europe can release significant capacity within the insurance sector to support innovation, sustainability, and long-term investment. This will not only strengthen the competitiveness of European insurers but also help the EU meet its broader goals of growth, resilience, and the green transition.

The European insurance industry stands ready to work with EU institutions, supervisors, and stakeholders to deliver this agenda. The Commission's simplification drive offers a unique opportunity to reset the regulatory balance: maintaining strong protection and stability, while removing unnecessary complexity that holds Europe back.

Now is the right moment to simplify the rules that govern Europe's insurers. Doing so will strengthen competitiveness and allow insurers to focus on what matters most: protecting consumers and supporting growth.