

Executive Summary – Simplification that delivers

For a competitive, future-proof and business-friendly financial sector

The EU insurance sector needs real simplification – not just reorganisation. Rules continue to multiply, often with duplicative requirements, overlapping timelines, and limited space for implementation. A **genuine simplification agenda** is key to unlocking resources for growth, investment and innovation – and is fully aligned with the goals of the **Savings and Investments Union** and **competitiveness strategy**.

Five Principles for Effective Simplification

1. **Real burden reduction:** Eliminate obligations that are duplicative, immaterial or of limited value.
2. **Clarity and transparency:** Communicate intentions and impacts openly.
3. **Coordination across layers:** Ensure alignment between Level 1, 2 and 3 rules, avoiding divergence between the Commission, European Supervisory Authorities (ESA) and other advisors' outputs.
4. **Evidence-based rulemaking:** Give time for implementation and evaluation before revising rules.
5. **Respect implementation realities:** What looks simple on paper may be complex in practice — engage companies early.

Key Cross-Cutting Simplification Measures

1. Solvency II

- Sustainability Risk Plans
Delete Article 44 or postpone RTS development to avoid duplication with CSRD/CSDDD and ensure alignment with the Omnibus reforms.
- EIOPA Stress Testing
Reduce frequency of "bottom-up" EIOPA stress tests from three years to a four-year cycle, in line with EIOPA's suggested approach.
- Standard Formula (SF)
Streamline SF calculation requirements by removing immaterial modules; address any gaps through the ORSA.
- Non-EEA RFR Data
Reinstate publication of non-EEA risk-free rates data by EIOPA.
- Reporting Simplification
 - SFCR: *Reduce content, especially the section aimed at market professionals.*
 - External audit: *Remove minimum audit requirement for SFCR balance sheet.*
 - Q4 templates: *Abolish quarterly QRT reporting for Q4 to ease year-end pressure.*
- Reduce operational burden
 - VA/DVA: *Allow flexible application of the Volatility Adjustment and Dynamic Volatility Adjustment. Avoid prescriptive calibration rules and overly granular eligibility tests, enabling undertakings to use the tools effectively according to their risk profile.*

2. Insurance Recovery and Resolution Directive (IRR)

- Stop-the-Clock Directive
Pause IRRD implementation to reassess proportionality and necessity.
- Market Coverage Rules
Delete requirement of market coverage for pre-emptive recovery and resolution plan (Remove Article 5.2 and 9.2) to avoid forcing plans on undertakings without risk-based justification.
- Pre-emptive Recovery Plans
Streamline RTS content and delay first plans to 2029.

3. Sustainable Finance regulation

- Corporate Sustainability Reporting Directive (CSRD)
Reduce and simplify the European Sustainability Reporting Standards (ESRS).
- Sustainable Finance Disclosure Regulation (SFDR)
Reduce and simplify entity level and product level disclosure requirements
- EU Taxonomy
Thoroughly review the usefulness of the underwriting KPI and clarify that the underwriting KPI should not be subject to the Nuclear and Fossil Fuel split.
- Corporate Sustainability Disclosure Directive (CSDDD)
The industry is supportive of the Commission's suggestion to remove the review clause for financial services, and the adoption of a more risk-based approach to due diligence requirements.

4. Insurance Guarantee Schemes (IGS)

- Avoid Harmonised Directive
Respect national differences and avoid unnecessary new burdens by not proposing an EU directive on IGS standards.

5. Financial Data Access (FIDA)

- Product Scope
Start small and scale only with proven demand.
- Clear definitions
Clearly exclude sensitive personal and business data.
- Timeline
Stagger implementation, allow sufficient preparation time.

6. Cybersecurity Act (CSA) Revision

- *Use the 2025 CSA review to reduce duplicative cybersecurity incident reporting.*
- *Ensure consistent and comparable reporting formats across jurisdictions to avoid differing interpretations.*
- *Issue clear and consistent guidance to member states, to prevent the emergence of conflicting national frameworks.*
- *Ensure stakeholder participation and transparency in potential future certification schemes.*

7. Cyber Resilience Act (CRA) – Digital Operational Resilience Act (DORA) Overlap

- *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.*

8. GDPR

- **Digitalisation:**
 - *To ensure that Art. 22 does not become an obstacle to the development of new digital solutions, it should be clarified that it is a right of the data subject and not an ex-ante prohibition.*
- **International Data Transfers:**
 - *Clarify that the risk-based approach (Articles 24 and 32 GDPR) applies also to the measures for data transfers to third countries (Chapter V).*
- **Code of conducts:**
 - *To promote further developments of codes of conduct, the requirement to establish a monitoring body should be made optional.*
- **Health Data**
 - *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 Art. 9 (2) GDPR or introduce a clear statutory legal basis.*

9. Retail Investment Strategy (RIS) changes to IDD and PRIIPs

- *The European Commission's (EC) non-paper on RIS simplifications is a step in the right direction. However, there are many unclaritys on the EC's approach on Value for Money, and more can be done to achieve real simplification of the consumer journey, disclosures and Level 2.*

10. Anti-Money Laundering / Countering the Financing of Terrorism (AML/CFT)

- *Limit scope to life insurance undertakings only. Exclude non-life and 'pure risk' life products as well as undertakings providing occupational retirement provision.*
- *Retain 25% beneficial ownership threshold.*
- *Trigger customer updates based on events, not fixed timelines.*
- *Ensure Level 2 AMLR rules support simplified due diligence.*

11. Taxation

- *Streamline areas of overlap within the EU tax framework, such as the reporting requirements under the sixth Directive on Administrative Cooperation (DAC6) and the controlled foreign company (CFC) rules under the Anti-Tax Avoidance Directive (ATAD), to enhance coherence, reduce administrative burdens, and support more efficient compliance for businesses operating across member states.*
- *OECD Pillar II: ensure fair treatment and maintain the competitiveness of European companies by prioritising a number of simplifications, including, introducing a whitelist of jurisdictions with expected effective tax rates at or above the 15% threshold, ensuring tax neutrality for investment entities by simplifying their treatment and avoiding unnecessary top-up tax exposures (please refer to the annex for the comprehensive list)*
- *Please note more detailed proposals, along with accompanying explanations are being prepared and will be shared.*

Governance and horizontal issues

1. EIOPA Q&A process

- *Prevent Q&As from becoming de facto regulation.*
- *Ensure audit trail, version control, and stakeholder input.*

2. Impact assessments

- *Conduct meaningful impact assessments at all levels, including Level 2 and 3.*
- *Update assessments when co-legislators introduce major amendments.*

3. ECB Statistics

- *Route data requests via supervisors.*
- *Avoid increased frequency (e.g. monthly reporting).*
- *Coordinate with EIOPA to avoid duplication.*

4. Review clauses in directives

- *Extend review timelines to allow implementation and evidence gathering.*
- *Avoid perpetual change cycles and regulatory instability.*

5. Lamfalussy procedure

- *Simplify the legislative process and improve sequencing.*
- *Provide more lead time before technical standards apply.*

Conclusion: A well-executed simplification strategy can unlock resources, promote innovation, and enhance the EU's global competitiveness. It must focus on real burden reduction, not just better packaging. We urge the Commission and co-legislators to prioritise practical simplification in the upcoming legislative cycle.

ANNEX – Background and Rationale

Key Cross-Cutting Simplification Measures

1. Solvency II (SII)

1.1. Sustainability risk plans

- **Background:** Overlap with CSRD and CSDDD: The new requirement for sustainability risk plans under Solvency II Article 44 creates unnecessary reporting burdens. Sustainability risk management is already required under Solvency II and disclosure under CSRD. Article 44 still reflects outdated discussions on net-zero plans, leading to unclear and redundant obligations.
- **Solution:**
 - Ideally, delete Article 44 from the Solvency II Directive to avoid duplicative and non-meaningful requirements.
 - If retained, postpone RTS development until the broader regulatory framework stabilises. This aligns with recent remarks by EIOPA Chair Petra Hielkema and reflects the changes introduced by the Omnibus package, which will affect what can reasonably be expected in SRPs.

1.2. EIOPA Stress tests

- **Background:** SII stress test is currently every 3 years, and EIOPA mentioned in its simplification approach ([here](#)) a 4 year cycle.
- **Solution:** Make the **SII stress tests**, performed by EIOPA a 4 yearly exercise, in line with EIOPA's suggested simplification approach.

1.3. Simplify the Standard Formula module

- **Background:** The SII standard formula is very extensive and includes modules which are typically immaterial.
- **Solution:** It should be considered to reduce the number of SF modules by about 50% by deleting all modules which are typically not material. If material risk is overseen in individual cases this must be considered in the ORSA.

1.4. EIOPA to publish key RFR data for insurers

- **Background:** EIOPA stopped publishing technical key RFR data for certain non-EEA currencies, leaving insurers to have to find this data themselves. This is costly and could lead to errors when having to develop this data themselves.
- **Solution:** Reinstate of provision of non-EEA-RFR technical information

1.5. SII Reporting

- National specific templates: The objective of simplification at the European level should also be promoted in national-specific reporting requirements.
- SFCR:
 - **Background:** The proposed outline of the SFCR in the Delegated Act is far too extensive and will create a lot of burden for the undertakings. In addition, the SFCR is hardly read by policyholders and the wider public.

- **Solution:** The SFCR content should be reduced, in particular the professional part of the SFCR only to consist of the public, mandatory QRTs
 - External audit requirements
 - **Background:** The requirement to audit as a minimum the balance sheet disclosed as part of the SFCR will create unnecessary additional burden for the undertakings, with very limited additional benefits for policy holders.
 - **Solution:** Delete requirement of external audit of SFCR (article 51a in the amended Solvency II-Directive)
 - Solvency II Quantitative Reporting Templates
 - **Background:** Q4 reporting should be stopped, it places a major reporting burden on companies at a busy time of the year which is unnecessary and disproportionate given the information which becomes available from the annual reporting. Also the Q4 reporting cycle heavily overlaps with year-end reporting templates, such as S.02.01 (Balance Sheet), S.23.01 (Own Funds), and S.27/S.28.01 (SCR/MCR) and places undue pressure due to the tight deadlines, the parallelism with the annual financial statements and the fact that all stakeholders are focussing more on year-end reporting
 - **Solution:** Removing Q4 reporting would reduce unnecessary burdens during the resource-intensive year-end period without compromising the sector's ability to monitor risks.

1.6. Technical improvements *Long term guarantee* measures (see [paper](#))

- **Background:**

While the Solvency II review introduces valuable improvements for long-term business, several new elements may create significant operational and reporting burdens if implemented without sufficient flexibility. Key concerns include:

 - Volatility Adjustment (VA): More complex calculations, data requirements, supervisory approvals and disclosure obligations will increase the administrative load, especially with undertaking-specific adjustments.
 - Dynamic Volatility Adjustment (DVA): The new Enhanced Prudency Principle (EPP) and reliance on multiple portfolio versions introduce complexity in modelling, governance and supervisory reviews.
- **Solution:**
 - Ensure a pragmatic and proportionate implementation of new long-term measures, with close attention to real-world operational complexity.
 - VA / DVA: Avoid overly prescriptive requirements and allow flexibility in internal modelling and risk assessment. Clarify expectations in future EIOPA guidance to prevent unnecessary duplication.

2. Insurance Recovery and Resolution Directive (IRRDR)

2.1. Stop the clock

- **Background:** The IRRDR introduces a highly prescriptive framework with significant administrative and operational burdens for insurers, despite no evidence that the sector poses systemic financial stability risks. Many Member States already have insurance guarantee schemes that mitigate potential policyholder losses. The IRRDR, as currently drafted, lacks proportionality and risks repeating the regulatory overreach seen in other areas.

- **Solution:** Introduce a “stop-the-clock” directive to pause implementation and allow time for a thorough reassessment of the IRRD’s necessity and scope. A future-proofed IRRD should be risk-based, respect existing national protections, and be backed by robust impact assessments at all regulatory levels.

2.2. Delete requirement of market coverage for pre-emptive recovery and resolution plan

- **Background:** Due to the market coverage requirement in IRRD many companies without the need for such pre-emptive recovery and resolution plans may still have to have these burdensome plans just to fulfil the requirement at MS level.
- **Solution:** Abolish the requirements in Article 5.2 and 9.2 in IRRD

2.3. Further regarding pre-emptive recovery plans

- **Background:** The content in EIOPA’s proposal for RTS on the content of pre-emptive recovery plan is far to extensive and will create a lot of burden for undertakings/groups.
- **Solution:** Reduce the required content in the RTS for pre-emptive recovery plans.
- **Solution:** Delay the reporting of the first pre-emptive recovery plans to at least 2029

3. Insurance Guarantee Schemes

- **Background:** The Commission will most likely propose a directive on common minimum standards for guarantee schemes in the insurance sector in early 2027. This would result in significant administrative burdens and additional costs for the insurance industry. Moreover, consumers will still experience national differences in terms of what each guarantee scheme covers. This is partly due to potential “topping up” and the extension of the coverage of guarantee schemes in individual member states, as well as differences in national welfare and tax systems, bankruptcy laws, etc.
- **Solution:** The Commission should refrain from proposing legislation on common standards for insurance guarantee schemes. Consumer protection should be ensured at the national level.

4. Sustainable Finance regulations

4.1. Corporate Sustainability Reporting Directive (CSRD)

- **Background**
 - The CSRD aims to harmonise and improve the availability of sustainability reporting but the European Sustainability Reporting Standards (ESRS) are too burdensome to implement and do not result in the disclosure of decision useful information.
 - National gold plating risks creating fragmentation and additional burdens.
- **Solution**
 - Reduce and simplify the European Sustainability Reporting Standards (ESRS).
 - Ensure uniform and proportionate transposition without gold plating to maintain a level playing field across Member States. Avoid national gold plating when transposing the directive into national legislation.

4.2. Sustainable Finance Disclose Regulation (SFDR)

- **Background**
 - The SFDR currently requires imposes entity level disclosures, which overlap with the objectives of the CSRD. In addition, the framework introduced overly burdensome and complex product pre-contractual and periodic disclosures at product level.
 - The current EIOPA approach to integrating sustainability preferences in the suitability assessment under IDD, as linked to SFDR disclosures, is overly complex and burdensome. It does not reflect consumers’ actual financial literacy and creates obstacles to offering sustainable products.
- **Solution**
 - Reduce and simplify entity level and product level disclosure requirements

- Simplify the sustainability preference framework to ensure it is clearer and more practical for both consumers and distributors, thereby facilitating the uptake of sustainable products in line with SFDR objectives.

4.3. EU Taxonomy

- **Background:**
 - For insurance products, Taxonomy reporting is overly complex and demanding, especially for certain product types, adding to the implementation burden without improving sustainability outcomes.
- **Solution:**
 - Thoroughly review the usefulness of the underwriting KPI and clarify that the underwriting KPI should not be subject to Nuclear and Fossil Fuel split.

4.4. CSDDD

- **Background:**
 - Requirements under the CSDDD were not designed to be applied by financial services companies, and in particular to their potentially millions of business partners within their value chains. Insurers have therefore welcomed the Commission's decision to exclude insurers' downstream value chain from due diligence requirements.
- **Solution:**
 - The industry is supportive of the commission's suggestion to remove the review clause for financial services

5. FIDA (Financial Data Access)

5.1. Adopt a step-by-step approach to product scope

- Start with a limited number of product categories.
- Expand scope over time only if there is evidence of market and consumer demand.
- Add new categories only if benefits clearly outweigh risks and costs.
- Focus on retail customers only, as other customer types already access tailored services.

5.2. Streamline and clarify the scope of data to be shared

- Explicitly exclude:
 - Sensitive personal data (e.g. health data)
 - Business-sensitive and proprietary data
 - Results of suitability and appropriateness assessments

5.3. Adopt a realistic timeline for implementation

- Avoid overly short timelines (e.g. 18 months), which are not realistic.
- Implement a staggered approach to inclusion of financial products in scope.
- Allow sufficient time to develop schemes, standards, governance models, and permission dashboards.

6. Cybersecurity Act (CSA) revision

- **Background:** the Commission opened a call for evidence over May-June on the revision of the CSA planned for Q4 2025 with three main topics: revising the ENISA mandate, revising the

current European Cybersecurity Certification Framework and simplifying cybersecurity reporting. (See EXCO-CS-25-025 attached).

- **Solution:** The revision of the Cybersecurity Act planned for late 2025 provides an opportunity to simplify cybersecurity reporting burdens for companies. Specifically, addressing duplications of reporting of cyber incidents under different legislations, timelines and to different authorities should be addressed to reduce administrative burdens. Clarity should be ensured in the rules across jurisdictions as well as the interplay between pieces of legislation on the same issues.

Further to this, any further certification in cybersecurity should be pursued mindfully, with greater transparency and opportunities for stakeholder participation in the process.

7. Cyber Resilience Act (CRA)-Digital Operational Resilience Act (DORA) overlap

- **Background:** Joint letter from the financial services industry was sent to the Commission. Calling for a clear exemption (via Delegated Act) from the CRA as the DORA rules are already comprehensive enough (CRA is a horizontal legislation for digital products & some services; DORA is FS sector-specific). CRA came into force in December (full application in 2027) so this letter is an industry initiative timed to be ahead of the digital omnibus.
- **Solution:**
 - The overlap between the CRA and DORA presents serious implementation challenges for the financial sector. The CRA introduces horizontal rules for digital products, whereas DORA establishes a comprehensive resilience framework tailored to the financial sector.
 - The lack of coordination between these frameworks risks creating redundant obligations for financial institutions, leading to a misallocation of resources and, at the same time, contradicting the Commission's goal of regulatory coherence and competitiveness. The financial services industry calls for a clear exemption from the CRA for financial entities subject to DORA.

8. GDPR

- **Background:** The application of Article 22 GDPR regarding automated decision-making is often interpreted narrowly. Some data protection authorities claim that automated decisions cannot be considered "necessary" simply because humans have historically performed such tasks. They draw the conclusion that automated decision-making is not permissible and that an effective consent according to Art. 22 (2) (c) and Art. 7 (4) GDPR can only be given if the data subject has the opportunity to choose processing by a human being from the beginning. However, such a narrow interpretation of what can be considered necessary would prevent insurers and consumers from fully accessing the benefits of new technology. This restrictive reading often prevents digital solutions, such as online insurance contracts or automated claims processing.
- **Solution:** Clarify that Article 22 GDPR grants a right for the data subject, not a prohibition.
- **Background:** 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.
- **Solution:** Clarify that the risk-based approach (Articles 24 and 32 GDPR) applies also to the measures for data transfers to third countries (Chapter V).
- **Background:** 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.

- **Solution:** To promote further developments of codes of conduct, the requirement to establish a monitoring body should be made optional.
- **Background:** 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, insurers can often only process health data based on consent. However, the validity of the consent could be challenged as the conclusion and 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.
- **Solution:** 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 Art. 9 (2) GDPR, or introduce a clear statutory legal basis.

9. Retail Investment Strategy (RIS) changes to IDD and PRIIPs

- **Background:** The European Commission's (EC) non-paper on RIS simplifications is a step in the right direction. However, there are many unclaritys on the EC's approach on Value for Money, and more can be done to achieve real simplification of the consumer journey, disclosures and Level 2.
- **Solution:**
 - **Value for Money (VfM):** real simplification will be achieved by clarifying that the benchmarks will be for supervisors only, based on existing data and not published. Peer grouping should not apply to Insurance-Based Investment Products (IBIPs) to avoid unnecessary duplication with the benchmarks.
 - **Consumer journey:** it is against the SIU goals to make the purchasing process even longer and more burdensome for consumers. There is no need to add questions to the suitability and appropriateness tests, nor to introduce the inducements test which would only increase bureaucracy and lead to more restrictions to the provision of IBIPs and advice. There is also a need to revise the best interest test to make it more workable for insurance distributors and products.
 - **Disclosures:** it is vital to streamline disclosure requirements and remedy the information overload that consumers currently face. It is important to focus on what really matters to consumers (eg existence or lack of financial guarantees and insurance benefits, focus on the total cost of the product). There is also a need to clarify that immediate annuities are outside the scope of the PRIIPs KID Regulation, and that the IDD annual statement applies only to new contracts concluded after the entry into force of RIS.
 - **Empowerments:** there is an excessive use of Level 2 empowerments in the RIS, including on key political topics of the file (eg Value for Money, inducements, best interest test). This will increase the compliance cost for the industry and take up excessive time and resources from effective supervision.

10. Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT)

- **Background:**
 - new AML package adopted in 2024, implementing measures are being discussed, Insurance Europe responded to EBA's consultation on the matter in the beginning of June.
 - Scope of the proposal includes insurers for life or investment-related activities.
 - The beneficial ownership threshold is appropriate.
 - Customer data updates are too frequent.
 - Expanded beneficial ownership requirements are too excessive.
- **Solutions:**
 - ML and TF risks are low for the life insurance sector, and non-existent for non-life insurance and "pure risk" life insurance products. The proposal should include only life insurance undertakings and exclude those undertakings that are in the business of occupational retirement provision (similar to IORPs which are not in the scope of the current EU AML/CFT rules) and insurance-based investment products. The reference to "other investment-related assurance activities" is unclear and should be deleted.
 - The threshold for the determination of beneficial ownership should be maintained at 25%.
 - Life insurance contracts are long-term contracts with very little movement between the conclusion of the contract and the eventual payout. The requirement of updating extensive customer information and beneficial ownership information (Art. 26 and 62) every year or five years will impose a significant burden on and mobilise extensive resources from insurers for no added value in terms of countering money laundering.
 - Under the currently applicable risk-based AML approach, such an update is being triggered by an "event". An event is a key moment in the contract, such as the moment of subscription, payout, early withdrawal, or a significant modification of the contract. This allows insurers to focus their resources on those moments in the contract where a relevant change has been made and/or a potential money laundered would have access to the funds.
 - The AMLR, in its level II measures, should provide comprehensive provisions for simplified customer due diligence where necessary updates are only triggered by a relevant event.

11. Taxation:

- **Background:** The global minimum tax rules must be significantly simplified to ensure acceptance by Inclusive Framework members.
- **Solution:** Streamline areas of overlap within the EU tax framework, such as the reporting requirements under the sixth Directive on Administrative Cooperation (DAC6) and the controlled foreign company (CFC) rules under the Anti-Tax Avoidance Directive (ATAD), to enhance coherence, reduce administrative burdens, and support more efficient compliance for businesses operating across member states.
- **Solution:** OECD Pillar II: ensure fair treatment and maintain the competitiveness of European companies by prioritising the following simplifications:
 - Develop the transitional CbCR-Safe-Harbour into a permanent Safe-Harbour mechanism with targeted enhancements.
 - Introduce a whitelist of jurisdictions with expected effective tax rates at or above the 15% threshold.
 - Ensure tax neutrality for investment entities by simplifying their treatment and avoiding unnecessary top-up tax exposures.

- Reduce complexity in reporting and computation, enabling use of existing accounting systems and processes.
- Exclude immaterial entities from the GloBE Rules to focus compliance on material risks. In addition, it would be beneficial to define unambiguously what the threshold for "immaterial" is (this also applies to other thresholds that would be regulated).
- Minimise divergence between GloBE and financial accounting to streamline reporting.
- Revise Global Information Return requirements for usability and reduced administrative burden.
- Clarify and simplify treatment of tax incentives, ensuring legitimate policy tools remain accessible and predictable.
- Harmonise QDMTT templates and deadlines to reduce duplicative reporting.
- Implement simplifications for insurance and financial services MNEs, including insurance groups, as regards capital detention through investment entities, thus reflecting their unique structural characteristics and regulatory oversight.
- *Please note more detailed proposals, along with accompanying explanations are being prepared and will be shared.*

Governance and horizontal issues

1. EIOPA Q&A: Streamline process and ensure alignment across outputs.

- **Background:** EIOPA's Q&A process is a valuable tool for promoting supervisory convergence by clarifying the application of existing rules. However, Q&As must not reinterpret, expand, or modify the underlying legal framework. They should remain strictly explanatory and aligned with the original intent of the legislation. In practice, however, there is a risk that Q&As evolve into quasi-regulatory instruments, especially if changes to published Q&As are introduced without transparency or stakeholder involvement.
- **Solution:** Introduce a robust and transparent governance system for the Q&A process:
 - Q&As should never reinterpret or expand upon the legal text.
 - Any amendments to published Q&As should be clearly communicated, with an explanation of the rationale behind the change.
 - A full audit trail and version control should be maintained to ensure traceability and legal certainty.
 - The Q&A tool should remain auxiliary, with the primary reference always being the legal rule itself.

2. Impact Assessments

- **Background:** A significant amount of EU regulation is introduced without considering the administrative consequences for companies, especially at level 2 and 3. This is a major problem because how can one reduce administrative burdens without knowing the consequences of new regulation.
- **Proposal:** Impact assessments – including quantitative cost assessments – of all proposals for new regulation including level 2 and 3 and before adoption of the regulation; i.e. updated

impact assessments when significant amendments are made to EC proposals in the course of negotiations between the co-legislators.

3. ECB statistics

- **Background:**

The ECB is considering expanding its data collection from insurers, including more frequent (e.g. monthly) reporting under initiatives like the Securities Holdings Statistics. These requests duplicate supervisory reporting, increase operational burden, and risk expanding beyond what is needed for statistical purposes.
- **Solution:**
 - ECB data requests should be routed via EU/national supervisors, not directly to insurers.
 - Avoid increases in scope or frequency — monthly reporting should be ruled out.
 - Align any additional needs with EIOPA reporting to prevent duplication and streamline timelines.

4. Review Clauses in Directives

- **Background:**

Review clauses in financial services directives often trigger new regulatory changes too quickly, without allowing sufficient time for full transposition, implementation, or evaluation of how the existing provisions work in practice.
- **Solution:**

Extend the timelines for review clauses to ensure that revisions are based on real-world experience and evidence. Avoid constant rule changes by allowing directives to be fully applied and assessed before reopening them.

5. Lamfalussy procedure

- **Background:**
 - The Lamfalussy framework, originally intended to provide flexibility and efficiency in financial regulation, has evolved into a complex and layered legislative process. This creates legal uncertainty, overlapping obligations, and practical implementation challenges, particularly due to limited adaptation time once technical standards are published.
- **Solution:**
 - Review and simplify the Lamfalussy procedure to reduce complexity and ensure that institutions have adequate time to adapt to new requirements. Address implementation issues by streamlining the development and sequencing of Level 1, 2, and 3 measures.