

## Insurance Europe response to EC call for evidence on rationalisation of reporting requirements

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### Introduction

Insurance Europe welcomes the European Commission's initiative to identify reporting requirements in EU legislation that can be removed or rationalised without undermining policy objectives. The insurance industry applauds the EC for its commitment to rationalise and simplify reporting requirements for companies and administrations and for its objective of reducing such burdens by 25%, in line with the strategy to boost the EU's long-term competitiveness and to provide relief for SMEs.

The sector welcomes a number of the first proposals<sup>1</sup> presented by the EC in October 2023 and appreciates the opportunity to provide additional comments on these via the dedicated consultations launched separately.

Insurance Europe provides below an overview of the currently excessive reporting burden for insurance companies, as well as examples of areas in which the industry sees a need to reduce and streamline reporting obligations in regulation applicable to the insurance sector. More detailed proposed improvements that should be given further consideration can be found in the Annex.

### Overview

The European insurance industry provides protection against risks for people, businesses and economies, and it is one of the largest institutional investors. The sector also contributes to Europe's global leadership and competitiveness, as it has a significant business presence internationally.

An appropriate regulatory environment is key for EU businesses' success at home and abroad. This means finding the right balance between prescriptiveness and leaving room for companies to innovate,

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<sup>1</sup> Proposal on facilitating data sharing between the European Supervisory Authorities and other financial sector authorities and restraining new reporting requirements

Proposal for a Directive amending Directive 2013/34/EU as regards the time limits for the adoption of sustainability reporting standards for certain sectors and certain third-country undertakings

Commission Delegated Directive amending Directive 2013/34/EU on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings as regards the adjustments of the size criteria for micro, small and medium-sized undertaking

contributing to the shared EU objectives of sustainable, innovative and inclusive growth. In this respect, Insurance Europe is concerned by the huge increase in regulatory requirements for European insurers in recent years, including in reporting obligations. This has resulted in a heavy and costly compliance burden for insurance companies. New reporting requirements, or changes to a reporting requirement, generate the need for IT projects, data sourcing, validation processes, and management interpretation and review. This negatively impacts customers, for example through higher costs. It redirects often scarce expertise away from key activities such as risk management or innovation to reporting on them, and puts the European insurance industry at a competitive disadvantage internationally. In addition, a significant part of the costs related to the reporting burden originate from frequent changes to the requirements, implying that minimising and managing the frequency of changing requirements could lead to a substantial reduction in reporting burden.

**Insurance Europe therefore fully agrees that there is a need to address what has become an excessive reporting burden. We highlight in the annex areas where reductions are needed and provide some specific examples of how to reduce the current burden.**

However, Insurance Europe also urges the EC to recognise that this burden is created not only by too many reporting requirements, but also by duplications and overlaps between different pieces of legislation, lack of sufficient time to implement the requirements, and a lack of clarity and the timely provision of Q&As. Therefore, Insurance Europe strongly urges the EC to use this current initiative not only to seek ways to simplify and reduce the existing reporting burden, but also to embed the following principles into all current, ongoing and future regulatory initiatives:

- **Avoid unnecessary new reporting requirements.** Impact assessments on all EC and European supervisory authority (ESA) initiatives are vital and new reporting should only be taken forward when justified by a very high benefit-to-cost ratio.
- **Ensure changes initiated by the European supervisory authorities are also carefully reviewed and assessed.** These are currently often not covered by an assessment of how and why the new data is necessary or an appropriate cost/benefit analysis. For example, in the area of Solvency II, recent changes to QRTs, entirely on the initiative of EIOPA and its members, have resulted in the addition of up to around 6 000 new data points.
- **Do not create reporting overlaps and duplications** with existing sectoral or horizontal regulations.
- **Always embed proportionality into the requirements**, including those for smaller companies of insurance groups. that the smaller the reporting entity the higher the relative reporting burden, as certain base costs of implementation are incurred regardless of the size of the company.
- **Always ensure sufficient time is given for implementation.** This means timing the application of new reporting requirements relative to the official publication of final reporting specifications — which may be defined via Level 2 or Level 3 measures — and not as fixed dates. The time allowed for implementation should be 18 months by default and never less than 12 months. Periods of 24 months may be needed for reporting requirements involving complex reporting and/or hard to generate.
- **Avoid over-prescriptiveness and allow flexibility** to the extent possible.
- **Where requested by the industry, provide the necessary clarity and Q&As quickly**, ie, as soon as possible and at least 6, and ideally 12, months prior to the application date.
- **Conduct thorough consumer-testing** on both proposed and existing consumer disclosures to ensure that the proposals indeed benefit consumers and match their actual information needs.
- **Ensure a proper and swift correction process for errors identified in Implementing Technical Standards (ITS)** (eg, under Solvency II).

Finally, reporting requirements should also be streamlined because of the increasing use of electronic tagging, machine-readability and artificial intelligence that support and promote a more consistent view of companies to the benefit of all stakeholders. This streamlining includes the number of metrics, methods, parameters, input factors, etc.

### **Examples of areas in which reporting requirements should be rationalised for the insurance sector**

Below are examples of areas in which there is a need to reduce and streamline reporting obligations in regulation applicable to the insurance sector.

- The insurance prudential regulation framework, Solvency II, currently leads to very high costs and operational burdens. Therefore, the current Solvency II review needs to result in improvements that make proportionality work in practice and streamline reporting requirements, and the Insurance Recovery and Resolution Directive (IRRD) must minimise any new requirements. Additionally, it would be appropriate for the Solvency II review to include a clause to have a planned review of the proportionality criteria. The same applies to the planned review of the IORP II Directive; additional requirements must be kept to a minimum and the principles of proportionality and subsidiarity must be applied. An example of where Solvency II reporting could be streamlined is the fourth-quarter quantitative reporting requirements which are in addition to yearly reporting requirements. This makes them superfluous, as both reports share the same reporting reference date and therefore fourth-quarter reporting could be removed.
- The insurance industry is very supportive of the Commission's sustainability-related policy initiatives. A core set of comparable and easily accessible sustainability data is vital. The existing Taxonomy Regulation, Sustainable Finance Disclosures Regulation (SFDR), European Sustainability Reporting Standards (ESRS) and planned Corporate Sustainability Due Diligence Directive (CSDDD) are already a huge step forward and a huge challenge to make work in practice. Therefore, it is important that the focus now is on allowing companies time to implement the existing reporting requirements and providing the necessary support. New reporting requirements should be delayed and minimised.
- In the conduct area, there is a clear need to simplify the level of bureaucracy and reduce the amount of information, which, as a result of existing EU regulations, creates overlaps and duplications, and significantly overloads consumers. Despite some laudable intentions, the current Retail Investment Strategy (RIS) proposals would increase the reporting obligations and administrative burden for insurance companies, as well as the quantity of information given to consumers.

Proposals of more detailed improvements that should be given further consideration can be found in the Annex.

Area/Legislation	Current situation	Proposed improvements for further consideration
<b>Existing legislation</b>		
<p>Solvency II Directive (2009/138/EC)</p> <p>Solvency II Delegated Regulation ((EU) 2015/35)</p>	<ul style="list-style-type: none"> <li>• There is a low level of public interest in the Solvency &amp; Financial Condition Report (SFCR), which mainly caters to professional users (such as competitors and analysts), but very substantial effort and cost goes into preparing the information. Therefore, the intended objectives of the public reporting have not been achieved.</li> <li>• In the current Solvency II review, there are proposals to introduce external audit requirements for the SFCR, which are expected to only have a limited impact on the report quality, while the costs would exceed the benefits. Moreover, the standards of the proposed audit are still unclear and there are concerns over whether auditing companies have sufficient resources and competence.</li> <li>• The waivers that are allowed for in Solvency II are key mechanisms to allow for proportionality. However, they are currently used in an inconsistent and limited way – <a href="#">EIOPA's most recent report</a> on the use of limitations and exemptions from reporting shows that only 11 member states make use of them.</li> <li>• In the current review, the EC proposes to require EIOPA to submit to the EC a report on potential measures to develop an integrated system of data collection to reduce areas of duplication and</li> </ul>	<ul style="list-style-type: none"> <li>• The data required under Solvency II that is actually used for supervision should be assessed. The reporting needs are currently far too extensive and detailed and the demands are changing all the time. The reporting burden results in huge operational costs.</li> <li>• Divergent definitions of similar matters in different reports should be avoided, insurance and business lines should be , keeping in mind that definitions should be kept stable wherever possible.</li> <li>• Solvency II reporting should not be amended to include other topics that are already dealt with under specific legislation, eg, sustainability reporting.</li> <li>• Standard formula reporting by internal model users should not be introduced, especially in light of the significant increase in new reporting burdens arising from EIOPAs changes to the QRTs.</li> <li>• The changes to the SFCR should reduce the workload not increase it, as in the EC's proposal in the Solvency II review. They should lead to a report focused on relevant information for policyholders and a simple dataset for other market participants of selected QRT which could be supplemented by</li> </ul>

	<p>inconsistencies between reporting frameworks and to improve data standardisation and efficient sharing and use of data already reported. EIOPA should prioritise information on collective investment undertakings (CIU) and derivatives reporting (Art 35 new para 12/para 16 (g)).</p> <ul style="list-style-type: none"> <li>• As part of the proposals under the current Solvency II review, it would be appropriate to include a clause to have a planned review of the proportionality criteria.</li> </ul>	<p>interpretation guidance provided by NSAs/EIOPA. The relevant information for policyholders should be limited to two pages and comprise summary information on significant business developments, strategic direction (innovations, significant changes, etc) and a confirmation of compliance to be provided by the undertaking.</p> <ul style="list-style-type: none"> <li>• In general, overlaps between the annual report, SFCR, RSR and ORSA should be removed. The content of the SFCR that is already included in the annual report should be deleted, eg, regarding business (chapter A.1), system of governance including the list of supervisory board members and information on remuneration (chapter B) and description of balance sheet items according to local accounting rules (chapter D).</li> <li>• There should be no external audit requirements for the SFCR.</li> <li>• To alleviate the quantitative reporting burden, we propose to delete reporting on the fourth quarter: the benefit of Q4 reporting is very limited as, a few weeks later, valid and reliable annual results are published. Hence, Q4 reporting could be deleted with no detrimental effect. If necessary, solely the list of assets should be submitted for Q4, as this is required for ECB reporting.</li> <li>• The annual QRTs need to be approved by the Board of Directors of each entity. In practice, this means approving thousands of pages of figures.</li> </ul>
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		<ul style="list-style-type: none"> <li>• Besides this, QRTs generally should be reviewed and the amount of QRTs reduced. For example, the following QRTs should be deleted:             <ul style="list-style-type: none"> <li>○ S.06.03: (i) public funds in unit-linked life insurance should be excluded from reporting in S.06.03 as the risks connected to these funds are borne solely by policyholders, (ii) regarding group reporting: this template is already reported on the basis of individual insurance undertakings, so a consolidated group report does not create added value;</li> <li>○ S.14.01-S.14.02: The effort to produce this QRT is immense because the required data is not readily available and has to be artificially created specifically for it. As the individual products differ substantially, the QRTs would not allow conclusions to be drawn regarding the risks for the undertaking or the usefulness for policyholders.</li> <li>○ S.14.03: In view of the small share of cyber insurance in the whole business portfolio of undertakings, the reporting burden is disproportionate.</li> <li>○ S.14.04-S.14.05: The reporting of liquidity risks is to be questioned because no SCRs are calculated.</li> <li>○ S.29.01: The data provided does not have the desired informative value.</li> </ul> </li> <li>• Another example of problematic QRTs are Reinsurance QRTs S.30.01.01 - S.30.04.01:             <ul style="list-style-type: none"> <li>○ They should be combined into one for too high individual risks and one for contractual structure.</li> </ul> </li> </ul>
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		<ul style="list-style-type: none"> <li>○ It is complicated with a unique ID per individual facultative risk when the undertakings still report based on the contract numbers that are covered.</li> <li>○ It would be good to have the option to ignore these QRTs if the exposure is immaterial.</li> </ul> <ul style="list-style-type: none"> <li>● Financial Stability Reporting/Solvency II QRTs: Some templates (S.02.01, S.06.02) currently have to be reported twice as part of financial stability reporting and the Group QRTs; this leads to double reporting. We propose to report templates only once, either as part of the Financial Stability Reporting or the Group QRTs to avoid double (overlapping) reporting.</li> <li>● The limitations and exemptions should be applied up to the 20% threshold and not at the discretion of the NSA. NSAs should look to promote these waivers, and support smaller firms in applying for these waivers.</li> <li>● Thresholds for individual QRTs should be easy to determine. Currently, it is often necessary to collect the data required in the QRT to prove the threshold has not been exceeded. However, the data collection is in some cases the most elaborate step as the thresholds currently in place are too specific. Hence, there is no significant release by using thresholds.</li> <li>● The valuation of participations should be simplified. This could be achieved by the following measures:             <ul style="list-style-type: none"> <li>(i) no obligation to prepare balance sheets based on Solvency II market value for ancillary service</li> </ul> </li> </ul>
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		<p>providers; (ii) simplified option to use accounting data for smaller undertakings.</p> <ul style="list-style-type: none"> <li>• The industry supports the EC proposal made in the current review to require EIOPA to submit to the EC a report on potential measures to develop an integrated system of data collection to reduce areas of duplication and inconsistencies between reporting frameworks and to improve data standardisation and efficient sharing and use of data already reported. EIOPA prioritise information on collective investment undertakings (CIU) and derivatives reporting (Art 35 new para 12/para 16 (g)).</li> <li>• There should be a proper and swift correction process for errors identified in Implementing Technical Standards (ITS). To illustrate this problem: under Solvency II, the industry raised concerns about errors in the amended ITS on reporting and disclosure and the issue was recognised by the EC, but no corrigendum has been issued yet due to the complex processes currently in place. It should also be kept in mind that each amendment of the taxonomy has to be checked and implemented by several persons.</li> <li>• The timeliness of final releases (including the hotfix release) of QRTs remains an issue that needs to become much more efficient. It is a problem for the reporting companies that the authority delivers changed documents too close to the implementation date, allowing for insufficient time to implement the changes. Reporting undertakings often have access to the final package close to (ie,</li> </ul>
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		<p>just a few weeks before) the deadline of the first reporting using the new taxonomy and therefore cannot fully test it. Additional lead time also has to be considered, as system suppliers work to implement the updated taxonomy.</p>
<p>Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464)</p>	<ul style="list-style-type: none"> <li>• In 2025 (following a phased approach), companies in scope will start reporting 1000+ datapoints, upon materiality assessment, according to 12 sector-specific standards (ESRS), with additional sector-specific datapoints expected in the coming years. This will require tremendous implementation efforts by 50 000 companies, given the need to develop IT systems and processes to gather and consolidate the data and to fulfil limited assurance requirements.</li> <li>• Transition periods for CSRD and national law rules regarding the applicability of digital reporting are not sufficiently long, since there is no guidance available for the final form at the time of the applicability.</li> <li>• CSRD provides an exemption for subsidiaries which, even if they fall within the scope of the Directive, are included in the consolidated management report of a parent undertaking. However, there is an exception to the exemption, requiring subsidiaries that are large undertakings whose transferable securities are admitted to trading on a regulated market to separately report on sustainability matters, following CSRD standards and requirements (Article 19a (10) and Article 29a (9)). This provision would entail relevant one-off and recurrent administrative costs for groups that include undertakings with those characteristics.</li> </ul>	<ul style="list-style-type: none"> <li>• Allow smaller insurance and pension entities to use the simplified reporting requirements (SME standards) by ensuring that the Low-Risk Profile Undertaking definition is included in the Solvency II review.</li> <li>• The Accounting directive thresholds for defining small and medium size companies should be further amended to reflect the specific characteristics of the financial sector specificities.</li> <li>• Ensure interoperability with the ISSB standards to avoid double reporting by EU companies.</li> <li>• Extend the phase-in for reporting on “non-employee workers” to all companies.</li> <li>• Require value-chain reporting only where data and established methodologies exist.</li> <li>• Provide sector-specific application guidance as soon as possible. The guidance should help companies apply current requirements without adding any new ones. The EC proposed to delay the development of sector-specific ESRS. The transition period should be used to develop real, pragmatic specifications for each of the sector-</li> </ul>

	<ul style="list-style-type: none"> <li>Complying with the Directive will require multiply reporting costs within the same group based on the number of subsidiaries affected by the exception. In fact, those subsidiaries will have to switch from the simpler role of contributors to the consolidated sustainability report to the more complex role of owner of the reporting process, establishing new specific sustainability reporting departments and dedicated teams in each of those companies in the group and duplicating IT and organisational infrastructures.</li> </ul>	<p>specific ESRS. The pragmatic specification should describe the overarching vague definitions of the ESRS such as “top management” or “own operations” more precisely, since there is a lack of pragmatic operationalisation that is compatible and comparable with other reporting systems.</p> <ul style="list-style-type: none"> <li>See <a href="#">joint Insurance Europe – CFO Forum key messages on the proposed ESRS delegated act</a> for more details.</li> <li>The exception to the exemption for subsidiaries, requiring subsidiaries that are large undertakings whose transferable securities are admitted to trading on a regulated market to separately report on sustainability matters, should be removed. As an alternative, to ensure retail investors’ protection without overloading groups with disproportionate reporting burdens and costs, the exception could be limited to subsidiaries that are large undertakings whose transferable securities are admitted to trading on a regulated market and consist of debt securities with a minimum nominal value lower than €100 000 or equity securities.</li> <li>In the absence of sector-specific standards, insurance companies should be free to decide whether and how they report outside the Scope 3.15 category. Pragmatic solutions should be developed for the sector and the GHG protocol categories 1-14.</li> </ul>
<p>Sustainable Finance Disclosures Regulation (SFDR) ((EU) 2019/2088)</p>	<ul style="list-style-type: none"> <li>The SFDR requires insurers to provide a large number of disclosures both at: <ul style="list-style-type: none"> <li>entity level; and,</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The timeline for any new SFDR requirements must take into account the CSRD application timeline. Adding extra mandatory (and potentially also optional) indicators adds further pressure to the</li> </ul>

	<ul style="list-style-type: none"> <li>○ product level (for which templates require delivery to consumers of at least five pages of pre-contractual documents for an ESG product and up to 60 pages for the annual, periodic information).</li> </ul>	<p>data-collection challenge, especially until data is available from the investee companies under the CSRD and ideally via a supporting and accessible data source like the European Single Access Point (ESAP) (even though the lack of data and information will persist for non-CSRD companies, leaving financial market participants with challenges collecting the information required).</p> <ul style="list-style-type: none"> <li>• The informational value of SFDR disclosures must be in the focus of the current review. Thorough consumer-testing of the information aimed at end-investors must be carried out across all member states, with a focus on end-investors' needs and on their capacity to understand and make use of the information and with a focus on how end-investors typically access such information in the various member states. Changes to improve the simplicity, readability and usability of the SFDR templates are necessary, since the current length and complexity create confusion for consumers.</li> <li>• No additional Principal Adverse Indicators (PAIs): in their draft report in the PAI Review the ESAs proposed additional PAIs. The current PAI Statement already comprises 18 +2 mandatory PAIs. We see no added value for a customer or an investor in further mandatory PAIs.</li> <li>• Restrain the reporting obligation for PAIs on assets, where the insurer makes its own investment decisions: SFDR Articles 3 and 4 oblige financial market participants (FMPs) to publish information about their policies on the integration of sustainability risks in their investment decisions</li> </ul>
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		<p>and to disclose the PAI financed by their investments. However, when offering unit-linked products, the relevant investment decision is made by the client, not by the financial market participant. Therefore, it would be meaningful to restrain the PAI disclosure on such investments, where the financial market participant makes its own investment decision (and not the client). Furthermore, this would make it much easier to collect the relevant data for the PAI Statement.</p> <ul style="list-style-type: none"> <li>• The information (PAI indicators, remuneration policies, how the entity takes account of sustainability in day-to-day operations and investment decisions, etc.) produced by many FMPs as part of the SFDR reporting are expected to be duplicated in the CSRD reporting. Entity-level information should be reported under the CSRD only, to avoid duplicating SFDR requirements.</li> <li>• Insurance Europe therefore suggests that, as the CSRD reporting is gradually phased in, the requirement for FMPs — once they are subject to the CSRD reporting obligation — be phased out, in line with a general “one-in-one-out” principle. In order to ensure that all FMPs can be compared on entity-specific information, the obligation for FMPs not subject to the CSRD reporting obligation to render the current SFDR entity-specific reporting requirements should be preserved. This recommendation does not preclude preserving product level PAI information.</li> </ul>
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<p>EU Taxonomy Regulation ((EU) 2020/852)</p>	<ul style="list-style-type: none"> <li>• Environmental Delegated Act (DA): taxonomy-eligibility reporting is required to start at the same time as non-financial undertakings, even though data will only be available to financial companies one year after the first taxonomy-eligibility reporting by non-financial undertakings. In addition, companies will be required to comply with ESRS and the new requirements of the Environmental DA for the first time simultaneously.</li> <li>• Lack of guidance and clarity on the interpretation of taxonomy technical screening criteria (TSC) for financial institutions (this relates mainly to the underwriting KPI which is relevant in relation to the “adapting to climate change” objective); FAQs are only expected to be issued in late 2023, with first taxonomy reporting starting in 2024.</li> </ul>	<ul style="list-style-type: none"> <li>• Bring further simplifications and clarify the interpretation of provisions outlining information requirements, providing sufficient advance notice (6-12 months before the reporting date) for better understanding, ie, in taxonomy reporting (Art 8 DA) templates (see proposed simplifications in Insurance Europe - CFO Forum joint response to EC consultation).</li> <li>• Provide legal clarity and guidance on the interpretation of taxonomy TSC and Article 8 disclosures for financial institutions.</li> </ul>
<p>Cumulative impact of the B2C disclosure requirements (E-commerce Directive, GDPR, Solvency II Directive, PRIIPs, Insurance Distribution Directive, and Sustainable Finance Disclosures Regulation)</p>	<ul style="list-style-type: none"> <li>• As a result of the large amount of disclosure requirements set out in the various pieces of EU legislation, consumers must be provided with 339 pieces of pre-contractual information when seeking to purchase a green insurance-based investment product (IBIP), making comparison of different offers on the market, understanding of the information provided and financial decisions by consumers extremely hard.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure coherence and consistency across EU legislation, with the aim of avoiding duplication and overlaps, by assessing the cumulative impact that the proposed rules and existing rules would have on consumers.</li> <li>• Better streamline disclosure requirements and remedy the information overload that consumers currently face.</li> <li>• EU legislation on mandatory information should always assess the cumulative impact of proposed and existing rules on consumers, for example, by consumer-testing.</li> <li>• Promote a “digital by default” approach for information, including, for example, SFDR disclosures. And allow the use of hyperlinks, for</li> </ul>

		example for the provision of the detailed SFDR information for the underlying investment option for multi-option products (MOPs).
Financial Conglomerates Directive (FICOD) (2002/87/EC)	<ul style="list-style-type: none"> <li>Financial conglomerates are required to submit the results of their calculations concerning capital adequacy to their coordinator. They must prove that the own funds available at the level of the financial conglomerate are always at least equal to the respective capital adequacy requirements.</li> </ul>	<ul style="list-style-type: none"> <li>For insurance-led conglomerates, this reporting is redundant since the required results are, in essence, already included in the group disclosures mandated by Solvency II and they should thus be exempt from this reporting.</li> </ul>
Review of the IORP II Directive/EIOPA stress tests for IORPs	<ul style="list-style-type: none"> <li>The current implementation of prudential regulation and supervision of IORPs through the IORP II Directive is, in general, useful and effective. The benefit of material change relative to the cost is not clear.</li> <li>EIOPA has, as part of the stress-testing, required IORPs to report based on EIOPA's "common balance sheet approach".</li> </ul>	<ul style="list-style-type: none"> <li>Any new proposals under the review of IORP II should be proportionate, respect national characteristics, build on the general risk-based and forward-looking approach and avoid any new reporting burden. For example, in relation to the potential consideration of reporting on costs in the review, there are currently already national cost reporting systems and these should not be disregarded.</li> <li>However, the recently introduced reporting standards for IORPs (eg, the forthcoming taxonomy 2.9.0), are mostly simply a copy of the reporting standards that apply to insurance companies. These standards would be costly for IORPs to implement; costs that may impact scheme members. The reporting requirements also, in general, do not take into account proportionality or the fact that many national competent authorities also require extensive reporting for IORPs at national level.</li> <li>The current reporting burden for IORPs can be maintained at a reasonable level by using national balance sheet information instead of using the</li> </ul>

		common balance sheet approach when performing stress tests.
<b>New legislative initiatives/planned legislation</b>		
Proposal for a Directive on Corporate Sustainability Due Diligence (CSDD)	<ul style="list-style-type: none"> <li>There is a need for consistency and better alignment of the CSDD Directive with other EU legislation to avoid a fragmented due diligence framework which could lead to real difficulties in the application of the Directive.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability due diligence sectoral financial rules should support the CSRD and SFDR disclosure requirements and do not duplicate or contradict the existing sectoral rules for the financial sector (eg, Solvency II). The CSDDD should not introduce additional disclosure obligations beyond CSRD reporting requirements.</li> </ul>
Proposal for an Insurance Recovery and Resolution Directive (IRR)	<ul style="list-style-type: none"> <li>The main reporting burden that will be incurred by (re)insurance undertakings will be the development and submission of a pre-emptive recovery plan.</li> <li>The scope of undertakings that will be required to develop these plans remains under discussion. The EC proposed that undertakings representing at least 80% of both life and non-life markets in all EU jurisdictions develop these plans.</li> <li>The EC proposed that all pre-emptive recovery plans be updated annually.</li> <li>In addition to the planning requirements, the IRRD is expected to increase ad-hoc reporting for (re)insurers due to the development of resolution plans. These will be developed by the national resolution authorities but will be likely to require significant data inputs from the undertakings in scope.</li> </ul>	<ul style="list-style-type: none"> <li>Remove the minimum market requirements for pre-emptive recovery and resolution planning. The scope should instead be set using risk-based criteria both for group and solo undertakings.</li> <li>Restrict the required content of pre-emptive recovery plans to information that is only strictly necessary. Reduce the frequency of updating the plans (multi-annual interval), particularly for those companies that have healthy solvency ratios.</li> <li>Remove the subsidiary-level requirements for pre-emptive recovery and resolution planning if a group plan exists.</li> </ul>
Digital Operational Resilience Act (DORA)	<ul style="list-style-type: none"> <li>Financial entities must record and classify major ICT-related incidents and significant cyber threats according to criteria listed under Article 18 of the</li> </ul>	<ul style="list-style-type: none"> <li>For (re)insurers, it is important to ensure that the incident reporting requirements under DORA are</li> </ul>

	<p>DORA. The ESAs are currently working on common RTS to be submitted to the EC by 17 January 2024.</p> <ul style="list-style-type: none"> <li>• While financial entities must record and classify significant cyber threats, reporting them will be on a voluntary basis only, although entities will be required to “where applicable, inform their clients that are potentially affected of any protection measures which the latter may consider taking” (Article 19(3)). The content of the voluntary notification for significant cyber threats will be established by the ESAs in RTS by 17 July 2024 (Article 20).</li> <li>• The scope of mandatory reporting to competent authorities under DORA is limited to major ICT-related incidents. By 17 July 2024, an RTS will be drafted by the ESAs under Article 20 to establish the contents of the template for reporting major ICT-related incidents, on the basis of the criteria listed under Article 18. The standard forms, templates and procedures for reporting a major ICT-related incident and notifying a significant cyber threat will be established by the ESAs in common RTS drafted by 17 July 2024.</li> <li>• The text allows EU member states to designate a single competent authority in cases where a financial entity is subject to supervision by more than one authority under Article 46. For (re)insurance undertakings, the competent authority is designated in accordance with the Solvency II Directive (Article 46(k)).</li> </ul>	<p>risk-based and that the principle of proportionality is enshrined throughout the RTS.</p> <ul style="list-style-type: none"> <li>• Any thresholds established in the RTS should not result in over-reporting without this having any benefits in terms of resilience.</li> <li>• The requirements relating to incident reporting in DORA (timelines, report formats, etc.) should be aligned with the incident reporting requirements in the NIS2 Directive, as a large share of the third-party providers to financial entities, such as (re)insurers, are also subject to the requirements of the NIS2 Directive.</li> <li>• Furthermore, the benefit to cost ratio between strengthening the digital operational resilience in the financial sector and the administrative burden placed on financial entities should be carefully considered in the “RTS to establish the templates composing the register of information in relation to all contractual requirements on the use of ICT services”. The requirements in the draft RTS are extensive and it seems the principle of proportionality has not been followed. Thus, all financial entities will be subject to the same requirements, even though the financial entities covered by DORA constitutes a very heterogenous group with varying sizes, risk profiles, scale and complexity of services, activities and operations.</li> </ul>
<p>Proposal for a Retail Investment Strategy (RIS)</p>	<ul style="list-style-type: none"> <li>• Additional reporting requirements in the RIS proposal will not make financial services more cost-efficient. Instead, these will have significant repercussions for</li> </ul>	<ul style="list-style-type: none"> <li>• Make use as much as possible of data that is already available to NSAs and to EIOPA and avoid increasing the reporting burden for companies.</li> </ul>

	<p>consumers, such as detailed information on costs and charges, distribution costs and third-party payments, as well as data on the characteristics of insurance-based investment products (IBIPs). In particular the performance and level of risk and other product features would need to be transmitted by product manufacturers to EIOPA as a basis for developing and publishing common benchmarks on the costs and performance of products. Distributors would also need to deliver to NSAs new reporting for cross-border activities.</p> <ul style="list-style-type: none"> <li>• Additional tests are to be performed by insurance companies include a “pricing process” based on EIOPA benchmarks with additional testing, assessment and justification of any deviation from the benchmarks, as well as longer suitability and appropriateness tests.</li> <li>• New record-keeping on marketing communications in relation to IBIPs, including marketing communications made by any third party remunerated or incentivised through non-monetary compensation.</li> <li>• On top of that, additional disclosure requirements and new warnings, with some of them to be detailed further at Level 2, will add up to the existing information overload beyond the 339 pieces of pre-contractual information already received by the consumer for a green IBIP (<i>see above</i>).</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure leaner and more streamlined sales processes, while preserving the interests of retail investors and making the information provided simpler to understand.</li> <li>• Consumer testing that covers both proposed and existing disclosures should be performed to ensure that any new requirement benefits consumers and matches their actual information needs.</li> <li>• Ensure coherence and consistency across EU legislation, with the aim of avoiding duplication and overlaps, by assessing the cumulative impact that the proposed rules and existing rules would have on consumers.</li> <li>• For additional information, please see <a href="#">here</a>.</li> </ul>
<p>EC proposal for a VAT in the digital age (ViDA) package</p> <ul style="list-style-type: none"> <li>• Focus on the Proposal for a Council Directive amending</li> </ul>	<ul style="list-style-type: none"> <li>• The proposal to set a two-day timeline for the issuance of electronic invoices (Art. 222) and for fulfilling digital reporting requirements (Art. 263) would be problematic for companies for a number of reasons (eg, two days are not enough for the issuance</li> </ul>	<ul style="list-style-type: none"> <li>• The 1 January 2024 introduction of the new digital invoicing requirements should be postponed with respect to the envisaged date.</li> </ul>

<p>the VAT Directive (2006/112/EC)</p>	<p>of electronic invoices after the chargeable event took place, especially in large corporations, nor for checking possible mismatches and, if needed, notifying tax authorities).</p> <ul style="list-style-type: none"> <li>• The proposal to eliminate the possibility to issue summary invoices (Art. 223) would be practically impossible to adhere to, as summary invoices are commonly used, and their proposed removal would cause major business disruption.</li> <li>• The proposed new data requirements for invoices (Art. 226), such as the IBAN of the supplier, the agreed dates and the amounts of payments received are excessive.</li> </ul>	<ul style="list-style-type: none"> <li>• The proposed two-day timeline for fulfilling digital reporting requirements and for issuing electronic invoices is too short and should be extended.</li> <li>• The possibility to issue summary invoices should be maintained.</li> <li>• The rationale behind the new data requirements that are to be included in invoices should be explained.</li> <li>• The ViDA Directive should explicitly confirm that those products and services that are exempted from VAT under the current VAT Directive are also exempted from the scope of the new reporting requirements.</li> </ul>
<p>EC proposal for an Anti-money laundering and countering the financing of terrorism legislative (AML/CFT) package</p>	<ul style="list-style-type: none"> <li>• Concerning the Regulation of the European Parliament and of the Council on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (AMLR):</li> <li>• The proposal includes an insurance undertaking insofar as it carries out life or other investment-related assurance activities (Art. 2).</li> <li>• The threshold for beneficial ownership should be maintained at 25% plus one share, or voting rights, or other direct or indirect ownership interest (as included in the EC proposal). Lowering it would overburden companies and public registers including legal persons that are not in a position to use the entity for ML and TF objectives (Art. 42).</li> <li>• The proposed provisions establishing AML compliance roles (AML compliance manager and AML compliance officer) risk overburdening companies if they do not</li> </ul>	<ul style="list-style-type: none"> <li>• ML and TF risks are low for the life insurance sector, and close to 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.</li> <li>• The threshold for the determination of beneficial ownership should be maintained at 25%.</li> <li>• The proposed provisions establishing AML compliance roles should be flexible and consistent with the corporate governance rules in place in the member state. Members of the management body</li> </ul>

	<p>guarantee enough flexibility and are not consistent with the corporate governance legislation in place in the member state in which the entity is operating (Art. 9).</p> <ul style="list-style-type: none"> <li>Provisions concerning the assessment of the integrity of employees tasked with AML/CFT compliance roles could also overburden companies (Art. 11).</li> </ul>	<p>should, in any case, not be obliged to perform day-to-day AML tasks.</p> <ul style="list-style-type: none"> <li>Only employees effectively in charge of checking compliance with the AML/CFT requirements should be subject to the assessment by the AML compliance officer. Moreover, the frequency of scrutiny should not overburden the operating entity.</li> </ul>
<p>EC proposal for a Green Claims Directive</p>	<ul style="list-style-type: none"> <li>The proposal explicitly excludes environmental claims regulated by or substantiated by rules established in: <ul style="list-style-type: none"> <li>Regulation 2020/852 (Taxonomy Regulation)</li> <li>Regulation 2013/34 (including the amendments by CSRD/ESRS)</li> </ul> </li> <li>But the proposal does not explicitly exclude SFDR disclosures. They may fall under Article 1 (2) (p) of the proposal, but this is not clear.</li> </ul>	<ul style="list-style-type: none"> <li>The Directive should explicitly exclude SFDR disclosures from its scope. We see this more as a clarification than a correction, so this would not reduce the reporting burden but would provide legal certainty.</li> </ul>



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