To: Stéphane Séjourné, European Commission Executive Vice-President Prosperity and Industrial Strategy
Valdis Dombrovskis, Commissioner for Economy and Productivity; Implementation and Simplification

Our reference: ECO-CRISF-25-026

Subject: Insurance Europe proposals for regulatory simplification as part of the Omnibus initiative

Brussels, 05-02-2025

Dear Executive Vice-President Séjourné,
Dear Commissioner Dombrovskis,

Insurance Europe very much welcomes the European Commission's proposed new approach to strengthen competitiveness and secure sustainable prosperity in Europe. Similarly, the insurance industry was amongst the first to highlight concerns about climate change and remains committed to Europe's sustainability goals. The EU's sustainability framework is instrumental to achieving the EU's objectives to reorient capital flows, embed of sustainability in the day-to-day business and economy, and enhance transparency on transition and sustainability performance.

Over the past years, the insurance industry contributed to the development and dedicated significant resources to the application of the sustainable finance framework. Insurers are therefore well-placed to assess the potential unintended consequences, and sources of undue complexity stemming from the implementation of the new requirements.

The first Omnibus initiative, which aims to simplify sustainability reporting and disclosure requirements, is welcome. We fully recognise the need for the sustainability framework to be improved and commend the European Commission's for its efforts to simplify the framework. We highlight some key points which would contribute to this aim.

Insurance Europe continues to support the Corporate Sustainability Reporting Directive (CSRD) as the cornerstone of sustainability data reporting. The focus of the Omnibus here should be on limiting future burdens and on removing overlaps with other regulations. The CSRD should act as a strategic compass, a tool for providing decision-useful information to be used by investors and management to steer capital and monitor strategic impacts.

On CSRD, **all work to develop new additional sector specific reporting should stop** to allow the focus on good implementation and appropriate use of the existing sector agnostic standards. After at least 2 reporting cycles, work could restart to assess whether and where additional sector specific reporting is needed. Current transitional relief should be extended until there is clarity on how such reporting can work in practice, allowing companies to delay reporting on certain elements, including on their value chain.

The experience demonstrates that current **EU Taxonomy Regulation** is not proving useful for insurers' investment decisions, nor does it fairly portray insurers' contributions to sustainability. However, the focus should

Thea Utoft Hoj Jensen• Director General
Insurance Europe aisbl • Rue du Champ de Mars 23, B-1050 Brussels
Tel: +32 2 894 30 11 •E-mail: Utoft@insuranceeurope.eu

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now be on reducing burdens, which can be achieved **by introducing a materiality filter to reporting obligations**. Changes beyond this should only be considered if they meet a high benefit to cost ratio.

In their capacity as some of the largest European Institutional Investors, insurers highlight the need to address implementation challenges imposed by **Corporate Sustainability Due Diligence Directive (CSDDD)** on European companies, in particular in relation to due diligence requirements on their value chain. The **cross-sectorial requirement for "net zero" transition plans** is vital for triggering climate mitigation and adaptation but **should be based on the existing reporting requirements under CSRD** to simplify and avoid overlaps.

Solvency II should also be part of the review to avoid reporting duplication with the CSRD, and existing requirements in the Own Risk and Solvency Assessment (ORSA). The Solvency II Review introduces a requirement to report on sustainability risk plans, which overlaps with existing Solvency II and CSRD requirements and adds significant new complexity and reporting for insurers. As well as the duplication, it also includes certain elements which confuse sustainability risk plans with "net zero" transition plan.

While simplification of sustainability related requirements is welcome and needed, this should not distract from the **need to reduce insurers' burdens in other areas**. This should be addressed in further packages following the first Omnibus proposal on sustainability reporting. In this context, we particularly welcome the European Commission's focus on regulatory simplification and the clear target to reduce reporting burdens by at least 25%. Excessive and overlapping regulation limit the companies' ability to innovate, grow and invest, and its costs are ultimately borne by consumers. It is **vital that the objective to improve competitiveness, to avoid new regulatory burdens and reduce existing ones, is fully applied to these and other ongoing regulatory developments.** For example, key proposals currently in the process of development or finalisation, including the **Retail Investment Strategy (RIS)**, the **Financial Data Access (FIDA)** regulation will add very significantly to insurers' already high regulatory burden.

Further details on the specific recommendations for the first Omnibus proposal are provided in the Annex. We would welcome an opportunity to meet with you or your teams to discuss our views and respond to any questions.

Yours sincerely,

Thea Utoft Hoj Jensen
Director General, Insurance Europe

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(Re)insurers' proposals for an Omnibus Legislation

	No.	Description of the issue	Proposal for addressing issue	Text reference
EU Taxonomy	1	The current EU Taxonomy generates excessive reporting burden and does not focus on relevant economic activities, including a huge number of tables which in many cases are populated with data which is immaterial but must still be reported. Unlike other components of the EU legislation on sustainability, like the CSRD-ESRS, the EU Taxonomy does not allow to carry out a materiality assessment to fulfil its reporting requirements.	**Introduce materiality filter to the reporting under EU Taxonomy:** The EU Taxonomy reporting should be subject to a materiality filter to align it with other components of the EU legislation on sustainability and focus only on relevant information.	Commission Delegated Regulation (EU) 2021/2178
	2	Out of 25 reporting templates for the EU Taxonomy, more than half (15) concern nuclear and gas activities. These extensive reporting requirements for only two economic activities generate excessive reporting burden and set wrong priorities.	Retain only the relevant templates, and **clarify that templates on nuclear energy and fossil gas activities apply only to Investment and not also to Underwriting.**	Delegated Regulation (EU) 2022/1214
	3	The consolidated KPI (between Investment KPI and Underwriting KPI) aggregates very differently built KPIs and does not add useful information.	Adjust the EU Taxonomy to clarify that an **aggregation of the two insurance KPIs (i.e. consolidated KPI) is not necessary and remove guidance on aggregate KPI from Q&As.**	Delegated Regulation (EU) 2021/2178
	4	(Re)insurers have to work off of varying definitions for key terms across the EU sustainable finance legislation, leading to further reporting burden.	**Align definitions of shared key terms across the EU sustainable finance legislation**, e.g. Do No Significant Harm or Sustainable Investment.	Regulation (EU) 2020/852
	5	(Re)insurers incur significant costs in complying with the Technical Screening Criteria for investments. In particular, when complying with the calculation of the top 15% - 30% of the national building stock in terms of primary energy demand (the benchmark).	In the Technical Screening Criteria, **allow for further use of proxies and estimates as a substitute for certificates**, with Member States setting benchmark standards for these proxies, including the calculation of the benchmark data for all preparers.	Delegated Regulation (EU) 2021/2139
	6	The underwriting KPI, as outlined in the Delegated Disclosures Act, does not fairly portray (re)insurers' contributions to sustainability goals and does not fairly consider their business model. Under the current requirements, Taxonomy alignment cannot exceed 5-10%, regardless of the insurers' efforts.	**Change the underwriting KPI denominator to a (re)insurer's Taxonomy-eligible activities**, and allow out of scope entities' voluntary Taxonomy disclosures to be included in the numerator.	Delegated Regulation (EU) 2021/2178

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	7	On the Investment KPI, exposures to EU and non-EU undertakings not subject to sustainability reporting under articles 19a or 29a of the Accounting Directive, but who voluntarily report EU Taxonomy data subject to audit review, cannot be included in the numerator of the investment KPI. This limitation negatively impacts the investment KPI in an artificial way, as these investments have the same characteristics of those issued by undertakings subject to sustainability reporting.	**Investments in EU and non-EU undertakings who voluntarily report EU taxonomy data**, in compliance with the Regulation and subject to audit review, **should be included in the numerator of the investment KPI**.	Delegated Regulation (EU) 2021/2178
	8	Currently, there is no clear methodology nor "a central register of counterparties" to determine if business customers meet the Minimum Safeguards criteria. As a result, it is not possible to verify if Minimum Safeguards are being met, and the underlying activities cannot be accounted for as Taxonomy-aligned.	**In the Disclosure Delegated Acts, review and ease the criteria to meet Minimum Safeguards requirements for the qualification of Taxonomy-aligned activities.**	Delegated Regulation (EU) 2021/2178
CSRD - ESRS	9	2025 is the first reporting year for sector-agnostic ESRS. Nevertheless, EFRAG is already developing new sector-specific ESRS data points, while there are still a range of outstanding issues that the industry needs EFRAG support on for implementing sector-agnostic ESRS for insurance companies.	**EFRAG should halt the development of new reporting requirements under sector-specific standards, and focus on providing clear, concise and practical implementation support on sector-agnostic standards. The work to determine what/if any additional sector specific data points for insurers are needed should be assessed after at least two reporting cycles**. Also, EFRAG should provide guidelines and FAQs in a timely manner for users.	Directive (EU) 2022/2464
	10	New Digital Taxonomy rules to allow the marking up ('digital tagging') of the ESRS sustainability statement in the machine-readable XBRL format are being developed. The new rules are expected to apply to all reported information and to all reporting undertakings. This represents a significant added burden and cost driver for companies. In addition, where digital tagging has been applied, it has been proven to be more challenging than expected.	**Tagging requirements for sustainability information should be phased.** New Digital Taxonomy rules should avoid excessive adaptation costs for companies. Gradual implementation is recommended, prioritising the information needed by users (like climate), and/or necessary for FMPs to comply with PAI reporting under SFDR. Non-listed companies should be allowed to comply on a voluntary basis only.	Directive (EU) 2022/2464
	11	In addition to intensity-based targets, the ESRS require to calculate absolute emission values (e.g. Disclosure Requirement E1-4 Targets related to climate change mitigation and adaptation), which do not result any meaningful information about specific sectors' efforts in the transition.	**Requirement to calculate absolute emission values, in addition to intensity-based targets, should be deleted.**	Delegated Regulation (EU) 2023/2772
	12	Currently, entities under the CSRD scope are defined through three size criteria (net turnover, balance sheet total, average number of employees). These criteria fail to reflect the insurance industry's unique characteristics.	**(Re)insurers support the introduction of a "mid-cap" category within the Accounting Directive, but a specific definition of "mid-cap" is required to account for the Insurance sector's specificities.**	Directive 2013/34/EU & Directive (EU)2022/2464

	13	CSRD provides an exemption for subsidiaries which, even if under the Directive scope, are included in the consolidated report of the parent company. However, an exception to the exemption was introduced, requiring subsidiaries which are large undertakings whose transferable securities are admitted to trading on a regulated market to individually and separately report on sustainability matters, following CSRD requirements (articles 19a(10) and 29a(9)).	**Extend the exemption from the CSRD reporting obligation to subsidiary companies, also to large undertakings whose securities are admitted to trading on a regulated market,** if included in the consolidated report of the parent company.	Directive (EU) 2022/2464
	14	Limited assurance is already creating a significant challenge for preparers and auditors. A transition to the reasonable assurance of sustainability information currently under consideration under the CSRD for 2028 is too early and likely result in significant further reporting burden and complexity for companies.	**The need to transition to reasonable assurance for sustainability information under the CSRD should be assessed in 2030 at the earliest.**	Directive (EU) 2022/2464
	15	Concerning SNCUs: A timing problem exists that creates unnecessary burden for very small insurers is created because their exclusion from CSRD scope will not be in place until the Solvency II Review is applicable in 2027. Until then, the affected undertakings will be considered as large companies under article 3(4) of the Accounting Directive. Hence, these affected companies will therefore unnecessarily be subject to the very large burden of ESRS full reporting requirements starting in FYs 2025 and 2026.	**There is an urgent needed for Small and Non-Complex insurance Undertakings (SNCUs) to be subject to the same simplified reporting standards as banking Small and Non-Complex Institutions (SNCIs) and** be allowed to apply the simplified ESRS for listed small medium enterprises (LSME standards) instead of the ESRS full reporting.	Directive (EU) 2022/2464
	16	In connection with ISSB: full interoperability of ESRS and ISSB is still not achieved risking duplicating reporting efforts and generating confusion among investors.	**Confirm interoperability for companies wishing to report under both ESRS and ISSB,** and develop an effective system for groups' reporting under both standards to avoid any duplication/overlap.	Directive (EU) 2022/2464
	17	Auditors do not currently believe they have the authority to adopt a pragmatic approach in carrying out a limited assurance CSRD audit, leading to further costs for companies.	**Ensure it is clear where flexibility is acceptable so that auditors** can take a pragmatic approach during the first few years of adoption.	
	18	There are significant outstanding questions around how to report on insurers' downstream value chain in a practical and meaningful way.	**Downstream reporting, particularly on insured portfolios, should be delayed** through an extension of transition measures.	Directive (EU) 2022/2464

CSDDD	19	There are significant outstanding questions around how to conduct due diligence on insurer's downstream value chain in a practical way. The European Commission shall submit a report to the European Parliament and Council on the necessity of additional sustainability due diligence requirements for financial undertakings (article 36 CSDDD). The report shall be published no later than July 2026 and shall be accompanied, if appropriate, by a legislative proposal with options for additional sustainability due diligence requirements.	**The exclusion of the downstream value chain of financial undertakings from the CSDDD scope for due diligence requirement should be made permanent** (not subject to review).	Directive (EU) 2024/1760
	20	It is crucial to guarantee sufficient time for companies to implement the new CSDDD requirements once guidance is available. Several concepts call for guidance/clarification before companies can start implementing the Directive. The current deadline for the European Commission to adopt guidelines coincides or is very close to the Directive first application.	**Ensure that relevant guidance for effective implementation is available at least two years before the CSDDD first application**. If necessary, postpone the application date of the Directive.	
	21	Under CSDDD, there is an overlap with the transition plan reporting already set out under CSRD.	**Mandatory transition plans are supported but overlaps should be removed, and requirements should be simplified and limited to the reporting set out under CSRD.**	Directive (EU) 2024/1760
SFDR	22	In connection with CSRD: The disclosure of entity level Principle Adverse Impact (PAI) under the SFDR generates duplication of efforts and risks of inconsistency. While entity level disclosures should be limited to FMPs that are not reporting under the CSRD and to the information not covered by ESRS, product level disclosures should be covered by the SFDR only.	Product level disclosures should be covered by the SFDR, while entity level disclosures should be covered by the CSRD, except if FMPs are not subject to the CSRD.	Regulation (EU) 2019/2088
Solvency II	23	**In connection with CSDDD and CSRD: requirements for sustainability risk plans, stemming from amendments to article 44 of the Solvency II Directive**, creates significant new reporting requirements despite management of these risks already being required under general provisions of Solvency II and CSRD includes requirements to report on sustainability risks. In addition, the wording of Article 44 includes text from previous discussions about including net zero transition plan requirements into the Solvency II Review. As these plans are covered under CSRD and CSDDD explicit reference to them was removed in the final text. However, this has led to confusing requirements for reporting and measures in article 44 which are not necessary and/or meaningful in the context of sustainability risk management.	**Delete article 44 of the Solvency II Directive**: the new requirement for sustainability risk plans should be removed, to avoid significantly new reporting and other requirements which already are covered by existing regulation.	Directive 2009/138/EC