

Response to EC consultation on strengthening the quality of corporate reporting and its enforcement

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Part I - The EU framework for high quality and reliable corporate reporting

Question 1. As a user of corporate reporting (retail or wholesale investor, credit rating agency, NGO, public authority, employees, suppliers, other stakeholders), what is the relative importance of the information contained therein compared to other sources of information? Very low/ Low/ Medium/ High/ Very high/ Don't know / no opinion / not applicable

- High

a) Corporate governance

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know - No opinion - Not applicable
I. Effectiveness in reaching its objectives				X		
II. Efficiency: has the framework been cost efficient				X		
III. Relevant in terms of overall needs and objectives				X		
IV. Coherence with other related EU frameworks / internal coherence				X		
V. EU Added value: was and is EU intervention justified?			X			

b) Statutory audit

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know – No opinion – Not applicable
I. Effectiveness in reaching its objectives				X		
II. Efficiency: has the framework been cost efficient				X		
II. Relevant in terms of overall needs and objectives				X		
IV. Coherence with other related EU frameworks / internal coherence		X				
V. EU Added value: was and is EU intervention justified?				X		

c) Supervision by public authorities of statutory auditors/audit firms

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know – No opinion – Not applicable
I. Effectiveness in reaching its objectives				X		
II. Efficiency: has the framework been cost efficient				X		
III. III. Relevant in terms of overall needs and objectives				X		
IV. Coherence with other related EU frameworks / internal coherence				X		
V. EU Added value: was and is EU intervention justified?			X			

d) Supervision by authorities of corporate reporting

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know – No opinion – Not applicable
I. Effectiveness in reaching its objectives				X		
II. Efficiency: has the framework been cost efficient				X		
III. Relevant in terms of overall needs and objectives				X		
IV. Coherence with other related EU frameworks / internal coherence				X		
V. EU Added value: was and is EU intervention justified?			X			

e) The eco-system composed of all of the above

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know – No opinion – Not applicable
I. Effectiveness in reaching its objectives				X		
II. Efficiency: has the framework been cost efficient				X		
III. Relevant in terms of overall needs and objectives				X		
IV. Coherence with other related EU frameworks / internal coherence				X		
V. EU Added value: was and is EU intervention justified?			X			

Question 2.1 Please describe the main issues that you see, if any, in the four areas mentioned in question 2 and in the eco-system composed of all four areas. Where possible, please provide concrete examples and evidence supporting your assessment.

You may want to consider the following aspects

- **have any factors reduced the effectiveness / rendered the relevant EU framework less effective than anticipated? Which rules have proven less effective than anticipated?**
- **is there room to improve efficiency via further simplification? are existing provisions coherent with each other?**

The legislation and reporting eco-system currently in place in the area of audit and supervision are effective and achieve the desired objectives. Insurers see no urgent need to modify and extend the requirements under the frameworks in the areas of auditing, supervision and corporate governance.

One point Insurance Europe wishes to raise is the definition of public interest entities (PIEs). The definition of PIEs in Article 2 number 15 of Directive 2006/43/EC is too broad, as it covers almost all insurance companies. Insurance Europe takes the view that small insurance companies should be out of scope, as they are not of public interest. A distinction should be made according to specific criteria such as size, legal form, stock exchange listing and capital market orientation etc. Otherwise, it seems too far-reaching to impose additional requirements on small insurance companies as a consequence of cases such as Wirecard.

Question 3. Based on your own experience how do you assess the quality and reliability of corporate reporting by listed EU companies? Very low/ Low/ Medium/ High/ Very high/ Don't know / no opinion / not applicable

- Very high

Question 4. *There are no generally accepted standards or indicators to measure the quality of corporate reporting and of statutory audit, nor the effectiveness of supervision. In light of this, what are your views on the following questions?*

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (strongly agree)	Don't know – No opinion – Not applicable
Would it be useful to have specific indicators to measure the quality of corporate reporting, of statutory audits and the effectiveness of supervision?		X				
Is it possible to have clear and reliable indicators to measure the quality of corporate reporting, of statutory audit and the effectiveness of supervision?		X				
Should the European Commission develop indicators on the quality of corporate reporting, of statutory audits and the effectiveness of supervision?		X				

Question 4.1 *Please provide any further explanation supporting your views, and, where relevant, please suggest possible indicators of the quality and reliability of corporate reporting, statutory audit and supervision, where possible with concrete examples:*

Independent auditors confirm no material misstatements in the financial statements and therefore confirm their quality. The added value of further indicators is questionable and there is a risk of contradictory results. The effectiveness of supervision is certainly very difficult to determine, as its impact can only be measured indirectly. However, Insurance Europe takes the view that the use of indicators to evaluate the quality of statutory audits is not relevant, and can be highly subjective and would bring unnecessary complexity.

Question 5. *In your view, should the Commission take action in the areas of the corporate governance pillar, the statutory audit pillar, the supervision of PIE auditors and audit firms and the supervision of corporate reporting to increase the quality and reliability of reporting by listed companies? Yes, there is a need to improve the some or all of the areas listed above/ Yes, there is a need to improve some or all of the areas listed above as well as other areas/ No, but there is a need to improve other areas than those listed above/ No, there is no need to take further action in any area/ Don't know / no opinion / not applicable*

- Yes, there is a need to improve the **some or all of the areas listed above**

Please indicate to what extent you think the Commission should take action in each of the areas below to increase the quality and reliability of reporting by listed companies:

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (strongly agree)	Don't know – No opinion – Not applicable
Improve the corporate governance pillar	X					
Improve the statutory audit pillar				X		
Improve the supervision of PIE auditors and audit firms	X					
Improve the supervision of corporate reporting	X					

If you think there is a need to improve other areas than those listed above please indicate which areas you have in mind:

The definition of PIEs in Article 2 number 15 of Directive 2006/43/EC is too broad, as it covers almost all insurance companies. Insurance Europe takes the view that small insurance companies should be out of scope, as they are not of public interest. A distinction should be made according to specific criteria such as size, legal form, stock exchange listing and capital market orientation etc. Otherwise, it seems too far-reaching to impose additional requirements on small insurance companies as a consequence of cases such as Wirecard.

Question 5.1 *Please provide any further explanation supporting your views, and where appropriate describe what actions you would prioritise and why, with concrete examples:*

The rules on external auditor rotation should be regulated uniformly throughout the EU or be based on the location of the parent company in the group.

Question 5.2 *At what level should action be taken to improve the quality of corporate governance, audit, audit supervision and/or supervision of corporate reporting?*

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (strongly agree)	Don't know – No opinion – Not applicable
Companies themselves should take action to improve their reporting					X	
Auditors themselves should take action to improve audits					X	
Audit supervisors themselves should take action to improve their functioning					X	
Individual Member States should take action if the situation in their market requires this				X		
The EU should take action		X				

Several of the above should take action			X			
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Question 5.3 Please provide any further explanation supporting your views expressed in question 5.2:

The triad of corporate governance, audit and supervision must be implemented effectively without creating unnecessary bureaucratic and operational burden.

Question 6. To what extent is there a need to modify the EU framework on corporate reporting to support the following objectives?

	1 (not at all necessary)	2 (rather not necessary)	3 (neutral)	4 (rather necessary)	5 (highly necessary)	Don't know- No opinion- Not applicable
I. The green transition		X				
II. The digital transition		X				
III. Facilitating doing business by SMEs				X		
IV. Reducing burdens and/or simplification					X	
V. Better corporate social responsibility, including tax transparency and fair taxation		X				

Question 6.1 Please provide, if needed, any further explanation supporting your views expressed in question 6:

Should any new requirements be proposed in reaction to cases such as Wirecard, they must be made proportionately by making a distinction between genuine PIEs and other companies. It does not seem reasonable to equate a small regionally operating fire insurance company with an internationally operating and listed group of companies. The current definition of PIE is too broad and would potentially burden many small insurers with additional requirements without added value.

Part II - Corporate governance

Question 7. How do you assess the effectiveness, efficiency, and coherence of the key features of the EU framework on corporate governance, considering how they underpin quality and reliability of corporate reporting?

a) Board responsibilities for reporting

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know – No opinion – Not applicable
I. Effectiveness in reaching its objectives				X		
II. Efficiency: has the framework been cost efficient			X			
III. Coherence with relevant EU rules					X	

b) Liability of company boards for reporting

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know – No opinion – Not applicable
I. Effectiveness in reaching its objectives			X			
II. Efficiency: has the framework been cost efficient				X		
III. Coherence with relevant EU rules			X			

c) Obligation to establish an audit committee

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know – No opinion – Not applicable
I. Effectiveness in reaching its objectives			X			
II. Efficiency: has the framework been cost efficient			X			
III. Coherence with relevant EU rules			X			

d) Rules on the composition of the audit committee

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know – No opinion – Not applicable
I. Effectiveness in reaching its objectives		X				
II. Efficiency: has the framework been cost efficient		X				
III. Coherence with relevant EU rules			X			

e) Tasks of the audit committee

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know – No opinion – Not applicable
I. Effectiveness in reaching its objectives		X				
II. Efficiency: has the framework been cost efficient	X					
III. Coherence with relevant EU rules			X			

f) External position of the audit committee (e.g. in relation to shareholders)

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know – No opinion – Not applicable
I. Effectiveness in reaching its objectives		X				
II. Efficiency: has the framework been cost efficient			X			
III. Coherence with relevant EU rules			X			

Question 7.1 Please describe the main issues you see, if any, as regards corporate governance and, where possible, please provide concrete examples and evidence supporting your assessment.

You may want to consider the following aspects

- are there factors that have reduced the effectiveness / rendered the relevant EU framework less effective than anticipated? Which rules have proven less effective than anticipated?
- is there room to improve efficiency via further simplification? are existing provisions coherent with each other?

The establishment of audit committees only makes sense for larger supervisory boards. In the case of small supervisory boards (eg with only three members), delegation to an audit committee with identical staffing does not add any value and only creates bureaucratic hurdles.

Question 8. Considering the level of material departures from IFRS reported in the [ESMA report on enforcement and regulatory activities of European enforcers in 2020](#), to what extent can such departures be attributed to deficiencies of the EU framework on corporate governance? Not at all/ To a limited extent/ To some extent/ To a large extent/ To a very large extent/ Don't know / no opinion / not applicable

- To a limited extent

Question 9. How effective and efficient would the following actions be in increasing the quality and reliability of reporting by listed companies?

a) Strengthen the (collective) responsibilities of the board / tasks for reporting / liability of boards for incorrect reporting

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know – No opinion – Not applicable
I. Effectiveness			X			
II. Efficiency in term of cost/benefits of action			X			

b) Require proper expertise of specific board members in relation to corporate reporting (internal controls, accounting framework, sustainability reporting, etc.)

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know – No opinion – Not applicable
I. Effectiveness			X			
II. Efficiency in term of cost/benefits of action			X			

c) Increase the responsibilities of specific board members (e.g. Chief Executive Officer or the Chief Financial Officer) and their liability on corporate reporting

	1 (not at all effective/efficient)	2 (rather not effective/efficient)	3 (neutral)	4 (rather effective/efficient)	5 (very effective/efficient)	Don't know – No opinion – Not applicable
I. Effectiveness			X			
II. Efficiency in term of cost/benefits of action			X			

d) Give company boards an explicit responsibility to establish effective risk management and internal control systems for the preparation of corporate reporting, including as regards controls for risks of fraud and going concern

	1 (not at all effective/efficient)	2 (rather not effective/efficient)	3 (neutral)	4 (rather effective/efficient)	5 (very effective/efficient)	Don't know – No opinion – Not applicable
I. Effectiveness		X				
II. Efficiency in term of cost/benefits of action		X				

e) More transparency of company boards about the effectiveness of the companies' risk management and report on the actions undertaken during the reporting period

	1 (not at all effective/efficient)	2 (rather not effective/efficient)	3 (neutral)	4 (rather effective/efficient)	5 (very effective/efficient)	Don't know – No opinion – Not applicable
I. Effectiveness		X				
II. Efficiency in term of cost/benefits of action		X				

f) Remove exemptions in EU legislation for establishing an audit committee

	1 (not at all effective/efficient)	2 (rather not effective/efficient)	3 (neutral)	4 (rather effective/efficient)	5 (very effective/efficient)	Don't know – No opinion – Not applicable
I. Effectiveness	X					
II. Efficiency in term of cost/benefits of action	X					

g) Increase the tasks of the audit committee, e.g. for providing assurance on internal control systems for the avoidance of risk and fraud and going concern

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness			X			
II. Efficiency in term of cost/benefits of action			X			

h) Strengthen the external position of the audit committee (e.g. vis-à-vis the auditor or by reporting to shareholders)

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness			X			
II. Efficiency in term of cost/benefits of action			X			

i) Require the setting up of specific whistle blowing procedures inside listed companies and supervisors of corporate reporting to strengthen the protection of whistle blowers

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness			X			
II. Efficiency in term of cost/benefits of action			X			

j) Require auditors to provide assurance on the systems and internal controls implemented by the board, including fraud, going concern and related reporting requirements

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness			X			
II. Efficiency in term of cost/benefits of action	X					

k) Strengthen the role of shareholders on corporate reporting

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	X					
II. Efficiency in term of cost/benefits of action	X					

Question 9.1 *Have you identified other actions that would effectively and efficiently increase the quality and reliability of reporting by listed companies? Yes/ No/ Don't know / no opinion / not applicable*

- No

Part III - Statutory audit

Question 10. *How do you assess the effectiveness, efficiency and the coherence with other relevant EU frameworks of the key features of EU audit legislation in so far as it applies to PIE auditors and audit firms?*

a) The rules on independence of auditors/audit firms and absence of conflicts of interest

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know – No opinion – Not applicable
I. Effectiveness in reaching its objectives					X	
II. Efficiency: has the framework been cost efficient					X	
III. Coherence with relevant EU rules					X	

b) The rules on the content of the audit and of the audit report

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know – No opinion – Not applicable
I. Effectiveness in reaching its objectives					X	
II. Efficiency: has the framework been cost efficient					X	
III. Coherence with relevant EU rules					X	

c) The rules applicable to non-audit services

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know – No opinion – Not applicable
I. Effectiveness in reaching its objectives				X		
II. Efficiency: has the framework been cost efficient				X		
III. Coherence with relevant EU rules					X	

d) The rules on auditor/audit firm rotation

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know – No opinion – Not applicable
I. Effectiveness in reaching its objectives		X				
II. Efficiency: has the framework been cost efficient		X				
III. Coherence with relevant EU rules			X			

e) The rules on transparency (transparency report, additional reports to other parties / audit committees / supervisors)

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know – No opinion – Not applicable
I. Effectiveness in reaching its objectives			X			
II. Efficiency: has the framework been cost efficient			X			
III. Coherence with relevant EU rules			X			

Question 11. Please describe the main issues you see, if any, in the audit pillar and, where possible, please provide concrete examples and evidence supporting your assessment.

You may want to consider the following aspects

- **are there factors that have reduced the effectiveness / rendered the relevant EU framework less effective than anticipated? Which rules have proven less effective than anticipated?**
- **is there scope to improve efficiency via further simplification?**
- **are existing provisions coherent with each other?**

Insurance Europe continues to have serious concerns about the impact of the mandatory audit firm rotation and the provision of non-audit services.

The effect of mandatory audit firm rotation causes complexity by forcing subsidiaries to rotate their audit firms even if the parent company (listed in EU or outside EU) is not required to rotate. Differences between rotation periods raise issues, as subsidiaries and affiliates are forced to rotate at different points in time. This significantly harms the unified audit process within a group as it clearly neglects the complexities of multinational entities which have a multitude of domestic and foreign subsidiaries within and outside of EU territory.

Insurance Europe therefore supports the harmonisation in the approach regarding statutory audit market regulation so that mandatory rotation would apply **from a group perspective rather than on individual subsidiaries** located in different member states. Such harmonisation can be achieved by providing a pragmatic solution for PIE groups with PIE subsidiaries across EU Member States whereby the concept of "group" is introduced in the EU Audit Directive.

The restrictions on non-audit services in the Audit Directive also creates divergences amongst EU member states as national regulators and member states apply the legislation differently. It also means that some tax and valuation services cannot be provided by a same firm within a group which results in additional costs and time inefficiency.

Insurance Europe therefore **supports that the nature of prohibited non-audit services be based on the law of the ultimate EU parent entity**, and that domestic law would apply across the entire group irrespective of where any PIE subsidiaries might be located within the EU.

With regards to Question 10 a) in conjunction with c) and d): The current regulations on independence are sufficient. There is a conflict of objectives between increasing requirements for audit firms regarding their independence and the free choice of an auditor. Especially in the case of listed insurance companies, the market for suitable audit firms consists of four to six firms. If one of these is responsible for the audit, one for tax advice and one for valuations and transaction advice, there is little choice in the rotation of the auditor anyway.

Question 12. To which extent you agree to the following statements?

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (strongly agree)	Don't know - No opinion - Not applicable
I. Statutory audits contribute as much as is possible to the quality and reliability of corporate reporting by PIEs					X	
II. I am satisfied with the role of the statutory auditors / audit firms of PIEs					X	
III. The work of auditors is reliable so I trust their assessment and reports and their work inspires trust in capital markets					X	
IV. There is not enough choice for public interest entities in finding an audit firm at appropriate costs				X		
V. Joint audits contribute to the quality of audit	-		X			

Question 12.1 *If you want to add any comments, and/or mention specific issues you see you can insert them here. Where possible, please provide concrete examples and evidence supporting your assessment:*

The audit quality issues that occur most often at EU level are:

- Deficiencies in audit firms' internal quality control systems;
- The lack of, or inappropriate, monitoring of high-risk audited entities; and
- The lack of audit evidence and documentation.

In Germany, professional liability insurers are already observing that audit firms no longer accept mandates for PIE audits for Finanzmarktintegritätsstärkungsgesetz (FISG) liability reasons and are not continuing existing mandates. The statistics of the WPK (chamber of auditors) also already show a reduction in the number of practices performing PIE audits. Further tightening of liability could also lead to a shortage on the provider side among pecuniary loss liability insurers.

In addition, Insurance Europe has observed that, in smaller European markets, there is a limited number of auditors with the expertise needed to audit insurance companies. Taking into account rotation and provision on non-audit services requirements into account, it is difficult to find a new auditor/audit firm with the appropriate expertise.

Question 13. *To what extent can these quality issues be attributed to deficiencies in the EU legal and supervisory framework for statutory audit? Not at all/ To a limited extent/ To some extent/ To a large extent/ To a very large extent/ Don't know / no opinion / not applicable*

- To a limited extent

Question 13.1 Please explain, and where possible, provide evidence for your assessment under question 13:

It is unclear whether any damage has resulted from the points mentioned or whether they are merely "formal errors" or a matter of interpretation. If auditors "only" deal with the documentation of obvious or irrelevant facts in order to meet legal requirements, this will not lead to an increase in quality in terms of a risk-oriented audit.

Question 14. How effective and efficient would the following actions be in increasing the quality of statutory audits of PIEs?

a) Ask auditors to disclose how they have assured the directors' statement on material fraud, and what steps they have taken to assess the effectiveness of the relevant internal controls and to detect any fraud

	1 (not at all effective/efficient)	2 (rather not effective/efficient)	3 (neutral)	4 (rather effective/efficient)	5 (very effective/efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	X					
II. Efficiency in term of cost/benefits of action			X			

b) Strengthen the informational value of audit reports

	1 (not at all effective/efficient)	2 (rather not effective/efficient)	3 (neutral)	4 (rather effective/efficient)	5 (very effective/efficient)	Don't know - No opinion - Not applicable
I. Effectiveness		X				
II. Efficiency in term of cost/benefits of action			X			

c) Improve the internal governance of audit firms

	1 (not at all effective/efficient)	2 (rather not effective/efficient)	3 (neutral)	4 (rather effective/efficient)	5 (very effective/efficient)	Don't know - No opinion - Not applicable
I. Effectiveness			X			
II. Efficiency in term of cost/benefits of action			X			

d) Incentivise or mandate the performance of joint audits for PIEs, including to enhance competition on the PIE audit market

	1 (not at all effective/efficient)	2 (rather not effective/efficient)	3 (neutral)	4 (rather effective/efficient)	5 (very effective/efficient)	Don't know - No opinion - Not applicable
I. Effectiveness			X			
II. Efficiency in term of cost/benefits of action			X			

e) Further harmonise the rules on mandatory rotation

	1 (not at all effective/efficient)	2 (rather not effective/efficient)	3 (neutral)	4 (rather effective/efficient)	5 (very effective/efficient)	Don't know - No opinion - Not applicable
I. Effectiveness					X	
II. Efficiency in term of cost/benefits of action					X	

f) Limit the scope for statutory auditors and audit firms to provide non-audit services

	1 (not at all effective/efficient)	2 (rather not effective/efficient)	3 (neutral)	4 (rather effective/efficient)	5 (very effective/efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	X					
II. Efficiency in term of cost/benefits of action	X					

g) Increase or eliminate caps on auditor liability, at least for cases of gross negligence of statutory auditors

	1 (not at all effective/efficient)	2 (rather not effective/efficient)	3 (neutral)	4 (rather effective/efficient)	5 (very effective/efficient)	Don't know - No opinion - Not applicable
I. Effectiveness	X					
II. Efficiency in term of cost/benefits of action	X					

h) Limit the number of Member State options in the EU Audit framework to ensure consistency across the EU and to incentivise cross-border statutory audits

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness			X			
II. Efficiency in term of cost/benefits of action			X			

i) The creation of a passporting system for PIE auditors and audit firms, allowing auditors to provide their services across the Union based on their approval in a Member State

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know - No opinion - Not applicable
I. Effectiveness		X				
II. Efficiency in term of cost/benefits of action			X			

Question 14.1 Have you identified other actions that would effectively and efficiently increase the quality and reliability of statutory audits of PIEs? Yes/ No/ Don't know / no opinion / not applicable

- No

Question 15. How do you assess the effectiveness, efficiency, and coherence of the key features of the EU supervisory framework for PIE statutory auditors and audit firms?

a) The supervision of PIE statutory auditors and audit firms in the EU

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know - No opinion - Not applicable
I. Effectiveness in reaching its objectives				X		
II. Efficiency: has the framework been cost efficient				X		
III. Coherence with relevant EU rules				X		

b) The establishment and operation of national audit oversight bodies

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know – No opinion – Not applicable
I. Effectiveness in reaching its objectives				X		
II. Efficiency: has the framework been cost efficient				X		
III. Coherence with relevant EU rules				X		

c) The Member State systems for investigations and sanctions

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know – No opinion – Not applicable
I. Effectiveness in reaching its objectives			X			
II. Efficiency: has the framework been cost efficient			X			
III. Coherence with relevant EU rules			X			

d) The role of the CEAOB

	1 (very low)	2 (low)	3 (medium)	4 (high)	5 (very high)	Don't know – No opinion – Not applicable
I. Effectiveness in reaching its objectives			X			
II. Efficiency: has the framework been cost efficient			X			
III. Coherence with relevant EU rules			X			

Question 15.1 Please describe the main issues you see, if any, in relation to the supervision of statutory auditors and audit firms and, where possible, please provide concrete examples and evidence supporting your assessment.

You may want to consider the following aspects

- are there factors that have reduced the effectiveness / rendered the relevant EU framework less effective than anticipated? Which rules have proven less effective than anticipated?
- is there scope to improve efficiency via further simplification?
- are existing provisions coherent with each other?

The Wirecard scandal triggered a comprehensive reform of the balance sheet control procedure in some jurisdictions, where the competences of the supervisory authorities for investigations in suspected cases of fraud and balance sheet manipulation in particular were considerably expanded.

Question 16. Considering the findings in the [Commission monitoring report](#) and reports of national audit oversight bodies how would you rate the quality of audit supervision? Very low/ Low/ Medium/ High/ Very high/ Don't know / no opinion / not applicable

- High

Question 17. How effective and efficient would the following actions be to increase the quality and effectiveness of supervision of PIE statutory auditors and audit firms?

a) Ensure better the independence and appropriate resources of supervisors of auditors and audit firms

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know – No opinion – Not applicable
I. Effectiveness			X			
II. Efficiency in term of cost/benefits of action			X			

b) Increase the transparency of audit supervisors

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know – No opinion – Not applicable
I. Effectiveness			X			
II. Efficiency in term of cost/benefits of action			X			

c) Increase the consistency of supervision of cross-border networks of audit firms

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know – No opinion – Not applicable
I. Effectiveness				X		
II. Efficiency in term of cost/benefits of action				X		

d) Ensure supervision of audit committees

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know – No opinion – Not applicable
I. Effectiveness		X				

II. Efficiency in term of cost/benefits of action		X				
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e) Harmonise and strengthen the investigation and sanctioning powers of audit supervisors

	1 (not at all effective/efficient)	2 (rather not effective/efficient)	3 (neutral)	4 (rather effective/efficient)	5 (very effective/efficient)	Don't know – No opinion – Not applicable
I. Effectiveness				X		
II. Efficiency in term of cost/benefits of action			X			

f) Ensure that at European level there are legal instruments available that ensure supervisory convergence as regards statutory audit of PIEs

	1 (not at all effective/efficient)	2 (rather not effective/efficient)	3 (neutral)	4 (rather effective/efficient)	5 (very effective/efficient)	Don't know – No opinion – Not applicable
I. Effectiveness				X		
II. Efficiency in term of cost/benefits of action				X		

g) Grant a European body the task to register and supervise PIE statutory auditors and audit firms

	1 (not at all effective/efficient)	2 (rather not effective/efficient)	3 (neutral)	4 (rather effective/efficient)	5 (very effective/efficient)	Don't know – No opinion – Not applicable
I. Effectiveness	X					
II. Efficiency in term of cost/benefits of action	X					

Question 17.1 Have you identified other actions that would effectively and efficiently increase the quality and reliability of supervision of PIE statutory auditors and audit firms? Yes/ No/ Don't know / no opinion / not applicable

- No

Part V - Supervision and enforcement of corporate reporting

Question 18. Considering the level of material departures from IFRS in the financial statements of listed companies found in the [ESMA report on enforcement and regulatory activities of European enforcers in 2020](#), how would you rate (on a scale of 1 to 5) the degree to which such departures can be attributed to deficiencies in the EU supervisory framework? Very low/ Low/ Medium/ High/ Very high/Don't know / no opinion / not applicable

- Very low

Question 19. How effective and efficient would the following actions be in increasing the quality and reliability of reporting by listed companies?

a) Clarify the role and responsibilities of the national authorities charged with the enforcement of corporate reporting and entities to whom the supervision of corporate reporting is delegated/designated, and improve their cooperation

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know – No opinion – Not applicable
I. Effectiveness			X			
II. Efficiency in term of cost/benefits of action			X			

b) Improve the system for the exchange of information between authorities and entities involved in the supervision of corporate reporting, and other relevant national authorities

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know – No opinion – Not applicable
I. Effectiveness			X			
II. Efficiency in term of cost/benefits of action			X			

c) Strengthen the rules ensuring the independence of national authorities or entities involved in the supervision of corporate reporting

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know – No opinion – Not applicable
I. Effectiveness			X			
II. Efficiency in term of cost/benefits of action			X			

d) Increase the resources of national authorities or entities involved in the supervision of corporate reporting

	1 (not at all effective/efficient)	2 (rather not effective/efficient)	3 (neutral)	4 (rather effective/efficient)	5 (very effective/efficient)	Don't know – No opinion – Not applicable
I. Effectiveness			X			
II. Efficiency in term of cost/benefits of action	X					

e) Increase the powers for national competent authorities to enforce corporate reporting, such as forensic, powers to obtain any necessary information from banks, tax or any other authorities in the country, powers to request information and corrective actions, etc.

	1 (not at all effective/efficient)	2 (rather not effective/efficient)	3 (neutral)	4 (rather effective/efficient)	5 (very effective/efficient)	Don't know – No opinion – Not applicable
I. Effectiveness		X				
II. Efficiency in term of cost/benefits of action		X				

f) Improve cooperation and coordination between national authorities of different Member States

	1 (not at all effective/efficient)	2 (rather not effective/efficient)	3 (neutral)	4 (rather effective/efficient)	5 (very effective/efficient)	Don't know – No opinion – Not applicable
I. Effectiveness				X		
II. Efficiency in term of cost/benefits of action			X			

g) Increase transparency on the conduct and results of enforcement activities by national authorities

	1 (not at all effective/efficient)	2 (rather not effective/efficient)	3 (neutral)	4 (rather effective/efficient)	5 (very effective/efficient)	Don't know – No opinion – Not applicable
I. Effectiveness			X			
II. Efficiency in term of cost/benefits of action			X			

h) Strengthen the role of ESMA on the enforcement of corporate reporting

	1 (not at all effective/ efficient)	2 (rather not effective/ efficient)	3 (neutral)	4 (rather effective/ efficient)	5 (very effective/ efficient)	Don't know – No opinion – Not applicable
I. Effectiveness	X					
II. Efficiency in term of cost/benefits of action	X					

Question 19.1 *Have you identified other actions that would effectively and efficiently increase the quality and reliability of reporting by listed companies? Yes/ No/ Don't know / no opinion / not applicable*

- No

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