Key messages on the first Omnibus package

Insurance Europe firmly supports the new approach of the European Commission (EC) to simplify regulation, strengthen competitiveness and secure sustainable prosperity in Europe. The insurance industry was amongst the first to highlight concerns about climate change and it remains committed to Europe's sustainability goals. We welcome that the Omnibus proposals keep these goals and retain key elements of the Corporate Sustainability Reporting Directive (CSRD) and transition plans. The Omnibus improvements, if finalised in the right way, will enable resources to be focused on the most useful and important data. This will allow companies and investors to spend more resources on taking initiatives and actions that directly promote sustainable transition, rather than on reporting.

Over the past several years, the insurance industry has 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 industry has continuously highlighted the importance of consistent data but has also stressed the need for focus, proportionality and to avoid excessive requirements. Developing, implementing and complying with sustainability reporting and regulation require scarce expertise and involve significant costs. This expertise and investment are also needed to put in place sustainable strategies, operations and transition plans, as well as to manage sustainability risks. Focusing on the most useful reporting and information is therefore a core priority.

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 EC for its efforts to simplify the framework. After the Omnibus simplifications, the framework will still deliver the most useful sustainability data across a wide range of companies and will remain more ambitious than any similar framework globally.

Elements from the EC proposals for an Omnibus package of particular importance for the insurance industry are:

1 Corporate Sustainability Reporting Directive (CSRD)

- **Support "Stop the clock"** to give companies not currently reporting more time to implement the amended standards. This will also allow the Omnibus changes affecting other companies to be finalised and avoid unnecessary implementation efforts and costs. We urge policymakers at EU and national levels to finalise necessary negotiations and transposition processes as soon as possible or at least provide clarity to companies on timelines to restore legal certainty and provide them with necessary predictability.
- **Remove the requirements to introduce further, more detailed (sector-specific) reporting.** This was diverting significant resource and focus away from implementing the current and extensive reporting requirements.
- **Commit to review and reduce the current reporting standards** to see how and where it can be simplified for Wave 1 companies and others who will remain in scope, including third-country undertakings. The EC should set an unambiguous and ambitious goal for the simplification of the standards. By focusing on the most important sustainability aspects, it should be possible to significantly simplify current requirements. Furthermore, the review of the sector-agnostic European Sustainability

Reporting Standards (ESRS) should be carried out with a view to ensuring effective interoperability between the two sets of standards.

- **Keep assurance requirement at the current level** (limited assurance) to avoid significant further costs.
- **Keep mandatory reporting for the largest companies** while allowing other companies to report useful data voluntarily. We support adjusting the scope so that only companies with more than 1000 employees are subject to reporting. However, the criteria should be met in two consecutive financial years for companies to be in scope.
- **Make sure the proposed Omnibus improvements cover the requirement and timing for developing electronic tagging**, as they currently do not. Developing and implementing electronic tagging is a major cost and very difficult to achieve. Developments with AI mean that this may no longer be needed or could be significantly simplified. The EC should consider pausing or phasing current work and undertaking a study on how AI can reduce or change the need electronic tagging.

2 Corporate Sustainability Due Diligence Directive (CSDDD)

- **We welcome the removal of an EU-level civil liability regime,** as it ensures that liability frameworks remain at the national level.
- **Remove the review clause on inclusion of financial services** in the CSDDD scope. Applying the requirements to investments and to insurance customers would be very complex. To fully remove regulatory ambiguity in this respect, the scoping out of the downstream chain of activities of financial undertakings should not only be mentioned in the CSDDD recital, but also in its operative provisions.
- **Postpone the transposition deadline and the date of first application by one year** to provide all companies in scope more time to implement the CSDDD.
- **Delete Article 1(2) on maintaining existing national levels of protection.** This provision ensures that the CSDDD cannot be used as a pretext to reduce existing protections already established in national laws. Keeping this provision could create competitive challenges for EU companies.

3 EU Taxonomy

- **Remove the underwriting KPI** or suspend its application until a thorough review of its usefulness has been conducted.
- **Keep the proposals to introduce a 10% materiality threshold** for Taxonomy reporting, **simplify reporting templates** to cut data points by around 70%, and **exclude smaller entities (<1000 FTEs) from KPIs**. The wording in the consultation needs some improvement to ensure the materiality filter will work well in practice.
- **Keep the significant reduction of the specific reporting templates** relating to performance and exposures to fossil gas and nuclear activities. A **materiality filter** should also be applied to these templates.
- **Simplify the Do No Significant Harm (DNSH)** criteria and Minimum Safeguards requirements.

4 Solvency II

- **The requirement to develop Sustainability Risk Plans (SRPs) under Solvency II should be removed.** The SRP requirements, stemming from amendments to Article 44 of the Solvency II Directive, introduce significant new reporting requirements, despite the management of these risks already being required under the general provisions of Solvency II and the CSRD, which also mandates reporting on sustainability risks. Reducing the scope of the CSRD would not significantly benefit (re)insurers if this requirement is maintained, as even undertakings with only a handful of employees are covered by it. Furthermore, EIOPA's draft Reporting Technical Standards (RTS) for the SRPs include multiple references to CSRD requirements. At the very least, EIOPA's work should be paused until a thorough analysis of the value added by SRPs has been conducted, considering the numerous overlaps with existing frameworks (e.g., CSRD and risk management under the Own Risk and Solvency Assessment (ORSA)).

Insurance Europe is the European insurance and reinsurance federation. Through its 39 member bodies — the national insurance associations — it represents insurance and reinsurance undertakings active in Europe and advocates for policies and conditions that support the sector in delivering value to individuals, businesses, and the broader economy.