

## Insurance Europe response to EC consultation on market integration

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Contact person:	Insurance Europe	E-mail:	info@insurancееurope.eu
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### I. Simplification and burden reduction

**Q6.** *Would the [key information documents for packaged retail and insurance-based investment products \(PRIIPs KID\)](#) benefit from being streamlined and simplified? Please choose from 1 (strongly agree) to 5 (strongly disagree) or 'no opinion'. If you agree, please explain and provide suggestions for simplification. Also indicate what should be prioritised and if possible present estimates of the resulting cost savings*

1	2	3	4	5	No opinion
		x			

The PRIIPs KID provides information on key product features and enables comparisons between different products. Insurance Europe agrees that the current PRIIPs KID can be improved through targeted simplifications, while at the same time ensuring provisions do not impose unnecessary burdens for manufacturers. Since the PRIIPs KID is currently being reviewed as part of the EU's Retail Investment Strategy (RIS), such simplifications should be achieved during the trilogues to avoid multiple consecutive revisions of the PRIIPs KID. It should be noted that simplifying the PRIIPs KID means removing unnecessary or duplicative information – not adding new pages. Also changes to the PRIIPs KID that are foreseen should come into effect once jointly with the changes under RIS. This requires a long enough implementation time after the publication of all the Level 2.

Too frequent changes to the PRIIPs framework generate high compliance costs for product manufacturers, as well as consumers' confusion. Therefore, any revision needs to bring concrete benefits, be duly tested with real consumers, consulted with the market and not lead to further fragmented changes. We have hopes the RIS will bring all the necessary changes.

Furthermore, to avoid redundant reporting requirements for manufacturers, the KID as part of ESAP should also serve other purposes such as for value for money benchmarking assessments by authorities. Parallel reporting structures must be avoided.

For example, the KID currently displays up to 30 cost figures, which can be overwhelming for consumers. Insurers are at times obliged to repeat information and use a jargon that is not fit for insurance, while essential information on financial guarantees and insurance covers are not sufficiently highlighted. At the same time, the PRIIPs KID still needs to be provided on paper by default, with no room for layering, which is not digital-friendly. This does not facilitate retail investors' participation in financial markets.

In this respect, Insurance Europe welcomes the Retail Investment Strategy (RIS) proposed changes to the PRIIPs KID Regulation that would allow for a digital-by-default provision of the KID, the layering of information for product manufacturers who wish to use this approach and a better display of the insurance benefits in the new "Product at a glance" dashboard. These changes would further streamline the information that consumers receive and help them make informed choices – therefore, any RIS change needs to be meaningful and highlight only the information that truly matters to consumers, without duplications and without increasing the KID's total number of figures/pages.

In this idea, the RIS changes to the PRIIPs KID must not lead to an increase in the information overload and only focus on relevant information, in particular:

- The "What are the costs?" section should include only the information that is essential for consumers, namely the total cost at the end of the recommended holding period (RHP). In this respect, the Reduction in Yield (RiY) is a robust indicator that does not discriminate long term products like insurance-based investment products, so it needs to remain the methodology used in the PRIIPs KID.
- The "What are the risks and what could I get in return?" should not include intermediate time periods on performance scenarios.
- Certain information is repeated in the PRIIPs KID based on the mandatory narratives (eg the RHP and the invested amount), which should be avoided. Moreover, there is no need to repeat the new "Product at a glance" dashboard's figures in other sections of the KID.
- There is a need to oppose the new ESG dashboard in the PRIIPs KID, as it would be redundant with the Sustainable Finance Disclosure Regulation (SFDR) templates.
- The new disclosures for Multi-Option Products (MOPs) and the comprehension alert must be removed, as they would only add to the information overload for consumers without any added value. Real time calculations for MOPs are extremely burdensome for manufacturers and should be avoided.
- The new "Product at a glance" dashboard must prominently display the existence or lack of financial guarantees, on top of insurance benefits, as this is key information driving consumers' choice to invest.
- It is sufficient to provide the PRIIPs KID only on the manufacturer's website as it is done today to avoid duplication and unnecessary costs for distributors to set up and run a website.
- There is a need to oppose the development of an online EU comparator, which would not work for IBIPs given the multiple features they offer. Such comparator could be misused or misinterpreted by the wider public – including social media, press, unfair competitors - as a ranking of "good" and "bad" products.

**Q7.** *Do you have other recommendations on possible streamlining and simplification of EU law, national law or supervisory practices and going beyond cross-border provision?*

Insurance Europe welcomes the EC'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. In this respect, the 'Omnibus sustainability simplification package' presented by the EC in February 2025 is a positive and crucial first step towards simplifying and improving EU rules. It is vital that the objective to improve competitiveness, to avoid new regulatory burdens and reduce existing ones, is also fully applied to 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.

The regulation and supervision of insurers should be designed to take into account the specific features of insurance. This will ensure that the insurance regulatory regime is focused on the right risks and, ultimately, that consumers and society at large can continue to reap the benefits of a resilient, efficient, innovative, and reliable insurance sector. It is thus important to refrain from simply copying the approaches developed for other sectors.

Insurance is captured in a multitude of sector-specific regulations. For this reason, regulation should not be produced in a “silo” that does not take account existing laws in all areas affected by it. For example, current proportionality frameworks are not sufficiently tailored to the specifics of the insurance sector. This leads to very small insurance undertakings being subject to the same requirements as global players in the real economy – an imbalance that must urgently be addressed.

Beyond this, in the context of simplification, the industry welcomes the call of the EC on the European Supervisory Authorities and National Competent Authorities to make full use of currently available tools and implement the simplification agenda as outlined in the Simplification Communication.

**Q9.** *Would more EU level supervision contribute to the aim of simplification and burden reduction? Please choose from 1 (strongly agree) to 5 (strongly disagree) or 'no opinion' and explain.*

1	2	3	4	5	No opinion
				x	

More EU-level supervision would not, in itself, contribute to simplification or burden reduction. On the contrary, it risks introducing additional layers of oversight, duplication, and complexity. Instead, the focus should be on smarter supervision – enhancing coordination, improving data sharing, and promoting more proportionate and risk-based approaches. Supervisory convergence could be achieved through improved cooperation and clearer guidance without necessarily increasing supervisory presence or reporting obligations at the EU level.

The insurance industry supports continued national oversight and efforts by National Supervisory Authorities (NSAs) and EIOPA to use existing tools to continue convergence efforts, while respecting the flexibilities recognised by the regulatory texts as necessary. The costs and risks involved in introducing more EU-level supervision are not justified by potential benefits.. National supervision remains important given the close link of insurance products to national tax, pension, health, judicial, liability, and social security systems. That said, the industry has previously acknowledged the need for targeted improvements in cross-border supervision. The Solvency II review introduces changes to enhance cooperation between home and host supervisors. The industry supports evaluating the effectiveness of these measures before assessing whether further action is needed.

## 6. Supervision

This section covers the [European Supervisory Authorities \(ESAs\)](#) with a special focus on the [European Securities and Markets Authority \(ESMA\)](#). It is divided into three parts:

1. The first part focuses on the effectiveness of the current framework
2. The second part goes into more detail regarding the specific sectors, i.e. [central counterparties \(CCPs\)](#), [central securities depositories \(CSDs\)](#), trading venues, asset managers, and cryptos assets service providers
3. The last part covers four horizontal areas: the governance framework for new direct supervisory mandates, supervisory convergence, data and funding

Respondents are invited to provide concrete examples to support their responses, and, where possible, include quantitative and qualitative input.

### 6.1. Effectiveness of the current framework

**Q1.** How effective are current EU supervisory arrangements in achieving the objectives or performing the tasks below? Please rate each objective from 1 to 5, 1 standing for "least effective" and 5 for "most effective":

	1	2	3	4	5	No opinion
Contributing to financial stability						x
The functioning of the internal market				x		
The integrity, transparency, efficiency and orderly functioning of financial markets						x
The enforcement of EU rules						x
The prevention of regulatory arbitrage and promotion of equal conditions of competition						x
Supervisory convergence across the internal market				x		
Development of the Single Rule Book			x			
Consumer and investor protection						x
Support financial innovation in the market						x
Market monitoring				x		
Supervisory data management including data sharing			x			
Responsiveness, transparency			x			
Stakeholder engagement and involvement			x			
Use of resources						x
Proportionality of the fees for direct supervision						x

**Q2.** What prevents the ESAs from reaching the objectives or performing the tasks listed in Question 1? Please explain your answer.

Insurance Europe supports the work of EIOPA. A well-functioning EIOPA is a crucial element of an effective and efficient single market (for insurance). EIOPA has had significant impact across many areas of its work.

However, the industry highlights that EIOPA should be clearly focused on ensuring that the rules applicable to the financial sector are adequately implemented across member states and on developing a common supervisory culture and facilitating a single European financial market. Insurance Europe considers that EIOPA is fully pursuing its mandate when it acts as a neutral and impartial referee with respect to the implementation of the European prudential regulation and national supervisory practices.

The assessments have been made based on EIOPA's actual impact and not on its mandate. For example, with respect to EIOPA's impact on financial stability, the industry notes that insurers present very little systemic risk or issues for financial stability. Their business model allows them to avoid procyclical behaviour. While EIOPA has implemented monitoring and assessment processes to ensure this remains the case (eg regular stress testing exercises), it has not had a significant impact on financial stability.

## 7. Horizontal questions on the supervisory framework

### 7.1 New direct supervisory mandates and governance models

**Q1.** *Would you agree that EU level supervision is beneficial to achieve a more integrated market? Please provide your answer by choosing from 1 (strongly agree), 2 (rather agree), 3 (neutral), 4 (rather disagree), 5 (strongly disagree), (no opinion)*

	1	2	3	4	5	No opinion
Breach of Union law						x
Binding mediation						x
Peer reviews				x		
Emergency powers	x					
Opinions			x			
Recommendations			x			
Product intervention powers						x
Inquiries						x
No action letters						x
Guidelines			x			
Colleges of supervisors				x		
Coordination groups					x	
Collaboration platforms				x		
Warnings						x
Questions and Answers		x				
Supervisory handbooks					x	
Stress tests			x			
Union strategic supervisory priorities				x		
other, please specify						

1	2	3	4	5	No opinion
				x	

### 7.2. Supervisory convergence

**Please select the ESA(s) for which you are replying, this selection will apply to all questions included this section.**

EIOPA

**Q7.** *Please rate the effectiveness of supervisory convergence tools from 1 to 5 (1 least effective, 5 most effective)*

*If you would like to differentiate per areas, please comment.*

Insurance Europe recognises the importance of convergence and consistency efforts and supports EIOPA to use existing tools to continue convergence efforts, while respecting the flexibilities recognised by the regulatory texts as necessary.

At the same time, Insurance Europe considers that the number and variety of tools used by EIOPA is confusing for insurance undertakings and further complicate the legal framework applicable to insurance activities. A streamlining of all the tools, especially opinion, guidelines, recommendations, supervisory statements and Op-Ed's, at EIOPA's disposal is needed to increase the efficiency and transparency of EIOPA's action.

With regards to the Q&As and the guidelines, the ESAs review brought improvements with regards to the mandate and the governance process around these tools. At the same time, some practical challenges remain, including searchability of the database, RSS feed not functioning properly, and some cases of changes to the Q&A responses or deletions of Q&As without traceability.

### **7.3. Increasing the effective use of supervisory convergence tools**

**Please select the ESA(s) for which you are replying, this selection will apply to all questions included this section.**

EIOPA

**Q8.** *Do you think that the current supervisory convergence tools are used effectively and to the extent that is possible?*

With regards to the consistent supervision across the Union, Insurance Europe believes that there is a particular role for EIOPA in ensuring supervisory cooperation and a consistent application of the common EU supervisory framework. EIOPA activities should continue to use, and where relevant improve, the following tools:

- Promoting bilateral and multilateral exchanges of information between NSAs
- Conducting peer reviews between NSAs
- Establishing coordination groups
- Developing Union supervisory handbooks
- Contributing to developing high quality and uniform supervisory standards

In addition, Insurance Europe also considers that EIOPA has a role to play in the development and interpretation of the common regulatory framework. The following activities of EIOPA are essential for EIOPA in fulfilling its mandate:

- Contributing to developing high quality and uniform reporting standards
- Developing and reviewing the application of technical standards
- Contributing to the development of sectoral legislation by providing advice to the Commission
- Developing guidelines and recommendations
- Developing Q&As

At the same time, it is important that the "soft" powers granted to EIOPA do not replace ordinary regulatory and legislative procedures.

To ensure legal certainty, an exhaustive list of EIOPA supervisory convergence tools should be available. NSAs should also be more transparent as to whether or not they choose to follow the guidance provided in these non-binding tools.

**Q9.** *Do you think that the current governance and decision-making processes within ESAs provide sufficient incentives for the use of supervisory convergence tools?*

YES

#### 7.4. Enhancements to existing tools

Please select the ESA(s) for which you are replying, this selection will apply to all questions included this section.

EIOPA

**Q12.** Do you see limitations or weaknesses in supervisory convergence tools in addressing significant divergences in supervisory practices between NCAs?

Supervisory convergence tool	YES	NO
Breach of Union law		
Binding mediation		
Peer reviews	x	
Emergency powers		
Opinions		
Recommendations		
Product intervention powers		
Inquiries		
No action letters		
Guidelines	x	
Colleges of supervisors		
Coordination groups		
Collaboration platforms		
Warnings	x	
Questions and Answers	x	
Supervisory handbook	x	
Stress tests		
Union Strategic Supervisory Priorities		
other, please specify		

*If the answer is yes, please explain why and in which specific areas. If your answer is yes, what concrete changes would you propose to address the limitations or weaknesses flagged and make these tools more effective?*

Supervisory convergence tool	Potential improvements
Breach of Union law	
Binding mediation	
Peer reviews	From an industry perspective, the end impact is hard to appreciate. However, based on the public reports, the industry stresses a peer reviews should not systematically encourage the stricter application of requirements by highlighting national "best practice" that are actually gold plating.

	A potential role for the IRSG/OPSG to suggest areas for peer reviews might be a good addition or a potential feedback/input mechanism for the multi-annual per review programme might be beneficial.
Emergency powers	
Opinions	
Recommendations	
Product intervention powers	
Inquiries	
No action letters	
Guidelines	The content of EIOPA guidelines should be streamlined, taking into account the European Commission objective to simplify regulation.
Colleges of supervisors	
Coordination groups	
Collaboration platforms	
Warnings	EIOPA should analyse the related potential costs and benefits of issuing a warning and whether alternative tools, like opinions or recommendations, would be preferable. The publication of the warnings should be decided on a case-by-case basis, depending on the concrete addressees. When the warning is addressed to one or more national supervisory authorities or one or more financial undertakings, a targeted communication to the concerned addressees could be more effective and avoid unintended impacts on the wider market.
Questions and Answers	The ESAs review brought some improvements with regards to the mandate and the governance process around Q&As. At the same time, more transparency would be desirable around the production of Q&A and any subsequent amendments. Q&A should not be used as a regulatory development tool to introduce further requirements. Stakeholders should be given the opportunity to comment on the draft content of the Q&A. Some practical challenges remain, including searchability of the database, RSS feed not functioning properly, and some cases of changes to the Q&A responses or deletions of Q&As without traceability. Beyond this, the timeliness of responses could be substantially improved.
Supervisory handbook	The text of the supervisory handbook should be publicly disclosed. That would contribute to a better understanding of supervisory expectations by supervised entities and would allow them to confirm whether their national supervisory

	authority proceeds according to the approach reflected in the handbook.
Stress test	
Union Strategic Supervisory Priorities	
other, please specify	

**Q13.** ESAs founding regulations and sectoral legislation lay down the requirements to delegate tasks and responsibilities both from NCAs to ESAs or from ESAs to NCAs. This tool has been rarely used. What kind of changes would be warranted to increase its usability?

Please explain, highlighting benefits and downsides

### 7.5 Possible new supervisory convergence tools

Please select the ESA(s) for which you are replying, this selection will apply to all questions included this section.

EIOPA

**Q14.** Do you see limitations in the current supervisory convergence tools to address home/host issues?

No

In particular for Solvency II, the amended Solvency II Directive following the Solvency II review contains a number of important improvements such as strengthened cooperation between host/home NSA, and increased information exchange. In addition, mediation powers are foreseen for EIOPA.

**Q15.** In the context of supervision of products or of conduct of business rules, supervisory convergence powers could be reinforced. The ESAs may identify cases where home supervision is deemed ineffective either through ongoing monitoring or in response to a specific complaint. For example, the ESAs could be given the power to issue an opinion/binding advice regarding ineffective national supervision to avoid that products or entities are granted access to the EU-market without adequate supervision. Do you think that ESAs should be empowered to issue an opinion in cases where national supervision is deemed ineffective?

No.

There are already clear rules in Insurance Distribution Directive (IDD) for the distribution of insurance products under the Freedom of Establishment (FoE) and Freedom of Services (FoS): in particular, the intermediary needs to provide all relevant information to the home NCA, who transmits it to the host NCA, and the host NCA can intervene where necessary. In case of breach of IDD, the host NCA already has the power to take action.

Reinforced rules and empowerments are now under the discussion as part of the Retail Investment Strategy (RIS): for example, EIOPA could set up "collaboration platforms" to facilitate the exchange of information and cooperation among NCAs, and there are proposals on reporting and on-site inspections as well. Therefore, there is an expectation that the RIS will make it easier for authorities to monitor and intervene.

It should be noted that Solvency II also contains provisions on cross-border business, with reinforced rules in Solvency II Review.

**Q16.** Do you think that ESAs should be empowered to issue a binding advice in cases where national supervision is deemed ineffective?

No as per above

**Q17.** What would be the cost and expected benefit of such a system?

There is a risk that the ESAs make excessive use of these tools, without sufficient justification.

**Q18.** Are there additional supervisory convergence tools that should be introduced? Please provide an example and explanation.

The tools at EIOPA's disposal are sufficient.

The use of convergence tools as provided by Article 29 of EIOPA regulation have become common over the past years (eg "supervisory statements" and "statements"). While such tools are meant to support a common supervisory culture, they must not be seen as mandate to go beyond the regulatory and supervisory framework.

## 7.6 Data and technology hub

Please select the ESA(s) for which you are replying, this selection will apply to all questions included this section.

EIOPA

**Q19.** Which area(s) would benefit most from an ESA(s)' enhanced role as a data and technology hub?

No opinion

**Q20.** In which sectors/areas would the development of supervisory technology tools (suptech, i.e. use of technology by supervisors to deliver innovative and efficient supervisory solutions that will support a more effective, flexible and responsive supervisory system) be most beneficial to enhance efficiency and consistency of supervision? Please give examples.

No opinion

**Q21.** How should ESAs' suptech tools be funded?

- a. General budget (EU/NCA)

## 7.7. Funding

**Please select the ESA(s) for which you are replying, this selection will apply to all questions included this section.**

EIOPA

ESAs' budget is currently composed of:

- contributions from the NCAs which are complemented by a contribution from the EU budget, with NCAs contributing 60% and the EU budget 40%;
- In case of direct supervisory mandates, also of fees charged to market participants to cover the full costs of direct supervisory activities. ESMA has nine separate fee income streams and they represent approx. 30% of ESMA's revenue;
- other payments from NCAs for ESAs to be able to undertake tasks on their behalf.

**Q22.** *Do you consider the provisions on financing and resources for the tasks and responsibilities of the ESAs appropriate?*

YES

Funding and financing arrangements are core subjects where a differentiated approach between the different ESAs is indispensable and needs to be maintained. The major differences stem from the direct mandate and the consequent direct income generated by ESMA in comparison to EIOPA.

For EIOPA, where no directly attributed charges can be assigned, it is important that any contribution, in addition to the contribution from the Union budget, is channelled through NSAs. This immediate approach is an important safeguard to ensure that there is no double-counting and no overlap in funding the same activity being carried-out by EIOPA and NSAs. NSAs are generally largely industry funded, and EIOPA's activities are either directed at NSAs or the legislative process and EU institutions. Therefore, it should be ensured that all funding of EIOPA which is not stemming from Union budget, is coming from/through NSAs and not by supervised entities, in line with the financial arrangements applicable to other EU Agencies. The NSAs need to provide for the right measures of checks and balances to ensure that EIOPA's budget is appropriate and that no duplication of tasks and activities occur. This two-stage approach is indispensable for an efficient system of supervision.

Any additional mandate to the ESAs should be carefully considered in advance, including budgetary considerations. Transferring the costs of functioning of the ESAs to the financial industry would be completely against the European Commission commitment to work in favour of the competitiveness of the financial industry and the reduction of burden for companies. These costs would ultimately be borne by customers.

**Q23.** *ESAs face pressure to fulfil a growing number of mandates while staying within the ceilings of the multi-annual financial framework (MFF). Taking into account the limitations of public financing, should ESAs be fully funded by the financial sector?*

No

*23.1 If not fully funded by the financial sector, would you be in favour of targeted indirect industry funding for certain convergence work (indirect fees), e.g. for specific tasks, like voluntary colleges, opinions, etc.?*

See previous answer.

**Q24.** *Do you think the current framework includes sufficient checks and balances to ensure that ESAs make efficient and effective use of their budgets?*

Yes

**Q25.** Which of the following measures could be envisaged to ensure efficiency and effectiveness of ESAs budgets?

<b>Measures</b>	
Periodic performance audits assess the organisation's efficiency and effectiveness in executing its mandates, using resources, and achieving its goals.	<b>Y</b>
Stronger role for the Commission on budgetary matters (at present, the Commission has no voting rights except the budget where it has one vote)	Y/N
Veto power for the Commission on the budget	Y/N
Transparency and monitoring mechanisms	<b>Y</b>
An obligation to publish details on the calculation and use of the fees charged to directly supervised entities	Y/N
Other	Y/N

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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.