

Op-ed by EIOPA Chair Petra Hielkema, published in [InsuranceERM](#) on March 11, 2026

Op-ed: Europe will fall short of true simplification without clear priorities

EU and national policymakers must acknowledge that conflicting demands cannot be reconciled — and chart a decisive path forward

Recent efforts by the European Commission and the European Insurance and Occupational Pensions Authority (EIOPA) to streamline rules and cut administrative burdens for firms have a clear objective: remove unnecessary complexities so that European companies and consumers can fully benefit from the single market.

Yet simplification is easier said than done. Policymakers intent on simplifying requirements face structural trade-offs in at least four consequential areas.

There are fundamental tensions between regulatory speed and thoroughness, between the nature of regulation and the need for clarity, between greater harmonisation and national discretion and, finally, between different notions of what it means to be competitive.

Navigating these tensions requires careful judgement, clear prioritisation and the willingness to accept the consequences that follow from any reform. If these contradictions are not confronted explicitly, simplification risks becoming as complicated as the very rules it intends to replace. We would be well advised not to let that happen.

Regulatory speed

The first core tension concerns the balance between acting swiftly and acting on the basis of thorough analysis. The EU legislative process is often criticized as too slow and cumbersome. Lawmakers are urged to be more responsive and agile. At the same time, there are equally strong calls for longer consultation periods, deeper impact assessments and extended implementation timelines to ease the transition to new rules.

Faster processes inevitably reduce consultation opportunities and increase the risk of overlooking important details that might create problems down the line. Every new legislative process should therefore begin with a clear choice: is urgency paramount or is caution warranted? Trade-offs should be acknowledged and debated — not obscured.

Principle-based or prescriptive

The second central tension concerns whether EU legislation should rely on principle-based or prescriptive approaches. Financial regulation in the EU follows the Lamfalussy process, where high-level principles are set out at the EU level – through regulations and directives – and then further specified through technical standards and supervisory guidance. Level 1 texts that contain broad principles can trigger multiple Level 2 measures as well as requests from the industry and supervisors for greater clarity and legal certainty via Level 3 instruments.

While a principle-based approach may suggest less complexity at first glance, it can ultimately produce divergent interpretations, regulatory and supervisory fragmentation and an uneven playing field. If Europe opts to rely more on principle-based legislation, it must either accept the risk of greater divergence or strengthen EU-level supervisory tools to preempt or correct inconsistencies. There is no cost-free option.

Harmonisation vs discretion

Closely tied to the previous tension is the question of how much autonomy member states should and can retain in shaping rules for the EU's Single Market. Minimum-harmonisation directives almost inevitably result in divergent national practices, while maximum-harmonisation directives can become overly complex when they attempt to accommodate every national specificity.

The burden of simplification cannot rest solely with the European Commission. Initial proposals are typically straightforward, but complexity tends to accumulate during the legislative negotiation process as a byproduct of incorporating national demands. To avoid this, simplicity must guide the entire legislative cycle — from drafting to negotiation to transposition. Greater use of directly applicable regulations rather than directives could also help reduce fragmentation.

A more integrated market will require greater readiness to accept harmonisation and, where necessary, centralisation. Such steps are often politically sensitive, but they may yield more durable simplification than repeated rounds of incremental adjustments based on national interests.

Competitiveness

Last but not least, debates over whether financial regulators and supervisory authorities should explicitly pursue "competitiveness" for their sectors highlight another key tension. While competitiveness is vital for sustained economic growth, the term is frequently used as a euphemism for minimising rules, shrinking requirements and lowering safeguards, including those protecting consumers and financial stability.

It is worth noting that European supervisory authorities do not have the power to redefine their mandates unilaterally. More fundamentally, the presumed conflict between regulation and competitiveness deserves scrutiny. Stable, predictable and credible regulatory

frameworks lower risk premia, strengthen investor confidence and foster trust. In that sense, sound regulation is not the enemy of competitiveness but one of its foundations.

Towards a single market

Beneath these technical debates lies a more fundamental question: are member states prepared to build a genuinely integrated Single Market or will they continue to prioritise national preferences over collective gains?

The past decades have delivered substantial integration, but today's geopolitical and economic pressures demand further steps. Simplification must become a mindset, not a mere legislative exercise. Crucially, progress in this regard requires explicit recognition of trade-offs, deliberate political choices and acceptance of their consequences.

Europe's motto — United in Diversity — captures the tension at the heart of integration. To build a stronger, more competitive and more coherent Single Market, EU member states must place greater emphasis on what unites us — and be prepared to act accordingly.