

**CONSULTATION PAPER ON THE  
REVIEW OF INSURANCE  
DISCLOSURES UNDER THE  
TAXONOMY DISCLOSURES  
DELEGATED ACT**

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## RESPONDING TO THIS PAPER

EIOPA welcomes comments on the Consultation Paper on the proposal for amendments to the Disclosure Delegated Act under the EU Taxonomy framework.

Comments are most helpful if they:

- respond to the question stated, where applicable;
- contain a clear rationale; and
- describe any alternatives EIOPA should consider.

Please send your comments to EIOPA via EU Survey: <https://ec.europa.eu/eusurvey/runner/edc62f6c-d685-16e1-90c8-5c8296549aad>

Contributions not provided via EU Survey or after the deadline will not be processed. In case you have any questions please contact [Ursula.bordas@eiopa.europa.eu](mailto:Ursula.bordas@eiopa.europa.eu) and [sergio.delgado\\_cuello@eiopa.europa.eu](mailto:sergio.delgado_cuello@eiopa.europa.eu)

### Publication of responses

Your responses will be published on the EIOPA website unless: you request to treat them confidential, or they are unlawful, or they would infringe the rights of any third-party. Please, indicate clearly and prominently in your submission any part you do not wish to be publicly disclosed. EIOPA may also publish a summary of the survey input received on its website.

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## EXECUTIVE SUMMARY

In March 2026, the European Commission (EC) requested the ESAs to provide technical advice on simplifying and improving the Disclosures Delegated Act<sup>1</sup> (DDA) under the Taxonomy Regulation<sup>2</sup>. The initial Commission proposal in the request is to develop a methodology to allow insurance undertakings to report the share of their non-life underwriting activities covering Taxonomy-aligned (“green”) companies and assets, thereby disclosing the enabling role of underwriting Key Performance Indicator (KPI) — similar to existing disclosure rules for banks and asset managers -, or the investment KPI of insurance underwritings, which all measure their indirect impact on the real economy based on their role in supporting other companies.

This disclosure could complement existing requirements which require to disclose on the share of natural catastrophe products with prevention incentives — which are consistent with how “environmentally sustainable” activities are defined under the EU Taxonomy’s Environmental Delegated Act<sup>3</sup>.

If applicable and relevant, other simplifications and improvements, such as simplification to the reporting templates and any other relevant changes to financial undertakings’ KPIs and reporting rules could be considered.

**In the Consultation Paper, EIOPA sets out its preliminary analysis and policy proposals concerning the current underwriting KPI for insurance and reinsurance undertakings. EIOPA proposes to introduce adjustments to the current KPI as “quick fix” by limiting the denominator of both the alignment and eligibility ratios to the eight non-life Lines of Business that are Taxonomy-eligible, hence those that cover natural catastrophe perils, instead of all non-life business, and renaming it accordingly to “Adaptation Underwriting KPI”. With regards to the eligibility ratio, EIOPA proposes to define how to calculate eligible activities in the numerator to address current divergent practices, by requiring a split of premiums in the numerator to cover only Nat Cat perils and only to include the contracts that include such coverage.**

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<sup>1</sup> Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation, OJ L 443, 10.12.2021, p. 9.

<sup>2</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, OJ L 198, 22.06.2020, p. 13.

<sup>3</sup> Commission Delegated Regulation (EU) 2024/3215 of 28 June 2024 correcting certain language versions of Delegated Regulation (EU) 2021/2139 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives

With regard to the “combined KPI”, EIOPA proposes to remove the weighted average, and report both KPIs in the annual report. For other purposes, such as Green Investment Ratio KPI of asset managers, investments in insurance undertakings measured in the Investment KPI, as well as financial product disclosures under Sustainable Finance Disclosure Regulation (EU Regulation 2019/2088), EIOPA recommends users to use the KPI which present a prevalent activity in terms of revenue of the insurance undertaking (investment or underwriting).

**EIOPA also considers options for the potential introduction of a “Green Invested Activities KPI” that would cover the enabling role of underwriting following a look-through approach, in particular when insuring large corporates as well as in motor and home insurance.**

The paper also addresses the horizontal aspects of group reporting and whether to allow financial institutions to use on a voluntary basis the Operational Expenditure (OpEx) KPI reported by counterparties for computing their exposures to non-financial undertakings – for insurance undertakings in the Investment KPI.

The proposals aim to increase transparency of insurance undertakings’ Taxonomy reporting, reduce complexity and reporting burden for insurance undertakings, and improve the consistency with the approach for other financial institutions as well as across the sustainable finance framework (CSRD, SFDR), while preserving the objective of giving users reliable information on insurance activities that contribute to environmentally sustainable outcomes and ensuring the Taxonomy reporting serves to measure how green is the economy.

**In addition, EIOPA proposes to simplify the reporting investment and underwriting templates, by removing the disclosure on gas and nuclear activities** as it is not relevant (for underwriting) and not material (for investments). Other simplifications relate to sustainability information in the annual report more broadly, where EIOPA proposes to give more prominence on Taxonomy figures by introducing a standardised executive summary of key sustainability disclosures within the annual report of insurance undertakings.

With regard to cross-sectoral issues, the ESAs jointly propose **to simplify group reporting by the disclosure of the KPI for the “main business”** instead of a weighted average of all business segments, while providing the KPIs for secondary business segments and simplified templates. With regard to the use of the OpEx by financial institutions, the ESAs **oppose to add a voluntary application of this metric** as it would rather add complexity for financial institutions while providing limited additional insight for investors, except for very targeted financing.

EIOPA invites all interested parties to provide feedback by 12 August 2026. The results of this consultation will inform EIOPA’s final Technical Advice to the European Commission, due in October 2026.

## Summary of proposals in EIOPA Consultation Paper

In this consultation paper, EIOPA proposes to adopt the following changes to the Taxonomy-related corporate disclosure requirements:

### 3.1 Underwriting KPI

EIOPA proposes to introduce “quick fix” changes by narrowing the denominator in the Taxonomy and Eligibility ratios to Taxonomy-eligible Lines of Business and rename it to Adaptation Underwriting KPI as a short-term solution to improve transparency and accuracy of the disclosure. With regards to the eligibility ratio, EIOPA proposes to standardise how to calculate eligible activities in the numerator by requiring a split of premiums to cover only Nat Cat perils and only to include the contracts that include such coverage. In addition, EIOPA considers pros and cons of complementing this disclosure with a new Green Insured Activities KPI measuring the ratio of Taxonomy-aligned insured activities in a voluntary manner or in the long-term (5 years), to measure how insurance undertakings enable environmentally sustainable activities. This additional KPI would aim to improve alignment of approaches with banking Green Asset Ratio, by measuring the exposure to taxonomy-aligned activities of business counterparties (instead of own Taxonomy-aligned activities).

### 3.2 Combined KPI

EIOPA proposes the removal of a weighted average of the underwriting and investments KPI, and instead to use the KPI which represents the highest revenue for the purposes when one figure is needed (investments in insurance undertakings disclosed under the DDA or SFDR).

### 3.3 Other simplifications

- **Simplify the reporting templates**, by removing the requirement to identify gas and nuclear activities in both investment and underwriting templates.
- **Give more prominence to Taxonomy disclosures in the annual report** at the start of the sustainability section with a new Executive Summary of the sustainability information.

### 3.4 Cross-sectoral issues

Group reporting to be simplified by disclosure of the KPI for the “main business” instead of weighted average of all business segments, with additional KPIs reported only by material subsidiaries undertaking different business activities. A materiality threshold could support consistency, while integrated or purely internal activities may justify limited reporting.

With regard to the use of the OpEx by financial institutions, the ESAs oppose to allow financial institutions to use on a voluntary basis the OpEx KPI reported by counterparties for computing their exposures to non-financial undertakings. The ESAs consider that voluntary inclusion of the OpEx KPI in financial undertakings' Taxonomy reporting would likely increase complexity and reporting costs while providing limited additional information. Although combining OpEx and CapEx through a weighted methodology is possible, it raises transparency, accounting and greenwashing concerns. Overall, the benefits appear marginal unless future revisions make OpEx more meaningful for assessing sustainability performance.

# 1. INTRODUCTION AND BACKGROUND

## 1.1. MANDATE

Through its *Call for Technical Advice on certain Taxonomy Key Performance Indicators and other aspects of the Disclosures Delegated Act*<sup>4</sup> (Ref. Ares(2026)2366154), the European Commission invited EIOPA to provide advice principally on the insurance undertakings' KPIs, and in coordination with ESMA and EBA, on related horizontal issues such as group-level Taxonomy reporting.

The review of the technical screening criteria for insurance activities under the Environmental Delegated Act are not in the scope of the Call for Advice and are not addressed in this Consultation Paper.

In particular, the Commission invites EIOPA to explore how to develop a revised methodology for the disclosure of the Taxonomy-alignment of non-life underwriting activities. According to the Commission's Call for advice, this revised methodology could focus on the insured companies, similarly to how the KPIs of other financial institutions are designed. In this way, this KPI would allow insurance and reinsurance undertaking to show how much of their non-life activities cover Taxonomy-aligned companies and objects rather than referring to the share that pertains to the coverage of climate-related perils.

EIOPA should explore whether a revised underwriting KPI should be supplemented by information on underwriting of climate related perils based on the Technical Screening Criteria for this activity laid down in Annex II to the Climate Delegated Act.

If applicable and relevant, EIOPA could propose other targeted simplifications and improvements, such as simplification to the reporting templates and any other relevant changes to insurance KPIs and reporting rules.

In addition, as relevant and appropriate with regards to their respective remits, each European Supervisory Authority is invited to provide technical advice in close cooperation and coordination with other ESAs on the following horizontal issues:

- OpEx for the computation of the KPIs of financial institutions: explore ways to allow financial institutions to use on a voluntary basis the OpEx KPI reported by counterparties for computing their exposures to non-financial undertakings;
- Group level taxonomy reporting: explore the development of simple but meaningful rules for reporting Taxonomy KPIs at group level for groups providing both non-financial and financial

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<sup>4</sup> Document available at: [120a8815-f31e-4337-b909-5d7e49644a02\\_en](https://eur-lex.europa.eu/eli/reg/2026/154/20260101_en)

services (group treatment), or different financial activities and services (insurance, lending, investment) and for subsidiary reporting. This should ensure that there is a common approach for group treatment involving non-financial and financial undertakings.

If applicable and relevant, ESAs could propose other targeted simplifications and improvements, to any general Taxonomy reporting rules.

The Commission expects final technical advice by October 2026 and adoption of amendments to the Disclosures Delegated Act by Q1 2027.

## 1.2. APPROACH AND GUIDING PRINCIPLES

The objective of disclosures under Article 8 of Taxonomy Regulation is to create a standardised and transparent framework showing how much of market activities are environmentally sustainable in accordance with the Taxonomy Regulation.

By providing transparent and standardised information to investors about the environmental performance of assets and economic activities of undertakings, the regulation aims to increase transparency in the market, avoid greenwashing by providing investors with information about the environmental performance of a company while also confirming the respect of minimum (social) safeguards defined in the Taxonomy Regulation. It should as well aim to increase the potential for green finance by increasing transparency about companies' environmental performance.

The following principles are guiding EIOPA's draft proposals in this Consultation Paper:

- **Decision-usefulness of the disclosure** – The Taxonomy disclosures under Article 8 of the Taxonomy Regulation should serve users to make informed decisions, as key objective of corporate sustainability reporting. The EU Taxonomy information disclosed in the annual reports of undertakings should be targeted to two primary groups of users. The first group of users consists of investors, including institutional investors (pension funds and insurance undertakings) as well as asset managers, to provide information on the risks and opportunities that sustainability issues pose for their investments and the impacts of those investments on people and the environment. The second group of users consists of civil society actors, including non-governmental organisations and social partners, which wish to better hold undertakings to account for their impacts on people and the environment. Other stakeholders might also make use of sustainability information disclosed in annual reports, in particular to foster comparability across and within market sectors.
- **Simplification and burden reduction – in line with [Bolder, Simpler, Faster: EIOPA's views for better regulation and supervision](#)**, the changes proposed aim to reduce the existing Taxonomy-related reporting burdens for insurance undertakings while preserving transparency, avoiding unnecessary changes. Within this objective, a principle followed is not to change datasets that

are already reported without representing an excessive reporting burden. In this light, there is a sequencing of changes proposed for the short and long-term.

- **Comparability and cross-sectoral consistency** – the changes aim at improving comparability within the insurance sector as well as consider alignment with approaches used for banks and investment firms.

### 1.3 OVERVIEW OF CURRENT REQUIREMENTS

The EU Taxonomy Regulation<sup>5</sup> (Regulation (EU) 2020/852) is a legislative framework for defining economic activities as ‘environmentally sustainable’. For (re)insurers, the Taxonomy framework, as a result of Commission Delegated Regulation (EU) 2021/2139 (Climate Delegated Act), and Commission Delegated Regulation (EU) 2021/2178, acknowledges climate change adaptation as a possible substantial contribution for (non-life) insurance activities<sup>6</sup>, considering in that perspective that the insurance of climate-related perils can be an “enabling” activity<sup>7</sup>. For that purpose, The Taxonomy framework identifies eight Solvency II Lines of Business<sup>8</sup> as being eligible to the climate change adaptation objective. The Technical Screening Criteria then precise how substantial contribution can be measured, through the achievement of certain conditions specified in section 10.1 and 10.2 of the Climate Delegated Act.

In addition, Commission Delegated Regulation (EU) 2021/2178 supplementing disclosure requirements under Article 8 of the Taxonomy Regulation, requires (re)insurance undertakings under the scope of the Corporate Sustainability Reporting Directive to report in the annual report on the Taxonomy-alignment of their activities using two ratios, the Underwriting Key Performance Indicator (KPI) and the Investment KPI, including disclosure of the proportion of Taxonomy-eligible and Taxonomy non-eligible non-life insurance economic activities, as well as a weighted average of both:

- The Underwriting (UW) KPI requires (re)insurance undertakings other than life insurance undertakings to calculate the KPI related to underwriting activities and present the ‘gross premiums written’ non-life insurance revenue, which show what proportion of the total non-life underwriting premiums are taxonomy-aligned, based on the Taxonomy criteria explained above. The information shall be presented in the Annual Report in tabular form by using the

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<sup>5</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

<sup>6</sup> See Annex 2, Economic Activities 10.1 for Insurance and 10.2 for Reinsurance, of [Commission Delegated Regulation \(EU\) 2021/2178](#)

<sup>7</sup> enabling economic activity’ means an economic activity that complies with the requirements laid down in Article 16 of Regulation (EU) 2020/852

<sup>8</sup> (a) medical expense insurance; (b) income protection insurance; (c) workers' compensation insurance; (d) motor vehicle liability insurance; (e) other motor insurance; (f) marine, aviation and transport insurance; (g) fire and other damage to property insurance; (h) assistance.

templates set out in Annex X to the Delegated Regulation<sup>9</sup>. A FAQ from the Commission<sup>10</sup> clarified that insurance undertakings are required to split the premiums of multi-risk products to only report on the part of the premium that is allocated to cover the natural catastrophe risk as Taxonomy-aligned. The Commission provided guidance in a Commission Notice on the interpretation and implementation of certain legal provisions to insurance undertakings requiring them to apply a split premium approach when calculating the Taxonomy-alignment Underwriting KPI, meaning they should first determine if a product meets all the requirements to be taxonomy-aligned and then split the premiums collected from customers to estimate what portion relates to climate-related risks, rather than reporting the entire premium.

- Separately to the underwriting KPI, (re)insurance undertakings are required to report on the Taxonomy-alignment of their investments. The KPI related to investments by insurance or reinsurance undertakings shall present the weighted average of those investments that are directed at funding, or are associated with Taxonomy-aligned economic activities.<sup>11</sup> Hence the approach for investments differs from the approach for underwriting, as the investments in Taxonomy-aligned activities are as such not listed as environmentally sustainable in the Taxonomy, unlike underwriting of natural catastrophe perils.

In addition, amendments have been introduced by Commission Delegated Regulation (EU) 2026/73 of 4 July 2025<sup>12</sup> published in the Official Journal on 8 January 2026, with the aim to simplify and reduce reporting burdens for insurance undertakings (among other undertakings) under the EU Taxonomy framework, by:

- Excluding immaterial exposures from Taxonomy assessments, by establishing a quantitative de minimis threshold of 10% below which an activity, asset, or revenue is considered not financially material for the purposes of assessing the Taxonomy-eligibility (and hence as well Taxonomy-alignment) of that activity, in order to allow undertakings to opt-out of detailed screening for activities that are not financially material to their business.
- For the investment KPI insurance undertakings (and for the KPIs of other financial undertakings), exposures of financial undertakings to counterparty undertakings that are not obliged to include sustainability information in their management report pursuant to Article 19a or Article 29a of Directive 2013/34/EU and are not subject to reporting requirements under Article 8 of Taxonomy Regulation are excluded from the denominator of the applicable KPI. In addition, exposures for which it is not possible to carry out assessment of taxonomy-eligibility or taxonomy-alignment, such as derivatives, cash and cash equivalents, on demand

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<sup>9</sup> See ANNEX X of the [Delegated regulation - 2021/2178 - EN - EUR-Lex](#)

<sup>10</sup> Q&A 67 of December 2023 Draft Commission Notice [Draft Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article ;8 of the EU taxonomy Regulation on the reporting of taxonomy-eligible and Taxonomy-aligned economic activities and assets \(europa.eu\)](#)

<sup>11</sup> See ANNEX IX of the [Delegated regulation - 2021/2178 - EN - EUR-Lex](#)

<sup>12</sup> [Delegated regulation - EU - 2026/73 - EN - EUR-Lex](#)

bank loans, goodwill or commodities should be excluded from the denominator of the KPIs of financial undertakings.

- Reporting templates have been simplified, and some of the break downs have been removed. The specific reporting templates relating to performance and exposures to fossil gas and nuclear activities are deleted while certain elements of those templates are transposed into the general reporting templates of financial undertakings.
- For non-financial undertakings, given the relatively lesser informational value and decision usefulness of information on taxonomy-alignment of operational expenditure, when the OpEx KPI is immaterial for the company's business model, the undertaking may be allowed to report only the total value of operational expenditure without any further assessment under the EU Taxonomy.

### **Differences in reporting requirements within the financial sector**

The sub-set of underwriting activities of insurance undertakings are the only financial sector activities listed in the Taxonomy Regulation. Within the disclosure requirements under Article 8 of the Taxonomy Regulation, other financial institutions – asset managers and credit institutions – are instead required to disclose on the amount of financed Taxonomy-aligned activities. It is worth noting that while the investment KPI of insurance undertakings follows a similar approach to the investment KPI of asset managers, by measuring the investments that are made in Taxonomy-aligned activities, the underwriting approach of insurance undertakings differs from this approach and follows the approach of disclosures for non-financial undertakings. The approach for asset managers and insurers' investments, as well as the approach for the KPIs for banks, consist in measuring the proportion of assets that finance Taxonomy-aligned activities, as investments and lending are as such not recognised as such as enabling Taxonomy activity. Driven by the fact that insurance underwriting is an activity listed in the Taxonomy Regulation, the underwriting KPI does not measure the exposure to Taxonomy-aligned insured companies/objects. Instead it measures the insurance adaptation-related activities that are Taxonomy-aligned by virtue of complying with the Technical Screening Criteria established under the Taxonomy framework for these activities.

In addition, the insurance underwriting KPI differs from other financial sectors KPIs in that it relates to liabilities and not assets in the balance sheet.

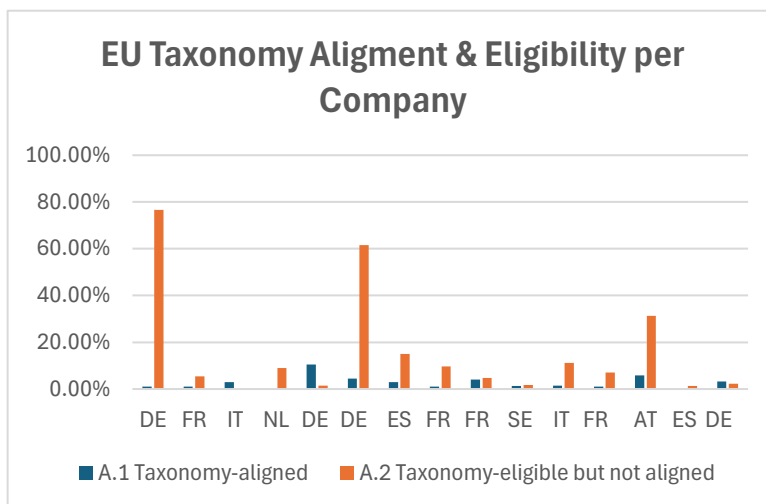
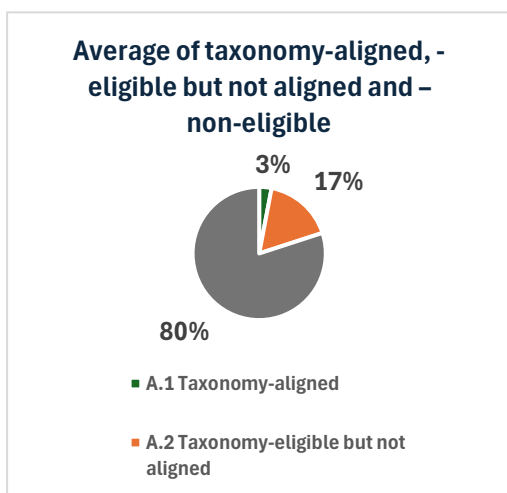
## **2. DATA FINDINGS ON (RE)INSURERS UNDERWRITING TAXONOMY DISCLOSURES**

(Re)Insurers have reported for the first time the level of alignment of their investment and non-life underwriting insurance activities (for non-life insurers) at the beginning of 2024, covering financial year 2023.

EIOPA analysed a sample of 2024 annual reports of non-life (re)insurance undertakings with the highest gross written premiums under Solvency II to identify methodological challenges and data limitations affecting KPI reporting. The sample comprised 15 insurance undertakings for the underwriting KPI and 16 undertakings for the investment KPI. This analysis does not cover the combined insurance KPI.

### Data Findings on Underwriting (Re)Insurers Taxonomy Disclosures

The analysis of the disclosures on the underwriting KPI indicates that Taxonomy-alignment within non-life (re)insurance activities is low. On average, Taxonomy-aligned underwriting activities represent a very small share of the total premiums covered by the KPI, approximately 3%. Taxonomy-eligible but not aligned activities account for a relatively small share - around 17%, while Taxonomy-non-eligible activities represent the largest proportion of premiums (approximately 80%).



While for Taxonomy-aligned most undertakings fall within low alignment ranges, and for Taxonomy-non-eligible most undertakings fall within higher ranges consistently, a significant divergence for Taxonomy-eligible but not aligned is observed among undertakings (see Chart A.2 Taxonomy-eligible but not aligned (Number of Undertakings)). The discrepancy observed in the reported eligibility ratio indicates two issues:

- Divergence in methodological approaches across jurisdictions on Taxonomy-eligibility, in particular, different auditing practices and interpretations of the rules. Based on the analysed sample, companies in Germany and Austria exhibit Taxonomy-eligibility ratios above 50 and 30 percent, respectively, while in the remaining jurisdictions this ratio stays below 20 percent. The Taxonomy-aligned ratio remains below 10 percent across all jurisdictions analyzed (see chart “EU Taxonomy Aligment & Eligibility per Company”). This might result from differences in the approaches adopted by undertakings when assessing the eligibility of the eight lines of business. For example, one company includes the eight Lines of Business (LoBs) of non-life

insurance laid down in the Technical Screening Criteria as eligible when at least one product in each LoB is directly or indirectly providing coverage for climate related perils. In particular, some undertakings determine eligibility by selecting Gross Written Premiums (GWPs) derived from the eight identified insurance lines that explicitly cover climate-related risks within their terms and conditions. Other undertakings adopt a broader approach, including all GWPs that do not explicitly exclude climate-related perils, thereby encompassing a wider range of premiums. A limited number of undertakings apply a combination of these methodologies.

- While the Commission's FAQ related to the Disclosures Delegated Act under the EU Taxonomy Regulation referred to the split premiums approach for the alignment ratio, and there is no direct reference to the eligibility ratio in that clarification, some insurance undertakings report having applied the similar 'split' to their premiums when calculating their eligibility ratios, while others report not doing so, in that case for the eligible revenues, the full premiums are considered, and no climate-related peril share is applied. Finally, other insurance undertakings do not disclose whether the split of premium is applied when computing their eligibility ratio or not.

In some cases, guidance coming from local industry associations has also led preparers to taking a specific approach for instance in the Netherlands in relation with minimum safeguards.

Industry stakeholders claim that the fact that the underwriting KPI results in very low numbers (often close to zero) could imply that it does not reflect insurers' real underwriting contribution to sustainability.

The main challenges reported by (re)insurance undertakings when reporting the Underwriting KPI are related to methodological constraints and limited data availability. In particular, undertakings highlight the complexity of the "Do No Significant Harm" (DNSH) and minimum safeguards framework, as well as the difficulty in assessing the compliance with the DNSH requirements. The Technical Screening Criteria (TSC) for specific sectors further add to this complexity. Furthermore, significant limitations in data availability and quality are reported by insurance undertakings, largely due to reliance on external counterparties and incomplete Taxonomy disclosures by investee companies. Many (re)insurers consider that the current KPI does not fully capture the environmental contribution of insurance underwriting activities. In particular, the "split premium approach" applied to products covering natural catastrophe perils reduces the reported alignment share, even where such products support climate adaptation objectives. Reinsurers face particular challenges with the split of premium approach due to the nature of their business. Unlike primary insurers, reinsurers typically underwrite large, diversified portfolios of risks through agreements that bundle multiple line of business, geographies and perils into a single contract. As a result, premiums are not structured or recorded at the granular level required by the EU Taxonomy. In practice, this forces reinsurers to split premiums often based on model-based proxies rather than observable data. Consequently, reinsurers rely heavily on the data provided by clients, assumptions and third-party data models, which are often incomplete for taxonomy purposes, further weakening the accuracy of the split of premiums. The feedback gathered

from the insurance industry is that the underwriting KPI results are very low (often close to zero) – at odds with manufacturing sectors – because it does not reflect insurers’ real underwriting contribution to sustainability, or at least misses the enabling function of insurance, as a critical basic ecosystem service for most environmentally sustainable businesses to function.

Overall those challenges and discrepancies may limit the ability of users (incl. investors, supervisors, NGOs) to use the Taxonomy as a tool for comparing the insurance undertakings. Preliminary observations do not indicate the KPI is being used to support investors to assess the sustainability performance of insurance undertakings.

### **Data Findings on Investment (Re)Insurers Taxonomy Disclosures**

The analysis of the investment KPI indicates that the Taxonomy alignment in investment portfolios is relatively low. Taxonomy-aligned investments generally represent a small share of total investments covered by the KPI, on average Turnover alignment and CapEx alignment are below, approximately 5% for the sample analysed.

The main challenges faced by undertakings when reporting the investment KPI relate to scope limitations, methodological constraints, and limited data availability. In particular, only investments in companies required to disclose EU Taxonomy information under the Corporate Sustainability Reporting Directive (CSRD) can be included, which restricts the scope of the KPI. Undertakings also highlight that the mapping between Taxonomy KPIs and other sustainability frameworks, such as the Sustainable Finance Disclosure Regulation (SFDR), is not always fully reconciled. In addition, the complexity of the TSC for specific sectors and the limited granularity of the methodology due to high-level sector allocation, represent further challenges. It is also not clear when estimates are being reported and when direct data, putting into question the methodological robustness of the framework. The reporting is very granular and often not understood outside regulatory reporting teams.

Finally, in some cases, companies do not publish the standard Taxonomy templates due to insufficient data, further limiting comparability and completeness.

### **Combined insurance KPI**

With regard to the combined KPI (investment and underwriting), around 15% of insurance undertakings comply with the interpretation of the Commission to issue a weighted average of the two KPIs, arguing that such a ratio is not meaningful as it would be a combination of assets and liabilities.

### **Group reporting KPI**

Similarly, EIOPA has observed that a significant number of insurance undertakings do not report the combined group KPI claiming that it generates a structural dilution effect that is not meaningful for users as mixes “apples and oranges”, it is methodologically opaque, and produces a KPI that is a mix of different activities as well as assets and liabilities (in the case of insurance activities within the group).

More analysis on this is presented at the last chapter of this Consultation Paper, in the cross-sectoral chapter.

### **Other comments from undertakings in the annual reports**

In addition to the main challenges related to the KPIs calculation and reporting, undertakings highlight other broader considerations related to the EU Taxonomy in their annual reports. In particular, the denominator of the Underwriting Taxonomy-alignment KPIs includes the entire insurance business, a large share of which is not Taxonomy-eligible, thereby reducing the reported alignment ratios. Furthermore, climate change adaptation is the only environmental objective to which (re)insurance activities can contribute. This further limits the potential for higher alignment ratios. Undertakings also note that the regulatory framework is still evolving, which creates uncertainty and poses significant challenges in the interpretation of the EU Taxonomy regulation as well as limits comparability across undertakings. While these concerns fall outside the scope of this Call for Advice, EIOPA acknowledges the broader issues raised by undertakings regarding the limited scope of EU Taxonomy activities for the (re)insurance sector.

### **Data insights on Natural Catastrophe (NatCat) insurance from Solvency II data**

*Based on reporting template S.14 under Commission Implementing Regulation (EU) 2023/894.*

In addition to Taxonomy disclosures, EIOPA has collected complementary data reported to EIOPA under Solvency II requirements related to Natural Catastrophes, which is limited to Fire and Damage to Property line of business (unlike a broader scope of Lines of Business reported under the Taxonomy requirements), but covers a broader range of natural catastrophe products, not limited to those that comply with the Taxonomy criteria, such as the requirement to provide a high level of service in post-disaster situation.

The analysis of the data, below, aims to provide a helicopter view at EU level on the presence of NatCat products with risk prevention measures, however this does not entail that these products will be Taxonomy-aligned, but is rather an approximation, as it does not require to fulfil the remaining Technical Screening Criteria beyond risk prevention measures, that have to be fulfilled of this purpose.

Within the NatCat insurance sub-segment of the Fire and Damage to Property line of business, data reported by insurance and reinsurance undertakings via Solvency II indicate that the proportion of underwriting entities whose products covering climate-related perils incorporate risk-prevention measures in their design has remained stable over the two completed reporting years, while provisional data for the most recent year suggests a decline.

**Across three reporting periods (2023, 2024, 2025), the majority of underwriting entities operating in NatCat insurance within the Fire and Damage to Property line have not embedded risk-prevention measures** — such as financial incentives for policyholders through premium rebates or lower deductibles, or the provision of tailored risk expertise — into their product design.

In 2023, 37% of reporting insurance undertakings within this segment indicated the presence of risk-prevention measures in their product design, against 52% reporting their absence and 10% for whom the question was not applicable. In 2024, the distribution remained substantially unchanged, with 37% responding affirmatively, 53% negatively, and 9% not applicable. Provisional and incomplete data for 2025 show a shift, with the share of affirmative responses declining to 29%, while negative responses increased to 55% and not applicable responses to 16%. Given the incomplete nature of the 2025 dataset, these figures should be interpreted with caution and are subject to revision as further submissions are received.

### 3. PROPOSALS TO IMPROVE THE MEASUREMENT OF INSURERS' CONTRIBUTION TO THE GREEN TRANSITION

Based on the data collected from (re)insurance undertakings (see above), EIOPA considers that the most proportionate and cost-efficient approach to implement improvements to disclosure requirements under the Taxonomy Disclosures Act applicable to (re)insurance undertakings is to adopt a **two-step approach with targeted revisions to the current investment and underwriting KPIs in the short-term, and potentially additional changes to measure how Taxonomy-aligned are the activities of the companies/objects insured to be implemented in the long-term perspective or on a voluntary basis.**

#### 3.1 REVISIONS TO THE UNDERWRITING KPI IN THE SHORT-TERM

To simplify the underwriting KPI, EIOPA proposes the following methodological changes:

- 1. Maintain the current “split of premium” approach in the numerator of Taxonomy-alignment**

EIOPA does not support the removal of the “split premium” approach for (re)insurance undertakings. While the intention to simplify reporting is acknowledged, eliminating the split would reduce the informational value of the data and weaken the ability to properly reflect the adaptation features of non-life insurance products.

Expanding the numerator of the underwriting KPI to include the total premium of products that contain Taxonomy-aligned underwriting activities may give rise to a risk of misrepresentation. In particular, such an approach could overstate the extent of alignment where only a limited share of the underlying activities meets the EU Taxonomy criteria. Furthermore, this methodology may create unintended incentives for insurance undertakings to design products in a manner that maximises reported

alignment, rather than reflecting the genuine contribution of the underlying underwriting activities, thereby potentially encouraging practices that are not consistent with the objectives of the framework.

In addition, it could lead to misrepresentation, as the activity listed in the Taxonomy is limited to the part of the product that relates to NatCat adaptation while including the full premium would reduce comparability across insurance undertakings as the complete premiums could include a wide range of coverage of other risks.

Finally, (re)insurance undertakings' current processes to conduct the split of premium have been implemented and a change of approach would lead to additional costs.

## **2. Changes to the denominator of the Taxonomy-alignment and Taxonomy-eligible ratios: limit reported GWP to the 8 eligible Lines of Business**

EIOPA proposes to **limit the denominator to the eligible Lines of Business defined as such in the Climate Delegated Act, to ensure comparability across the industry and limit the denominator.** Currently the denominator of the underwriting ratios – Taxonomy-alignment and Taxonomy-eligibility ratios - consists of all non-life business, measured by Gross Written Premium or insurance revenue. The denominator of the KPI could be limited to include only the premiums related to eight eligible lines of business<sup>13</sup>, as defined in the Climate Delegated Act<sup>14</sup>. This ratio would provide more emphasis into the potential adaptation contribution and increase consistency with the Investment KPI and the banking Green Asset Ratio, where the amendments introduced by the Commission Delegated Regulation (EU) 2026/73 excluded from the denominator loans or investments towards entities not required to report under the CSRD, as they could not be classified as sustainable in the numerator. The change in the denominator to focus on eligibility would provide more emphasis on the potential for improvement of insurers' Taxonomy-alignment, while ensuring comparability across insurance undertakings.

## **3. Changes to the numerator of the Eligibility ratio for Non-Life Insurance Activity**

**For consistency with the Alignment ratio, EIOPA proposes that the numerator should only cover the specific proportion of premiums that explicitly cover climate-related risks in within their terms and conditions in the contracts, and that are corresponding to the 8 eligible Lines of Business.** In light of the observed heterogeneity of approaches to the numerator of the eligibility ratio in the underwriting disclosures, EIOPA is concerned that the eligibility ratios disclosed lead to poor comparability. EIOPA considers that the calculation of the value of the numerator of the eligibility ratio should be

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<sup>13</sup> Lines of Business for Underwriting: Motor vehicle insurance; Marine, aviation, and transport insurance; Fire and other damage to property insurance; General liability insurance; Credit insurance; Miscellaneous financial loss insurance; Health insurance; Reinsurance

<sup>14</sup> [Delegated regulation - 2021/2139 - EN - EUR-Lex](#)

standardised to address the observed discrepancies lead to different numbers being reported for similar businesses.

As described in Chapter 2, while there is general consistency across insurers in disclosing their Taxonomy-alignment ratio, there is still a lot of discrepancy in how insurer’s report their eligibility ratio. Specifically, there are three main methodologies applied currently to define what is included as a taxonomy-eligible economy activity under ‘Activity 10.1 Non-life insurance: underwriting of climate-related perils’:

- ▶ **The Full LoB Approach:** Some undertakings designate as eligible the entire GWP of a LoB that includes at least one risk that can be classified as a climate-related peril.
- ▶ **The Full Product Approach:** Some undertakings designate as eligible the entire GWP of a product that includes at least one element that covers climate-related perils.
- ▶ **The Split Premium Approach:** Some undertakings designate as eligible the part of the GWP of a product that covers climate-related perils.

It is important to ensure consistency across insurers in their reporting of eligibility to allow for comparable disclosures. EIOPA is of the view that insurance undertakings should use the Split Premium Approach also to calculate eligibility. This approach is aligned not only with the definition and calculation of the taxonomy-aligned GWP, but also is generally aligned with the Solvency II reporting logic. Under Solvency II, insurance undertakings are already required to segment and price risks based on their underlying nature to ensure capital adequacy. It is, therefore, more appropriate and theoretically consistent to apply this same "split of premiums" logic to the numerator of the Taxonomy-eligibility ratio. By diving into the actual eligible premiums at the peril/risk level, an insurer provides a more honest representation of their exposure.

A fictitious example below shows how this could be applied in practice:

Risk Component (Peril)	Solvency II LoB	Technical Premium	Taxonomy Eligible?
Motor Liability (Third party)	LoB 4	€15,000	No
Motor Hull (Theft/Accident)	LoB 5	€10,000	No
Motor Hull (Storm/Flood)	LoB 5	€5,000	Yes

Warehouse (Theft)	LoB 7	€10,000	No
Warehouse (Flood/Wind)	LoB 7	€8,000	Yes
Marine Cargo (Climate Perils)	LoB 6	€2,000	Yes

The taxonomy eligible premiums are only those premiums within a product that actually cover climate related perils. This ensures that disclosures are precise and useful.

#### 4. Substantiation of the KPI by changing name to Adaptation Underwriting KPI

The current underwriting KPI does not appear to be decision-useful for investors. While it is based on the economic activities defined in the EU Taxonomy, the template does not clearly communicate that the metric is intended to capture insurance underwriting which incorporates adaptation objectives. This results from the fact that the only environmentally sustainable activities of non-life insurance that are listed under the Taxonomy are related to adaptation. This lack of clarity is further accentuated when compared with disclosures by other financial institutions in annual or group reporting, where the focus is typically placed on the activities of business counterparties, often within a broader scope, as financial activities as such are not considered environmentally sustainable under the Taxonomy Regulation as such.

EIOPA sees merit in improving transparency and preventing potential misinterpretation by more clearly reflecting the scope of the current KPI —both in terms of what it captures and what it does not. In this context, EIOPA proposes to rename the indicator as the “**Adaptation Underwriting KPI**”, to better communicate that it measures the contribution of insurance underwriting activities to climate change adaptation, while not covering contributions to other environmental objectives under the EU Taxonomy.

This approach would address an important user need for disclosures that are specific, accurate and not misleading.

A limitation of this proposal is that it may not be future-proof in the event that the European Commission broadens the scope of non-life insurance activities considered Taxonomy-aligned. While it is not within EIOPA’s mandate to propose amendments that would expand the range of insurance underwriting activities deemed environmentally sustainable under the Taxonomy framework, EIOPA observes that, under the Corporate Sustainability Reporting Directive (CSRD), insurance undertakings already disclose contributions beyond climate change adaptation, including in areas such as climate change mitigation. Such activities could include, for example, innovation in product design (e.g. “pay-

as-you-go” models in motor insurance) as well as sustainable practices in claims management that support circular economy outcomes. In this context, ensuring consistency between the activities identified as environmentally sustainable under the Taxonomy framework and those disclosed under the Corporate Sustainability Reporting Directive would be beneficial, particularly given that both sets of disclosures are typically presented within the same annual report. Increasing the consistency between these two disclosure frameworks could entail listing underwriting activities to the other environmentally sustainable objectives of the EU Taxonomy. Should such changes be implemented in the future, the name of the KPI would need to be adjusted accordingly.

## 3.2 POTENTIAL ADDITION OF A GREEN INSURED ACTIVITIES KPI

As requested by the Commission’s Call for Advice, EIOPA has assessed different options to measure the ratio of Taxonomy-aligned insured assets, in particular of adding an additional “Green Insured Activities KPI” beyond the existing underwriting KPI, that would specifically measure the share of underwriting activities covering taxonomy-aligned insured counterparties or taxonomy-aligned assets, or substituting the current underwriting KPI by that insured activities KPI.

With this Consultation Paper, EIOPA would like to gather stakeholders feedback on (i) whether the KPI should be introduced as a voluntary, and (ii) whether the introduction should take place in the short or long term perspective. EIOPA is of the view that this KPI should in any case not replace the existing KPI, as it is showing a different information than the proposed Adaptation Underwriting KPI (currently the underwriting KPI) where the Taxonomy disclosure is attributed directly to the non-life policy, and not to the insured counterparty.

### 3.1.2.1 Objectives and principles

**Introducing an additional new “Green insured activities” KPI may be beneficial in the long-term to foster greater consistency within the financial sector, as it would be consistent with the approach for the investment ratio and banking green asset ratio and better measure the enabling role of insurance undertakings through underwriting as key service for supporting the transition, especially as insurance underwriting helps to limit the financial risks related to sustainability faced by businesses. As a result, it would address one of the main criticisms made to the existing Underwriting KPI, that it does not capture the full role of the (re)insurance sector in supporting the transition.**

Such a KPI would provide a “look-through” to large insured business (falling in the scope of CSRD) and objects and align with the Banking Green Asset Ratio, offering a standardized approach to measuring insurance undertakings’ role as enablers of green economic activity. Over time, this could bring about a clearer and more comparable framework across sectors, enhancing decision-usefulness and cross-sectoral consistency, in accordance with the principles outlined in section 1.2 of the Consultation Paper.

However, it's important to acknowledge that adding this KPI will imply an increased burden and implementation costs for insurance undertakings, especially in the short to medium-term. The implementation of this KPI would likely incur significant costs, given the already substantial investments in reporting systems and process resets related to recent implementation of the Taxonomy reporting requirements. Additionally, there are methodological challenges in compiling the relevant data. Moreover, data availability from insured businesses may pose further challenges, especially for insured assets and businesses, including non-EU, retail sector, SMEs and any entities not currently reporting under the Taxonomy and should be excluded from the ratio. These constraints could hinder the accurate calculation of environmentally sustainable activity for these insured groups, particularly in light of the narrower reporting scope and materiality thresholds recently established.

**In sum, while the KPI holds promise for long-term sectoral alignment, the immediate costs, methodological barriers and data limitations suggest that a voluntary introduction of the KPI or a longer timeline for implementation may be the best option.** For this reason, EIOPA seeks feedback from stakeholders on the potential benefits and costs of this KPI, as well as on whether (i) a voluntary use of this kpi or mandatory would be more beneficial and (iii) whether the introduction should be deferred introduction (in five years).

### 3.1.2.2 Methodology for the Green Insured Activities KPI

The Green Insured Activities KPI (GIA KPI) shows the proportion of the insured Taxonomy-aligned economic activities (as provided by the insured company/object) as a proportion of total eligible underwriting, expressed in Gross Written Premiums.

**The GIA KPI is composed of two sub-components, reflecting respectively commercial and retail business. A total KPI of the two should represent the total GIA KPI.**

EIOPA considers that it could be feasible to collect the data for commercial lines to corporates that report under the Taxonomy Regulation, as well as for commercial and retail property insurance (based on the Energy Performance Certificate) and transport insurance.

Insurance products sold to smaller corporates (those exempted from CSRD reporting) would be excluded from both the numerator and the denominator of the KPI as well as other policy-holders/objects where it is not possible to assess the Taxonomy-eligibility.

The measure to be assessed as turnover would be gross written premium.

#### 1. General KPI for commercial insurance

The commercial KPI can be measured by Turnover and CapEx. However, for the total GIA KPI, the Turnover KPI should be used.

*Turnover-based Green Insured KPI = GWP of insured companies with Taxonomy alignment x Taxonomy alignment percentage based on Turnover of the companies covered relative to eligible gross written premiums of commercial lines*

*CapEx-based Green Insured KPI = GWP of insured commercial lines of companies with Taxonomy alignment x Taxonomy alignment percentage based on Capex of the companies covered relative to eligible gross written premiums of commercial lines*

### Formula and calculation details

Green Insured Activities KPI = Total aligned/total eligible

Where:

Total aligned= $\Sigma$ (Exposure by underwriting in GWP  $\times$  Corporate alignment ratio)

Total eligible= $\Sigma$ (Exposure by underwriting in GWP)

The numerator and denominator should exclude insured undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU.

#### **The numerator**

The numerator includes exposures to insured counterparties (by underwriting) that list economic activities aligned with the EU Taxonomy, expressed by the Taxonomy percentage measured by turnover and CapEx of the corporate companies.

The numerator includes the line of business of Motor vehicle liability insurance, Other motor insurance, Marine, aviation and transport insurance and Fire and other damage to property insurance, but also medical expense insurance, Income protection insurance, Workers' compensation insurance, Workers' compensation insurance, General liability insurance, Credit and suretyship insurance, Legal expenses insurance, Assistance, Miscellaneous financial loss.

#### **Transport insurance**

Below are listed how to add in the numerator and each type of object:

Include *insurance premiums covering cars, bicycles, planes and heavy trucks complying with the technical screening criteria as laid down in EU's Delegated Act on climate change mitigation and adaptation (Annex I, transport sections 6.1–6.20).*

**Rules for transport under the Taxonomy**

Mode | Sections | Key Asset Criteria

Cars | Section 6.5 | from 2026–2029 Increasingly tight CO<sub>2</sub> thresholds based on Regulation (EU) 2019/631; From 2030 Only zero-emission (0 g/km) vehicles considered aligned

Bicycles | 6.4 | Almost all "personal mobility" (bikes, e-scooters) is considered aligned because they are inherently zero-emission.

Planes | 6.17 – 6.20 | Added in 2023. Focuses on “best-in-class” fuel efficiency and the use of Sustainable Aviation Fuels (SAF).

Heavy Trucks | 6.6 | Similar to cars but with higher weight-class specific CO<sub>2</sub> reduction targets.

*Property insurance*

*Include in the numerator premiums covering risks related to buildings contributing to the relevant environmental objectives as laid down, in particular, in Sections 7.2, 7.3, 7.4, 7.5, 7.6 and 7.7 of Annex I to Climate Delegated Act.*

**The denominator**

The denominator includes all the policies insuring companies (as policy-holders) in the scope of the CSRD, including the policies related to motor vehicle liability insurance, Other motor insurance, Marine, aviation and transport insurance and Fire and other damage to property insurance.

**Example for insured company:**

Total GWP for company including different policies X Taxonomy-aligned activities = 10.000 Euros

Taxonomy-aligned turnover of company = 10%

Numerator = 10.000 × 30% = 3000

Denominator = Total commercial eligible non-life GWP excluding SMEs and lines of business where Taxonomy-eligibility cannot be assessed

**Methodological options under consideration**

EIOPA proposes to include all insurances by relying on company-level taxonomy alignment (as proposed above). The calculation in the numerator should cover insurance sold to the corporate: motor fleet insurance; commercial property insurance (including machinery, equipment, stock) and engineering insurance; business interruption; product liability; legal expenses and employer’s liability; accident and health group; marine, aviation & transport insurance, cyber insurance, etc

**2. Retail lines of business**

EIOPA proposes to limit the retail lines of business to be included in the KPI to Motor vehicle liability insurance, Other Motor Insurance, Fire and Other Damage to Property Insurance & and Marine, Aviation and Transport Insurance Line of Businesses.

Below are listed the specific KPIs for each type of object and a cumulative KPI at the end:

**For green insured transport KPI:** *ratio of transport insurance premiums covering cars, bicycles, planes and heavy trucks complying with the technical screening criteria as laid down in EU's Delegated Act on climate change mitigation and adaptation (Annex I, transport sections 6.1–6.20), over total GWP for jointly Motor vehicle liability insurance, Other Motor Insurance and Marine, Aviation and Transport Insurance Lines of Businesses.*

**Rules for transport under the Taxonomy**

Mode | Sections | Key Asset Criteria

Cars | Section 6.5 | from 2026–2029 Increasingly tight CO<sub>2</sub> thresholds based on Regulation (EU) 2019/631; From 2030 Only zero-emission (0 g/km) vehicles considered aligned

Bicycles | 6.4 | Almost all "personal mobility" (bikes, e-scooters) is considered aligned because they are inherently zero-emission.

Planes | 6.17 – 6.20 | Added in 2023. Focuses on "best-in-class" fuel efficiency and the use of Sustainable Aviation Fuels (SAF).

Heavy Trucks | 6.6 | Similar to cars but with higher weight-class specific CO<sub>2</sub> reduction targets.

**For Green insured property KPI:**

*Ratio of premiums covering risks related to buildings contributing to the relevant environmental objectives as laid down, in particular, in Sections 7.2, 7.3, 7.4, 7.5, 7.6 and 7.7 of Annex I to Climate Delegated Act, relative to total GWP for underwriting of residential real-estate.*

**3. Total Green Insured Activity KPI**

**This shall reflect the cumulative value of insured activities by adding in the total numerator the numerators of environmentally sustainable insured activities of the Turnover-based commercial KPI and the retail property & transport KPI, and in the denominator the total eligible GWP.**

**EIOPA DRAFT ADVICE UNDERWRITING KPI - SHORT-TERM CHANGES**

**Short-term revision of the underwriting KPI**

EIOPA proposes to maintain the current approach to the KPI, which focuses solely on underwriting activities related to climate perils, as a simple and cost-efficient solution in the short

term, however improve the transparency by making the following methodological technical and disclosure changes:

1. **Change the name of the ratio to Adaptation Underwriting KPI**, instead of Underwriting KPI, in order to ensure that the disclosure is fair, specific and not misleading for users.
2. Change the denominator by limiting it to the eight eligible LoB (Motor vehicle liability insurance, Other Motor Insurance, Fire and Other Damage to Property Insurance, and Marine, Aviation and Transport Insurance), instead of all Gross Written Premium, in the KPI, as this would provide an emphasis to the adaptation-related activities covered by this ratio.
3. Methodological improvements to be introduced to address inconsistencies. In particular EIOPA proposes for the eligibility ratio to address the lack of clarity on rules to compute eligibility to determine, by requiring insurance undertakings to include in the numerator GWP for the climate adaptation part only and only for those insurance policies that explicitly cover climate-related risks.

**Potential addition of a Green Insured Activities KPI**

EIOPA proposes options for a Green Insured Activities KPI as an additional KPI aimed at measuring the extent to which insurance undertakings facilitate environmentally sustainable economic activities through their underwriting business. This KPI would seek to align conceptually with the Green Asset Ratio used in the banking sector, by focusing on insured taxonomy-aligned activities. With this Consultation Paper, EIOPA invites stakeholders to provide feedback on (i) whether a the KPI should be introduced as a voluntary, and (ii) whether the introduction should take place in the short or long term perspective. EIOPA is of the view that this KPI should in any case not replace the existing KPI, as it is showing a different information than the proposed Adaptation Underwriting KPI (currently the underwriting KPI).

Such an approach would support greater consistency between underwriting-related metrics and asset-side disclosures (i.e. investment KPIs). The development of this KPI should be closely coordinated with the implementation of the European Sustainability Reporting Standards to avoid duplication and ensure complementarity with broader corporate sustainability reporting requirements.

EIOPA proposes to add in five years an additional KPI that would measure the ratio of insured Taxonomy-aligned activities.

The KPI would cover all commercial lines as well as property and transport retail lines.

<b>Total GIA KPI =</b>	<b>total environmentally sustainable insured activities of the listed KPIs (commerical Turnover-based commercial KPI, retail property &amp; transport KPI) / total eligible GWP</b>
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While a KPI holds promise for long-term financial sectoral alignment, the immediate costs, methodological barriers, and data limitations suggest that a phased approach or longer timeline for implementation may be the best option.

#### 4. CHANGES TO THE COMBINED KPI

The aggregation of Taxonomy-aligned underwriting revenues with Taxonomy-aligned turnover and capital expenditure (CapEx) of investments lacks economic rationale, as it conflates assets with liabilities. Furthermore, the limited scope of the current underwriting Key Performance Indicator (KPI) means that an aggregated KPI could place insurers at a comparative disadvantage relative to other financial institutions as well as non-financial undertakings.

EIOPA proposes that for composites both KPIs are reported. This should be also the case for financial conglomerates that are insurance-led.

- Life insurance undertakings – disclose only investment KPI
- Non-life insurance undertakings - disclose only adaptation underwriting KPI
- Composites – disclose both investment and adaptation underwriting KPIs

However, to address SFDR disclosure demands as well as disclosures of investments in composites might require to provide one figure. In these cases, the KPI for the activity with highest revenue should be used.

#### **DRAFT EIOPA ADVICE**

EIOPA proposes that the combined ratio requirement for composites (weighted average of investment and underwriting KPI) is removed. Instead, insurance undertakings should report where applicable the investment and underwriting KPIs separately.

However, to address investor disclosure demands (TR DDA and SFDR), the KPI for the activity with highest revenue should be used instead of a weighted average of the two.

## 5. OTHER SIMPLIFICATIONS TO INSURANCE TAXONOMY DISCLOSURES

### 5.1 Removal of gas and nuclear break-down from the templates

In order to improve decision-usefulness and readability of the Taxonomy disclosures, EIOPA is of the view that the granularity of the disclosures in both the investment and underwriting templates should be further reduced by removing the break-down on gas and nuclear activities.

In particular for underwriting KPI, the E.U. Taxonomy requirements for non-life insurance and reinsurance activities are not related to nuclear and fossil gas activities; including the Technical Screening Criteria, the DNSH criterion and minimum safeguards. Hence, the current requirement in the underwriting template to disclose on gas and nuclear break-down is not applicable and should be removed both for taxonomy-aligned and taxonomy-eligible activities.

### 5.2 Integrated sustainability executive summary

While there is a high reporting cost involved in reporting the Taxonomy figures, users seem to have a limited use of the disclosures. This raises concern that the framework results in significant reporting burden without influencing actual capital allocation decisions by insurance undertakings as users.

With regard to the presentational aspects of the disclosure, in order to improve the usability of the Taxonomy disclosures it could be useful to give more prominence upfront to the Taxonomy alignment and relevance at the start of the sustainability section with a dashboard/executive summary and improve the relation of the ESRS and Taxonomy disclosures within the annual report although ESRS and Taxonomy serve different purposes - the ESRS is more focused on processes, risks, impacts, and governance, while Taxonomy is more activity- and product-oriented.

#### **DRAFT EIOPA ADVICE**

EIOPA recommends the Commission to remove the break-down on gas and nuclear activities from both the investment and underwriting templates to simplify the disclosures and remove information that is not key for the decision-making of users. In particular for the underwriting KPI the gas and nuclear disclosures are not applicable, while for the investment KPI it is usually not-material and as a result the removal of this break-down is in line with the materiality approach introduced in 2026 by the Omnibus Delegated Act.

In addition, it is proposed to create an executive summary (dashboard) of sustainability data with key Taxonomy information in addition to key ESRS figures.

## 6. CROSS-SECTORAL CHANGES

This chapter addresses the issues identified by the European Supervisory Authorities (ESAs) related to the possible use of Operational Expenditure as metric for the Investment KPI (and banking GAR), and proposes not to recommend a voluntary use of this metric for financial institutions, as well as makes proposals on group reporting. The text in green boxes is a joint coordinated proposal across the ESAs.

### 6.1 Possible use of OpEx by financial undertakings

#### Summary of the issues identified

The current requirements in the DDA do not envisage the use of the OpEx KPI disclosed by non-financial undertakings into the Taxonomy disclosures on investments made by insurance undertakings and other financial undertakings.

In line with the European Commission CfA, the ESAs have assessed the possible (voluntary) use of the OpEx KPIs as disclosed by non-financial undertakings into the Taxonomy reporting of financial undertakings.

The ESAs investigated whether the voluntary use of OpEx in financial undertakings' disclosures may help increase the usability of the Taxonomy regime and the relevance of the OpEx KPI.

The OpEx KPI as envisaged by the existing Taxonomy Disclosure Delegated Act (DDA) for reporting by non-financial undertakings currently focuses on selected items of cost included in the income statement of non-financial undertakings, aims at complementing the information conveyed through the CapEx KPI.

Recital 8 of Commission Delegated Regulation 2026/73 amending the Disclosure Delegated Act indicates that *“it is generally considered that information on operational expenditure is of lesser significance and decision usefulness to assessment of the sustainability of activities of undertakings than that on turnover or capital expenditure”*.

Outreach undertaken by the three ESAs' staff confirms that the OpEx KPI in its current configuration is considered of limited use for users of sustainability information and it seems not to justify the operational burden incurred by non-financial undertakings to produce it. Particularly, financial undertakings and other investors have reported to the ESAs not generally relying on this KPI as a meaningful metric.

The OpEx KPI required by the DDA differs from the business notion of “operating expenditures” or “operating costs” in that it does not look at all the expenditures associated to running an undertaking's core business. Furthermore, different sectors may qualify different expenditure items as ‘operational’

in their respective businesses. As such, this KPI requires setting up a separate reconciliation between the data needed for Taxonomy reporting and those necessary for management reporting purposes.

Finally, while only recently the IFRS standards have defined an 'Operating' category for the income statement through the newly issued IFRS 18 *Presentation and Disclosure in Financial Statements*, the preparation of the OpEx KPI is also considered as too burdensome because it somewhat departs from data streams used for financial accounting purposes.

The ESAs therefore note significant implementation challenges arising from the current definition of OpEx. The fact that internal accounting systems are typically not designed to capture expenditures in line with the Taxonomy framework, result often in the need for extensive manual reclassification of invoices, large-scale staff training, and the introduction of additional invoice-level tagging processes.

#### ESAs draft advice

The ESA acknowledge that the question regarding the voluntary use of the OpEx KPI in financial undertakings' reporting is interrelated with the question on whether and how this KPI may be amended or redefined in a future revision of the DDA.

The ESAs note that preliminary feedback from both users and preparers of Taxonomy information indicates that the inclusion in the KPIs disclosed by financial undertakings (Investment KPI for insurance undertakings) of the OpEx KPI of non-financial undertakings, even on a voluntary basis, would appear to add complexity and cost, with little informative value in Taxonomy reporting by financial undertakings.

Depending on the possible amendments to the OpEx KPI, it cannot be ruled out at this stage that financial undertakings may see merit in having the possibility of including the OpEx KPI in addition to, or as a substitute for, the Turnover-based and / or CapEx-based KPIs that they currently have to report.

The ESAs have nevertheless considered a possible methodology to include the OpEx KPI into the respective financial undertakings' taxonomy reporting requirements. This methodology would entail combining the OpEx KPI with the CapEx KPI through a weighted-average methodology. By combining OpEx numbers with CapEx figures, the insurance undertakings' taxonomy-aligned investment numbers, while possibly higher, would be less transparent as it may not be readily apparent what share of the figure is based on CapEx or OpEx. A possibility could be to require additional disclosure of that share where the combined figures are used. Such additional disclosures could include: whether the combination is used, the breakdown of the combined ratio between CapEx and OpEx, and whether the combination of OpEx and CapEx is applied consistently across the portfolio.

There are benefits and drawbacks in using such a methodology. Relying on a weighted-average KPI could be a practical way of combining information which may appear, at first sight, rather similar, i.e.

capitalised expenditures linked to sustainable activities (CapEx) and running costs associated with those activities (OpEx). However, the ESA note that grouping together information about ‘stocks’ (CapEx) and information about ‘flows’ (OpEx) would be conceptually critical from an accounting perspective, as combining the value of certain assets (CapEx) which are meant to release their utility over multiple years, with a figure (OpEx) which refers to utility released in the concerned reporting period. The weighted average figure would combine: (i) how much investment in sustainable activities has the undertaking made; and (ii) how much has the undertaking spent on sustainable activities during the current reporting period.

In addition, voluntary inclusion of OpEx financing in the KPIs of financial undertakings may expand the room for greenwashing risk or the greenwashing allegations against the preparers of information leading to reputational risk. Sufficient level of accompanying qualitative information would be necessary to mitigate such risks.

In general, the ESAs note that, depending on the amendments made to the OpEx KPI, the voluntary adoption of the OpEx KPI as part of the EU Taxonomy reporting by financial undertakings may only marginally improve the information value of reported information while increasing the perceived complexity of the reporting framework. The ESAs would need to assess, based on the feedback from the public consultation, whether any amendments of the OpEx KPI can otherwise provide meaningful insights into the sustainability profile of non-financial undertakings, thereby becoming of interest for investment, lending or insurance purposes.

## 6.2 Group reporting

### 6.2.1 Summary of the requirements

The DDA defines a set of templates and KPIs for the activities of non-financial and financial undertakings including credit institutions, investment firms, asset managers and insurance and reinsurance undertakings. However, with the exception of the reporting regime for credit institutions, the DDA does not address the case where two or more of these types of undertakings co-exist within the same group and sets reporting rules accordingly:

- a. Taxonomy reporting for credit institutions captures both on-balance and off-balance sheet activities of banks, notably requiring reporting of any investment firm activities and asset management activities undertaken by the credit institution, based on specific templates. Furthermore, for credit institutions, the DDA also specifies that the scope of the KPIs is the prudential scope of consolidation, including financial institutions such as insurance undertakings that are their subsidiaries. Joint arrangements and investments in associates are

generally accounted for using the equity method. The same consolidation requirements would also apply to credit institutions-led financial conglomerates<sup>15</sup>.

- b. On the contrary, for asset managers or insurance undertakings the reporting requirements in the DDA are very specific to the respective business models of these types of entities.
- c. Finally, for non-financial undertakings, the calculation of the Turnover, CapEx and OpEx KPIs relies on financial accounting figures which, at group level, are based on financial consolidation rules. This implies that when these KPIs are calculated at group level, they already integrate the assets, liabilities, income and expenses of the group's subsidiaries. It can therefore be argued that in the reporting of a non-financial undertaking-led group, the Turnover KPI would capture revenue produced by any entity across the group, irrespective of the type of business conducted.

These different starting points in the DDA's reporting rules explain the significant complexity in deriving a general approach to group Taxonomy reporting. When groups include entities that all belong to the same type of undertaking, the provisions in the DDA are scalable and the same reporting templates used for reporting by individual undertakings can be used for reflecting the Taxonomy information of the entire group. However, when groups are mixed (e.g. a group of non-financial undertakings with some financial subsidiaries or for financial conglomerates), the provisions in the DDA require further clarification, because various reporting rules apply and the underlying datapoints are of a different nature and cannot be simply aggregated.

However, in 2024 the Commission developed *ad hoc* guidance through the so-called Third Commission Notice<sup>16</sup>, specifically in FAQ 7 (financial conglomerates), FAQ 9 (mixed groups) and FAQ 11 (exposure to the parent undertaking of a mixed group or financial conglomerate).

The Commission's proposed approach is that the parent undertaking of a group with multiple activities should compute and disclose, as part of the contextual disclosures referred to in Annex XI of the DDA, a consolidated group level KPI in the form of a weighted average of the corresponding KPIs of its different activities, using weights derived from the share of turnover generated by each activity in the group's total consolidated turnover.

EIOPA notes that this clarification in the Commission Notice seems based on the assumption that a financial institution with exposure to the entire mixed group would need to rely on Taxonomy information reflecting *all of* the underlying activities of the group in order to use this information to compute its own Taxonomy KPIs. One Taxonomy figure is also needed to comply with the disclosure requirements of investments made by financial products, as the SFDR requires an aggregated figure for all investments made by financial products (funds, insurance-based investment products, pension

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<sup>15</sup> In accordance with point 14 of Article 2 Directive 2002/87/EC

<sup>16</sup> Commission Notice C/2024/6691, 8.11.2024.

products and schemes).

However, it is unclear which elements of Taxonomy reporting users would focus on when considering group-level reporting : the Taxonomy reporting KPIs foreseen for the ‘main’ group’s business (e.g. insurance, banking, etc.), complemented by information on the *other businesses* undertaken by the group or whether some form of group-wide aggregation would be beneficial.

Alongside the determination of the group-level Taxonomy KPIs, a related issue addressed in the CfA pertains to the sub-group level disclosures and templates to be produced for each type of undertaking identified in the DDA. FAQ 7 and FAQ 9 of the Third Commission Notice state that the parent undertakings of financial conglomerates and mixed groups should report the sets of templates relevant to each of their different activities (e.g. Annex VI for the credit institutions, Annex X for the insurance undertakings, etc.), consolidated at business level, in addition to the group’s consolidated KPIs.

A broader related question relates to subsidiary-level KPI disclosure. Paragraph (4) of Article 29a of the Accounting Directive as amended by CSRD states that if the parent undertaking identifies significant differences between the risks or impacts of the group and the risks or impacts of one or more of its subsidiaries, the parent must provide an adequate understanding of the risks and impacts of these subsidiaries.

The DDA does not address this point, but FAQ 12 of the Second Commission Notice<sup>17</sup> indicates that in such situations, the consolidated sustainability reporting should provide the subsidiary level Taxonomy KPIs of the exempted subsidiaries as part of contextual information. This provides information to the financial institutions which should ideally use the KPIs which are most representative of the entity they are financing / investing in.

## 6.2.2 Analysis of disclosures

### General findings

With regards to the identification of a group-level Taxonomy KPIs, preliminary stakeholder outreach by the three ESAs has highlighted severe challenges, and diversity in practice, with the weighted-average methodology set out in the Third Commission Notice.

Undertakings relying on their financial consolidated ratios (either on a prudential or accounting basis) for their Taxonomy reporting found that computing weighted-average KPIs at group level could lead to double counting. This is the case, for instance, when the reported credit institutions’ GAR (Annex V of the DDA) integrate some of the businesses of a bank-led financial conglomerate through relying on an equity method for their insurance activities or on full consolidation for some of their non-financial

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<sup>17</sup> Commission Notice C/2023/6747, 20.10.2023.

subsidiaries.

Equally, current practice shows that some industry-led mixed groups already integrate into their non-financial KPIs – most notably, the Turnover KPI – the businesses undertaken by their subsidiaries specialised in financial services. This is the case, for example, when a Taxonomy activity, as described in the Climate Delegated Act, specifically includes financing activities in its description and the subsidiary provides financing to the group's customers to acquire products and services of the (non-financial) group.

In addition, the weighted average KPIs, as defined in the FAQs, would combine Taxonomy ratios based on different calculation approaches, which raises questions on their relevance and reliability and makes them difficult to understand by the recipients of the data.

With regards to the reporting of disaggregated information of individual groups' subsidiaries or groups of subsidiaries, the requirement set out in the Third Commission Notice to prepare multiple templates is perceived as burdensome and costly by many stakeholders. Some also point out that it results in many pages of templates (especially for financial conglomerates) that could obscure material information.

#### *Findings on the Group Reporting of Insurance Activities under the EU Taxonomy*

The analysis of group level reporting of EU Taxonomy disclosure involving insurance activities reveals heterogeneity in the implementation of the reporting framework across financial conglomerates. Despite that the EU Taxonomy framework establishes a defined reporting structure for financial institutions to report a set of KPIs, its practical application diverges depending on the nature of the group, the materiality of the in insurance activities, and the reporting approach adopted by the undertakings.

We observe that most insurer-led groups primarily disclose the insurance-related templates according to Annex IX of the Disclosure Delegated Act within their consolidated annual statements. Although these disclosures focus on both, the Investment KPI and the Underwriting-related disclosures, the practical implementation and the quality of the data remain more robust toward investment-related metrics, which are generally supported by more mature data availability. An exceptional case was identified for one banking-insurance group, which disclosed a broader and more integrated set of EU Taxonomy KPIs, including insurance-related KPIs together with banking-related KPIs such as the Green Asset Ratio (GAR).

Some banking-led groups with insurance activities comply with the disaggregation guidance of the COM FAQ, disclosed Insurance Investment KPIs alongside banking-related taxonomy KPIs, the latter which also includes equity holdings in insurers however it is not clear how that holding is calculated by banks (based on the investment KPI, underwriting or the combined KPI). Overall all, differences were identified regarding the disclosure of underwriting KPIs. In some cases, only the Insurance Investment

KPI data are disclosed, while no underwriting KPI data are reported. This could indicate that non-life insurance activities were considered non-material, or that the banking-lead group relied on proportionality and materiality considerations in line with the European Commission guidance on taxonomy reporting by financial undertakings.

Overall, the analysis suggests that, while the EU Taxonomy framework provides a theoretically coherent activity-based reporting structure for financial conglomerates, the practical implementation remains heterogeneous. Differences in materiality assessments, consolidation approaches, and reporting structures continue to affect the transparency and comparability of insurance-related taxonomy disclosures across groups.

#### *Summary of the issues identified*

A key horizontal issue the ESAs have been requested to consider is the appropriate approach for taxonomy reporting by group undertaking with various financial activities and/or non-financial activities within the same consolidation perimeter (i.e. mixed groups, including financial conglomerates).

This matter concerns both the nature and calculation basis for the KPIs reflecting the entire group (which are of interest for the financial institutions with exposure to this group) and to the additional disclosures at sub-group level, using complementary sets of KPIs to reflect the different types of activities conducted by the group.

Preliminary outreach with various stakeholders undertaken by the staff of the three ESAs has highlighted that the current weighted-average methodology proposed by the Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets<sup>18</sup> introduces a new consolidated measure (Question no. 9) presents a number of challenges.

Firstly, this approach creates issues of double counting as a current common approach is for the companies to rely on the consolidated financial information for the denominator of the respective KPIs which would then be combined without making further adjustments.

#### **ESA draft advice**

The Commission's CfA requests the ESAs to work on horizontal issues in a coordinated way. In line with their respective mandates, the ESAs have therefore agreed to address the issues concerning group reporting based on the common identification of the relevant fact patterns and practical issues, as well as on the basis of shared principles which could drive the identification of common solutions across

<sup>18</sup> third Commission Notice, C/2024/6691, 8.11.2024

the financial and non-financial sectors. These common aspects are set out in the next paragraphs.

The discussion of specific sectorial issues and the related possible solutions are then specified in each of the ESAs' consultation documents, notably: for banking-led groups and financial conglomerates, in EBA's Discussion Paper [\[link\]](#), for non-financial undertaking-led groups and asset manager-led groups in ESMA's Consultation Paper [\[link\]](#). Insurance-led groups are addressed in this [CP](#).

The ESAs have analysed the following fact patterns:

**Table 3: Fact patterns addressed across the ESAs' consultation documents**

Type of mixed group	Detailed assessment
Credit institution-led groups with any of the following subsidiaries: investment firm, asset manager, insurance and reinsurance undertaking and non-financial undertaking	EBA Discussion Paper <a href="#">[link]</a>
Insurance and reinsurance undertaking-led groups with any of the following subsidiaries: credit institution, investment firm, asset manager and non-financial undertaking	This Consultation Paper (paragraphs above)
Non-financial undertaking-led groups with any of the following subsidiaries: credit institution, investment firm, asset manager, insurance and reinsurance undertaking	ESMA Consultation Paper Section 3.3.3.3 <a href="#">Paragraphs 106-113</a>
Asset manager-led groups with any of the following subsidiaries: credit institution, investment firm, insurance and reinsurance undertaking and non-financial undertaking	ESMA Consultation Paper Section 3.3.3.3 <a href="#">Paragraph 112</a>

The ESAs note that when a group is led by a non-regulated entity (e.g. not by a credit institution, an insurance undertaking or an investment firm), but it still meets the definition of a financial conglomerate, specific rules in the EU Directive on financial conglomerates apply to determine the relevance of the group's activities within the financial sector. EIOPA has not assessed these cases in detail, as the views of stakeholders on the other fact patterns presented, including those analysed by ESMA and EBA, will help shedding light also on how to deal with these more specific cases.

The ESAs identified the following driving principles for developing possible solutions to address the issues raised by the Commission's CfA with respect to group reporting. Following the preliminary analysis, the ESAs are of the opinion that:

- Group-level Taxonomy disclosures should transparently reflect the degree of sustainability of the

activities undertaken by the group as a whole, while acknowledging that the Taxonomy disclosure rules are not conceived to be sector-agnostic, but are rather sector-specific. Therefore, combining KPIs that present activities that are fundamentally different in nature would not result in meaningful information for the users.

- The treatment of various sectors within a mixed group, e.g. a diversified financial group or a non-financial group with financial activities, should ensure consistency in treating similar circumstances.
- Proportionality considerations should inform the development of the proposed solutions, focusing on the disclosures that could be most impactful rather than promoting excessively granular reporting which may detract focus from the material information.
- Mixed-group disclosures should be based, as a starting point, on the Taxonomy disclosures framework as defined by the DDA based on the nature and scope of consolidation with respect to the parent undertaking and complemented by additional information that is necessary to reflect the Taxonomy profile of the group as a whole. For example, for a credit institution-led financial conglomerate with a material insurance business, additional information on the insurance subsidiary may be necessary.

Those principles will be considered in developing possible solutions in relation to group reporting in the next paragraphs.

### Group-level reporting

The Commission's CfA seeks input on an approach to group reporting that could result in meaningful information without adding excessive complexity to the broader regime. However, based on the preliminary outreach and observation of current practice, the ESAs assessment is that reaching a consolidated result for Taxonomy reporting for groups through the computation of one single KPI resulting from the aggregation of various KPIs would not be meaningful.

The ESAs note that, due to their nature, the Taxonomy reporting requirements are intended to reflect the specificities of the types of undertakings for which they were developed (non-financial undertakings, credit institutions, insurance undertakings and asset managers). As such, these requirements do not lend themselves to an arithmetic aggregation, which could be achieved, for example, in the consolidation approaches for group financial statements where the accounting requirements are transaction-specific, rather than sector-specific.

A possible approach to mixed group Taxonomy reporting that could combine a meaningful reflection of the Taxonomy profile of a group with limited reporting burden would be to (i) select the *main reporting regime* applicable to the mixed group selecting from those available in the DDA based on the various types of undertaking (e.g. rules for non-financial undertakings) and (ii) complement these rules with additional transparency, as needed, on the other types of undertakings the group encompasses (e.g. credit institutions and insurance undertakings) which carry out *other activities* that are not (fully) reflected within the main reporting regime.

This approach raises the question as to how the main reporting regime of the group should be determined amongst the various sets of rules in the DDA. The ESAs have identified two possible approaches:

a) Setting the main group reporting regime based on the type of parent undertaking. Under this approach, the driving principle would be simple: if the group parent is a non-financial undertaking, the main group reporting rules will follow the rules set out in the DDA for non-financial undertakings (i.e. Turnover, OpEx and CapEx).

b) Setting the main group reporting regime based on the type of undertaking(s) whose business activities are prevalent within the group. For example, notwithstanding the fact that the group parent is a non-financial undertaking, if the majority of the group activities are concentrated in the group's financial undertakings, the main reporting regime will be based on the rules applicable to these other prevalent undertakings.

While the first approach (a) has the benefit of being fairly intuitive and simple in its application, it may not always reflect the economic substance of those groups which are led by non-financial entities, whereas they carry out a financial activity in substance. On the contrary, the second approach (b) may seem to provide the most accurate answer from an economic perspective, but it is not exempt from practical issues, for example how to calculate the 'prevalence' of one or more group activities (e.g. as a percentage of total assets or revenue) and what to do when the prevalence criterion may flip from one activity to another over the years.

Disclosures under IFRS 18, when available, could also be a source of information regarding the main business activity of an undertaking. However, IFRS 18 envisages that an entity may have more than one main business activity.

The ESAs note that the two approaches are not incompatible. The default approach for determining the group reporting regime could be driven by the type of parent undertaking, except where EU legislation would require otherwise. This is the case, for example, when a group is led by a financial holding company and the EU Directive on financial conglomerates would require considering that group as a financial conglomerate if, among other factors, the group activities '*mainly occur in the financial sector*'. The ESAs welcome input from stakeholders on this specific fact pattern.

#### **Sub-group-level and subsidiary reporting**

Once the main group reporting regime has been selected, the question arises as to how the businesses carried out by one or more of the subsidiaries that are not captured by the main type of reporting regime should be reflected within the group reporting.

Under the current rules in the DDA, the scope of the reporting requirements varies depending on the type of reporting undertaking. For example, for credit institutions, the existing rules are already comprehensive enough to capture certain businesses other than banking activities, such as investment

firms and asset management.

Even in those cases, certain activities would remain unaddressed by the main reporting regime. For example, insurance businesses within a banking-led group would only be partially and indirectly depicted through the credit institutions templates. In sum, irrespective of which type of undertaking leads a group, none of the reporting requirements currently envisaged in the DDA is omnicomprehensive.

In addition, there may be a loss of Taxonomy information even for the activities captured by the main group reporting regime, due to the sector-specific nature of the rules (e.g. when non-financial activities of a credit institution are consolidated, they will be computed in the GAR, but not necessarily identifiable).

Therefore, the question arises as to which of the other businesses (i.e. those carried out by subsidiaries which do not belong to the main reporting model) of a mixed group should be separately disclosed under the Taxonomy rules directly applicable to them.

In this respect, the ESAs recall the requirement in paragraph 4 of Article 29a of the Accounting Directive: “Where the reporting undertaking identifies significant differences between the risks for, or impacts of, the group and the risks for, or impacts of, one or more of its subsidiary undertakings, the undertaking shall provide an adequate understanding of, as appropriate, the risks for, and impacts of, the subsidiary undertaking or subsidiary undertakings concerned.”.

The ESAs note that Articles 19a and 29a of the Accounting Directive also envisage that individual subsidiaries or intermediate parents, which would otherwise be subject to the sustainability reporting requirements of that Directive, can be exempted by these reporting obligations when they belong to a group of entities whose ultimate parent discharges the sustainability reporting obligations for the entire group.

The ESAs believe that these two provisions set the main parameters based on which the transparency regime for the other activities within group Taxonomy reporting should be set. On the one hand, if the main group reporting regime does not capture the specificities of other various businesses within the group in a way that could result in a material loss of information for users, additional information should be provided. On the other hand, the requirements should not result in systematically requiring subsidiary-by-subsidary reporting which may risk circumventing the exemptions.

The question is therefore where a material loss of information may arise with respect to other businesses within the group not or only partially captured by the main group reporting regime. The following aspects have been considered as not-mutually-exclusive criteria to determine whether a material loss of information occurs and therefore whether separate reporting on the other group activities not captured by the main group reporting regime should be triggered:

- Use a materiality threshold: The Accounting Directive does not specify thresholds for triggering separate reporting within the group by certain subsidiaries or groups of subsidiaries. Nevertheless, the Omnibus Delegated Act envisages a 10% cumulative materiality threshold, the application of which differs depending on the sectors considered. A similar threshold could be usefully introduced to determine which subsidiaries or groups of subsidiaries should warrant additional reporting alongside the disclosures stemming from the main group reporting regime.
- Consider the other businesses which are not integrated within the group main reporting regime: When no integration is possible under the main group reporting regime, and these businesses are significant, the related Taxonomy information may be necessary to enable a complete depiction of the Taxonomy profile of the group.
- Consider subsidiaries in scope of sustainability reporting obligations: Another parameter to determine whether reporting on the other businesses is due could be to focus subsidiaries or intermediate parents which, in the absence of the exemptions set out in the Accounting Directive, would be subject to the sustainability reporting requirements.
- Consider consistency with financial disclosures: In their IFRS 18 disclosures, undertakings may identify two broad activities as ‘main business activities’, i.e. investing in assets or providing financing to customers. IFRS 18 also cross-refers to the segment disclosures under IFRS 8 Operating Segments which should also be considered in determining which activities qualify as main activities under IFRS 18, with an aim to ensure consistency in the undertaking’s assessment of the significance of an activity across its corporate reporting. Although the types of main business activities envisaged in IFRS 18 do not perfectly overlap with the type of undertakings for which disclosure requirements are provided in the DDA, these accounting assessments may provide an indication of the significance of the other activities for the undertaking for the purpose of determining whether a loss of information may occur.
- Assess whether the Taxonomy information of the other businesses which are integrated within the group main reporting regime is sufficient: Partial integration through the main group reporting model may not describe the specificities of the other businesses as completely as the ad-hoc Taxonomy requirements. The consequential loss of information could be relevant in case stakeholders are interested in comparing, for example, a bank within a non-financial group with other banks providing similar services. The demand for such comparability should however be weighed against the reporting burden of providing separate disclosures for these other businesses.
- Assess the nature of the other businesses: When some group subsidiaries carry out activities which are exclusively serving the group’s internal needs (e.g. ‘captive (re)insurance undertakings’ or other internal financial services providers), there may be limited additional value in reporting on the Taxonomy profile of these activities

which would be highly, if not entirely, correlated with the Taxonomy profile of the group as reflected through the main group reporting regime.

As a general rule, when a material loss of information may occur, separate disclosures of the concerned subsidiaries or groups of subsidiaries are necessary. In these cases, however, it is important to fairly balance the need for transparency while avoiding unnecessary burden.

Therefore, the additional information provided could be limited to either a simplified version of the ordinary templates or corresponding headline indicators (i.e. main eligibility and alignment KPIs) complemented by narrative information on the main Taxonomy activities in which eligibility and alignment was verified.

### 6.2.3 Draft advice

The CfA requires coordinated input by ESMA, EBA and EIOPA on the topic of group Taxonomy reporting. For the purpose of this consultation, the ESAs have determined that they will seek input from stakeholders on some general, cross-sectoral considerations on this topic, as well as on particular fact patterns that are specific to the respective remits of each ESA. Therefore, the tentative views expressed in this section should be read as consistent with the broad principles and considerations developed by the three ESAs in their respective consultation documents, but they constitute ESMA's draft advice with regards to group reporting by non-financial-undertaking-led groups. Depending on the input received by the respective stakeholders, the ESAs will then agree on a consistent approach to group reporting in the final advice.

#### Draft ESAs advice

The ESAs advice in relation to the horizontal issue of group reporting is as follows:

- a. As a general rule, the group should disclose the KPI(s) relevant for the type of activity of the parent undertaking, following the rules set out in the DDA. Where a group is led by a financial holding company and that group is identified as a financial conglomerate in accordance with the EU Directive on financial conglomerates, the KPI(s) should be those relevant for the entity leading the financial conglomerate.
- b. Additional relevant KPIs should be disclosed by material subsidiaries or intermediate parent undertakings, where the businesses undertaken by these entities are of a different nature than those carried out by the parent undertaking, necessitating the use of different KPIs. The Accounting Directive does not specify thresholds for triggering separate reporting within the group of the other businesses carried out by certain subsidiaries or groups of subsidiaries. Nevertheless, the Omnibus Delegated Act envisages a 10% materiality threshold, the application of which differs depending on the sectors considered. A similar criterion could be usefully introduced explicitly to determine which

subsidiaries or groups of subsidiaries should warrant additional reporting alongside the disclosures stemming from the main group reporting regime.

- c. No or limited disclosure of additional KPI(s) by material subsidiaries or intermediate parent undertakings may be justified in cases where the businesses of these entities are sufficiently integrated within the group reporting at consolidated level.
- d. When the other business activities are exclusively serving the group's internal needs, e.g. 'captive (re)insurance undertakings' or other internal financial services providers, there may be limited additional value in reporting on the Taxonomy profile of these activities which would be highly, if not entirely, correlated with the Taxonomy profile of the group as reflected through the main group reporting regime.

In addition, the ESAs consider that the additional information based on relevant KPIs provided by material subsidiaries and parent undertakings could take a simplified form as compared to the full templates. In that regard, the European Commission may choose to provide simplified templates for that purpose. The ESAs stand ready to assist the Commission in this task in case this approach is pursued.

The ESAs are also of the opinion that the Third Commission Notice introducing the need to compute a weighted KPI aggregating various activities carried out by groups is not meaningful and has shortcomings. The ESAs invite the European Commission to consider deleting this point.

## 7. CONSULTATION QUESTIONS

### Underwriting KPI

**Q1.** Do you agree that the proposed revisions improve the decision-usefulness of Taxonomy disclosures while reducing reporting burden for insurance undertakings? Please explain.

**Q2.** Do you agree with renaming the current underwriting KPI to "Adaptation Underwriting KPI" to better reflect its scope? Please explain.

**Q3.** Do you support to keep the "split premium" approach for the Adaptation Underwriting KPI? Please provide reasons.

**Q4.** Do you agree with the proposal to limit the denominator of the alignment and eligibility ratios to the 8 Eligible Lines of Business? Explain why.

**Q5.** For the numerator of the eligibility ratio, do you agree with the proposed standardisation of determination of eligibility?

### **Green Insured Activities KPI**

**Q6.** Do you support the introduction of a “Green Insured Activities KPI” measuring exposure to Taxonomy-aligned counterparties or assets?

If so:

- a) Do you consider that the KPI should be applied on a voluntary or mandatory basis?
- b) Do you consider that the introduction of such a KPI should be deferred to the longer term?

Please provide reasons for your answer.

**Q7.** Should this KPI complement or replace the current KPI over time? Please explain.

**Q8.** Do you support the methodology for the Green Insured Activities KPI? If not, what alternative calculation approaches would work better to identify the Taxonomy-alignment of insured companies and objects?

### **Other simplifications**

**Q9.** Do you agree with simplifying the Investment KPI by removing the breakdowns for gas and nuclear activities?

**Q10.** Do you agree with removing the combined KPI (weighted average of underwriting and investment KPIs)?

**Q11.** Do you support the introduction of an executive summary (dashboard) containing key Taxonomy and ESRS indicators in the Annual Report?

### **Cross-sectoral issues: Use of OpEx for the Investment KPI and group reporting**

#### **Use of OpEx**

**Q12.** Bearing in mind that OpEx is not included in the current disclosure template for insurance undertakings’ Investment KPI, could the OpEx KPI of investee companies become relevant for voluntary reporting by insurance undertakings, in combination with the CapEx KPI?

#### **Group reporting**

**Q13.** The ESAs are proposing to remove the weighted average for group reporting. Do you agree that, in cases where a single KPI figure is required (such as for investment KPIs or investments made by financial products disclosed under SFDR), the KPI of the main business of the group should be used? If not, what alternative methodology would you propose?

**Q14.** Do you agree that computing group level KPIs for mixed groups as currently described in the FAQs of the Third Commission Notice poses challenges? If not so, please explain how the identified issues could be solved in practice.

**Q15.** Do you have comments on the common principles based on which possible solutions have been developed by the ESAs?

**Q16.** Do you see specific challenges on how to determine the group main reporting regime or prevalent business of a mixed group or financial conglomerate? Please provide examples if relevant.

**Q17.** Do you support introducing a 10% materiality threshold based on the turnover generated by the other businesses a mixed group engages in? If not, please explain why.

**Q18.** Do you think that the proposal regarding sub-group level disclosures would provide a sufficiently transparent depiction of the Taxonomy profile of a mixed group? Please explain your views on the different criteria identified.

**Q19.** What are your views on the types of disclosures which should be required for the other activities businesses? Do you think that the full templates should be disclosed to enable easier comparability with undertakings engaging in similar activities or would you support lighter disclosures? Please explain.

# PRIVACY STATEMENT RELATED TO PUBLIC CONSULTATIONS AND SURVEYS

## Introduction

1. The European Insurance and Occupational Pension authority (EIOPA) is committed to protecting individuals' personal data in accordance with Regulation (EU) 2018/1725<sup>19</sup> (further referred to as "the EUDP Regulation").
2. In line with Articles 15 and 16 of the EUDP Regulation, this privacy statement provides information to the data subjects relating to the processing of their personal data carried out by EIOPA.

## Purpose of the processing of personal data

3. Personal data is collected and processed to manage online public consultations EIOPA launches, and to conduct online surveys, including via online platform EUSurvey<sup>20</sup>, and to facilitate further communication with participating stakeholders (e.g., when clarifications are needed on the information supplied or for the purposes of follow-up discussions that the participating stakeholders may agree to in the context of the consultations or surveys).
4. The data will not be used for any purposes other than the performance of the activities specified above. Otherwise you will be informed accordingly.

## Legal basis of the processing of personal data and/or contractual or other obligation imposing it

5. The legal basis for this processing operation are the following:
  - Regulation (EU) 1094/2010, and notably Articles 8, 10, 15, 16, 16a, 29 and 71 thereof
  - EIOPA's Public Statement on Public Consultations
  - EIOPA's Handbook on Public Consultations

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<sup>19</sup> Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC, OJ L 295, 21.11.2018, p. 39–98.

<sup>20</sup> For more information on the processing of personal data in EUSurvey, please see the [dedicated privacy statement](#).

6. In addition, in accordance with Article 5(1)(a) of the EUDP Regulation, processing is lawful as it is necessary for the performance of a task carried out in the public interest.

### **Controller of the personal data processing**

7. EIOPA's controller responsible for the processing of personal data is the Executive Director.
8. Address and email address of the controller:

Westhafen Tower, Westhafenplatz 1

60327 Frankfurt am Main

Germany

[DataController@eiopa.europa.eu](mailto:DataController@eiopa.europa.eu)

### **Contact detail of EIOPA's Data Protection Officer (DPO)**

9. Westhafen Tower, Westhafenplatz 1, 60327 Frankfurt am Main, Germany  
[dpo@eiopa.europa.eu](mailto:dpo@eiopa.europa.eu)

### **Types of personal data collected**

10. The following personal data might be processed:
  - Personal details (e.g. name, contact details: e.g. email address, phone number).
  - Employment details (company and job title).

### **Recipients/processors of the personal data collected**

11. Data will be collected and disclosed to the relevant staff members part of the Department/Unit in charge of the consultation/surveys and also to other EIOPA's staff on a need-to-know basis (e.g IT staff, security officer).

### **Retention period**

12. Personal data collected are kept by until the finalisation of the project the public consultation or the survey relate to.

13. The personal data collected in EUSurvey are deleted from EUSurvey as soon as the period to provide answers elapsed.

### Transfer of personal data to a third country or international organisations

14. No personal data will be transferred to a third country or international organisation. The service provider is located in the European Union.

### Automated decision-making

15. No automated decision-making including profiling is performed in the context of this processing operation.

### What are the rights of the data subject?

16. Data subjects have the right to access their personal data, receive a copy of them in a structured and machine-readable format or have them directly transmitted to another controller, as well as request their rectification or update in case they are not accurate. Data subjects also have the right to request the erasure of their personal data, as well as object to or obtain the restriction of their processing.
17. Where processing is based solely on the consent, data subjects have the right to withdraw their consent to the processing of their personal data at any time.
18. Restrictions of certain rights of the data subject may apply, in accordance with Article 25 of the EUDP Regulation.
19. For the protection of the data subjects' privacy and security, every reasonable step shall be taken to ensure that their identity is verified before granting access, or rectification, or deletion.
20. Should the data subjects wish to exercise any of the rights provided in paragraphs 16 and 17 above, please contact EIOPA's DPO ([dpo@eiopa.europa.eu](mailto:dpo@eiopa.europa.eu)).

### Who to contact if the data subjects have any questions or complaints regarding data protection?

21. Any questions or complaints concerning the processing of the personal data can be addressed to the internal Data Controller ([DataController@eiopa.europa.eu](mailto:DataController@eiopa.europa.eu)) or EIOPA's DPO ([dpo@eiopa.europa.eu](mailto:dpo@eiopa.europa.eu)).
22. Alternatively, the data subjects can have recourse to the **European Data Protection Supervisor** ([www.edps.europa.eu](http://www.edps.europa.eu)) at any time, as provided in Article 63 of the EUDP Regulation.

## ANNEX: IMPACT ASSESSMENT

### 1.1. Procedural aspects

**The European Commission has requested the European Supervisory Authorities (ESAs) to develop technical advice to inform the review of the Disclosures Delegated Act under the Taxonomy Regulation.** In particular, the European Commission seeks the ESAs' technical advice regarding the Key Performance Indicators (KPIs) provided in the Disclosures Delegated Act: the operational expenditure (OpEx) KPI of non-financial firms, Commissions and Fees KPI and Trading Book KPI of credit institutions, and the underwriting KPI of insurance/re-insurance undertakings. In addition, European Commission seeks the ESAs' technical advice regarding other targeted technical amendments to the Disclosure Delegated Act are necessary to simplify and enhance the usability of Taxonomy reporting.

**Specifically to EIOPA, the European Commission seeks its technical input regarding the revised methodology for Taxonomy-assessment of underwriting activities and the inclusion climate-related perils in underwriting KPI.** If applicable and relevant, EIOPA could propose other targeted simplifications and improvements, such as simplification to the reporting templates and any other relevant changes to insurance KPIs and reporting rules.

As relevant and appropriate with regards to their respective remits, European Commission seeks the ESAs' technical advice regarding horizontal issues: OpEx for the computation of the KPIs of financial institutions and group level taxonomy reporting.

**According to the European Commission's request, the ESAs should justify their advice by identifying, where relevant, a range of technical options and undertaking a qualitative, and as far as possible, quantitative assessment of the costs and benefits of each.** Where administrative burdens and compliance costs on the side of the industry could be significant, the ESAs should, where possible, quantify these costs. The analysis of costs and benefits is undertaken according to an Impact Assessment methodology.

### 1.2. Problem definition

The current Disclosures Delegated Act under the Taxonomy Regulation requires financial institutions to report on their environmental, social, and governance (ESG) performance and

Taxonomy alignment. The reporting rules are designed to enable investors and the public to assess the proportion of Taxonomy-aligned economic activities pursued by both non-financial and financial undertakings. This transparency allows the financial sector to efficiently identify and finance sustainable activities while avoiding greenwashing. However, the complexity and lack of clarity of the existing disclosure requirements lead to difficulties both for entities reporting their taxonomy-aligned activities, resulting in inconsistent disclosures, and for those making the use of disclosures, which find it hard to navigate across the lengthy sustainability disclosures. These problems ultimately risk hindering the achievement of the EU's sustainable finance objectives and the efficient flows of capital towards the sustainable economy.

Despite the encouraging figures reported by large and listed undertakings on their Taxonomy-aligned revenues and investments, stakeholders including insurance undertakings, groups of undertakings, and auditors have found the application of the sustainability reporting framework, including the Taxonomy criteria and reporting requirements, to be burdensome and challenging.

The landscape of sustainability reporting is rapidly changing, with evolving regulatory requirements, increasing stakeholder expectations, and growing demands for transparency and accountability. The complexity of sustainability reporting is also increasing, with a multitude of reporting frameworks, standards, and guidelines, which can create challenges for financial institutions to navigate and ensure compliance.

The existing Taxonomy reporting requirements have been criticized for their complexity, and the number of reported datapoints has created a significant administrative burden for (re)insurance undertakings .

The European Commission has already taken steps to address these issues through the Omnibus Delegated Act, which simplified Taxonomy reporting and reduced the number of reported datapoints. In addition with the changes to the scope of the CSRD introduced by the Omnibus Directive, less data will be available on Taxonomy disclosures of investee companies and business counterparties, including insured businesses.

However, a more comprehensive review of the Taxonomy reporting requirements is still needed to significantly facilitate their implementation and to ensure consistency, interoperability, and across the sustainable finance framework.

The on-going review of the Taxonomy technical screening criteria – which did not however cover insurance activities - and the proposal for the revision of the Sustainable Finance Disclosure Regulation (SFDR) highlight the need for targeted simplification and improvement measures to be taken in the context of the Disclosures Delegated Act.

In particular, the following challenges need to be addressed:

- The complexity and administrative burden of the EU Taxonomy
- The limited demand for granular Taxonomy disclosures by users
- The lack of consistency and interoperability across the sustainable finance framework
- The need for greater clarity and simplicity in the Taxonomy reporting requirements
- The need to ensure that the Taxonomy reporting requirements are aligned with the Commission's efforts to incentivise greening the economy and to simplify the sustainable finance framework.

Therefore, there is a need for targeted technical advice to inform the completion of the review the Disclosures Delegated Act, with a focus on simplifying and improving the Taxonomy reporting requirements, and ensuring consistency, interoperability, and across the sustainable finance framework.

### **Baseline scenario**

When analysing the impact from proposed policies, the Impact Assessment methodology foresees that a baseline scenario is applied as the basis for comparing policy options. This helps to identify the incremental impact of each policy option considered.

The aim of the baseline scenario is to explain how the current situation would evolve without additional regulatory intervention.

EIOPA has applied as a baseline scenario to assess the potential costs and benefits from the provisions in the technical advice, the current Taxonomy reporting requirements as established by the Disclosures Delegated Act. This impact assessment report is not intended to analyse the costs and benefits arising from the requirements already established in the Taxonomy framework including the Omnibus Delegated Act which simplified Taxonomy reporting and introduced transitional relief for financial undertakings and materiality thresholds for the reporting. Such costs and benefits were duly analysed by the Commission and documented in the impact assessment report accompanying the text of the Taxonomy Regulation and the Omnibus Delegated Act.

The baseline is based on the current situation of EU insurance and reinsurance markets. The table below summaries the relevant provisions that have been considered as part of the baseline.

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<b>Provision</b>	<b>Description</b>
Taxonomy Regulation	Establishes the framework for sustainable finance and defines the criteria for environmentally sustainable economic activities
Climate Delegated Act	Lists the Technical Screening Criteria including for insurance undertakings on climate adaptation
Disclosures Delegated Act	Sets out the reporting requirements for financial institutions on their Taxonomy alignment and sustainability performance
Omnibus Delegated Act	Simplifies Taxonomy reporting and introduces transitional relief for financial undertakings
Sustainable Finance Disclosure Regulation (SFDR)	Regulates the disclosure of environmental, social, and governance (ESG) risks and opportunities by financial institutions

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### 1.3. Objectives

The main objective is to develop technical advice to inform the completion of the review of the insurance KPIs in the Disclosures Delegated Act, which could result in targeted amendments to that Act with a view to simplifying and improving the Taxonomy reporting by insurance undertakings. This objective is connected with the following aims:

- simplifying the Taxonomy reporting requirements and reduce reporting burden for undertakings;
- improving the overall effectiveness and usability of the Taxonomy reporting;
- enhancing the comparability and consistency of sustainability-related disclosures.

Other relevant objectives, which have been considered in developing this advice, include:

- coherence with current EU regulatory requirements;
- proportionality, taking into account the, nature, scale and complexity of financial institutions' activities;
- cross-sectoral consistency, in particular with respect to sustainability-related disclosures and reporting requirements.

These objectives are aligned with the aim of promoting sustainable finance and improving the overall functioning the EU financial system.

## 1.4. Policy options

With the intention to meet the objectives set out in the previous section, EIOPA has analysed different policy options throughout the policy development process. Specifically, the following key policy issues have been considered regarding potential modifications to the underwriting KPI under the Disclosures Delegated Act:

- ▶ Changing current underwriting KPI covering climate-related perils to measure share of Taxonomy-aligned Insured Assets and objects;
- ▶ Restricting the denominator of the current underwriting KPI to eligible underwriting Lines of Business;
- ▶ Remove split of premium in the nominator of the current underwriting KPI and instead reporting of full premium of a product containing a Taxonomy-aligned underwriting activity;

### 1.4.1. POLICY ISSUE 1: CHANGING CURRENT UNDERWRITING KPI COVERING CLIMATE-RELATED PERILS VERSUS TO MEASURE SHARE OF TAXONOMY-ALIGNED INSURED ASSETS AND OBJECTS

This policy issue identifies whether the underwriting KPI numerator should be amended or supplemented to measure the revenues or premiums related to their non-life insurance or reinsurance activities covering Taxonomy-aligned insured counterparties or Taxonomy-aligned assets, beyond or instead of the revenues or premiums corresponding to Taxonomy-aligned insurance or reinsurance activities in accordance with points 10.1. and 10.2. of Annex II to Climate Delegated Act (climate-related perils underwriting).

- ▶ Policy option 1.1: No change
- ▶ Policy option 1.2 (Mixing): Expand the numerator of the underwriting KPI to include the premiums or revenues connected to underwriting activities covering Taxonomy-aligned insured counterparties or taxonomy-aligned assets;
- ▶ Policy option 1.3 (Adding): Add an additional “Green Insured Activities KPI”, separately from the existing underwriting KPI, that would specifically measure the share of underwriting activities covering Taxonomy-aligned insured counterparties or objects
- ▶ Policy option 1.4 (Substituting): Replace the numerator of the underwriting KPI by the GWP of the underwriting activities covering Taxonomy-aligned counterparties or Taxonomy-aligned assets

### 1.4.2. POLICY ISSUE 2: REVIEW OF THE UNDERWRITING KPI - RESTRICTING THE DENOMINATOR OF THE UNDERWRITING KPI TO ELIGIBLE LINES OF BUSINESS

This policy issue identifies whether the underwriting KPI should be depicted as a percentage of taxonomy eligible underwriting activities.

- ▶ Policy option 2.1: no change
- ▶ Policy option 2.2: calculate the underwriting KPI in percentage terms relative to the 8 eligible Lines of Business.
- ▶ Policy option 2.3: Restrict the denominator to cover only the identified eligible contracts with a split of premium

### 1.4.3. POLICY ISSUE 3: REMOVE SPLIT OF PREMIUM IN THE NOMINATOR OF THE CURRENT UNDERWRITING KPI AND INSTEAD REPORTING OF FULL PREMIUM OF A PRODUCT CONTAINING A TAXONOMY-ALIGNED UNDERWRITING ACTIVITY

This policy issues identifies whether the underwriting KPI should present in the numerator not the specific share of the premiums or revenue corresponding to the Taxonomy-aligned activity, but to the whole premium for the product containing at least one Taxonomy-aligned underwriting activity in accordance with points 10.1 and 10.2. of Annex II to Taxonomy Climate Delegated Act.

- ▶ Policy option 3.1: no change
- ▶ Policy option 3.2: Remove split of premiums in the numerator of the Taxonomy-alignment ratio

## 1.5. Analysis of impacts

Given the objectives of the Technical Advice and of the reporting rules in general, this section assesses the impacts on the two main stakeholder groups of the Disclosures Delegated Act – the preparers of undertakings that will need to produce the reporting and the users of the reporting on the one hand, and the investors and general public on the other.

Options	Insurance/Reinsurance Undertakings (Preparers)	Investors/General Public (Users)
1.1. No change	<p><b>Costs:</b></p> <ul style="list-style-type: none"> <li>• Lack of alignment with the "financing/enabling" logic used by other financial sectors (banking/asset management).</li> <li>• Limited ability to publicly showcase the industry's broader role in supporting the green transition beyond specific climate-peril products.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• No additional implementation or compliance costs.</li> </ul>	<p><b>Costs:</b></p> <ul style="list-style-type: none"> <li>• Inability to assess the insurance sector's role in supporting taxonomy-aligned counterparties/assets and its supporting role in a transition to a sustainable economy</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• No changes required to data ingestion models or comparative analysis frameworks.</li> </ul>

	<ul style="list-style-type: none"> <li>Stability of existing reporting framework and companies' infrastructure.</li> </ul>	
1.2 Mix of UW KPI with new GIA KPI (Taxonomy-aligned Insured Activities KPI)	<p><b>Costs:</b></p> <ul style="list-style-type: none"> <li><b>Significant operational burden:</b> High costs for establishing new data collection processes regarding the taxonomy-alignment of insured counterparties and assets.</li> <li><b>Unclear on what is covered due to the mix of approaches (how insurance is sustainable, and what is being insured)</b></li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>Having one unique KPI capturing more of insurer's contribution to the sustainable transition</li> </ul>	<p><b>Costs:</b></p> <ul style="list-style-type: none"> <li><b>Dilution of information:</b> High risk of "signal noise" as the KPI mixes different economic signals (active adaptation contribution vs. general transition support).</li> <li><b>Harder to perform peer-to-peer comparisons</b> due to the heterogeneous nature of the numerator.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>A single figure representing the "total" green footprint of insurers.</li> </ul>
1.3 Addition of a new GIA KPI along the existing UW KPI	<p><b>Costs:</b></p> <ul style="list-style-type: none"> <li><b>Increased reporting complexity due to the management of an additional KPI.</b></li> <li><b>Significant operational burden:</b> adding data collection costs for assessing counterparty/asset alignment (as in Option 1.2).</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li><b>High transparency:</b> Allows firms to demonstrate their supporting role (enabling transition) while maintaining the integrity of the climate-peril metric.</li> <li><b>Alignment with the reporting logic of other financial sectors.</b></li> </ul>	<p><b>Costs:</b></p> <ul style="list-style-type: none"> <li>Increased volume of disclosures to process and analyze.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li><b>Enhanced granularity:</b> Provides a comprehensive overview of how insurance impacts the transition from both a product offering (climate-related perils underwriting activity) and a supporting (underwriting of taxonomy-aligned assets and counterparties) perspective.</li> </ul>
1.4 Substitution of the existing UW KPI with new GIA KPI	<p><b>Costs:</b></p> <ul style="list-style-type: none"> <li><b>Sunk costs:</b> Previous investments in reporting infrastructure for climate-peril KPIs would be rendered obsolete.</li> <li><b>Significant operational burden:</b> adding data collection costs for assessing counterparty/asset alignment (as in Option 1.2/1.3).</li> </ul> <p><b>Benefits:</b></p>	<p><b>Costs:</b></p> <ul style="list-style-type: none"> <li><b>Failure to capture the industry's unique role in fostering adaptation and climate resilience.</b></li> <li><b>Information loss:</b> no possibility to assess historical evolution of insurance's role in supporting climate adaptation measures through underwriting activities</li> </ul> <p><b>Benefits:</b></p>

	<ul style="list-style-type: none"> <li>• <b>High transparency:</b> Allows firms to demonstrate their supporting role (enabling transition) while maintaining the integrity of the climate-peril metric.</li> <li>• <b>Alignment with the reporting logic of other financial sectors.</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Simple, single-metric focus on the counterparty level and aligned to other financial sectors</b></li> </ul>
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**Specific estimations on the associated costs with options 1.2., 1.3., and 1.4. for insurance undertakings to produce a Green Insured Activities KPI (KPI measuring the Taxonomy-alignment of insured counterparties and objects):**

- ▶ Based on the available data from the banking industry on the producing of the Green Asset Ratio, to which the insurance KPI would be very similar in terms of requirements, the following costs could be necessary to produce the new KPI:
  - Costs for data collection and management:
    - Fixed costs: According to EBA Advice to the European Commission on Disclosures under Article 8 of the Taxonomy Regulation" (March 2021), banks reported sustaining one-off IT and system adaptation costs ranging from €1 million to €5 million to integrate ESG data into underwriting and reporting systems.
    - Variable costs: costs for third-party ESG providers are estimated between €100.000-€150.000 to fill data gaps for counterparties not yet reporting under CSRD
  - Costs for Own Resources: According to the European Commission Impact Assessment (SWD/2021/183), for a large financial group, the reporting cycle typically requires an additional **3 to 8 Full-Time Equivalents (FTEs)** across risk, compliance, and sustainability departments to manage the increased complexity of the "look-through" KPI. Insurers should already have such dedicated figures, but an additional KPI could increase the FTE requirement.
  - Audit and Assurance: Banking industry<sup>21</sup> estimates suggest that the inclusion of a complex alignment KPI (similar to the GAR) can increase the overall cost of sustainability reporting audits by **15% to 25%**, due to the need for "limited assurance" over a larger and more granular dataset.

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<sup>21</sup> Based on the Association for Financial Markets in Europe (AFME) and the European Banking Federation (EBF) published several reports (e.g., "Implementation of the EU Taxonomy: The Banking Perspective")

Policy issue 2: Review of the underwriting KPI - Restricting the denominator of the underwriting KPI to eligible underwriting activities		
	Stakeholder Groups	
Options	Insurance/Reinsurance Undertakings	Investors/General Public
2.1. No change	<p><b>Costs:</b></p> <ul style="list-style-type: none"> <li>• <b>Diluting relevance of the underwriting KPI:</b> fails to account for the fact that certain lines of business (e.g., general liability) cannot be assessed for alignment and cannot contribute to alignment, diluting the overall KPI result.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• <b>Stability and consistency:</b> no additional reporting KPIs and possibility to assess own performance over time</li> </ul>	<p><b>Costs:</b></p> <ul style="list-style-type: none"> <li>• <b>Inconsistent reporting:</b> Harder to compare insurance data with other financial sectors (like banking) that use restricted denominators (e.g., the Green Asset Ratio).</li> <li>• <b>Data Dilution:</b> The KPI is "diluted" by non-eligible activities, making it harder to differentiate between leaders and laggards in sustainable underwriting.</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• <b>Series Continuity:</b> Allows for easy year-on-year comparisons without methodological breaks.</li> <li>• <b>Low risk of greenwashing:</b> The KPI shows the total % of taxonomy-aligned activities of an insurer, as for other non-financial corporations, showing the total contribution of the insurer.</li> </ul>
2.2. Limit denominator to 8 eligible LoB	<p><b>Costs:</b></p> <ul style="list-style-type: none"> <li>• <b>Minor reporting change:</b> limited costs associated with updating reporting templates and data aggregation logic (though the raw data is typically already available).</li> </ul> <p><b>Benefits:</b></p>	<p><b>Costs:</b></p> <ul style="list-style-type: none"> <li>• <b>Loss of time series data:</b> Users will see a sudden "jump" in reported percentages, which could be misinterpreted if not carefully contextualized.</li> <li>• <b>Greenwashing Risk:</b> By narrowing the denominator, the relative contribution to taxonomy-aligned activities will increase even if undertakings have not changed their business model, potentially misleading users of the data.</li> </ul> <p><b>Benefits:</b></p>

	<ul style="list-style-type: none"> <li>• Increase of results as the denominator will decrease by around 30%</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Enhanced Comparability:</b> Easier to compare alignment performance across different insurance undertakings and other financial sectors.</li> <li>• <b>Focus on Actionable Data:</b> provides a clearer picture of the proportion of the business that could be contributing to taxonomy-aligned activities that actually is.</li> </ul>
2.3 Restrict the denominator to cover only the eligible contracts and apply a split of premium	<p><b>Costs:</b></p> <ul style="list-style-type: none"> <li>• <b>Additional KPI:</b> limited increased costs associated with the need to report and audit an additional metric. Costs are limited as the data is already calculated by undertakings</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• The Taxonomy-alignment figures would significantly increase by such a change, as the denominator would be radically reduced</li> </ul>	<p><b>Costs:</b></p> <ul style="list-style-type: none"> <li>• <b>Increased Complexity:</b> Users must process and interpret double the data, which may lead to confusion or "disclosure overload" for the general public. A mitigation measure is given by the fact that usually taxonomy-disclosures are intended for an expert audience, and the general public only receives 'filtered' information on the alignment of companies (e.g., through media)</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• <b>Full Transparency:</b> Provides the most granular view of taxonomy-aligned underwriting activities, showing both absolute and relative contribution.</li> </ul>

<b>Policy issue 3: Expanding the numerator of the underwriting KPI to total premium of products containing taxonomy-aligned underwriting activities</b>		
	Stakeholder Groups	
Options	Insurance/Reinsurance Undertakings	Investors/General Public
3.1. no change – keep split of premium in	<p><b>Costs:</b></p> <ul style="list-style-type: none"> <li>• <b>Complex and burdensome to calculate:</b> insurers have raised that it is hard to split premiums into the part dedicated to covering climate-related perils and the rest of the product. For reinsurers, this is even</li> </ul>	<p><b>Costs:</b></p> <ul style="list-style-type: none"> <li>• <b>Inconsistent reporting:</b> Harder to compare insurance data with other financial sectors (like banking) that use restricted denominators (e.g., the Green Asset Ratio).</li> </ul>

the numerator	harder as re-insurance is provided as a package of policies.	<ul style="list-style-type: none"> <li>• <b>Data Dilution:</b> The KPI is "diluted" by non-eligible activities, making it harder to differentiate between leaders and laggards in sustainable underwriting.</li> </ul>
	<p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• No additional costs of changing methodology</li> </ul>	<p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• <b>Series Continuity:</b> Allows for easy year-on-year comparisons without methodological breaks.</li> <li>• <b>Low risk of greenwashing:</b> The KPI shows the actual portion of the product that covers climate-related perils and therefore contributes to climate change adaptation</li> </ul>
3.2. Remove split of premiums in the numerator of the Taxonomy-alignment ratio	<p><b>Costs:</b></p> <ul style="list-style-type: none"> <li>• Costs of changing the processes to identify all premiums instead of the split</li> </ul>	<p><b>Costs:</b></p> <ul style="list-style-type: none"> <li>• <b>Loss of time series data:</b> Users will see a sudden "jump" in reported percentages, which could be misinterpreted if not carefully contextualized. <b>Greenwashing Risk:</b> By including all the premium of products that include, even in minor part, a coverage of climate-related perils, the relative contribution to taxonomy-aligned activities will increase even if undertakings have not changed their business model, potentially misleading users of the data.</li> </ul>
	<p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• <b>Simplifying reporting:</b> reduces the burden on (re-)insurers as the full premium of policy that includes climate-related perils coverage can be included without needing to split the premium</li> </ul>	<p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Identification of volume of products offering coverage for NatCat perils</li> </ul>

## 1.6. Comparison of Options

**1.6.1. Policy issue 1: Changing current underwriting KPI covering climate-related perils versus to measure share of Taxonomy-aligned Insured Assets and objects**

Policy Options	Efficiency			Effectiveness		
	Objective 1: Simplify	Objective 2: Increase Usability	Objective 3: Improve Comparability	Objective 1: Simplify	Objective 2: Increase Usability	Objective 3: Improve Comparability
1.1 No change	+	0	0	+	0	0
1.2 "Mix" KPI	0	0	0	0	0	0
1.3 "Add" KPI	0	+	0	0	+	0
1.4 Substitute KPI	0	+	0	0	+	0

The current underwriting KPI for insurance and reinsurance undertakings focuses primarily on revenues or premiums from activities covering climate-related perils. However, this narrow scope lacks alignment with the "**financing/enabling**" logic used by other financial sectors, such as banking and asset management, and limits the ability of the insurance industry to showcase its broader role in supporting the green transition.

As outlined in the policy impact analysis, maintaining the status quo (Option 1.1) would avoid additional costs, but it fails to provide investors with a comprehensive view of how insurers support taxonomy-aligned counterparties. Conversely, mixing different approaches into a single KPI (Option 1.2) would create "signal noise," making it difficult to distinguish between active adaptation contributions and general transition support and is the least favoured option. Substituting the existing metric entirely (Option 1.4) seems no to be the best option as, as it would render previous infrastructure investments obsolete and lose critical data on climate resilience.

**Option 1.3 (to add an additional “Green Insured Activities KPI” beyond the existing underwriting KPI)** specifically measures the share of underwriting activities covering taxonomy-aligned insured counterparties or assets. By maintaining the climate-peril metric while adding the enabling metric, users can gain a dual perspective on the industry’s impact: its direct product offering for climate adaptation and its broader role in enabling the transition of the wider economy. To mitigate this reporting burden, the implementation of this additional KPI could be voluntary or postponed to a later stage.

However this option involves a higher operational burden for data collection, presents data collection challenges and limited scope of data (related to insured CSRD reporting insured companies, transport and property insurance).

To conclude, there is no clear preferred option for this policy issue.

**1.6.2. Policy issue 2: Review of the underwriting KPI - restricting the denominator of the underwriting KPI to eligible underwriting activities**

Policy Options	Efficiency			Effectiveness		
	Objective 1: Simplify	Objective 2: Increase Usability	Objective 3: Improve Comparability	Objective 1: Simplify	Objective 2: Increase Usability	Objective 3: Improve Comparability
1.1 No change	0	0	0	0	0	0
<b>1.2 Substitute</b>	<b>+</b>	<b>++</b>	<b>+</b>	<b>++</b>	<b>++</b>	<b>+</b>
1.3 Add	0	+	+	0	+	++

Under the current reporting framework, the underwriting KPI is calculated against total activities, which includes lines of business (such as general liability) that cannot be assessed for Taxonomy-alignment, as they can not contribute to any of the sustainability objectives of the Taxonomy. This leads to a "dilution" of the KPI, making it difficult to differentiate between leaders and laggards and hindering comparability with other financial sectors, such as banking, which utilize restricted denominators (e.g., the Green Asset Ratio (GAR) will disregard SMEs from the denominator, as no Taxonomy data will be available to understand their Taxonomy-alignment).

While maintaining the status quo (Option 2.1) ensures time-series continuity, it fails to provide a clear picture of the proportion of an insurer’s "actionable" business that is actually sustainable. On the other hand, while adding a secondary "potential improvement" KPI (Option 2.3) would offer maximum transparency, it increases disclosure complexity and processing volume for users.

Against this background, **Option 2.2 (to calculate the underwriting KPI in percentage terms relative to Taxonomy-eligible Lines of Business)** is the preferred option. By restricting the denominator to the eight eligible Lines of Business, this approach provides **enhanced comparability and a focus on actionable data**, showing exactly how much of the eligible business is aligned. Although this may result in a perceived "jump" in alignment percentages (aprox. 30% of the current denominator would be excluded) and a break in historical data, however the operational costs for undertakings are considered minor as the underlying data is typically already available. To mitigate the risk of misinterpretation or "greenwashing" perceptions, clear contextual reporting will be necessary to explain the methodological shift to users.

**1.6.3. Policy issue 3: Expanding the numerator of the underwriting KPI to total premium of products containing taxonomy-aligned underwriting activities**

Policy Options	Efficiency			Effectiveness		
	Objective 1: Simplify	Objective 2: Increase Usability	Objective 3: Improve Comparability	Objective 1: Simplify	Objective 2: Increase Usability	Objective 3: Improve Comparability
1.1 No change	0	+	+	0	+	+
1.2 Expanding Numerator	+	0	0	+	0	0

While retaining the current methodology (Option 3.1) continues to impose reporting challenges on (re-)insurance undertakings, particularly due to the need to split premiums between climate-related peril coverage and other elements of insurance products, the overall assessment suggests that maintaining the status quo is preferable. The existing approach provides a more accurate representation of the share of premiums that genuinely contribute to Taxonomy-aligned climate adaptation activities, thereby reducing the risk of overstating sustainable underwriting and limiting potential greenwashing concerns. It also preserves continuity in reported data, enabling meaningful year-on-year comparisons and avoiding methodological breaks that could distort trend analysis. Although removing the premium split requirement would simplify reporting and reduce administrative burdens for undertakings (Optio 3.2), it would also increase the likelihood that reported Taxonomy-alignment ratios reflect broader product volumes rather than the actual extent of climate-related coverage. This could lead to sudden increases in reported alignment without corresponding changes in business practices, potentially misleading investors and other stakeholders. **On balance, the benefits of maintaining data integrity, comparability over time, and credibility of sustainability disclosures presented in Option 3.1 outweigh the operational simplification associated with changing the methodology of Option 3.2.**

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