

ADVICE TO THE COMMISSION ON THE REVIEW OF (RE)INSURANCE DISCLOSURES UNDER THE TAXONOMY DISCLOSURES DELEGATED ACT

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EXECUTIVE SUMMARY

In March 2026, the European Commission requested the European Supervisory Authorities to provide technical advice on simplifying and improving the Disclosures Delegated Act¹ (DDA) under the Taxonomy Regulation². The initial proposal put forward in their request was 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. This would disclose the enabling role of the 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 concerning disclosure of 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 Act³,
- 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.

EIOPA’s advice to the European Commission follows a [public consultation](#) conducted from 1 July to 13 August 2026. A feedback statement to the consultation responses is published alongside this Advice. EIOPA’s consultation received responses from 19 stakeholders including auditor firms, insurance associations and undertakings, an NGO, an actuarial association, standard-setters and an ESG data provider. Overall, stakeholders support improving the usefulness of insurance disclosures while reducing reporting burdens, broadly welcoming EIOPA’s “quick fix” proposals. However, stakeholders strongly opposed introducing an additional Green Insured Activities (GIA) KPI, and with regard to the

¹ 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.

² 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.

³ 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

existing Underwriting KPI. Most respondents proposed to further narrow the denominator to three Lines of Business (LoBs) and to make its reporting voluntary.

EIOPA's advice aim to increase transparency of (re)insurance undertakings' Taxonomy reporting, reduce complexity and reporting burden for (re)insurance undertakings, while preserving the objective of giving users reliable information on (re)insurance activities that contribute to environmentally sustainable outcomes and ensuring the Taxonomy reporting serves to measure how green is the economy.

In this Advice, EIOPA sets out its analysis and proposals. Concerning the current underwriting KPI for insurance and reinsurance undertakings, EIOPA advises the Commission to introduce adjustments to the current KPI as a "quick fix" by:

- **defining how to calculate the numerator** to address current divergent practices. Insurance undertaking should report only the part of the gross written premiums (or insurance revenue) covering Nat Cat perils and only for contracts that include such coverage
- **limiting the denominator of both the alignment and eligibility ratios to the eight non-life Lines of Business that are Taxonomy-eligible, which cover natural catastrophe perils, instead of all non-life business.** Alternatively, the Commission could consider another solution that would retain the denominator of the KPI to the eight eligible non-life Lines of Business (LoBs), while making the inclusion of only the three LoBs most relevant to climate change adaptation under the Climate Delegated Act mandatory – namely "other motor insurance", "marine, aviation and transport insurance" and "fire and other damage to property insurance". This approach would capture the most materially relevant underwriting activities, while allowing insurance undertakings, at their discretion, to include voluntarily any combination of the remaining five eligible LoBs in the denominator, depending on their relevance to natural catastrophe (NatCat) coverage.
- **In addition, the KPI should be renamed accordingly 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 define how to calculate eligible activities in the numerator to address current divergent practices, by requiring a split of the gross written premiums (or insurance revenue, where applicable) in the numerator to cover only Nat Cat perils and only to include the contracts that include such coverage.

With regard to the "combined KPI", EIOPA proposes to replace the weighted average approach by a "reference KPI", which is one of the two existing KPIs – to be chosen depending on its relevance. For life insurance undertakings it should be the Investment KPI, for non-life insurance undertakings, the Adaptation Underwriting KPI should serve as reference KPI. Composite insurance undertakings should establish the KPI which presents a prevalent source of Gross Written Premiums - investment or underwriting. The prevalence of the activity (i.e., underwriting vs investment) should be revised every three years. Such reference KPI would be used by investors to measure exposures to insurance

undertakings, for instance in Green Investment Ratio disclosures or financial product disclosures under the Sustainable Finance Disclosure Regulation (SFDR).

Considering the costs, methodological barriers and data limitations, EIOPA advises that the European Commission does not introduce a “Green Insured Activities KPI” to measure the enabling role of underwriting through a look-through approach. Instead, EIOPA proposes revisiting the introduction of such a concept and resulting disclosure requirements in five years. The [consultation paper](#) included a draft methodology that could be the starting point for disclosure requirements if such KPI is introduced in the future.

In addition, EIOPA advises the European Commission to remove the disclosure on gas and nuclear activities in the reporting investment and underwriting templates, as such disclosure is not applicable for underwriting, and not currently material for the investments of largest insurance undertakings.

With regard to cross-sectoral issues, the European Supervisory Authorities jointly advise:

- **not to introduce the voluntary use of the OpEx KPI in the disclosures of financial undertakings,** including in the Investment KPI disclosures of (re)insurance undertakings.
- **to remove the group-level weighted average KPI. Groups should instead disclose the parent undertaking’s KPIs and corresponding templates, as well as simplified templates (including key KPIs) for significant secondary businesses** where the parent’s main KPIs would not adequately capture the group’s activities. In addition, **instead of the weighted average, EIOPA advises the Commission to indicate that the KPI of the parent undertaking should be used as representative figure for the group.** For insurance-led groups, this KPI should be the “reference KPI” (see above).

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*⁴ (Ref. Ares (2026)2366154), the European Commission (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 (re)insurance activities under the Environmental Delegated Act are not in the scope of the Call for Advice and are not addressed in this Advice.

In particular, the Commission invited 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 or assets, 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 was requested to 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 (ESA) was 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

⁴ Document available at: [Call for Technical Advice on certain Taxonomy Key Performance Indicators and other aspects of the Disclosures Delegated Act4 \(Ref. Ares \(2026\)2366154\)](#)

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.

In this Advice, EIOPA took into account the 19 responses to the [public consultation](#) on the draft proposals it received by 13 August 2026. A summary of the responses is available in the Feedback Statement published together with this Advice.

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 proposals in this Advice:

- **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 2.0](#) the changes proposed aim to reduce the existing Taxonomy-related reporting burdens for (re)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 (re)insurance sector as well as across financial sectors.

1.3 OVERVIEW OF CURRENT REQUIREMENTS

The EU Taxonomy Regulation⁵ (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 activities⁶, considering in that perspective that the insurance of climate-related perils can be an “enabling” activity⁷. For that purpose, The Taxonomy framework identifies eight Solvency II non-life Lines of Business⁸ as being eligible to the climate change adaptation objective. The Technical Screening Criteria then precises how substantial contribution can be measured, through the achievement of certain conditions specified in sections 10.1 and 10.2 of the Climate Delegated Act.

To disclose on this, the 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 underwriting activities by disclosing on the Underwriting Key Performance Indicator (KPI), as well as on the eligibility ratio. In addition, (re)insurance undertakings are required to report on the Taxonomy-alignment and eligibility of their investments by the Investment KPI. In addition, insurance undertakings are required to produce a “combined KPI” which is a weighted average of both Investment and Underwriting KPIs, to allow to measure exposures to insurance undertakings.

More information on the Underwriting KPI and Investment KPI:

- 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

⁵ 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

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

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

⁸ (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.

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 templates set out in Annex X to the Delegated Regulation⁹. A FAQ from the Commission¹⁰ clarified that (re)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 (re)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.¹¹ 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 2025¹² published in the Official Journal on 8 January 2026, with the aim to simplify and reduce reporting burdens for (re)insurance undertakings (among other undertakings) under the EU Taxonomy framework, by allowing (re)insurance undertakings to disclose non-assessed activities considered non-material:

- Excluding immaterial exposures from Taxonomy assessments, by establishing a quantitative de minimis threshold of 10% for life and non-life insurance activities:
 - Insurance undertakings may omit assessing whether the gross premiums written, non-life insurance revenue or, as applicable, reinsurance revenue are taxonomy-eligible or taxonomy-aligned where the cumulative revenue of those gross premiums written, non-life insurance revenue or, as applicable, reinsurance revenue is below 10 % of the denominator of the KPI related to the underwriting activities (referred to in Section 2

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

¹⁰ 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 \(europa.eu\)](#)

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

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

of Annex IX to this Regulation). The gross premiums written or revenue to which the first subparagraph is applied shall be reported separately as non-material gross premiums written or non-material revenue.

- Same rule is applied to the assets whose use of proceeds is known are taxonomy-eligible or taxonomy-aligned where the cumulative value of those assets is below 10 % of all assets whose use of proceeds is known that are included in the denominator of the KPI related to investments. Such assets shall be reported separately as non-material assets.
- For the investment KPI of (re)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 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 breakdowns 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 climate-related adaptation underwriting activities of (re)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.

Hence while the investment KPI of (re)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 (re)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 (re)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 (re)insurance underwriting KPI differs from other financial sectors KPIs in that it relates to liabilities and not assets in the balance sheet.

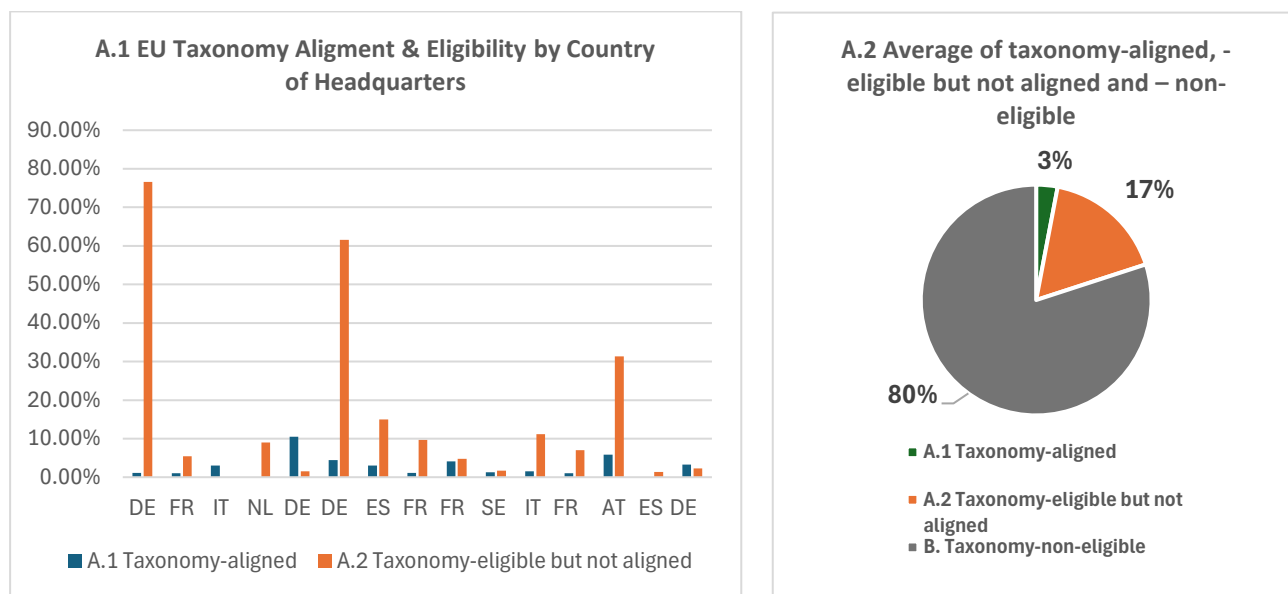
2. DATA FINDINGS ON (RE)INSURERS UNDERWRITING AND INVESTMENT TAXONOMY DISCLOSURES

(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, concerning 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, in order 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.

Key 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 (see figure A.2 below), 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 activities 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.1 EU Taxonomy Alignment & Eligibility by Country of Headquarters)¹³. The companies are anonymised by only providing the country of their headquarters instead of company name. 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 Alignment & 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 of business that explicitly cover climate-related risks within their terms and conditions. Other undertakings adopt a broader approach, including all

¹³ Companies have been anonymised by country. For example, DE appearing four times refers to four different companies located in Germany.

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 DDA 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 insurance undertakings. Preliminary observations

do not indicate the KPI is being used to support investors to assess the sustainability performance of insurance undertakings.

Key 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 (weighted average of investment and underwriting KPIs), 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 reflects a combination of assets and liabilities.

Group reporting KPI

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 it is methodologically opaque and produces a KPI that is a mix of different business activities — asset-side investment and lending activities and liability-side insurance underwriting (in the case of insurance activities within the group). More analysis on this is presented at the last chapter of this Advice, in the cross-sectoral chapter.

Other comments from undertakings in their 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 for 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. EIOPA ADVICE TO EUROPEAN COMMISSION

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 **targeted “quick fix” revisions to the underwriting KPIs. In addition, EIOPA advises the Commission to revisit in 5 years’ time the potential addition of a KPI to measure how Taxonomy-aligned are the activities of the companies/objects insured, but refrain from introducing it in the 2027 review.**

In addition, EIOPA provides advice on horizontal issues such as group reporting and the use of Operational Expenditure of investee companies for the Investment KPI.

The Annex to this Advice includes an impact assessment of the advice set out above, including their expected implications for the relevant stakeholders and reporting requirements.

3.1 REVISIONS TO THE UNDERWRITING KPI

In the answers to the public consultation, most stakeholders welcomed EIOPA’s “quick fix” proposals to improve the existing (re)insurance disclosure requirements¹⁴, in particular to rename the Underwriting KPI into Adaptation Underwriting KPI. With regard to the calculation of the KPI, stakeholders welcomed the proposed standardization of determination of the numerator of this KPI, however, expressed divergent views on how to narrow down the denominator. In addition, many industry respondents proposed to make the disclosure voluntary.

To simplify the underwriting KPI, EIOPA advises the Commission to introduce the following changes:

3.1.1 Standardisation of the numerator calculation

EIOPA recommends to the Commission to clarify that the numerator of the eligibility and alignment ratios should only cover the portion of gross written premiums (or insurance revenue) attributable to climate-related perils (“split of premium” approach) only for contracts or products that cover NatCat risks in the one of the 8 Taxonomy-eligible lines of business.

For the numerator in the Taxonomy-eligibility ratio, (re)insurance undertakings should first identify contracts that cover Nat Cat risks falling within one of the 8 Taxonomy-eligible LoBs. Once these contracts have been identified, undertakings should determine the part of the gross written premiums

(or insurance revenue) that is explicitly allocated to the coverage of climate-related perils, using the same allocation methods as for the numerator of the alignment ratio, provided that the method chosen is documented, applied consistently over time, and appropriate to the nature of the undertaking's business. EIOPA recommends to insurance undertakings to use technical pricing approach for this purpose.

For the numerator of the Taxonomy-alignment ratio, (re)insurance undertakings should first identify the insurance or reinsurance contracts covering natural catastrophe risks that fall within the Taxonomy-eligible lines of business and assess those contracts against the relevant Taxonomy alignment criteria, as set out in Sections 10.1 and 10.2 of Annex II to the Climate Delegated Act. Only the portion of gross written premiums or as applicable, non-life insurance or reinsurance revenue corresponding to the Taxonomy-aligned part of those contracts should be included in the numerator.

EIOPA has kept the "split of premium approach" as eliminating the split of premiums would reduce the informational value of the data and weaken the ability to properly reflect the adaptation features of non-life insurance products. 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 could 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 (re)insurance undertakings as the complete premiums could include a wide range of coverage of other risks.

The "split of premiums approach" is also 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.

In the consultation, stakeholders broadly supported EIOPA's proposal to retain the split premium approach and to standardise the methodology for determining the climate-related share of premiums. Many industry stakeholders nevertheless repeated their conceptual concerns, arguing that it does not fully reflect insurance principles such as risk pooling and diversification and may understate insurers' contribution to climate adaptation. However, most accepted keeping the current approach as a pragmatic solution, since undertakings have already invested in the relevant systems and processes and a methodological change would create additional costs.

3.1.2 Narrowing down the denominator

EIOPA proposes to narrow the denominator of the KPI to better reflect the lines of business that cover climate-related physical risks.

EIOPA advises the Commission to limit the denominator to the 8 eligible Lines of Business, defined as such in the Climate Delegated Act, to ensure comparability across the industry, while excluding products that would not be able to be eligible. Under current requirements, the denominator of the underwriting ratios – Taxonomy-alignment and Taxonomy-eligibility ratios – consists of all non-life business, measured by Gross Written Premium or (re)insurance revenue. Instead, EIOPA recommends that the denominator of the KPI should be limited to include only the premiums (or insurance revenue) related to eight eligible lines of business¹⁵, as defined in the Climate Delegated Act¹⁶. 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 environmentally 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 (re)insurance undertakings.

Alternatively, the Commission could consider limiting the denominator to the eight relevant lines of business, but mandatorily only require to report gross written premiums (or insurance revenue) of the three most relevant LoBs, with allowing any combination of the remaining five eligible LoBs to be included on a voluntary basis. Insurance undertakings would be able, at their discretion, to include any combination of the remaining five eligible LoBs in the denominator, depending on their relevance to natural catastrophe (NatCat) coverage. The denominator should mandatorily comprise the gross written premiums (or insurance revenue) of the three lines of business identified as relevant to climate change adaptation under the Climate Delegated Act which are deemed to be more relevant, namely "other motor insurance", "marine, aviation and transport insurance" and "fire and other damage to property insurance". The inclusion of any combination of the remaining five eligible LoBs should be allowed on a voluntary basis. This approach, while not allowing for full comparability across (re)insurance undertakings when different LoB would be included in the denominator, would ensure that the KPI serves the objective of disclosing the underwriting activities that are the most materially relevant to climate change adaptation. It would also be consistent with the amendments to the banking disclosures under the changes to the EU Taxonomy disclosure framework introduced in 2025, which allow credit institutions to use taxonomy-related information disclosed voluntarily by undertakings

¹⁵ Lines of Business for Underwriting: Assistance insurance; Fire and other damage to property insurance; Marine, aviation and transport insurance; Other motor insurance; Motor vehicle liability insurance; Workers' compensation insurance; Income protection insurance; Medical expense insurance.

¹⁶ [Delegated regulation - 2021/2139 - EN - EUR-Lex](#)

outside the scope of mandatory reporting. At the same time, this approach would not require changes to the Climate Delegated Act, as all 8 LoB could be still included in the denominator.

In addition, EIOPA has considered the following alternatives proposed by stakeholders:

- **To narrow the denominator of the underwriting KPI to lines of business that explicitly cover climate-related physical risks.** In such case, the (re)insurance undertaking would only report in the denominator the lines of business in which it offers products that cover climate-related perils (NatCat risks), from the 8 Eligible Lines of Business. To address any concerns regarding the representativeness of the KPI following a narrowing of the denominator, under this option insurers could disclose additionally a coverage ratio indicating the proportion of these LoBs within the insurer's non-life portfolio. This would provide additional context and facilitate comparability across insurers with different business models and the related extent of their contribution to Taxonomy-aligned insurance activities. However, EIOPA does not support such an approach, as it does not offer a fully comparable denominator across (re)insurance undertakings, and breaks with the approach to the denominator for non-financial undertakings. It therefore contradicts one of the principles underlying EIOPA's Advice (to promote comparability across undertakings and sectors).
- **To focus the denominator on the three lines of business most relevant to climate-risk coverage.** As the explicit climate-related coverage is predominantly provided under three of the eight eligible lines of business: "other motor insurance", "marine, aviation and transport insurance" and "fire and other damage to property insurance", narrowing down the denominator to these 3 lines of business could reflect the core scope of climate-related adaptation underwriting activity. However, EIOPA is of the view that this approach would not be in line with the Climate Delegated Act, which explicitly covers 8 LoB as eligible, creating a discrepancy between the two legal acts. Furthermore, such approach would reduce the incentives for increasing the number and volume of products aligned with the Taxonomy for the remaining 5 lines of business.

3.1.3 Substantiation of the KPI by changing its name to Adaptation Underwriting KPI

The current underwriting KPI does not appear to be decision-useful for investors, because 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 only (re)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 by comparison with the disclosures of other financial institutions in their annual solo or group reports, which typically focus on the activities of business counterparties, often within a broader scope, as financial activities that are not underwriting are as such not considered environmentally sustainable under the Taxonomy Regulation.

EIOPA sees merit in improving transparency and preventing potential misinterpretation of the name 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 the **“Adaptation Underwriting KPI”**, to better communicate that it measures the contribution of (re)insurance underwriting activities to climate change adaptation, while not capturing contributions towards 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 (re)insurance activities considered Taxonomy-aligned. While it is not within EIOPA’s mandate to propose amendments that would expand the range of (re)insurance underwriting activities deemed environmentally sustainable under the Taxonomy framework, EIOPA observes that, under the Corporate Sustainability Reporting Directive (CSRD), (re)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.

EIOPA advice to the Commission – “quick fix” to the underwriting KPI

Numerator of the underwriting KPIs (Taxonomy alignment and eligibility ratios)

In order to strengthen the ability to properly reflect the adaptation features of non-life (re)insurance, EIOPA advises the Commission to clarify in the Annex IX of the Disclosures Delegated Act (DDA) that “for the purpose of computing Taxonomy-eligibility, (re)insurance undertakings shall include in the numerator of the ratio only the portion of gross written premium (or insurance revenue) attributable to climate-related perils for non-life products, and only for contracts or products that cover NatCat risks in the 8 Taxonomy-eligible lines of business.” EIOPA advises the Commission to clarify in the DDA that “for the purpose of computing Taxonomy-alignment, (re)insurance undertakings shall include in the numerator of the ratio only the portion of gross written premium (or insurance revenue) attributable to climate-related perils for non-life products, and only for contracts or

products that cover NatCat risks and comply with the taxonomy-alignment criteria established in Sections 10.1 and 10.2 of Annex II to the Taxonomy Climate Delegated Act.”

In order to determine the climate-related premium share of products, (re)insurance undertakings should follow the technical pricing approach. That means that insurance undertakings should identify, within the total gross written premiums charged in the contract, the portion that reflects the pricing of climate-related perils. This method is particularly suitable where the undertaking’s pricing systems already provide a sufficiently granular breakdown of the premiums by peril or risk component.

Reinsurance undertakings may determine the NatCat part of the premiums using actuarial modelling or established pricing practices. This is particularly relevant where reinsurance contracts cover multiple lines of business, territories and perils, and where reliable data at higher granularity is not readily available. In such cases, model-based approaches may provide the most appropriate estimate of the share of premiums attributable to climate-related perils.

The approach taken by the (re)insurance undertaking should be documented, applied consistently over time, and appropriate to the nature of the undertaking’s business.

Denominator

EIOPA advises the Commission to narrow down the denominator of the KPI in the Annex IX of the DDA to the gross written premiums (or insurance revenue) of all contracts related to the eight eligible Lines of Business as defined as such in the Climate Delegated Act, to ensure comparability across the industry while excluding contracts from lines of business that would not be able to be eligible.

Alternatively, the Commission could limit the denominator of the KPI the Annex IX of the DDA to the eight Lines of Business but making it mandatory to include only the three LoBs most relevant to climate change adaptation under the Climate Delegated Act, namely “other motor insurance”, “marine, aviation and transport insurance” and “fire and other damage to property insurance” to capture the most materially relevant underwriting activities, while allowing insurance undertakings, at their discretion, to include voluntarily any combination of the remaining five eligible LoBs in the denominator, depending on their relevance to natural catastrophe (NatCat) coverage.

Change the name to “Adaptation Underwriting KPI”

In order to improve transparency and prevent potential misinterpretation, EIOPA advises the Commission to more clearly reflect the scope of the current KPI —both in terms of what it captures and what it does not, by renaming the indicator as the “Adaptation Underwriting KPI”. In that way, it will better communicate that it measures the contribution of (re)insurance underwriting activities to climate change adaptation, while not covering contributions to other environmental objectives under the EU Taxonomy.

3.2 REPLACING THE COMBINED KPI BY THE MOST RELEVANT KPI

EIOPA notes that the current requirement to issue a combined KPI¹⁷, which is a weighted average of Taxonomy-aligned underwriting revenues with Taxonomy-aligned turnover or 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 in the annual report. This should be also the case for financial conglomerates that are insurance-led.

However, to measure exposures to insurance undertakings, and address SFDR disclosure demands as well as disclosures for investors that require to provide one figure, EIOPA proposes to replace the current requirement of the combined KPI - that represents a weighted average of investment and underwriting KPIs - by requiring to identify in the annual report, a reference KPI corresponding to the existing investment or underwriting KPI for the activity generating the highest revenue, measured in gross written premiums.

An analysis of SII reported data (QRT S.05.01) for 2025 conducted by EIOPA shows that among the composite undertakings, a majority reported Non-Life GWP exceeding Life-GWP, while a smaller but still significant portion reported Life-GWP surpassing Non-Life GWP. EIOPA recommends using GWP as criterion to decide on which KPI to report as “reference KPI”. GWP is an income-statement metric (i.e., flow metric) that appropriately captures the volume of new and renewed business written in a given fiscal year for both life and non-life business.

Alternative criteria to this approach explored by EIOPA have been:

- Criterion that would identify an undertaking’s main activity based on the highest amount of net revenue in the previous reporting year, based on Solvency II reporting templates¹⁸. While this approach provided a flow-based measure, and could be used existing Solvency II reporting data, EIOPA notes that the revenues may fluctuate significantly with market conditions, potentially causing year-on-year changes and requiring safeguards to limit volatility and greenwashing risks. In addition, EIOPA did not opt for this approach as although relatively simple, implementing the criterion would require additional calculation logic and potentially entail implementation costs.

¹⁷ Annex IX, point 1(e) of 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

¹⁸ Underwriting Net Revenue = Earned Premiums – Claims – Expenses, based on (S.05.02) vs Net Gains/Losses from Investments S.09.01.01

- Another alternative approach to other revenue proxies explored was to use technical provisions (i.e., stock metric). However, EIOPA concluded that this metric can be misleading and lead to biased proxies. In life insurance, technical provisions accumulate over decades due to the long-term nature of the business and could create therefore the false impression that life business represents the largest share of a composite insurer's revenues. Combining GWP and Technical Provisions, or constructing a new metric from these variables, would lead to imprecise results and unnecessary complexity.

As a result, EIOPA recommends that the "reference KPI" is established as follows:

- Life insurance undertakings – investment KPI (Turnover or CapEx-based)
- Non-life insurance undertakings - adaptation underwriting KPI
- Composites – the KPI for the business activity, investment (Turnover or CapEx-based) vs underwriting, with highest gross written premiums should be reported as "reference KPI".

EIOPA advice to the Commission – Combined KPI

EIOPA advises the Commission to replace the "combined KPI", which is currently calculated as weighted average of the underwriting and investment KPIs, by a "reference KPI" for composite undertakings, which would be used by users to measure exposure to insurance undertakings when a single KPI is required. In that case, EIOPA considers that the KPI corresponding to the activity generating the highest Gross Written Premium (GWP) – Turnover or CapEx-based investment KPI for life insurance vs underwriting KPI for non-life insurance – should be used. This KPI should be clearly identified in the undertaking's annual reports as the "reference KPI".

The prevalence of the activity (i.e., underwriting vs investment) should be revised every three years. This approach is economically robust and should reflect appropriately the undertaking's business model. Other methodologies have been analysed, however, using GWP is operatively simple and accurate as well as does not create any additional reporting burden.

3.3 NO NEW GREEN INSURED ACTIVITIES KPI AT THIS STAGE

In the consultation paper, EIOPA explored pros and cons of introducing a new KPI that would measure how Taxonomy-aligned are the businesses and objects insured (Green Insured Activities KPI) and proposed a methodology for its calculation.

In the consultation paper, EIOPA noted that 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.

EIOPA also noted the shortcomings. It acknowledges 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 their responses to the consultation most stakeholders opposed the introduction of an additional metric that would measure how Taxonomy-aligned are the insured businesses and objects.

EIOPA advice to the Commission – GIA KPI

Considering the costs, methodological barriers and data limitations, EIOPA advises the Commission not to introduce the GIA KPI and instead revisit this concept in 5 years’ time.

3.4 SIMPLIFICATIONS TO THE TEMPLATES – GAS AND NUCLEAR DISCLOSURES

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 the underwriting KPI, the EU 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.

For the investment template, EIOPA observes that the disclosure on gas and nuclear activities is mostly non-material for the largest insurance undertakings and hence not decision-useful for users.

In the consultation, industry stakeholders supported the proposed gas & nuclear removal of the templates.

EIOPA advice to the Commission – gas and nuclear disclosures

EIOPA advises 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.

4. CROSS-SECTORAL TOPICS

This chapter addresses the issues identified by the European Supervisory Authorities (ESAs) related to the Commission's request to explore the use of Operational Expenditure as a metric for (re)insurance undertakings' Investment KPI, as well as to standardise and simplify the reporting for financial and mixed groups.

With regards to the horizontal issues coordinated with ESMA and EBA, in EIOPA's consultation, most stakeholders opposed the introduction of OpEx as a voluntary metric for the investment KPI. Concerning group reporting, most stakeholders opposed to introduce a proposal in the legal text of simplified reporting for subsidiaries where non-reporting would result in a material loss of information but welcomed the replacement of the weighted average KPI by that of the parent undertaking.

The text in blue boxes includes the jointly coordinated proposal across the ESAs.

4.1 Possible use of OpEx by financial undertakings

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 (re)insurance undertakings and other financial undertakings. In line with the European Commission CfA, the ESAs have assessed whether the voluntary use of the OpEx KPIs, as disclosed by non-financial undertakings, into the Taxonomy reporting of financial undertakings, would be useful for users and help increase the usability of the Taxonomy regime and the relevance of the OpEx KPI.

EIOPA notes that the OpEx KPI required to be disclosed by non-financial undertakings 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. EIOPA notes 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.

Stakeholder feedback to the ESAs consultations 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 ESAs conclude that the inclusion in the KPIs disclosed by financial undertakings (Investment KPI for (re)insurance undertakings) of the OpEx KPI of non-financial undertakings, even on a voluntary basis, would add complexity and cost, with little informative value in Taxonomy reporting by financial undertakings.

ESAs advice to the Commission

Based on the analysis of the ESAs and stakeholder feedback to the public consultation, the ESAs advise the Commission not to introduce the voluntary use of the OpEx KPI in the disclosures of financial undertakings, particularly in the disclosures of (re)insurance undertakings’ investments.

4.2 Group reporting

4.2.1 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 conglomerates¹⁹.
- b. On the contrary, for asset managers or (re)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 Notice²⁰, 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.

¹⁹ In accordance with point 14 of Article 2 Directive 2002/87/EC

²⁰ Commission Notice C/2024/6691, 8.11.2024.

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 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 advice 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 (re)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 Notice²¹ 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.

4.2.2 Analysis of disclosures

General findings

With regards to the identification of a group-level Taxonomy KPIs, the analysis conducted by the three ESAs has highlighted severe challenges, and diversity in practice, with the weighted-average

²¹ Commission Notice C/2023/6747, 20.10.2023.

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 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 insurance activities, and the reporting approach adopted by the undertakings.

EIOPA observes 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, 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 conducted by EIOPA 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.

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, (re)insurance undertakings and asset managers). As such, these requirements do not lend themselves to an arithmetic aggregation.

Stakeholders highlighted that the current weighted-average methodology proposed by the Commission Notice on the interpretation and implementation of certain legal provisions of the DDA

under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets²² 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.

For mixed groups, EIOPA considers that a meaningful reflection of the Taxonomy profile of a group with limited reporting burden would be to (i) select the *parent 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, Financial Conglomerate Directive) and (ii) complement these rules with additional simplified transparency on the other types of undertakings the group encompasses which carry out *other activities* that are not (fully) reflected within the main reporting regime, when these non-reporting for those activities would lead to a material loss of information for users.

The ESAs propose to set 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 an (re)insurance undertaking, the main group reporting rules will follow the DDA for (re)insurance undertakings, if it 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).

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, (re)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 omni-comprehensive.

With regard 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, 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

²² third Commission Notice, C/2024/6691, 8.11.2024

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. **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.**

Therefore, EIOPA is of the view that simplified disclosure on the subsidiaries should be disclosed when such information is relevant for users. EIOPA advises the Commission to introduce the following simplified (re)insurance templates for (re)insurance subsidiary-level reporting in mixed group. The purpose of the simplified template of the Underwriting KPI is to provide basic information on the Taxonomy profile of a material (re)insurance subsidiary without requiring the full standard template. EIOPA is of the view that when more than one material (re)insurance subsidiary is in the group, the activities of those subsidiaries can be reported in a consolidated manner.

Simplified template for underwriting KPI – subsidiaries

The following proposed template keeps the absolute premiums (year t), the proportion of premiums (year t and year t-1), the Taxonomy-aligned activities, Taxonomy-eligible activities and Taxonomy-non-eligible activities. This lighter option allows users to assess not only the scale of the subsidiary's underwriting activity, but also its degree of Taxonomy alignment/eligibility and year-on-year development.

Economic activities: Non-life insurance and reinsurance underwriting activities	Absolute premiums, year t	Proportion of premiums, year t	Proportion of premiums, year t-1
<i>Text</i>	<i>Currency</i>	<i>%</i>	<i>%</i>
Taxonomy-aligned activities			
Taxonomy-eligible activities			
Taxonomy-non-eligible activities			

Total (total non-life insurance gross premiums written)		100.00%	100.00%
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Simplified template for investment KPI – subsidiaries

The purpose of the simplified template of the Investment KPI is to provide basic information on the Taxonomy profile of a material (re)insurance subsidiary without requiring the full standard template. EIOPA is of the view that when more than one material (re)insurance subsidiary is in the group, the activities of those subsidiaries can be reported in a consolidated manner.

Furthermore, EIOPA proposed to change the structure of the Investment KPI template to improve the readability and usefulness of the disclosure.

This template keeps for both turnover-based and CapEx-based values the proportion of Taxonomy-eligible and -aligned investments and assets covered by the KPI. At the same time, it removes several granular breakdowns that add complexity but provide limited additional value for users.

Financial year <i>t</i>	Proportion of Taxonomy-eligible investments	Proportion of Taxonomy-aligned investments	Assets covered by the KPI	Taxonomy-aligned investments in previous reporting period (<i>t-1</i>)
<i>Text</i>	%	%	%	%
Turnover-based				
CapEx-based				

ESAs advice to the Commission

The ESAs advise the Commission to **remove the requirement for the calculation of a weighted average KPI and to** specify that group disclosures should be composed of the following elements:

1. **A main reporting regime based on the requirements applicable to the parent undertaking.** Mixed groups and financial conglomerates disclose the KPIs relevant for the type of activity of the parent undertaking following the rules set out in the Disclosures Delegated Act. Where the group is identified as a financial conglomerate under Directive 2002/87/EC, the KPIs should be those that are relevant

for the undertaking leading the financial conglomerate. When the parent undertaking is a financial holding and the group is not identified as a financial conglomerate, the main disclosures follow the requirements corresponding to the scope of the dedicated regulatory regime, where available – e.g. the regime applicable to financial holding companies as defined in Art.4(1) point (20) of Regulation (EU) No 575/2013 and subject to prudential regulation for credit institutions. Where no such regime exists, the main disclosures follow the requirements for non-financial undertakings.

2. **Simplified disclosures for subsidiaries where material secondary activities are not adequately captured by the main reporting regime.** The ESAs note that the proposed simplified approach, based on the parent undertaking's main KPIs, may result in a material loss of information where secondary activities conducted by subsidiaries fall outside the main KPIs, are of a different nature than the parent's undertaking activity, represent a significant share of the group's overall activities and are not exclusively serving the group's internal needs. In such cases, additional Taxonomy KPIs capturing secondary activities should be disclosed.

Additional EIOPA advice to the Commission

EIOPA advises to the Commission to clearly require to identify in the annual report that the KPI of the parent undertaking should be used for the group to measure exposure to the group, for example relative to investments in the group disclosed under SFDR or the GIR KPI (instead of the weighted average KPI). For insurance undertakings, the parent KPI should be the "reference KPI".

When establishing the materiality of subsidiaries, groups should consider the needs of users, such as investors, as guiding principle in taking the decision on whether simplified disclosures should be included in the annual report.

When some group subsidiaries carry out activities which are exclusively serving the group's internal needs, such as 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. Such subsidiaries should be exempted from reporting.

Simplified Underwriting KPI template

For non-life or composite insurance material subsidiaries, EIOPA proposes to standardise a simplified template to report in a subsidiary-by-subsidary or in a consolidated manner.

Economic activities: Non-life insurance and reinsurance underwriting activities	Absolute premiums, year t	Proportion of premiums, year t	Proportion of premiums, year t-1
<i>Text</i>	<i>Currency</i>	<i>%</i>	<i>%</i>

Taxonomy-aligned activities			
Taxonomy-eligible activities			
Taxonomy-non-eligible activities			
Total (total non-life insurance gross premiums written)		100.00%	100.00%

Simplified investment KPI for subsidiary-level reporting

For life or composite insurance material subsidiaries, EIOPA proposes to standardise a simplified investments template to report in a subsidiary-by-subsidiary or in a consolidated manner. EIOPA proposes to change the structure of the Investment KPI template to improve the readability and usefulness of the disclosure.

Financial year <i>t</i>	Proportion of Taxonomy-eligible investments	Proportion of Taxonomy-aligned investments	Assets covered by the KPI	Taxonomy-aligned investments in previous reporting period (<i>t-1</i>)
<i>Text</i>	%	%	%	%
Turnover-based				
CapEx-based				

ANNEX I: 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 (DDA) under the Taxonomy Regulation. In particular, the European Commission seeks the ESAs' technical advice regarding the Key Performance Indicators (KPIs) provided in the DDA: 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 DDA 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 DDA.

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 DDA, 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 DDA. 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.

Provision	Description
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

Provision	Description
Sustainable Finance Disclosure Regulation (SFDR)	Regulates the disclosure of environmental, social, and governance (ESG) risks and opportunities by financial institutions

1.3. Objectives

The main objective is to develop technical advice to inform the completion of the review of the insurance KPIs in the DDA, 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 DDA:

- ▶ 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;

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

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

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

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 DDA – 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.

Policy Issue 1: Changing current underwriting KPI covering climate-related perils versus to measure share of Taxonomy-aligned Insured Assets and activities		
Options	Stakeholder Groups	
	Insurance/Reinsurance Undertakings (Preparers)	Investors/General Public (Users)
1.1. No change	<p>Costs:</p> <ul style="list-style-type: none"> • Lack of alignment with the "financing/enabling" logic used by other financial sectors (banking/asset management). • Limited ability to publicly showcase the industry's broader role in supporting the green transition beyond specific climate-peril products. <p>Benefits:</p> <ul style="list-style-type: none"> • No additional implementation or compliance costs. • Stability of existing reporting framework and companies' infrastructure. 	<p>Costs:</p> <ul style="list-style-type: none"> • 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 <p>Benefits:</p> <ul style="list-style-type: none"> • No changes required to data ingestion models or comparative analysis frameworks.
1.2 Mix of UW KPI with new GIA KPI (Taxonomy-aligned Insured Activities KPI)	<p>Costs:</p> <ul style="list-style-type: none"> • Significant operational burden: High costs for establishing new data collection processes regarding the taxonomy-alignment of insured counterparties and assets. 	<p>Costs:</p> <ul style="list-style-type: none"> • Dilution of information: High risk of "signal noise" as the KPI mixes different economic signals (active adaptation contribution vs. general transition support).

	<ul style="list-style-type: none"> • Uncertainty on what is covered due to the mix of approaches (how insurance is sustainable, and what is being insured) <p>Benefits:</p> <ul style="list-style-type: none"> • Having one unique KPI capturing more of insurer's contribution to the sustainable transition 	<ul style="list-style-type: none"> • Harder to perform peer-to-peer comparisons due to the heterogeneous nature of the numerator. <p>Benefits:</p> <ul style="list-style-type: none"> • A single figure representing the "total" green footprint of insurers.
1.3 Addition of a new GIA KPI along the existing UW KPI	<p>Costs:</p> <ul style="list-style-type: none"> • Increased reporting complexity due to the management of an additional KPI. • Significant operational burden: adding data collection costs for assessing counterparty/asset alignment (as in Option 1.2). <p>Benefits:</p> <ul style="list-style-type: none"> • High transparency: Allows firms to demonstrate their supporting role (enabling transition) while maintaining the integrity of the climate-peril metric. • Alignment with the reporting logic of other financial sectors. 	<p>Costs:</p> <ul style="list-style-type: none"> • Increased volume of disclosures to process and analyse. <p>Benefits:</p> <ul style="list-style-type: none"> • Enhanced granularity: 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.
1.4 Substitution of the existing UW KPI with new GIA KPI	<p>Costs:</p> <ul style="list-style-type: none"> • Sunk costs: Previous investments in reporting infrastructure for climate-peril KPIs would be rendered obsolete. • Significant operational burden: adding data collection costs for assessing counterparty/asset alignment (as in Option 1.2/1.3). <p>Benefits:</p> <ul style="list-style-type: none"> • High transparency: Allows firms to demonstrate their supporting role (enabling transition) while maintaining the integrity of the climate-peril metric. • Alignment with the reporting logic of other financial sectors. 	<p>Costs:</p> <ul style="list-style-type: none"> • Failure to capture the industry's unique role in fostering adaptation and climate resilience. • Information loss: no possibility to assess historical evolution of insurance's role in supporting climate adaptation measures through underwriting activities <p>Benefits:</p> <ul style="list-style-type: none"> • Simple, single-metric focus on the counterparty level and aligned to other financial sectors

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 industry²³ 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.

Policy issue 2: Review of the underwriting KPI - Restricting the denominator of the underwriting KPI to eligible lines of business		
Options	Stakeholder Groups	
	Insurance/Reinsurance Undertakings	Investors/General Public
	Costs: <ul style="list-style-type: none"> • Diluting relevance of the underwriting KPI: fails to account for 	Costs: <ul style="list-style-type: none"> • Inconsistent reporting: Harder to compare insurance data with other

²³ 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")

2.1. No change	<p>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.</p> <p>Benefits:</p> <ul style="list-style-type: none"> • Stability and consistency: no additional reporting KPIs and possibility to assess own performance over time 	<p>financial sectors (like banking) that use restricted denominators (e.g., the Green Asset Ratio).</p> <ul style="list-style-type: none"> • Data Dilution: The KPI is "diluted" by non-eligible activities, making it harder to differentiate between leaders and laggards in sustainable underwriting. <p>Benefits:</p> <ul style="list-style-type: none"> • Series Continuity: Allows for easy year-on-year comparisons without methodological breaks. • Low risk of greenwashing: 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.
2.2. Limit denominator to 8 eligible LoB	<p>Costs:</p> <ul style="list-style-type: none"> • Minor reporting change: limited costs associated with updating reporting templates and data aggregation logic (though the raw data is typically already available). <p>Benefits:</p> <ul style="list-style-type: none"> • Increase of results as the denominator will decrease by around 30% 	<p>Costs:</p> <ul style="list-style-type: none"> • Loss of time series data: Users will see a sudden "jump" in reported percentages, which could be misinterpreted if not carefully contextualized. • Greenwashing Risk: 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. <p>Benefits:</p> <ul style="list-style-type: none"> • Enhanced Comparability: Easier to compare alignment performance across different insurance undertakings and other financial sectors. • Focus on Actionable Data: provides a clearer picture of the proportion of the business that could be contributing to taxonomy-aligned activities that actually is.
2.3 Restrict the denominator	<p>Costs:</p> <ul style="list-style-type: none"> • Additional KPI: limited increased costs associated with the need to report and audit an additional 	<p>Costs:</p> <ul style="list-style-type: none"> • Increased Complexity: Users must process and interpret double the data, which may lead to confusion or

to cover only the eligible contracts and apply a split of premium	<p>metric. Costs are limited as the data is already calculated by undertakings</p> <p>Benefits:</p> <ul style="list-style-type: none"> The Taxonomy-alignment figures would significantly increase by such a change, as the denominator would be radically reduced 	<p>"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)</p> <p>Benefits:</p> <ul style="list-style-type: none"> Full Transparency: Provides the most granular view of taxonomy-aligned underwriting activities, showing both absolute and relative contribution.
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Policy issue 3: Expanding the numerator of the underwriting KPI to total premium of products containing taxonomy-aligned underwriting activities		
	Stakeholder Groups	
Options	Insurance/Reinsurance Undertakings	Investors/General Public
3.1. no change – keep split of premium in the numerator	<p>Costs:</p> <ul style="list-style-type: none"> Complex and burdensome to calculate: 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 harder as re-insurance is provided as a package of policies. 	<p>Costs:</p> <ul style="list-style-type: none"> Inconsistent reporting: Harder to compare insurance data with other financial sectors (like banking) that use restricted denominators (e.g., the Green Asset Ratio). Data Dilution: The KPI is "diluted" by non-eligible activities, making it harder to differentiate between leaders and laggards in sustainable underwriting.
	<p>Benefits:</p> <ul style="list-style-type: none"> No additional costs of changing methodology 	<p>Benefits:</p> <ul style="list-style-type: none"> Series Continuity: Allows for easy year-on-year comparisons without methodological breaks. Low risk of greenwashing: The KPI shows the actual portion of the product that covers climate-related perils and therefore contributes to climate change adaptation
	Costs:	Costs:

3.2. Remove split of premiums in the numerator of the Taxonomy-alignment ratio	<ul style="list-style-type: none"> Costs of changing the processes to identify all premiums instead of the split 	<ul style="list-style-type: none"> Loss of time series data: Users will see a sudden "jump" in reported percentages, which could be misinterpreted if not carefully contextualized. Greenwashing Risk: 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.
	<p>Benefits:</p> <ul style="list-style-type: none"> Simplifying reporting: 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 	<p>Benefits:</p> <ul style="list-style-type: none"> Identification of volume of products offering coverage for NatCat perils

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 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
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
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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 not 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. Therefore, EIOPA recommends revisiting the concept of an additional GIA KPI in five years. At that point, the result of the impact assessment of introducing a new KPI covering insured assets and objects could be different, should there be improvements in data availability and other relevant conditions related for example to lower implementation costs.

1.6.2 Policy issue 2: Review of the underwriting KPI - restricting the denominator of the underwriting KPI to eligible lines of business

	Efficiency			Effectiveness		
Policy Options	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
1.2 Limit to 8 LoB	+	++	+	++	++	+
1.3 Restrict to 3 LoB	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 cannot 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 (approx. 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

	Efficiency			Effectiveness		
Policy Options	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 - keep split of premium in the numerator	0	+	+	0	+	+
1.2 Remove split of premiums in the numerator of the Taxonomy-alignment ratio	+	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 (Option 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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