

2024

# Survey on taxonomy implementation

Risk and Financial Stability Department  
EIOPA REGULAR USE  
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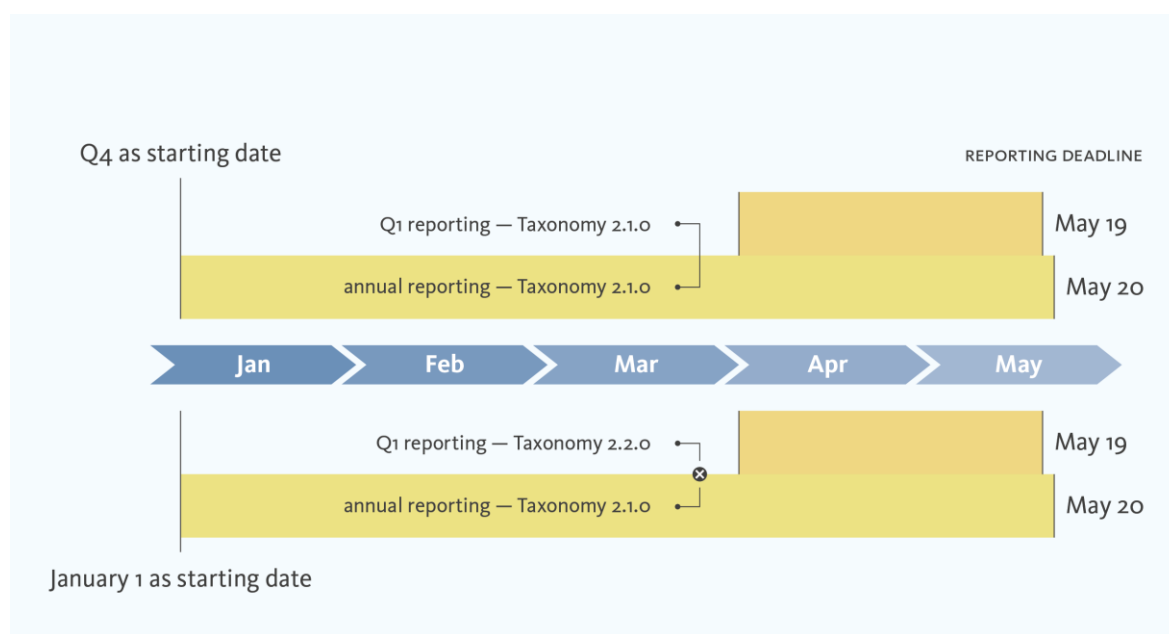
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## 1. BACKGROUND

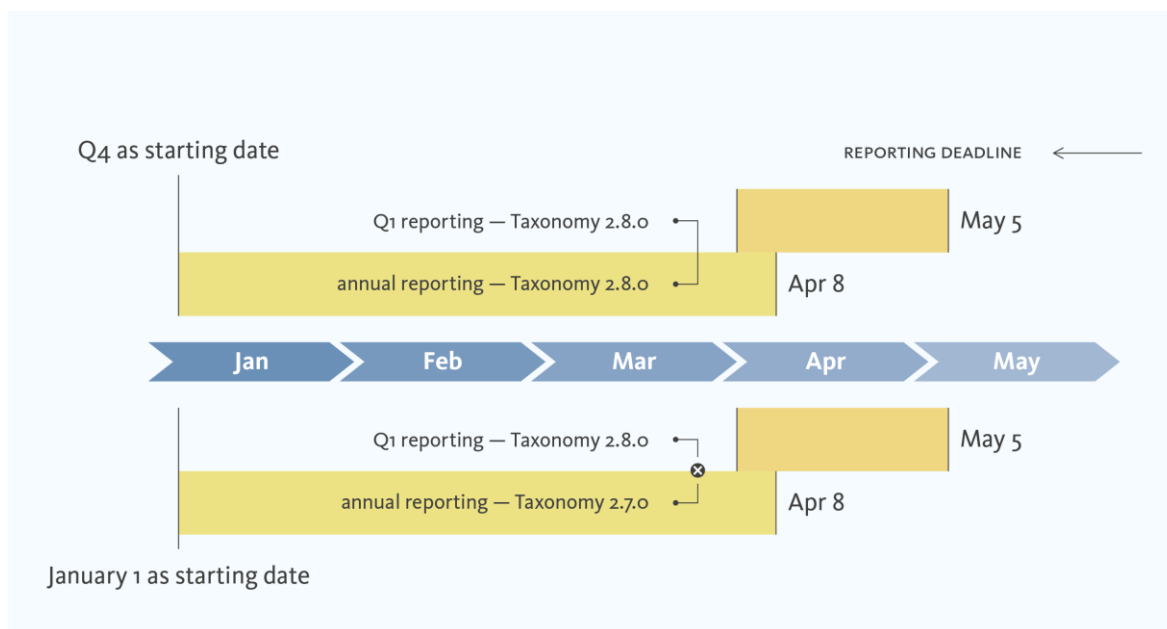
Before the implementation of taxonomy 2.9.0, EIOPA had consistently chosen the starting date of any new taxonomy to be in Q4. This decision was rooted in historical reasoning aimed at preventing potential conflicts between different taxonomies. The reason for this was twofold: firstly to have the changes impacting the annual data firstly and secondly, it ensured that the Q1 reporting deadline in a new taxonomy did not precede the annual reporting deadline of the previous taxonomy, as depicted in Figure 1a. It shows that the annual reporting under taxonomy 2.1.0 would need to be reported after the Q1 reporting in taxonomy 2.2.0.

Figure 1a: Implementation date and reporting deadlines from taxonomy 2.1.0 (insurance solo)



However, as reporting deadlines have evolved and become shorter, especially for the annual reporting, this inconsistency would no longer apply under an introduction of new taxonomy on 1 January. As illustrated in Figure 1b, the reporting deadlines of a new taxonomy always come after the annual reporting deadlines in the old taxonomy, independent of the implementation of a new taxonomy on 1 January or on Q4.

Figure 1b: Implementation date and reporting deadlines end 2023 (insurance solo)



Over the past years, multiple stakeholders questioned the logic behind introducing each new taxonomy in Q4 instead of 1 January. With the introduction of taxonomy 2.9.0, which exclusively affects IORPs<sup>1</sup>, EIOPA took the opportunity to shift the starting date to the 1st of January, aligning it with national reporting cycles for IORPs that often commence on the first day of the year.

Nonetheless, EIOPA has not yet made a definitive decision on the future approach starting as of taxonomy 2.10.0. It is evident that a default solution is necessary and shall apply to insurance, IORPs and PEPP taxonomies to maintain consistency. The choice between Q4 and 1 January presents trade-offs; while Q4 has proven effective historically, introducing new taxonomies on 1 January offers potential advantages in terms of proportionality and alignment with national reporting for IORPs. In addition, both options have associated disadvantages that require careful consideration before a decision can be reached.

During EIOPA's reporting event on 10 October 2023 a few entities expressed concerns regarding an introduction of new taxonomies on 1 January. However, views in general and preferences on this matter were diverse and varied. In light of this feedback and the need for a more comprehensive understanding of stakeholder perspectives, EIOPA is actively seeking input from all relevant parties.

## 2. ADVANTAGES AND DISADVANTAGES OF BOTH OPTIONS

<sup>1</sup> Taxonomy 2.8.0 will continue to apply for the insurance industry until a new taxonomy is announced.

## 2.1. IMPLEMENTING THE STARTING DATE ON Q4

### 2.1.1. MAIN ADVANTAGES

The compelling argument in favor of retaining the Q4 implementation date lies in its demonstrated functionality of the past, rendering any need for altering established procedures unnecessary. Therefore, when soliciting preferences for implementation dates, we frequently encounter the viewpoint that those who wouldn't benefit significantly from shifting to a 1 January date still prefer to maintain a Q4 implementation, even if they don't foresee any challenges with a potential transition to 1 January.

Another frequently voiced rationale for advocating a Q4 starting date for taxonomy implementation is its facilitation of simultaneous quarterly and annual amendments. However, in our perspective, achieving this synchronization is equally feasible under a 1 January starting date, with the primary difference being that annual reporting wouldn't typically necessitate immediate completion.

Finally, in the context of ECB reporting, it's worth highlighting that quarterly reporting often relies on estimates derived from annual data collected in the previous year. Selecting a taxonomy implementation date in Q4 ensures that these estimates consistently align with figures from the same taxonomy.

### 2.1.2. MAIN DISADVANTAGES

National reporting requirements for IORPs typically commence on 1 January. Consequently, introducing a new taxonomy in Q4 would necessitate the nationwide implementation of these amendments from the very beginning of the reporting year. Adhering to a taxonomy implementation framework similar to that of Solvency II, where amendments are published in July and meant for Q4 reporting, is simply not viable for IORPs. This inherent impracticality was the primary factor behind the decision to postpone the implementation of version 2.9.0 for IORPs to 1 January 2025.

A separate taxonomy for insurance and IORPs would be hard to implement considering some of the templates are similar to both insurance and IORPs. In addition, as PEPP reporting is integrated into both frameworks, alignment becomes imperative.

A further drawback arises from the introduction of a new taxonomy towards the end of the year. This introduces the potential for inconsistency between data reported in Q1-Q3 compared to Q4 and the annual reporting, posing a potential operational challenges.

The effect of amendments to the taxonomy implementation date twice in the same calendar year (i.e. 2025) are not yet clear. While this does not affect EIOPA, we need to get a better understanding how this would affect reporting entities and authorities submitting and receiving aggregated data.

## 2.2. IMPLEMENTING THE STARTING DATE ON 1 JANUARY

### 2.2.1. MAIN ADVANTAGES

Implementing the taxonomy on January 1st would align with the national reporting schedules for IORPs in the majority of countries. This alignment ensures that any adjustments to the reporting framework can be swiftly integrated, thus preventing the that amendments would need to be postponed to the following calendar year.

Furthermore, a taxonomy implementation on January 1st enables simultaneous alignment of reporting dates and the implementation of most legislative proposals, as illustrated in Figure 2. This synchronicity facilitates the direct transposition of legislative changes into the reporting requirements. However, it's important to note that this alignment would be contingent on the absence of any reporting postponements for an additional year.

Figure 2: Implenentation on 1 January allows to translate legislative amendments directly in the reporting

<b>Taking Q4 starting date</b>	
Legislative starting date	1-Jan-23
Quarterly reporting - first possible reference date including the new legislation	<b>Q4 - 2023</b>
Annual reporting - first possible reference date including the new legislation	Annual 2023

<b>Taking 1 January starting date</b>	
Legislative starting date	1-Jan-23
Quarterly reporting - first possible reference date including the new legislation	<b>Q1 - 2023</b>
Annual reporting - first possible reference date including the new legislation	Annual 2023

This approach also supports a balanced and phased introduction of new reporting requirements. Quarterly reporting, which is typically less extensive than annual reporting, would consistently be

the first to incorporate amendments, allowing for a proportionate and gradual adaptation to the evolving regulatory landscape.

## **2.2.2. MAIN DISADVANTAGES**

As mentioned previously, concerning ECB reporting, quarterly reporting frequently often depends on estimations derived from annual data gathered in the prior year. Initiating implementation on January 1st introduces the risk that these estimations may need to be based on data points that have undergone alterations in the meantime.

Nevertheless, it's essential to recognize that this situation only impacts the data under specific circumstances. For example, the amendments made to taxonomy 2.9.0 should not have any effect on the estimates, thus supporting a transition to the January 1st date.

The existing ITS on reporting in the insurance sector dictates the implementation of a new taxonomy at the end of a year. Hence, should we plan to change the taxonomy implementation date from version 2.10.0 onwards, it necessitates a concurrent modification to the ITS. However, it's essential to note that our intended approach is to revise the ITS for taxonomy 2.10.0 while incorporating amendments from the Solvency II review. Consequently, this consideration should not influence the decision on the taxonomy starting date.

## **3. QUESTIONS TO STAKEHOLDERS**

### **3.1. INTRODUCTION**

#### **3.1.1. RESPONDING TO THIS SURVEY**

EIOPA welcomes comments on the taxonomy implementation date. Comments are most helpful if they:

- contain a clear rationale;
- and describe any alternatives EIOPA should consider

Contributions not provided in the EU survey tool, or after the deadline will not be processed.

#### **3.1.2. PUBLICATION OF RESPONSES**

Contributions received will be published on EIOPA's public website unless you request otherwise in the respective field in the template for comments. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure.

Please note that EIOPA is subject to Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents, and to [EIOPA's rules on public access to documents](#).

Contributions will be made available at the end of the public consultation period.

### **3.1.3. DATA PROTECTION**

Please note that personal contact details (such as name of individuals, email addresses and phone numbers) will not be published. They will only be used to request clarifications if necessary on the information supplied. EIOPA, as an European Authority, will process any personal data in line with Regulation (EC) No 45/2001 on the protection of the individuals with regards to the processing of personal data by the Community institutions and bodies and on the free movement of such data. More information on data protection can be found at <https://eiopa.europa.eu/> under the heading 'Legal notice'.

## **3.2. REMARKS ON COMPLETING THE SURVEY**

### **3.2.1. CHOICE OF INTERNET BROWSERS**

Please use preferably Firefox or Chrome for best speed of the online survey whilst ensuring use of the latest version of the browser.

### **3.2.2. SAVING A DRAFT SURVEY**

After you start filling in responses to the survey there is a facility to save your answers. HOWEVER, PLEASE NOTE THAT THE USE OF THE ONLINE SAVING FUNCTIONALITY IS AT THE USER'S OWN RISK.

As a result, it is strongly recommended to complete the online survey in one go (i.e. all at once).

Should you still proceed with saving your answers, the online tool will immediately generate and provide you with a new link from which you will be able to access your saved answers.



It is also recommended that you select the "Send this Link as Email" icon to send a copy of the weblink to your email - please take care of typing in your email address correctly. This procedure does not, however, guarantee that your answers will be successfully saved.

### **3.2.3. UPLOADING DOCUMENT(S)**

In the last section of the survey, you can also share additional material by clicking on "Select file to upload". Several documents (e.g. Word, Excel, Pdf) can be uploaded. However, note that each document / file is limited to 1MB or less in size.

### **3.2.4. PRINTING THE COMPLETED SURVEY**

You will have the possibility to print a pdf version of the final responses to the survey after submitting it by clicking on "Download PDF".

You will automatically receive an email with the pdf file. Do not forget to check your junk / spam mailbox.

### **3.2.5. LIMIT OF CHARACTERS FOR THE ANSWER OF EACH QUESTION**

There is a limit of 5,000 characters for the answer of each question, including spaces and line breaks. If your answer exceeds the limit, you can upload your answer as additional material (see "Uploading document(s)" mentioned above).

## **3.3. CONTACT DETAILS**

1. The name of your institution\*
2. Your name\*
3. Your email\*
4. Your Member state (dropdown EU)\*
5. I'm giving my contribution as (checkbox, multiple possible: Academic/research institution, Company/business organization, Consumer organization, Public authority, EU Citizen, Non-governmental organisation (NGO), Trade Union, Other)\*
6. My institution is active in the (checkbox, multiple possible: Insurance sector, IORP sector, other)\*

7. Publication privacy settings\*

- Public** - Your personal details (organization, country of origin) will be published with your contribution.
- Anonymous** - Only your type of respondent, country of origin and contribution will be published. All other personal details (name, organisation name and size, transparency register number) will not be published.

8. I agree with the personal data protection provisions.\*

### 3.4. COMMENTS

9. Do you have general comments?

#### 3.4.1. Q4 ADVANTAGES AND DISADVANTAGES

10. Do you agree with the advantages and disadvantages of Q4 as implementation starting date? (YES/NO, please explain).\*
11. Do you know any additional advantages of a Q4 implementation date.
12. Do you know any additional disadvantages of a Q4 implementation date.

#### 3.4.2. 1 JANUARY ADVANTAGES AND DISADVANTAGES

13. Do you agree with the advantages and disadvantages of 1 January as implementation starting date? (YES/NO, please explain).\*
14. Do you know any additional advantages of a 1 January implementation date.
15. Do you know any additional disadvantages of a 1 January implementation date.

#### 3.4.3. TECHNICAL DIFFICULTIES

16. Do you expect to encounter any technical or practical difficulties related to a taxonomy implementation at Q4? (YES/NO, please explain).\*
17. Do you expect to encounter any technical or practical difficulties related to a taxonomy implementation at 1 January? (YES/NO, please explain).\*

#### 3.4.4. OPTION

18. In practice, regardless of our preferences - and taking into account the similar benefits and detriments of both options - usually the legislative amendments triggering changes in reporting tend to have an application date of 1 January. Therefore Q1 needs to reflect the changes included in the business package. Do you agree? (YES, NO, please explain)

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