INSURERS' SUSTAINABILITY REPORTING: EIOPA'S TECHNICAL ADVICE ON KEY PERFORMANCE INDICATORS UNDER ARTICLE 8 OF THE TAXONOMY REGULATION

EIOPA-21-184
26/02/2021

European Insurance and
Occupational Pensions Authority

CONTENTS

1. INTRODUCTION

The main objective of the Taxonomy Regulation[1] is to set out relevant criteria for determining whether an economic activity qualifies as environmentally sustainable, in particular, in order to address market failures that hamper the identification of such economic activities and therewith, ultimately to remove barriers to the functioning of the internal market. Further clarity and transparency can help raising funds for sustainability projects and may prevent the future emergence of barriers to such projects. With a clear definition of such economic activities, entities shall find it easier to raise funding across borders for their environmentally sustainable activities, as their economic activities could be compared against uniform criteria in order to be selected as underlying assets for environmentally sustainable investments. The harmonisation of relevant criteria are expected to facilitate cross-border sustainable investment in the European Union.

With the definition of what an environmentally sustainable economic activity is, financial market participants can provide a reasonably founded explanation to investors about how the activities in which they invest contribute to environmental objectives. Equally, investors will find it easier to check and compare different financial products, which may encourage investors to invest in environmentally sustainable financial products. Furthermore, a lack of investor confidence has a major detrimental impact on the market for sustainable investment. Concluding, if financial market participants use common criteria for disclosures about their taxonomy-aligned economic activities across the European Union, this will help investors compare investment opportunities across borders and can incentivise investee companies to make their business models more environmentally sustainable. Additionally, investors can invest in environmentally sustainable financial products across the Union with higher confidence, thereby improving the functioning of the internal market.

The Taxonomy Regulation empowers the European Commission to develop delegated acts to supplement the disclosure requirements, as established by the Non-Financial Reporting Directive[2] (NFRD), which amended the Accounting Directive[3] to require a non-financial statement, which should contain information relating to at least environmental matters, social and employee-related matters, respect for human rights, anticorruption and bribery matters. Such statement should include a description of the policies, outcomes and risks related to those matters and should be

[1] 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.

[2] Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups, OJ L 330, 15.11.2014, p. 1–9.

[3] Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, OJ L 182, 29.6.2013, p. 19.

included in the management report (or in a dedicated, separate report) of the undertaking concerned. The NFRD sets out the requirement to include key performance indicators 'relevant to the particular business' in the non-financial statement – yet so far, without specifying the reference points of those performance indicators.

The European Commission's Guidelines on non-financial reporting: Supplement on reporting climate-related information[4] of June 2019 establish the recommendation that certain large companies, including insurers and reinsurers, report on certain climate-related key performance indicators. Building on that recommendation, the Taxonomy Regulation requires for non-financial undertakings the annual disclosure of information on the proportion of the turnover, capital expenditure (CapEx) or operating expenditure (OpEx) that is associated with environmentally sustainable economic activities.

The European Commission's Call for Advice (CfA), addressed to the European Supervisory Authorities (ESAs), requests the ESAs to provide input to develop future delegated acts in relation to Article 8 of the Taxonomy Regulation, which amends the mandatory disclosures following the NFRD in the management report on non-financial report of large public interest entities, including insurers and reinsurers.

Article 8 of the Taxonomy Regulation specifies which ratios have to be depicted by non-financial undertakings:

- the proportion of their turnover derived from products or services associated with economic activities that qualify as environmentally sustainable; and
- the proportion of their capital expenditure and the proportion of their operating expenditure related to assets or processes associated with economic activities that qualify as environmentally sustainable.

The CfA sets out that EIOPA is to develop the relevant ratio(s) to be mandatorily disclosed by the insurance or reinsurance undertakings falling within the scope of the NFRD. Thereby, EIOPA shall consider whether the mandatory ratios of non-financial undertakings, as set out by Article 8 of the Taxonomy Regulation, are relevant and appropriate to depict insurance and reinsurance activities or whether they need to be 'translated' to the most appropriate and comparable key performance indicators for insurance and reinsurance businesses. For that, the CfA further specifies three insurance-specific ratios as a possible starting point:

- Proportion of total assets invested in taxonomy-compliant economic activities;

[4] Communication from the Commission — Guidelines on non-financial reporting: Supplement on reporting climate-related information, 20.6.2019, https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019XC0620(01).

- Proportion of total non-life insurance underwriting exposure associated with taxonomy activities;
- Proportion of total reinsurance underwriting exposure associated with taxonomy activities.

2. IDENTIFYING THE RELEVANT RATIOS FOR INSURERS AND REINSURERS

2.1 NON-FINANCIAL UNDERTAKINGS' CAPITAL EXPENDITURE AND OPERATING EXPENDITURE RELATED TO ASSETS AND PROCESSES IN TAXONOMY-COMPLIANT ACTIVITIES

The measures of capital expenditure or operating expenditure of non-financial undertakings provide flow information about the building up and amortisation/depreciation of tangible and intangible assets as well as expenses related to the operational transactions and services carried out in the reporting period.

Capital expenditure, as such, is not defined in the Accounting Directive, but may be described as the change in the amount of fixed tangible and intangible capital that occurred during the reporting year, including any depreciation or amortisation charges for the year, as accounted for under the applicable generally accepted accounting principles (GAAP) in these undertakings' financial statements.

Neither defined in the Accounting Directive is 'operational expenditure'. The expression indicates that the expenditure is related to the main business activity of the non-financial undertaking. Therefore, it could be described positively as all items of expense that arise from the undertaking's main business activities, which are generally identified as the principal revenue-producing activities of the entity and negatively as expenses that do not relate either to the investment or financing categories.

Comparing the two measures of 'capital and operational expenditure' with the suggested proportion of insurers' and reinsurers' 'total assets' shows that:

- both types of measures refer to (tangible and intangible) assets;
- stemming from capital investments and non-extraordinary transactions or business activities;
- one type of measure refers to flow information, whilst the second one refers to stock information.

Apart from the question whether the appropriate ratio for insurers and reinsurers should be limited to the change from the opening to the closing balance of a reporting period and so to reach a better

match to the flow information, there are further considerations necessary as to which 'assets' should be considered.

Insurers and reinsurers hold most assets as investments to cover the financial obligations towards policyholders, whereas assets held for own use (for example office buildings) or intangible assets are relatively less significant. Further, investments for unit-linked or index-linked liabilities are significant in life insurers' balance sheet, but such investments are distinguished from the insurer's (general account) investments, as the investment risks are borne by the policyholder.

Considering the objective to understand to what extent the insurer's activities are directed at funding economic activities identified as environmentally sustainable in the EU taxonomy, the distinction between investments held in the insurer's general account or in a unit-linked investment portfolio is less important. Further, considering that insurers may carry out financial and commercial activities beyond insurance underwriting that are directed at funding economic activities identified as environmentally sustainable in the EU taxonomy, intangible assets other than goodwill, which may support taxonomy aligned activities of the insurer or reinsurer, and assets held for own use, such as office buildings[5], are important inputs to the ratio.

In their feedback, stakeholders requested to assess more in detail all items of an insurer's or reinsurer's assets to understand whether the asset ratio shall indeed cover 'total assets' to reach a fair understanding of the insurer's potential to finance or fund economic activities according to the EU taxonomy. This is clearly the case for investments in equity and debt instruments, as well as for investments in collective investment undertakings, loans and mortgages, property, deposits to cedants and for intangible assets other than goodwill. However, for derivatives, receivables, in particular trade receivables, deferred tax assets, reinsurance assets, own shares and cash it is less clear whether those assets are capable of funding or financing environmentally sustainable economic activities. Whereas reinsurance assets may link to taxonomy aligned underwriting activities, they would not necessarily fund or finance the economic activities of an investee company.

Considering the potential limited capability of some of insurers' or reinsurers' assets to fund or finance environmentally sustainable business activities, the question arises whether those asset types can indeed be considered in the numerator and denominator of the proposed ratio, as well as to what extent such a ratio can fairly depict the total assets of an insurer or reinsurer.

Therefore, it is suggested to limit the scope of the ratio to 'investments', which shall cover direct and indirect investments, including derivatives and deposits to cedants - where appropriate-, loans and mortgages, property (including for own use) and intangibles other than goodwill. Further, it is

[5] Article 6 of Directive 91/674/EEC of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings allows for land and building held for own use to be accounted for as 'investments' of the insurance or reinsurance undertaking.

suggested to cover both investments on the insurer's general account as well as the investments in unit-linked or index-linked funds, as the policyholder has a limited influence on the actual investments and the insurer can increase the investments in taxonomy-aligned activities also in the unit-linked or index-linked funds. To provide further insights, it is necessary to disclose in addition the relative weight of investments in taxonomy-aligned activities in the general account as well as in unit-linked or index-linked investment pools, whereas the latter can be derived from product information following Articles 5 and 6 of the Taxonomy Regulation.

To understand whether the investment is indeed directed at funding or financing economic activities under the Taxonomy Regulation, insurers and reinsurers shall assess the public disclosures, in particular those under Article 8 of the Taxonomy Regulation, referring to the turnover of the investee company as well as, depending on the characteristics of the financial instrument or asset, on the capital or operational expenditures. The disclosure requirements of the NFRD and the Taxonomy Regulation apply to large EEA issuers and EEA economic activities, whereas insurers' and reinsurers' investment are international and cover investments in SMEs and such that are not (yet) covered by the Taxonomy Regulation, such as exposures to sovereigns. Until the Taxonomy Regulation covers criteria and methodologies to be applied for such investments, insurers and reinsurers may have to consider, in addition, equivalent information and may have to apply expert judgement and approximations, which need to be explained in the disclosures. As the Taxonomy Regulation further develops and the NFRD is under review, it may be worthwhile to introduce a review clause in the forthcoming delegated acts, so that the scientific progress in terms of methodologies as well as the data availability improving can be addressed.

Further, insurers and reinsurers rely on the timely disclosure of product information of asset managers, as well as from their investee companies, so that in the first years of application, insurers and reinsurers will have to use all publically and privately available information and may consider available proxies[6] and approximations. As the data availability, data quality and the development of common methodologies is expected to increase significantly, the use of proxies and approximations should be limited in terms of timing and requires sufficient explanations in the disclosures.

Based on the available information, and in line with Articles 3 and 9 of the Taxonomy Regulation, insurers and reinsurers shall supplement the disclosures with information disaggregated by the relevant environmental objectives once the corresponding criteria are developed in the Taxonomy Regulation.

[6] For example, see Joint Research Centre: JRC Technical reports, The EU Sustainability Taxonomy: a Financial Impact Assessment, 2019, p. 32-33: 2020.01.10_technical_report_commission_taxonomy_published.pdf (europa.eu).

2.2 NON-FINANCIAL UNDERTAKINGS' TURNOVER DERIVED FROM PRODUCTS OR SERVICES ASSOCIATED WITH ECONOMIC ACTIVITIES THAT QUALIFY AS ENVIRONMENTALLY SUSTAINABLE

'Turnover' of non-financial undertakings is indirectly defined by the Accounting Directive as *net* turnover in Article 2(5) thereof: "'net turnover' means the amounts derived from the sale of products and the provision of services after deducting sales rebates and value added tax and other taxes directly linked to turnover".

Following from that, 'turnover' should be understood as the amounts derived from the sale of products and the provision of services, which would most closely be captured by 'gross premiums written' following Article 34(1) of the Insurance Accounting Directive[7]. IFRS 4 *Insurance Contracts*, in IG 24, would define this as 'revenue from insurance contracts issued' and IFRS 17 *Insurance Contracts*, in B120, as 'total insurance revenue'.

Whilst there are slight differences between the definitions of gross written premium, IFRS 4's and IFRS 17's concepts, the results would be comparable when focussing on non-life premiums. In life premiums, gross written premium would most often include a deposit or savings element relating to the savings component in life insurance products and are expected to be re-paid to the policyholder at the end of the contract. This deposit or savings element cannot be regarded as 'revenue'. Therefore, as suggested by the CfA, it seems most appropriate to relate the 'turnover' ratio to non-life insurance and reinsurance underwriting and to exclude life insurance written premiums.

Alternatively, measuring the insurer's or reinsurer's underwriting exposure associated with taxonomy activities, could be depicted by the extent to which the technical provisions, i.e. the insurance liabilities, or the claims incurred – net of reinsurance - are associated with taxonomy activities. Again, life insurance technical provisions would include the obligations towards policyholders in relation to the savings element. It could be further explored to use the technical provisions as the reference point, however, as technical provisions are 'stock' information from the balance sheet, the current activities of underwriting in relation to taxonomy activities per reporting year could not be presented.

In their feedback, stakeholders highlighted the need for convergent and consistent disclosure of mandatory key performance indicators and expressed the strong agreement to limit the ratio to non-life gross written premiums relating to underwriting activities that strictly match the technical screening criteria, which should be compared to the total non-life gross written premiums. The recommended ratio has the benefit of providing insights into the current underwriting practices and

[7] Council Directive 91/674/EEC of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings, OJ L 374, 31.12.1991, p. 7.

the development of future premium income, as the ratio should depict the gross written premium from both new and renewed contracts in the corresponding financial year.

Stakeholders highlighted that the technical screening criteria are expected to be challenging to apply and that the required disaggregation of non-life underwriting activities will require substantial efforts as well as input from consultancy firms to complement internal resources.

3. IDENTIFYING ENVIRONMENTALLY SUSTAINABLE ECONOMIC ACTIVITIES

Article 3 of the Taxonomy Regulation defines an economic activity as environmentally sustainable where that economic activity:

- contributes substantially to one or more of the environmental objectives set out in Article 9 in accordance with Articles 10 to 16 of the Taxonomy Regulation;
- does not significantly harm any of the environmental objectives set out in Article 9 in accordance with Article 17 of the Taxonomy Regulation;
- is carried out in compliance with the minimum safeguards laid down in Article 18 of the taxonomy Regulation; and
- complies with technical screening criteria that have to be established by the Commission in accordance with Articles 10 (3), 11(3), 12(2), 13(2), 14(2) or 15(2) of the Taxonomy Regulation.

Regarding insurers' and reinsurers' investments, the ability to assess the extent to which those assets are funding or financing economic activities compliant with Article 3 of the Taxonomy Regulation largely depends on the sufficiently granular and relevant information available on the underlying investments. Generally, the reported turnover ratio will provide insights into the current taxonomy alignment, yet depending on the characteristics of the individual financial instrument and the terms and conditions for the pay-outs, the ratios related to CapEx and OpEx may need to be considered. Investments in financial undertakings need to be assessed through the corresponding relevant asset or investment ratios. In addition to that, insurers and reinsurers will have to use all available information to carry out the assessment in relation to non-traded or illiquid assets, for example mortgages, following the methodology set out by Article 3 of the Taxonomy Regulation. Similarly, the application of Article 3 of the Taxonomy Regulation to sovereign bonds, which are an important asset class for insurers and reinsurers, will require further research and the development of corresponding methodologies within the taxonomy framework and through a future EU Green Bond standard applicable to sovereign bonds.

Regarding the identification of the non-life gross written premiums, as indicated before, it is recommended to strictly apply Article 3 of the Taxonomy Regulation and in particular the strict technical screening criteria, currently available for climate change adaptation and mitigation. Hereby, the identification of the taxonomy alignment should link to the characteristics of the insurance activity, i.e. the insurance product. Insurers and reinsurers may have to apply an appropriate split of the premiums that are linked to taxonomy-relevant underwriting activities and such that are not. Such a split is potentially more complex in reinsurance contracts where the underlying contracts may not be known – at sufficient granularity – to the reinsurer. It is suggested that insurers and reinsurers provide a narrative basis for the allocation of their insurance activities identified as environmentally sustainable and to provide an appropriate proxy in case the underlying portfolio of insurance contracts is too complex to decipher.

In any case, to understand the approaches applied, the mandatory ratios should be accompanied by relevant disclosure about the accounting policies applied, in particular on the level of granularity of information at hand, to assess the investments and when assessing the premium income related to taxonomy compliant underwriting activities. Further, limitations in regard of the availability of the respective information and the related uncertainties interpreting the calculated ratios should be explained.

It is acknowledged that some risk coverages link to taxonomy-relevant activities, for example insuring against the losses stemming from natural catastrophes, which may mitigate the effects of climate change and support the adaptation to climate change. Here, one could distinguish between the impact of the climate related risks on the policyholder and the impact of the policyholder's activities on the environment. Regarding the former, the insurer can reduce the losses stemming from climate change related natural catastrophes otherwise borne by the policyholders. Regarding the latter, the insurer could actively mitigate the effects of climate change and support the adaptation to climate change through the pricing[8] and through potentially positively impacting policyholders' behaviour towards environmentally sustainable economic activities. Further, some insurers offer services and products that are not directly insurance activities, yet may enable taxonomy-relevant activities, through building up knowledge and methodologies to assess climate change risks. Such services, for example consultancy services on preventive measures that may be taken by the policyholders, have been reported by stakeholders to be immaterial at this point in time, yet could be reflected in a disclosure of expenditure in relation to preventive measures, which could complement, on a voluntary basis, the mandatory ratios.

[8] For example where insurers would offer premium discounts for homeowners who take steps to protect their houses from wildfires or install natural flood barriers if the building is close to a river, see Technical Expert Group (TEG) on Sustainable Finance: Technical annex to the TEG final report on the EU taxonomy; p. 574 to 576.

4. FURTHER AREAS COVERED BY THE CALL FOR ADVICE

The CfA sets out the following, additional areas for EIOPA to consider when providing its technical advice:

- there should be a difference between the disclosures of insurers and reinsurers and between insurance and reinsurance activities;
- all existing activities should be covered retroactively or only those relevant to the time period as of the when the disclosure rules start to apply[9]; and
- the recommendations can be justified based on their potential impact regarding the need for information which is disclosed to be accurate, useful, usable, and cost-efficient.

4.1 DIFFERENTIATING BETWEEN DISCLOSURES OF INSURERS VERSUS REINSURERS

Generally, the main business activities of insurers and reinsurers are the same, as both provide cover against risks and maintain investments to fund claims. Considering the objective to identify the levels of funding provided to environmentally sustainable economic activities, there is no obvious distinction between insurers and reinsurers that would require different key performance indicators. Further, insurance and reinsurance activities that qualify as environmentally sustainable do not require a distinction by the type of the insurance undertakings, rather by type of risk exposure (non-life versus life). The feedback received from stakeholders confirmed this approach.

4.2 RETROACTIVE APPLICATION OF THE DISCLOSURE REQUIREMENTS

Retroactive application of disclosure and accounting requirements is usually burdensome, requiring reconciliation to previously accounted figures, and is prone to hindsight where the current knowledge may skew the assessment that would have been made at the historical point in time. However, it provides for the opportunity to more accurately depict the current situation.

As the mandatory disclosure of the key performance indicator with reference to investments, is close, yet probably not identical considering the recent development of the technical screening criteria, to the current disclosures in the insurers' and reinsurers' non-financial reports and management reports, a mandatory retroactive application seems disproportionate. Instead, a voluntary retrospective application should not be prevented, where possible, which links to the availability of information with reference to the technical screening criteria for the different environmental objectives.

[9] The disclosures under Article 8 apply as of 1 January 2022 for the environmental objectives of climate change mitigation and adaptation, and as of 1 January 2023 for the other four. The obligations relate to the previous financial year respectively (the disclosure obligation for 1 January 2022 covers the financial year 2021, the disclosure obligation for 1 January 2023 covers the financial year 2022).

The consideration to apply the disclosure requirements retroactively on a voluntary basis is particularly important considering the staggered approach of the Taxonomy Regulation where the disclosure requirements apply to climate change mitigation and adaptation first before they are extended to cover the other four environmental objectives, as set out in Article 9 of the Taxonomy Regulation.

The feedback from stakeholders confirmed that a voluntary retrospective application should be allowed on a voluntary basis, where and if possible. However, stakeholders highlighted the challenges to apply the mandatory disclosures following Article 8 of the Taxonomy Regulation from 2022 with reference year of 2021.

4.3 COST IMPACT OF THE RECOMMENDATIONS

EIOPA believes that the suggested key performance indicators are relevant to depict the degree to which insurers and reinsurers carry out - or fund and finance - environmentally sustainable economic activities. Based on the available data today and the expected data availability in the future, insurers and reinsurers are expected to disclose sufficiently accurate, consistent and comparable information in a cost-efficient manner.

The feedback from the stakeholders confirmed that the costs of implementation of the mandatory ratios heavily depend on the availability of data on the investments and the availability of methodologies for the different investment types. Yet, even more so, the suggested mandatory ratio on the non-life gross written premiums linked to taxonomy aligned underwriting will be costly to implement due to the challenges in applying the technical screening criteria.

Concluding, EIOPA's suggested mandatory ratios for the insurance and reinsurance businesses build on the current disclosures of insurers and reinsurers, the relevance of the two ratios have been confirmed by the stakeholder feedback, so that whilst there will be additional costs to the additional disclosure, the value to the insurers and reinsurers in their non-financial communication is expected to outweigh the costs.

5. KEY PERFORMANCE INDICATORS

Concluding, this section summarises EIOPA's advice regarding the relevant ratios to be mandatorily disclosed by insurance and reinsurance undertakings falling within the scope of the NFRD as well as regarding the methodologies underlying those ratios.

EIOPA suggests requiring two most relevant key performance indicators on sustainability that depict the extent to which:

- the insurer or reinsurer is funding or financing taxonomy-related economic activities - in relation to total investments
- the insurer or reinsurer carries out taxonomy-relevant economic activities - in relation to non-life gross premiums written

5.1 KPI: SUSTAINABLE INVESTMENTS

To understand the insurers' and reinsurers' potential to invest sustainably, based on the current funding and financing of economic activities that qualify as environmentally sustainable under the Taxonomy Regulation, it is suggested to mandatorily disclose the ratio of:

- The proportion of the insurer's or reinsurer's ' 'investments' – in relation to 'total investments' – that are directed at funding, or are associated with, economic activities that qualify as environmentally sustainable.

For that, it is suggested to adopt the following approach:

- Investments are defined as all direct investments and indirect investments, which means including investments in collective investment undertakings and participations, loans and mortgages, property, plant and equipment, as well as, where relevant, intangibles other than goodwill and derivatives.
- The ratio shall be depicted in percentage terms to 'total investments' and in absolute monetary units. Additional disclosures shall distinguish the proportion of the investments in relation to the general account and unit-linked/index-linked portfolios. Further, the coverage of the ratio with reference of the balance sheet total shall be disclosed.
- As the criteria for the different environmental objectives evolve, the disclosures shall be broken down by environmental objective, as set out by Article 9 of the Taxonomy Regulation, in percentage terms and monetary units, where available.
- The assessment of taxonomy alignment of the investment shall be based on the extent to which environmentally economic activities, according to the EU taxonomy, are financed and funded, based on the information available regarding 'turnover' as well as taking into consideration, where relevant to depict the characteristics of the asset or financial instrument, the 'CapEx' and

'OpEx' of the investee company. For investments in financial undertakings, the corresponding, relevant KPIs shall be used.

- All publically and privately available information shall be used and can be complemented by approximations and proxies, where necessary. The use of proxies as well as of applied methodologies and accounting policies shall be disclosed and explained. Potential limitations regarding the availability of sufficiently granular, relevant and reliable information shall be explained.
- Additional disclosures on the insurer's or reinsurer's capital expenditure for prevention and protection measures to support environmental objectives for policyholders, as well as the nature of those, is encouraged, where relevant, on a voluntary basis.

This KPI is expected to form the basis for cross-sectoral comparison of insurers and reinsurers with financial institutions for sustainability reporting.

5.2 KPI: SUSTAINABLE UNDERWRITING ACTIVITIES

To assess insurers' and reinsurers' business activities that are identified as environmentally sustainable following the EU taxonomy[10], it is suggested to mandatorily disclose the ratio of:

- The proportion of the non-life 'gross premiums written' - in relation to total non-life gross premiums written - corresponding to insurance activities identified as environmentally sustainable in the EU taxonomy.

For that, it is suggested to adopt the following approach:

- Gross premiums written are understood as 'revenue from insurance contracts issued' or 'insurance revenue', depending on the applicable accounting framework.
- The ratio shall be depicted in percentage terms to 'total non-life gross premiums written' and in absolute monetary units.
- As the criteria for the different environmental objectives evolve, the disclosures shall be broken down by environmental objective, as set out by Article 9 of the Taxonomy Regulation, in percentage terms and monetary units, where available.
- Supplementing disclosures shall explain the extent to which the taxonomy aligned underwriting activities are reinsured or are stemming from reinsurance activities.
- The use of proxies as well as applied methodologies and accounting policies shall be disclosed and explained.

[10] EU taxonomy refers here to the Taxonomy Regulation together with the forthcoming delegated acts. Please see the draft technical screening criteria for climate change mitigation and adaptation, applicable to insurance and reinsurance economic activities in European Commission: Draft annex 2 to the Commission Delegated Regulation (EU) …/…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, pages 263 – 269; https://ec.europa.eu/info/law/better-regulation/

This KPI is expected to provide important insights to investors into the non-life underwriting of insurers and reinsurers regarding their taxonomy aligned business activities and allows for the comparison between insurers and reinsurers as well as on the extent to which the underwriting activities foster environmental objectives.

ANNEX: RESPONSES TO THE CONSULTATION PAPER

On 30 November 2020, EIOPA issued a consultation paper[11] to seek input from stakeholders and interested parties on the suggested ratios to be mandatorily disclosed by insurers and reinsurers falling within the scope of the Non-Financial Reporting Directive as well as on the methodologies to build those ratios. The public consultation ended on 12 January 2021.

In this public consultation, EIOPA requested feedback on whether the mandatory ratios of non-financial undertakings, as set out in the Taxonomy Regulation, are relevant and appropriate to depict insurance and reinsurance activities or whether they need to be 'translated' to the most appropriate and comparable key performance indicators for insurance and reinsurance businesses. Further, EIOPA sought ideas and comments on potential alternative measures, on necessary disclosures around the approaches taken and methodologies used as well as on the expected impact of the future mandatory disclosures.

EIOPA requested the feedback from its Insurance and Reinsurance Stakeholder Group (IRSG). However, due to time and resource constraints, the IRSG did not provide an opinion on the consultation paper. EIOPA received 12 responses from insurance undertakings and insurance associations, consumer associations, NGOs, audit firms and actuarial associations.

In accordance with the European Commission's CfA, EIOPA closely cooperated with the two other European Supervisory Authorities to ensure consistent and coherent recommendations from the three authorities and EIOPA benefitted from the public consultation and outreach activities of the EBA and ESMA.

MAIN COMMENTS RECEIVED

The approaches and ideas that EIOPA consulted upon were well received and supported by the vast majority of the respondents. In particular, the choice of key performance indicators to fairly reflect on insurers' and reinsurers business models were deemed relevant and appropriate.

The feedback received helped greatly to finalise the technical advice and to further develop and amend the final recommendations. The main comments can be summarised as follows:

- The asset ratio should be further refined and focus on investments, disregarding assets that are not eligible under the Taxonomy Regulation and such that do not have the potential to fund taxonomy-aligned economic activities, in particular receivables or reinsurance recoverables.
- The asset ratio should focus on the investments in the general account, as the investment choice in unit-linked investment portfolios is not fully under the control of the insurer.

[11] EIOPA: Consultation Paper on n EIOPA's advice regarding Article 8 of the Taxonomy Regulation, 2020; https://www.eiopa.europa.eu/sites/default/files/publications/consultations/eiopa-20-731-consultation-paper_taxonomy.pdf

- Voluntary additional disclosures could specify the volumes of capital expenditure related to preventive measures engaging with policyholders to support the environmental objectives.
- The premium ratio should be strictly limited to non-life gross-written premiums of the insurance underwriting activities compliant with the technical screening criteria. Extending the scope of the KPI would come at significant costs to receive appropriate information from policyholders and would risk inconsistent, even potentially misleading, information.
- The introduction of the mandatory disclosure will be a challenge to obtain the necessary information, develop the relevant approaches and to apply the screening criteria. Further, judgement and approximations will be necessary, so that appropriate supplementing information shall be provided on the accounting policies used and the applied narrative.
- Agreement that it is necessary to distinguish by life and non-life underwriting activities, yet not to distinguish the applicable KPI by whether the issuer is an insurer or reinsurer.
- Retrospective application is not expected to be applied due to the current lack of information, yet where it is possible, it should be allowed.
- Stakeholders expressed concerns about the timeframe to implement the disclosure requirements arising from the Taxonomy Regulation asking that the first publications should be required at the earliest in 2023. Stakeholders justified the necessary postponement due to the need to collect extensive information from investee companies and to secure consistency with the timeframe for the implementation of the revised NFRD.

INDIVIDUAL RESPONSES

Question 1: Do you agree that the extent to which insurance or reinsurance undertakings' 'assets' – in relation to 'total assets' - are directed at funding, or are associated with, economic activities that qualify as environmentally sustainable is an appropriate ratio?

Question 2: If you do not agree with the use of 'assets', would you agree to use the insurance or reinsurance undertaking's 'investments' that are directed at funding economic activities that qualify as environmentally sustainable? Would you differentiate investments held for unit-linked or index-linked contracts?

Question 3: Would you propose any additional key performance indicators for insurance and reinsurance undertakings to measure the extent to which the undertaking makes an effort in engaging more in environmentally sustainable activities?

Question 4: Do you agree to measure the insurers' and reinsurers' insurance activities corresponding to those identified as environmentally sustainable in the EU taxonomy by the proportion of the non-life 'gross premiums written' or - depending on the accounting framework - non-life 'revenue from insurance contracts issued' or 'total insurance revenue'?

Question 5: Do you see merits in further exploring an alternative ratio that depicts the extent to which non-life insurance or reinsurance liabilities are associated with taxonomy activities?

Question 6: Do you agree that when assessing the insurance activities that correspond to environmentally sustainable economic activities insurers and reinsurers may have to apply judgement to determine a reasonable split?

Question 7: Do you agree that when applying judgement, insurers and reinsurers shall provide a narrative on the split, together with information on the accounting policies used?

Question 8: Can you provide insights into the prevalence of ancillary services to insurance activities, such as consultancy services, that enable taxonomy-relevant activities and how they are accounted for (e.g. as part of insurance or other revenue)?

Question 9: Do you agree that it is not necessary to distinguish different types of key performance indicators of insurance and reinsurance undertakings or by insurance or reinsurance activities?

Question 10: Do you agree that a distinction between non-life and life exposures is necessary?

Question 11: Do you agree that the retrospective application of the disclosure requirements should be possible, but not required?

Question 12: Can you share your insights into the relevance and usability of the recommended key performance indicators? Which key performance indicators are you currently disclosing or are you using for internal performance monitoring?

Question 13: Do you have any feedback on the costs of implementing the recommended key performance indicators? To which extent will you be able to use existing processes and data sources?

N.	Name	Ref.	Comment	Processing
1.	AMICE	Q1	In principle, all insurers' assets (both the investments to cover the insurance underwriting liabilities and the assets held for own use) could potentially fund economic activities which qualify as environmentally sustainable under the Taxonomy Regulation. Both types of assets would then be considered to determine to what extent the insurer's assets are directed at funding economic activities identified as environmentally sustainable under the EU Taxonomy Regulation. Nevertheless, it is important to consider carefully the assets which should be included in the numerator and the denominator of the proposed ratio. EIOPA should engage further with the industry to determine the eligible investments. Regarding the denominator, the EU Taxonomy only concerns economic activities. To avoid bias and provide a fair and representative ratio that is properly adapted to the insurance sector we consider that the ratio would be more relevant if the denominator is only composed of: (a) asset classes eligible to the EU Taxonomy, i.e. equity and corporate bonds, infrastructures and real estate investments; (b) held on the general account (for further details, see our response to question 2). Regarding the numerator, several options are possible for counting the investments in taxonomy-aligned activities, as explained by ESMA in its consultation paper on its proposed advice to the Commission regarding Article 8 of the Taxonomy Regulation. In this regard, EIOPA should provide further guidance on how "taxonomy-aligned investments" are defined. Moreover, there should be coherence between	Partially agreed, the details of the asset ratio have been further defined.

			EIOPA's recommendations and those of ESMA and EBA as this would foster comparability of disclosures for investment activities by different financial market participants. Other asset classes such as sovereign, supranational and agency (SSA) bonds should be excluded from the KPI (on both numerator and denominator) as they are not Taxonomy-eligible. Nevertheless, given the significance of SSA bonds in insurers' portfolio, please see our proposal under question 3. EIOPA should also consider the lack of data availability when proposing the methodology. While companies subject to the Non-Financial Reporting Directive (NFRD) will publish their turnover, CAPEX and OPEX that are aligned with the EU Taxonomy, non-NFRD companies (such as SMEs, non-listed companies and non-EU companies) will not report the necessary data. This will have an impact on the final ratio depending on the methodological choice (considering no data means no alignment or excluding these investments of the ratio or applying a proxy). Therefore, we suggest excluding from the ratio calculation assets invested in companies that are not subject to the NFRD requirements: non-EU companies, financial companies that do not fall under the NFRD scope, companies under the thresholds of the NFRD. In relation to assets where the information is not available (e.g. information on turnover aligned with the EU taxonomy non disclosed by the company or the asset manager), EIOPA should clarify the methodology to apply: exclusion or application of a proxy. In order to be able to carry out a calculation over the widest possible scope, we reiterate the importance of developing of a centralized ESG data register that would facilitate building of ESG disclosures and the access to relevant and reliable data at the EU level in an open-source format. All financial market participants and companies should disclose publicly the coverage rate of their respective KPI. The KPI should reflect the assets under management at the end of the civil year. We propose to report a single global ratio that includes all the six environmental objectives defined in the Taxonomy Regulation. To conclude, in our view the following ratio is the most relevant for the KPI on investments: (Assets invested in Taxonomy aligned activities)/(Total eligible assets held in the general account)	
2.	AMICE	Q2	We believe that a distinction should be made between the assets held on the general account and the investments held for unit-linked contracts. On one hand, we consider the ratio of investments associated with economic activities that qualify as environmentally sustainable on the general account reflects better the insurer's policy and efforts towards "green" investments. It is the insurer that decides the allocation. On the other hand, the amount of "taxonomy-aligned" investments in unit-linked accounts rests with policyholders who choose their own allocation and not with insurance companies. For this reason, we consider this ratio is less relevant.	Partially agreed, the details of the asset ratio have been further defined.

3.	AMICE	Q3	We propose an additional optional KPI based on green sovereign bonds (green SSA bonds/total SSA assets). Regarding the non-life KPI, see our proposal under question 5.	Noted.
4.	AMICE	Q4	Although "gross premiums" may represent a suitable "translation" of the turnover indicator for financial institutions under Article 8(2) of the Taxonomy Regulation, they are not able to adequately reflect the efforts made by insurance companies to combat climate change and consequently, they do not entirely allow to understand to what extent the insurer's activities are directed at covering the risks stemming from climate-related perils and at mitigating the relevant negative effects. Therefore, as suggested by the European Commission in its Call for Advice and alternatively proposed by EIOPA in its consultation document, we believe that it is appropriate to relate the 'turnover' ratio to non-life insurance and reinsurance underwriting exposure associated with taxonomy activities and to exclude life insurance written premiums. Non-life insurance and reinsurance have been defined as enabling activities contributing to the objective of climate change adaptation under the draft Taxonomy delegated act. Thus, we believe the indicators required under the NFRD (Article 8 of the Taxonomy Regulation) should be aligned with the technical screening criteria that qualify the alignment of non-life insurance activities under the Taxonomy.	Agreed.
5.	AMICE	Q5	We suggest including an additional optional KPI which would also take into account the (re)insurers' expenditures on prevention or protection measures. Such an indicator could illustrate the significant contribution of insurance to the environmental objective of climate change adaptation as defined in the Taxonomy Regulation. Climate risk prevention/protection measures, directly related or not to the individual contracts, contribute indeed to the policyholder's adaptation to climate change. Prevention expenditures could include all expenditures made by the insurer linked to implement prevention or protection measures, for instance modelling/forecasting, expenditures linked to the on-site visit of a prevention engineer, sending of weather alert SMS, prevention campaigns etc. Moreover, we see merits in further exploring a supplementary ratio, which would allow to better depict the contribution made by motor insurance activities to mitigate the negative consequences of climate related events and/or reduce the gas emissions which exacerbate climate change. Such a ratio could be represented by the proportion of the insured vehicles that integrate distinctive socio-economic characteristics (e.g. vehicle with telematics boxes that help to enhance security, to combat fraud and to promote sustainable behaviours through mileage-based rates; hybrid and electric vehicles that help to reduce CO2 emissions) with the total amount of vehicles insured by the company.	Agreed.
6.	AMICE	Q6	Expert judgment is useful to tackle specific situations and circumstances in a justifiable way, however only when rule-based indicators are unable to capture economic reality and best-in-class transition strategy at the relevant level of granularity.	Agreed.
7.	AMICE	Q7	As EIOPA pointed out in the consultation document (on page 8), identifying insurance activities that are environmentally sustainable is not always a straightforward exercise. On the contrary, it is a complex and rigorous activity that, especially in its initial phase, requires flexibility and time to build the necessary experience. Hence, we agree with EIOPA that (re)insurers should be allowed to provide a short narrative on their environmentally sustainable economic	Agreed.

			activities. This can be of help to illustrate the approaches applied, especially where the underlying portfolio of insurance contracts is too complex to decipher. At the same time, we would suggest avoiding stringent disclosure requirements which could risk to make t he narrative explanation excessively burdensome and onerous.	
8.	AMICE	Q8	Such ancillary services are not that common and probably not significant in this context. Nevertheless, we believe that an ad ditional KPI could explore the expenditures and services of prevention provided by insurers.	Agreed.
9.	AMICE	Q9	We agree that there is no need to differentiate between KPIs of insurance and reinsurance undertakings or by insurance and re insurance activities.	Noted.
10.	AMICE	Q10	Yes, we believe it is necessary to have different KPIs for non-life and life exposures to taxonomy compliant economic activities.	Noted.
11.	AMICE	Q11	We support the possibility to apply the disclosure requirements retrospectively as long as it is not mandatory. At this stage , companies are using different indicators (see our answer under question 12) based on their internal processes on non -financial reporting and their business and sustainability strategies. Therefore, time and flexibility are key for the industry to be compliant with the req uirements as set out under Article 8(2) of the Taxonomy Regulation.	Agreed.
12.	AMICE	Q12	We believe that the KPIs suggested by EIOPA, together with the adaptations proposed in our response, adequately reflect how an insurance company supports the transition towards a low-carbon economy and the resilience of the society to climate change effects. Therefore, regarding their relevance, we consider that they are able to strike a balance between the need to provide for information that are significant and the feasibility to collect and examine that kind of information. However, when looking at their usability, we envisage some challenges in their implementation. In light of the legislative framework that has been developed following the publication of the EU Action Plan on Sustainable Finance, and in particular the Sustainable Finance Disclosure Regulation (SFDR - Regulation (EU) 2019/2088) which becomes applicable as of 10th March 2021, we expect indeed consistent efforts to be made by all actors in the "ESG information chain" - such as companies, investors, analysts - to provide for raw and structured information. At the same time, there is also the ongoing review of the NFRD (Directive 2014/95/EU), which will be amended to improve reliability, comparability and relevance of non-financial information. Hence, we are confident that, after a transitory, initial phase, solid and homogeneous information will be available at all levels.	Agreed.
13.	AMICE	Q13	Regarding the costs of implementing the recommended KPIs, if the non-life KPI is limited to the scope defined in the delegated act on the technical screening criteria for non-life insurance, insurers will be able to implement this reporting at reasonable costs using existing data sources. However, if the non-life KPI is broader and requires an assessment of the policyholders' compliance with the Taxonomy, it will be extremely burdensome. We envisage that a company will have at least to sustain the following costs: - Costs for a consultancy service aimed at providing support to identify the correct insurance guaranties to be considered when identifying the insurance activities as taxonomy-compliant;	Noted.

			- Costs for a data providing service aimed at measuring carbon-related assets included in the Corporate portfolio; - Costs related to the implementation of IT updates and developments mainly with respect to the subscription, claim and asset management software. Regarding the data sources, although financial and non-financial companies have the same timeline to comply with the Taxonomy Regulation, financial institutions will not have access to the investee companies' data on the first year of reporting. The narrative and the flexibility given to insurers to use proxies or previous years' data is even more important in that context. Regarding the application timeline, we suggest that 1st January 2022 is the start of the reference period meaning the first reporting on the KPI will be in 2023. This would be in line with the SFDR Regulation and would give insurers sufficient time to develop reporting processes.	
14.	PwC International Ltd.	Q1	As already described in the EIOPA explanatory note under "2.1 Non-financial undertakings' capital expenditure and operating expenditure related to assets and processes in taxonomy-compliant activities," the assets side of insurance undertakings mainly consists of investments that serve to cover obligations to policyholders. Other items, such as intangible assets, receivables from insurance business (receivables from policyholders, intermediaries, reinsurers), other receivables and any other assets, are comparatively immaterial in terms of size. In our opinion, the assessment of other items for taxonomy compliance is not likely to contribute significantly to the transparency that this requirement is intended to achieve. In particular, there is the question of practicability as well as cost/benefit. In our view, consideration should therefore be given to whether it would not be more appropriate to use a subset of assets (essentially investments) as the basis for a suitable ratio for insurance companies. We further refer to our response to question 2.	Partially agreed, the details of the asset ratio have been further defined.
15.	PwC International Ltd.	Q2	We agree that "investments" are an adequate indicator to achieve transparency. As explained in question 1, the asset side of an insurance company consists predominantly of "investments". In our opinion, the following sub-aspects should be considered at this point: Valuation: We support the idea of using the relevant accounting principles for financial reporting in the EU to define "Investments" as companies have already implemented the reporting standards. However, the application of IFRS might be rather unfavorable against the background that not all insurance companies (have to) prepare their accounts in accordance with IFRS. Local GAAP as a valuation benchmark might lead to heterogeneity in terms of valuation within the EU. In addition, the question is, whether the basis for determining the ratio should be the market value or the book value. In the case of book values, we see the possible disadvantage that a full write-off of items, for example, would eliminate the basis for taxonomy compliance. For example, if a property in the portfolio is valued at book value and fully depreciated, it would not be included in the KPI anymore. For this reason, and in the interest of a common valuation basis at the EU level, it could be considered whether the market values according to Solvency II, which the insurance companies already determine, could serve as a basis. The Solvency II rules are valid in all EU countries for the majority of insurers, so that comparability, also across borders, is ensured.	Partially agreed, the details of the asset ratio have been further defined.

			However, possible limits to the Solvency II assessment would have to be taken into account: For example, a different scope of consolidation may result due to different consolidation rules between local GAAP and Solvency II. In addition, the deadlines for reporting under Solvency II will generally be later than those for reporting under commercial law. It would have to be investigated whether the availa bility of Solvency II market values could be critical in the area of investments. Assets to be included: If Solvency II values are used, the category "Investments (other than assets held for index-linked and unit-linked contracts)" and the items "Property, plant & equipment held for own use" and "Investments held for unit-linked or index-linked contracts" should also be included in the indicator. The possible inclusion of the item "Property, plant & equipment held for own use" w ould complete the investments. This could provide an incentive to invest in its own building to achieve taxonomy compliance. Investments held for unit-linked or index-linked contracts: "Investments held for unit-linked or index-linked contracts" can make up a significant portion of a life insurer's assets. In contrast to the traditional life insurance business, the insurance company provides a possible selection of funds for unit-linked or index-linked contracts, but the decision on the actual selection then lies with the policyholder, so that the insurance company cannot influence this. The final choice of fund lie s with the policyholder and is beyond the control of the insurance company. Nevertheless, it should be considered to include the "Investments held for unit-linked or index-linked contracts", as otherwise a possibly significant component of the asset side would be neglected. It would make sense, if necessary, to explain what proportion of the figure to be reported is attributable to investments held for unit-linked or index-linked contracts and, thus, in which proportion of investments the final decision is not made by the insurance company. Another approach might be to divide the different kinds of investments held in assets shown in the balance sheet items into different portfolios and to subdivide the investment held fo r unit-linked or index-linked contracts as well into those with the choice left to the investors (multiple option products) and those where the decision is made by the insurance company. Scope: We generally recommend that the entire investments and not only the new investments acquired in a financial year, but also the investments held in the investment portfolio, be checked for taxonomy conformity and reported as part of the key figure. Insu rance companies have invested the majority of their capital in safer, long-term assets, so that the proportion of new investments is relatively small compared to the total investment portfolio. It might be possible to additionally disclose the new capital invested in a year separately to provide insight into the ambition level of the insurance company.	
16.	PwC International Ltd.	Q3	See response to question 2.	Noted.
17.	PwC International Ltd.	Q4	We support the idea of using the relevant accounting principles for financial reporting in the EU. Nevertheless, and as alrea dy said above (response to question 2) not all insurance companies report in accordance with IFRS. To achieve comparability, the So lvency II regulations could be used and the "gross premiums written" in accordance with QRT S.05.01.01 defined as the basis. The Solvency II regula tions must be implemented by most insurance companies and are identical across all EU countries, so that comp arability is given. In our view, it is unclear on which basis the "gross written premiums" should be based: - Total gross written premiums of a non-life insurance company.	Agreed, this has been specified.

			- Only the gross written premium generated from insurance lines that could potentially be taxonomy-compliant. In general, we assume that the total gross written premium should be taken into account. However, certain business activities cannot meet the criteria at all, as they only partly address taxonomy-relevant objectives. (On 20 November 2020 the European Commission has published the draft delegated act setting out the technical screening criteria and defining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or adaptation. According to this draft delegated act "Non-life insurance" or "Reinsurance" may be taxonomy compliant, provided that - among others - the services are related to the underwriting of climate related perils (as set out in Appendix A of Annex II of the draft delegated act). For casualty business, for example, this means that insurance companies offering the casualty line of business cannot achieve taxonomy-compliance (based on current definition as laid down in Draft Annex II section 10) with this business. Therefore, it should be defined whether the premiums resulting from lines of business which, in principle, cannot be covered by the taxonomy as no screening criteria are defined, but which cannot be dispensed with either, should be included in the key figure or whether, if necessary, a separate disclosure should show that taxonomy conformity cannot be achieved for a certain share of the premium.	
18.	PwC International Ltd.	Q5	We recommend including an additional ratio that shows the taxonomy-compliant premium generated in relation to the potential taxonomy-compliant premium (see response to question 4) to ensure the relevance and comparability of the KPIs. In our view, the currently proposed ratio does not take into account ceded business when considering the insurance liabilities side, although ceded reinsurance is a relevant business activity. When assessing the premium collected by non-life insurance companies in line with the taxonomy, only the "gross premiums written" are taken into account, but not the reinsurance where the ceded business is located. Since reinsurance is also part of the business activity, reinsurance should also be included in the KPI / the reporting.	Noted.
19.	PwC International Ltd.	Q6	We welcome the possibility of judgement as a pragmatic approach in the context of the implementation of the requirements. However, to ensure transparency, judgement should be accompanied by narrative reporting.	Agreed.
20.	PwC International Ltd.	Q7	We agree that when using judgement, the derivation should be made transparent as well. Otherwise, comparability is only possible to a limited extent. The explanation should be part of the non-financial note.	Agreed.
21.	PwC International Ltd.	Q8	No response.	Noted.
22.	PwC International Ltd.	Q9	See response to question 4.	Noted.
23.	PwC International Ltd.	Q10	We fully support that there should be a distinction between Life and Non-Life.	Noted.
24.	PwC International Ltd.	Q11	As already explained in question 2, we consider it necessary to also check the taxonomy alignment of the investments in the portfolio. This is particularly important in view of the long-term nature of the investment. Due to the extensive analysis of the investment portfolio and the data that is probably not yet fully available, we agree that a retrospective application should be possible, but not mandatory.	Agreed, this has been clarified.

			For the disclosure regarding premiums, the question arises what is meant by "those relevant to the time period as of when the disclosure rules start to apply". Non-life insurers usually have one-year contracts in their portfolio. These renew for one year at a time unless the policyholder cancels. Are the premiums resulting from the contract renewal also recorded as new business, or do "those relevant to the time period as of when the disclosure rules start to apply" only include actual new business. A definition at this point would be helpful.	
25.	PwC International Ltd.	Q12	No response.	Noted.
26.	PwC International Ltd.	Q13	No response.	Noted.
27.	PwC International Ltd.	Additional comments	PwC International Ltd (PwC), on behalf of the PwC network, welcomes the opportunity to submit its views on EIOPA's draft advice to the European Commission specifying the reporting obligation under Art. 8 of the Taxonomy Regulation for insurers and reinsurers. The disclosure requirements pursuing Art. 8 of the Taxonomy Regulation present both uncertainty and complexity for insurers and reinsurers falling within the scope of the Non-Financial Reporting Directive. We generally support the approach taken by EIOPA to identify relevant ratios for insurance and reinsurance undertakings. Please see below a summary of our key remarks: - With respect to the costs and benefits of the required disclosures, a focus on investments rather than total assets should be considered. - Market values according to Solvency II could serve as a common basis for insurers and reinsurers which eliminates differences between IFRS and local GAAP to ensure comparability. - We agree that assessing insurance activities that correspond to environmentally sustainable economic activities might require judgement which should be accompanied by narrative reporting. - We generally recommend that the entire investments and not only the new investments acquired in a financial year, but also the investments held in the investment portfolio, be checked for taxonomy conformity and reported as part of the key figure. Due to the extensive analysis of the investment portfolio and the data that is probably not yet fully available, we agree that a retrospective application should be possible, but not mandatory.	Partially agreed, the reference to non-financial reporting should be the accounting framework, not the prudential one.
28.	Finance Watch	Q1	We agree in principle with the suggested approach focused on a proportion of insurance or reinsurance undertakings' assets which are directed at funding, or are associated with, economic activities that qualify as environmentally sustainable. However, we believe there is a need for consistency in the approach taken with respect to asset managers and banks. In its consultation paper ESMA followed a very different approach towards CAPEX / OPEX. We understand that in line with ESMA's proposals, CAPEX / OPEX would rather be a sum of the underlying investee companies' respective CAPEX / OPEX disclosures.	Partially agreed, the details of the asset ratio have been further defined and represents a consistent approach across financial sectors.

			We understand the rationale behind EIOPA's suggestion to include in the ratio intangible assets and assets held for own use, such as office buildings. However, we would like to flag that ESMA suggested not to include investments in intangible assets and assets held for own use seen as not sufficiently significant. We believe that it would be useful to adopt a consistent approach. To sum up, we agree that a proportion of insurance and re-insurance undertakings' assets directed at funding, or associated with economic activities that qualify as environmentally sustainable, in relation to 'total assets' would be an appropriate ratio. At the same time, we are calling on EIOPA, ESMA and the EBA to adopt a consistent approach with regards to the KPI for asset managers and banks and other credit institutions to the largest extent possible.	
29.	Finance Watch	Q2	Please see our response to question 1, where we support the approach suggested by EIOPA to consider all assets as a basis for the KPI. Furthermore, we agree that there is no need to differentiate between unit-linked or index-linked contracts.	Agreed.
30.	Finance Watch	Q4	In principle, we agree with EIOPA's suggestion to measure insurers' and reinsurers' insurance activities corresponding to those identified as environmentally sustainable in the EU taxonomy by the proportion of the non-life 'gross premiums written'. Such approach seems to well reflect the specificities of insurers' and re-insurers' business models. However, this should be restricted only to those non-life insurance products insuring economic activities which qualify as sustainable under the EU Taxonomy regulation as a way to mitigate climate change. Examples of such products are, for example, renewable energy insurance or Photovoltaic (PV) warranty insurance. At the same time, we are concerned about the insufficient consistency with the approach followed by ESMA. In its Consultation Paper on Article 8 Taxonomy-related disclosures, ESMA suggested a proportion of asset managers' investments in collective portfolio management as the main KPI. Meanwhile, regarding CAPEX and OPEX, ESMA suggests that asset managers combine CAPEX and, if relevant OPEX, of the underlying investee companies. While ESMA has considered KPIs based on revenue, or return on investment (e.g. a ratio of fees from Taxonomy-aligned investments over the total fees accrued by the asset managers) as an alternative, it concluded that a share of investments or assets under management ('AuM') based approach would provide investors with more meaningful information. We understand the underlying reasons for both approaches and we also understand that the business models are not the same. However, we believe that more consistency is needed especially for activities which are relatively comparable (e.g. investments / asset management). A more consistent approach is also needed with regard to CAPEX and OPEX equivalent metrics.	Agreed.
31.	Finance Watch	Q6	We agree with the suggested approach. As pointed out by EIOPA, a split of the premiums that can be allocated to Taxonomy-relevant activities and those that are not can be quite complex in reinsurance contracts where the underlying contracts may not be known. However, we would advise caution regarding allowing using a proxy in case the underlying portfolio of insurance contracts is deemed too complex. We are concerned it could open the possibility for greenwashing. From its onset, the EU Taxonomy has been intended to be a tool to measure the environmental sustainability of economic activities and therefore of financial instruments. Allowing to use a proxy or a coefficient (as suggested in the draft ESMA's advice) would be in contradiction to this objective. In our response to the ESMA's consultation on Art.8 Taxonomy-related disclosures, we strongly advocated against a use of an industry coefficient arguing that two companies from the same sector can have a very different Taxonomy-alignment.	Partially agreed, in particular in the first year of application, reasonable approximations may be required. Disclosure shall provide the necessary transparency to the approaches taken.

32.	Finance Watch	Q7	Yes, we agree with the suggested approach. To be meaningful, quantitative indicators often need accompanying information, especially in case of a novel and rather complex tool as the EU Taxonomy. We understand that especially in the initial years, companies are likely to be using different methodologies. In particular, the mandatory ratios should be accompanied by relevant disclosure about the accounting policies applied, Therefore, additional explanations will be useful to investors to understand what is behind the figures.	Noted.
33.	Finance Watch	Q9	We agree with the proposed approach given that the main business activities of insurers and reinsurers tend to be the same, both providing cover against risks and maintaining investments to fund claims.	Noted.
34.	Finance Watch	Q10	We agree with the proposed approach.	Noted.
35.	Finance Watch	Q11	Yes, we agree with the EIOPA's suggestion. Indeed, requiring retrospective application of the disclosures seems disproportionately burdensome and would be difficult to produce for the reporting companies. Normally companies first need to set up their IT and reporting system and gather the data throughout the reporting year to produce reliable disclosures. However, we agree that voluntary retrospective application should be allowed.	Noted
36.	Finance Watch	Additional comments	Disclosures under Article 8 of the Taxonomy Regulation will serve as a basis for developing the Taxonomy related disclosures by financial market participants. Their appropriate calibration is important to ensure that the EU Taxonomy Regulation delivers on its objectives. We suggest to harmonise corporate disclosures deriving from Art. 8 of the Taxonomy Regulation to the farthest extent possible. This would contribute to the enhanced consistency and comparability of information for investors and other information users. Reporting companies would also benefit from clarity on how to prepare the disclosures. Overall, we are of the opinion that the approach followed by EIOPA reflects well the specificities of insurance and reinsurance undertakings' business models. We also understand the reasoning followed, aiming for the best equivalents of the mandatory ratios of non-financial undertakings, as set out by Art. 8 of the Taxonomy Regulation, being turnover from the EU Taxonomy aligned activities and CAPEX and OPEX linked to the EU Taxonomy aligned activities. However, we are concerned that the approach taken would result in metrics which are not sufficiently comparable with those proposed by ESMA for the asset management industry. While in both cases one of the metrics is intended to reflect assets invested in the EU Taxonomy aligned activities, the underlying components seem to differ (e.g., regarding the inclusion of assets for own use). Moreover, in case of EIOPA, the metric is seen as the CAPEX / OPEX equivalent, while in case of ESMA, the metric is seen as the equivalent of turnover in case of non-financial undertakings. This could result in comparing apples with oranges which could eventually result in misleading fund disclosures on their alignment with the EU Taxonomy economic activities. In terms of process, we regret that EBA has not launched a fully-fledged public consultation on the Art.8 Taxonomy-related KPIs for credit institutions. Running the respective consultations in parallel by the European Supervisory Authorities would have been helpful to better inform our thinking and ensure a consistent approach. Thank you for your consideration and we remain to discuss your proposals further.	Agreed, these points have been further clarified.

37.	German Insurance Association	Q1	Reported assets of insurance companies comprise apart from investments also e.g. reinsurance receivables, policyholder recoverables or technical deferred positions, which do not directly fund economic activities. Therefore, German insurers generally agree with EIOPA that of all insurers' investments (both the investments to cover insurance underwriting liabilities and investments held for own use) could fund economic activities that qualify as environmentally sustainable according to the Taxonomy regulation. Therefore, both types of investments should be considered to determine to what extent the insurer's investments are directed towards funding economic activities identified as environmentally sustainable under the EU Taxonomy. However, it should be properly considered what investments should be included in the numerator and denominator of the proposed ratio. Generally, with a view to insurers / reinsurers and asset managers as investors, it is of essential importance that EIOPA and ESMA follow the same approach (regarding e.g. approaches, definitions and parameters for computing any KPIs) as this will allow to achieve comparable disclosures for investment activities by different financial market participants. For achieving consistent taxonomy investment ratios careful consideration should be given to the question what investments should be included in the numerator and denominator of the proposed ratio. Numerator: Focusing on the numerator, EIOPA should provide further guidance on how "taxonomy aligned" investments are defined. GDV supports that Taxonomy-eligible investments should be the only ones taken into account. The methodologies to account for "taxonomy-aligned investments" should be as clear and consistent as possible. Denominator: We propose to use the term "total eligible investments" for the denominator due to the following reasons: Generally, we believe that a calculation based on all investments of an insurer / reinsurer (both the investments to cover insurance underwriting liabilities and the investments held for own use) would be comprehensive and show the ratio of Taxonomy-aligned investments compared to the total investments of an insurer / reinsurer (both the investments to cover insurance underwriting liabilities and the investments held for own use). However, as ESMA correctly states, such a figure would include investments in asset classes such as government bonds where a contribution to economic activities is - apart from green bonds complying with the EU Green Bond Standard - hardly possible to estimate for Taxonomy purposes. And not only sovereign bonds also other asset classes such as mortgage loans are not eligible to the Taxonomy. Therefore, we support ESMAs approach to design a set of eligible investments instead of taking all investments held by insurers / reinsurers. It is further equally important to define the set of eligible investments according to an already known classification. We would suggest defining eligible investments according to the Complementary Identification Code (CIC) Table of the Commission Delegated Regulation 2015/35. Since government bonds and other not Taxonomy-eligible asset classes account for a significant share of the portfolio, the ratio would be more meaningful if the denominator is composed of eligible asset classes only (i.e. equity and corporate bonds, infrastructures and real estate investments).	Partially agreed, the details of the asset ratio have been further defined.
38.	German Insurance Association	Q2	We suggest two key figures: One figure showing the proportion of Taxonomy-aligned investments in the numerator to all eligible investments of the insurer / reinsurer (both the investments to cover insurance underwriting liabilities and the investments held for own use) in the denominator. The other figure showing the proportion of Taxonomy-aligned investments held for unit-linked contracts in the numerator to all eligible investments held for unit-linked contracts. This distinction is important and makes the disclosures more meaningful as investment risks are borne by the policyholder and the investment allocation decision (choice of funds in the unit-linked contract) often rests with policy holders and not with the insurer. For disclosing this figure, it is essential that asset managers disclose the relevant data at fund level and not only as an aggregated figure at company level.	Partially agreed, the details of the asset ratio have been further defined.

			We believe that the first key figure (the ratio of Taxonomy-aligned investments to all eligible investments of the insurer / reinsurer) would be the one that better reflects the (re-)insurer's policies and efforts towards environmentally sustainable investments. Looking at the second figure (the ratio for investments held for unit-linked contracts) although the policy holder decides which fund, whether sustainable or not, he selects, it is still in the insurer's discretion to decide whether, which and how many sustainable funds it offers in its range of funds and how it deals with this issue when consulting its clients. Accordingly, the ratio for investments held for unit-linked contracts would still to a significant extent depend on the (re-)insurer's policies and efforts towards environmentally sustainable investments.	
39.	German Insurance Association	Q3	We do not propose any additional KPI in this regard.	Noted.
40.	German Insurance Association	Q4	On the underwriting side we support EIOPAs view to relate the turnover ratio to non-life insurance and reinsurance underwriting and to exclude life insurance written premiums due to the deposit and savings element. However, we cannot support the proposal to report premiums derived from products and services associated with economic activities that qualify as environmentally sustainable. This means that insurers need to verify if their clients are aligned or not with the Taxonomy. Most insurance policies are contracted by micro and small businesses that are not under the scope of the Taxonomy regulation and therefore not required to disclose the 'green share' of their turnover. Such a re-porting obligation would therefore be extremely burdensome. Moreover, it would only reflect the alignment of the market with the Taxonomy and not insurers' effort to accompany their client's gree n transition. We would favour defining taxonomy eligible underwriting activities based on the nature of the product sold rather t han on the customers. An assessment of taxonomy eligibility at customer level would lead to a highly complex and costly process from an operational standpoint, which would therefore not respect cost/ benefit considerations. However, there should be an opti on to determine sustain-ability at customer level if insurers wish to do so.	Agreed.
41.	German Insurance Association	Q5	No comment from investment and underwriting side.	Noted.
42.	German Insurance Association	Q6	No comment from investment side. Underwriting: As long as there is no generally valid view of which insurance activities are to be classified as "environmentally sustainable economic activities", such a judgement cannot be carried out meaningfully.	Noted.
43.	German Insurance Association	Q7	No comment from investment side. Underwriting: See Q6: A narrative only makes sense if a meaningful split can be carried out. That's currently not the case.	Noted.
44.	German Insurance Association	Q8	No comment from investment and underwriting side.	Noted.
45.	German Insurance Association	Q9	No comment from investment and underwriting side.	Noted.

46.	German Insurance Association	Q10	We fully agree on the need to have different KPI for non-life and life exposure to taxonomy compliant economic activities.	Noted.
47.	German Insurance Association	Q11	We fully agree that a retrospective application of the disclosure requirements is disproportionate and support that it should not be mandatory. However, we would like to point out that in case of an optional disclosure key figures would not comparable.	Noted.
48.	German Insurance Association	Q12	Concerning the question raised in sentence one we fully agree with EIOPA's proposals as to the appropriate ratios of insurers' /reinsurers´ non-life and life business. However, for the proposed ratios or any (potential other or further) KPIs to be relevant and usable, we believe that the broad range of relevant factors to an insurer's reinsurer´s idiosyncratic environment, such as entity-specific factors (e.g. whether its region exhibits low vs. high exposure to climate-related risks) as well as its jurisdiction and respective regulatory environment, and dynamics over time should be taken into account. For example, a higher ratio of Taxonomy-aligned turnover should not result solely from the fact that an insurer is located in a region with high climate-related risks and therefore offers protection against those risks that is Taxonomy-aligned. This is because another insurer might actually be willing to offer the same product to its customers in its region, but where there is no demand for such a product, simply because there are no climate-related risks. Even if the first insurer would only insure activities that are actually environmentally harmful, while the second insurer would not insure any economically harmful activities, the former could have a higher proportion of Taxonomy-aligned assets. We would suggest for EIOPA to explore possibilities as to how to account for / mitigate such issues. Concerning the question raised in sentence two we believe this is a company-specific question	Agreed.
49.	German Insurance Association	Q13	We believe that it would be very costly for insurers / reinsurers to provide the proposed ratios, especially the one for non-life business. Not only would significant one-off implementation cost for setting up the IT systems and processes be incurred. In addition, high cost and effort would be incurred in the context of the respective assessments, quality assurance and audit procedures on an ongoing basis. In our view, it is critical that this be considered when determining the re-spective timeline for implementation. Further, for both ratios, the above raised issues regarding the lack of data availability and need for judgement (if necessary) as well as the abovementioned cost and effort are likely to be particularly significant for investment and insurance activities outside the EU where investee companies and customers would, ac-cordingly, not be subject to EU regulation as to non-financial reporting and would very likely be significantly less familiar with the EU Taxonomy.	Noted.
50.	German Insurance Association	Additional comments	EIOPA should also consider the lack of data availability when proposing their methodology. Whereas companies subject to the NFRD will publish their turnover, CAPEX and OPEX that are aligned with the EU Taxonomy lots of investee companies such as SMEs, non-listed companies and non-EU companies will not be obliged to report this information. Therefore, it is essential to determine how insurers / reinsurers should deal with investments for which the required information is not disclosed by the investe e. It should be clarified whether such investments should be treated as not-Taxonomy-aligned, should be excluded from the ratio, have a proxy calculated based on judgment or use an external proxy. Insurers /reinsurers should be required to explain their approach in the narrative to the ratio. Further, it is important that the need for insurers / reinsurers to rely on third party data and / or apply their judgment does not expos e them to disproportionate risks or other disadvantages. More generally to the lack of data issue we would like to stress the point that the non-financial reporting requirements at EU level be streamlined and consistent. Currently, we believe there is an obvious misalignment regarding the disclosure requirements unde r the EU	Noted.

			Taxonomy, the SFDR and the prevailing NFRD. Therefore, we encourage the EU to resolve this issue by aligning additionally requested information under the EU Taxonomy and the SFDR and by ensuring that (new) disclosure requirements under both legislations are correspondingly integrated in the NFRD, both in the context of the currently ongoing review and on an ongoing basis. This is particularly important as disclosure requirements under the EU Taxonomy and the SFDR can only be fulfilled if the data basis is provided under the NFRD. Time of disclosure: EIOPA should account for the time when disclosures must be made. Insurers / reinsurers as well as asset managers in their position as investors must first wait for the disclosures of their investees before incorporating those data into their own. Therefore, in order to calculate their own key figures insurers should be able to refer to the investees data of the previous year. Finally, EIOPA should account for the period of time when the screening criteria will not be available for all economic activities and for all environmental objectives under the Taxonomy Regulation.	
51.	Allianz	Q1	We fully agree that the extent to which (re-)insurance undertakings' 'assets' in relation to 'total assets' are directed at funding or are associated with economic activities that qualify as environmentally sustainable is an appropriate ratio, as both the investments to cover insurance underwriting liabilities and the assets held for own use could generally fund or be associated with economic activities that qualify as environmentally sustainable according to the EU Taxonomy. However, the following aspects need to be considered by EIOPA / the EU in our view: - Clarification is needed as to the treatment of non-eligible assets and careful consideration should be given to the question which assets should be included in the numerator and de-nominator of the proposed ratio. In our view, to avoid bias and ensure that a fair and useful ratio for (re-)insurers is defined, only Taxonomy-eligible assets should be taken into account. In other words, we support ESMA's proposal in its own consultation paper, namely to only consider Taxonomy-eligible investments, and would propose to follow an analogous approach for (re-)insurers. In any case, we deem it as essential that EIOPA's proposals (regarding e.g. approaches, definitions and parameters for computing any KPIs) be consistent with those by ESMA and EBA in order to ensure that disclosures about investment activities are comparable across different financial market participants. - The lack of high-quality data, both temporarily over the next years and ultimately (taking into account the overall EU regulatory environment on non-financial reporting requirements and any interconnectivities between the different regulations) needs to be considered. The lack of data availability and quality is a significant challenge for (re-)insurers in their compliance with the disclosure requirements imposed by the EU Taxonomy. In our view, it is absolutely critical that it be determined how (re-)insurers should deal with assets for which the relevant information is not available (e.g. because it is not disclosed by the investee). In particular, it needs to be clarified whether (re-)insurers should (a) assume that such assets are not Taxonomy-aligned, (b) exclude them from the ratio, (c) compute a proxy based on judgment, (d) use an external proxy, or (e) choose from some or all of these (and / or potential further) options. In any case, (re-)insurers should be required to explain their approach in the narrative accompanying the ratio. Also, it is important that the need for (re-)insurers to rely on third-party data and / or to apply judgment does not expose them to unproportionate risks or other disadvantages. - Clarification is needed as to how (re-)insurers should deal with time gaps when computing the ratio. In particular, when computing the ratio, (re-)insurers will face a timing issue as, in their position as investors / users, they must first wait for the disclosures of their investees before incorporating the respective data into their own. - Further guidance is needed as to how Taxonomy-aligned investments are defined. In particular, the methodologies to identify and account	Partially agreed, the details of the asset ratio have been further defined.

			for Taxonomy-aligned investments should be as clear and consistent as possible. - Clarification is needed as to whether our understanding that (re-)insurers' assets would not encompass third-party assets is correct. - Clarification is needed as to how (re-)insurers should deal with legacy ("green") assets in terms of grandfathering. More generally and related to the second aspect listed above, we deem it as absolutely essential that the non-financial reporting requirements at the EU level be streamlined and consistent. We currently face an obvious misalignment regarding the disclosure requirements under the EU Taxonomy, the SFDR and the prevailing NFRD. Therefore, we strongly encourage the EU to resolve this issue by aligning additionally requested information under the EU Taxonomy and the SFDR and by ensuring that (new) disclosure requirements under both legislations are correspondingly integrated in the NFRD, both in the context of the currently ongoing review and on an ongoing basis. This is particularly important as disclosure requirements under the EU Taxonomy and the SFDR can only be fulfilled if the data basis is provided under the NFRD. An analogous approach should also be pursued for any potentially upcoming legislations involving non-financial disclosure requirements, if relevant. This rationale does of course not only apply to the specific non-financial disclosure requirements, but also to the scope of entities subject to the different regulations and their applicable timelines, respectively. In a similar vein, it does not only apply to this particular ratio, but to any other (potential further) KPI (such as the second one subject to this consultation), if relevant.	
52.	Allianz	Q2	As outlined in detail in our response to Question 1, we believe that the extent to which (re-)insurance undertakings' assets in relation to total assets are directed at funding or are associated with economic activities that qualify as environmentally sustainable is an appropriate ratio. Nonetheless, we believe that distinguishing between investments held on the general account and investments held for unit-linked contracts would (also) be an appropriate approach with view to relevance and usefulness for users. In our view, if two separate ratios were to be disclosed, the ratio for investments held on the general account would be the one that better reflects the (re-)insurer's policies and efforts towards environmentally sustainable investments. This is because for investments held for unit-linked contracts, the customer decides which fund, whether sustainable or not, he selects. Still, it is in the (re-)insurer's discretion to decide whether, which and how many sustainable funds (and within these, how many Taxonomy-aligned assets they contain) it offers in its range of funds and how it deals with this issue when consulting its customers. Accordingly, the ratio for investments held for unit-linked contracts would still to a significant extent depend on the (re-)insurer's policies and efforts towards environmentally sustainable investments. Therefore, altogether, while we would support the distinction and, thus, the disclosure of two separate ratios, it would, in our view, not be strictly required as we believe that the comprehensive ratio (namely, including both investments held on the general account and investments held for unit-linked contracts) would also be relevant and useful for users.	Partially agreed, the details of the asset ratio have been further defined.
53.	Allianz	Q3	We would not propose any additional KPI in this regard. Rather, we deem the proposed KPI as appropriate and sufficient (subject to the respective considerations outlined in our responses to Questions 1 and 2). The reporting burden should be maintained at a reasonable level, especially against the background that such KPIs rely on third-party data / information and (potentially) require judgment (please refer to our response to Question 1).	Agreed.

54.	Allianz	Q4	We fully agree that the extent to which (re-)insurers' turnover from non-life business relates to Taxonomy-aligned activities is an appropriate ratio. However, the following aspects need to be considered by EIOPA / the EU in our view: - As this ratio would only relate to (re-)insurers' non-life business, the question of whether GWP or (future) insurance revenues in accordance with IFRS 17 should be used is not particularly critical in our view. While the two measures are not (fully) aligned, we believe that the difference would not be material. As such, we suggest for EIOPA / the EU to allow (re-)insurers to use the turnover measure from the respective accounting framework they apply at Group level. - Implementing this disclosure requirement and disclosing this ratio (for the first time and on an ongoing basis) would be extremely burdensome and would require very high cost and effort, which needs to be considered when determining the respective timeline for implementation. Related to this, the lack of data availability and need for judgment need to be taken into account and explicitly addressed as well (please refer to our responses to Question 6 and 7). In particular, many customers would (currently) not be in the scope of the EU Taxonomy and would, thus, not be required to publish their share of Taxonomy-aligned turnover. In any case, we deem it as essential that EIOPA / the EU provides guidance on which insurance activities should be classified as environmentally sustainable economic activities. - The ratio would only reflect the degree to which the market is (currently) Taxonomy-aligned, but not a (re-)insurer's efforts to accompany its clients on their pathways towards environmental sustainability. - Looking at investments rather than turnover in health business (in analogy to life business) may also be feasible under certain circumstances. For example, in Germany, for certain health business (the so-called "kapitalgedeckte Krankenversicherung"), there is an investment portfolio covering the insurance activities. For these portfolios, investments are managed in the same way as investments in the life business. For such investment-based health business, it may be more straightforward to follow an approach analogous to the one for life business. To the best of our knowledge, this type of health business only exists in Germany. Nonetheless, we suggest for EIOPA to comprehensively explore whether investment-based approaches can / should in fact be ruled out completely for all non-life business. In our understanding, while health insurance services could generally be considered as providing a substantial contribution to climate change adaptation according to the relevant Delegated Act and could, thus, generally be Taxonomy-aligned, we believe that this would only very seldom be the case. As such, for investment-based health business, an investment-based approach towards assessing Taxonomy-alignment may in fact be more straightforward and relevant as well as useful for users. - More generally and related to the previous aspect, in our view, the differentiation between life and non-life business and respective consideration in either of the two proposed ratios, should be principles-based and depend on the (re-)insurer's respective business model. As such, if a (re-)insurer reports its health business as life business, it should also be considered in the ratio proposed for life business, if deemed possible / appropriate with view to the described rationale from an investment perspective.	Agreed, the proposals have been further developed.
55.	Allianz	Q5	We would not propose an additional or alternative ratio and would not see merits in further exploring an alternative ratio that depicts the extent to which non-life (re-)insurance liabilities are associated with Taxonomy-aligned activities as we generally agree with the proposed ratio and believe that turnover rather than liabilities should be considered in the context of the non-life business.	Noted.
56.	Allianz	Q6	We fully agree that judgment would need to be applied in this regard. Depending on the entity-specific context and the scope of the EU Taxonomy and the NFRD, we believe that this would be the case in many or most cases and most likely to a significant extent. In particular, for many insurance activities, no relevant data or not all relevant data will be available. While this is certainly an issue and challenging with	Noted.

			view to transparency and comparability, but also the burden imposed on (re-)insurers, we still believe that such assessments are relevant and necessary to achieve progress with view to the EU's transition towards sustainable finance. To mitigate issues related to transparency and comparability, we believe that the ratio should be accompanied by complementary disclosures about its computation (please refer to our response to Question 7). Still, we also deem it as essential that EIOPA / the EU provides guidance on which insurance activities should be classified as environmentally sustainable economic activities (please refer to our response to Question 4).	
57.	Allianz	Q7	Against the background of our considerations outlined in our response to Question 6, we agree that such a narrative on the split and information on the accounting policies used should be disclosed as, due to the judgment involved, this would be necessary for users to understand the applied approach and would, thereby, contribute to higher transparency and comparability.	Agreed.
58.	Allianz	Q8	At Allianz, we have such ancillary (non-insurance) services in accordance with IFRS 15 which are accounted for as revenues as well, namely (net) fee income, and would, in our view, at least from a conceptual perspective, need to be considered in this context as well. Nonetheless, we believe that such services are likely of relatively low significance across the industry and we would, consequently, suggest for EIOPA / the EU to primarily focus on the turnover related to written premiums.	Noted.
59.	Allianz	Q9	We generally agree, yet, subject to our considerations outlined in our responses to Questions 6 and 7, namely assuming that there is general agreement that judgment is required and respective acceptance in this regard, and under the assumption that complementary disclosures need to be pro-vided. In particular, the same analyses would need to be conducted by both reinsurers and insurers, yet data availability constraints would likely in many cases be (even) more significant for reinsurers. In our view, a consistent approach for (re-)insurers would also be preferable against the background that many insurers and reinsurers pursue both activities.	Agreed.
60.	Allianz	Q10	We fully agree that a distinction between non-life and life business is necessary. While for life business, the environmental impact results mostly from investments (if one neglects employee concerns and direct environmental consequences from the (re-)insurer's own operations and assets held for own use). In non-life business, the environmental impact results mostly from what is insured. While, looking at environmentally sustainable economic activities, both businesses are of high relevance and should, thus, be considered with the same priority, they should be addressed separately and reflected by means of different KPIs. If / when the EU Taxonomy is extended to also consider "S" and "G" topics, further KPIs should be defined, in our view, however, different considerations as to the appropriate distinction and computational approaches may apply. Also, clarification is needed as to which of the two proposed ratios an investor in a (re-)insurance entity would need to consider when computing its own KPI(s).	Agreed, this has been clarified.
61.	Allianz	Q11	We fully agree that retrospective application of the disclosure requirements should be permitted, but not required.	Noted.
62.	Allianz	Q12	Generally, from a conceptual perspective, we fully agree with EIOPA's proposals as to the appropriate ratios of (re-)insurers' non-life and life business (subject to our considerations outlined in our responses to Questions 1 to 11). However, for the proposed ratios or any (potential other or further) KPIs to be relevant and usable, we believe that the broad range of relevant factors to a (re-)insurer's idiosyncratic environment, such as entity-specific factors (e.g. whether its region exhibits low vs. high exposure to climate-related risks) as well as its jurisdiction and respective regulatory environment, and dynamics over time should be taken into account. For example, a higher ratio of Taxonomy-aligned turnover should not result solely from the fact that an insurer is located in a region with high climate-related risks and therefore offers protection against those risks that is Taxonomy-aligned. This is because another insurer might actually be willing	Noted.

			to offer the same product to its customers in its region, but where there is no demand for such a product, simply because there are no climate-related risks. Even if the first insurer would otherwise only insure activities that are actually environmentally harmful, while the second insurer would not insure any economically harmful activities, the former could have a higher proportion of Taxonomy-aligned assets. We suggest for EIOPA to explore possibilities as to how to account for / mitigate such issues.	
63.	Allianz	Q13	We believe that it would be very costly for (re-)insurers to provide the proposed ratios, especially the one for non-life business. Not only would significant one-off implementation cost for setting up the IT systems and processes be incurred. In addition, high cost and effort would be incurred in the context of the respective assessments (especially with view to the high level of judgment required to assess the degree to which insurance activities can be considered as environmentally sustainable as outlined in our response to Question 5), quality assurance and audit procedures on an ongoing basis. In our view, it is absolutely critical that this be considered when determining the respective timeline for implementation. Further, for both ratios, the above raised issues regarding the lack of data availability and need for judgment as well as the abovementioned cost and effort are likely to be particularly significant for investment and insurance activities outside the EU where investee companies and customers would, accordingly, not be subject to EU regulation as to non-financial reporting and would very likely be significantly less familiar with the EU Taxonomy. Also, clarification is needed as to whether multi-service companies, e.g. an insurance group that additionally offers asset management services via a dedicated subsidiary, would need to disclose the KPIs applying to all of the offered financial services. This would, of course, further increase the abovementioned cost and effort, at least for (re-)insurers, as they very often offer also financial services beyond insurance services.	Noted.
64.	NFU - Nordic Financial Unions	Q1	We would firstly like to reiterate the importance of ensuring consistency and consideration of the timing of the various consultations and legislative pieces that are being developed in the area of sustainable finance. Furthermore, given that all three ESAs have been asked to provide advice concerning Article 8, each within its own remit, we find it crucial that the ESAs take a consistent approach, coordinating and cooperating in the development of their respective advice. With that in mind, it would be useful to have a consistent approach to definitions across the different remits. Considering the approach towards assets, it would be useful to have such a breakdown, particularly because some of the needed data can already be derived from other reporting. To provide for even more granularity, a combined approach with ´investments´ could be developed, having in mind the potential to also capture transition/enabling activities but also to avoid potential double-counting.	Partially agreed, the details of the asset ratio have been further defined.
65.	NFU - Nordic Financial Unions	Q2	Please kindly refer to our answer to Question 1.	Noted.
66.	NFU - Nordic Financial Unions	Q3	N/A	Noted.
67.	NFU - Nordic Financial Unions	Q4	For the moment, non-life insurance in connection to climate change adaptation has been considered by the TEG as taxonomy-eligible. The criteria have also been seen as more conservative, and the TEG has recommended a future review in order to increase coverage and usability.	Agreed.

			Additionally, it is useful to monitor and consider the differences in the investment portfolios by business model, of life, n on-life and reinsurance undertakings in their role as investors, where the taxonomy-eligible investments made by life undertakings are much more diverse than the ones in non-life and reinsurance undertakings . An added element is the need for transparency in occasions when non-life insurance companies buy reinsurance layers and coverage from reinsurance companies, which nearly always are big international reinsurance companies. In these cases, it is important for the non-life insurance companies to get transparent information on how the reinsurance company in question is investing its assets.	
68.	NFU - Nordic Financial Unions	Q5	N/A	Noted.
69.	NFU - Nordic Financial Unions	Q6	Applying judgement could indeed be a reasonable approach to determine the split.	Noted.
70.	NFU - Nordic Financial Unions	Q7	We find that providing a narrative of the split would be helpful, as it would lead towards better transparency and clarity. P roviding information on the accounting policies used can also be of merit as should there be any changes in the reporting methods t hroughout the years, which if not clarified could present an incorrect picture of reality. We would however point out that an assessment of the taxonomy alignment has not been mentioned so far. Understanding how, for example, the DNSH (do no significant harm) principle and minimum safeguards have been adhered to, when determining taxonomy alignment would be very useful and further steps on how and on which level to disclose that information could be beneficial.	Agreed, this has been clarified.
71.	NFU - Nordic Financial Unions	Q8	N/A	Noted.
72.	NFU - Nordic Financial Unions	Q9	Please kindly refer to our answer to Question 4.	Noted.
73.	NFU - Nordic Financial Unions	Q10	N/A	Noted.
74.	NFU - Nordic Financial Unions	Q11	We agree with the assessment that the retroactive application should be voluntary. While there are merits to it, given the ti me lag between the different legislative pieces, we find that not requiring retroactive disclosure would allow for better preparedn ess in following the new regulatory requirements, as well as a more phased-out approach to reporting.	Agreed.
75.	NFU - Nordic Financial Unions	Q12	N/A	Noted.

76.	NFU - Nordic Financial Unions	Q13	We find that the implementation of the key performance indicators is an important step to further advance disclosure and to feed into the developments with sustainable finance. Given that there will be new compliance demands, we find it essential that the employee perspective is considered when assessing costs and potential impact. With the new disclosure obligations, employees need to be given enough time and resources, as well as adequate competence development, for them to fulfil their duties on one hand while continuing to ensure consumer protection, on the other hand. In terms of costs, possible additional costs could arise concerning obtaining data for the purpose of disclosure, as well as through expenses, time and other resources needed for appropriate training and competence development of employees. The latter could be seen as an on-going cost, as these needs will progress and continue incurring in parallel to the further developments of the reporting requirements and review of key legislative files.	Agreed.
77.	Fédération Française de l'Assurance / French Insurance Federation	Q1	In principle, all insurers' assets (both the investments to cover the insurance underwriting liabilities and the assets held for own use) could potentially fund economic activities that qualify as environmentally sustainable according to the Taxonomy regulation. Both type of assets would then be counted to determine to what extent the insurer's assets are directed at funding economic activities identified as environmentally sustainable in the EU Taxonomy. However, beyond this principle, careful considerations should be given to what assets should be included in the numerator and denominator of the proposed ratio. Further engagement of EIOPA with the industry on this point is paramount to determine the eligible investments. Regarding the denominator, the EU Taxonomy only concerns economic activities. To avoid bias and provide a fair and representative ratio that is properly adapted to the insurance sector, French (re)insurers are of the opinion that the ratio would be more relevant if the denominator is only composed of : - asset classes eligible to the EU Taxonomy, i.e. equity and corporate bonds, infrastructures and real estate investments - held on the general account (see further explanation on question 2). Regarding the numerator, several options are possible for counting the investments in activities aligned with the Taxonomy, as explained by ESMA in its own consultation paper, in the advice related to asset managers. EIOPA should provide further guidance on how "taxonomy-aligned investments" are defined. In this respect, it is fundamental that EIOPA's proposals are consistent with those of the ESMA and EBA, as this allow to achieve comparable disclosures for investment activities by different financial market participants. Other asset classes such as sovereign, supranational and agency (SSA) bonds should be excluded from the KPI (on both numerator and denominator) as they are not eligible to the EU Taxonomy. Nevertheless, given the significance of SSA bonds in insurers portfolio, see our suggestion in question 3. EIOPA should also pay attention to the lack of data availability when proposing the methodology. Indeed, companies subject to the NFRD	Partially agreed, the details of the asset ratio have been further defined.

			will publish their turnover, CAPEX and OPEX that are aligned with the EU Taxonomy. Nevertheless, lots of companies will not report the necessary data: SMEs, non-listed companies and non-EU companies will not be obliged to report this information. The way to deal with this lack of data will have an impact on the final ratio depending on the methodological choice (considering no data means no alignment or excluding these investments of the ratio or applying a proxy). The FFA suggests excluding from the ratio calculation assets invested in companies that are not subject to NFRD requirements: non-EU companies, financial companies that do not fall under the NFRD scope, companies under the thresholds of the NFRD. For assets where the information is not available (e.g. information on turnover a ligned with the EU taxonomy non disclosed by the company or the asset manager), EIOPA should be clear on the methodology to apply: exclusion or application of a proxy. In order to be able to carry out a calculation over the widest possible scope, we reiterate the importance of quickly having a centralized European database (European register) on ESG information. All financial market participant and companies should publicly disclose the coverage rate of their respective KPI. The KPI should reflect the assets under management at the end of the civil year. Finally, French (re)insurers recommend to report a single global ratio that includes all the six environmental objectives of the Taxonomy regulation. In summary, we consider the following ratio is the most relevant for the KPI on investments : (Assets invested in Taxonomy aligned activities)/(Total eligible assets held in the general account)	
78.	Fédération Française de l'Assurance / French Insurance Federation	Q2	French (re)insurers think a distinction should be made between the assets held on the general account and the investments held for unit-linked contracts. We consider the ratio of investments associated with economic activities that qualify as environmentally sustainable on the general account is the one that better reflects the insurer's policy and efforts towards "green" investments. Indeed, the insurer is the one who decides the allocation. On the other hand, the amount of "taxonomy-aligned" investments in unit-linked accounts rests with policyholders that choose their own allocation and not with insurance companies. This is why we believe this ratio is less relevant.	Partially agreed, the details of the asset ratio have been further defined.
79.	Fédération Française de l'Assurance / French Insurance Federation	Q3	On the investment side, we suggest an additional indicator. The weight of SSA bonds is significant in insurers' portfolio, while the green sovereign bond market will most likely increase with time. We therefore believe that an additional optional KPI based on green sovereign bonds (green SSA bonds/total SSA assets) should be considered. Regarding the non life KPI, see our proposal on question 5.	Noted.
80.	Fédération Française de l'Assurance /	Q4	French (re)insurers agree that the proportion of the non-life "gross premiums written" (GPW) is an appropriate way to derive the turnover ratio. Regarding the reference made by EIOPA to IFRS, it will be important to enable the insurance companies that do not apply the IFRS to report these premiums based on the national accounting rules (local GAAP) they apply.	Agreed.

	French Insurance Federation		As for the KPI investment, the numerator and denominator should be clearly defined. Regarding the numerator: Non-life insurance and reinsurance have been defined as enabling activities contributing to the objective of adaptation to climate change. Thus, we believe the indicators required under the NFRD (article 8 of the regulation) should be aligned with the technical screening criteria that qualify the alignment of non-life insurance activities under the Taxonomy. The part of this activity which meets the screening criteria and which do not significantly harm the other objectives via the economic activity being (re)insured can be captured by splitting the GWP accordingly. Expert judgment may be needed as highlighted by EIOPA in the consultation document. We note however that these technical screening criteria are still being drafted. The FFA has raised concerns on some of the envisaged criteria. French (re)insurers agree to report the proportion of non-life "gross premiums written" for insurance products or guarantees related to the underwriting of climate related perils and complying with the screening criteria, defined in the delegated act for non-life insurance, if careful consideration is given by the European Commission to the FFA comments on the draft delegated. Regarding the denominator: To the extent that only non-life activity is considered in this ratio, the denominator of the ratio should exclude all other activities (especially life when the ratios is done at group level). As mentioned in the FFA's answer to the European Commission on the delegated acts defining the technical screening criteria for the objectives of adaptation to climate change, it should be clear that health insurance should be excluded from the ratio (both on the numerator and denominator). Any mandatory reporting on gross premiums written based on the compliance of the insured economic activities with the EU Taxonomy is premature. First of all, it will not reflect the bulk of the insurance industry's endeavors toward Taxonomy, as principally enablers to climate change adaptation. Secondly, such KPI would require insurers to verify if their clients are aligned or not with the Taxonomy. In France, 95% of insurance policies are contracted by micro and small businesses that are not under the scope of the Taxonomy regulation and will not publish the share of their turnover aligned with the EU Taxonomy. This will mean an extremely burdensome assessment process for insurance companies to check if their clients qualify or not under the Taxonomy. Finally, the "impact underwriting" concept developed by EIOPA is still an emerging approach that needs to be carefully designed. We believe premature to impose a mandatory KPI while there is no strong consensus among insurers on the manner they can incentivize policyholders towards climate change mitigation. In summary, we consider therefore the following ratio for non-life insurance is the most relevant : ([GPW related to climate related perils])/(Total GPW from eligible non life LOBs to the Taxonomy)	
81.	Fédération Française de l'Assurance / French Insurance Federation	Q5	The FFA suggests exploring a further optional KPI that would also take into account the (re)insurers' expenditures on prevention/protection measures. Indeed, this indicator could illustrate the significant contribution of insurance to the objective to enable adaptation of climate change. Climate risk prevention/protection measures, directly related or not to the individual contracts, contribute indeed to the policyholder's adaptation to climate change. Prevention expenditures could include all expenditures made by the insurer linked to implement prevention or protection measures for	Agreed.

			instance modelling/forecasting, expenditures linked to the on-site visit of prevention engineer, sending of weather alert sms, prevention campaigns with TV or radio spots, adapted and preventive build back measures and support etc. It would illustrate very concretely their direct contribution as enabling activity as defined in the Taxonomy. The potential ratio could then be the total spending made by insurers linked to climate change (claims compensation for natural events and climate-related prevention expenditures) on the total of non-life gross premium written. However, given the volatility of the annual claims cost of natural events, a relevant proxy could be to take into account non life gross premiums written related to climate perils instead. We therefore suggest the following additional KPI: ([GPw related to climate-related perils]+[Climate-related perils prevention expenditures])/(Total GPW from eligible non-life LOBs to the Taxonomy)	
82.	Fédération Française de l'Assurance / French Insurance Federation	Q6	Expert judgment is very useful to tackle specific situations and circumstances in a justifiable way, however only when rule-based indicators are unable to capture economic reality and best-in-class transition strategy at the relevant level of granularity.	Noted.
83.	Fédération Française de l'Assurance / French Insurance Federation	Q7	Yes, the FFA agrees with EIOPA that it is in the interest of insurers and reinsurers to provide a short narrative on their environmentally sustainable economic activities.	Noted.
84.	Fédération Française de l'Assurance / French Insurance Federation	Q8	Such ancillary activities are rare and probably not significant in this context. However, as suggested in question 5, we believe an additional KPI could explore the expenditures and services of prevention provided by the insurers.	Agreed.
85.	Fédération Française de l'Assurance / French Insurance Federation	Q9	The FFA agrees with EIOPA that it is preferable to consider a consistent approach for both direct insurance and reinsurance activities, not least because many insurers and reinsurers pursue both activities.	Noted.
86.	Fédération Française de l'Assurance / French	Q10	Yes, we fully agree on the need to have different KPI for non-life and life exposure to taxonomy compliant economic activities: - Regarding non-life insurance: see answer to question 4 - Regarding life and non-life insurance (KPI on investments): see answers to questions 1 to 3.	Noted.

	Insurance Federation			
87.	Fédération Française de l'Assurance / French Insurance Federation	Q11	The FFA supports the option to apply the disclosure requirements retrospectively ant that this option is not mandatory.	Noted.
88.	Fédération Française de l'Assurance / French Insurance Federation	Q12	Some French insurers already disclose the "green" share of their investments of their general fund. This calculation is not yet based on the EU Taxonomy.	Noted.
89.	Fédération Française de l'Assurance / French Insurance Federation	Q13	Regarding the costs of implementing the recommended KPI, if the non-life KPI is limited to the scope defined in the delegated act on the technical screening criteria for non-life insurance, insurers will be able to implement this reporting at reasonable costs using existing data sources. However, if the non-life KPI is broader and requires an assessment of the policyholders compliance with the Taxonomy, it will be extremely burdensome. Regarding the data sources, the FFA also would like to highlight that financial and non-financial companies will have the same timeline to apply the Taxonomy regulation, that means financial institutions will do not have access to the investee companies' data on the first year of reporting. The narrative and the flexibility let to the insurers to use proxys or previous years' data is even more important in that context.	Noted.
90.	Fédération Française de l'Assurance / French Insurance Federation	Additional comments	Finally, regarding the timeline, the FFA suggests the 1st January 2022 will be the start of the reference period meaning the first reporting on the KPI will be in 2023. This would be in line with the SFDR regulation and would give insurers enough time to develop reporting processes.	Noted, yet the application date is set by the Taxonomy Regulation.
91.	Insurance Europe	Q1	Yes, but based on eligible total assets with appropriate exclusions and inclusions in the denominator and numerator and if there is consistency in definitions and guidance across sectors: • The denominator should rather be named "Total eligible assets" and should include taxonomy eligible assets eg equity and corporate bonds, infrastructures and real estate investments, green sovereign bonds but exclude non-eligible assets such as sovereign bonds (other than green). • Further guidance should be provided on how "taxonomy aligned" investments are defined for the numerator. • All definitions and guidance applicable for insurers must be consistent with those to be applied by other financial market actors like banks and asset managers. Therefore, EIOPA's proposals must be consistent with those from ESMA and EBA. This will also improve comparability of investment disclosures across sectors.	Partially agreed, the details of the asset ratio have been further defined.

			• Data availability and information flow must be considered – eg it must be made clear that insurers are allowed to use the latest available data for their investments ie the prior year's taxonomy reporting data. For achieving consistent taxonomy investment ratios, care needs to be taken to properly consider what assets should be included in the numerator and denominator of the proposed ratio. Therefore, to avoid misunderstanding, the term "total eligible assets" should be used for the denominator. It is clear that certain assets should be included in total eligible assets eg (equity and corporate bonds, green bonds, infrastructures and real estate investments) and certain assets should be excluded when they do not fund economic activities that qualify as environmentally sustainable according to the Taxonomy regulation. However, the appropriate treatment of some assets, such as sovereign bonds and those where the customer has control over the allocation choice, requires care to achieve an appropriate measurement outcome. Since the weight of sovereign bonds can be very significant in an insurer's portfolios, their treatment is important. While s overeign bonds are generally not directly eligible under the taxonomy, they will be under the scope of the EU green bond standard . In this respect, green sovereign bonds contribute to funding taxonomy eligible activities and are expected to do so even more in the future as their volume grows going forward. For this reason, Insurance Europe supports the approach proposed by ESMA in t heir consultation on Article 8 of the Taxonomy, whereby green sovereign bonds are included in the eligible total assets, but other sovereign bonds are excluded. Fo r our views on how to deal with assets where the customer - and not the insurance company - chooses where to invest, please see response to question 2. Focusing on the numerator, EIOPA should provide further guidance on how "taxonomy aligned" investments are defined. In general, for both denominator and numerator it is fundamental that the EIOP A's proposals are consistent with those by ESMA and EBA, in order to achieve consistency, comparability and a level playing field across the different financial market participants. EIOPA should also pay attention to: • the lack of data availability when proposing their methodology. Indeed, around 6,000 large companies currently subject to the NFRD will publish their turnover, CAPEX and OPEX that are aligned with the EU Taxonomy. However, the majority of the companies and asset owners will not report th e necessary data: SMEs, non-listed companies and non-EU companies will not be obliged to report this information. The way EIOPA allows companies to deal with this lack of data will affect reported ratios, depending on the methodological ch oice (whether the lack of available data means no alignment to the Taxonomy, whether those investments should be excluded from the ratios or whether companies would be allowed to apply a proxy). • the time when disclosures must be made. Insurers /reinsurers as investors must first wait for the disclosures of their investees before they can aggregate these KPIs into their own KPI. Therefore, it	

			must be clear that in order to calculate their own key figure insurers are allowed to refer to the investees data of the previous year.	
92.	Insurance Europe	Q2	Insurance Europe supports the approach proposed in the question 1. On the part of question 2, it is not so much unit linked or index-linked that matters, but assets where customers make the investment choice. Such assets should be distinguished and excluded from the total eligible assets in the calculation of the main indicator ratio. However, as these assets are still important to fund the transition to a more sustainable economy, they could be still considered, by disclosing a second investment ratio which includes these assets. However, how to deal with assets where customers make the investment choice requires careful treatment. This are likely to be unit linked and/or index-linked contracts, but it is the issue of the customer's rather than the insurance company determining where the asset is invested that is key. The approach taken should be fully consistent with the requirements set out in the Sustainable Finance Disclosure Regulation (SFDR). This said, insurers are increasing offering sustainable funds as options for customers to invest in and this can play a role in helping to finance sustainable transformation. In light of the above, Insurance Europe suggests having two KPIs disclosed: • A main KPI with the assets where the customer makes the investment decision excluded from the total eligible assets (as per question 1) • A second ancillary KPI with the proportion of assets where the customer makes the investment decision included in the denominator. Insurance Europe notes that to disclose this figure, it is essential that asset managers timely disclose the relevant data at fund level and not only as an aggregated figure at	Partially agreed, the details of the asset ratio have been further defined.

			company level.	
93.	Insurance Europe	Q3	No. On the investment side, we do not propose any additional KPI. On the underwriting side, see our proposal in question 5.	Noted.
94.	Insurance Europe	Q4	Yes, but taxonomy eligible underwriting should be based on the nature of the product sold and not on the nature of the customers' economic activities. Insurance Europe agrees that the proportion of non-life gross written premiums is an appropriate way to derive the turnover ratio. It would be useful to define more clearly what is meant by gross written premium here, by distinguishing it clearly from "revenue from insurance contracts issued" and "total insurance revenue". It is important that as indicated in EIOPA's consultation paper that local GAAP figures can be used for companies which do not report under IFRS. Non-life insurance and reinsurance have been defined as enabling activities contributing to the objective of adaptation to climate change. Insurance Europe therefore is of the opinion that the indicators required under the NFRD (article 8 of the Taxonomy Regulation) should be aligned with the technical screening criteria that qualify the insurance activities under the Taxonomy. The part of this activity which meets the screening criteria and which does not significantly harm the other objectives via the economic activity being (re)insured can be captured by splitting the GWP accordingly. However, as highlighted by EIOPA in the consultation document, expert judgment may be needed and should therefore be allowed. In this context only, and only to a certain extent, can the (re)insurers' environmentally sustainable activities be measured based on the proportion of non-life "gross premiums written" for insurance products or guarantees related to the underwriting of climate related perils and complying with the screening criteria defined in the delegated act. There are nonetheless limits to the relevance and usability of this measurement, as explained under question 12. However, Insurance Europe does not support the proposal to report premiums derived from products and services associated with customers' economic activities that qualify as environmentally sustainable. This would amount to requiring insurers to verify whether their customers are aligned or not with the Taxonomy, which is out of insurers' control. Most insurance policies in Europe are contracted by individuals or micro and small businesses that are not under the scope of the Taxonomy regulation and therefore not required to disclose the 'green share' of their turnover. Such a reporting obligation would not be workable. Moreover, it would only reflect the alignment of the market with the Taxonomy and not insurers' effort to accompany their client's green transition. Therefore, Insurance Europe would favour defining taxonomy eligible underwriting activities based on the nature of the product sold rather than on the nature of the customers' economic activities. Finally, it is important to note that European insurance groups make use of the option to issue non-financial statements on group rather than individual company level under the NFRD. This requires consolidating figures from different local GAAPs in various jurisdictions. It is important that the KPI should therefore allow for enough flexibility to support both, group- and company-level reporting and their respective local GAAPs, with the gross written premium serving as the default option in any event.	Agreed, the ratio shall depict the activities matching the technical screening criteria.

95.	Insurance Europe	Q5	No, as explained under Q4, Insurance Europe believes a ratio based on gross written premium ratio is the most appropriate ratio. Whilst not an alternative ratio, Insurance Europe would suggest allowing an option for the insurer to provide additional information to communicate how its non-life insurance or reinsurance products and services are associated with taxonomy activities. For example, reporting the expenditures related to prevention/protection measures. Such information could further help illustrate the contribution insurance makes to the first two Taxonomy objectives: mitigation (via loss reduction) and adaptation to climate change (via climate risk prevention).	Agreed.
96.	Insurance Europe	Q6	Yes, given that data availability is a current issue and is likely to remain one, it is vital that insurers are allowed to apply judgement. The fact that the taxonomy screening criteria are still under development will also require insurers to make use of judgement to run the eligibility assessment. Expert judgment will often be the best or even only way to tackle specific situations and circumstances in a justifiable way. Exclusively rule-based indicators would not allow for data problems and are sometimes unable to capture economic reality and best-in-class transition strategy at the relevant level of granularity.	Noted.
97.	Insurance Europe	Q7	Yes, Insurance Europe agrees that when applying judgement insurers should provide a narrative. However there must be flexibility on what the insurer provides and it should be made clear that concise and simple narratives are acceptable.	Noted.
98.	Insurance Europe	Q8	Such ancillary activities are currently unlikely to be significant enough currently to justify inclusion other than by such optional disclosures suggested in the answer to Question 5.	Noted.
99.	Insurance Europe	Q9	Yes, Insurance Europe considers it preferable to apply a consistent approach for both direct insurance and reinsurance activities, not least because some insurers and reinsurers pursue both activities.	Noted.
100	Insurance Europe	Q10	Yes	Noted.
101	Insurance Europe	Q11	Yes. Retrospective application of the disclosure requirements should be non-mandatory, but could be optional. However, we would like to point out that in case of such optional disclosure, key figures would not be comparable and may even be less reliable due to data issues.	Noted.
102	Insurance Europe	Q12	The KPIs for investment activities will only be comparable, consistent and relevant if there is consistency across how they are defined across sectors, and it is therefore fundamental that the EIOPA proposals are consistent with those by ESMA and EBA. It is also important that it is made clear to users of the KPIs, that while providing useful information, they are not sufficient to judge the level of contribution an insurer is making to the taxonomy objectives.	Agreed.
103	Insurance Europe	Q13	The costs of implementation will depend on the final design of the KPIs but will be significant - appropriate design of the KPIs can avoid those being excessive. Existing processes and data will generally be of only limited help and it is very important that sufficient time is given to prepare the IT, processes and data needed to allow implementation of suitable quality. It should be made clear that as regulation comes into force 1/1/2022, the first mandatory reporting of the KPIs will be due in 2023 for the year 2022. It must also be clear that insurers, who need the	Noted.

			taxonomy related reporting from their investee companies in order to report their own KPIs are allowed to use best efforts and expert judgement (especially in the first year) and thereafter to use the latest available data (i e prior year data) from their investments. While many insurers already have or have started sustainability related initiatives consistent with objectives of the taxonomy, new processes and data will be needed to comply in full to the new regulation. It should be noted that European insurance groups making use of the option under the NFRD to publish a non-financial statement on group (instead of solo) level will be required to aggregate the KPIs from several jurisdictions within the EU, which is an additional timing challenge. In addition, smaller subsidiaries of the group who may have been out of scope at a solo level could be in scope of the group reporting and so may have to develop processes and data for the first time. Insurers will receive the technical details for the KPIs in mid-2021, significantly later than non-financial companies and so it is important sufficient time is given to prepare the IT, processes and data needed to allow implementation of suitable quality. Insurance Europe therefore calls for the reporting to start in 2023 based on the application of requirements for the year 2022. This means that the proposed KPI disclosures will first be reported in early 2023, for the reference period starting on 1 January 2022. Insurers will need taxonomy related reporting from their investee companies in order to calculate their KPIs. Current year data will not be available from investee companies when insurers need to calculate their KPIs and so it should be clear that insurers, in their own KPI calculations, can use the latest available data (ie the prior year data) from investee companies. In the first year of application there will not be prior year data available and so insurers must be able to use best efforts and expert judgement in calculating their KPIs.	
104	Polish Chamber of Insurance	Q1	• We agree with EIOPA's approach that both investments covering insurance liabilities and assets held for own use can finance sustainable activities. • Green government bonds should not be excluded. • EIOPA's proposals for KPIs under Article 8 should be consistent with those of ESMA and EBA. • When proposing its methodology EIOPA should also note the unavailability of data. Companies not subject to the NFRD (such a s SMEs or unlisted companies) will not publish the necessary data.	Agreed.
105	Polish Chamber of Insurance	Q2	• Both assets covering reserves and investments held for own use should be included. • Nevertheless, investments held for unit-linked contracts should be excluded. Especially in cases where the decision to allocate investments belongs to the policyholders and not to the insurance companies.	Agreed.
106	Polish Chamber of Insurance	Q3	No	Noted.
107	Polish Chamber of Insurance	Q4	• The indicators required under article 8 of the Taxonomy should be aligned with the technical screening criteria that qualify the insurance activities under the Taxonomy. • We do not support the approach to report GWP derived from products associated with economic activities that qualify as environmentally sustainable. Insurers would have to verify if their clients are compliant with the Taxonomy as the clients are often SMEs	Agreed.

			for which the Taxonomy does not require reporting. This would be extremely burdensome and would not reflect the efforts of insurers to accompany their client's green transition. • The Polish Chamber of Insurance is in favor of defining insurance activities on the basis of the nature of the product sold , not of the customers. To determine sustainability at customer level should only be an option.	
108	Polish Chamber of Insurance	Q5	We do not support the approach to use the technical provisions as the reference point.	Noted.
109	Polish Chamber of Insurance	Q6	Insurance activities should be assessed on the basis of the nature of the product sold, not of the customers. There should be no split of the premium.	Noted.
110	Polish Chamber of Insurance	Q7	There should be no split of the premium.	Noted.
111	Polish Chamber of Insurance	Q8	Such ancillary activities are not common and therefore not relevant in the context of KPIs.	Noted.
112	Polish Chamber of Insurance	Q9	We support EIOPA's position.	Noted.
113	Polish Chamber of Insurance	Q10	We support EIOPA's position.	Noted.
114	Polish Chamber of Insurance	Q11	We support EIOPA's position.	Noted.
115	Polish Chamber of Insurance	Q12	• The relevance and usefulness of KPIs are limited. For example, an insurance company operating in an area with frequent floods may have a better KPI. This does not mean, however, that its activity is more sustainable than an insurance company that operates in a n area where there are no floods. • In addition, effective prevention activities will reduce premiums and therefore worsen KPIs.	Partially agreed, the KPIs have their limitations.
116	Polish Chamber of Insurance	Q13	Taking into account the lack of commonly available ESG data, we propose to consider postponing the reporting of KPIs in time.	Noted, the application is required by the Taxonomy Regulation.
117	WWF European Policy Office	Q1	WWF agrees insurance or reinsurance undertaking's 'assets' (in relation to total 'assets') is an appropriate ratio. This would capture the whole picture of the insurance undertaking, we don't think a distinction should be made. Concretely, to make the taxonomy disclosure as accessible, impactful and comparable as possible, we strongly recommend the	Partially agreed, the details of the asset ratio have been further defined.

			establishment of a mandatory standard and template, including a table and that is machine-readable. It is necessary to ensure that all undertakings under the NFRD scope: • disclose their contribution to each of the six taxonomy objectives individually; and, • specify the type of activity it relates to (own performance, transition or enabling). Indeed, the Article 8 requires undertakings to disclose "information on how and to what extent the under -taking's activities are associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of this Regulation". It is critical that the Delegated Act builds on this requirement "on how and to what extent", in order to ensure a level of corporate disclosure that will enable financial market participants to comply with their own taxonomy disclosure requirements as per Articles 5 -7 of the Taxon-omy Regulation. For FIs, insurance specifically: Breakdown of underwriting exposure to environmentally sustainable activities according to t he EU taxonomy, by lines of business to economic sectors (life / non-life / reinsurance). • Value (in M€) and share (in %) of underwriting products offered, related to environmentally sustainable activities (Non -life / reinsur-ance).	
118	WWF European Policy Office	Q2	See answer to question 1.	Noted.
119	WWF European Policy Office	Q3	Concretely, to make the taxonomy disclosure as accessible, impactful and comparable as possible, we strongly recommend the establishment of a mandatory standard and template, including a table and that is machine-readable. It is necessary to ensure that all undertakings under the NFRD scope: • disclose their contribution to each of the six taxonomy objectives individually; and, • specify the type of activity it relates to (own performance, transition or enabling). Indeed, the Article 8 requires undertakings to disclose "information on how and to what extent the under -taking's activities are associated with economic activities that qualify as environmentally s ustainable under Articles 3 and 9 of this Regulation". It is critical that the Delegated Act builds on this requirement "on how and to what extent", in order to ensure a level of corporate disclosure that will enable financial market participants to comply with their own taxonomy disclosure requirements as per Articles 5 -7 of the Taxon-omy Regulation. Moreover, importantly, for business groups and large undertakings the taxonomy disclosure should apply at the group level / p arent company level, to provide an overall assessment for the whole group. Groups / large undertakings should not be allowed to report their taxonomy exposure only for a given green subsid -iary, 'hiding' their exposure for other subsidiaries. WWF insists that the three KPIs included in Article 8 (Turnover, CapEx and OpEx) should be well-defined by the delegated act in order to ensure consistency across companies, provide comparable results across companies and avoid any form of cherry -picking.	Agreed.

			Furthermore, the information on the proportion of turnover, opex and capex needs to be comparable across companies. Information in absolute terms (euros) is necessary, but not sufficient as it makes it impossible to compare companies that have a different size. The information should therefore be disclosed in relative terms as well (% of total annual revenues, opex and capex). Two metrics should therefore be required by the delegated act: euro and %. We recommend to disclose specifically when activities of the undertaking contribute to several objectives of the taxonomy (two or more): this is a very relevant and positive information that should not be lost, and made public. It is also important to avoid risks of double counting and thus greenwashing. The total, aggregated taxonomy exposure of the undertaking should be required (without double-counting for activities that contribute to more than one objective). Undertakings should specify their exposure in euro and in percentage of their total activities. Accordingly, it is relevant to recommend undertakings to disclose their taxonomy scope, by distinguishing between economic activities that are: • covered by the taxonomy; • covered by the taxonomy but where the undertaking doesn't meet the criteria for being taxonomy-aligned; • not covered by the taxonomy. Finally, the undertaking should provide a link to its environmental strategy and targets to clarify, specifically, whether it is using the taxonomy to set environmental targets and how it is using the taxonomy to improve its business model and engage with relevant stakeholders.	
120	WWF European Policy Office	Q4	WWF believes the most complete would be 'total insurance revenue', however we undertand that for life premiums 'deposit or savings' elements cannot be considered revenue. So we agree with EIOPA that suggests 'the most appropriate is to relate the 'turnover' ratio to non-life insurance and reinsurance underwriting and to exclude life insurance written premiums'.	Agreed.
121	WWF European Policy Office	Q5	It would be worth exploring this option.	Noted.
122	WWF European Policy Office	Q6	WWF agrees the insurer or reinsurer will probably need to apply a judgement to determine a reasonable split of the premiums that can be allocated to taxonomy-relevant activities and those that cannot. In all cases it is very important they properly explain how and why they have applied that split. The aim is to make disclosed information as comparable and useful as possible. It is critical that the Delegated Act builds on this requirement "on how and to what extent", in order to ensure a level of corporate disclosure that will enable financial market participants to comply with their own taxonomy disclosure requirements as per Articles 5-7 of the Taxonomy Regulation.	Agreed.
123	WWF European Policy Office	Q7	WWF agrees that a narrative on the split should be provided, together with any other useful information relevant to justifying the split. But importantly, this should not be used to 'hide' the quantitative information (taxonomy exposure in euro and %).	Agreed.

124	WWF European Policy Office	Q8	WWF agrees with the following: 'Depending on the significance of such services, and where they are not accounted for in the non-life insurance underwriting results, they may be added as revenue from ancillary or enabling services.' In this case it can be specified, as suggested in question 1 and 3, to the type of activity it related to: in this case enabling activity.	Noted.
125	WWF European Policy Office	Q9	WWF agrees it is not necessary to distinguish different KPIs of insurance and reinsurance undertakings/activities.	Noted.
126	WWF European Policy Office	Q10	As mentioned in Question 4, if life premiums include deposit or savings, it would be useful to have a distinction with non-life exposures.	Noted.
127	WWF European Policy Office	Q11	WWF definitely agrees that it provides for the opportunity to more accurately depict the current situation, though it should not be required. We understand it can be difficult and less comparable (as KPIs were not previously established), but should be possible for undertakings to do so. It will be relevant to see the evolution on the achievement of environment-related objectives linked to the EU Taxonomy.	Agreed.
128	WWF European Policy Office	Q12	N/A	Noted.
129	WWF European Policy Office	Q13	N/A	Noted.
130	WWF European Policy Office	Additional comments	WWF would like to add the following: Supplementing information to the taxonomy exposure needs to be managed with care: it should be prevented to provide lots of information that risks 'flooding' and therefore hiding the taxonomy exposure itself (make it difficult to find the annual result). The potential supplementing information should therefore be focused only on the taxonomy reporting scope and justifications about why the taxonomy exposure of the undertaking is varying from one year to the other (e.g. endogenous reasons like new sustainable investments plans of the undertaking, or exogenous reasons like new technical screening criteria becoming available for an existing activity of the undertaking). The undertaking should provide a link to its environmental strategy and targets to clarify, specifically, whether it is using the taxonomy to set environmental targets and how it is using the taxonomy to improve its business model and engage with relevant stakeholders.	Agreed.
131	ANASF	Q1	The use of a coefficient that considers assets qualifiable as sustainable in relation to total assets is relevant, but will assume a significant value over time, when there'll be suitable conditions for a sustainable asset restructuring of firms. We consider that at the moment it would be more effective using a coefficient that is based on sustainable investments made by the firm rather than its own assets.	Partially agreed, the details of the asset ratio have been further defined.
132	ANASF	Q2	Yes, as stated in the previous answer, we consider that it would be appropriate to use a coefficient that takes into account investments made by insurance undertakings in economic activities that are qualified as environmentally sustainable. Nevertheless, we consider appropriate a distinction for unit-linked and index-linked contracts since they have peculiar features compared to other types of instruments and they have a significant relevance in the balance sheets of life insurance undertakings.	Partially agreed, the details of the asset ratio have been further defined.

133	ANASF	Q3	Yes, we think it would be useful to introduce additional coefficients that take into account undertakings' efforts to become more environmentally sustainable in the future.	Noted.
134	ANASF	Q4	Yes, we consider that it is correct to separate life and non-life reserves accounting, since they are completely different. It would also be appropriate an internal reclassification of activities according to parameters defined by the taxonomy, easing the attribution of reserves to reclassified activities.	Noted.
135	ANASF	Q5	We do not consider necessary at this stage the introduction of other coefficients. Coefficients' specification for each sector is sufficient to assess and produce the necessary effects. An eventual revision of this provision, with the introduction of additional coefficients, could be adopted in the future if needed.	Noted.
136	ANASF	Q6	Yes, we agree that a specific assessment of insurance activities is needed.	Noted.
137	ANASF	Q7	Insurance and reinsurance undertakings must use the same language in operating a correct division of risk and avoiding eventual objections by third parties. Once the common taxonomy is defined, the European Commission should simplify it to make it more comprehensible and easy to implement.	Agreed.
138	ANASF	Q8	In Italy, following the implementation of IDD Directive and Mifid II Directive, insurance advice has an important role, in particular referring to IBIP products, and usually the payment of the service is included into costs paid by clients for products, it doesn't get charged separately. In particular, for the distribution of IBID products there is the obligation of advice and this is carried out together with a (Mifid) advice service about investments and a periodic assessment of suitability. This setting of intermediary-client relationship allows the conduct of advice activity related to IBIP into the broader context of (Mifid) advice service provision about investments, that permits the acknowledgement for operators, concerning the remuneration for the provided service, to receive direct payments from their clients in the form of explicit commissions. Anyway, the person entitled to conduct insurance distribution guarantees that the information that he must provide to his/her client include those related to every payment or benefit received from or paid to third parties involved in the horizontal collaboration.	Noted.
139	ANASF	Q9	Yes, we consider that there should be provided the same obligations and information so as to assure level playing field.	Noted.
140	ANASF	Q10	Yes, since they're different sectors a proper distinction is needed.	Noted.
141	ANASF	Q11	Yes, we think that it is not appropriate to lay down retroactive obligatoriness of disclosure requirements. It would be more useful to allow undertakings that possess past data and information to use them on a voluntary basis. Market operators will reward undertakings that will make available to the public those data, and this will bring the entirety of them to comply to new parameters and dispositions even in terms of disclosure of data.	Agreed.
142	Actuarial Association of Europe	Q1	NO. The insurance or reinsurance undertakings' total assets include assets which don't represent business or funding activities as such and, thus don't fully determine an adequate basis for the undertaking's potential contribution to environmental objectives. This includes receivables from policyholders and intermediaries, cash receivables, immaterial assets (e.g. self-developed software) as well as accruals	Partially agreed, the details of the asset ratio have been further defined.

			amongst others which don't have an environmental footprint. Therefore, such assets should be excluded. Instead of using 'total assets' we suggest using the 'investments' as this determines a more appropriate basis. With regard to funding activities, at least three asset ratios should be computed depending on insurance activities they relate to: life unit-linked, life non unit-linked and non-life.	
143	Actuarial Association of Europe	Q2	YES. The 'investments' of an insurer determine an adequate basis. Index-linked and unit-linked assets should be differentiated. Unit-linked and index-linked investments should be disclosed in separate KPIs. In UL-products, the policyholders bear investment risk and will select investment funds depending on their risk appetite and ESG preferences. In non UL-products, the insurance undertaking bears the investment risk. The assets will be managed by the insurance undertaking with priority given to the interest guarantee. Even if the policyholders select investment funds depending on their risk appetite and ESG preference, the ESG criteria will be secondary and will not be able to put the interest guarantee at risk. We suggest to disclose KPIs based on total investments and on investments excluding index-linked and unit-linked assets. This might be disclosed as "thereof position", i.e. 'thereof excl. unit-linked and index-linked assets'). Motivation for disclosing both ratios is that companies may at least to some extent contribute to environmental objectives with their pre-selection of funds / assets when making these available to policyholders. A full exclusion of unit-linked assets does not seem to be reasonable since in addition, companies may exercise indirect control over unit-linked assets by specifically promoting taxonomy-aligned assets and hence increase the ratio based on unit-linked or index-linked assets. Furthermore, a company with 'green' assets may be considered more sustainable than another company with 'brown' assets even though these are unit-linked or index-linked assets. Also, the fee income for unit-linked products typically depends directly on the performance of the underlying funds and thus the insurance company is indeed exposed to the risk that the underlying funds include non-sustainable assets. These might perform inferior to sustainable assets and would thus have an impact on the fee-income.	Partially agreed, the details of the asset ratio have been further defined.
144	Actuarial Association of Europe	Q3	YES. In a first stage, we support a focus on key indicators. A more direct measure – which better reflects the actual effort of an insurer with regards to its investment assets in a certain period – for non-life as well as life business may be the ratio of new investments/reinvestments in sustainable taxonomy compliant investments to total new investments/reinvestments. "New investments" is an established term in asset management. This ratio of environmentally sustainable new investments could also be considered as suitable proxy to the environmentally sustainable turnover for life insurance (see also answer to Q12, Q14 below).	Partially agreed, the details of the asset ratio have been further defined.

145	Actuarial Association of Europe	Q4	YES. This approach seems to be appropriate. However, we strongly recommend adjusting the criteria regarding environmentally sustainable insurance activities. (see also answer to Q12, Q14 below). In a first step, indicators on insurance activities should not be recommended. It should be possible to gradually ensure the transformation of insurance products by measuring the impact on the future un-insurability of certain risks. Before moving forward, there is a need for a clear taxonomy on social and governance aspects together with a thorough impact assessment, In a clear regulatory context including the related S2 framework, it will then be possible to design new products that meet ESG criteria globally. It then makes sense to develop indicators on insurance activities next to investment activities. Life and health insurance coverage should also be captured next to non-life insurance activities. Pure premiums give the best representation. However, details on acquisition costs, commissions and management fees are not available at a sufficient granular level. So gross premiums are an acceptable proxy.	Partially agreed, this has been clarified.
146	Actuarial Association of Europe	Q5	NO. Gross premiums are appropriately representing the business activities of non-life insurers.	Noted, this seems to be a misunderstanding as gross written premiums are the suggested metric.
147	Actuarial Association of Europe	Q6	YES. Judgment should be disclosed in a transparent way. In terms of coverage, Nat Cat is apparently the most obvious one but sustainability criteria can be included in pricing of other coverages by appropriate incentives (e.g. energy efficient property, sustainable mobility, sustainable investments as underlying items for savings,…). Although judgment is inevitable, the usage should be minimised. " Due effort" should be demanded to achieve this goal.	Agreed.
148	Actuarial Association of Europe	Q7	YES. Without a narrative the applied judgments would not be comparable. The description of an approach taken and forward looking perspectives should also be disclosed in an appropriate and proportionate way (facilitating a simple, understandable and efficient communication).	Noted.
149	Actuarial Association of Europe	Q8	We note the existence of ancillary services but they are not subject to a separate pricing and no data is available at this stage. The relevance might differ across countries, depending on national regulations. E.g. the German Insurance Supervision Act (VAG) prohibits providing and receiving money for non-insurance services. Hence such services - if existent - are always closely connected to insurance business and such business is not material for German insurers.	Noted.
150	Actuarial Association of Europe	Q9	YES. Life and non-life key performance indicators comprise the relevant business activities of reinsurers as well.	Noted.
151	Actuarial Association of Europe	Q10	YES. Non-life exposures can be sustainable or not. In contrast, life exposures are always related to human life. See also answers to Q1 and Q4.	Noted.

152	Actuarial Association of Europe	Q11	NO. There should not be any retrospective disclosures since the criteria were not in place and this would result in a disproportionate cost with no added value. Thus, comparability of disclosed data between undertakings is not given.	Partially agreed, yet where retrospective application is possible, it provides relevant information.
153	Actuarial Association of Europe	Q12	Most indicators are still under implementation. Regulators and governments should foster the development of a worldwide appli cable standard which is comparable and consistent to the EU Taxonomy particularly to increase data availability and quality. Insurers might also use KPIs related to the Sustainable Finance Disclosure Regulation (SFDR, "Transparency Regulation", EU 20 19/2088), e.g. to report on the portion of sustainable products (article 8 and 9 of SFDR). Such a portion could be expressed as portion in relation to the premium amount and would determine a KPI regarding turnover for a life insurance undertaking. When using this KPI it need s to be understood that the definition for an environmentally "sustainable investment" according to the SFDR (art. 2) deviates from the definition in the taxonomy regulation (art. 2). KPIs currently used refer to the GRI (Global Reporting Initiative). In the future KPIs suggest ed by the PSI (Principles for sustainable insurance) might be used as well However, the mentioned KPIs lack an important aspect: They are applied individually (or by a limited group of undertakings) and are not availably consistently throughout the enti re insurance landscape – which is a clear advantage of the EU taxonomy regulation. (see also answers to Q14)	Noted.
154	Actuarial Association of Europe	Q13	As actuarial association we cannot assess this impact reliably. The indicators are relatively straightforward but the classification depends on the final RTS on taxonomy and need further te sting and impact assessment on existing business. Those KPIs can result in major impacts on strategy and reputation for undertakings. This requires an appropriate transition for some business activities and partners of the insurance industry. The implementation costs can be significant and will result in higher premiums for policyholders, which should be assessed to gether with the risk of providing too much and irrelevant information. Next to impact at undertaking level, impact at sector level should be assessed together with insurability gap and policies ev olution. This is where the Environmental & Social objectives would interplay.	Noted.
155	Actuarial Association of Europe	Additional comments	General remark on turnover/revenue/premium in the context of insurance and the contribution of economic activities through pr emiums: Insurance premiums are contributing to different economic activities, whereof two are most important: (a) risk coverage, (b) investments. Depending on the type of insurance, the two activities have varying relevance: - Life savings and pension products (unit-linked or not) are focusing on investments,	Noted.

			- Pure risk life insurance is focusing on risk coverage, but has a certain investment activity through the actuarial reserve fund as well - Nat Cat insurance is mostly focusing on risk coverage (short tail) - Liability insurance has both, risk coverage and investments (long tail) As a summary, one could simplify that life insurance has a material focus on investments and non-life insurance has a material focus on risk coverage. Consequently, the turnover KPI could be simplified to be based on the respective economic activity depending on the type of insurance business. In fact, this is what the consultation paper is proposing for non-life insurance. For life insurance, a turnover KPI is missing. We acknowledge that disclosing a turnover KPI for life insurance based on insurance premiums which refer to taxonomy-compliant investment activities is too burdensome for life insurers, we propose disclosing the 'new investments KPI' as mentioned in our answer to Q3. Remark on environmentally sustainable portion of revenue/premium in non-life insurance: We acknowledge the proposed framework given through the current draft of the technical screening criteria including annex I and II (EC 20 Nov. 2020). However, we are afraid that a turnover KPI in non-life insurance based on the current draft Delegated Regulation would not foster the development of environmentally sustainable insurance products – due to the following reasons: - We understand that (in the current draft) basically all premiums related to Nat Cat risk coverage will be considered environmentally sustainable ("enabling climate change adaption"). In principle, all other premiums are not considered as environmentally sustainable. - As a consequence, the economic activity of providing liability insurance coverage for wind or solar power plants or the motor third party liability (MTPL) or motor own damage (MOD) insurance for electric Cars is not sustainable. However, the activity of providing Nat Cat insurance coverage for a fossil fuel driven vehicle is considered sustainable (as long as the vehicle is not used for the extraction, storage, transport or manufacture of fossil fuels). - The currently proposed turnover KPI for non-life insurance will therefore be rather constant throughout the upcoming years – except for a slow increase as Nat Cat risks increase through climate change. It will be hard to communicate that insurance undertakings are unable to ever reach near 100% sustainable turnover. The ability for non-life insurers to take action and to increase the taxonomy-aligned turnover is limited and would require extraordinary actions which are not intended (e.g. not selling liability insurance anymore). This may lead to several non-sustainable and thus not intended consequences: - Investors might tend to avoid investing in insurance undertakings as they do not increase their sustainability portion of their turnover (this might remain on a lower level). - Insurance undertakings might be tempted to try to increase Nat Cat coverage, even for insured objects such as buildings that are not exposed to emerging Nat Cat risks (e.g. river flood zones etc.) – which would be contradictory to climate change adaption. - Insurance undertakings are not engaged to enable environmentally sustainable economic activities (such as operating wind or solar power	

			plants or developing and providing innovative products fostering the transition to a carbon neutral economy) through offering liability insurance – as this does not improve their sustainable turnover KPI. - To be more specific: Whether an undertaking is granting liability insurance to a fossil power plant or a wind power plant would not have an impact on the proposed sustainable turnover KPI.	

EIOPA
Westhafen Tower, Westhafenplatz 1
60327 Frankfurt – Germany
Tel. + 49 69-951119-20
info@eiopa.europa.eu
https://www.eiopa.europa.eu