

## Comments on EC inception impact assessment on a single EU access point for company information

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### Summary

Insurance Europe supports the European Commission's plans to establish a European Single Access Point (ESAP) for financial and non-financial information disclosed by companies and welcomes the opportunity to comment on the inception impact assessment. The comments below focus primarily on the aspect of environmental, social and governance (ESG) data, which is the priority for the industry given existing issues with the availability, reliability and comparability of ESG data for investors. It is important that the wider scope beyond ESG data does not slow down the availability of ESG data within the ESAP.

Insurance Europe has the following comments on the establishment of the ESAP:

- The data included in the ESAP must be fully aligned with **the regulatory requirements set by the SFDR, Taxonomy Regulation and NFRD**.
- As another building block, the register should include relevant **ESG information already collected by European and national institutions** such as governments, central banks, statistical bodies, etc.
- Beyond what is required to comply with regulatory requirements, care should be taken to ensure that the **benefits outweigh the costs**.
- The **materiality of disclosures** should be taken into account to avoid unnecessary costs and proportionality more generally should be fully taken into account, with the size and complexity of undertakings considered when developing guidance or requirements.
- With respect to **sustainability research and ratings**, the ESAP can help minimise related costs and avoid market participants being forced to rely on third-party providers. In addition, it can help improve transparency about ESG data and enhance the comparability and reliability of research and ratings.
- Beyond sustainability data, research and ratings, **credit rating databases** are also needed by insurers to comply with certain regulations (eg Solvency II). However, they can currently be excessively expensive for insurers to access/use. If the scope of the ESAP goes beyond ESG data, the EC should consider how credit ratings could be included into it as a way to address this issue.
- In the context of the post COVID-19 recovery, it is key that it also enables digital transformation, which in turn can help embed sustainability in the financial sector. EU policy action will be crucial to maximise the **potential of digital tools for sustainable finance**. Any proposed regulatory actions should be innovation-friendly and technology neutral to ensure that they are fit for the digital age and do not create any obstacles to innovation.

## Further comments

### Considerations relating to ESG data for investors

Through its role both as an investor and a provider of protection, the European insurance sector is uniquely positioned to contribute to sustainable economic growth, and it can help to finance the transition to a carbon-neutral, resource-efficient and more sustainable economy. The insurance industry is both an issuer and a preparer of non-financial information. As investors, insurers need to have access to reliable and comparable ESG data on investee companies; meaningful, consistent and comparable ESG reporting from companies helps investors to consider and account for sustainability impacts when making investment decisions. As preparers, it is important for companies to ensure that any requirements and standardisation are as effective and efficient as possible to avoid unnecessary costs and unintended consequences.

Non-financial data is particularly relevant when ambitious and fast-paced policy actions rely on their availability, as it is the case for sustainable finance. Developments in this area have highlighted issues with the availability and reliability of ESG data that investors need both for their investment decisions and to comply with the SFDR and the Taxonomy Regulation.

The insurance industry therefore welcomes the recommendation of the EC's Action Plan on the CMU to establish the ESAP, as it recognises the increasing importance for investors of access to non-financial information. This is particularly relevant in the context of recent regulatory developments on the NFRD, the SFDR and the Taxonomy Regulation. The ESAP including ESG is in line with the [joint industry letter calling for the creation of a European ESG database](#). Robust, comparable and reliable ESG data is vital for identifying and assessing sustainability risks in insurers' activities and is necessary to enable investors to steer their portfolios towards sustainability objectives, in line with the ambitions of the Paris Agreement and of the European Green Deal.

Unfortunately, the availability of reliable public ESG data is currently limited and in aggregate its collection and use can add significant costs. A centralised electronic EU ESG data register will help to achieve better comparability, increased transparency and lower barriers and costs, as well as help data preparers by eliminating multiple different requests for information.

The first priority should be to include the ESG data relating to the NFRD, SFDR and EU taxonomy. As another building block, the register should include relevant ESG information already collected by European and national institutions such as governments, central banks, statistical bodies, etc. Member states are already reporting environmental expenditure under the System of Environmental Economic Accounting (SEEA 2012). The EU should open up its databases that collect environmental reporting data and make those re-usable.

The European insurance sector would like to stress the importance of taking into account the following factors when considering policy options:

- The data included in the ESAP must be fully aligned with the regulatory requirements set by SFDR, Taxonomy Regulation and NFRD.
- Beyond what is required to comply with regulatory requirements, care should be taken to ensure that the benefits outweigh the costs.
- The materiality of disclosures should be taken into account to avoid unnecessary costs and proportionality more generally should be fully taken into account, with the size and complexity of undertakings considered when developing guidance or requirements.
- The need for comparability, the broad coverage of ESG assessment and the resource/expertise intensive nature of sustainability research and ratings is quickly leading to strong concentration in this market. As a result, ESG ratings and data providers are developing into oligopolistic structures, with increasing costs for accessing ESG ratings/data. In this respect, the ESAP can help:
  - minimise such costs and avoid market participants being forced to rely on third-party providers.
  - improve transparency about ESG data and therefore enhance the comparability and reliability of research and ratings (currently problematic due to differences in definitions, data sources, methodologies, frequency of data collection).

- Beyond sustainability data, research and ratings, credit rating databases are also needed by insurers to comply with certain regulations (eg Solvency II). However, they can currently be excessively expensive for insurers to access/use. If the scope of the ESAP goes beyond ESG data, the EC should consider how credit ratings, especially those which have already been paid for by the companies, could be included in the ESAP as a way to address this issue. This would also be consistent with the ongoing ESMA work on the European Rating Platform (ERP).

### **Other considerations**

- In the context of the post COVID-19 recovery, it is key to enable digital transformation, which in turn can help embed sustainability in the financial sector. The industry is supportive of the development of digital finance solutions and encourages the EU to develop the standards required for the transparency of sustainable finance, so that the recovery is aligned with the objectives of the digital transformation.
- EU policy action will be crucial to maximise the potential of digital tools for sustainable finance. Any proposed regulatory actions should be innovation-friendly and technology neutral to ensure that they are fit for the digital age and do not create any obstacles to innovation.
- While the general idea behind common European data spaces is to be welcomed, much depends on the specific operating model and implementation chosen for the data space. It is important that the development of common European data spaces creates a common understanding between industries with regard to data specification, update frequencies, governance, data quality, enforcement, etc. The alternative may result in a patchwork of unrelated, non-interoperable databases that offer no real benefit.

Insurance Europe is the European insurance and reinsurance federation. Through its 37 member bodies — the national insurance associations — it represents all types and sizes of insurance and reinsurance undertakings. Insurance Europe, which is based in Brussels, represents undertakings that account for around 95% of total European premium income. Insurance makes a major contribution to Europe's economic growth and development. European insurers pay out almost €1 100bn annually — or €2.9bn a day — in claims, directly employ over 900 000 people and invest nearly €10 200bn in the economy.