News from Brussels

Overview of EU legislative developments
… and the perspective of the insurance industry

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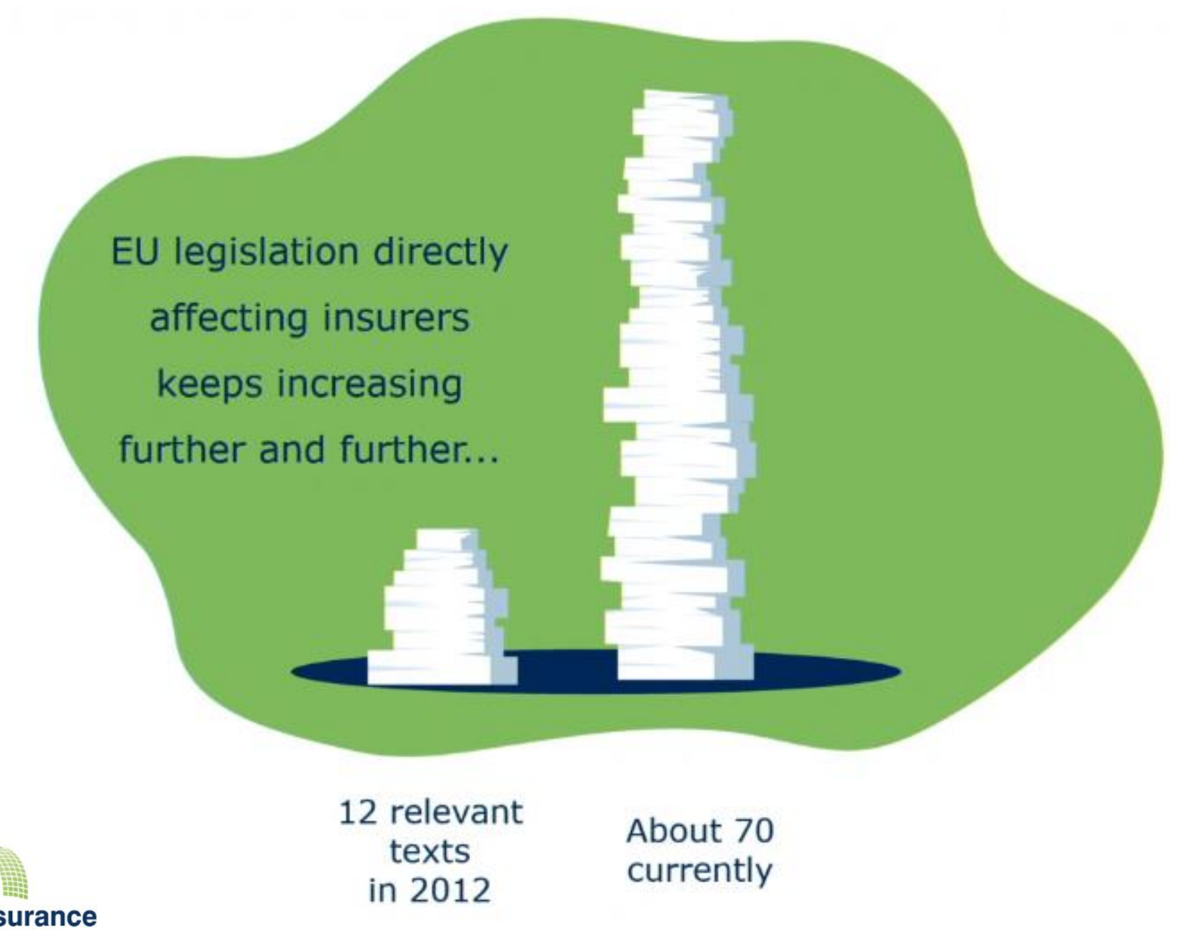
VVO at a glance

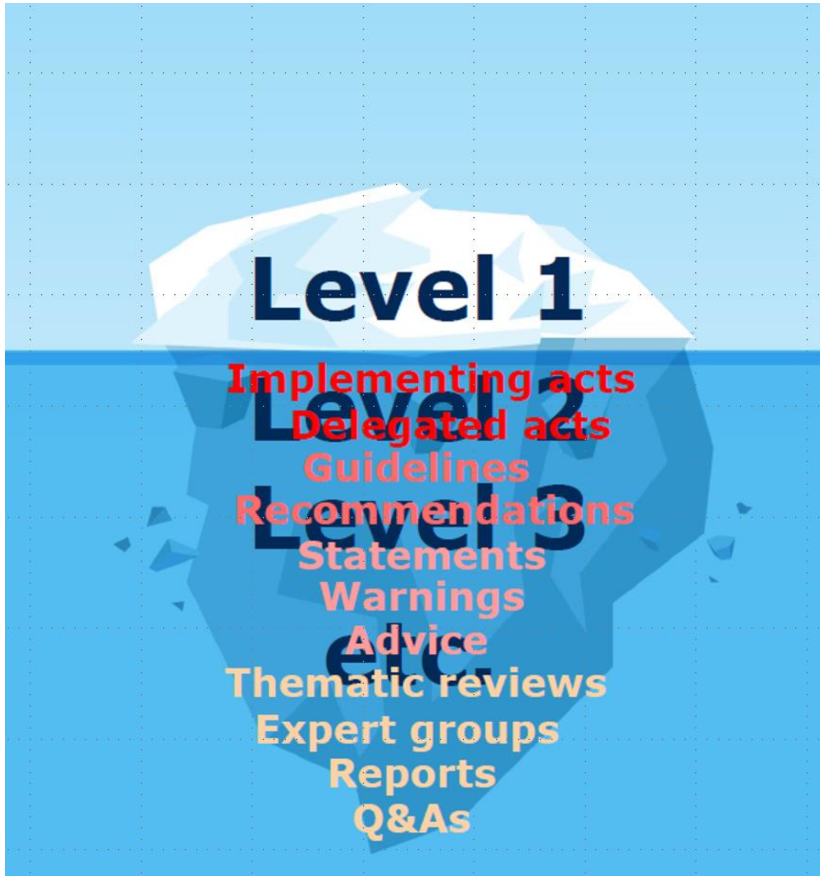
- **Representing the interest of all Austrian private insurance companies**
- Founded in **1899**
- **113 member companies** (almost 100% of market)
- Governance structure **balancing the interests of members**
- Founding member of **Insurance Europe**
- **Significant contribution to socio-political topics** such as old-age provision, health care, protection in leisure and traffic, security of property and business activities, mobility, effects of climate change, new risks, sustainability and digitalisation

AGENDA

- Simplification and competitiveness
- Digital / Access to and use of data
- Insurance Recovery & Resolution Directive (IRRD) / Insurance Guarantee Schemes (IGS)
- Distribution / Retail Investment Strategy (RIS)
- Savings and Investment Union (SIU)
- Sustainable Finance / ESG
- Climate resilience / Natural catastrophes (NatCat)
- Risk based underwriting / Right to be Forgotten (RTBF)
- Conclusions

Increasing quantity and complexity of regulation





TOMORROW:

- Victims Rights Directive review
- Cloud and AI development ACT
- Consumer Agenda and Action Plan
- Accounting Directive Review 2.0
- IRRD Level 2 & 3
- Digital Services Act
- Insurance Guarantee Schemes
- Environmental Liability Directive review
- Supervisory Data Sharing Regulation
- International Digital Strategy for the EU
- BEFIT Directive
- Digital Omnibus
- European Quantum Act
- Accounting Directive review
- EIOPA’s VfM benchmarks methodology
- ELTIFs Regulation review
- Shareholder Rights Directive
- Late Payments Regulation review
- C-ITS
- SFDR
- Directive on Minimum Corporate Taxation
- Product Liability Directive review
- Solvency II Review
- Mortgage Credit Directive review
- ESRS Regulation
- European Design Directive
- European Accessibility Act
- European Beating Cancer Plan – RTBF
- European Design Regulation
- ESAP Regulation
- ESG Ratings Regulation
- Unshell Directive
- Omnibus V
- Code of Conduct on RTBF
- European Data Union Strategy
- Omnibus IV
- EU Green Bond Standard Regulation
- Environmental Liability Directive
- CSRD (stop the clock)
- AI Act
- Retail Investment Strategy
- Shareholder Rights Directive
- 28Th regime
- Accounting Directive
- Auditing Directive
- EU Taxonomy Regulation
- EU AML Regulation
- ESAs Regulations review
- ESAs Regulation
- Savings and Investments Union (SIU)
- GDPR
- ViDA package
- Financial Literacy Strategy
- e-IDAS Regulation
- EU Pharmaceutical Strategy
- Omnibus I & II
- CSDDD
- Late Payments Directive
- Free flow of non-personal data Regulation
- Cybersecurity Act
- NIS2 Directive
- EU Strategy Water Resilience
- Anti-Tax Avoidance Directive
- Pension Enrolment and tracking system recommendations
- Non-financial Reporting Directive
- Alternative Dispute Resolution Directive
- Insurance Distribution Directive (IDD)
- Data Act
- Digital Fairness Act
- Consumer Credit Directive review
- Data Governance Act
- Cyber Resilience Act
- Tax Simplification Proposals
- Consumer Rights Directive review
- ADR Directive
- Consumer Credit Directive
- Collective Redress
- EMIR Review
- Data Protection Directive
- IORP Directive
- European Market Infrastructure Regulation
- MID review
- Solvency II
- eIDAS 2.0 Regulation
- Package Travel Directive
- PRIIPs Regulation
- PEPP
- Product Liability Directive
- IRRD
- IORP Directive
- Financial Conglomerates Directive
- VAT Directive
- Motor Insurance Directive
- E-commerce Directive
- Distance Marketing Directive
- Gender Directive
- Digital Markets Act
- EU-UK Adequacy Decisions
- DORA
- AML Directive 6
- Environmental Liability Directive
- EU-US DPF adequacy decision
- ePrivacy Directive
- EHDS regulation

1. Simplification and competitiveness

Simplification

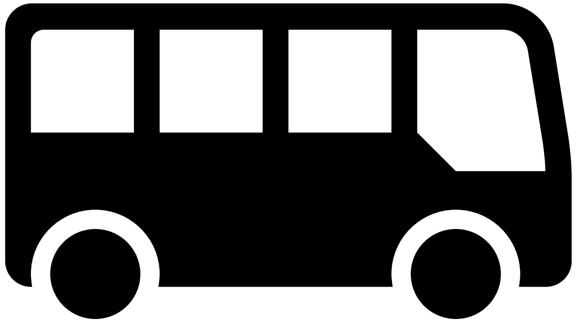
Political priority of EC together with competitiveness

EC communication on "Better regulation and Enforcement" on 28 April 2026 with horizontal measures incl. regulatory deep cleaning agenda)

Legislative reviews: ESG Omnibus, Digital Omnibus

Political pressure from Member States (eg E6, European Council statements) with high ambitions for simplification

Simplification: Key messages



- *Horizontal (= general)*
  - **Dynamic application period :** Only after publication of all L1 & L2 texts in OJEU the implementation period of at least 12 months shall start
  - **More extensive impact assessments** (quantity and quality)
  - **Assessment of functioning of the Lamfalussy process** (eg less ESAs authorizations for Level 2 & 3)
  - Address **lack of specificity and legal uncertaintly** in EU legal acts
  - Lack of overall systematics (**'legal silos'**)
- *Vertical (= dossier-related)*
  - **FIDA, IRRD, IGS, DORA, AML, ESRS, SFDR etc.**

- **Financial services Omnibus** is adequate tool to address shortcomings!
- **Needed evaluation of outcome** with measurable relief for insurance companies

2. Digital / Access to and use of data

Digital: Legislative proposals

Framework for Financial Data Access (FiDA)

- Legislative proposal on 28 June 2023
- **Access and reuse of customer data**, with consent, across a range of financial services
- **Data sharing and third party access** for a wide range of financial sectors and products (Insurtech solutions)

Digital Omnibus

- Legislative proposal on 19 November 2025
- Existing provisions in digital and cybersecurity regulations should be **better integrated, duplicate requirements reduced, and implementation made easier**
- **Key areas:** Data use / data access; Data protection; Streamlining cybersecurity incident reporting; Changes related to the AI Act
- AI Act, Data Act (including interactions with the GDPR), Cyber Resilience Act, DORA, NIS-2

Digital Omnibus on AI

- **Amendment of AI Act** incl. governance provisions on high-risk AI

Digital: Key messages

FiDA

- > **Market demand** and **technological readiness** is **questionable**,
- > **High risks regarding global competitiveness** for the European insurance sector are immanent.
- > **European workplaces** are at stake
- > **Withdrawal of the FiDA legislative proposal is the only alternative** to solve the fundamental shortcomings.

Digital Omnibus / Digital Omnibus on AI

- > **Positive simplification amendments** in EC legislative proposals

April 2026

Framework for Financial Data Access (FIDA): Withdrawal only alternative to solve fundamental shortcomings

The undersigned national associations representing nine insurance markets of **Austria, Bulgaria, Croatia, Czechia, Hungary, Poland, Romania, Slovakia and Slovenia** underline their serious concerns on the Framework for Financial Data Access (FIDA) due to the following fundamental shortcomings:

1. **Digital sovereignty is undermined:**
   FIDA contradicts the European objective of **digital sovereignty**. As a matter of fact, Europe's **technological dependence** on dominant actors outside the EU **could increase**. **Geoeconomic considerations** are gaining increasing importance in the European debate. There are **significant concerns** regarding potential access to **European customer data by gatekeepers**. FIDA in its current form would grant companies from third countries - including potentially big tech corporations and their European subsidiaries - access to European customer data (and under certain conditions even to sensitive health data).

2. **European workplaces are at stake:**
   Implementation of the regulation could have **long-term effects** not only on the competitiveness of the European financial sector, but also its role as a **major employer** in

3. Insurance Recovery & Resolution Directive (IRRD) / Insurance Guarantee Schemes (IGS)

Insurance Recovery & Resolution Directive (IRRD)

- Transposition into national law by 24 months after entry into force (29 January 2027)
- **Application by insurance companies from 30 January 2027**
- High number of Level 2 and 3 provisions (developed in stages)

- Preventive tools and powers **complementing existing measures under Solvency II**.
- Requirement for large insurers to prepare **preventive recovery and resolution plans (on group level)**.
- **Small and not complex companies are excluded** but **can be included by NCAs.**
- Establishment of **national resolution authorities** in each member state.
- **Harmonized resolution tools and powers** for national supervisors and resolution authorities when the failure of an insurer cannot be avoided.

IRRD: Key messages

- > **Disproportionate requirements** relative to the risks and benefits
- > **Limited impact** on financial stability protection
- > **Costs and administrative burden**
- > **Wide Scope** (significantly beyond other jurisdictions)

- > **Challenging Timelines**
  - Clear and appropriate implementation deadlines for insurers
  - **“Stop the Clock” approach** or **staged implementation**
- > **Reporting on consolidated group level** / No additional burden for subsidiaries or national gold plating
- > **No disproportionate burden via possible financing schemes**

March 2026

Implementation of the Insurance Recovery and Resolution Directive (IRRD): Urgent call for delay from CEE insurance associations

The undersigned national associations representing nine insurance markets of **Austria, Bulgaria, Czechia, Croatia, Hungary, Poland, Romania, Slovakia and Slovenia** outline their specific view on substantial shortcomings in the ongoing implementation process of the Insurance Recovery and Resolution Directive (IRRD). This joint view is complementary to the contribution of Insurance Europe and individual contributions from the undersigned associations.

The IRRD is set to apply from 30 January 2027, leaving insurance companies and supervisory authorities only less than a year to prepare.

However, many **crucial aspects of the regime still remain unresolved** at this stage and the **implementation works are still in the very beginnings**. In addition to the limited implementation timeframe, significant uncertainties persist regarding essential components of the framework, for example: criteria for determining which undertakings fall within the scope of recovery and resolution planning, the definition and identification of critical functions, the nature and extent of internal analyses, documentation and datasets to be produced by insurers, and the precise reporting obligations that will apply. Further clarity is still needed on the practical functioning of **cross-border coordination under the new regime and the**

IGS: Minimum harmonisation discussions

- **IRRD requires EC report until January 2027** about possible **minimum standards for Insurance Guarantee Scheemes (IGS)**
  - On this basis the EC could present a legislative proposal for a minimum harmonization of IGS
- EC stakeholder survey in February 2026
- EC has issued a **call for technical advice to EIOPA**
  - EIOPA will submit an opinion to the EC by 31 August 2026
  - EIOPA launched a public consultation on its draft Technical Advice on 5 May 2026 (consultation deadline: 26 June 2026)
- **Negative statement of Member States in March 2026** on minimum harmonization of IGS

IGS: Key messages

- No **need for minimum harmonisation** of IGS
- **First careful assessment of effects of IRRD implementation**

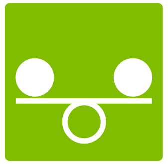
- **No need for further measures (prevent additional administrative burden and costs)** due to existing legislative (national and international) framework (Solvency II, IRRD, MID).
- **“One size fits all” rules will fail to address objective differences of insurance markets.**
- **Difference between insurance and banking.**
- **Avoidance of unintended effects of ex-ante compensation funds** to the detriment of consumers and insurers.
- Especially in smaller, concentrated markets, an IGS in the form of prepaid compensation schemes would cumulate their risk exposure and thus **seriously undermine the stabilisation role of insurance**, ultimately leading to a chain reaction and resulting in a destabilisation of these markets as a whole.

4. Distribution / Retail Investment Strategy (RIS)

Retail Investment Strategy (RIS)

- **Political trialogue agreement in December 2025** – Formal adoption of European Parliament and Council still pending
- High level of Level 2 and 3 provisions
- Single, **horizontal frame for all IBIP products** for retail investors (regardless if they come from insurers, banks, fund managers etc.)
- The following areas are eg added to existing provisions of the IDD:
  - **Inducement test**
  - **Value for money** (price-performance ratio) & **benchmarks**

RIS: Value for Money – Benchmarks



- Value for money = **Relation price and performance**

<u>Objective:</u>

- **Insurance-based investment products (IBIPS)** should generally offer consumers good value for money
- Product tests should always verify and demonstrate value for money, **regardless of the comparison with other offers on the market**
- Introduction of **EU-wide benchmarks** to **transparently present the cost-benefit ratio** of retail investment products

Value for Money: Key messages

Wrong approach ➔ Focus on costs

Correct approach ➔ Focus on consumers

- The price/performance ratio of life insurance policies must **not be reduced exclusively to costs and performance**
- **Savings & protection against biometric risks** in a single product:
  - **Financial protection in the event of misfortune (e.g. death) from the first premium payment**
  - **Lifelong pension benefits** prevent poverty in old age
  - **Guarantees** offer protection against losses that is valued by customers
  - Opportunity for **sustainable investment**
- **Ensuring product diversity and product freedom**
- Quantitative benchmarks can indirectly lead to **cost cuts & price control** and **limit competition & innovation**

RIS: Key messages

> **Avoidance of additional burden with questionable benefit for consumers.**

> Unclear provisions and a **multitude of delegations at Levels 2 and 3** (eg implementation timelines, inducement test, criteria for scope of light suitability test, benchmarks etc.) have a risk to lead to **overregulation and legal uncertainty** for the companies affected.

> **Unrealistic timetable for implementation**.

> **Importance of commission system:**

- EU legislation should allow sound and professional advice in purchasing a **broad choice of insurance products to remain easily accessible for all consumers** and a **diversity of distribution channels.** This is only guaranteed by a commission system.
- **The affordability of advice** is particularly important in markets where low levels of financial literacy exist.

5. Savings and Investment Union (SIU)

SIU: Objective

> Mobilization of capital **to generate more investment in the EU and strengthen EU competitiveness**

SIU: Legislative and non-legislative projects

EC Communication on SIU **22 measures until Q2/2027**
(March 2025)

Retail Investment Strategy (RIS)
(Political trialogue agreement in December 2025)

Securitisation Review
(June 2025)

EU Savings and Investments Accounts
(Recommendation in September 2025)

Financial literacy strategy #InvestInYou
(September 2025)

Recommendations on auto-enrolement, pension tracking systems & pension dashboards
(November 2025)

IORP II & PEPP Review
(November 2025)

Market integration & Supervision Package (MISP)
(November 2025)

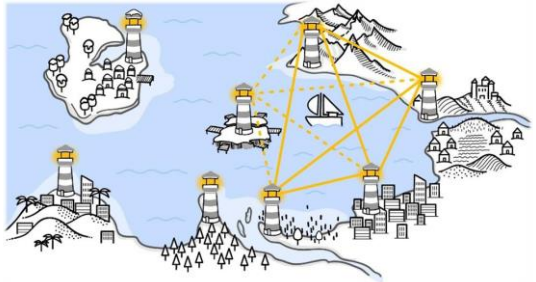
Review of the Shareholders Rights Directive
(Q4/2026 / EC consultation in February 2026)

SIU Mid-term Review
(Q2/2027)

Finance Europe label
" as part of a "European Competitiveness Lab"

SIU: Key messages

- Insurers play a **significant role in closing the retirement provision gap and promoting investments within the EU**.
- **Life insurance** is a suitable instrument for **retirement provision** (lifelong pension, security, sustainable investment, etc.) and has ability to **provide financial protection against a wide range of risks** (financial investments, longevity, mortality, and morbidity (illness)).
- **Importance and maintenance of product and distribution diversity:** No uniform (European) savings and investment product.
- **Tax incentives for pension provision are necessary**.
- **Personal advice is particularly important for pension products** and must be available across all distribution channels (including basic PEPPs).



- The powers of **national supervisory authorities close to local market specifies** must be preserved.

6. Sustainable Finance (ESG)

ESG Omnibus packages

- Publication in the Official Journal of the EU on 26 February 2026
- Implementation deadlines: 19 March 2027 (CSRD) and 26 July 2028 (CSDDD):

CSRD:

- **Scope limited to companies with more than 1,000 employees and revenue exceeding €450 million**; exemption for holding companies as defined in Article 2(15) of the Accounting Directive; Exemption for listed SMEs
- Transitional provision: Wave 1 companies with 501–1,000 employees that reported for FY 2024 may be exempted by Member States for the reporting years 2025 and 2026.
- Information requests to companies with <=1,000 employees limited to VSME content

CSDDD:

- **Limitation to 5,000 employees and €1.5 billion in revenue**
- Risk-based approach
- Removal of the mandatory transformation plan
- Upper limits for national penalties (max. 3% of global revenue)
- Implementation deadline postponed by one year to July 2028 => Applicable to companies starting July 2029

Review of
Sustainable Finance Disclosure Regulation (SFDR)

- EC legislative proposal on 20 November 2025

- **Elimination of company-level disclosure requirements** regarding material adverse impacts (Overlap between the SFDR and the CSRD)
- **Significant reduction of disclosure requirements** at the product level
- **Creation of three product categories** (sustainable, transition and other ESG), each subject to an investment threshold of 70% and exclusions.

ESG: Key messages

- **Streamlining and repairing complex regulatory framework**
- Apply proportionality principle to **reduce administrative burden**
- Reporting on **consolidated group level**
- SFDR Review: **Realistic ambitions** to enhance sales of green products

7. Climate resilience / Natural catastrophes (NatCat)

NatCat related activities on EU level

> **Stronger political efforts on EU level** to deal with the challenge of financing consequences of climate change

> EC is preparing a **legislative proposal "Integrated Framework for Climate Resilience"** for **Q4/2026** with several insurance related topics
- EC consultation at beginning of 2026

> **Joint paper of EIOPA and European Stability Mechanism (ESM)** published on 9 April 2026
- Suggestion to create a European NatCat risk pool combined with a loan-based backstop

> **Joint paper of EIOPA and ECB** in December 2024
- Concerns regarding effects of NatCat on balance sheets of banks (mortgage credits)

> **EIOPA** has eg established a **NatCat Dashboard, PROTECT tool** and has started work on a **"voluntary factsheet"**

NatCat: Key messages

- Nat Cat risks and responses are **highly country specific**. Insurance solutions need to reflect national circumstances.
  - Therefore, a **one-size-fits-all European model is not suitable**.
  - **Public-Private Partnerships (PPP): Sharing of best practices** while respecting national schemes.
  - Due to extremely demanding implementation challenges, there is **no support for European backstop funds and single European reinsurance solution**.
- **Focus on prevention and adaptation:** Importance of investing more in prevention and resilience measures.
- **Need to include insurance industry incl. technical expertise already from the very beginning** of discussions to guarantee technically feasible and sustainable solutions.

8. Risk-based underwriting / Right to be Forgotten (RTBF)

RTBF - What?

- **Health data of cancer survivors may not be considered** in policy applications after a defined deadline.

- RTBF requires insurance to be offered **without considering all relevant risk factors**.
  - Business model of private personal insurance (risk-based underwriting) potentially under threat!

- Political focus currently on **access to mortgage credits** (life insurance) and **cancer survivors**.
  - Broader scope of application (lines of business, illnesses) could be considered in future.

RTBF: Activities on EU level

Review of Consumer Credit Directive (CCD)

- RTBF of max. 15 years
- National implementation until 20 November 2025
- Application by 20 November 2026

Communication of EU Commission

- February 2026 (in framework of 5 years anniversary of EU cancer plan)
- **EC will present guidelines until end of 2026**

Round Table of EU Commission with Stakeholders

- **Goal: Elaboration of a CoC signed by all stakeholders**
- No compromise of Round Table but ongoing negotiations
- **Proactive contribution by Insurance Europe**

RTBF: Key messages

- **Legislative sector specific obligation** for calculation of risk-based premiums and technical reserves (Art. 82, 84 Solvency II)
- **Differentiation is not discrimination**
- **Evidence based data** for risk calculation
- Possible negative effects on **community of insured**
- Risk of **anti-selection** and **information asymmetries**
- Not one-size fits all solution due to **national specificities** (e.g. social and health systems)

CONCLUSIONS

- **Increase of quantity and complexity** of legislation
- **Simplification, reduction of administrative burden and competitiveness** high on EU agenda
- Need to enter phase of **repairing and streamlining complex legislative framework**
- Important role and potential of insurers **contributing to goals of EU Green Deal, SIU and addressing protection gaps**
- Necessity to **address insurance specificities**
- **(Potential) challenges for business model** and insurers' **access to data**
- **(Potential) interference** into **premium calculation** and **insurance contracts**
- **(Potential) challenges to affordability** and **accessibility** of insurance services
- Important role and ability of insurers to **address increasing NatCat risks** and **importance of prevention**

Hvala!

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