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From:	Mr. Gabriel Bernardino, Chairman, European Insurance and Occupational Pensions Authority (EIOPA)
date of receipt:	26 February 2021
To:	Mr Tuomas Saarenheimo, President of the Economic and Financial Committee

Subject:	EIOPA's advice on insurance and reinsurance undertakings' key performance indicators on sustainability for non-financial reporting
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Delegations will find attached a letter regarding the subject mentioned above.

The full report can be viewed on EIOPA's website:

https://www.eiopa.europa.eu/content/eiopa-advises-insurers-key-performance-indicators-sustainability-non-financial-reporting_en

Encl.

Gabriel Bernardino
Chairman



Mr Tuomas Saarenheimo
President of the Economic and Financial Committee
Council of the European Union
General Secretariat
Rue de la Loi 175
B- 1048 Brussels

EIOPA-21/181
26 February 2021

EIOPA's advice on insurance and reinsurance undertakings' key performance indicators on sustainability for non-financial reporting

Dear Mr Saarenheimo,

In response to a Call for Advice from the European Commission of 15th September 2020, I am pleased to inform you about the finalisation of EIOPA's technical advice on the formulation of the content, presentation and methodology regarding the information to be disclosed pursuant to Article 8 of Regulation (EU) 2020/852 ('Taxonomy Regulation') by insurance and reinsurance undertakings that are subject to the Non-Financial Reporting Directive.

Relevant, comparable and reliable information on the taxonomy-alignment of financial market participants is decisive for the promotion of the EU's Green Deal and the allocation of capital to economic activities that foster environmental goals.

EIOPA's advice on the mandatory disclosure of sustainability KPIs for the insurance sector is an important piece in the puzzle of furthering the availability of information on taxonomy alignment in the financial markets and is a major step to promote high-quality non-financial reporting by European insurance and reinsurance undertakings.

EIOPA proposes requiring two most relevant key performance indicators on sustainability and taxonomy alignment of insurance and reinsurance undertakings:

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- A premium ratio that depicts the extent to which the insurer or reinsurer carries out taxonomy-aligned activities - in terms of non-life gross premiums written; and
- An investment ratio that reflects the insurer's or reinsurer's funding or financing of taxonomy-aligned economic activities - in relation to total investments.

We believe that these key performance indicators on sustainability provide most relevant information to financial markets, depicting fairly the insurers' and reinsurers' business models, underwriting policies and investments, and allows for comparisons with other financial sectors and non-financial undertakings.

EIOPA's advice on the insurers' non-financial reporting key performance indicators on sustainability benefitted greatly from the stakeholder responses on our public consultation. Whilst stakeholders widely supported our proposed approaches, they highlighted the challenging timelines of the KPI's first time reporting in light of currently limited availability of data and, to some extent, of established methodologies.

The development of EIOPA's technical advice was carried out in close collaboration with the EBA and ESMA to achieve cross-sectoral consistency for this important dossier.

We shall be pleased to discuss any aspects of EIOPA's advice with you.

Yours sincerely,



cc:

José Manuel Campa, Chairman, EBA

Steven Maijoor, Chairman, ESMA