



To: European Securities and Markets Authority (ESMA)
201-203 rue de Bercy
CS 80910
75589 Paris Cedex 12, France
(submitted through website)

Our reference: ECO-CRISF-25-082
Subject: Joint Insurance Europe / CFO Forum response to ESMA consultation on the Application of ESEF to Sustainability Reporting

Brussels, 31-03-2025

To whom it may concern,

This letter has been drafted by the European Insurance CFO Forum ("CFO Forum") which represents the views of Europe's 22 largest insurance companies and Insurance Europe, representing 95% of the premium income of the European insurance market. Accordingly, it represents the consensus view of a significant part of the European insurance industry.

European insurers welcome the opportunity to provide feedback on ESMA's Consultation Paper regarding the application of the European Single Electronic Format (ESEF) to sustainability reporting and the amendments to the European Electronic Access Point (EEAP) Regulatory Technical Standards (RTS). We support ESMA's objective of enhancing transparency and digital access to sustainability information but believe that certain considerations are essential to ensure that tagging does not create undue burden to European Insurers.

Alignment with Omnibus Objectives

The application of ESEF tagging requirements must align with the broader objective of reducing regulatory burden, as set out in the Omnibus proposals on sustainability reporting simplification. The draft Omnibus Directive will have an impact on both the Taxonomy Regulation as well as the European Sustainability Reporting Standards (ESRS), with the Commission set to revise the sector-agnostic standards. These regulatory changes complicate any firm conclusions on electronic reporting, as the sustainability framework remains subject to change. ESMA should also consider that the implementation of IFRS 18 will not only affect income, cash-flow, and financial statements, but mobilise significant internal resources until December 2026. Therefore, we stress the need for stability amid this process and call for a pause in ESMA's work developing these RTS until reporting companies have had time to adapt to the revised ESRS.

It is important to prevent burdensome tagging requirements for companies and at the same time ensure that insurers and other financial institutions can effectively integrate sustainability disclosures into their existing reporting structures.. Notably, there are clear limitations in tagging narrative information, as this data cannot be compared in the same way as tagged quantitative data. Initially limiting digital tagging of sustainable information to quantitative data would help reduce costs and administrative burdens. At a later stage, introducing block tagging for narrative disclosures could further ease the reporting burden for (re)insurers. Additionally, the introduction of a hierarchical system of nested elements is expected to be unduly burdensome when implementing the ESRS XBRL Taxonomy, with questionable benefits.

More generally, the implementation of sustainability tagging under ESEF should carefully consider the associated costs. As such, we urge ESMA to carefully consider whether the benefits of electronic reporting outweigh the increased administrative burden, and to provide sufficient transition periods to facilitate compliance.

Phased Implementation with Investor-Centric Prioritisation

While we recognise the importance of structured digital reporting, we emphasise that the introduction of tagging requirements should be phased in a manner that prioritises information most relevant to investors. As Phase 1 companies of the CSRD, (re)insurers have gone through a steep learning curve to develop and enrich their sustainability reporting, it is reasonable to provide sufficient time to implement the tagging requirements. Given the complexity and resource-intensive nature of tagging, the initial focus should be on sustainability data points that directly impact investment decisions. A gradual implementation, first of numerical-tagging most useful to investors, will allow the insurance sector to adapt without undue operational burdens. Regarding the timeline, aligning the first submission with the ESAP deadline of July 2027 appears rushed. Since the final text will be published in the Official Journal that same year, implementing the new rules within such a short timeframe would be highly complex for both companies and service providers.

Addressing the Compliance Burden with Technological Innovation

The insurance industry is already subject to extensive regulatory reporting obligations, and additional requirements should be introduced in a way that minimises administrative strain. To achieve this, we recommend that ESMA explores the use of new technological solutions, such as artificial intelligence (AI), to automate and streamline tagging processes. Encouraging innovation in reporting methodologies will enhance efficiency while maintaining high-quality disclosures. Also, the (potential) use of AI by users of information of financial statements provides them with possibilities to make detailed comparisons of financial statements that might reduce the need of detailed (narrative) tagging requirements, since those users can gather this information via AI solutions rather than via XBRL reporting.

We appreciate ESMA's commitment to improving digital sustainability reporting and look forward to continued dialogue on this important matter. Should you require further input from the insurance industry, we remain available for discussion.

The European Insurance CFO Forum ('CFO Forum') is a high-level discussion group formed and attended by the Chief Financial Officers of major European insurance companies. Its aim is to influence the development of financial reporting, value-based reporting, and related regulatory developments for insurance enterprises on behalf of its members, who represent a significant part of the European insurance industry. The CFO Forum was created in 2002. More information on the CFO Forum is available at www.cfoforum.eu.

Insurance Europe is the European insurance and reinsurance federation. Through its 39 member bodies — the national insurance associations — it represents insurance and reinsurance undertakings active in Europe and advocates for policies and conditions that support the sector in delivering value to individuals, businesses, and the broader economy.