

Review of the Sustainable Finance Disclosure Regulation (SFDR)

Key Messages from the Insurance Industry

Why does it matter?

Clear communication with consumers



Current disclosures are long and complex. A simpler SFDR would help insurers provide information consumers can better understand and use to help them make informed investment decisions.

Insurers' sustainability role



Insurers invest €9.5 trillion in the economy, with a substantial share allocated to EU corporate and sovereign bonds in line with their long-term business model and obligations to policyholders. The revised SFDR should appropriately recognise the sustainability characteristics of these portfolios and provide a framework that supports insurers' long-term financing of the European economy and the transition to sustainability.

Legal stability and predictability



Frequent Q&As and evolving supervisory expectations have created legal uncertainty and increased compliance costs for insurers. A clearer, more stable framework would reduce unnecessary burden, improve legal certainty and make implementation more predictable across the EU.

Insurance Europe welcomes several positive elements in the Commission's proposal:

- A simpler, two-page disclosure framework.
- Clearer product categories, enhancing usability and investor understanding.
- Removal of entity-level disclosure requirements, as CSRD is the EU framework for entity-level sustainability reporting.
- Deletion of the obligation to develop Regulatory Technical Standards for the "do no significant harm" principle.
- Maintaining responsibility for Level 2 measures within the Commission.



However, targeted refinements are needed to ensure the framework is workable and supports the transition

1. Sovereign Bonds

Why does it matter?

Core to insurers' balance sheets: Sovereign bonds support long-term liabilities, diversification and stability.

Protect consumers: Excluding sovereigns could push portfolios towards riskier asset allocations.

Transparency and public finance: Measuring and reporting on sovereigns' sustainability is essential for credible disclosures and visibility over public financing.

How to fix it

Equal treatment: Sovereign exposures should be eligible across all product categories, supported by transparent, credible and market-driven methodologies.

Flexibility: Where no methodology is available, sovereigns should be able to opt out from both the numerator and denominator, provided their share is clearly disclosed.



2. Multi-Option Products (MOPs)

Why does it matter?

Refinements for insurance products: While the revised framework rightly seeks to include MOPs under Article 9a, it remains largely designed for fund-of-funds structures .

How to fix it

Classify at option level: Classification should apply at the level of the underlying investment option, especially for MOPs where allocations may evolve over time.

Clear customer information: Transparent product-level communication on the characteristics of classified options is essential.

Product-level classification: Classification should also be allowed where 100% of the available investment options are categorised.



3. Exclusions and Transition Finance

Why does it matter?

Coherence with EU frameworks: Exclusions should align with PAB and CTB to avoid impractical requirements.

Undermining transition objective: Broad exclusions (coal, oil, gas, utilities) remove key sectors and contradict the Article 7 “transition” concept.

How to fix it

Preserve transition financing: SFDR should support, not prohibit, credible transition pathways.

Operational feasibility: Exclusions must be workable across asset classes; data gaps (e.g. electricity emissions, CO2 metrics, transition plans) limit practical application.

Role of stewardship: Active engagement should be recognised as a key criterion for product categorisation.



4. Implementation and Phasing In

Why does it matter?

Smooth transition needed: Clear rules and adequate transition time are essential to avoid costly reclassification and uncertainty.

Protect consumer confidence: Large-scale de-classification risks leaving many existing sustainable products “non-categorised,” undermining product clarity and trust.

How to fix it

Legal certainty: Ensure a clear transition for products currently classified under the existing framework that will become uncategorised under the revised regime.

Aligned timelines: Level 1 amendments should apply only once corresponding Level 2 measures are adopted, to avoid regulatory gaps.



Remaining refinements addressing insurance-specific topics are detailed in the full version of our key messages, available [here](#).

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