Nordic insurers call for a more disciplined approach to Level 2 and 3 measures

The European Union faces ongoing challenges in maintaining and enhancing its global competitiveness. Overregulation is frequently cited as a significant barrier to innovation, growth, and market dynamism, particularly in complex sectors such as insurance and pensions. The European Commission has acknowledged these issues, emphasizing reducing administrative burdens, regulatory simplification and competitiveness in its Political Guidelines 2024−2029, 2025 State of the Union address, mission letters to the commissioner-designates etc. However, the current regulatory framework, especially the Lamfalussy process, originally designed to speed up and streamline financial services regulation, has resulted in unnecessary complexity, legal uncertainty, and a proliferation of delegated and implementing acts. In the period from 2019–2024, Level 2 regulation accounted for approximately 80 percent (52 legal acts/approx. 8.500 pages) of the regulation affecting our sector. The Commission's announcement in October 2025 to deprioritize some Level 2 acts in financial services legislation is a step in the right direction, but much more needs to be done.

The Nordic insurance industry strongly recommends a critical review and a more disciplined approach to the Level 2 and 3 measures and welcomes the vision set out in the European Commission's communication on implementation and simplification: A simpler and faster Europe and the Council Conclusions on simplifying the Union's financial services regulation (December 2025). It is important that words are now followed by action from the Commission, EIOPA and the co-legislators.

Comprehensive Impact Assessments of all EU Initiatives

To ensure that new legislation delivers on its objectives without placing unnecessary burdens on the insurance sector, high-quality impact assessments should be mandatory for all EU legislative initiatives, including Level 2 measures. Currently, the European Commission's track record on impact assessments is insufficient. In 2023, only 3 out of 711 delegated and implementing acts were accompanied by an impact assessment. Despite the increased focus on simplification, this trend continues. This lack of proper analysis is particularly problematic in complex regulations like IRRD and Solvency II, where numerous delegations (19 and over 30, respectively) were made without impact assessments.

Realistic Implementation Timelines

Short implementation deadlines should be avoided. Level 2 and 3 measures (guidelines, recommendations etc.) are frequently published shortly before, or sometimes even after, the implementation deadline of the Level 1 basic act. This creates significant legal uncertainty and operational challenges for insurers, resulting in increased administrative burdens and costs. As a general rule, businesses need at least 18 months, and never less than 12 months, from the publication of all legislative measures at Level 1 and 2 to effectively implement the necessary changes. The same implementation deadlines should apply to Level 3 measures. This approach will enable businesses to comply with new requirements in a coherent and well-coordinated manner, minimizing administrative complexity and compliance costs.

Limitation on Delegation of Powers

The delegation of powers to Level 2 and 3 must be strictly limited. Delegations should not supplant decisions that are inherently political and should be reserved for the basic legal act (Level 1). Where powers are delegated to the European Commission and the European Supervisory Authorities (ESAs), the purpose, content, and scope of the delegation must be clearly defined and narrowly tailored to avoid unnecessary complexity and to ensure that regulatory measures remain focused on their original objectives.

The Nordic insurance industry also emphasizes the importance of a simpler rulebook creating regulation that is easier to understand and apply, both for businesses and for regulators. By focusing on the core risks and needs, a regulatory framework can be created that supports both market stability and innovation.

The adherence to Better Regulation Principles by the ESAs is crucial

The three European Supervisory Authorities (ESAs), including EIOPA, should adhere to the same Better Regulation principles as the European Commission. While the ESAs play an essential role in the regulatory process, it is critical that their actions remain transparent, proportionate, and based on clear evidence. However, challenges arise because not all decisions within EIOPA are subject to political oversight, and preparatory work at the working group level lacks sufficient transparency. This should be a central part of any forthcoming ESA review.

A Competitiveness Mandate for the European Supervisory Authorities (ESAs)

The Nordic insurance industry supports that the three ESAs be given a third mandate, focused specifically on enhancing the competitiveness of the EU financial sector and of the EU. The competitiveness mandate would give the ESAs a clear responsibility to simplify and remove unnecessary regulatory burdens, while maintaining the high standards of financial stability and consumer protection. By fostering a regulatory environment that is simpler, more transparent, and easier to implement, the ESAs could help strengthen the EU's global competitiveness.

Conclusion

To foster a competitive, innovative, and resilient EU insurance and pension market, the regulatory framework must be simplified, focused and proportionate. Limiting Level 2 and Level 3 measures to technical matters, increasing transparency and ensuring credible impact assessments, and strengthening cooperation with national authorities/ESAs, all underpinned by a commitment to the Better Regulation agenda, will be essential for achieving this goal. The Nordic insurance industry stands ready to work with all stakeholders to achieve these goals. We need real action - now, not just words.