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Luxembourg Newsflash - 3 January 2024

ESG in the insurance sector - EIOPA draft Opinion to combat greenwashing

On 12 December 2023, the European Insurance and Occupational Pensions Authority (EIOPA) launched a public consultation on its draft Opinion on sustainability claims and greenwashing (EIOPA Opinion).

Reading time: 3 minutes

1. Background

EIOPA has noted the increased appetite of European insurance consumers and pension savers for buying sustainable insurance or pension products. This has resulted in an increased offering of such products by insurance and pension providers, but also in a corresponding increase in misleading sustainability claims, referred to as “greenwashing”.

According to EIOPA, sustainability claims are claims related to the sustainability profile of an entity or a product, which portray that products or entities benefit sustainability factors or that products or entities take sustainability aspects into account. These claims can be misleading in various ways such as: selective disclosure, empty claims, omission or lack of disclosure, vagueness or lack of clarity, inconsistency, lack of meaningful comparisons or thresholds, unsubstantiated, misleading imagery or sounds, irrelevance, outdated information, misleading sustainability-related terminology or falsehoods.

2. Aim

Against this background, and as a follow-up to EIOPA's Progress Report on Greenwashing published in June 2023, the EIOPA Opinion develops a common approach to supervising sustainability claims and greenwashing in the insurance and pensions sector. Its aim is to ensure consistent outcomes across the EU, by setting out a framework designed to assist competent authorities in their monitoring of insurance and pension providers in this domain.

3. Scope

The EIOPA Opinion applies to all entities and products under EIOPA's remit, except for points referring to specific regulatory requirements or to EIOPA's guidance on the integration of sustainability preferences in the suitability assessment, which apply only to the entities and/or products in scope of those regulatory requirements and EIOPA's guidance.

Further, the EIOPA Opinion applies without prejudice to and does not impede the application of the relevant EU and national regulatory frameworks applied by the competent authorities, in particular Directive 2005/29/EC concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC and Regulation (EC) No 2006/2004.

4. Key guidance

The EIOPA Opinion defines four common principles that should be observed by insurance and pension providers when making sustainability claims:

- **Principle 1:** Sustainability claims made by a provider should be accurate, precise, and consistent with the provider's overall profile and business model, or the profile of its product(s).
- **Principle 2:** Sustainability claims should be kept up to date, and any changes should be disclosed in a timely manner and with a clear rationale.
- **Principle 3:** Sustainability claims should be substantiated with clear reasoning and facts.
- **Principle 4:** Sustainability claims and their substantiation should be accessible by the targeted stakeholders.

While each principle targets different aspects, the principles can overlap due to their complementary nature.

EIOPA has also compiled examples of good and bad practices for each principle, to make the latter more concrete.

EIOPA suggests that national competent authorities monitor insurance and pension providers' adherence to the above principles, evaluate their sustainability claims, ensure compliance with the relevant regulatory requirements and closely examine sustainability-related terms in product names.

5. Next steps

Stakeholders are invited to provide their comments via an online survey. The deadline for the submission of comments is 12 March 2024.

As a follow-up and within 24 months of the publication of the EIOPA Opinion, EIOPA will assess regulatory or supervisory actions taken by competent authorities.

[Contact our experts if you require any guidance or assistance on the assessment of sustainability claims or greenwashing or on issues relating to the application of the constantly evolving ESG framework_](#)

[Read the EIOPA Opinion here_](#)

[Read our Newsflash on ESAs progress reports on greenwashing here_](#)

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