INSURANCE IRELAND

Pre-Budget Submission for Budget 2023

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* Environmental, Social and Governance

1. About Insurance Ireland

Insurance Ireland is the representative organisation for the insurance sector in Ireland.

Ireland is one of the leading insurance markets in the EU and globally. About 82bn Euros in Gross Written Premiums (GWP) in 2020 of which 56bn Euros are written cross-border position Ireland in the top 5 EU insurance markets. The reinsurance market in Ireland is the second most important in the EU contributing nearly 18bn Euros GWP to the exceptional situation of the Irish market. Our 133 members represent around 95% of the companies operating in the Irish market, delivering peace of mind to individuals, households and businesses, and providing a firm foundation to the economic life of the country.

The role of Insurance Ireland is to advocate on behalf of our members with policymakers and regulators in Ireland, Europe and Internationally; to promote the value that our members create for individuals, the economy and society; and to help customers understand insurance products and services so that they can make informed choices.

Insurance Ireland and its members are committed to support all political stakeholders in their efforts to improve the competitiveness of Ireland and the competition in our market for a sustainable Irish insurance market to the benefit of businesses and consumers.

Insurance Ireland members provide products and services across the Life and Pensions, General, Health, Reinsurance sectors in Ireland and across the globe.

2. Executive Summary

As a nation we have overcome the unprecedented challenges of Covid-19 and as we move beyond the pandemic, we are met with immediate challenges such as a high inflation environment and an increased cost of living, which impact on insurance provision in Ireland. Competition has become even more vital to the Irish insurance market with the increasing global macroeconomic challenges including uncertainty over Brexit trade agreements, international tax changes, rising inflation and cost of living challenges, and the ongoing war in Ukraine.

The rising cost of living and problems with available housing makes it increasingly difficult to attract and retain talent in the sector. The fast-tracked improvements in remote technology and digital transformation allows many financial services including insurance to be conducted from anywhere, reducing the historical importance of physical location. There is now an intense demand from individuals to have greater flexibility as to how and where they work, and an agile labour force has become more important than ever before. Attracting and retaining talent is a key issue for our members. It is therefore vital that the housing crisis is one issue that should be addressed to improve Irelands competitiveness.

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Due to the current challenges some of our members have purchased housing stock, in an effort to ensure that their staff can access accommodation for when they need to address both labour shortages, as part of a benefits package to attract talent, and the shortage of rental properties in the country. This could be alleviated by reform to tax rules allowing working across jurisdictions, removing the requirement for physical Board meetings for Directors and delivering on the objectives for increased regionalisation, which is a key term in the Government's Action Plan and Strategy for the development of Ireland's international financial services sector to 2025.

The increasing frequency and severity of weather events will also require a re-assessment of behaviours and risks. The insurance industry will play its part in helping to find solutions, but solutions will require a collaborative approach. The transition towards a more sustainable society and economy requires a combined effort. The insurance industry can play a major role as a facilitator and enabler of change. The specific long-term nature of the insurance industry makes us the perfect partner for future-oriented projects, like the development of sustainable infrastructure and transport. At the same time, insurers can support clients in the prevention and reduction of risk in new activities and new technologies. Together, we need to make sure that this power can be channelled into projects and developments that progress the sustainable agenda.

A major reform on pensions is the Government's plan – to introduce an auto-enrolment scheme in Ireland. While we welcome this move, the principles outlined provide that the individual's relationship will be with the Central Processing Agency (CPA) and the role of four Registered Providers will be purely to act as fund managers for the CPA. This is likely to involve building a complex and costly infrastructure from scratch. For decades Life Insurance Companies have provided pensions plans in Ireland, and have a tried and tested infrastructure already in place which could be readily and cost-effectively utilised to deliver auto-enrolment.

The introduction of the OCED International Taxation agreement will likely have a material impact on the competitiveness of Ireland as an international insurance hub. While Insurance Ireland supports the broad policy objectives of the OECD international proposals, it is vital that the new requirements are implemented in a pragmatic and sensible manner to avoid over-burdening firms located in Ireland and operating across multiple jurisdictions.

Life Insurance Companies have provided pensions plans in Ireland, and have a tried and tested infrastructure already in place which could be readily and cost-effectively utilised to deliver auto-enrolment.

3. Insurance Ireland's Key Priorities for 2023

Insurance Ireland advocates for 133 member firms serving 25 million customers in Ireland and globally across 110 countries (incl. 24 EU member states), delivering peace of mind to individuals, households and businesses, and providing a firm foundation to the economic life of the country.

In that context, Insurance Ireland is **proposing the prioritisation of the following 5 policy measures,** which we believe will support economic recovery as we continue to chart our way beyond the Covid-19 pandemic and navigate through the ongoing conflict in Ukraine and associated increases in the cost of living and economic pressures.

1. **Competitiveness of the insurance market.**

2. **OECD International Taxation Agreement –** Calculation of Effective Tax Rate (ETR) takes into account differences that would otherwise create anomalies in the calculation. Income and taxation is taken into account in the ETR calculation of the unitholder.

3. **A transparent and sustainable pensions environment –** with a simplified landscape for supplementary pensions and a clear strategy for auto-enrolment which supports the work to mitigate the Gender Pension Gap.

4. **Equalising the taxation treatment of financial products and including a financial incentive for ESG* investments –** Deposit Interest Retention Tax (DIRT) and Life Assurance Exit Tax LAET).

5. **Sustainable Finance –** Create the infrastructure for Ireland as a global hub for sustainable investments and insurance.

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3.1 Competitiveness of the insurance market

The operating environment for insurance undertakings in Ireland is a key consideration for firms in deciding whether to base its operations here. There are two ways in which undertakings operate in Ireland – it can enter the Irish market and sell insurance products to Irish consumers (increasing the availability of insurance for Irish consumers), or it can base its operations in Ireland and sell products cross-border (to consumers based in other countries). Both ways result in a direct benefit to Ireland in terms of a healthy and competitive insurance market and contributing to the wider Irish economy and GDP.

Removing regulatory obstacles is essential to increase the competition in Ireland, and the competitiveness of Ireland as a place for insurance undertakings to establish and offer services.

It is important that the **regulatory environment is effective, proportionate, and transparent** in order to contain direct and indirect regulatory costs and keep the international view of Ireland as an international hub for innovation and investment, by market incumbents and potential new market entrants alike. Removing regulatory obstacles which create a disproportionate burden for undertakings is essential to increase the competition in Ireland, and the competitiveness of Ireland as a place for insurance undertakings to establish and offer services.

A strong regulator is a competitive advantage and builds consumer trust in the financial services system and we fully support the role of the CBI as the regulator. We welcome the key themes set out in the CBI strategy in 2021, and particularly support the intent of the CBI to be open and engaged with the financial services sector and look forward to engaging fully in the structures available. However, we believe that the CBI must also holistically consider the overall market impact and competition when devising regulatory initiatives and supervisory processes.

Much of the capacity issues we now see in the domestic liability market could be seen to result from the retraction of international providers from Ireland. The number of regulated undertakings in the insurance sector decreased by approximately 40 entities since 2018. The Irish economy cannot afford a situation similar to the banking market, where two retail banks left the Irish market and this has a limiting impact on consumer choice.

We welcome the recent step the CBI has taken towards predictability and transparency, such as the recently established 'one-stop shop' for international insurers who may be considering entering the Irish market; we do not believe this is detailed enough for firms considering where to base its operations. A government-led initiative for the promotion of the insurance sector (and other financial services sectors), could pick-up on the CBI's project start and provide for this information in a single hub.

Additionally, the government should review the report on the operations of the regulatory and supervisory activities of the CBI annually. The Joint Oireachtas Committee for Finance, Public Expenditure and Reform, and Taoiseach should hold a debate on this report and present a position which is made public together with the Department of Finance report – this is similar to what we see in other comparable jurisdictions.

We believe that the key themes of **predictability, transparency and accountability** can be addressed in existing legislation, such as the Central Bank Act 1947 and the Central Bank Reform Act 2010. Resources should be made available to ensure that a reliable process can be established which increases the accountability and transparency framework without undermining the independence of the functions of the CBI.

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3.2 OECD International Taxation Agreement –

Calculation of Effective Tax Rate (ETR) takes into account differences that would otherwise create anomalies in the calculation. Income and taxation is taken into account in the ETR calculation of the unitholder.

It is in the interest of our membership to achieve an equitable, ambitious and sustainable agreement at the OECD on the international tax architecture, whilst maintaining the competitiveness of Ireland as a place to do business. However, this is a significant change for both Ireland and the firms who do business within it.

Insurance Ireland's membership comprises of regulated insurance and reinsurance companies. The regulatory framework applying to (re-)insurance means that companies cannot simply sell to customers in another jurisdiction without the regulatory permissions to do so. Such permissions require local substance in the majority of cases (other than where reciprocal arrangements exist for example in the European Union).

We welcome the fact that these regulatory limitations have been recognised at the OECD level and we strongly support a "regulated financial services" exclusion (including insurance) from Amount A. We also welcome the recent clarification that reinsurance services fall within the definition, following a long discussion.

Implementation must take account of the unique nature of the insurance industry, the timing/deferral of income and receipts as well as the volatile and cyclical nature of insurance business. It is often the case with international reform that financial services and especially insurance is not understood and therefore not addressed appropriately or at all. For example, for companies in this sector, their income is not solely derived from the provision of goods and services. This is because income is also derived from the investment of capital or the return on policyholder assets. Generally speaking, this income does not constitute turnover so it would be good if the guidelines could be updated to confirm that this type of income can be disregarded for the purposes of the above threshold.

It is often the case with international reform that financial services and especially insurance is not understood and therefore not addressed appropriately or at all.

The primary concern of our members is to ensure that the calculation of ETR takes into account differences that would otherwise create anomalies in the calculation. In the insurance sector, the following are particularly important:

a | Insurance technical provisions/reserves.

b | Mark to market adjustments on financial assets (including foreign exchange); noting that these may be accounted for under OCI on an IFRS basis but in the income statement under Irish GAAP.

c | Deferred acquisition costs (which may be spread over more than 7 years, particularly for life insurers).

d | Tax losses carried forward (as insurance companies profits can be volatile).

e | Capital allowances on tangible property.

We support ongoing efforts to define the temporary differences unique to the insurance sector that should be taken into account for the purposes of the ETR calculation in order to reduce volatility and anomalies in the calculation of ETR.

Our members have also raised a particular challenge around the taxation of investment funds. For example, an ICAV which is opaque for corporate tax purposes but not subject to Irish corporation tax, may have its income included in the denominator of the ETR fraction but have no Irish tax to include in the numerator.

The absence of any special rule that takes the specific investment fund taxation regime in Ireland into account could lead to top up tax being payable in another jurisdiction in relation to income of an ICAV. We would support a solution whereby the income and taxation is taken into account in the ETR calculation of the unitholder.

3.3 A transparent and sustainable pensions environment –

with a simplified landscape for supplementary pensions and a clear strategy for auto-enrolment which supports the work to mitigate the Gender Pension Gap

New rules for pension schemes

The EU Directive on the activities and supervision of Institutions for Occupational Retirement Provision (the IORPSII Directive) has recently been implemented in Ireland and imposes significant new compliance obligations on the trustees of occupational pension schemes. Pension schemes, which are set-up by employers for their employees, benefit from tax relief in respect of both employer and employee contributions and saving for retirement within a pension scheme is generally more tax efficient than personal pension arrangements. Ireland has a large number of one person and small pension schemes. As the decision was made not to avail of a derogation to exclude these types of schemes, all occupational schemes regardless of size or tenure are now going to have to comply with IORPSII.

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Many one person and small schemes will find the new compliance obligations challenging and costly and the pension scheme trustees must decide how best to proceed. Options include moving to alternative structures such as master trusts covering multiple employers where the increased compliance costs can be shared. Another possibility is a personal retirement savings account (PRSA). This is a type of personal pension which is subject to an alternative compliance regime which is not trust based, and which may provide a simpler and more flexible solution for many small schemes. However, currently employer contributions to PRSAs are subject to a different and less valuable tax treatment than if those contributions were made to a pension scheme. This is a particular issue for one member arrangements, although also impacts on smaller group schemes.

We note there is a firm intention of policymakers to rectify this issue. Anomalies across different types of pensions in terms of tax treatments, transfers and retirement options were identified in the 2020 Report of the Interdepartmental Pensions Reform and Taxation Group (IDPRTG) comprising representatives from the Department of Finance, the Department of Public Expenditure and Reform, the Department of Social Protection, Revenue and the Pensions Authority. Action 21 of this report, agreed by all stakeholders, states "the differential treatment of the PRSA for funding purposes **should be abolished,** employer contributions to PRSAs should not be subject to BIK"[1]. This would put employer contributions to employee PRSAs on a similar footing as currently applies to pension schemes. It is important that PRSA's receive the same tax treatment as occupational schemes in order to achieve the objective set out by the IDPRTG report.

The issue now is one of timing. Time is running out for trustees to make decisions.

The issue now is one of timing. Time is running out for trustees to make decisions. The Pensions Authority has recently confirmed that all pension schemes (other than pre-April 2021 one member arrangements) must be in compliance with the new requirements by 31st December 2022, with Master Trusts and One Member Arrangement compliance required by 1st July 2022. However, Finance Act changes cannot take effect before, at the earliest, the date of the signing of the 2023 Finance Bill which is expected to be towards the end of December. It is difficult to see how trustees can be in a position to comply with IORPSII by July or indeed December if certainty around the tax treatment of possible options is not available in good time before then. If the decision-making process is rushed or without access to full information about potential options, then ordinary scheme members may suffer. **The compliance deadline should allow time for proper consideration of the options once all relevant information (including the tax treatment) is available and also for the mechanics of any transfers to be addressed.** While we are now too late to extend the July deadline and are likely to see negative outcomes for consumers and the pensions landscape as a result, we are of the view that the 31st December deadline for IORPsII compliance should be extended for Group schemes. This is within the gift of the Pensions Authority.

We note that one of the objectives of the Pensions Authority in the implementations of IORPsII is the reduction in numbers of One Member Arrangements and the Authority

1 Report of the Interdepartmental Pensions Reform and Taxation Group (Chapter 3: Reform & Simplification – Page 33) (emphasis added)

has stated that if IORPsII does not result in the reduction in numbers, then it will look to increasing regulatory fees to 'incentivise consolidation'[2] of smaller schemes and eliminate one member arrangements to make the provision of such arrangements commercially unviable. **Insurance Ireland strongly opposes the use of regulatory powers to interfere with competition in the market.** It is in the interest of consumers to have a healthy, competitive pension environment and a choice of the pension product that is most suitable for them. By deliberately increasing regulatory fees for one product type which introduces a barrier to the provision of certain pension products, the Regulator is materially affecting product availability and consumer choice. This is exacerbated by the fact that, outlined above, there is no viable alternatives as the proposed changes to products such as the PRSA, for example, have not yet been defined as noted above.

Any efforts for individuals to save for their retirement should be supported and not actively blocked.

One Member Arrangements provide an important method for individuals to save for their pensions in the years that it can be afforded by allowing a level of back funding in years where the full contribution allowance was not utilized. This reduces the burden on the State in retirement and any efforts for individuals to save for their retirement should be supported and not actively blocked.

Automatic Enrolment

Insurance Ireland welcomes the recent publication of the Design Principles for Ireland's Automatic Enrolment (AE) Retirement Savings System by Minister Heather Humphreys as an important step in progressing plans for AE for Ireland.

To a great extent, the paper reflects what was proposed in the 2018 Strawman. However, in certain key respects, it does not and, in particular, it envisages a much broader role for the Central Processing Agency (CPA), a Government body which will be responsible for collecting contributions and administering the scheme. This is likely to involve building complex infrastructure even if much of the activity is outsourced. No information has been provided to date about the scope of this exercise, how it will be achieved in practice or how much it will cost.

According to the Irish Fiscal Advisory Council's May 2022 report, the AE fund would potentially accumulate €21 bn in contributions by year 10. This would make the CPA a significant provider of financial services. Such a significant provider must be properly regulated and plans for the CPA must include appropriate controls. **It should be subject to a robust examination and analysis in terms of timelines and budgets and oversight by the Department for Public Expenditure and Reform.**

2 Pensions Authority Fees: Consultation paper issued by the Pensions Authority (Section6 – Page 9)

This is particularly the case in the context of pressures on public spending generally and a high inflation environment where budgets may become unrealistic soon after they are formulated. Consideration also should be given to whether there are alternatives available to achieve the same outcome at a lower cost/risk.

It is in everyone's interest that Automatic Enrolment should be a success, raising awareness in the population generally of the importance of planning for retirement.

The Irish pensions landscape is extremely complicated with multiple and often overlapping products and rules. The introduction of AE also raises some practical questions around how the new scheme will coexist with traditional pension arrangements. The importance of simplifying the current structure was recognised in the 2020 Report of the Government's Interdepartmental Pensions Reform and Taxation Group which made a number of recommendations which are currently being progressed. Insurance Ireland would like to see these implemented as soon as possible.

As well as simplifying pensions generally to the benefit of both traditional pensions and AE, the recommendations cover areas which will assist pension scheme trustees comply with the new IORPSII legislation on the governance of pension schemes which is posing significant challenges particularly for smaller pension schemes.

We are particularly disappointed the Design Principles did not go further in ensuring fair treatment of carers and low-income earners, which are predominantly women, and does not make any effort to mitigate the gender pension gap. While we appreciate the confirmation that multiple jobs can be used to meet the earnings threshold, there is no detail on how this will work and there is no detail on how the system will work for those who will take maternity leave or can top up their pensions if possible. This is a missed opportunity for Ireland to take real positive steps to reducing the gender pension gap and so much more could have been done.

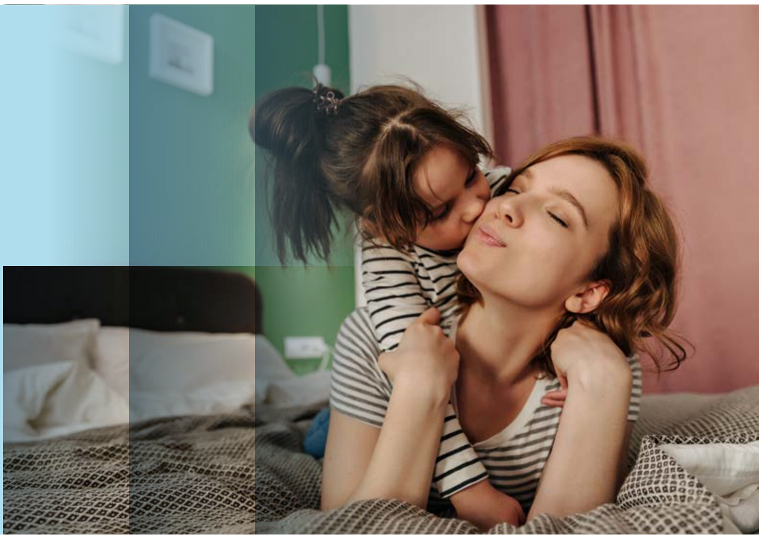
The extent to which insurers can participate in the AE scheme is a decision for Government but our members' experience of pensions provision gives them a valuable perspective and understanding of the issues involved. It is in everyone's interest that AE should be a success, raising awareness in the population generally of the importance of planning for retirement.

Gender Pension Gap

As we highlighted in our paper in March 2022, research has found that there is a gender pensions gap of 35% in Ireland. This means that the retired man will receive, on average, €150 per week more than retiring women. Research also shows that while women see smaller pension pots than men, they also live longer, meaning that the pot has to go further. This means that real, practical steps need to be taken in order to close the gender pension gap. As occupational pension contributions are often linked to salary, the introduction of the new gender pay gap disclosure regulations aims to support the mitigation of the gap between male and female salaries and should help the pension gap over the coming years.

Real, practical steps need to be taken in order to close the gender pension gap.

Current tax credits for time out of the workforce do not cover all situations of caregiving experienced by women – they are rigidly defined, and these should be reviewed and gender-proofed.



But more needs to be done. By consumer bodies, by industry bodies and by the Government. Equality in taxation will play a large part in reducing the gender pension gap. There is no provision within current proposals for extended leave periods such as maternity and parental leave. Even within these types of leave, there are differences between statutory maternity leave and extended maternity leave. Current tax credits for time out of the workforce do not cover all situations of caregiving experienced by women – they are rigidly defined, and these should be reviewed and gender-proofed. Consideration should be given to providing additional support for women – specifically around the provision of pension tax credit and shared tax-relieved pension contributions.

Divorce can lead to a disruption of retirement plans and a significant pension wealth reduction for women. Communication around the options available in these circumstances should increase women's awareness of the possibility and importance of splitting retirement assets. These options include mechanisms such as Pension Adjustment Orders (PAOs). In many cases, a pension fund can be the second largest financial asset after the family home and can be crucial in mitigating poverty in retirement where a woman agreed to take time out for child-rearing obligations while her partner continued to work fulltime, accumulating pension contributions. However, with the expected bulk migration of occupational schemes with the introduction of IORPSII, this will potentially nullify any existing PAO attached to an existing pension – as that scheme will no longer exist once it is transferred. **Unless the legislation is amended as a matter of urgency, this may result in thousands of women being left facing poverty in retirement unless the PAO is updated at the time of transfer.**

Gender equality considerations should be included in all areas of public pension policy and pension planning and engagement in order to mitigate the gender pension gap. It should be ensured that closing the gender pension gap remains a priority topic on the agenda for all relevant stakeholders.

Consistently implementing the policy recommendations which Insurance Ireland formulated, will not only address the challenges for gender equality and closing the gender pension gap. Many of the symptoms which led to the gender pension gap and prevent real progress will have increasing importance across our society in the future. Challenges, like the discontinuity of careers, high volatility of income or no constant increase in salaries, which one would have expected in traditional employment relationships, will become more imminent and impactful for the new ways of working – i.e. platform and project based work. **With the recommendations made by the Insurance Ireland Gender Pension Gap Working Group the Irish economy can be future-proofed and address the wider economic impact of the future of work and the gender pension gap.**

Many of the symptoms which led to the gender pension gap and prevent real progress will have increasing importance across our society in the future.

3.4 Equalising the taxation treatment of financial products and including a financial incentive for ESG* investments –

Deposit Interest Retention Tax (DIRT) and Life Assurance Exit Tax (LAET)

Insurance Ireland acknowledges the Government's efforts and commitment in the past several years to examine in detail the issue of the taxation treatment of financial products subject to Deposit Interest Retention Tax (DIRT) and financial products subject to Life Assurance Exit Tax (LAET). We also agree with the conclusions[3] of the Tax Strategy Group from 2021 that any review of savings taxes should not be undertaken in isolation but needs to be considered in the context of the wider tax system. This review is even more pertinent now in the context of a changing macroeconomic environment including increasing interest rates and inflationary pressures.

For a consecutive year, Insurance Ireland are asking Government to allow savers to make choices based on underlying investment's merits, rather than the tax treatment of that investment. As rightly noted by the Tax Strategy Group[4], products subject to LAET might be more complex than deposits and there might be a risk of a fall in value, however, there is also the possibility of an increase, which can offset inflationary impacts and deliver a real rate of return.

Allow savers to make choices based on underlying investment's merits, rather than the tax treatment of that investment.

3 TSG 21 - 13 Capital and Savings Taxes (Section 3 – Page 35)
4 TSG 20-10 Capital and Savings Taxes (Section 3 – Page 45)

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Ireland currently has substantial amounts of money sitting on deposit, which have attracted little or, in some cases, even negative interest rates.

As the system is currently constructed, savers get better tax treatment by leaving their money in deposit accounts that yield no return (DIRT). As a result, Ireland currently has substantial amounts of money sitting on deposit, which due to the low interest environment in the past years have attracted little or, in some cases, even negative interest rates.

Despite the increase in relative size of funds on deposit, the yield from DIRT has fallen from €473 million in 2011 to €37 million in 2020. In contrast, the return from LAET has increased from €43 million in 2010 to €124 million in 2020.

In addition, we believe that a concentration of 80% of capital in on demand deposit accounts leaves a high level of households vulnerable to concentration risk.

The fact that the issue of equalizing the taxation treatment of financial products is relevant only to a small cohort of the population - those individuals or households who have the ability to invest and who want to invest in deposit accounts or life assurance products – does not mean that it should not be addressed.

By suggesting equalisation of the tax treatment, we accept the analysis of the Tax Strategy Group that if the rate of LAET was reduced to meet the current rate of DIRT, the cost in real terms would be €24 million[5], however we believe that this cost could be offset by increases in LAET receipts as a result of attracting capital into LAET funds.

Government could assist those who are saving for their futures by equalizing the Exit Tax Rate (currently @ 41%) with that of Capital Gains Tax (currently @ 33%) and Deposit Interest Retention Tax (currently @ 33%), even if the equalization might be implemented gradually in order to alleviate any potential impact on the Exchequer.

Insurance Ireland also believes that a reduced rate of 33% should be applied to LAET funds which meet an agreed ESG standard as we are aware that over half of consumers want to purchase products, including financial products, that have sustainable goals.

Insurance Ireland is of the opinion that a positive tax treatment for such investments would send a positive signal to the international community about Ireland's commitment to use all levers to move our economy to a more sustainable footing.

Last but not least, depending on who offers access to a share class or an investment fund, the saver may have to pay tax under the CGT regime or the ET regime or expose themselves to the risk of one equity (CGT). This was clearly not the intent of the tax system, and we believe that it should be rectified.

5 See supra note 6

3.5 Sustainable Finance –

Create the infrastructure for Ireland as a global hub for sustainable investments and insurance

The increasing frequency and severity of weather events will also require a reassessment of behaviours and risks. The reality is providing insurance cover for certain buildings and businesses in certain areas will not make economic sense. The insurance industry will play its part in helping to find solutions, but solutions will require a collaborative approach. We have, of course, for many years collaborated successfully with the OPW regarding the flood defence measures and maintaining the high levels of flood insurance availability, when compared to our international peers, and we are committed to continue this collaboration. The reality is we need to make a fundamental step change in our approach to dealing with, and mitigating the effects of climate change.

The insurance industry has an important role as an agent of change in this process. The assets which insurance undertakings manage on behalf of their clients will be an important source for funding and the risk taking capacity of the industry will support new and innovative solutions.

Insurance Ireland and its members have adapted themselves and prepared its communities and businesses. In 2019, Insurance Ireland signed the United Nations Principles on Sustainable Insurance to emphasise its members' commitment. Last year, the Irish government published a Sustainable Finance Roadmap with clear actions. We will need comprehensive strategies that help our industry to adapt comprehensively, which support the transition funding by our industry, and the programs for net zero investments and net zero underwriting, which many of our members support.

The transition towards a sustainable economy and society will need more than insurance industry commitments. It will need a clear plan from government on how to manage the change and concrete actions are required.

The transition towards a sustainable economy and society will need more than insurance industry commitments. It will need a clear plan from government on how to manage the change and concrete actions are required. **The important next steps which need to follow to position Ireland as a global hub for sustainable investments and insurance are:**

- Make the necessary data available to comply with the new EU regulatory framework, assess investment and manage environmental risk. Therefore, the relevant data should be collected from private enterprises and public sources and should be made available on an open platform;
- Information on sustainable investment projects and projects aimed at the transition of the economy and society should be made available on a public and government owned hub – both private and public – to raise awareness and transparency and allow investors to engage;
- Where public and private partnerships are necessary for the realisation of investment projects, government should engage to structure projects in an efficient manner, particularly to enable new and innovative solutions;
- Public investment strategies should aim to comply with the EU sustainability framework to allow the insurance industry to consistently and reliably invest in the long term.

The Irish government should engage to ensure that the new framework does not hinder the specific nature of the Irish marketplace and the export-oriented Irish financial services.

The Irish insurance industry strongly supports the ambitions and aims of the EU sustainable finance framework. Across Europe, financial services providers are still struggling with the details of the new framework and the further steps to come. The Irish government should engage to ensure that the new framework does not hinder the specific nature of the Irish marketplace and the export-oriented Irish financial services, e.g. by excluding subsidiaries of EU and international groups from the reporting obligations under the future Corporate Sustainability Reporting Directive (CSRD). In addition, the national transposition of the framework must reflect the international nature of the market.

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