

CLIENT ALERT

EIOPA Supervisory Statement on Private Equity Investment in (Re)insurers

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I. Background / Overview

On 6 October 2026, the European Insurance and Occupational Pensions Authority (“**EIOPA**”) published a Supervisory Statement on the authorisation and ongoing supervision of (re)insurance entities related to private equity (EIOPA-BoS-26/388) (the “**Statement**”).

Addressed to national competent authorities, the Statement aims to promote consistent, high- quality and risk-based supervision of private equity-backed (re)insurers across the EU, both at the acquisition stage and on an ongoing basis. The Statement sets out how supervisors are expected to apply the existing Solvency II framework to private equity-related ownership structures and business models.

Convergent expectations across Member States should reduce uncertainty that can arise where national supervisors approach private equity-backed acquisitions differently.

EIOPA expressly recognises that investment by private equity may bring potential benefits to the sector, including a more diverse investment strategy, higher yields, easier access to capital and guarantees that benefit policyholders, and cost optimisation that may support a more efficient and sustainable business. EIOPA also notes that the risks it identifies may apply equally to (re)insurers that are not private equity-owned.

Some key features of the Statement are summarised below.

II. Key Takeaways

- EIOPA acknowledges that private equity investments are a material and growing part of the EU market. Its data from 14 EU Member States shows 26 private equity-backed insurers managing approximately EUR 260 billion of assets. While this was only around 2.4% of the European market at the end of 2023, our experience is that such percentage has increased over the past several years.
- The Statement sets out how existing Solvency II requirements should be applied to private equity-backed acquisitions, portfolio transfers, mergers and ongoing supervision, and notes that such requirements should be assessed on a risk-based and proportionate basis.
- There are some common features of private equity strategies that are likely to attract closer scrutiny by supervisors, including short-term investment horizons, shifts in asset allocation towards private credit and illiquid assets, material use of third-country reinsurance, other forms of balance sheet enhancement, and multi-layered holding structures involving third-country entities.
- EIOPA highlights the pressure that complex private equity structures place on the 60-working-day assessment period for changes in ownership applications, so we believe private equity investors should anticipate more extensive information requests, plan transaction timetables accordingly and engage with supervisors at an early stage.
- The Statement covers ongoing supervision as well as authorisation, meaning strategies relating to portfolio insurers will continue to be monitored throughout the holding period and through to exit.

III. Business Model

EIOPA expects EU supervisors, during the acquisition phase, to develop a comprehensive understanding of the target's future insurance business model and request that the proposed private equity acquirer provides a list of any proposed changes to be implemented after the authorisation phase.

EIOPA continues to recommend supervisors obtain at least a three-year business plan in connection with their assessment. Supervisors are being encouraged to consider whether the business plan supports sustained investment in long-term operational capabilities, including IT infrastructure and digital resilience.

Where significant risks are identified, supervisors may consider imposing conditions in their "declaration of no objection" when approving a change of control.

IV. Investment Horizon

Supervisors are being asked to assess how the investment horizon and business plan of the proposed controllers align with the obligations of the insurer to its policyholders when evaluating a proposed acquisition.

When assessing the financial soundness of a proposed acquisition in line with the requirements of Solvency II, EIOPA asks supervisors to examine capital commitments and their triggers, with a specific focus on whether such commitments / triggers are restricted to the target or extend across the private equity fund. Supervisors are being encouraged to also assess the target's shareholder agreement and the private equity fund's partnership agreement.

Where necessary (for example, when revenues stay low or solvency falls significantly), supervisors are being asked to require exit-strategy scenarios in own risk and solvency assessments and they should watch financial stability closely as the investment horizon nears its end or after a failed sale.

V. Simplicity and Transparency of the Acquisition Structure

EIOPA notes that acquisition structures can involve multiple entities, with a large number of holdings in different countries. Accordingly, in order to facilitate effective supervision, private equity firms should aim for ownership structures that are not overly complex, for example, by limiting the number of ownership levels above the target. The authorities will need to assess whether ownership structures allow the sound and prudent management of the target and its group.

In the case of complex or opaque structures, proposed acquirers may be asked to describe, among other things, the private equity firm's governance mechanisms, the entities influencing its decision-making and the justification for each level of the ownership chain. Supervisors are also recommended to require, in the declaration of no objection, regular reporting on relevant changes in group structure and financial information in relation to the private equity group's main holdings.

VI. Governance

Following completion of acquisitions, the Statement advises supervisors to ensure that, under private equity ownership, the target maintains an effective system of governance, providing for sound and prudent management of the business in accordance with Solvency II.

The Statement recognises that shareholder involvement in governance is a normal feature of ownership structures, but that supervisors should consider features such as affirmative voting rights, special shareholder rights or other arrangements relating to governance in the context of sound management by the target's board and conflicts of interest.

EIOPA notes that performance-related remuneration is not problematic in itself, provided that it does not encourage excessive risk-taking or short-term behaviour inconsistent with any longer term obligations of (re)insurers.

Ownership and voting rights of all shareholders should be explained, from the ultimate beneficial owner at the top of the “chain” all the way down to the target of the acquisition.

VII. Conflicts of Interest

Where acquisitions involve intragroup transactions and any related transactions, including asset management, reinsurance and outsourcing arrangements, supervisors are being asked to monitor these transactions to ensure that the arm’s-length principle is applied, commissions are at fair value and an adequate intragroup transactions policy is in place.

Decisions relating to the asset management of insurers should remain independent and be governed at insurer level. There should be no misalignment of interests between the asset manager and the target (in line with the “prudent person” principle).

VIII. Prudential Considerations

The Statement notes that supervisors should assess the adequacy of control structures in terms of skills and procedures to reflect the complexity of a change of asset allocation proposed by private equity owners, such as changes resulting in a shift of focus towards private credit, non-rated credit and other alternative assets.

When material alternative or illiquid assets are used, EIOPA expects that supervisors should assess various specific features, such as how difficult these assets are to value in line with Solvency II, how compatible these assets are with the “prudent person” principle, and how the Solvency Capital Requirement (“**SCR**”) will capture the underlying risks pertaining to these assets.

The Statement accepts that (re)insurers may benefit from an extended use of reinsurance as risk mitigation, while asking supervisors to check effective risk transfer, and consider other risks such as liquidity and counterparty risk.

When a substantial transfer of investments occurs within a (re)insurance undertaking, whether through reinsurance, retrocession, or another arrangement, EIOPA suggests that supervisors closely monitor compliance with all applicable regulatory requirements. The undertakings involved are expected to assess and effectively manage the risks they retain and those associated with the transferred assets.

EIOPA accepts that balance sheet optimisation, through asset allocation, reinsurance or updated assumptions, is a normal part of private equity ownership, and that such changes are not problematic in themselves if they are properly evidenced and documented. Supervisors are expected to look for a clear, detailed analysis of changes to the best estimate, SCR and own funds, along with confirmation that the Standard Formula is still suitable. Supervisors may also review cash flows and assess whether group supervision applies to intermediate holdings, using colleges of supervisors or cooperation agreements where needed to support coordinated oversight.

IX. Leverage and Financing

Where acquisitions are financed with debt, including debt held at the parent level, EIOPA expects that supervisors will want to see a business plan that would allow the (re)insurer to pay a return on both capital and debt while keeping solvency, liquidity and policyholder protection at adequate levels.

The Statement notes that supervisors should look at the whole financing structure, and they may consider additional group solvency assessments where parent-level debt held outside the European Economic Area could materially affect the (re)insurer.

Private equity investors can make this process easier by supporting their plans with realistic baseline assumptions, stress and reverse stress testing that show the debt can be repaid, and by being open about any proposed liens or pledges over the (re)insurer.

X. Early Engagement

The Statement encourages early dialogue ahead of formal notification to explain the proposed investment, address potential questions in advance, and help keep transactions on track within the 60-working-day assessment period.

XI. Conclusion

The Statement builds on the previous EIOPA consultation paper and draws together many trends that private equity investors have been witnessing over the last few years as interest in (re)insurance investment has grown. The fact that EIOPA has chosen to issue the Statement should reinforce the interpretation by all types of investors that these standards will continue to be applied, including on a more consistent basis by supervisors across the EU.

If you have any questions regarding this client alert, please contact the following attorneys or the Willkie attorney with whom you regularly work.

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