

February 18, 2026

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## EIOPA Consults on Supervisory Statement for Authorizing and Supervising (Re)insurance Undertakings Related to Private Equity

### Executive Summary

- **What’s new:** The European Insurance and Occupational Pensions Authority (EIOPA) issued a consultation paper addressing the authorization and ongoing supervision of (re)insurance undertakings related to private equity. The paper reflects EIOPA’s view that the growing role of private equity (PE) investors in the European insurance sector warrants enhanced supervisory convergence and closer scrutiny of certain transaction structures and business models.
- **Why it matters:** Framed as supervisory guidance to National Competent Authorities (NCAs), the statement details regulatory expectations likely to shape future acquisition reviews and will be highly relevant for PE investors, (re)insurers and their advisers.
- **What to do next:** Stakeholders should consider submitting responses to the paper by **30 April 2026**.

### Introduction

On 2 February 2026, EIOPA published its “Consultation Paper on the Supervisory Statement on the Authorisation and Ongoing Supervision of (Re-)insurance Undertakings Related to Private Equity”. The paper sets out EIOPA’s initial response to the increase in acquisitions of insurance undertakings by PE firms in the European (re)insurance sector.

EIOPA issued the paper as part of the authority’s statutory objective to promote the protection of policyholders and beneficiaries.

The paper recommends practices to support the principles of risk-based and proportionate supervision, addressing how national regulators should pay particular attention to risks, governance and prudential challenges associated with PE ownership of (re)insurance undertakings.

### Market Context

Over the past decade, PE firms have become increasingly active in the European insurance sector, mirroring trends seen globally. According to EIOPA, between 2014 and 2024, 37 acquisitions of control of insurance undertakings by PE firms were reported across 14 EU member states, representing a combined balance sheet total of approximately €270 billion. As of year-end 2024, 26 PE-related insurance undertakings remained active, managing assets totaling €260 billion — 2.4% of the European insurance market, with some jurisdictions seeing market shares in excess of 15%.

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This growing presence has accompanied a shift in business models, with PE owners often introducing more diverse investment strategies, greater use of alternative and illiquid assets, and increased focus on reinsurance and balance sheet optimization techniques. According to EIOPA, while these changes have resulted in operational efficiencies and generated higher returns, they also introduce new supervisory challenges, particularly regarding governance, transparency, and policyholder protection.

## EIOPA's Supervisory Statement: Key Observations

EIOPA's paper highlights several regulatory concerns related to PE firms investing in (re)insurers. These concerns include the use of complex ownership structures (such as multiple layers of holding companies and entities located in different countries) as well as the operational strategies associated with PE firms. For example, PE firms may focus on increasing the value of the (re)insurer through strategic guidance and enhancing revenues, with the intention of selling the business for a profit in the future. Alternatively, they might turn the (re)insurer into a back-book consolidator, regularly acquiring other companies or portfolios that are in runoff. The governance arrangements within these structures can also make it difficult for supervisory authorities to oversee these firms effectively.

In response to these challenges, EIOPA's Supervisory Statement adopts a targeted approach, focusing on the key risks and supervisory challenges and suggesting strategies to mitigate these, which include the following six areas.

### 1. Business Model and Strategy

Prior to the approval of an acquisition, EIOPA expects supervisory authorities to obtain a comprehensive understanding of the future business model of the (re)insurance undertaking post-acquisition by thoroughly assessing the submitted business plan during the acquisition phase. In particular, where the plan will optimize the (re)insurer's revenues or solvency positions, national regulators are expected to ensure that the business plan is compliant with prudential requirements set out in Article 59(1)(d) of the Solvency II Directive and supports the long-term interests of the policyholders by ensuring sufficient and sustained investment in long-term operational capabilities, such as IT and digital resilience.

Additionally, where the supervisory authority deems the information provided by the PE fund to be insufficient, EIOPA expects the supervising authority to request additional documentation, such as minutes from the PE investment committee or board. If the supervising authority further identifies significant risks, it may impose conditions addressing those risks as part of any approval.

### 2. Investment Horizon and Exit Strategy

To ensure that the PE firm's investment horizon and plans to unlock expected embedded value are not misaligned with (re)insurer's long-term obligations to policyholders, supervisory authorities are expected, among other things, to:

- i. Assess the PE firm's capital commitments and their triggers (whether they are limited to the targeted (re)insurance undertaking or extend to the PE fund as a whole) when evaluating the fund's financial soundness.
- ii. Appraise the shareholder agreement/constitutional documentation of the targeted (re)insurer and the constitutional documentation (*e.g.*, partnership agreement) of the PE fund as a whole.

EIOPA sets out in the paper that scenarios involving early exit, high initial distributions or changes in investment strategy that are not in the best interests of policyholders qualify as potential grounds for supervisory intervention.

As a result, EIOPA is encouraging national supervisory authorities to require (re)insurance undertakings to include exit scenarios in their risk assessment frameworks and to continuously engage with shareholders to ensure financial stability, particularly as the investment horizon matures.

### 3. Ownership Structure and Transparency

Both EIOPA and several national supervisory authorities view complex or opaque ownership structures (particularly those involving multiple jurisdictions) as obstacles to effective regulatory supervision. EIOPA clearly communicated its expectation that PE investors acquiring (re)insurance undertakings should maintain ownership structures that are as simple and transparent as possible. Where simplicity and transparency are lacking, supervisory authorities are expected to request from the proposed acquirer comprehensive information on the acquisition structure, including:

- i. A detailed explanation of the firm's governance framework.
- ii. Identification of all entities that have a significant influence over the firm's decision-making processes.
- iii. Information on agreements that govern the relationships between general partners and other influential entities.
- iv. A clear rationale for each tier within the ownership structure, especially in cases involving complex or nontransparent arrangements.
- v. Disclosure of any third-party interests that could potentially affect management decisions concerning the (re)insurer.

EIOPA recommends that national supervisory authorities require ongoing and regular reporting on changes to the group structure, as well as financial information concerning main holdings of the PE group, as conditions of supervisory approval of an acquisition.

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## 4. Governance and Conflicts of Interest

As a result of the influence exercised by general partners, EIOPA states that national supervisory authorities should ensure that, following a PE acquisition, the (re)insurance undertaking maintains an effective system of governance, with sufficient independence and countervailing power to prevent undue influence from the PE owner. Consequently, when a shareholder representative participates in a company committee, supervisory authorities are advised to examine the committee's objectives and responsibilities, along with the shareholder's activities and interactions with the individuals who effectively manage the (re)insurer or hold other key roles. Furthermore, the (re)insurer's administrative, management or supervisory body must collectively possess the necessary expertise in insurance and demonstrate a comprehensive understanding of the regulatory framework.

EIOPA expects supervisory authorities to monitor intragroup and related-party transactions (including asset management agreements, outwards reinsurance and outsourcing) to ensure the transactions are conducted at arm's length. Asset management arrangements must also remain independent, and any potential conflicts of interest between the asset manager and the (re)insurance undertaking should be resolved in accordance with the prudent person principle set out in Article 132 of the Solvency II Directive. The prudent person principle establishes objective, competency-based standards for how a (re)insurer must invest its assets, requiring that investments be evaluated from the perspective of a hypothetical prudent person in similar circumstances, rather than from the firm's subjective view on the prudence of its investment standards.

## 5. Prudential Considerations

The EIOPA paper also details the authority's view that the PE modus operandi is often associated with changes in asset allocation toward higher-yielding, less liquid or more complex assets. In light of such more complicated capital structures, EIOPA states that national supervisors should assess:

- i. Whether the (re)insurance undertaking has adequate skills and infrastructures to manage these assets.
- ii. Whether the investments remain compliant with the prudent person principle.
- iii. Whether the investments are appropriately capitalized in the undertaking's Solvency Capital Requirement.

Furthermore, the paper observes how PE firms' increased use of (re)insurance to reduce capital requirements may subject undertakings to counterparty and liquidity risks.

As a result, EIOPA recommends that supervisory authorities closely monitor compliance with applicable regulatory requirements when substantial transfers of investments or risks occur.

## 6. Leverage and Financing Structures

PE acquisitions can involve significant leverage, with debt secured against the (re)insurance undertaking's assets. EIOPA makes clear that national supervisors should assess the sustainability of the business plan, the ability to service debt, and the consequential impact of leverage on solvency and policyholder protection. Even if the debt backing the acquisition is held at holding company level, EIOPA anticipates similar risks may arise. Therefore, EIOPA is advising supervisory authorities to carefully scrutinize the entire financing structure of the PE acquisition, beyond the undertaking level.

To gain an additional level of comfort, EIOPA recommends authorities require tailored obligations for ongoing reporting on changes to the financing arrangements and stress testing of the business plan under adverse scenarios.

## Takeaways for Market Participants

- **Increased scrutiny of PE transactions:** If implemented, the proposals will impose on PE sponsors potentially materially increased information and disclosure requirements regarding their investments in (re)insurers. PE sponsors should expect heightened scrutiny of acquisition structures, business plans and governance arrangements, both at the approval stage and on an ongoing basis. Early and transparent engagement with NCAs is strongly encouraged.
- **Focus on policyholder protection:** EIOPA's approach is firmly rooted in protecting policyholders and beneficiaries. Business models that prioritize short-term value extraction, introduce significant leverage or rely heavily on complex or opaque structures may face enhanced regulatory hurdles.
- **Governance and independence:** Ensuring robust, independent governance and effective management of conflicts of interest will be critical to acquisition approval. This includes clear delineation of decision-making authority, appropriate board composition and transparent reporting of intragroup transactions.
- **Prudential and capital considerations:** PE-owned insurers should be prepared to demonstrate the sustainability of their capital and liquidity positions, the appropriateness of their investment and reinsurance strategies, and the adequacy of their risk management frameworks, including under adverse scenarios.

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Highlighting the importance of regulatory engagement before filings occur, EIOPA encourages early dialogue between PE investors and supervisory authorities, particularly where significant changes to an undertaking's business model are being planned.

## Conclusion

EIOPA's consultation paper is consistent with the authority's long-standing cautious approach to the participation of PE firms in the European (re)insurance sector. By setting clear and granular expectations for transparency, governance and prudential management in the paper, EIOPA aims to ensure that the clear benefits of PE investment are realized without compromising policyholder protection or broader financial stability.

This heightened scrutiny is likely to have significant implications for the sector. In the coming years, PE-backed (re)insurers will likely face more rigorous questions about business planning, capital management and risk transfer arrangements. This may delay regulatory approval of transactions and could result in a greater number of conditional approvals. Market participants may wish to consider responding to the proposals where they consider certain proposals are disproportionate to the risk identified.

Nonetheless the paper provides a road map for how a PE firm may successfully acquire and operate a (re)insurer from a regulatory perspective, bringing some helpful clarity to an area beset by ambiguity.

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