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EIOPA Releases Supervisory Statement for Authorising and Supervising (Re)insurance Undertakings Related to Private Equity

Executive Summary

- **What's new:** On 6 October 2026, EIOPA published its Supervisory Statement on the Authorisation and Ongoing Supervision of (Re)insurance Undertakings Related to Private Equity.
- **Why it matters:** While much of the content remains the same as in EIOPA's Consultation Paper published earlier this year, overall, the Supervisory Statement takes a more balanced approach. In certain areas, EIOPA clarifies that its focus is on what it considers problematic features or designs in transactions and not private equity structures per se. However, taken as a whole, the Supervisory Statement confirms that greater scrutiny of such transactions should be expected.
- **What to do next:** Stakeholders should consider proactively engaging in early dialogue with supervisory authorities before the submission of formal notifications and evaluating how EIOPA's recommendations on business model, governance, prudential and debt structure may affect their ongoing and future acquisitions.

Background

On 6 October 2026, the European Insurance and Occupational Pensions Authority (EIOPA) published its Supervisory Statement on the Authorisation and Ongoing Supervision of (Re)insurance Undertakings Related to Private Equity (the Statement). Addressed to national competent authorities (NCAs), *i.e.*, the relevant regulators in each EU member state, the Statement finalises advice to NCAs on how they should supervise acquisitions of (re)insurance undertakings in their jurisdictions, setting out specific features of transactions that may warrant special attention by regulators. It sets out the regulator's recommendations to NCAs in relation to private equity-backed acquisitions in the insurance and reinsurance sectors.

The consultation began earlier this year, sparked by concerns that private equity business strategies posed challenges to supervisory authorities. In particular, EIOPA is concerned by the active role that PE firms as owners of (re)insurance undertakings often take when defining the strategy and managing the (re)insurance undertaking. The Statement represents a comprehensive analysis of the features and risks that supervisors should consider when assessing PE involvement, particularly with respect to considering approvals for qualifying holdings in acquisition processes. Some of the changes since EIOPA's Consultation Paper published earlier this year have expressly been made in response to feedback from stakeholders that insufficient attention was paid to the benefits of private investment.

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The Statement continues the recent trend of regulatory thinking with respect to the approach to the supervision of PE involvement. In May 2026, the Financial Stability Board published a paper on its view of the risks posed by private credit, and referred to the vulnerability with respect to linkages with insurers and cited private equity firm ownership of insurers and reinsurers.¹ In 2022, the US National Association of Insurance Commissioners (NAIC) adopted regulatory considerations for PE-owned insurers, highlighting the view that additional information is needed when considering certain transactions with PE involvement. The Bermuda Monetary Authority issued guidance in December 2023 regarding the supervision and regulation of private equity insurers. In November 2024 guidance with respect to acquisitions and increases in control, UK regulators included considerations specific to private equity, including limited partner structures and additional information required where private equity involvement represented a 20% or more ownership stake.² In 2025, the Bank for International Settlements (BIS)³ also reflected on the involvement of private equity in insurance, in a life insurance context.

Like the Consultation Paper, the Statement emphasises that EIOPA is concerned with private equity firms as owners of (re)insurers taking an active role in their strategy and management, referred to as “*modus operandi*” in the Statement. The terms “PE” and “private equity” do not specifically refer to private equity firms, funds or other alternative investment firms. EIOPA’s definition is broader and defines private equity as “the acquisition of an equity participation (either wholly or partially) not publicly traded on a stock exchange.” The Statement further adds that EIOPA is concerned with “related PE” or “PE-related undertakings,” which is defined as “a range of ownership structures and investment models.” The Statement also restates the point made in the Consultation Paper, that the identified risks may also apply to (re)insurance undertakings with “other ownership structures,” acknowledging that some of its concerns are not unique to private equity. Even so, this does not lessen EIOPA’s overall concern about the risks linked to the growing number of PE-backed acquisitions in the insurance sector.

As with the Consultation Paper, the Statement restates EIOPA’s aim to “promote supervisory convergence in relation to PE-related acquisitions and ownership structures.” Consequently, EIOPA made recommendations relating to the following areas set out below. The most significant changes made in the Statement from the position set out in the Consultation Paper arise in sections 4 and 6.

¹ FSB, “Report on Vulnerabilities in Private Credit,” 6 May 2026.

² PS18/24 PRA Supervisory Statement, “Prudential assessment of acquisitions and increases in control,” and FG24/5 FCA Finalised Guidance, “Prudential assessment of acquisitions and increases in control.”

³ BIS, “The transformation of the life insurance industry: systemic risks and policy challenges,” October 2025.

EIOPA’s Recommendations to National Authorities

1. Business Model and Strategy

EIOPA repeated its expectation that supervisory authorities must obtain a comprehensive understanding of the proposed business model of the (re)insurance undertaking post-acquisition. This should be obtained through, *inter alia*:

- Review of a business plan (for at least three years).
- Review of the minutes of the relevant decision-makers in the private equity group.
- Scrutiny of investment programs, including those related to IT infrastructure and digital resilience.
- Evaluation of operational transformation initiatives and resultant risks.

The Statement qualifies these expectations by adding that the measures should be assessed with the undertaking’s “business model and risk profile” taken into account. This appears to be a recognition that different undertakings will carry differing levels of risk, and that regulatory scrutiny should change accordingly. Where supervisory authorities consider there may be a risk of misalignment of interest, the Statement advises there should be a focus on the PE firm’s business plan to ensure sufficient investment in long-term operational capabilities and critical infrastructure (such as IT infrastructure and digital resilience).

It also stressed that NCAs should:

- Include measures such as conditions in their no-objection where areas of significant risk are identified.
- Be vigilant about influence and dependencies (whether direct or indirect) from general partners or related parties and any resulting conflicts of interest.
- Assess whether operational transformation initiatives, such as cost management or outsourcing, and their resulting risks are appropriately identified, managed and reflected in the own risk and solvency assessment (ORSA). The measures should be assessed for their impact on governance, operational resilience and policyholder protection.

2. Investment Horizons

EIOPA did not amend its initial recommendations concerning investment horizons. It continues to recommend that NCAs assess:

- The capital commitments of a proposed acquisition and their triggers (whether they are limited to the targeted undertaking or the whole PE fund).
- Whether the investment horizon and proposed business plan align with the insurer’s obligations to policyholders. (EIOPA flagged short-term gains, high initial shareholder distributions and incentives for early exit as potential drivers of business models deemed “not viable.”)

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- The measures needed for an exit strategy across different scenarios, particularly as the investment nears maturity, as EIOPA sees the incentive for long-term returns diminishing here.

EIOPA recommends supervisors carefully assess the shareholder agreement of the target and the partnership agreement of the PE fund itself. It also suggests, where supervisors observe triggers such as low revenue or a significant decline in the solvency position, that exit strategies be reflected in the (re)insurer's ORSA. Supervisors should monitor the financial stability of the proposed acquisition, especially when approaching the maturity of the investment horizon, and consider whether supervisory measures are necessary.

Overall, EIOPA remains especially concerned with the limited investment horizon it attributes to PE and whether planned changes are “unrealistic” and misaligned with the target undertaking's long-term commitment to policyholders.

3. Ownership Structure and Transparency

Also concerning ownership structure and transparency, EIOPA did not propose any changes to its initial recommendations. The headline point is that PE firms are advised to keep their structures as simple and transparent as possible, to allow supervisory authorities to be able to supervise them effectively. Where the proposed structure is “complex or opaque” — although it does not describe what firms might meet this threshold — EIOPA recommends that NCAs should ask the proposed acquirer to provide further information. Information to be provided could include:

- A description of the private equity firm's governance mechanisms.
- Entities influencing its decision-making.
- Agreements regulating relationships between general partners and these entities.
- Justification for each level of the ownership chain.
- Information about third-party interests that could affect management decisions.

NCAs are also recommended to require, in their non-objection to the acquisition, specific reporting relating to regular updates on the private equity-linked entities, relating to changes in the group structure and financial information regard their main holdings.

4. Governance, Conflicts of Interest and Group Structure

EIOPA advises supervisory authorities to ensure that after a PE acquisition, (re)insurers continue to have effective systems of governance. Special attention should be paid to (re)insurers maintaining sufficient independence and challenge, depending on the risks involved. Members of the administrative,

management or supervisory body (AMSB) should continue to comply with the requirements of the Solvency II Directive with respect to holding appropriate knowledge and expertise.

Market feedback to the Consultation Paper noted that shareholder participation in governance and performance-related remuneration are common market practice. In response, EIOPA expressly recognises that “shareholder involvement in governance arrangements is a normal feature of ownership structures” and that “performance-related remuneration should not be considered problematic in itself, provided that it is appropriately designed.” EIOPA explains that regulators should instead focus on features that are inconsistent with the sound and prudent management of the undertaking or with the interests of policyholders.

For instance, EIOPA still lists affirmative voting rights within the (re)insurer's AMSB as requiring NCAs' attention, but it focuses on whether those rights, alongside special shareholder rights or other governance arrangements, could undermine the independent exercise of responsibilities by the undertaking's governing bodies or create conflicts of interest. EIOPA also specifies that its concern is not with management remuneration and potential leveraged share schemes *per se*, but whether the incentives they create are problematic, *i.e.*, whether they encourage excessive risk-taking or short-term behavior that is inconsistent with the target's long-term obligations.

Intragroup transactions and any related transactions (such as asset management agreements, reinsurance and outsources) are specifically mentioned with respect to conflicts of interest. Supervisory authorities are advised to ensure asset management decisions remain independent, do not present a conflict of interest and comply with the prudent person principle (PPP).

With respect to group structure, supervisory authorities should look for clarity with respect to ownership and voting rights — from the ultimate beneficial owner to the target (re)insurer. Understanding decision-making power and whether acquirers can exert control or significant influence over the (re)insurer, regardless of the amount of equity or voting rights conferred, was also advised.

5. Prudential and Solvency Position Considerations

Concerning prudential and solvency considerations, EIOPA continues to recommend that NCAs should:

- Assess adequacy of control structures in terms of skills and procedures (depending on the complexity of the assets), noting the following:
 - Private credit, nonrated credit or other material alternative/illiquid assets are often used in a PE *modus operandi*, and can result in complexity, illiquidity and difficulties in valuing such assets.

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- Where there are material alternative or illiquid assets, assess the following:
 - The complexity in determining market consistent valuations in accordance with Solvency II.
 - Whether such investments comply with the PPP.
 - How the underlying risks in the investments are adequately captured in the Solvency Capital Requirement (SCR).
 - The robustness of asset liability matching against the (re)insurer's liabilities.
- Scrutinise the use of reinsurance (especially material increases in reinsurance use, or those with terms that compromise effective risk transfer).
- Pay particular attention to reinsurance contracts where investment risk and reward is passed to a PE-related reinsurer without constraints for the reinsurer to invest in alternative/illiquid assets.
- Monitor substantial transfers of investments within a (re)insurer to ensure compliance with regulatory requirements.
 - In the event of a recapture scenario of ceded assets (re)insurers must have sufficient funds to support the increase in capital requirements (due to risks associated with the transferred assets).
 - Public disclosures with respect to such transfers of assets will be expected to uphold transparency in the market.
- Carefully evaluate the adequacy of an undertaking's capital position and solvency ratio (e.g., by requiring a comprehensive analysis of changes to the Best Estimate, SCR computation at the most granular levels, and own funds), paying attention to data quality, and whether assumptions and methodologies can be supported and are subject to sufficient governance and validation.
 - Clear and transparent explanations for changes to investment management expenses are expected.
 - Consistency between future management actions, valuation models and the business plan is highlighted.
 - (Re)insurers who use significant balance sheet enhancements (such as asset allocations, derivatives, different assumptions in the technical provisions) should evaluate whether the Standard Formula remains suitable for an SCR calculation.
- Assess whether group supervision is applicable, as well as whether a college of supervisors or cooperation agreements with relevant supervisory authorities should be put in place where undertakings are owned by the same ultimate shareholder.

In summary, when assessing a business plan and an undertaking's solvency position, EIOPA advises that NCAs should:

- Require a clear, detailed explanation of any changes to the Best Estimate, SCR and own funds.

- Check that material changes to assumptions or models are justified and backed up by evidence.

Importantly, EIOPA recognises that changes are not inherently problematic so long as they are “appropriately evidenced and documented.”

6. Leverage and Financing Structures

EIOPA appears to have taken a more considered position with respect to leverage and financing structures.

The Statement notes that supervisory authorities should scrutinise the entire financing structure of an acquisition, if the debt is held at a parent level outside the European Economic Area (EEA) and could materially affect the financial soundness, solvency or operational independence of the regulated undertaking. The Consultation Paper suggested that supervisory authorities should consider calculating a group SCR at the level of the ultimate parent undertaking outside the EEA. The Statement qualifies this by recognising that an SCR is not the only acceptable form of assessment. The overall recommendation is that NCAs may consider the need for “additional group-solvency supervisory assessments,” which may include a group SCR assessment at the level of the ultimate parent undertaking outside of the EEA, when the national supervisor considers parent-level debt to materially affect the financial soundness, solvency or independence of the regulated undertaking.

Takeaways for Market Participants

- **This affects firms operating in a “PE style,” not just “PE firms.”** EIOPA's concern is with the active role that PE firms, as owners of (re)insurance undertakings, often take. Other investors with similar transaction or ownership structures should expect the same heightened scrutiny.
- **Regulators will be looking at substance over a “PE” label.** EIOPA recognises PE-style transactions are not problematic in themselves. Instead, it directs NCAs to focus on whether the post-transaction features are adequate: for instance, whether conflicts of interest are managed effectively, independent governance structures are maintained, balance-sheet changes are sufficiently justified, and risk transfers through reinsurance are genuine.
- **Supervision will be proportionate and risk-based.** The Statement recognises that different kinds of transactions with different undertakings have different risk profiles. The intensity of supervision should modify according to the undertaking's specific risk and ownership structure. Nevertheless, EIOPA still views PE business strategies as carrying challenges — even if not unique to PE — and the overall aim is to promote “supervisory convergence.”
- **Early engagement is essential.** Acquirers should consider opening dialogue with NCAs before formal notification. Frequent and open communication with regulators shows a willingness to engage with these concerns.

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Conclusion

The Statement largely reaffirms the position EIOPA took in its Consultation Paper, but it also provides some reassurance to market participants that the supranational regulator is not inherently opposed to private equity's "*modus operandi*." Even so, EIOPA's expectations represent a detailed consideration

of the matters that supervisors may wish to take into account when considering private equity involvement. Participants should expect proposed transactions to face greater scrutiny from local regulators in line with EIOPA's recommendations. Firms should consider reviewing their existing and planned acquisitions that may involve any of the outlined concerns, and addressing them sooner rather than later.

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