EIOPA Consults on Private Equity Ownership of Insurers

5 February 2026

BACKGROUND

Continuing the global theme of regulators examining ownership of insurance companies by private equity and other financial groups, on 3 February 2026, the European Insurance and Occupational Pensions Authority ("EIOPA") published a consultation paper (the "Consultation") on a proposed *Supervisory Statement on the authorisation and ongoing supervision of (re-)insurance undertakings related to private equity* (the "Supervisory Statement"). The Supervisory Statement is intended to promote high-quality, convergent and proportionate supervision across the European Union in relation to private equity ("PE") acquisitions and ownership of (re-)insurance undertakings.

EIOPA notes that, while PE ownership of insurers remains more prevalent in the United States, PE firms have become increasingly significant owners in the European Union. Encouragingly, the Consultation does recognise the potential benefits associated with PE ownership, including diversified investment strategies, access to capital and operational efficiencies, but highlights supervisory challenges arising from certain PE ownership structures and business models. The Supervisory Statement is not intended to be exhaustive and does also acknowledge that similar risks may also arise outside PE ownership structures.

KEY SUPERVISORY FOCUS AREAS

Business Model Changes

EIOPA highlights that PE ownership often entails significant post-acquisition changes to (re-)insurers' business models, including shifts in investment strategy, cost optimisation, outsourcing within PE groups and, in some cases, use of (re-)insurers' long-term assets to fund other PE-owned activities or generate fee income. Supervisors are expected to require a complete list of planned changes at the acquisition stage, including at least a three-year business plan, and to assess whether the future business model allows continued compliance with Solvency II prudential requirements. Where the business plan alone is considered insufficient, supervisors may choose to require the provision of PE investment committee and board minutes for the transaction.

In addition, supervisory authorities are encouraged to scrutinise potential misalignment of interests, including whether sufficient investment is maintained in long-term operational capabilities (such as IT and digital resilience), and to scrutinise governance arrangements to prevent potential conflicts of interest between insurance undertakings and PE general partners or related parties. Supervisory authorities should also consider whether to impose conditions in declarations of no objection where material risks within new business models are identified.

Investment Horizon and Exit Risk

Continuing a common theme, the Consultation identifies the potential tension between PE funds' investment horizons and insurers' long-term obligations to policyholders. Supervisors are expected to assess shareholder and partnership agreements, capital commitment structures and exit strategies and to consider whether mismatches could render the business model non-viable, particularly where accompanied by high early distributions to shareholders or short-term value extraction.

During ongoing supervision, supervisors are encouraged to require scenario analysis, including exit scenarios, within the Own Risk and Solvency Assessment (ORSA) framework and to monitor financial stability as PE investments approach maturity or disposal attempts fail.

Complexity and Transparency of Ownership Structures

EIOPA expresses concern regarding complex acquisition structures, often involving multiple intermediate holding companies in jurisdictions outside the European Economic Area (the "EEA"). Supervisors are expected to assess whether such structures impede effective supervision and to encourage ownership structures that are sufficiently simple and transparent (i.e. with fewer holding companies).

Where structures are complex or opaque, proposed acquirers may be required to provide detailed information on governance mechanisms, decision-making entities, shareholder and partnership agreements and third-party interests that could impact management decisions, as well as ongoing reporting on group structure and financial information of key PE holdings. Acquirers may be asked to provide justification for each level of the ownership chain.

Governance, Conflicts of Interest and Control

The Consultation places significant emphasis on governance risks arising from PE control, particularly where PE investors lack insurance-specific expertise (or experience in a specific jurisdiction). Supervisors are expected to ensure that (re-)insurers maintain independent and effective systems of governance, including sufficient countervailing power within boards and committees.

Specific areas of focus for supervisory authorities include special shareholder rights, veto rights for significant matters (such as capital distribution, specific internal policies or the risk appetite framework), executive board member appointment rights, committee participation, remuneration structures (including leveraged incentive schemes) and ensuring that these align with the best interests of the target. Focus should also be on intragroup transactions, asset management arrangements with affiliated entities and adherence to the prudent person principle.

PRUDENTIAL RISKS: INVESTMENTS, REINSURANCE AND BALANCE SHEET OPTIMISATION

EIOPA highlights supervisory concerns arising from changes to (re-)insurers' asset allocation following PE acquisitions, including increased exposure to private credit, non-rated, illiquid or complex assets. Supervisors are expected to assess whether (re-)insurers' have the necessary expertise, controls and governance to value such assets on a market-consistent basis, manage illiquidity risk and ensure compliance with the prudent person principle, including appropriate asset-liability management aligned with the profile of insurance liabilities.

The Consultation also flags risks associated with increased use of reinsurance to reduce capital requirements and other balance sheet optimisation techniques. Supervisors are advised to assess the effectiveness of risk transfer, particularly in arrangements involving variable or high commissions, termination clauses or transfers of investment risk and returns, as well as the resulting counterparty and liquidity risks. In addition, supervisors may scrutinise cash flows and the consistency of assumptions used in technical provisions, SCR calculations and business plans, including whether changes in investment strategy, expenses or future management actions are appropriately reflected and whether the Standard Formula remains suitable where balance sheet enhancements are material.

LEVERAGE AND ACQUISITION FINANCING

The Consultation identifies risks arising from leveraged acquisition structures, including debt at holding-company level secured on (re-)insurers' cash flows or assets. The Consultation recommends that supervisors assess the entire financing structure, including debt sustainability under stress scenarios, potential liens or pledges over (re-)insurers' assets, and, in some cases, consider group SCR calculations at the level of a non-EEA ultimate parent even if a subgroup in the European Union exists.

EARLY SUPERVISORY ENGAGEMENT

Given statutory assessment timelines for acquisitions and portfolio transfers, EIOPA suggests early dialogue between PE acquirers and supervisory authorities before the submission of a formal notification, particularly where significant post-acquisition business model changes are envisaged.

NEXT STEPS AND IMPLICATIONS

The Consultation is open for responses until 30 April 2026. While the Supervisory Statement is addressed to national competent authorities and does not amend Solvency II, it signals an increased and more coordinated supervisory focus across the European Union on PE ownership of (re-)insurance undertakings, although it also recognises the benefits.

PE firms considering acquisitions of (re-)insurers, or currently owning European Union (re-)insurance undertakings, should anticipate heightened supervisory scrutiny of ownership structures, governance, financing, investment strategies and exit planning, thereby increasing the importance of early supervisory engagement, transparency and sustainable long-term business models aligned with policyholder obligations.

If you would like to discuss the potential implications further, please contact us.

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Please do not hesitate to contact us with any questions.

E. Drew Dutton
Partner, London, New York
+44 20 7786 3005
+1 212 909 6718
eddutton@debevoise.com

Hugo Laing
Partner, London
+44 20 7786 9020
hlaing@debevoise.com

Dr. Clare Swirski
International Consultant, London
+44 20 7786 3017
cswirski@debevoise.com

Bethania Berhane
Associate, London
+44 20 7786 5416
bberhane@debevoise.com

Laura Jackson
Associate, London
+44 20 7786 9127
ljackson@debevoise.com