Proskauer

EIOPA Consultation Paper on PE in Insurance

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Introduction

On 3 February 2026, the European Insurance and Occupational Pensions Authority (**EIOPA**) published its *Consultation Paper on a Supervisory Statement on the Authorisation and Ongoing Supervision of (Re-)Insurance Undertakings Related to Private Equity* (**Consultation Paper**). The Consultation Paper addresses supervisory expectations for private equity (**PE**) ownership both ahead of acquisition and on an ongoing basis.

This note summarises the key themes relevant to PE sponsors and European insurance groups across life and non-life business.

The consultation closes on 30 April 2026.

Rationale for the Consultation Paper

The Consultation Paper reflects a rise in PE ownership in European insurance groups over the past 10 years. EIOPA recognises the benefits of such investment, including a more diverse (and higher yielding) investment strategy, and easier access to capital. These factors can benefit insurance consumers.

However, noting the potential impact of PE ownership on insurers' business operations and asset portfolios, EIOPA is seeking to ensure regulatory convergence across the bloc by addressing the challenges associated with these arrangements.

Key Points in the Consultation Paper

EIOPA's key points in the Consultation Paper are as follows:

1. Strategy and *Modus Operandi*

EIOPA Observations

PE investment can represent an inconsistency between: (i) a desire to realise short- to medium- term returns (typically 5 to 10 years); and (ii) long-term liabilities to customers (particularly in the life sector).

Related consequences include: introducing new management, re-focusing business strategy, streamlining expenses and relying more heavily on outsourcing. Additionally, PE-owned insurers could be used to deploy assets backing insurance liabilities to fund, lend to and / or invest in activities or undertakings owner by the PE investor.

Recommendation to EU Regulators

Comprehensively understand how an insurer's business model may change following acquisition by a PE investor – including over a multi-year horizon.

Ensure that there is no potential misalignment between the PE investor's short-term objectives and the insurer's long-term insurance obligations to customers. For example, investment horizons in proposed business plans may suggest aggressive investment or dividend distribution strategies, or incentives for early exists that may not be in customers' best interests.

Acquire more information from the PE investor's Board or investment committee to address concerns regarding the insurer's future compliance with solvency capital requirements.

Enquire whether the PE investor will continue to invest in long-term infrastructure (*e.g.*, IT systems).

2. Acquisition Structure

EIOPA Observations

PE investment structures can involve many entities, with multiple holdings in various jurisdictions. These structures could present challenges to regulators in performing effective supervision, particularly if there are complexities in information sharing and responsibility allocation amongst regulators.

Recommendation to EU Regulators

Encourage PE investors to simplify investment structures (*e.g.*, limit levels of ownership structure).

Require more information on PE governance and decision-making mechanisms, agreements regulating relationships between group entities and third-party interests that could impact management decisions in target insurers.

Require timely reporting on changes to group structures.

3. Corporate Governance

EIOPA Observations

PE investors often exercise significant control over insurers in their portfolios, without necessarily having sufficient experience in the local insurance sector. Certain ownership rights (*e.g.*, appointment to board seats) could also be exercised without sufficient regard to the best interests of policyholders and beneficiaries.

Recommendation to EU Regulators

Ensure that insurers have effective systems of governance that are sufficiently independent from PE ownership direction and can manage potential conflicts of interests.

Ensure that the insurer’s administrative, management or supervisory body members collectively possess the necessary expertise and knowledge of insurance products, services and markets to appropriately govern the insurer.

Examine ownership and voting rights of all shareholders, including whether certain minority shareholders can exercise significant influence over the insurer’s management.

4. Investments

EIOPA Observations

PE investment can trigger changes to insurers’ asset allocations, most notably an increase in private credit, non-rated credit and other higher yielding assets that may be complex and less liquid.

Recommendation to EU Regulators

Ensure that insurers use market-consistent valuations of these new assets, and that staff have the skillset to properly understand and monitor market risks.

Assess whether investment control structures adequately reflect the increased complexity in investment portfolios.

5. Reinsurance

EIOPA Observations

PE-owned insurers may increasingly use reinsurance to reduce capital requirements, which is only partly off-set by provisions representing counterparty default risk.

Recommendation to EU Regulators

Assess strategies involving extended reinsurance as risk-mitigation, particularly where risk is ceded to group reinsurers, or which involve reinsurers investing in illiquid assets.

Ensure that insurers can closely monitor material reinsurance arrangements, and understand the capital requirement consequences involved with recapture.

6. Leverage

EIOPA Observations

PE acquisitions can involve debt finance secured by the insurer's operations and assets. These types of arrangements can result in high-leveraged and significantly increased risks for target insurers.

Recommendation to EU Regulators

- Assess business plan to ensure that the insurer can generate sufficient value to remunerate both capital and debt, whilst retaining sufficient solvency, liquidity and policyholder debt.
- If debt is acquired by a non-European Economic Area (**EEA**) holding company, consider calculating group solvency up to the level of that holding company – rather than at EEA sub-group level.
- Require the insurer to run stress tests to determine its ability to repay group debt.
- Require insurers to regularly report on changes to funding arrangements, and on the current status of the debt.

Conclusion

The Consultation Paper is consistent with guidance from other regulators, including the UK Prudential Regulation Authority and the Bermuda Monetary Authority, and reflects EIOPA's maturing view on private equity investment.

PE investors considering investments in EU insurers should prioritise early and constructive engagement with local regulators. Change in control applications should be carefully prepared to articulate a coherent business strategy, demonstrate alignment between the investor's time horizon and the insurer's long-term obligations, and evidence appropriate regard for policyholder interests.

Regulatory requirements should not, however, be viewed as an impediment to investment. Many PE-backed transactions deliver sustained value for all stakeholders, including policyholders, and EIOPA acknowledges these potential benefits in the Consultation Paper.

Proskauer Rose LLP has deep expertise in both successfully guiding PE investors through the largest and most complex insurance sector acquisitions, and in assisting clients with operating thriving portfolio companies.

If you would like further information, please contact Andrew Wingfield, Partner at awingfield@proskauer.com, and Edward Lister, Special Regulatory Counsel at elister@proskauer.com.

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