Proskauer

Client Alert: EIOPA Finalizes Supervisory Expectations for Private Equity-Backed Insurers

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On 6 October 2026, the European Insurance and Occupational Pensions Authority (**EIOPA**) published its final *Supervisory Statement on the Authorisation and Ongoing Supervision of (Re)insurance Undertakings Related to Private Equity* (the **Statement**).

The Statement follows EIOPA's consultation earlier this year, which we discussed in our 6 March 2026 alert. It sets out EIOPA's expectations of national supervisors and is intended to promote consistent, high-quality and risk-based supervision of PE-backed insurers across the European Union. Taking a holistic approach to the investment lifecycle, the Statement covers supervisors' assessments of acquisitions of qualifying holdings, as well as the ongoing supervision of insurers' governance and investment management, and consideration of PE investors' intended exit strategies.

The final Statement recognizes that PE ownership and established sponsor practices are not inherently problematic and can benefit insurers with more diversified investment strategies. The final Statement also recognizes that shareholder involvement in governance is a normal feature of ownership, and that performance-related remuneration is not problematic in itself if appropriately designed. However, EIOPA also recognizes that PE ownership can also represent certain challenges, and expects that supervisors will closely assess how a particular ownership structure, financing plan and business strategy may affect the insurer's financial soundness, governance and policyholders.

What the final Statement clarifies

The final text makes three points of particular relevance to sponsors:

- **Proportionality:** consistent with a wider approach to regulation under Solvency II, supervisors should assess the specific risks and characteristics of the insurer and its proposed business model.

- **Governance and incentives:** shareholder involvement in governance is a normal feature of ownership structures. Supervisory attention should therefore focus upon whether such involvement could undermine the insurer's operational independence, or create conflicts of interest. Similarly, performance-related remuneration is not problematic in itself, provided it is appropriately designed and does not encourage excessive risk-taking or short-term behaviour inconsistent with the insurer's long-term obligations.
- **Parent level debt:** where debt at a non-EEA parent could materially affect the regulated insurer's financial soundness, solvency position or operational independence, supervisors should consider whether additional group solvency assessments are appropriate. An assessment of the ultimate parent's group SCR may be relevant, taking account of the existing supervision framework and applicable cooperation arrangements.

Areas likely to matter in a transaction

Business plan, value creation and exit

EIOPA recommends that supervisors request a business plan covering at least three years. The plan should explain the proposed post-acquisition business model and material changes, including operational transformation, cost management, outsourcing, investment allocation and capital management.

Sponsors should be prepared to show how the investment case supports the insurer's long-term operational capabilities, including IT and digital resilience. Supervisors may also examine whether the proposed investment horizon, distributions and exit strategy are consistent with the insurer's obligations to policyholders. Where relevant, they may expect exit scenarios to be reflected in the insurer's risk assessment and ORSA.

Ownership, financing and governance

Supervisors may seek a clear account of the ownership chain, decision-making arrangements, relevant shareholder rights and any third-party interests that could influence management decisions. For complex or opaque structures, the acquirer may be asked to justify each level of the ownership chain.

The financing review may extend beyond the regulated undertaking to debt at parent company level. Sponsors should be ready to explain how debt will be serviced under adverse scenarios, whether the insurer's cash flows are relied upon and what direct or indirect security supports the financing.

Governance arrangements should also be capable of clear explanation. This includes board composition, shareholder rights, committee structures, management incentives and the insurer's ability to make decisions independently. Intragroup asset management, outsourcing, reinsurance and other related party arrangements may attract scrutiny for conflicts, pricing and independence.

Investment strategy, reinsurance and capital

Private credit, unrated credit and other alternative or illiquid assets remain a focus. Where such assets are material, supervisors may assess valuation methods, expertise and controls, the treatment of illiquidity risk, the prudent person principle and asset liability management.

Reinsurance arrangements may also be examined for effective risk transfer, counterparty and liquidity risk, and the consequences of termination or recapture. This may be particularly relevant where arrangements involve affiliated or third country reinsurers, variable commissions or significant transfers of investment risk.

Supervisors may also seek support for changes to technical provisions, the SCR and own funds, including the assumptions and models underpinning any proposed balance sheet enhancement.

Practical steps for sponsors

For a proposed acquisition or an existing PE-backed insurer, sponsors should consider:

1. **Start regulatory dialogue early**, especially where the deal involves a complex ownership structure, significant leverage or a material change to the insurer's business model.
2. **Align the regulatory submission with the investment case**, so the financing, business plan, investment strategy, governance and capital projections tell a consistent story.
3. **Prepare the full ownership and financing picture**, including fund and parent level arrangements, capital commitments, debt service and downside scenarios.
4. **Review governance and related party arrangements**, including shareholder rights, management incentives, affiliated service providers and conflicts safeguards.
5. **Plan for ongoing supervision**, including the information the insurer may need from its sponsor and how changes to the business model, financing or portfolio

strategy will be assessed.

Conclusion

EIOPA's final Statement does not treat private equity ownership of EEA insurers as inherently problematic and should not, therefore, be viewed as an impediment to investment. It also reflects continued regulatory convergence across key insurance hubs. In our experience of advising private equity clients on investments in insurers across these markets, the Statement is consistent with the approach likely to be taken by regulators in both the UK and Bermuda.

A key takeaway for investors is that supervisors will focus on the practical effects of private equity ownership throughout the investment period. In particular, they will assess its impact on the insurer's independence, financial resilience and ability to meet its obligations to policyholders.

Regulatory planning should therefore form part of the investment case from the outset and continue throughout the holding period. Early supervisory engagement, supported by clear evidence of how the ownership structure and the insurer's financing, governance and operating model protect its independence, financial resilience and policyholder obligations, will be key to addressing supervisory questions.

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.

Related Proskauer coverage: EIOPA Consultation Paper on PE in Insurance
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Related Professionals

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