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NAIC Capital Markets Bureau monitors developments in the capital markets globally and analyzes their potential impact on the investment portfolios of U.S. insurance companies. Previously published NAIC Capital Markets Bureau Special Reports are available via its web page and the NAIC archives (for reports published prior to 2016).

Increase Continues for U.S Insurers' Outsourcing Investment Management in 2025

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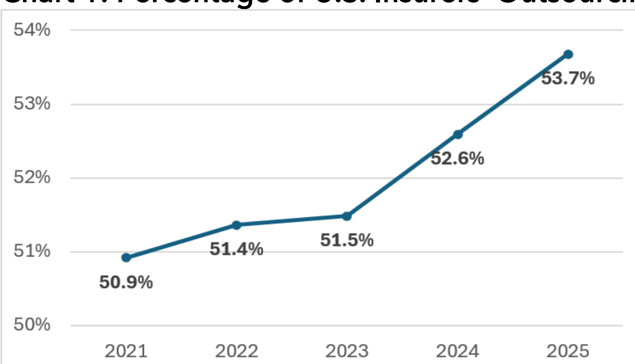
EXECUTIVE SUMMARY

- About 54% of all U.S. insurers reported outsourcing investment management to an unaffiliated firm in the annual statement filings at year-end 2025, which was slightly higher than year-end 2024.
- While the percentage of insurers that outsourced investment management to a nonaffiliate has been increasing over the last five years, it increased at a more rapid pace from 2023 to 2025.
- Consistent with prior years, property/casualty (P/C) companies were the largest insurer type that outsourced to unaffiliated investment managers at year-end 2025, at almost 60% of the total.
- In addition, the percentage of life, health and title insurers that outsourced investment management also remained relatively unchanged over this same five-year period.
- Small insurers, or those with less than $250 million in assets under management, accounted for two-thirds of the total number of U.S. insurers that outsourced investment management, the same as in prior years.
- The top 10 unaffiliated investment managers most-named by U.S. insurers in the NAIC annual statement filings changed marginally over the last five years; the most-named firm did not change.

The NAIC *Annual Statement Instructions* require that U.S. insurers disclose certain data on unaffiliated investment managers, including whether a third party manages more than 10% or more than 50% of their investment portfolios. U.S. insurers are *not*, however, required to report the book/adjusted carrying value (BACV) of the outsourced assets, and not all insurers include investment management firm names in their NAIC annual statement filings.

From at least 2021 through 2023, the percentage of U.S. insurers that outsourced investment management to a third-party firm rose steadily. Over the last two years ending 2025, however, the percentage increased at a slightly faster pace. (Refer to Chart 1). At year-end 2025, about 54% of U.S. insurers that filed annual statements with the NAIC reported outsourcing investment management capabilities, which was an increase from almost 53% in 2024 and about 50% at year-end 2021. The number of U.S. insurers that outsource investment management to a nonaffiliate has increased along with U.S. insurers' increased exposure to nontraditional, higher-yielding alternative investments that require specific expertise and infrastructure. Outsourcing investment management becomes necessary when U.S. insurers lack the necessary in-house capabilities.

Chart 1: Percentage of U.S. Insurers' Outsourcing Investment Management, 2021-2025



Source: NAIC Annual Statement Filings.

At year-end 2025, the total number of U.S. insurers that outsourced investment management increased slightly to 2,460 from 2,415 in 2024. (Refer to Table 1.) As in previous years, property/casualty (P/C) companies accounted for the largest number of insurers that outsourced investment management at 57% of the total, followed by health insurers at 24%. Note that the percentage allocation across the four insurer types was relatively unchanged year-over-year (YOY).

Table 1: U.S. Insurers Outsourcing to Unaffiliated Investment Managers by Statement Type, 2025 and 2024

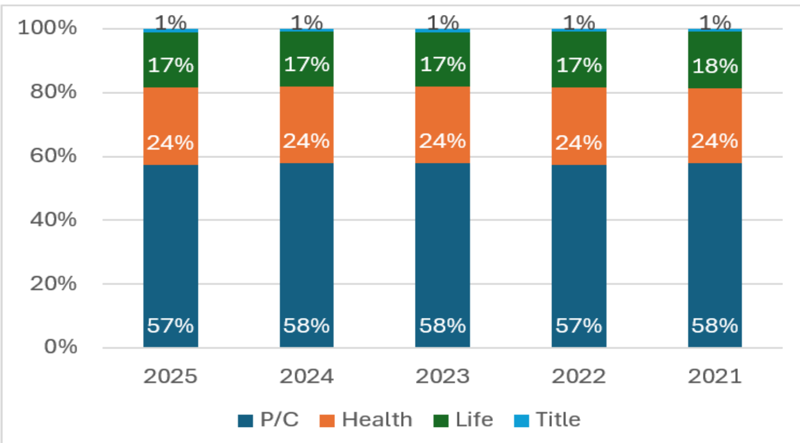
	2025			2024	
Statement Type	Number of U.S. Insurers Outsourcing	Percent of Total U.S. Insurers	As a Percent of All Insurers*	Number of U.S. Insurers Outsourcing	Percent of Total U.S. Insurers Outsourcing
P/C	1,413	57%	31%	1,397	58%
Health	599	24%	13%	583	24%
Life	424	17%	9%	413	17%
Title	24	1%	1%	22	1%
Total	**2,460**	**100%**	**54%**	**2,415**	**100%**

Source: NAIC Annual Statement Filings.
*Represents the total number of U.S. insurers that filed annual statements with the NAIC in 2025.

The numbers in the table have been rounded.

In fact, the percentage allocation for the four insurers was unchanged for the five years ended 2025, even with an increase in the total number of insurers that outsourced over those years. Life insurers comprised the minority, implying that most may have the infrastructure and expertise needed internally or with an affiliate.

Chart 2: Percentage Outsourcing Investment Management by Statement Type, 2021-2025

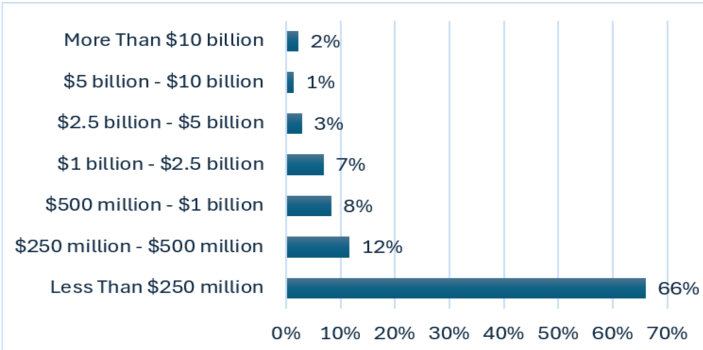


Source: NAIC Annual Statement Filings.

Small Insurers Account for the Majority That Outsource Investment Management

Approximately two-thirds of insurers that outsourced investment management to a nonaffiliate were small insurers, or those that had less than $250 million assets under management (AUM), according to the year-end 2025 NAIC annual statement filings. (Refer to Chart 3.) This was relatively the same percentage at year-end 2024 and a small increase from 61% at year-end 2023. Conversely, large insurers, or those with more than $10 billion AUM, accounted for only 2% of insurers that outsourced, which was the same at year-end 2024 and down from 5% in 2023.

Chart 3: Outsourcing to Unaffiliated Investment Managers by Insurers' AUM, Year-End 2025



Source: NAIC Annual Statement Filings.

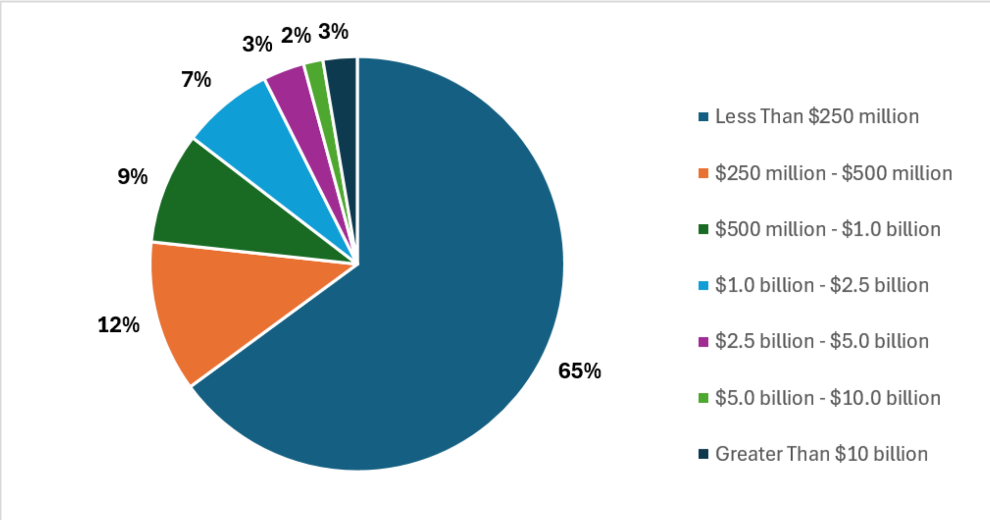
Life insurers' decrease in investment management to nonaffiliates over the last few years coincides with the increase in U.S. insurers' acquisitions or joint venture activity with private equity (PE)-owned firms, particularly among large life companies. PE firms have expertise in managing non-traditional assets such as alternative investments and private credit. With this organizational structure, life insurers are able to leverage the PE parent company/affiliates for asset management capabilities, particularly for any higher yielding, alternative investments, including private credit exposures.

For small insurers, outsourcing investment management may be a more cost-effective way to manage some or all of their assets rather than developing the infrastructure in-house. This may be especially true for exposure to alternative investments and private credit, which has been on the rise overall for U.S. insurers over the past few years. Consequently, the increase in small insurers' outsourcing investment management to a nonaffiliate over the last few years may be due in part to the increase in their exposure to these complex assets.

Most Insurers That Outsource Do So for at Least 10% of Assets

Close to 90% of U.S. insurers that outsourced investment management to single nonaffiliated investment manager, or about 2,170, did so for at least 10% of their assets in 2025, which was relatively consistent with the prior few years. Not surprising, the majority of these insurers were small in terms of AUM, representing about 65% of the total (refer to Chart 4), which was also consistent with the prior few years. Large insurers represented 3% of the total. Note that the percentage of insurers that outsourced at least 10% of their portfolio to a single nonaffiliate investment manager decreased, for the most part, the larger the insurers' AUM.

Chart 4: Percent of U.S. Insurers Outsourcing At Least 10% of Their Assets to a Single Investment Manager (by AUM), Year-End 2025



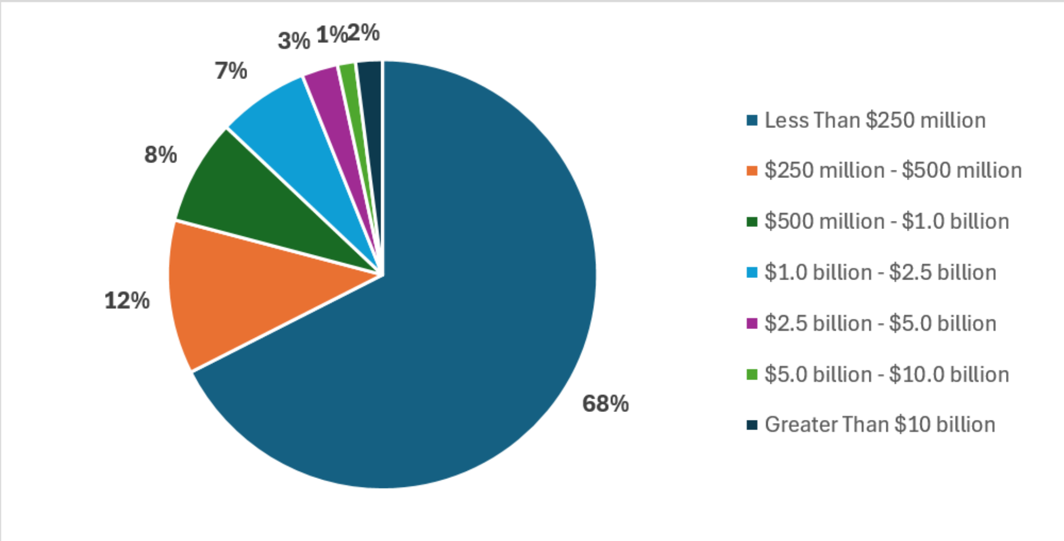
Source: NAIC Annual Statement Filings.

Among the small insurers that outsourced at least 10% of investment management, P/C companies were the largest insurer type, at 67% of total small insurers, which was also unchanged from prior years. On the other hand, large life companies represented only 2% of all U.S. insurers that outsourced at least 10% of their investment management to a single nonaffiliate at year-end 2025.

No Change in Percentage of Insurers Outsourcing More Than 50% of Assets

The total number of U.S. insurers that outsourced more than 50% of assets to a single investment manager increased slightly to approximately 1,830 at year-end 2025, up from about 1,800 at year-end 2024. This means that 75% of U.S. insurers that outsourced investment management in 2025 did so with more than 50% of their assets to be managed by a single investment manager, which was consistent (in percentage terms) with year-end 2024. Also unchanged, small insurers accounted for almost 70% of total insurers that outsourced more than 50% of their assets to nonaffiliate investment managers (refer to Chart 5), and large insurers accounted for 2% of the total.

Chart 5: Percent of U.S. Insurers Outsourcing At Least 50% of Their Total Assets (by AUM), Year-End 2025



Source: NAIC Annual Statement Filings.

Out of all small insurers that outsourced more than 50% of their investment management capabilities, P/C companies once again comprised the largest insurer type at about 70% of total small insurers at year-end 2025. Insurers that outsourced more than 50% of their assets to a nonaffiliate for investment management followed the same trend as those that outsourced at least 10% of their assets in terms of AUM. That is, the more the insurers' AUM, the lesser the percentage they accounted for in terms of outsourcing, and, in turn, the more they relied upon internal infrastructure and/or affiliates for investment management. As such, only 1% of large life insurers outsourced more than 50% of investment management to a single nonaffiliate at year-end 2025.

Small Shifts to Most-Named U.S. Insurer Unaffiliated Investment Managers

Not all U.S. insurers report the names of unaffiliated investment managers that they engage for investment portfolio management. For those that do, the top 10 unaffiliated investment managers reported by U.S. insurers shifted only marginally over the last five years ended 2025. Based on the names reported, BlackRock maintains the top listing (refer to Table 2), as it has throughout at least the five years ended 2025. The second most-named manager in 2025 was New England Asset Management (NEAM), which was the same as in 2024. The third and fourth most-named managers in 2025, Wellington Management Co. and Conning Asset Management, respectively, were the reverse of this standing in 2024. The remaining named asset managers that comprised the top ten at year-end 2025 for the most part have been included in this as such for the last five years, except for two – Apollo Capital Management and SunLife Capital Management - which tied for tenth. In 2024, however, they were among the top 15 most-named unaffiliated investment managers. For reference, the tenth most-named investment manager in 2024 was Liberty Mutual Group, and from 2021 through 2023, it was Loomis, Sayles & Company.

Table 2: Investment Managers Most Often Listed by U.S. Insurers, 2021–2025

Most Listed Investment Firms	2025	2024	2023	2022	2021
BlackRock Financial Management, Inc.	1	1	1	1	1
New England Asset Management, Inc. (NEAM)	2	2	3	3	3
Wellington Management Co.	3	4	4	4	4
Conning Asset Management	4	3	2	2	2
Goldman Sachs Asset Management	5	6	6	6	6
J.P. Morgan Asset Management , Inc.	6	5	5	5	5
Asset Allocation and Management Company (AAM)	7	7	7	7	7
Pacific Investment Management Company (PIMCO)	8	9	9	9	9
DWS Investment Management Americas, Inc.	9	8	8	8	8
Apollo Capital Management, L.P.	10	N/A	N/A	N/A	N/A
Sun Life Capital Management, LLC	10	N/A	N/A	N/A	N/A
Liberty Mutual Group Asset Manaegment Inc.	N/A	10	N/A	N/A	N/A

Source: NAIC Annual Statement Filings.

Outsourcing Investment Management Continues Increasing

The trend with global insurers engaging third-party unaffiliated asset managers has grown significantly over the last decade ending 2025. According to Clearwater Analytics' 2026 Insurance Investment Outsourcing Report (IIOR), total assets outsourced investment management to a nonaffiliate by 96 U.S. insurers that participated in their survey[1] tripled to $5.5 trillion AUM in 2025 from $1.7 trillion in 2015. (Refer to Chart 6). Notably, outsourced AUM grew $1 trillion in each year ended 2024 and 2025, which was more than in prior years, going back to 2014. In comparison, 90 insurers participated in the 2025 IIOR report survey for year-end 2024 statistics.

[1] Clearwater Analytics, 2026 Insurance Investment Outsourcing Report, May 2026.

Chart 6:

Source: Clearwater Analytics, 2026 IIOR.

Following the 2008 Great Financial Crisis, the lower-for-longer interest rate environment resulted in U.S. insurers seeking additional yield in complex assets while still maintaining their core of traditional investments. As a result, U.S. insurers' exposure to nontraditional investments, such as structured finance assets, increased, coinciding with the need for asset management expertise for these assets. The increase in nontraditional assets also includes exposure to private credit, much of which is illiquid and opaque. For some insurers, outsourcing asset management for all or part of their investment portfolio is more economical than developing the resources and/or infrastructure internally or with an affiliate. According to the 2026 IIOR, a decade ago, outsourcing investment management was concentrated among small to mid-sized insurers, with the primary focus on public fixed income assets. In more recent years, however, outsourcing has evolved to include insurers with varying AUM (though for the most part, still concentrated on small insurers) as well as insurance industry-specific portfolio management strategies as it relates to asset-liability management, regulatory constraints and accounting guidelines, all of which are encompassed in investment management.

Another option insurers have with regard to seeking external, or third-party investment management capabilities is engaging with investment consultants. This can be in the form of a long-term contract or on an ad-hoc basis. The role of investment consultants differs from investment managers in that the consultants represent a specialty practice that insurers leverage for advice on their general account investment strategy. This has become increasingly relevant as insurers expand their portfolio strategies due in part to the inclusion of private credit investments. At year-end 2025, insurer assets under advisement by investment consultants totaled about $1.8 trillion, according to the IIOR 2026 survey, which is double the total at year-end 2023 when investment consultants were first included in the IIOR (2024) survey.

Despite the increase in exposure to alternative investments and private credit, about 80% of AUM outsourced for investment management by the 96 2026 IIOR survey participants were public fixed income and equities, which was similar to prior years. The remaining 20% included private fixed income, PE and alternative investments, with a large portion of private credit consisting of private placements and middle market loans.

The NAIC Capital Markets Bureau will continue to monitor trends in the outsourcing of investment management for U.S. insurer assets and report as deemed appropriate.

Questions and comments are always welcome. Please contact the Capital Markets Bureau at CapitalMarkets@naic.org.
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