



The 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).

## **U.S. Insurers' Total Collateralized Loan Obligation Investments Pace of Growth Slows in 2024**

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### **Executive Summary**

- U.S. insurers' exposure to collateralized loan obligations (CLOs), collateralized by broadly syndicated loans (BSLs) and middle market (MM) loans, increased by about 2% to \$276.8 billion in book/adjusted carrying value (BACV) at year-end 2024.
- The increase in U.S. insurers' CLO investments was mainly driven by a 5% increase in BSL CLO exposure, as insurers' exposure to MM CLOs decreased by approximately 10%.
- Overall, U. S. insurers' CLO investments have kept pace with the growth rate of U.S. insurers' bond investments and total cash and invested assets at approximately 5% of total bonds and 3% of total cash and invested assets, respectively.
- As in previous years, at year-end 2024, about 80% of U.S. insurers' CLO investments were predominantly investment grade and higher (i.e., rated at least BBB), including about 40% rated AAA.
- Three-quarters of U.S. insurers' CLO investments were held by large life companies, i.e., those with at least \$10 billion in invested assets, many of which have CLO asset manager subsidiaries.
- Private equity-owned insurers accounted for about 20% of U.S. insurers' total CLO exposure at year-end 2024.

U.S. insurers' investment in collateralized loan obligations (CLOs) has increased over the last several years, though the growth rate has slowed, particularly since 2020. (Refer to Chart 1.) At year-end 2024, U.S. insurers' investment in CLOs collateralized by broadly syndicated loans (BSLs) and middle market (MM) loans totaled \$276.8 billion in book/adjusted carrying value (BACV), representing a 2% increase from \$271.1 billion at year-end 2023. On a stand-alone basis, total BSL CLOs increased about 5% to \$224.5 billion at year-end 2024 from \$213.1 billion at year-end 2023, while MM CLOs decreased to \$52.3 billion



at year-end 2024 from \$58 billion at year-end 2023.<sup>1</sup> Almost all U.S. insurers’ CLO investments, or \$271.4 billion, were reported in Schedule D—Bonds, Part 1, while the remaining \$2.7 billion was reported in Schedule BA—Other Long-Term Investments. U.S. insurers’ exposure to CLOs has more than doubled over the last six years, as they have consistently provided attractive yield opportunities relative to more traditional bond investments with comparable ratings.

Chart 1: U.S. Insurance Industry’s Historical CLO Exposure (BSL and MM CLOs), 2018–2024

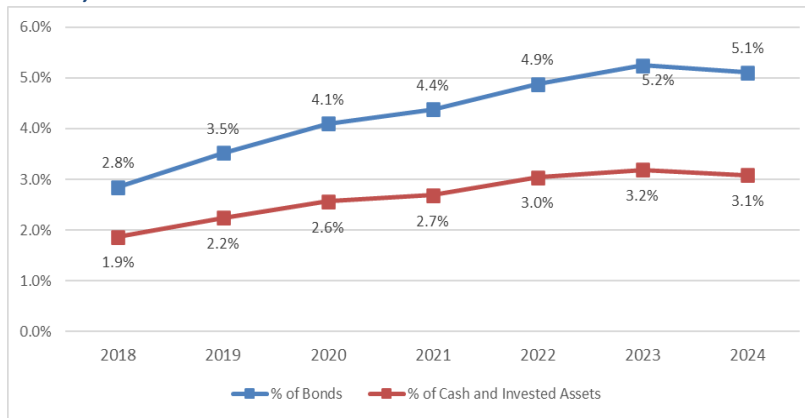


As a percentage of U.S. insurers’ total cash and invested assets, and as a percentage of overall bond investments, CLO investments had been steadily increasing over the last several years. (Refer to Chart 2.) At year-end 2024, however, the percentage of CLOs decreased slightly to 3.1% of U.S. insurers’ total cash and invested assets, from 3.2% at year-end 2023. Nevertheless, it remained significantly higher than the 1.9% held at year-end 2018. In addition, as a percentage of total bonds, CLOs also decreased slightly to 5.1% at year-end 2024, from 5.2% at year-end 2023; however, this was almost double the percentage of total bonds in 2018.

<sup>1</sup>Since 2018, U.S. insurers’ CLO exposure has been determined via data reported in the annual statement filings, as well as through additional analysis completed by utilizing third-party data sources, allowing for a more granular and thorough review. In addition, effective year-end 2022, U.S. insurers’ CLO exposure includes CLOs that were reported not only in Schedule D, Part 1—Bonds, but also in Schedule BA—Other Long-Term Investments. All U.S. insurer investment data analyzed in this special report is based on this methodology unless otherwise noted.



**Chart 2: U.S. Insurers’ CLO Investments as a Percentage of Total Cash and Invested Assets and Total Bonds, 2018–2024**



As in previous years, life insurers accounted for the majority of U.S. insurers’ CLO investments at year-end 2024. (Refer to Table 1.) That is, life insurers held 82% of total CLO investments, representing a slight increase from 80% at year-end 2023. Property/casualty (P/C) insurers followed, accounting for 16% of total CLO investments at year-end 2024, compared to 17% in 2023. Health and title insurers accounted for the remainder, most of which was with health companies.

**Table 1: U.S. Insurers’ CLO Investments by Industry Type, 2021–2024 (\$BACV mil.)**

| Statement Type    | Year-End 2024  | % of Total  | Year-End 2023  | % of Total  | Year-End 2022  | % of Total  | Year-End 2021  | % of Total  |
|-------------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Life              | 226,498        | 82%         | 217,129        | 80%         | 192,301        | 78%         | 163,645        | 76%         |
| P/C               | 44,627         | 16%         | 46,265         | 17%         | 47,402         | 19%         | 45,499         | 21%         |
| Health            | 5,704          | 2%          | 7,606          | 3%          | 7,953          | 3%          | 7,166          | 3%          |
| Title             | 4              | 0%          | 6              | 0%          | 4              | 0%          | 1              | 0%          |
| <b>Total CLOs</b> | <b>276,832</b> | <b>100%</b> | <b>271,006</b> | <b>100%</b> | <b>247,661</b> | <b>100%</b> | <b>216,312</b> | <b>100%</b> |

Note: Numbers in the table have been rounded.

Large insurers, or those with more than \$10 billion in assets under management, accounted for about 82% of the U.S. insurance industry’s CLO investments at year-end 2024, similar to prior years. Large life insurers held approximately 73% of the total. (Refer to Table 2.) Large P/C insurers comprised slightly more than half of all P/C insurers’ CLO investments.

**Table 2: U.S. Insurers’ CLO Investments by Assets Under Management, Year-End 2024 (\$BACV mil.)**

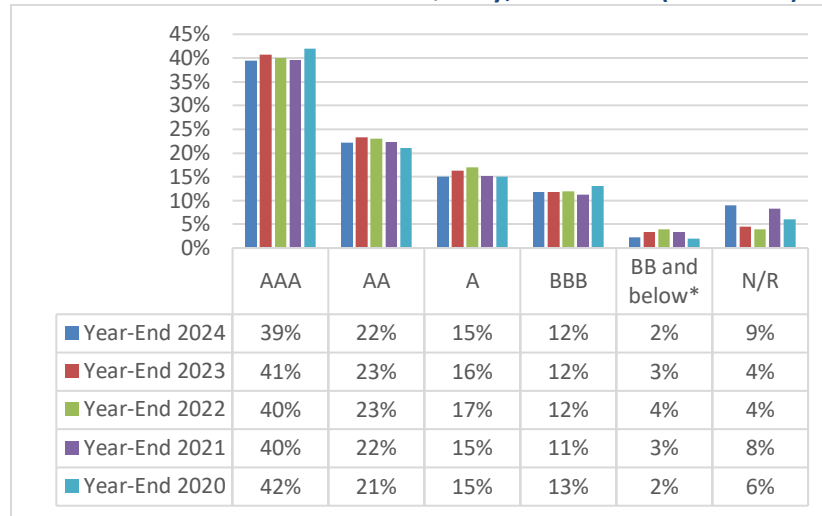
| Insurer Assets Under Management   | Life             | P/C             | Health     | Title          | Total            | % of Total  |
|-----------------------------------|------------------|-----------------|------------|----------------|------------------|-------------|
| Less than \$250 mil.              | 253.1            | 970.1           | 1.5        | 320.6          | 1,545.2          | 1%          |
| Between \$250 mil. and \$500 mil. | 526.7            | 1,159.7         | 2.2        | 676.8          | 2,365.4          | 1%          |
| Between \$500 mil. and \$1 bil.   | 796.1            | 1,498.6         | -          | 987.5          | 3,282.2          | 1%          |
| Between \$1 bil. and \$2.5 bil.   | 3,739.5          | 6,775.5         | -          | 1,485.6        | 12,000.6         | 4%          |
| Between \$2.5 bil and \$5 bil.    | 6,940.7          | 4,537.6         | -          | 1,527.2        | 13,005.5         | 5%          |
| Between 5 bil. And \$10 bil.      | 10,869.2         | 6,534.7         | -          | 300.7          | 17,704.7         | 6%          |
| Greater than \$10 bil.            | 203,372.3        | 23,150.8        | -          | 405.7          | 226,928.8        | 82%         |
| <b>Total</b>                      | <b>226,497.5</b> | <b>44,627.0</b> | <b>3.7</b> | <b>5,704.1</b> | <b>276,832.3</b> | <b>100%</b> |

Note: Numbers in the table have been rounded.



Overall, the credit quality of U.S. insurers’ CLO investments (including MM and BSL CLOs) has remained relatively stable over the last five years, with approximately 80% being investment-grade or higher (i.e., rated BBB and above). (Refer to Chart 3.) U.S. insurers’ CLO investments rated AAA decreased slightly to 39% of the total at year-end 2024 from 41% in 2023, and CLO investments rated AA were 22% of total CLOs at year-end 2024 compared to 23% at year-end 2023. AAA-rated tranches continue to be the largest portion of U.S insurers’ CLO investments, hovering around 40% of the total for the past five years, followed by AA-rated tranches in the low-20% range over the same time period. Non-rated (NR) CLO investments totaled 9% at year-end 2024; the NR category includes CLO tranches that were reported by insurers without a rating, as well as CLO equity tranches that are not rated by nationally recognized statistical rating organizations (NRSROs).

Chart 3: U.S. Insurers’ CLO Credit Quality, 2020–2024 (% of Total)



\*Between 2020 and 2024, CLO investments rated in the B-ratings category and lower were less than 1% of U.S. insurers’ total CLO investments.

CLO investment risk is partly dependent on the credit quality of the CLO collateral (i.e., the underlying portfolio of bank loans) and the structural protections provided by the CLO. This includes, for example, overcollateralization and interest coverage requirements, as well as investment guidelines regarding issuer and industry diversification within the portfolio of bank loans. CLO investment risk for U.S. insurers, for the most part, is mitigated by the relatively high percentage of AAA-rated tranches held. As they are the senior-most tranche of the CLO structure, AAA-rated bonds are awarded the most credit enhancement. In addition, CLO investment risk is dependent on the concentration of CLO exposure within each insurer’s investment portfolio, particularly as a percentage of a company’s total capital and surplus.

Ten U.S. insurer groups accounted for approximately 43% of all insurer CLO investments as of year-end 2024. Three are private equity (PE)-owned insurers, and most were large life companies, many of which have CLO management subsidiaries. As such, these insurers typically benefit from having internal CLO infrastructure and knowledge. Lastly, the top 25 insurer groups accounted for 70% of the industry’s CLO exposure at year-end 2024.

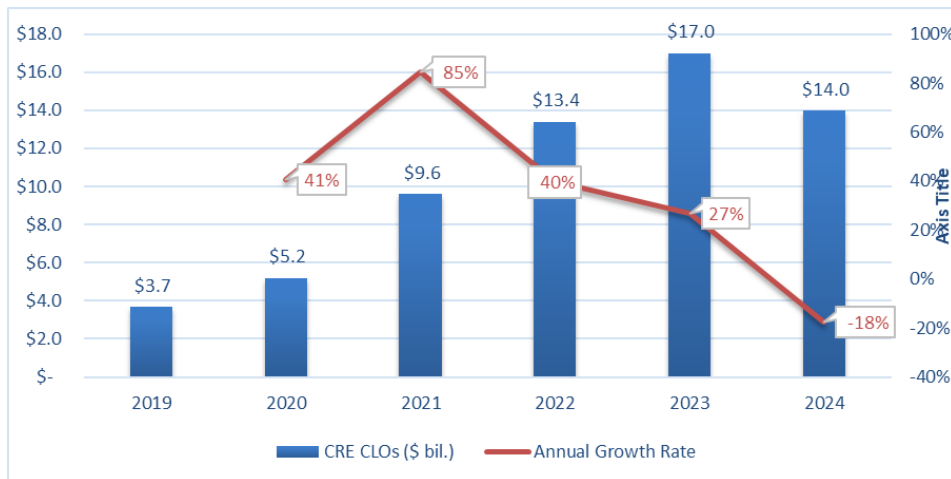


Among the 137 PE-owned insurers as of year-end 2024, nearly half reported having CLO investments in their annual statement filings. PE-owned insurers tend to have higher allocations to structured finance investments than the overall U.S. insurance industry, as discussed in the NAIC Capital Markets Bureau special report titled [“Private Equity-Owned U.S. Insurer Investments Increased at Year-End 2024,”](#) published in August 2025. About 21% of U.S. insurers’ total CLO exposure, or \$59 billion, was held by PE-owned insurers. Among these investments, approximately 65% were rated investment grade or higher at year-end 2024 (compared to 80% for the overall U.S. insurance industry), with 21% rated AAA (compared to nearly 40% for all U.S. insurers), indicating lower credit quality for PE-owned insurers’ CLO investments.

*Decrease in Commercial Real Estate Collateralized Loan Obligation Investments*

U.S. insurers’ investment in commercial real estate (CRE) CLOs had been increasing over the last few years but declined by about 17% to \$14 billion at year-end 2024, from about \$17 billion at year-end 2023. (Refer to Chart 5.) The decrease in exposure may be due in part to market inventory and trends or more attractive opportunities elsewhere. Even so, U.S. insurers’ exposure to CRE CLOs has almost quadrupled since 2019. CRE CLOs are similar in structure to other CLO types; however, the underlying collateral consists of shorter-term loans (compared to broadly syndicated loans) on transitional CRE properties. U.S. insurers’ investment in CRE CLOs remains at less than 1% of total cash and invested assets.

**Chart 5: U.S. Insurers’ CRE CLO Investments, 2019–2024**



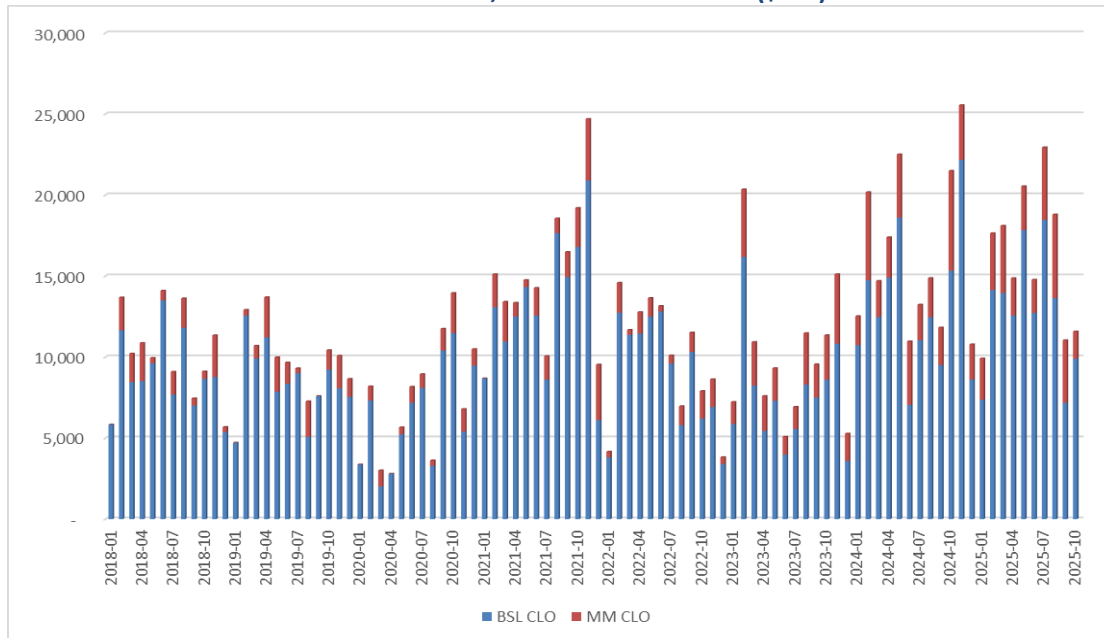
About 87% of U.S. insurers’ CRE CLO investments were held by life insurers, which was an increase from 84% at year-end 2023. Exposure among P/C companies decreased to about 11% in 2024 from 14% at year-end 2023. The majority of U.S. insurers’ CRE CLO investments at year-end 2024 were investment-grade and higher; that is, approximately 87% were rated BBB and above, with 47% of these rated AAA. The remaining 13% consisted of NR CRE CLO investments. More information on CRE CLOs can be found in the NAIC Capital Markets Bureau (CMB) primer titled [“Commercial Real Estate Collateralized Loan Obligations.”](#)



### CLO New Issuance and Volume Trends

According to Bank of America (BoFA) Securities research, new issuance of U.S. BSL and MM CLOs at year-end 2024 totaled almost \$200 billion, achieving a new issuance record. The previous new issuance record totaled about \$180 billion in 2021. About \$158 billion, or 80% of the 2024 year-end total, consisted of BSL CLOs, with the remaining \$38 billion comprising MM CLOs.<sup>2</sup> (Refer to Chart 6.) In comparison, new BSL and MM CLO issuance for 2023 totaled \$119 billion. CLO new issuance surged in 2024 due in part to the continued attractiveness of floating rate notes issued by CLOs as interest rates were at a two-decade high for most of the year, according to Federal Reserve data. Strong performance of the underlying BSL collateral also contributed to the increase in CLO new issuance in 2024. Year to date through October 2025, CLO new issuance totaled about \$160 billion, with BSL CLOs accounting for 80% of the total, or \$132 billion, according to BoFA research. MM CLOs accounted for the remainder, or about \$32 billion.

Chart 6: New BSL and MM CLO Issuance, Jan. 2018–Oct. 2025 (\$bil.)



Source: BoFA

MM CLOs also achieved record issuance in three of the previous four years ending 2024, according to S&P Global,<sup>3</sup> due to strong investor demand that included an expanded investor base. Strong demand has also continued into 2025. MM CLOs have also become a larger share of the U.S. CLO market over the last couple of years, reaching a high of 24% of total CLO new issuance in 2023. Robust demand has caused MM CLO spreads to tighten, yet investor appetite continues. The underlying MM CLO collateral tends to have higher yields than BSLs, partly due to the lower credit quality of MM borrowers, as well as smaller loan-issuance sizes. In contrast, BSLs tend to have higher credit quality, with larger loan sizes, and are

<sup>2</sup> MM CLOs are most often collateralized by bank loans made to companies with less than or equal to \$500 million in gross revenues, and less than or equal to \$50 million in earnings before interest, tax, depreciation, and amortization (EBITDA).

<sup>3</sup> S&P Global, *CLO Spotlight: Good Things Come In Small Packages: A Short Primer On Middle Market CLOs*, March 2025.

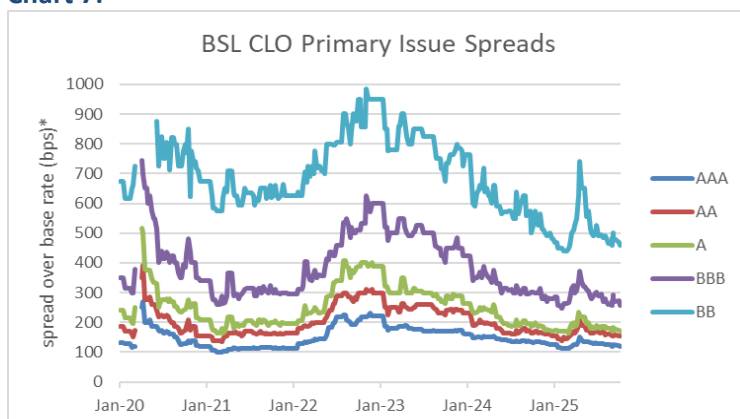


structured or syndicated by multiple banks. As a result, spreads are typically wider for MM CLOs than BSL CLOs.

While there may be several reasons for the slowed growth in U.S. insurers' overall CLO exposure, strong investor demand is a primary reason for the record CLO new issuance. According to S&P Global research, this is due in part to the entrance of new investors that include mostly retail and small institutions investing in CLO exchange-traded funds (ETFs). The CLO ETF market has grown to over \$19 billion as of late November 2024, up from \$120 million in 2020, according to S&P Global, due to its attractiveness as a floating-rate investment in a high-interest-rate environment.<sup>4</sup> In addition, S&P Global research also noted that, similar to U.S. insurers, most CLO ETFs have invested in AAA-rated BSL CLO tranches to date.

At year-end 2024, spreads on new-issue AAA-rated BSL CLOs were approximately 125 basis points (bps) over term Secured Overnight Financing Rate (SOFR)—the lowest for the year—having decreased from 160 bps at the beginning of the year. The spread narrowed further to about 120 bps as of the end of October 2025, according to BofA. (Refer to Chart 7.) Spreads tend to narrow with a presumed decrease in risk, and they may also shift in response to other factors, such as changes in supply and demand.

Chart 7:



Source: BofA

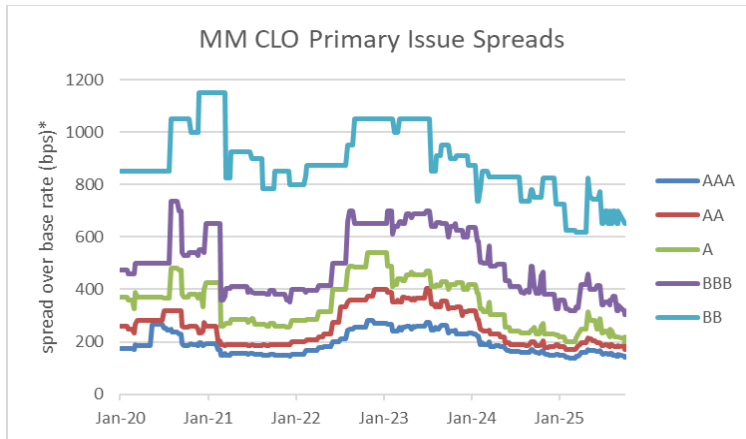
\*The base rate prior to February 2022 was LIBOR and, thereafter, SOFR.

For MM CLOs, spreads on new-issue AAA-rated MM CLOs were approximately 150 bps over SOFR at year-end 2024 (also the low for the year), having decreased from a high of 234 bps in January. (Refer to Chart 8.) Since then, the spread has narrowed further to about 146 bps as of October 2025, according to BofA.

<sup>4</sup> S&P Global, *ABS Frontiers: How the Burgeoning CLO ETF Sector Could Impact the Broader CLO Market*, November 2024.



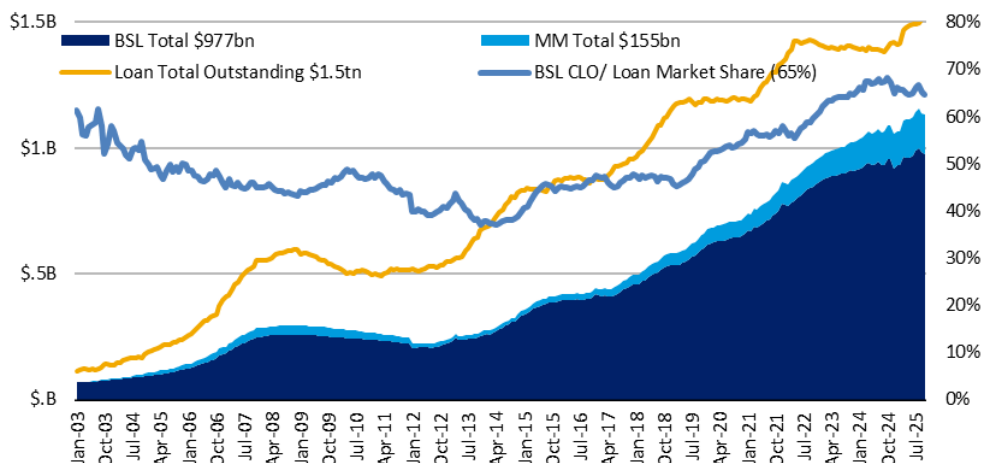
Chart 8:



Source: BofA.  
\*The base rate prior to February 2022 was LIBOR and, thereafter, SOFR.

Outstanding U.S. BSL and MM CLOs first surpassed \$1 trillion in 2023, and as of October 2025, they totaled \$1.13 trillion outstanding according to BofA research. This represents a small increase from \$1.04 trillion at year-end 2024. Despite record issuance in 2024, total outstanding CLOs did not increase significantly from year-end 2023 due in part to netting out redemptions from reset activity, according to BofA. As of October 2025, outstanding BSL CLOs accounted for 86% of the total U.S. CLO market, or about \$977 billion, with outstanding MM CLOs comprising the remaining 14%, or \$155 billion. (Refer to Chart 9.) Based on exposure as reported by U.S. insurers in the annual statement filings with the NAIC, and similar to prior years, U.S. insurers held approximately 25% of total outstanding U.S. BSL CLOs at year-end 2024, and about 39% of outstanding U.S. MM CLOs.

Chart 9: Historical U.S. BSL and MM CLOs Outstanding, Jan. 2003–Oct. 2025 (\$bil.)



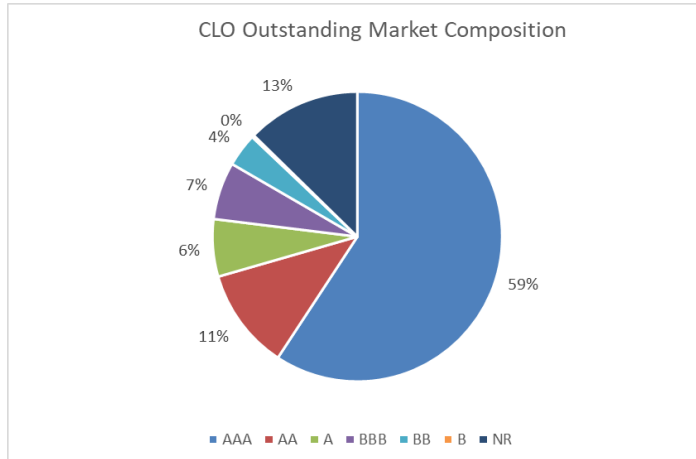
Source: BofA

AAA-rated CLO tranches accounted for 59% of the total CLO market as of October 2025, according to BofA research, followed by 11% in AA-rated tranches and 13% NR. (Refer to Chart 10.) Tranches that are NR may represent the bottom-most equity tranche of the CLO capital structure, which is often the first-loss



position. However, this is not always the case for all CLO capital structures. For more background on [CLOs](#) and [MM CLOs](#), please refer to the NAIC CMB’s primers.

Chart 10:



Source: BofA Global Research, September 2025

### *High Demand for CLOs and Record Issuance for Leveraged Bank Loans in 2024*

As discussed in the NAIC CMB’s special report, “[Small Increase in U.S. Insurers’ Bank Loan Investments as Year-End 2024](#),” published in September 2024, new U.S. institutional leveraged loan issuance increased more than 250% to \$1.34 trillion in 2024, from about \$400 billion in 2023, according to Fitch Ratings (Fitch).<sup>5</sup> Throughout 2023 and 2024, significant spread-tightening occurred, particularly as the Federal Reserve raised interest rates to combat inflation and slow economic growth. As a result, along with an influx of loan refinancings and repricings, a high demand for CLOs triggered new leveraged loan activity. Investors continued to seek investment in CLOs—the largest acquirers of leveraged loans—as they demonstrated strong performance through the financial crisis, offering more attractive and higher yields than comparably rated bonds, such as Treasuries. More background on leveraged bank loans can be found in the NAIC CMB’s primer on [Leveraged Bank Loans](#).

### *CRE CLO Market Trends*

At year-end 2024, total CRE CLO issuance increased to about \$8.7 billion according to Trepp,<sup>6</sup> from \$6.7 billion in 2023. Multi-family properties continued to account for the largest asset class since at least 2019. In comparison, in 2021 and 2022, CRE CLO new issuance reached its peak at approximately \$45 billion and \$30 billion, respectively. Year to date through mid-2025, Trepp cited over \$17 billion of new CRE CLO issuance. Trepp attributes the increase in new issuance in 2024 and 2025 to a shift in how market participants view and approach these transactions. They include more stringent underwriting, along with

<sup>5</sup> Fitch Ratings, [U.S. Leveraged Finance Annual Manual: 2025](#), April 2025.

<sup>6</sup> Trepp, [CRE CLO Issuance in 2025: A Rebound in Volume; A Repricing of Risk](#), July 2025.



a focus on sector exposure, compared to the peak new issuance that occurred in 2021 and 2022, and the contraction that occurred in 2023. Additionally, Trepp research indicates that the 2024 and 2025 vintages have demonstrated strong performance metrics. For more background on this asset type, please refer to the NAIC CMB's [CRE CLO primer](#).

The NAIC CMB will continue to monitor CLO trends and report as appropriate.

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