





Largest Bond Type— Corporate Bonds— Increase in BACV but Decrease as a Percentage

Corporate bonds continue to remain the largest bond type among PE-owned U.S. insurers. At year-end 2022, they increased to \$177.3 billion from \$171.3 billion at year-end 2021. (Refer to Table 3.) However, as a percentage of total cash and invested assets, they decreased to 50% from 52%. Exposure to corporate bonds for *all* U.S. insurers was about 56% of total bonds at year-end 2022 and has been in the mid-50% range in prior years.

The higher



slowdown in the acquisition of U.S. insurers by PE firms due in part to rising interest rates and high inflation. With rising rates, the cost of capital increases for acquiring insurers.

PE-owned insurers may leverage the capital markets networks of their parent company for higher risk and less liquid assets that, in turn, have the potential for increased volatility. This trend is evidenced by the increased Schedule BA investments held by PE-owned U.S. insurers (and particularly the decrease in the percentage of unaffiliated Schedule BA investments), along with higher concentrations of nontraditional bond investments—such as ABS and other structured securities, private-label RMBS, and private-label CMBS—than the overall U.S. insurance industry. Notwithstanding, whether or not insurers are owned by PE firms, investment activity must abide by applicable state insurance laws.

The NAIC Capital Markets Bureau will continue to monitor trends in PE-owned U.S. insurer investments and report as deemed appropriate.