Data Connection

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How NAIC Is Increasing Oversight of Insurer's Use of Private Credit

These initiatives by the National Association of Insurance Commissioners focus on oversight of insurers' private credit investments and use of credit ratings for risk-based capital (RBC) purposes.

Beginning Dec. 31, 2025: The NAIC plans to discontinue using credit ratings to determine RBC charges on collateralized loan obligation (CLO) investments. Instead, insurers will be required to submit CLO investments to NAIC staff, who will assign designations using an internal CLO modeling tool.

Effective Jan. 1, 2025: Insurers were required to evaluate their investment portfolios by this deadline to determine which securities qualify as bonds under the new definition, potentially leading to reclassification and less favorable RBC treatment of certain asserts.

For implementation by Jan. 1, 2026: The NAIC granted the staff of its Investment Analysis Office (IAO) the authority to challenge credit ratings submitted to the NAIC by insurers through the "filing exempt" (FE) process if they deem the rating an unreasonable assessment of investment risk.

In 2025: The NAIC will begin deactivating certain private letter ratings (PLRs) on bonds submitted by insurers and issued on or after January 1, 2022 that lack a rating rationale report. The security's FE status will be deactivated if the insurer doesn't file such a report with the NAIC.

Source: Moody's Ratings Outlook, January 21, 2025. "Private Credit – Global."