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## How Life Insurers Changed Alt-Asset Managers

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By Kerry Pechter     Fri, Oct 3, 2025

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*A new research paper from Harvard Business School and State Street documents how publicly-traded alternative asset managers have channeled hundreds of billions of dollars from annuity issuers into their private credit operations.*

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The secret to successful asset management, one hears, is to acquire other people's money at low cost and hold onto it as long as possible (keeping it "sticky"). If so, the business of gathering funds by selling long-dated fixed indexed annuities to Boomers should be ideal.

Since the mid-2010s, the biggest "alternative-asset managers," or AAMs—Apollo, KKR, Blackstone, etc.—have entered the annuity business and used it to finance their private credit operations. Leveraged with offshore reinsurance, it's a model *RIJ* has called the "Bermuda Triangle" strategy.

New [research](#) from Harvard Business School shows just how successful this strategy has been for the AAMs. From 2014 to 2024, "total AUM of publicly listed AAMs grew five times, from \$1.1 trillion in 2014 to \$5.5 trillion... [and] \$2.5 trillion in credit-focused AUM, almost ten times what they had in 2014."

The paper, "Permanent Capital Meets Private Markets: The Transformation of Alternative Asset Managers," documents the "structural change" in the "funding architecture" of 11 publicly-listed AAMs with assets under management of \$100 billion or more as they bought, started, or partnered with life/annuity companies.

*RIJ*'s reporting has focused since 2020 on the way the AAMs' money changed the life/annuity business. In their paper, Harvard economist George Serafeim and three analysts from State Street Global Advisors show how the life insurers' money changed the AAMs.

From their perspective, the AAMs needed access to the life insurers' general account assets because their existing sources of deal capital were shrinking. From *RIJ*'s perspective, life insurers were weakened by the Great Financial Crisis, regulation and the Fed's ZIRP policy. AAMs supplied them with cash and investment expertise.

"The appeal of insurance products to AAMs can be understood based on the limitations of existing fund-raising avenues, product scope, and market valuation," the paper said.

"Closed-end private-equity and private-credit funds require periodic vintages, each preceded by a marketing cycle and followed by distributions that return capital to limited

partners.”

That was a Sisyphean model. “This episodic model obliges general partners to remain in quasi-permanent fund-raising mode and subjects fee momentum to macro-cyclical investor sentiment,” the authors found. “Life insurers, by contrast, collect policyholder premiums continuously; fixed and fixed-indexed annuities alone generated roughly \$280 billion of new deposits in the United States during 2024.”

The authors divide the 11 big AAMs into three categories, heavily, lightly or not at all invested in the insurance business. Apollo (affiliated with Athene), Brookfield (with American Equity Investment Life), and KKR with Global Atlantic, were the three most heavily invested.

The paper show how the AAMs directed insurance funds into private credit:

- Following Blackstone’s insurance deals, year-over-year AUM grew by ~\$260 billion; \$104 billion of that was an increase in credit strategies.
- For Apollo in the three years following the merger with Athene, AUM grew by more than \$250 billion. Credit AUM grew by ~\$200 billion during that period.
- For Ares, following the founding of Aspida, AUM grew by more than \$300 billion, with credit AUM growing by ~\$200 billion. F
- For Carlyle, following the Fortitude Re deal, AUM grew by about \$200 billion, with \$150 billion attributed to credit strategies.

There’s a downside to the insurer partnerships for publicly-held AAMs, the paper points out. “Public markets assign lower valuation multiples to insurance-integrated AAMs,” the authors write. “Insurance integration requires navigating solvency regulation, asset-liability management, and complex capital structures. Cross-border reinsurance arrangements introduce opacity, and the commingling of fee and spread businesses raises questions around governance, risk appetite, and cultural fit.”

The complexity of the Bermuda Triangle strategy stems in part from its use of regulatory arbitrage. The AAMs are SEC-regulated. The insurance companies are state-regulated. The reinsurers are in Bermuda or the Cayman Islands. The strategy allows the AAMs to sell investment-like products under state supervision and to use Bermuda accounting standards to manage down the capital requirements that can make annuities a tough business.

We should clarify what we mean by “investment-like products.” There’s a misconception about today’s most popular annuities that the HBS paper doesn’t correct. The AAMs don’t sell the sort of traditional annuities that people buy in their 60s for income in retirement.

Instead, they mainly sell fixed deferred or options-based fixed indexed annuities with guarantees against loss. Most people buy them for yield, not income.

The AAMs have not so much embraced “your grandfather’s” life insurance business as they have helped complete its evolution into an annuity business and then into an investment business—a process that began decades ago.

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