

## **Slow-Walking the Oversight of Insurers and CLOs: 2010 - 2025**

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By Editorial Staff    *Sat, Apr 26, 2025*

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*Committees at the National Association of Insurance Commissioners since 2014 have been studying how best to regulate the purchase of collateralized loan obligation tranches by life/annuity companies from asset managers who own them. "No uniform binding regulatory overhaul has been enacted," says ChatGPT, which provides a timeline of NAIC activity on CLOs.*

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### Timeline: Life Insurers, Private Equity, and NAIC Scrutiny

There has been a decade-long regulatory lag in the supervision of the use of private credit by life/annuity companies. The regulatory system still relies heavily on self-reporting, conflict committees, and state-level review, rather than structural limits on how much affiliated exposure an insurer can take on.

(Source: ChatGPT.)

#### 2011–2013

- Private equity firms begin acquiring life insurers (e.g., Apollo’s deal with Athene, Guggenheim’s stake in Security Benefit, and Global Atlantic spun out of Goldman Sachs).
- Insurers start allocating heavily into structured credit, private credit, CLOs — especially those managed or arranged by their new owners or affiliates.

#### 2014–2017

- Early NAIC attention emerges in the form of disclosures, but no real rule changes.
- Athene becomes a top CLO buyer — often in deals underwritten or managed by Apollo.
- NAIC mainly focuses on capital adequacy under the current model, not on affiliated transaction governance.

#### 2018–2019

- More insurers expand into CLOs and private credit.
- NAIC forms the Private Equity Issues Working Group to begin examining conflict of interest and related-party exposure across the life insurance sector.
- Athene, Global Atlantic, and F&G grow structured credit exposure substantially, often to affiliated funds.

#### 2020

- The Private Equity Issues Working Group releases a discussion draft highlighting potential conflicts when insurers invest in securities arranged or managed by affiliated asset managers, but no formal rulemaking.
- COVID market volatility makes the reliance on CLOs more visible, but NAIC focuses more on solvency stress testing than governance reform.

#### 2021

- VOSTF (Valuation of Securities Task Force) starts asking questions about "bespoke" structured assets and affiliated manager oversight, especially CLO tranches purchased by insurers from related entities.
- Calls for clearer disclosure of affiliated investments in Statutory Financial Statements.
- No binding regulatory changes.

#### 2022

- NAIC begins circulating drafts for:
  - Enhanced reporting for affiliated asset manager transactions.
  - Possible changes to risk-based capital (RBC) charges for structured credit.
- Discussion of using external third-party price validation rather than affiliate-supplied pricing — but still no formal adoption.

#### 2023–2024

- Working groups (SSG, VOSTF) continue to review the issue.
- A few states (e.g., New York and California) take a harder look at specific insurers’ use of affiliate-managed assets, but there’s no national rule change.
- Debate focuses on whether existing arms-length standards and board-level disclosures are sufficient.
- Pushback from industry slows progress.

#### 2025 (so far)

- The NAIC still has only draft recommendations and is exploring whether to mandate:
  - More detailed affiliated investment schedules.
  - Potential higher capital charges for affiliated structured assets.
  - Requirements for unaffiliated third-party valuation and pricing validation.

*No uniform, binding regulatory overhaul has been enacted yet — and the affiliated asset manager / insurer model remains intact and active.*

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