



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).

Percent of U.S. Insurers Outsourcing to Unaffiliated Investment Managers Remains Consistent at Year-End 2022

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Executive Summary

- The percentage of U.S. insurers that reported outsourcing investment management to an unaffiliated firm has remained relatively unchanged over the last three years ending 2022; it was about half of all U.S. insurers.
- Similar to years prior, property/casualty (P/C) companies continue to account for almost 60% of U.S. insurers that outsource to unaffiliated investment managers.
- Also consistent with prior years, small insurers, or those with less than \$250 million in assets under management (AUM), accounted for the largest percentage, or 62% of the total number of U.S. insurers, that outsourced investment management at year-end 2022.
- Notwithstanding, the percentage of small insurers that outsource investment management decreased from 2021 to 2022, while the percentage of large insurers, or those with more than \$10 billion AUM, increased year-over-year.
- For U.S. insurers that named the unaffiliated investment management firms they use, BlackRock, Conning, and New England Asset Management (NEAM) have been the top three most-named investment managers over the last few years.

The percentage of U.S. insurers that outsource investment management capabilities has been stable over the three years ending 2022, and it represented about half of all U.S. insurers at each of the three year-end time frames. In previous years, the percentage of U.S. insurers that outsourced investment management capabilities had been rising due in part to the need for investment management expertise related to a focus on nontraditional investments. That is, in what was a continued low-interest rate environment, the low yields on fixed-income investments resulted in U.S. insurers investing in more nontraditional, or higher yielding, alternative investments that required specialized investment management skills by some insurers. U.S. insurers must disclose data on unaffiliated investment managers per the *NAIC Annual Statement Instructions*. However, they are not required to report the



actual book/adjusted carrying value (BACV) of outsourced assets. In addition, not all U.S. insurers include investment management firm names in their annual reporting.

At year-end 2022, the total *number* of U.S. insurers that outsourced investment management increased slightly from year-end 2021. (Refer to Table 1.) However, in percentage terms, 51% of the total number of U.S. insurers that filed annual statements with the NAIC at year-end 2022 reported outsourcing investment management, consistent with that of year-end 2021 and through at least 2019.

Table 1: U.S. Insurers Outsourcing to Unaffiliated Investment Managers: 2022 versus 2021

Statement Type	2022			2021		
	Number of Insurers Outsourcing	Percent of Total U.S. Insurers Outsourcing	Pct of All U.S. Insurers	Number of Insurers Outsourcing	Percent of Total U.S. Insurers Outsourcing	Percent of All U.S. Insurers
P/C	1,343	57%	29%	1,347	58%	29%
Health	570	24%	13%	552	24%	12%
Life	405	17%	9%	409	18%	9%
Title	21	1%	0%	22	1%	0%
Total Outsourcing	2,339	100%	51%	2,330	100%	51%

Note: Total number of U.S. insurers filing annual statements was reported to be 4,554 in 2022 and 4,576 in 2021. Numbers in the table have been rounded.

Similar to years prior, property/casualty (P/C) companies represented almost 30% (1,343) of all reporting insurers and nearly 60% of the total number of U.S. insurers that reported outsourcing investment management at year-end 2022. Health companies were the second largest insurer type that outsourced investment management at 13% of all U.S. insurers, or 24% of only those U.S. insurers that reported outsourcing investment management to a nonaffiliate.

Small Insurers Dominate Outsourcing Investment Management

Small insurers accounted for 62% of the total number of U.S. insurers that reported outsourcing to an unaffiliated investment manager as of year-end 2022, which was a slight decrease from 67% at year-end 2021. (Refer to Chart 1 and Chart 2.) Notwithstanding, small insurers have accounted for most U.S. insurers' outsourcing investment management capabilities for the last few years. Countering the decrease, the percentage of large insurers that outsourced to unaffiliated investment managers increased to 5% at year-end 2022 from 2% at year-end 2021.



Chart 1: U.S. Insurers Outsourcing to Unaffiliated Investment Managers by AUM (%), Year-End 2022

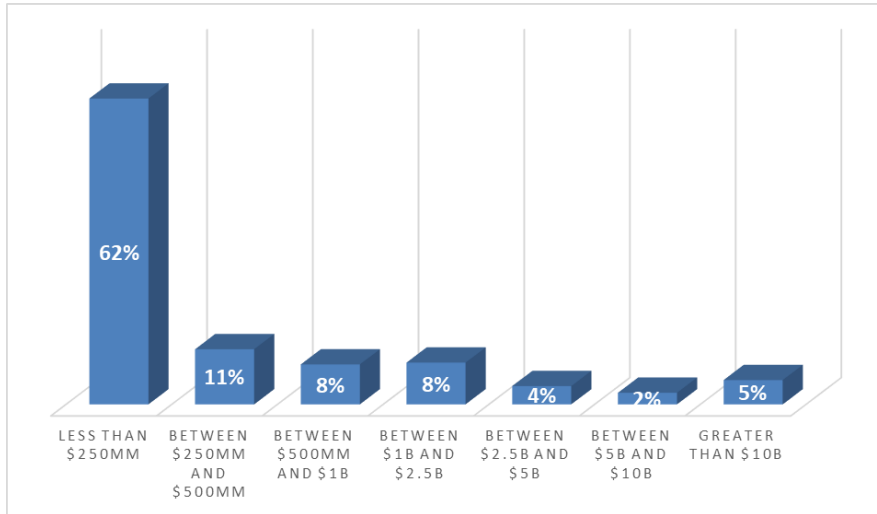
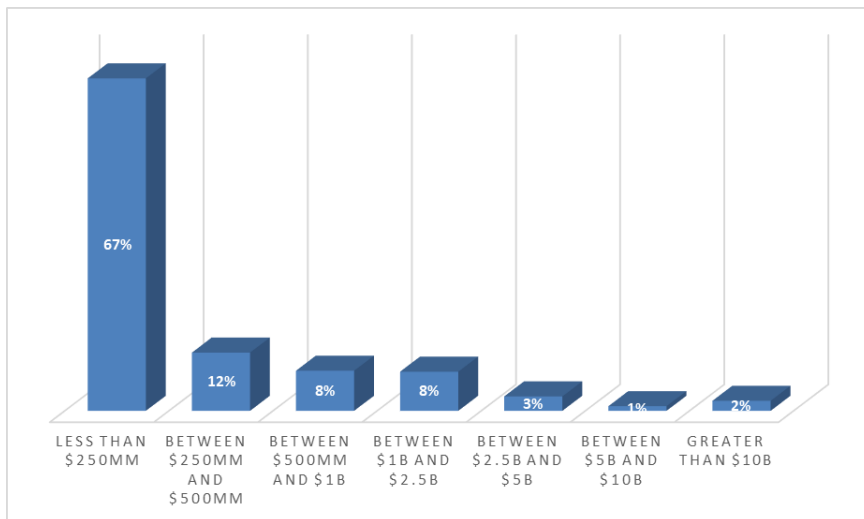


Chart 2: U.S. Insurers Outsourcing to Unaffiliated Investment Managers by AUM (%), Year-End 2021



For small insurers, outsourcing to unaffiliated investment managers tends to represent a more cost-effective way to manage some or all of their assets. That is, some small insurers may be limited with access to necessary resources related to investment expertise and capabilities. And hiring an unaffiliated investment manager may be more economical than replicating the skills or experience of an unaffiliated investment manager. This is particularly true for specialty asset classes, such as alternative investments.

At year-end 2022, P/C companies represented the majority, or 65%, of small insurers that outsourced investment management. Similarly, among large U.S. insurers, life companies accounted for most of those that outsourced to unaffiliated investment managers, also at 65% of the total. This trend is a function of the insurer type within each assets under management (AUM) category, as well as the percentage of the total insurer population that outsources. In addition, the number of P/C companies in

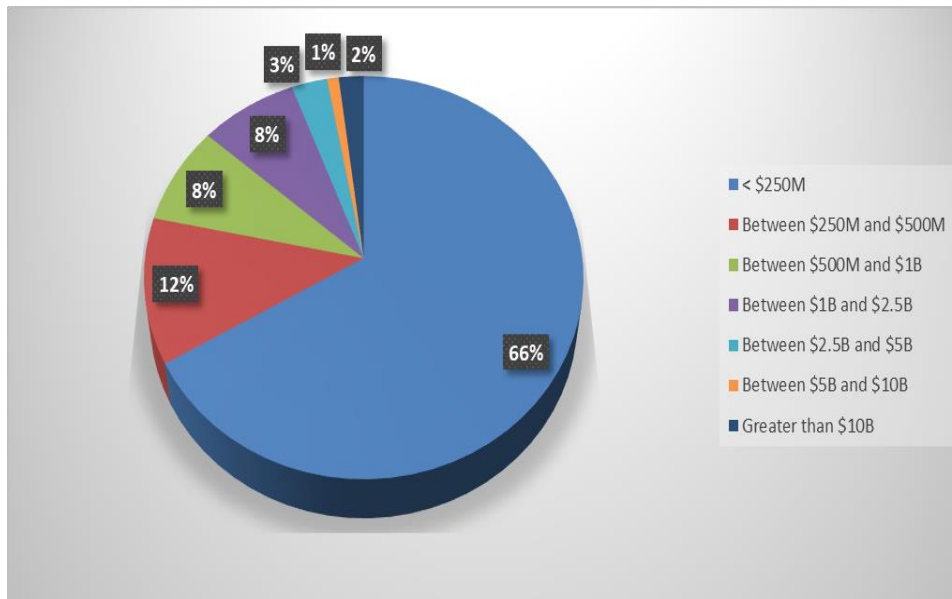


the U.S. insurance industry is greater than the number of life companies; this is also true among small insurers, but the number of life companies is greater than the number of P/C companies as AUM increases.

Outsourcing At Least 10% of Assets to a Single Investment Manager

Consistent with at least the prior two years, as of year-end 2022, 87% of U.S. insurers that outsourced to an unaffiliated investment manager did so with a *single* investment manager for more than 10% of their assets. Small insurers accounted for the most significant proportion, or about 66% of all U.S. insurers that reported more than 10% of their assets managed by a single unaffiliated investment manager. (Refer to Chart 3.) Insurers having less than \$500 million in AUM accounted for about 80% of U.S. insurers that reported more than 10% of their assets managed by a single unaffiliated investment manager at year-end 2022. Analysis completed by the NAIC Capital Markets Bureau shows that over the last five years ending year-end 2022, the percentage of small U.S. insurers that outsourced more than 10% of their assets to a single unaffiliated investment manager decreased (i.e., to 66% in 2022 from 72% in 2018), while the percentage that accounted for large insurers increased for the same period (i.e., to 2% in 2022 from 1% in 2018). This may be partly due to life companies' increased affiliation with and/or acquisitions by private equity firms that they may leverage for investment management.

Chart 3: U.S. Insurers Outsourcing at Least 10% of Their Assets to a Single Investment Manager (%), Year-End 2022



Within the small companies that outsourced at least 10% of their assets to a single investment manager, P/C companies accounted for the largest industry type, or 66% of small insurers, consistent with year-end 2021. This was followed by health companies at 22%, also consistent with year-end 2021.

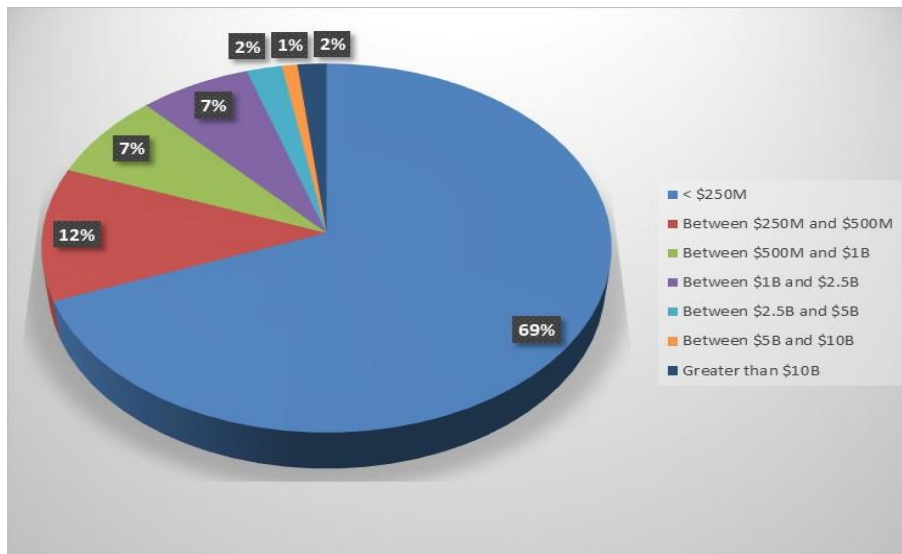


Outsourcing More Than 50% of Assets to a Single Investment Manager

Unchanged with year-end 2021, about 37% of all U.S. insurers reported outsourcing more than 50% of their assets to unaffiliated investment managers at year-end 2022. Among only the insurers that outsource, the percentage that did so for more than 50% of their assets remained consistent at 72% of the total for year-end 2022 and year-end 2021. This trend may reflect insurers already having outsourced to unaffiliated investment managers once they shifted into more risky, higher-yielding investments prior to 2021, when interest rates were lower for longer.

Small insurers accounted for the largest number of insurers that outsourced investment management for more than 50% of their assets, at 69% of the total at year-end 2022. (Refer to Chart 4.) This was slightly lower than 64% at year-end 2021 and a decrease from the low 70% range in prior years. Moreover, like year-end 2021, insurers with less than \$500 million in AUM accounted for 81% of U.S. insurers that outsourced more than 50% of their assets to unaffiliated investment managers at year-end 2022.

Chart 4: U.S. Insurers by Total AUM Outsourcing at Least 50% of Their Total Assets, Year-End 2022



Within small insurers, and like year-end 2021, P/C companies accounted for 64% of those that outsourced more than 50% of their assets to unaffiliated investment managers at year-end 2022. Also consistent with year-end 2021, health companies accounted for 21% of total small insurers outsourcing more than 50% of assets to unaffiliated investment managers at year-end 2022.

Most-Named U.S. Insurer Unaffiliated Investment Managers

The top three unaffiliated investment managers reported by U.S. insurers in 2022 were unchanged over the last four years. BlackRock maintains the top listing, followed by Conning Asset Management and New England Asset Management (NEAM). There were no changes among the top 10 names over the last



two years. (Refer to Table 2.) Additionally, the top eight managers have been among the most-named for at least the last five years. In total, U.S. insurers named about 750 unaffiliated investment managers.

Table 2: Investment Managers Most Often Listed by U.S. Insurers, 2018–2022

Most Listed Investment Firms	2022 Rank	2021 Rank	2020 Rank	2019 Rank	2018 Rank
Black Rock Financial Management, Inc.	1	1	1	1	1
Conning Asset Management	2	2	3	2	2
New England Asset Management, Inc. (NEAM)	3	3	2	3	3
Wellington Management Co.	4	4	6	7	7
J.P. Morgan Asset Management Inc.	5	5	5	6	6
Goldman Sachs Asset Management	6	6	8	9	9
Asset Allocation & Management Co. LLC (AAM)	7	7	4	4	4
DWS Investment Management Americas	8	8	7	5	5
Pacific Investment Management Co (PIMCO)	9	9	NA	NA	NA
Loomis, Sales & Company, L.P.	10	10	NA	NA	NA

Outsourcing Investment Management Trends Among Insurers

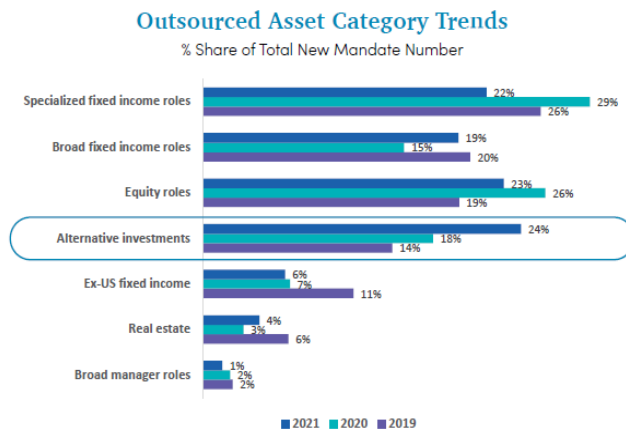
At year-end 2021, about \$3.4 trillion in global insurer assets were managed by 58 investment managers, according to the Insurance Asset Outsourcing Exchange’s¹ annual survey. This represents a 15% increase from \$2.9 trillion across 49 investment managers at year-end 2020 and a continued increase from \$2.6 trillion at year-end 2019. According to the same survey, regionally, North American insurers increased outsourcing assets under management by 18% from 2020 to 2021. In addition, outsourced insurer assets under management have grown from \$1.4 billion globally in 2013 and have averaged 11% growth over the last eight years.² The trend in increasing outsourced assets under management coincides with insurers’ increased exposure to alternative investments. Note that according to the Insurance Asset Outsourcing Exchange report, private debt and private equities account for most of the outsourced alternative investment mandates. (Refer to Chart 5.)

¹ Clearwater Analytics, *Insurance Investment Outsourcing Report – 2022 Edition*.

² Clearwater Analytics, *9 Trends from Nine Years of the Insurance Investment Outsourcing Report, 2022*.



Chart 5:



Source: Insurance Asset Outsourcing Exchange, Insurance Asset Tracker Database, updated quarterly.

The NAIC Capital Markets Bureau will continue to monitor trends in unaffiliated investment management of U.S. insurer assets and report as deemed appropriate.

Questions and comments are always welcome. Please contact the Capital Markets Bureau at CapitalMarkets@naic.org.

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