Live Wires

in the Life & Annuity Industry

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Private Credit

- Private credit investments are now **“table stakes”**
- Solid returns, but **untested through a full credit cycle**
- Exposure is uneven across carriers
- NAIC moving to tighten oversight, raise capital charges on some forms of PC

Private Letter Ratings

- PLRs may systematically **underestimate risk**
- Nearly half of industry’s PLR bonds are **one notch from below investment grade**
- NAIC increasing scrutiny, may overrule PLRs

Collateralized Fund Obligations

- Combine stakes in many private credit funds
- Component funds may own loans to the same companies
- Some funds may even own stakes in each other
- NAIC warned in August of **“circular ownership” risk**

Offshore Reinsurance

- Since 2025, majority of **$2.05 trillion** in U.S. general account cessions now reside offshore
- Flow reinsurance an increasing driver of offshore growth
- NAIC tightening oversight and raising capital charges on offshore transactions.

RILA Rise

- Fastest growing segment of annuity market
- **Only segment projected for sustained growth**
- Increased competition among RILA sellers pressuring carriers
- Competition from fund industry could threaten RILA growth

In-Plan Annuities

- Annuities in 401(k) plans could be a **$1 trillion market**, according to Limra.
- Employers and younger workers say they want in-plan annuities
- Top retirement account providers now on board
- Regulators working to promote adoption
- **Obstacles remain:** litigation fears, concerns about complexity and portability