



The private equity check

Is your life insurer owned by private equity?

A short list of what to look up, and what to look for, in your insurance company's own filings.

You pay your premiums. The company makes you a promise. If the worst happens, they write a check. That promise is the whole product, and it is only as good as the assets behind it. This is the check I ran on one company's statutory filing for the article *OPM: Other People's Money*, written out so you can run it on your own carrier.

Why this matters

The playbook is the same every time.

There are 137 insurance companies in America owned by private equity firms. Together they control over \$700 billion in invested assets. That number has more than doubled since 2018. PE firm buys the insurer. Installs its own investment team. Rotates the safe boring bonds into private loans, structured credit, and deals the PE firm originates itself. Sets up a Bermuda reinsurer to move liabilities offshore. The insurer becomes a captive buyer for the PE firm's loan production. The spread between what they earn and what they pay policyholders is the profit engine.

Source: NAIC Capital Markets Bureau, Private Equity-Owned U.S. Insurer Investments Increased at Year-End 2024, August 2025.

Returns always look good in a rising market. The real test of an insurance company isn't what it earns when everything goes right. It's whether it can pay when everything goes wrong.

A few quick definitions

So you can follow the filing.

Surplus is the company's financial cushion. Assets minus liabilities. More is better. Think of it like equity in your house. **Unassigned surplus** is the part not propped up by the owner writing checks.

Level 3 assets are investments with no observable market price. The company tells you what they think it's worth.

Mezzanine loans sit behind the first lien holder. If the property value drops, the mezzanine lender takes the first loss.

Affiliated transactions are when the insurer does business with other companies in the same corporate family. The owner originates the loans, and the insurer buys them. Same family, both sides of the deal.

PIK interest (Paid-In-Kind) is when a borrower doesn't pay cash interest. The interest gets added to the loan balance. The income statement looks great. The insurer never gets the cash.

The check

Nine things to pull from the statutory filing.

Every U.S. life insurer files an Annual Statement with the NAIC and its home-state insurance department. Ask the company or your agent for it, or request it from the state division of insurance, then work down this list for the entity that actually carries your policy.

☐ Who owns the company?

Find the ultimate parent. Is it a private equity firm? Is it an offshore corporation? Different ownership. Different incentives. Different cushion.

☐ How thick is the surplus cushion?

Surplus as a percentage of total assets, then unassigned surplus on its own. A cushion of around 1% leaves almost no room to absorb write-downs. A negative unassigned surplus means the owner is holding the cushion up.

☐ How has the portfolio changed?

Compare bonds and mortgage loans as a share of invested assets today against four or five years ago. A book that rotated quickly out of bonds and into private loans, structured credit, and mortgages was rebuilt under the owner's playbook.

☐ How much is lent to the family?

Affiliated investments: money lent to entities controlled by the owner, and deals originated by the owner or its affiliates. Note the dollar amount, the share of the portfolio, and how fast it grew.

☐ How much of the portfolio is priced by them?

Level 3 assets as a share of invested assets. No independent market price to check against. The owner determines the carrying value.

☐ Where did the liabilities go?

How much sits under reinsurance treaties with offshore entities or with reinsurers not licensed in the company's home state, and how much of it is with the company's own affiliates instead of third parties. Liabilities moved offshore sit beyond the full reach of U.S. state regulators.

☐ Is the interest income real?

PIK interest sitting in loan balances. Income was recorded, but the cash never arrived.

☐ What kind of mortgages?

A well-underwritten mortgage on a stabilized property at a conservative loan-to-value is a perfectly appropriate asset. The issue is what kind. Look for mezzanine loans (first loss position), loans to affiliates, and the disclosed maximum loan-to-value: traditional insurance company lending runs 60-75% LTV, and at 100% any decline puts the lender underwater from day one. Zero delinquencies means either bulletproof underwriting or loans restructured before they technically default.

☐ When was the last comprehensive regulatory exam?

Find the date, and whether it was completed before or after the current owner took control. Everything that changed after that exam has not been examined.

Want a second set of eyes?

Send me your statements and I'll show you what you own, what it costs all in, and what I'd change. Complimentary. In Utah? We can meet in person in Sandy.

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