Key Takeaways

Convergence of Asset Management, Insurance Capital and Strategic M&A

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Key Points

- The convergence of insurance and asset management has evolved from a concentrated set of vertically integrated models into a broad ecosystem of ownership, reinsurance, investment management and third-party capital arrangements. Panelists expect that evolution to continue.
- No single structure has emerged as the prevailing model. Full ownership, minority investments, investment management arrangements, block and flow reinsurance, sidecars and other strategic partnerships increasingly coexist, with the appropriate structure depending on the objectives, capabilities and constraints of the participants.
- The opportunity set is changing. Many of the large legacy blocks that helped fuel an earlier phase of convergence have already traded, while competition for attractive new liabilities and assets has increased. Participants are consequently looking to new products, geographies and sources of capital.
- Recent scrutiny of private credit was a significant topic of discussion. Panelists distinguished concerns arising from particular instances from the performance of private credit as an asset class, and emphasized the importance of underwriting, asset selection and matching investments appropriately to insurance liabilities.
- Regulatory engagement, governance and transparency are becoming increasingly important as insurance, asset management and third-party capital structures grow more complex.
- A significant credit downturn could test newer business models and expose differences in underwriting, capitalization, governance and operational capabilities across platforms.
- The retirement market may represent an important next stage of convergence as asset managers and insurers explore additional ways to bring private-market investment capabilities to retirement savers.

On September 17, 2026, Skadden and PJT Partners hosted a panel of senior industry leaders to discuss the opportunities, challenges and practical considerations shaping the continuing convergence of insurance and asset management. The discussion addressed the evolution of the market, strategic M&A and partnership structures, the growing role of private assets and third-party capital, regulatory and governance considerations, and potential directions for the next phase of convergence.

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From Integration to an Ecosystem

Panelists traced an important part of the modern convergence story to the period following the 2008 financial crisis. The prolonged low-interest-rate environment increased pressure on insurers' investment returns, while changes in the banking sector contributed to the expansion of nonbank and private sources of credit. At the same time, alternative asset managers increasingly recognized the strategic value of insurance liabilities as a source of long-duration investable assets.

Many of the most prominent early models were relatively capital-intensive and vertically integrated: An asset manager acquired, sponsored or developed an insurance or reinsurance platform and combined liability origination with affiliated investment management capabilities. Over time, however, the market has become considerably more varied.

That evolution has accelerated as the industry has matured. Participants today can combine insurance liabilities, asset origination, investment management expertise and capital in a variety of ways without necessarily housing each component within the same organization. The result is less a single convergence model than an increasingly interconnected ecosystem of insurers, reinsurers, asset managers and third-party capital providers.

An Expanding Range of Structures

Fully integrated ownership remains an important model, but it now exists alongside minority investments, strategic investment management relationships, block and flow reinsurance, sidecars and other forms of long-term commercial partnership.

Panelists emphasized that there is no single optimal structure. The appropriate model depends on what the parties are seeking to accomplish, including the desired degree of control, access to liabilities or investment capabilities, capital requirements, regulatory and accounting considerations, and the economics allocated among the participants.

The competitive landscape has broadened as well. Insurance-focused alternative asset managers are no longer the only participants pursuing these opportunities; traditional asset managers and insurers themselves are developing new capabilities and partnership models.

As a result, competitive advantage increasingly depends on more than balance-sheet size. Panelists highlighted the importance of the ability to originate attractive assets and liabilities, deploy capital across asset classes and market cycles, demonstrate investment performance and create structures in which the economics remain attractive to each participant.

A Changing Liability Landscape

The liability opportunity has also evolved. Large legacy blocks of fixed annuity and other liabilities played an important role in the earlier development of the market, and many significant blocks have now changed hands or been reinsured. Competition for attractive liabilities has consequently increased.

At the same time, the market has expanded well beyond acquisitions of seasoned blocks. Participants are pursuing combinations of block and flow reinsurance, new-business origination, pension risk transfer and other insurance and reinsurance opportunities. This has made the market both more competitive and more varied.

Geographic expansion represents another potential source of growth. Panelists discussed opportunities outside the U.S., including in Asia and the Middle East, although regulatory regimes, available capital, product characteristics and investor familiarity with insurance liabilities vary significantly by jurisdiction.

Third-party capital is also playing an increasingly important role. Sidecars and similar structures can allow insurers and reinsurers to support additional liabilities while sharing economics and capital requirements with outside investors. For investors, these structures can provide exposure to insurance-related returns without requiring outright ownership of an insurance company.

Taken together, these developments illustrate a broader change in the market: Convergence increasingly involves not merely an insurer and an asset manager, but a combination of liability originators, investment managers and multiple sources of capital.

Private Credit and Insurance Portfolios

The recent scrutiny of private credit was a significant focus of the discussion. Panelists noted that several highly publicized credit events, together with concerns regarding liquidity in certain investment vehicles, have contributed to broader questions about the growth of the asset class.

The discussion emphasized the importance of distinguishing among different types of private credit exposure. Individual underwriting failures or liquidity pressures in investment products do not necessarily provide a basis for conclusions about the performance of private credit across institutional insurance portfolios. Panelists with visibility into large insurance portfolios reported that they had not observed the type of broad-based deterioration that some recent commentary might suggest.

At the same time, panelists did not suggest that private credit is without risk. Rather, they emphasized underwriting discipline, asset selection, diversification, appropriate structuring and an understanding of the underlying credits.

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For insurers, certain private assets can offer characteristics that complement long-duration liabilities, including negotiated terms, structural protections and additional spread relative to comparable public instruments. Their relative illiquidity may also be more manageable for an insurer with predictable, long-dated liabilities than for an investor that must provide near-term liquidity.

The discussion therefore focused less on whether private credit is categorically superior or inferior to public credit and more on whether a particular asset is appropriately underwritten, structured and matched to the liabilities and liquidity profile of the institution holding it.

Regulation, Governance and Transparency

As convergence has produced more sophisticated relationships among insurers, reinsurers, asset managers and third-party investors, regulators have increasingly focused on understanding both the assets held by insurers and the structures through which risk, capital and investment management responsibilities are allocated.

Panelists discussed the continuing evolution of regulatory approaches in the U.S., Bermuda and other important insurance markets, including increased attention to investment structures, capital treatment, affiliated arrangements and the transparency of underlying exposures.

A recurring theme was the value of early and substantive regulatory engagement. Panelists also emphasized that transparency and strong governance are important to the industry's long-term development. Market participants have a collective interest in maintaining confidence in these structures, particularly because problems at one highly visible platform can generate scrutiny extending well beyond the participants directly involved.

These developments are also increasing the importance of sophisticated in-house capabilities. Transactions at the intersection of insurance, asset management and private capital increasingly require coordination across investment, actuarial, regulatory, accounting, tax, legal and operational functions, both when a transaction is executed and throughout the life of the relationship.

Where Convergence Goes Next

Panelists generally expected convergence to continue, but its next phase may look different from the period in which large insurance acquisitions and legacy block transactions dominated the market.

One potential area of development is the broader retirement market. Asset managers, insurers and other market participants are exploring ways to expand access to private-market investment strategies within retirement products and retirement savings channels. That development could create another point of intersection between insurance capabilities, asset management and long-duration retirement capital.

At the same time, insurers are increasingly focused on businesses that can generate fee-based earnings and make efficient use of capital, while asset managers continue to seek durable sources of assets and opportunities to deploy their investment capabilities. Third-party capital structures, including sidecars, may provide additional ways to connect those objectives without requiring a single institution to supply all of the capital or assume all of the risk.

Finally, panelists considered how these models might perform through a more significant credit cycle. A sustained downturn could expose differences among platforms in underwriting, capitalization, governance, asset-liability management and operational infrastructure and could create opportunities for consolidation.

The broader message from the discussion was that convergence is no longer defined by a particular ownership structure. What began largely with relatively integrated combinations of insurance liabilities and asset management capabilities has developed into a much more flexible market in which liabilities, investment expertise and capital can be brought together through numerous structures. The next phase is likely to be defined not simply by continued growth, but by how effectively participants select and manage those combinations through changing credit, regulatory and market cycles.