TECHNICAL NOTE

Private markets and insurers' ALM

Reallocating the portfolio without increasing the risk budget

Higher yields allow insurers to pursue return objectives without mechanically increasing risk. In that setting, private markets become a balance-sheet and ALM instrument, provided liquidity, capital and the operating model remain aligned.

Key points

- 82% of BlackRock survey respondents expect to keep investment risk unchanged, yet 76% plan to increase private-market allocations.
- 62% of life and annuity insurers cite duration extension among their priorities, while 63% of non-life insurers focus on claims severity and inflation.
- 74% favour separate accounts or bespoke private-debt mandates; 84% already use a hybrid internal and external asset-management model.

Allocation led by liabilities

Priorities vary with the balance sheet. A life insurer seeks coherence between asset duration and liability duration. A non-life insurer also needs to consider claims volatility and inflation. Private-asset allocation should therefore be linked to those liabilities rather than to a standalone yield target.

The macro scenario determines the response

A soft-landing scenario favours more duration extension. A stagflation scenario leads towards floating-rate exposure and shorter duration. The allocation should document the link between macroeconomic assumptions, return objectives and liquidity capacity.

The question is also operational

Private debt requires sourcing, selection, monitoring data and mandate governance. The use of hybrid models shows that operating-model choices form part of the allocation decision. CFOs and CIOs need to reconcile liquidity, capital, delegation, reporting and risk control.

Reference
Source: BlackRock, "2026 Global Insurance Report", Mark Erickson and the BlackRock team, published 27 October 2026.
https://www.blackrock.com/institutions/en-global/institutional-insights/thought-leadership/global-insurance-report