9 in 10 VAs Sold With Living Benefits

By Editor Test *Tue, Sep 14, 2010*

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Guaranteed Living Benefit (GLB) riders were elected in variable annuities (VA) generating $20.3 billion of new deferred VA premium in the second quarter, an 18% increase over the first quarter, according to LIMRA's second quarter study, which represents 95% of the variable annuity GLB industry.

"Guaranteed living benefits remain extremely popular in this uncertain market as consumers seek financial security for their retirement," said Dan Beatrice, senior analyst, LIMRA Retirement Research. "We believe the GLBs will continue to be an important driver of variable annuity sales in the foreseeable future."

For the third consecutive quarter, GLBs were elected 87% of the time when any GLB is available for purchase. The guaranteed lifetime withdrawal benefit (GLWB) election rate remained at 64%. Guaranteed minimum income benefit (GMIB) riders were elected 17% of the time; while, guaranteed minimum accumulation benefit (GMAB) and guaranteed minimum withdrawal (GMWB) each had a three percent election rate in the second quarter of 2010.

LIMRA estimates that GLBs were available in contracts generating $23.2 billion of new deferred VA premium during the second quarter. VA assets with GLB decreased three percent from $440 billion in the first quarter of 2010 to $427 billion at the end of the second quarter of 2010; and total VA assets dropped five percent from $1.433 trillion to $1.358 trillion during the same period.

The rate at which any GLB was elected increased one percent in the career distribution (75%) and bank channels (92%); while independent (90%) and wirehouse (90%) channels remained steady.

LIMRA's *Variable Annuity Guaranteed Living Benefit Election Tracking Survey* collects VA GLB sales, election rates and assets on a quarterly basis. The 27 survey participants represent 95% of second quarter 2010 industry sales in which a GLB was elected.

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