A Quiet Transition at Jackson Life

By Editor Test *Mon, Nov 1, 2010*

The succession of Jackson National Life CEO Clark Manning by Mike Wells (at left), a 15-year veteran at the U.S. unit of Prudential plc and the incumbent COO, is not expected to change much at the firm, which counts management continuity as a contributor to its success in the variable annuity market.

In a transition that is expected to have little material impact on operations, Mike Wells, Jackson National Life's vice chairman and chief operation officer, will take over as president and CEO of Jackson National Life at the end of 2010, succeeding Clark Manning.

Wells will also become executive director of the board ofLondon-based Prudential plc, Jackson's parent, which is no relation to Prudential Financial in the U.S. He joined Jackson National Life in 1995 as president of the company's distribution arm and has been COO for nine years.

Wells told RIJ that his role won't change a lot when his title changes.

"Almost 90% of the firm already reported to me," he said in an interview. "Right now I go to London about 10 times a year. That will probably change to monthly." His team will not change either, he added. "The whole crew has been here about 15 years. We're a pretty experienced team. Most of us can do each other's jobs."

Jackson National Life is one of the variable annuity issuers, along with MetLife and Prudential, which have taken advantage of the shakeout in the variable annuity industry that followed the 2008-2009 financial crisis. They've picked up market share as other issuers have, by choice or necessity, reduced their exposure to the product.

The firm sold $6.82 billion worth of benefit-rich variable annuity contracts in the first half of 2010, up from just $3.76 billion in the first half of 2009. From June 2009 to June 2010, its market share jumped 3.66%, to almost 11%. Only Prudential Financial had a greater gain in market share, jumping 4.87% to 15.66%.

Wells said that his company has thrived because of its VA's stable pricing and generous features, and because of the firm's consistent wholesaling effort throughout the VA arms race and bust.

"This is a cyclical business," he told RIJ. "Going into the last peak of the cycle, everyone was fighting for market share. You saw the most mispricing, the craziest promotions. We're at our least competitive in a situation like that, because we hedge fully. Then all of a sudden, our competitors were pulling products. Products that they said were fine were gone. But we were there with the same product."

In the ensuing flight to financially-strong issuers, Jackson National—which is also not publicly traded and therefore didn't have a battered share price over the winter of 2008-2009, and was not involved in the Troubled Assets Relief Program (TARP)—was there to pick the business lost by companies that were.

“Our business reputation was enhanced by our behavior and by the behavior of our competitors,” Wells added. “The [subsequent] growth in the number of reps selling our product and the growth in the dollar amount per ticket, all add up to the dollar amount [of quarterly VA sales] that you’re seeing now. We’ve increased our guarantees, but we’re also investing heavily on the service and technology side. We know service has to be high to deal with the top reps.”

During his tenure at Jackson National, Wells was involved in the 1998 creation of National Planning Holdings, a network of four independent broker-dealers, and Curian Capital LLC, a separately managed accounts provider, in 2003. From 1995, when Wells joined Jackson, to 2009, total sales and deposits rose to $15.2 billion from $2.3 billion.