
Annuity sales hurt by low interest rate policy: Wink Inc.

By Editorial Staff Thu, Aug 27, 2020

'MYGA [multi-year guaranteed rate annuities] sales increased double-digits, while indexed annuity sales declined by double digits. This is a new trend,' said Sheryl Moore, CEO of Wink Inc., the annuity sales and market research firm.

Athene USA surpassed long-standing indexed annuity sales leader Allianz Life in the second quarter of 2020, with an 11% market share, according to Wink Inc.'s quarterly annuity sales report.

"The former frontrunner has been dethroned after more than a decade in their top-ranking position," said Sheryl J. Moore, President and CEO of both Moore Market Intelligence and Wink, Inc., adding, "MYGA [multi-year guaranteed rate annuities] sales increased double-digits, while indexed annuity sales declined similarly; this is a new trend."

Total second quarter sales for all deferred annuities were \$45.9 billion, down 12.8% from the previous quarter and down 21.2% from the same period last year. Sales of indexed annuities were down 22% from the previous quarter and down 35% from the previous year.

The second quarter was extremely soft for annuities sales overall. Sales were evidently hurt by the Federal Reserve's pandemic-related low interest rate policy, which reduced crediting rates of most rate-sensitive annuities. The low-rate policy has lifted stock indices and bond prices.

"As everyone adjusts to COVID-friendly selling, and the 10-year Treasury rate remains minuscule, sales will be challenged," Moore said in a release this week.

The only annuity categories with good sales news in the quarter were MYGAs and structured variable annuities. At \$12.5 billion, MYGA sales were up almost 27% from the previous quarter but down slightly from the previous year. Structured variable annuity sales were down from the previous quarter but up 9.4% from the year-ago quarter.

Rising sales of MYGAs may have reflected a flight to safety by some investors. According to Morningstar's recent fund flow reports, bond funds have been gaining at the expense of stock funds—despite rising equity prices, ironically.

In indexed annuity sales, Allianz Life moved into second place, followed by Fidelity & Guaranty Life, AIG, and Sammons Financial Companies. Allianz Life's Allianz 222 Annuity

was the top-selling indexed annuity, for all distribution channels combined, for the twentieth consecutive quarter.

Jackson National leads overall

Jackson National Life was the overall top seller of deferred annuities, with a market share of 7.5%. New York Life, Massachusetts Mutual Life Companies, Lincoln National Life, and Equitable Financial followed.

Jackson National's Perspective II Flexible Premium Variable & Fixed Deferred Annuity was the top-selling deferred annuity product as well as the top selling deferred *variable* annuity product, for all distribution channels combined, for the sixth consecutive quarter.

Total sales of non-variable deferred annuities were \$25.7 billion in the second quarter of 2020; down 4.8% when compared to the previous quarter and down 22.2% when compared to the same period last year. Non-variable deferred annuities include the indexed annuity, traditional fixed annuity, and MYGA product lines.

Sixty-three indexed annuity providers, 43 fixed annuity providers, 62 multi-year guaranteed annuity (MYGA) providers, 13 structured annuity providers, and 47 variable annuity providers participated in the 92nd edition of Wink's Sales & Market Report for 2nd Quarter, 2020.

Massachusetts Mutual Life Companies was the top carrier overall for non-variable deferred annuity sales in the second quarter, with a market share of 10.3%. New York Life, Sammons Financial Companies, Athene USA, and Global Atlantic Financial Group followed.

Massachusetts Mutual Life's Stable Voyage 3-Year, a multi-year guaranteed annuity, was the top-selling non-variable deferred annuity for all distribution channels combined.

Total second quarter variable deferred annuity sales were \$20.1 billion; that was down 21.4% from the previous quarter and down 19.9% from the same period last year. Variable deferred annuities include the structured annuity and variable annuity product lines.

Jackson National Life was the top carrier overall for variable deferred annuity sales in 2Q2020, with a market share of 16.3%. Equitable Financial, Lincoln National Life, Brighthouse Financial, and Prudential followed.

Traditional fixed annuity sales in the second quarter were \$425.7 million; that was down 38.4% from the previous quarter and down 51.2% from the same period last year.

Traditional fixed annuities have a fixed rate that is guaranteed for one year only.

Modern Woodmen of America was the top-ranked carrier in sales of fixed annuities, with a market share of 16.0%. EquiTrust, Global Atlantic Financial Group, Jackson National Life, and Brighthouse Financial followed. EquiTrust ChoiceFour with Liquidity Rider was the top-selling fixed annuity, for all channels combined.

Multi-year guaranteed annuity (MYGA) sales in the second quarter were \$12.5 billion; that up 25.6% when compared to the previous quarter, and down 0.3% when compared to the same period last year. MYGAs have a fixed rate that is guaranteed for more than one year.

Massachusetts Mutual Life Companies was the top seller of MYGAs, with a market share of 20.3%. New York Life, Sammons Financial Companies, Global Atlantic Financial Group, and Symetra Financial followed.

Massachusetts Mutual Life Stable Voyage 3-Year was the top-selling MYGA contract for the third consecutive quarter, for all channels combined.

Structured annuity sales in the second quarter were \$4.5 billion; that was down 7.1% from the previous quarter but up 9.3% from the previous year. Structured annuities have a limited negative floor and limited excess interest that is determined by the performance of an external index or subaccounts.

Lincoln National Life ranked as the top-seller of structured annuities, with a market share of 23.4%. Lincoln National Life Level Advantage B Share was the top-selling structured annuity for the second consecutive quarter, for all channels combined.

Variable annuity sales in the second quarter were \$15.6 billion, down 24.7% from the previous quarter and down 25.6% from the same period last year. Variable annuities have no floor; the potential for gains or losses is determined by the performance of the subaccounts. Subaccounts may be invested in an external index, stocks, bonds, commodities, or other investments.

Jackson National Life held on to its top ranking in sales of variable annuities, with a market share of 21.1%. Equitable Financial, Lincoln National Life, Prudential, and New York Life followed.

Wink reports on sales of indexed, fixed, multi-year guaranteed, structured, and variable annuities as well as on sales of life insurance. Reporting on sales of additional product lines

will follow in the future.

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