
Annuity sales jump 10% percent in 2Q2018: LIMRA SRI

By Editorial Staff Thu, Aug 30, 2018

LIMRA Secure Retirement Institute research chief Todd Giesing predicted that fixed-rate deferred annuity sales would increase 15% to 20% percent this year and by as much as 25% in 2019, largely on the strength of rising interest rates.

Higher interest rates and relief from regulatory pressure helped drive up sales of most types of annuities in the second quarter of 2018. Fixed indexed annuity (FIA) posted record sales of \$17.6 billion in the quarter, according to LIMRA Secure Retirement Institute's latest survey.

"This quarter's FIA sales topped the record set in the fourth quarter 2015 by 12%," said Todd Giesing, annuity research director, LIMRA Secure Retirement Institute. FIA sales were 17% higher than second quarter 2017 and 21% percent higher than first quarter 2018 sales results.

"All of the top 10 manufacturers reported double-digit growth from the first quarter 2018. With the Department of Labor's (DOL) fiduciary rule vacated and the prospect of continued rising interest rates, demand for this product is high," Giesing said.

FIA sales were 32.1 billion in the first half of 2018, up 14% from the first half of 2017.

Sales of fee-based (no commission) FIAs, which represent about one-half of one percent the total FIA market, were \$67 million in the second quarter.

Before the Trump administrator and the federal court of appeals eliminated the Obama Department of Labor's fiduciary rule, the rule had put a chill on sales of FIAs and VAs. It required commission-paid sellers of those products to pledge to act in the best interests of IRA-owning clients and not their own. That requirement has vanished, and with it the potential for lawsuits against agents who put self-interest first.

More FIA growth predicted

LIMRA SRI expects FIA sales to grow 5% to 10% in 2018 and to exceed the prior annual sales record of \$59.1 billion. It also expects FIA sales to keep growing in 2019 and 2020.

Total annuity sales were \$59.5 billion, 10% percent above the second quarter 2017 results and 15% higher than the first quarter. Sales last reached this level in the first quarter of 2015. Fixed annuity sales drove most of this quarter's growth; they have outperformed

variable annuity (VA) sales in eight of the last 10 quarters.

U.S. Individual Annuity Sales
2nd Quarter YTD 2018 (\$ in thousands)

Rank	Company name	Total	Company name	Variable	Company name	Fixed
1	Jackson National Life	9,087,193	Jackson National Life	8,717,950	New York Life	5,866,014
2	AIG Companies	8,203,150	TIAA	5,311,000	AIG Companies	4,759,470
3	New York Life	7,434,068	AXA US	5,161,142	Allianz Life of North America	3,828,127
4	Lincoln Financial Group	5,689,664	Lincoln Financial Group	4,308,589	Global Atlantic Financial Group	3,583,990
5	TIAA	5,311,000	Prudential Annuities	3,692,920	Athene Annuity & Life Assurance Company	3,324,020
6	AXA US	5,189,704	AIG Companies	3,443,679	Nationwide	2,795,600
7	Nationwide	5,128,500	RiverSource Life Insurance	2,346,835	Pacific Life	2,709,498
8	Allianz Life of North America	4,991,073	Nationwide	2,332,900	Great American	2,503,597
9	Pacific Life	4,414,570	Brighthouse Financial	2,123,536	American Equity Investment Life	2,232,273
10	Prudential Annuities	4,136,809	Pacific Life	1,705,072	Principal Financial Group	1,884,586
11	Global Atlantic Financial Group	3,666,763	Transamerica	1,631,555	Symetra Financial	1,764,023
12	Athene Annuity & Life Assurance Company	3,324,020	New York Life	1,568,054	Massachusetts Mutual Life	1,486,616
13	Great American	2,517,870	Thrivent Financial for Lutherans	1,245,015	Delaware Life	1,422,808
14	RiverSource Life Insurance	2,473,247	Allianz Life of North America	1,162,946	Lincoln Financial Group	1,381,076
15	American Equity Investment Life	2,232,273	Fidelity Investments Life	816,020	Fidelity & Guaranty Life	1,346,791
16	Brighthouse Financial	2,221,566	Northwestern Mutual Life	630,785	Western Southern Group	1,166,912
17	Principal Financial Group	2,136,073	Great-West Financial	421,148	North American Company for Life and Health	1,153,240
18	Massachusetts Mutual Life	1,804,988	Ohio National Life Insurance Company	405,425	Midland National	1,107,502
19	Symetra Financial	1,766,202	CMFG Life Insurance Company	382,776	Protective Life	1,084,743
20	Transamerica	1,739,669	Massachusetts Mutual Life	318,372	Reliance Standard Life Insurance Company	958,064
Top 20		\$83,468,402		\$47,725,719		\$46,358,950
Total industry		\$111,290,000		\$50,400,000		\$60,890,000
Top 20 share		75%		95%		76%

Source: LIMRA Secure Retirement Institute U.S. Individual Annuities Sales Survey

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Year-to-date, total annuity sales were \$111.3 billion, five percent higher than in the first half of 2017. LIMRA SRI expects a five to ten percent increase for annuity sales this year and zero to five percent growth in 2019.

After 17 consecutive quarters of declines, VA sales improved two percent to \$25.8 billion in the second quarter. VA sales were \$50.4 billion in the first two quarters of 2018, level with prior year results.

“Despite introducing new products and making changes to enhance their existing products to make them more competitive, companies are not having the same success with VAs as they are with fixed annuities,” noted Giesing. “However, the new and enhanced VAs,

combined with the vacated DOL rule and better economic conditions, have led to slightly improved sales.”

Fee-based VAs sales, which represent only 3.3% of the total VA market, rose 49% from the second quarter of 2017, to \$850 million.

In the second quarter, sales of registered indexed-linked annuities increased 6% from the prior year, to \$2.5 billion. Sales growth has slowed as rising interest rates made competing products more attractive. These products represent about 10% of the retail VA market.

LIMRA SRI predicts total VA sales to increase less than five percent in 2018.

Total fixed annuity sales were \$33.7 billion in the second quarter, up 18% from the second quarter of 2017. Year-to-date, total fixed annuity sales were \$60.9 billion, up nine percent from the first half of 2017.

Sales of fixed-rate deferred annuities (book value and market value adjusted or MVA) benefited from the higher interest rates, rising 23% in the second quarter to \$11.4 billion. Quarterly sales have not been this high since the first quarter 2016. Year-to-date, fixed rate deferred annuity sales were \$20.1 billion, four percent higher than the same period of 2017.

“We believe fixed-rate deferred sales will have a strong second half of the year, based on the prospect of continued interest rate increases,” Giesing said. LIMRA SRI predicts fixed-rate deferred annuity sales to increase 15% to 20% percent this year and by as much as 25% in 2019.

Immediate income annuity sales jumped 14% in the second quarter, to \$2.5 billion. This represented the highest quarterly sales in two years. In the first half of 2018, immediate income annuity sales were \$4.6 billion, 10% higher than the prior year.

The only annuity product without positive sales growth was deferred income annuities (DIA). DIA sales fell four percent in the second quarter, to \$575 million. DIA sales were \$1.1 billion in the first half of 2018, down five percent from prior year.

“Rising interest rates will benefit income annuity sales. LIMRA SRI is forecasting five to ten percent growth in 2018,” said Giesing. “These products offer a unique value for retirees and pre-retirees seeking protected accumulation and guaranteed lifetime income features.”

Second quarter 2018 Annuities Industry Estimates and the ten-year annuity sales trends are

located in LIMRA's Data Bank. LIMRA Secure Retirement Institute's Second Quarter U.S. Individual Annuities Sales Survey represents data from 95% of the market.

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