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## **Annuity Sales Rose 11% in 1Q2014: LIMRA**

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By Editorial Staff    *Thu, May 22, 2014*

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*Despite the growing number of issuers, DIA sales were down 13% from 4Q2013. It was the first quarter-over-quarter decline for sales of DIA products since LIMRA SRI began tracking them. (Downloadable charts included.)*

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Led by fixed annuity sales, overall sales of annuities improved 11% in the first quarter of 2014, year over year, according to a survey by the LIMRA Secure Retirement Institute (LIMRA SRI) that covered manufacturers representing 95% of the market.

Fixed annuity sales rose 43% increase in the first quarter, compared to prior year, reaching \$23.5 billion. Total annuity sales in the quarter reached \$57.7 billion.

For a list of top 20 annuity manufacturers, click [here](#). For a bar chart of annuity sales since 2003, click [here](#).

“Despite recent declines in interest rates—falling from just over 3% at the end of 2013 to 2.7% at the end of the first quarter—we are still predicting approximately 10% growth for fixed annuities in 2014,” said Todd Giesing, senior analyst, LIMRA SRI Annuity Research, in a release.

Fixed-rate deferred annuities, book value and market value adjusted (MVA), had another robust quarter, increasing 48% in the first quarter to reach \$8 billion. Indexed annuity sales rose 43% in the first quarter, totaling \$11.3 billion.

<b>Annuity Industry Estimates</b>			
(Dollars in billions)			
	<b>Q1 2014</b>	<b>Q1 2013</b>	<b>Pct Chg Q1/Q1</b>
<b>Variable</b>			
<b>Separate accounts</b>	27.3	28.3	-4%
<b>Fixed accounts</b>	6.9	7.0	-1%
<b>Total Variable</b>	<b>\$34.2</b>	<b>\$35.3</b>	<b>-3%</b>
<b>Fixed</b>			
<b>Fixed-rate deferred</b>	8.0	5.4	48%
<b>Book value</b>	5.5	4.3	28%
<b>Market value adjusted</b>	2.5	1.1	127%
<b>Indexed</b>	11.3	7.9	43%
<b>Fixed deferred</b>	19.3	13.3	45%
<b>Deferred income</b>	0.62	0.40	57%
<b>Fixed immediate</b>	2.5	1.7	47%
<b>Structured settlements</b>	1.1	1.1	0%
<b>Total Fixed</b>	<b>23.5</b>	<b>16.5</b>	<b>43%</b>
<b>Total</b>	<b>\$57.7</b>	<b>\$51.8</b>	<b>11%</b>

Industry estimates reported for the first quarter 2014 based upon data from 60 companies, representing 95 percent of total sales.

Source: LIMRA SRI, U.S. Individual Annuity Sales Survey (2014, 1st quarter)

Please attribute any reference to this material to LIMRA SRI.



“Product innovation has played an important role in growing the indexed annuity market—especially in new distribution channels. More companies are introducing uncapped crediting strategies that utilize volatility-controlled indices to manage the risk,” the LIMRA release said.

First quarter indexed annuity sales through the bank and independent broker-dealer (IBD) channels grew significantly. IBDs now account for 13% of FIA sales, up from just 3% in the year-ago quarter. In the same period, bank share of FIA sales grew to 16% from 10%.

“Traditionally, independent agents have represented most of the indexed annuity sales. Recent sales growth in the bank and IBD channels has not detracted from the independent agent channel, which increased 15% in the first quarter,” Giesing said in the release. Indexed annuity guaranteed living benefits (GLBs) election rates were 68% (when available) in the first quarter.

Deferred income annuities (DIA) reached \$620 million in the first quarter, 57% higher than in 2013. But DIA sales were down 13% from the fourth quarter of 2013. It was the first quarter over quarter decline for DIA products since LIMRA SRI began tracking them.

But with five additional companies entering the DIA market in 2013 and more expected in 2014, LIMRA SRI expects more growth in the DIA market. Single premium immediate annuity sales improved 47 percent in the first quarter to reach \$2.5 billion.

VA sales fell 3% in the first quarter, to \$34.2 billion, their lowest level in four years. VA sales have fallen to 59% of the total annuity market from 68% in the first quarter of 2013. When available, GLB riders were elected 79% in the first quarter. Increased focus on accumulation and tax deferral, as well as changes in GLB riders has affected election rates of these riders.

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