
Annuity sales up in second quarter, but down for first half of 2015: LIMRA

By Editorial Staff *Thu, Sep 3, 2015*

In the first half of the year, total annuity sales reached \$114.6 billion, 5% lower than prior year. LIMRA Secure Retirement Institute's second quarter U.S. Individual Annuities Sales Survey represents data from 97% of the market.

U.S. annuity sales totaled \$60.2 billion in the second quarter 2015, three percent lower than sales recorded prior year, according to LIMRA Secure Retirement Institute's second quarter U.S. Individual Annuities Sales Survey.

"Second quarter annuity sales results were 10% higher than in the first quarter. Annuity sales were strong—since 2010, quarterly annuity sales have only reached \$60 billion five times," noted Todd Giesing, senior business analyst, LIMRA Secure Retirement Research. "However, last year's sales were particularly strong and lower interest rates played a role in undercutting this year's growth."

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The Institute's research shows variable annuity (VA) sales have been stronger in the second quarter than in the first quarter for the past 11 years. This was the case this quarter as well. VA sales jumped 11% from first quarter. But VA sales were \$36 billion, one percent lower than prior year. Year-to-date, VA sales were down three percent, to \$68.4 billion.

Preliminary results indicate that election rates for guaranteed living benefit (GLB) riders when available will be slightly higher than prior quarter (77%).

While interest rates have risen throughout the year, they still are below the rates enjoyed at the same time of 2014. As a result, total sales of fixed annuities were down six percent in the second quarter, to \$24.2 billion. In the first six months of 2015, fixed sales were down seven percent, to \$46.2 billion.

Fixed rate deferred annuities declined five percent in the second quarter, totaling \$7.5 billion. In the first six months of 2015, fixed-rate deferred sales were \$14.0 billion, 14% lower than last year.

Indexed annuity sales were \$12.5 billion, the second strongest quarter in history. However, the best sales quarter for indexed annuities occurred in the same period of last year, resulting in a four percent decline for the second quarter 2015.

“We are seeing a purposeful shift in market share among the top indexed annuity companies. LIMRA Secure Retirement Institute predicts total indexed annuity sales in 2015 to be level to slightly less than 2014 results,” Giesing said.

Year to date, indexed annuities sales equaled \$24.1 billion, down one percent compared to prior year.

Preliminary results for indexed annuity GLBs election rates (when available) are 68% (level with prior quarter).

Low interest rates impacted single premium income annuity (SPIA) sales in the second quarter. SPIA sales were off 15% for the quarter to \$2.2 billion. In the first six months of 2015, SPIA sales were \$4.2 billion, down 18%.

Deferred income annuity (DIA) sales were \$551 million, 23% lower than second quarter of 2014. This is the lowest quarterly sales level since second quarter of 2013.

LIMRA Secure Retirement Institute reports there are now 16 carriers offering DIAs, up from nine in 2013. Nine companies are now offering the QLAC, a DIA for qualified (tax-deferred) money.

The 2015 second quarter [Annuities Industry Estimates](#) can be found in the updated [Data Bank](#). To view the top twenty rankings of total, variable and fixed annuity writers for second quarter 2015, please visit [2015 Second Quarter Annuity Rankings](#). To view variable, fixed and total annuity sales over the past 10 years, please visit [Annuity Sales 2005-2014](#).

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