
Bank Holding Company Annuity Index Drops 15% in 2nd Quarter

By Editor Test *Wed, Oct 21, 2009*

Aggregate annuity revenue at the 10 bank companies covered declined 11%—from \$331 million to \$293 million.

The BISA-Singer's Bank Holding Company (BHC) Annuity Index fell 15% in the second quarter of 2009, the Bank Insurance and Securities Association announced this week.

The Index is an average based on quarterly annuity (both fixed and variable) revenues (not sales) at 10 large bank holding companies as reported to the Federal Reserve Board. The index fell from 125 in the first quarter to 106 in the second quarter.

Aggregate annuity revenue at the 10 bank companies covered declined 11%—from \$330.76 million to \$293.08 million. BISA and *Singer's Annuity & Funds Report* produce the index jointly.

During the same period, sales (not revenues) of the subset of fixed annuities across all depository institutions were an estimated \$8.7 billion, according to the Beacon Research *Fixed Annuity Premium Study*. Its findings are based on the results of insurance companies representing an estimated 86% of the U.S. market.

This was a decrease of 20% from the prior quarter and one percent compared to second quarter 2008. The change was primarily due to falling fixed annuity credited rates and a declining rate advantage over bank certificates of deposit, said Beacon.

The quarter was characterized by substantial declines in annuity production at the nation's largest BHCs. "This marks the largest slump in the Index since we began tracking annuity revenues in the first quarter of 2007," said Andrew Singer, editor of the Index. "In the second quarter, all ten bank companies experienced annuity declines compared with the previous quarter."

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