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## Breaking news

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By Editorial Staff    Thu, Apr 21, 2022

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*'Bermuda Triangle' on LIMRA conference agenda; AIG issues new five-year FIA for New York; Falling sales prompt Pacific Life to discontinue LTC products; DeSanto takes CEO reins at New York Life; Retirement age investors love income, neglect annuities, another study shows.*

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### **'Bermuda Triangle' on LIMRA conference agenda**

AM Best will participate in a panel discussion focused on the increasing role of private equity in the insurance industry during the upcoming 2022 Life Insurance Conference hosted in part by LIMRA, which will take place April 25-27, in Tampa, FL.

Rosemarie Mirabella, director, will participate in the discussion titled, "Private Equity and the Life Insurance Industry," which is scheduled from 1-2 p.m. EDT on Tuesday, April 26, at the JW Marriott, 510 Water St., Tampa, FL. Recent years have seen a growing increase in the prominence of private equity firms involved in insurance merger and acquisition activity and reinsurance transactions.

Mirabella oversees a team of AM Best analysts who are responsible for monitoring and evaluating a myriad of insurance companies that operate in the personal lines, commercial lines and life/annuity segments in the United States and Canada.

In addition to LIMRA, the event is also being hosted by the Life Office Management Association (LOMA), the Society of Actuaries (SOA) and the American Council of Life Insurers (ACLI). For more information on the 2022 Life Insurance Conference, please visit the event page and agenda.

### **AIG issues new five-year FIA for New York**

AIG Life & Retirement, which AIG intends to spin off this year as an independent public company, has extended its Power Series of Index Annuities with a new five-year index annuity for New York only.

The Power Index 5 NY is issued by The United States Life Insurance Company in the City of New York (US Life), a member company of American International Group, Inc (NYSE: AIG).

With inflation rising at its fastest pace in 40 years, consumers may be looking for a retirement product that guarantees growth to help offset increasing costs. Power Index 5

NY combines tax-deferred growth potential and protection guarantees backed by the claims-paying ability of US Life.

The new index annuity is guaranteed to increase in value—either by capturing the upside potential of three leading equity market indices or by locking in a fixed growth rate even when the market is flat or down. At the end of five years, investors get access to their money without withdrawal fees.

The new 5-year index annuity gives consumers the opportunity to grow their assets with interest earned based on the performance of the S&P 500, Russell 2000 and MSCI EAFE. Like all fixed indexed annuities, Power Index 5 NY does not directly invest in these indices. There is no market risk to principal, and the account balance will never decline due to market fluctuations.

“The product includes a Minimum Accumulation Value (MAV) that is separate from the account balance and increases by 1% per year, regardless of index performance,” an AIG release said. “Should index returns remain flat or down, Power Index 5 NY locks in the guaranteed growth from the MAV after 5 years and then every year thereafter. If interest earned through the performance of the equity market indices is greater than the MAV, consumers will benefit from this upside potential.”

“Index annuities like Power Index 5 NY can protect assets from interest rate risk and market fluctuations, while providing the opportunity to generate more income,” said Pinsky. “We are working with many financial professionals who are using index annuities to look beyond traditional fixed income assets to help generate growth and income for their clients.”

### **Falling sales prompt Pacific Life to discontinue LTC products**

Effective May 2, 2022, Pacific Life’s Pacific PremierCare suite of life insurance products will no longer be available for new sales, the mutual insurer announced this week.

The discontinued products include Pacific PremierCare Choice one-year, five-year, 10-year, and lifetime premium whole life insurance products with long-term care (LTC) benefits and Pacific PremierCare Advantage Universal Life Insurance with Long-Term Care Benefits in California.

“Pacific Life remains committed to the long-term care market as we continue to recognize US consumers’ large, unmet need in this area,” said Greg Reber, Pacific Life senior vice president and chief distribution officer, life insurance business, in a release.

“We conducted a thorough strategic review of the LTC marketplace and see great potential in the market for chronic health (CHR) and LTC riders on cash value life insurance policies.”

Pacific Life said it has seen sales of hybrid LTC products decline as the current environment has made it difficult to be both competitive and profitable. “By focusing solely on riders for our cash value products to meet the LTC need, the company can prioritize and utilize resources more effectively,” the release said.

Pacific Life will continue to service all in-force Pacific PremierCare policies. For existing policyowners, there will be no change.

### **DeSanto takes CEO reins at New York Life**

Craig DeSanto has assumed New York Life’s chief executive officer (CEO) position, the large mutual company announced. DeSanto was named CEO-elect in November 2021 after serving as a member of New York Life’s Board of Directors since February 2021 and as New York Life’s president since July 2020. As CEO, he will remain president.

DeSanto succeeds Ted Mathas, who served as CEO for nearly fourteen years. Mathas will remain chairman of the board in a non-executive capacity. New York Life has \$760 billion in assets under management and a workforce of more than 23,000 agents and employees.

DeSanto joined New York Life in 1997 as an actuarial summer intern and was promoted into roles of increasing responsibility across the company’s finance and business operations, which included leading the institutional and individual life insurance businesses. In 2015, he diversified a portfolio of businesses that generate roughly half of New York Life’s earnings and contribute significantly to dividends paid.

In 2018, DeSanto assumed oversight for New York Life’s retail annuity business line. In 2019, he took charge of New York Life Investment Management (NYLIM), New York Life’s multi-boutique third-party asset management business serving institutions and individuals around the world with more than \$432 billion in assets under management. In 2020, he led the effort to close the acquisition of Cigna’s Group Life and Disability business, now New York Life Group Benefit Solutions.

### **Retirement age investors love income, neglect annuities, another study shows**

Three out of five retirement-age investors (61%) believe that low interest rates, combined with rising inflation, will make it harder to create a retirement income stream that will last

their lifetimes, a study by Global Financial Atlantic Group found.

A quarter of participants in the survey (24%) said they are extremely or very concerned about the impact of inflation on their ability to live comfortably in retirement.

The survey of retirement-age investors (ages 55 to 70) with between \$250,000 and \$2 million in assets and no pension, reached conclusions that were similar to conclusions reached by many annuity issuer-sponsored surveys of the past 15 to 20 years.

Nearly all (96%) believe protected, guaranteed monthly income in retirement is important (35% said it was extremely important). But less than a quarter currently use annuities (24%) or bonds (23%) to protect their assets.

Most cited a mixed portfolio of stocks and mutual funds (73%). Two-thirds (67%) cited cash equivalents as their ways to protect assets, in contradiction to fears of a stock market correction (66%) and continued inflation (57%) this year.

Among those surveyed, about two-thirds (68%) work with financial professionals. Nearly nine in ten (88%) of those advised by financial professionals have discussed ways to minimize the risk in their investment portfolio, just 28% say annuities were part of the conversation.

The study also revealed that annuity owners are more confident about retirement security than non-owners. Three in five of those with an annuity (62%) say the amount of money they have saved for retirement will last the rest of their life, versus less than half (48%) of those without an annuity.

A full 40% of those without an annuity say they “don’t know” if the money they have saved will last the rest of their lives. Half (48%) of annuity owners are extremely or very comfortable with their investment asset and retirement protection strategy, compared to only one-third (33%) of those without an annuity.