

## DIA-monds in a rough patch

By Editor Test Thu, Jun 6, 2013

*"Deferred income annuities were a bright spot in a difficult quarter," said Jeremy Alexander, CEO of Beacon Research. "Ongoing product development and increasing sales underscore the importance of generating guaranteed retirement income for consumers and their advisors."*

Sales of deferred income annuities reached a record high in first quarter 2013, according to the Beacon Research *Fixed Annuity Premium Study*. Results for these products increased for the fifth consecutive quarter and were nearly 150% higher than a year ago. The success of DIAs helped overall income annuity sales grow 1.4% year-over-year.

"Deferred income annuities were a bright spot in a difficult quarter," said Jeremy Alexander, CEO of Beacon Research. "Ongoing product development and increasing sales underscore the importance of generating guaranteed retirement income for consumers and their advisors."

But the industry continued to be impacted by the ongoing low interest rate environment. Total fixed annuity results were \$15 billion in first quarter, down 11.7% from a year ago and 7.7% sequentially. However, fixed rate MVA sales dipped only slightly from the prior quarter, suggesting that consumers are willing to accept some potential interest rate risk in exchange for higher credited rates.

Indexed annuity sales decreased 7.9% quarter-on-quarter to \$7.8 billion, and fixed rate non-market value-adjusted (MVA) annuities fell 8.1% sequentially to \$4.0 billion. Income annuities dropped 8.2%.

Estimated Fixed Annuity Sales by Product Type (in \$ millions)					
	Total	Indexed	Income	Fixed Rate Non-MVA	Fixed Rate MVA
Q1 '13	14,960	7,787	2,186	4,016	972
Q4 '12	16,200	8,452	2,381	4,369	999
% change	-7.7%	-7.9%	-8.2%	-8.1%	-2.7%
Q1 '13	14,960	7,787	2,186	4,016	972
Q1 '12	16,940	8,166	2,156	5,253	1,368
% change	-11.7%	-4.6%	1.4%	-23.5%	-28.9%

Allianz was once again the top fixed annuity company in first quarter 2013, followed by Security Benefit Life, New York Life, American Equity and Jackson National. Security Benefit Life moved to second place. New York Life remained in third place, American Equity moved up a notch to come in fourth, and Jackson National rejoined the top five in fifth place.

First quarter results for the top five Study participants were as follows:

### **Total Fixed Annuity Sales (in \$ thousands)**

Allianz Life	1,163,724
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Security Benefit	1,105,733
New York Life	1,079,443
American Equity	929,899
Jackson National	743,682

In first quarter, Western National Life moved from fifth place to take the lead in bank channel and fixed rate non-MVA sales. The other top companies in sales by product type and distribution channel were unchanged from the prior quarter.

Security Benefit Life had two of the quarter's five top-selling fixed annuities for the first time. Its Total Value Annuity was the quarter's bestseller, up fourth place last quarter, and Secure Income Annuity joined the top five in third place. New York Life's Lifetime Income Annuity, the quarterly bestseller throughout 2012, finished second. American Equity's Bonus Gold and Allianz's Endurance Plus indexed annuities both dropped two notches, but remained in the top five at number four and five, respectively.

<b><u>Rank</u></b>	<b><u>Company Name</u></b>	<b><u>Product Name</u></b>	<b><u>Product Type</u></b>
1	Security Benefit Life	Total Value Annuity	Indexed
2	New York Life	NYL Lifetime Income Annuity	Income
3	Security Benefit Life	Secure Income Annuity	Indexed
4	American Equity	Bonus Gold	Indexed
5	Allianz Life	Endurance Plus	Indexed

"We expect that fixed annuity sales in the coming months will follow the pattern set early in the year," Alexander concluded. "Sales may increase slightly coming off from a record year for indexed and income annuities, but low interest rates will continue to hamper significant growth in the near future."