

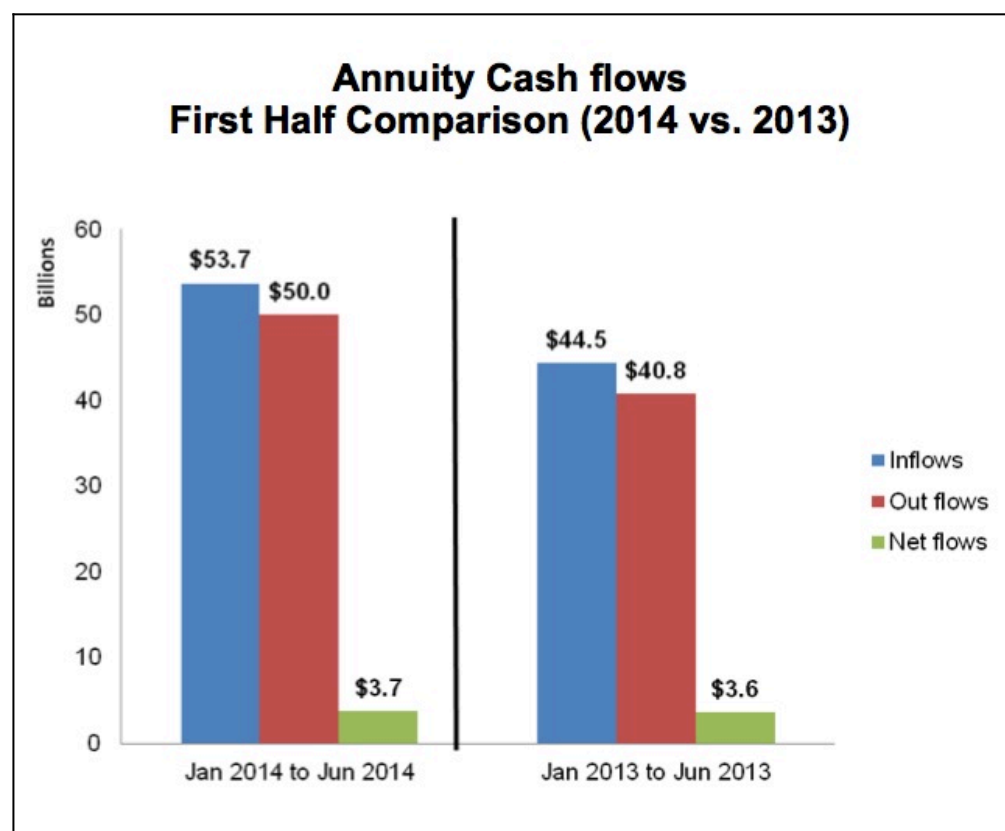
## DTCC Publishes first-half 2014 Annuity Flow Report

By Kerry Pechter     Wed, Sep 3, 2014

*The report analyzed almost \$104 billion in annuity transactions involving 120 insurance companies (44 parent/holding companies), 583 distributors, and 3,463 annuity products.*

First-half annuity inflows were 21% higher in 2014 compared with the same period in 2013. But a 22% increase in outflows offset that gain, resulting in a minimal increase in net cash flows for the period, according to the latest [Annuity Market Activity Report](#) from the Analytic Reporting for Annuities Service of the Insurance and Retirement Services unit of National Securities Clearing Corp., a unit of DTCC.

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Over the past 18 months, annuity inflows peaked in March and April 2014, climbing to \$9.7 billion, or 34% more than in March 2013 and 20% more than in April 2014. At \$2.7 billion, net flows in the second quarter of 2014 were 150% higher than the \$1 billion recording in the first quarter of 2014. Increased sales of fixed annuity products are driving the numbers.

Fixed annuity inflows and net flows in the first half of 2014 were up 130% and 150% compared to the same period in 2013. Variable annuity inflows increased 3% but net flows fell 74%.

More sales are funded by qualified than after-tax money. Net flows in non-qualified accounts remained in negative territory, while net flows in qualified accounts saw a dramatic increase in the first half of 2014 after declining from August to December 2013.

### **Good news is concentrated in a few distributors**

Inflows and net flows were not spread evenly among distributors. Of 583 distributors in the study, only one unidentified distributor had stellar results (Net flows of about \$3.8 billion on inflows of about \$8.2 billion) and only three others had at least \$500 million in net flows. Seven firms with significant inflows had negative net flows. The top ten distributors in terms of sales accounted for 66% of sales in the first half of this year, down from 68% in 2013.

### **Top ten carriers command the majority of inflows and net flows**

Comparing first half 2014 with first half 2013, Prudential dropped from the third to seventh place, MetLife dropped to thirteenth from eighth and AXA fell to twelfth. Jackson National and Lincoln remained at the first and second spots, respectively, and Allianz and NY Life joined the top 10.

Despite the reordering, the top 10 carriers captured 78% of total inflows in the first half of both 2014 and 2013. H113 and H114. The top 10 carriers accounted for almost 90% of total positive net cash flows.

### **Top products continue to dominate inflows and net flows**

The top ten products captured about a third of all inflows. Jackson National's Perspective and Elite Access products continue to dominate the annuity product market in terms of inflows and net flows.