
FIA, DIA, and SPIA sales broke records in 4Q 2013: LIMRA

By Editorial Staff *Thu, Mar 20, 2014*

Joe Montminy, assistant vice president, LIMRA SRI Annuity Research, attributed sales growth to rising interest rates, product innovation and “organic growth” in the bank and Independent B-D channels.

Quarterly total annuity sales rose 17%, to \$61.9 billion, in the last quarter of 2013, according to LIMRA Secure Retirement Institute (SRI). It was the largest quarterly percentage increase in 11 years.

For all of 2013, total annuity sales were \$230.1 billion, or five percent over 2012. Fourth quarter sales of indexed annuities reached \$11.9 billion — a new quarterly record and \$1.7 billion more than the prior quarter.

While VA sales were off slightly, thanks to less generous products, the dramatic growth in the S&P500 last year helped VA assets reach a record \$2 trillion by the end of 2013.

Joe Montminy, assistant vice president, LIMRA SRI Annuity Research, attributed growth to rising interest rates, product innovation and “organic growth” in the bank and Independent B-D channels. “This growth was additive and not at the expense of the independent channel, which saw a 24% increase in the fourth quarter and makes up 71% of the market,” Montminy said.

Indexed annuity sales were \$39.3 billion in 2013, up 16% over 2012. Fixed annuity sales were \$25.6 billion in the quarter, the highest since the second quarter of 2009 and up 45% compared to last year. Total fixed annuities sales grew 17% in 2013, totaling \$84.8 billion.

Fixed-rate deferred annuities—book value and MVA—increasing 54% in the fourth quarter compared to last year, thanks to higher prevailing interest rates. Fixed-rate annuity sales reached \$8.5 billion in the fourth quarter. For the year, fixed-rate annuities were \$29.3 billion, up 19%.

Variable annuity sales rose four percent in the fourth quarter, to \$36.3 billion. VA sales stopped tracking the equities markets after the financial crisis. Despite 32% growth in the equities market in 2013, VA sales fell one percent in 2013, to \$145.3 billion.

In 2013, more companies introduced accumulation-stage VAs, which aren’t as capital-intensive VAs with living benefits, LIMRA noted. These products are variously marketed for tax-deferral, exposure to alternative assets inside a tax-deferred account, and exposure to equity indexes through options. Election rates for VA GLWB riders dropped to 79% (when available) in the fourth quarter, as a result of reductions in the generosity and the investment flexibility of GLB riders.

Nonetheless, pure income annuity products—deferred income annuities (DIAs) and single-premium immediate annuities (SPIAs)—both broke sales records in the last quarter of 2013.

Sales of DIAs reached \$710 million in the fourth quarter, up 82% over Q4 2012. In 2013, DIA sales grew to

\$2.2 billion, up 113% over 2012. At a record \$2.6 billion, SPIA sales rose 30% in the fourth quarter. For the year, SPIA sales totaled \$8.3 billion, eight percent above 2012 and another record.

“We anticipate that continued improvements in interest rates and changing demographics will increase demand for these income annuity products,” noted Montminy.

The fourth quarter Annuities Industry Estimates can be found in LIMRA’s updated [Data Bank](#).

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