
FIA sales break quarterly sales record (again): LIMRA SRI

By Editorial Staff Thu, Aug 22, 2019

"The 10-year treasury rate dropped nearly 50 basis points from the start of the second quarter," said LIMRA's Todd Giesing. "We anticipate sales of fixed-rate deferred annuities to substantially drop in the third and fourth quarters."

Fixed indexed annuity (FIA) sales were \$20 billion in the second quarter of 2019, 14% higher than in the same period a year ago, according to the LIMRA Secure Retirement Institute (LIMRA SRI) Second Quarter U.S. Annuity [Sales Survey](#).

"Despite declining interest rates, we are forecasting the current momentum of FIA sales to continue through the end of the year and expect sales of FIAs to exceed \$70 billion for 2019," said Todd Giesing, annuity research director, LIMRA SRI.

In the first six months of 2019, FIA sales were \$38 billion, an increase of 18%, compared with the first six months of 2018. Fee-based FIA sales were \$193 million in the second quarter. While this marks major growth for this market (188% over prior year), fee-based FIAs still represent less than 1% of the total FIA market, according to LIMRA's release this week.

Total annuity sales were \$63.9 billion in the second quarter, up 7% compared with the prior year results. This is the highest quarterly sales recorded since the first quarter 2009, and the third consecutive quarter where total annuity sales surpassed \$60 billion, the survey showed. Year-to-date, total annuity sales were \$124.8 billion, an increase of 11%, compared with results from the first half of 2018.

Fixed annuities represented 60% of the total annuity market in the second quarter. Fixed annuity sales have outperformed VAs sales in 12 of the last 14 quarters.

U.S. Individual Annuity Sales

2nd Quarter YTD 2019 (\$ in thousands)

Rank	Company name	Total	Company name	Variable	Company name	Fixed
1	AIG Companies	10,221,715	Jackson National Life	7,242,848	AIG Companies	7,414,720
2	Jackson National Life	8,618,040	AXA US	5,719,985	New York Life	5,762,178
3	Lincoln Financial Group	7,322,651	TIAA	5,078,000	Global Atlantic Financial Group	5,089,286
4	New York Life	7,196,481	Lincoln Financial Group	4,440,638	Allianz Life of North America	4,379,745
5	Allianz Life of North America	5,918,926	Prudential Annuities	4,337,092	Pacific Life	3,733,057
6	AXA US	5,735,803	AIG Companies	2,806,995	Athene Annuity & Life	3,724,653
7	Prudential Annuities	5,367,321	BrightHouse Financial	2,756,956	Lincoln Financial Group	2,882,012
8	Pacific Life	5,209,920	Nationwide	2,238,200	Nationwide	2,869,200
9	Global Atlantic Financial Group	5,141,621	RiverSource Life Insurance	1,896,936	American Equity Investment Life	2,736,058
10	Nationwide	5,107,400	Transamerica	1,657,513	Great American	2,612,862
11	TIAA	5,078,000	Allianz Life of North America	1,539,180	Massachusetts Mutual Life	2,516,799
12	Athene Annuity & Life	3,724,653	Pacific Life	1,476,863	Fidelity & Guaranty Life	1,978,837
13	BrightHouse Financial	3,030,036	New York Life	1,434,303	Symetra Financial	1,749,059
14	American Equity Investment Life	2,736,058	Thrivent Financial for Lutherans	1,130,113	Security Benefit Life	1,622,476
15	Massachusetts Mutual Life	2,735,411	Fidelity Investments Life	714,522	Western Southern Group	1,606,201
16	Great American	2,656,421	Northwestern Mutual Life	545,453	Jackson National Life	1,375,192
17	RiverSource Life Insurance	2,113,372	CMFG Life Insurance Company	457,427	Principal Financial Group	1,350,432
18	Fidelity & Guaranty Life	1,978,837	Principal Financial Group	230,269	Midland National	1,295,095
19	Transamerica	1,961,123	Great-West Financial	224,351	Delaware Life	1,210,862
20	Symetra Financial	1,782,032	Massachusetts Mutual Life	218,611	American National	1,126,178
Top 20		\$93,635,821		\$46,146,255		\$57,034,902
Total industry		\$125,260,000		\$48,600,000		\$76,160,000
Top 20 share		75%		95%		75%

Source: LIMRA Secure Retirement Institute U.S. Individual Annuities Sales Survey



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After two consecutive quarters of declines, VA sales were \$25.8 billion, level with second quarter 2018 results. For the first six months of the year, VA sales were \$48.6 billion, down 4%, compared with prior year results. Traditionally, VA sales are the strongest in the second quarter, the report said. LIMRA SRI expects increasing market volatility and falling interest rates to dampen VA sales for the remainder of the year. It forecasts total VA sales of under \$100 billion for 2019.

Fee-based VA sales were \$725 million in the second quarter. While this is down 15% from prior year, it is 10% higher than first quarter 2019 results. Fee-based VA sales represented 2.8% of the total VA market in the second quarter.

In the second quarter, registered index-linked annuity (RILA) sales were \$4.14 billion, up 66% from prior year results. Year to date, RILA sales were \$7.7 billion, 63% higher than results from the first half of 2018.

“While RILA sales have been driving overall VA sales growth recently – representing 16% of the total VA market – after two consecutive quarters in the \$3.5 billion range, sales vaulted up,” Giesing said. “Heightened equity market volatility and the fact that major distributors have RILA products on the shelves helped RILA sales break through this plateau.”

Another record quarter for fixed annuities

Despite the decline in interest rates this quarter, fixed-rate deferred annuity sales rose 10% in the second quarter to \$13.1 billion. In the first six months of 2019, fixed-rate deferred annuity sales totaled \$28.2 billion, 35% higher than prior year results. But the impact of falling rates may simply be delayed.

“The 10-year treasury rate dropped nearly 50 basis points from the start of the second quarter,” said Giesing. “While we didn’t see significant impact on the fixed-rate deferred annuity market during the second quarter, there is usually a lag between interest-rate drops and sales declines. We anticipate sales to substantially drop in the third and fourth quarters.”

Single premium immediate annuities (SPIA) sales totaled \$2.7 billion in the second quarter of 2019, up 8% from prior year. Year to date, SPIA sales were \$5.5 billion, 20% higher than 2018.

“Traditionally, SPIA sales are strongly linked to interest rates. However, we see another dynamic coming into play,” Giesing said. “Over the past year, a growing portion of the assets invested in SPIAs are qualified assets. This is likely due to the rise in the number of individuals who are reaching the age for taking required minimum distributions, and choosing to convert a portion of their qualified assets into guaranteed income.”

Deferred income annuities (DIA) sales grew 26% in the second quarter, to \$727 million. In the first six months of the year, DIA sales totaled \$1.4 billion, 25% higher than prior year.

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