
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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