
FIA sales could reach \$50 bn in 2014: LIMRA

By Editorial Staff *Wed, Aug 20, 2014*

"This is only the second time we have seen quarterly sales over \$60 billion since the third quarter of 2011," said Todd Giesing, senior analyst, LIMRA Secure Retirement Institute Annuity Research.

Fixed indexed annuity sales reached a record \$13 billion in the second quarter of 2014, according to the LIMRA Secure Retirement Research Institute. Total U.S. [annuity sales](#) reached \$61.4 billion in the quarter, up 8% over the same period in 2013. Total U.S. annuity sales were up 10% for the first half of the year.

Jackson National was again the overall annuities leader, with \$13.5 billion in sales in the second quarter, of which \$12.7 billion was in variable annuity sales. The AIG Companies were next with \$6.2 billion in variable annuity sales and \$9.3 billion overall.

"This is only the second time we have seen quarterly sales over \$60 billion since the third quarter of 2011," said Todd Giesing senior analyst, LIMRA Secure Retirement Institute Annuity Research. "Despite declining interest rates during the first six months of this year, fixed annuity sales continue to drive overall annuity sales growth."


Total fixed annuity sales were \$25.2 billion in the second quarter, up 34% versus the prior year. Year-to-date (YTD), fixed annuity sales equaled \$49.1 billion, a 39% increase from 2013.

Annuity Industry Estimates						
(Dollars in billions)						
	Q2 2014	Q2 2013	Pct Chg Q2/Q2	YTD 2014	YTD 2013	Pct Chg 2013/2012
Variable						
Separate accounts	28.0	30.1	-7%	55.3	58.4	-5%
Fixed accounts	8.2	7.9	4%	15.1	14.9	1%
Total Variable	36.2	38.0	-5%	70.4	73.3	-4%
Fixed						
Fixed-rate deferred	7.4	5.7	30%	15.8	11.1	42%
Book value	5.5	4.1	34%	11.2	8.2	37%
Market value adjusted	1.9	1.6	19%	4.6	2.9	59%
Indexed	13.0	9.3	40%	24.3	17.2	41%
Fixed deferred	20.4	15.0	36%	40.1	28.3	42%
Deferred income	0.71	0.54	33%	1.33	0.93	43%
Fixed immediate	2.6	1.9	37%	5.1	3.6	42%
Structured settlements	1.5	1.3	9%	2.6	2.5	4%
Total Fixed	25.2	18.8	34%	49.1	35.3	39%
Total	\$61.4	\$56.8	8%	\$119.5	\$108.6	10%

Industry estimates reported for the second quarter 2014 based upon data from 60 companies, representing 94 percent of total sales.

Source: LIMRA Secure Retirement Institute, U.S. Individual Annuity Sales Survey (2014, 2nd quarter)

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Sales of fixed rate deferred annuities (Book Value and MVA) grew 30% in the second quarter, compared with prior year. Fixed-rate deferred annuities reached \$15.8 billion in the first half of the year, a 42% increase compared to last year.

Index annuity sales grew 40% in the second quarter, setting a new quarterly record of \$13 billion. This is the first time that quarterly index annuity sales have accounted for more than 50% of total fixed annuity sales, with second quarter sales accounting for 52% of total fixed sales. YTD, indexed annuity sales grew 41%, totaling \$24.3 billion.

“With a record quarter of index annuity sales driven by product innovation and expansion of distribution, sales may be pushing \$50 billion for 2014. There is nothing to indicate that sales will significantly drop in the near future,” Giesing said.

Indexed annuity guaranteed living benefits (GLBs) election rates continue to be strong, with 72% electing a GLB when available (four percentage points higher than in the first quarter).

Deferred income annuity (DIA) sales reached \$710 million in the second quarter, 33% higher than prior year. In the first six months of 2014, DIA sales jumped 43%, totaling \$1.3 billion. The top three writers continue to drive most of the DIA sales, accounting for 85% of sales.

Single premium immediate annuity sales were up 37% in the second quarter to reach a record-matching \$2.6 billion. LIMRA Secure Retirement Institute research shows that this is industry-wide growth — not coming from just one carrier.

Variable annuity sales fell five percent in the second quarter, totaling \$36.2 billion. YTD, VAs reached \$70.4 billion, a four percent drop from 2013. Many of the top VA sellers are focusing on diversification of their VA GLB business, LIMRA Secure Retirement Institute researchers said. In the second quarter, a few of the top companies entered the market with accumulation products without a GLB rider. Election rates for GLB riders, when available, were 78% in the second quarter of 2014.

LIMRA Secure Retirement Institute's second quarter U.S. Individual Annuities Sales Survey represents data from 95% of the market.

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