
FIA sales on pace to exceed \$60 billion

By Editorial Staff *Thu, Dec 1, 2016*

'While most other annuity products have faltered because of falling interest rates and anticipation of the Department of Labor (DOL) fiduciary rule, FIAs continue to thrive,' said Todd Giesing, assistant research director, LIMRA Secure Retirement Institute.

Fixed indexed annuity (FIA) sales were \$15.0 billion in the third quarter of 2016, up 5% from the year-ago quarter, and \$46.9 billion for the first three quarters of 2016, 22% higher than the first three-quarters of 2015, according to LIMRA Secure Retirement Institute's *Third Quarter U.S. Annuity Sales* survey.

"Indexed annuities are on pace to exceed \$60.0 billion by year-end, a 10 to 15% increase over prior year," said Todd Giesing, assistant research director, LIMRA Secure Retirement Institute. "While most other annuity products have faltered because of falling interest rates and anticipation of the Department of Labor (DOL) fiduciary rule, FIAs continue to thrive."

Total 3Q2016 U.S. annuity sales declined for the second consecutive quarter, to \$53.6 billion (down 11% from the prior year). Year-to-date, total annuity sales were \$170.9 billion (down 2% from the first three quarters of 2015).

VA sales totaled \$25.9 billion in the third quarter, down 21% from 2015. It was the lowest quarterly sales level since 1998 and the third consecutive quarter of VA sales below \$30 billion—a streak not seen since 2002. Year-to-date, VA sales totaled \$79.4 billion, down \$22.0 billion from 2015.

"There has been a significant drop in sales by independent broker-dealers this year as they prepare for the impending DOL fiduciary rule," noted Giesing. "With so many factors still unknown, carriers have been slow to introduce new products."

LIMRA Secure Retirement Institute is forecasting VA sales to end the year around \$105.0 billion, down just over 20%. Without changes on the DOL fiduciary rule coming from the new Administration or Congress, the Institute predicts VA sales will fall another 25 to 30% in 2017.

Overall fixed annuity sales increased one percent in the third quarter, to \$27.7 billion. In the first nine months of 2016, fixed annuity sales totaled \$91.5 billion, an increase of 25%.

For the third consecutive quarter, fixed annuity sales (including fixed-rate deferred, FIA,

and fixed immediate) dominated annuity market activity. In the third quarter, fixed sales represented 51% and variable annuity (VA) sales accounted for 49% the market. Two years ago, VAs had a 61% share.

Despite the challenging interest rate environment, the Institute forecasts fixed annuities to rise 15% to 20% in 2016 compared with the prior year. This will counter falling VA sales. As a result, total annuity sales should end the year even with 2015.

Sales of fixed-rate deferred annuities, (book value and market value adjusted) fell 4%, to \$8.5 billion. Year-to-date, fixed-rate deferred product sales totaled \$31.0 billion, up 38%.

Falling interest rates in the third quarter undermined income annuity sales. Fixed immediate annuity sales dropped 4% in the third quarter, to \$2.2 billion. Year-to-date fixed immediate annuity sales equaled \$7.2 billion, 11% higher than the first nine months of 2015.

The Institute expects fixed immediate annuity sales to end the year around \$9.5 billion, 7% higher than 2015.

Deferred income annuity (DIA) sales fell 11% in the quarter to \$605.0 million. Year-to-date, DIAs improved 19 percent compared with prior year, totaling \$2.2 billion. DIA sales are projected to exceed \$3.0 billion, around 15 percent higher than 2015.

The third quarter [2016 Annuities Industry Estimates](#) can be found in the updated Data Bank. To view the top twenty rankings of total, variable and fixed annuity writers for third quarter 2016, please visit [Third Quarter 2016 Annuity Rankings](#). To view the breakout of indexed and fixed-rate annuity sales rankings, please visit: [Third Quarter Fixed Annuity Breakout Rankings](#). To view variable, fixed and total annuity sales over the past 10 years, please visit [Annuity Sales 2006-2015](#).

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