
Fidelity & Guaranty Life's FIA sales doubled in fiscal 2014

By Editorial Staff Thu, Nov 27, 2014

Harbinger's CEO and chairman, Philip Falcone (in photo) will resign Dec. 1, to focus on HC2 Holdings and Harbinger Capital Partners. He will depart with a bonus of \$20.5 million.

The holding company Harbinger Group Inc. has announced its consolidated results for the fourth quarter and full year of fiscal 2014 ended last Sept. 30, including results for Fidelity & Guaranty Life, which issues fixed indexed annuities.

FGL more than doubled its annuity sales in both the quarter and the year, and continues to increased its GAAP book value by 45% over the year, according to the Harbinger end-of-year report. The insurance segment, which includes Front Street Re Inc., had about \$18.8 billion of assets under management as of Sept. 30.

Harbinger also announced that its CEO and chairman, Philip Falcone, will resign from both positions, effective this Monday, Dec. 1, 2014, to focus on HC2 Holdings Inc. and Harbinger Capital Partners. Falcone will receive a bonus of \$20.5 million at departure. Harbinger's market capitalization grew from \$140 million in 2009 to today's \$2.6 billion.

Fiscal year results

Annuity sales increased 114% in fiscal 2014, to \$2.16 billion. Additionally, during the fiscal 2014 quarter, FGL grew fixed indexed annuities by 91% over the fiscal 2013 quarter and 20% on a sequential basis. The increase in annuity sales and fixed indexed annuities in both periods is attributable to ongoing marketing initiatives with existing distribution partners as well as the launch of new products.

But the insurance segment's revenues fell 12.3%, to \$283.0 million from \$322.8 million, in the fiscal 2014 quarter due to lower net investment gains driven by the segment's portfolio repositioning activity in fiscal 2013. FGL implemented a tax planning strategy to use certain net operating losses, which resulted in certain non-recurring capital gains.

Operating income for the insurance segment in the fiscal 2014 quarter decreased by \$103.4 million, or 61.5%, to \$64.6 million from \$168.0 million for the fiscal 2013 quarter due to the same factors that affected revenue, the release said. The segment's adjusted operating income fell 65%, decreased to \$31.3 million from \$89.3 million in income for the fiscal 2013 quarter.

The insurance segment recorded annuity sales, which are recorded as deposit liabilities (i.e. contract holder funds) in accordance with generally accepted U.S. accounting principles, of \$501.6 million for the fiscal 2014 Quarter as compared to \$246.9 million in the fiscal 2013 quarter, an increase of \$254.9 million, or 103%.

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