
First quarter annuity sales: Better for fixed than variable

By Editorial Staff Thu, May 26, 2016

Jackson National was again the top seller of variable annuities, Allianz Life the leader in indexed annuities and New York Life led fixed-annuity sales. But AIG issued the most annuities overall in 1Q2016, with sales of \$5.13 billion.

Despite a 20% drop in sales from the previous quarter, Jackson National Life maintained its leadership in the variable annuity market in the first quarter of 2016, with \$4.27 billion in sales. Sales in the fourth quarter of 2015 were \$5.34 billion.

The top 10 VA sellers accounted for about 80% of sales. All of the top 25 sellers saw declines in first quarter sales from 4Q2015, as the overall industry took in about 16% less premium. Both LIMRA Secure Retirement Institute and Morningstar Inc. reported first quarter annuity sales statistics this week.

While it was grim for VAs, the first quarter was the best ever for fixed indexed annuities. With \$15.7 billion in FIA sales for the quarter, the industry was on track to break the \$60 billion mark in 2016. Total FIA sales in 2015 were \$54.5 billion.

With \$2.79 billion in first quarter sales, Allianz Life again dominated FIA sales. The other two issuers with billion-dollar quarters were American Equity Investment Life (\$1.69 billion) and Great American (\$1.11 billion). In the fixed rate annuity category, New York Life again led in quarterly sales with \$3.2 billion; its total fixed annuity sales in 2015 were \$8.64 billion.

The same equity volatility that hurt variable annuities in January also helped sales of fixed deferred annuities. They were up 90%, to \$12 billion, in the first quarter of 2016 compared with the year-ago quarter. Sales of market value-adjusted fixed annuities, which share interest rate risk with the contract owner, rose 165% year-over-year, to \$5.3 billion.

AIG was the largest overall seller of annuities, with variable sales of \$2.08 billion and fixed sales of \$3.05 billion. Two of its variable annuity contracts, the Portfolio Director (Plus & 2) and the Polaris Platinum IIIB contract, were among the ten best-selling contracts in the first quarter.

In variable annuity sales, there was a slight shake up in the top-10 rankings in the first quarter of this year. AXA jumped to third place from seventh place, on sales of \$2.33 billion, down five percent from the previous quarter. AEGON/Transamerica dropped to eight place

from fifth place on sales of \$1.21 billion, down 25% from 4Q2015.

Several of AXA's contracts enjoyed leapfrog-jumps in sales rankings. Its Structured Capital Strategies B Share contract enjoyed a 270% year-over-year sales increase, with sales of \$666 million in the first quarter of 2016, and moved up to ninth place from No. 24 in the past year. Over the same period, AXA's Retirement Cornerstone contract moved up to No. 11 in the rankings from No. 47

Structured Capital Strategies is an indexed variable annuity; it works like an indexed annuity, but contract owners get more upside participation in return for limited downside participation. A conventional indexed annuity protects contract owners from any market loss.

Retirement Cornerstone has two-sleeves: an investment sleeve and a sleeve that's protected by a Guaranteed Minimum Income Benefit rider. If contract owners want to de-risk as they age and lock in ever-larger amounts of guaranteed lifetime income, they can gradually move money from the investment sleeve to the protected sleeve.

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