

Fixed annuity sales improve in 1Q 2011

By Editor Test *Wed, Jul 20, 2011*

"Though low by historical standards, fixed annuity rates were higher than in fourth quarter 2010," said Jeremy Alexander, president and CEO of Beacon Research.

Fixed annuity sales by banks and other depository institutions generated \$4.93 billion in this year's first quarter, a 16% percent increase over the same period a year ago, according to data released by the American Bankers Insurance Association. Quarter-to-quarter sales grew 56%. The sales estimates are based on findings from the Beacon Research *Fixed Annuity Premium Study*.

"Though low by historical standards, fixed annuity rates were higher than in fourth quarter 2010," said Jeremy Alexander, president and CEO of Beacon Research. "Decisions by many carriers and banks to increase fixed annuity sales undoubtedly played a role as well. In addition, risk aversion has increased, and that tends to favor sales of fixed annuities over variable annuities."

A surge in sales of fixed rate annuities without market-value adjustments, or MVAs, drove overall results. MVAs increase or decrease the value of annuity withdrawals, depending on whether interest rates have fallen or risen since the annuity was purchased.

Improved sales were reported by more than one-third of the bank channel carriers tracked by Beacon's study, with 69% reporting improved quarter-to-quarter sales. Western National Life maintained its position as the leading bank channel company among study participants.

First quarter 2011 bank channel results for the 10 leading companies were as follows:

First Quarter 2011 Bank Fixed Annuity Sales

Company	Sales (\$000s)
Western National Life (AIG)	2,103,924
New York Life	618,304
Symetra Life	548,366
Great American Financial Resources	271,448
Lincoln Financial Group	252,839
American National	238,454
Protective Life	215,064
Jackson National Life	179,258

W&S Financial Group Distributors	177,536
Pacific Life	81,659
Source: Beacon Research	

Western National’s Flex 7 moved up two places to become the quarter’s top bank channel fixed annuity. Protective Life’s ProSaver Secure II rejoined the top ten in tenth place. Lincoln Financial Group’s New Directions continued as the only top-ten indexed annuity, coming in fifth place.

The first quarter’s leading bank-sold annuities were as follows:

Leading Bank-Sold Annuities

Company	Product	Type
Western National Life	Flex 7	Fixed Rate Non-MVA
Western National Life	Proprietary Bank Product A	Fixed Rate Non-MVA
New York Life	NYL Preferred Fixed Annuity	Fixed Rate Non-MVA
Western National Life	Flex 5	Fixed Rate Non-MVA
Lincoln Financial Group	Lincoln New Directions	Indexed
Western National Life	Proprietary Bank Product F	Fixed Rate Non-MVA
New York Life	NYL Secure Term Fixed Annuity	Fixed Rate Non-MVA
Western & Southern Life	MultiRate Annuity	Fixed Rate Non-MVA
Western National Life	Proprietary Bank Product B	Fixed Rate Non-MVA
Protective Life	ProSaver Secure II	Fixed Rate Non-MVA
Source: Beacon Research		