
Indexed annuities post new sales records in 2015

By Editorial Staff Thu, Feb 25, 2016

Total annuity sales improved for the third consecutive quarter, driven by strong fixed annuity results. In fourth quarter, annuity sales were \$61.4 billion, 5% higher than the prior year. In 2015 sales were \$236.7 billion, recording no growth from 2014.

Breaking previous quarterly sales records, indexed annuity sales totaled \$16.1 billion in the fourth quarter of 2015, 32% higher than prior year, according to LIMRA Secure Retirement Institute's fourth quarter U.S. Individual Annuities Sales Survey.

In 2015, indexed sales reached a record-breaking \$54.5 billion – an increase of 13% from 2014. (See today's RIJ "Data Connection" on the homepage for a chart.)

"Indexed annuity sales have experienced eight consecutive years of positive growth," noted Todd Giesing, assistant research director, LIMRA Secure Retirement Research. "The growth was driven by many companies, rather than just the top players as we have seen in the past. We also are seeing some companies who have traditionally been strong in the variable annuity market, focusing more attention on the indexed annuity market."

Overall, total annuity sales improved for the third consecutive quarter, driven by strong fixed annuity results. In fourth quarter, annuity sales were \$61.4 billion, 5% higher than the prior year. In 2015 sales were \$236.7 billion, recording no growth from 2014.

Variable annuity (VA) sales dropped 7% in the fourth quarter to \$31.7 billion, which is the lowest level seen since the first quarter of 2009. 2015 marked the fourth consecutive year of VA sales declines. For the year, VA sales fell 5% year over year, to \$133 billion.

Sales of fixed annuities jumped 23% in the fourth quarter, to \$29.7 billion. In 2015, fixed annuity sales increased 7%, to \$103.7 billion. This is the first time fixed annuity sales have surpassed \$100 billion since 2009.

Sales of fixed-rate deferred annuities, (Book Value and MVA) rose 16% in the fourth quarter and 4% for the year.

Immediate income annuity sales were \$2.6 billion in the fourth quarter, improving 13% from prior year. However, low interest rates earlier in the year did impact annual immediate income annuity sales. Annual immediate income annuity sales fell 6%, totaling \$9.1 billion in 2015.

Deferred income annuity (DIA) sales continued its strong growth in the last half of 2015. Fourth quarter DIAs were \$821 million, 21% higher than the fourth quarter of 2014. For the year, DIA sales were \$2.7 billion, equal to 2014 results. The Institute found market share more evenly spread out among the top ten writers and anticipate DIA sales to increase at a slow but steady pace for the foreseeable future.

“There are 11 companies offering QLAC products,” said Giesing. “While this is small and new part of the DIA market, we expect to an uptick in sales 2016.” LIMRA Secure Retirement Institute’s fourth quarter U.S. Individual Annuities Sales Survey represents data from 96% of the market.

The 2015 fourth quarter Annuities Industry Estimates can be found in LIMRA’s updated [Data Bank](#). To view variable, fixed and total annuity sales over the past 10 years, please visit Annuity Sales 2006-2015. The top twenty rankings of total, variable and fixed annuity writers for 2015 will be available in mid-March.

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