
Indexed Annuity Sales Reach New Highs: LIMRA

By Editorial Staff *Fri, Nov 20, 2015*

'VA sales make up 54% of the overall annuity business, down from 67% just in 2012. This decline in VA market share has certainly contributed to the growth in the indexed annuity market,' said Todd Giesing of the LIMRA Secure Retirement Institute.

U.S. annuity sales totaled \$60.6 billion in the third quarter of 2015, up 4% percent compared with the prior year. For the first nine months of 2015, total annuity sales were \$175.3 billion, down 2% from the prior year, according to LIMRA Secure Retirement Institute's quarterly U.S. Individual Annuities Sales Survey.

Indexed annuity sales reached a record-breaking \$14.3 billion, up 22% year-over-year and 10% above the previous quarterly best. Growth was driven by many companies, rather than concentrated among the leaders. YTD indexed annuity sales rose 7%, to \$38.4 billion.

For the first three-quarters of 2015, Jackson National Life led all variable annuity issuers with \$17.8 billion in sales and New York Life led all fixed annuity issuers with \$6.7 billion in sales. AIG had the most balanced sales, with \$14.5 billion overall (\$8.8 billion variable and \$5.7 billion fixed). For other sales results, click on chart below.

Variable annuity (VA) sales were hurt by the market volatility, falling 7% in the third quarter to \$32.9 billion. Year-to-date VA sales dropped 4% from 2014, to \$101.3 billion. Nineteen of the top 20 VA writers, representing about 93% of sales, reported quarter-over-quarter declines.

| 3 rd Quarter YTD 2015 (\$ in thousands) | | | | | | |
|---|----------------------------------|----------------------|----------------------------------|----------------------|--|---------------------|
| Rank | Company name | Total | Company name | Variable | Company name | Fixed |
| 1 | Jackson National Life | 18,771,484 | Jackson National Life | 17,771,227 | New York Life | 6,700,520 |
| 2 | AIG Companies | 14,497,105 | TIAA-CREF | 9,401,330 | Allianz Life of North America | 6,502,678 |
| 3 | Lincoln Financial Group | 11,058,579 | Lincoln Financial Group | 8,945,657 | AIG Companies | 5,706,747 |
| 4 | TIAA-CREF | 9,401,330 | AIG Companies | 8,790,359 | American Equity Investment Life | 4,940,548 |
| 5 | New York Life | 9,326,064 | AXA US | 7,245,075 | Forethought Annuity | 3,987,236 |
| 6 | Allianz Life of North America | 7,996,894 | Prudential Annuities | 6,645,375 | Great American | 2,970,673 |
| 7 | MetLife | 7,430,064 | Transamerica | 6,213,577 | Symetra Financial | 2,941,750 |
| 8 | AXA US | 7,267,102 | MetLife | 5,235,829 | MetLife | 2,194,235 |
| 9 | Prudential Annuities | 7,241,714 | Nationwide | 4,025,800 | Lincoln Financial Group | 2,112,922 |
| 10 | Transamerica | 6,284,457 | RiverSource Life Insurance | 3,888,010 | Pacific Life | 2,007,468 |
| 11 | Nationwide | 5,795,700 | Pacific Life | 2,846,823 | Midland National | 2,004,600 |
| 12 | Forethought Annuity | 4,942,076 | New York Life | 2,625,544 | Athene Annuity & Life | 1,907,246 |
| 13 | American Equity Investment Life | 4,940,548 | Thrivent Financial for Lutherans | 2,450,307 | Nationwide | 1,769,900 |
| 14 | Pacific Life | 4,854,290 | Fidelity Investments Life | 1,611,306 | Security Benefit Life | 1,665,491 |
| 15 | RiverSource Life Insurance | 4,056,927 | Ohio National Life | 1,511,859 | Principal Financial Group | 1,655,018 |
| 16 | Great American | 2,995,675 | Allianz Life of North America | 1,494,216 | Fidelity & Guaranty Life | 1,567,830 |
| 17 | Symetra Financial | 2,966,581 | Northwestern Mutual Life | 1,120,996 | EquiTrust Life | 1,466,625 |
| 18 | Thrivent Financial for Lutherans | 2,808,180 | Forethought Annuity | 954,840 | North American Company for Life and Health | 1,204,517 |
| 19 | Principal Financial Group | 2,414,843 | Protective Life | 916,157 | Voya Financial | 1,197,901 |
| 20 | Midland National | 2,322,063 | Massachusetts Mutual Life | 779,368 | Western Southern Group | 1,188,072 |
| Top 20 | | \$137,371,677 | | \$94,473,653 | | \$55,691,976 |
| Total industry | | \$175,256,000 | | \$101,300,000 | | \$73,956,000 |
| Top 20 share | | 78% | | 93% | | 75% |

Source: LIMRA Secure Retirement Institute U.S. Individual Annuities Sales Survey

“Despite high volatility, a significant market correction and lower interest rates, total annuity sales—driven by substantially strong fixed-rate deferred and indexed annuity results—recorded positive growth in the third quarter,” said Todd Giesing, assistant research director, LIMRA Secure Retirement Research, in a release. “There was definitely a flight to safety with every fixed product except fixed immediate and structured settlement annuities recording positive growth.”

“There has been a significant shift in the VA market share over the past several years,” Giesing added. “Today, VA sales make up 54% of the overall annuity business, down from 67% just in 2012. This decline in VA market share has certainly contributed to the growth in the indexed annuity market.”

The VA election rate for GLB riders (when available) was 78% in the third quarter. This is one percentage point higher than prior quarter and prior year.

Sales of fixed annuities increased 21% in the quarter, to \$27.7 billion. In the first nine months of 2015, fixed annuity sales increased 2%, to \$74 billion.

“Despite the decline in rates, fixed annuity writers have been able to offer competitive rates. Coupled with the equity market volatility, we believe the safety of fixed products is being seen as a safe haven,” noted Giesing.

While all channels are seeing growth in indexed annuity market, the bank channel has experienced remarkable growth. Sales of indexed annuities in banks now represent 18% of

sales, up from 6% in 2011. The Institute credits this growth to product innovation; companies have developed simpler products, without GLB riders, as an alternative to bank CDs.

The election rate for indexed annuity GLBs (when available) dropped eight percentage points from prior quarter to 60%. Institute researchers believe the increase of bank sales' market share (which tend to be sold without GLB riders), as well as more consumers' shifting priorities (from income generation to principal protection) seeking safety from recent market volatility contributed to the decline.

Sales of fixed-rate deferred annuities rebounded in the third quarter, improving 32% to \$9.1 billion. YTD, fixed-rate deferred sales were nearly flat compared with prior year, totaling \$23.1 billion.

Despite lower interest rates, single premium immediate annuity sales stayed steady in the third quarter at \$2.3 billion. Total SPIA sales were \$6.5 billion, down 12% for the first three quarters of 2015.

Deferred income annuity (DIA) were \$683 million, growing two percent compared with third quarter of 2014. YTD, DIA sales were dropped 7% from prior year at \$1.9 billion. "We are seeing market share spread out among the top ten writers and anticipate DIA sales to increase at a slow, steady pace for the foreseeable future," Giesing commented.

Eleven companies are now offering QLAC products, the Institute reported. While this is a small part of the DIA market, the Institute predicts sales will see an uptick in 2016.

The 2015 third quarter [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 second quarter 2015, please visit [2015 Third Quarter Annuity Rankings](#). To view variable, fixed and total annuity sales over the past 10 years, please visit [Annuity Sales 2005-2014](#). LIMRA Secure Retirement Institute's third quarter U.S. Individual Annuities Sales Survey represents data from 96% of the market.