
Jackson Announces Record Sales, Profit in 2009

By Editor Test *Wed, Mar 10, 2010*

A unit of Britain's Prudential plc, Jackson National Life sold \$10.0 billion in variable annuities during 2009, up from \$6.5 billion in 2008.

Jackson National Life Insurance (Jackson) achieved record sales and deposits of \$15.2 billion and record International Financial Reporting Standards (IFRS) net income of \$670 million in 2009, the company reported March 9.

Total sales and deposits were 8% higher than in 2008 and consisted entirely of retail products. Jackson's 2009 IFRS net income increased from an IFRS net loss of \$1.0 billion in 2008, primarily due to the positive impact of movements in non-operating derivative holdings.

A unit of Britain's Prudential plc, Jackson sold \$10.0 billion in variable annuities during 2009, compared to \$6.5 billion during the prior year. Sales of fixed index annuities totaled \$2.2 billion, up from \$928 million in 2008.

To preserve capital, Jackson sold only about \$1.6 billion in traditional individual deferred fixed annuities during 2009, compared to nearly \$3.2 billion during the prior year. Annuity net flows (total premium minus surrenders, exchanges and annuitizations) of \$7.9 billion in 2009 were 82 percent higher than 2008.

At December 31, 2009, Jackson had \$4.0 billion of regulatory adjusted capital, more than eight times the regulatory requirements. Jackson has maintained the same financial strength ratings for more than seven years and, during 2009, all four of the major rating agencies affirmed Jackson's financial strength ratings.

As of February 28, 2010, Jackson had the following ratings:

- A+ (superior) A.M. Best financial strength rating, the second highest of 16 rating categories
- AA (very strong) Standard & Poor's insurer financial strength rating, the third highest of 21 rating categories
- AA (very strong) Fitch Ratings insurer financial strength rating, the third highest of 24 rating categories
- A1 (good) Moody's Investors Service, Inc. insurance financial strength rating, the fifth highest of 23 rating categories

"The effectiveness of our hedging programs contributed materially to Jackson's financial stability during 2009," said Andy Hopping, Jackson executive vice president and chief financial officer. "Jackson's variable annuity hedges sufficiently protected the company's statutory capital, and the increase in value of our interest rate derivatives was a key driver of Jackson's record 2009 IFRS net income."

In 2009, Jackson sold \$53 million in life insurance products, compared to \$58 million in 2008. Jackson did

not sell any institutional products during 2009, as the company directed available capital to support higher-margin annuity sales.

Jackson achieved top-four rankings in total annuity, variable annuity and fixed index annuity sales during full-year 2009. Jackson ranked:

- Fourth in total annuity sales during 2009 with a market share of 5.9%, up from 11th and a market share of 4.0% in 2008.
- Fourth in new variable annuity sales during 2009, with a market share of 8.1%, up from 12th and a market share of 4.3% in 2008.
- Fourth in fixed index annuity sales, with a market share of 7.5%, up from 9th and a market share of 3.5% in 2008.
- 13th in traditional deferred fixed annuity sales, with a market share of 2.2%, compared to sixth and a market share of 4.5% in 2008.

Curian Capital, Jackson's separately managed accounts subsidiary, accumulated more than \$1.2 billion in deposits during 2009, up from nearly \$1.1 billion during the prior year.

Platform enhancements, new distribution agreements and recovering equity markets drove quarterly deposits to a record high of \$464 million during the fourth quarter of 2009, up 203% from the fourth quarter of 2008 and 22% higher than the third quarter of 2009. As of December 31, 2009, Curian's assets under management totaled \$3.6 billion, compared to \$2.6 billion at the end of 2008.

Jackson's affiliate, National Planning Holdings, Inc., a network of four independent broker-dealers, generated IFRS revenue of \$611 million and IFRS net income of \$3 million during 2009, compared to IFRS revenue of \$608 million and IFRS net income of \$9 million during 2008. The network reported gross product sales of nearly \$14.1 billion in 2009, compared to \$14.6 billion during the prior year. At December 31, 2009, NPH had increased its number of registered representatives to 3,478 from 3,165 at December 31, 2008.