
Jackson reports record net income of \$683m in 2011

By Editor Test Wed, Mar 14, 2012

An indirect wholly owned subsidiary of Britain's Prudential plc, Jackson generated a record \$22.9 billion in total sales and deposits, up 16% over 2010. Retail net flows also increased 11% over 2010 to a record \$13.6 billion, the company said in a release.

Jackson National Life Insurance said it earned a record \$683 million during 2011, up 34% over 2010. Jackson has generated more than a half-billion dollars in IFRS net income in seven out of the past eight years.

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The record sales and net flows were driven primarily by growth in variable annuity (VA) sales at Jackson and deposits at Jackson's retail asset management subsidiary Curian Capital, LLC. VA sales rose 19% to \$17.5 billion, while Curian deposits increased 28% to \$2.7 billion.

Jackson's total IFRS assets increased to \$120.2 billion at the end of 2011, up from \$107.0 billion at the end of 2010. At December 31, 2011, Jackson had \$3.9 billion of regulatory adjusted capital, more than eight times the regulatory requirement after remitting a dividend of \$530 million to its parent.

Curian generated \$10 million in IFRS pretax operating income during 2011, up from \$2 million during 2010. As of December 31, 2011, Curian's assets under management totaled \$7.3 billion, up 32% from the end of 2010.

Consumer demand for fixed annuities fell during 2011 due to the low interest rate environment. During 2011, Jackson sold \$1.5 billion in fixed index annuities, compared to \$1.7 billion in 2010. Sales of traditional deferred fixed annuities totaled \$756 million during 2011, compared to \$1.3 billion during the prior year. Jackson took advantage of the availability of wider spreads during 2011 by issuing \$382 million in institutional products, a market in which the company participates on an opportunistic basis.

As of February 29, 2012, 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 21 rating categories

Jackson ranked third in both total annuity and VA sales, and second in VA net flows during the first nine

months of 2011. The company achieved the following rankings and market share:

- Third in total annuity sales with a market share of 8.4% percent.
- Third in variable annuity sales with a market share of 11.8% percent.
- Ninth in fixed index annuity sales with a market share of 4.6%.
- 14th in traditional deferred fixed annuity sales with a market share of 1.9%.

Jackson's affiliate, National Planning Holdings, Inc. , a network of four independent broker-dealers had IFRS revenue of \$788 million in 2011, up 14% over 2010, and IFRS pretax operating income of \$22 million, up 32% over 2010. The network reported record gross product sales of \$16.3 billion in 2011, an increase of 14% over the prior year.