

'Near-record' sales for indexed and income annuities in 2Q: Beacon

By Editor Test Thu, Sep 13, 2012

New York Life's Lifetime Income Annuity was the best-selling product for the second consecutive quarter.

Second quarter 2012 indexed annuity sales advanced 8.3% from the prior quarter and income annuities were up 6.1% according to the Beacon Research *Fixed Annuity Premium Study*. Both product types had their second-best quarter ever.

Total fixed annuity sales increased 1% sequentially. Total fixed annuity sales declined 17.2% from the year-ago quarter and 13.2% year-to-date despite stronger sales of indexed and income annuities.

"Both indexed annuities with GLWBs and lifetime payout immediate/deferred income annuities provide much-needed guaranteed retirement income," said Jeremy Alexander, CEO of Beacon Research.

"Carriers also may have emphasized sales of both product types over fixed rate annuities because their profitability was somewhat less affected by second quarter's record-low interest rates," he added. "Indexed and income annuities should continue to do well," Alexander concluded. "But much will depend on the interest rate environment and the collective decisions by carriers to expand or pull back on sales."

Estimated Fixed Annuity Sales by Product Type (\$thousands)					
	Total	Indexed	Income	Fixed Rate Non-MVA	Fixed Rate MVA*
2Q 2012	17,106	8,845	2,287	4,783	1,191
2Q 2012	16,943	8,166	2,156	5,253	1,368
Δ%	1.0%	8.3%	6.1%	-8.9%	-12.9%
2Q 2012	17,106	8,845	2,287	4,783	1,191
2Q 2011	20,667	8,438	2,280	8,286	1,663
Δ%	-17.2%	4.8%	0.3%	-42.3%	-28.4%
As of 6-30-12	34,049	17,011	4,442	10,036	2,559
As of 6-30-11	39,241	15,936	4,033	16,082	3,190
Δ%	-13.2%	6.7%	10.1%	-37.6%	-19.8%

*Market value adjusted fixed rate annuities.

Allianz remained the leading company. New York Life and Aviva USA switched placed to come in second and third, respectively. American Equity continued in fourth place and Great American again came in fifth. Second quarter results for the top five study participants were as follows:

Total Fixed Annuity Sales (in \$ thousands)	
Allianz Life	1,437,004
New York Life	1,272,222

Aviva USA	1,129,323
American Equity	917,336
Great American	876,610

Lincoln National took the lead in direct/third party sales and Pacific Life was the new wirehouse channel leader. The other distribution channel leaders were unchanged from the prior quarter, as were the top issuers by product type.

A Security Benefit Life indexed annuity was among the top five for the first time, with Secure Income Annuity taking second place. New York Life's Lifetime Income Annuity remained the bestselling product. Indexed annuities issued by Allianz, Aviva USA and American Equity continued in the top five as well.

Rank	Company	Product	Type
1	New York Life	NYL Lifetime Income	Income
2	Security Benefit Life	Secure Income (MVA and non-MVA)	Indexed
3	Allianz Life	MasterDex X	Indexed
4	Aviva USA	Balanced Allocation Annuity 12	Indexed
5	American Equity	Bonus Gold	Indexed

The Beacon Research quarterly study tracks and analyzes product-level fixed annuity sales on an ongoing basis. Historical industry, company and product sales information is available at www.annuitymarketstudy.com.