

'RILA' Sales Boost Annuities Market: SRI

By Editorial Staff Thu, Nov 21, 2019

Year-to-date, total annuity sales were \$184.2 billion, up 8% from the prior year, according to the Secure Retirement Institute.

(Three downloadable charts included.)

Variable annuity (VA) sales were \$26.5 billion in third quarter 2019, six percent higher than third quarter 2018, according to the Secure Retirement Institute (formerly LIMRA SRI) Third Quarter U.S. Annuity Sales Survey. This represents the highest quarterly VA sales results since third quarter 2016.

Year-to-date VA sales were \$75.1 billion, level with results from the same period in 2018.

"For the second consecutive quarter, VA sales registered strong growth, driven primarily by the remarkable growth in registered index-linked annuity (RILA) products, which represent nearly 20% of the VA market," said Todd Giesing, research director, SRI Annuity Research.

"One of the things that is driving the growth in the RILA market is the adoption of Guaranteed Lifetime Benefit (GLB) riders. In the third quarter, RILA sales with GLB riders increased more than \$500 million. In the third quarter just under 15% of RILAs were sold with a GLB a sharp increase from just three percent in the prior quarter."

U.S. Annuity Sales Estimates

| Variable | Q3 2018 | Q3 2019 | Q3 2019 / Q3 2018 | YTD 2018 | YTD 2019 | YTD 2019 / YTD 2018 |
|-----------------------------|-------------|-------------|----------------------|--------------|--------------|------------------------|
| VA Deferred (no RILAs) | 22.0 | 21.7 | -2% | 67.7 | 62.6 | -8% |
| RILA | 3.0 | 4.8 | 62% | 7.7 | 12.5 | 63% |
| Total Variable | 25.0 | 26.5 | 6% | 75.4 | 75.1 | 0% |
| Fixed | | | | | | |
| Fixed-rate deferred | 11.5 | 9.9 | -14% | 32.4 | 38.1 | 18% |
| Book value | 7.6 | 5.9 | -22% | 21.0 | 24.9 | 19% |
| MVA | 3.9 | 4.0 | 3% | 11.4 | 13.2 | 16% |
| Indexed | 18.0 | 18.6 | 3% | 50.1 | 56.6 | 13% |
| Deferred income | 0.55 | 0.59 | 7% | 1.6 | 2.0 | 19% |
| Fixed immediate | 2.4 | 2.3 | -4% | 7.0 | 7.8 | 11% |
| Structured settlements | 1.6 | 1.5 | -6% | 4.6 | 4.6 | 0% |
| Total Fixed | 34.1 | 32.9 | -3% | 95.7 | 109.1 | 14% |
| Total U.S. Annuities | 59.1 | 59.4 | 1% | 171.1 | 184.2 | 8% |

Industry estimates reported for the second quarter 2019 based upon data from 59 companies, representing 94 percent of total sales.

Source: LIMRA Secure Retirement Institute, U.S. Individual Annuity Sales Survey, Third Quarter 2019
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RILA sales were \$4.8 billion in the third quarter, 62% higher than third quarter 2018. In the first nine months of 2019, RILA sales were \$12.5 billion, up 63%, compared with prior year

sales.

Fee-based VA sales were \$785 million in the third quarter—slightly down from the prior year but up almost eight percent from the second quarter. Fee-based VAs represent just three percent of the total VA market.

Total annuity sales increased 1% in the third quarter to \$59.4 billion. Year-to-date, total annuity sales were \$184.2 billion, an increase of eight percent, compared with the prior year.

Despite an unfavorable interest rate environment, fixed annuities continued to represent the majority of the annuity market with 55% market share in the third quarter, which is down four percentage points from the prior quarter. Fixed annuity sales have outperformed VA sales in 13 of the last 14 calendar quarters.

U.S. Individual Annuity Sales
3rd Quarter YTD 2019 (\$ in thousands)

| Rank | Company name | Total | Company name | Variable | Company name | Fixed |
|----------------|---------------------------------|---------------|----------------------------------|--------------|--|---------------|
| 1 | AIG Companies | 14,985,042 | Jackson National Life | 11,009,684 | AIG Companies | 10,543,620 |
| 2 | Jackson National Life | 14,352,550 | AXA US | 8,538,726 | New York Life | 7,852,800 |
| 3 | Lincoln Financial Group | 10,861,296 | TIAA | 7,459,000 | Global Atlantic Financial Group | 6,754,824 |
| 4 | New York Life | 10,277,580 | Lincoln Financial Group | 6,952,286 | Allianz Life of North America | 6,688,334 |
| 5 | Allianz Life of North America | 9,558,392 | Prudential Annuities | 6,670,029 | Athene Annuity & Life | 5,645,095 |
| 6 | AXA US | 8,565,131 | AIG Companies | 4,441,422 | Pacific Life | 4,999,878 |
| 7 | Prudential Annuities | 8,175,282 | Brighthouse Financial | 4,207,288 | Nationwide | 4,500,600 |
| 8 | Nationwide | 8,022,800 | Nationwide | 3,522,200 | American Equity Investment Life | 4,041,891 |
| 9 | TIAA | 7,459,000 | RiverSource Life Insurance | 2,979,954 | Lincoln Financial Group | 3,909,009 |
| 10 | Pacific Life | 7,302,432 | Allianz Life of North America | 2,870,058 | Great American | 3,810,621 |
| 11 | Global Atlantic Financial Group | 6,834,925 | Transamerica | 2,557,670 | Massachusetts Mutual Life | 3,385,320 |
| 12 | Athene Annuity & Life | 5,645,800 | New York Life | 2,424,780 | Jackson National Life | 3,342,866 |
| 13 | Brighthouse Financial | 4,544,989 | Pacific Life | 2,302,553 | Fidelity & Guaranty Life | 2,675,470 |
| 14 | American Equity Investment Life | 4,041,891 | Thrivent Financial for Lutherans | 1,717,224 | Western Southern Group | 2,304,956 |
| 15 | Massachusetts Mutual Life | 3,718,582 | Fidelity Investments Life | 1,124,498 | Symetra Financial | 2,299,344 |
| 16 | Great American | 3,680,553 | Northwestern Mutual Life | 780,073 | Principal Financial Group | 2,108,968 |
| 17 | RiverSource Life Insurance | 3,272,422 | CMFG Life Insurance Company | 732,842 | Delaware Life | 2,018,589 |
| 18 | Transamerica | 2,995,163 | Principal Financial Group | 454,397 | Security Benefit Life | 1,997,846 |
| 19 | Fidelity & Guaranty Life | 2,675,470 | Massachusetts Mutual Life | 333,262 | Midland National | 1,799,946 |
| 20 | Principal Financial Group | 2,563,365 | Great-West Financial | 290,603 | North American Company for Life and Health | 1,590,174 |
| Top 20 | | \$139,532,664 | | \$71,368,549 | | \$82,070,132 |
| Total industry | | \$184,150,000 | | \$75,100,000 | | \$109,050,000 |
| Top 20 share | | 76% | | 95% | | 75% |

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



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Interest rates continued to fall in third quarter 2019, negatively affecting fixed annuity product sales. The 10-year Treasury rate fell 35 basis points during the quarter, ending the period at 1.68%. This is down 98 basis points from the beginning of the year.

After two consecutive record-breaking quarters, third-quarter fixed annuity sales were

\$32.9 billion, down three percent from third quarter 2018. Yet, because of the strong sales in the first half of 2019, total fixed sales were \$109.1 billion in the first three quarters, up 14% from the prior year.

Fixed indexed annuity (FIA) sales were \$18.6 billion, three percent higher than third quarter 2018. Year-to-date, FIA sales were \$56.6 billion, 13% higher than the same period in 2018.

“Following a record-breaking quarter for FIA sales, market conditions dampened demand for FIAs,” noted Giesing. “Given the low-interest-rate environment and the impact it had on cap rates to accumulation-focused products, we expect to see a greater portion of FIA sales to shift to guaranteed income products in the next several quarters.”

Fee-based FIA sales were \$159 million in the third quarter, more than double sales in the third quarter of 2018. However, this is a 30% drop in sales from the first quarter 2019 results. Fee-based FIA products still represent less than 1% of the total FIA market.

U.S. Individual Annuity Sales – Fixed¹ annuity breakout
3rd Quarter YTD 2019 (\$ in thousands)

| Rank | Company name | Indexed | Company name | Fixed-Rate ² |
|----------------|--|--------------|--|-------------------------|
| 1 | Allianz Life of North America | 6,681,406 | New York Life | 7,852,800 |
| 2 | Athene Annuity & Life | 5,013,198 | AIG Companies | 6,027,216 |
| 3 | AIG Companies | 4,516,404 | Global Atlantic Financial Group | 3,937,357 |
| 4 | Nationwide | 4,001,200 | Massachusetts Mutual Life | 2,422,360 |
| 5 | American Equity Investment Life | 3,872,072 | Pacific Life | 2,109,665 |
| 6 | Lincoln Financial Group | 3,094,871 | Principal Financial Group | 2,068,465 |
| 7 | Pacific Life | 2,890,214 | Western Southern Group | 2,014,572 |
| 8 | Global Atlantic Financial Group | 2,817,466 | Symetra Financial | 1,252,290 |
| 9 | Great American | 2,515,719 | Delaware Life | 1,165,530 |
| 10 | Jackson National Life | 2,473,587 | Security Benefit Life | 1,107,010 |
| 11 | Fidelity & Guaranty Life | 2,024,966 | Great American | 1,094,902 |
| 12 | North American Company for Life and Health | 1,441,521 | MetLife | 1,072,702 |
| 13 | Midland National | 1,414,633 | USAA Life | 1,046,183 |
| 14 | EquiTrust Life | 1,250,037 | American National Insurance Company | 1,020,337 |
| 15 | Symetra Financial | 1,047,054 | Jackson National Life | 869,279 |
| 16 | Massachusetts Mutual Life | 962,960 | Lincoln Financial Group | 814,139 |
| 17 | National Life Group | 962,596 | Berkshire Hathaway | 789,528 |
| 18 | Bankers Life & Casualty | 926,953 | Prudential Annuities | 725,976 |
| 19 | Security Benefit Life | 890,836 | Northwestern Mutual Life | 719,619 |
| 20 | Delaware Life | 853,038 | Reliance Standard Life Insurance Company | 693,216 |
| Top 20 | | \$49,650,732 | | \$38,803,146 |
| Total industry | | \$56,600,000 | | \$52,450,000 |
| Top 20 share | | 88% | | 74% |

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

¹ Fixed = indexed + fixed-rate

² Fixed-Rate = fixed-rate deferred + fixed immediate + deferred income + structured settlements

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Fixed-rate deferred annuity sales dropped 14% in the third quarter to \$9.9 billion. Again, strong sales in the first half of the year balanced the declines of the third quarter. Year-to-

date, fixed-rate deferred annuity sales totaled \$38.1 billion, up 18% from last year.

Single-premium immediate annuity (SPIA) sales fell to \$2.3 billion in the third quarter, down four percent from the prior year. In the first nine months of 2019, SPIA sales were \$7.8 billion, an 11% increase from the prior year.

Deferred income annuity (DIA) sales were \$590 million in third quarter 2019, seven percent higher than prior year results. However, this was 19% lower than DIA sales in second quarter 2019. In the first nine months of the year, DIA sales totaled \$2 billion, 19% higher than the prior year.

The third quarter 2019 Annuity Industry Estimates can be found in LIMRA's Fact Tank.

To view the top 20 rankings of total, variable and fixed annuity writers for third quarter 2019, please visit [Third Quarter 2019 Annuity Rankings](#). To view the top 20 rankings of only fixed annuity writers for third quarter 2019, please visit [Third Quarter 2019 Fixed Annuity Rankings](#).

The Secure Retirement Institute's Third Quarter U.S. Individual Annuities Sales Survey represents data from 94% of the market.

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