
Symetra doubles its YOY sales of deferred and immediate annuities in 1Q2014

By Editorial Staff *Fri, Apr 25, 2014*

Higher interest rates and wider distribution of Symetra Financial's annuity products through banks and broker-dealers helped improve sales of fixed index and traditional fixed annuities, the company said in its first-quarter 2014 earnings release.

Symetra Financial's first quarter 2014 adjusted operating income was \$65.7 million, or \$0.56 per diluted share, up from \$49.4 million, or \$0.36 per diluted share, for the first quarter of 2013, the company reported this week.

For the first quarter of 2014, net income was \$79.3 million, or \$0.68 per diluted share, compared with \$66.0 million, or \$0.48 per diluted share, in the same period a year ago.

Deferred annuity sales for the quarter were \$627.5 million, nearly double the \$322.0 million of the year-ago quarter. Higher interest rates and wider distribution of Symetra annuity products through banks and broker-dealers drove sales of fixed index and traditional fixed annuities.

Income annuity sales were \$87.5 million for the quarter, up from \$40.7 million in the prior-year quarter. "The continued effectiveness of our sales strategies and a more favorable interest rate environment" helped grow sales of single premium immediate annuities (SPIAs) in the first quarter, according to a Symetra release.

"We continued to achieve strong year-over-year sales growth in annuities, individual life insurance, and group life and disability income insurance," said Tom Marra, Symetra president and CEO, in the release.

Other performance highlights:

- Benefits loss ratio improved to 57.1% from 68.5% in first quarter 2013.
- Higher fixed indexed annuity account values delivered a significant earnings contribution in deferred annuities.
- Strong year-over-year growth in sales of annuities, individual life, and group life and disability income.
- Guidance range for 2014 Operating EPS raised to \$1.80-\$2.00.

Deferred annuities

- Pretax adjusted operating income was \$30.2 million for the quarter, up from \$29.1 million in the previous period. Higher fixed indexed annuity (FIA) account values contributed \$6.0 million to interest margin compared to \$0.8 million in the prior-year period.
- Earnings for the quarter included \$2.1 million of investment prepayment-related income, net of related amortization, compared with \$7.4 million in the prior period.
- Total account values were \$13.9 billion at quarter-end, up from \$12 billion a year ago. Strong FIA

sales drove this growth, with FIA account values rising to \$2.1 billion from \$539.1 million a year ago.

Income annuities

- Pretax adjusted operating income was \$9.4 million for the quarter, up from \$8.8 million in the prior-year period, primarily due to more favorable mortality experience. This was partially offset by a lower interest spread on slightly lower reserves.
- Mortality gains were \$5.3 million for the quarter, compared with mortality gains of \$1.0 million in the previous period. Mortality experience can fluctuate from period to period.

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