

Symetra's income annuity sales double in 2Q2014

By Editorial Staff Fri, Aug 1, 2014

Symetra's income annuities sales were \$89.0 million for the latest quarter, up from \$45.5 million in the prior-year quarter, thanks to 'effective selling strategies and a more favorable interest rate environment,' the company said.

Symetra Financial Corp. this week reported second quarter 2014 adjusted operating income of \$55.3 million (\$0.48 per diluted share), up from \$52.7 million (\$0.40 per diluted share) for the second quarter of 2013.

Net income in 2Q2014 was \$71.5 million (\$0.62 per diluted share), compared with \$45.0 million (\$0.34 per diluted share) in the same period a year ago. Other highlights of the second quarter earnings report included:

- Sales of deferred annuities in the latest quarter were \$650.3 million, up 47% from the same quarter a year ago.
- Sales of income annuities were \$89 million for the quarter, up from \$45.5 million in the prior-year quarter.
- Benefits loss ratio improved to 62.7% from 66.2% in second quarter 2013.
- Prepayment-related income, net of amortization, of \$4.3 million was offset by \$4.3 million charge for prior years' state sales and use tax expense.
- Net prepayment-related income was \$5.8 million in second quarter 2013.
- All business segments reported strong year-over-year growth in sales.

Deferred annuities

In Symetra's deferred annuities business, sales for the quarter were \$650.3 million, up 47% from the year-ago quarter. Strong sales of both traditional fixed annuities and FIAs were driven by an improved interest rate environment and further expansion of Symetra annuity products on bank and broker-dealer distribution platforms.

Pretax adjusted operating income was \$27.4 million for the quarter, unchanged from the previous period. Higher fixed indexed annuity (FIA) account values contributed \$7.8 million to interest margin, up from \$2.0 million in the prior-year period. This favorable impact was partially offset by higher operating expenses.

Earnings for the quarter included \$1.9 million of investment prepayment-related income, net of related amortization, down from a net \$3.3 million in the prior period.

Total account values were \$14.3 billion at quarter-end, up from \$12.2 billion a year ago. FIA

account values reached nearly \$2.5 billion, up from \$852 million.

Income annuities

In Symetra's income annuities business, sales were \$89.0 million for the latest quarter, up from \$45.5 million in the prior-year quarter. Effective selling strategies and a more favorable interest rate environment drove increased single premium immediate annuity (SPIA) sales, Symetra said in its release.

Pretax adjusted operating income was \$3.5 million for the quarter, down from \$10.0 million in the prior-year period, due to less favorable mortality experience and lower interest margin. Mortality gains were \$0.8 million for the quarter, compared with mortality gains of \$4.5 million in the previous period. Mortality experience can fluctuate from period to period.

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