
The Bucket

By Editorial Staff *Thu, Mar 21, 2013*

Brief or late breaking items from MassMutual, New York Life, The Hartford, Retirement Clearinghouse LLC, National Planning Holdings and Protective Life.

Strong start for MassMutual's Retirement Services Division in 2013

MassMutual, which acquired The Hartford's retirement plans business in 2012, announced that its Retirement Services Division's sales in the first two months of 2013 were 25% ahead of plan.

About 71% of the overall sales pipeline is with large broker-dealer firms, but sales through independent firms has increased, the company said. In the emerging markets (under \$5 million in assets), 80% of new plans are coming through third-party administrators (TPAs).

New York Life agents sold \$1.6 billion worth of income annuities in 2012

New York Life's primary distribution channel of 12,250 agents in the U.S. posted a second consecutive year of record sales in 2012, the large mutual life insurer said in a release.

Individual recurring premium life insurance sales through agents were up 4% over 2011. Life insurance policies sold through agents also rose 4% in 2012, with 45% of the company's new life insurance policies produced by agents serving the African-American, Chinese, Hispanic, Korean, South Asian, and Vietnamese markets in the U.S.

Agents also sold \$4.7 billion of annuities of all types in 2012, a 9% increase from 2011. Sales of guaranteed lifetime income annuities through agents, including the new deferred income annuity, jumped 20% over 2011, reaching a record \$1.6 billion.

Sales of mutual funds through agents rose 34% in 2012 over the prior year, to \$807 million. The company's investment boutiques in both income oriented and capital appreciation funds remain in high demand from customers.

Barron's named New York Life's MainStay funds the #1 fund family for the 10-year period in its annual ranking of mutual fund families. MainStay ranked in the top three for the 10-year period for the fourth consecutive year.

Fitch affirms stable outlook for Hartford

Fitch Ratings has affirmed all ratings for the Hartford Financial Services Group, Inc. (HFSG) and its primary life and property/casualty insurance subsidiaries. The Rating Outlook is Stable.

Fitch's rating action incorporates HFSG's near-term capital management initiative, announced in February 2013, which reflects the company's focus on its property/casualty, group benefits and mutual funds businesses.

HFSG's recent sale of its individual life business to Prudential Financial, Inc. and its retirement plans business to Massachusetts Mutual Life Insurance generated a positive net statutory capital impact to Hartford life of approximately \$2.2 billion. This is comprised of an increase in U.S. life statutory surplus and a reduction in the U.S. life risk-based capital requirements.

As a result, the company's U.S. life subsidiaries paid approximately \$1.5 billion to the holding company in the first quarter of 2013. This included a \$1.2 billion extraordinary dividend from its Connecticut domiciled life insurance companies, primarily Hartford Life and Annuity Insurance Company (HLAIC).

The company also dissolved Champlain Life Reinsurance Co., a Vermont-based captive subsidiary of HFSG, and returned approximately \$300 million of surplus to the holding company.

HFSG expects to use this capital for approximately \$1.0 billion of debt repayments over the next year, including maturities in July 2013 (\$320 million) and March 2014 (\$200 million). This should help the company to reduce its financial leverage and improve its debt service, Fitch said.

HFSG also anticipates returning capital to shareholders through a \$500 million multi-year share repurchase program that expires at Dec. 31, 2014.

Fitch expects HFSG to maintain a financial leverage ratio at or below 25% following the successful execution of the company's capital management actions. HFSG's financial leverage ratio (excluding accumulated other comprehensive income [AOCI] on fixed maturities) increased to 27.2% at Dec. 31, 2012 from 22.5% at Dec. 31, 2011, due to additional debt issued to redeem the company's 10% junior subordinated debentures investment by Allianz SE.

HFSG's operating earnings-based interest and preferred dividend coverage has been reduced in recent years, averaging a low 3.5x from 2008 to 2012. This reflects both constrained operating earnings and increased interest expense and preferred dividends paid on capital over this period.

The key rating triggers that could result in an upgrade to HFSG's debt ratings include a financial leverage ratio maintained near 20%, maintenance of at least \$1 billion of holding company cash, and interest and preferred dividend coverage of at least 6x.

The key rating triggers that could result in a downgrade include significant investment or operating losses that materially impact GAAP shareholders' equity or statutory capital within the insurance subsidiaries,

particularly as they relate to any major negative surprises in the runoff VA business; a financial leverage ratio maintained above 25%; a sizable drop in holding company cash; failure to improve interest and preferred dividend coverage; and an inability to execute on the company's strategic plan.

Tom Johnson appointed senior advisor at Retirement Clearinghouse

Retirement Clearinghouse, LLC has appointed E. Thomas Johnson Jr. as a senior advisor. Johnson "will promote RCH solutions that enable sponsors of 401(k) and other retirement plans to help employees when changing jobs," the company said in a release.

Johnson has been an executive in the retirement savings and retirement income industries with Federated Investors, MassMutual Financial Group and, most recently, New York Life Insurance Co.

"Tom, whose late father is known as the 'godfather' of the 401(k) for his role in creating the first 401(k) plan, will use his unique combination of experience, commitment and relationships to raise awareness of the challenges facing our retirement system and to elevate our brand in the marketplace," said J. Spencer Williams, president and CEO of RCH.

NPH announces record full-year results

National Planning Holdings, Inc., the large network of independent broker-dealers, reported record revenue of \$837.2 million in 2012, up 6.3% over 2011. NPH's total product sales rose almost 2% over the prior year to more than \$16.6 billion, representing record volume for the firm.

NPH 2012 Results: Year-Over-Year Comparison

	<u>FY 2012</u>	<u>FY 2011</u>	<u>% Change</u>
Revenue	\$837,191,813	\$787,839,218	6.3%
Sales	\$16,629,239,440	\$16,314,874,804	1.9%
No. of Reps	3,540	3,636	-2.6%

The NPH network consists of INVEST Financial Corporation (INVEST), Investment Centers of America, Inc. (ICA), National Planning Corporation (NPC), and SII Investments, Inc.

Protective announces new FIA

Protective Life today announced the release of the Protective Indexed Annuity, a fixed indexed annuity with a range of withdrawal charge schedules and three interest crediting strategies. It also has available

principal protection.

In addition to a fixed interest crediting strategy, the Protective Indexed Annuity offers two indexed interest crediting strategies, annual point-to-point and annual tiered rate. The latter credits an interest rate enhancement when index performance meets or exceeds a pre-determined performance tier.

The product also offers access to contract value for unforeseen circumstances, such as unemployment, terminal illness and nursing home confinement.

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