

VA Sales Up Sharply in Q2: LIMRA

By Editor Test Tue, Aug 17, 2010

"VA sales jumped more than \$3 billion in the second quarter," said Joe Montminy, assistant vice president for LIMRA's annuity research.

	Annuity Industry Estimates (Dollars in billions)			YTD 2010	YTD 2Q 2009	Pct Chg 10/09
	2Q 2010	2Q 2009	Pct Chg Q2/Q2			
Variable						
Separate accounts	\$27.0	\$22.8	18%	\$51.5	\$43.7	18%
Fixed accounts	\$8.5	9.3	-9%	\$16.4	19.4	-15%
Total Variable	\$35.5	\$32.1	11%	\$67.9	63.1	+8%
Fixed						
Fixed-rate deferred	9.7	17.6	-45%	18.6	43.6	-57%
Book value	8.1	14.1	-43	15.7	33.1	-53
Equity indexed	8.2	8.2	0	15.2	15.4	-1
Market value adjusted	1.6	3.5	-54	2.9	10.5	-72
Fixed deferred	17.9	25.8	-31	33.8	59.0	-43
Fixed immediate	2.1	2.0	5	3.8	3.9	-3
Structured settlements	1.5	1.4	7	2.9	3.0	-3
Total Fixed	21.5	29.2	-26	40.5	65.9	-39
Total	\$57.0	\$61.3	-7%	\$108.4	\$129.0	-16%

Industry estimates reported for second quarter 2010 based upon data from 61 companies, representing 96 percent of total sales.

Source: U.S. Individual Annuities (2010, 2nd quarter)
Please attribute any reference to this material to LIMRA.

Variable annuity (VA) sales increased 11% in the second quarter of 2010, as compared to the prior year, to reach \$35.5 billion, according to LIMRA's *U.S. Individual Annuities Second Quarter 2010 Sales Report*, which represents 96% of the market.

VA sales were 10% higher than sales in the first three months of 2010. For the first six months of 2010, VA sales improved 8% compared to the first half of 2009, totaling \$67.9 billion.

"After five consecutive quarters where VA sales were lingering in the \$31-33 billion range, we are finally seeing signs of recovery as VA sales jumped more than \$3 billion in the second quarter," said Joe Montminy, assistant vice president for LIMRA's annuity research. "Most companies in the top twenty experienced VA sales growth this quarter—whereas last year we saw growth concentrated with the top five carriers."

Fixed annuity sales continued to decline in the second quarter, down 26% compared to the second quarter of 2009, when total fixed annuity sales were much stronger. However, compared to the first quarter, fixed annuity sales improved 13% to \$21.5 billion in the second quarter of 2010 and \$40.5 billion year-to-date.

After a slight drop in the first quarter of 2010, second quarter indexed annuity sales matched the record levels hit in the second quarter of 2009. Market volatility and the low interest rate environment continued to drive sales of indexed annuities, which reached \$8.2 billion in the second quarter.

Book value annuity sales dropped 43% in the second quarter of 2010, totaling \$8.1 billion but improved 7% from the first quarter. Second quarter MVA sales of \$1.6 billion were down 54% from second quarter 2009. Fixed immediate annuity sales were \$2.1 billion and structured settlement sales reached \$1.5 billion in the second quarter of 2010.

Total annuity sales were down 7% in the second quarter compared to the second quarter of 2009 to \$57.0 billion. However, total annuity sales grew 11% over the first quarter, marking the first quarterly increase in total annuity sales since the fourth quarter of 2008. Year-to-date, total annuity sales totaled \$108.4 billion.

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