

AIG-free branding helps push Western National past FA rivals

By **Darla Mercado**
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Western National Life, an AIG Inc. subsidiary, emerged as the top fixed-annuity seller in the bank channel during the third quarter of 2009, displacing rival New York Life Insurance Co., according to data from Beacon Research Publications Inc.

Western National racked up some \$1.123 billion in bank channel sales, knocking New York Life to third place from first, with \$672,863 in bank channel fixed annuity sales. Pacific Life Insurance Co. took second place with \$1.119 billion in bank channel sales, according to Beacon Research's fixed-annuity premium study.

Experts have attributed the success of Western National, formerly known as AIG Annuity Insurance Co., to a handful of factors, including its name change, the bonuses it offers to consumers, and a decision by rivals to pull back on fixed-annuity sales after hitting sales limits.

Overall, sales of fixed annuities at banks slid during the third quarter by 24% year over year to an estimated \$7.25 billion. The biggest culprits behind falling sales are falling fixed-annuity credited rates and the fact that the products aren't offering as much of a competitive rate advantage over bank certificates of deposit, according to Beacon Research.

Joining the top-10 ranks of bank annuity sellers are Jackson National Life Insurance Co., ING USA, and Hartford Life Insurance Co. The three carriers joined at seventh, eighth and ninth places, respectively. Jackson sold \$374,240 in fixed annuities through banks, while ING sold \$220,969. Hartford sold \$170,652 of fixed annuities in the channel.

"Hartford, ING and Jackson benefited because it was a poor quarter for book-value annuities," said Jeremy Alexander, president and chief executive of Beacon Research.

Most firms that offer book-value annuities had a decline in sales due to spread compression and the interest rate environment. Hartford and Jackson, who were last on the top ten list in the first quarter, experienced a climb in sales as the former rose by 1% quarter over quarter and the latter gained by 90%.

Since demand for book-value annuities chilled, other types of fixed annuities had a chance to shine during the third quarter, Mr. Alexander noted. There were steep gains in indexed annuity sales in the bank channel for Jackson, which was up 134% and ING, which was up 24%. Meanwhile, ING had a 2,000% increase in market-value adjusted annuity sales, Mr. Alexander explained. Market-value-adjusted annuities allow customers to select and fix the time period and interest rate for the annuity's growth.

Surprisingly, Pacific Life's Pacific Explorer, a book-value annuity that pays a declared rate of interest for a period, was the top selling fixed annuity in banks. Western National's Flex 5, also a book-value product, came in second. Meanwhile, Lincoln Financial Group's New Directions indexed annuity rounded out the top three.