

Annuity sales fall in first quarter

Overall annuity sales results declined in first quarter 2010, the [Insured Retirement Institute](#) (IRI) announced, based on its new annuity reporting system that combines variable annuity data from Morningstar, Inc. and fixed annuity data from Beacon Research.

Annuity sales for the first quarter were \$47.4 billion, down 6.9% from \$50.9 billion in the previous quarter. Year-to-year quarterly sales of annuities were down 27%, declining from \$64.4 billion in the first quarter of 2009.

Fixed annuity sales for the first quarter were \$16 billion, down 14.7% from \$19 billion in the previous quarter. Year-to-year quarterly sales of fixed annuities were down 51.9%, declining from \$34 billion in the first quarter of 2009.

“The quarter-to-quarter drop in fixed annuity sales was due mainly to lower book value and MVA results. It appears that prospective buyers expected higher rates in the future and did not want to lock in first quarter’s credited rates,” said Jeremy Alexander, Beacon Research President and CEO. “A year ago, fixed annuity sales hit a record high because of the flight to safety and strong fixed annuity rate advantage. It’s not surprising that year-over-year results were down substantially.”

Variable annuity sales for the first quarter were \$31.4 billion, down 1.5% from \$31.9 billion in the previous quarter. Year-to-year quarterly sales of variable annuities were up marginally, posting a 3% increase from first quarter 2009 sales of \$30.4 billion. First quarter 2009 net sales were \$3.4 billion. There were \$21.7 billion in qualified sales and \$9.6 billion in non-qualified in the first quarter.

“While total sales were down slightly from fourth quarter levels, we saw continued strength in the sales of products offering robust living benefit guarantees,” said Frank O’Connor, Morningstar, Inc. Director of Insurance Solutions. “Products offering lifetime guaranteed withdrawal benefits with value enhancers such as step-ups and bonus credits represented the lion’s share of sales. This is a reflection of the VA investor’s desire for higher returns in a low-rate environment coupled with a willingness to exchange a percentage of those potential returns for the protection offered by these benefits.”

[AnnuitySpecs.com](#) also released the results of their *Indexed Sales & Market Report*, in which 43 indexed annuity carriers participated, representing 99% of indexed annuity production. Total first quarter sales were \$6.8 billion, down 3.9% from the same period last year. As compared to the previous quarter, sales were down 3.4%.

“It is not surprising to see sales down in the first quarter. Typically, the fourth quarter is the biggest sales push of the year. Agents submit the bulk of their business in the fourth quarter so that they can qualify for rankings and incentives” said Sheryl J. Moore,

President and CEO of AnnuitySpecs.com. "Plus, sales in 2009 set records in the indexed annuity industry. It is always hard to top sales levels when the benchmark is set that high!"

Allianz Life maintained their position as the #1 carrier in the market with a 20% market share. Aviva also maintained their position as second-ranked company in the market, while American Equity, Jackson National and ING rounded-out the top five, respectively. Allianz Life's MasterDex X is the #1 selling indexed annuity (IA) for the fourth consecutive quarter. Jackson National Life dominated sales of IAs in the bank and wirehouse distributions for the second consecutive quarter.

For more information about 4Q 2009 annuity sales data, see "[Variable annuity sales soar in 4Q](#)" and "[Indexed annuities set record in 2009; Overall annuity sales drop 18%](#)"