

Beacon's Fixed Annuity Premium Study Reports Third Quarter's Fixed Annuity Sales

EVANSTON, Ill., Nov. 18, 2009 (GLOBE NEWSWIRE) -- U.S. sales of fixed annuities were an estimated \$21.9 billion in third quarter 2009 according to new data from the Beacon Research Fixed Annuity Premium Study.(1) Quarterly sales were down 21% compared to both third quarter 2008 and the prior quarter. On a year-to-date basis, total market sales were an estimated \$84.5 billion, 16% above the first three quarters of 2008.

By product type, estimated sales in third quarter 2009 were: book value(2) - \$9.9 billion; indexed - \$7.3 billion; market value-adjusted (MVA) - \$2.7 billion, and; fixed income(3) - \$1.9 billion. Indexed annuity results were 6% ahead of the year-ago quarter. Sales of the other product types declined. MVAs were down 37%, book value annuities fell 30%, and income annuities dropped 16%. Sequentially, estimated results were lower for all product types: book value, -28%; MVA, -25%; indexed -11%, and; income, -10%. The indexed share of sales rose to a seven-quarter high of 34%, but book value annuities remained the dominant product type with a 45% share.

Estimated year-to-date product type sales were: book value - \$43.0 billion; indexed - \$22.6 billion; MVA - \$12.8 billion, and fixed income - \$6.0 billion. Relative to the same period last year, there was double-digit growth in all product types except fixed income. MVAs were 25% ahead, book value products were up 18%, and indexed annuities advanced 16%. Fixed income sales fell 3%.

New York Life remained the sales leader in third quarter. Allianz advanced from third to second place. Top 10 first-timer Pacific Life came in third. It was followed by ING, which rejoined the top 10 in fourth place. Lincoln Financial jumped three spots to come in fifth. Third quarter results for the top 10 Study participants were as follows:

Total Fixed Annuity Sales (in thousands) ----- New York Life 1,742,733 Allianz Life(4) 1,424,853 Pacific Life 1,421,235 ING USA Annuity and Life Insurance Co. (NYSE:ING) 1,270,087 Lincoln Financial Group (NYSE:LNC) 1,256,178 Western National Life (NYSE:AIG) 1,187,168 Jackson National Life 996,773 American Equity Investment Life Insurance Co. (NYSE:AEL) 979,958 Aviva USA(5) 677,207 John Hancock (NYSE:MFC) 664,146

New York Life continued to dominate fixed income annuity sales, but Pacific Life replaced it as the leading issuer of book value annuities. Allianz was number one in indexed annuities, replacing Aviva USA. ING USA replaced American National to become the new MVA sales leader.

Pacific Life took top product honors for the first time with Pacific Explorer (a book value product). The Allianz MasterDex X, an indexed annuity, remained in second place. Another indexed product, Lincoln Financial's New Directions, came in third, followed by ING's Guarantee Choice (an MVA). Jackson National's Ascender Plus Select (an indexed product) took fifth place. Third quarter results include sales of some 400 products.(6)

Rank Company Name Product Name Product Type ---- ----- ----- 1 Pacific Life Pacific Explorer Book Value 2 Allianz Life MasterDex X Indexed 3 Lincoln Financial Group New Directions Indexed 4 ING USA Guarantee Choice MVA 5 Jackson National Life Ascender Plus Select Indexed

Three of the top five annuities were also distribution channel leaders. Pacific Explorer became the

new top bank and wirehouse product. MasterDex X remained the bestseller among independent producers. The new independent broker-dealer sales leader was Ascender Plus Select. Rate Bonus 1, a book value annuity issued by RiverSource Life (NYSE:AMP) remained the leading captive agent product. The New York Life Select Five Fixed Annuity (a book value product) was the new bestseller in the large/regional broker-dealer channel.

Channel Company Product Product Type -----
Banks and S&Ls Pacific Life
Pacific Explorer Book Value Captive Agents RiverSource Life Rate Bonus 1 Book Value Independent
Jackson National Ascender Plus Broker-Dealers Life Select Indexed Independent Producers Allianz Life
MasterDex X Indexed Large/Regional MetLife MetLife Target Broker-Dealers Investors Maturity MVA
Wirehouses Pacific Life Pacific Explorer Book Value

Credited rates continued to decline in third quarter. Except on renewal rate annuities with short rate terms, it was almost impossible to find rates at the threshold 5% level. Most renewal rate annuities are book value products, so it's not surprising that their sales continued moving to shorter initial interest guarantee periods. MVA annuities went short as well, reversing last quarter's trend. Most MVAs are non-renewal rate products, and it's likely that annuity buyers were unwilling to lock in the quarter's very low rates for more than a few years.

"Sales didn't fall in third quarter due to lower demand for fixed annuities," said Jeremy Alexander, CEO of Beacon Research. "The public remained in a conservative mood and the success of Pacific Explorer shows how well a product with competitive credited and minimum guaranteed rates could do. But we don't expect to see growth in sales until rates begin rising and it becomes more profitable for companies to issue fixed annuities sometime next year."

About the Beacon Research Fixed Annuity Premium Study

The quarterly Study is the first and only source to track and analyze product-level fixed annuity sales on an ongoing basis. Providing timely market intelligence of the highest quality, it's designed to report what's moving in each channel and why.

About Beacon Research

Beacon Research tracks fixed, indexed and variable annuity sales, rates and features, and provides web-based systems at www.annuitynexus.com for distributors and insurance companies. Beacon also licenses information and software tools to other platforms, including EbixExchange's AnnuityNet annuity automation platform. Beacon's fixed annuity benchmark series -- the industry's first - is available through Ibbotson Associates. Directly and through strategic alliances, Beacon information can be accessed by hundreds of financial institutions and distributors.

The Beacon Research logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=509>

(1) Sales figures do not include structured settlements. (2) Book value fixed annuities pay a declared rate of interest for a specified period. A market value adjustment (MVA) is not imposed if the holder withdraws assets before the end of the contract term. MVA products also pay a declared rate of interest for a specified period, and do impose such an adjustment. (3) Includes both immediate and deferred income annuities. (4) Allianz Life Insurance Company of North America is a subsidiary of Allianz AG (NYSE:AZ). (5) Aviva USA is a subsidiary of Aviva plc (LSE:AV). (6) This total excludes immediate annuities.