

Fixed Annuities Set Fourth Consecutive Quarterly Record

By Paul Menchaca
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U.S. sales of fixed annuities topped out at an estimated \$34.9 billion in the first quarter of 2009, a 78% increase over the first quarter last year, according to data from the Beacon Research Fixed Annuity Premium Study.

The total sets a record for fixed annuity sales for the fourth consecutive quarter, and represents a 2% increase from the previous quarter. The data for this quarter was based on sales of 53 insurance companies, representing an estimated 83% of the market. The total sales represent the highest mark since the study began in 2003.

“If you add the fourth and first quarters you have a bigger market than all of ’07,” says Jeremy Alexander, CEO of Beacon Research. “The yield curve keeps steepening. We’re very optimistic.”

MetLife retained the top spot among study participants with \$3.6 million in fixed annuity sales. New York Life finished second with \$3.4 million in sales. Rounding out the top five were Aviva USA (\$2.5 million), RiverSource Life (\$2.1 million) and AEGON/Transamerica Companies (\$2.1 million).

By product type, estimated first quarter sales were led by book value (\$19.2 billion), indexed (\$7.1 billion), market-value adjusted (\$6.5 million) and immediate (\$2.1 billion). The total sales represented an increase from the first quarter of 2008 for all product types.

RiverSource Life’s Rate Bonus 1 (a book value annuity) jumped all the way from 23rd place to become the first quarter’s bestseller. New York Life’s NYL Fixed Annuity (also a book value product) finished second, while last year’s top seller, the Fixed Annuity FA from MetLife Investors came in third. Rounding out the top five were Aviva-Am. Investors’ Income Select Bonus (an indexed fund) and MetLife Investors’ MetLife Target Maturity (market value-adjusted).