

NY Life tops 2Q list of fixed-annuities sellers

By Darla Mercado

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New York Life Insurance Co. was the top seller of fixed annuities during the second quarter, with \$1.74 billion, according to Beacon Research Publication Inc.

Allianz Life Insurance Co. of North America followed in second, with \$1.68 billion in total fixed annuity sales, while Aviva USA came in third place with \$1.61 billion.

Western National Life, a subsidiary American International Group Inc., ranked fourth, with \$1.29 billion in fixed-annuity sales, and American Equity Investment Life Insurance Co. finished fifth with \$1.05 billion in sales.

Overall, fixed annuity sales hit \$19.4 billion during the second quarter, an 18% jump over the first quarter and a 30% decrease from a year ago, Beacon said.

Beacon credited the widening spreads between corporate bonds and Treasury rates as a reason why sales have improved. "When there's a wide spread between the fixed annuity rate and the Treasury, that's a positive for fixed annuity sales," said Judith Alexander, director of sales and marketing at Beacon.

Widening credit spreads also means that it's more profitable for insurers to write fixed-annuity business.

Annuities with fixed rates have been harder to sell, but fixed indexed annuities have been easier for banks to move since they have a cap rate — the maximum interest rate the annuity can earn — that looks more attractive by comparison, Ms. Alexander said.

"I happen to know from our client base that several banks that have never offered an indexed annuity or haven't done much in that business are looking hard at them now," she said.

On the variable annuity side, sales have also begun to rebound, according to a separate report from the Insured Retirement Institute and Morningstar Inc.

Total sales of variable annuities reached \$34.4 billion in the second quarter, up from \$31.8 billion in the year ago period. Net sales — new purchases of variable annuities — were also up in the second quarter, reaching \$6.22 billion, up from \$6.14 billion.