

# New York Life Tops 1Q Fixed Annuity Sales: Beacon Research

By Editorial Staff Wed, Jun 02, 2010

Allianz Life moved to second from third place on the strength of its top-selling MasterDex X indexed annuity. Aviva USA jumped two notches to come in third.

At an estimated \$16.7 billion in the first quarter of 2010, U.S. sales of fixed annuities were down 15% from the prior quarter and down 52% from the record-setting year-ago quarter, according to the Beacon Research *Fixed Annuity Premium Study*.

**New York Life** reclaimed overall sales leadership from Western National, which dropped to fourth place. Allianz Life moved to second from third place on the strength of its top-selling MasterDex X indexed annuity. Aviva jumped two notches to come in third.

Book value annuities remained the dominant product type in first quarter 2010, but their 41% share was the lowest since third quarter 2007. The indexed annuity share of sales hit a 12-quarter high of 40%.

“It is difficult to predict the near-term direction of fixed annuity sales. Fixed annuity rates are down, which typically dampens sales. But the spread of corporate bond yields over Treasury rates has widened,” said Jeremy Alexander, CEO of Beacon Research.

“This generally provides fixed annuities with a rate advantage that boosts results,” he added. “Sales also may benefit from recent stock market volatility and the flight to safety. Long term, we continue to expect growth for fixed annuities due to rising demand from Baby Boomers nearing and entering retirement.”

First quarter results include sales of some 425 products. By product type, first quarter estimated sales were:

Book value, \$6.8 billion

Indexed, \$6.7 billion

Fixed income (including income annuities), \$1.8 billion

Market value-adjusted (MVA), \$1.3 billion.

Sales for all product types were below prior and year-ago quarters. Year-ago results hit a record driven by book value sales, due to a flight to safety combined with a strong fixed annuity rate advantage. Book value sales do not include sales through structured settlements or employer-sponsored retirement plans.

Relative to the previous quarter, MVA and book value annuities dropped 25% and 24%, respectively. Income annuities were down 7%. Indexed annuity sales fell 2%. Compared to first quarter 2009, book value annuity sales were 64% lower. MVAs were down 80%. Income and indexed annuities declined 6% and 5%, respectively.

First quarter results for the top five Study participants were:

	<b>Total FA Sales (mm)</b>
New York Life	\$1,727
Allianz Life	1,465
Aviva USA	1,173
Western National Life (AIG)	1,171
American Equity Investment Life	847

By product type, New York Life also led in book value sales, replacing Western National, and remained the dominant issuer of fixed income products. Allianz was again number one in indexed annuities. Hartford replaced American National as MVA sales leader.

The Allianz MasterDex X, an indexed annuity, was again the quarter's best-selling product. The New York Life Preferred Fixed Annuity took second place and was the only book value product in the top five. Two indexed products, American Equity's Retirement Gold and Aviva USA's BPA Select 12, placed third and fourth. The New York Life Lifetime Income Annuity was fifth.

<b>Rank</b>	<b>Company Name</b>	<b>Product Name</b>	<b>Product Type</b>
1	Allianz Life	MasterDex X	Indexed
2	New York Life	NYL Preferred Fixed Annuity	Book Value
3	American Equity	Retirement Gold	Indexed
4	Aviva USA	BPA Select 12	Indexed
5	New York Life	NYL Lifetime Income Annuity	Income

MasterDex X was again the top independent producer product. The New York Life Preferred Fixed Annuity was the new bestseller in banks. Among captive agents, the New York Life Lifetime Income Annuity took top honors. There were new leading products in the remaining channels, as follows:

<b>Channel</b>	<b>Company</b>	<b>Product</b>	<b>Product Type</b>
Banks/S&Ls	New York Life	NYL Preferred FA	Book Value
Captives	New York Life	NYL Lifetime Income	Annuity Income
Ind. B/Ds	MassMutual	RetireEase	Income
Ind. Prod.	Allianz Life	MasterDex X	Indexed

Lg/Rg B/Ds	NY Life	NYL FA	Book Value
Wirehouses	John Hancock	JH Managed FA	Income

Credited rates increased slightly from fourth quarter, but their rate advantage was narrower relative to the conservative alternatives. Top multi-year credited rates were in the 4% range on interest guarantee periods (IGPs) of seven years or more. Rates at or above the threshold 5% level were available only for the first year of some multi-year and renewal rate products. Book value annuity sales moved to shorter IGPs, apparently because buyers expected rates to rise and did not want to lock in the quarter's low credited rates for long periods. MVA sales shifted from the middle to both shorter and longer IGPs.

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