

BEACON'S FIXED ANNUITY PREMIUM STUDY REPORTS SECOND QUARTER'S FIXED ANNUITY SALES

Evanston, IL, August 28, 2009—U.S. sales of fixed annuities were an estimated \$27.8 billion in second quarter 2009 according to new data from the Beacon Research *Fixed Annuity Premium Study*.¹ Quarterly sales were 10% higher than those of second quarter 2008, but 20% below the previous quarter. On a year-to-date basis, total market sales were an estimated \$62.6 billion, 39% above first half 2008.

By product type, estimated sales in second quarter 2009 were: book value² - \$14.0 billion; indexed - \$8.2 billion; market value-adjusted (MVA) - \$3.5 billion, and; fixed income³ - \$2.2 billion. With the exception of MVAs, these estimates reflect increases from second quarter 2008 in all product types. Indexed sales grew 20%, while book value and fixed income annuities were up 10% and 2%, respectively. MVA sales fell 5%. From the prior quarter, indexed results improved 16%. This brought the indexed annuity share of sales to 30%, reversing a five-quarter decline but still below 2007 levels. Income annuities were up 12% quarter-to-quarter. MVAs dropped 47%, while book value products fell 27%.

Estimated year-to-date product type sales were: book value - \$33.2 billion; indexed - \$15.3 billion; MVA - \$10.0 billion, and fixed income - \$4.1 billion. Relative to first half 2008, there was double-digit growth in all product types except fixed income. MVAs were 68% ahead, book value products were up 48%, and indexed annuities advanced 22%. Fixed income sales rose 4%.

New York Life advanced to first from second place to reclaim sales leadership from MetLife. Aviva USA moved up a notch to replace it in second place. Allianz jumped four spots to come in third. AEGON/Transamerica advanced to fourth from fifth place. American Equity rejoined the top 10 and came in fifth. Second quarter results for the top 10 Study participants were as follows:

	<u>Total Fixed Annuity Sales (in thousands)</u>
New York Life	2,849,846
Aviva USA ⁴	1,667,440
Allianz Life ⁵	1,546,725
AEGON/Transamerica Companies (NYSE: AEG US)	1,261,488
American Equity Investment Life Insurance Co. (NYSE: AEL)	1,144,495
RiverSource Life (NYSE: AMP)	1,001,809
MetLife (NYSE: MET)	950,839
Lincoln Financial Group (NYSE: LNC)	893,194
Jackson National Life	852,438
Western National Life ⁶ (NYSE: AIG)	852,298

In sales by product type, American National was the new MVA sales leader, replacing MetLife. New York Life remained tops in book value and fixed income annuities, and Aviva continued as the leading indexed annuity issuer.

New York Life retook top product honors with its Preferred Fixed Annuity (a book value product). Allianz rejoined the top five with MasterDex X (an indexed annuity) in second place. Another New York Life book value product, NYL Fixed Annuity, moved down a notch to come in third. Income Select Bonus, an Aviva-American Investors Life indexed annuity, remained in fourth place. Coming in fifth was Pacific Life's new book value product, Pacific Explorer. Second quarter results include sales of some 410 products.⁷

¹ Estimates are based on sales of 53 insurance companies representing an estimated 86% of the market. 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 Aviva USA is a subsidiary of Aviva plc (LSE: AV).

⁵ Allianz Life Insurance Company of North America is a subsidiary of Allianz AG (NYSE: AZ).

⁶ Effective June 1, 2009, the former AIG Annuity was renamed Western National Life.

⁷ This total excludes immediate annuities.

<u>Rank</u>	<u>Company Name</u>	<u>Product Name</u>	<u>Product Type</u>
1	New York Life	NYL Preferred Fixed Annuity	Book Value
2	Allianz Life	MasterDex X	Indexed
3	New York Life	NYL Fixed Annuity	Book Value
4	Aviva-American Investors	Income Select Bonus	Indexed
5	Pacific Life	Pacific Explorer	Book Value

Two of the top five annuities led sales in a distribution channel as well. New York Life had the top bank channel product once again, with NYL Preferred Fixed Annuity replacing NYL Fixed Annuity. The Allianz MasterDex X became the new bestseller among independent producers. RiverSource Life's Rate Bonus 1 (a book value annuity) remained the leading captive agent product. MVAs led sales in all three broker-dealer channels. American National's Palladium MYG reclaimed top honors in the independent B-D channel (NASDAQ: ANAT). Pacific Life's Pacific Frontiers was the new wirehouse bestseller. MetLife Target Maturity continued as the top product in the large/regional B-D channel.

<u>Channel</u>	<u>Company</u>	<u>Product</u>	<u>Product Type</u>
Banks and S&Ls	New York Life	NYL Preferred Fixed Annuity	Book Value
Captive Agents	RiverSource Life	Rate Bonus 1	Book Value
Independent Broker-Dealers	American National	Palladium MYG	MVA
Independent Producers	Allianz Life	MasterDex X	Indexed
Large/Regional Broker-Dealers	MetLife Investors	MetLife Target Maturity	MVA
Wirehouses	Pacific Life	Pacific Frontiers	MVA

Credited rates were low and declined somewhat over second quarter. It was increasingly difficult to find annuities crediting at the threshold 5% level. The highest available rates were found either on renewal rate products with shorter initial interest guarantee periods (IGPs) or on longer non-renewal rate terms. Book value and MVA sales by IGP moved in opposite directions as a result. Renewal rate annuities are usually book value products, and sales went short. Rate for term (or CD-type) annuities tend to be MVAs, and sales of these products went long.

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*. The extent of Study participation is testimony to the need for this information.

About Beacon Research

Beacon Research is an independent research organization founded in 1997. It compiles market intelligence on fixed annuity products for subscribers to its web-based systems at www.annuitynexus.com. Carriers access these systems to support product development, rate setting and competition research. Distributors use them for product analysis and selection. The AnnuityNexus Sales Support System is an important resource for retention teams and sales desk staff throughout the distribution chain. Beacon also licenses information and software tools to other platforms, including websites for sales representatives and 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.

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