



## Year End Annuity Sales Results Flow In

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Annuity results for year-end 2009 and the fourth quarter show general declines but some modest improvements in spots.

Following is a round-up of findings from several researchers.

LIMRA, Windsor, Conn. reports that total individual annuity sales declined 11% in 2009, to \$234.9 billion. In the fourth quarter, overall individual annuity sales fell 2% compared to the previous quarter, to \$53.3 billion—a 22% decline from the fourth quarter of 2008.

By product types, LIMRA found the following:

—Variable annuity sales were down 18% for the year, but this was actually an improvement from the 26% decline seen in the first six months of 2009. Fourth quarter VA sales improved slightly compared to third quarter, up 3% to \$32.6 billion, but were down 3% when compared to fourth quarter 2008. VA sales totaled \$127 billion.

—Fixed annuity sales totaled \$107.9 billion for the year, a 1% decline from 2008. Fourth quarter FA sales fell 10% compared to third quarter, to \$20.7 billion, and were down 40% from the fourth quarter 2008, when FAs experienced strong growth.

—Indexed annuity sales increased 9% compared to 2008, to a record \$29.4 billion,. These sales reached a record high in the second quarter but were down 5%, to \$6.9 billion, in the fourth quarter from the third quarter.

—Book value annuity sales rose 2% for the year, compared to 2008. They had a very strong first quarter but were down for 3 straight quarters. In the fourth quarter, their sales dropped 10% from the previous quarter and fell 43% from fourth quarter 2008.

—Market value adjusted annuity sales finished the year 20% lower from their 2008 totals. In the fourth quarter, MVA sales fell 35% from third quarter and 80% from the previous year.

A study by Beacon Research, Evanston, Ill., and Insured Retirement Institute, Washington, D.C., found that total fixed annuity sales fell nearly 2%, to \$105.1 billion in 2009, compared to 2008 when FA sales reached \$106.7 billion, the record high. In the fourth quarter, FA sales dropped 8%, to \$20.4 billion, from \$22.1 billion in the previous quarter.

Beacon and IRI also found that:

—Total fixed indexed annuity sales reached \$30.2 billion in 2009, for a year-to-year increase of \$3.5 billion. In the fourth quarter, FIA sales rose 3.2% from the previous quarter, to \$7.6 billion.

This is the first time that Beacon, an independent data research firm, and IRI, an industry trade group, partnered on reporting FA and FIA sales results, according to IRI. The data is provided by Beacon.

A third study, by AnnuitySpecs, Des Moines, Iowa reports that total fixed indexed annuity sales reached \$30 billion in 2009, according to preliminary figures. That represents a record and is over 10% higher than the previous annual FIA sales record set in 2007, says AnnuitySpecs.

Total fourth quarter FIA sales were \$7 billion, down 6.7% from the previous quarter and down 2.7% from the same period last year.

AnnuitySpecs called the figures preliminary for fourth quarter sales because one company had not yet released earnings.