



Beacon Research: MetLife Becomes No. 1 U.S. Seller of Fixed Annuities in Fourth Quarter

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EVANSTON, Ill. March 10 (BestWire) — Total sales of fixed annuities in the United States, including the equity-indexed variety, jumped to an estimated \$34.1 billion in the fourth quarter of 2008, a 90% increase from the same period a year ago, according to Beacon Research, a firm that tracks the data. For the first time ever, MetLife Inc. became the top seller of these retirement-income products.

"There was a dramatic flight to safety in the fourth quarter due to the significant economic turmoil and uncertainty in the declining stock markets," said Jeremy Alexander, chief executive officer of Beacon, of the overall trend in the final quarter of 2008.

For the year, sales increased 60% to \$107 billion, according to Beacon, an independent research firm.

The industry also is seeing variable annuity players shift to the fixed-annuity market, and MetLife is a big example, Alexander said. The 15th-ranked writer of fixed annuities in the third quarter stepped up "and hit it out of the park," he said.

MetLife was the No. 2 U.S. seller of variable annuities, with sales of \$10.5 billion through the first nine months of 2008, according to Morningstar Inc. (BestWire, Jan. 5, 2009).

The giant U.S. life insurer's fourth-quarter fixed annuity sales stood at \$4.13 billion, quadrupling those of the first three quarters combined, according to Beacon. MetLife gained market share by offering "extremely competitive rates at a time when many carriers stood on the sidelines," Alexander said.

Total U.S. sales of stock market-linked variable annuities, meanwhile, declined 30% in the fourth quarter to \$33.6 billion and fell 15% to \$155.6 billion for 2008, according to separate data released by Limra International, as part of its U.S. individual annuities fourth-quarter 2008 sales report.

Variable annuity sales followed the "downward trend of the equity market," said Joe Montminy, research director for Limra's annuity research, in a statement. However, "it's encouraging that consumers are turning to fixed annuities for their retirement income needs," he said.

During the fourth quarter, MetLife did most of its fixed annuity sales in the large, regional broker-dealer channel, which is noteworthy because normally, that channel doesn't do a large percentage of fixed annuity business, Alexander said. It represents only 2.5% of total fixed annuity sales, but in the fourth quarter, it represented almost 8% of total sales, he said.

Coming in second place was New York Life, with sales of \$2.57 billion, according to Beacon. Aviva USA, with sales of \$2.34 billion, ranked third, while Aegon Transamerica companies took fourth place, with sales of \$2.27 billion. Rounding out the top five was Allianz Life Insurance Company of

North America, with sales of nearly \$1.35 billion, according to Beacon.

By product type, MetLife also became the top seller of market-value adjusted fixed annuities, the firm said. Aviva USA was again No. 1 in equity-indexed annuities, while New York Life again took first place in sales of immediate annuities. Aegon Transamerica became the new leader in book value fixed annuity sales.

Beacon's data is based on sales of 53 insurance companies, representing about 86% of the market.

Metropolitan Life Insurance Co. currently has a Best's Financial Strength Rating of A+ (Superior).

MetLife was trading at \$15.14 a share in the late afternoon of March 10, up 21.31% from the previous close.

(By Fran Matso Lysiak, senior associate editor, BestWeek: fran.lysiak@ambest.com) BN-NJ-03-10-2009 1616 ET #