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BANK FIXED ANNUITY SALES DOWN 1% IN SECOND QUARTER

WASHINGTON – U.S. sales of fixed annuities by banks and other depository institutions decreased by 1 percent from the second quarter 2008 and 20 percent from the first quarter 2009 with sales estimated at \$8.7 billion in second quarter 2009.

In first half 2009, estimated results were \$19.6 billion, 25 percent above YTD 2008. ABIA's market estimates are based on findings from the Beacon Research *Fixed Annuity Premium Study*.

“Our fixed annuity sales continued at a strong pace in first quarter 2009,” said Thomas Howard, president of BancorpSouth Investment Services. “But with rates down across the board, second quarter 2009 sales were well below year-ago or prior quarter levels.”

In addition to the second quarter fall in fixed annuity credited rates the rate advantage over bank certificates of deposit also declined. However, 40 percent of the bank channel carriers participating in Beacon's study reported stronger bank sales quarter-to-quarter.

Protective Life was one of these companies. Fixed annuities tailored for depository institutions were part of the reason for Protective's success according to Michael Korthaus, vice president of financial institutions at Protective Life. “These products offer multiple guarantee period options with bailout provisions, enhanced waivers and significant annual liquidity features,” he explained.

New York Life continued as the leading bank channel company among participants in Beacon's study. Second quarter 2009 results for the top 10 were as follows:

(more)

ANNUITY SALES/PG 2:

| Company Name | Bank Channel Sales (in thousands) |
|---|-----------------------------------|
| New York Life | 1,812,025 |
| AEGON/Transamerica Companies | 1,062,073 |
| Western National Life ¹ | 788,189 |
| Pacific Life | 485,180 |
| RiverSource Life, Ltd. | 418,238 |
| W&S Financial Group Distributors ² | 321,263 |
| Lincoln Financial Group | 311,187 |
| MetLife | 279,535 |
| Protective Life | 266,232 |
| John Hancock | 215,704 |

The second quarter's top bank product was the New York Life Preferred Fixed Annuity. All top ten annuities were book value products³ except for New Directions, an indexed annuity issued by Lincoln Financial Group. Second quarter results include reported sales of some 160 fixed annuities sold in depository institutions.⁴

| Rank | Company Name | Product Name | Product Type |
|------|-------------------------|-----------------------------|--------------|
| 1 | New York Life | NYL Preferred Fixed Annuity | Book Value |
| 2 | New York Life | NYL Fixed Annuity | Book Value |
| 3 | Western National | Flex 5 | Book Value |
| 4 | RiverSource | Quantum Select | Book Value |
| 5 | Pacific Life | Pacific Explorer | Book Value |
| 6 | AEGON/Transamerica | Capital Builder | Book Value |
| 7 | Lincoln Financial Group | New Directions | Indexed |
| 8 | Western-Southern Life | MultiRate | Book Value |
| 9 | New York Life | Select 5 Fixed Annuity | Book Value |
| 10 | AEGON/Transamerica | Proprietary Bank Product 7 | Book Value |

“We hear from our member banks that the issuer's financial strength continues to be an important factor in the purchase of a fixed annuity,” said Valerie Barton, executive director of the American Bankers Insurance Association. “We've also heard that there has been a slight drop in the average age of buyers and a higher percentage of cash purchases versus 1035 exchanges.”

¹ Formerly AIG Annuity.

² W&S Financial Group Distributors is the wholesale distributor for Western & Southern financial Group. It distributes annuities from Western & Southern Life, Integrity Life and National Integrity Life (New York).

³ These are fixed rate annuities without market value-adjustments on withdrawals.

⁴ This total excludes fixed income annuities (immediate and deferred).

“We expect to see a quarter-to-quarter drop in bank sales of fixed annuities,” said Jeremy Alexander, president and CEO, Beacon Research. “Credited rates have fallen since second quarter and the rate advantage over CDs has continued to decline as well.”

The **American Bankers Insurance Association (ABIA)** is the separately chartered insurance affiliate of the American Bankers Association (ABA) and is the only Washington, D.C.-based full service association for bank insurance interests. The ABIA's mission is to develop policy and provide advocacy for banks in insurance and to support bank insurance operations through research, education, compliance-assistance and peer group networking opportunities. ABIA Membership consists of banks, and their affiliated agencies, insurance companies, marketing, and administrative services suppliers, non-bank lending organizations and other firms involved in the bank affiliated insurance industry. Additional information on the ABIA can be found on the Internet at www.theabia.com.

Beacon Research is an independent research company and application service provider founded in 1997 and based in Evanston, IL. Beacon tracks fixed and variable annuity features, rates and sales. Its quarterly *Fixed Annuity Premium Study* is the first and only source to report and analyze fixed annuity sales at the product level. Beacon lowers compliance risk and increases fixed annuity sales with 100% carrier-approved, comprehensive product profiles, spreadsheets and search tools for the advisor/rep websites of banks and TPMs. Financial institutions use its systems at www.annuitynexus.com for compliance review of 1035 exchanges, sales support, conservation and product research

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