

## BEACON'S FIXED ANNUITY PREMIUM STUDY REPORTS FOURTH QUARTER'S FIXED ANNUITY SALES

### Annual Sales Hit \$107 billion; Fourth Quarter Results Set another Record

**Evanston, IL, March 5, 2009** — U.S. sales of fixed annuities were an estimated \$107 billion in calendar year 2008, up 60% from 2007, according to new data from the Beacon Research *Fixed Annuity Premium Study*. Fourth quarter's overall results were an estimated \$34.1 billion -- 90% above those of fourth quarter, 2007 and 23% higher than the previous quarter. Fourth quarter's estimated sales were the strongest since the Study began in 2003, setting a six-year record for the third quarter straight. These estimates are based on sales of 53 insurance companies representing an estimated 86% of the market.<sup>1</sup>

By product type, estimated sales in fourth quarter, 2008 were: book value<sup>2</sup> - \$17.1 billion; market value-adjusted (MVA) - \$7.4 billion; indexed - \$7.2 billion, and; immediate – \$2.4 billion. There were big increases in all product types relative to fourth quarter, 2007. MVA sales were more than 3½ times higher, while book value results more than doubled. Immediate and indexed sales rose 22% and 12%, respectively. Compared to the prior quarter, there were also increases in all product types; MVAs -- 76%, book value – 21%, indexed -- 3% and immediate – 3%.

MetLife assumed overall sales leadership among Study participants. Its fourth quarter sales were quadruple those of the first three quarters combined. New York Life, Aviva USA and AEGON/Transamerica Companies each moved down one place as a result. Allianz remained in fifth place. Fourth quarter results for the top five Study participants were as follows:

	<u>Total Fixed Annuity Sales (in thousands)</u>
MetLife (NYSE; MET)	4,136,491
New York Life	2,573,597
Aviva USA <sup>3</sup>	2,341,901
AEGON/Transamerica Companies (NYSE: AEG US)	2,274,266
Allianz Life <sup>4</sup>	1,358,131

In terms of sales by product type, MetLife also became the MVA sales leader. AEGON/Transamerica was the new leader in book value sales. Aviva and New York Life again took top honors in indexed and immediate annuity sales, respectively.

Two MVAs issued by MetLife were fourth quarter's best-selling products, with Fixed Annuity FA in first place, followed by MetLife Target Maturity. Aviva's Income Select Bonus came in third. It was again the leading indexed annuity and the only one in the top five. The New York Life Fixed Annuity placed fourth but remained the top book value product. It was followed by Transamerica Capital Builder 2007, a book value annuity issued by AEGON/Transamerica Companies and a top five product for the third consecutive quarter. Fourth quarter results include sales of some 410 products.<sup>5</sup>

<u>Rank</u>	<u>Company Name</u>	<u>Product Name</u>	<u>Product Type</u>
1	MetLife Investors	Fixed Annuity FA	MVA
2	MetLife	MetLife Target Maturity	MVA
3	Aviva–American Investors Life	Income Select Bonus	Indexed
4	New York Life	NYL Fixed Annuity	Book Value
5	AEGON/Transamerica Cos.	Transamerica Capital Builder 2007	Book Value

<sup>1</sup> Sales figures include fixed rate (book value and MVA), indexed and immediate annuities. They do not include structured settlements.

<sup>2</sup> 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.

<sup>3</sup> Aviva USA is a subsidiary of Aviva plc (LSE: AV).

<sup>4</sup> Allianz Life Insurance Company of North America is a subsidiary of Allianz AG (NYSE: AZ).

<sup>5</sup> This total excludes immediate annuities.

Four of these top products were also distribution channel bestsellers. MetLife Investors' Fixed Annuity FA became the leading annuity in the independent broker-deal channel. MetLife Target Maturity was the new bestseller among large/regional broker-dealers and wirehouses. New York Life had the leading bank product once again with its New York Life Fixed Annuity. Aviva's Income Select Bonus remained tops in the independent producer channel. State Farm's Future Income Plus (an MVA) was the new bestseller among captive agents.

<u>Channel</u>	<u>Company</u>	<u>Product</u>	<u>Product Type</u>
Banks and S&Ls	New York Life	NYL Fixed Annuity	Book Value
Captive Agents	State Farm	Future Income Plus	MVA
Independent Broker-Dealers	MetLife Investors	Fixed Annuity FA	MVA
Independent Producers	Aviva-Am. Investors	Income Select Bonus	Indexed
Large/Regional Broker-Dealers	MetLife Investors	MetLife Target Maturity	MVA
Wirehouses	MetLife Investors	Fixed Annuity FA	MVA

Credited rates of 5% or more were available on rate terms of five years or longer throughout fourth quarter. But there wasn't much to be gained by locking in a rate for more than seven years. As a result, sales of both book value and MVA annuities continued moving to rate terms in the five to seven year range.

"A combination of economic conditions made for record sales in fourth quarter, with double-digit increases in all product types from a year earlier," said Jeremy Alexander, CEO of Beacon Research. "Not only did fixed rate annuities have an advantage over the conservative interest-bearing alternatives once again, but minimal inflation made those rates worth more in real terms. Fourth quarter's bear market and economic uncertainty motivated a continued flight to safety that favored fixed annuities and other conservative investments. Going forward, we expect more record sales because we think similar conditions will prevail in first quarter and throughout 2009. But some of the key players are likely to change, with business flowing to the strongest companies."

### **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](http://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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