

1Q Sales of Fixed Annuities Jump 78%

First quarter 2009 sales of fixed annuities reached an estimated record high of \$34.9 billion, according to the Beacon Research Fixed Annuity Premium Study. Overall quarterly sales were 78 percent higher compared to first quarter 2008 and 2 percent up from the previous quarter.

Indexed annuities were also up 24 percent to an estimated \$7.1 billion, while first quarter sales of immediate annuities were estimated at \$2.1 billion, up 15 percent. MetLife kept its overall sales leadership position among the study participants, with New York Life and Aviva USA in second and third place, respectively.

By product type, sales in first quarter 2009 were book value at \$19.2 billion; indexed, \$7.1 billion; market value-adjusted (MVA), \$6.5 billion; and immediate, \$2.1 billion. MVA results nearly tripled and book value sales almost doubled year over year. Indexed was up 24 percent and immediates increased 15 percent. Compared to the previous quarter, book value sales rose 12 percent. But there were decreases in the other product types: MVAs were down 12 percent, immediates dropped 10 percent and indexed annuities fell 1 percent. [INN](#)

TOP 5 COMPANIES

Company	Sales (in millions)
MetLife	3.62
New York Life	3.47
Aviva USA	2.46
RiverSource Life	2.12
AEGON/Transamerica	2.08

Banks Increase Annuity Sales 29%

Bank holding company annuities income rose to \$2.61 billion in 2008, a 29 percent increase from 2007, according to a bank insurance consultant's latest report. Although it is not as big a boost as insurance companies have had from annuities, it is a bright spot for the ailing banking industry.

JPMorgan Chase & Co., Bank of America and SunTrust Banks led all bank holding companies in annuity commission income in 2008, according to Michael White Associates. Of the 880 bank holding companies, 43.6 percent participated in annuity sales, the report said. The \$2.61 billion in commissions was 12.3 percent of their \$21.2 billion in total mutual fund and annuity income and 18.3 percent of the \$14.2 billion in total bank holding company insurance sales volume, the report found.

Financial Protection Idea Draws Fire

A proposal for a single commission to monitor a range of financial products, including variable annuities, is drawing considerable fire.

The American Council of Life Insurers sent a letter to the Obama administration saying that splitting consumer and solvency regulation is unnecessary and risky. For example, an insurer might decide to charge a higher rate based on solvency issues, but a consumer advocate might object without regard to the company's financial health, the ACLI said.

The Financial Services Roundtable also objected, saying it was dangerous to separate consumer protection from the agency that is supposed to protect the public. Instead, the federal government should give the regulatory agencies more power to do their job.

SEC 151A Rule May Hit Economy

More than 200,000 agents and employees will lose more than \$2 billion of personal income if Rule 151A is upheld, according to estimates by the National Association for Fixed Annuities (NAFA). The rule, which reclassified indexed annuities (IAs) as securities, will also negatively affect up to 800 insurance marketing organizations.

Indexed up 22.8% in 1Q

First quarter indexed annuity sales were \$7 billion, up 22.8 percent from the same period last year, according to AnnuitySpecs.com. As compared to the previous quarter, sales were down 2.1 percent. Aviva still holds the No.1 position in the market. Lincoln National took a surprisingly aggressive hold of the No. 4 rank from their previous rank at No. 10 and Jackson National Life moved-up three slots to No. 6 in the market.

Companies Trim VA Benefits

Insurers reduced variable annuity (VA) benefits at an increased pace to correct overpromising by many companies. More than 126 significant changes in VA product designs became effective in May, up from 25 in April and 24 in March. Adjustments included raising fees, decreasing payout provisions, reducing withdrawal percentages and streamlining benefits on some VA contracts.

John Hancock, MetLife, ING, Nationwide, Ohio National, Protective and RiverSource were among those eliminating some benefits. While annuity investors will pay more for less, many say the reduction of benefits will make VA guarantees more sustainable by the insurer. Annuities could also become simpler and easier to understand.

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