

Market rally cuts into sales of fixed annuities in 1Q

By Darla Mercado

May 28, 2010

First-quarter fixed-annuity sales in the U.S. were down 52% from the year-ago period, falling to an estimated \$16.7 billion.

“A ton of money was flowing into equities to the detriment of other sectors, including annuities,” said Beacon Research president and chief Jeremy Alexander. “There was the feeling in the first quarter that the market would continue its increase.”

Market-value adjusted and book value annuities took the hardest hits, with sales dropping by 25% and 24%, respectively.

Not surprisingly, carriers felt some pain during the quarter. Western National Life, an AIG company, relinquished its position as the top seller of fixed annuities, slumping to fourth on the list during the quarter, according to Beacon Research.

New York Life Insurance Co took the top spot for the quarter. New York Life's sales were driven by the carrier's book value fixed annuities — namely the NYL Preferred Fixed Annuity. Book-value fixed annuities pay a declared interest rate for a stated period.

Allianz Life Insurance Company of North America climbed to second place from third, while Aviva USA jumped to third place from fifth. American Equity Investment Life Insurance Co. rounded out the top five.

Allianz's MasterDex X, an indexed annuity, was the top-selling product during the first quarter.

Broken into channels, the top-selling product among independent broker-dealers was Massachusetts Mutual Life Insurance Co.'s RetireEase income annuity. Regional and large broker-dealers preferred New York Life's fixed annuity, a book value product. Meanwhile wirehouse producers went with John Hancock's managed fixed-annuity, an income product.