

FOR IMMEDIATE RELEASE
January 19, 2010

CONTACT:

Jonathan Snowling
(202) 663-5468
jsnowlin@aba.com

BANK FIXED ANNUITY SALES DOWN 24% IN THIRD QUARTER 2009

WASHINGTON – U.S. sales of fixed annuities by banks and other depository institutions decreased by 24 percent compared to third quarter 2008 and 13% from the prior quarter with sales estimated at \$7.25 billion in third quarter 2009.

Sales were negatively affected by falling fixed annuity credited rates and their narrowing rate advantage over bank certificates of deposit. In year-to-date 2009, estimated results were \$26.9 billion, 7 percent above YTD 2008.

Market estimates are based on findings from the Beacon Research Fixed Annuity Premium Study. Western National Life¹ was the leading bank channel company among participants in Beacon's study, replacing New York Life. Compared to the prior quarter, three carriers dropped out of the top 10; three joined including Jackson National, ING USA and Hartford. Third quarter 2009 results for the top 10 were as follows:

Company Name	Bank Channel Sales (in thousands)
Western National Life	1,123,568
Pacific Life	1,119,242
New York Life	672,863
AEGON/Transamerica Companies	608,060
Lincoln Financial Group	422,620
John Hancock	415,541
Jackson National Life	374,240
ING USA	220,969
Hartford Life	170,652
Protective Life	165,510

ABIA Public Relations
1120 Connecticut Ave.
Washington, DC 20036
(202) 663-5000

¹ Formerly AIG Annuity.

More than 40 percent of the bank channel carriers participating in Beacon’s study bucked the trend and reported bank sales growth quarter-to-quarter. Among these issuers were Jackson National Life and Pacific Life.

Jackson National attributes its success largely to a flight to quality favoring carriers that have demonstrated financial stability and product line consistency. “We had record quarterly sales of fixed index annuities, while traditional fixed annuities were down slightly from the third quarter of 2008,” said Tori Bullen, senior vice president, Jackson National Life Distributors LLC. Due partly to Jackson National’s results, participants’ indexed annuity sales through banks hit a record in third quarter.

Pacific Life also says it has benefitted from a preference for strong, highly rated carriers. “Our Pacific Explorer fixed annuity aligns nicely with the bank-based advisor interest in products that are simple and promote preservation of customers’ assets,” said Christine Tucker, vice president, marketing.

The third quarter’s top bank product was Pacific Life’s Pacific Explorer. Only seven top ten annuities were book value products (down from nine in second quarter). Third quarter results include reported sales of some 160 fixed annuities sold in depository institutions.

Rank	Company Name	Product Name	Product Type
1	Pacific Life	Pacific Explorer	Book Value
2	Western National	Flex 5	Book Value
3	Lincoln Financial Group	New Directions	Indexed
4	New York Life	NYL Preferred Fixed Annuity	Book Value
5	Western National	Proprietary Bank Product F	Book Value
6	John Hancock	GPA Plus	Book Value
7	John Hancock	JH Spectrum	Book Value
8	Jackson National	Ascender Plus Select	Indexed
9	AEGON/Transamerica	Proprietary Bank Product 7	Book Value
10	Hartford Life	Saver Plus	MVA

“Although indexed annuities will help support banks’ fixed annuity sales in fourth quarter, we’ll probably see another sequential decrease due to the quarter’s interest rate trends,” said Jeremy Alexander, president and CEO, Beacon Research. “Banks still focus mainly on fixed rate annuities, and it’s likely that sales of these products declined due to the continued drop in credited rates and their spread over CDs. But there is still strong demand by bank customers for conservative investments like fixed annuities, so results should improve when the interest rate environment normalizes.”

###

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.