

Largest Annuity Issuers Saw Crazy Swings in Sales in First Quarter

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May 22, 2020

Volatility gripped more than the stock markets in March, as first-quarter annuity sales made big swings both higher and lower for the largest issuers in the market.

Fixed-indexed products accounted for \$16.2 billion in volume, down 10% from the year before, according to the **Secure Retirement Institute**, but that was only the beginning of the story.

U.S. Indexed Annuity Sales, 1Q '20

| | Company | Total (\$ mlns) | Change* |
|----|---------------------|-----------------|---------|
| 1 | Allianz | 1,559 | -24.9% |
| 2 | AIG | 1,448 | -2.4% |
| 3 | Nationwide | 1,269 | 15.3% |
| 4 | Athene | 1,083 | -32.6% |
| 5 | Lincoln | 1,011 | -8.1% |
| 6 | Fidelity & Guaranty | 832 | 24.5% |
| 7 | Security Benefit | 830 | 205.8% |
| 8 | Global Atlantic | 820 | -5.7% |
| 9 | Sammons | 760 | NA |
| 10 | Jackson National | 747 | 170.4% |
| 11 | Great American | 725 | -25.0% |
| 12 | American Equity | 693 | -42.5% |
| 13 | Pacific Life | 549 | -51.4% |
| 14 | National Life | 359 | 23.2% |
| 15 | Symetra Financial | 332 | -27.9% |
| 16 | Bankers Life | 278 | -6.3% |
| 17 | EquiTrust Life | 271 | -29.9% |
| 18 | Protective Life | 212 | NA |
| 19 | Prudential | 199 | NA |
| 20 | MassMutual | 196 | -37.1% |

*From a year earlier.

Note: Sales of individual annuities only. NA means the company wasn't in the top 20 last year.

Source: Secure Retirement Institute

Volume all but collapsed at some of the biggest sellers of the products in the U.S. Sales at **Pacific Life** dropped by more than half from a year ago, to \$548.8 million, SRI reported. Volume plunged 43% at American Equity, and 37% at **MassMutual**.

It might seem like a miserable three months for the products, except a couple of other issuers had blowout quarters. Sales more than doubled at **Jackson National**, and they tripled at **Security Benefit**, which moved \$830.4 million of the annuities, its best quarter in SRI data going back to 2016.

Offering the right product mix through different distribution outlets has “allowed us to strengthen our leadership position in the annuity industry during the first quarter of the year,” said Aimee DeCamillo, president of Jackson National Life Distributors, in an email.

“We’ve seen demand quickly shift to fixed indexed annuities that focus on accumulation and protection from market risk,” said **Doug Wolff**, president of Security Benefit Life Insurance Company, in an email. Indexed annuities are “more valuable than ever in these volatile market environments,” he added.

Still, the overall outlook for the products this year is bleak amid painfully low interest rates. SRI is forecasting sales to fall about 20% over last year. The first three months of 2020 marked the third consecutive quarter of declines for the category.

MYGA Sales Plunge

Total annuity sales fell by 8% to \$55.9 billion. Volume of fixed-rate products plummeted 35% to \$9.8 billion, according to the group’s data.

For most sellers of the products, which include multi-year guaranteed annuities, the first quarter was downright ugly. Volume plunged 66% at Principal and 59% at **Prudential Financial**.

U.S. Fixed-Rate Annuity Sales, 1Q '20

| | Company | Total (\$ mlns) | Change* |
|----|---------------------|-----------------|---------|
| 1 | New York Life | 2,370 | -28.7% |
| 2 | AIG | 1,070 | -56.0% |
| 3 | MassMutual | 909 | -6.0% |
| 4 | Western Southern | 896 | 54.3% |
| 5 | Global Atlantic | 853 | -40.1% |
| 6 | Pacific Life | 828 | 16.3% |
| 7 | Symetra Financial | 506 | -13.0% |
| 8 | Protective Life | 398 | NA |
| 9 | USAA Life | 380 | -7.7% |
| 10 | Great American | 337 | -12.7% |
| 11 | Reliance Standard | 283 | -5.5% |
| 12 | Jackson National | 273 | NA |
| 13 | Principal Financial | 261 | -66.4% |
| 14 | Berkshire Hathaway | 223 | -8.8% |
| 15 | MetLife | 222 | -33.6% |
| 16 | Northwestern Mutual | 214 | -6.4% |
| 17 | Brighthouse | 193 | NA |
| 18 | Nationwide | 189 | NA |
| 19 | Prudential | 142 | -58.5% |
| 20 | Athene | 135 | NA |

*From a year earlier.

Note: Sales of individual annuities only. NA means the company wasn't in the top 20 last year.

Source: Secure Retirement Institute

But even among the carnage, a couple of insurers posted gains. At **Western & Southern Group**, sales of fixed-rate products soared 54% to \$896.4 million.

“It was a record quarter for us,” said **Mark Caner**, president of **W&S Financial Group Distributors**.

SmartSelect, a multi-year guaranteed annuity launched last year with terms of between three and 10 years, “got the lion’s share of the business,” he said. Buyers overwhelmingly selected a three-year term, he said.

“We evaluate our rates on a weekly basis,” he added. “Some companies do it on a monthly or biweekly basis.”

Sales of the annuities at Pacific Life also rose, climbing 16% to \$827.9 million, SRI reported.

Variable Annuities Shine

Variable annuities were a bright spot, with sales increasing 14% to \$26 billion. Only three insurers in the top 20 said volume declined from a year ago.

Pacific Life had the biggest percentage gain, 76%, for a total of \$1.09 billion, according to SRI.

Sales may have been spurred by a pair of new distribution agreements.

Pacific Life started selling a fee-based version of the Pacific Odyssey variable annuity to independent registered investment advisors through **TD Ameritrade**, a large broker-dealer, in early January.

In late March Pacific Odyssey was made available to fee-based advisors through **DPL Financial Partners**, a network for independent registered investment advisors.

Variable annuity sales at **New York Life**, which had the next-fastest growth, rose 61% to \$985.5 million.

U.S. Variable Annuity Sales, 1Q '20

| | Company | Total (\$ mlns) | Change* |
|----|----------------------|-----------------|---------|
| 1 | Jackson National | 3,978 | 15.1% |
| 2 | Equitable Financial | 2,813 | 3.4% |
| 3 | Lincoln | 2,724 | 36.0% |
| 4 | TIAA | 2,373 | -6.9% |
| 5 | Prudential | 1,715 | -14.4% |
| 6 | AIG | 1,638 | 20.5% |
| 7 | Brighthouse | 1,568 | 22.1% |
| 8 | Pacific Life | 1,087 | 75.5% |
| 9 | RiverSource | 1,071 | 23.5% |
| 10 | Nationwide | 1,068 | 1.6% |
| 11 | Allianz | 1,045 | 47.7% |
| 12 | New York Life | 986 | 60.7% |
| 13 | Transamerica | 793 | 10.2% |
| 14 | Thrivent Financial | 603 | 16.3% |
| 15 | Fidelity Investments | 448 | 35.9% |
| 16 | CMFG Life Insurance | 308 | 46.6% |
| 17 | Northwestern Mutual | 291 | 13.2% |
| 18 | MassMutual | 118 | NA |
| 19 | Principal Financial | 115 | 11.4% |
| 20 | Penn Mutual | 88 | -16.1% |

*From a year earlier.

Note: Sales of individual annuities only. NA means the company wasn't in the top 20 last year.

Source: Secure Retirement Institute

Overall U.S. Annuity Sales, 1Q '20

| | Company | Total (\$ mlns) | Change* |
|----|---------------------|-----------------|---------|
| 1 | Jackson National | 4,998 | 29.9% |
| 2 | AIG | 4,155 | -21.2% |
| 3 | Lincoln | 3,782 | 5.4% |
| 4 | New York Life | 3,355 | -14.8% |
| 5 | Equitable Financial | 2,827 | 3.6% |
| 6 | Allianz | 2,606 | -6.4% |
| 7 | Nationwide | 2,526 | 6.8% |
| 8 | Pacific Life | 2,464 | 0.2% |
| 9 | TIAA | 2,373 | -6.9% |
| 10 | Prudential | 2,056 | -19.8% |
| 11 | Brighthouse | 1,781 | 24.8% |
| 12 | Global Atlantic | 1,688 | -27.1% |
| 13 | Athene | 1,246 | -31.4% |
| 14 | MassMutual | 1,223 | -11.5% |
| 15 | RiverSource | 1,116 | 14.7% |
| 16 | Great American | 1,094 | -20.3% |
| 17 | Western Southern | 986 | NA |
| 18 | Sammons | 962 | NA |
| 19 | Fidelity & Guaranty | 946 | -0.3% |
| 20 | Security Benefit | 919 | -1.4% |

*From a year earlier.

Note: Sales of individual annuities only. NA means the company wasn't in the top 20 last year.

Source: Secure Retirement Institute

A "driving factor" behind the jump in sales is due to features that protect the principal.

"These features resonate in any market environment but have been especially attractive given market volatility as a result of Covid-19," said Dylan Huang, head of retail annuities for New York Life.

Since early March, demand for the investment protection guarantee has shot up "by nearly 50% and we expect this appetite for solutions that offer growth with guarantees to continue to increase," Huang said in an email.