



## Insured Retirement Institute

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# **Industry Wide Annuity Sales Continue Double Digit Climb**

## ***VA Sales Up for 3<sup>rd</sup> Consecutive Quarter; Fixed Sales Rise Over Q1***

**WASHINGTON, D.C.** – The Insured Retirement Institute (IRI) today announced second quarter results for the United States annuity industry. Annuity sales for the second quarter continued to increase at a double-digit rate. Second quarter industry wide sales were \$60.4 billion, up 10 percent from \$55 billion in the second quarter of 2010. Second quarter sales also garnered quarter-to-quarter growth, increasing at a rate of 4 percent from \$58.1 billion in the first quarter of this year.

“The second quarter data definitively show that this year will indeed be a record setting one for the industry,” said **IRI President and CEO Cathy Weatherford**. “This expansive growth not only demonstrates the growing interest in insured retirement strategies, but also reflects the long-term confidence that investors are increasingly placing in these products.”

Fixed annuity sales for the second quarter were \$20.4 billion, up from \$18.9 billion in the previous quarter, representing a 7.9 percent increase. Year-to-year quarterly sales of fixed annuities remained flat, with the second quarter of 2010 also coming in at \$20.4 billion. Qualified sales were 32% of the second quarter 2011 total.

“The resiliency of second quarter’s fixed annuity sales is remarkable, given that interest rates were below those of the year-ago or prior quarters,” said **Beacon Research President and CEO Jeremy Alexander**. “Though rates have continued to decline, there has been a general flight to safety that may make third quarter another strong one for fixed annuities.”



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**Fixed Table 1. Quarterly Fixed Annuity Sales By Product Type**

(\$ Millions)	Quarter Ended				
	6/30/11	3/31/11	12/31/2010	9/30/10	6/30/10
Total Sales (Rounded)	20,410	18,911	17,625	20,481	20,426
Book Value	8,177	8,578	6,027	7,471	7,860
Market Value Adjusted	1,506	1,446	1,358	1,927	1,706
Indexed	8,438	7,132	8,351	8,972	8,642
Income	2,280	1,755	1,889	2,111	2,217

Source: Beacon Research

**Fixed Table 2. Quarterly Market Share By Product Type**

(As a percent of total sales)	6/30/11
Book Value	40.1
Market Value Adjusted	7.4
Indexed	41.3
Income	11.2

Source: Beacon Research

Variable annuity sales for the second quarter were \$40 billion, up 2 percent from \$39.2 in the previous quarter. Year-to-year quarterly sales of variable annuities posted a 15 percent increase from second quarter 2010 sales of \$34.6 billion. Second quarter 2011 net sales were \$3.2 billion. There were \$26.6 billion in qualified sales and \$13.4 billion in non-qualified in the second quarter.

“Variable annuity sales continued to trend upward, reaching the highest level since the second quarter of 2008 as continued concern about the direction of the economy and heightened market volatility appear not



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to have dampened investor enthusiasm for guarantees,” said **Morningstar Director of Insurance Solutions Frank O’Connor**.

### Variable Table 1. Variable Annuity Net Assets

(Dollars in Millions)	6/30/11	3/31/11	12/31/10	9/30/10
Total Net Assets	1,569,015	1,558,018	1,504,977	1,418,358

Source: Morningstar, Inc

### Variable Table 2. Quarterly Variable Annuity Total Premium & Net Sales<sup>1</sup>

(\$ Millions)	Quarter Ended				
	6/30/11	3/31/11	12/31/10	9/30/10	6/30/10
Total Sales	39,986	39,158	37,594	34,032	34,381
Net Sales	3,142	5,819	5,367	6,397	6,222
<i>Net Sales as % of total sales</i>	7.9%	14.9%	14.3%	18.8%	18.1%

Source: Morningstar, Inc.

<sup>1</sup>Total Premium Sales, also called Total Premium Flows, represents the sum of new sales [all first-time buyers of a contract, including inter- and intra-company exchanges] and additional premiums from existing contract owners. Net Sales, also called Net Flows, represents Total Premium Sales minus surrenders, withdrawals, inter- and intra-company exchanges, and benefit payments

### Variable Table 3. Variable Annuity Assets by Asset Class

(As a percent of total assets)	6/30/11
Equity	44.4
Fixed Accounts	20.3
Allocation	23
Bonds	10.1
Money Market	2.2

Source: Morningstar, Inc.

**About the Insured Retirement Institute:** The Insured Retirement Institute (IRI) is a not-for-profit organization that for twenty years has been a mainstay of service, commitment and collaboration within the insured retirement industry. Today, IRI is considered to be the authoritative source of all things pertaining to annuities, insured retirement strategies and retirement planning. IRI proudly leads a national consumer education coalition of nearly twenty organizations and is the only association that represents the entire supply chain of insured retirement strategies: our members are the major insurers, asset managers, broker dealers and more than 75,000 financial professionals. IRI exists to vigorously promote consumer



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confidence in the value and viability of insured retirement strategies, bringing together the interests of the industry, financial advisors and consumers under one umbrella. IRI's mission is to: encourage industry adherence to highest ethical principles; promote better understanding of the insured retirement value proposition; develop and promote best practice standards to improve value delivery; and to advocate before public policy makers on critical issues affecting insured retirement strategies and the consumers that rely on their guarantees. Visit [www.IRIonline.org](http://www.IRIonline.org) today to experience the vast resources of the Insured Retirement Institute for yourself.

**About Beacon Research:** 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 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, TPMs, broker-dealers and marketing organizations. Financial institutions use its systems at [www.annuitynexus.com](http://www.annuitynexus.com) for compliance review of 1035 exchanges, sales support, conservation and product research. Beacon also licenses information to other platforms, including Insurance Technologies' VisibleChoice™ annuity sales platform, Ebix, Lipper, and Ibbotson Associates. Directly and through strategic alliances, Beacon information can be accessed by hundreds of financial institutions and thousands of advisors.

### **About Morningstar, Inc.**

Morningstar, Inc. is a leading provider of independent investment research in North America, Europe, Australia, and Asia. The company offers an extensive line of Internet, software, and print-based products and services for individuals, financial advisors, and institutions. Morningstar provides data on approximately 350,000 investment offerings, including stocks, mutual funds, and similar vehicles, along with real-time global market data on more than 4 million equities, indexes, futures, options, commodities, and precious metals, in addition to foreign exchange and Treasury markets. The company has operations in 20 countries and minority ownership positions in companies based in two other countries.

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