

Lincoln, Athene Grab Top Spots for Sales of Annuities Tied to Indexes

By Cyril Tuohy November 18, 2020

Only a handful of life insurers dominate buffered annuity sales, with **Lincoln Financial** leading them all with \$3.57 billion of volume through the first three quarters of this year.

That's according to the Secure Retirement Institute, which for the first time publicly broke out sales for the category, which has done well this year despite unsettled markets and sinking interest rates.

Lincoln's sales represent almost 23% of the market segment, and the top four insurers account for more than 82%.

Equitable, a long-time leader in the category, had sales of \$3.37 billion through the end of the third quarter, Secure Retirement Institute reported. Allianz Life was third with \$2.99 billion of volume.

Lincoln's fast-selling Level Advantage indexed variable annuity had more than \$1.5 billion in volume in the third quarter alone, Lincoln said.

The Level Advantage sales came from about 9,600 policies, said Brian Kroll, head of annuity solutions for Lincoln Financial, in an email. That's an average of roughly \$150,000 each.



Brian Kroll, head of annuity solutions, Lincoln Financial

In the third quarter, about 4,700 financial professionals sold Lincoln Level Advantage, 17% of whom are new to selling the company's annuities, Kroll said. A little more than half, or 2,400, sold more than one contract during the quarter.

Level Advantage was rolled out in May 2018.

Year-to-date sales of buffered annuities, also known as index-linked variable annuities, were \$15.7 billion, up 25% from the year-ago period, Secure Retirement Institute also reported.

Among the top four issuers, Lincoln is the most recent entrant but has shot up the league tables "so the business opportunity is there," said Todd Giesing, senior director of annuity research for Secure Retirement Institute.

Prudential Financial's annuity unit, which introduced its first buffered product in the spring of 2020, had sales of \$709.7 million.

"Consumers are shifting preferences towards buffered or indexed variable annuities, and the carriers are following," said Dianne Bogoian, head of product development for Prudential Annuities.

RiverSource, which had \$789 million of sales through the first nine months, and Nationwide, which had \$4.6 million, also entered the market this year. Jackson National has filed paperwork to enter the market next year.

Buffered variable annuities are designed with buffers and floors, which offer limited protection when markets fall. Losses are shared by the annuity owner and the insurance company in exchange for annuity owners participating in potentially higher gains when markets rise.

Shedding Sales

A related index-linked annuity, however, isn't doing so well.

The volume of fixed-indexed annuities, which completely insulate buyers from losses, dropped sharply for the top three issuers after three quarters.

Athene Holding, where sales fell 21% from a year ago to \$3.98 billion, topped the list of indexed annuity issuers, according to Secure Retirement Institute.

"Our focus has been to expand our distribution at financial institutions – banks and broker dealers," said Athene USA CEO Grant Kvalheim, in an email.

Expanding distribution through institutions gives the company more diversification and stability for the company's retail distribution, he said.

At the same time, the company has retained its position as the "largest distributor" of indexed annuities within independent marketing organizations.

Athene topped the indexed annuity sales list partly because its closest competitors had even worse quarters.

At long-time leader Allianz Life, indexed annuity sales tumbled 42% from a year earlier to \$3.9 billion. At AIG, which was third, sales were down 27%.

"We're starting to see changes in the leaderboard in all the product categories," Giesing said in an interview.

"In this type of marketplace we're seeing carriers implement different types of strategies," he added. "Some are more aggressive and some are more conservative."

Giesing said Allianz has traditionally focused on selling indexed annuities with guaranteed living benefits, a category whose sales are growing more slowly as insurers pare back on the benefits due to low interest rates.

Sales of indexed annuities designed to make the principal grow or accumulate faster are seeing greater volumes, Giesing said.

Sammons Financial Group, which includes Midland National and North American, saw a big jump in its fixed annuity sales, Secure Retirement Institute said. The company jumped to No. 2 with sales of \$6.58 billion.

U.S. Index-Linked Variable Annuities, 3Q YTD '20

	Company	Total (\$ mlns)
1	Lincoln	3,570
2	Equitable Financial	3,379
3	Allianz	2,998
4	Brighthouse	2,981
5	CMFG Life Insurance	830
6	RiverSource	789
7	Prudential	710
8	Symetra Financial	137
9	Athene	134
10	Great American	91
11	Protective Life	7.7
12	Nationwide	4.6

Source: Secure Retirement Institute

U.S. Overall Annuity Sales, 3Q YTD '20

	Company	Total (\$ mlns)	Change*
1	Jackson National	12,994	-9.5%
2	AIG	10,740	-28.3%
3	New York Life	9,739	-5.2%

	Company	Total (\$ mlns)	Change*
4	Lincoln	8,984	-17.3%
5	Equitable Financial	7,634	-10.9%
6	Allianz	6,952	-27.3%
7	Sammons	6,775	NA
8	TIAA	6,626	-11.2%
9	MassMutual	6,221	67.3%
10	Brighthouse	5,655	24.4%
11	Pacific Life	5,541	-24.1%
12	Athene	5,519	-2.2%
13	Nationwide	5,466	-31.9%
14	Global Atlantic	5,208	-23.8%
15	Prudential	5,050	-38.2%
16	Security Benefit	3,401	NA
17	Fidelity & Guaranty	2,927	9.4%
18	Symetra Financial	2,551	NA
19	Transamerica	2,543	-15.1%
20	Great American	2,496	-32.2%

**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

U.S. Fixed Annuity Sales, 3Q YTD '20

	Company	Total (\$ mlns)	Change*
1	New York Life	6,892	-12.2%
2	Sammons	6,589	NA
3	AIG	6,405	-39.3%
4	MassMutual	5,944	75.6%
5	Athene	5,386	-4.6%
6	Global Atlantic	5,155	-23.7%
7	Allianz	3,918	-41.4%
8	Security Benefit	3,281	64.2%
9	Fidelity & Guaranty	2,927	9.4%
10	Pacific Life	2,825	-43.5%

	Company	Total (\$ mlns)	Change*
11	Nationwide	2,586	-42.5%
12	Symetra Financial	2,412	4.9%
13	Great American	2,394	-33.7%
14	Western Southern	2,024	-12.2%
15	Delaware Life	1,944	-3.7%
16	American Equity	1,838	-54.5%
17	Protective Life	1,796	NA
18	EquiTrust Life	1,479	NA
19	Lincoln	1,444	-63.1%
20	Brighthouse	1,415	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

U.S. Variable Annuity Sales, 3Q YTD '20

	Company	Total (\$ mlns)	Change*
1	Jackson National	11,686	6.1%
2	Equitable Financial	7,611	-10.9%
3	Lincoln	7,541	8.5%
4	TIAA	6,626	-11.2%
5	AIG	4,335	-2.4%
6	Brighthouse	4,239	0.8%
7	Prudential	3,936	-41.0%
8	Allianz	3,034	5.7%
9	Nationwide	2,880	-18.2%
10	New York Life	2,847	17.4%
11	Pacific Life	2,716	18.0%
12	RiverSource	2,340	-21.5%
13	Transamerica	2,074	-18.9%
14	Thrivent Financial	1,644	-4.2%
15	Fidelity Investments	1,051	-6.6%
16	CMFG Life Insurance	836	14.1%
17	Northwestern Mutual	742	-4.9%

	Company	Total (\$ mlns)	Change*
18	Principal Financial	296	-34.8%
19	MassMutual	277	-17.0%
20	Horace Mann	244	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

U.S. Fixed-Indexed Annuity Sales, 3Q YTD '20

	Company	Total (\$ mlns)	Change*
1	Athene	3,985	-20.5%
2	Allianz	3,910	-41.5%
3	AIG	3,307	-26.8%
4	Sammons	2,593	NA
5	Fidelity & Guaranty	2,512	24.1%
6	Nationwide	2,287	-42.8%
7	Global Atlantic	2,208	-21.6%
8	Security Benefit	2,199	146.9%
9	Great American	1,765	-29.8%
10	American Equity	1,732	-55.3%
11	Lincoln	1,380	-55.4%
12	EquiTrust Life	1,170	-6.4%
13	Delaware Life	1,099	28.8%
14	Protective Life	953	NA
15	Jackson National	951	-61.5%
16	National Life	902	-6.3%
17	Pacific Life	856	-70.4%
18	Symetra Financial	846	-19.2%
19	Bankers Life	780	-15.8%
20	Prudential	731	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

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