

U.S. Annuity Markets 2020

A Decade of Adaptation

OVERVIEW & METHODOLOGY

This report is the result of ongoing research and analysis of the retail annuity marketplaces, and focuses on three key areas—distribution, product development, and asset management opportunities. This report leverages Cerulli’s continuous analysis of variable and fixed annuities, including fee-based solutions, fixed-indexed, and registered index-linked annuities, as well as the insurance subadvisory marketplace. Exhibits highlight key data and commentary, including the important tactical ramifications for insurers, asset managers, and wealth managers servicing the insurance market.

This year’s iteration focuses on the many challenges that the annuity industry has overcome over the past decade. More importantly, it addresses how well-prepared insurers may—or may not—be to effectively navigate the next five years.

Looking forward, this research emphasizes the need for insurers and asset managers to adapt and focus on innovate product development, modern distribution strategies, and mounting regulatory challenges. It also highlights key themes prevalent among wealth management home offices, advisory practices, and end-investors that are prime candidates for annuities.

USE THIS REPORT TO

- Review historical sales by annuity product and five-year projected sales by product type, which helps insurers and their partners enhance their strategic planning
- Learn which advisors are licensed to sell variable annuity products and which advisors are actively selling them with segmentations by channel
- Understand the annuity types in which advisors and insurers see the greatest opportunities
- Evaluate the factors that advisors consider most important when deciding whether or not to recommend an annuity
- Explore a chapter dedicated to subadvisory and variable insurance trust (VIT) sales and product development trends

QUESTIONS ANSWERED

- Which annuity products will generate the most sales growth over the next three years?
- What are the biggest obstacles to the VA business over the next three years?
- Where should asset managers be directing their efforts in the annuity space over the next three years?
- Which intermediary channels will produce the most indexed annuity sales growth over the next three years?

PRODUCT DETAILS

Included with Purchase

- Digital report in PDF format
- Unlimited online firm-wide access
- Exhibits in Excel
- Key findings
- Analyst support
- Interactive Report Dashboards

Interactive Report Dashboards

Interact and explore select report data with Cerulli’s visualization tool.

- **Advisor Variable Annuity Metrics Comparison:** Customize a side-by-side view of various channels’ average variable annuity (VA) contract size, number of contracts written per year, and VA sales at year-end 2018 and 2019.
- **Variable Annuity Scorecard:** Profile each channel’s advisor, assets under management (AUM), and VA metrics, with interactive charts depicting headcount sizing and growth rates, AUM totals and growth rates, and VA asset sizing and marketshare.
- **Custom Variable Annuity Projections:** Benchmark Cerulli’s six-year projections for retail VA industry assets against customizable user growth rates.
- **Variable Annuity Market Sizing Funnel:** Dissect the size of the VA market with filters that funnel the data by the total advisor population, the number of advisors licensed to sell VAs, number of advisors currently holding VAs, and number of advisors selling VAs segmented by tier (non-producer, passive producer, active producer, and annuity advocate).



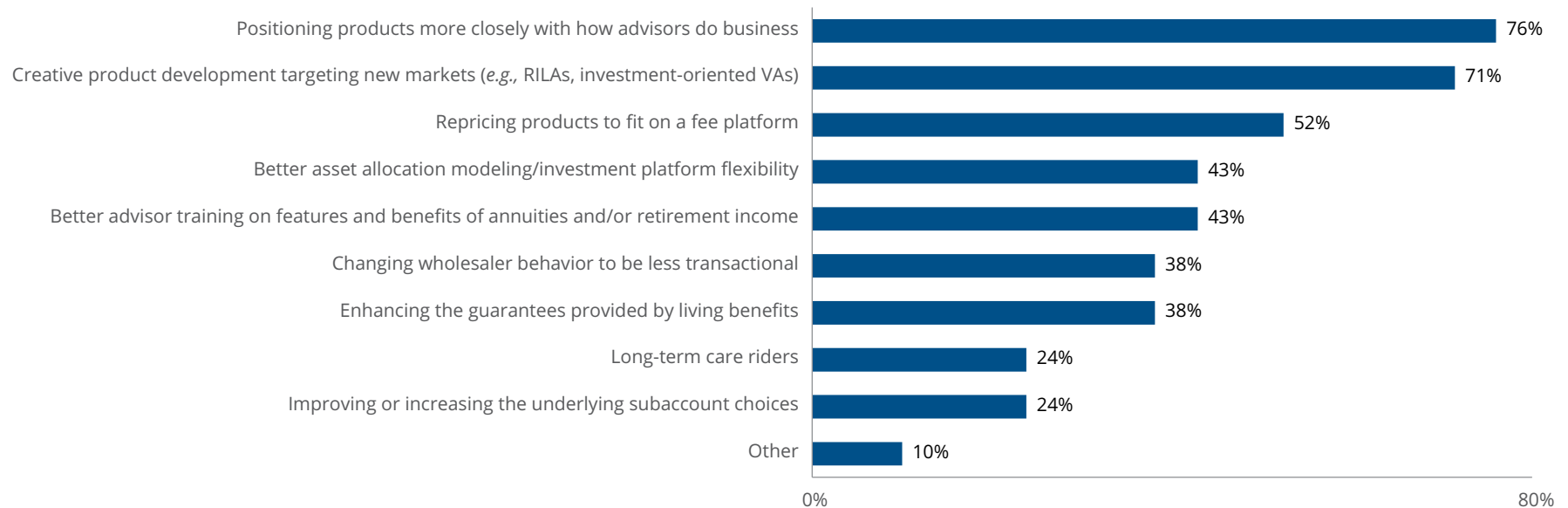
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Exhibit 5.07**Methods for Increasing the Number of Advisors Who Sell Variable Annuities, 2020**

Sources: Cerulli Associates, in partnership with IRI

Analyst Note: Insurers were asked “What strategies are most promising for broadening the number of advisors who sell variable annuities?”



- Three-quarters (76%) of surveyed insurers believe they could do a better job of positioning VAs within advisors’ business models.
- Almost three-quarters (71%) believe creative product development for new markets would increase VA sales, while 52% say pricing products for fee-based platforms will help growth.

Key Implication: Each year, Cerulli hears insurers say that they could do more to help advisors use VAs effectively in their practices, but many insurers continue to struggle with how to accomplish this. Many companies might conduct surveys or focus groups of advisors but there are already enough of those and they produce limited responses. The upshot is that a transactional mindset is still pervasive in the industry and should, over time, be replaced with a more holistic one. Cerulli believes there are enough creative minds in the annuity space to make this happen through innovative designs.

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