



For Immediate Release – June 2, 2003

NAVA Reports First Quarter Variable Annuity Industry Data

Reston, VA, June 2, 2003 – The National Association for Variable Annuities (NAVA) announced today first quarter results for the variable annuity industry. The combined net assets of U.S. variable annuities was \$796.1 billion at the end of the first quarter, level with the fourth quarter of 2002. Net assets decreased by 10.7 percent relative to the first quarter a year ago.

Table 1. Variable Annuity Net Assets (Dollars in Millions)	<u>3/31/03</u>	<u>12/31/02</u>	<u>3/31/02</u>
Total Net Assets	796,098	796,796	891,326

Total variable annuity premium flows, or total sales, were \$29.4 billion for the first quarter, a 10.7 percent increase from first quarter 2002. First quarter net flows of \$7.5 billion, or 25.4 percent of total flows, shows a decrease of 7.2 percent from first quarter 2002 net flows of \$8.1 billion. The mix in premiums for the first quarter showed 59.8 percent of total sales were in qualified plans and 40.2 percent in non-qualified.

Table 2. Variable Annuity Premium Flows¹ (Dollars in Millions)	<u>First Quarter Ended</u>	
	<u>3/31/03</u>	<u>3/31/02</u>
Total Premium Flows	29,441	26,586
Net Flows	7,475	8,053

The mix of net assets by investment objective showed that \$363.0 billion, or 45.6 percent of assets, was held in equity accounts. This is a decrease of 4.8 percent as compared with year-

¹*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 Flows* represents *Total Premium Flows* minus surrenders, withdrawals, inter- and intra-company exchanges, and benefit payments.

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end 2002 when \$381.3 billion, or 47.9 percent, was held in equity accounts. The mix also shows that \$246.8 billion, or 31.0 percent of assets, was held in fixed accounts, which is an increase of 5.1 percent as compared to the end of 2002.

Table 3. Variable Annuity Assets by Investment Objective

(As a percent of total assets)	3/31/03	12/31/02
Equity	45.6%	47.9%
Fixed Accounts	31.0	29.5
Bonds	11.1	10.2
Balanced	7.4	7.5
Money Market	4.9	4.9

As for consecutive quarterly trends, net flows as a percent of total sales declined from the fourth quarter level of 27.5 percent of total premium flow, to 25.7 percent. This is also lower than the 30.3 percent of total flows that were reported in the first quarter a year ago.

Table 4. Quarterly Variable Annuity Total & Net Premium Flows¹

(\$ Millions)	Quarter Ended									
	3/31/03		12/31/02		9/30/02		6/30/02		3/31/02	
Total Flows	\$29,441		\$29,709		\$28,453		\$29,069		\$26,534	
Net Flows	7,575	25.7%	8,172	27.5%	8,061	28.3%	6,369	21.9%	8,053	30.4%

NAVA is a non-profit trade association located in suburban Washington D.C. NAVA provides a variety of services to the industry including educational forums, research, and conferences aimed at furthering the development and understanding of fixed and variable annuities, and variable life insurance. NAVA also maintains and supports an educational website for consumers at www.RetireOnYourTerms.com.

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