



For Immediate Release – December 9, 2003

NAVA Reports Third Quarter Variable Annuity Industry Data

Reston, VA, December 9, 2003 – The National Association for Variable Annuities (NAVA) announced today third quarter results for the variable annuity industry. The combined net assets of U.S. variable annuities increased 3.9 percent to \$915 billion at the end of the third quarter, as compared to the end of the second quarter of 2003. Net assets increased by 20.9 percent relative to the third quarter a year ago.

Table 1. Variable Annuity Net Assets (Dollars in Millions)	9/30/03	6/30/03	12/31/02	9/30/02
Total Net Assets	914,949	880,265	796,662	756,734

Source: NAVA and Finetre/VARDS

Total variable annuity premium flow, or total sales, for the third quarter was \$31.9 billion, a 10.7 percent increase from third quarter 2002. Third quarter net flows of \$13.2 billion shows an increase of 63.2 percent from the third quarter 2002 net flows of \$8.1 billion. The mix in premiums for the third quarter showed 59 percent of the total premium flow was in qualified plans and 41 percent in non-qualified.

Net Flows for the first nine months of 2003 were \$32.7 billion, or 34.6 percent of total flows, as compared with \$21.6 billion, or 25.4 percent of total flows in the first nine months of last year. This reflects a 51.7 percent increase in net flows that is substantially greater than the 11.4 percent increase in total flows during this nine-month period.

Table 2. Variable Annuity Premium Flows¹ (Dollars in Millions)	Quarter Ended		Nine Months Ended	
	9/30/03	9/30/02	9/30/03	9/30/02
Total Premium Flows	31,883	28,799	94,635	84,950
Net Flows	13,158	8,061	32,720	21,575

Source: NAVA and Finetre/VARDS

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

Table 3. Quarterly Variable Annuity Total Premium & Net Flows

(\$ Millions)	Quarter Ended					
	9/30/03	6/30/03	3/31/03	12/31/02	9/30/02	6/30/02
Total Flows	\$31,883	\$32,837	\$29,915	\$29,856	\$28,799	\$29,236
Net Flows	13,158 (41.3%)	11,987 (36.5%)	7,575 (25.3%)	8,172 (27.4%)	8,061 (28.0%)	6,369 (21.8%)

(Shown in parenthesis are net flows as percent of total flows)

Source: NAVA and Finetre/VARDS

The mix of net assets by investment objective showed that \$463 billion, or 50.6 percent of assets, was held in equity accounts. This is an increase of 21.3 percent as compared with year-end 2002 when \$381.6 billion, or 47.9 percent, was held in equity accounts. The mix also shows that \$257.1 billion, or 28.1 percent of assets, was held in fixed accounts, which is an increase of 9.4 percent as compared to the end of 2002.

Table 4. Variable Annuity Assets by Investment Objective

(As a percent of total assets)	9/30/03	12/31/02
Equity	50.6%	47.9%
Fixed Accounts	28.1	29.5
Balanced	8.3	10.2
Bonds	9.4	7.5
Money Market	3.6	4.9

Source: NAVA and Finetre/VARDS

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, income annuities and variable life insurance. NAVA also maintains and supports an educational website for consumers at www.RetireOnYourTerms.com.

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