

President's Comments

Q3 2008 Variable Annuity Sales Statistics and the 2009 VA Outlook

Today, December 15, 2008, NAVA reported third quarter results for the variable annuity industry that showed a decrease in the combined net assets of U.S. variable annuities compared to the previous quarter.

“We believe that this decrease is in large part due to the impact of the global financial crisis on consumer confidence,” NAVA President and CEO Cathy Weatherford said.

She continued, “Despite the current economic environment, NAVA believes that the value of and interest in variable annuity products will continue to grow for the following reasons:

- Value of VA Insurance Guarantees: VA insurance guarantees — including guaranteed lifetime income, protection against market volatility through VA “living benefit” guarantees, and beneficiary protection — provide the measure of safety and peace of mind unavailable in any other investment product.
- Investors Desire Security: With the economic crisis depleting the value of millions of investors’ retirement assets, safeguarding their remaining nest eggs may become the most important issue for them in 2009 and beyond. Only VA insurance guarantees can provide this security.
- Continued Growth of “Living Benefit” Adoption: Based on industry data, customer election rates of VA living benefit insurance guarantees have steadily increased over the past few years and through the second quarter of 2008. This pattern is expected to continue into 2009.
- Improved VA Sales Process: NAVA’s Straight-through Processing (STP) Initiative will reduce industry costs, streamline sales processes, increase transparency, and will make VAs much easier to understand and purchase for investors.”