



For Immediate Release – May 23, 2002

NAVA Reports First Quarter Variable Annuity Industry Data, Including Net Flows

Reston, VA, May 23, 2002 – The National Association for Variable Annuities (NAVA) announced today first quarter results for the variable annuity industry. Included for the first time in this quarter’s release is survey data on net flows. A task force of the NAVA Research Committee created the survey. VARDS, a Pivot/Info-One company, compiled the data on behalf of the Association. To date, NAVA has received commitments and participation from companies representing over 90 percent of the assets of the variable annuity industry. NAVA intends to release this data quarterly.

Table 1. Annual Variable Annuity Total Premium & Net Flows¹

(Dollars in Millions)	Year ended			
	12/31/01		12/31/00	
Total Premium Flows	\$112,814		\$137,046	
Net Flows	29,955	26.6%	43,900	32.0%

The survey data showed that net flows of U.S. variable annuities for 2001 were approximately \$30.0 billion, or 26.6 percent, of total premium flows. This compares to \$43.9 billion, or 32.0 percent, of total flows in 2000. For the most recent five calendar quarters, net flows as a percent of total flows have gradually grown from 20.1 percent for the first quarter of 2001, to 31.3 percent of total flows during the first quarter of 2002.

“It is imperative our industry capture and release premium flow data on a net flow basis in order to provide a true and accurate picture of the amount of *new* money flowing into the industry,” said Mark Mackey, CEO of NAVA.

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.

(Dollars in Millions)	Quarter Ended				
	3/31/02	12/31/01	9/30/01	6/30/01	3/31/01
Total Premium Flows	\$26,172	\$27,806	\$27,185	\$29,407	\$28,417
Net Flows	8,200e 31.3%	8,600 30.9%	7,300 26.8%	8,300 28.2%	5,700 20.1%

At the end of the first quarter, the combined net assets of variable annuities remained relatively level at \$892 billion, as compared to year-end 2001. Net assets increased by 2.6 percent relative to the first quarter a year ago, when assets were \$869 billion.

(Dollars in Millions)	3/31/02	12/31/01	3/31/01
Total Net Assets	\$891,532	\$885,372	\$868,654

Variable annuity total premium flows for the first quarter were \$26.2 billion, a 7.9 percent decrease from first quarter 2001. However, first quarter net flows estimate of \$8.2 billion shows an increase of 43.9 percent over first quarter 2001. The first quarter experienced a 5.8 percent decrease in total premium flows as compared with \$27.8 billion reported for the fourth quarter 2001.

(Dollars in Millions)	Quarter Ended		
	3/31/02	12/31/01	3/31/01
Total Premium Flows	\$26,172	\$27,806	\$28,417
Net Flows	8,200e	8,600	5,700

The mix in premiums for the first quarter showed 55 percent of the total flows was in qualified plans and 45 percent in non-qualified. The mix by investment objective showed that \$521.5 billion, or 58.5 percent of assets, was held in equity accounts. This is an increase of 0.5

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Industry Release of First Quarter Data

percent as compared with year-end 2001 when equity accounts represented \$518.8 billion. The mix also shows that \$200.6 billion, or 22.5 percent of assets, was held in fixed accounts, which is an increase of 2.1 percent as compared to the end of 2001.

<u>(As a percent of total assets)</u>	<u>3/31/02</u>	<u>12/31/01</u>
Equity	58.5%	58.6%
Fixed Accounts	22.5	22.2
Balanced	7.8	8.4
Bonds	7.1	6.4
Money Market	4.1	4.4

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

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