

Drive Growth and Innovation in the U.S. Annuity Market: Leverage Oracle Core Insurance Platform and AI Capabilities

Discover how the US annuity market is experiencing record-breaking growth and what it means for insurers

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The US annuity market has been experiencing unprecedented growth over the past several years. As interest rates recover in 2025, sales of indexed annuities and income annuities are expected to return to or exceed the levels set in 2023 with total sales growing as much as 10% and ranging from \$342 billion to \$362 billion as interest rates start to recover in 2025, according to LIMRA.

This extraordinary growth is driven by several key factors including demographic trends, economic shifts, and regulatory changes, which have created a favorable environment for annuity products.

Key growth drivers in the US annuity market

1. Demographic shifts

According to Protected Lifetime Income, an alliance for lifetime income, more than 4.1 million Americans will turn 65 each year through 2027. A concerning trend is emerging as a significant portion of the Peak 65@ generation lacks sufficient protected income. This puts them at risk of outliving their savings and represents a significant pool of potential annuity buyers. As individuals approach retirement the demand for stable, long-term income solutions like annuities continues to rise.

2. Favorable interest rates

Although low interest rates have historically posed challenges, they have bolstered the popularity of fixed indexed annuities (FIAs). These products offer a balance between market-linked growth and principal protection, appealing to retirees seeking both security and potential returns.

3. Private equity involvement

Private equity capital has increasingly flowed into insurance contracts since the 2008 global financial crisis. This influx of capital has enabled insurers to expand their product offerings and address the growing demand for annuities.

4. Rising popularity of fixed indexed annuities (FIAs)

FIAs have gained traction as they offer downside protection during market volatility while still allowing for upside potential. This makes them especially appealing to near-retirees seeking to safeguard their savings amid economic uncertainty.

5. Defined contribution plans growth

The shift from defined benefit to defined contribution (DC) plans has spurred demand for retail annuities. The Secure Act of 2020 further simplified access to retirement plans, encouraging more workers to invest in annuity products to manage their retirement savings.

6. Regulatory support

Amid economic volatility, annuities can be seen as a safe and regulated option for retirement savings. Policymakers continue to ensure strong consumer protections, further enhancing the appeal of these products.

Challenges and headwinds in the annuity industry

Despite strong tailwinds, the annuity industry faces several challenges that could temper future growth including:

Labor market pressures

Tight profit margins due to reduced working hours, slower hiring, and layoffs have constrained corporate profitability, potentially reducing discretionary spending on annuities.

Rising consumer credit

With many Americans increasingly reliant on credit for daily expenses, their capacity to invest in long-term financial products like annuities may be limited.

Profit margin compression

Corporate profit pressures could lead to reduced investment in retirement products. These pressures pose a challenge for annuity sales, which often require proactive selling strategies.

Role of reinsurance in supporting annuity growth

Reinsurance is a critical source of capital for the annuity industry, helping enable insurers to expand their businesses.

Global perspective: Japan's influence

As the second largest annuity market globally, Japan presents opportunities for US-based insurers and technology vendors. Aging populations in similar markets offer a pathway for international expansion and growth.

Opportunities for core system vendors

The rapid growth in the annuity market presents a wealth of opportunities for system vendors to support insurers to modernize and scale their operations. System vendors can help insurers:

Modernize legacy systems

Many insurers still rely on outdated systems, which impede innovation. Vendors offering scalable, modern platforms can help carriers meet the evolving demands of the annuity market.

Enhance broker and advisor tools

Tools that simplify the sales process and integrate seamlessly with broader investment portfolios are crucial for brokers and financial advisors, who drive annuity sales.

Innovate product offerings

Vendors can assist insurers in creating innovative products such as flexible FIAs that can evolve at renewal, helping to retain customers and grow assets under management.

Simplify sales processes

Since annuities are complex products often sold rather than bought, vendors providing streamlined sales tools will play a pivotal role in boosting adoption.

Customize products with riders

Platforms that enable the addition of flexible riders to existing products will allow insurers to cater to diverse customer needs and maintain a competitive edge.

Oracle insurance solution for life and annuities carriers

Oracle Insurance Policy Administration (OIPA) delivers a robust annuities solution designed to help insurers modernize operations and improve customer engagement. Oracle CX provides digital portals that support self-service and tailored interactions for brokers and policyholders, enhancing usability and satisfaction.

The core policy administration system manages the full policy life cycle—from issuance to claims—ensuring operational efficiency and scalability. Integrated business intelligence tools provide actionable insights, enabling insurers to make informed, data-driven decisions based on customer behavior and market trends.

Seamless integration with the Oracle Fusion Sales and Service application unifies sales and support processes, fostering consistent and efficient communication. The solution also features advanced communication tools for delivering timely, compliant, and personalized correspondence, helping insurers build stronger relationships and maintain trust in a competitive marketplace.

Oracle delivers an integrated solution

Oracle Insurance Policy Administration seamlessly integrates with other Oracle applications to support modernization plans for life and annuity carriers including:

Oracle CX

Deliver responsive selling across all touchpoints with the Oracle sales team. The modern, unified selling and buying approach of Oracle CX connects sales and commerce to service, marketing, and the entire customer experience

Oracle Insurance Policy Administration

Get to market faster and improve your operations with flexible, rule-based policy administration. Manage new business underwriting, policy issuance, policy processing, billing, collections, and claims—all on a single life insurance system.

Oracle Analytics

Provide service agents or managers with state-of-the-art analytics with access to customer and operational intelligence. Empower them to better understand the current state of their operations and teams.

Oracle Customer Experience (CX) service

Help customers when and where they need you. Automate workflows for customer self-service, agent-assisted service, and field service engagements. Help accelerate resolution with AI-driven recommendations, unified data visibility, and cross-organization collaboration tools. Deflect simple requests to digital channels and free up your experts to handle more complex customer needs.

Communication Cloud Service

Access communications designed online in the browser-based interface by configuring the reusable components that make up the outgoing communications and the conditional logic that determines which components are included in each outbound communication.

Oracle AI for Customer Experience (CX)

Oracle AI for CX is a collection of traditional and generative AI capabilities that can help marketing, sales, and service teams enhance operational efficiency and rethink how they connect with their customers. Optimize engagement strategies, anticipate customer needs, and deliver personalized support while allowing technology to perform low-value tasks—freeing teams to focus on growing the business and delighting customers.

Annuities supported by Oracle Insurance Policy Administration

Oracle Insurance Policy Administration provides comprehensive support for a wide range of annuity products, equipping insurers to address the diverse requirements of both individual and group customers. The platform supports variable annuities, fixed indexed annuities, fixed immediate annuities, registered index-linked annuities (RILAs), and fixed annuities within a unified system, streamlining policy administration across product lines. The core system is also equipped with annuities accelerator products to get you to production faster on a modern core platform.

Built for flexibility and scalability, the solution manages key processes such as the accumulation and de-accumulation phase, actuarial payout calculations, and regulatory compliance for both the qualified and non-qualified annuities. With integrated compliance features, advanced automation, and configurable workflows, the platform enables insurers to optimize operations, drive innovation, and deliver tailored retirement income solutions while adapting to market demands.

OIPA supported end-to end-workflows for all types of individual and group annuities

Supported individual and group annuities on the Oracle Insurance Policy Administration platform supports individual retirement accounts (IRAs) including FIAs; multi-year guaranteed annuity (MYGAs); registered indexed-linked annuities (RILAs); and variable annuities with support for 401(k), 403(b), and 457(b) plans.

Types of annuities supported with OIPA

- Variable annuity: Investment-based annuity with returns tied to market performance
- Fixed indexed annuity: Annuity that offers returns linked to an index with downside protection
- Fixed immediate annuity: Annuity that provides guaranteed income payments starting immediately
- Registered indexed linked annuity: Annuity with market-linked returns and has limited downside risk
- Fixed annuity: Annuity that guarantees a fixed interest rate and steady income

Core capabilities with OIPA

Oracle Insurance Policy Administration provides a comprehensive platform for managing annuity lines of business, designed to address the complexities of diverse product portfolios. It supports the full contract life cycle—from issuance to termination—helping enable streamlined administration across all stages.

The platform includes robust money movement management capabilities for handling premium collections, withdrawals, and transfers, along with product management tools to design and implement a variety of annuity offerings. Integrated fund management ensures accurate tracking and allocation of investments, supporting transparency and precision.

OIPA also offers flexible payout term options and simplifies annuitization processes, enabling insurers to deliver tailored income solutions. Efficient claims management capabilities enable timely and accurate benefit delivery, enhancing both customer satisfaction and operational effectiveness.

End-to-end support for lines of business with a configurable rules engine

OIPA supports annuities policy administration by providing a flexible, rules-driven platform that streamlines policy lifecycle management. It helps enable insurers to efficiently handle new business issuance, policy servicing, billing, claims processing, and regulatory compliance. Key capabilities include:

New business and underwriting

Support all distribution channels via quotes and illustration services, simplified or straight-through processing (STP) underwriting, and manual underwriting.

Investment transaction management

Utilize liability management, trade and settlement, buy/sell settlement, and interest and suspense account management.

Policy servicing

Handle all policy administration related functionality for policy servicing.

Claims

Support all claims related functionality of administered products.

Contributions and billing

Manage group billing, list billing, and reconciliation processes.

Accounts

Generate all relevant ledgers for input to enterprise resource planning (ERP) processes.

Commissions and reinsurance

Support commission and reinsurance calculations, reconciliations, hierarchy, and agreement management.

Support core capabilities for annuity line of business

Core functionality is included with OIPA as base templates to fully support annuities and participating life products with cash value.

OIPA functionality at a glance

Contract life cycle management:

- Accumulation phase
- Tax rules for 1099s
- Required minimum distributions
- Fund fee calculation
- Pre-tefra and post-tefra
- Withdrawals and surrenders
- Purchase payments
- Transfer and rollovers

Annuitization and claims:

- Payout options
- Death benefits
- Payout and option quotes
- Actuarial formulas

Money movement and management:

- Systematic withdrawal programs
- Required minimum distribution
- Fund rebalance
- Dollar cost averaging
- Partial surrender
- Allocation change
- Fund transfer

Payout term options

- Deferred and immediate options
- Single life with cash refunds
- Single life with term certain
- Joint life and joint life with term certain
- Term certain
- Structured

Product management

- Plan rules and definitions
- State variations
- Tax withholding
- Regulatory process
- Qualified and nonqualified contributions
- Capital gain calculations

Funds management

- Indexed funds
- Variable funds
- Fixed interest funds
- Funds valuation (point in time)
- Funds allocations
- Internal rate of return
- Calculations

Comprehensive core system for payout options

Core Oracle Insurance Policy Administration provides a comprehensive core system to manage a wide range of payout options, empowering carriers to meet the diverse needs of their annuity customers. Whether offering immediate annuities or managing the complexities of deferred annuities, OIPA enables seamless administration of various payout structures. The platform supports lifetime income options, providing retirees with financial stability. It can also accommodate period certain and life with period certain payouts to align with individual preferences. For shared retirement planning, joint and survivor annuity options enable carriers to provide income streams for couples. Additionally, OIPA handles lump sum payments and systematic annuity withdrawals, offering customers flexibility and control over their retirement funds.

OIPA also simplifies advanced payout scenarios, including early withdrawal processing and death benefit survivor annuitization, facilitating accurate and timely distributions for beneficiaries. The system accommodates unique options like beneficiary life expectancy payouts, delivering tailored solutions that adapt to individual circumstances. With its robust functionality and automation capabilities, the Oracle Insurance Policy Administration solution helps carriers enhance operational efficiency, ensure regulatory compliance, and improve customer satisfaction by delivering personalized and reliable annuity payouts.

Comprehensive core system for payout options

Immediate annuity and deferred annuities payout options with OIPA

Lifetime income	Systematic annuity withdrawal
Period certain	Early withdrawal
Life with period certain	Death benefit
Joint and survivor annuity	Survivor annuitization
Lump sum payment	Beneficiary life expectancy

Annuities prebuilt configuration to help accelerate annuities migration to OIPA

Oracle Insurance Policy Administration simplifies the migration and implementation process for annuities with prebuilt configurations designed to streamline operations. These configurations include predefined templates and workflows specifically tailored for annuity products, covering key areas such as product definitions, payout options, and contract life cycle management. By utilizing these ready-to-use setups insurers can accelerate their migration, reduce development efforts, and maintain consistency while minimizing the risk of errors.

The functionality supports a wide range of annuity types—variable, fixed, and indexed—enabling carriers to modernize their operations efficiently. OIPA's configurable framework allows organizations to adapt these templates to their unique business requirements. This shortens time to market and provides innovative, customer-focused annuity solutions.

OIPA annuities template accelerator for qualified and non-qualified annuities

Functionality	Available in base template	Configuration	Integration
Electronic: Application/suitability check	✓	✓	✓
Purchases and contributions	✓	✓	
Fees and charges management	✓	✓	
Surrenders and withdrawals	✓	✓	
Fund valuations and allocations	✓	✓	
Annuity payout options	✓	✓	
Tax treatments/rules	✓	✓	
Benefits and riders	✓	✓	
Quotes/payout illustrations	✓	✓	
Actuarial calculations	✓	✓	✓
Broker illustrations			✓
ACH/payments/bank drafts	✓	✓	✓
CRM			✓
Correspondences/statements			✓

Contract main screen 1

Policy :

★ FIA2000457

Policy Number: FIA2000457

Policy Issue Date: 1/1/2023

Quot Type: Traditional-IRA

Owner Name: Jeff

Beneficiary Name: Sara

Rules

Requirements

Assessments

Segments

Values

Allocations

Withholding

Comments

Final Action

+ Add Activity

+ Add Comment

+ Add Workflow Task

Accelerator Life Company

Product: Fixed Indexed Annuities

Plan: Fixed Index Annuity

Policy Name: DEMOUseCase1

Policy Number: FIA2000457

Policy Status: Active

Plan Date: 4/23/2031

State Code: CT

Policy Detail

POLICY DETAILS

Statutory Company: AFANY

Payment Method: EFT

Residence State At Issue: CT

Qualified/Non-Qualified: Non Qualified Account

Contract main screen 2

Plan Start Date
4/5/2001

Applications Signed Date
1/1/2023

Contract Issue Date
1/1/2023

Free Look End Date
1/31/2023

Deferral period end date

Previous RMD Date
4/23/2031

Current RMD Date
5/1/2054

Payee
Jeff Hendricks

Initial Payment Frequency
Annual

Policy Phase
Accumulation

Payment Submitted via
Check

Purchase Payment Option
One Time

Payout Option
Single Life Only

Events transactions screen

ORACLE Insurance Policy Administration

Model Office

Create Policy

Find Customer

Customer Number, Customer

Policy: ★ FIA7000457

Policy Number: FIA7000457

Policy Issue Date: 1/1/2023

Qual Type: Traditional IRA

Owner Name: Jeff

Policy

Activities

Rules

Requirements

Assessments

Segments

Values

Allocations

Withholding

Comments

Final Action

+ Add Activity

+ Add Comment

+ Add Workflow Task

19 result(s) for Activities

Process All

Auto Process

Activity	Activity Date	Detail	Status	Flags	Action
Withdrawal	2/1/2023		(5,000.000) USD	Active	ⓘ
Withdrawal Reason	2/1/2023			Active	ⓘ
Income Fund	1/1/2023		20,360.000 USD	Active	ⓘ
Income Fund	1/1/2024		22,109.460 USD	Active	ⓘ
Anniversary	1/1/2024			Pending	ⓘ
Quarterly Statement	7/1/2023			Pending	ⓘ
Add GLWB Rides	4/3/2023			Active	ⓘ
Quarterly Statement	4/1/2023	Quarterly Statement Letter sent		Active	ⓘ
FreeLook	1/31/2023			Active	ⓘ
Certificate Of Evidence	1/1/2023	Purchase Certificate generated		Active	ⓘ
Purchase Payment	1/1/2023	23249.50USD Credited to Takust - Growth Index-SP500		Active	ⓘ
Welcome Letter	1/1/2023	Welcome Letter Generated		Active	ⓘ
Activate Contract	1/1/2023	Contract Activated		Active	ⓘ
Good Order Check	1/1/2023	Contract in Good order		Active	ⓘ
Submit	1/1/2023	Application Submitted		Active	ⓘ

Indexing options for accumulation option

ORACLE Insurance Platform 1/1/2026 1/1/2027

Policy: FIA2000457

Segments

Start Date: 1/1/2026

End Date: 1/1/2027

Status: Active

Investment Term: 1 year

Account Age: 44

Fund Selected: TALF000INXSP500Talcott-Growth-Index-SP500

Indexing strategy section

Point to Point Interest Option

Cap Rate: 8%

Participation Rate: 60%

Floor Rate: 1%

Spread Rate: 22%

Defined Fixed Interest Rate: 0%

Interest Crediting Term: 1

Investment Values

Starting Index Value: 3,775.87

Ending Index Value: 0

Index Performance: 0%

End Cash Value: 0.000 USD

Starting Index Date: 1/1/2026

End Index Date:

Beginning Cash Value: 20,564,160 USD

Total Fees: 1,000,000 USD

Purchase payment transaction

ORACLE Insurance Platform 1/1/2025

Policy: FIA2000457

Activities

Details

Effective Date: 1/1/2025

Purchase Details

Payment Type: Current Year Contribution

Qualifying Non-Qualified Account: Non-Qualified Account

Current Tax Year: 2023

Current Tax Year Purchase: 25,000,000 USD

Long-Term Year Purchase: 0.000 USD

Current Year Purchase: 0.000 USD

Short-Term Purchase Amount: 25,000,000 USD

IRS Amounts/Non-Qualified Limits

Current Year Total Purchase: 0.000 USD

Maximum Year Total Purchase: 0.000 USD

Maximum Purchase Amount: 1,000,000,000 USD

Maximum Purchase Amount: 25,000,000 USD

Max Reporting Extension: 4/15/2025

Not Good Order: Before 3 PM


Good Order: In Good Order

Phone Name: Owner - Jeff Hendricks

Phone Address: GCS - (327)92276

OK CANCEL

Fee allocation based on fee schedule

Purchase Payment 1/1/2023 

Detail	Entry Fields	Allocations	Math	Spawn	Summary	Accounting	Valuation
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Math And Fields


Initial Purchase Amount :	25,000.000 USD
Transaction Expense Charge :	1,000.000 USD
Minimum First Purchase Charge :	0.000 USD
Initial Certificate Fee :	0.000 USD
Purchase Transaction Fee :	0.500 USD
State Tax Percent :	3%
Tax Amount Deducted :	750.000 USD
Net Amount Allocated :	23,249.500 USD

Policy/contract values


Policy: **FIA2000457** Policy Number: **FIA2000457** Policy Issue Date: **1/1/2023** Qual Type: **Traditional-IRA** Owner Name: **Jeff**
Beneficiary Name: **Sara**

Policy
Activities
Rules
Requirements
Assessments
Segments
Values
Allocations
Withholding
Comments
Final Action
+ Add Activity

Values

Valuation Date: **4/23/2031** Valuation Date: **4/23/2031** 

Policy Values

Policy Cash Value	20,564.160	USD	Current Tax/DeadLine Date	4/15/2023	
Current Tax Year	2023		Total Purchase Charges	1,000.500	USD
Total Excess Contribution	0.000	USD	Total Contribution	25,000.000	USD

Fund Details

Oracle can help support AI strategy

With Oracle, adopting AI into day-to-day operations to help reduce manual processes and free time for critical tasks is possible thanks to our horizontal cloud applications and tools that integrate with our core policy administration OIPA. From summarization to conversation AI (customer support, policy servicing, claim submissions, etc.) and generational AI (document classification, data extraction, data migration, policy generation, etc.); Oracle provides the tooling, pipeline, and application to support AI.

This is possible because Oracle Cloud Infrastructure (OCI) embeds AI capabilities and OPIA, Oracle Fusion applications, and Oracle CX for a seamless experience.

Oracle offers a portfolio of AI cloud services including:

- Generative AI
- Generative AI agents
- Digital assistant
- Speech
- Language
- Vision
- Document understanding

The AI services cloud portfolio can support application intelligence, analytics, and insights.

Summary

The US annuity market is on a record-breaking trajectory, driven by favorable demographic, economic, and regulatory conditions. However, insurers must remain vigilant to challenges such as labor market pressures and rising consumer credit. To stay ahead, both insurers and system vendors must focus on innovation, modernization, and capitalization of new opportunities to meet the evolving needs of retirees. By adopting these strategies, companies can effectively navigate market complexities and support long-term growth, all while delivering solutions that foster customer satisfaction.

Oracle Insurance Policy Administration provides a comprehensive solution to help annuity companies modernize operations, enhance customer experiences, and streamline policy administration. Supporting a diverse range of annuity products including variable, fixed, indexed, and registered index-linked annuities, OIPA helps ensure seamless management of complex portfolios. With robust capabilities like contract lifecycle management, payout term flexibility, and advanced automation, OIPA delivers tailored retirement income solutions. Its prebuilt configurations simplify implementation, helps reduce errors, and accelerate migration, while integrations with Oracle Fusion Sales and Service boost engagement and operational efficiency. By offering diverse payout options and enabling compliance, OIPA enables carriers to deliver personalized, efficient service in today's competitive market.

To learn more about OIPA for carriers and how we support greenfield modernization, please visit our [insurance solutions page](#).

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