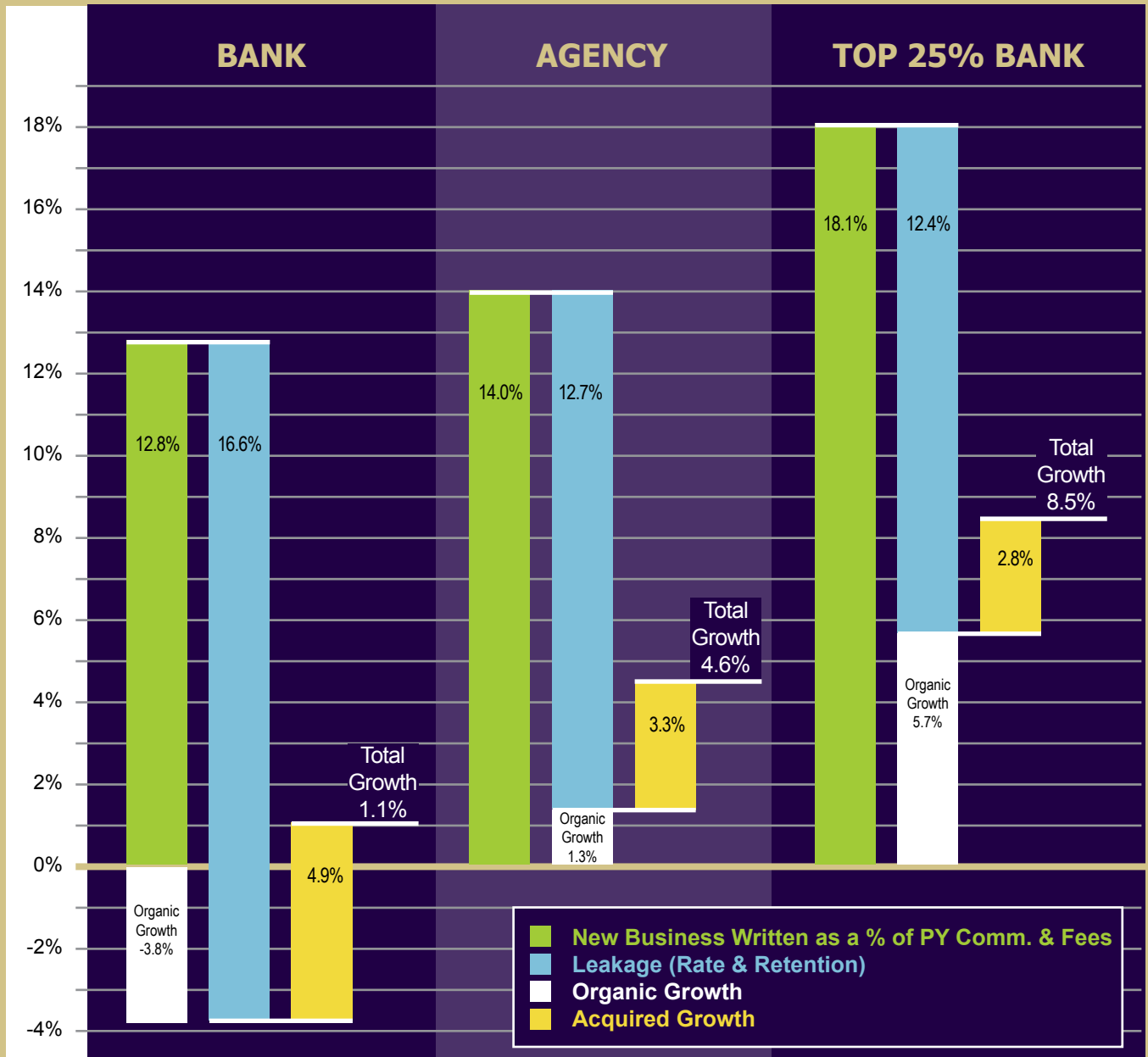


BANK-INSURANCE VIABILITY INDEX

In an environment marked by a deep economic recession combined with a well entrenched soft market, top line growth has rapidly become elusive. Declining premium rates, investment income, supplemental income and miscellaneous income all fall outside the boundaries of an insurance operation's direct control. And because expense reductions are not a long term growth solution, bank-owned insurance operations must refocus earnings enhancement efforts on that which they can control – organic commission and fee growth and strategic acquisitions.

Commission and Fee Growth Trailing Twelve Months ending 6/30/09



The above graphic illustrates three primary differences between average bank-owned insurance platforms and their high-growth peers. First, the top bank-insurance entities are writing 18.1% of prior year's commissions and fees as new business compared to 12.8% for the average bank platform. Peak-performing banks possess an internal sales culture through which the new business production machine continues to run, regardless of macroeconomic forces.

Second, leading bank-insurance platforms realize lower leakage (rate and retention) percentages. The leading bank-insurance platforms maintain well defined and institutionalized differentiation platforms along with sophisticated service personnel who are more likely to come from NASA than McDonalds.

The final difference between peak-performing banks in insurance and the average is the amount of acquisition activity. The best bank-insurance platforms do not need to acquire growth. Rather, they use acquisitions as a mechanism to augment their sustainable and viable organic growth strategy.

Ensuing publications will dissect bank-insurance earnings performance, expense ratios and operational metrics so that you may readily understand average versus best. But remember, "best" starts with executive-level leadership and commitment to maximize sustainable and profitable growth.

