

CONTACT:

Jonathan Snowling
(202) 663-5468
jsnowlin@aba.com

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Total Insurance Revenue for Banks Hits Record Level in 2009

WASHINGTON– The nation’s bank holding companies experienced an increase of 38.5 percent in their total insurance revenue from \$10.88 billion in 2008 to a record \$15.08 billion in 2009. (These figures exclude financial holding company MetLife, a traditional life insurance company that does not engage in significant banking activities.)

Citigroup, Inc., Bank of America Corporation, and Wells Fargo & Company led all bank holding companies in total insurance income in 2009, according to findings released today by Michael White Associates in conjunction with the American Bankers Insurance Association. The findings are based on data reported to the Federal Reserve Board by large top-tier BHCs. The analysis measures the banking industry’s insurance business and provides some benchmarks that gauge bank insurance performance.

“Despite the soft property-casualty market and tough economy, revenues from bank insurance activities made a decent showing in 2009. Among the top 50 in insurance revenue, the mean ratio of the concentration of total insurance revenue to noninterest income was 16.4 percent in 2009. Among the top 50 in this Concentration Ratio, the mean was 46.6 percent,” said Michael D. White, President of MWA. “For those BHCs seriously engaged in them, insurance activities clearly continue to make meaningful contributions to banking noninterest income and net operating revenues.”

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TABLE 1: TOP BANK HOLDING COMPANIES IN TOTAL INSURANCE INCOME AT YEAR-END DECEMBER 31, 2009 NATIONALLY (In thousands of dollars)					
Rank Year- End 2009	Rank Year- End 2008	Total Insurance Income (\$ 000s)	Bank Holding Company Name	City	State
1	1	\$3,020,000	CITIGROUP INC.	NEW YORK	NY
2	3	\$2,759,959	BANK OF AMERICA CORPORATION	CHARLOTTE	NC
3	2	\$2,126,000	WELLS FARGO & COMPANY	SAN FRANCISCO	CA
4	N/A	\$2,099,000	GMAC INC.	DETROIT	MI
5	4	\$1,047,757	BB&T CORPORATION	WINSTON-SALEM	NC
6	N/A	\$442,000	GOLDMAN SACHS GROUP, INC., THE	NEW YORK	NY
7	N/A	\$429,036	AMERICAN EXPRESS COMPANY	NEW YORK	NY
8	6	\$417,000	JPMORGAN CHASE & CO.	NEW YORK	NY
9	5	\$382,236	HSBC NORTH AMERICA HOLDINGS INC.	METTAWA	IL
10	N/A	\$191,000	MORGAN STANLEY	NEW YORK	NY
Ranking excludes MetLife					
Source: Michael White Associates and American Bankers Insurance Association					

During 2009, 609 bank holding companies (or 66.5 percent of all large top-level BHCs reporting) earned some type of insurance-related revenue. Including MetLife, total BHC insurance revenue increased 11.1 percent from \$42.53 billion in 2008 to \$47.24 billion in 2009, also a record. Excluding MetLife, which did not engage in significant banking activities, total BHC insurance income was a record \$15.08 billion in 2009, up 38.5 percent from \$10.88 billion in 2008. Both BHC insurance brokerage and underwriting reached record levels of income in 2009 whether excluding or including MetLife Inc.

“Bank insurance brokerage and underwriting were both up last year,” said Valerie Barton, ABIA Executive Director. She continued, “BHCs managed to hold their own in the overall generation of total insurance income and even establish new revenue-records in both brokerage and underwriting. Overall, the prospects for a resumption of long-term growth in bank insurance revenues remain positive.”

The analysis includes a ranking of the top 50 bank holding companies on the basis of the absolute dollar amount of total insurance revenue (earnings from sales and underwriting) and on the basis of the concentration of total insurance revenue as a percentage of the institution’s total noninterest income. Other findings include

(more)

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- Joining the top 50 in total insurance revenue in 2009 were GMAC Inc. (MI), Goldman Sachs Group, Inc. (NY), American Express Company (NY), Morgan Stanley (NY), Discover Financial Services (IL), Armed Forces Benefit Association (VA), CIT Group Inc. (NY), NBT Bancorp Inc. (NY), and International Bancshares Corporation (TX). All but the latter two were newly chartered bank holding companies in 2009.
- Among the top 50 nationally and those BHCs operating in 2008, NBT Bancorp Inc. (NY) increased its rank in total insurance income the most, having jumped from 83rd place at the end of 2008 to 42nd by year-end 2009. The PNC Financial Services Group, Inc. (PA) and International Bancshares Corporation (TX) each jumped 24 rungs of the ladder, respectively, from 36th to 12th place and 72nd to 48th place in the rankings. Most of the top 50 that operated in 2008 declined in the rankings, if only because of the addition to the list of new BHCs that were highly ranked in total insurance revenue.

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The American Bankers Insurance Association (ABIA) is the separately chartered insurance affiliate of the American Bankers Association (ABA) and is the only Washington, D.C.-based full service association for bank insurance interests. The ABIA's mission is to develop policy and provide advocacy for banks in insurance and to support bank insurance operations through research, education, compliance-assistance and peer group networking opportunities. ABIA Membership consists of banks, and their affiliated agencies, insurance companies, marketing, and administrative services suppliers, non-bank lending organizations and other firms involved in the bank affiliated insurance industry. Additional information on the ABIA can be found on the Internet at www.theabia.com.

Michael White Associates (MWA) is a bank insurance consulting firm headquartered in Radnor, PA, and at www.BankInsurance.com. The *Michael White-ABIA Bank Annuity Fee Income Report* and *Michael White-Prudential Bank Insurance Fee Income Report*[™] provide, respectively, more comprehensive analyses of bank annuity and insurance brokerage and underwriting fee income. The ABIA sponsors the former report, and Prudential Financial the latter. Additionally, the *MWA Fee Income Ratings Reports*[™] compare, rank and rate a particular financial institution's insurance or other noninterest fee income program nationally, regionally, statewide and in its asset-peer group. Copies of MWA's reports can be obtained from MWA by calling (610) 254-0440, or by visiting www.BankInsurance.com.