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Total Bank Insurance Revenues Up Slightly in First Half 2010

WASHINGTON—Total insurance revenue at the nation’s bank holding companies rose a slight 1.4 percent to \$23.9 billion in the first half of 2010, up from \$23.6 billion during the same period in 2009. Bank of America Corporation, Citigroup Inc., and Wells Fargo & Company led all bank holding companies with significant banking activities in total insurance fee income in the first six months of 2010, according to findings released today by Michael White Associates and the American Bankers Insurance Association.

The findings are based on data reported to the Federal Reserve Board by 930 top-tier large bank holding companies. The analysis measures the growth of the bank insurance business and provides some benchmarks that gauge bank insurance performance.

TOP 10 BANK HOLDING COMPANIES IN TOTAL INSURANCE INCOME YTD JUNE 30, 2010 NATIONALLY				
RANK		TOTAL INSURANCE INCOME (\$ 000s)	BANK HOLDING COMPANY	STATE
1ST HALF 2010	1ST HALF 2009			
1	3	\$1,392,640	BANK OF AMERICA CORPORATION	NC
2	2	\$1,384,000	CITIGROUP INC.	NY
3	4	\$1,165,000	WELLS FARGO & COMPANY	CA
4	1	\$1,003,000	ALLY FINANCIAL INC.	MI
5	5	\$540,184	BB&T CORPORATION	NC
6	6	\$252,000	GOLDMAN SACHS GROUP, INC., THE	NY
7	7	\$244,000	JPMORGAN CHASE & CO.	NY
8	9	\$229,945	AMERICAN EXPRESS COMPANY	NY
9	8	\$163,967	HSBC NORTH AMERICA HOLDINGS INC.	NY
10	14	\$136,000	MORGAN STANLEY	NY

Ranking excludes MetLife, which did not have significant banking operations
 Source: Michael White Associates and American Bankers Insurance Association

ABIA-MIKE WHITE/PG: 2

“The top 50 bank holding companies in insurance revenue attained a mean Concentration Ratio of total insurance revenue to noninterest income of 17.9 percent,” said Valerie Barton, executive director of ABIA. “Among the top 50 in this Concentration Ratio, the mean was 49.4 percent. Those levels of Insurance Concentration demonstrate considerable contribution to BHCs’ noninterest income. Insurance consistently proves it is a valuable revenue-generating activity during good times and bad times.”

During the first six months of 2010, 580 large top-tier bank holding companies (62.4 percent of all top-level large BHCs reporting) earned some type of insurance-related revenue, compared to 581 in the first half of 2009.

During the first six months of 2010, 578 BHCs (or 62.2% of those reporting) earned insurance brokerage commissions. Sixty-four BHCs reported earning fee income from underwriting and/or reinsurance activities, down from 68 BHCs a year ago.

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 total insurance revenue as a percentage of the institution’s total noninterest income (Concentration Ratio).

Other findings include:

- Insurance underwriting and reinsurance income decreased 2.9 percent from \$17.6 billion at June 30, 2009, to \$17.1 billion in the first half of 2010, as 64 bank holding companies (6.9 percent of all top-tier large BHCs reporting) engaged in sales activities that produced insurance underwriting income.
- Joining the top 50 in total insurance revenue during the first half of 2010 were four BHCs: First Niagara Financial Group, Inc., Two Rivers Financial Group, Inc., Valley National Bancorp, and First Citizens Bancshares Inc. Stifel Financial Corp. increased its rank in total insurance income the most, jumping from 44th place at mid-2009 to 30th at June 30, 2010. First Citizens Bancshares was next in improvement, rising from 56th place in mid-2009 to 50th place this year.

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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.

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