

Bank Insurance Revenue up 23%

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Insurance revenue reported to the Federal Reserve by the nation's bank holding companies grew by \$5.0 billion in the first half of 2004 to a level of \$20.9 billion, 23% higher than at this same time last year. When the top 3 producers (Metlife, Manulife and Citigroup) are eliminated, the remaining bank holding companies increased insurance revenue by 28% from \$2.9 billion in the first half of 2003 to \$4.0 billion in the first half of 2004. The total number of bank holding companies reporting insurance revenue also increased to 1,331 in June 2004 (or 61% of all reporting holding companies) compared to 1,257 a year earlier. In addition, 96 bank holding companies, in addition to Metlife, Manulife and Citigroup (or 7% of those reporting insurance revenue) reported earning insurance premium income. This indicates that the holding company is engaged in insurance underwriting or reinsurance activities in which an insurance affiliate of the holding company carries some or all of the insurance risk, as opposed to simply acting as an agent for the sale of insurance underwritten by an unaffiliated insurance company.

The figures for insurance revenue include commissions and fees as well as earned premiums from the sale of life and property and casualty products. Income from annuities sold by the bank's securities units are *not* included, per the Fed's reporting instructions. Adding the income from annuity sales would significantly increase the total insurance product revenue for banking organizations. Income from related non-insurance products like debt cancellation and debt suspension services are also omitted from the insurance revenue figures.

The 2004 revenue figures are from an analysis done by the American Bankers Insurance Association in collaboration with the American Bankers Association Economic Policy and Research Division. The information is developed to measure the growth of the insurance business in banking organizations and to provide benchmarks to help bank insurance managers gauge their operations in relation to overall industry averages. For this reason, many of the statistics cited in the analysis exclude Metlife, Manulife and Citigroup since these operations are not typical of bank insurance programs.

The ABIA/ABA analysis ranks the top 50 bank holding companies on the basis of the absolute dollar amount of insurance revenue (commissions, fees, and earned premiums) and on the basis of insurance revenue as a percentage of the institution's total non-interest income.

The top 50 holding companies in terms of insurance revenue for the first six months of 2004 (excluding Metlife, Manulife and Citigroup) earned \$3.6 billion, or 90%, of the \$4.0 billion earned by all the reporting holding companies. Insurance revenue for these top 50 companies averaged 14.6% of the total non-interest income reported by each institution. This represents a significant increase over the 2003 figure of 12.3% and 11.6% of total non-interest income for the first six months of 2003 and for the full year respectively.

		Holding Companies (\$ 000s)	Insurance
2004.H1	2003	June 2004	Revenue
Rank	Rank	Ranked by Insurance Revenue	
1	1	Wells Fargo & Company, SAN FRANCISCO CA	664,000
2	12	HSBC Holdings PLC, LONDON NA	464,097
3	2	Countrywide Financial Corp, CALABASAS CA	410,626
4	3	Bank One, CHICAGO IL	322,000
5	4	BB&T Corporation, WINSTON-SALEM NC	288,418
6	5	Wachovia Corporation, CHARLOTTE NC	163,000
7	6	J.P. Morgan Chase & Co., NEW YORK NY	124,000
8	8	Bank of America Corporation, CHARLOTTE NC	116,507
9	7	MBNA Corporation, WILMINGTON DE	98,126
10	10	Greater Bay Bancorp, PALO ALTO CA	66,507
11	9	National City Corporation, CLEVELAND OH	64,905
12	15	ABN Amro Hdg, AMSTERDAM NA	48,686
13	20	Canadian Imperial Bk of Com, TORONTO NA	47,119
14	41	Fifth Third Bancorp, CINCINNATI OH	46,765
15	14	Regions Financial Corp, BIRMINGHAM AL	44,800
16	19	Mitsubishi Tokyo Finl Group, TOKYO NA	40,387
17	17	PNC Financial Services Group, PITTSBURGH PA	38,875
18	13	U.S. Bancorp, MINNEAPOLIS MN	37,800
19	16	Commerce Bancorp, Inc., CHERRY HILL NJ	36,682
20	21	Compass Bancshares, BIRMINGHAM AL	33,992
21	18	First Horizon National Corp, MEMPHIS TN	33,441
22	28	SunTrust Banks, Inc., ATLANTA GA	29,329
23	27	Old National Bancorp, EVANSVILLE IN	28,890
24	26	BancorpSouth, Inc., TUPELO MS	28,730
25	24	Banknorth Group, Inc., PORTLAND ME	26,551
26	25	AmSouth Bancorporation, BIRMINGHAM AL	26,151
27	22	Keycorp, CLEVELAND OH	25,168
28	-	Sky Financial Group, Inc., BOWLING GREEN OH	25,028
29	23	Royal Bank of Scotland Group, EDINBURGH NA	24,750
30	-	Webster Financial Corp, WATERBURY CT	22,234
31	30	Hibernia Corporation, NEW ORLEANS LA	19,740
32	35	Associated Banc-Corp, GREEN BAY WI	19,014
33	31	Popular Inc., SAN JUAN PR	18,000
34	33	Eastern Bank Corporation, BOSTON MA	17,967
35	-	First National Bnkshrs of FL, NAPLES FL	16,574

36	32	Cullen/Frost Bankers, Inc., SAN ANTONIO TX	16,477
37	34	People's Mutual Holdings, BRIDGEPORT CT	13,428
38	38	M&T Bank Corporation, BUFFALO NY	10,936
39	44	BNCCORP, Inc., BISMARCK ND	8,984
40	43	Community First Bankshares, FARGO ND	8,470
41	37	Trustmark Corporation, JACKSON MS	8,221
42	45	Bank of Hawaii Corporation, HONOLULU HI	7,724
43	-	Mercantile Bankshares Corp., BALTIMORE MD	7,620
44	40	Valley National Bancorp, WAYNE NJ	7,417
45	36	Lauritzen Corporation, OMAHA NE	7,350
46	47	Johnson Financial Group, Inc, RACINE WI	7,213
47	48	R&G Financial Corporation, HATO REY PR	6,704
48	42	Comerica Incorporated, DETROIT MI	6,685
49	39	Huntington Bancshares Inc., COLUMBUS OH	6,643
50	-	Doral Financial Corporation, SAN JUAN PR	5,931

NOTE: (-) indicates institutions that were not previously ranked in the top 50.
List excludes MetLife, Manulife, and Citigroup

Joining the top 50 in insurance revenue for the first time are:

Sky Financial

Webster Financial Corp

Mercantile Bankshares

Doral Financial Corp.

Fifth Third Bancorp increased its rank the most having jumped from 41st place at the end of 2003 to 13 through June, 2004. HSBC also jumped dramatically rising from 12th place at the end of 2003 to 2nd place through June, 2004 reflecting their acquisition of Household Financial.

The top 50 holding companies that reported the highest percentage of insurance revenue to total non-interest income are listed below:

2004.H1 Rank	Holding Companies (\$ 000s) June 2004 Ranked by Ins Rev by TNII	Insurance Revenue/ Total Non-Interest Income
1	BNCCORP, Inc., BISMARCK ND	74.80%
2	Greater Bay Bancorp, PALO ALTO CA	72.48%
3	Mountainone Fnl Partners MHC, N ADAMS MA	70.11%
4	Choice Financial Holdings, GRAFTON ND	68.94%
5	Leesport Financial Corp., WYOMISSING PA	68.68%
6	Shore Bancshares, Inc., EASTON MD	61.66%
7	First of Waverly Corporation, WAVERLY IA	61.60%

8	Great River Financial Group, BURLINGTON IA	59.50%
9	Evans Bancorp, Inc., ANGOLA NY	58.06%
10	Newburg Insur Agency, Inc, ROLLA MO	57.19%
11	Platte Valley Fncl Svc Co, SCOTTSBLUFF NE	56.24%
12	Texas Independent Bancshares, TEXAS CITY TX	55.05%
13	Sussex Bancorp, FRANKLIN NJ	50.50%
14	Community Bancshares, Inc., BLOUNTSVILLE AL	50.08%
15	Viking Fncl Services Corp, SEATTLE WA	49.58%
16	First Western Bancorp, Inc., HURON SD	48.99%
17	Williston Holding Company, WILLISTON FL	48.50%
18	GNB Bancorporation, GRUNDY CENTER IA	48.46%
19	Labette County Bankshares, ALTAMONT KS	48.45%
20	First National Bnkshrs of FL, NAPLES FL	48.32%
21	CoBiz Inc., DENVER CO	47.03%
22	Graff Family, Inc., MC COOK NE	46.90%
23	Delmar Bancorp, DELMAR MD	45.66%
24	Sunflower Banks, Inc., SALINA KS	44.53%
25	Eastern Bank Corporation, BOSTON MA	44.30%
26	Industry Bancshares, Inc., INDUSTRY TX	44.05%
27	Goodenow Bancorporation, OKOBOJI IA	43.89%
28	First Nebraska Bancs, Inc., SIDNEY NE	43.63%
29	Friendship Bancorp, FRIENDSHIP IN	43.52%
30	SCB Bancorp, Inc., DECATUR IL	43.33%
31	Western OK Fncl Services, ELK CITY OK	42.56%
32	United Bancor, Ltd., DICKINSON ND	42.22%
33	ChoiceOne Financial Services, SPARTA MI	41.94%
34	Tri-County Financial Group, MENDOTA IL	41.09%
35	Fidelity Corporation, BURKE SD	40.04%
36	Van Diest Investment Company, ANKENY IA	39.55%
37	Penns Woods Bancorp, Inc., JERSEY SHORE PA	39.17%
38	Chambanco, Inc., CHAMBERS NE	38.81%
39	Hardeman County Invest Co, BOLIVAR TN	38.01%
40	Gateway Finl Holdings, Inc., ELIZABETH CITY NC	36.91%
41	Main Street Banks, Inc., KENNESAW GA	36.84%
42	CNB Bancorp, Inc., GLOVERSVILLE NY	36.40%
43	Citizens Bancorporation, NEW ULM MN	36.30%
44	Fnb Company, LIVINGSTON TX	35.43%
45	Team Financial, Inc., PAOLA KS	34.55%
46	Walker Ban Co., WALKER MN	33.73%

47	First Mainstreet Finl Ltd, LONGMONT CO	33.51%
48	German American Bancorp, JASPER IN	33.33%
49	FSB Mutual Holdings, Inc., PERKASIE PA	32.91%
50	First Manitowoc Bancorp, Inc, MANITOWOC WI	32.77%

The simple average insurance revenue percentage of total non-interest income for this elite group was 48.7% while the standard deviation was 13.9%. The median is 44.4%.

To recap for overall benchmarking purposes, the following figures may prove useful:

Insurance Revenue as a percentage of:

- ✓ Total non-interest income for all companies selling insurance 6.5%
- ✓ Total non-interest income for the top 50* revenue producers 14.6%
- ✓ Total non-interest income for the top 50 in % of N.I.I. 48.7%

Note: Excluding MetLife, Manulife and Citigroup

Bank holding companies that are selling insurance but obtaining less than 6.5 percent of their non-interest income from insurance (excluding annuities sold by the brokerage affiliate) are below the overall national average. Similarly, organizations that are among the top 50 in insurance revenue average 14.6% of their total non-interest income from insurance revenue. Finally, the top 50 companies in insurance revenue as a percentage of their holding company total non-interest income are producing insurance revenue equal to 48.7% of N.I.I.

Of course, there may be sound reasons for departures from the overall averages. For example, the percentage of non-interest income from insurance might be lower than these averages, even with a very robust and profitable insurance program, if the institution enjoys relatively high levels of non-interest income from other sources. This statistical analysis can only hint as to areas that might be investigated for possible improvement. The annual *ABIA Study of Leading Banks In Insurance* provides a much more comprehensive analysis of bank-insurance programs. Copies of the *Study* can be obtained from the ABIA by calling 1 800-BANKERS or by visiting www.theabia.com.