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N E W S R E L E A S E

**Michael White Reports BankInsurance Income Experiences
Slight Decline in 2016 Due to Large Declines among a Few Large BHCs**

FOR IMMEDIATE RELEASE – Radnor, PA, April 10, 2017 – Bank holding companies (BHCs) tallied \$5.35 billion in insurance brokerage fee income in 2016, down 2.0% from \$5.46 billion in 2015, according to the *Michael White Bankinsurance Fee Income Report™*. Of 596 large top-tier BHCs with \$1 billion or more in assets, 390 or 65.4% engaged in insurance brokerage activities in 2016.

Compiled by Michael White Associates (MWA), this report measures and benchmarks the banking industry’s performance in generating insurance brokerage and underwriting fee income. Results are based on data from all 5,913 commercial banks, savings banks and savings associations (thrifts) and 596 large top-tier bank and thrift holding companies (collectively, BHCs) with consolidated assets greater than \$1 billion operating on December 31, 2016. Several BHCs that are historically insurance or commercial companies have been excluded from this report in order to better understand the insurance performance of financial institutions that historically have engaged in significant banking activities. Bank holding company insurance brokerage fee income consists of commissions and fees earned by a bank holding company or its subsidiary from insurance product sales and referrals of credit, life, health, property, casualty, and title insurance.

**TOP 12 BANK HOLDING COMPANIES IN INSURANCE BROKERAGE FEE INCOME
YEAR-END DECEMBER 31, 2016 – NATIONALLY**

R A N K	INSURANCE BROKERAGE FEE INCOME		PERCENT CHANGE	BANK HOLDING COMPANY	ST	ASSETS	% OF NONINTEREST INCOME
	2016	2015					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	\$1,709,519	\$1,534,411	11.41%	BB&T Corporation	NC	\$219,270,299	38.62%
2	\$898,000	\$1,251,000	-28.22%	Wells Fargo & Company	CA	\$1,929,693,000	2.29%
3	\$392,000	\$485,000	-19.18%	Citigroup Inc.	NY	\$1,792,060,000	1.56%
4	\$256,000	\$124,000	106.45%	Bank of America Corporation	NC	\$2,182,246,000	0.62%
5	\$153,000	\$176,000	-13.07%	American Express Company	NY	\$158,087,000	0.56%
6	\$141,842	\$133,031	6.62%	Regions Financial Corp.	AL	\$126,193,957	6.31%
7	\$116,282	\$117,103	-0.70%	BancorpSouth, Inc.	MS	\$14,728,837	42.38%
8	\$80,795	\$75,363	7.21%	Associated Banc-Corp	WI	\$29,066,576	23.53%
9	\$77,728	\$69,135	4.19%	First Command Financial Services	TX	\$1,002,989	31.10%
10	\$73,997	\$69,280	6.81%	Eastern Bank Corporation	MA	\$9,803,122	43.96%
11	\$71,000	\$73,000	-2.74%	Morgan Stanley	NY	\$813,076,000	0.24%
12	\$68,523	\$75,804	-9.61%	Stifel Financial Corp.	MO	\$19,129,356	0.62%

Source: *Michael White Bankinsurance Fee Income Report™*

In 2016, BB&T Corporation (NC), which owns more agencies than any other financial holding company, topped the leader board with insurance brokerage earnings of \$1.71 billion. Wells Fargo & Company (CA) ranked second nationally with \$898 million; and Citigroup Inc. (NY) ranked third with \$392.0 million in

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insurance brokerage revenue.

Bank holding companies over \$10 billion in assets continued to have the highest participation (78.3%) in insurance brokerage activities. These BHCs produced \$4.59 billion in insurance fee income in 2016, down 4.7% from the \$4.82 billion they produced in 2015. Of 81 large BHCs reporting insurance brokerage income reporting insurance income in both 2016 and 2015, 43 experienced declines in their revenues, and 12 experienced declines in excess of \$1 million. Altogether, these dozen large BHCs with million dollar-plus declines in 2016 accounted for an aggregate decline from 2015 of \$518.6 million in brokerage revenues.

Within the banking industry, there is renewed interest in acquiring insurance brokerages. Acquisition of producing agencies remains a compelling strategy for generating immediate and meaningful growth in bank fee income. If that is the case, then why does it look like bank insurance is declining?

The decline in the banking industry's insurance brokerage income in recent years was generally attributable to a small number of very big banking companies. For instance, in 2016, four BHCs, Wells Fargo, Citigroup, American Express, and Morgan Stanley experienced an aggregate decline of \$471 million in their insurance brokerage income from 2015. The industry's aggregate decline over the last year was \$110 million or 2%. The aggregate decline of these four large BHCs was over 4 times that. In other words, had these four merely maintained the same amount of insurance brokerage income in 2016 that they generated in 2015, the banking industry would have experienced an increase of 8.9% in its total insurance brokerage income.

These four BHCs have experienced a massive decline in insurance brokerage income since 2011, when collectively they earned \$4.483 billion compared to \$1.617 billion in 2016, a loss of \$2.866 billion or 63.9%. And, this does not reflect the annual declines in income in 2012, 2013, 2014 and 2015, or the years in which Bank of America actually had negative insurance brokerage income of \$196 million in 2012 and \$169 million in 2014.

Truth be told, most of the banking industry has maintained continual growth in insurance brokerage income over the years that is obscured by the huge perennial decreases of a handful very large BHCs. There are several different ways to look at this phenomenon and measure its impact: (a) measure as we have done the point to point decline from 2015 to 2016, (b) measure as we have also done the point to point decline from 2011 to 2016, and (c) add up the annual declines since 2011, which would result in the largest number

Among BHCs with assets between \$1 billion and \$10 billion, leaders in insurance brokerage income in 2016 included First Command Financial Services (TX), Eastern Bank Corporation (MA), Lauritzen Corporation (NE), Tompkins Financial Corporation (NY), and Johnson Financial Group, Inc. (WI). Participating in insurance brokerage at a rate of 62.7%, BHCs of this size registered an 18.1% increase in insurance brokerage income to \$758.9 million in 2016, up from \$642.7 million in 2015.

The smallest community banks with assets less than \$1 billion were used as "proxies" for the smallest BHCs, which are not required to report insurance brokerage income. Leaders among bank proxies for small BHCs were Benchmark Bank (TX), Soy Capital Bank and Trust Company (IL), First State Bank (IA), Marlin Business Bank (UT), and Industry State Bank (TX). These small banks, representing small BHCs, registered a 3.3% decline in insurance brokerage income, moving down from \$266.2 million in 2015 to \$257.3 million in 2016.

Among the top 50 BHCs nationally in insurance brokerage concentration (i.e., insurance brokerage income as a percent of noninterest income), the median Insurance Brokerage Concentration Ratio was 30.9%. Among the top 50 small banks in insurance brokerage concentration that are serving as proxies for small BHCs, the median Insurance Brokerage Concentration Ratio was 65.8% of noninterest income in 2016.

Among the top 50 BHC leaders in insurance brokerage productivity (i.e., insurance brokerage income per BHC employee), the median Insurance Brokerage Productivity Ratio was \$17,154 per BHC employee in 2016, up 8.3% from \$15,842 in 2015. Among the top 50 small banks in insurance brokerage productivity, the median Insurance Brokerage Productivity Ratio was \$29,539 per bank employee in 2016, down 1.2% from \$29,910 in 2015.

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Michael White Associates (MWA) is a bankinsurance consulting firm headquartered in Radnor, PA, and at www.BankInsurance.com. The annual *Michael White Bankinsurance Fee Income Report*[™] and provided comprehensive analyses of bankinsurance brokerage and underwriting income. 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 reports can be ordered by calling (610) 254-0440, or by visiting www.BankInsurance.com.

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