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## **Bank Insurance Revenue Up in 2005**

**By Michael D. White, President, Michael White Associates (MWA),  
In conjunction with the American Bankers Insurance Association (ABIA)  
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The nation's bank holding companies increased their total insurance revenue 18.9% to \$44.1 billion in 2005 from \$37.1 billion during the same period in 2004. During 2005, 1,428 bank holding companies (or 63.3% of all top-level BHCs reporting) earned some type of insurance-related revenue, compared to 1,422 in 2004.

Michael White Associates (MWA) performed the analysis in conjunction with the American Bankers Insurance Association (ABIA) to measure the growth of the insurance business in banking organizations and to provide some benchmarks that gauge bank insurance performance. The analysis is based on data reported to the Federal Reserve Board by 2,257 top-tier bank holding companies.

Total insurance revenue can be broken down as insurance brokerage fee income and insurance underwriting fee income.

### Insurance Brokerage Fee Income

Bank holding companies' insurance brokerage fee income increased 14.0% from \$9.63 billion in 2004 to \$10.98 billion in 2005. During 2005, 1,423 bank holding companies (or 63% of all top-level BHCs reporting) engaged in sales activities that produced insurance commissions and fees, compared to 1,408 a year earlier.<sup>1</sup> Excluding financial holding companies MetLife and John Hancock/Manulife, which do not engage in significant banking activities, insurance brokerage fee income was \$6.61 billion in 2005, up 0.9% from \$6.55 billion in 2004.

BHCs with assets greater than \$1 billion experienced a 14.2% increase in insurance brokerage fee income from \$9.35 billion in 2004 to \$10.68 billion in 2005. BHCs with less than \$1 billion in assets in 2005 increased their insurance brokerage fee income 5.2% from \$285.6 million to \$300.5 million.

Again excluding MetLife and John Hancock/Manulife, which do not engage in significant banking activities, Citigroup, Inc. (NY), Wells Fargo & Company (CA), HSBC North America Holdings (IL), Countrywide Financial (CA), and JP Morgan Chase & Co. (NY) led all bank holding companies in insurance brokerage fee income in 2005. Among BHCs with less than \$1 billion in assets, leaders included BNCCorp (ND), Leesport Financial Corp. (PA), and Great River Financial Group, Inc. (IA).

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<sup>1</sup> These figures for insurance revenues do not include income earned from annuities sold by the bank holding company's securities units. 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 or debt suspension agreements are also excluded from the insurance revenue figures.

### Insurance Underwriting Income

Insurance underwriting and reinsurance income increased 19.6% to \$33.08 billion in 2005 from \$27.4 billion in 2004. Ninety-seven BHCs (or 4.9% of all reporting top-level BHCs) reported earning some insurance underwriting fee income, compared to 104 a year earlier.<sup>2</sup> Excluding financial holding companies MetLife and John Hancock/Manulife, which do not engage in significant banking activities, BHC insurance underwriting income was down 5.6% from \$5.11 billion in 2004 to \$4.82 billion in 2005.

### Total Insurance Income

Total BHC insurance revenue increased 18.9% to \$44.1 billion in 2005 from \$37.1 billion in 2004. Excluding financial holding companies MetLife and John Hancock/Manulife, which do not engage in significant banking activities, total insurance income was \$11.44 billion in 2005, down 1.9% from \$11.66 billion in 2004.

This analysis by MWA/ABIA ranks the top 50 bank holding companies on the basis of the absolute dollar amount of total insurance income (the sum of insurance brokerage and insurance underwriting fee income) and on the basis of total insurance revenue as a percentage of the institution's total noninterest income.

Mean total insurance income as a percent of noninterest income was 6.6% for all bank holding companies selling insurance. Excluding MetLife and John Hancock/Manulife, which did not engage in significant banking activities, the top 50 bank holding companies in total insurance income in 2005 earned \$10.71 billion, or 93.7% of the \$11.44 billion earned by all the reporting holding companies except MetLife and John Hancock/Manulife. Insurance revenue among all the top 50 companies averaged 5.32% of the total noninterest income reported by the 50 institutions. The mean ratio of insurance revenue to noninterest income among the top 50 was 13.2%, a decrease from 14.5% in 2004. The leaders in total insurance income appear in Table 1 on page 4.

Joining the top 50 in total insurance revenue in 2005 were Capital One Financial Corporation, Bancwest Corporation, Hancock Holding Company, and F.N.B. Corporation.

Bancwest Corporation increased its rank in total insurance income the most, having jumped from 76<sup>th</sup> place at the end of 2004 to 38<sup>th</sup> by year-end 2005. Hancock Holding Company also jumped fairly dramatically, rising from 61<sup>st</sup> place at December 31, 2004, to 42<sup>nd</sup> place on December 31, 2005.

### Insurance Income as a Percent of Noninterest Income

The top 50 bank holding companies (excluding MetLife and John Hancock) that reported the highest percentage of total insurance revenue to total noninterest income appear in Table 2 on page 5.

Among the 50 companies leading in the ratio of total insurance income to noninterest income, the average ratio was 52.5%. The mean among the top 50 institutions' ratios of insurance revenue to noninterest income was 45.6%, while the standard deviation was 10.3%. The median is 42.2%.

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

- For all bank holding companies reporting insurance income, mean total insurance income as a percent of noninterest income was 6.6%.

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<sup>2</sup> 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 top 50 BHCs in insurance revenue attained a mean ratio of insurance to noninterest income of 13.2%.
- For the top 50 BHCs in insurance as a percent of noninterest income, the mean ratio of total insurance revenue to noninterest income was 45.6%.

The percentage of noninterest income from insurance might be lower than these averages, even with a robust and profitable insurance program, if the institution enjoys a high level of earnings from other noninterest or non-credit sources.

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Michael White Associates (MWA) is a bank insurance consulting firm headquartered in Radnor, PA, and at [www.BankInsurance.com](http://www.BankInsurance.com). Michael White's annual *Bank and Bank Holding Company Insurance & Investment Fee Income Reports*<sup>™</sup> provide a more comprehensive analysis of bank insurance, investment, and mutual fund and annuity fee income. Those reports are co-sponsored by DFC Group, Inc. and Symetra Financial. Additionally, the *MWA Fee Income Ratings Reports*<sup>™</sup> 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](http://www.BankInsurance.com).

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](http://www.theabia.com).

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TABLE 1: TOP BANK HOLDING COMPANIES IN TOTAL INSURANCE INCOME AT YEAR-END DECEMBER 31, 2005 NATIONALLY (in thousands of dollars)					
Rank Year- End 2005	Rank Year- End 2004	Total Insurance Income (\$ 000s)	Bank Holding Company Name	City	State
1	1	\$3,132,000	CITIGROUP INC.	NEW YORK	NY
2	2	\$1,215,000	WELLS FARGO & COMPANY	SAN FRANCISCO	CA
3	3	\$986,585	HSBC NORTH AMERICA HOLDINGS INC.	PROSPECT HEIGHTS	IL
4	4	\$969,600	COUNTRYWIDE FINANCIAL CORPORATION	CALABASAS	CA
5	6	\$874,000	JPMORGAN CHASE & CO.	NEW YORK	NY
6	5	\$714,189	BB&T CORPORATION	WINSTON-SALEM	NC
7	7	\$397,000	WACHOVIA CORPORATION	CHARLOTTE	NC
8	8	\$258,532	BANK OF AMERICA CORPORATION	CHARLOTTE	NC
9	9	\$256,015	MBNA CORPORATION	WILMINGTON	DE
10	11	\$154,502	GREATER BAY BANCORP	PALO ALTO	CA
11	10	\$153,036	NATIONAL CITY CORPORATION	CLEVELAND	OH
12	14	\$83,792	FIFTH THIRD BANCORP	CINCINNATI	OH
13	15	\$80,258	UNIONBANCAL CORPORATION	SAN FRANCISCO	CA
14	13	\$79,730	REGIONS FINANCIAL CORPORATION	BIRMINGHAM	AL
15	17	\$79,000	U.S. BANCORP	MINNEAPOLIS	MN
16	12	\$76,676	ABN AMRO NORTH AMERICA HOLDING CO.	CHICAGO	IL
17	18	\$75,751	COMMERCE BANCORP, INC.	CHERRY HILL	NJ
18	19	\$72,776	COMPASS BANCSHARES, INC.	BIRMINGHAM	AL
19	16	\$71,498	PNC FINANCIAL SERVICES GROUP, INC., THE	PITTSBURGH	PA
20	23	\$63,885	CITIZENS FINANCIAL GROUP, INC.	PROVIDENCE	RI
21	20	\$61,080	FIRST HORIZON NATIONAL CORPORATION	MEMPHIS	TN
22	22	\$60,367	BANCORPSOUTH, INC.	TUPELO	MS
23	21	\$59,994	SUNTRUST BANKS, INC.	ATLANTA	GA
24	27	\$51,640	KEYCORP	CLEVELAND	OH
25	31	\$51,000	POPULAR, INC.	SAN JUAN	PR
26	30	\$48,242	ASSOCIATED BANC-CORP	GREEN BAY	WI
27	28	\$44,751	AMSOUTH BANCORPORATION	BIRMINGHAM	AL
28	29	\$44,015	WEBSTER FINANCIAL CORPORATION	WATERBURY	CT
29	25	\$42,953	TD BANKNORTH INC.	PORTLAND	ME
30	24	\$35,242	OLD NATIONAL BANCORP	EVANSVILLE	IN
31	39	\$34,604	TRUSTMARK CORPORATION	JACKSON	MS
32	35	\$33,314	EASTERN BANK CORPORATION	BOSTON	MA
33	37	\$33,198	LAURITZEN CORPORATION	OMAHA	NE
34	33	\$28,952	CULLEN/FROST BANKERS, INC.	SAN ANTONIO	TX
35	36	\$27,911	PEOPLE'S MUTUAL HOLDINGS	BRIDGEPORT	CT
36	49	\$27,373	NORTH FORK BANCORPORATION, INC.	MELVILLE	NY
37	38	\$22,301	M&T BANK CORPORATION	BUFFALO	NY
38	76	\$21,954	BANCWEST CORPORATION	HONOLULU	HI
39	40	\$18,751	BNCCORP, INC.	BISMARCK	ND
40	n/a	\$18,365	CAPITAL ONE FINANCIAL CORPORATION	MCLEAN	VA
41	26	\$18,278	SKY FINANCIAL GROUP, INC.	BOWLING GREEN	OH
42	61	\$17,099	HANCOCK HOLDING COMPANY	GULFPORT	MS
43	41	\$16,804	BANK OF HAWAII CORPORATION	HONOLULU	HI
44	43	\$16,178	MERCANTILE BANCSHARES CORPORATION	BALTIMORE	MD
45	44	\$16,085	HUNTINGTON BANCSHARES INCORPORATED	COLUMBUS	OH
46	47	\$15,372	R&G FINANCIAL CORPORATION	HATO REY	PR
47	42	\$14,853	FIRST NATIONAL OF NEBRASKA, INC.	OMAHA	NE
48	45	\$14,370	JOHNSON FINANCIAL GROUP, INC.	RACINE	WI
49	48	\$13,208	COMERICA INCORPORATED	DETROIT	MI
50	52	\$12,794	F.N.B. CORPORATION	HERMITAGE	PA

Ranking excludes MetLife and John Hancock/Manulife

Source: Michael White Associates and American Bankers Insurance Association

Table 2: TOP BANK HOLDING COMPANIES IN TOTAL INSURANCE INCOME AS A PERCENT OF NONINTEREST INCOME AT YEAR-END DECEMBER 31, 2005 NATIONALLY				
RANK	% of Noninterest Income	Bank Holding Company Name	City	State
1	75.15%	BNCCORP, INC.	BISMARCK	ND
2	73.02%	GREATER BAY BANCORP	PALO ALTO	CA
3	66.43%	MOUNTAINONE FINANCIAL	NORTH ADAMS	MA
4	65.80%	GREAT RIVER FINANCIAL GROUP,	BURLINGTON	IA
5	61.77%	CHOICE FINANCIAL HOLDINGS, INC.	GRAFTON	ND
6	61.73%	EVANS BANCORP, INC.	ANGOLA	NY
7	60.63%	FIRST OF WAVERLY CORPORATION	WAVERLY	IA
8	57.00%	TEXAS INDEPENDENT	TEXAS CITY	TX
9	55.81%	SHORE BANCSHARES, INC.	EASTON	MD
10	52.13%	LABETTE COUNTY BANKSHARES,	ALTAMONT	KS
11	51.87%	FIRST WESTERN BANCORP, INC.	HURON	SD
12	49.63%	LEESPORT FINANCIAL CORP.	WYOMISSING	PA
13	48.10%	SUSSEX BANCORP	FRANKLIN	NJ
14	47.72%	CITIZENS BANCORPORATION OF	NEW ULM	MN
15	47.29%	GRAFF FAMILY, INC.	MCCOOK	NE
16	46.80%	INDUSTRY BANCSHARES, INC.	INDUSTRY	TX
17	45.82%	LAURITZEN CORPORATION	OMAHA	NE
18	45.57%	FIRST NEBRASKA BANCS, INC.	SIDNEY	NE
19	45.01%	ACNB CORPORATION	GETTYSBURG	PA
20	44.53%	FIRST MANITOWOC BANCORP, INC.	MANITOWOC	WI
21	44.30%	COMMUNITY BANK GROUP, INC.	EDEN PRAIRIE	MN
22	43.18%	COBIZ INC.	DENVER	CO
23	42.87%	NEWBURG INSURANCE AGENCY,	ROLLA	MO
24	42.53%	GNB BANCORPORATION	GRUNDY CENTER	IA
25	42.48%	ASSOCIATED COMMUNITY	GREENWICH	CT
26	42.00%	SMITHTOWN BANCORP, INC.	HAUPPAUGE	NY
27	41.82%	LOGAN INVESTMENT CORP.	KEOKUK	IA
28	41.81%	FRIENDSHIP BANCORP	FRIENDSHIP	IN
29	41.59%	FARMERS STATE CORPORATION	MANKATO	MN
30	41.28%	FIDELITY CORPORATION	BURKE	SD
31	41.15%	PLATTE VALLEY FINANCIAL	SCOTTSBLUFF	NE
32	40.74%	SCB BANCORP, INC.	DECATUR	IL
33	40.36%	WESTERN OKLAHOMA FINANCIAL	ELK CITY	OK
34	40.01%	OCEANPOINT FINANCIAL	NEWPORT	RI
35	39.90%	DELMAR BANCORP	DELMAR	MD
36	39.60%	HARDEMAN COUNTY INVESTMENT	BOLIVAR	TN
37	38.75%	SUNFLOWER BANKS, INC.	SALINA	KS
38	37.85%	WILLISTON HOLDING COMPANY	WILLISTON	FL
39	37.84%	UNITED BANCOR, LTD.	DICKINSON	ND
40	37.68%	BRIDGE STREET FINANCIAL, INC.	OSWEGO	NY
41	37.67%	VAN DIEST INVESTMENT COMPANY	ANKENY	IA
42	37.37%	SOUTH LOUISIANA FINANCIAL	HOUMA	LA
43	37.26%	WILBER CO.	WILBER	NE
44	36.86%	473 BROADWAY HOLDING	SARATOGA SPRINGS	NY
45	36.54%	PENNS WOODS BANCORP, INC.	JERSEY SHORE	PA
46	35.53%	GOODENOW BANCORPORATION	OKOBOJI	IA
47	35.35%	MAIN STREET BANKS, INC.	ATLANTA	GA
48	35.05%	EASTERN BANK CORPORATION	BOSTON	MA
49	33.89%	LEGACYTEXAS GROUP, INC.	PLANO	TX
50	33.86%	TRI-COUNTY FINANCIAL GROUP,	MENDOTA	IL

Ranking excludes MetLife and John Hancock/Manulife  
 Source: Michael White Associates and American Bankers Insurance Association