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N E W S R E L E A S E

## **Bank BOLI Assets Exceed \$120 Billion in 2007 According to a Report Issued by Michael White and MullinTBG**

**FOR IMMEDIATE RELEASE** – Radnor, PA, and Los Angeles, CA, May 12, 2008 – Large bank holding companies (BHCs) and stand-alone banks reported bank-owned life insurance (BOLI) assets of \$120.4 billion in 2007, reflecting a 15.9% increase from \$103.9 billion in 2006, according to the 2008 edition of the *Michael White-MullinTBG BOLI Holdings Report*<sup>TM</sup>. BOLI is used to recover the cost of supplemental employee health insurance benefits and to offset the liabilities of retirement benefits.

Compiled by Michael White Associates, LLC (MWA) and sponsored by MullinTBG, the *Michael White-MullinTBG BOLI Holdings Report*<sup>TM</sup> measures and benchmarks the cash surrender values (CSV) of life insurance held by BHCs and banks and the ratios of CSV to capital. Federal banking regulators require all top-tier BHCs with assets greater than \$500 million and all banks to report their BOLI assets. The data are reported by 857 of these large BHCs and over 7,700 commercial banks and FDIC-supervised savings banks operating on December 31, 2007. Among the study's most significant findings are these:

- Large top-tier BHCs increased their 2007 BOLI holdings by 16.4% from \$101.0 billion in 2006 to \$117.5 billion in 2007. (See Table 1.)
- Another 56 BHCs with assets between \$300 million and \$500 million reported \$340.8 million in BOLI assets.
- Stand-alone banks, those without BHCs, recorded an added \$2.5 billion in BOLI holdings.
- The industry total of BOLI holdings increased 15.9% from \$103.9 billion in 2006 to \$120.4 billion in 2007.
- Of the 857 large top-tier BHCs (assets greater than \$500 million), 696 or 81.2% reported holding BOLI assets in 2007, representing a 1.3% increase from the 687 in 2006. (See Table 2.)
- BHCs with assets between \$1 billion and \$10 billion reported the highest incidence of BOLI ownership, as 315 of 375 BHCs, or 84.0%, reported having BOLI assets. (See Table 2.)
- The largest BHCs, those over \$10 billion in assets, accounted for the largest dollar and percentage increase – \$16 billion or 18.1% – in their combined BOLI assets. (See Table 1.)
- BHCs with assets between \$500 million to \$1 billion registered the second largest percentage increase in total BOLI assets, rising 4.5% from \$2.86 billion in 2006 to \$3.03 billion in 2007. (See Table 1.)

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- The largest by-category increase in BHCs reporting BOLI assets occurred among BHCs with \$1 billion to \$10 billion in assets. Their number increased by 9 from 306 BHCs in 2006 to 315 in 2007. (See Table 2.)
- According to the Federal Reserve, it is generally not prudent for a BHC to hold BOLI assets with an aggregate cash surrender value (CSV) that exceeds 25 percent of the sum of the institution’s Tier 1 capital and the allowance for loan and lease losses. The largest BHCs, those over \$10 billion in assets, recorded the highest mean BOLI assets as a percent (16.6%) of total capital in 2007. (See Table 3.)
- Nationally, mean BOLI assets as a percent of total capital increased from 13.3% in 2006 to 13.7% in 2007. (See Table 3.)

<b>Table 1. Total BOLI Assets (in billions) Held by Bank Holding Companies in 2007</b>			
<b>Large BHCs by Asset Size</b>	<b>2007</b>	<b>2006</b>	<b>Percent Change</b>
Over \$10 billion	\$104.63	\$88.59	18.1%
\$1 billion - \$10 billion	\$ 9.89	\$ 9.55	3.6%
\$500 million - \$1 billion	\$ 3.03	\$ 2.86	4.5%
All	\$117.55	\$101.00	16.4%
Source: <i>Michael White-MullinTBG BOLI Holdings Report – 2008 edition</i>			

<b>Table 2. Number of Large Bank Holding Companies Reporting BOLI Assets in 2007</b>			
<b>Large BHCs by Asset-Size</b>	<b>2007</b>	<b>2006</b>	<b>Percent Change</b>
Over \$10 billion	59	63	-9.5%
\$1 billion - \$10 billion	315	306	2.9%
\$500 million - \$1 billion	322	318	1.3%
All	696	687	1.3%
Source: <i>Michael White-MullinTBG BOLI Holdings Report – 2008 edition</i>			

<b>Table 3. Mean BOLI Assets as a Percentage of the Sum of Tier 1 Capital + Allowance for Loan &amp; Lease Losses</b>			
<b>Large BHCs by Asset Size</b>	<b>2007</b>	<b>2006</b>	<b>Percent Change</b>
Over \$10 billion	16.55%	15.32%	8.0%
\$1 billion - \$10 billion	13.39%	12.77%	4.9%
\$500 million - \$1 billion	13.57%	13.37%	1.5%
All	13.74%	13.28%	3.5%
Source: <i>Michael White-MullinTBG BOLI Holdings Report – 2008 edition</i>			

**About the *Michael White-MullinTBG BOLI Holdings Report*<sup>™</sup>**

The *Michael White-MullinTBG BOLI Holdings Report*<sup>™</sup> measures and benchmarks the cash surrender values (CSV) of life insurance held by bank holding companies and banks and their ratios of CSV to capital. It is one of several reports dealing with bank fee income activities published by Michael White Associates, LLC (MWA), a bank insurance consulting firm headquartered in Radnor, PA. Another report, the *MWA BOLI Capital Concentration Report*<sup>™</sup>, meets the regulatory requirement that each banking company must conduct a peer analysis of their BOLI holdings relative to capital and statistically assess whether its BOLI program is an outlier. All reports may be purchased online at [www.BankInsurance.com](http://www.BankInsurance.com) or by mail.

MullinTBG is the exclusive sponsor of the *Michael White-MullinTBG BOLI Holdings Report*<sup>™</sup>. MullinTBG is one of the nation's largest providers of nonqualified executive benefits, with more than 650 customized plans and \$21 billion in total assets (as of March 31, 2008) representing over 57,000 corporate executives. The firm is headquartered in Los Angeles and has regional offices in Baltimore, Boston, Chicago, Dallas, New York and Newport Beach. For more information, please visit [www.MullinTBG.com](http://www.MullinTBG.com).

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