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## **BOLI Assets Reach Nearly \$135 Billion in 2009 According to Report Issued by Michael White and Meyer-Chatfield**

**FOR IMMEDIATE RELEASE** – Radnor, PA, and Jenkintown, PA, May 20, 2010 – Bank-owned life insurance (BOLI) assets reached \$134.6 billion in 2009, according to the 2010 edition of the *Michael White-Meyer-Chatfield Bank-Owned Life Insurance (BOLI) Holdings Report*<sup>™</sup>. The 2009 total reflected a 0.6% increase from \$133.8 billion in 2008 BOLI assets held by large bank holding companies (BHCs), stand-alone banks and savings associations. BOLI is used to recover costs of employee benefits and offset the liabilities of retirement benefits, helping banks to keep up with the rising benefit costs.

Compiled by Michael White Associates, LLC (MWA) and sponsored by Meyer-Chatfield, the *Michael White-Meyer-Chatfield BOLI Holdings Report*<sup>™</sup> measures and benchmarks the cash surrender values (CSV) of life insurance held by BHCs and banks and the ratios of CSV to capital. The data in this report were submitted to regulators by 916 large top-tier BHCs with assets greater than \$500 million and all 8,012 commercial banks, savings banks supervised by the Federal Deposit Insurance Corporation (FDIC), and savings associations or thrifts supervised by the Office of Thrift Supervision (OTS) that were operating on December 31, 2009. Among the study's most significant findings are these additional results:

- Large top-tier BHCs increased their 2009 BOLI holdings by 0.9% from \$123.7 billion in 2008 to \$124.8 billion in 2009. (See Table 1.)
- Of 1,461 stand-alone banks, those without BHCs, 428 or 28.6% recorded an additional \$2.44 billion in BOLI holdings, up 2.4% from \$2.38 billion in 2008.
- Of 765 savings association, 346 or 45.2% recorded an additional \$7.38 billion in BOLI holdings, down 5.0% from \$7.77 billion in 2008.
- Of the 916 large top-tier BHCs, 735 or 80.2% reported holding BOLI assets in 2009, representing a 3.2% increase in their number from the 712 in 2008. (See Table 2.)
- BHCs with assets between \$1 billion and \$10 billion reported the highest incidence of BOLI ownership, as 332 of 395 of them, or 84.1%, reported having BOLI assets. (See Table 2.)
- BHCs with assets greater than \$10 billion reported the second highest incidence of BOLI ownership, as 62 of 77 BHCs, or 80.5%, reported having BOLI assets. (See Table 2.)
- The largest BHCs, those over \$10 billion in assets, accounted for the largest dollar increase – \$960 million – in their combined BOLI assets. Largest percentage increase was 5.9% among BHCs with assets between \$500 million to \$1 billion. (See Table 1.)
- Of 8,012 banks and savings associations operating on December 31, 2009, 3,834 or 47.9% reported holding BOLI assets of \$122.81 billion, an increase of 0.5% from \$122.25 billion in 2008. That growth in BOLI assets was one-twelfth the growth rate of 6.0% in 2008.

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- The largest numerical and percentage increases in institutions reporting BOLI assets occurred among BHCs with \$500 million to \$1 billion in assets. Their number increased by 20 or 6.2% from 321 BHCs in 2008 to 341 in 2009.
- According to federal banking regulators, it is generally not prudent for a depository institution to hold BOLI assets with an aggregate cash surrender value (CSV) that exceeds 25 percent of total capital. Depending on the charter of each depository institution, total capital is defined either as Tier 1 capital or as the sum of the institution's Tier 1 capital and the allowance for loan and lease losses. Banks with assets between \$300 million and \$500 million recorded the highest mean BOLI assets as a percent (18.5%) of Tier 1 capital in 2009.
- Nationally, mean BHC BOLI assets as a percent of total capital increased from 13.37% in 2008 to 13.73% in 2009. (See Table 3.)

<b>Table 1. Total BOLI Assets (in billions) Held by Bank Holding Companies in 2009</b>			
<b>Large BHCs by Asset Size</b>	<b>2009</b>	<b>2008</b>	<b>Percent Change</b>
Over \$10 billion	\$111.12 billion	\$110.16 billion	0.9%
\$1 billion - \$10 billion	\$ 10.39 billion	\$ 10.41 billion	-0.2%
\$500 million - \$1 billion	\$ 3.28 billion	\$ 3.10 billion	5.9%
All	\$124.8 billion	\$123.7 billion	0.9%

Source: *Michael White-Meyer· Chatfield Bank-Owned Life Insurance (BOLI) Holdings Report™ – 2010 edition*

<b>Table 2. Number of Large Bank Holding Companies Reporting BOLI Assets in 2009</b>			
<b>Large BHCs by Asset-Size</b>	<b>2009</b>	<b>2008</b>	<b>Percent Change</b>
Over \$10 billion	62	61	1.6%
\$1 billion - \$10 billion	332	330	0.6%
\$500 million - \$1 billion	341	321	6.2%
All	735	712	3.2%

Source: *Michael White-Meyer· Chatfield Bank-Owned Life Insurance (BOLI) Holdings Report™ – 2010 edition*

<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>2009</b>	<b>2008</b>	<b>Percent Change</b>
Over \$10 billion	12.54%	10.25%	22.3%
\$1 billion - \$10 billion	13.04%	13.04%	0.0%
\$500 million - \$1 billion	14.62%	14.29%	2.3%
All	13.73%	13.37%	2.7%

Source: *Michael White-Meyer· Chatfield Bank-Owned Life Insurance (BOLI) Holdings Report™ – 2010 edition*

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

The *Michael White-Meyer-Chatfield BOLI Holdings Report*<sup>™</sup> measures and benchmarks the cash surrender values (CSV) of life insurance held by bank holding companies, banks and savings associations 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, and at [www.BankInsurance.com](http://www.BankInsurance.com). 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. Additionally, *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 by asset-peer group.

Meyer Chatfield, Corp. has become the BOLI resource for America's banks because of our history of providing consultation, education and service to our clients. Our primary mission is assisting financial institutions in crafting and deploying valuable, tax advantaged, BOLI strategies. Meyer-Chatfield has initiated, managed and serviced billions of dollars in BOLI transactions for hundreds of banks nationwide. The company is committed to compliance; its principals have been advisors to the regulators since 1994 and worked with the OCC on the inter-agency guidance for BOLI, OCC 2004-56. Meyer-Chatfield's headquarters are in Jenkintown, PA with expert consultants in offices nationally. For the most extensive set of unified BOLI information online, go to [www.meyerchatfield.com](http://www.meyerchatfield.com).

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