



MICHAEL WHITE ASSOCIATES
BANK INSURANCE CONSULTANTS

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Michael White-Prudential Report™

Bank Insurance Fee Income Again Reaches Record Despite Tough Times

FOR IMMEDIATE RELEASE – Radnor, PA, and Newark, NJ, May 2, 2011 – Bank insurance brokerage fee income in 2010 reached a record level, according to the *Michael White-Prudential Bank Insurance Fee Income Report™*, as it rose 7.9% from \$12.36 billion in 2009 to \$13.33 billion in 2010.

Compiled by Michael White Associates (MWA) since 2001 and sponsored by The Prudential Insurance Company of America’s Individual Life Insurance business, a proud member of the American Bankers Insurance Association (ABIA), 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 6,927 commercial and FDIC-supervised savings banks and 911 large top-tier bank holding companies (BHCs) operating on December 31, 2010.

“In 2010, the number of BHCs that grew their insurance brokerage revenues largely equaled those that didn’t. We examined 162 BHCs with at least \$1 million in insurance brokerage income. While one BHC had no growth and 6 were new, positive reporters of that revenue, 81 BHCs increased their insurance brokerage income, while 74 experienced declines. Forty-four (44) had increases under 10%, and 46 had declines of less than 10%,” said Michael White, President of MWA. “Thirty-seven (37) achieved revenue increases over 10%, and 28 BHCs endured decreases greater than 10%. A difficult economy, soft commercial insurance markets, and BHCs’ capital restraint inhibiting acquisition have hindered agencies across the country, whether bank-owned or not. For many, life insurance seems to have been the one bright glimmer in 2010.”

The largest BHCs, those with assets over \$10 billion, had the highest participation (92.0%) in insurance brokerage activities. They managed an 8.3% increase in insurance brokerage income from \$11.63 billion in 2009 to \$12.60 billion in 2010. BHCs with assets between \$1 billion and \$10 billion experienced a slight 0.2% decline in insurance brokerage income from \$587.8 million in 2009 to \$586.6 million in 2010.

TOP 10 BANK HOLDING COMPANIES IN INSURANCE BROKERAGE FEE INCOME
YEAR-END DECEMBER 31, 2010
Nationally

RANK	YTD INSURANCE BROKERAGE INCOME		PERCENT CHANGE 2009 - 2010	BANK HOLDING COMPANY	ST	ASSETS	CONCENTRATION RATIO: % OF NONINTEREST INCOME
	2010	2009					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	\$1,862,000	\$1,040,000	79.04%	CITIGROUP INC.	NY	\$1,913,410,000	6.30%
2	\$1,780,000	\$1,725,000	3.19%	WELLS FARGO & COMPANY	CA	\$1,258,010,000	4.44%
3	\$933,349	\$922,489	1.18%	BB&T CORPORATION	NC	\$157,081,396	33.05%
4	\$298,000	\$191,000	56.02%	MORGAN STANLEY	NY	\$807,698,000	0.98%
5	\$196,899	\$136,016	44.76%	AMERICAN EXPRESS COMPANY	NY	\$145,849,493	0.94%
6	\$139,131	\$128,796	8.02%	DISCOVER FINANCIAL SERVICES	IL	\$63,894,877	7.75%
7	\$131,000	\$124,000	5.65%	GOLDMAN SACHS GROUP	NY	\$908,580,000	0.39%
8	\$110,000	\$122,000	-9.84%	ALLY FINANCIAL INC.	MI	\$172,006,000	1.22%
9	\$107,920	\$110,721	-2.53%	REGIONS FINANCIAL CORP.	AL	\$132,399,290	3.67%
10	\$88,000	\$92,000	-4.35%	JPMORGAN CHASE & CO.	NY	\$2,115,583,000	0.18%

Ranking excludes MetLife, Inc., a traditional life insurance company.

Source: *Michael White-Prudential Bank Insurance Fee Income Report*

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Excluding MetLife, a traditional life insurer, Citigroup, Inc. (NY), Wells Fargo & Company (CA), BB&T Corporation (NC), and Morgan Stanley (NY) led all BHCs in insurance brokerage income in 2010. Among BHCs with assets between \$1 billion and \$10 billion, leaders included Eastern Bank Corporation (MA), Stifel Financial Corp. (MO), Old National Bancorp (IN), Trustmark Corporation (MS), and Johnson Financial Group, Inc. (WI).

Among BHCs with assets between \$500 million and \$1 billion, leaders were Two Rivers Financial Group (IA), 473 Broadway Holding Corporation (NY), Texas Independent Bancshares (TX), Evans Bancorp, Inc. (NY), and Northeast Bancorp (ME). The smallest community banks with assets less than \$500 million 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 Soy Capital Bank and Trust Company (IL), Bank Forward (ND), Hoosac Bank (MA), First State Bank (IA), and Industry State Bank (TX).

“Single premium life insurance has proven to be particularly attractive to bank customers and offers a valuable stream of fee income to financial institutions,” said Joan H. Cleveland, senior vice president, Business Development with Individual Life Insurance, The Prudential Insurance Company of America. “Our immediate-issue single premium universal life insurance policy simplifies the sales process by leveraging an innovative Internet-based application process that can deliver a policy in real-time.”

Among the top 50 BHCs nationally in insurance brokerage concentration (i.e., insurance brokerage income as a percent of noninterest income), the adjusted mean Insurance Brokerage Concentration Ratio was 40.4%. Among the top 50 small banks in insurance brokerage concentration that are serving as proxies for small BHCs, the adjusted mean Insurance Brokerage Concentration Ratio was 73.0% of noninterest income. Among the top 50 BHC leaders in insurance brokerage productivity (i.e., insurance brokerage income per BHC employee), the mean Insurance Brokerage Productivity Ratio was \$21,926 per employee. Among the top 50 small banks in insurance brokerage productivity, the adjusted mean Insurance Brokerage Productivity Ratio was \$34,205 per employee.

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Michael White Associates (MWA) is a bank insurance consulting firm headquartered in Radnor, PA, and at www.BankInsurance.com. The annual *Michael White-Prudential Bank Insurance Fee Income Report*[™] and *Michael White-ABIA Bank Annuity Fee Income Report*[™] provide, respectively, comprehensive analyses of bank insurance brokerage and bank annuity commission 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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