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N E W S R E L E A S E

Michael White Bank Insurance Brokerage Report: Again, A Couple Big BHCs Stumble, Most Grow Income in First Quarter 2013

FOR IMMEDIATE RELEASE – Radnor, PA, and Chicago, IL, July 30, 2013 – Bank holding companies (BHCs) tallied \$1.72 billion in insurance brokerage fee income in first quarter 2013, down 5.4% from \$1.81 billion for the same period in 2012, according to the *Michael White Bank Insurance Fee Income Report™*. This decline was largely attributable to a drop of \$358.0 million in the insurance brokerage fee income of Wells Fargo and Citigroup. Had those two BHCs only maintained first quarter 2012 production, the banking industry would have experienced an increase of 14.3% in insurance brokerage revenues. Of 1,084 large top-tier BHCs, 620 or 57.2% engaged in insurance brokerage activities in first quarter 2013.

TOP 12 BANK HOLDING COMPANIES IN INSURANCE BROKERAGE FEE INCOME YEAR-TO-DATE MARCH 31, 2013 – NATIONALLY

R A N K	INSURANCE BROKERAGE FEE INCOME		PERCENT CHANGE	BANK HOLDING COMPANY	ST	ASSETS	% OF NONINTEREST INCOME
	1Q2013	1Q2012					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	\$407,000	\$453,000	-10.15%	Wells Fargo & Company	CA	\$1,436,625,000	3.84%
2	\$335,273	\$244,085	37.36%	BB&T Corporation	NC	\$180,834,561	34.49%
3	\$197,000	\$509,000	-61.30%	Citigroup Inc.	NY	\$1,881,420,000	2.33%
4	\$138,000	(\$66,837)	N/A	Bank of America Corporation	NC	\$2,170,304,000	1.11%
5	\$40,000	\$49,000	-18.37%	American Express Company	NY	\$156,512,000	0.61%
6	\$31,000	\$33,000	-6.06%	Goldman Sachs Group, Inc., The	NY	\$958,606,000	0.34%
7	\$29,678	\$28,218	5.17%	Regions Financial Corporation	AL	\$119,717,632	5.98%
8	\$29,000	\$20,000	45.00%	Morgan Stanley	NY	\$801,383,000	0.36%
9	\$26,719	\$23,269	14.83%	BancorpSouth, Inc.	MS	\$13,395,806	38.50%
10	\$20,390	\$32,267	-36.81%	Discover Financial Services	IL	\$75,877,540	4.01%
11	\$19,372	\$19,419	-0.24%	First Command Financial Services	TX	\$836,981	37.34%
12	\$19,369	\$18,106	6.98%	Eastern Bank Corporation	MA	\$8,533,327	47.46%

Source: *Michael White Bank Insurance Fee Income Report™*

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 7,019 commercial banks, savings banks and savings associations and 1,084 large top-tier bank holding companies and thrift holding companies (defined as those BHCs with consolidated assets of \$500 million or greater) based upon financial information reported as of March 31, 2013. Certain thrift holding companies, such as those that are historically insurance 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.

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“As we saw in 2012, we are seeing real progress in first quarter 2013 in the number of BHCs that expanded their insurance revenues. We examined 256 BHCs in first quarter that are on track to earn \$250,000 in annualized insurance brokerage income. At quarter’s end, 168 of these BHCs showed positive growth in their insurance brokerage income, up 15.9% from 145 BHCs with positive growth at the end of first quarter 2012. Sixty-five percent (65.6%) of these BHCs registered increases in their first quarter 2013 insurance brokerage income,” said Michael White, President of MWA. “The number of big winners, i.e., those bank holding companies with double-digit increases in insurance brokerage compared to the prior year’s first quarter, rose by 23.4% from 94 in 2012 and by 54.7% from 75 two years ago to 116 BHCs so far this year. These findings signal continued, meaningful growth among BHC-owned insurance agencies.”

In first quarter 2013, Wells Fargo & Company (CA) topped the leader board with insurance brokerage earnings of \$407.0 million. BB&T Corporation (NC), which owns more agencies than any other financial holding company, ranked second nationally with \$335.3 million; and Citigroup Inc. (NY), whose insurance income dropped by \$312 million or 61.3%, ranked third with \$197.0 million in insurance brokerage revenue.

Bank holding companies over \$10 billion in assets continued to have the highest participation (80.4%) in insurance brokerage activities. These BHCs produced \$1.46 billion in insurance fee income in first quarter 2013, down 7.6% from the \$1.58 billion they produced in first quarter 2012. This decline was largely attributable to Wells Fargo and Citigroup. As noted earlier, had those two BHCs only maintained first quarter 2012 production, this asset class would have experienced an increase of 15.1% in insurance brokerage revenues. These large bank holding companies accounted for 85.1% of all BHC insurance brokerage fee income earned in first quarter 2013.

Among BHCs with assets between \$1 billion and \$10 billion, leaders in insurance brokerage income in first quarter 2013 included Eastern Bank Corporation (MA), Stifel Financial Corp. (MO), Old National Bancorp (IN), Johnson Financial Group, Inc. (WI), and Tompkins Financial Corporation (NY). Participating in insurance brokerage at a rate of 61.0%, BHCs of this size registered an 11.9% increase in insurance brokerage income to \$194.7 million in first quarter 2013, up from \$173.9 million in first quarter 2012.

Among BHCs with assets between \$500 million and \$1 billion, leaders were First Command Financial Services (TX), Two Rivers Financial Group, Inc. (IA), Oneida Financial Corp. (NY), Texas Independent Bancshares, Inc. (TX), and Evans Bancorp, Inc. (NY). As a group, BHCs of this size experienced a negligible 0.2% increase for first quarter year-over-year in their insurance brokerage income.

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), Hoosac Bank (MA), First State Bank (IA), First Federal Savings Bank (PA), and Benchmark Bank (TX). These small banks, representing small BHCs, registered a 1.8% increase in insurance brokerage income, rising from \$40.8 million in first quarter 2012 to \$41.5 million in first quarter 2013.

Among the top 50 BHCs nationally in insurance brokerage concentration (i.e., insurance brokerage income as a percent of noninterest income), the mean Insurance Brokerage Concentration Ratio was 38.0%. Among the top 50 small banks in insurance brokerage concentration that are serving as proxies for small BHCs, the mean Insurance Brokerage Concentration Ratio was 67.1% 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 \$22,212 per BHC employee on an annualized basis. Among the top 50 small banks in insurance brokerage productivity, the mean Insurance Brokerage Productivity Ratio was \$25,372 per bank employee on an annualized basis.

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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 Bank Insurance Fee Income Report*[™] and *Michael White-IPI Bank Wealth Management Report*[™] provide, respectively, comprehensive analyses of bank insurance brokerage and bank wealth management 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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