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N E W S R E L E A S E

Michael White Bank Insurance Brokerage Report: Some Big BHCs Continue to Stumble, Others Grow Income in 1st Half 2013

FOR IMMEDIATE RELEASE – Radnor, PA, and Chicago, IL, November 19, 2013 – Bank holding companies (BHCs) tallied \$3.37 billion in insurance brokerage fee income in first half 2013, down 13.2% from \$3.89 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 \$707.0 million in the insurance brokerage fee income of Wells Fargo and Citigroup. Had those two BHCs only maintained first half 2012 production, the banking industry would have experienced an increase of 4.9% in insurance brokerage revenues. Of 1,074 large top-tier BHCs, 643 or 59.9% engaged in insurance brokerage activities in first half 2013.

TOP 12 BANK HOLDING COMPANIES IN INSURANCE BROKERAGE FEE INCOME YEAR-TO-DATE JUNE 30, 2013 – NATIONALLY

R A N K	INSURANCE BROKERAGE FEE INCOME		PERCENT CHANGE	BANK HOLDING COMPANY	ST	ASSETS	% OF NONINTEREST INCOME
	1H2013	1H2012					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	\$816,000	\$893,000	-8.62%	Wells Fargo & Company	CA	\$1,440,554,000	3.84%
2	\$715,679	\$609,457	17.43%	BB&T Corporation	NC	\$182,733,042	35.91%
3	\$376,000	\$1,006,000	-62.62%	Citigroup Inc.	NY	\$1,883,678,000	2.18%
4	\$249,000	\$59,771	316.59%	Bank of America Corporation	NC	\$2,119,338,000	1.04%
5	\$90,000	\$97,000	-7.22%	American Express Company	NY	\$151,596,000	0.66%
6	\$58,558	\$54,651	7.15%	Regions Financial Corporation	AL	\$118,782,563	5.83%
7	\$55,000	\$44,000	25.00%	Morgan Stanley	NY	\$802,691,000	0.35%
8	\$52,727	\$46,350	13.76%	BancorpSouth, Inc.	MS	\$13,220,451	36.93%
9	\$39,717	\$64,011	-37.95%	Discover Financial Services	IL	\$74,663,975	3.77%
10	\$39,000	\$63,000	-38.10%	Goldman Sachs Group, Inc., The	NY	\$937,587,000	0.23%
11	\$38,454	\$38,844	-1.00%	First Command Financial Services	TX	\$850,613	36.79%
12	\$36,627	\$35,250	3.91%	First Niagara Financial Group	NY	\$37,137,832	20.74%

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 6,940 commercial banks, savings banks and savings associations and 1,074 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 June 30, 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 half 2013 in the number of BHCs that expanded their insurance revenues. We examined 258 BHCs in first half that are on track to earn \$250,000 in annualized insurance brokerage income. At the end of the first half of the year, 171 of these BHCs showed positive growth in their insurance brokerage income, up 14.0% from 150 BHCs with positive growth at the end of first half 2012. Two-thirds (66.3%) of these 258 BHCs registered increases in their first half 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 half, rose by 20.5% from 88 in 2012 and by 59.4% from 63 two years ago to 106 BHCs so far this year. These findings signal continued, meaningful growth among BHC-owned insurance agencies, despite declines among some of the larger BHCs.”

In first half 2013, Wells Fargo & Company (CA) topped the leader board with insurance brokerage earnings of \$816.0 million. BB&T Corporation (NC), which owns more agencies than any other financial holding company, ranked second nationally with \$715.7 million; and Citigroup Inc. (NY), whose insurance income dropped by \$630 million or 62.6%, ranked third with \$376.0 million in insurance brokerage revenue.

Bank holding companies over \$10 billion in assets continued to have the highest participation (81.5%) in insurance brokerage activities. These BHCs produced \$2.89 billion in insurance fee income in first half 2013, down 15.8% from the \$3.43 billion they produced in first half 2012. This decline was largely attributable to Wells Fargo and Citigroup. As noted earlier, had those two BHCs only maintained first half 2012 production, this asset class would have experienced an increase of 4.8% in insurance brokerage revenues. These large bank holding companies accounted for 85.5% of all BHC insurance brokerage fee income earned in first half 2013.

Among BHCs with assets between \$1 billion and \$10 billion, leaders in insurance brokerage income in first half 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 63.0%, BHCs of this size registered an 8.0% increase in insurance brokerage income to \$369.5 million in first half 2013, up from \$342.1 million in first half 2012.

Among BHCs with assets between \$500 million and \$1 billion, leaders were First Command Financial Services (TX), Oneida Financial Corp. (NY), Two Rivers Financial Group, Inc. (IA), Texas Independent Bancshares, Inc. (TX), and Evans Bancorp, Inc. (NY). As a group, BHCs of this size experienced a 1.0% increase for first half 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), Benchmark Bank (TX), Hoosac Bank (MA), First State Bank (IA), and First Federal Savings Bank (PA). These representatives of small BHCs, registered a 3.9% increase in insurance brokerage income, rising from \$80.0 million in first half 2012 to \$83.1 million in first half 2013.

Among the top 50 BHCs nationally in insurance brokerage concentration (i.e., insurance brokerage income as a percent of noninterest income), the median Insurance Brokerage Concentration Ratio was 38.3%. Among the top 50 small banks in insurance brokerage concentration that are serving as proxies for small BHCs, the median Insurance Brokerage Concentration Ratio was 57.7% of noninterest income.

Among the top 50 BHC leaders in insurance brokerage productivity (i.e., insurance brokerage income per BHC employee), the median Insurance Brokerage Productivity Ratio was \$21,571 per BHC employee on an annualized basis. Among the top 50 small banks in insurance brokerage productivity, the mean Insurance Brokerage Productivity Ratio was \$22,931 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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