



N E W S R E L E A S E

Michael White-Succeed Advisors Report Insurance Brokerage Income Steady in 2013 Despite Continued Stumbling Among Big Banks

FOR IMMEDIATE RELEASE – Radnor, PA, and Mercer Island, WA, May 13, 2014 – Bank holding companies (BHCs) tallied \$6.22 billion in insurance brokerage fee income in 2013, up 0.3% from \$6.20 billion in 2012, according to the *Michael White-Succeed Advisors Bank Insurance Fee Income Report™*. Of 1,062 large top-tier BHCs, 664 or 62.5% engaged in insurance brokerage activities in 2013.

The flat performance in insurance brokerage income in 2013 was attributable generally to 20 big banking companies that collectively accounted for a decline of \$732 million in insurance brokerage income. Had those 20 not suffered that aggregate decline, BHC insurance brokerage income would have increased by over 12.0%. More specifically, two BHCs, Citigroup, Inc. (NY) and Wells Fargo (CA), accounted for most of the industry's reverse with a combined drop of over \$531 million in insurance brokerage income.

TOP 12 BANK HOLDING COMPANIES IN INSURANCE BROKERAGE FEE INCOME YEAR-END DECEMBER 31, 2013 – NATIONALLY

RANK	INSURANCE BROKERAGE FEE INCOME		PERCENT CHANGE	BANK HOLDING COMPANY	ST	ASSETS	% OF NONINTEREST INCOME
	2013	2012					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	\$1,463,000	\$1,556,000	-5.98%	Wells Fargo & Company	CA	\$1,527,008,000	3.60%
2	\$1,377,772	\$1,246,403	10.54%	BB&T Corporation	NC	\$183,005,909	35.69%
3	\$733,000	\$1,171,000	-37.40%	Citigroup Inc.	NY	\$1,880,081,000	2.46%
4	\$289,000	(\$195,764)	N/A	Bank of America Corporation	NC	\$2,098,613,000	0.65%
5	\$184,000	\$179,000	2.79%	American Express Company	NY	\$152,988,000	0.66%
6	\$114,412	\$108,563	5.39%	Regions Financial Corp.	AL	\$117,661,732	5.60%
7	\$99,000	\$99,000	0.00%	Morgan Stanley	NY	\$832,702,000	0.32%
8	\$98,141	\$90,592	8.33%	BancorpSouth, Inc.	MS	\$13,045,442	37.05%
9	\$78,906	\$90,047	-12.37%	Discover Financial Services	IL	\$79,031,613	3.90%
10	\$76,736	\$77,409	-0.87%	First Command Financial Services	TX	\$891,759	35.46%
11	\$72,558	\$70,860	2.40%	First Niagara Financial Group	NY	\$37,593,354	20.56%
12	\$68,120	\$68,800	-0.99%	Huntington Bancshares Inc.	OH	\$59,096,624	7.08%

Source: *Michael White-Succeed Advisors Bank Insurance Fee Income Report™*

Compiled by Michael White Associates (MWA) and sponsored by Succeed Financial Advisors, 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 6,812 commercial banks, savings banks and savings associations and 1,062 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

December 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.

"There was not much change in 2013 from 2012 in the expansion of insurance revenues among most BHCs that generated \$1 million in insurance brokerage in 2013. We examined 187 BHCs in 2013 and 160 BHCs in 2012 that earned a minimum of \$1 million in insurance brokerage revenues. At year's end, 119 of these BHCs, or 63.6% of the group of 187, showed some level of positive growth in their insurance brokerage income, up 2.6% from 116 BHCs, or 72.5%, of the group of 160 in 2012," said Michael White, President of MWA.

Robert Seda, President of Succeed Financial Advisors, the sponsor of the report, continued: "One-third (32.1%) of bank holding companies that have built or acquired million-dollar insurance brokerages experienced double-digit increases in brokerage income, signaling a condition of financial health at their agencies, specifically those agencies focused in the property and casualty sector. At Succeed Financial Advisors, we continue to see strong interest in acquiring insurance brokerages; and, for many banks, it remains a compelling strategy for generating impressive returns."

In 2013, Wells Fargo & Company (CA) topped the leader board with insurance brokerage earnings of \$1.46 billion. BB&T Corporation (NC), which owns more agencies than any other financial holding company, ranked second nationally with \$1.38 billion; and Citigroup Inc. (NY), whose insurance income dropped by \$438 million, ranked third with \$733.0 million in insurance brokerage revenue.

Bank holding companies over \$10 billion in assets continued to have the highest participation (81.3%) in insurance brokerage activities. These BHCs produced \$5.25 billion in insurance fee income in 2013, down 0.8% from the \$5.29 billion they produced in 2012. Of 74 large BHCs reporting insurance brokerage income, 43 experienced declines in their revenues, and 20 experienced declines in excess of \$1 million. Altogether, these large BHCs with million dollar-plus declines in 2013 accounted for an aggregate decline from 2012 of \$732 million in brokerage revenues.

Among BHCs with assets between \$1 billion and \$10 billion, leaders in insurance brokerage income in 2013 included Eastern Bank Corporation (MA), Stifel Financial Corp. (MO), Old National Bancorp (IN), Tompkins Financial Corporation (NY), and Lauritzen Corporation (NE). Participating in insurance brokerage at a rate of 64.5%, BHCs of this size registered a 5.7% increase in insurance brokerage income to \$725.4 million in 2013, up from \$686.1 million in 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), 473 Broadway Holding Corporation (NY), and Texas Independent Bancshares, Inc. (TX). As a group, BHCs of this size experienced a 9.9% increase year-over-year in their insurance brokerage income, rising from \$221.9 million in 2012 to \$244.0 million in 2013.

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), First State Bank (IA), First Federal Savings Bank (PA), and Midwest Heritage Bank, FSB (IA). These small banks, representing small BHCs, registered a 4.0% decrease in insurance brokerage income, slipping from \$172.3 million in 2012 to \$165.4 million in 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 64.2% 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 \$21,259 per BHC employee. Among the top 50 small banks in insurance brokerage productivity, the median Insurance Brokerage Productivity Ratio was \$25,837 per bank employee.

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Succeed Financial Advisors, LLC is one of the most experienced M&A advisory firms specializing in the insurance industry. Its team of advisors has advised on over 200 completed insurance and distribution M&A transactions. It focuses on middle-market transactions of insurers, retail brokers, wholesale brokers, MGAs, TPAs and other service-related firms. Succeed's senior management are more than analysts; they are practitioners in the businesses they examine, including service as senior executives in insurance carriers, CEO and vice-chairman of other M&A advisory firms, chairman of one of the nation's leading insurance call centers, and president of a large property-casualty MGA operation. With offices in Seattle, Southern California and San Francisco, Succeed Advisors offers a broad scope of advisory services, including merger and acquisition advisory, valuations, and due diligence review services to the insurance industry with specific expertise in the distribution sector.

Michael White Associates (MWA) is a bank insurance consulting firm headquartered in Radnor, PA, and at www.BankInsurance.com. The annual *Michael White-Succeed Advisors Bank Insurance Fee Income Report™* and *Michael White-Securities America Report: Community Bank Investment Programs™* provide, respectively, comprehensive analyses of bank insurance brokerage and bank investment program 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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