

**N E W S R E L E A S E**

**Equias Alliance/Michael White Report  
BOLI Assets Surpass \$164 Billion as of June 30, 2017**

**FOR IMMEDIATE RELEASE** – *Memphis, TN, and Radnor, PA, September 18, 2017* – The Cash Surrender Value (CSV) of bank-owned life insurance (BOLI) policies held by commercial banks, savings banks and savings associations stood at \$164.5 billion as of June 30, 2017, reflecting a 3.5% increase from \$159.0 billion as of June 30, 2016, according to the *Equias Alliance/Michael White Bank-Owned Life Insurance (BOLI) Holdings Report™*.

BOLI is used to offset and recover a portion of the costs of employee benefits, thereby helping banks keep up with ever-rising benefit costs. BOLI may be differentiated by three product types: general account (GA); variable separate account (VSA); and hybrid separate account (HSA).

The *Equias Alliance/Michael White BOLI Holdings Report™* is co-produced by Equias Alliance and Michael White Associates (MWA). The information in this report was gathered from data submitted to regulators by all 5,787 banks operating on June 30, 2017. Among the study’s most significant findings are these:

By Asset Size:

- Of the 5,787 banks and savings associations, 3,634 or 62.8% reported holding BOLI assets as of June 30, 2017, and total BOLI CSV increased by \$5.56 billion (3.5%) from \$158.98 billion as of June 30, 2016 to \$164.54 billion as of June 30, 2017. (See Tables 1 and 2.)

<b>Table 1. Number and Percent of Banks Reporting BOLI Assets by Bank Asset Size</b>				
<b>Banks by Asset Size</b>	<b>Number of Banks</b>		<b>Percent of Banks</b>	
	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>2017</b>	<b>2016</b>
Over \$10 billion	89	84	75.4%	75.0%
\$1 billion - \$10 billion	523	507	82.8%	81.9%
\$500 million - \$1 billion	509	502	75.3%	75.8%
\$300 - \$500 million	598	586	75.5%	73.0%
\$100 - \$300 million	1,323	1,381	61.9%	62.1%
Under \$100 million	621	653	41.4%	39.9%
<b>Industry Total</b>	<b>3,634</b>	<b>3,713</b>	<b>62.8%</b>	<b>61.3%</b>

Source: *Equias Alliance / Michael White BOLI Holdings Report™* - 2017 edition

- Net growth in BOLI holdings can be attributed to new purchases and earnings on existing CSV, reduced by death claims collected and policy surrenders (if any).

- For banks with over \$100 million in assets, the percentage owning BOLI stood at 70.0% at June 30, 2017, and for banks with over \$300 million in assets, the percentage owning BOLI stood at 77.6% at June 30, 2017.
- Although the number of banks holding BOLI declined between June 30, 2016 and June 30, 2017, this decline was primarily attributable to the continuing trend in the banking industry of mergers and acquisitions rather than banks terminating their BOLI programs.

<b>Table 2. Total BOLI Assets (in billions) Held by Banks</b>				
<b>Banks by Asset Size</b>	<b>As of June 30, 2017</b>	<b>As of June 30, 2016</b>	<b>Percent Change in BOLI Assets</b>	<b>Percent Change in Total No. of Banks</b>
Over \$10 billion	\$126.23 billion	\$121.44 billion	3.9%	8.0%
\$1 billion - \$10 billion	\$22.59 billion	\$21.78 billion	3.7%	1.9%
\$500 million - \$1 billion	\$6.38 billion	\$6.11 billion	4.5%	3.8%
\$300 - \$500 million	\$3.91 billion	\$3.96 billion	-1.3%	-4.7%
\$100 - \$300 million	\$4.58 billion	\$4.80 billion	-4.6%	-5.1%
Under \$100 million	\$845.5 million	\$893.7 million	-5.4%	-10.1%
<b>Industry Total</b>	<b>\$164.54 billion</b>	<b>\$158.98 billion</b>	<b>3.5%</b>	<b>-4.5%</b>

Source: Equias Alliance / Michael White BOLI Holdings Report™ - 2017 edition

- Institutions with assets with between \$500 million and \$1 billion attained the largest percentage increase (4.5%) in BOLI assets. (See Table 2.)
- Institutions with assets over \$10 billion had the largest percentage increase in the number of banks (an increase of 8.0%).
- Institutions with assets less than \$500 million saw a decline in BOLI assets as many of those institutions merged or were acquired by larger banks.

By Type of BOLI Asset:

- The type of BOLI assets most widely held by banks as of June 30, 2017 was GA policies. (See Table 4.) Ninety-six percent (96.4%) or 3,503 of the 3,634 banks reporting BOLI assets had \$73.82 billion in general account life insurance assets, representing 44.9% of total BOLI assets as of June 30, 2017. (See Tables 3 and 4.) In GA policies, the general assets of the insurance company issuing the policies support their CSV.
- In recent years, banks have gravitated back to general account products because GA products provide more carrier options, somewhat higher yields and simplicity when compared to other BOLI products.
- With a balance of \$73.00 billion as of June 30, 2017, VSA BOLI for the second time this year was behind GA BOLI when measured by dollar amount. It represents 44.4% of all BOLI assets as of June 30, 2017,

down from 45.5% as of June 30, 2016. (See Table 3.) At the same time, only 450 or 7.8% of all banks hold variable separate account assets. (See Table 4.) Now, VSA assets account for the second largest portion of total BOLI CSVs. Variable separate account CSVs are supported by assets legally segregated from the general assets of the insurance carrier. The policyholders neither own the underlying separate account created by the insurance carrier on its behalf, nor control investment decisions in the underlying account, but they do assume all investment and price risk. Accordingly, the investment income and investment gains and losses generally accrue directly to the policyholders and are not accounted for in the general account of the insurer, nor are values guaranteed by the general account of the insurer. Most banks that purchase a VSA product use a “stable value wrap” arrangement provided by a carrier or a third party to reduce the income statement volatility. Because of its complexity, VSA is owned primarily by larger banks.

<b>Table 3. Total BOLI Assets (in billions) by Product Type Held by Banks as of June 30, 2017</b>					
<b>Banks by Asset Size</b>	<b>GA</b>	<b>VSA</b>	<b>HSA</b>	<b>TOTAL</b>	<b>Percent of BOLI Assets Held</b>
Over \$10 billion	\$ 45.33	\$ 69.17	\$ 11.74	\$ 126.23	76.72%
\$1 billion - \$10 billion	\$ 15.66	\$ 3.39	\$ 3.53	\$ 22.59	13.73%
\$500 million - \$1 billion	\$ 5.05	\$ 0.22	\$ 1.11	\$ 6.38	3.88%
\$300 - \$500 million	\$ 3.25	\$ 0.07	\$ 0.60	\$ 3.91	2.38%
\$100 - \$300 million	\$ 3.79	\$ 0.12	\$ 0.67	\$ 4.58	2.78%
Under \$100 million	\$ 0.74	\$ 0.03	\$ 0.07	\$ 0.85	0.51%
<b>Total BOLI Assets</b>	<b>\$ 73.82</b>	<b>\$ 73.00</b>	<b>\$ 17.72</b>	<b>\$ 164.54</b>	<b>100.0%</b>
<b>Percentage Growth Since June 30, 2016</b>	<b>6.0%</b>	<b>1.0%</b>	<b>3.9%</b>	<b>3.5%</b>	

Source: Equias Alliance / Michael White BOLI Holdings Report™ - 2017 edition

<b>Table 4. Percent of Banks Reporting BOLI Assets as of June 30, 2017 That Own:</b>				
<b>Banks by Asset Size</b>	<b>GA</b>	<b>VSA</b>	<b>HSA</b>	<b>BOLI</b>
Over \$10 billion	73.6%	61.2%	47.9%	76.0%
\$1 billion - \$10 billion	80.2%	25.0%	44.1%	82.6%
\$500 million - \$1 billion	73.7%	9.2%	34.2%	76.0%
\$300 - \$500 million	73.3%	4.6%	28.1%	75.3%
\$100 - \$300 million	59.4%	4.1%	18.2%	61.9%
Under \$100 million	39.8%	2.3%	6.1%	41.8%
<b>All Banks</b>	<b>60.5%</b>	<b>7.8%</b>	<b>21.8%</b>	<b>62.8%</b>

Source: Equias Alliance / Michael White BOLI Holdings Report™ - 2017 edition

- Nearly thirteen hundred (1,260 or 21.8%) of all banks reported holding hybrid separate account assets as of June 30, 2017. They held \$17.72 billion in HSA assets, representing 10.8% of total BOLI assets and making HSA the smallest reporting category of BOLI assets. (See Tables 3 and 4.) Hybrid separate account insurance policies combine features of both general and separate account insurance products. Like general account life insurance policies, the general assets of the insurance company issuing hybrid separate account policies support the policies' cash surrender values. However, like variable separate account policies, the assets of hybrid separate accounts are protected from claims on the insurer.

By Institutional Charter:

- There was an increase in the dollar amount of BOLI assets held among all charter classes but one (savings association). There was an increase among all charter classes in the percentage of banks reporting BOLI assets by charter class. (See Tables 5 and 6.) Savings banks and state-chartered Fed member banks had the highest percentage of banks with BOLI assets.

<b>Table 5. Total BOLI Assets (in billions) Held by Bank Charter</b>				
<b>Banks by Charter</b>	<b>As of June 30, 2017</b>	<b>As of June 30, 2016</b>	<b>Percent Change in BOLI Assets</b>	<b>Percent Change in Total Number of Banks by Charter</b>
National Banks	\$99.10 billion	\$96.98 billion	2.2%	-6.7%
Savings Banks	\$6.07 billion	\$5.70 billion	6.5%	-4.3%
Savings Associations	\$4.16 billion	\$4.21 billion	-1.2%	-7.1%
State-Chartered Member Banks	\$26.62 billion	\$24.75 billion	7.5%	-1.1%
State-Chartered Non-Member Banks	\$28.60 billion	\$27.35 billion	4.6%	-4.4%
<b>Industry Total</b>	<b>\$164.54 billion</b>	<b>\$158.98 billion</b>	<b>3.5%</b>	<b>-4.5%</b>

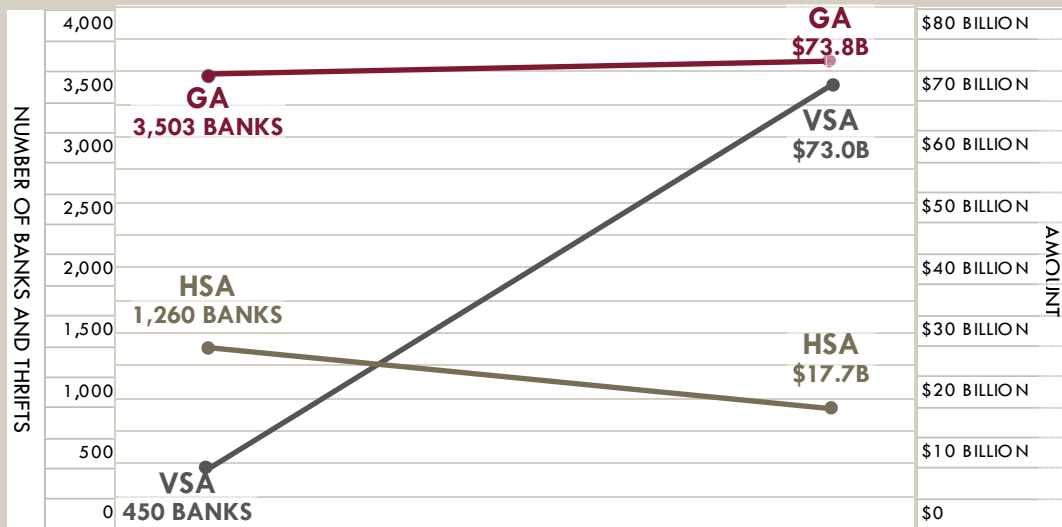
Source: Equias Alliance / Michael White BOLI Holdings Report™ - 2017 edition

- Once again, we see that the overall number of banks in each charter class has declined and that the decline is primarily due to mergers or acquisitions by larger banks.

<b>Table 6. Number and Percentage of Banks Reporting BOLI Assets by Charter</b>				
<b>Banks by Charter</b>	<b>Number of Banks</b>		<b>Percent of Banks</b>	
	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>2017</b>	<b>2016</b>
National Banks	552	582	61.5%	60.5%
Savings Banks	261	268	78.9%	77.4%
Savings Associations	225	235	55.1%	53.5%
State-Chartered Member Banks	580	582	70.7%	70.2%
State-Chartered Non-Member Banks	2,016	2,046	60.5%	58.8%
<b>Industry Total</b>	<b>3,634</b>	<b>3,713</b>	<b>62.8%</b>	<b>61.3%</b>

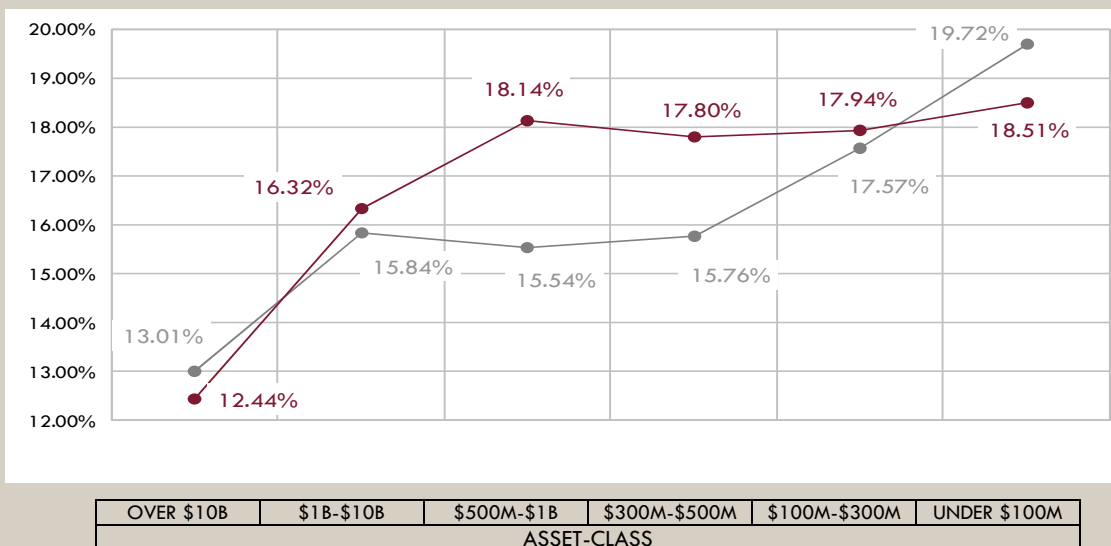
Source: Equias Alliance / Michael White BOLI Holdings Report™ - 2017 edition

**Table 7. Number of Banks and Thrifts Holding GA, VSA AND HSA Assets and Dollar Amounts Held – as of June 30, 2017**



SOURCE: EQUIAS ALLIANCE / MICHAEL WHITE BOLI HOLDINGS REPORT

**Table 8. Bank/Thrift BOLI Assets as a Percentage of Tier 1 Capital Mean Vs. Median by Asset-Class – as of June 30, 2017**



SOURCE: EQUIAS ALLIANCE / MICHAEL WHITE BOLI HOLDINGS REPORT

<b>Table 9. Number and Percentage of Banks Holding BOLI Assets Reporting CSV of Life Insurance as a Percent of Tier 1 Capital Over 25%</b>					
<b>Banks with BOLI Over 25% of Tier 1 Capital</b>	<b>As of June 30, 2017</b>	<b>As of June 30, 2016</b>	<b>As of June 30, 2015</b>	<b>As of June 30, 2014</b>	<b>As of June 30, 2013</b>
Number	527 <i>of 3,634</i>	556 <i>of 3,713</i>	586 <i>of 3,780</i>	619 <i>of 3,824</i>	657 <i>of 3,801</i>
Percentage	14.5%	15.0%	15.5%	16.2%	17.3%

Source: Equias Alliance / Michael White BOLI Holdings Report™ - 2017 edition

### **About the Equias Alliance / Michael White BOLI Holdings Report™**

The *Equias Alliance / Michael White BOLI Holdings Report™* measures and benchmarks the cash surrender values (CSV) and other data pertaining to life insurance held by commercial banks, savings banks, and savings associations. It is one of several reports dealing with bank financial performance as well as bank fee and non-interest income activities published by Equias Alliance or Michael White Associates (MWA).

**Equias Alliance, LLC (“Equias”)**, through its group of nationwide consultants, has assisted over 800 community banks in the design and implementation of BOLI as well as nonqualified benefit plans for selected executives. As evidence of its leadership position in the market, Equias has the exclusive endorsement of the ABA (through its subsidiary, the Corporation for American Banking) and 10 state banking associations for BOLI. Equias ([www.equiasalliance.com](http://www.equiasalliance.com)) is headquartered in Memphis, Tennessee with 20 consultants located in 15 offices throughout the U.S.

**Michael White Associates (“MWA”)** is a bank insurance consulting firm headquartered in Radnor, PA, and its published reports can be obtained at [www.BankInsurance.com](http://www.BankInsurance.com). In addition to the *Equias Alliance / Michael White BOLI Holdings Report™*, MWA offers a series of bank fee income reports, including the *MWA Fee Income Ratings Reports™* which compare, rank and rate a particular financial institution’s insurance or other noninterest fee income program nationally, regionally, statewide and by asset-peer group.

### **For additional information contact:**

David Shoemaker, CPA/PFS, CFP®  
 President  
 Equias Alliance, LLC  
 8000 Centerview Parkway, Suite 525  
 Memphis, TN 38018  
 Phone: 901-754-4924  
 Email: [dshoemaker@equiasalliance.com](mailto:dshoemaker@equiasalliance.com)

Michael D. White, Ph.D., CLU, ChFC  
 President  
 Michael White Associates, LLC  
 823 King of Prussia Road  
 Radnor, PA 19087  
 Phone: 601-254-0440  
 Email: [MWA@BankInsurance.com](mailto:MWA@BankInsurance.com)

Securities offered through ProEquities, Inc., a Registered Broker/Dealer and member FINRA & SIPC.  
 Equias Alliance, LLC is independent of ProEquities, Inc.

Michael White is not a Registered Representative of ProEquities, Inc. nor a Representative of Equias Alliance, LLC.