

BANK INSURANCE MARKET RESEARCH GROUP

RELEASE: Immediate

CONTACT: Andrew Singer
914-381-7475
a.singer@singepubs.com

'Banks in Insurance' Advance Despite 'Soft' Market, Study Reports

Mamaroneck, NY—December 2, 2007: Despite a 'soft' property and casualty (P/C) insurance market, the top 100 'banks in insurance' made substantial gains in the past year, according to *Who's Who in Bank Insurance (2007 Edition)*, distributed this week by the Bank Insurance & Securities Association. The 168-page annual study looks at the top 100 banks and thrifts in insurance brokerage.

Inclusion in the top 100 'banks in insurance' this year required \$4.1 million in annual insurance brokerage revenues, up from \$3.8 million in 2006 and \$3.4 million in 2005. The 'top 100' threshold, in other words, grew 7 percent over the past year—despite a difficult P/C market marked by steep declines in premium renewal rates.

The 50th ranking institution (Susquehanna Bancshares) had \$12.89 million in insurance brokerage revenues, compared with \$12.55 million at the 50th ranking institution in 2006 (First Charter Corporation) and \$10.78 million in 2005 (Leesport Financial Corporation).

Published annually by the [Bank Insurance Market Research Group](#) (Mamaroneck, NY), the study identified 23 institutions where insurance was a major (reportable) business segment. Seven of these bank companies drew 10 percent or more of *net income* (not revenues) from insurance. These were BNCCorp (53%), Oneida Financial (24%), Leesport Financial (19%), Greater Bay Bancorp (17%), Evans Bancorp (17%), ACNB (14%), and

First Financial Holdings (13%) (See table below).

The median contribution to the parent company's net income was 5.6 percent at these 23 institutions. For every \$100.00 of bank company profits, insurance accounted for \$5.60. Last year the median earnings contribution was 4.4 percent, or \$4.40 for every \$100 of net income.

Insurance Net Income/Parent Company's Net Income in 2006 (Dollars in Millions)						
			Insurance net	Net	Parent	2006
			Income/Bank	Insurance	Company's	Insurance
	Bank		net income	Income	Net income	Revenues
1	BNCCorp	ND	53.3%	\$1.93	\$3.62	\$18.3
2	Oneida Financial	NY	24.0%	\$1.01	\$4.20	\$9.6
3	Leesport Financial	PA	19.4%	\$2.33	\$11.99	\$11.3
4	Greater Bay Bancorp*	CA	17.3%	\$24.06	\$139.08	\$154.50
5	Evans Bancorp	NY	17.3%	\$0.85	\$4.92	\$6.5
6	ACNB*	PA	13.7%	\$1.00	\$7.29	\$4.8
7	First Financial Holdings	SC	13.0%	\$3.59	\$27.63	\$20.9
8	Countrywide Financial*	CA	7.4%	\$320.00	\$4,334.14	\$1,214.1
9	German American Bancorp	IN	6.3%	\$0.64	\$10.22	\$4.8
10	BB&T Corp.	NC	5.8%	\$89.00	\$1,528.00	\$805.9

Source: [Who's Who in Bank Insurance \(2007 Edition\)](#) *Pre-tax income

Commercial P/C lines dominated at the top 100 banks in insurance—although less so than in past years. Sixty-eight percent (68%) of institutions that responded to a BIMRG survey conducted in the summer and fall of 2007 affirmed that commercial lines were their leading revenue generator, down from 73 percent in 2006 and 79 percent in 2005. Employee benefits or personal lines were typically the second leading line (in about equal measure).

What about cross-selling insurance to bank customers? Among institutions that disclosed cross-selling ratios, the median rate was 13 percent, down from 14 percent in the previous year. That is, about 13 percent of new insurance business in 2007 was expected to come from bank customers or bank referrals.

The list of top 10 institutions was little changed from the previous year (go to http://singerpubs.com/html/who_swho.html for the top ten and top 25), although three of the top

10 institutions in this study recently underwent major changes: Bank of America (ranked 6th) sold its commercial insurance agency to Hilb Rogal & Hobbs Co. Commerce Bancorp Inc. (ranked 10th) announced the (intended) sale of its insurance brokerage to agency founder George Norcross. And Greater Bay Bancorp (ranked 7th) sold itself (and its ABD Financial agency) to Wells Fargo.

On the plus side, “other banks used the past year to reaffirm their insurance commitment,” writes author Andrew Singer. “Wells Fargo (ranked 2nd) and BB&T (ranked 3rd) continued to snap up agencies, and Wells Fargo CEO John Stumpf went so far as to declare that insurance brokerage and small business operations would be the key growth areas of the bank in the next three to five years. Shore Bancshares (ranked 73rd) doubled the size of its agency business in 2007 with two October acquisitions. National City (ranked 16th) continued to acquire employee benefits businesses. Meanwhile, at Angola, New York-based Evans Bancorp (ranked 75th), insurance contributed *more net income than banking activities* in the first half of 2007.”

The study was sponsored by BISA, EAI Information Systems, Invest Financial, Omni Builders Risk, and Symetra Financial. It is distributed at no cost to members of the Bank Insurance & Securities Association. For non-members, the charge is \$275.

The Bank Insurance Market Research Group (www.singerpubs.com) provides market research and investment sales data to the bank and insurance industries. Data is based on in-depth surveys of depository and insurance entities augmented by analysis of government data.

The Bank Insurance & Securities Association (BISA) is the nation's leading trade association dedicated to serving the needs of those responsible for marketing securities, insurance and other investment and risk management products through commercial banks, trust companies, savings institutions, and credit unions. The membership includes financial institutions of all sizes, their broker/dealer, insurance, and mutual fund subsidiaries, and firms providing products and/or services to support these operations.

NOTE: Credentialed members of the press may obtain additional information by calling BISA at 610-989-9047 or Andrew Singer at 914-381-7475.