

BANK INSURANCE MARKET RESEARCH GROUP

RELEASE: Immediate

CONTACT: Bank Insurance Market Research Group
914-381-7475
a.singer@singerpubs.com

Commercial lines dominate at Top 10 Banks in Insurance

MAMARONECK, NY-October 31, 2005: Commercial property and casualty (P&C) is the dominant insurance line—by far—among the nation’s leading banks in insurance, according to the recently published *Who’s Who in Bank Insurance* (2005 Edition).

Indeed, eight of the top 10-ranked institutions—Wells Fargo, BB&T, Wachovia, Bank of America, Greater Bay Bancorp, Regions Financial, UnionBanCal Corp., and Commerce Bancorp—achieved their position largely through the acquisition of commercial P&C agencies. The remaining two on the list, Citigroup and JPMorgan Chase, acquired insurance *underwriters*: Travelers Group (since sold) in the case of Citigroup, and Zurich Life (through its Bank One merger) in the case of JPMorgan.

Published by the Bank Insurance Market Research Group (Mamaroneck, NY) and distributed by the Bank Insurance & Securities Association (Wayne, PA), a strategic partner, *Who’s Who in Bank Insurance* aims to tell the “story behind the numbers of the top 100 banks in insurance,” according to the study’s author, Andrew Singer. “Given the strides that banks have made in the insurance brokerage business over the last half decade, a comprehensive look at of where things stand today with regard to banks in insurance has long been overdue.”

“Since the passage of Gramm-Leach-Bliley bank reform legislation in 1999, banks have led the charge in acquiring insurance brokers,” note Patrick T. Linnert and John M. Wepler of MarshBerry in the foreword to the study. “Depository institutions have closed approximately 30 percent of all broker transactions since 1999, and the top 30 banks in insurance alone have amassed more that \$3.4 billion in property/casualty and group health brokerage revenue. Additionally, 25 of the nation’s top 100 insurance brokers are now bank-owned.”

The 154-page study looks at the top 104 banking institutions (four thrifts are also included) and divides them into four categories (Top 10, Top 25, Up-and-Comer, Others). Rankings are based on Federal Reserve Board data that is qualified by BIMRG’s surveys, interviews and analysis. Annual insurance brokerage revenues of \$3.2 million were required to make the cut (i.e., the top 104) for the 2005 edition, which is based on 2004 performance data. The emphasis is on non-annuity brokerage performance.

Rounding out the ‘Top 25’ (see accompanying list) were Compass Bancshares, BancorpSouth, First Horizon National, Citizens Financial, Countrywide Financial, TD Banknorth, Old National Bancorp, Sky Financial, Guaranty Bank, Webster Financial, Associated Banc-Corp, Popular Inc., Cullen-Frost Bankers, Eastern Bank Corp., and People’s Mutual Holdings.

Seventy-nine percent of institutions in a BIMRG survey that accompanied the study said commercial lines were their leading revenue producer. Personal lines were mostly likely to be the second leading insurance line, closely followed by employee benefits.

The study also looks at how well banks are doing at selling insurance to existing bank customers. While banks have often prospered in the acquisition area, they have often struggled when it comes to cross-selling insurance, notes the study. The median cross-selling ratio was 16 percent. That is, about 16 percent of new insurance business in 2005 was expected to come from bank customers or bank referrals. The balance was from non-bank customers.

Cross-sale ratios ranged from a high of 90 percent at Zions Bancorporation (UT) and National Penn Bancshares (PA), both of which sell primarily commercial lines, to a low of 6 percent at Evans Bancorp, Inc. (NY) and Mercantile Bankshares (MD), where the leading insurance lines were commercial lines and group medical insurance, respectively.

Elsewhere, notes the study, a reader “may be struck by the high proportion of Southern institutions with active insurance operations. Mississippi has six institutions in the top 100 (or, more properly, the top 104), more than California’s four. North Carolina has five, including three in the top 10 (BB&T, Wachovia, and Bank of America). Alabama has four, including two in the top 25, while Georgia has three.

“New York was the overall leader, with ten institutions in the top 100, half of them based in upstate New York. Pennsylvania has seven among the top 104; Ohio and Texas have six each.”

MarshBerry (Concord, OH) was the sponsor of *Who’s Who in Bank Insurance*. The firm is a leading provider of financial, operational, sales management and organizational services to the top 2,000 entities within the insurance distribution system.

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. For further information, contact Andrew Singer at 914-381-7475.

Excerpts from *Who's Who in Bank Insurance*

(The Top 10 Banks—Listed in Order)

1. “For seven years, **Citigroup** was the dominant bank insurance player, the perennial leader in insurance brokerage and underwriting. But on July 18th, the New York banking giant reported, ‘We closed the sale of our Life Insurance and Annuities business...’”
2. “With its 2001 acquisition of insurance broker Acordia, Inc.—the largest U.S. bank-agency deal to date—**Wells Fargo & Company** helped set the standard for banks in insurance. Chicago-based Acordia, with \$8.5 billion of annual premium, remains the largest bank-owned agency in the country, with more than 150 offices and 4,500 employees. It is also the fifth largest insurance broker in the world.”
3. “Insurance brokerage is the *largest provider of noninterest income* at \$102 billion (assets) **BB&T Corporation**. (Its share was 31 percent in the second quarter of 2005.) No larger banking company can make such a claim...”
4. “[T]hrough its merger with Bank One, **JPMorgan Chase** acquired one of the bank industry’s pioneers in using banking staff to sell investments, annuities and insurance. Bank One had licensed thousands of bankers to sell these products. It remains to be seen, however, whether JPMorgan will pursue retail bank distribution of insurance with the same aggressiveness.”
5. The acquisition of Palmer & Cay, a Savannah, Georgia-based insurance brokerage and benefits consulting firm with \$150 million in annual revenues, was a key development in a growth strategy that has nearly tripled the size of **Wachovia Insurance Services** in less than three years. It has made Wachovia a “powerhouse” in the distribution of commercial property & casualty insurance...”
6. With its April 2004 acquisition of FleetBoston Financial, **Bank of America Corp.**, the nation’s third largest bank company (by assets), took command of a \$114 million (annual revenues) insurance unit with commercial lines operations in six states. Fleet Insurance Services was the seventh largest bank-owned agency in the U.S. at the time...”
7. At no large banking company does insurance play a bigger role than it does at **Greater Bay Bancorp**. Insurance brokerage revenues accounted for 72 percent of total fee income in 2004, a higher ratio than at any traditional banking company with more than \$1 billion in assets.
8. **Regions Financial** (AL) commands one of the nation’s top 10 bank-owned agencies with annual premiums of about \$800 million. Its aim is to have an insurance agency eventually in all 15 states of the \$85.3 billion (assets) banking company’s footprint.

9. With its acquisition of Armstrong Robtaille Insurance Services in 2001, **Union Bank of California** (UBOC) established its insurance presence in the greater Los Angeles area. It also secured its foundation agency. Armstrong Robtaille was one of the top 100 brokers in the U.S. ...”

10. “**Commerce Bancorp’s** goal is to create one of the top insurance brokerage firms in the country. ‘We definitely plan to grow larger,’ insurance chief Norcross told us in an earlier interview, ‘and to be the dominant business in the New Jersey, New York, and Pennsylvania areas.’ They are already the largest insurance brokerage in New Jersey.”

Who's Who by BIRMG Category

Top 10

Citigroup Inc.	8
Wells Fargo & Company.....	10
BB&T Corp.	12
JPMorgan Chase & Co.	14
Wachovia Corporation.....	16
Bank of America Corporation	18
Greater Bay Bancorp	21
Regions Financial Corporation.....	23
UnionBanCal Corporation.....	25
Commerce Bancorp, Inc.	27

Top 25

Compass Bancshares	31
BancorpSouth, Inc.	34
First Horizon National Corp.	36
Citizens Financial Group.....	38
Countrywide Financial Corporation	40
TD Banknorth Group, Inc.	42
Old National Bancorp.....	44
Sky Financial Group, Inc.	46
Guaranty Bank.....	50
Webster Financial Corp.	51
Associated Banc-Corp.....	53
Popular, Inc.	55
Cullen/Frost Bankers	59
Eastern Bank Corporation	60
People's Mutual Holdings.....	62

Up-and-Comers (30)

Suntrust Banks, Inc.	64
HSBC USA, Inc.	65
Trustmark Corp.	69
M&T Bank Corporation	71
First Financial Holdings, Inc.	73
BNCCorp, Inc.	75
First Niagara Financial Group.....	77
Johnson Financial Group, Inc.	82
R&G Financial Corporation	85
Doral Financial Corporation.....	91
First Charter Corporation	92
Leesport Financial Corp.	93
Main Street Banks, Inc.	96
CoBiz Inc.	100
Susquehanna Bancshares, Inc.	102
Oneida Financial Corp.	105
Shore Bancshares, Inc.	109
Tompkins Trustco, Inc.	111
Peoples Bancorp, Inc.	117
BancWest Corp.	120
Great River Financial Group	123
Evans Bancorp, Inc.	125
Sandy Spring Bancorp, Inc.	126
German American Bancorp.....	129
Legacy Texas Group, Inc.	130
South Financial Group.....	132

Hancock Holding Company.....	138
Sterling Financial Corporation	145
First Commonwealth Financial	150
S & T Bancorp, Inc.	151

Others (49)

MBNA Corporation	20
National City Corporation.....	29
Fifth Third Bancorp.....	30
PNC Financial Services.....	33
AmSouth Bancorporation.....	47
KeyCorp.....	48
U.S. Bancorp	49
Hibernia Corp.....	57
LaSalle Bank Corp.	67
Bank of Hawaii Corporation	78
First National of Nebraska	80
Mercantile Bankshares Corporation	81
Valley National Bancorp.....	83
Comerica, Inc.	86
Huntington Bancshares	88
North Fork Bancorporation, Inc.	90
Bremer Financial Corp.	95
TCF Financial Corporation	98
Sunflower Banks, Inc.	99
PlainsCapital Corp.....	103
Lauritzen Corporation	104
Zions Bancorporation	106
Chittenden Corp.	107
First BanCorp.....	108
FBOP Corp.	110
Texas Independent Bancshares, Inc.	112
United National Corporation	113
Citizens Banking Corporation	114
First Financial Corp.	115
New York Community Bancorp.....	116
SCB Bancorp, Inc.	119
MountainOne Financial Partners.....	122
First Bank Corporation.....	124
Renasant Corporation.....	127
First Western Bancorp, Inc.	128
NBC Capital Corp.	131
Team Financial, Inc.	133
NewAlliance Bancshares, Inc.	134
First Citizens Bancshares Inc.	135
International Bancshares Corp.	136
National Penn Bancshares.	136
First M&F Corporation	140
Texas Regional Bancshares.....	141
1st Source Corporation.....	142
Synovus Financial Corp.	143
Provident Bankshares Corp.	144
Alabama National BanCorporation	147
Van Diest Investment Company.....	148
UMB Financial Corporation.....	149

BANK INSURANCE MARKET RESEARCH GROUP

Yes, I would like to order *Who's Who in Bank Insurance*. The price of this 154-page report is \$195. My check for \$195.00 is enclosed. (Visa and Mastercard are also accepted.)

Name _____

Title _____

Organization _____

Address _____

City _____ State _____ e-mail _____

Zip _____ Tel _____

Mastercard/Visa#: _____

Exp. Date: _____

Make check payable to: Ethikos

Fax to: (914) 381-6947

Telephone: (914) 381-7475

Mail to: Bank Insurance Market Research Group, c/o Ethikos, P.O. Box 31,
Mamaroneck, NY 10543.

Website: <http://singerpubs.com>

To order other BIMRG products: <http://singerpubs.com/html/toorderproducts.html>