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A Ray of Light for Banks: Record Insurance Sales

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Insurance continued to be a bright spot for banks in the first quarter, as guarantees lured customers and banks ramped up their sales efforts.

Insurance brokerage income at bank holding companies was \$3.98 billion, up 19.8% from \$3.32 billion in first quarter of 2010, according to the Michael White-Prudential Bank Insurance Fee Income Report. That quarter and the one before it have produced the highest totals ever recorded for holding companies' insurance brokerage fee income, according to the report.

Income grew strongly on a quarter-to-quarter basis as well. First-quarter 2011 income was 10.6% greater than fourth-quarter 2010 income, according to the report.

"I think it's the same thing we've seen since the whole financial crash started, which is the flight to guarantees," said Carmen Effron, president at CF Effron Co., a bank insurance consulting firm.

Excluding MetLife, a traditional life insurer, Citigroup Inc. topped the leader board in the first quarter of 2011, with insurance brokerage earnings of \$552 million. Wells Fargo & Co. ranked second, with \$455 million in insurance brokerage fee income. BB&T Corp., which owns more agencies than any other financial holding company, ranked third, with \$222.4 million.

Along with the "flight to guarantees," technology improvements have likely played a role in the banks' insurance sales growth by simplifying and speeding the process, Effron said.

Banks have been focusing more on brokerage for fee income in the wake of financial reform. Their efforts have included adding customer seminars, running more online banner ads, Effron said. They have added price quote applications on their Web pages and made it easier for prospects to contact their insurance agencies. And they've run more sales contests, particularly in the call centers, she added.

Strong-selling insurance products at banks include single-premium and simplified-issue products, noted Effron. Such sales are simpler than those of recurring-premium products. "It's akin to putting money in a CD," said Effron. "It's taking a chunk of money and moving it."

The Prudential Insurance Co. of America is seeing particularly strong sales in single-premium universal life policies, according to Joan Cleveland, senior vice president for business development with individual life insurance.

"Consumers have confidence in their banks; that's where their money is," Cleveland said.

"And I think consumers are really starting to recognize that banks offer life insurance."

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