

Banks' Annuity Fee Income Jumps 29% in 2008

RADNOR, Pa. June 09 (BestWire) — Bank holding companies' income from selling annuities rose to \$2.61 billion in 2008, a 29% increase from 2007, according to a bank insurance consultant's latest report.

New York-based JPMorgan Chase & Co., Bank of America Corp., N.C., and SunTrust Banks Inc., Ga., led all bank holding companies in annuity commission income in 2008, at \$363 million, \$145.9 million and \$123.8 million, respectively, according to the bank annuity fee income report compiled by Michael White Associates and sponsored by the American Bankers Insurance Association.

The report is based on data from all 7,495 commercial and Federal Deposit Insurance Corp.-supervised banks and 880 large bank holding companies operating on Dec. 31, 2008.

Of the 880 bank holding companies, 43.6% participated in annuity sales, the report said. Their \$2.61 billion in commissions and fees made up 12.3% of their \$21.26 billion in total mutual fund and annuity income and 18.3% of their \$14.23 billion in total bank holding company insurance sales volume, or the sum of annuity and insurance brokerage income, the report found.

Of the 7,495 banks, 13.8% participated in annuity sales and earned \$1 billion in commissions, or 38.3% of the banking industry's total annuity fee income, according to the report.

Meanwhile, in the first quarter of this year, total U.S. sales of fixed annuities, including equity-indexed, jumped 78% from the same period a year ago, to an estimated \$34.9 billion, according to Beacon Research, a firm that racks the data (BestWire, June 2, 2009).

More than half of all sales of book-value fixed annuities occur in banks, said Jeremy Alexander, president and chief executive officer of the firm. Because of the rate advantage they had over bank CDs, sales showed a tremendous increase - at 96% - over last year's first quarter, he said.

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