

Banks get a boost from annuities, with Wells Fargo leading the way

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Fee income from annuity sales climbed at bank holding companies during the first three quarters of 2009, according to data from Michael White Associates LLC.

Fee income from the sale of fixed and variable annuities rose to \$2.0 billion through the first nine months of 2009, a gain of 2.5% from the comparable period in 2009. Commissions from the sale of those annuities also leapt in the third quarter, rising to \$669.8 million and reflecting a gain of 4% from the year-ago period, according to the Michael White-ABIA Bank Annuity Fee Income Report, which was sponsored by the American Bankers Insurance Association.

The data comes from 7,319 commercial and FDIC-supervised banks and 922 large top-tier bank holding companies.

The bank holding company with the highest amount of annuity fee income in the first nine months of the year was Wells Fargo & Co., with \$504 million, down 17.6% from the comparable period in 2008. JPMorgan Chase & Co. came in second with \$258 million in annuity fee income, experiencing a more modest dip of 3.73% from the first nine months in 2008.

Some firms' experienced drastic growth in their annuity fee income, including Regions Financial Corp. Fee income from annuity sales rose by 235% to \$71.2 million for the first nine months in 2009. Bank of America Corp., had an 84.21% gain in annuity fee income, hitting \$203 million. The company's acquisition of Merrill Lynch helped strengthen the Bank of America's annuity distribution considerably, said Michael D. White, president of Michael White Associates.

The biggest firms—those with more than \$10 billion in assets—made up the lion's share of commissions from annuity sales. Through the first three quarters of the year, 71% of those large bank-holding companies raked in \$1.89 billion in commissions, accounting for 94.6% of total annuity commissions reported, according to the study. That's up 3.5% from the same period last year.