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THE FINANCIAL SERVICES ROUNDTABLE

The Financial Services Fact Book

2010

The Financial Services Fact Book 2010

INSURANCE INFORMATION INSTITUTE

The Financial Services Roundtable

TO THE READER

A familiar Charles Dickens quote seemed to epitomize 2009 for many industry leaders, as we're sure it resonated with you: "it was the best of times, it was the worst of times."

Since its inception in 2002, the Financial Services Fact Book, a partnership between The Financial Services Roundtable and the Insurance Information Institute, has provided information to help reporters, businesses and researchers understand the trends and statistics shaping the financial services industry. This role has become even more critical in recent year, as the sector has confronted unprecedented economic and financial challenges.

The industry continues to re-invent itself on multiple fronts, with customer needs and creativity at its helm. The 2010 edition provides a wealth of tables and charts on the workings of the insurance, banking and securities sectors. Exciting trends like saving for retirement and planning a financially fit future are taking hold. Other trends and statistics highlighted are:

- Retirement savings
- Banking, insurance and securities industry data
- Mergers and acquisitions
- Mortgage industry and housing
- Global rankings

Many organizations, consultants and others who collect industry data have generously given permission to use their data in this book. However, the bulk of the work involved in collecting, integrating and interpreting the material was done by the Insurance Information Institute, which accepts editorial responsibility for the book.

We actively seek your advice, comments and suggestions for next year's edition. Please contact either of us, Steve@fsround.org or bobh@iii.org.

We're optimistic to say that 2009 was "the year that was" and 2010 is "the year that will be."

Robert P. Hartwig
President
Insurance Information Institute

Steve Bartlett
President and Chief Executive Officer
The Financial Services Roundtable

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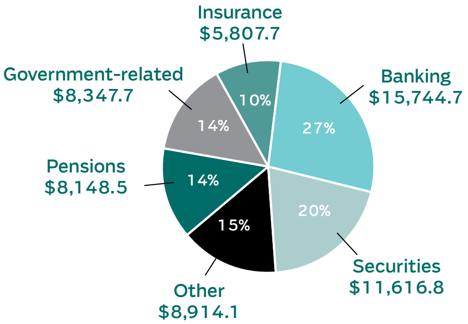
Contents

Financial Services at a Glance

- **The assets of the financial services sector fell 4.2 percent to $58.6 trillion in 2008 from $61.2 trillion in 2007.**
- **The financial services industry's gross domestic product (GDP), excluding the real estate sector, reached $1.09 trillion in 2007, accounting for 8.0 percent of the national GDP.**
- **Financial services employed 6.0 million workers in 2008, accounting for 5.3 percent of total U.S. employment in private industry.**
- **Financial assets of the personal sector grew 39.8 percent to $37.6 trillion in 2008 from $26.9 trillion in 1998. This sector includes households, nonfarm noncorporate business and farm business.**
- **Financial services mergers were valued at $186.5 billion in 2008, down 10 percent from $207.2 billion in 2007.**
- **Retirement assets totaled $14 trillion in 2008, down 22 percent from 2007.**
- **Household debt grew 0.4 percent and business debt rose 5.3 percent from 2007 to 2008.**
- **Insurance fee income reported by bank holding companies (BHCs) dropped from $43.7 billion in 2007 to $42.5 billion in 2008. BHC investment fee income fell 9.5 percent from $62.2 billion in 2007 to $56.3 billion in 2008.**

ASSETS OF FINANCIAL SERVICES SECTORS, 2008

($ billions)



Source: Board of Governors of the Federal Reserve System.

FINANCIAL SERVICES EMPLOYMENT BY INDUSTRY, 2008

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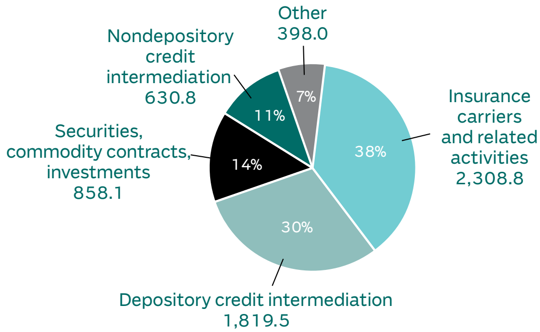


Source: U.S. Department of Labor, Bureau of Labor Statistics.

2009 in Review

The economic downturn that began in 2008 continued to impact the financial services industry in 2009 and has resulted in a number of regulatory and market developments that significantly affect the sector. Key developments of 2009 include:

- Congress enacted the 2009 American Recovery and Reinvestment Act, a $787 billion stimulus package to jumpstart the economy.
- The U.S. Treasury implemented its Financial Stability Plan, laying a foundation for economic recovery. Key elements of the plan include a stress test for major banks, increased balance sheet transparency, consumer and business lending initiatives, a mortgage relief and foreclosure prevention plan, and a Capital Assistance Program for the largest banking institutions.
- The Obama administration proposed sweeping regulatory changes to the financial system. The proposal centered on reorganizing the Federal Reserve to strengthen the oversight of the financial industry's largest firms, giving the government the authority to take control of companies that are important to the general economic system and to take action in the face of bank failures. Under the plan, bank regulation would continue to be shared between several agencies. The plan also proposes a new consumer protection agency that would regulate home loans, credit card fees and other forms of consumer finance.
- As of August 2009 the Treasury had disbursed more than half of the approximately $700 billion funds allocated under the Trouble Asset Relief Program (TARP), the federal rescue package for financial institutions put in place in 2008. In June the Treasury had given permission to 10 of the largest U.S. banks to return their TARP funds, a sign that the financial industry was regaining its strength.

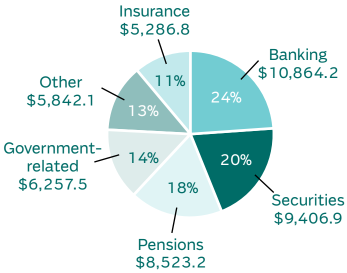
- 1916 National Bank Act limiting bank insurance sales except in small towns
- 1933 Glass-Steagall Act prohibiting commercial banks and securities firms from engaging in each other's business
- 1956 Bank Holding Company Act restricting bank holding company activities
- 1995 VALIC U.S. Supreme Court decision allowing banks to sell annuities
- 1996 Barnett Bank U.S. Supreme Court decision allowing banks to sell insurance nationwide
- 1999 Gramm-Leach-Bliley Act allowing banks, insurance companies and securities firms to affiliate and sell each other's products
- 2008 The Emergency Economic Stabilization Act, a $700 billion rescue plan for the U.S. financial services industry was enacted
- 2009 The Financial Stability Plan was implemented by the U.S. Treasury to promote economic recovery
- The Obama administration proposed a financial services regulatory overhaul

The Financial Services Industry

Assets

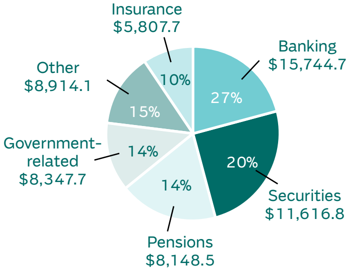
ASSETS OF FINANCIAL SERVICES SECTORS 2004

($ billions)



2008

($ billions)



Source: Board of Governors of the Federal Reserve System, June 11, 2009.

ASSETS OF FINANCIAL SERVICES SECTORS BY INDUSTRY, 2007-2008

($ billions, end of year)

Sector	2007	2008
Banking		
Commercial banking[1]	$11,191.8	$13,408.8
Savings institutions[2]	1,815.0	1,523.5
Credit unions	758.7	812.4
Total	**$13,765.5**	**$15,744.7**
Insurance		
Life insurance companies	4,949.7	4,515.5
All other insurers	1,358.8	1,292.2
Total	**$6,308.5**	**$5,807.7**
Securities		
Mutual and closed-end funds	11,178.9	9,399.6
Securities broker/dealers[3]	3,092.0	2,217.2
Total	**$14,270.9**	**$11,616.8**
Pensions		
Private pension funds[4]	6,391.7	4,600.2
State and local govt retirement funds	3,216.3	2,327.1
Federal govt retirement funds	1,197.2	1,221.2
Total	**$10,805.2**	**$8,148.5**
Government-related		
Government-sponsored enterprises	3,174.2	3,386.9
Federally related mortgage pools[5]	4,463.5	4,960.8
Total	**$7,637.7**	**$8,347.7**
Other		
Finance companies[6]	1,911.2	1,851.7
Real estate investment trusts	316.7	256.2
Asset-backed securities issuers	4,517.1	4,095.0
Funding corporations	1,650.7	2,711.2
Total	**$8,395.7**	**$8,914.1**
Total all sectors	**$61,183.5**	**$58,579.5**

[1]Includes U.S.-chartered commercial banks, foreign banking offices in the U.S., bank holding companies and banks in U.S.-affiliated areas. [2]Includes savings and loan associations, mutual savings banks and federal savings banks. [3]Includes investment banks. [4]Includes defined benefit and defined contribution plans (including 401(k)s) and the Federal Employees Retirement Thrift Savings Plan. [5]Agency- and GSE-backed mortgage pools. [6]Includes retail captive finance companies and mortgage companies.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

NUMBER AND VALUE OF ANNOUNCED FINANCIAL SERVICES MERGERS AND ACQUISITIONS BY SECTOR, 2004-2008

($ billions)

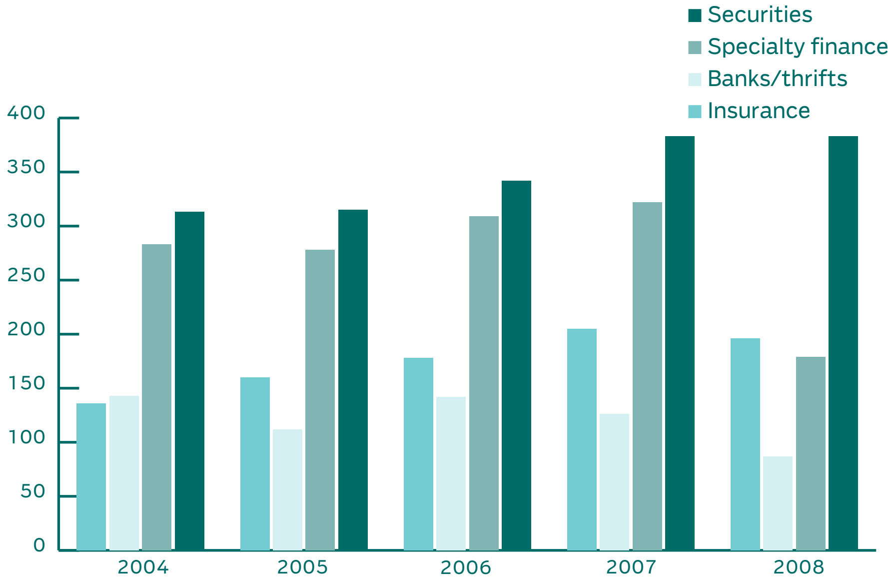
	2004		2005		2006		2007		2008	
	Deals	Value	Deals	Value	Deals	Value	Deals	Value	Deals	Value
Securities[1]	136	$6.7	160	$21.3	178	$47.1	205	$46.0	196	$69.3
Specialty finance[2]	143	18.8	112	58.9	142	22.9	126	48.0	87	27.3
Banks	226	118.0	242	19.6	261	77.7	273	68.9	143	30.9
Thrifts	57	13.6	36	9.8	48	32.2	49	5.1	36	7.7
Insurance	313	14.4	315	49.9	342	24.3	383	39.2	383	29.3
Life/health	27	3.5	27	21.9	35	6.0	33	6.6	23	3.2
Property/casualty	28	0.6	60	10.8	63	15.1	72	19.0	70	18.8
Brokers and agents	240	1.5	215	1.6	227	1.9	259	7.3	281	5.7
Managed care	18	8.9	13	15.5	17	1.1	19	6.3	9	1.5
Total	**875**	**$171.5**	**865**	**$159.4**	**971**	**$204.2**	**1,036**	**$207.2**	**938**	**$186.5**

[1]Includes securities and investment companies, broker/dealers, and asset managers.

[2]Specialty finance firms range from small finance companies to major credit card operations. Includes terminated deals. Asset deals are not included.

Source: SNL Financial LC.

NUMBER OF ANNOUNCED FINANCIAL SERVICES MERGERS AND ACQUISITIONS, 2004-2008



Source: SNL Financial LC.

TOP TEN FINANCIAL SERVICES ACQUISITIONS ANNOUNCED IN THE UNITED STATES, 2008[1]

($ millions)

Rank	Buyer	Industry	Country	Target	Industry	Country	Deal value[2]
1	Bank of America Corporation	Bank	U.S.	Merrill Lynch & Co., Inc.	Broker/ dealer	U.S.	$47,138.3
2	JPMorgan Chase & Co.	Bank	U.S.	Bear Stearns Companies Inc.	Broker/ dealer	U.S.	2,482.4
3	Blackstone Group L.P.	Asset manager	U.S.	Apria Healthcare Group Inc.	Not classified	U.S.	1,600.0
4	Lone Star Funds	Asset manager	U.S.	CIT Group's Home lending business	Specialty lender	U.S.	1,500.0
5	INVESCO Ltd.	Asset manager	U.S.	H&R Block's Option One mortgage servicing business	Specialty lender	U.S.	1,143.6
6	eBay Inc.	Not classified	U.S.	Bill Me Later, Inc.	Specialty lender	U.S.	945.0
7	Blackstone Group L.P.	Asset manager	U.S.	Allied Security Holdings LLC	Not classified	U.S.	750.0
8	Vision Service Plan	Insurance	U.S.	Marchon Eyewear, Inc.	Not classified	U.S.	735.0
9	GSC Group, Inc.	Asset manager	U.S.	Complete Energy Holdings LLC	Not classified	U.S.	673.0
10	Bain Capital LLC	Asset manager	U.S.	Contec Holdings, Ltd.	Not classified	U.S.	525.0

[1]Both companies involved are U.S.-domiciled companies. List does not include terminated deals.
[2]At announcement.

Source: SNL Financial LC.

Employment

From 2004 to 2008 employment in the financial services industry averaged 5.3 percent of total U.S. employment in private industry.

EMPLOYMENT IN THE FINANCIAL SERVICES INDUSTRY, 2004-2008

(000)

Year	Monetary authorities	Depository credit intermediation	Non-depository credit intermediation	Activities related to credit intermediation	Securities, commodity contracts, investments	Insurance carriers and related activities	Funds/ trusts	Total
2004	21.8	1,751.5	756.9	308.7	766.1	2,258.6	81.7	5,945.3
2005	20.8	1,769.2	769.9	329.9	786.1	2,259.3	83.7	6,018.9
2006	21.2	1,802.0	776.3	346.6	818.3	2,303.7	87.9	6,156.0
2007	21.6	1,823.5	715.9	327.0	848.6	2,306.8	88.7	6,132.1
2008	22.2	1,819.5	630.8	285.5	858.1	2,308.8	90.3	6,015.2

Source: U.S. Department of Labor, Bureau of Labor Statistics.

FINANCIAL SERVICES EMPLOYMENT BY INDUSTRY, 2008

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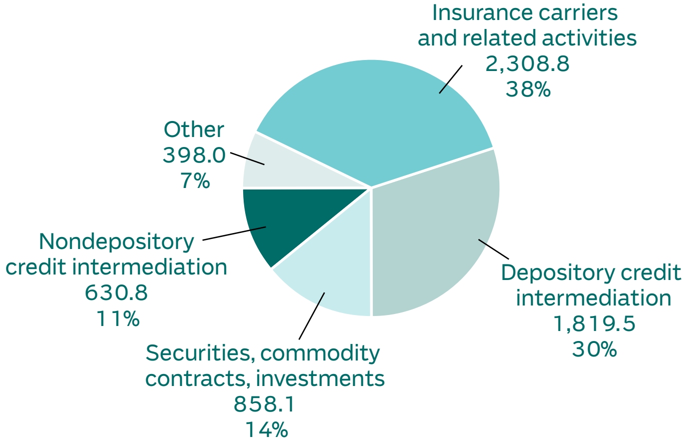


- Employment in private industry grew from 109.8 million in 2004 to 114.6 million in 2008.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

The Financial Services Industry

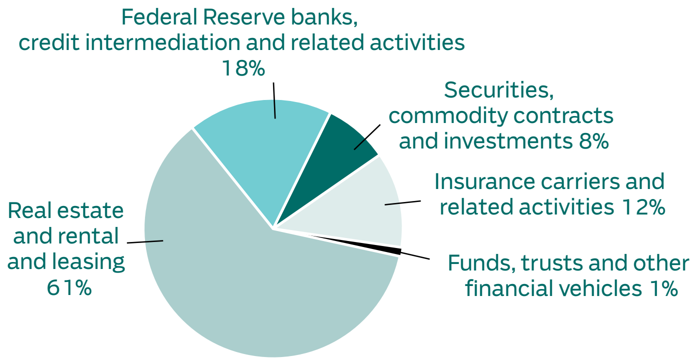
Gross Domestic Product

Financial Services Contribution to Gross Domestic Product

Gross domestic product (GDP) is the total value of all final goods and services produced in the economy. The GDP growth rate is the primary indicator of the state of the economy.

- When real estate transactions (e.g., leasing, renting, management and sales services) are included, financial services accounted for 20.5 percent of the GDP in 2007, the same share as in the three previous years.

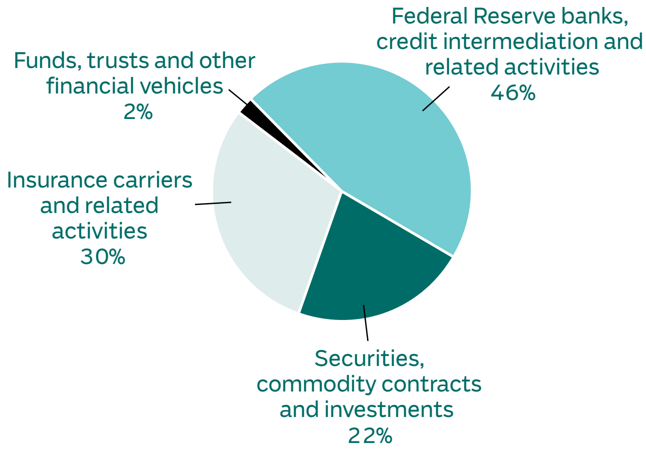
GROSS DOMESTIC PRODUCT OF FINANCIAL SERVICES, SHARES BY COMPONENT, INCLUDING REAL ESTATE, 2007



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

- With real estate excluded, the remaining financial services industries accounted for 8.0 percent of the GDP in 2007, compared with 8.1 percent in 2006.

GROSS DOMESTIC PRODUCT OF FINANCIAL SERVICES, SHARES BY COMPONENT, EXCLUDING REAL ESTATE, 2007



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

GROSS DOMESTIC PRODUCT OF THE FINANCIAL SERVICES INDUSTRY, 2003-2007[1]

($ billions)

	2003	2004	2005	2006	2007
Total GDP	**$10,886.2**	**$11,607.0**	**$12,339.0**	**$13,090.8**	**$13,715.7**
Total financial services industry	**2,244.6**	**2,378.8**	**2,527.9**	**2,685.8**	**2,811.2**
Industry percent of total GDP	20.6%	20.5%	20.5%	20.5%	20.5%
Finance and insurance	$864.6	$907.9	$989.5	$1,060.9	$1,091.4
Insurance carriers and related activities	255.0	267.7	280.0	311.8	332.5
Federal Reserve banks, credit intermediation and related activities	445.0	457.8	495.9	518.8	504.4
Securities, commodity contracts and investments	145.9	158.3	188.5	211.9	237.5
Funds, trusts and other financial vehicles	18.7	24.1	25.1	18.5	17.0
Total real estate and rental and leasing	**$1,380.0**	**$1,470.9**	**$1,538.5**	**$1,624.8**	**$1,719.8**
Real estate	1,274.2	1,366.7	1,428.2	1,498.3	1,586.5
Rental and leasing services and lessors of intangible assets	105.8	104.1	110.3	126.6	133.3

[1]Includes real estate and rental and leasing.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

FINANCIAL SERVICES SECTOR'S SHARE OF GROSS DOMESTIC PRODUCT, 2003-2007[1]

	Percent of total gross domestic product				
	2003	2004	2005	2006	2007
Total financial services industry	**20.6%**	**20.5%**	**20.5%**	**20.5%**	**20.5%**
Finance and insurance	7.9	7.8	8.0	8.1	8.0
Federal Reserve banks, credit intermediation and related activities	4.1	3.9	4.0	4.0	3.7
Insurance carriers and related activities	2.3	2.3	2.3	2.4	2.4
Securities, commodity contracts and investments	1.3	1.4	1.5	1.6	1.7
Funds, trusts and other financial vehicles	0.2	0.2	0.2	0.1	0.1
Real estate and rental and leasing	12.7	12.7	12.5	12.4	12.5

[1]Includes real estate and rental and leasing.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The Financial Services Industry

Gross Domestic Product

FINANCIAL SERVICES VS. TOTAL U.S. GROSS DOMESTIC PRODUCT GROWTH, 2003-2007

($ billions)

Year	Total U.S. gross domestic product	Percent change from prior year	Finance, insurance, real estate and rental and leasing	Percent change from prior year	Finance and insurance	Percent change from prior year
2003	$10,886.2	4.7%	$2,244.6	4.8%	$864.6	5.1%
2004	11,607.0	6.6	2,378.8	6.0	907.9	5.0
2005	12,339.0	6.3	2,527.9	6.3	989.5	9.0
2006	13,090.8	6.1	2,685.8	6.2	1,060.9	7.2
2007	13,715.7	4.8	2,811.2	4.7	1,091.4	2.9

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

FINANCIAL SERVICES PERCENTAGE SHARE OF GROSS STATE PRODUCT, 2008[1]

State	Percent
Alabama	5.3%
Alaska	2.7
Arizona	7.1
Arkansas	3.7
California	5.8
Colorado	5.9
Connecticut	15.6
Delaware	32.3
D.C.	4.1
Florida	6.4
Georgia	6.0
Hawaii	3.8
Idaho	4.6
Illinois	9.2
Indiana	5.8
Iowa	10.5
Kansas	5.6
Kentucky	4.7
Louisiana	3.0%
Maine	6.2
Maryland	5.6
Massachusetts	9.7
Michigan	6.0
Minnesota	8.7
Mississippi	4.1
Missouri	5.6
Montana	4.7
Nebraska	7.4
Nevada	7.6
New Hampshire	8.2
New Jersey	7.7
New Mexico	2.9
New York	16.4
North Carolina	10.0
North Dakota	5.3
Ohio	7.4
Oklahoma	4.2%
Oregon	4.9
Pennsylvania	7.3
Rhode Island	11.2
South Carolina	4.7
South Dakota	17.5
Tennessee	5.7
Texas	5.5
Utah	8.6
Vermont	5.8
Virginia	5.8
Washington	5.3
West Virginia	4.0
Wisconsin	7.4
Wyoming	2.5
United States	**7.5%[2]**

[1]Excludes real estate.

[2]Differs from data shown elsewhere for United States due to rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

LARGEST U.S. FINANCIAL SERVICES FIRMS BY REVENUES, 2008[1]

($ millions)

Rank	Company	Revenues	Profits	Profits as a percent of Revenues	Profits as a percent of Assets	Industry	Employees
1	General Electric	$183,207	$17,410	10%	2%	Diversified financial	323,000
2	Bank of America Corp.	113,106	4,008	4	0	Banking	243,075
3	Citigroup	112,372	-27,684	-25	-1	Banking	324,850
4	Berkshire Hathaway	107,786	4,994	5	2	Insurance	246,083
5	J.P. Morgan Chase & Co.	101,491	5,605	6	0	Banking	224,961
6	Morgan Stanley	62,262	1,707	3	0	Banking	46,964
7	State Farm Insurance Cos.	61,343	-542	-1	0	Insurance	68,517
8	MetLife	55,085	3,209	6	1	Insurance	57,000
9	Goldman Sachs Group	53,579	2,322	4	0	Banking	30,067
10	Wells Fargo	51,652	2,655	5	0	Banking	281,000
11	GMAC	35,445	1,868	5	1	Banking	22,700
12	American Express	31,877	2,699	9	2	Banking	66,000
13	New York Life Insurance	31,416	-950	-3	-1	Insurance	17,124
14	Allstate	29,394	-1,679	-6	-1	Insurance	38,450
15	TIAA-CREF	29,363	-3,345	-11	-1	Insurance	7,069
16	Prudential Financial	29,275	-1,073	-4	0	Insurance	41,844
17	Liberty Mutual Insurance Group	28,855	1,140	4	1	Insurance	45,000
18	Travelers Cos.	24,477	2,924	12	3	Insurance	33,000
19	Fannie Mae	22,652	-58,707	-259	-6	Diversified financial	5,800
20	Northwestern Mutual	21,734	483	2	0	Insurance	4,938
21	Nationwide	19,848	-342	-2	0	Insurance	34,345
22	U.S. Bancorp	19,229	2,946	15	1	Banking	57,904
23	Massachusetts Mutual Life Insurance	18,745	-924	-5	-1	Insurance	12,326
24	International Assets Holding	18,359	28	0	6	Diversified financial	195
25	Capital One Financial	17,869	-46	0	0	Banking	25,800

[1]Based on an analysis of companies in the Fortune 500.

Source: Fortune.

Corporate Social Responsibility

Financial services firms are major contributors to charitable causes, according to a survey of almost 200 of the largest U.S. corporations by the Conference Board. Banks, insurance companies and finance firms were each among the top 15 contributors. These three segments of the financial services industry made combined donations of $1.03 billion, making financial services the second largest contributor by industry, topped only by pharmaceuticals.

LARGEST GIVERS TO U.S. BENEFICIARIES BY INDUSTRY, 2007

Rank	Industry	Number of companies	Total U.S. contributions
1	Pharmaceuticals	12	$3,840,799,369
2	**Banks**	**18**	**718,342,606**
3	Computers and technology	15	644,367,140
4	Petroleum, gas and mining	7	549,082,917
5	Food, beverage and tobacco	14	507,998,103
6	Printing, publishing and media	6	494,587,399
7	Retail and wholesale trade	10	437,928,926
8	Other services[1]	12	286,388,905
9	**Insurance**	**19**	**211,103,197**
10	Utilities	26	179,247,937
11	Other manufacturing[2]	14	166,865,301
12	Precision instruments	9	140,800,884
13	Chemicals	7	123,939,355
14	**Finance**	**9**	**99,617,113**
15	Aerospace and defense	4	82,392,554
16	Industrial machinery and construction	5	60,685,903
17	Transportation	6	49,437,974
18	Paper and allied products	4	27,333,083
	Total	**197**	**$8,620,918,666**

[1]Includes telecommunications, transportation and other diversified services.

[2]Includes aerospace and defense, electrical equipment and appliances, paper and allied products and other diversified manufacturing.

Source: The Conference Board.

Savings, Investment and Debt Ownership

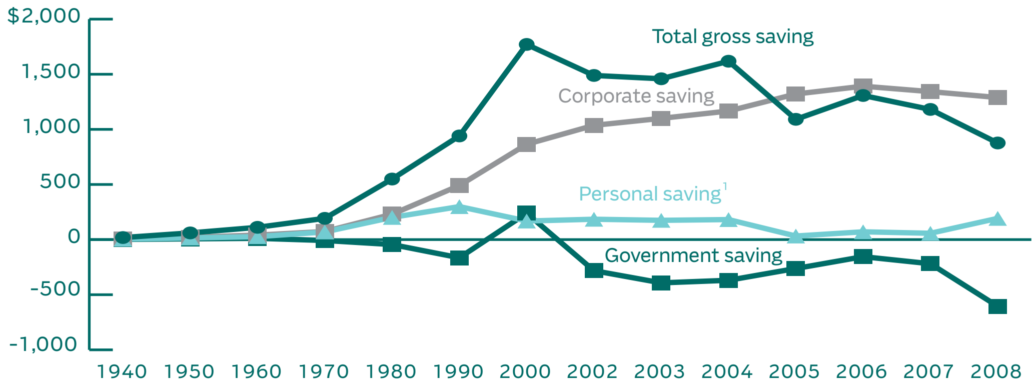
Individuals and businesses seek to increase their assets through savings and investments. They also borrow to purchase assets or finance business opportunities. The financial services industry exists to manage these activities by bringing savers, investors and borrowers together, a process known as financial intermediation. The banking industry acts as an intermediary by taking deposits and lending funds to those who need credit. The securities industry acts as an intermediary by facilitating the process of buying and selling corporate debt and equity to investors. Finance companies provide credit to both individuals and businesses, funded in large part by issuing bonds, asset-backed securities and commercial paper. The insurance industry safeguards the assets of its policyholders, investing the premiums it collects in corporate and government securities.

National Savings

Gross national savings is the excess of production over cost, or earnings over spending. Gross national savings grew in the late 1990s, fueled largely by increased saving on the part of federal, state and local governments, but fell in six of the eight years between 2000 and 2008. Beginning in 2002 total government saving turned negative due to federal personal income tax refunds and rising expenditures at all levels of government. In 2008 all levels of government spent $605 billion more than they received, compared with $218.9 billion in 2007. Personal saving—the excess of personal disposable income over spending—rose steeply from $47.8 billion in 2007 to $192.7 billion in 2008 but was still far below the peak of $299.4 billion reached in 1990.

GROSS NATIONAL SAVINGS, 1940-2008

($ billions)



[1]Includes individuals; nonprofit institutions primarily serving individuals; private noninsured welfare funds; and private trust funds.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Investments

Ownership of Equities and Corporate and Municipal Bonds

Equity and debt markets offer individuals and institutional investors the opportunity to participate in the development and expansion of publicly traded companies and municipalities. Equity investments provide an ownership interest in a company through stocks. Debt securities, generally bonds, represent money a corporation or municipality has borrowed from investors and must repay at a specific time and usually at a specific interest rate. Municipal bonds may be tax-exempt.

HOLDINGS OF U.S. CORPORATE EQUITIES, 2004-2008[1]

($ billions, market value, end of year)

	2004	2005	2006	2007	2008	Percent change 2004-2008
Total	**$18,947.1**	**$20,642.7**	**$24,066.3**	**$25,218.4**	**$15,398.2**	**-18.7%**
Household sector	7,491.0	7,999.5	9,196.4	9,167.9	5,496.6	-26.6
State and local governments	90.0	96.8	106.0	112.7	83.1	-7.7
Federal government	0.0	0.0	0.0	0.0	188.4	NA
Rest of the world[2]	1,904.6	2,039.1	2,472.2	2,750.4	1,807.8	-5.1
Commercial banking	20.3	24.1	35.3	41.5	3.5	-82.8
Savings institutions	28.2	26.2	24.9	25.3	22.7	-19.5
Property/casualty insurance companies	196.6	199.5	227.0	236.2	193.2	-1.7
Life insurance companies	1,053.9	1,161.8	1,364.8	1,464.6	967.8	-8.2
Private pension funds	2,338.5	2,541.7	2,874.8	2,863.3	1,664.7	-28.8
State and local govt retirement funds	1,600.9	1,715.8	1,926.3	1,985.9	1,211.8	-24.3
Federal govt retirement funds	99.2	112.6	138.1	149.1	85.6	-13.7
Mutual funds	3,693.6	4,175.7	4,989.6	5,476.9	3,014.1	-18.4
Closed-end funds	82.3	105.6	122.5	146.2	75.7	-8.0
Exchange-traded funds	219.0	285.8	402.0	573.7	473.9	116.4
Brokers and dealers	129.1	158.3	186.4	224.8	109.2	-15.4

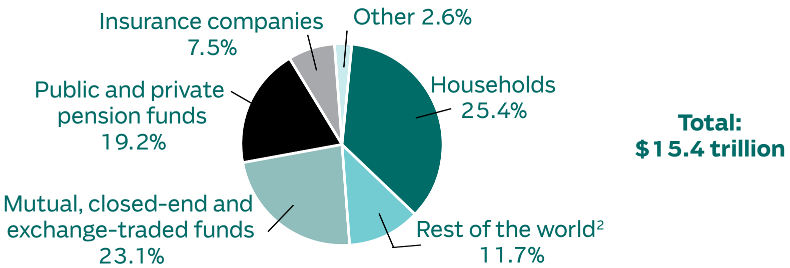
[1]Excludes open-end mutual fund shares.

[2]Holdings of U.S. issues by foreign residents.

NA=Not Applicable.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

HOLDINGS OF U.S. CORPORATE EQUITIES, 2008[1]



[1]Market value, end of year; excludes open-end mutual fund shares. [2]Holdings of U.S. issues by foreign residents.
Source: Board of Governors of the Federal Reserve System, June 11, 2009.

HOLDINGS OF U.S. CORPORATE AND FOREIGN BONDS, 2004-2008

($ billions, end of year)

	2004	2005	2006	2007	2008	Percent change, 2004-2008
Total	**$7,916.6**	**$8,683.3**	**$9,970.2**	**$11,302.0**	**$11,137.0**	**40.7%**
Household sector	1,135.5	1,288.2	1,520.6	1,831.0	1,664.4	46.6
State and local governments	118.2	127.2	139.4	148.1	144.5	22.3
Rest of the world[1]	1,558.9	1,762.9	2,320.8	2,780.8	2,808.4	80.2
Commercial banking	563.6	687.0	780.3	978.7	984.7	74.7
Savings institutions	59.2	80.2	89.4	138.5	104.5	76.5
Credit unions	25.0	23.5	30.6	34.6	25.7	2.8
Property/casualty insurance companies	245.3	262.8	277.0	282.9	276.4	12.7
Life insurance companies	1,756.3	1,824.8	1,822.8	1,862.8	1,839.7	4.7
Private pension funds	267.8	290.0	317.6	357.3	400.1	49.4
State and local govt retirement funds	213.5	227.9	296.9	287.8	288.6	35.2
Federal govt retirement funds	3.0	2.9	2.9	3.0	2.9	-3.3
Money market mutual funds	261.0	263.2	368.3	376.8	228.0	-12.6
Mutual funds	596.8	662.7	768.9	890.5	965.1	61.7
Closed-end funds	67.6	69.3	75.1	74.0	49.8	-26.3
Exchange-traded funds	3.3	5.3	7.6	13.8	27.7	739.4
Government-sponsored enterprises	414.8	465.7	481.7	464.4	335.3	-19.2
Finance companies	256.0	203.5	184.8	189.4	192.4	-24.8
Real Estate Investment Trusts	36.0	53.0	64.6	34.4	14.5	-59.7
Brokers and dealers	238.0	315.7	360.5	383.1	117.0	-50.8
Funding corporations	96.8	67.5	60.4	170.0	667.3	589.4

[1]Holdings of U.S. issues by foreign residents.
Source: Board of Governors of the Federal Reserve System, June 11, 2009.

Investments

HOLDINGS OF U.S. MUNICIPAL SECURITIES AND LOANS, 2004-2008
($ billions, end of year)

	2004	2005	2006	2007	2008	Percent change, 2004-2008
Total	**$2,031.0**	**$2,225.9**	**$2,403.3**	**$2,618.9**	**$2,682.1**	**32.1%**
Household sector	742.4	821.0	871.8	908.0	949.9	27.9
Nonfinancial corporate business	31.8	32.1	28.1	29.8	7.7	-75.8
Nonfarm noncorporate business	4.3	4.4	5.8	6.7	7.1	65.1
State and local governments	4.7	5.0	5.5	5.8	5.7	21.3
Rest of the world	26.0	29.0	34.4	33.0	41.0	57.7
Commercial banking	140.8	157.7	180.2	192.4	215.6	53.1
Savings institutions	7.4	9.0	11.1	11.0	8.4	13.5
Property/casualty insurance companies	267.8	313.2	335.2	371.3	372.8	39.2
Life insurance companies	30.1	32.5	36.6	41.4	41.1	36.5
State and local govt retirement funds	1.8	1.7	3.6	1.9	1.1	-38.9
Money market mutual funds	313.8	336.8	370.3	471.0	494.6	57.6
Mutual funds	294.3	311.7	344.4	372.2	389.6	32.4
Closed-end funds	89.1	89.4	89.4	91.0	78.2	-12.2
Government-sponsored enterprises	44.6	39.7	36.1	33.3	30.5	-31.6
Brokers and dealers	32.0	42.9	50.9	50.1	38.7	20.9

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

Mutual Fund Investments

Mutual fund assets totaled $5.4 trillion at the end of 2008, down from $7.8 trillion at the end of 2007 and the lowest since 2004, according to the Federal Reserve. The household sector holds the largest share of the mutual fund industry. In 2008, 53 million U.S. households owned mutual funds, accounting for 45 percent of households. More than half (56 percent) of U.S. households headed by someone age 45 to 54 owned mutual funds in 2008, according to the Investment Company Institute. (See page 46 and 151 for further information on the mutual fund sector.)

MUTUAL FUNDS BY HOLDER, 2004 AND 2008[1]

($ billions, market value, end of year)

	2004		2008	
	Amount	Percent of total	Amount	Percent of total
Household sector	$3,417.4	62.9%	$3,447.4	63.4%
Private pension funds	1,278.2	23.5	1,229.5	22.6
State and local govt retirement funds	235.9	4.3	181.1	3.3
Life insurance companies	114.4	2.1	154.9	2.8
Nonfinancial corporate business	140.5	2.6	143.3	2.6
State and local governments	27.5	0.5	27.5	0.5
Commercial banking	18.1	0.3	19.6	0.4
Property/casualty insurance companies	5.2	0.1	4.5	0.1
Credit unions	3.1	0.1	2.0	[2]
Rest of the world	195.8	3.6	225.3	4.1
Total	**$5,436.3**	**100.0%**	**$5,435.3**	**100.0%**

[1]Open-end investment companies. Excludes money market mutual funds, exchange-traded funds and variable annuity funding vehicles.
[2]Less than 0.1 percent.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

Savings, Investment and Debt Ownership

Investments

Ownership of Federal Government Debt

The buying and selling of government securities is a crucial component of each of the financial sectors. Debt is issued and sold based on the changing needs of the federal government. The average daily trading volume in U.S. Treasury securities was $466.5 billion in June 2009, according to the Securities Industry and Financial Markets Association.

ESTIMATED OWNERSHIP OF U.S. PUBLIC DEBT SECURITIES, 1999-2008

($ billions, end of year)

		Percent of total								
Year	Total	Individuals	Mutual funds/ trusts[1]	Banking institutions[2]	Insurance companies	Pension funds[3]	U.S. monetary authorities	State and local governments	Foreign and international	Other[4]
1999	$3,652.7	22.3%	6.3%	5.6%	3.4%	9.6%	13.1%	8.3%	29.0%	2.4%
2000	3,357.8	17.4	6.7	5.9	3.3	9.7	15.2	9.2	30.4	2.1
2001	3,352.7	13.2	7.8	5.7	3.2	9.0	16.5	9.8	32.7	2.2
2002	3,609.8	7.9	7.8	6.1	3.9	8.7	17.4	9.8	35.6	2.8
2003	4,008.2	10.9	7.1	4.8	3.4	8.0	16.6	9.1	37.8	2.3
2004	4,370.7	12.2	5.9	1.8	3.4	7.4	16.4	8.9	41.5	2.4
2005	4,678.0	10.8	5.6	1.1	3.4	7.2	15.9	10.3	42.4	3.2
2006	4,861.7	8.9	5.4	1.0	3.3	7.5	16.0	10.6	43.7	3.5
2007	5,099.2	3.9	7.5	1.4	2.4	8.4	14.5	10.4	47.7	3.8
2008	6,338.2	4.2	12.6	4.7	2.2	7.4	7.5	8.2	50.2	2.9

[1]Includes mutual funds, money market funds, closed-end funds and exchange-traded funds.

[2]Includes commercial banks, savings institutions, credit unions and brokers and dealers.

[3]Includes state and local government, federal government and private pension funds.

[4]Includes nonfinancial corporate institutions, nonfarm noncorporate institutions, government-sponsored enterprises and ABS issuers.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

Household Assets

Where people save their money and how much they save reflect many factors, including their personal finances, their appetite for risk, the investment products and savings incentives available to them, and the state of the economy. A May 2009 Harris poll found that the ailing economy and its impact on personal finances have caused Americans to tighten their belts. Almost two-thirds (63 percent) of respondents said they are spending less overall and two-thirds (64 percent) said they are less likely to take out a loan. One-third (33 percent) said they are using their credit card less often. Despite this fiscal restraint, almost one-quarter (22 percent) said they have no personal savings and three in 10 (30 percent) have no retirement savings.

ASSETS AND LIABILITIES OF THE PERSONAL SECTOR, 1988-2008[1]

($ billions, end of year)

	Value			Percent of total		
	1988	1998	2008	1988	1998	2008
Total financial assets	**$10,420.4**	**$26,878.5**	**$37,576.3**	**100.0%**	**100.0%**	**100.0%**
Foreign deposits	10.7	37.7	60.8	0.1	0.1	0.2
Checkable deposits and currency	522.1	633.3	728.9	5.0	2.4	1.9
Time and savings deposits	2,427.0	2,800.6	6,458.1	23.3	10.4	17.2
Money market fund shares	288.0	739.2	1,684.7	2.8	2.8	4.5
Securities	3,472.3	12,264.9	12,652.5	33.3	45.6	33.7
Open market paper	93.6	80.2	10.4	0.9	0.3	[2]
U.S. savings bonds	109.6	186.6	194.0	1.1	0.7	0.5
Other Treasury securities	298.4	590.8	141.9	2.9	2.2	0.4
Agency- and GSE[3]-backed securities	53.3	452.3	740.7	0.5	1.7	2.0
Municipal securities	586.0	501.5	957.0	5.6	1.9	2.5
Corporate and foreign bonds	135.1	590.5	1,664.4	1.3	2.2	4.4
Corporate equities[4]	1,757.1	7,511.1	5,496.6	16.9	27.9	14.6
Mutual fund shares	439.1	2,351.8	3,447.4	4.2	8.7	9.2
Private life insurance reserves	314.4	684.7	1,133.4	3.0	2.5	3.0
Private insured pension reserves	435.5	1,288.4	2,150.6	4.2	4.8	5.7
Private noninsured pension reserves	1,432.2	4,198.1	4,635.4	13.7	15.6	12.3
Govt insurance and pension reserves	891.9	2,812.5	3,702.8	8.6	10.5	9.9
Miscellaneous and other assets	626.3	1,419.2	4,369.1	6.0	5.3	11.6

(table continues)

ASSETS AND LIABILITIES OF THE PERSONAL SECTOR, 1988-2008[1] (Cont'd)

($ billions, end of year)

	Value			Percent of total		
	1988	1998	2008	1988	1998	2008
Total liabilities	**$4,560.0**	**$8,401.5**	**$19,874.4**	**100.0%**	**100.0%**	**100.0%**
Mortgage debt on nonfarm homes	2,152.5	4,266.0	11,003.9	47.2	50.8	55.4
Other mortgage debt[5]	864.2	1,015.4	2,444.8	19.0	12.1	12.3
Consumer credit	745.2	1,441.3	2,595.9	16.3	17.2	13.1
Policy loans	55.3	104.7	120.4	1.2	1.2	0.6
Security credit	43.5	152.8	164.8	1.0	1.8	0.8
Other liabilities[5]	699.3	1,421.4	3,544.6	15.3	16.9	17.8

[1]Combined statement for households and nonprofit organizations, noncorporate business and farm business.

[2]Less than 0.1 percent.

[3]Government-sponsored enterprise.

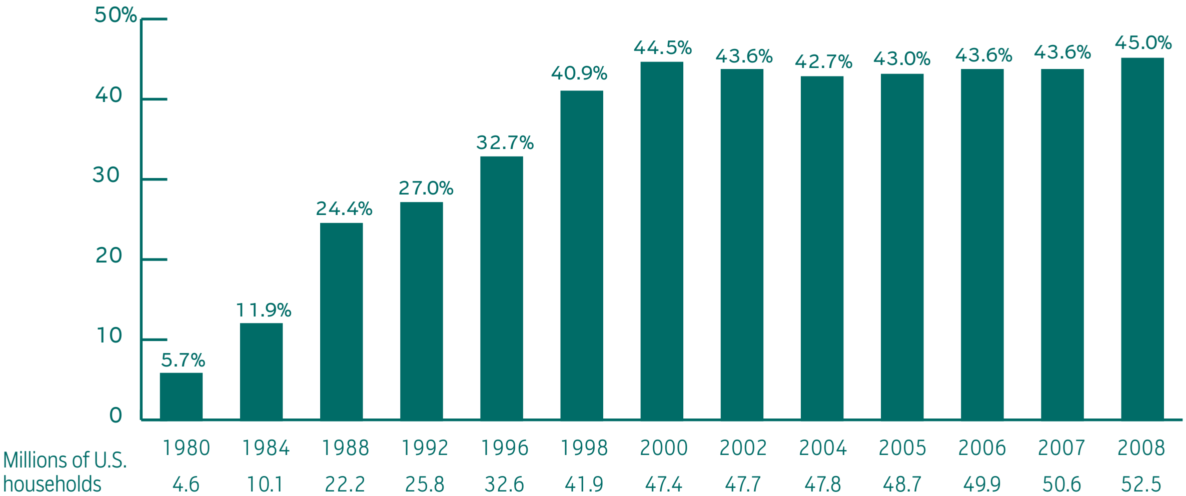
[4]Only those directly held and those in closed-end and exhange-traded funds. Other equities are included in mutual funds, life insurance and pension reserves.

[5]Includes corporate farms.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

U.S. HOUSEHOLD OWNERSHIP OF MUTUAL FUNDS, 1980-2008

(Percent of all U.S. households)



Source: Investment Company Institute, U.S. Bureau of the Census.

NONFINANCIAL ASSETS HELD BY FAMILIES BY TYPE OF ASSET, 1998-2007

Percent of families owning asset[1]	Vehicles	Primary residence	Other residential property	Equity in non-residential property	Business equity	Other	Any non-financial asset	Any asset
1998	82.8%	66.2%	12.8%	8.6%	11.5%	8.5%	89.9%	96.8%
2001	84.8	67.7	11.3	8.2	11.9	7.5	90.7	96.7
2004	86.3	69.1	12.5	8.3	11.5	7.8	92.5	97.9
2007	87.0	68.6	13.7	8.1	12.0	7.2	92.0	97.7
By age of family head, 2007								
Under 35	85.4	40.7	5.6	3.2	6.8	5.9	88.2	97.1
35 to 44	87.5	66.1	12.0	7.5	16.0	5.5	91.3	96.9
45 to 54	90.3	77.3	15.7	9.5	15.2	8.7	95.0	97.6
55 to 64	92.2	81.0	20.9	11.5	16.3	8.5	95.6	99.1
65 to 74	90.6	85.5	18.9	12.3	10.1	9.1	94.5	98.4
75 and over	71.5	77.0	13.4	6.8	3.8	5.8	87.3	98.1
Percentiles of income, 2007[2]								
Less than 20	64.4	41.4	5.4	2.5	3.0	3.9	73.4	89.8
20 to 39.9	85.9	55.2	6.5	3.9	4.5	5.7	91.2	98.9
40 to 59.9	94.3	69.3	9.9	7.4	9.2	7.4	97.2	100.0
60 to 79.9	95.4	83.9	15.4	9.4	15.9	7.2	98.5	100.0
80 to 89.9	95.6	92.6	21.0	13.6	17.0	9.0	99.6	100.0
90 to 100	94.8	94.3	42.2	21.0	37.5	14.1	99.7	100.0

[1]Families include one-person units.

[2]Ranges represent percentiles rather than income levels. A percentile is a statistical ranking point. The 50th percentile represents the midpoint of all values. For example, at the 50th percentile, half of the families in the ranking fall above this income level and half fall below.

Note: Latest data available. Based on surveys conducted every three years.

Source: Survey of Consumer Finances, Board of Governors of the Federal Reserve System.

Savings, Investment and Debt Ownership

Household Assets

FINANCIAL ASSETS HELD BY FAMILIES BY TYPE OF ASSET, 1998-2007

Percentage of families owning asset[1]	Transaction accounts[2]	Certificates of deposit	Savings bonds	Bonds[3]	Stocks[3]	Mutual funds[4]	Retirement accounts[5]	Life insurance[6]	Other assets[7]	Any financial asset[8]
1998	90.5%	15.3%	19.3%	3.0%	19.2%	16.5%	48.9%	29.6%	15.3%	92.9%
2001	91.4	15.7	16.7	3.0	21.3	17.7	52.2	28.0	16.0	93.4
2004	91.3	12.7	17.6	1.8	20.7	15.0	49.7	24.2	17.3	93.8
2007	92.1	16.1	14.9	1.6	17.9	11.4	52.6	23.0	15.1	93.9
By age of family head, 2007										
Under 35	87.3	6.7	13.7	[9]	13.7	5.3	41.6	11.4	10.0	89.2
35 to 44	91.2	9.0	16.8	0.7	17.0	11.6	57.5	17.5	11.8	93.1
45 to 54	91.7	14.3	19.0	1.1	18.6	12.6	64.7	22.3	15.6	93.3
55 to 64	96.4	20.5	16.2	2.1	21.3	14.3	60.9	35.2	16.9	97.8
65 to 74	94.6	24.2	10.3	4.2	19.1	14.6	51.7	34.4	22.6	96.1
75 and over	95.3	37.0	7.9	3.5	20.2	13.2	30.0	27.6	19.3	97.4
Percentiles of income, 2007[10]										
Less than 20	74.9	9.4	3.6	[9]	5.5	3.4	10.7	12.8	9.3	79.1
20 to 39.9	90.1	12.7	8.5	[9]	7.8	4.6	35.6	16.4	13.5	93.2
40 to 59.9	96.4	15.4	15.2	[9]	14.0	7.1	55.2	21.6	15.5	97.2
60 to 79.9	99.3	19.3	20.9	1.4	23.2	14.6	73.3	29.4	14.1	99.7
80 to 89.9	100.0	19.9	26.2	1.8	30.5	18.9	86.7	30.6	17.4	100.0
90 to 100	100.0	27.7	26.1	8.9	47.5	35.5	89.6	38.9	28.9	100.0
Percent distribution of amount of financial assets of all families										
1998	11.4	4.3	0.7	4.3	22.7	12.4	27.6	6.4	10.3	100.0
2001	11.5	3.1	0.7	4.6	21.7	12.2	28.4	5.3	12.6	100.0
2004	13.2	3.7	0.5	5.3	17.6	14.7	32.0	3.0	10.1	100.0
2007	11.0	4.1	0.4	4.2	17.9	15.9	34.6	3.2	8.6	100.0

[1]Families include one-person units. [2]Includes checking, savings and money market deposit accounts; money market mutual funds; and call accounts at brokerages. [3]Covers only those stocks and bonds that are directly held by families outside mutual funds, retirement accounts and other managed assets. [4]Excludes money market mutual funds and funds held through retirement accounts or other managed assets. [5]Covers IRAs, Keogh accounts and employer-provided pension plans. Employer-sponsored accounts are those from current jobs (restricted to those in which loans or withdrawals can be made, such as 401(k) accounts) held by the family head and that person's spouse or partner as well as those from past jobs held by either or both of them. Accounts from past jobs are restricted to those from which the family expects to receive the account balance in the future. [6]Cash value. [7]Includes personal annuities and trusts with an equity interest, managed investment accounts and miscellaneous assets. [8]Includes other types of financial assets, not shown separately. [9]Ten or fewer observations. [10]Ranges represent percentiles rather than income levels. A percentile is a statistical ranking point. The 50th percentile represents the midpoint of all values. For example, at the 50th percentile half of the families in the ranking fall above this income level, and half fall below.

Note: Latest data available. Based on surveys conducted every three years.

Source: Survey of Consumer Finances, Board of Governors of the Federal Reserve System.

Educational Plans and Loans

To encourage households to save for college education, states have developed the Section 529 college savings plan, named after a part of the Internal Revenue tax code that allows earnings to accumulate free of federal income tax and to be withdrawn taxfree to pay for college costs. Slow to gain acceptance, by the end of 2002, all states had such plans in operation. There are two types of plans: savings and prepaid tuition. Plan assets are managed either by the state's treasurer or an outside investment company. Most offer a range of investment options.

- The value of dollars invested in 529 plan accounts fell to $105 billion in 2008 from $130 billion in 2007.

NUMBER OF AND DOLLARS INVESTED IN 529 PLAN ACCOUNTS, 2004-2008

Source: National Association of State Treasurers.

Educational Plans and Loans

- The top 10 providers accounted for 72.6 percent of 529 plan assets in 2008.

TOP TEN 529 SAVINGS PLAN PROVIDERS BY ASSETS, 2008

($ billions, end of year)

Rank	Provider	Assets
1	American Funds	$18.9
2	Vanguard	18.7
3	Fidelity	11.8
4	Alliance	5.9
5	TIAA-CREF	4.3
6	Merrill Lynch	4.1
7	T. Rowe Price	3.8
8	Oppenheimer	3.1
9	Putnam	2.8
10	Legg Mason	2.8
	Top 10 Providers	**$76.2**

Source: National Association of State Treasurers.

TOP TEN STATES FOR 529 PLANS BY ASSETS UNDER MANAGEMENT, 2008

Rank	State	Assets under management
1	Virginia	$27,845,564,744
2	Florida	7,368,889,237
3	New York	7,008,095,147
4	New Hampshire	6,467,653,910
5	Rhode Island	5,949,962,500
6	Ohio	4,522,022,301
7	Nevada	4,106,194,172
8	Maine	4,059,589,311
9	Illinois	3,018,273,317
10	Colorado	2,610,017,065

Source: National Association of State Treasurers.

Federal Student Loans

The U.S. Department of Education administers the Federal Family Education Loan (FFEL) Program and the William D. Ford Federal Direct Loan (Direct Loan) Program. Both the FFEL and Direct Loan programs consist of Stafford Loans (made to students) and PLUS Loans (made to students' parents). Schools generally participate in either the FFEL or the Direct Loan program but sometimes participate in both. Under the Direct Loan Program, the funds for student loans come directly from the federal government. Funds for FFEL student loans are guaranteed by the federal government but are made by banks, credit unions or other private lenders participating in the program.

TOP 20 PRIVATE ORIGINATORS OF FEDERAL STUDENT LOANS, 2007-2008[1]

($ millions)

		New guarantees	
Rank	Lender name	Fiscal year 2007	Fiscal year 2008
1	SLM Corporation (Sallie Mae)	$9,002.3	$14,265.6
2	Citibank, Student Loan Corp.	4,764.3	6,201.3
3	Wachovia Education Finance Inc.	2,934.5	5,127.6
4	Bank of America	3,261.6	4,274.7
5	Wells Fargo Education Financial Services	2,954.8	3,935.2
6	JPMorgan Chase Bank	3,064.7	3,418.0
7	U.S. Bank	1,332.5	2,278.2
8	Edamerica	1,303.7	1,614.2
9	Pittsburgh National Corp. (PNC)	838.9	1,268.8
10	Suntrust Bank	948.3	1,091.7
11	Access Group	1,124.9	1,057.6
12	National Ed Loan Network (Nelnet)	891.5	1,021.8
13	Citizens Bank	716.0	941.6
14	National City Bank	457.3	929.7
15	Regions Bank	647.1	834.1
16	Fifth Third Bank	567.2	829.0
17	College Foundation Inc.	662.2	809.9
18	SC Student Loan Taxable	490.9	629.0
19	Kentucky Higher Ed Stud Loan Corp.	547.2	575.6
20	Key Corp.	330.8	487.8

[1]Includes Stafford (subsidized and unsubsidized) and Plus Loans; excludes consolidation loans.
Note: Does not include direct federal loans.

Source: U.S. Department of Education, Federal Student Aid.

Savings, Investment and Debt Ownership

Consumer and Business Debt

DEBT GROWTH BY SECTOR, 2004-2008[1]

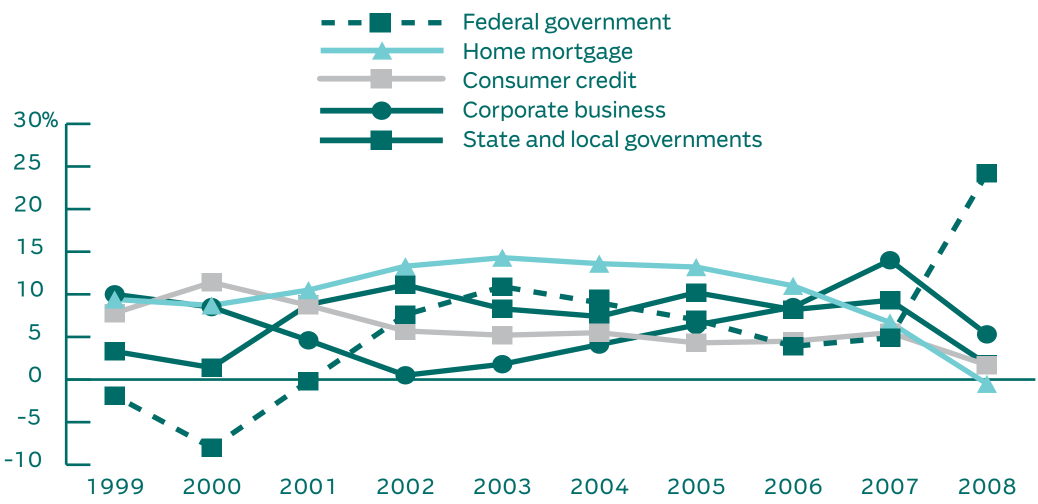
	2004	2005	2006	2007	2008
Total domestic nonfinancial sectors	**8.9%**	**9.5%**	**9.0%**	**8.7%**	**5.9%**
Households					
Home mortgage	13.6	13.2	11.0	6.7	-0.5
Consumer credit	5.5	4.3	4.5	5.5	1.7
Total household	**11.1**	**11.0**	**10.1**	**6.6**	**0.4**
Business					
Corporate	4.1	6.4	8.5	14.0	5.3
Total business	**6.2**	**8.7**	**10.5**	**13.5**	**5.1**
Government					
State and local govt	7.4	10.2	8.2	9.3	1.8
Federal govt	9.0	7.0	3.9	4.9	24.2
Domestic financial sectors	**8.9**	**9.3**	**10.0**	**12.5**	**5.5**
Foreign	**12.4**	**7.9**	**22.0**	**6.5**	**-7.5**

[1]Percent change from prior year.

Board of Governors of the Federal Reserve System, June 11, 2009.

DEBT GROWTH BY SELECTED SECTOR, 1999-2008

(Percent change from prior year)



Source: Board of Governors of the Federal Reserve System, June 11, 2009.

DEBT HELD BY FAMILIES BY TYPE OF DEBT, 1998-2007

Percentage of families holding debt[1]	Home-secured	Other residential property	Installment loans	Credit card balances	Other lines of credit	Other	Any debt
1998	43.1%	5.1%	43.7%	44.1%	2.3%	8.8%	74.1%
2001	44.6	4.6	45.2	44.4	1.5	7.2	75.1
2004	47.9	4.0	46.0	46.2	1.6	7.6	76.4
2007	48.7	5.5	46.9	46.1	1.7	6.8	77.0
By age of family head, 2007							
Under 35	37.3	3.3	65.2	48.5	2.1	5.9	83.5
35 to 44	59.5	6.5	56.2	51.7	2.2	7.5	86.2
45 to 54	65.5	8.0	51.9	53.6	1.9	9.8	86.8
55 to 64	55.3	7.8	44.6	49.9	1.2	8.7	81.8
65 to 74	42.9	5.0	26.1	37.0	1.5	4.4	65.5
75 and over	13.9	0.6	7.0	18.8	[2]	1.3	31.4
Percentiles of income, 2007[3]							
Less than 20	14.9	1.1	27.8	25.7	[2]	3.9	51.7
20 to 39.9	29.5	1.9	42.3	39.4	1.8	6.8	70.2
40 to 59.9	50.5	2.6	54.0	54.9	[2]	6.4	83.8
60 to 79.9	69.7	6.8	59.2	62.1	2.1	8.7	90.9
80 to 89.9	80.8	8.5	57.4	55.8	[2]	9.6	89.6
90 to 100	76.4	21.9	45.0	40.6	2.1	7.0	87.6

[1]Families include one-person units.

[2]Ten or fewer observations.

[3]Ranges represent percentiles rather than income levels. A percentile is a statistical ranking point. The 50th percentile represents the midpoint of all values. For example, at the 50th percentile half of the families in the ranking fall above this income level and half fall below.

Note: Latest data available. Based on surveys conducted every three years.

Source: Survey of Consumer Finances, Board of Governors of the Federal Reserve System.

Savings, Investment and Debt Ownership

Consumer Debt

DEBT HELD BY FAMILIES BY TYPE OF DEBT AND LENDING INSTITUTION, 1998-2007

Type of debt	1998	2001	2004	2007
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Home-secured debt	71.4	75.2	75.2	74.7
Installment loans	13.1	12.3	11.0	10.2
Other residential property	7.5	6.2	8.5	10.1
Credit card balances	3.9	3.4	3.0	3.5
Other debt	3.7	2.3	1.6	1.1
Other lines of credit	0.3	0.5	0.7	0.4
Purpose of debt				
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Home purchase	67.9	70.9	70.2	69.5
Other residential property	7.8	6.5	9.5	10.8
Goods and services	6.3	5.8	6.0	6.2
Vehicles	7.6	7.8	6.7	5.5
Education	3.5	3.1	3.0	3.6
Home improvement	2.1	2.0	1.9	2.3
Investment, excluding real estate	3.3	2.8	2.2	1.6
Other	1.5	1.1	0.6	0.5
Type of lending institution				
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Mortgage or real estate lender	35.6	38.0	39.4	41.6
Commercial bank	32.8	34.1	35.1	37.3
Thrift institution[1]	9.7	6.1	7.3	4.2
Credit union	4.3	5.5	3.6	4.2
Credit and store cards	3.9	3.7	3.0	3.6
Finance or loan company	4.1	4.3	4.1	3.4
Other nonfinancial	1.3	1.4	2.0	2.0
Brokerage	3.8	3.1	2.5	1.6
Individual lender	3.3	2.0	1.7	1.4
Government	0.6	1.1	0.7	0.4
Pension account	0.4	0.3	0.3	0.2
Other loans	0.3	0.5	0.2	0.2

[1]Savings and loan association or savings bank.

Note: Latest data available. Based on surveys conducted every three years.

Source: Survey of Consumer Finances, Board of Governors of the Federal Reserve System.

CONSUMER CREDIT FINANCE RATES BY INSTITUTION AND TYPE OF LOAN, 1999-2008

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Commercial banks										
New automobiles (48 months)	8.44%	9.34%	8.50%	7.62%	6.93%	6.60%	7.08%	7.72%	7.77%	7.02%
Personal (24 months)	13.39	13.90	13.22	12.54	11.95	11.89	12.05	12.41	12.39	11.37
Credit card plans	15.21	15.78	14.87	13.40	12.30	12.72	12.51	13.21	13.38	12.08
Finance companies										
New automobiles	6.66	6.61	5.65	4.29	3.81	4.92	6.02	4.99	4.87	5.52
Used automobiles	12.60	13.55	12.18	10.74	9.86	8.81	8.81	9.61	9.24	NA

NA=Data not available.

Source: Board of Governors of the Federal Reserve System.

CREDIT MARKET DEBT OUTSTANDING, OWED BY SECTOR, 1999-2008[1]

($ billions, end of year)

Year	Household sector	Nonfinancial corporate business
1999	$6,414.4	$4,275.0
2000	7,009.0	4,636.8
2001	7,681.7	4,832.9
2002	8,511.8	4,854.7
2003	9,499.3	4,971.7
2004	10,572.0	5,173.4
2005	11,738.0	5,503.5
2006	12,923.5	5,965.7
2007	13,778.4	6,809.3
2008	13,832.9	7,167.0

[1]Excludes corporate equities and mutual fund shares.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

- Household debt rose 0.4 percent from 2007 to 2008, compared with 5.3 percent for business debt. Over the 10 years, 1999-2008, household debt rose 115.7 percent, compared with a rise of 67.6 percent for business debt.

Consumer Debt

Credit Cards

Bank cards, credit cards issued by banks, are the most widely held type of credit card, with 96.1 percent of cardholders having such cards in 2007. Balances on bank cards accounted for 87.1 percent of outstanding credit card balances in 2007, up from 84.9 percent in 2004, according to the Federal Reserve's latest Consumer Finance Survey. Store cards were also popular, with 56.7 percent of cardholders having such cards in 2007.

FAMILIES WITH CREDIT CARDS, 2004 AND 2007

	2004[1]	2007
All families		
Percent of all families with credit cards	74.9%	73.0%
Percent of all families with credit card balance	46.2	46.1
Median amount of credit card balance ($000)	$2.4	$3.0
Families with credit card balance		
By percentile of income		
Less than 20	28.8%	25.7%
20 to 39.9	42.9	39.4
40 to 59.9	55.1	54.9
60 to 79.9	56.1	62.1
80 to 89.9	57.6	55.8
90 to 100	38.5	40.6
Median amount of credit card balance ($000)		
By percentile of income		
Less than 20	$1.1	$1.0
20 to 39.9	2.0	1.8
40 to 59.9	2.4	2.4
60 to 79.9	3.3	4.0
80 to 89.9	3.0	5.5
90 to 100	4.4	7.5

[1]All 2004 dollars adjusted to 2007 dollars.

Note: Latest data available. Based on surveys conducted every three years.

Source: Survey of Consumer Finances, Board of Governors of the Federal Reserve System.

UNDERGRADUATE CREDIT CARD USAGE, 1998-2008

	1998	2000	2002	2004	2008
Percentage who have credit cards	67%	78%	83%	76%	84%
Average number of credit cards	3.50	3.00	4.25	4.09	4.60
Percentage who have 4 or more cards	27%	32%	47%	43%	50%
Average credit card debt	$1,879	$2,748	$2,327	$2,169	$3,173
Median credit card debt	$1,222	$1,236	$1,770	$946	$1,645
Percentage with balances $3,000 to $7,000	14%	13%	21%	16%	21%

Source: Sallie Mae.

DELINQUENCY RATES, RESIDENTIAL REAL ESTATE AND CONSUMER CREDIT CARD LOANS, 1999-2008[1]

Year	Residential[2]	Credit cards	Year	Residential[2]	Credit cards
1999	1.97%	4.50%	2004	1.38%	4.04%
2000	2.28	4.56	2005	1.62	3.54
2001	2.23	4.69	2006	1.93	3.96
2002	1.97	4.85	2007	3.02	4.61
2003	1.78	4.44	2008	6.34	5.66

[1]All figures are for the fourth quarter and are based on loans at commercial banks, measured as a percentage of loans. [2]Residential real estate loans. Includes loans secured by 1 to 4 family properties, including home equity lines of credit.

Source: Board of Governors of the Federal Reserve System.

- Delinquency rates for residential real estate loans were 6.34 percent at the end of 2008, the highest since record-keeping began in 1991.
- By the first quarter of 2009, residential delinquency rates rose to 7.91 percent, another record high level.

TOP TEN CREDIT CARD ISSUERS BY CREDIT AND DEBT OUTSTANDING, 2007-2008[1]

($ millions, end of year)

Rank	Company	2007	2008
1	Citigroup Inc.	$196,811.0	$187,293.0
2	Bank of America Corp.	183,691.1	182,234.0
3	JPMorgan Chase & Co.[2]	148,391.0	179,622.0
4	Capital One Financial Corp.	62,432.6	64,202.2
5	Discover Bank	48,916.4	50,387.9
6	HSBC North America Holdings Inc.	51,412.3	47,894.5
7	American Express Banks	49,251.6	45,895.1
8	Wells Fargo & Co.[3]	19,533.0	23,960.0
9	USAA	18,232.0	19,779.0
10	GE Money Bank	9,340.0	15,212.0

[1]Credit card loans managed basis includes direct credit card loans to consumers and securitized loan portfolios that the banks manage. Based on bank regulatory filings with the FDIC and Federal Reserve. [2]JPMorgan Chase acquired retail businesses of Washington Mutual. [3]Wells Fargo & Co. acquired Wachovia Corp.

Source: SourceMedia's *PaymentsSource*.

Bankruptcy

There are three major types of bankruptcies: Chapter 7 is a liquidation, under which assets are distributed by a court-appointed trustee. If there are no assets, the debt is discharged and creditors receive nothing. Chapter 11 is a reorganization, used mostly by businesses, under which debts are restructured and a payment schedule is worked out. Chapter 13 is a debt repayment plan, under which debts are repaid in part or in full over a period of time, normally three years, under the supervision of a trustee.

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCA), which was the most comprehensive revision of bankruptcy laws in 25 years, instituted a means test that requires people who earn above their state's median income and can repay at least $6,000 over five years to file for bankruptcy protection under Chapter 13, which mandates a repayment plan. (Under the previous law more debtors were eligible to file under Chapter 7, with its less stringent provisions). There was a surge in filings in the months prior to October 2005, when BAPCA went into effect, followed by a precipitous drop in filings in subsequent months. Bankrupty filings in 2006 were down 70 percent from the previous year but rebounded in 2007, increasing by 38 percent. Bankruptcy filings in the federal courts increased by 31 percent in calendar year 2008 and continued to rise in 2009, with filings up 33.3 percent for the 12-month period ending March 31, 2009.

BANKRUPTCY PETITIONS FILED BY TYPE, 2004-2008

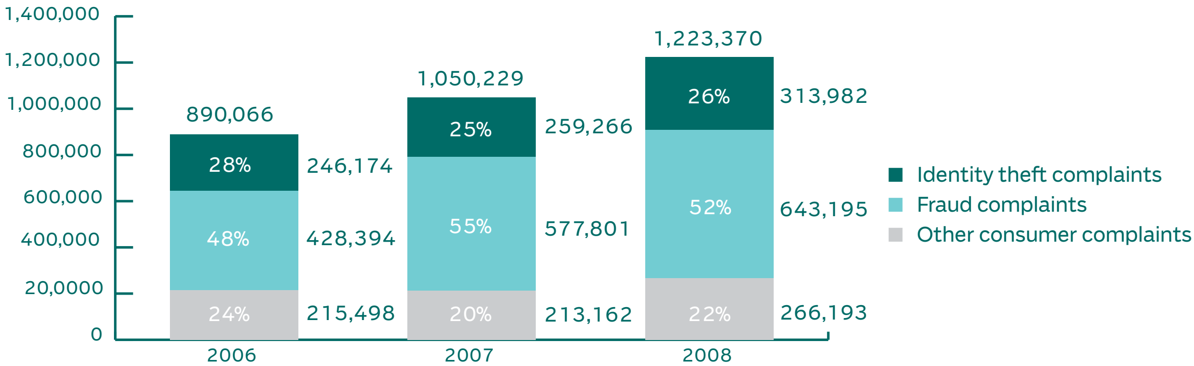
Year	Business	Percent change	Nonbusiness	Percent change	Total	Percent change
2004	34,317	-2.1%	1,563,145	-3.8%	1,597,462	-3.8%
2005	39,201	14.2	2,039,214	30.5	2,078,415	30.1
2006	19,695	-49.8	597,965	-70.7	617,660	-70.3
2007	28,322	43.8	822,590	37.6	850,912	37.8
2008	43,546	53.8	1,074,225	30.6	1,117,771	31.4

Source: Administrative Office of the U.S. Courts.

Consumer Fraud and Identity Theft

The Consumer Sentinel database, maintained by the Federal Trade Commission, contains over 7.2 million consumer fraud and identity theft complaints that have been filed with federal, state and local law enforcement agencies and private organizations.

IDENTITY THEFT AND FRAUD COMPLAINTS, 2006-2008[1]



[1]Percentages are based on the total number of Consumer Sentinel Network complaints by calendar year. These figures exclude "Do Not Call" registry complaints.

Source: Federal Trade Commission.

HOW VICTIMS' INFORMATION IS MISUSED, 2008[1]

Type of identity theft fraud	Percent
Credit card fraud	20%
Employment-related fraud	15
Government documents or benefits fraud	15
Phone or utilities fraud	13
Bank fraud[2]	11
Attempted identity theft	6
Loan fraud	4
Other identity theft	24

[1]Percentages are based on the total number of complaints in the Federal Trade Commission's Consumer Sentinel Network (313,982 in 2008). Percentages total to more than 100 because some victims reported experiencing more than one type of identity theft (12% in 2008).
[2]Includes fraud involving checking and savings accounts and electronic fund transfers.

Source: Federal Trade Commission.

Consumer Fraud and Identity Theft

IDENTITY THEFT VICTIMS BY STATE, 2008

State	Victims per 100,000 population[1]	Number of victims	Rank[2]	State	Victims per 100,000 population[1]	Number of victims	Rank[2]
Alabama	93.1	4,342	13	Montana	46.5	450	47
Alaska	71.4	490	34	Nebraska	59.2	1,055	37
Arizona	149.0	9,683	1	Nevada	126.0	3,275	5
Arkansas	72.4	2,068	30	New Hampshire	57.7	759	38
California	139.1	51,140	2	New Jersey	94.2	8,181	12
Colorado	100.9	4,983	10	New Mexico	104.9	2,081	9
Connecticut	86.6	3,031	17	New York	116.2	22,647	6
Delaware	86.9	759	15	North Carolina	82.5	7,609	21
Florida	133.3	24,440	3	North Dakota	35.7	229	49
Georgia	111.0	10,748	7	Ohio	71.7	8,237	32
Hawaii	55.2	711	42	Oklahoma	74.0	2,696	28
Idaho	56.9	867	39	Oregon	77.5	2,937	26
Illinois	106.4	13,726	8	Pennsylvania	86.1	10,723	18
Indiana	72.0	4,589	31	Rhode Island	78.4	824	25
Iowa	44.9	1,347	48	South Carolina	73.5	3,292	29
Kansas	71.6	2,005	33	South Dakota	33.8	272	50
Kentucky	56.1	2,396	40	Tennessee	80.2	4,982	24
Louisiana	86.6	3,819	16	Texas	130.3	31,708	4
Maine	47.3	623	45	Utah	64.9	1,775	36
Maryland	96.1	5,412	11	Vermont	47.6	296	44
Massachusetts	83.2	5,408	20	Virginia	81.7	6,349	22
Michigan	83.6	8,363	19	Washington	89.4	5,855	14
Minnesota	67.6	3,528	35	West Virginia	47.7	866	43
Mississippi	80.5	2,367	23	Wisconsin	56.0	3,152	41
Missouri	75.0	4,433	27	Wyoming	46.9	250	46

[1]Population figures are based on the 2008 U.S. Census population estimates.

[2]Ranked by victims per 100,000 population. The District of Columbia had 165.4 victims per 100,000 population and 979 victims.

Source: Federal Trade Commission.

Retirement Savings

The downturn in the economy has significantly reduced retirement savings. Americans had $14 trillion in retirement assets in 2008, down 22 percent from 2007, according to the Investment Company Institute. And although 82 million (70 percent) of American households say that they had employer-sponsored retirement plans, IRAs, or both in 2008, insufficient savings rates and the recent economic crisis have left the average working household with only 63 percent of the income that they need to comfortably retire, according to the McKinsey Consumer Retirement Readiness study.

Almost 60 percent of the public say they lost money in mutual funds, 401(k) plans or the stock market in the last year, with men and women in or near retirement suffering the greatest losses, according to a survey by the consulting firm Age Wave. AARP estimates that 35 percent of people ages 45 to 54 have stopped putting money into their 401(k), IRA or other retirement accounts, and 24 percent have postponed plans to retire.

Today's pre-retirees say they will need to postpone their retirement 4.2 years on average, which would be the first time in history that retirement age significantly increased in America. On average, Americans think it will take seven years for their investments to return to what they were worth one year ago, according to Age Wave.

The response to these setbacks is uneven. On the one hand, Americans are saving more, which bodes well for future retirement security. Savings rates, which were near zero a year ago, rose to almost 6 percent in April 2009.

And household credit card debt fell almost 10 percent in February compared to 2008. But some surveys show that there are also many who are failing to take the new economic realities into account when thinking about retirement. For instance, the Charles Schwab "Real Life Retirement" Quarterly Survey in June 2009 showed that despite market losses, 62 percent of Americans have not altered their planned retirement age. Fifty-one percent of 55-63 year olds surveyed have saved less than $500,000, though they most commonly believe they will need $2,000,000 to retire comfortably. The retirement picture is particularly important because starting in 2011, four million Baby Boomers will reach 65 each year for the next 18 years. That is roughly one every 11 seconds.

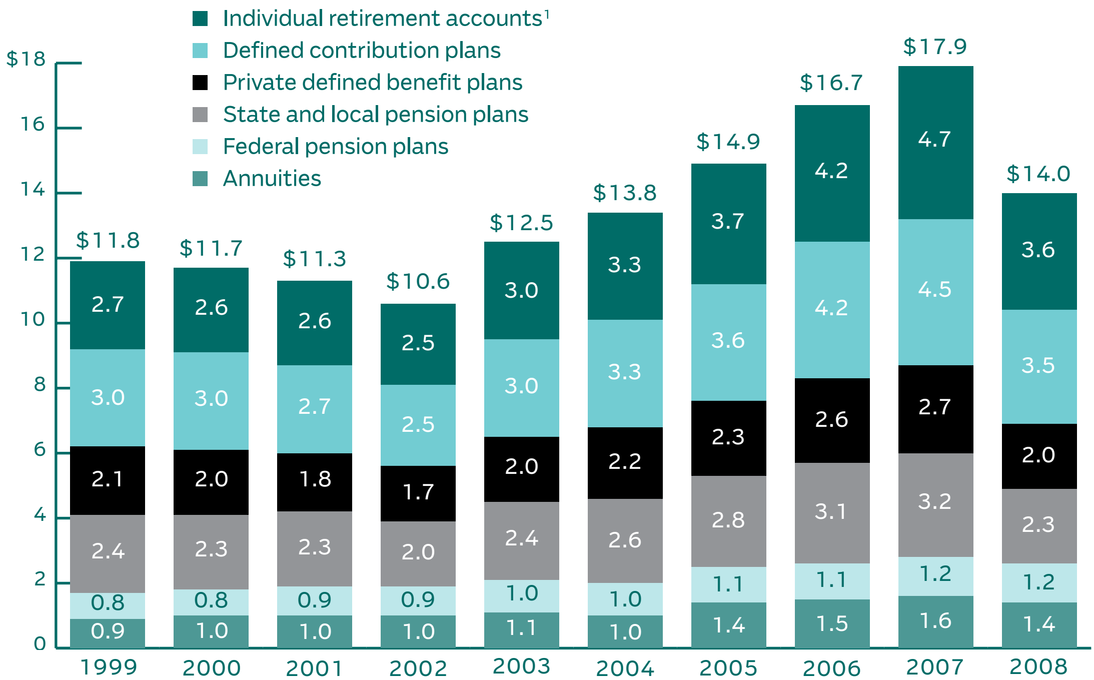
Retirement Funds

In 2007 nearly two-thirds of retirement assets (64.3 percent) were in an employer-sponsored retirement plan (including government and private plans). About one-quarter (25.7 percent) of such assets were in individual retirement accounts and 10.0 percent were in annuities.

Retirement plans are generally administered by a bank, life insurance company, mutual fund, brokerage firm or pension fund manager. Because payouts are relatively predictable, pension funds invest primarily in long-term securities. They are among the largest investors in the stock market. Pension plan assets made up 13.9 percent of total financial services assets in 2008.

U.S. RETIREMENT ASSETS, BY TYPE, 1999-2008

($ trillions, end of year)



[1]Data for 2003, 2005, 2006, 2007 and 2008 are estimates.

Source: Investment Company Institute.

ASSETS OF PRIVATE PENSION FUNDS BY TYPE OF ASSET, 2004-2008[1]

($ billions, end of year)

	2004	2005	2006	2007	2008
Total financial assets	**$4,922.4**	**$5,302.2**	**$6,010.2**	**$6,391.7**	**$4,600.2**
Checkable deposits and currency	10.5	10.8	11.2	11.8	12.3
Time and savings deposits	55.9	62.2	63.1	67.7	67.9
Money market fund shares	84.9	86.7	90.1	93.5	95.7
Security repurchase agreements[2]	20.6	21.6	22.4	25.8	33.1
Credit market instruments	654.6	699.9	758.5	861.3	951.4
Open market paper	28.5	31.5	31.7	26.9	37.2
U.S. government securities	348.3	368.5	399.7	466.8	503.0
Treasury securities	113.0	116.5	130.8	169.5	184.9
Agency- and GSE[3]-backed securities	235.3	252.0	268.9	297.3	318.1
Corporate and foreign bonds	267.8	290.0	317.6	357.3	400.1
Mortgages	10.0	9.8	9.5	10.2	11.1
Corporate equities	2,338.5	2,541.7	2,874.8	2,863.3	1,664.7
Mutual fund shares	1,278.2	1,399.0	1,657.6	1,848.3	1,229.5
Miscellaneous assets	479.2	480.2	532.5	620.1	545.5
Unallocated insurance contracts[4]	328.4	338.4	387.9	444.3	351.6
Contributions receivable	46.6	44.8	42.8	47.2	47.9
Other	104.1	97.0	101.8	128.6	146.0
Pension fund reserves (liabilities)[5]	4,963.0	5,341.4	6,047.9	6,426.0	4,635.4

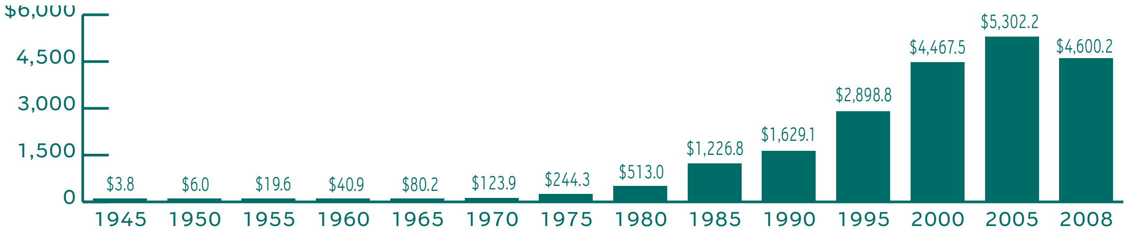
[1]Private defined benefit plans and defined contribution plans (including 401(k) type plans).
[2]Short-term agreements to sell and repurchase government securities by a specified date at a set price.
[3]Government-sponsored enterprise.
[4]Assets of private pension plans held at life insurance companies (e.g., variable annuities).
[5]Equal to the value of tangible and financial assets. These liabilities are assets of the household sector.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

Retirement Funds

ASSETS OF PRIVATE PENSION FUNDS, 1945-2008

($ billions, end of year)



Source: Board of Governors of the Federal Reserve System, June 11, 2009.

ASSETS OF STATE AND LOCAL GOVERNMENT EMPLOYEE RETIREMENT FUNDS BY TYPE OF ASSET, 2004-2008

($ billions, end of year)

	2004	2005	2006	2007	2008
Total financial assets	**$2,577.5**	**$2,721.4**	**$3,108.3**	**$3,216.3**	**$2,327.1**
Checkable deposits and currency	16.3	15.8	14.1	16.6	16.5
Time and savings deposits	1.4	1.3	0.9	1.0	1.0
Money market fund shares	11.6	11.7	13.8	16.2	18.8
Security repurchase agreements[1]	20.2	19.7	24.0	28.3	30.7
Credit market instruments	675.3	693.4	825.4	855.6	851.1
Open market paper	35.2	35.2	42.6	50.3	33.9
U.S. government securities	409.8	412.2	467.9	502.9	515.1
Treasury	151.0	153.8	157.1	168.8	174.6
Agency- and GSE[2]-backed securities	258.8	258.4	310.8	334.1	340.5
Municipal securities	1.8	1.7	3.6	1.9	1.1
Corporate and foreign bonds	213.5	227.9	296.9	287.8	288.6
Mortgages	15.1	16.4	14.5	12.7	12.4
Corporate equities	1,600.9	1,715.8	1,926.3	1,985.9	1,211.8
Mutual fund shares	235.9	248.4	287.5	296.4	181.1
Miscellaneous assets	15.9	15.4	16.3	16.2	16.2
Pension fund reserves (liabilities)[3]	2,621.3	2,763.4	3,175.1	3,315.5	2,435.2

[1]Short-term agreements to sell and repurchase government securities by a specified date at a set price.

[2]Government-sponsored enterprise.

[3]Equal to the value of tangible and financial assets. These liabilities are assets of the household sector.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

Types of Retirement Plans

There are two basic types of pension funds: defined benefit and defined contribution plans. In a defined benefit plan, the income the employee receives in retirement is guaranteed, based on predetermined benefits formulas. Typically, benefits are based on a percentage of the participant's "terminal earnings," i.e., earnings at retirement. In a defined contribution plan, a type of savings plan in which taxes on earnings are deferred until funds are withdrawn, the amount of retirement income depends on the contributions made and the earnings generated by the securities purchased. The employer generally matches the employee contribution up to a certain level and the employee selects investments from among the options the employer's plan offers. 401(k) plans fall into this category, as do 403(b) plans for nonprofit organizations.

Other types of retirement funds include profit sharing plans, in which employers contribute to accounts based on their profits, and Keogh plans for the self-employed and employees of small businesses. Some workers who do not fall into these categories may make limited contributions to an individual retirement account (IRA). IRAs allow individuals to save money without paying taxes until they withdraw it. With the Roth IRA, a plan created in 1998 for individuals earning below specified income levels, individuals pay taxes on the money before it is saved and withdraw funds without paying federal taxes. Beginning in 2010 people with traditional IRAs will be able to convert them to Roths. Roth 401(k)s were introduced in 2001 and made permanent by federal law in 2007.

PARTICIPATION IN DEFINED BENEFIT AND DEFINED CONTRIBUTION PLANS, 1990-2008[1]

(Percent)

Percent of all workers participating	1990-1991	2000	2005	2006	2007	2008
Defined benefit pension plans	35%	19%	21%	20%	20%	20%
Defined contribution plans	34	36	42	43	43	43

[1]All private industry.

Source: U.S. Bureau of Labor Statistics.

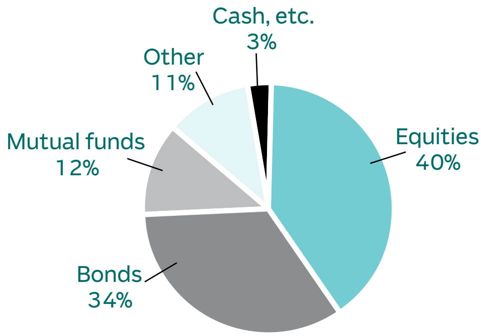
Retirement Assets

Retirement Funds

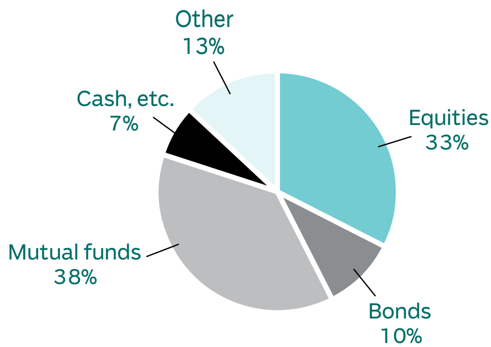
- In defined benefit plans, the share of investments in equities fell from 55 percent in 2007 to 40 percent in 2008, while investments in bonds rose from 22 percent in 2007 to 34 percent in 2008.
- In defined contribution plans, the share of the investments in mutual funds fell from 41 percent in 2007 to 38 percent in 2008. Investments in equities fell from 37 percent to 33 percent in 2008. Investments in bonds rose from 6 percent to 10 percent during the same period.

RETIREMENT FUNDS ASSET MIX, 2008

Private Defined Benefit Plans



Private Defined Contribution Plans



Source: Securities Industry and Financial Markets Association.

DISTRIBUTION OF PRIVATE PENSION FUND ASSETS, 1985-2008

		Percent of financial assets	
Year	Financial assets ($ billions)	Defined benefit	Defined contribution
1985	$1,226	64.9%	35.1%
1990	1,627	55.3	44.7
1995	2,902	50.5	49.5
2000	4,468	44.3	55.7
2005	5,296	43.1	56.9
2006	6,014	42.1	57.9
2007	6,392	41.7	58.3
2008	4,595	42.0	58.0

Source: Securities Industry and Financial Markets Association.

INVESTMENT MIX OF PRIVATE DEFINED BENEFIT PLAN ASSETS, 2004-2008

($ billions)

Year	Equity	Bonds	Mutual funds	Cash items	Other assets	Total assets
2004	$1,294	$430	$234	$50	$124	$2,132
2005	1,393	463	253	58	114	2,281
2006	1,521	497	246	59	156	2,479
2007	1,454	587	339	56	231	2,666
2008	777	648	228	68	209	1,930

Source: Securities Industry and Financial Markets Association.

INVESTMENT MIX OF PRIVATE DEFINED CONTRIBUTION PLAN ASSETS, 2004-2008

($ billions)

Year	Equity	Bonds	Mutual funds	Cash items	Other assets	Total assets
2004	$1,039	$190	$1,045	$154	$356	$2,783
2005	1,144	199	1,146	159	367	3,014
2006	1,351	223	1,361	169	382	3,485
2007	1,396	240	1,510	182	398	3,726
2008	877	256	1,002	184	347	2,665

Source: Securities Industry and Financial Markets Association.

Pension Benefit Guaranty Corporation

The Pension Benefit Guaranty Corporation (PBGC), a federal corporation created by the Employee Retirement Income Security Act of 1974, protects the pensions of workers in private defined benefit plans. The PBGC operates two pension programs. The Single-Employer Program, set up by individual companies, covers nearly 34 million workers and retirees in about 28,900 pension plans. The Multiple-Employer program, usually set up by two or more unrelated employers from the same industry, protects 10 million workers and retirees in about 1,530 pension plans. In 2006 Congress passed the Pension Protection Act, landmark pension reform legislation enacted to close shortfalls in employers' funding of defined benefit pension plans. The act gave employers seven years to fully fund their plans but gave some airlines in bankruptcy proceedings an extra 10 years to meet their obligations. The PGBC posted a $33.5 billion deficit for the first half of fiscal year 2009, more than triple 2008's $11 billion shortfall and the largest in the agency's 35 year history. The increase was driven primarily by plan terminations and a drop in interest rates, according to Congressional testimony by the agency's acting director.

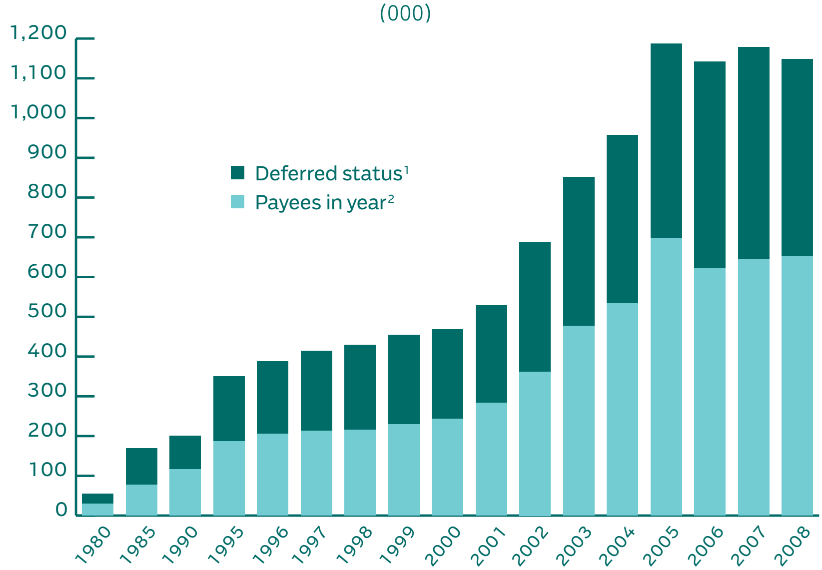
Retirement Assets

Retirement Funds

- The PBGC's Single-Employer Program for pension plans reported a deficit of $10.7 billion in fiscal year 2008, a $2.4 billion improvement over the previous year's $13.1 billion shortfall.
- Overall single employer benefit payments were $4.3 billion in 2008, about the same as in 2007.
- In 2008 the PBGC Single-Employer Program covered 67 newly terminated pension plans, down from 110 new terminations in 2007.

NUMBER OF PAYEES, PBGC, SINGLE-EMPLOYER PROGRAM, 1980-2008

(000)



[1]Deferred status refers to individuals eligible for future payments.
[2]Payees are retired participants or their beneficiaries receiving payments.

Source: Pension Benefit Guaranty Corporation.

- In 2008 most IRAs were held by "other self-directed accounts," generally brokerage accounts in which the investor has considerable control over the direction of investments. The second largest share was held by mutual funds.

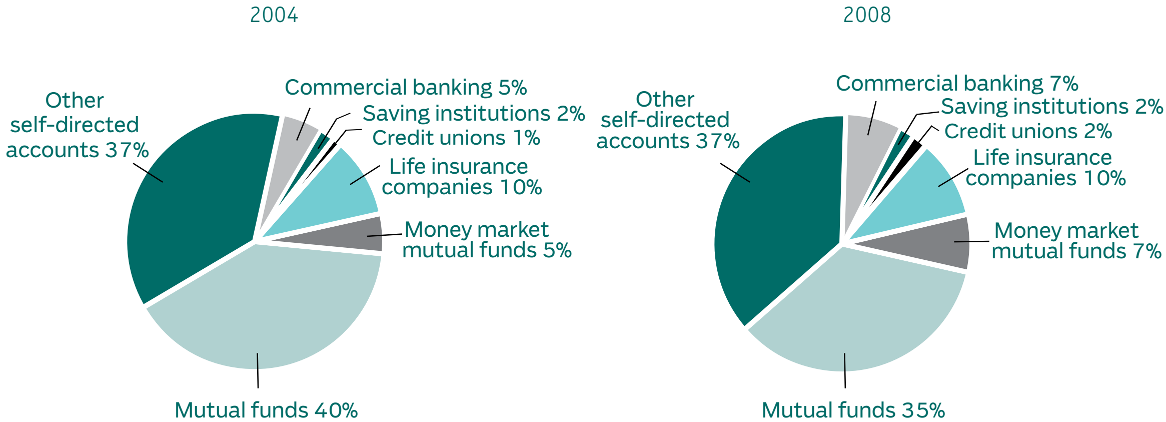
IRA MARKET SHARES BY HOLDER, 2004-2008

($ billions, market share, end of year)

Holder	2004	2005	2006	2007	2008
Commercial banking	$168.0	$175.3	$202.0	$210.7	$248.1
Saving institutions	53.7	53.8	57.6	71.2	77.9
Credit unions	47.7	49.3	53.2	58.2	65.5
Life insurance companies	347.0	381.0	406.0	424.0	367.0
Money market mutual funds	148.0	157.0	189.0	222.0	271.0
Mutual funds	1,307.0	1,470.0	1,751.0	1,983.0	1,261.0
Other self-directed accounts	1,227.7	1,365.6	1,561.2	1,777.9	1,322.5
Total	**$3,299.0**	**$3,652.0**	**$4,220.0**	**$4,747.0**	**$3,613.0**

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

IRA MARKET SHARES BY HOLDER, 2004 AND 2008

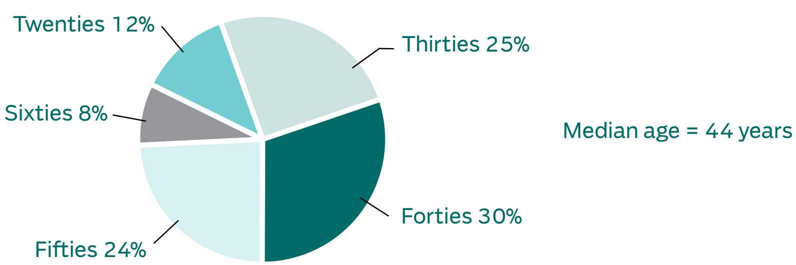


Source: Board of Governors of the Federal Reserve System, June 11, 2009.

401(k) Plan Participants

Fifty-five percent of those who participate in 401(k) plans are in their thirties or forties, according to an analysis by the Employee Benefits Research Institute and the Investment Company Institute. The median age of the participants in 2007 was 44 years, the same as in 2006. Thirty-eight percent of participants had five or fewer years of tenure in their firms, while 5 percent were at their firms for over 30 years. The median tenure at the current employer was six years in 2007, down from eight years in 2006.

401(k) PLAN PARTICIPANTS BY AGE, 2007[1]



[1]Does not add to total due to rounding.

Source: Investment Company Institute.

401(k) Assets

The National Bureau of Economic Research expects assets in 401(k) plans to grow dramatically in coming decades, even as aging baby boomers liquidate plan assets to fund their retirement. The plans, first introduced in the early 1980s, currently represent only a small portion of retirees' wealth. However, in recent years the plans have become available to a majority of workers, with the percentage of families with members eligible to participate jumping from less than 20 percent in 1984 to more than 50 percent in 2003. By the time today's younger workers retire, they will have had more time to contribute to their plans than baby boomers, further fueling the growth of 401(k)s.

ASSETS IN 401(k) PLANS, 1999-2008

($ billions, end of year)

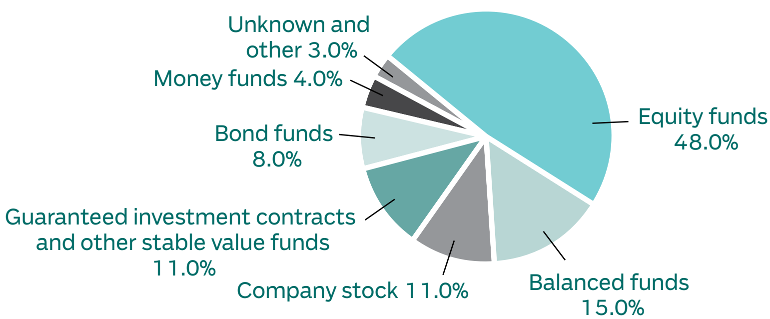
Year	Mutual fund 401(k) plan assets[1]	Other 401(k) plan assets	Total
1999	$812	$978	$1,790
2000	816	908	1,725
2001	799	883	1,682
2002	702	871	1,573
2003	923	999	1,922
2004	1,080	1,109	2,189
2005	1,242	1,154	2,396
2006	1,458	1,310	2,768
2007	1,633	1,392[2]	3,025[2]
2008	1,095	1,255[2]	2,350[2]

[1]Preliminary data. [2]Estimated by the Investment Company Institute.

Note: Components may not add to totals due to rounding.

Source: Investment Company Institute.

AVERAGE ASSET ALLOCATION FOR ALL 401(k) PLAN BALANCES, 2007[1]



[1]Percentages are dollar weighted averages.

Source: Investment Company Institute.

Sales of Fixed and Variable Annuities

There are two major types of annuities: fixed and variable. Fixed annuities guarantee the principal and a minimum rate of interest. Generally, interest credited and payments made from a fixed annuity are based on rates declared by the company, which can change only yearly. Fixed annuities are considered "general account" assets. In contrast, variable annuity account values and payments are based on the performance of a separate investment portfolio, thus their value may fluctuate daily. Variable annuities are considered "separate account" assets.

There are a variety of fixed annuities and variable annuities. One example, the equity indexed annuity, is a hybrid of the features of fixed and variable annuities. It credits a minimum rate of interest, just as other fixed annuities do, but its value is also based on the performance of a specified stock index—usually computed as a fraction of that index's total return. In December 2008 the Securities and Exchange Commission voted to reclassify indexed annuities (with some exceptions) as securities, not insurance products. Annuities can also be classified by marketing channel, in other words whether they are sold to groups or individuals. (See the Premiums by Line table, page 101.)

Annuities can be deferred or immediate. Deferred annuities generally accumulate assets over a long period of time, with withdrawals usually made as a single sum or as an income payment beginning at retirement. Immediate annuities allow purchasers to convert a lump sum payment into a stream of income that begins right away.

INDIVIDUAL ANNUITY CONSIDERATIONS, 2004-2008[1]

($ billions)

			Total	
Year	Variable	Fixed	Amount	Percent change from prior year
2004	$132.9	$87.9	$220.8	0.9%
2005	136.9	79.5	216.4	-2.0
2006	160.4	78.3	238.7	10.3
2007	184.0	72.8	256.8	7.6
2008	155.7	109.3	265.0	3.2

[1]Based on LIMRA's estimates of the total annuity sales market. Includes some considerations (i.e., premiums) that though bought in group settings involve individual buying decisions.

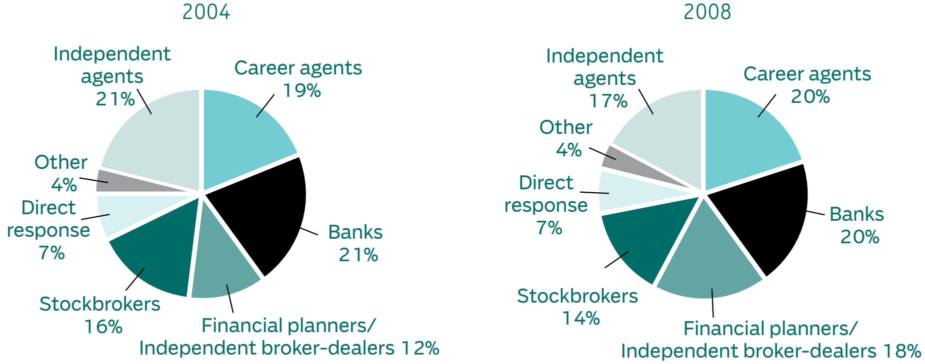
Source: LIMRA International.

- Individual fixed annuity sales in the U.S. rose 50 percent in 2008, while variable annuity sales declined 15 percent.

Annuity Distribution Systems

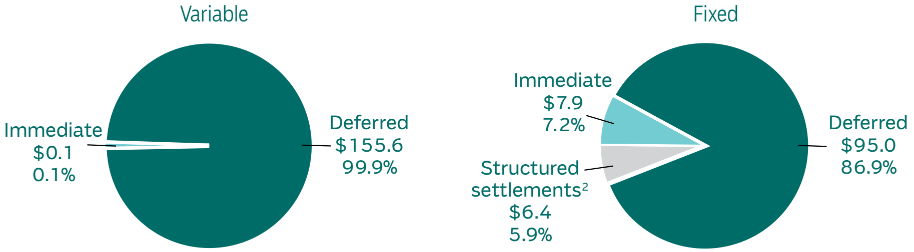
Insurance agents, including career agents, who sell the products of a single life insurance company, and independent agents, who represent several insurers, account for almost 40 percent of annuity sales. State and federal regulators require sellers of variable annuities, which are similar to stock market-based investments, to register with NASD and the Securities and Exchange Commission.

SALES OF INDIVIDUAL ANNUITIES BY DISTRIBUTION CHANNELS, 2004 AND 2008[1]



ANNUITY SALES BY PRODUCT TYPE, 2008

($ billions)



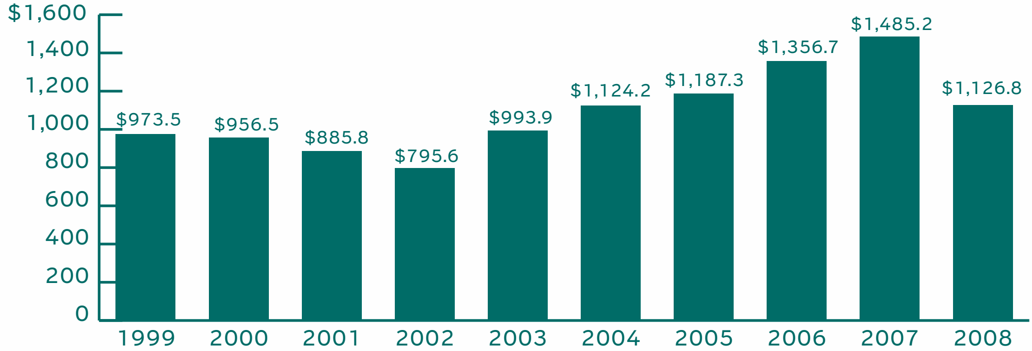
[1]Preliminary.

[2]Single premium contracts bought by P/C insurers to distribute awards in personal injury or wrongful death lawsuits over a period of time, rather than as lump sums.

Source: LIMRA International.

NET ASSETS OF VARIABLE ANNUITIES, 1999-2008

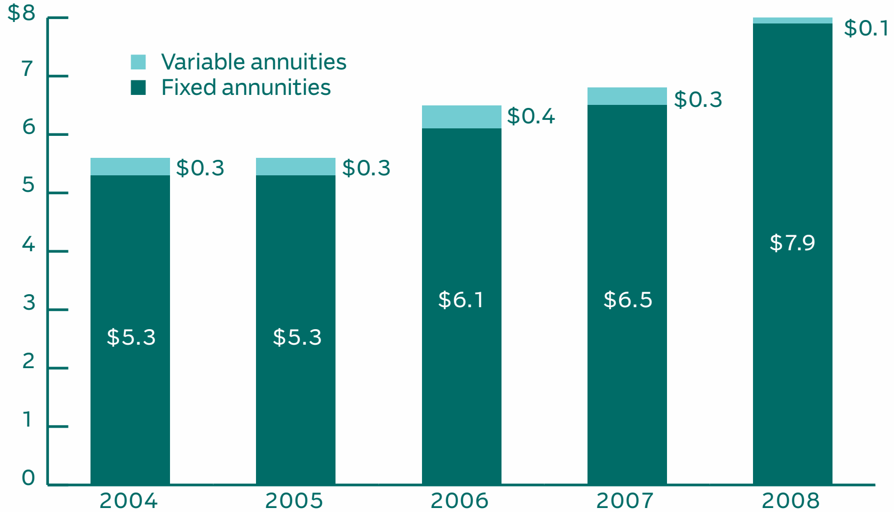
($ billions)



Source: Morningstar, Inc.

INDIVIDUAL IMMEDIATE ANNUITY SALES, 2004-2008

($ billions)



Source: LIMRA International, The 2008 Individual Annuity Market - Sales and Assets Report.

Retirement Assets

Mutual Funds

MUTUAL FUND RETIREMENT ASSETS, 1999-2008[1]

($ billions, end of year)

Year	Employer-sponsored accounts[2]	IRAs	Total retirement
1999	$1,274	$1,277	$2,551
2000	1,249	1,249	2,497
2001	1,179	1,176	2,355
2002	1,040	1,044	2,084
2003	1,347	1,327	2,674
2004	1,569	1,521	3,090
2005	1,760	1,700	3,460
2006	2,083	2,028	4,111
2007	2,309	2,304	4,613
2008	1,547	1,598	3,145

[1]Preliminary.

[2]Includes 401(k) plans, 403(b) plans, 457 plans, Keoghs and other defined contribution plans without 401(k) features; does not include defined benefit plan mutual fund assets.

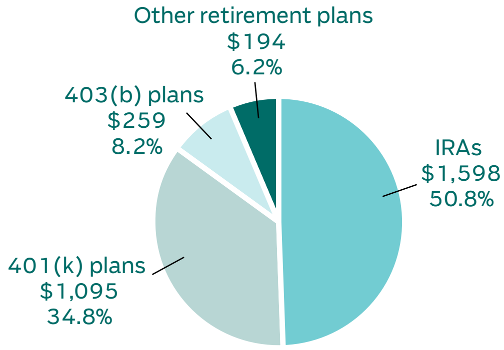
Note: Components may not add to totals due to rounding.

Source: Investment Company Institute.

- Of the total $3.1 trillion in mutual fund assets held in retirement plans, 57 percent were invested in equity funds, including 44 percent in domestic funds and 13 percent in foreign funds.

MUTUAL FUND RETIREMENT ASSETS BY TYPE OF PLAN, 2008[1]

($ billions)



[1]Preliminary data.

Source: Investment Company Institute.

Overview

Spurred by the passage of the Gramm-Leach-Bliley Financial Services Modernization Act of 1999 (GLB), many leading financial services companies are now doing business across sectors. Prior to GLB, competition among the various segments of the financial services industry was strictly limited by law. GLB removed many of the Depression-era barriers that restricted competition.

While the arrangement that provided the major impetus for the passage of GLB, Citigroup's merger with Travelers Insurance Group, has been dissolved, the convergence of products and services continues as companies look for innovative ways to tap the enduring market for financial products. Banks have tended to concentrate on distributing insurance products by buying existing agencies and brokers rather than by setting up their own agencies or purchasing insurers. For their part, insurance companies have set up thrift or banking divisions rather than buying existing banks.

GLB permits banks, securities firms and insurance companies to affiliate with each other through the financial holding company (FHC) structure. The first step in electing FHC status is to become a bank holding company (BHC), a company that owns one or more banks. BHCs must meet certain eligibility requirements in terms of capital, management and community investment to become an FHC.

GLB also allows banks owned by BHCs to expand into financial services activities by creating financial subsidiaries. The activities permitted by these subsidiaries are not as broad as those of the FHCs. For example, financial subsidiaries of banks may not engage in insurance underwriting. Before passage of GLB, BHCs could be involved in the securities business, but what they were permitted to do was strictly limited by law.

Industrial banks afford another route into banking for both financial services companies and nonfinancial businesses. These state-chartered institutions have broad banking powers and may be owned by firms outside the financial services sector, such as automakers and department stores as well as financial services businesses such as finance companies, insurers and securities firms. (See page 70.)

NUMBER OF FINANCIAL HOLDING COMPANIES, 2004-2008[1]

	2004	2005	2006	2007	2008
Number of domestic FHCs[2]	600	591	599	597	557
Number of foreign FHCs[3]	36	38	44	43	45
Total number of FHCs	**636**	**629**	**643**	**640**	**602**

[1]To avoid double-counting, only the top-tier bank holding company in a multitier organization is included.
[2]Bank holding company whose ultimate parent is incorporated in the United States.
[3]Bank holding company whose ultimate parent is a foreign bank or other organization chartered outside the United States.

Source: Board of Governors of the Federal Reserve System.

- As of year-end 2008 there were 557 U.S. BHCs with financial holding company (FHC) status and 45 foreign banking organizations with FHC status.

Bank Holding Companies/ BHCs: Securities Activities

Bank Holding Companies

Each year Michael White benchmarks and ranks the insurance, securities, and mutual fund and annuity fee income programs of banks and bank holding companies (BHCs), based on data reported to the FDIC and the Federal Reserve. The charts on pages 48-56 show data from institutions with insurance and/or investment operations located within BHC subsidiaries. The charts on pages 57-62 show data from banks that have generated, either directly or through bank subsidiaries, insurance and investment income and report the data at the bank level.

- Goldman Sachs and Morgan Stanley are securities firms that converted to bank holding companies in 2008.

TOP TEN BANK HOLDING COMPANIES, 2009[1]

($ millions)

Rank	Bank holding company	Assets
1	Bank of America Corporation	$2,256,059,674
2	JPMorgan Chase & Co.	2,026,642,000
3	Citigroup Inc.	1,848,533,000
4	Wells Fargo & Company	1,284,176,000
5	Goldman Sachs Group, Inc.	890,137,000
6	Morgan Stanley	676,957,000
7	MetLife	509,457,014
8	HSBC North America Holdings, Inc.	383,820,898
9	Taunus Corporation	366,350,000
10	Barclays Group U.S. Inc.	323,685,026

[1]As of June 30, 2009.

Source: Board of Governors of the Federal Reserve System.

BHCs: Securities Activities

BHCs recorded $35.6 billion in investment, banking, advisory and underwriting income in 2008.

BANK HOLDING COMPANY INVESTMENT BANKING, ADVISORY AND UNDERWRITING INCOME, 2007-2008

	Reporting investment banking, advisory and underwriting income				
Year	Number	Percent	Investment banking, advisory and underwriting income ($ billions)	Mean investment banking, advisory and underwriting income	Median investment banking, advisory and underwriting income
2007	274	31.9%	$43.70	$159,480,270	$366,000
2008	279	31.6	35.64	127,755,735	310,000

Source: Michael White Bank Investment Fee Income Report - 2009.

TOP TEN BANK HOLDING COMPANIES IN INVESTMENT BANKING, ADVISORY AND UNDERWRITING INCOME, 2007-2008

($000)

			Investment banking, advisory and underwriting income				
Rank	Bank holding company	State	2007	2008	Percent change	Percent of noninterest income, 2008	2008 Assets
1	Citigroup Inc.	NY	$16,278,000	$12,076,000	-25.81%	1,213.67%	$1,938,470,000
2	JPMorgan Chase & Co.	NY	7,965,000	6,101,000	-23.40	22.81	2,175,052,000
3	Franklin Resources, Inc.	CA	6,270,861	5,170,150	-17.55	99.98	8,962,111
4	Bank of America Corporation	NC	2,915,766	2,406,163	-17.48	8.47	1,822,068,028
5	Taunus Corporation	NY	1,345,000	831,000	-38.22	-17.52	396,659,000
6	Barclays Group US Inc.	DE	400,696	525,057	31.04	93.48	279,777,049
7	HSBC North America Holdings	IL	364,223	465,156	27.71	7.58	434,715,911
8	PNC Financial Services Group	PA	621,504	461,016	-25.82	12.95	291,092,876
9	Wells Fargo & Company	CA	391,000	332,000	-15.09	2.05	1,309,639,000
10	Keycorp	OH	203,972	208,922	2.43	11.20	105,231,004

Source: Michael White Bank Investment Fee Income Report - 2009.

BANK HOLDING COMPANY INVESTMENT FEE INCOME, 2004-2008[1]

	Reporting investment fee income				
Year	Number	Percent	Investment fee income ($ billions)	Mean investment fee income	Median investment fee income
2004	1,256	55.9%	$45.69	$36,378,205	$151,000
2005	1,278	56.6	48.93	38,282,635	158,000
2006[2]	629	73.7	56.43	89,717,957	409,000
2007	632	73.7	62.19	98,402,304	549,500
2008	638	72.3	56.34	88,303,589	501,000

[1]Income from investment banking, advisory, brokerage and underwriting fees and commissions.

[2]Due to a 2006 redefinition of what constitutes a ''small" bank holding company, most BHCs with less than $500 million in consolidated assets were exempt from filing detailed noninterest fee income data. The change reduced the number of BHCs that file the data by 1,300. The lower number of these small BHCs drove national means and medians higher, mainly for insurance brokerage fee income.

Source: Michael White Bank Investment Fee Income Report - 2009.

Convergence

BHCs: Securities Activities

TOP TEN BANK HOLDING COMPANIES IN INVESTMENT FEE INCOME, 2007-2008

($000)

			Investment fee income				
Rank	Bank holding company	State	2007	2008	Percent change	Percent of noninterest income, 2008	2008 Assets
1	Citigroup Inc.	NY	$16,464,000	$12,269,000	-25.48%	1,233.07%	$1,938,470,000
2	JPMorgan Chase & Co.	NY	10,831,000	9,605,000	-11.32	35.90	2,175,052,000
3	Bank of America Corporation	NC	6,876,276	5,755,915	-16.29	20.25	1,822,068,028
4	Franklin Resources, Inc.	CA	6,270,861	5,170,150	-17.55	99.98	8,962,111
5	Bank of New York Mellon Corp.	NY	814,000	2,009,000	146.81	16.49	237,652,000
6	Taunus Corporation	NY	2,509,000	2,006,000	-20.05	-42.30	396,659,000
7	Wells Fargo & Company	CA	1,985,000	1,851,000	-6.75	11.43	1,309,639,000
8	Barclays Group US Inc.	DE	976,274	1,284,992	31.62	228.77	279,777,049
9	Regions Financial Corp.	AL	822,092	858,822	4.47	31.53	146,253,935
10	HSBC North America Holdings	IL	615,646	715,557	16.23	11.65	434,715,911

Source: Michael White Bank Investment Fee Income Report - 2009.

BANK HOLDING COMPANY SECURITIES BROKERAGE INCOME, 2007-2008

	Reporting securities brokerage income				
Year	Number	Percent	Securities brokerage income ($ billions)	Mean securities brokerage income	Median securities brokerage income
2007	502	58.5%	$16.47	$32,812,675	$365,500
2008	510	57.8	18.09	35,466,912	335,500

Source: Michael White Bank Securities Brokerage Fee Income Report - 2009.

TOP TEN BANK HOLDING COMPANIES IN SECURITIES BROKERAGE INCOME, 2007-2008

($000)

			Securities brokerage income				
Rank	Bank holding company	State	2007	2008	Percent change	Percent of noninterest income, 2008	2008 Assets
1	Bank of America Corporation	NC	$3,834,979	$3,203,859	-16.46%	11.27%	$1,822,068,028
2	JPMorgan Chase & Co.	NY	2,703,000	3,141,000	16.20	11.74	2,175,052,000
3	Bank of New York Mellon Corp.	NY	792,000	1,989,000	151.14	16.33	237,652,000
4	Wells Fargo & Company	CA	1,478,000	1,401,000	-5.21	8.65	1,309,639,000
5	Taunus Corporation	NY	1,164,000	1,175,000	0.95	-24.78	396,659,000
6	Barclays Group US Inc.	DE	575,578	759,935	32.03	135.30	279,777,049
7	Regions Financial Corp.	AL	680,773	595,963	-12.46	21.88	146,253,935
8	Stifel Financial Corp.	MO	430,897	572,934	32.96	68.30	1,558,145
9	BB&T Corporation	NC	237,972	268,361	12.77	8.77	152,015,025
10	State Street Corporation	MA	217,222	231,909	6.76	2.86	176,632,334

Source: Michael White Bank Securities Brokerage Fee Income Report - 2009.

BHCs: Insurance Activities

During 2008, 588 bank holding companies earned some type of insurance-related revenue, down slightly from 592 the previous year. BHCs recorded total insurance revenue of $42.53 billion in 2008, down 2.6 percent from 2007.

BHCs: Insurance Activities

BANK HOLDING COMPANY INSURANCE BROKERAGE, UNDERWRITING AND TOTAL INSURANCE FEE INCOME, 2004-2008

	Insurance brokerage fee income[1]				
	Reporting insurance brokerage fee income				
Year	Number	Percent	Insurance brokerage fee income ($ billions)	Mean insurance brokerage fee income	Median insurance brokerage fee income
2004	1,408	62.7%	$9.63	$6,841,733	$65,000
2005	1,423	63.1	10.98	7,714,739	65,000
2006[2]	583	68.3	12.12	20,787,417	233,000
2007	588	68.5	12.25	20,827,117	166,000
2008	585	66.3	11.80	20,177,880	161,000

	Insurance underwriting fee income[3]				
	Reporting insurance underwriting fee income				
Year	Number	Percent	Insurance underwriting fee income ($ billions)	Mean insurance underwriting fee income ($ millions)	Median insurance underwriting fee income
2004	96	4.3%	$27.43	$285.7	$499,500
2005	94	4.2	33.08	351.9	467,500
2006[2]	77	9.0	31.35	407.1	720,000
2007	72	8.4	31.42	436.4	609,500
2008	66	7.5	30.73	465.6	497,000

	Total insurance fee income				
	Reporting total insurance fee income				
Year	Number	Percent	Total insurance fee income ($ billions)	Mean total insurance fee income ($ millions)	Median total insurance fee income
2004	1,422	63.3%	$37.06	$26.06	$67,000
2005	1,428	63.3	44.06	30.85	67,000
2006[2]	586	68.6	43.46	74.17	267,500
2007	592	69.0	43.66	73.76	190,500
2008	588	66.7	42.53	72.34	184,500

[1]Income from nonunderwriting activities, mostly from insurance product sales and referrals, service charges and commissions, and fees earned from insurance and annuity sales.
[2]Due to a 2006 redefinition of what constitutes a “small” bank holding company, most BHCs with less than $500 million in consolidated assets were exempt from filing detailed noninterest fee income data. The change reduced the number of BHCs that file the data by 1,300. The lower number of these small BHCs drove national means and medians higher, mainly for insurance brokerage fee income.
[3]Income from underwriting activities.

Source: Michael White-Prudential Bank Insurance Fee Income Report - 2009.

TOP TEN BANK HOLDING COMPANIES IN INSURANCE BROKERAGE FEE INCOME, 2007-2008[1]

($000)

			Insurance brokerage fee income				
Rank	Bank holding company	State	2007	2008	Percent change	Percent of noninterest income, 2008	2008 Assets
1	MetLife, Inc.	NY	$5,616,982	$5,737,422	2.14%	15.45%	$501,678,258
2	Wells Fargo & Company	CA	1,272,000	1,595,000	25.39	9.85	1,309,639,000
3	Citigroup Inc.	NY	2,016,000	1,207,000	-40.13	121.31	1,938,470,000
4	BB&T Corporation	NC	842,087	847,267	0.62	27.70	152,015,025
5	Bank of America Corp.	NC	317,948	432,206	35.94	1.52	1,822,068,028
6	HSBC No. America Holdings	IL	170,026	115,678	-31.96	1.88	434,715,911
7	Regions Financial Corp.	AL	97,176	113,187	16.48	4.16	146,253,935
8	Bancorpsouth, Inc.	MS	71,575	87,063	21.64	30.36	13,499,414
9	Huntington Bancshares Inc.	OH	37,749	70,086	85.66	8.09	54,355,998
10	JPMorgan Chase & Co.	NY	138,000	68,000	-50.72	0.25	2,175,052,000

[1]Income from nonunderwriting activities, insurance product sales and referrals, service charges and commissions, and fees earned from insurance and annuity sales.

Source: Michael White-Prudential Bank Insurance Fee Income Report - 2009.

TOP TEN BANK HOLDING COMPANIES IN INSURANCE UNDERWRITING NET INCOME, 2008

($000)

Rank	Bank holding company	State	Total insurance underwriting net income	Total net income/loss	Insurance net income as a percent of total net income	Assets
1	MetLife, Inc.	NY	$3,176,472	$3,209,215	98.98%	$501,678,258
2	Citigroup Inc.	NY	853,000	-27,684,000	-3.08	1,938,470,000
3	Wells Fargo & Company	CA	313,000	2,655,000	11.79	1,309,639,000
4	Bank of America Corporation	NC	63,197	4,007,548	1.58	1,822,068,028
5	HSBC North America Holdings	IL	56,714	-4,937,134	-1.15	434,715,911
6	Old National Bancorp	IN	39,420	62,478	63.09	7,874,853
7	BB&T Corporation	NC	19,469	1,518,623	1.28	152,015,025
8	U.S. Bancorp	MN	6,000	2,946,000	0.20	267,032,000
9	Fifth Third Bancorp	OH	5,877	-2,112,904	-0.28	119,763,812
10	Bank of New York Mellon Corp.	NY	5,000	1,419,000	0.35	237,652,000

Source: Michael White-Prudential Bank Insurance Fee Income Report - 2009.

BHCs: Insurance Activities/Annuities Activities

TOP TEN BANK HOLDING COMPANIES IN TOTAL INSURANCE PREMIUMS UNDERWRITTEN, 2007-2008
($000)

			Total insurance premiums			
Rank	Bank holding company	State	2007	2008	Percent change	2008 Assets
1	MetLife, Inc.	NY	$27,894,694	$25,914,156	-7.10%	$501,678,258
2	Citigroup Inc.	NY	1,518,000	2,014,000	32.67	1,938,470,000
3	Bank of America Corporation	NC	312,537	1,390,293	344.84	1,822,068,028
4	HSBC North America Holdings Inc.	IL	680,151	390,081	-42.65	434,715,911
5	JPMorgan Chase & Co.	NY	286,000	328,000	14.69	2,175,052,000
6	Wells Fargo & Company	CA	258,000	235,000	-8.91	1,309,639,000
7	BB&T Corporation	NC	11,692	81,182	594.34	152,015,025
8	Suntrust Banks, Inc.	GA	43,288	59,006	36.31	189,137,961
9	U.S. Bancorp	MN	36,000	35,000	-2.78	267,032,000
10	Fifth Third Bancorp	OH	20,432	23,272	13.90	119,763,812

Source: Michael White-Prudential Bank Insurance Fee Income Report - 2009.

BHCs: Annuities Activities

BANK HOLDING COMPANY MUTUAL FUND AND ANNUITY INCOME, 2004-2008

	Reporting mutual fund and annuity income				
Year	Number	Percent	Mutual fund and annuity income ($ billions)	Mean mutual fund and annuity income	Median mutual fund and annuity income
2004	1,103	49.1%	$17.22	$15,614,549	$153,000
2005	1,108	49.1	19.46	17,562,670	157,000
2006[1]	553	63.6	19.32	34,943,586	360,000
2007	555	64.7	22.81	41,102,155	432,000
2008	554	62.8	21.97	39,648,787	399,000

[1]Due to a 2006 redefinition of what constitutes a ‘’small” bank holding company, most BHCs with less than $500 million in consolidated assets were exempt from filing detailed noninterest fee income data. The change reduced the number of BHCs that file the data by 1,300. The lower number of these small BHCs drove national means and medians higher, mainly for insurance brokerage fee income.

Source: Michael White Bank Mutual Fund & Annuity Fee Income Report - 2009.

TOP TEN BANK HOLDING COMPANIES IN PROPRIETARY MUTUAL FUND AND ANNUITIES ASSETS UNDER MANAGEMENT, 2007-2008

($000)

			Proprietary mutual fund and annuities assets under management			
Rank	Bank holding company	State	2007	2008	Percent change	2008 Assets
1	JPMorgan Chase & Co.	NY	$608,517,000	$693,584,000	13.98%	$2,175,052,000
2	The Bank of New York Mellon Corp.	NY	300,691,000	361,267,000	20.15	237,652,000
3	Wells Fargo & Company	CA	154,892,000	272,705,000	76.06	1,309,639,000
4	Bank of America Corporation	NC	290,074,305	261,032,783	-10.01	1,822,068,020
5	Taunus Corporation	NY	132,260,000	113,687,000	-14.04	396,659,000
6	Citigroup Inc.	NY	117,678,000	105,167,000	-10.63	1,938,470,000
7	State Street Corporation	MA	38,887,996	104,805,923	169.51	176,632,334
8	U.S. Bancorp	MN	88,108,000	92,562,000	5.06	267,032,000
9	Northern Trust Corporation	IL	80,266,774	89,853,507	11.94	82,053,626
10	MetLife, Inc.	NY	558,563,489	56,854,367	-89.82	501,678,258

Source: Michael White Bank Mutual Fund & Annuity Fee Income Report - 2009.

TOP TEN BANK HOLDING COMPANIES IN MUTUAL FUND AND ANNUITY FEE INCOME, 2007-2008

($000)

			Mutual fund and annuity fee income				
Rank	Bank holding company	State	2007	2008	Percent change	Percent of non-interest income, 2008	2008 Assets
1	Franklin Resources, Inc.	CA	$5,789,149	$4,708,916	-18.66%	91.06%	$8,962,111
2	MetLife, Inc.	NY	3,542,355	3,431,100	-3.14	9.24	501,678,258
3	JPMorgan Chase & Co.	NY	1,890,000	2,051,000	8.25	7.67	2,175,052,000
4	Bank of America Corporation	NC	2,116,594	1,874,018	-11.46	6.59	1,822,068,028
5	Citigroup Inc.	NY	1,752,000	1,430,000	-18.38	143.72	1,938,470,000
6	Wells Fargo & Company	CA	1,429,000	1,334,000	-6.65	8.24	1,309,639,000
7	Bank of New York Mellon Corp.	NY	360,000	1,065,000	195.83	8.74	237,652,000
8	Taunus Corporation	NY	513,000	442,000	-13.84	-9.32	396,659,000
9	U.S. Bancorp	MN	385,000	380,000	-1.30	4.89	267,032,000
10	Suntrust Banks, Inc.	GA	180,597	183,173	1.43	5.53	189,137,961

Source: Michael White Bank Mutual Fund & Annuity Fee Income Report - 2009.

BHCs: Annuities Activities

BANK HOLDING COMPANY ANNUITY COMMISSIONS, 2007-2008

	Reporting annuity commissions		Annuity commissions ($ billions)	Mean annuity commissions	Median annuity commissions
Year	Number	Percent			
2007	376	43.8%	$2.02	$5,374,199	$220,500
2008	385	43.7	2.61	6,768,091	227,000

Source: Michael White-ABIA Bank Annuity Fee Income Report - 2009.

TOP TEN BANK HOLDING COMPANIES IN ANNUITY COMMISSIONS, 2007-2008

($000)

			Annuity commissions				
Rank	Bank holding company	State	2007	2008	Percent Change	Percent of noninterest income, 2008	2008 Assets
1	JPMorgan Chase & Co.	NY	$163,000	$363,000	122.70%	1.36%	$2,175,052,000
2	Bank of America Corp.	NC	125,531	145,893	16.22	0.51	1,822,068,028
3	Suntrust Banks, Inc.	GA	114,903	123,835	7.77	3.74	189,137,961
4	Wells Fargo & Company	CA	116,000	118,000	1.72	0.73	1,309,639,000
5	Regions Financial Corp.	AL	3,573	109,499	2,964.62	4.02	146,253,935
6	U.S. Bancorp	MN	91,000	100,000	9.89	1.29	267,032,000
7	PNC Financial Services Group	PA	68,446	69,501	1.54	1.95	291,092,876
8	HSBC North America Holdings	IL	58,025	65,255	12.46	1.06	434,715,911
9	Citigroup Inc.	NY	106,000	59,000	-44.34	5.93	1,938,470,000
10	Keycorp	OH	41,263	56,420	36.73	3.02	105,231,004

Source: Michael White-ABIA Bank Annuity Fee Income Report - 2009.

Banks: Securities Activities

The preceding charts highlighted insurance and securities income generated by bank holding companies based on an analysis by Michael White. The Michael White charts in the following section focus on institutions that have generated such income, either directly or through bank subsidiaries, insurance and investment income and report the data at the bank level, rather than at the bank holding company level. Banks reported $13.28 billion in investment fee income in 2008, down 6.5 percent from the previous year.

BANK INVESTMENT BANKING, ADVISORY AND UNDERWRITING INCOME, 2007-2008

	Reporting investment banking, advisory and underwriting income		Investment banking, advisory and underwriting income ($ billions)	Mean investment banking, advisory and underwriting income	Median investment banking, advisory and underwriting income
Year	Number	Percent			
2007	717	9.3%	$6.42	$8,956,393	$63,000
2008	688	9.2	5.27	7,656,314	65,000

Source: Michael White Bank Investment Fee Income Report - 2009.

TOP TEN BANKS IN INVESTMENT BANKING, ADVISORY AND UNDERWRITING INCOME, 2007-2008

($000)

			Investment banking, advisory and underwriting income				
Rank	Bank	State	2007	2008	Percent Change	Percent of noninterest income, 2008	Assets
1	JPMorgan Chase Bank, N.A.	OH	$3,700,000	$3,103,000	-16.14%	9.77%	$1,746,242,000
2	Bank of America, N.A.	NC	403,394	489,693	21.39	2.29	1,471,631,047
3	U.S. Bank, N.A.	OH	194,814	190,535	-2.20	2.60	261,775,591
4	PNC Bank, N.A.	PA	156,364	144,284	-7.73	7.31	140,777,455
5	Fifth Third Bank	OH	127,033	133,129	4.80	5.11	69,459,606
6	Deutsche Bank Trust Company Americas	NY	145,000	129,000	-11.03	22.95	50,801,000
7	Keybank N.A.	OH	119,114	125,787	5.60	7.38	101,868,610
8	State Street Bank and Trust Company	MA	78,036	93,588	19.93	1.20	171,227,778
9	HSBC Bank USA, N.A.	VA	6,671	72,750	990.54	-13.18	181,619,970
10	Union Bank, N.A.	CA	64,077	71,511	11.60	9.43	69,736,605

Source: Michael White Bank Investment Fee Income Report - 2009.

Banks: Securities Activities

- From 2004 to 2008, banks bought an average of 49 securities firms each year. (See Chapter 7:Mergers and Acquisitions of U.S. Securities Firms.)

BANK INVESTMENT FEE INCOME, 2004-2008[1]

Year	Reporting investment fee income		Investment fee income ($ billions)	Mean investment fee income	Median investment feeincome
	Number	Percent			
2004	2,304	28.5%	$9.79	$4,249,146	$68,000
2005	2,245	28.2	9.97	4,440,339	77,000
2006	2,228	28.4	11.97	5,370,943	85,000
2007	2,216	28.8	14.21	6,412,762	110,000
2008	2,150	28.7	13.28	6,178,356	115,000

[1]Income from investment banking, advisory, brokerage and underwriting fees and commissions.

Source: Michael White Bank Investment Fee Income Report - 2009.

TOP TEN BANKS IN INVESTMENT FEE INCOME, 2007-2008[1]

($000)

Rank	Bank	State	Investment fee income 2007	2008	Percent change	Percent of noninterest income, 2008	2008 Assets
1	JPMorgan Chase Bank, N.A.	OH	$5,546,000	$4,883,000	-11.95%	15.37%	$1,746,242,000
2	Bank of America, N.A.	NC	3,442,038	3,303,574	-4.02	15.43	1,471,631,047
3	Wachovia Bank, N.A[2]	NC	582,000	634,666	9.05	6.82	664,223,000
4	Wells Fargo Bank, N.A.	SD	460,000	432,000	-6.09	3.09	538,958,000
5	PNC Bank, N.A.	PA	291,334	296,476	1.76	15.03	140,777,455
6	Fifth Third Bank	OH	228,072	219,339	-3.83	8.41	69,459,606
7	Citibank, N.A.	NV	213,000	200,000	-6.10	3.37	1,231,154,000
8	Keybank, N.A.	OH	179,373	197,956	10.36	11.61	101,868,610
9	The Bank of New York	NY	214,000	193,000	-9.81	2.66	195,164,000
10	U.S. Bank, N.A.	OH	194,814	190,535	-2.20	2.60	261,775,591

[1]Income from broker-dealer activities such as investment banking, advisory and underwriting; securities brokerage; and annuity commissions.

[2]On December 31, 2008, Wells Fargo & Company purchased Wachovia Corporation. Wachovia's results were not included in Wells Fargo's 2008 year-end income statement. Michael White Associates has annualized the income statement results of Wachovia Corporation's subsidiary banks, which still exist, for the first three quarters of 2008 and included them, where pertinent, in these rankings.

Source: Michael White Bank Investment Fee Income Report - 2009.

BANK SECURITIES BROKERAGE INCOME, 2007-2008

Year	Reporting securities brokerage income: Number	Reporting securities brokerage income: Percent	Securities brokerage income ($ billions)	Mean securities brokerage income	Median securities brokerage income
2007	1,624	21.1%	$6.85	$4,217,010	$90,500
2008	1,585	21.1	7.01	4,424,686	87,000

Source: Michael White Bank Securities Brokerage Fee Income Report - 2009.

TOP TEN BANKS IN SECURITIES BROKERAGE INCOME, 2007-2008[1]

($000)

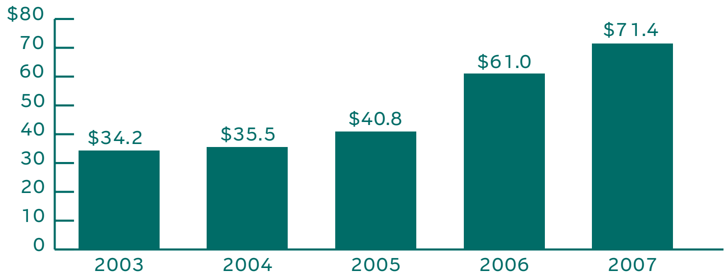
			Securities brokerage income				
Rank	Bank	State	2007	2008	Percent change	Percent of noninterest income, 2008	2008 Assets
1	Bank of America, N.A.	NC	$2,917,015	$2,668,908	-8.51%	12.46%	$1,471,631,047
2	JPMorgan Chase Bank, N.A.	OH	1,846,000	1,780,000	-3.58	5.60	1,746,242,000
3	Wachovia Bank, N.A[1]	NC	16,000	629,333	3,833.33	6.65	664,223,000
4	Wells Fargo Bank, N.A.	SD	368,000	371,000	0.82	2.66	538,958,000
5	The Bank of New York	NY	206,000	193,000	-6.31	2.66	195,164,000
6	Citibank, N.A.	NV	80,000	134,000	67.50	2.26	1,231,154,000
7	Chase Bank USA, N.A.	DE	83,880	96,355	14.87	1.30	102,826,031
8	PNC Bank, N.A.	PA	92,309	87,676	-5.02	4.44	140,777,455
9	State Street Bank and Trust Company	MA	50,108	53,654	7.08	0.69	171,227,778
10	Silicon Valley Bank	CA	51,794	50,498	-2.50	36.04	9,473,973

[1]On December 31, 2008, Wells Fargo & Company purchased Wachovia Corporation. Wachovia's results were not included in Wells Fargo's 2008 year-end income statement. Michael White Associates has annualized the income statement results of Wachovia Corporation's subsidiary banks, which still exist, for the first three quarters of 2008 and included them, where pertinent, in these rankings.

Source: Michael White Bank Securities Brokerage Fee Income Report - 2009.

BANK SALES OF RETAIL MUTUAL FUNDS, 2003-2007[1]

($ billions)



[1]Estimated.

Source: Kehrer-LIMRA.

- Bank sales of retail mutual funds reached a record $71.4 billion in 2007. This marks a 17.0 percent increase from the previous year.

Banks: Insurance Activities

BANK INSURANCE BROKERAGE, UNDERWRITING AND TOTAL INSURANCE FEE INCOME, 2004-2008

	Insurance brokerage fee income[1]				
	Reporting Insurance brokerage fee income[1]				
Year	Number	Percent	Insurance brokerage fee income ($ billions)	Mean insurance brokerage fee income	Median insurance brokerage fee income
2004	3,879	48.0%	$3.63	$935,263	$20,000
2005	3,802	47.7	3.93	1,033,970	19,000
2006	3,648	46.5	4.08	1,117,370	20,000
2007	3,519	45.7	4.04	1,149,359	18,000
2008	3,372	45.0	3.51	1,041,330	18,000

	Insurance underwriting fee income[2]				
	Reporting insurance underwriting fee income				
Year	Number	Percent	Insurance underwriting fee income ($ millions)	Mean insurance underwriting fee income	Median insurance underwriting fee income
2004	289	3.6%	$697.1	$2,412,173	$9,000
2005	242	3.0	653.2	2,699,335	8,000
2006	227	2.9	354.8	1,563,141	6,000
2007	247	3.2	414.9	1,679,781	8,000
2008	223	3.0	459.3	2,059,534	9,000

	Total insurance fee income				
	Reporting insurance fee income				
Year	Number	Percent	Total insurance fee income ($ billions)	Mean total insurance fee income	Median total insurance fee income
2004	4,042	50.0%	$4.33	$1,070,016	$19,000
2005	3,926	49.3	4.58	1,167,700	18,000
2006	3,774	48.2	4.43	1,174,085	19,000
2007	3,625	47.0	4.46	1,230,207	18,000
2008	3,468	46.3	3.97	1,145,210	17,000

[1]Income from nonunderwriting activities, mostly from insurance product sales and referrals, service charges and commissions, and fees earned from insurance and annuity sales.
[2]Income from underwriting activities.

Source: Michael White-Prudential Bank Insurance Fee Income Report - 2009.

TOP TEN BANKS IN INSURANCE BROKERAGE FEE INCOME, 2007-2008

($000)

			Insurance brokerage fee income				
Rank	Bank	State	2007	2008	Percent change	Percent of noninterest income, 2008	2008 Assets
1	Branch Banking and Trust Company	NC	$836,932	$860,339	2.80%	33.99%	$147,483,646
2	Citibank, N.A.	NV	1,185,000	860,000	-27.43	14.48	1,231,154,000
3	FIA Card Services, N.A.	DE	256,643	271,303	5.71	3.18	159,637,136
4	Bank of America, N.A.	NC	176,778	148,323	-16.10	0.69	1,471,631,047
5	BancorpSouth Bank	MS	71,560	87,063	21.66	30.22	13,488,870
6	TD Bank, N.A.	DE	56,040	58,425	4.26	4.97	101,632,075
7	Compass Bank	AL	17,957	57,577	220.64	6.49	62,251,283
8	Eastern Bank	MA	40,719	51,033	25.33	59.26	6,549,060
9	Associated Bank, N.A.	WI	41,765	42,210	1.07	14.82	23,843,152
10	The Frost National Bank	TX	31,125	33,128	6.44	12.20	15,112,135

Source: Michael White-Prudential Bank Insurance Fee Income Report - 2009.

TOP TEN BANKS IN INSURANCE UNDERWRITING INCOME, 2008

($000)

			Insurance underwriting income			
Rank	Bank	State	Amount	Percent of total insurance income	Percent of noninterest income	Assets
1	JPMorgan Chase Bank, N.A.	OH	$118,000	93.65%	0.37%	$1,746,242,000
2	Wells Fargo Bank, N.A.	SD	97,000	97.00	0.69	538,958,000
3	SunTrust Bank	GA	58,759	99.51	2.00	185,098,787
4	Bank of America, N.A.	NC	49,971	25.20	0.23	1,471,631,047
5	Wells Fargo Financial Bank	SD	37,758	100.00	34.50	6,296,020
6	U.S. Bank, N.A.	OH	22,404	97.84	0.31	261,775,591
7	HSBC Bank USA, N.A.	VA	14,717	40.36	-2.67	181,619,970
8	First Tennessee Bank, N.A.	TN	11,919	29.14	0.85	30,786,926
9	Fifth Third Bank	OH	10,201	56.15	0.39	69,459,606
10	Bank Forward	ND	5,333	99.33	78.10	458,913

Source: Michael White-Prudential Bank Insurance Fee Income Report - 2009.

Banks: Insurance Activities

TOP TEN BANKS IN TOTAL INSURANCE FEE INCOME, 2007-2008

($000)

			Insurance fee income				
Rank	Bank	State	2007	2008	Percent change	Percent of noninterest income, 2008	2008 Assets
1	Branch Banking and Trust Company	NC	$840,380	$863,732	2.78%	34.12%	$147,483,646
2	Citibank, N.A.	NV	1,185,000	860,000	-27.43	14.48	1,231,154,000
3	FIA Card Services, N.A.	DE	256,643	271,303	5.71	3.18	159,637,136
4	Bank of America, N.A.	NC	220,679	198,294	-10.14	0.93	1,471,631,000
5	JPMorgan Chase Bank, N.A.	OH	97,000	126,000	29.90	0.40	1,746,242,000
6	Wells Fargo Bank, N.A.	SD	94,000	100,000	6.38	0.72	538,958,000
7	BancorpSouth Bank	MS	71,616	87,072	21.58	30.22	13,488,870
8	SunTrust Bank	GA	39,747	59,050	48.56	2.01	185,098,787
9	TD Bank, N.A.	DE	56,040	58,425	4.26	4.97	101,632,075
10	Compass Bank	AL	17,957	57,577	220.64	6.49	62,251,283

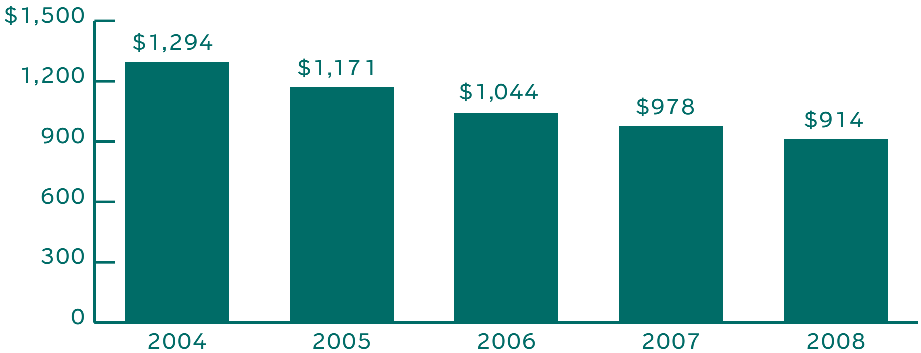
Source: Michael White-Prudential Bank Insurance Fee Income Report - 2009.

Banks In Insurance Surveys

The preceding pages show Michael White data on the insurance activities of banks and bank holding companies, based on the firm's analysis of Federal Reserve and FDIC data. The charts on pages 62-64 provide data on banks in insurance, based on research by Kehrer-LIMRA, SNL and the American Bankers Insurance Association.

BANK INDIVIDUAL LIFE INSURANCE SALES, 2004-2008

($ millions)



Source: Kehrer-LIMRA.

WEIGHTED BANK SALES OF INDIVIDUAL LIFE INSURANCE, 2004-2008[1]

Year	Sales ($ millions)	Share of industry annualized premium
2004	$288	2.3%
2005	274	2.2
2006	261	2.0
2007	225	1.6
2008	190	1.4

[1]The weighted premium method of calculating annual sales volume emphasizes recurring premiums, i.e., policies with periodic payments. It deducts 90 percent of single premium sales, i.e., policies with one-time payments.

Source: Kehrer-LIMRA.

- Weighted bank sales of individual life insurance fell 15.6 percent in 2008.

BANK PURCHASES OF INSURANCE AGENCIES, 2005-2008[1]

	2005	2006	2007	2008
Number of deals	46	64	58	47
Deal value[2] ($ millions)	$214.7	$37.6	$98.1	$92.4

[1]List does not include terminated deals. [2]At announcement.

Source: SNL Financial LC.

- The number of bank/agency deals fell 19.0 percent in 2008; the value of those deals fell by 5.8 percent.

BANKS' DISTRIBUTION METHODS FOR MARKETING LIFE INSURANCE

Method	Percent of banks surveyed
Financial consultants	95%
Platform bankers[1]	54
Direct response	45
Stand-alone agency	22
Advanced agents	10
Referrals to outside agency	6
Retail agents	4

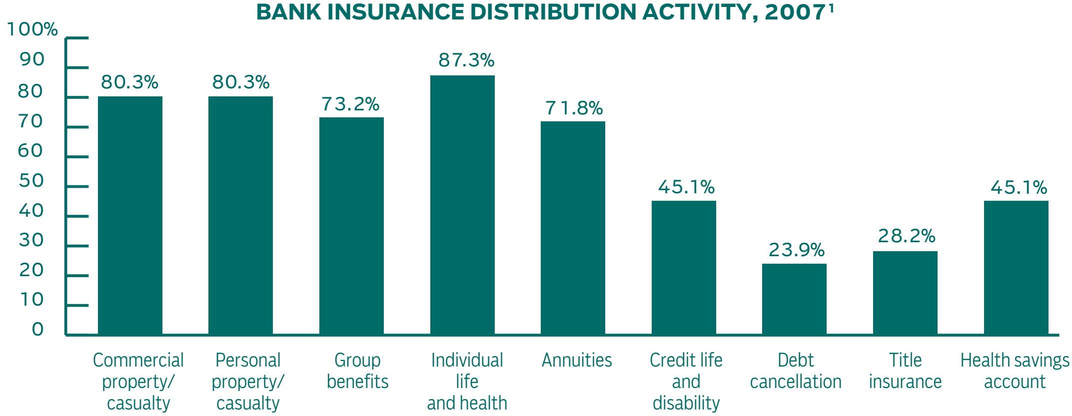
[1]Customer service area in bank lobby.

Source: 2007/2008 Kehrer-LIMRA Bank Life Insurance Sales Study.

Banks: Insurance Activities

Bank insurance premiums totaled about $80.1 billion in 2005, according to a 2006 survey by the American Bankers Insurance Association (ABIA), based on the responses of 525 banks. A 2007 ABIA survey of banks in the insurance distribution business found that individual life and health products dominate banks sales, with 87.3 percent of the 71 respondents selling such products.

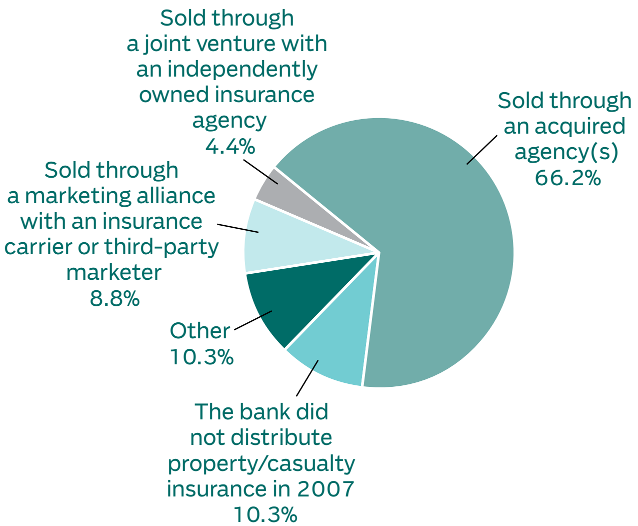
BANK INSURANCE DISTRIBUTION ACTIVITY, 2007[1]



[1]Based on the responses of banks in the survey that sell insurance products.

Source: American Bankers Insurance Association.

PRIMARY PROPERTY/CASUALTY DISTRIBUTION METHOD, 2007
($ billions)



Source: American Bankers Insurance Association.

Banks: Annuities Activities

BANK MUTUAL FUND AND ANNUITY INCOME, 2004-2008

Year	Reporting mutual fund and annuity income: Number	Reporting mutual fund and annuity income: Percent	Mutual fund and annuity income ($ billions)	Mean mutual fund and annuity income	Median mutual fund and annuity income
2004	2,067	25.6%	$5.62	$2,718,866	$77,000
2005	1,958	24.6	5.02	2,564,926	87,000
2006	1,902	24.3	5.38	2,830,081	97,000
2007	1,841	23.9	5.80	3,152,999	112,000
2008	1,737	23.2	5.14	2,960,917	115,000

Source: Michael White Bank Mutual Fund & Annuity Fee Income Report - 2009.

TOP TEN BANKS IN MUTUAL FUND AND ANNUITY INCOME, 2007-2008

($000)

Rank	Bank	State	Mutual fund and annuity commissions: 2007	2008	Percent change	Percent of noninterest income, 2008	2008 Assets
1	Bank of America, N.A.	NC	$2,107,472	$1,792,898	-14.93%	8.37%	$1,471,631,047
2	Wachovia Bank, N.A.[1]	NC	618,000	582,667	-5.72	6.16	664,223,000
3	Wells Fargo Bank, N.A.	SD	366,000	369,000	0.82	2.64	538,958,000
4	JPMorgan Chase Bank, N.A.	OH	428,000	219,000	-48.83	0.69	1,746,242,000
5	U.S. Bank N.A.	OH	194,814	190,535	-2.20	2.60	261,775,591
6	PNC Bank, N.A.	PA	153,032	140,325	-8.30	7.11	140,777,455
7	Keybank N.A.	OH	104,004	121,824	17.13	7.15	101,868,610
8	Fifth Third Bank	OH	143,794	121,407	-15.57	4.66	69,459,606
9	Chase Bank USA, N.A.	DE	85,307	96,228	12.80	1.29	102,826,031
10	State Street Bank and Trust Company	MA	74,134	88,909	19.93	1.14	171,227,778

[1]On December 31, 2008, Wells Fargo & Company purchased Wachovia Corporation. Wachovia's results were not included in Wells Fargo's 2008 year-end income statement. Michael White Associates has annualized the income statement results of Wachovia Corporation's subsidiary banks, which still exist, for the first three quarters of 2008 and included them, where pertinent, in these rankings.

Source: Michael White Bank Mutual Fund & Annuity Fee Income Report - 2009.

BANK ANNUITY COMMISSIONS, 2007 -2008

Year	Reporting annuity commissions: Number	Reporting annuity commissions: Percent	Annuity commissions ($ billions)	Mean annuity commissions	Median annuity commissions
2007	1,074	13.9%	$940.5	$875,718	$63,000
2008	1,038	13.9	$1,003.0	966,083	65,000

Source: Michael White-ABIA Bank Annuity Fee Income Report - 2009.

Banks: Annuities Activities

TOP TEN BANKS IN ANNUITY COMMISSIONS, 2007-2008

($000)

Rank	Bank	State	Annuity commissions 2007	2008	Percent change	Percent of noninterest income, 2008	2008 Assets
1	Bank of America, N.A.	NC	$121,629	$144,973	19.19%	0.68%	$1,471,631,047
2	PNC Bank, N.A.	PA	42,661	64,516	51.23	3.27	140,777,455
3	Citibank, N.A.	NV	106,000	59,000	-44.34	0.99	1,231,154,000
4	Keybank N.A.	OH	41,783	56,420	35.03	3.31	101,868,610
5	Compass Bank	AL	10,382	47,081	353.49	5.31	62,251,283
6	Branch Banking and Trust Company	NC	41,859	45,942	9.75	1.81	147,483,646
7	RBS Citizens, N.A.	RI	28,295	45,073	59.30	3.10	129,490,645
8	Manufacturers and Traders Trust Co.	NY	33,753	41,162	21.95	3.97	64,824,244
9	Fifth Third Bank	OH	42,336	39,683	-6.27	1.52	69,459,606
10	Bank of the West	CA	37,825	36,929	-2.37	6.71	66,890,239

Source: Michael White-ABIA Bank Annuity Fee Income Report - 2009.

TOP TEN BANKS IN PROPRIETARY MUTUAL FUND AND ANNUITIES ASSETS UNDER MANAGEMENT, 2007-2008

($000)

Rank	Bank	State	Proprietary mutual fund and annuities assets under management 2007	2008	Percent change	2008 Assets
1	Bank of America, N.A.	NC	$280,892,887	$261,032,783	-7.07%	$1,471,631,047
2	JPMorgan Chase Bank, N.A.	OH	85,159,000	158,151,000	85.71	1,746,242,000
3	Wachovia Bank, N.A.[1]	NC	113,600,000	113,600,000	NA	664,223,000
4	U.S. Bank N.A.	OH	88,108,365	92,561,724	5.05	261,775,591
5	The Northern Trust Company	IL	80,266,774	89,853,507	11.94	70,433,589
6	HSBC Bank USA, N.A.	VA	23,605,645	31,523,958	33.54	181,619,970
7	Keybank N.A.	OH	14,886,390	13,669,799	-8.17	101,868,610
8	Fifth Third Bank	OH	13,395,130	11,958,195	-10.73	69,459,606
9	Manufacturers and Traders Trust Company	NY	10,478,790	11,513,055	9.87	64,824,244
10	Union Bank, N.A.	CA	8,226,600	8,308,100	0.99	69,736,605

[1]On December 31, 2008, Wells Fargo & Company purchased Wachovia Corporation. Wachovia's results were not included in Wells Fargo's 2008 year-end income statement. Michael White Associates has annualized the income statement results of Wachovia Corporation's subsidiary banks, which still exist, for the first three quarters of 2008 and included them, where pertinent, in these rankings. NA=Data not available. Source: Michael White Bank Mutual Fund & Annuity Fee Income Report - 2009.

Banks: Annuities/Insurance Industry: Banking Activities

BANK SHARE OF FIXED AND VARIABLE ANNUITY PREMIUMS, 1999-2008

($ billions)

	Fixed annuity premiums			Variable annuity premiums		
Year	Total market	Banks	Bank share	Total market	Banks	Bank share
1999	$42.1	$12.5	29.7%	$114.4	$13.9	12.2%
2000	47.7	15.4	32.3	137.2	15.6	11.4
2001	68.3	27.4	40.1	111.0	10.9	9.8
2002	97.4	36.4	37.4	116.6	12.5	10.7
2003	89.4	33.1	37.0	129.4	16.2	12.5
2004	87.9	29.7	33.8	132.9	16.9	12.7
2005	79.5	21.8	27.4	136.9	17.9	13.1
2006	78.3	19.2	24.5	160.4	21.7	13.5
2007	72.8	16.9	23.2	184.0	25.5	13.9
2008	109.3	33.3	30.5	155.7	18.7	12.0

Source: Kehrer-LIMRA.

Insurance Industry: Banking Activities

A number of insurance companies have entered the banking arena by establishing thrifts, which are savings institutions chartered by the Office of Thrift Supervision. A small number of insurance companies, including MetLife, have obtained financial holding company status, which allows them to engage in banking activities. Some insurers, such as USAA, own industrial banks.

TEN LARGEST THRIFTS OWNED BY INSURANCE COMPANIES BY ASSETS, 2008

($000)

Rank	Parent company	Subsidiary	Subsidiary total assets	Subsidiary total deposits
1	ING Groep N.V.	ING Bank FSB	$79,464,958	$67,992,888
2	United Services Automobile Association	USAA Federal Savings Bank, USAA Savings Bank	37,677,568	27,668,585
3	State Farm Mutual Automobile Insurance Co.	State Farm Bank FSB	16,161,983	9,761,576
4	MetLife Inc.	MetLife Bank NA	7,739,725	4,851,210
5	Principal Financial Group Inc.	Principal Bank	2,185,603	2,007,014
6	UNIFI Mutual Holding Co.	Acacia Federal Savings Bank	1,570,781	989,895
7	Nationwide Mutual Group	Nationwide Bank	1,553,335	1,028,666
8	Ameriprise Financial Inc.	Ameriprise Bank FSB	1,451,216	1,379,583
9	Prudential Financial Inc.	Prudential Bank & Trust FSB	1,447,251	1,312,502
10	Unitrin Inc.	Fireside Bank	1,407,773	1,202,365

[1]As of June 30, 2008.

Source: SNL Financial.

Insurance Industry: Banking Activities

TOP TEN WRITERS OF FIXED ANNUITIES SOLD THROUGH BANKS, 2007-2008
($ millions)

		Premiums	
Rank	Company	2007	2008
1	AIG	$8,332	$11,021
2	New York Life	4,692	9,051
3	AVIVA	5,195	7,851
4	MetLife	1,935	6,046
5	AEGON USA	1,427	5,763
6	Allianz Life of North America	5,609	5,209
7	Jackson National Life	2,024	4,139
8	Allstate Financial	3,781	3,729
9	Principal Life Insurance Company	2,626	3,648
10	Hartford Life	2,288	2,765

Source: Kehrer-LIMRA.

TOP TEN WRITERS OF VARIABLE ANNUITIES SOLD THROUGH BANKS, 2007-2008
($ millions)

		Premiums	
Rank	Company	2007	2008
1	TIAA-CREF	$14,065	$14,431
2	MetLife	15,265	13,949
3	ING	13,568	13,842
4	AXA Equitable	15,502	13,377
5	Lincoln Financial Group	13,044	11,130
6	Prudential Annuities	11,643	10,199
7	John Hancock	10,805	9,557
8	AIG	9,526	8,222
9	Hartford Life	13,255	7,887
10	Pacific Life	10,659	7,818

Source: Kehrer-LIMRA.

TOP TEN UNDERWRITERS OF BANK LIFE PREMIUMS BY TOTAL NEW PREMIUM, 2008
($ millions)

Rank	Company	Premiums
1	Liberty Life of Boston	$166.6
2	Hartford	126.7
3	Transamerica	110.3
4	Allstate	92.3
5	Lincoln	83.5
6	Great-West L&A	53.0
7	Nationwide	30.3
8	American General	26.9
9	Protective	9.2
10	MassMutual	6.2

Source: Kehrer-LIMRA.

Nonbank Ownership of Industrial Banks

Industrial banks, also known as state-chartered industrial loan companies (ILCs), were first formed in the early part of the 20th century to make consumer loans and offer deposit accounts as part of a move to secure credit for low- and moderate-income workers. Their growth was spurred by a 1987 federal banking law modification that gave nonbanking companies a way to own FDIC-insured industrial banks. In 2008 the top 10 industrial banks had total assets of $106.6 billion. There are about 60 FDIC-insured ILCs, mostly headquartered in Utah and California. Five other states—Colorado, Minnesota, Indiana, Hawaii and Nevada—permit these charters. ILCs have broad banking powers and may be owned by banks and other financial services businesses, such as finance companies, credit card issuers and securities firms, as well as by nonfinancial businesses, such as automakers and department stores. Some regulators oppose the access to the financial services industry that ILCs provide to nonbanks. In 2003 California and Colorado passed laws that prohibit nonfinancial firms from owning ILCs.

Industrial Banks

- A wide variety of firms own industrial banks, including such diverse firms as Toyota, Target and Harley-Davidson. USAA (an insurer) and BMW (an automaker) are among the owners of the largest institutions.

LARGEST INDUSTRIAL BANKS BY ASSETS, 2008

($ thousands)

Rank	Institution	Parent	Institution Assets
1	UBS Bank USA	UBS AG	$30,494,977
2	American Express Centurion Bank	American Express Company	24,574,054
3	GE Capital Financial Inc.	General Electric Company	12,180,244
4	Capmark Bank	Capmark Financial Group Inc.	8,469,619
5	USAA Savings Bank	United Services Automobile Association	6,912,432
6	CapitalSource Bank	CapitalSource Inc.	6,134,338
7	BMW Bank of North America	BMW of North America, LLC	5,527,787
9	Woodlands Commercial Bank	Lehman Brothers Holdings Inc.	5,423,761
9	Sallie Mae Bank	SLM Corporation	3,797,233
10	Advanta Bank Corp	Advanta Corp.	3,106,694

Source: SNL Financial

Overview

The insurance industry safeguards the assets of its policyholders by transferring risk from an individual or business to an insurance company. Insurance companies act as financial intermediaries in that they invest the premiums they collect for providing this service. Insurance company size is usually measured by net premiums written, that is, premium revenues less amounts paid for reinsurance. There are three main insurance sectors: property/casualty, life/health and health insurance. Property/casualty (P/C) consists mainly of auto, home and commercial insurance. Life/health (L/H) consists mainly of life insurance and annuity products. Health insurance is offered by private health insurance companies and some L/H and P/C insurers, as well as by government programs such as Medicare.

Regulation

All types of insurance are regulated by the states, with each state having its own set of statutes and rules. State insurance departments oversee insurer solvency, market conduct and, to a greater or lesser degree, review and rule on requests for rate increases for coverage. The National Association of Insurance Commissioners develops model rules and regulations for the industry, many of which must be approved by state legislatures. The McCarran-Ferguson Act, passed by Congress in 1945, refers to continued state regulation of the insurance industry as being in the public interest. Under the 1999 Gramm-Leach-Bliley Financial Services Modernization Act, insurance activities—whether conducted by banks, broker-dealers or insurers—are regulated by the states. However, there have been, and continue to be, challenges to state regulation from some segments of the federal government as well as from some financial services firms.

Accounting

Insurers are required to use statutory accounting principles (SAP) when filing annual financial reports with state regulators and the Internal Revenue Service. SAP, which evolved to enhance the industry's financial stability, is more conservative than the generally accepted accounting principles (GAAP), established by the independent Financial Accounting Standards Board (FASB). The Securities and Exchange Commission (SEC) requires publicly owned companies to report their financial results using GAAP rules. Insurers outside the United States use standards that differ from SAP and GAAP. As global markets developed, the need for more uniform accounting standards became clear. In 2001 the International Accounting Standards Board (IASB), an independent international accounting standards setting organization, began work on a set of standards, called International Financial Reporting Standards (IFRS) that it hopes will be used around the world. Since 2001 over 100 countries have required or permitted the use of IFRS.

In 2007 the SEC voted to stop requiring non-U.S. companies that use IFRS to re-issue their financial reports for U.S. investors using GAAP. In 2008 the National Association of Insurance

Commissioners began to explore ways to move from statutory accounting principles to IFRS. Also in 2008, the FASB and IASB undertook a joint project to develop a common and improved framework for financial reporting.

Distribution

Property/casualty and life insurance policies were once sold almost exclusively by agents—either by captive agents, representing one insurance company, or by independent agents, representing several companies. Insurance companies selling through captive agents and/or by mail, telephone or via the Internet are called "direct writers." However, the distinctions between direct writers and independent agency companies have been blurring since the 1990s, when insurers began to use multiple channels to reach potential customers. In addition, in the 1980s banks began to explore the possibility of selling insurance through independent agents, usually buying agencies for that purpose. (See Chapter 4: Convergence, page 47.) Other distribution channels include sales through professional organizations and through workplaces.

Direct Marketing Revenue Advertising Expenditures

Each year the Direct Marketing Association (DMA) looks at the insurance industry's expenditures on direct marketing advertising channels such as direct mail, telephone, the Internet, email and direct response television, radio and newspaper advertisements. The latest study estimates that direct marketing strategies accounted for 84.7 percent of the total advertising expenditures of insurance carriers and agents in 2009, up from 76.5 percent in 2004. The DMA expects direct marketing advertising expenditures to grow at a compound annual rate of 6.4 percent from 2009 to 2014.

INSURANCE INDUSTRY DIRECT MARKETING ADVERTISING EXPEDITURES, 2004-2014[1]

($ millions)

						Compound annual growth (percent)	
	2004	2008	2009[2]	2010[2]	2014[2]	2004-2009	2009-2014
Total advertising expenditures	$7,991.1	$8,307.6	$7,391.5	$7,673.3	$9,734.0	-1.5%	5.7%
Direct marketing advertising expenditures	6,111.9	6,612.0	6,259.6	7,057.1	8,521.9	0.5	6.4
Direct marketing share of total expenditures	76.5%	79.6%	84.7%	92.0%	87.5%	NA	NA

[1]Insurance carriers and agents.

[2]Estimated.

NA=Not applicable.

Source: Direct Marketing Association's "The Power of Direct Marketing, 2009-2010 edition."

Mergers and Acquisitions

THE TOP TEN INSURANCE-RELATED MERGERS AND ACQUISITIONS REPORTED IN 2008[1]

Rank	Buyer	Target	Deal value[2] ($ millions)
1	Liberty Mutual Holding Company Inc.	Safeco Corporation	$6,225.0
2	Nationwide Mutual Group	Nationwide Financial Services, Inc.	2,470.7
3	UnitedHealth Group Incorporated	Three Rivers Holdings, Inc.	930.0
4	Berkshire Hathaway Inc.	White Mountain subsidiaries	836.2
5	Vision Service Plan	Marchon Eyewear, Inc.	735.0
6	Ameriprise Financial, Inc.	J. & W. Seligman & Co. Incorporated	440.0
7	MetLife, Inc.	FHHL and Residential Mortgage business	383.0
8	Ameriprise Financial, Inc.	HRB Financial Corporation	315.0
9	Berkshire Hathaway Inc.	Chehalis Generating plant	308.0
10	Meadowbrook Insurance Group, Inc.	ProCentury Corporation	272.2

[1]Both companies involved are U.S.-domiciled companies. List does not include terminated deals. Insurance company is either buyer or target.
[2]At announcement.

Source: SNL Financial LC.

- The number of insurance mergers from 2004 to 2008 fluctuated from a low of 313 in 2004 to a high of 383 in both 2007 and 2008. During the same period, the value of deals ranged from a low of $14.4 billion in 2004 to a high of $49.9 billion in 2005.
- Insurance deal value fell from $39.2 billion in 2007 to $29.3 billion in 2008 while the number of deals totalled 383 in both years.

Profitability

ANNUAL RATE OF RETURN, GAAP ACCOUNTING, PROPERTY/CASUALTY AND LIFE/HEALTH INSURANCE, 1999-2008

Year	Property/casualty[1]	Life/health[2]	Year	Property/casualty[1]	Life/health[2]
1999	6.0%	13.0%	2004	9.4%	11.0%
2000	5.9	10.0	2005	9.6	13.0
2001	-1.2	7.0	2006	12.7	12.0
2002	2.1	1.0	2007	10.9	11.0
2003	8.8	9.0	2008	0.3	1.0

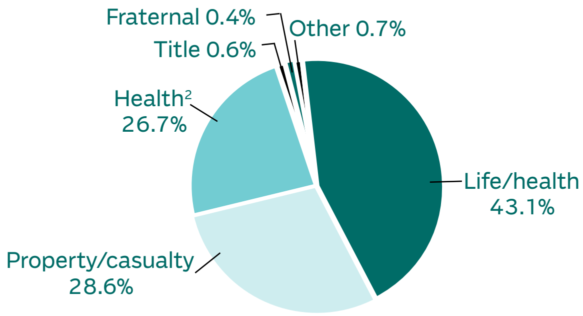
[1]Return on average net worth, ISO.
[2]Combined stock and mutual companies from data reported by Fortune as calculated by the Insurance Information Institute.

Source: ISO; Fortune.

Insurance

All Sectors

PREMIUMS BY TYPE OF INSURER, 2008[1]

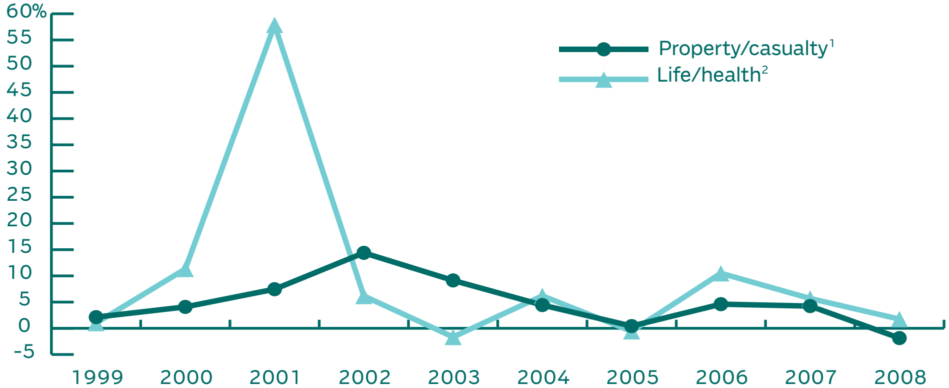


[1]Gross direct premiums. Total premiums for 2008 were $1,626 billion.
[2]Blue Cross/Blue Shield, HMOs and hospital, medical and dental indemnity.

Source: National Association of Insurance Commissioners. Reprinted with permission. Further reprint or redistribution strictly prohibited without written permission of NAIC.

GROWTH IN U.S. PREMIUMS, PROPERTY/CASUALTY AND LIFE/HEALTH INSURANCE, 1999-2008

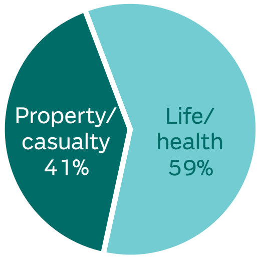
(Percent change from prior year)



[1]Net premiums written, excluding state funds.
[2]Premiums and annuity considerations for life/health insurance companies. Includes deposit-type funds beginning in 2001.

Source: National Association of Insurance Commissioners (NAIC) Annual Statement Database, via Highline Data, LLC. Copyrighted information. No portion of this work may be copied or redistributed without the express written permission of Highline Data, LLC.

U.S. PROPERTY/CASUALTY AND LIFE/HEALTH INSURANCE PREMIUMS, 2008[1]



[1]Excluding state funds.

Source: National Association of Insurance Commissioners (NAIC) Annual Statement Database, via Highline Data, LLC. Copyrighted information. No portion of this work may be copied or redistributed without the express written permission of Highline Data, LLC.

EMPLOYMENT IN INSURANCE, 1999-2008

(000)

	Insurance companies[1]				
Year	Life, health and medical	Property/ casualty	Reinsurers	Insurance agencies, brokerages and related services[2]	Total industry
1999	815.3	603.9	33.5	783.4	2,236.1
2000	808.8	591.6	32.3	787.8	2,220.6
2001	807.7	591.3	31.4	803.2	2,233.7
2002	791.1	590.0	31.7	820.4	2,233.2
2003	789.0	608.6	31.0	837.4	2,266.0
2004	764.4	604.4	29.8	860.1	2,258.6
2005	761.9	595.0	28.8	873.6	2,259.3
2006	787.4	597.4	28.0	890.8	2,303.7
2007	784.0	586.1	27.0	909.8	2,306.8
2008	804.2	569.2	28.4	906.9	2,308.8

[1]Described by the Bureau of Labor Statistics as "direct insurers."

[2]Includes claims adjusters, third-party administrators of insurance funds and other service personnel such as advisory and insurance ratemaking services.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

- Over the last 10 years, employment in the insurance industry (all sectors) has averaged 2.0 percent of the total U.S. employment in private industry.

U.S. Insurance Companies

An insurance company is said to be "domiciled" in the state that issued its primary license; it is "domestic" in that state. Once licensed in one state, it may seek licenses in other states as a "foreign" insurer. An insurer incorporated in a foreign country is called an "alien" insurer in the U.S. states in which it is licensed.

DOMESTIC INSURANCE COMPANIES BY STATE BY TYPE, 2008

State	Life/health	Property/ casualty	Health[1]	Fraternal[2]	Title	Risk retention group	Other[3]
Alabama	10	22	5	1	1	1	4
Alaska	0	6	1	0	0	0	1
Arizona	169	46	17	0	0	22	93
Arkansas	31	12	9	0	2	0	11
California	17	123	2	6	11	0	23
Colorado	11	16	21	2	3	2	6
Connecticut	26	65	9	1	1	0	0
Delaware	33	86	12	2	0	6	31
D.C.	2	9	7	1	0	35	91
Florida	11	147	72	0	4	1	384
Georgia	16	39	15	0	0	2	38
Hawaii	3	18	4	0	0	16	149
Idaho	1	9	6	0	0	0	1
Illinois	60	192	25	21	0	1	80
Indiana	32	78	18	3	3	9	37
Iowa	28	60	10	1	0	2	109
Kansas	13	25	8	0	2	0	2
Kentucky	9	8	12	0	0	5	77
Louisiana	47	37	11	2	3	0	31
Maine	2	19	5	0	0	0	0
Maryland	6	41	24	0	1	0	0
Massachusetts	18	55	16	2	3	0	0
Michigan	28	75	40	2	0	0	7
Minnesota	12	47	18	4	1	0	87
Mississippi	22	15	3	1	2	0	2
Missouri	30	52	24	1	2	0	96

(table continues)

DOMESTIC INSURANCE COMPANIES BY STATE BY TYPE, 2008 (Cont'd)

State	Life/health	Property/ casualty	Health[1]	Fraternal[2]	Title	Risk retention group	Other[3]
Montana	3	5	2	0	1	11	40
Nebraska	29	31	3	1	4	1	31
Nevada	3	15	16	0	0	33	100
New Hampshire	3	35	6	1	0	0	0
New Jersey	3	81	20	4	2	0	0
New Mexico	3	9	8	0	0	0	2
New York	78	193	62	4	11	0	263
North Carolina	6	69	12	0	1	0	0
North Dakota	3	17	5	0	0	0	14
Ohio	41	136	23	10	9	0	42
Oklahoma	29	39	6	0	5	1	4
Oregon	4	13	20	0	3	0	4
Pennsylvania	35	190	36	23	4	0	0
Rhode Island	4	25	4	0	0	0	1
South Carolina	12	23	14	0	2	44	114
South Dakota	2	20	6	0	1	0	17
Tennessee	13	19	9	1	1	1	18
Texas	142	236	51	7	5	2	16
Utah	16	11	14	0	1	0	122
Vermont	2	14	4	0	0	81	480
Virginia	11	14	14	0	1	1	21
Washington	10	20	19	2	2	0	3
West Virginia	0	17	6	0	0	1	0
Wisconsin	22	181	45	8	0	0	126
Wyoming	0	2	2	0	1	0	0
United States[4]	**1,128**	**2,741**	**819**	**111**	**93**	**278**	**2,778**

[1]Blue Cross/Blue Shield, HMOs and hospital, medical and dental indemnity (HMDI) plans that provide stipulated payments to an insured person during hospital confinement for virtually all costs related to hospital stays; other medical expenses; and for dental services and supplies.
[2]Fraternal groups provide insurance plans for their members.
[3]Includes county mutuals, farm mutuals, auto services companies and specialty companies.
[4]Total also includes territories and possessions.

Source: Insurance Department Resources Report, 2008, published by the National Association of Insurance Commissioners. Reprinted with permission. Further reprint or redistribution strictly prohibited without written permission of NAIC.

Insurance

All Sectors

World Insurance Market

Outside the United States, the insurance industry is divided into life and nonlife or general insurance rather than life/health and property/casualty. According to the latest Swiss Re *sigma* study, world insurance premium volume grew 3.4 percent in 2008, reflecting a 2.0 percent rise in life insurance and a 5.5 percent rise in nonlife premiums. World insurance premiums totaled $4.27 trillion in 2008, up from $4.13 trillion the previous year.

When adjusted for inflation (i.e., in "real terms"), 2008 global insurance premiums declined for the first time since 1980, down 2.0 percent. Global nonlife premiums fell 0.8 percent in real terms, and life insurance premiums dropped 3.5 percent.

WORLD LIFE AND NONLIFE INSURANCE PREMIUMS, 2006-2008[1]

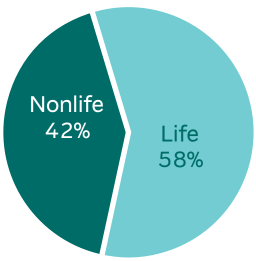
(Direct premiums written, U.S. $ millions)

Year	Life	Nonlife[2]	Total
2006	$2,125,791	$1,549,100	$3,674,892
2007	2,441,823	1,685,762	4,127,586
2008	2,490,421	1,779,316	4,269,737

[1]Before reinsurance transactions.
[2]Includes accident and health insurance.

Source: Swiss Re, *sigma* database.

WORLD LIFE AND NONLIFE INSURANCE PREMIUMS, 2008



Source: Swiss Re, *sigma*, No. 3/2009.

Property/Casualty Insurance

Property/casualty insurance covers the property and liability losses of businesses and individuals. These losses range from damage and injuries resulting from car accidents to the cost of lawsuits stemming from faulty products and alleged professional misconduct. In terms of premiums written, private auto insurance is by far the largest single line, nearly four times greater than the next largest line, homeowners multiple peril. Property/casualty insurance companies tend to specialize in commercial or personal insurance, but some sell both, and a number of companies are expanding into other financial services sectors, including personal banking and mutual funds.

Property/casualty insurers invest largely in high-quality liquid securities, which can be sold quickly to pay for claims resulting from a major hurricane, earthquake or a man-made disaster such as a terrorist attack.

PROPERTY/CASUALTY INSURER FINANCIAL ASSET DISTRIBUTION, 2004-2008

($ billions)

	2004	2005	2006	2007	2008
Total financial assets	**$1,156.5**	**$1,239.6**	**$1,329.3**	**$1,358.8**	**$1,299.2**
Checkable deposits and currency	25.9	21.0	29.9	42.7	27.9
Security repurchase agreements[1]	63.1	68.9	66.0	53.8	67.1
Credit market instruments	698.8	765.8	813.5	839.8	820.8
U.S. government securities	183.4	187.1	197.8	180.9	166.7
Treasury	71.3	69.2	75.8	55.1	53.8
Agency- and GSE [2]-backed securities	112.1	117.9	122.0	125.8	112.9
Municipal securities	267.8	313.2	335.2	371.3	372.8
Corporate and foreign bonds	245.3	262.8	277.0	282.9	276.4
Commercial mortgages	2.4	2.7	3.5	4.8	5.0
Corporate equities	196.6	199.5	227.0	236.2	193.2
Mutual fund shares	5.2	5.7	6.9	6.8	4.5
Trade receivables	79.6	82.1	87.0	85.4	86.7
Miscellaneous assets	87.3	96.5	99.0	94.0	99.0

[1]Short-term agreements to sell and repurchase government securities by a specified date at a set price.
[2]Government-sponsored enterprise.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

Financial Results

A property/casualty insurer must maintain a certain level of surplus to underwrite risks. This financial cushion is known as "capacity" or policyholders' surplus. When the industry is hit by high losses, such as a major hurricane, capacity is diminished. It can be restored by increases in net income, favorable investment returns, reinsuring more risk and/or raising additional capital. The industry's policyholders' surplus was $456.1 billion at year-end 2008, down from $517.9 billion at year-end 2007, according to ISO.

The decline in surplus in 2008 reflects the deterioration in the financial markets as well as high catastrophe losses in 2008. This follows five years of steady growth in surplus. Insurers use various measures to gauge financial performance. The combined ratio after dividends is a measure of underwriting profitability. It reflects the percentage of each premium dollar an insurer spends on claims and expenses. The combined ratio does not take investment income into account. A combined ratio above 100 indicates an underwriting loss. In 2008 the combined ratio was 105.1 after dividends, according to ISO. This follows a combined ratio after dividends of 95.5 in 2007.

- The U.S. property/casualty industry posted a $21.3 billion net loss on underwriting in 2008, down $40.6 billion from a $19.3 billion gain in 2007, reflecting a weakness in premiums and growth in loss and loss adjustment expenses, according to ISO.

P/C INSURANCE INDUSTRY INCOME ANALYSIS, 2004-2008[1]

($ billions)

	2004	2005	2006	2007	2008
Net written premiums	$424.1	$425.5	$443.5	$440.6	$434.5
Percent change	4.9%	0.3%	4.2%	-0.6%	-1.4%
Earned premiums	$413.8	$417.6	$435.5	$438.9	$438.1
Losses incurred	247.8	256.5	231.3	244.7	286.2
Loss adjustment expenses incurred	53.1	55.1	52.6	52.3	51.7
Other underwriting expenses	106.8	109.8	117.1	120.1	119.6
Policyholder dividends	1.7	1.9	3.4	2.4	2.0
Underwriting gain/loss	4.3	-5.6	31.1	19.3	-21.3
Investment income	40.0	49.7	52.3	55.1	51.2
Miscellaneous income/loss	-0.3	1.0	1.2	-1.0	-0.1
Operating income/loss	44.0	45.1	84.6	73.4	29.8
Realized capital gains/losses	9.1	9.7	3.5	8.9	-19.8
Incurred federal income taxes/credit	14.6	10.7	22.4	19.8	7.7
Net income after taxes	38.5	44.2	65.8	62.5	2.3

[1]Data in this chart may not agree with similar data shown elsewhere due to different sources.

Source: ISO.

The ranking below is based on Fortune magazine's annual analysis of the 500 largest U.S. companies, based on revenues. Fortune organizes the 500 companies into broad industry categories. Each company is assigned one category, even though some companies are involved in several industries. For example, some of the leading property/casualty insurance companies also write significant amounts of life insurance.

TOP TWENTY U.S. PROPERTY/CASUALTY COMPANIES BY REVENUES, 2008[1]

($ millions)

Rank	Group	Revenues	Assets
1	Berkshire Hathaway	$107,786	$267,399
2	State Farm Insurance Cos.	61,343	172,092
3	Allstate	29,394	134,798
4	Liberty Mutual Insurance Group	28,855	104,316
5	Travelers Cos.	24,477	109,751
6	Nationwide	19,848	135,077
7	Loews (CNA)	14,733	69,857
8	Chubb	13,221	48,429
9	United Services Automobile Association (USAA)	12,912	68,296
10	Progressive	12,840	18,251
11	American International Group	11,104	860,418
12	Hartford Financial Services	9,219	287,583
13	Assurant	8,601	24,515
14	American Family Insurance Group	6,431	15,502
15	First American Corp.	6,214	8,730
16	Auto-Owners Insurance	4,952	13,538
17	W.R. Berkley	4,709	16,121
18	Fidelity National Financial	4,329	8,368
19	American Financial Group	4,293	26,428
20	Cincinnati Financial	3,824	13,370

[1]Revenues for insurance companies include premium and annuity income, investment income and capital gains or losses but exclude deposits.

Source: Fortune.

Distribution Channels

Agency writers are insurers whose products are sold by independent agents or brokers representing several companies. Direct writers sell their own products through captive agents, by mail, telephone, the Internet and other means. Each accounts for about half of the P/C market. There is a degree of overlap as many insurers use multiple channels.

- Agency writers accounted for 50.0 percent of P/C insurance net premiums written, direct writers accounted for 49.7 percent and other types of writers accounted for less than 1 percent in 2008, according to A.M. Best.
- In the personal lines market, direct writers accounted for 69.6 percent of net premiums written in 2008, agency writers accounted for 30.3 percent and other types of writers accounted for less than 1 percent. Direct writers accounted for 69.4 percent of the homeowners market and agency writers accounted for 30.3 percent. Direct writers accounted for 69.7 percent of the personal auto market, and agency writers accounted for 30.3 percent.
- Agency writers accounted for 69.1 percent of commercial P/C net premiums written, direct writers accounted for 30.4 percent and other types of writers accounted for less than 1 percent.

Traditionally, there has been a distinction between agents and brokers, with agents (whether captive or independent) representing the insurance company and brokers representing the client. Recently, the line between agencies and brokers has blurred, with intermediary firms operating as brokers and agents, depending on their jurisdiction and the type of risk.

TOP TEN COMMERCIAL INSURANCE BROKERS OF U.S. BUSINESS BY REVENUES, 2008[1]

($ millions)

Rank	Company	Brokerage revenues
1	Marsh & McLennan Cos. Inc.	$5,297.4
2	Aon Corp.	2,558.5
3	Willis Group Holdings Ltd.[2]	1,781.9
4	Wells Fargo Insurance Services[3]	1,743.1
5	Arthur J. Gallagher & Co.	1,401.8
6	Brown & Brown Inc.	963.1
7	BB&T Insurance Services Inc.	962.1
8	USI Holdings Corp.	633.2
9	Hub International Ltd.	537.6
10	Lockton Cos. L.L.C.	537.1[4]

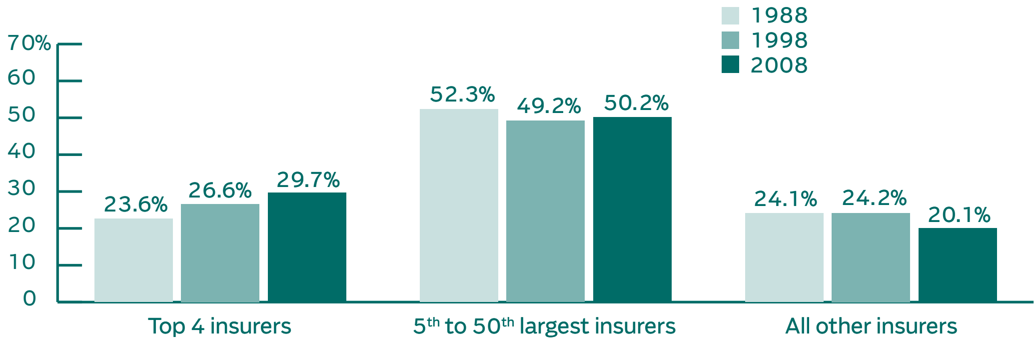
[1]Companies that derive more than 20 percent of revenues generated by U.S.-based clients, from commercial retail brokerage. Excludes revenue from the placement of employee benefits. [2]Includes Hilb Rogal & Hobbs Co., purchased October 2008. [3]Includes Wachovia Insurance Services Inc., purchased December 2008. [4]Fiscal year ending April 30.

Source: Business Insurance, July 20, 2009.

Property/Casualty Insurance Industry Concentration

According to ISO, concentration in the property/casualty insurance sector increased from 229 in 1980 to 357 in 2008 on the Herfindahl scale, used to measure market concentration. The U.S. Department of Justice classifies any score under 1,000 as unconcentrated. A score over 1,800 means an industry is highly concentrated.

MARKET SHARE TRENDS BY SIZE OF INSURER, 1988-2008[1]



[1]Based on net premiums written, excluding state funds.

Source: ISO.

Premiums by Line

In 2008 commercial lines net premiums written totaled $224.1 billion, or 50.9 percent, of P/C net premiums written. Personal lines totaled $215.9 billion, or 49.1 percent.

NET PREMIUMS WRITTEN BY LINE, PROPERTY/CASUALTY INSURANCE, 2007-2008[1]

($000)

Lines of insurance	2007	2008	Percent change, 2007-2008	Percent of total, 2008
Private passenger auto				
Liability	$94,981,737	$94,525,576	-0.5%	21.5%
Collision and comprehensive	64,705,998	64,036,484	-1.0	14.6
Total private passenger auto	159,687,735	158,562,060	-0.7	36.0
Commercial auto				
Liability	18,975,683	17,828,489	-6.0	4.1
Collision and comprehensive	6,656,933	5,988,554	-10.0	1.4
Total commercial auto	25,632,616	23,817,043	-7.1	5.4
Fire	9,765,290	9,908,519	1.5	2.3
Allied lines	6,964,821	7,688,676	10.4	1.7

(table continues)

Property/Casualty: Premiums by Line

NET PREMIUMS WRITTEN BY LINE, PROPERTY/CASUALTY INSURANCE, 2007-2008[1] (Cont'd)

($000)

Lines of insurance	2007	2008	Percent change, 2007-2008	Percent of total, 2008
Multiple peril crop	$3,648,996	$5,077,625	39.2%	1.2%
Federal flood[2]	16,549	2,253	-86.4	[3]
Farmowners mutliple peril	2,423,897	2,586,830	6.7	0.6
Homeowners multiple peril	57,065,559	57,369,454	0.5	13.0
Commercial multiple peril	31,336,813	30,119,061	-3.9	6.8
Mortgage guaranty	5,192,104	5,371,878	3.5	1.2
Ocean marine	3,261,221	3,097,229	-5.0	0.7
Inland marine	9,795,573	9,407,901	-4.0	2.1
Financial guaranty	3,038,889	3,171,560	4.4	0.7
Medical malpractice	9,958,513	9,521,129	-4.4	2.2
Earthquake	1,261,400	1,258,563	-0.2	0.3
Accident and health[4]	7,115,213	7,173,141	0.8	1.6
Workers compensation	40,860,378	36,932,620	-9.6	8.4
Products liability	3,305,603	2,777,558	-16.0	0.6
Other liability[5]	41,162,879	38,589,206	-6.3	8.8
Aircraft	1,761,470	1,329,308	-24.5	0.3
Fidelity	1,246,831	1,140,492	-8.5	0.3
Surety	4,792,526	4,959,742	3.5	1.1
Burglary and theft	160,656	160,344	-0.2	[3]
Boiler and machinery	1,741,324	1,728,143	-0.8	0.4
Credit	1,405,444	1,413,313	0.6	0.3
International	136,678	288,976	111.4	0.1
Warranty	NA	2,086,935	NA	0.5
Reinsurance [6]	11,313,075	12,678,345	12.1	2.9
Other lines[7]	3,239,846	1,854,463	-42.8	0.4
Total, all lines[8]	**$447,291,899**	**$440,072,367**	**-1.6%**	**100.0%**

[1]After reinsurance transactions, excluding state funds. [2]Provided by FEMA through participating private insurers. [3]Less than 0.1 percent. [4]Premiums from certain insurers that write health insurance but file financial statements with state regulators on a property/casualty basis. [5]Coverages protecting against legal liability resulting from negligence, carelessness or failure to act. [6]Only includes nonproportional reinsurance, an arrangement in which a reinsurer makes payments to an insurer whose losses exceed a predetermined amount. [7]Includes miscellaneous coverages. [8]May not match total premiums shown elsewhere in this book because of the use of different exhibits from Highline Data, LLC. NA= Data not available.

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PREMIUMS WRITTEN BY LINE, PROPERTY/CASUALTY INSURANCE, 2008

($ billions)

[1]After reinsurance transactions, excluding state funds. [2]Before reinsurance transactions, excluding state funds. May not match total premiums shown elsewhere in this book because of the use of different exhibits from Highline Data LLC. [3]Includes international and miscellaneous coverages. [4]Premiums from certain insurers that write health insurance but file financial statements with state regulators on a property/casualty rather than life/health basis. [5]Only includes nonproportional reinsurance, an arrangement in which a reinsurer makes payments to an insurer whose losses exceed a predetermined amount. [6]Coverages protecting against legal liability resulting from negligence, carelessness, or failure to act.

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Property Insurance Requirements for Mortgagors

Some lenders require borrowers to purchase homeowners insurance or other property insurance. Several states have passed laws that prohibit mortgage lenders from requiring a borrower to obtain property insurance coverage that exceeds the replacement value of the buildings and structures on the property as a condition for the loan. In states without such a law, borrowers might be forced to take out more coverage than they could be compensated for, as homeowners insurance only covers rebuilding costs, not the value of the land, in the event of a catastrophic fire or other covered peril.

Mortgage Guaranty Insurance

Private mortgage insurance (PMI), also known as mortgage guaranty insurance, guarantees that, in the event of a default, the insurer will pay the mortgage lender for any loss resulting from a property foreclosure, up to a specific amount. PMI, which is purchased by the borrower but protects the lender, is sometimes confused with mortgage life insurance, a life insurance product that pays off the mortgage if the borrower dies before the loan is repaid. Banks generally require PMI for all borrowers with down payments of less than 20 percent. The industry's combined ratio, a measure of profitability, deteriorated in the past two years, reflecting the economic downturn and the subsequent rise in mortgage defaults.

MORTGAGE GUARANTY INSURANCE, 1999-2008

($000)

Year	Net premiums written[1]	Annual percent change	Combined ratio[2]	Annual point change[3]
1999	$3,095,621	3.9%	56.2	NA
2000	3,411,356	10.2	47.3	-8.9 pts.
2001	3,738,058	9.6	52.1	4.8
2002	3,987,772	6.7	58.2	6.1
2003	4,285,447	7.5	67.6	9.3
2004	4,323,071	0.9	75.6	8.0
2005	4,454,711	3.0	75.2	-0.4
2006	4,565,899	2.5	71.0	-4.2
2007	5,192,104	13.7	129.0	58.1
2008	5,371,879	3.5	219.8	90.8

[1]After reinsurance transactions, excluding state funds. [2]After dividends to policyholders. A drop in the combined ratio represents an improvement; an increase represents a deterioration. [3]Calculated from unrounded data. NA=Data not available.

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TOP TEN MORTGAGE GUARANTY INSURANCE GROUPS BY DIRECT PREMIUMS WRITTEN, 2008[1]

Rank	Group/Company	Direct premiums written	Market share
1	MGIC Group	$1,649,872,085	25.7%
2	PMI Group	929,826,282	14.5
3	Radian Group	926,293,010	14.4
4	American International Group	900,969,346	14.0
5	Genworth Financial Group	899,052,274	14.0
6	Old Republic Group	708,632,754	11.0
7	Collateral Holdings Group	316,308,951	4.9
8	CUNA Mutual Group	97,094,008	1.5
9	Southern Pioneer Property and Casualty Insurance Co.	312,646	[2]
10	Citigroup Group	1,056	[2]

[1]Before reinsurance transactions, excluding state funds. [2]Less than 0.1 percent.

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Title Insurance

Title insurance protects the owner of property or the holder of a mortgage against loss in the event of a property ownership dispute.

TITLE INSURANCE, 1999-2008
($000)

Year	Net premiums written	Annual percent change	Year	Net premiums written	Annual percent change
1999	$8,734,482	6.4%	2004	$15,578,889	-8.6%
2000	7,820,139	-10.5	2005	16,939,278	8.7
2001	9,949,587	27.2	2006	16,568,820	-2.2
2002	13,004,693	30.7	2007	14,227,111	-14.1
2003	17,036,936	31.0	2008	10,042,916	-29.4

Source: American Land Title Association.

Surety Bonds

Some kinds of insurance provide financial guarantees. The oldest type, a personal contract of suretyship, dates back to biblical times, when one person would guarantee the creditworthiness or the promise to perform of another. Surety bonds in modern times are primarily used to guarantee the performance of contractors.

Property/Casualty: Specialty Lines

A surety bond is a contract guaranteeing the performance of a specified obligation. Simply put, it is a three-party agreement under which one party, the surety company, answers to a second party, the owner, creditor or "obligee," for a third party's debts, default or nonperformance. Before it issues the bond, the insurer investigates the background and financial condition of the contractor to satisfy itself that the firm is capable of doing the job as set out in the contract. If the contractor fails to perform, the surety company is obligated to get the work completed or pay for the loss up to the bond "penalty." Surety bonds are generally required on large federal, state and local public works projects.

SURETY BONDS, 1999-2008
($000)

Year	Direct premiums written	Annual percent change	Year	Direct premiums written	Annual percent change
1999	$3,571,380	9.1%	2004	$4,299,681	8.5%
2000	3,511,081	-1.7	2005	4,533,962	5.4
2001	3,614,520	2.9	2006	5,046,044	11.3
2002	3,926,815	8.6	2007	5,451,926	8.0
2003	3,964,661	1.0	2008	5,515,897	1.2

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TOP TEN SURETY GROUPS BY DIRECT PREMIUMS WRITTEN, 2008[1]

Rank	Group	Direct premiums written	Market share
1	Travelers Group	$991,622,397	18.0%
2	Liberty Mutual Insurance Group	832,837,018	15.1
3	Zurich Insurance Group	482,534,915	8.7
4	CNA Insurance Group	434,336,484	7.9
5	Chubb & Son Group	297,286,287	5.4
6	Hartford Fire & Casualty Group	210,598,774	3.8
7	HCC Insurance Holdings Group	190,926,601	3.5
8	International Fidelity Insurance Co.	118,769,830	2.2
9	ACE Ltd. Group	109,099,679	2.0
10	American Financial Group	108,694,388	2.0

[1]Before reinsurance transactions, excluding state funds.

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Financial Guaranty Insurance

Financial guaranty insurance, also known as bond insurance, helps expand the financial markets by increasing borrower and lender leverage. Starting in the 1970s, surety bonds began to be used to guarantee the principal and interest payments on municipal obligations. This made the bonds more attractive to investors and at the same time benefited bond issuers because having the insurance lowered their borrowing costs. Initially, financial guaranty insurance was considered a special category of surety. It became a separate line of insurance in 1986.

Financial guaranty insurers are specialized, highly capitalized companies that traditionally have had the highest rating. The insurer's high rating attaches to the bonds, lowering the riskiness of the bonds to investors. With their credit rating thus enhanced, municipalities can issue bonds that pay a lower interest rate, enabling them to borrow more for the same outlay of funds.

FINANCIAL GUARANTY INSURANCE, 1999-2008[1]
($000)

Year	Direct premiums written	Annual percent change
1999	$1,553,400	4.2%
2000	1,607,646	3.5
2001	2,189,729	36.2
2002	3,118,469	42.4
2003	3,911,580	25.4
2004	3,608,473	-7.7
2005	3,658,375	1.4
2006	3,413,969	-6.7
2007	3,555,262	4.1
2008	3,282,165	-7.7

[1]Before reinsurance transactions, excluding state funds.

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Diversification of the Bond Insurance Market

The leading financial guaranty insurers have diversified since their inception and now provide insurance and reinsurance for corporate bonds and other forms of credit as well as for foreign government and corporate borrowings. They have also become insurers of asset-backed securities, pools of credit default swaps and other structured financial transactions. U.S. public finance bonds, which include municipal bonds, still account for a substantial part of their business.

TOP TEN FINANCIAL GUARANTY INSURANCE GROUPS BY DIRECT PREMIUMS WRITTEN, 2008[1]

Rank	Group/Company	Direct premiums written	Market share
1	Financial Security Assurance Holdings Group	$787,593,581	24.0%
2	ACE Ltd. Group	584,542,064	17.8
3	Berkshire Hathaway Group	576,024,123	17.6
4	MBIA Group	524,004,734	16.0
5	Ambac Assurance Corp. Group	440,473,347	13.4
6	Syncora Guarantee Inc.	130,089,162	4.0
7	PMI Group	114,858,114	3.5
8	Radian Group	83,439,634	2.5
9	CIFG Assurance North America Inc.	54,151,967	1.6
10	First Nonprofit Mutual Insurance Co.	2,944,528	0.1

[1]Before reinsurance transactions, excluding state funds.

Source: National Association of Insurance Commissioners (NAIC) Annual Statement Database, via Highline Data, LLC. Copyrighted information. No portion of this work may be copied or redistributed without the express written permission of Highline Data, LLC.

Credit Insurance for Customer Defaults

Credit insurance protects merchants, exporters, manufacturers and other businesses that extend credit to their customers from losses or damages resulting from the nonpayment of debts owed them for goods and services provided in the normal course of business. Credit insurance facilitates financing, enabling insured companies to get better credit terms from banks. This coverage is distinct from other types of credit protection, such as credit default swaps, which protects lenders when companies do not pay their debts.

CREDIT INSURANCE, 2004-2008[1]
($000)

Year	Direct premiums written	Annual percent change
2004	$1,053,996	21.2%
2005	1,206,020	14.4
2006	1,398,762	16.0
2007	1,768,912	26.5
2008	1,690,667	-4.4

[1]Before reinsurance transactions, excluding state funds.

Source: National Association of Insurance Commissioners (NAIC) Annual Statement Database, via Highline Data, LLC. Copyrighted information. No portion of this work may be copied or redistributed without the express written permission of Highline Data, LLC.

TOP TEN CREDIT INSURANCE GROUPS/COMPANIES BY DIRECT PREMIUMS WRITTEN, 2008[1]

Rank	Group/Company	Direct premiums written	Market share
1	Old Republic Group	$266,623,126	15.8%
2	Allianz Insurance Group	223,634,444	13.2
3	American International Group	220,569,649	13.0
4	American National Financial Group	144,048,013	8.5
5	Allstate Insurance Group	81,084,246	4.8
6	Coface North American Insurance Co.	79,544,395	4.7
7	Swiss Reinsurance Group	78,572,611	4.6
8	Aegon U.S. Holding Group	69,049,620	4.1
9	State National Group	60,158,157	3.6
10	White Mountain Group	46,594,499	2.8

[1]Before reinsurance transactions, excluding state funds.

Source: National Association of Insurance Commissioners (NAIC) Annual Statement Database, via Highline Data, LLC. Copyrighted information. No portion of this work may be copied or redistributed without the express written permission of Highline Data, LLC.

Property/Casualty: Reinsurance

Reinsurance

Reinsurance is essentially insurance for insurance companies. It is a way for primary insurers to protect against unforeseen or extraordinary losses. Reinsurance also serves to limit liability on specific risks, to increase individual insurers' capacity to write business and to help insurers stabilize their business in the face of the wide swings in profit and loss margins that are inherent in the insurance business.

Reinsurance is an international business. According to the Reinsurance Association of America, 58.6 percent of the reinsurance purchased by U.S insurance companies was written by foreign reinsurance companies in 2008. If the domicile of the reinsurance company's parent is taken into account, foreign (or foreign-owned) reinsurance companies accounted for 83.6 percent of the market. This is because many U.S. reinsurance companies are owned by foreign firms.

TOP TEN PROPERTY/CASUALTY REINSURERS OF U.S. BUSINESS BY GROSS PREMIUMS WRITTEN, 2008

($000)

Rank	Company	Country of parent company	Gross premiums written
1	Swiss Reinsurance America Corporation[1]	Switzerland	$5,238,944
2	National Indemnity Company (Berkshire Hathaway)[2]	U.S.	5,203,345
3	Transatlantic/Putnam Reinsurance Company	U.S.	3,986,685
4	XL Reinsurance America	Bermuda	3,557,784
5	Munich Reinsurance America Corporation[3]	Germany	3,310,861
6	Everest Reinsurance Company	Bermuda	2,804,924
7	Odyssey America Re/Odyssey Reinsurance[4]	Canada	2,077,639
8	General Re Group[5]	U.S.	1,413,180
9	Berkley Insurance Company	U.S.	1,294,793
10	QBE Reinsurance Group[6]	Australia	1,254,761
	Total, top ten reinsurers		**$30,142,916**
	Total, all reinsurers		**$35,992,012**

[1]Includes Swiss Reinsurance America Corporation and Westport Insurance Corporation (formerly known as Employers Reinsurance Corporation).

[2]Underwriting results exclude assumptions from affiliated General Re Group.

[3]Includes Munich Reinsurance America, Inc., American Alternative Insurance Corporation, and The Princeton Excess and Surplus Lines Insurance Company.

[4]Includes Odyssey America Reinsurance Corporation, Clearwater Insurance Company, Hudson Insurance Company, Hudson Specialty Insurance Company and Clearwater Select Insurance Company.

[5]Data are for the North American Property/Casualty segment of the General Re Group.

[6]Includes QBE Reinsurance Corporation, QBE Insurance Corporation and QBE Specialty Company.

Source: Reinsurance Association of America.

The Securitization of Insurance Risk: Catastrophe Bonds

Catastrophe (cat) bonds are one of a number of innovative risk transfer products that have emerged as an alternative to traditional insurance and reinsurance products. Insurers and reinsurers typically issue cat bonds through an issuer known as a special purpose vehicle, a company set up specifically for this purpose. Cat bonds pay high interest rates and diversify an investor's portfolio because natural disasters occur randomly and are not associated with economic factors. Depending on how the cat bond is structured, if losses reach the threshold specified in the bond offering, the investor may lose all or part of the principal or interest.

A 2009 study by Guy Carpenter, a part of Marsh and McLennan Companies, reveals a sharp fall in 2008 catastrophe bond issuance, both in terms of risk capital and number of transactions. Cat bond issuance volume fell 62 percent to $2.7 billion that year, down from a record $7 billion in 2007. There were 13 transactions completed during 2008, compared with 27 in 2007. At year-end 2008, total cat bond risk capital outstanding was $11.8 billion, a 14.5 percent decline from $13.8 billion in 2007. The study notes that, despite the declines, catastrophe bonds have shown resiliency during the economic downturn. Issuance volume, based on number of deals and capital, was at the third-highest annual level since cat bonds were introduced in 1997.

Despite a decline in the number of issuances, the catastrophe bond market continued to advance in the first half of 2009, according to Guy Carpenter. There were six catastrophe bond transactions completed in the second quarter of 2009, down from eight transactions in the second quarter of 2008, while risk principal issued was $808 million, down 54 percent from $1.75 billion issued during the year earlier period. This followed three transactions in first quarter 2009 which provided $575 million in fresh capital. This brought the tally for the first half of 2009 to nine catastrophe bonds issued, accounting for aggregate risk capital of $1.38 billion.

TOP TEN CATASTROPHE BOND TRANSACTIONS, 2008
($ millions)

Rank	Special purpose vehicle	Sponsor	Risk amount	Peril	Risk location
1	Residential Re 2008 Ltd.	USAA	$350.0	Multiple	U.S.
2	Muteki Ltd.	Zenkyoren[1]	300.0	Earthquake	Japan
3	Queen Street Ltd.	Munich Re	265.2	Windstorm	Europe
4	Willow Re	Allstate	250.0	Hurricane	Texas
5	Caelus Re Limited	Nationwide	250.0	Multiple	U.S.
6	Mangrove Ltd.	Homewise Insurance Company	210.0	Hurricane	Florida
7	East Lane Re II Ltd.	Chubb	200.0	Multiple	U.S.
8	Topiary Capital Ltd.	Platinum Underwriters	200.0	Multiple	U.S./Europe/Japan
9	Nelson Re	Glacier Re	180.0	Multiple	U.S./Europe
10	Newton Re Ltd.	Catlin	150.0	Multiple	U.S./Europe/Japan

[1]Sponsored through Munich Re. Source: Guy Carpenter: GC Securities.

Property/Casualty: Capital Markets

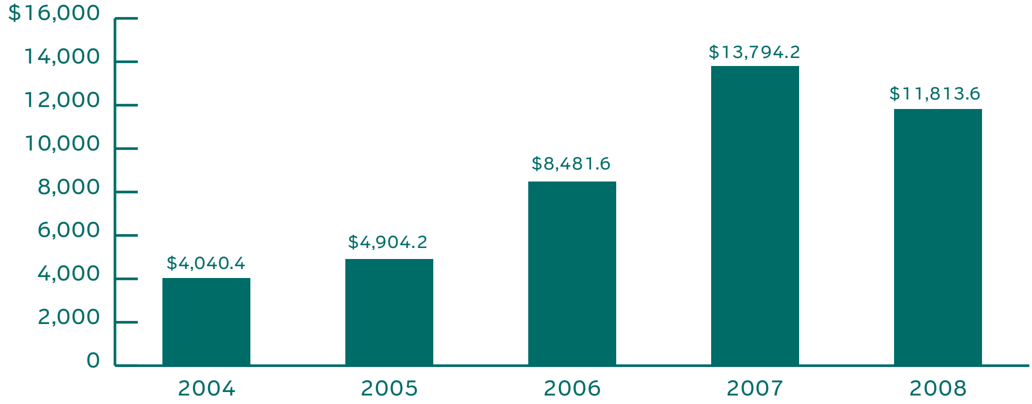
CATASTROPHE BONDS, ANNUAL RISK CAPITAL ISSUED, 1999-2008

($ millions)

Source: Guy Carpenter: GC Securities.

CATASTROPHE BONDS, RISK CAPITAL OUTSTANDING, 2004-2008

($ millions)



Source: Guy Carpenter: GC Securities.

Weather-Related Hedges

Weather-related derivatives and insurance allow such businesses as ski resorts, oil and propane gas distributors, and others that may experience large swings in annual sales due to weather conditions, to hedge their weather-related risk.

Companies that sell derivatives include insurance companies, banks, utility companies and weather risk trading operations. These investors agree to bear the weather risk for a premium. If the specified weather criteria (such as a specific drop in temperature) are not met, the investor makes a profit. However, if the criteria are met the company that buys the derivative gets the agreed upon amount. Weather derivatives typically are based on indexes derived from average temperatures, snowfall or rainfall, and come in the form of options or swaps. Over the years the market has expanded to include a variety of weather hedging products. These products are different from more traditional types of weather insurance, such as policies that protect against specific events being canceled due to poor weather.

Each year, the Weather Risk Management Association (WRMA) conducts a survey of the global weather risk market. The 2009 survey found a decline in the number and value of weather risk contracts (see chart on page 96), reflecting the general downturn in financial markets. However, there was growth in some regions, with the number of contracts in Asia rising from 1,940 in the 2007-2008 survey to 6,387 in the latest survey, and the number of contracts traded in Europe rising from 25,290 to 34,068 during the same period. WRMA expects that the increasing use of renewable energy (solar, wind and hydro) will spur an increase in weather risk management tools.

PARTICIPANTS IN THE 2009 WEATHER RISK MANAGEMENT ASSOCIATION SURVEY[1]

Participation by main line of business		Participation by location of respondent	
Banking	1	Asia	0
Energy	3	Europe	6
Insurance	4	North America	5
Other	3		
Total	**11**	**Total**	**11**

[1]Based on companies responding to a survey conducted by PricewaterhouseCoopers for the Weather Risk Management Association; excludes Chicago Mercantile Exchange trades.

Source: PricewaterhouseCoopers.

Property/Casualty: Capital Markets

■ Chicago Mercantile Exchange trades accounted for 94.0 percent of the notional value of weather risk contracts tracked by the Weather Risk Management Association (WRMA) in 2008-2009.

GLOBAL WEATHER RISK PRODUCTS, NOTIONAL VALUE OF CONTRACTS, 2004-2009[1]

($ millions)

Year[2]	Over the counter	Chicago Mercantile Exchange	Total[3]
2004-2005	$4,169	$5,527	$9,696
2005-2006	2,347	42,897	45,244
2006-2007	1,869	17,324	19,193
2007-2008	1,472	30,536	32,008
2008-2009	908	14,145	15,053

[1]Based on companies responding to a survey conducted by PricewaterhouseCoopers for the Weather Risk Management Association plus Chicago Mercantile Exchange trades. Notional value is the underlying (face) value of a financial instrument.
[2]The surveys run from April to March.
[3]May not add due to rounding.

Source: PricewaterhouseCoopers.

■ The Chicago Mercantile Exchange accounted for 99.97 percent of weather contracts tracked by WRMA in 2008-2009.

GLOBAL WEATHER RISK PRODUCTS, NUMBER OF CONTRACTS, 2004-2009[1]

Year[2]	Over the counter	Chicago Mercantile Exchange	Total
2004-2005	4,057	223,139	227,196
2005-2006	2,180	1,041,439	1,043,619
2006-2007	774	729,313	730,087
2007-2008	431	983,819	984,250
2008-2009	207	600,317	600,524

[1]Based on companies responding to a survey conducted by PricewaterhouseCoopers for the Weather Risk Management Association plus Chicago Mercantile Exchange trades.
[2]The surveys run from April to March.

Source: PricewaterhouseCoopers.

The Life/Health Insurance Industry

Whether measured by premium income or by assets, traditional life insurance is no longer the primary business of many companies in the life/health insurance industry. Today, the emphasis has shifted to the underwriting of annuities. Annuities are contracts that accumulate funds and/or pay out a fixed or variable income stream. An income stream can be for a fixed period of time or over the lifetimes of the contract holder and his or her beneficiaries.

Nevertheless, traditional life insurance products such as universal life and term life for individuals as well as group life remain an important part of the business, as do disability income and health insurance.

Life insurers invest primarily in corporate bonds but also significantly in corporate equities. Besides annuities and life insurance products, life insurers may offer other types of financial services such as asset management.

LIFE/HEALTH INSURER FINANCIAL ASSET DISTRIBUTION, 2004-2008

($ billions)

	2004	2005	2006	2007	2008
Total financial assets	**$4,130.3**	**$4,350.7**	**$4,685.3**	**$4,949.7**	**$4,515.5**
Checkable deposits and currency	53.3	47.7	56.1	58.3	82.8
Money market fund shares	120.7	113.6	162.3	226.6	259.8
Credit market instruments	2,661.4	2,765.4	2,806.1	2,888.6	2,926.3
Open market paper	48.2	40.2	53.1	61.4	89.7
U.S. government securities	435.6	459.7	460.6	451.2	449.2
Treasury	78.5	91.2	83.2	68.3	87.5
Agency- and GSE[1]-backed securities	357.1	368.5	377.4	382.9	361.7
Municipal securities	30.1	32.5	36.6	41.4	41.1
Corporate and foreign bonds	1,756.3	1,824.8	1,822.8	1,862.8	1,839.7
Other loans and advances	117.8	122.8	129.3	145.6	164.2
Mortgages	273.3	285.5	303.8	326.2	342.4
Corporate equities	1,053.9	1,161.8	1,364.8	1,464.6	967.8
Mutual fund shares	114.4	109.0	148.8	188.4	154.9
Miscellaneous assets	126.6	153.1	147.1	123.3	123.9

[1]Government-sponsored enterprise.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

Life/Health: Financial

Financial Results

Capital, in a publicly owned life insurance company, is the shareholders' equity. In a mutual company, capital is retained earnings. Surplus in both cases is what is left when basic liabilities (unearned premiums and reserves for unpaid claims, etc.) are subtracted from assets (earned premiums, investments, reinsurance, etc.). The life/health insurance industry's net income fell 259 percent to negative $50.7 billion in 2008 from $31.9 billion in 2007, reflecting the economic downturn.

LIFE/HEALTH INSURANCE INDUSTRY: SELECTED OPERATING DATA, 2006-2008

($ millions)

	2006	2007	2008
Net premiums and annuity considerations[1]	$583,593.8	$616,771.8	$627,594.4
Net investment income	160,359.7	168,190.9	162,788.3
Net gain from operations[2]	40,943.2	45,481.7	79.3
Federal and foreign income taxes[3]	11,245.7	11,803.9	113.9
Net realized capital gains/losses	6,538.3	-1,751.1	-50,663.9
Net income	36,235.8	31,926.7	-50,712.0
Dividends to policyholders	16,450.2	17,497.1	17,729.6
Capital and surplus (end of year)	255,608.8	269,402.9	253,237.7

[1]Annuities, life, and accident and health policies and contracts.

[2]After dividends to policyholders and before federal income taxes.

[3]Incurred (excluding tax on capital gain).

Source: National Association of Insurance Commissioners (NAIC) Annual Statement Database, via Highline Data, LLC. Copyrighted information. No portion of this work may be copied or redistributed without the express written permission of Highline Data, LLC.

The ranking below is based on Fortune magazine's annual analysis of the 500 largest U.S. companies, based on revenues. Fortune organizes the 500 companies into broad industry categories. Each company is assigned one category, even though some companies are involved in several industries. For example, some of the leading property/casualty insurance companies also write significant amounts of life insurance.

TOP TWENTY U.S. LIFE/HEALTH INSURANCE GROUPS BY REVENUES, 2008[1]
($ millions)

Rank	Group	Revenues	Assets
1	MetLife	$55,085	$501,678
2	New York Life Insurance	31,416	174,958
3	TIAA-CREF	29,363	348,541
4	Prudential Financial	29,275	445,011
5	Northwestern Mutual	21,734	155,154
6	Massachusetts Mutual Life Insurance	18,745	159,924
7	AFLAC	16,554	79,331
8	Unum Group	9,982	49,417
9	Genworth Financial	9,948	107,389
10	Principal Financial	9,936	128,182
11	Lincoln National	9,905	163,136
12	Guardian Life Ins. Co. of America	9,675	39,061
13	Thrivent Financial for Lutherans	6,061	52,499
14	Western & Southern Financial Group	5,392	31,165
15	Mutual of Omaha Insurance	4,312	20,331
16	Conseco	4,194	28,770
17	Pacific Life	4,023	96,983
18	Torchmark	3,327	13,529
19	Securian Financial Group	2,746	21,686
20	StanCorp Financial	2,667	14,555

[1]Revenues for insurance companies include premium and annuity income, investment income and capital gains or losses but exclude deposits.

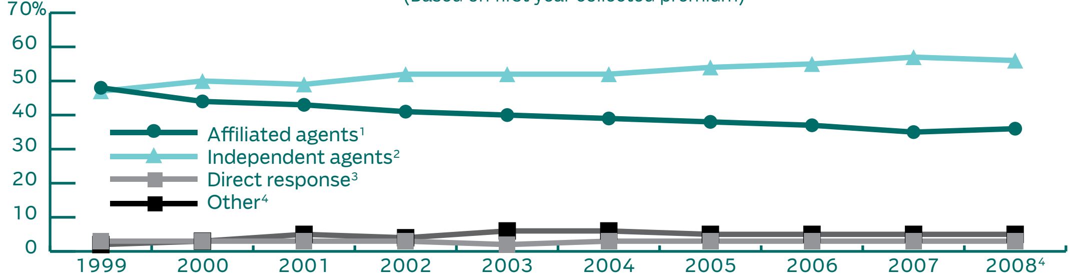
Source: Fortune.

Distribution Channels

Life insurance was once sold primarily by career life agents, captive agents that represent a single insurance company, and by independent agents, who represent several insurers. Now, life insurance is also sold directly to the public by mail, telephone and through the Internet. In addition, in the 1980s insurers began to market annuities and term life insurance through banks and financial advisors, professional groups and the workplace. A large portion of variable annuities, and a small portion of fixed annuities, are sold by stockbrokers. By 2008 independent agents held 56 percent of the new individual life insurance sales market, followed by affiliated (i.e., captive) agents with 36 percent, direct marketers with 3 percent and others, including stockbrokers, accounting for the remaining 5 percent, according to LIMRA.

U.S. INDIVIDUAL LIFE MARKET SHARE BY CHANNEL, 1999-2008

(Based on first year collected premium)

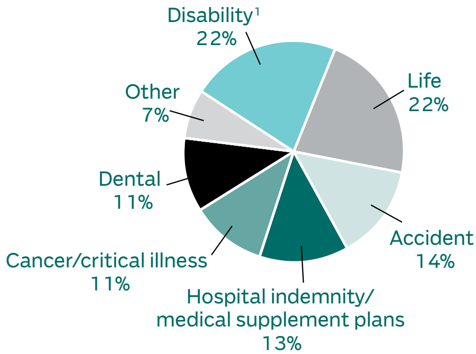


[1]Includes career, multiline exclusive and home service agents.
[2]Includes brokers and personal producing general agents.
[3]No producers are involved. Does not include direct marketing efforts involving agents.
[4]Includes stockbrokers, financial institutions, worksite and other channels.
[5]Estimate.

Source: LIMRA's Market Share by Distribution Channel Survey, LIMRA estimates.

- Worksite marketing is the selling of voluntary (employee-paid) insurance and financial products at the worksite. The products may be on either an individual or group platform and are usually paid through periodic payroll deductions.
- Worksite sales of life and health insurance in 2008 totaled $5.2 billion, up 4.3 percent from 2007.

WORKSITE LIFE INSURANCE COMPANY SALES BY LINE OF BUSINESS, 2008



[1]Short-term and long-term disability.

Source: Eastbridge Consultants.

Premiums by Line

Measured by premiums written, annuities are the largest life/health product line, followed by life insurance and health insurance (also referred to in the industry as accident and health). Life insurance policies can be sold on an individual, or "ordinary," basis or to groups such as employees and associations. Accident and health insurance includes medical expense, disability income and long-term care. Other lines include credit life, which pays the balance of a loan if the borrower dies or becomes disabled, and industrial life, small policies whose premiums are generally collected by an agent on a weekly basis.

LIFE/HEALTH INSURANCE INDUSTRY DIRECT PREMIUMS WRITTEN BY LINE, 2004-2008

($ millions)

	2004		2007		2008	
Lines of insurance	Direct premiums written[1]	Percent of total	Direct premiums written[1]	Percent of total	Direct premiums written[1]	Percent of total
Annuities						
Ordinary individual annuities	$183,022.8	32.2%	$205,663.2	30.8%	$220,711.0	32.2%
Group annuities	105,093.1	18.5	121,971.4	18.3	126,661.8	18.5
Total	**$288,115.8**	**50.7%**	**$327,634.6**	**49.1%**	**$347,372.8**	**50.8%**
Life						
Ordinary life	119,120.6	21.0	142,867.4	21.4	137,257.3	20.1
Group life	28,833.9	5.1	39,491.1	5.9	30,957.0	4.5
Credit life (group and individual)	1,520.7	0.3	1,625.8	0.2	1,536.7	0.2
Industrial life	255.5	[2]	231.1	[2]	233.0	[2]
Total	**$149,730.6**	**26.3%**	**$184,215.4**	**27.6%**	**$169,983.9**	**24.8%**
Accident and health[3]						
Group	86,718.0	15.3	88,245.9	13.2	92,544.4	13.5
Other	41,731.9	7.3	65,223.5	9.8	73,338.3	10.7
Credit	1,535.5	0.3	1,399.7	0.2	1,215.2	0.2
Total	**$129,985.5**	**22.9%**	**$154,869.1**	**23.2%**	**$167,098.0**	**24.4%**
All other lines	575.0	[2]	0.4	[2]	0.8	[2]
Total, all lines	**$568,407.0**	**100.0%**	**$666,719.5**	**100.0%**	**$684,455.4**	**100.0%**

[1]Before reinsurance transactions.

[2]Less than 0.1 percent.

[3]Does not include accident and health premiums reported on the property/casualty and health annual statements.

Source: National Association of Insurance Commissioners (NAIC) Annual Statement Database, via Highline Data, LLC. Copyrighted information. No portion of this work may be copied or redistributed without the express written permission of Highline Data, LLC.

Life/Health: Premiums by Line

There are several types of annuities. *Fixed* annuities guarantee that a specific sum of money will be paid in the future, generally as a monthly benefit, for as long as the annuitant lives. The value of *variable* annuities fluctuate with the performance of an underlying investment portfolio. The *equity indexed* annuity is a hybrid product, with features of *fixed* and *variable* annuities. Annuities play a key role in financing retirement for many Americans. (See also Retirement Assets: Annuities, page 43.)

TOP TEN WRITERS OF GROUP ANNUITIES BY NET PREMIUMS WRITTEN, 2008
($000)

Rank	Group	Net premiums written
1	ING America Insurance Holding Group	$16,769,216
2	Prudential of America Group	14,528,835
3	Metropolitan Group	12,088,916
4	John Hancock Group	8,928,198
5	Axa Insurance Group	8,843,452
6	AEGON USA Group	6,540,040
7	Mass Mutual Life Insurance Co. Group	6,157,259
8	American International Group	6,112,271
9	Hartford Fire and Casualty Group	4,909,288
10	TIAA Family of Cos. Group	3,870,957

Source: National Association of Insurance Commissioners (NAIC) Annual Statement Database, via Highline Data, LLC. Copyrighted information. No portion of this work may be copied or redistributed without the express written permission of Highline Data, LLC.

TOP TEN WRITERS OF INDIVIDUAL ANNUITIES BY NET PREMIUMS WRITTEN, 2008
($000)

Rank	Group	Net premiums written
1	American International Group	$19,985,447
2	Metropolitan Group	18,229,294
3	Hartford Fire and Casualty Group	12,330,831
4	Lincoln National Group	12,075,033
5	New York Life Group	9,593,433
6	Jackson National Group	9,520,841
7	TIAA Family of Cos. Group	9,273,087
8	Ameriprise Financial Group	8,961,247
9	Allianz Insurance Group	8,257,072
10	Aviva Group	7,419,198

Source: National Association of Insurance Commissioners (NAIC) Annual Statement Database, via Highline Data, LLC. Copyrighted information. No portion of this work may be copied or redistributed without the express written permission of Highline Data, LLC.

Credit Life Insurance

Credit life insurance, a form of decreasing term insurance, protects creditors such as banks. The borrower pays the premium, generally as part of the credit transaction, to cover the outstanding loan in the event he or she dies. The face value of a policy decreases as the loan is paid off until both equal zero. When loans are paid off early, premiums for the remaining term are returned to the policyholder. Credit accident and health, a similar product, provides a monthly income in the event the borrower becomes disabled.

CREDIT LIFE, AND CREDIT ACCIDENT AND HEALTH INSURANCE DIRECT PREMIUMS WRITTEN, 1999-2008

($000)

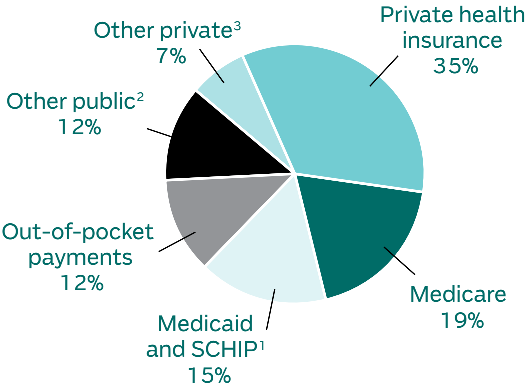
Year	Credit life	Credit accident and health
1999	$2,633,546	$2,403,588
2000	2,603,263	2,406,239
2001	2,301,031	2,218,154
2002	1,778,271	1,869,480
2003	1,413,613	1,541,483
2004	1,520,691	1,535,541
2005	1,597,728	1,495,248
2006	1,555,649	1,430,677
2007	1,625,833	1,399,687
2008	1,536,728	1,215,187

Source: National Association of Insurance Commissioners (NAIC) Annual Statement Database, via Highline Data, LLC. Copyrighted information. No portion of this work may be copied or redistributed without the express written permission of Highline Data, LLC.

Health Insurance

According to the U.S. Census Bureau's latest health insurance survey, 15.4 percent of the U.S. population lacked coverage in 2008, up from 15.3 percent in 2007.

THE NATION'S HEALTHCARE DOLLAR: 2007 WHERE IT COMES FROM



[1]State Children's Health Insurance Program. [2]Includes programs such as workers' compensation, public health activity, Department of Defense, Department of Veterans Affairs, Indian Health Service, State and local hospital subsidies and school health. [3]Includes industrial in-plant, privately funded construction and nonpatient revenues, including philanthropy.

Source: Centers for Medicare and Medicaid Services, Office of the Actuary.

- The number of Americans without health insurance rose from 45.7 million in 2007 to 46.3 million in 2008.
- The uninsured accounted for about 15 percent of the population in both 2008 and 2009.
- The percentage of people covered by private health insurance dropped from 67.5 percent in 2007 to 66.7 percent in 2008.

HEALTH INSURANCE COVERAGE STATUS AND TYPE OF COVERAGE, 1999-2008

(000)

		Uninsured		Insured		
Year	Total U.S. population	Number of people	Percent of total population	Private health insurance	Government health insurance	Total
1999	276,804	38,767	14.0%	200,721	67,683	238,037
2000	279,517	38,426	13.7	202,794	69,037	241,091
2001	282,082	39,760	14.1	201,695	71,295	242,322
2002	285,933	42,019	14.7	200,891	73,624	243,914
2003	288,280	43,404	15.1	199,871	76,755	244,876
2004	291,166	43,498	14.9	200,924	79,486	247,669
2005	293,834	44,815	15.3	201,167	80,213	249,020
2006	296,824	46,995	15.8	201,690	80,270	249,829
2007	299,106	45,657	15.3	201,991	83,031	253,449
2008	301,483	46,340	15.4	200,992	87,411	255,143

Source: U.S. Census Bureau, Current Population Survey, 1998-2009 Annual Social and Economic Supplement.

TOP TEN HEALTH INSURANCE GROUPS BY DIRECT PREMIUMS WRITTEN, 2008[1]

($ billions)

Rank	Group	Direct premiums written	Market share
1	United Health Group	$71.7	11.76%
2	WellPoint Inc. Group	54.5	8.94
3	Kaiser Foundation Group	46.3	7.60
4	Aetna Group	25.5	4.18
5	Humana Group	25.0	4.10
6	HCSC Group	16.8	2.77
7	American Family Corp. Group	13.4	2.19
8	Highmark Group	12.3	2.02
9	Coventry Corp. Group	11.1	1.82
10	Independence Blue Cross Group	10.0	1.64

[1]Includes data from the property/casualty, life/health, fraternal and health annual statements.

Source: National Association of Insurance Commissioners (NAIC). Reprinted with permission. Further reprint or redistribution strictly prohibited without written permission of NAIC.

- Health insurance direct premiums written increased from $570.7 billion in 2007 to $609.2 billion in 2008, according to a National Association of Insurance Commissioners report based on data from health, L/H, P/C and fraternal insurance companies.

Health Savings Accounts

Established in 2003 by the Medicare Modernization Act, health savings accounts (HSAs) are designed to give consumers financial incentives to manage their own health expenses. An individual's HSA must be coupled with a high-deductible health plan (HDHP). HSA funds may be used to cover current and future health care costs.

HEALTH SAVINGS ACCOUNT ENROLLMENT (COVERED LIVES), 2006-2009[1]

	January 2006	January 2007	January 2008	January 2009
Individual market	855,000	1,106,000	1,502,000	1,832,000
Small group market	510,000	1,057,000	1,816,000	2,429,000
Large group market	679,000	2,044,000	2,777,000	3,752,000
Other group[2]	247,000	291,000	13,000	NA
Other[3]	878,000	34,000	10,000	NA
Total	**3,168,000**	**4,532,000**	**6,118,000**	**8,013,000**

[1]Includes health savings accounts (HSAs) and high deductible health plans (HDHPs).
[2]Enrollment data for companies that did not break down their group membership into large and small group categories.
[3]Enrollment data for companies that did not provide a breakdown of enrollees by market category.

NA=Data not available.

Source: America's Health Insurance Plans.

- According to America's Health Insurance Plans, 8.0 million people were covered by HSA/HDHP products in January 2009, up 1.9 million from January 2008.
- In 2009 over 85 percent of people in large group or individual HSA/HDHP plans were in preferred provider organizations (PPOs). About 76 percent in small group plans were in PPOs.

Long-Term Care Insurance

Long-term care (LTC) insurance pays for services to help individuals who are unable to perform certain activities of daily living without assistance or require supervision due to a cognitive impairment such as Alzheimer's disease. There is a common misconception that LTC is primarily geared toward the elderly. A study by Unum, released in November, 2008, found that 46 percent of its group long-term care claimants were under the age of 65 at the time of disability. Nearly 5 million people were covered by long term-care insurance in 2008, according to a study by LIMRA International. The average first-year premium for individual LTC coverage purchased in 2008 was $2,184, up 2 percent from 2007, according to LIMRA.

- The number of policyholders and new premiums dropped by 24 and 23 percent, respectively, in the fourth quarter of 2008 from a year ago, as the economic downturn took a toll on new individual LTC insurance business.

INDIVIDUAL LONG TERM CARE INSURANCE, 2008[1]

	Lives	Percent change from 2007	Premium ($ millions)	Percent change from 2007
New business	276,500	-9%	604	-7%
In-force [2]	4,800,000	2	8,600	5

[1]Based on LIMRA International's Individual LTC Sales survey, representing over 95% of the individual LTC market.

[2]Includes estimates for nonparticipants.

Source: LIMRA International.

Overview

Banking, the largest sector within the financial services industry, includes all depository institutions, from commercial banks and thrifts (savings and loan associations and savings banks) to credit unions. In their role as financial intermediaries, banks use the funds they receive from depositors to make loans and mortgages to individuals and businesses, seeking to earn more on their lending activities than it costs them to attract depositors. However, in so doing they must manage many risk factors, including interest rates, which can result in a mismatch of assets and liabilities. Over the past decade, many banks have diversified and expanded into new business lines such as credit cards, stock brokerage and investment management services. Some have also moved into the insurance business, selling annuities and life insurance products in particular, often through the purchase of insurance agencies. (See Chapter 4: Convergence.)

Regulation

Since 1863, banks have had the choice of whether to be regulated by the federal government or the states. Under the National Bank Act, national banks are chartered and supervised by the Office of the Comptroller of the Currency (OCC), part of the U.S. Treasury. Thrift institutions, including savings and loans associations and savings banks, can be federally chartered and regulated by the Office of Thrift Supervision (OTS), another agency in the U.S. Treasury, or state chartered and subject to state regulation. The National Credit Union Administration supervises federal credit unions, while state regulators supervise state credit unions. State-chartered banks are subject to some federal regulation if they are members of the Federal Reserve System or insured by the FDIC. The Federal Reserve was established by Congress in 1913 to regulate the money supply according to the needs of the U.S. economy. The agency attempts to do this by changing bank reserve requirements and the discount rate that banks pay for loans from the Federal Reserve system, and by increasing or decreasing its open-market operations, the buying and selling of federal securities. Because banks are sensitive to interest rates, Federal Reserve policy has a major impact on the banking sector.

In October 2008, in a response to a massive credit crisis and the failure or near collapse of several large institutions, Congress enacted the Emergency Economic Stabilization Act, a landmark $700 billion rescue plan for the financial services industry. In June 2009 the Obama administration proposed sweeping changes to the financial services regulatory system. The proposal centered on reorganizing the Federal Reserve to strengthen the oversight of the financial industry's largest firms, giving the government the authority to take control of companies that are important to the general economic system and take action in the face of bank failures. Under the plan, bank regulation would continue to be shared between several agencies. The plan would also create a new consumer protection agency that would regulate home loans, credit card fees and other forms of consumer finance.

Deposit Insurance

The Federal Deposit Insurance Corporation (FDIC) was created in 1933 to restore confidence in the banking system following the collapse of thousands of banks during the Great Depression. The FDIC, which is an independent agency within the federal government, protects against the loss of deposits if an FDIC-insured commercial bank or savings association fails. The basic insurance amount, $100,000 per depositor per insured bank, was raised temporarily to $250,000 as part of the federal government's 2008 rescue program for the financial services industry. The standard insurance amount is set to return to $100,000 per depositor for all account categories in 2014, with the exception of certain retirement accounts, which will remain at $250,000 per depositor.

During the savings and loan crisis of the late 1980s and early 1990s, over 1,000 institutions holding over $500 billion failed, leading to a broad restructuring of the industry. The current economic downturn has spawned an increase in bank failures. Twenty-five banks, with assets of $371.9 billion, failed in 2008. This contrasts with 10 failures during the previous five years.

- During the first half of 2009, 53 FDIC-insured banks failed in the United States.

NUMBER OF BANK FAILURES, 1999-2008[1]

Year	Number of failures
1999	8
2000	7
2001	4
2002	11
2003	3
2004	4
2005	0
2006	0
2007	3
2008	25

[1]Based on failures of banks and savings and loan associations insured by the FDIC.

Source: Federal Deposit Insurance Corporation.

TOP TEN BANK AND THRIFT DEALS ANNOUNCED IN 2008[1]

($ millions)

Rank	Buyer (Location)	Target (State)	Deal value[2]
1	Wells Fargo & Company (CA)	Wachovia Corporation (NC)	$15,127.2
2	PNC Financial Services Group, Inc. (PA)	National City Corporation (OH)	5,603.7
3	Bank of America Corporation (NC)	Countrywide Financial Corporation (CA)	4,145.3
4	Mitsubishi UFJ Financial Group, Inc. (FO)[3]	UnionBanCal Corporation (CA)	3,808.1
5	Banco Santander, S.A. (FO)[3]	Sovereign Bancorp, Inc. (PA)	1,909.9
6	Caja de Ahorros y Monte de Piedad de Madrid (FO)[3]	City National Bancshares, Inc. (FL)	927.0
7	Capital One Financial Corporation (VA)	Chevy Chase Bank, F.S.B. (MD)	520.0
8	M&T Bank Corporation (NY)	Provident Bankshares Corporation (MD)	402.0
9	MatlinPatterson, LLC (NY)	Flagstar Bancorp, Inc. (MI)	250.0
10	Wells Fargo & Company (CA)	Century Bancshares, Inc. (TX)	188.5

[1]At least one of the companies involved is a U.S.-domiciled company. List does not include terminated deals. Bank or thrift is target. [2]At announcement. [3]FO=Foreign.

Source: SNL Financial LC.

TOP TEN FEDERALLY CHARTERED AND STATE-CHARTERED BANKS BY ASSETS, 2008[1]

($000)

Rank	Federally chartered bank	Total assets	State-chartered bank	State	Total assets
1	JPMorgan Chase Bank, National Association[2]	$1,746,242,000	The Bank of New York Mellon	NY	$195,164,000
2	Bank of America, National Association[2]	1,471,631,047	SunTrust Bank	GA	185,098,787
3	Citibank, National Association[2]	1,227,040,000	State Street Bank and Trust Company	MA	171,227,778
4	Wachovia Bank, National Association[2]	635,476,000	Goldman Sachs Bank USA	UT	163,066,000
5	Wells Fargo Bank, National Association[2]	538,958,000	Branch Banking and Trust Company	NC	147,483,646
6	U.S. Bank National Association[2]	261,775,591	Regions Bank	AL	142,084,005
7	HSBC Bank USA, National Association[2]	181,604,079	The Northern Trust Company	IL	70,433,589
8	FIA Card Services, National Association[2]	159,637,136	Fifth Third Bank	OH	69,459,606
9	National City Bank[3]	146,057,789	Comerica Bank	TX	67,597,552
10	PNC Bank, National Association[2]	140,777,455	Bank of the West	CA	66,890,239

[1]As of December 2008. [2]Chartered by the Office of the Comptroller of the Currency. [3]Chartered by the Office of Thrift Supervision.

Source: Federal Deposit Insurance Corporation.

Profitability

In their efforts to maximize profits, commercial banks and other depository institutions must balance credit quality and future economic conditions with liquidity needs and regulatory mandates.

PROFITABILITY OF SAVINGS BANKS, COMMERCIAL BANKS AND CREDIT UNIONS, 2004-2008

	Return on equity		Return on average assets
Year	Savings banks	Commercial banks	Credit unions
2004	10.87%	13.74%	0.92%
2005	10.38	12.91	0.85
2006	8.70	13.06	0.82
2007	2.71	9.29	0.65
2008	-6.15	1.62	0.31

Source: Office of Thrift Supervision; Federal Deposit Insurance Corporation; National Credit Union Administration.

NET INCOME OF COMMERCIAL BANKS, SAVINGS INSTITUTIONS AND CREDIT UNIONS, 1999-2008

($ millions)

	Amount			Percent change from prior year		
Year	Commercial banks[1]	Savings institutions[1]	Credit unions[2]	Commercial banks	Savings institutions	Credit unions
1999	$71,008.1	$10,872.1	NA	15.6%	7.5%	NA
2000	70,274.2	10,701.9	NA	-1.0	-1.6	NA
2001	73,215.3	13,279.2	$4,492.0	4.2	24.1	NA
2002	89,132.0	15,243.4	5,663.0	21.7	14.8	26.1%
2003	102,578.0	18,056.0	5,779.0	15.1	18.5	2.0
2004	104,724.0	18,246.0	5,789.0	2.1	1.1	0.2
2005	114,016.0	19,894.0	5,658.0	8.9	9.0	-2.3
2006	128,217.0	17,025.0	5,723.0	12.5	-14.4	1.1
2007	97,630.0	2,362.0	4,737.0	-23.9	-86.1	-17.2
2008	18,726.0	-8,556.0	2,439.0	-80.8	-462.2	-48.5

[1]FDIC-insured.

[2]Federally insured credit unions.

NA=Data not available.

Source: Federal Deposit Insurance Corporation; National Credit Union Administration.

Assets

FINANCIAL ASSETS OF BANKING INSTITUTIONS, 1980-2008
($ billions, end of year)

Year	Commercial banks	Savings institutions	Credit unions
1980	$1,481.7	$792.4	$67.6
1990	3,337.2	1,323.0	217.2
2000	6,468.7	1,217.7	441.1
2004	8,559.9	1,649.6	654.7
2005	9,320.1	1,789.4	685.7
2006	10,202.9	1,714.8	716.2
2007	11,191.8	1,815.0	758.7
2008	13,408.8	1,523.5	812.4

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

- Assets of commercial banks grew 19.8 percent from 2007 to 2008, and credit union assets grew 7.1 percent. Savings institution assets fell 16.1 percent over the same period.

Credit Markets

Until about 1950, commercial banks dominated the credit market. While depository institutions continue to be the leading holders of credit assets, asset shares of federal mortgage pools, government-sponsored corporations and asset-based securities issuers have risen steadily over the past two decades.

CREDIT MARKET ASSET HOLDINGS, 2004-2008[1]
($ billions, amount outstanding, end of year)

	2004	2005	2006	2007	2008	Percent of total, 2008
Financial sectors						
Monetary authority	$717.8	$744.2	$778.9	$740.6	$986.0	1.9%
Commercial banking	6,621.2	7,278.4	8,040.5	8,785.2	9,434.6	18.0
U.S.-chartered commercial banks	5,980.7	6,487.4	7,144.1	7,666.8	8,197.9	15.6
Foreign banking offices in the U.S.	513.3	657.8	761.6	963.3	1,069.5	2.0
Bank holding companies	36.4	32.2	35.6	58.7	72.6	0.1
Banks in U.S.-affiliated areas	90.8	101.0	99.3	96.4	94.6	0.2
Savings institutions	1,417.7	1,617.1	1,519.2	1,584.9	1,310.3	2.5
Credit unions	556.4	592.6	622.7	657.9	697.9	1.3
Property/casualty insurance companies	698.8	765.8	813.5	839.8	820.8	1.6
Life insurance companies	2,661.4	2,765.4	2,806.1	2,888.6	2,926.3	5.6
Private pension funds	654.6	699.9	758.5	861.3	951.4	1.8

(table continues)

CREDIT MARKET ASSET HOLDINGS, 2004-2008[1] (Cont'd)

($ billions, amount outstanding, end of year)

	2004	2005	2006	2007	2008	Percent of total, 2008
State and local govt retirement funds	$675.3	$693.4	$825.4	$855.6	$851.1	1.6%
Federal govt retirement funds	68.2	76.0	84.3	96.1	120.3	0.2
Money market mutual funds	1,346.3	1,340.8	1,560.8	1,936.4	2,675.0	5.1
Mutual funds	1,623.0	1,747.1	1,932.0	2,203.1	2,276.4	4.3
Closed-end funds	163.6	165.8	171.8	170.6	131.2	0.2
Exchange-traded funds	8.2	15.0	20.7	33.5	54.7	0.1
GSEs[2]	2,613.0	2,543.9	2,590.5	2,829.5	2,987.0	5.7
Agency- and GSE[2]-backed mortgage pools	3,374.6	3,541.9	3,837.3	4,463.5	4,960.8	9.4
ABS issuers	2,548.6	3,276.4	4,075.6	4,405.4	3,999.5	7.6
Finance companies	1,675.9	1,740.6	1,811.6	1,828.2	1,755.9	3.3
Real Estate Investment Trusts	198.7	239.7	265.8	244.7	183.0	0.3
Brokers and dealers	394.9	477.2	583.4	803.1	717.4	1.4
Funding corporations	203.7	251.5	286.9	244.1	991.8	1.9
Total financial sectors	**$28,222.2**	**$30,572.7**	**$33,385.7**	**$36,472.2**	**$38,831.4**	**73.9%**
Total domestic nonfinancial sectors[3]	**$4,943.0**	**$5,491.2**	**$5,735.7**	**$6,074.3**	**$5,804.2**	**11.0%**
Rest of the world	**$4,634.7**	**$5,188.3**	**$6,198.2**	**$7,369.3**	**$7,896.4**	**15.0%**
Total credit market assets held	**$37,799.9**	**$41,252.3**	**$45,319.6**	**$49,915.8**	**$52,532.1**	**100.0%**

[1]Excluding corporate equities and mutual fund shares.[2]Government-sponsored enterprise. [3] Includes household, federal and local governments, and selected nonfinancial and nonfarm business sectors

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

- In 2008 employment increased by 2.4 percent at credit unions and by 0.6 percent at commercial banks, while falling 8.1 percent at savings institutions. Overall, banking industry employment fell by 0.2 percent.

EMPLOYMENT IN THE BANKING INDUSTRY, 2004-2008

(000)

Year	Commercial banks	Savings banks	Credit unions	Total
2004	1,280.8	243.2	227.5	1,751.5
2005	1,296.0	238.3	234.9	1,769.2
2006	1,322.9	236.7	242.4	1,802.0
2007	1,351.4	225.7	246.3	1,823.4
2008	1,359.9	207.4	252.2	1,819.5

Source: U.S. Department of Labor, Bureau of Labor Statistics.

BUSINESS LENDING BY LOAN SIZE AND SIZE OF BANK, 2009[1]

	Value of loans ($ millions)	
Size of loans ($000)	Large banks[2]	Small banks
$3 to $99	$1,295	$1,075
$100 to $999	5,397	2,032
$1,000 to $9,999	8,326	1,045
$10,000 and over	12,834	[3]

[1]Based on a sample of 348 domestically chartered commercial banks, as of May 4-8, 2009.
[2]As of March 31, 2003, assets of large banks were at least $3.7 billion.
[3]The number of loans was insufficient to provide a meaningful value.

Source: Board of Governors of the Federal Reserve System.

Community Development Lending

The Federal Community Reinvestment Act requires commercial banks and savings institutions with total assets of $1 billion to report data regarding their small business, small farm and community development loans. In 2008, 965 of these institutions reported originations or purchases of about 10.8 million small business loans, totaling $296 billion, and almost 211,000 small farm loans, totaling $14.2 billion. About 74 percent of these lenders, or 712 institutions, extended community development loans in 2008, a 5 percent drop from the number making such loans in 2007. However, the dollar volume of community development loans increased 14 perecnt from $63.8 billion to $72.5 billion during the same period.

COMMUNITY DEVELOPMENT LENDING, 2008[1]

	CRA loans				CRA reporting institutions			
	Number		Amount ($000)		Total		Community development loans	
Asset size of lender ($ millions)	Total	Percent	Total	Percent	Number	Percent	Number extending	Percent extending
Less than $100	18	[2]	$99,473	0.1%	8	0.8%	4	0.6%
$100 to $249	23	0.1%	11,639	[2]	17	1.8	5	0.7
$250 to $1,060	2,385	5.8	1,808,518	2.5	374	38.8	230	32.3
$1,061 or more	38,747	94.1	70,592,685	97.4	566	58.7	473	66.4
Total	**41,173**	**100.0%**	**72,512,315**	**100.0%**	**965**	**100.0%**	**712**	**100.0%**

[1]As per the Community Reinvestment Act (CRA), enacted in 1977 to encourage banks to help meet the needs of the communities in which they operate, including low and moderate income neighborhoods. The act mandates that the reporting threshold adjusts annually to the Consumer Price Index, bringing the threshold to $1.061 billion in assets in 2008.
[2]Less than 0.1 percent.

Source: Federal Financial Institutions Examination Council.

Bank Branches

Consolidation has substantially reduced the number of commercial banking institutions but has not reduced consumers' access to their deposits as bank offices and the number of ATMs continue to grow. However, there are fewer savings institutions and offices than in 1995 and the number of credit unions dropped by 33 percent from 1995 to 2008.

NUMBER OF BANKING OFFICES BY TYPE OF BANK, 1995-2008

	1995	2000	2005	2006	2007	2008
All banking offices[1]	**92,686**	**95,808**	**100,741**	**103,114**	**105,375**	**106,967**
Commercial bank offices	65,321	71,337	78,030	80,473	83,360	85,283
Number of institutions	10,166	8,477	7,549	7,479	7,350	7,203
Savings institution offices	15,637	14,136	14,003	14,267	13,903	13,867
Number of institutions	2,082	1,623	1,294	1,276	1,244	1,227
Credit unions	11,687	10,316	8,695	8,362	8,101	7,806
U.S. branches of foreign banks	41	19	13	12	11	11

[1]Includes commercial bank and savings institution offices, credit unions and U.S. branches of foreign banks.
Source: Federal Deposit Insurance Corporation; National Credit Union Administration.

ASSETS OF FOREIGN BANKING OFFICES IN THE UNITED STATES, 2004-2008[1]

($ billions, end of year)

	2004	2005	2006	2007	2008
Total financial assets	**$632.7**	**$781.5**	**$785.2**	**$1,001.6**	**$1,567.2**
Reserves at Federal Reserve	0.7	0.9	0.6	1.0	239.0
Total bank credit	606.3	792.1	946.8	1,151.4	1,131.9
U.S. government securities	79.6	78.8	81.9	87.5	88.0
Treasury	27.8	27.9	27.1	30.6	38.1
Agency- and GSE[2]-backed securities	51.8	50.9	54.8	56.9	49.9
Corporate and foreign bonds	182.2	262.8	292.5	369.5	405.4
Total loans	344.6	450.6	572.3	694.4	638.4
Other bank loans	234.0	294.7	361.8	466.8	531.9
Mortgages	16.9	20.8	24.9	39.0	44.2
Security credit	93.7	135.1	185.6	188.6	62.3
Customers' liability on acceptances	0.7	0.8	0.4	0.5	0.0
Miscellaneous assets	25.0	-12.3	-162.6	-151.3	196.4

[1]Branches and agencies of foreign banks, Edge Act and Agreement corporations and American Express Bank. [2]Government-sponsored enterprise. Source: Board of Governors of the Federal Reserve System, June 11, 2009.

Financial Literacy Programs

The global economic crisis has refocused attention on the importance of improving consumers' financial knowledge and skills. In June 2009 Operation HOPE, a global nonprofit social investment banking and financial literacy organization, hosted a summit that resulted in the creation of a Financial Literacy Framework, a landmark agreement between Operation Hope and The Financial Services Roundtable underscoring the financial services industry's commitment to financial literacy.

Also in 2009 JumpStart, a coalition of business, government and educational groups, released its 2008 National JumpStart Coalition Survey of High School Seniors and College Students. The survey found that the financial literacy of high school students had fallen to its lowest level since the first such study was conducted in 1997. The average score for high school students was 48.3 percent in 2008, compared with a "passing" score of 60 percent. By contrast, the average score for college students on the same exam was 62.2 percent. Since 2003, 21 states have passed laws requiring public schools to teach financial education.

Commercial Banks

Commercial banks vary greatly in size from the "money center" banks located in the nation's financial centers that offer a broad array of traditional and nontraditional banking services, including international lending, to the smaller regional and local community banks engaged in more typical banking activities, such as consumer and business lending. Commercial banks receive revenue from many sources, including check writing, trust account management fees, investments, loans and mortgages. A growing number of banks also receives revenue from consumer use of Internet banking services.

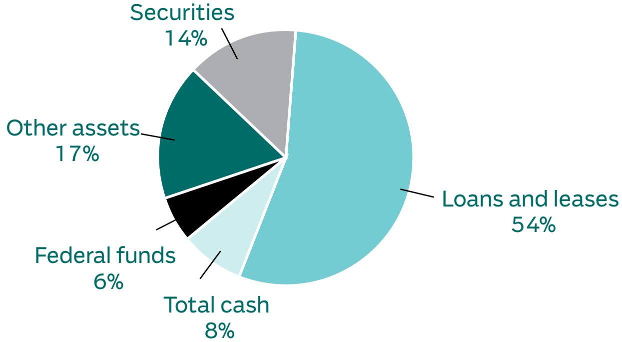
The number of small commercial banks continues to drop while the number of mid-size banks grows. There were 281 fewer commercial banks with assets of less than $100 million in 2008 than the previous year, but 84 more in the $100 million to $1 billion asset size. The number of banks with assets of more than $1 billion did not change.

Commercial Banks

Assets and Liabilities

A bank's assets and liabilities are managed in order to maximize revenues and maintain liquidity. The lending sector's susceptibility to changes in interest rates, domestic and international economies, and credit quality can make revenue streams unpredictable. Banks hold substantial amounts of U.S. Treasury and government agency obligations, which are highly liquid, although the asset mix includes equity as well as other asset classes.

ASSETS OF FDIC-INSURED COMMERCIAL BANKS, 2008



Source: Federal Deposit Insurance Corporation.

ASSETS AND LIABILITIES OF FDIC-INSURED COMMERCIAL BANKS GROUPED BY ASSET SIZE, 2008

($ millions, end of year)

	Total commercial banks	By asset size: Less than $100 million	By asset size: $100 million to $1 billion	By asset size: $1 billion or more	Foreign offices
Number of institutions	7,085	2,784	3,790	511	NA
Total assets	**$12,310,922**	**$152,474**	**$1,105,045**	**$11,053,404**	**$1,521,343**
Cash and funds due from depository institutions	1,041,798	10,351	47,499	983,948	242,920
Noninterest-bearing	261,995	5,566	27,726	228,703	NA
Interest-bearing	779,803	4,786	19,772	755,245	NA
Securities	1,746,430	33,051	200,511	1,512,868	NA
Federal funds sold and re-repos[1]	688,064	5,811	22,321	659,932	NA
Loans and leases, net	6,682,179	95,612	768,399	5,818,168	452,546
Plus: allowance for losses and allocated transfer risk reserve	156,421	1,419	11,743	143,258	NA
Loans and leases, total	6,838,600	97,031	780,143	5,961,427	453,248
Assets held in trading accounts[2]	965,147	11	574	964,561	374,199

(table continues)

ASSETS AND LIABILITIES OF FDIC-INSURED COMMERCIAL BANKS GROUPED BY ASSET SIZE, 2008 (Cont'd)

($ millions, end of year)

	Total commercial banks	By asset size: Less than $100 million	$100 million to $1 billion	$1 billion or more	Foreign offices
Bank premises and fixed assets	$109,683	$2,939	$22,109	$84,635	NA
Other real estate owned	22,926	601	5,704	16,622	NA
Intangible assets	392,582	544	7,519	384,519	NA
All other assets	662,114	3,554	30,408	628,151	NA
Total liabilities, limited-life preferred stock and equity capital	**$12,310,922**	**$152,474**	**$1,105,045**	**$11,053,404**	**NA**
Total liabilities	**$11,156,013**	**$133,301**	**$995,755**	**$10,026,957**	**$2,103,710**
Deposits, total	8,082,157	125,149	887,435	7,069,574	1,539,087
Noninterest-bearing	1,433,315	20,687	126,118	1,286,510	58,241,088
Interest-bearing	6,648,843	104,462	761,317	5,783,064	1,480,846
Federal funds purchased and repos[1]	803,924	1,349	24,713	777,863	NA
Trading liabilities	475,352	1	24	475,327	NA
Other borrowed money	1,275,178	5,690	73,765	1,195,723	NA
Subordinated notes and debentures	182,987	10	630	182,347	NA
All other liabilities	336,414	1,102	9,189	326,123	NA
Total equity capital	**$1,154,909**	**$19,173**	**$109,289**	**$1,026,447**	**NA**
Perpetual preferred stock	6,402	26	270	6,107	NA
Common stock	45,464	3,403	11,426	30,635	NA
Surplus	850,959	8,743	50,927	791,289	NA
Undivided profits	252,084	7,002	46,667	198,416	NA

[1]Short-term agreements to sell and repurchase government securities by a specified date at a set price. [2]The foreign office component of "assets held in trading accounts" is only available for institutions with $1 billion or more in total assets or $2 billion or more in off-balance sheet contracts. NA=Data not available.

Source: Federal Deposit Insurance Corporation.

Deposits

In the depository process, banks pay interest to depositors and gain income by lending and investing deposits at higher rates. Banks must balance the generation of revenue from these deposits with the maintenance of liquidity, according to FDIC guidelines. The impact of these guidelines on the banking industry is similar to that of statutory accounting practices on the insurance industry—both serve to promote solvency.

Commercial Banks

DEPOSITS, INCOME AND EXPENSES OF FDIC-INSURED COMMERCIAL BANKS, 2004-2008

($ millions, end of year)

	2004	2005	2006	2007	2008
Number of institutions	7,615	7,510	7,384	7,266	7,070
Total deposits (domestic and foreign) individuals, partnerships, corps.	**$5,010,638**	**$5,485,256**	**$5,991,024**	**$6,485,480**	**$7,170,388**
U.S. government	4,631	3,272	3,727	4,898	3,830
States and political subdivisions	235,205	257,745	286,564	322,662	350,603
All other	295,930	270,791	392,912	434,378	492,175
Total domestic and foreign deposits	**5,546,404**	**6,017,064**	**6,674,226**	**7,247,418**	**8,016,996**
Interest-bearing	4,449,621	4,820,188	5,465,215	6,053,429	6,590,821
Noninterest-bearing	1,096,783	1,196,876	1,209,011	1,193,989	1,426,175
Domestic office deposits					
Demand deposits	540,401	535,783	507,795	504,432	636,320
Savings deposits	2,772,680	2,946,617	3,094,150	3,185,596	3,496,929
Time deposits	1,367,985	1,614,597	1,879,273	2,055,843	2,345,196
Total domestic deposits	**4,681,066**	**5,096,998**	**5,481,218**	**5,745,870**	**6,478,445**
Transaction	744,728	736,095	703,808	695,226	837,964
Nontransaction	3,936,338	4,360,903	4,777,410	5,050,644	5,640,481
Income and expenses					
Total interest income	341,742	427,748	541,524	604,688	524,705
Total interest expense	95,330	162,432	259,277	304,149	207,404
Net interest income	246,411	265,316	282,247	300,539	317,301
Total noninterest income (fees, etc.)	184,028	202,080	216,759	210,290	192,966
Total noninterest expense	255,928	274,500	288,349	312,042	328,363
Provision for loan and lease losses	25,815	26,325	25,154	56,468	151,051
Pretax net operating income	148,696	166,572	185,503	142,318	30,853
Securities gains (losses)	3,177	-216	-1,346	-567	-14,318
Income taxes	49,131	53,663	59,231	42,649	6,201
Net extraordinary items	66	239	2,648	-1,741	5,446
Net income	102,807	112,932	127,573	97,361	15,780

Source: Federal Deposit Insurance Corporation.

Investments

SECURITIES OF FDIC-INSURED COMMERCIAL BANKS, GROUPED BY ASSET SIZE, 2008

($ millions, end of year)

	Total commercial banks	By asset size[1]		
		Less than $100 million	$100 million to $1 billion	$1 billion or more
Securities (debt and equity)	**$1,746,430**	**$33,051**	**$200,511**	**$1,512,868**
Securities held-to-maturity (amortized cost)	146,893	4,439	23,867	118,587
Securities available-for-sale (fair value)	1,599,537	28,612	176,644	1,394,281
By security type[2]:				
U.S. Government securities	1,082,003	25,019	141,913	915,071
U.S. Treasury securities	32,258	753	3,578	27,927
U.S. Government obligations	1,049,745	24,266	138,335	887,144
Securities issued by states and political subdivisions	144,012	6,775	43,571	93,666
Asset-backed securities	131,526	29	846	130,651
Other domestic debt securities[3]	260,478	1,010	11,846	247,622
Foreign debt securities[3]	106,663	1	100	106,563
Equity securities	21,746	216	2,236	19,294
Other items[2]				
Pledged securities	940,182	13,168	105,581	821,432
Mortgage-backed securities	1,087,997	10,225	86,540	991,232
Certificates of participation in pools of residential mortgages	722,772	8,082	57,864	656,826
Issued or guaranteed by the U.S.	714,961	8,073	57,754	649,134
Privately issued	7,810	9	109	7,692
Collateralized mortgage obligations and REMICs[4]	365,226	2,143	28,676	334,406
Issued by FNMA and FHLMC[5]	163,571	1,787	22,558	139,226
Privately issued by GNMA[6]	201,655	356	6,119	195,180

[1]Grouped by asset size and insurance fund membership.

[2]Includes held-to-maturity securities at amortized cost and available-for-sale securities at fair value.

[3]Institutions with less than $100 million in total assets include “foreign debt securities” in “other domestic debt securities.”

[4]Real estate mortgage investment conduits.

[5]Fannie Mae and Freddie Mac. Includes REMICs.

[6]Ginnie Mae.

Source: Federal Deposit Insurance Corporation.

Commercial Banks

Concentration

As a result of consolidation over the past two decades, small banks are dropping in number and in percentage of assets and deposits held. A large share of the nation's banking business is held by a relatively small number of big banks.

COMMERCIAL BANK CONCENTRATION BY ASSET SIZE, 2004 AND 2008

($ billions, end of year)

	Less than $100 million	Percent of total	$100 million to $1 billion	Percent of total	$1 billion to $10 billion	Percent of total	Greater than $10 billion	Percent of total	Total banks
2004									
Number of institutions reporting	3,655	47.9%	3,530	46.3%	360	4.7%	85	1.1%	7,630
Total assets	$189.0	2.2	$953.4	11.3	$973.0	11.6	$6,297.3	74.9	$8,412.8
Total deposits	158.2	2.8	770.9	13.8	666.5	11.9	3,997.2	71.5	5,592.8
Return on assets	0.99	NA	1.28	NA	1.46	NA	1.30	NA	1.31
Return on equity	8.46	NA	12.88	NA	13.48	NA	14.24	NA	13.82
2008									
Number of institutions reporting	2,784	39.3%	3,790	53.5%	425	6.0%	86	1.2%	7,085
Total assets	$152.5	1.2	$1,105.7	9.0	$1,142.5	9.3	$9,912.2	80.5	$12,312.9
Total deposits	125.2	1.5	887.4	11.0	830.5	10.3	6,239.0	77.2	8,082.1
Return on assets	0.36	NA	0.38	NA	-0.10	NA	0.16	NA	0.16
Return on equity	2.76	NA	3.68	NA	-0.90	NA	1.70	NA	1.62

NA=Not applicable.

Source: Federal Deposit Insurance Corporation.

TOP 25 U.S. COMMERCIAL BANKS BY REVENUES, 2008
($ millions)

Rank	Company	Revenues
1	Bank of America Corp.	$113,106
2	Citigroup	112,372
3	JPMorgan Chase & Co.	101,491
4	Morgan Stanley	62,262
5	Goldman Sachs Group	53,579
6	Wells Fargo	51,652
7	GMAC	35,445
8	American Express	31,877
9	U.S. Bancorp	19,229
10	Capital One Financial	17,869
11	Bank of New York Mellon Corp.	16,355
12	State Street Corp.	12,922
13	SunTrust Banks	12,801
14	BB&T Corp.	10,404
15	PNC Financial Services Group	9,680
16	Regions Financial	9,637
17	Fifth Third Bancorp	8,554
18	KeyCorp	6,499
19	CIT Group	6,229
20	Northern Trust Corp.	5,678
21	M&T Bank Corp.	4,217
22	Marshall & Ilsley Corp.	4,026
23	Comerica	3,944
24	Huntington Bancshares	3,506
25	Zions Bancorp.	3,165

Source: Fortune.

Commercial Banks

TOP 25 U.S. COMMERCIAL BANKS BY ASSETS, 2008

($ millions)

Rank	Company	City, State	Assets
1	JPMorgan Chase Bank, National Association	Columbus, OH	$1,746,242
2	Bank of America, National Association	Charlotte, NC	1,471,631
3	Citibank, National Association	Las Vegas, NV	1,227,040
4	Wachovia Bank, National Association/ Wells Fargo & Co.[1]	Charlotte, NC	635,476
5	Wells Fargo Bank, National Association	Sioux Falls, SD	538,958
6	U.S. Bank, National Association	Cincinnati, OH	261,776
7	Bank of NY Mellon	New York, NY	195,164
8	Suntrust Bank	Atlanta, GA	185,099
9	HSBC Bank USA, National Association	McLean, VA	181,604
10	State Street Bank & Trust Company	Boston, MA	171,228
11	Goldman Sachs Bank USA	New York, NY	162,474
12	FIA Card Services, National Association	Wilmington, DE	159,637
13	Branch Banking and Trust Company	Winston-Salem, NC	147,484
14	National City Bank	Cleveland, OH	146,058
15	Regions Bank	Birmingham, AL	142,084
16	PNC Bank, National Association	Pittsburgh, PA	140,777
17	RBS Citizens, National Association	Providence, RI	129,726
18	Capital One, National Association	McLean, VA	115,142
19	Chase Bank USA National Association	Newark, DE	102,826
20	Keybank, National Association	Cleveland, OH	101,869
21	TD Bank National Association	Wilmington, DE	101,632
22	Citibank, National Association	Sioux Falls, SD	86,649
23	Northern TC	Chicago, IL	70,434
24	Union Bank, National Association	San Francisco, CA	69,737
25	Fifth Third Bank	Cincinnati, OH	69,460

[1]Wachovia Bank was purchased by Wells Fargo & Co. in December 2008.

Source: Board of Governors of the Federal Reserve System.

Thrift Institutions

Savings and loan associations and savings banks fall into the category of thrift institutions. Thrifts were originally established to promote personal savings through savings accounts, and home ownership through mortgage lending, but now provide a range of services similar to many commercial banks. Savings banks tend to be small and are located mostly in the north-eastern states.

Like other banking institutions with a significant portion of mortgages on their books, thrifts may belong to the Federal Home Loan (FHL) Bank System. In exchange for holding a certain percentage of their assets in mortgage-backed securities and residential mortgages, these financial institutions may borrow funds from the FHL Bank System at favorable rates.

Thrifts are declining in number. At their peak in the late 1960s, there were more than 4,800. But a combination of factors has reduced their ranks significantly. These include sharp increases in interest rates in the late 1970s, which immediately raised the cost of funds without a similar rise in earnings from thrifts' principal assets, long-term, fixed-rate mortgages. In addition, the recession of the early 1980s increased loan defaults. By June 30, 2008, due mostly to acquisitions by, or conversions to, commercial banks or other savings banks, the number of thrifts had fallen to about 1,200.

SELECTED INDICATORS, FDIC-INSURED SAVINGS INSTITUTIONS, 2004-2008

	2004	2005	2006	2007	2008
Return on assets (%)	1.17	1.15	0.99	0.13	-0.72
Return on equity (%)	10.87	10.37	8.68	1.08	-7.74
Core capital (leverage) ratio (%)	9.53	9.86	10.28	9.97	8.04
Noncurrent assets plus other real estate owned to assets (%)	0.45	0.57	0.63	1.46	2.40
Net charge-offs to loans (%)	0.27	0.25	0.29	0.47	1.14
Asset growth rate (%)	14.77	8.64	-3.70	4.97	-17.52
Net interest margin (%)	3.16	3.07	2.87	2.94	2.77
Net operating income growth (%)	8.13	8.03	-9.84	-81.68	-456.75
Number of institutions reporting	1,345	1,307	1,279	1,251	1,220
Percentage of unprofitable institutions (%)	6.47	5.66	10.24	17.19	33.03
Number of failed institutions	1	0	0	1	5
Number of assisted institutions	0	0	0	0	1

Source: Federal Deposit Insurance Corporation.

OTS-REGULATED THRIFT INDUSTRY INCOME STATEMENT DETAIL, 2004-2008

($ millions, end of year)

	2004	2005	2006	2007	2008
Interest income	$55,872	$72,290	$90,805	$95,904	$74,912
Interest expense	21,301	33,473	49,871	55,283	36,843
Net interest income before provisions for losses	34,572	38,817	40,934	40,621	38,069
Provisions for losses for interest bearing assets[1]	2,601	2,954	3,768	11,638	38,712
Net interest income after provisions for losses	31,970	35,863	37,167	28,983	-643
Noninterest income[2]	20,106	23,922	25,678	20,121	18,658
Noninterest expense	30,500	34,317	38,665	47,371	37,146
Income before taxes and extraordinary items	21,576	25,469	24,180	1,733	-19,131
Income taxes	7,631	9,068	8,292	2,383	-5,770
Other[3]	19	-1	-39	1	-81
Net income	13,963	16,400	15,849	-649	-13,442
Other items					
Gross profits of profitable thrifts	14,312	16,610	16,342	11,425	6,384
Gross profits of unprofitable thrifts	-348	-209	-492	-12,074	-19,826

[1]Loss provisions for noninterest-bearing assets are included in noninterest expense.

[2]Net gain (loss) on sale of assets is reported in noninterest income.

[3]Defined as extraordinary items, net of tax effect and of cumulative effect of changes in accounting principles. Extraordinary items are material events and transactions that are unusual and infrequent.

Source: U.S. Department of the Treasury, Office of Thrift Supervision (OTS).

BALANCE SHEET OF THE FEDERALLY INSURED THRIFT INDUSTRY, 2004-2008

($ millions, end of year)

	2004	2005	2006	2007	2008
Number of thrifts	1,345	1,307	1,279	1,251	1,220
Assets					
Cash and invested securities	$129,432	$133,882	$146,178	$186,368	$77,245
Mortgage-backed securities	234,309	242,692	223,422	264,616	211,822
1 to 4 family loans	845,363	919,208	828,639	840,255	637,712
Multifamily development	81,041	90,175	86,710	92,112	56,349
Construction and land loans	46,887	57,252	66,403	69,574	58,309
Nonresidential loans	85,121	87,340	93,852	104,248	111,210
Consumer loans	91,279	111,054	97,385	103,652	93,801
Commercial loans	60,035	66,197	75,359	70,394	77,929
Real estate owned	1,285	1,137	1,681	3,128	4,386
Other assets	117,011	128,991	150,267	131,956	205,606
Total assets	**$1,691,764**	**$1,837,927**	**$1,769,896**	**$1,866,304**	**$1,534,369**
Liabilities and equity					
Total liabilities	1,502,706	1,631,617	1,551,940	1,991,885	1,648,331
Deposits	991,387	1,068,176	1,093,800	1,105,535	953,572
FHLB advances	291,938	325,696	268,326	347,771	255,155
Other borrowings	190,712	206,098	152,095	499,030	409,432
Other liabilities	28,668	31,647	37,720	39,549	30,212
Equity capital	189,058	206,367	217,955	204,507	138,673
Total liabilities and equity	**$1,691,764**	**$1,837,983**	**$1,769,895**	**$2,196,392**	**$1,787,004**

Source: U.S. Department of the Treasury, Office of Thrift Supervision (OTS).

INVESTMENT SECURITIES OF FDIC-INSURED SAVINGS INSTITUTIONS, 1999-2008

($ millions, end of year)

	U.S. Treasury, agencies and corporations				
Year	U.S. Treasury	U.S. agencies and corporations	Total[1]	States and political subdivisions	Other debt securities
1999	$2,997.8	$232,792.3	$235,790.1	$3,599.2	$42,954.2
2000	2,136.5	223,582.0	225,718.4	3,831.6	42,697.3
2001	3,260.0	231,187.9	234,447.9	4,486.6	45,500.3
2002	2,791.5	240,475.5	243,267.0	5,716.0	39,778.8
2003	2,827.6	258,132.2	260,959.8	6,534.7	37,603.6
2004	2,754.4	232,682.0	235,436.4	7,159.2	64,485.5
2005	5,779.1	224,234.2	230,013.3	8,871.7	85,874.4
2006	5,638.6	193,340.7	198,979.3	11,782.3	100,762.9
2007	903.3	197,828.2	198,731.5	11,959.7	152,602.1
2008	832.2	177,398.7	178,230.9	7,776.4	103,858.2

Year	Equity securities	Less: contra accounts[2]	Less: trading accounts	Total investment securities[3]	Memo[4] mortgage-backed securities
1999	$10,080.0	$1.2	$1,028.1	$291,394.1	$221,714.2
2000	10,484.8	1.4	758.6	281,972.3	212,652.8
2001	10,166.3	1.7	1,816.7	292,782.7	203,372.1
2002	11,427.6	0.9	1,581.0	298,607.5	209,660.5
2003	10,677.8	0.4	1,276.5	314,499.1	206,453.8
2004	10,372.1	0.0	8,772.1	308,681.1	234,309.2
2005	9,439.3	0.1	13,293.0	320,905.6	242,691.6
2006	8,738.4	0.0	5,545.4	314,717.6	223,422.2
2007	8,041.7	0.0	7,991.1	363,343.9	264,586.0
2008	5,518.1	0.0	6,424.1	288,959.3	211,730.9

[1]Components may not add to total.

[2]Balance in account that offsets another account. Reserves for loan losses, for example, offset the loan account.

[3]Book value.

[4]Represents mortgage-backed securities, included in other columns, on a consolidated basis.

Source: Federal Deposit Insurance Corporation.

THRIFT INDUSTRY MORTGAGE LENDING ACTIVITY, 1999-2008

($ millions, end of year)

Year	Mortgage refinancing[1]	Mortgage loans outstanding	Mortgage-backed securities outstanding	Total mortgage portfolio	Mortgage portfolio as a percent of total assets
1999	$41,983	$506,963	$94,759	$601,722	69.69%
2000	24,622	556,958	93,106	650,064	70.03
2001	125,889	578,974	92,360	671,333	68.66
2002	218,585	599,747	90,232	689,979	68.69
2003	368,546	787,734	91,891	879,625	80.51
2004	240,807	878,715	157,125	1,035,841	79.27
2005	250,181	980,207	172,595	1,152,802	78.74
2006	210,790	909,522	167,346	1,076,868	76.35
2007	343,891	926,475	207,584	1,134,059	75.00
2008	173,793	668,588	166,421	835,009	70.00

[1]Full year.

Source: U.S. Department of the Treasury, Office of Thrift Supervision (OTS).

TOP TEN U.S. THRIFT COMPANIES BY ASSETS, 2008

($ billions)

Rank	Company	Assets
1	Countrywide Bank FSB[1]	$118.0
2	ING Bank FSB	82.4
3	Sovereign Bank[2]	77.0
4	Wachovia Mortgage FSB[3]	69.2
5	Hudson City Savings Bank	53.9
6	E*TRADE Bank	45.0
7	Merrill Lynch Bank & Trust Co. FSB[4]	38.0
8	Ciitizens Bank of Pennsylvania	34.7
9	USAA Federal Savings Bank	32.6
10	New York Community Bank	30.3

[1]Acquired by Bank of America Corp. in its acquisiton of Countrywide Financial Corp., completed on July 1, 2008.
[2]Acquired by Banco Santander, S.A. in its acquisititon of Sovereign Bancorp, completed on Jan. 30, 2009.
[3]Acquired by Wells Fargo & Co. in its acquitisition of Wachovia Corp., completed on Dec. 31, 2008.
[4]Acquired by Bank of America Corp. in its acquisition of Merrill Lynch & Co., completed on Jan. 1, 2009.

Source: SNL Financial LC.

TOP U.S. SAVINGS INSTITUTIONS BY REVENUES, 2008[1]

($ millions)

Rank	Company	Revenues
1	Sovereign Bancorp	$3,104
2	Hudson City Bancorp	2,662

[1]Based on an analysis of companies in the Fortune 500. There were only two savings banks on the 2008 Fortune 500 list.

Source: Fortune.

Remittances

The flow of money from immigrants from Latin America and the Caribbean to their families back home, commonly referred to as remittances, slowed in 2009, reflecting the impact of the global economic crisis on migrant workers from this region, most of whom are living in industrialized countries hit by recessions, such as the United States, Spain and Japan. A study by the Inter-American Development bank, based on a survey of 1,350 immigrants, projects that Latin America and the Caribbean will receive about $62 billion in remittances from expatriates in 2009, a decline of about 11 percent from the previous year. Most respondents sent the money through transfers in 2009 (65 percent of participants); the remainder sent the money through travelers and other informal means (14 percent) the Internet (2 percent), and banks (20 percent, up from 7 percent the previous year). Remittances from the United States were expected to drop by 11 percent from 2008 to $42.3 billion in 2009.

REMITTANCES TO SELECTED LATIN AMERICAN COUNTRIES, 2007-2008

($ millions)

Country	2007	2008	Percent change
Mexico	$23,979	$25,145	4.9%
Brazil	7,075	7,200	1.8
Colombia	4,520	4,842	7.1
Guatemala	4,128	4,315	4.5
El Salvador	3,695	3,788	2.5
Dominican Republic	3,120	3,111	-0.3
Peru	2,900	2,960	2.1
Ecuador	3,085	2,822	-8.5
Honduras	2,561	2,701	5.5
Jamaica	1,975	2,033	2.9
Other	8,444	9,188	8.8
Total	**$65,482**	**$68,105**	**4.0%**

Source: Inter-American Development Bank/MIF.

TOP TEN STATES BY REMITTANCES TO LATIN AMERICA, 2006 AND 2008

		Total amount ($ millions)			
Rank	State	2006	2008	Percent change 2006-2008	Percent that send money regularly
1	California	$13,191	$14,599	10.7%	52%
2	Texas	5,222	4,299	-17.7	30
3	New York	3,714	3,933	5.9	53
4	Florida	3,083	3,071	-0.4	48
5	Illinois	2,583	2,813	8.9	58
6	New Jersey	1,869	1,943	4.0	56
7	Georgia	1,736	1,443	-16.9	53
8	Arizona	1,378	1,357	-1.5	39
9	North Carolina	1,221	1,243	1.8	59
10	Virginia	1,110	1,023	-7.8	59
	Total 50 states and D.C.	**$45,276**	**$45,932**	**1.4%**	**50%**

Source: Inter-American Development Bank/MIF.

Credit Unions

Credit unions, generally set up by groups of individuals with a common link, such as membership in a labor union, are not-for-profit financial cooperatives that offer personal loans and other consumer banking services. Originating in Europe, the first credit union in this country was formed in Manchester, New Hampshire in 1909. Credit unions now serve nearly 90 million people in the United States.

In 1934 President Roosevelt signed the Federal Credit Union Act into law, authorizing the establishment of federally chartered credit unions in all states. The purpose of the federal law was “to make more available to people of small means credit for provident [provisions for the future] purposes through a national system of cooperative credit...” In 1970 the National Credit Union Administration, which charters and supervises credit unions, was created along with the National Credit Union Share Insurance Fund, which insures members’ deposits. Individual credit unions are served by 28 federally insured corporate credit unions, which provide investment, liquidity and payment services for their members.

Credit Unions

FEDERAL CREDIT UNIONS AND FEDERALLY INSURED STATE-CHARTERED CREDIT UNIONS, 1980-2008

(End of year)

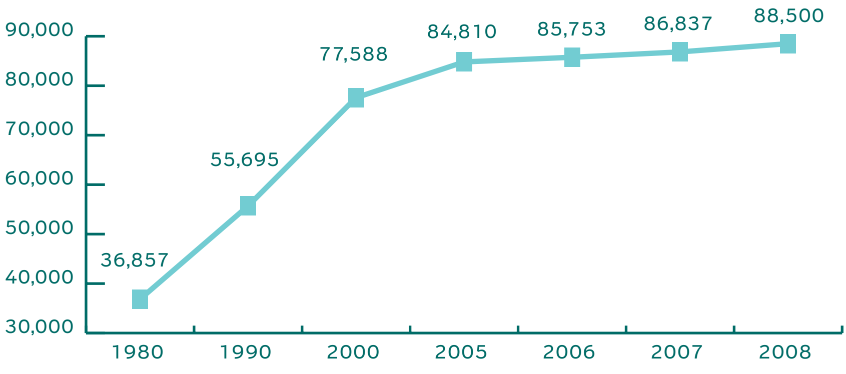
	1980	1990	2000	2006	2007	2008
Operating credit unions						
Federal	12,440	8,511	6,336	5,189	5,036	4,847
State	4,910	4,349	3,980	3,173	3,065	2,959
Number of failed institutions	239	164	29	16	12	18
Members (000)						
Federal	24,519	36,241	43,883	48,254	48,474	49,100
State	12,338	19,454	33,705	37,499	38,363	39,400
Assets ($ millions)						
Federal	$40,092	$130,073	$242,881	$394,131	$417,578	$448,278
State	20,870	68,133	195,363	315,817	335,885	365,162
Loans outstanding ($ millions)						
Federal	26,350	83,029	163,851	270,418	289,169	309,729
State	14,852	44,102	137,485	223,917	237,755	256,718
Shares ($ millions)						
Federal	36,263	117,892	210,188	333,914	349,101	373,370
State	18,469	62,082	169,053	267,274	283,298	307,759

Source: National Credit Union Administration.

- From 1980 to 2008 federal and federally insured state credit union assets grew from $61 billion to $813 billion. In 2008 assets increased by $60 billion, or 8.0 percent, from 2007.
- There are currently fewer than 500 nonfederally insured state-chartered credit unions.

CREDIT UNION MEMBERS, 1980-2008

(000)



Source: National Credit Union Administration.

ASSETS AND LIABILITIES OF CREDIT UNIONS, 2004-2008

($ billions, end of year)

	2004	2005	2006	2007	2008
Total financial assets	**$654.7**	**$685.7**	**$716.2**	**$758.7**	**$812.4**
Reserves at Federal Reserve	0.0	0.0	0.0	0.0	3.8
Checkable deposits and currency	40.2	38.1	44.4	43.3	38.5
Time and savings deposits	26.4	21.9	17.0	17.0	28.3
Federal funds and security repos[1]	4.1	6.7	5.1	2.5	-2.3
Credit market instruments	556.4	592.6	622.7	657.9	697.9
Open market paper	0.8	0.8	1.0	0.4	0.0
U.S. government securities	102.0	94.1	79.9	78.8	91.7
Treasury	8.9	7.7	7.4	10.4	8.8
Agency- and GSE[2] -backed securities	93.1	86.4	72.5	68.4	82.9
Corporate and foreign bonds	25.0	23.5	30.6	34.6	25.7
Home mortgages	213.2	245.6	276.6	308.4	345.5
Consumer credit	215.4	228.6	234.5	235.7	235.0
Mutual fund shares	3.1	2.2	2.1	2.1	2.0
Miscellaneous assets	24.5	24.2	24.9	35.9	44.2
Total liabilities	**$595.2**	**$622.7**	**$648.7**	**$688.2**	**$742.7**
Shares/deposits	574.5	596.1	620.6	652.3	697.4
Checkable	74.1	81.1	72.6	73.7	75.3
Small time and savings	440.4	452.5	483.0	508.7	551.7
Large time	60.0	62.5	65.0	69.9	70.4
Other loans and advances	11.4	14.7	18.9	32.3	40.6
Miscellaneous liabilities	9.3	11.9	9.2	3.6	4.7

[1]Security repurchase agreements; short-term agreements to sell and repurchase government securities at a specified date and at a set price.

[2]Government-sponsored enterprise.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

Credit Unions

CREDIT UNION DISTRIBUTION BY ASSET SIZE, 2008[1]

(End of year)

Asset size ($ millions)	Number of credit unions	Percent change from Dec. 2007	Assets ($ millions)	Percent change from Dec. 2007
$0 to $0.2	138	-3.5%	$16	0.9%
$0.2 to $0.5	256	-12.0	89	-11.6
$0.5 to $1	341	-9.8	255	-9.2
$1 to $2	509	-11.9	748	-12.0
$2 to $5	1,015	-9.1	3,452	-9.1
$5 to $10	1,115	-7.2	8,121	-7.1
$10 to $20	1,184	-2.1	17,009	-2.4
$20 to $50	1,400	-0.7	45,153	-0.6
$50 to $100	796	-0.1	55,703	-0.7
$100 to $200	556	4.5	77,724	3.5
$200 to $500	443	3.3	137,556	3.3
$500 to $1,000	189	3.8	129,920	4.0
More than $1,000	146	15.0	356,754	14.8
Total	**8,088**	**-3.7%**	**$832,501**	**7.2%**

[1]From Credit Union Call Reports.

Source: Credit Union National Association.

TOP TEN U.S. CREDIT UNIONS BY ASSETS, 2008[1]

($ millions)

Rank	Company	Assets
1	State Employees'	$16,706.6
2	Boeing Employees	8,639.5
3	The Golden 1	6,971.1
4	Alliant	5,947.5
5	San Diego County	4,537.5
6	Patelco	4,129.6
7	Star One	4,122.6
8	Citizens Equity First	3,827.5
9	Vystar	3,707.9
10	Pennsylvania State Employees	3,277.5

[1]Federally insured credit unions.

Source: National Credit Union Administration.

Overview

The securities industry consists of securities brokers and dealers, investment banks and advisers, and stock exchanges. Together, these entities facilitate the flow of funds from investors to companies and institutions seeking to finance expansions or other projects. Firms that make up the securities sector may specialize in one segment of the business or engage in a wide range of activities that includes brokerage, asset management and advisory services, as well as investment banking. As part of their asset management activities, some firms sell their own annuities and those of other companies.

Investment banking involves the underwriting of new debt securities (bonds) and equity securities (stocks) issued by private or government entities to finance new projects. Investment banks buy the new issues and, acting essentially as wholesalers, sell them, primarily to institutional investors such as banks, mutual funds and pension funds. Investment banks are sometimes referred to as securities dealers or broker/dealers because many also participate in the financial market as retailers, selling to individual investors. The primary difference between a broker and dealer is that dealers buy and sell securities for their own account, whereas brokers act as intermediaries for investors who wish to purchase or sell securities. Dealers make money by selling at a slightly higher price than they paid. Like underwriters and wholesalers, they face the risk that the securities in their inventory will drop in price before they can resell them.

Recent Developments

In 2008 massive mortgage and real estate investment losses led to an upheaval in the securities industry, which included the collapse of Lehman Brothers, the largest bankruptcy in U.S. history. The same year JPMorgan Chase agreed to take over Bear Stearns, in a move backed by the Federal Reserve; Merrill Lynch agreed to a takeover by Bank of America; and Morgan Stanley and Goldman Sachs got regulatory approval to convert to traditional bank holding companies.

Regulation

Securities and Exchange Commission: The Securities and Exchange Commission (SEC), established by Congress in 1934, regulates the U.S. securities markets. Its mission is to protect investors and maintain the integrity of the market by enacting new regulations and interpreting and enforcing existing laws.

A component of the Securities Act of 1933 is the requirement that publicly held companies disclose their financial information to provide transparency, ensuring that potential investors have access to key information needed for investment decisions. The Sarbanes-Oxley Act, enacted in 2002, further increases the accountability of the boards of publicly held companies to their shareholders. In 2009 the Obama administration proposed closer regulation of derivatives and hedge funds as part of its efforts to overhaul the regulation of the financial services industry.

Securities

Overview

The Financial Industry Regulatory Authority: The Financial Industry Regulatory Authority (FINRA), is the largest nongovernmental regulator of the securities industry. Its members include all securities firms doing business in the United States. All told it oversees nearly 5,000 brokerage firms, about 173,000 branch offices and more than 677,000 registered securities representatives. FINRA was created in July 2007 through the consolidation of NASD and the regulation, enforcement and arbitration functions of the New York Stock Exchange. Its role is to promote investor protection and market integrity through effective regulation, compliance and technology-based services. NASD, originally known as the National Association of Securities Dealers, was a self-regulatory body created by amendments to the Securities Exchange Act of 1934.

Mergers and Acquisitions

The value of the top 10 mergers and acquisitions deals in the securities industry fell by $22 billion in 2008, following a $48 billion increase in 2007. In 2008 Bank of America took over Merrill Lynch and JPMorgan Chase took over Bear Stearns, amidst turmoil in the financial market.

TOP TEN SECURITIES AND INVESTMENT FIRMS MERGERS AND ACQUISITIONS, 2008[1]

($ millions)

Rank	Buyer	Industry	Target	Industry	Deal value[2]
1	Bank of America Corporation	Bank	Merrill Lynch & Co., Inc.	Broker/dealer	$47,138.3
2	CME Group Inc.	Broker/dealer	NYMEX Holdings, Inc.	Broker/dealer	9,467.1
3	JPMorgan Chase & Co.	Bank	Bear Stearns Companies Inc.	Broker/dealer	2,482.4
4	Blackstone Group L.P.	Asset manager	Apria Healthcare Group Inc.	Not classified	1,600.0
5	Lone Star Funds	Asset manager	Home Lending Business	Specialty lender	1,500.0
6	INVESCO Ltd.	Asset manager	Option One Mortgage Servicing Business	Specialty lender	1,143.6
7	Blackstone Group L.P.	Asset manager	GSO Capital Partners L.P.	Asset manager	930.0
8	Blackstone Group L.P.	Asset manager	Allied Security Holdings LLC	Not classified	750.0
9	GSC Group, Inc.	Asset manager	Complete Energy Holdings LLC	Not classified	673.0
10	IntercontinentalExchange, Inc.	Broker/dealer	Creditex Group, Inc.	Broker/dealer	625.0

[1]Both companies involved are U.S.-domiciled companies. List does not include terminated deals. Securities and investments firm is either buyer or target.
[2]At announcement.

Source: SNL Financial LC.

MERGERS AND ACQUISITIONS OF U.S. SECURITIES FIRMS, 2004-2008[1]

	2004	2005	2006	2007	2008
Number of deals	134	156	175	201	187
Purchased by banks	51	44	50	52	47

[1]List does not include terminated deals.

Source: SNL Financial LC.

- Bank purchases of securities firms accounted for 29 percent of securities industry mergers and acquisitions from 2004 to 2008. (See also Chapter 4: Convergence.)

Profitability

SECURITIES INDUSTRY PRETAX RETURN ON EQUITY, 1999-2008[1]

(Percent)

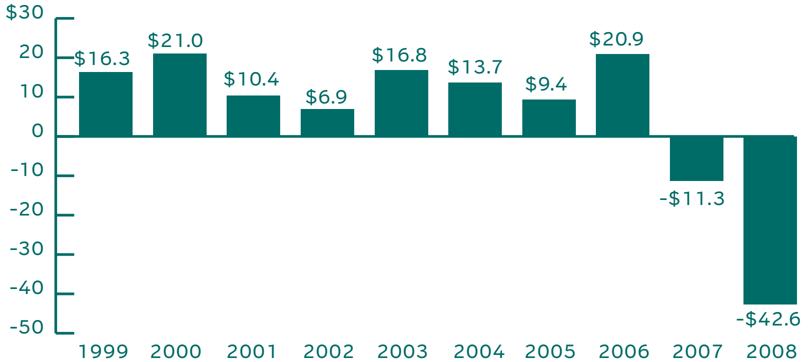
[1]New York Stock Exchange reporting firms doing public business.

Source: Securities Industry and Financial Markets Association.

- The security industry's return on equity fell to -38.1 in 2008, down from -9.9 percent in 2007.
- The 2008 return on equity was the lowest in the 28 years that the Securities Industry and Financial Markets Association has kept records.

SECURITIES INDUSTRY PRETAX PROFIT/LOSS, 1999-2008[1]

($ billions)



[1]New York Stock Exchange reporting firms doing public business.

Source: Securities Industry and Financial Markets Association.

- The securities industry posted a pretax loss of $42.6 billion in 2008, a record low.

Overview

Broker/Dealers

The Securities Industry and Financial Markets Association (SIFMA) groups broker/dealers into four categories. The first and largest category, "major firms", consists of national full line companies, which are full service broker/dealers with an extensive national and international branch network system. This category also includes large investment banks and the largest U.S. broker/dealer subsidiaries of global financial holding companies. The major firms provide a broad array of financial services and products to households and institutions.

The second category is regional brokers. Operating on a somewhat smaller scale than the major firms, they offer a range of investment services based on their size and business specialty. Because of their regional expertise, these brokers participate in underwriting securities for businesses that are centered in their region.

New York City area regionals, the third category, are mostly broker/dealer subsidiaries of U.S. and foreign banks and securities organizations, excluding those that fall into other listed categories, and are generally institutionally oriented. The fourth category is discounters, broker/dealers primarily engaged in the discount brokerage business.

The chart below consists of all New York Stock Exchange broker/dealers doing public business. These firms account for the majority of revenues, capital and assets of all brokers/dealers registered with the Securities and Exchange Commission.

SECURITIES INDUSTRY PRETAX RETURN ON EQUITY BY FIRM CATEGORY, 1999-2008[1]

(Percent)

Year	Major firms	Regionals	NYC area regionals	Discounters	Total firms
1999	30.3%	21.2%	4.7%	46.3%	25.6%
2000	28.6	24.9	10.7	48.6	26.5
2001	16.4	9.5	4.1	2.5	12.2
2002	11.0	2.6	4.3	-0.9	8.0
2003	23.0	13.0	0.8	14.5	19.1
2004	16.6	12.9	2.3	4.2	14.6
2005	8.3	13.3	1.5	0.6	9.7
2006	18.8	20.6	12.0	13.2	19.4
2007	-23.3	12.2	6.1	52.6	-9.9
2008	-61.7	-12.5	-2.5	-0.8	-38.1

[1]New York Stock Exchange reporting firms doing a public business.

Source: Securities Industry and Financial Markets Association.

SECURITIES INDUSTRY INCOME STATEMENT, 2008[1]

($ millions)

Revenue	
Commissions	$58,068
Trading gain (loss)	-64,977
Investment account gain (loss)	-1,760
Underwriting revenue	18,789
Margin interest	18,414
Mutual fund sale revenue	22,854
Fees, asset management	32,891
Research revenue	81
Commodities revenue	5,305
Other revenue related to the securities business	141,478
Other revenue	59,386
Total revenue	**$290,541**

Expenses	
Total compensation	$96,764
Registered representative compensation	36,337
Clerical employee compensation	39,687
Total floor costs	25,753
Communications expense	6,099
Occupancy and equipment costs	6,928
Promotional costs	2,520
Interest expense	124,504
Losses from error accounts and bad debts	1,286
Data processing costs	3,588
Regulatory fees and expenses	2,004
Nonrecurring charges	723
Other expenses	54,487
Total expenses	**$324,668**
Pretax net income (loss)	**-$34,126**

[1]All broker-dealers doing a public business in the United States.

Source: Securities Industry and Financial Markets Association.

Overview

ASSETS AND LIABILITIES OF SECURITIES BROKER/DEALERS, 2004-2008

($ billions)

	2004	2005	2006	2007	2008
Total financial assets	**$1,844.9**	**$2,127.1**	**$2,741.7**	**$3,092.0**	**$2,217.2**
Checkable deposits and currency	62.9	56.5	80.5	105.0	120.1
Credit market instruments	394.9	477.2	583.4	803.1	717.4
Open market paper	48.0	60.2	64.3	87.1	65.7
U.S. government securities	62.7	36.4	71.0	230.2	433.2
Treasury	-44.6	-64.6	-67.0	-60.0	190.6
Agency- and GSE[1]-backed securities	107.3	101.0	138.0	290.2	242.6
Municipal securities	32.0	42.9	50.9	50.1	38.7
Corporate and foreign bonds	238.0	315.7	360.5	383.1	117.0
Other loans and advances	14.2	22.0	36.7	52.5	62.7
Corporate equities	129.1	158.3	186.4	224.8	109.2
Security credit	264.0	232.4	292.1	325.5	164.8
Miscellaneous assets	994.0	1,202.6	1,599.4	1,633.7	1,105.7
Total liabilities	**$1,777.8**	**$2,052.6**	**$2,668.0**	**$3,039.4**	**$2,146.3**
Security repos[2] (net)	526.9	733.6	1,071.8	1,147.3	586.9
Credit market instruments	62.2	62.4	68.8	64.8	142.6
Corporate bonds	62.2	62.4	68.8	64.8	97.1
Other bank loans	0.0	0.0	0.0	0.0	45.5
Trade payables	36.0	43.1	48.3	45.8	21.2
Security credit	774.2	806.0	957.8	1,200.9	963.6
Customer credit balances	578.3	575.3	655.7	866.4	742.7
From banks	195.8	230.7	302.2	334.5	221.0
Taxes payable	2.2	2.1	2.8	2.2	2.5
Miscellaneous liabilities	376.4	405.5	518.5	578.4	429.5
Foreign direct investment in U.S.	49.6	49.9	59.9	82.7	60.2
Due to affiliates	531.1	670.1	719.8	682.5	777.1
Other	-204.4	-314.5	-261.3	-186.8	-407.8

[1]Government-sponsored enterprise.

[2]Security repurchase agreements: short-term agreements to sell and repurchase government securities at a specified date and at a set price.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

SECURITIES INDUSTRY EMPLOYMENT BY FUNCTION, 2004-2008
(000)

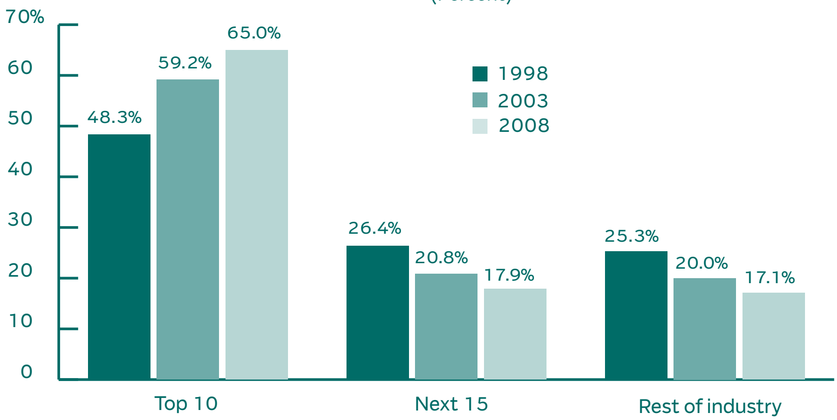
	2004	2005	2006	2007	2008
Securities, commodity contracts, investments (total industry)	**766.1**	**786.1**	**818.3**	**848.6**	**858.1**
Securities and commodity contracts, brokerages and exchanges	492.7	498.9	510.6	518.8	511.0
Securities brokerage	292.2	294.5	300.1	302.9	294.2
Other financial investment activities	273.5	287.1	307.8	329.7	347.1
Miscellaneous intermediation	23.2	22.9	23.7	24.0	25.8
Portfolio management	105.3	112.9	121.0	129.3	140.4
Investment advice	100.0	110.5	121.3	130.1	133.0
All other financial investment activities	44.9	40.9	41.8	46.3	48.0

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Concentration

As in the banking and insurance sectors, the largest companies are increasing their share of total revenue and capital.

SECURITIES INDUSTRY CONCENTRATION BY TOTAL REVENUE, 1998, 2003 AND 2008[1]
(Percent)



[1]New York Stock Exchange reporting firms doing public business.

Source: Securities Industry and Financial Markets Association.

Securities

Overview

SECURITIES INDUSTRY CONCENTRATION BY TOTAL CAPITAL, 1999-2008[1]

(Percent)

Year	Top 10	Next 15	Rest of industry	Capital ($ billions)
1999	56.6%	22.7%	20.7%	$121.5
2000	53.8	23.1	23.2	141.5
2001	56.3	22.3	21.4	148.8
2002	59.6	22.4	18.0	144.6
2003	62.1	20.8	17.2	156.6
2004	63.9	20.0	16.1	173.6
2005	63.6	20.9	15.5	189.6
2006	66.1	20.4	13.5	206.6
2007	70.5	17.5	12.0	250.1
2008	70.3	20.4	9.3	244.5

[1]New York Stock Exchange reporting firms doing a public business.

Source: Securities Industry and Financial Markets Association.

TOP TEN U.S. SECURITIES FIRMS BY REVENUES, 2008

($ millions)

Rank	Company	Revenues
1	Merrill Lynch[1]	$16,784
2	Franklin Resources	6,032
3	Charles Schwab	5,393
4	BlackRock	5,064
5	NYSE Euronext	4,951
6	Legg Mason	4,634
7	Jones Financial	3,859
8	Nasdaq OMX Group	3,649
9	Raymond James Financial	3,205
10	E*Trade Financial	3,188

[1]Bank of America agreed to acquire Merrill Lynch in 2008.

Source: Fortune.

TOP TEN U.S. SECURITIES AND INVESTMENT COMPANIES BY ASSETS, 2008
($ millions)

Rank	Company	Assets
1	Goldman Sachs Group Inc.[1]	$884,547
2	Merrill Lynch & Co. Inc.	667,543
3	Morgan Stanley[1]	659,035
4	J.P. Morgan Securities Inc.	399,545
5	Credit Suisse Securities (USA) LLC	326,348
6	Citigroup Global Markets Inc.	286,825
7	UBS Securities LLC	253,420
8	Deutsche Bank Securities Inc.	244,413
9	Barclays Capital Inc.	240,429
10	Mizuho Securities Co. Ltd.[2]	212,944

[1]Converted to a bank holding company in 2008, but is classified as a securities firm by SNL on the basis of its business model. Assets are as of November 31, 2008.
[2]Assets are as of March 31, 2008.

Source: SNL Financial LC.

Capital Markets

Investment Banking

Investment banks underwrite securities for the business community and offer investment advice. The type of equity deals they bring to market reflects a variety of factors including investor sentiment, the economy and market cycles. Examples of how these market factors drive this segment of the securities business include the rise and retreat of technology stocks; the varying levels of initial public offerings, where new stock issues are first offered to the public; and fluctuations in merger and acquisition activity.

In 2008 the crisis in the U.S. financial markets led to a shake up in the investment banking industry. Following the collapse of the giant investment bank Lehman Brothers, two other major players, Goldman Sachs and Morgan Stanley, opted to convert to traditional bank holding companies.

Capital Markets

CORPORATE UNDERWRITING, 2004-2008

	Value of U.S. corporate underwritings ($ billions)			Number of U.S. corporate underwritings		
Year	Debt	Equity	Total	Debt	Equity	Total
2004	$1,997.4	$202.7	$2,200.1	5,022	1,056	6,078
2005	2,437.6	190.4	2,628.0	5,479	856	6,335
2006	2,793.0	190.6	2,983.6	5,814	812	6,626
2007	2,488.2	247.5	2,735.7	4,557	825	5,382
2008	924.5	242.8	1,167.3	1,390	375	1,765

Source: Thompson Reuters; Securities Industry and Financial Markets Association.

EQUITY AND DEBT, 1999-2008
($ billions, end of year)

Year	Corporate equities[1]	Corporate bonds[2]	Total U.S. government securities[3]	Municipal bonds
1999	$19,401.0	$4,461.0	$7,568.7	$1,457.1
2000	17,575.0	4,827.2	7,704.8	1,480.7
2001	15,628.6	5,581.6	8,341.8	1,603.5
2002	12,438.3	6,252.1	9,146.1	1,762.9
2003	16,638.5	7,042.7	9,961.1	1,900.5
2004	18,947.1	7,916.6	10,445.9	2,031.0
2005	20,642.7	8,683.3	10,836.0	2,225.9
2006	24,066.3	9,970.2	11,350.3	2,403.3
2007	25,218.4	11,302.0	12,496.1	2,618.9
2008	15,398.2	11,137.0	14,506.8	2,682.1

[1]Market value.
[2]Includes foreign bonds.
[3]Includes Treasury and agency- and government-sponsored enterprise-backed securities.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

Municipal Bonds

Municipal bonds are debt obligations issued by state or local governments to raise funds for general government needs (general obligation bonds) or special projects (revenue bonds). The average daily trading volume of these bonds nearly tripled from $8.8 billion in 2000 to $25 billion in 2007. Volume dropped to $19.2 billion in 2008.

There are a variety of types of municipal bonds. Revenue bonds are used to fund projects that will eventually create revenue directly, such as a toll plaza. The principal and interest on revenue bonds are paid out of the revenues of the local government operation that issued the bonds. General obligation bonds are unsecured bonds; the principal and interest are backed by the "full faith and credit" of the local government and paid for out of the municipality's general revenues.

Municipal bonds are usually sold in blocks to securities dealers, who either submit competitive bids for the bonds or negotiate a sale price. Negotiation is the prevailing form when the issuer is new to the financial markets or when the issue is particularly complex. Negotiation enables the underwriting dealer to become familiar with the issuer and the bonds and to help the municipality structure a complex issue. In some cases, new issues of municipal bonds are sold through private placements, in which issuers sell the bonds directly to investors, without a public offering.

NUMBER AND VALUE OF LONG-TERM MUNICIPAL BOND UNDERWRITINGS, 1999-2008[1]

($ billions)

	Revenue bonds		General obligation bonds		Private placement bonds		Total municipal bonds	
Year	Value	Number	Value	Number	Value	Number	Value	Number
1999	$148.6	6,401	$70.8	5,939	$8.1	870	$227.5	13,210
2000	128.3	5,325	66.3	5,267	6.2	668	200.8	11,260
2001	183.2	6,457	101.4	6,874	3.1	455	287.7	13,786
2002	229.4	6,505	125.4	7,552	2.7	341	357.5	14,398
2003	238.2	6,688	140.6	8,065	3.9	277	382.7	15,030
2004	227.8	6,022	129.1	7,295	2.9	286	359.8	13,603
2005	262.4	6,108	144.0	7,664	1.8	176	408.2	13,948
2006	267.5	5,921	114.6	6,537	4.4	284	386.5	12,742
2007	294.3	5,994	130.1	6,263	4.9	372	429.3	12,629
2008	276.8	4,713	110.0	5,658	4.5	315	391.3	10,686

[1]Excludes taxable municipal bonds and bonds with maturities under 13 months.

Source: Thompson Reuters; Securities Industry and Financial Markets Association.

Capital Markets

Private Placements

Private placement is the sale of stocks, bonds or other securities directly to an insitutional investor such as an insurance company. If the purchase is for investment purposes, as opposed to resale purposes, the transaction does not have to be registered with the Securities and Exchange Commission, as public offerings do.

PRIVATE PLACEMENTS, 2004-2008
($ billions)

	Value of U.S. private placements			Number of U.S. private placements		
Year	Debt	Equity	Total	Debt	Equity	Total
2004	$570.4	$32.1	$602.5	2,729	560	3,289
2005	554.7	57.7	612.4	2,887	516	3,403
2006	523.7	74.7	598.4	2,704	618	3,322
2007	577.8	234.1	711.8	2,010	709	2,719
2008	168.9	125.5	294.3	500	385	885

Source: Thompson Reuters; Securities Industry and Financial Markets Association.

FOREIGN HOLDINGS OF U.S. SECURITIES, 1999-2008
($ billions, end of year)

Year	Stocks	Corporate bonds	Treasuries[1]	Total
1999	$1,434.0	$673.1	$1,290.7	$3,397.8
2000	1,483.0	841.8	1,369.6	3,694.4
2001	1,441.0	1,018.7	1,599.3	4,059.0
2002	1,221.6	1,123.0	1,916.1	4,260.7
2003	1,674.6	1,330.0	2,168.8	5,173.4
2004	1,904.6	1,558.9	2,688.8	6,152.3
2005	2,039.1	1,762.9	2,997.3	6,799.3
2006	2,472.2	2,320.8	3,388.5	8,181.5
2007	2,750.4	2,780.8	4,003.8	9,535.0
2008	1,807.8	2,808.4	4,589.3	9,205.5

[1]Includes agency issues.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

U.S. HOLDINGS OF FOREIGN SECURITIES, 1999-2008

($ billions, end of year)

Year	Stocks[1]	Bonds	Total
1999	$2,003.7	$548.2	$2,551.9
2000	1,852.8	572.7	2,425.5
2001	1,612.7	557.1	2,169.8
2002	1,374.0	702.7	2,076.7
2003	2,079.4	868.9	2,948.3
2004	2,560.4	985.0	3,545.4
2005	3,317.7	1,011.6	4,329.3
2006	4,329.0	1,275.5	5,604.5
2007	5,170.6	1,478.1	6,648.7
2008	2,677.4	1,393.4	4,070.8

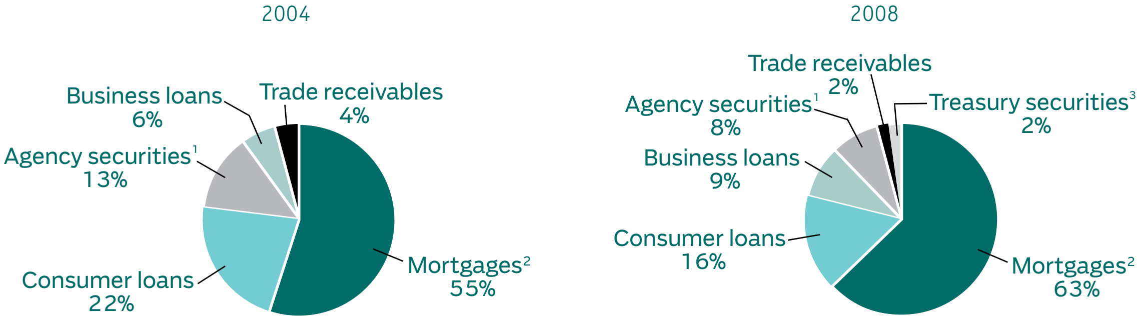
[1]Market value.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

Asset-Backed Securities

Asset-backed securities (ABSs) are bonds that represent pools of loans of similar types, duration and interest rates. By selling their loans to ABS packagers, the original lenders recover cash quickly, enabling them to make more loans. The asset-backed securities market increased significantly from 1999 to 2005, but growth has leveled off in recent years as different types of loans were securitized and sold in the investment markets. Asset-backed securities may be insured by bond insurers. In 2008, 63 percent of ABSs consisted of bundled mortgages, see also Chapter 9, Mortgage Industry.

ASSET-BACKED SECURITY SOURCES, 2004 AND 2008



[1]Securities of federal mortgage pools backing privately issued collateralized mortgage obligations (CMOs). In CMOs, mortgage principal and interest payments are separated into different payment streams to create bonds that repay capital over differing periods of time. [2]Mortgages backing privately issued pool securities and CMOs. [3]Treasury securities accounted for less than 1 percent in 2004.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

Asset-Backed Securities/Derivatives

ASSET-BACKED SECURITY SOURCES, 1999-2008
($ billions, end of year)

Year	Agency securities[1]	Mortgages[2]	Consumer loans	Business loans	Trade receivables	Treasury securities	Total
1999	$154.4	$552.1	$456.7	$90.1	$67.2	$0.0	$1,320.5
2000	162.9	618.0	528.4	104.2	83.3	0.1	1,497.0
2001	196.5	740.0	598.0	130.5	89.1	0.5	1,754.7
2002	271.9	850.7	633.3	136.6	83.5	0.9	1,976.9
2003	354.2	1,024.0	596.8	141.7	92.3	2.8	2,211.9
2004	348.8	1,458.3	571.5	161.9	102.6	8.0	2,651.2
2005	316.4	2,145.4	604.0	182.9	99.8	27.7	3,376.2
2006	340.4	2,775.9	664.2	238.8	108.3	56.4	4,183.9
2007	359.6	2,956.8	683.7	327.9	111.7	77.5	4,517.1
2008	340.6	2,591.7	653.8	348.3	95.5	65.1	4,095.0

[1]Securities of federal mortgage pools backing privately issued collateralized mortgage obligations (CMOs). In CMOs, mortgage principal and interest payments are separated into different payment streams to create bonds that repay capital over differing periods of time.
[2]Mortgages backing privately issued pool securities and CMOs.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

Derivatives

Financial derivatives are contracts that derive their value from the performance of an underlying financial asset, such as publicly traded securities and foreign currencies. They are used as hedging instruments to protect against changes in asset value. There are many kinds of derivatives, including futures, options and swaps. Futures and options contracts are traded on the floors of exchanges. Swaps are over-the-counter, privately negotiated agreements between two parties. The number of futures contracts traded on U.S. exchanges more than quadrupled from 629 million in 2001 to 2.9 billion in 2008.

Credit derivatives are contracts that lenders, large bondholders and other investors can purchase to protect against credit risks. One such derivative, credit default swaps (CDSs), protects lenders when companies do not pay their debt. The swaps are contracts between two parties: the buyer of the credit protection and the seller, i.e., the firm offering protection. Their workings are similar to insurance. Under the contract the buyer makes payments to the seller over an arranged period of time. The seller pays only if there is a default or other credit problem. Either the buyer or the seller can sell the contract to a third party. These instruments are often valued based on computer models; the actual value at settlement might be quite different from the modeled value. Banks, insurance companies and hedge funds create and trade the CDSs, which are largely unregulated. Bond insurers now issue protection in the form of CDSs, in addition to their traditional bond insurance coverage. According to the International Swaps and Derivatives Association, the CDS market dropped from $62.0 trillion in 2007 to $38.6 trillion in 2008.

CREDIT DEFAULT SWAPS MARKET, 2002-2008[1]

($ billions)

Year	Amount outstanding	Percent change
2002	$2,192	138.5%
2003	3,779	72.5
2004	8,422	122.8
2005	17,096	103.0
2006	34,423	101.3
2007	62,173	80.6
2008	38,564	-38.0

[1]Notional principal value outstanding. Notional value is the underlying (face) value.

Source: International Swaps and Derivatives Association.

NUMBER OF FUTURES CONTRACTS TRADED ON U.S. EXCHANGES, 1999-2008

(millions)

Year	Interest rate	Agricultural commodities	Energy products	Foreign currency	Equity indices	Precious metals	Non-precious metals	Other	Total
1999	240.7	73.0	75.1	23.7	46.7	14.5	2.9	1.3	477.9
2000	248.7	73.2	73.1	19.4	62.8	10.2	2.8	1.3	491.5
2001	342.2	72.3	72.5	21.7	107.2	9.6	2.9	0.7	629.2
2002	418.8	79.2	92.1	23.5	221.5	12.4	2.9	1.0	851.3
2003	509.6	87.9	91.9	33.6	296.7	16.9	3.2	3.1	1,043.0
2004	704.2	101.8	109.5	51.1	330.0	21.3	3.3	2.9	1,324.0
2005	870.5	116.4	140.5	84.8	406.8	23.4	4.0	6.5	1,652.9
2006	1,034.6	157.5	190.9	114.0	500.4	34.3	3.3	1.1	2,043.9
2007	1,333.1	193.3	240.9	143.0	659.3	44.1	3.8	19.2	2,644.6
2008	1,213.1	215.4	285.6	155.8	904.9	54.3	4.6	13.4	2,850.8

Source: Futures Industry Association; Securities Industry and Financial Markets Association.

Derivatives

- The number of options contracts traded on U.S. exchanges increased by 26.8 percent in 2008, compared with increases of 27.8 percent in 2007 and 35.1 percent in 2006.

NUMBER OF OPTIONS CONTRACTS TRADED ON U.S. EXCHANGES, 1999-2008

(millions)

Year	Equity	Stock index	Foreign currency	Interest rate	Futures	Total
1999	444.8	62.3	0.8	[1]	115.0	622.9
2000	665.3	53.3	0.5	[1]	103.1	822.2
2001	701.1	79.6	0.6	[1]	168.2	949.4
2002	679.4	100.6	0.4	[1]	213.1	993.6
2003	789.2	118.3	0.3	0.1	221.7	1,129.5
2004	1,032.4	149.3	0.2	0.1	289.2	1,471.2
2005	1,292.2	211.8	0.2	0.1	368.0	1,872.2
2006	1,717.7	310.0	0.1	0.2	501.5	2,529.4
2007	2,379.1	267.9	2.8	[1]	583.6	3,233.5
2008	3,284.8	292.2	5.6	[1]	518.9	4,101.5

[1]Fewer than 50,000 interest rate contracts traded.

Source: Options Clearing Corporation; Futures Industry Association; Securities Industry and Financial Markets Association.

GLOBAL DERIVATIVES MARKET, 1999-2008[1]

($ billions)

Year	Exchange-traded	Over-the-counter	Total
1999	$13,588	$88,202	$101,790
2000	14,248	95,200	109,447
2001	23,750	111,178	134,928
2002	23,828	141,665	165,493
2003	36,697	197,167	233,864
2004	46,519	258,628	305,147
2005	57,251	299,261	356,512
2006	69,390	418,131	487,522
2007	79,078	595,341	674,419
2008	57,860	591,963	649,823

[1]Notional principal value outstanding. Notional value is the underlying (face) value.

Source: Bank for International Settlements; Securities Industry and Financial Markets Association.

Exchanges

Exchanges are markets where sales of securities and commodities are transacted. Most stock exchanges are auction markets where stocks are traded through competitive bidding in a central location. The oldest stock exchanges in the United States are the New York Stock Exchange (NYSE) and the American Stock Exchange (AMEX). There are also seven regional exchanges and others that specialize in commodities and derivatives. The Chicago Mercantile Exchange and the Chicago Board of Trade, for example, are markets where both futures and options on financial and agricultural products are traded.

Stocks are also traded in dealer markets. Most transactions in a dealer market are between principals acting as dealers for their own accounts rather than between brokers acting as agents for buyers and sellers. One example is NASDAQ, the first electronic stock market, introduced in 1971. NASDAQ's dealer markets have come to more closely resemble auction markets. As with auction markets, companies must meet size and earnings requirements to trade on NASDAQ.

Over-the-counter (OTC) stocks are another segment of the securities market. Securities transactions are conducted through a telephone and computer network connecting dealers, rather than on the floor of an exchange. OTC stocks, which totaled 3,455 in August 2009, are traditionally those of smaller companies that do not meet the listing requirements of NYSE, AMEX or NASDAQ. OTC trading rules are written and enforced by the Financial Industry Regulatory Authority (FINRA). The Dow Jones Industrial Average, a price-weighted average of a collection of industrial stocks, was introduced in 1896 and is still widely used as an indicator of stock prices today.

NUMBER OF EXCHANGE LISTED COMPANIES, 1999-2008

Year	NASDAQ	NYSE	AMEX[1]
1999	4,829	3,025	769
2000	4,734	2,862	765
2001	4,109	2,798	691
2002	3,663	2,783	698
2003	3,333	2,755	700
2004	3,271	2,768	725
2005	3,208	2,767	812
2006	3,247	2,764	821
2007	3,158	2,805	812
2008	2,954	3,507	644

[1]Acquired by NYSE Euronext on October 1, 2008.

Source: Securities Industry and Financial Markets Association.

Securities

Exchanges

New York Stock Exchange daily share volume rose 23.6 percent to a record 660 billion shares in 2008. The Dow Jones Industrial Average dropped 33.8 percent, the worst percentage drop in its history, during the same period.

EXCHANGE ACTIVITIES, 1999-2008

	NYSE		AMEX		NASDAQ	
Year	Reported share volume (millions)	Value of shares traded ($ millions)	Share volume (millions)	Value of shares traded ($ millions)	Share volume (millions)	Value of shares traded ($ millions)
1999	203,851	$8,945,205	8,231	$477,822	272,605	$11,013,192
2000	262,478	11,060,046	13,318	945,391	442,753	20,395,335
2001	307,509	10,489,323	16,317	817,042	471,217	10,934,572
2002	363,136	10,311,156	16,063	642,183	441,706	7,254,595
2003	352,398	9,692,316	16,919	563,438	424,745	7,057,440
2004	367,098	11,618,151	16,513	884,100	453,930	8,727,498
2005	403,764	14,125,304	19,501	1,267,300	448,175	9,965,442
2006	453,291	17,140,500	27,806	2,364,800	500,264	11,675,879
2007	531,947	21,866,800	51,951	4,394,100	537,263	15,115,541
2008	660,168	20,855,441	144,010	6,817,600	571,613	15,104,864

Source: New York Stock Exchange, Inc.; American Stock Exchange LLC; The Nasdaq Stock Market, Inc.; Securities Industry and Financial Markets Association.

STOCK MARKET PERFORMANCE INDICES, 1999-2008

(End of year)

Year	DJIA[1]	S&P 500	NYSE Composite	AMEX Composite	NASDAQ Composite
1999	11,497.12	1,469.25	6,876.10	876.97	4,069.31
2000	10,786.85	1,320.28	6,945.57	897.75	2,470.52
2001	10,021.50	1,148.08	6,236.39	847.61	1,950.40
2002	8,341.63	879.82	5,000.00	824.38	1,335.51
2003	10,453.92	1,111.92	6,440.30	1,173.55	2,003.37
2004	10,783.01	1,211.92	7,250.06	1,434.34	2,175.44
2005	10,717.50	1,248.29	7,753.95	1,759.08	2,205.32
2006	12,463.15	1,418.30	9,139.02	2,056.43	2,415.29
2007	13,264.82	1,468.36	9,740.32	2,409.62	2,652.28
2008	8,776.39	903.25	5,757.05	1,397.53	1,577.03

[1]Dow Jones Industrial Average.

Source: Securities Industry and Financial Markets Association.

Mutual Funds

A mutual fund is a pool of assets that is managed by professional investment managers. Embraced as an investment vehicle by those who do not want to actively manage their investment accounts but who believe they can earn higher returns in the securities markets than through traditional savings bank products, mutual funds have experienced tremendous growth. In 1940 there were only 68 funds and about 300,000 shareholder accounts. By 1990 there were 3,000 funds and 62 million accounts with a trillion dollars in assets. In 2008, 8,000 funds had 265 million shareholder accounts and almost $10 trillion in assets, down from $12 trillion in 2007. According to the Investment Company Institute, the trade association for the mutual fund industry, 45 percent of all American households owned mutual funds in 2008, up from 41 percent in 1998.

Mutual funds are regulated by the Investment Company Act of 1940, which defines, among other things, the responsibilities of mutual fund companies to the public and requirements regarding financial reporting, governance and fiduciary duties. Mutual fund managers have a substantial presence in the securities markets as they trade and manage the securities within the funds they oversee. For further information on mutual funds, see also Chapter 3, Retirement Funds.

MUTUAL FUND INDUSTRY NET ASSETS, NUMBER OF FUNDS AND SHAREHOLDER ACCOUNTS, 1940-2008

(End of year)

Year	Total net assets ($ billions)	Number of funds	Number of shareholder accounts[1] (000)
1940	$0.45	68	296
1960	17.03	161	4,898
1970	47.62	361	10,690
1985	495.39	1,528	34,098
1990	1,065.19	3,079	61,948
1995	2,811.29	5,725	131,219
2000	6,964.63	8,155	244,705
2003	7,414.40	8,126	260,698
2004	8,106.94	8,041	269,468
2005	8,904.82	7,975	275,479
2006	10,396.51	8,117	288,596
2007	11,999.52	8,024	292,624
2008	9,601.09	8,022	264,499

[1]Number of shareholder accounts includes a mix of individual and omnibus accounts.

Source: Investment Company Institute.

- In 2008 mutual funds accounted for 20 percent of the U.S. private and public pensions sector, or $1.4 trillion, down from $2.1 trillion in 2007, according to the Federal Reserve. This amount represented almost 15 percent of all mutual fund assets.
- Mutual funds own 20 percent of all U.S. corporate equity, according to the Federal Reserve.

Securities

Mutual Funds

MUTUAL FUND INDUSTRY NET ASSETS BY TYPE OF FUND, 1985-2008

($ billions, end of year)

Year	Equity funds	Hybrid funds	Bond funds	Taxable money market funds	Tax-exempt money market funds	Total
1985	$111.3	$17.6	$122.6	$207.5	$36.3	$495.4
1990	239.5	36.1	291.3	414.7	83.6	1,065.2
1995	1,249.1	210.3	598.9	630.0	123.0	2,811.3
2000	3,961.9	346.3	811.2	1,607.2	238.0	6,964.7
2003	3,684.2	430.5	1,247.8	1,763.6	288.4	8,107.0
2004	4,384.1	519.3	1,290.4	1,602.9	310.4	8,106.9
2005	4,939.8	567.3	1,357.2	1,706.5	334.0	8,904.8
2006	5,910.5	653.2	1,494.4	1,972.1	366.4	10,396.5
2007	6,515.9	718.6	1,679.3	2,620.7	465.1	11,999.6
2008	3,704.5	498.7	1,565.7	3,340.8	491.5	9,601.1

Source: Investment Company Institute.

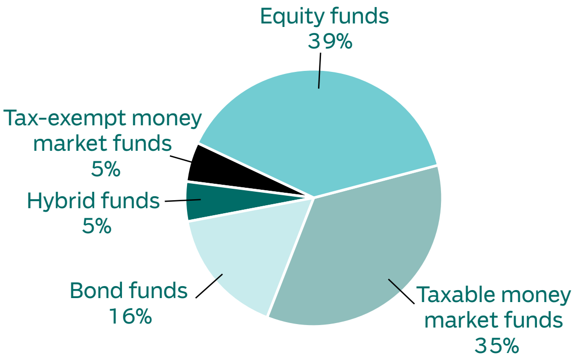
NUMBER OF MUTUAL FUNDS BY TYPE, 1985-2008

(End of year)

Year	Equity funds	Hybrid funds	Bond funds	Taxable money market funds	Tax-exempt money market funds	Total
1985	562	103	403	348	112	1,528
1990	1,099	193	1,046	506	235	3,079
1995	2,139	412	2,177	674	323	5,725
2000	4,385	523	2,208	703	336	8,155
2003	4,599	508	2,045	662	312	8,126
2004	4,547	510	2,041	639	304	8,041
2005	4,586	505	2,013	595	276	7,975
2006	4,769	508	1,993	574	273	8,117
2007	4,764	488	1,967	546	259	8,024
2008	4,830	492	1,916	536	248	8,022

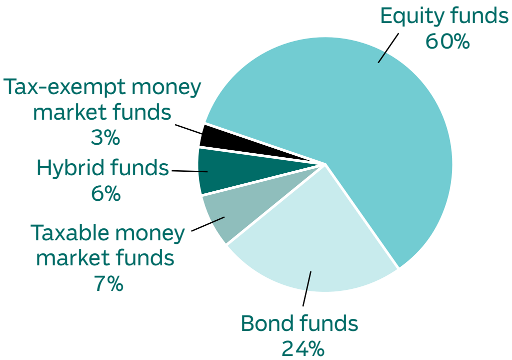
Source: Investment Company Institute.

MUTUAL FUND INDUSTRY NET ASSETS BY TYPE OF FUND, 2008



Source: Investment Company Institute.

NUMBER OF MUTUAL FUNDS BY TYPE OF FUND, 2008



TOP TEN MUTUAL FUND COMPANIES BY ASSETS, 2008[1]

($000)

Rank	Company	Total net assets
1	Fidelity Investments	$1,215,328,438
2	Vanguard Group	1,138,094,784
3	Capital Research & Management	957,619,585
4	JPMorgan Chase & Co.	464,131,299
5	BlackRock Funds	336,746,133
6	Federated Investors	334,930,820
7	Bank of New York Mellon/Dreyfus Co.	308,295,218
8	Franklin Templeton Investments	281,067,924
9	PIMCO Funds	275,160,422
10	Goldman Sachs & Co.	255,047,690

[1]As of July 31, 2009. Includes members of Investment Company Institute only.

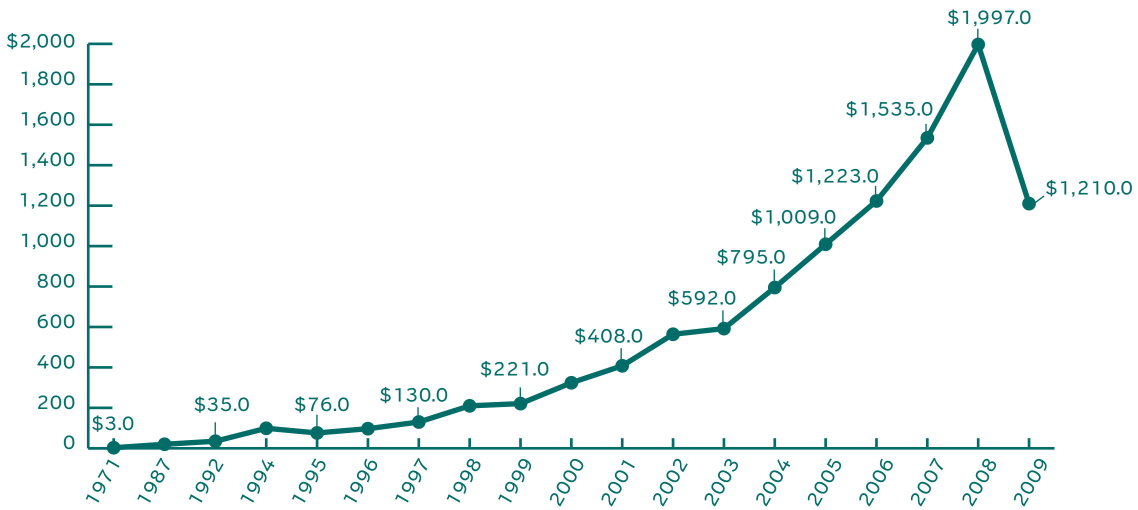
Source: Investment Company Institute.

Hedge Funds

Hedge funds are private investment pools subject to the terms of investment agreements between the sponsors of and investors in the hedge fund. While mutual funds typically have a minimum opening investment of about $1,000, hedge fund investors are often required to have a minimum investment of $1 million. Hedge fund industry assets totaled $1.21 trillion as of January 2009, a 39 percent decline from the previous year.

ASSETS OF HEDGE FUNDS, 1971-2009[1]

($ billions)



[1]As of January.

Source: Hennessee Group LLC.

Overview

Finance companies, which supply credit to businesses and consumers, are often categorized as nondepository institutions, along with mortgage bankers and brokers, because they make loans without taking in deposits. They acquire funds to make these loans largely by issuing commercial paper and bonds, and securitizing their loans. As financial intermediaries, finance companies compete with banks, savings institutions and credit unions. In terms of assets, the sector is twice as large as the credit union sector, about the same size as thrifts and one-fifth as large as commercial banks. Accounts receivable—the amount of money that is owed to a business—rather than assets or revenues, determine a company's standing within the industry.

Finance companies are diverse. Captive finance companies—which are generally affiliated with motor vehicle or appliance manufacturers—finance dealer inventories and consumer purchases of their products, sometimes at below-market rates. Consumer finance companies make loans to consumers who want to finance purchases of large household items such as furniture, make home improvements or refinance small debts. Business finance companies offer commercial credit, making loans secured by the assets of the business to wholesalers and manufacturers and purchasing accounts receivable at a discount. Increasingly, finance companies are participating in the real estate market. They also offer credit cards and engage in motor vehicle, aircraft and equipment leasing.

TOP TEN SPECIALTY LENDER MERGERS AND ACQUISITIONS, 2008[1]

($ millions)

Rank	Buyer	Buyer's industry	Target	Deal value[2]
1	General Electric Company	Not classified	Most of CitiCapital	$13,700.0
2	Lone Star Funds	Asset manager	Home lending business	1,500.0
3	INVESCO Ltd.	Asset manager	Option One mortgage servicing business	1,143.6
4	American Express Company	Specialty lender	Corporate Payment Services	1,100.0
5	eBay Inc.	New media	Bill Me Later, Inc.	945.0
6	Diamond Resorts, LLC	Not classified	Bluegreen Corporation	482.3
7	MetLife, Inc.	Insurance	FHHL and Residential Mortgage business	383.0
8	H&R Block, Inc.	Specialty lender	Franchise operator	278.0
9	Mobile Mini, Inc.	Specialty lender	Mobile Storage Group	166.5
10	Discover Financial Services	Specialty lender	Diners Club International	165.0

[1]Both companies involved are U.S.-domiciled companies. List does not include terminated deals. Specialty lender is either buyer or target.
[2]At announcement.

Source: SNL Financial LC.

Finance Companies

Overview

ASSETS AND LIABILITIES OF FINANCE COMPANIES, 2004-2008[1]

($ billions, end of year)

	2004	2005	2006	2007	2008
Total financial assets	**$1,858.0**	**$1,856.9**	**$1,891.3**	**$1,911.2**	**$1,851.7**
Checkable deposits and currency	26.3	17.4	15.8	16.2	16.5
Time and savings deposits	61.3	52.2	47.4	48.6	49.4
Credit market instruments	1,675.9	1,740.6	1,811.6	1,828.2	1,755.9
Corporate and foreign bonds	256.0	203.5	184.8	189.4	192.4
Other loans and advances	451.5	479.2	498.0	523.0	539.9
Mortgages	476.0	541.4	594.4	531.9	447.9
Consumer credit	492.3	516.5	534.4	584.1	575.8
Miscellaneous assets	94.5	46.7	16.4	18.2	30.0
Total liabilities	**$1,864.3**	**$1,828.3**	**$1,876.8**	**$1,949.6**	**$1,880.2**
Credit market instruments	1,129.6	1,108.6	1,144.2	1,279.6	1,198.9
Open market paper	175.3	160.0	165.3	123.5	100.9
Corporate bonds	817.4	806.5	849.7	974.1	925.9
Other bank loans	136.9	142.1	129.2	182.0	172.2
Taxes payable	15.0	17.1	19.3	21.8	24.6
Miscellaneous liabilities	719.6	702.7	713.3	648.1	656.7
Foreign direct investment in U.S.	21.8	38.8	42.6	27.0	46.2
Investment by parent	257.7	312.2	338.5	321.4	313.5
Other	440.1	351.7	332.2	299.7	297.0
Consumer leases not included above[2]	74.1	85.3	106.0	122.9	111.1

[1]Includes retail captive finance companies and mortgage companies.

[2]Receivables from operating leases, such as consumer automobile leases, are booked as current income when payments are received and are not included in financial assets (or household liabilities). The leased automobile is a tangible asset.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

FINANCE COMPANY EMPLOYMENT, 2004-2008

(000)

	2004	2005	2006	2007	2008
Nondepository credit intermediation	**756.9**	**769.9**	**776.3**	**716.0**	**631.0**
Credit card issuing	125.2	121.5	117.5	112.0	110.0
Sales financing	107.3	107.5	108.7	109.0	103.0
Other nondepository credit intermediation	524.5	541.0	550.1	495.0	418.0
Consumer lending	105.4	112.5	117.8	119.0	114.0
Real estate credit	341.0	349.0	351.4	292.0	224.0
Miscellaneous nondepository credit intermediation	78.1	79.5	80.9	83.8	80.8

Source: U.S. Department of Labor, Bureau of Labor Statistics.

BUSINESS AND CONSUMER FINANCE COMPANIES' RETURN ON EQUITY, 2003-2007[1]

	Business finance companies' return on average equity[2]		Consumer finance companies' return on average equity[3]	
Year	Median	Average	Median	Average
2003	4.63%	3.32%	17.39%	26.40%
2004	8.99	-21.82	17.76	12.99
2005	8.79	32.38	17.60	14.99
2006	10.12	6.82	17.01	12.84
2007	10.20	11.15	13.93	6.95

[1]Net income as a percentage of average equity. [2]Consists of 25 publicly traded commercial finance companies including niche, diversified commercial and equipment finance companies. Does not include government-sponsored enterprises (GSEs), finance Real Estate Investment Trusts (REITs), mortgage or real estate companies. [3]Consists of 26 publicly traded consumer finance companies including auto finance, credit card, niche and diversified consumer companies and pawn shops. Does not include GSEs, finance REITs, or mortgage or real estate companies.

Source: SNL Financial LC.

Receivables

TOTAL RECEIVABLES OUTSTANDING AT FINANCE COMPANIES, 2004-2008[1]

($ billions, end of year)

	2004	2005	2006	2007	2008
Total	**$1,795.4**	**$1,910.9**	**$2,025.4**	**$2,065.6**	**$1,932.4**
Consumer	743.9	781.4	825.4	891.1	840.2
Real estate	501.3	565.0	614.8	572.4	483.9
Business	550.2	564.5	585.2	602.2	608.3

[1]Includes finance company subsidiaries of bank holding companies but not of retailers and banks. Includes owned receivables (carried on the balance sheet of the institution) and managed receivables (outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator).

Source: Board of Governors of the Federal Reserve System.

Receivables

BUSINESS RECEIVABLES OUTSTANDING AT FINANCE COMPANIES, 2004-2008

($ billions, end of year)

						Percent of total				
	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008
Total	**$550.2**	**$564.5**	**$585.2**	**$602.2**	**$608.3**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Motor vehicles	84.8	105.5	105.1	105.7	95.1	15.4	18.7	18.0	17.6	15.6
Retail loans	15.1	15.2	17.1	16.4	12.8	2.7	2.7	2.9	2.7	2.1
Wholesale loans[1]	44.9	61.2	55.7	56.9	51.3	8.2	10.8	9.5	9.4	8.4
Leases	24.8	29.0	32.3	32.4	31.0	4.5	5.1	5.5	5.4	5.1
Equipment	273.4	281.9	299.5	328.2	347.0	49.7	49.9	51.2	54.5	57.0
Loans	87.8	93.6	102.4	111.4	115.9	16.0	16.6	17.5	18.5	19.1
Leases	185.6	188.3	197.1	216.9	231.1	33.7	33.4	33.7	36.0	38.0
Other business receivables[2]	93.3	91.8	93.5	89.0	97.8	17.0	16.3	16.0	14.8	16.1
Securitized assets[3]	98.6	85.4	87.2	79.3	68.4	17.9	15.1	14.9	13.2	11.2
Motor vehicles	44.8	28.8	38.0	33.6	27.4	8.1	5.1	6.5	5.6	4.5
Retail loans	2.2	2.7	3.0	2.6	2.4	0.4	0.5	0.5	0.4	0.4
Wholesale loans	40.6	26.0	34.9	30.9	25.0	7.4	4.6	6.0	5.1	4.1
Leases	2.0	0.1	0.1	0.1	0.0	0.4	[4]	[4]	[4]	[4]
Equipment	23.6	24.4	15.4	13.3	10.7	4.3	4.3	2.6	2.2	1.8
Loans	11.5	11.6	9.9	9.4	7.1	2.1	2.1	1.7	1.6	1.2
Leases	12.1	12.8	5.5	3.9	3.6	2.2	2.3	0.9	0.6	0.6
Other business receivables[2]	30.2	32.2	33.8	32.4	30.3	5.5	5.7	5.8	5.4	5.0

[1]Credit arising from transactions between manufacturers and dealers, also known as floor plan financing.
[2]Includes loans on commercial accounts receivable, factored commercial accounts, and receivable dealer capital; small loans used primarily for business or farm purposes; and wholesale and lease paper for mobile homes, recreation vehicles and travel trailers.
[3]Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.
[4]Less than 0.1 percent.

Source: Board of Governors of the Federal Reserve System.

CONSUMER RECEIVABLES OUTSTANDING AT FINANCE COMPANIES, 2004-2008

($ billions, end of year)

	2004	2005	2006	2007	2008
Total consumer	**$743.9**	**$781.4**	**$825.4**	**$891.1**	**$840.2**
Motor vehicle loans	298.3	278.0	259.8	261.5	247.7
Motor vehicle leases	74.1	85.3	106.0	122.9	111.1
Revolving[1]	50.4	66.3	79.9	86.0	74.4
Other[2]	143.7	172.3	194.7	236.5	253.7
Securitized assets[3]	177.4	179.5	185.1	184.1	153.3
Motor vehicle loans	98.2	112.6	112.8	110.7	85.1
Motor vehicle leases	4.8	4.2	3.6	3.1	2.7
Revolving	23.1	14.9	15.9	25.6	25.5
Other	51.3	47.8	52.8	44.7	40.0

[1]Excludes revolving credit reported as held by depository institutions that are subsidiaries of finance companies.

[2]Includes student loans, personal cash loans, mobile home loans and loans to purchase other types of consumer goods such as appliances, apparel, boats and recreation vehicles.

[3]Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

Source: Board of Governors of the Federal Reserve System.

REAL ESTATE RECEIVABLES OUTSTANDING AT FINANCE COMPANIES, 2004-2008

($ billions, end of year)

	2004	2005	2006	2007	2008
Total real estate	**$501.3**	**$565.0**	**$614.8**	**$572.4**	**$483.9**
1 to 4 family	422.0	489.8	538.1	472.7	375.4
Other	54.0	51.6	56.2	59.1	72.5
Securitized real estate assets[1]	25.3	23.7	20.5	40.5	36.0
1 to 4 family	21.8	18.9	16.8	34.9	31.0
Other	3.5	4.8	3.7	5.6	5.0

[1]Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

Source: Board of Governors of the Federal Reserve System.

Finance Companies

Leading Companies

TOP TEN U.S. CONSUMER FINANCE COMPANIES, 2007[1]
($ millions)

Rank	Company	Total managed receivables[2]
1	Citigroup Inc. (credit card)	$196,811.0
2	Bank of America Corporation (credit card)	171,376.0
3	SLM Corporation (Sallie Mae)	164,532.3
4	JPMorgan Chase & Co. (credit card)	148,391.0
5	Ford Motor Credit Company LLC	120,818.0
6	American Express Company	117,300.0
7	GMAC LLC	100,730.0
8	Capital One Financial Corporation	88,472.5
9	HSBC Finance Corporation	67,513.0
10	Discover Bank (credit card)	49,184.0

[1]Ranked by total nonmortgage managed receivables. Excludes mortgage and real estate companies.
[2]On-balance sheet nonmortgage receivables and loans sold that are still serviced and managed.

Source: SNL Financial LC.

TOP TEN U.S. COMMERCIAL FINANCE COMPANIES, 2007[1]
($ millions)

Rank	Company	Total managed receivables[2]
1	General Electric Capital Corporation	$225,382.0[3]
2	Citigroup Inc.	124,205.0[3]
3	Wells Fargo Bank, National Association	89,683.0[3]
4	CIT Group Inc.	61,705.0
5	Branch Banking and Trust Company	50,022.7[3]
6	International Lease Finance Corporation	42,216.2[3]
7	Caterpillar Financial Services Corporation	30,200.0
8	HSBC USA Inc.	29,189.0[3]
9	Ford Motor Credit Company LLC	27,182.0
10	John Deere Capital Corporation	19,556.3

[1]Ranked by total nonmortgage managed receivables. Excludes mortgage and real estate companies.
[2]On-balance sheet nonmortgage receivables and loans sold that are still serviced and managed.
[3]On-balance sheet receivables.

Source: SNL Financial LC.

Mortgage Industry

Mortgage financing, an increasingly important element in the economy, involving a wide range of financial institutions from commercial banks, thrifts and credit unions to finance companies, life insurers and government-sponsored enterprises, began to contract in 2006 and was still in a downturn in mid-2009. In 2008 home mortgage debt outstanding amounted to $11.0 trillion, down from $11.1 trillion in 2007, the first decline since recordkeeping began in 1945.

In the 1990s the housing market entered a period of expansion, marked by a relaxation of mortgage underwriting requirements, the introduction of innovative mortgage products and a rise in median home prices. In 2006 conditions began to change. Home prices dropped, credit tightened and mortgage defaults rose. By 2007, 1.03 percent of all U.S. housing units received at least one foreclosure filing during the year, according to mortgage data firm RealtyTrac. By 2008 that figure had risen to 1.84 percent, or one out of every 54 U.S. housing units. In September 2008 the federal government took over Fannie Mae and Freddie Mac, two government enterprises that owned or guaranteed over half of the nation's home mortgages originated in 2008.

Demographic factors such as the size of various age groups and changes in disposable income, as well as interest rates, the desirability of other investment options and economic conditions such as unemployment all influence the residential mortgage market. The total mortgage market (including commercial and residential mortgages) grew only 0.4 percent in 2008 from the previous year. In the home mortgage sector, mortgage holdings of commercial banks and credit unions rose 2.0 percent and 12.0 percent, respectively, and holdings of finance companies rose 20.5 percent. Holdings of savings institutions fell 24.2 percent.

Mortgages may be packaged as securities and sold to investors. In 2008, stung by a steep rise in subprime mortgage defaults, investors shunned private mortgage-backed securities in favor of securities guaranteed by federally backed Fannie Mae, Freddie Mac and Ginnie Mae.

The term mortgage origination refers to the original transaction, the point at which the homeowner purchases the mortgage from a financial services company such as a bank. The bank may then sell the servicing of the mortgage, which includes collecting and processing monthly payments, to another company. The servicing business of many of the leading mortgage originators is much larger than their origination business.

TOTAL MORTGAGES, 2004-2008

($ billions, end of year)

	2004	2005	2006	2007	2008
Total mortgages	**$10,666.7**	**$12,104.2**	**$13,494.6**	**$14,564.5**	**$14,628.6**
Home	8,271.9	9,384.3	10,444.6	11,137.2	11,036.6
Multifamily residential	617.9	688.6	743.9	842.7	903.3
Commercial	1,680.1	1,929.8	2,204.6	2,476.8	2,577.6
Farm	96.9	101.5	101.5	107.8	111.1

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

Mortgage Industry

HOME MORTGAGES BY HOLDER, 2004-2008[1]

($ billions, end of year)

	2004	2005	2006	2007	2008
Total assets	**$8,271.9**	**$9,384.3**	**$10,444.6**	**$11,137.2**	**$11,036.6**
Household sector	112.9	117.9	102.9	90.8	91.2
Nonfinancial corporate business	39.9	40.9	35.9	24.6	13.2
Nonfarm noncorporate business	11.3	13.3	12.7	14.8	15.6
State and local governments	72.0	77.5	84.9	90.2	88.0
Federal government	14.8	14.4	14.6	14.8	14.7
Commercial banking	1,581.0	1,793.0	2,084.5	2,208.2	2,252.2
Savings institutions	874.2	953.8	867.8	879.0	666.3
Credit unions	213.2	245.6	276.6	308.4	345.5
Life insurance companies	7.9	7.7	11.0	11.0	12.1
Private pension funds	1.4	1.4	1.3	1.2	1.3
State and local government retirement funds	5.4	5.9	5.2	4.6	4.5
GSEs[2]	508.0	454.9	460.2	449.3	466.5
Agency- and GSE[2]-backed mortgage pools	3,256.3	3,419.7	3,710.6	4,319.8	4,803.3
ABS issuers	1,048.6	1,621.0	2,134.7	2,168.6	1,848.0
Finance companies	422.0	489.8	538.1	472.7	375.4
REITs[3]	102.9	127.4	103.7	79.2	38.7
Home equity loans included above[4]	775.6	914.8	1,065.7	1,129.7	1,114.4
Commercial banking	483.5	549.0	653.6	692.3	776.1
Savings institutions	121.2	151.6	137.6	180.5	119.5
Credit unions	63.9	75.9	86.9	94.1	98.7
ABS issuers	23.3	40.3	80.0	68.4	45.1
Finance companies	83.7	98.0	107.6	94.5	75.1

[1]Mortgages on 1 to 4 family properties.

[2]Government-sponsored enterprise.

[3]Real Estate Investment Trusts.

[4]Loans made under home equity lines of credit and home equity loans secured by junior liens. Excludes home equity loans held by mortgage companies and individuals.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

Home Mortgage-Backed Securities

The dollar volume of home mortgage-backed securities (MBS) increased by 55 percent from 2004 to 2008. The majority of MBS (72 percent) are backed by agency- and government-sponsored enterprises (GSEs). The dollar volume of GSE-backed home MBS rose by 48 percent from 2004 to 2008. During the same period, the dollar volume of privately issued home MBS rose a dramatic 76 percent. The decline in housing values and the increase in mortgage defaults have affected the growth in the home MBS sector. While the dollar volume of GSE-backed home MBS increased 11 percent in 2008, the dollar volume of privately issued MBS dropped 15 percent during the same period.

SECURITIES COMPRISED OF HOME MORTGAGES, CLASSIFIED BY ISSUER, 2004-2008

($ billions, amounts outstanding, end of year)

	2004	2005	2006	2007	2008
Home mortgages backing privately issued pool securities	$1,048.6	$1,621.0	$2,134.7	$2,168.6	$1,848.0
Agency- and GSE[1]-backed mortgage pools	3,256.3	3,419.7	3,710.6	4,319.8	4,803.3
Total	**$4,304.9**	**$5,040.7**	**$5,845.3**	**$6,488.4**	**$6,651.3**

[1]Government-sponsored enterprise.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

AVERAGE CONVENTIONAL SINGLE-FAMILY MORTGAGES, 1999-2008[1]

($000)

Year	Mortgage loan amount	Purchase price	Adjustable rate mortgage (ARM) share[2]
1999	$180.2	$238.2	21%
2000	185.2	248.2	24
2001	189.2	261.9	12
2002	195.3	276.1	17
2003	196.3	283.9	18
2004	210.4	297.3	35
2005	232.4	328.7	30
2006	237.4	327.2	22
2007	233.2	312.0	10
2008	219.1	304.6	8[3]

[1]National averages, all homes.

[2]ARM share is the percent of total volume of conventional purchase loans. Does not include interest-only mortgages.

[3]January-October average.

Source: Federal Housing Finance Board, Monthly Interest Rate Survey.

- Adjustable rate mortgages, loans in which the interest rate is adjusted periodically according to a pre-selected index, dropped from 35 percent of mortgages in 2004 to 8 percent for the first half of 2008, according to the Federal Housing Finance Board.

Interest-Only Mortgages

In interest-only mortgage arrangements, the borrower pays only the interest on the capital for a set term. After the end of that term, usually five to seven years, the borrower either refinances, pays the balance in a lump sum or starts paying off the principal, in which case the monthly payments rise. The vast majority of interest-only mortgages are adjustable rate mortgages, according to First American LoanPerformance.

The share of mortgages with interest-only features rose from under 2 percent in 2003 to 13 percent in 2006. By 2007 the share had dropped to 9.5 percent, reflecting the tightening credit market. As nonprime mortgage lending plummeted in 2008, there was a corresponding drop in interest-only loans. Originations of nonprime loans with so-called affordability features—such as interest-only loans or payment-option loans (which give the borrower a choice of payment options)—fell from almost 20 percent of originations in 2005 to less than 2 percent in 2008, according to Harvard's 2009 State of the Nation's Housing study.

Foreclosures

The number of properties in some phase of foreclosure totaled over 2.3 million in 2008, up 81 percent when compared with 2007 and up 225 percent when compared with 2006, according to a report from RealtyTrac, an online marketplace for foreclosure properties. The report also shows that 1.84 percent of all U.S. housing units (one in 54) received at least one foreclosure filing during the year, up from 1.03 percent in 2007.

TOP TEN STATES IN FORECLOSURE RATES, 2008

Rank	State	Percent of housing units in foreclosure
1	Nevada	7.29%
2	Florida	4.52
3	Arizona	4.49
4	California	3.97
5	Colorado	2.41
6	Michigan	2.35
7	Ohio	2.25
8	Georgia	2.20
9	Illinois	1.91
10	New Jersey	1.80

Source: RealtyTrac Inc.

U.S. FORECLOSURE MARKET STATISTICS BY STATE, 2008

State	Total foreclosure filings[1]	Total properties with filings	Percent change from 2007	Percent of households in foreclosure (rate)	Rank[2]
Alabama	8,436	7,764	39.34%	0.37%	43
Alaska	2,265	1,946	46.10	0.70	31
Arizona	152,621	116,911	203.13	4.49	3
Arkansas	16,611	14,277	122.87	1.12	23
California	837,665	523,624	109.86	3.97	4
Colorado	66,795	50,396	27.90	2.41	5
Connecticut	25,510	21,925	84.87	1.53	15
Delaware	2,998	2,516	151.85[3]	0.66	33
D.C.	4,631	4,182	438.22[3]	1.48	[4]
Florida	501,396	385,309	133.11	4.52	2
Georgia	116,225	85,254	44.36	2.20	8
Hawaii	3,346	3,185	229.71	0.64	34
Idaho	11,272	8,512	133.85	1.38	19
Illinois	115,063	99,488	54.70	1.91	9
Indiana	61,141	45,937	64.18	1.67	11
Iowa	6,405	5,385	31.25	0.41	40
Kansas	7,983	6,218	155.46	0.51	36
Kentucky	8,820	7,244	41.90	0.38	42
Louisiana	7,837	7,129	79.66	0.39	41
Maine	3,171	2,851	896.85[3]	0.41	38
Maryland	41,582	32,338	71.29	1.41	18
Massachusetts	53,797	44,342	150.00	1.64	14
Michigan	145,365	106,058	21.61	2.35	6
Minnesota	23,716	20,282	75.50	0.89	26
Mississippi	2,364	2,293	62.74	0.18	46
Missouri	42,054	31,254	33.04	1.19	20
Montana	1,220	1,246	8.35	0.29	44
Nebraska	3,326	3,190	-12.27	0.41	39
Nevada	123,989	77,693	125.74	7.29	1
New Hampshire	8,018	6,636	436.03[3]	1.13	22
New Jersey	69,612	62,514	101.20	1.80	10

(table continues)

U.S. FORECLOSURE MARKET STATISTICS BY STATE, 2008 (Cont'd)

State	Total foreclosure filings[1]	Total properties with filings	Percent change from 2007	Percent of households in foreclosure (rate)	Rank[2]
New Mexico	4,543	3,727	24.48%	0.44%	37
New York	55,641	50,032	29.32	0.63	35
North Carolina	41,750	33,819	16.21	0.84	27
North Dakota	391	371	48.40	0.12	47
Ohio	146,099	113,570	26.22	2.25	7
Oklahoma	16,059	12,465	50.98	0.78	29
Oregon	25,049	18,001	112.75	1.13	21
Pennsylvania	42,949	37,210	127.18	0.68	32
Rhode Island	7,334	6,583	258.16[3]	1.46	17
South Carolina	16,136	14,995	253.07[3]	0.76	30
South Dakota	405	402	1,575.00[3]	0.11	48
Tennessee	51,496	44,153	70.38	1.65	12
Texas	129,201	96,157	13.84	1.04	24
Utah	18,657	14,836	99.46	1.65	13
Vermont	124	137	372.41[3]	0.04	50
Virginia	67,695	49,011	200.55	1.52	16
Washington	32,271	26,058	71.61	0.97	25
West Virginia	687	685	48.91	0.08	49
Wisconsin	25,164	19,695	62.33	0.78	28
Wyoming	921	677	90.17	0.28	45
United States	**3,157,806**	**2,330,483**	**81.24%**	**1.84%**	

[1]Foreclosure filings include foreclosure-related documents in all phases of foreclosure, including defaults, auction notices and repossessions by banks. One property may have more than one filing.
[2]Ranked on percent of housing units in foreclosure.
[3]Actual increase may not be as high due to collection changes or improvements.
[4]Not ranked.

Source: RealtyTrac Inc.

TOP TEN MORTGAGE FINANCE COMPANIES BY MANAGED RECEIVABLES, 2008

($ millions)

Rank	Company	Total managed receivables[1]
1	Bank of America Corp.[2]	$1,932,840.0
2	Citigroup Inc.	1,397,413.0
3	Wells Fargo & Co.[3]	1,308,122.0
4	JPMorgan Chase & Co.[4]	1,209,160.0
5	Wachovia Bank NA[5]	514,304.0
6	General Electric Capital Services Inc.	494,442.0
7	GMAC Inc.	442,139.0
8	Capmark Financial Group Inc.	362,125.0
9	SunTrust Bank	261,250.4
10	HSBC North America Holdings Inc.	261,207.1

[1]On-balance sheet receivables and loans that are still serviced and managed. [2]Acquired Countrywide Financial Corp. on July 1, 2008 and Merrill Lynch & Co. on Jan. 1, 2009. [3]Acquired Wachovia Corp. on Dec. 31, 2008, Century Bancshares, Inc. on Dec. 31, 2008, Farmers State Bank of Fort Morgan on Dec. 6, 2008, Capital TempFunds on Mar. 2, 2009, Transcap Assoc. Inc. on June 27, 2008, and Flatiron Credit Co. on May 1, 2008. [4]Acquired Washington Mutual Inc. on Sept. 25, 2008 and Unicorn Financial Services, Inc. on Mar. 3, 2008. [5]Acquired by Wells Fargo & Co. on Dec. 31, 2008.

Source: SNL Financial LC.

Home Equity Mortgage Loans

Home equity loans, in which the borrower's home serves as collateral, are generally used for major items such as education, home improvements or medical bills, as opposed to day-to-day expenses. The dollar value of home equity loans outstanding dropped from $1.13 trillion in 2007 to $1.11 trillion in 2008.

HOME EQUITY MORTGAGE LOANS BY HOLDER, 2004-2008[1]

($ billions, end of year)

	2004	2005	2006	2007	2008
Total	**$775.6**	**$914.8**	**$1,065.7**	**$1,129.7**	**$1,114.4**
Commercial banking	483.5	549.0	653.6	692.3	776.1
Savings institutions	121.2	151.6	137.6	180.5	119.5
Credit unions	63.9	75.9	86.9	94.1	98.7
Asset-backed securities issuers	23.3	40.3	80.0	68.4	45.1
Finance companies	83.7	98.0	107.6	94.5	75.1

[1]Loans made under home equity lines of credit and home equity loans secured by junior liens, such as second mortgages, which are subordinate to another mortgage. Excludes home equity loans held by individuals.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

Subprime Loans

Subprime loans are offered to applicants with an incomplete or less than perfect credit record. The subprime interest rate is generally higher than the prevailing rate because of the additional risks involved in lending to less creditworthy applicants. During the housing boom years, which began in the 1990s, the subprime industry flourished, with lenders extending credit to borrowers previously unable to qualify for loans. By 2007, the tide had turned; subprime mortgages were harder to obtain and defaults were on the rise. Defaults on subprime loans continued to increase in 2008 and 2009, as rising unemployment and other effects of the recession took their toll.

Each year Harvard University's Joint Center for Housing Studies (JCHS) provides an analysis of factors shaping the U.S. housing market, including subprime mortgages. Among the findings in the center's 2009 State of the Nation's Housing study:

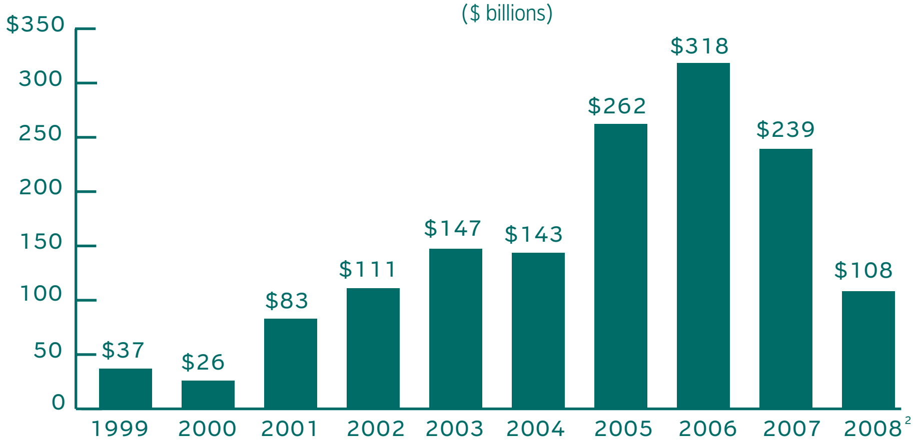
- The share of subprime home mortgage loans entering foreclosure soared to a record 4.1 percent in 2008, topping the 2.3 percent record set in 2001.
- After years of record growth in mortgage originations and the development of a host of new mortgage products, mortgage lending began to decline in 2007 and plummeted in 2008. According to Freddie Mac estimates, total mortgage originations fell by 33 percent in real terms in 2008 and by 62 percent from the 2003 level. According to the JCHS study, nonprime lending, including subprime and near-prime loans, "was effectively shut off" in midyear 2008. Originations of nonprime loans with interest-only, payment-option loans or other "affordability" features—also plummeted, falling from almost 20 percent of originations in 2005 to less than 2 percent in 2008.
- The JCHS notes that the turmoil in the subprime market triggered the collapse or near collapse of a number of large financial institutions, creating a need for federal intervention. The curtailment of private mortgage lending led to a reliance on federally backed loans. In 2008, 73 percent of the loans originated that year were bought, insured or guaranteed by a federal agency or by Fannie Mae and Freddie Mac.

Cash Out Home Mortgage Refinancing

With cash-out refinancing, borrowers refinance an existing mortgage for more than they currently owe, then pocket the difference. As with home equity loans, the proceeds are often used for tuition, debt repayment or other expenses that require a significant amount of cash.

CASH OUT HOME MORTGAGE REFINANCING, 1999-2008[1]

($ billions)



[1]Represents homeowners' cash withdrawals from home mortgage refinance transactions. Includes prime conventional loans only and is net of retirement of outstanding second mortgages.

[2]Estimated.

Source: Freddie Mac.

Government-Sponsored Enterprises

Government-sponsored enterprises (GSEs) are privately owned, federally chartered corporations with a public purpose, created by Congress to assist groups of borrowers such as homeowners, mortgage lenders, students and farmers gain access to capital markets. Two of these entities, the Federal Home Loan Mortgage Corporation, known as Freddie Mac, and the Federal National Mortgage Association, known as Fannie Mae, increase the supply of funds that mortgage lenders make available to home buyers by purchasing mortgages from banks and other lenders, packaging them into securities and selling them to investors. They also raise funds by purchasing mortgages from banks and other loan originators for their own investment portfolios. Together, Freddie Mac and Fannie Mae guarantee or control more than half of the nation's home mortgages. As the housing market entered a downturn in 2006, the two GSEs confronted steep rises in delinquencies and foreclosures. To reassure investors and provide continued liquidity in the housing market, the federal government stepped in to take control of Fannie Mae and Freddie Mac. The plan, announced by the U.S. Treasury in September 2008, put the firms into a conservatorship, giving management control to the Federal Housing Finance Agency.

Mortgage Finance and Housing

Mortgage Industry

GOVERNMENT-SPONSORED ENTERPRISES (GSEs)[1], 2004-2008

($ billions, amounts outstanding, end of year)

	2004	2005	2006	2007	2008
Total financial assets	**$2,882.9**	**$2,819.4**	**$2,872.9**	**$3,174.2**	**$3,386.9**
Checkable deposits and currency	39.1	14.6	16.4	13.7	88.3
Time and savings deposits	23.3	35.3	33.9	46.6	68.5
Federal funds and security RPs[2]	93.6	107.7	117.4	142.7	114.5
Credit market instruments	2,613.0	2,543.9	2,590.5	2,829.5	2,987.0
Open market paper	5.8	13.8	32.4	27.7	6.1
U.S. government securities	899.4	764.2	728.2	718.4	926.2
Treasury securities	12.9	13.1	14.2	15.5	16.7
Agency- and GSE[3]-backed securities	886.5	751.1	714.0	702.9	909.5
Municipal securities	44.6	39.7	36.1	33.3	30.5
Corporate and foreign bonds	414.8	465.7	481.7	464.4	335.3
Other loans and advances	619.4	671.8	704.9	942.6	986.7
Farm Credit System	43.6	51.6	63.5	75.5	84.9
Federal Home Loan Banks	575.8	620.2	641.4	867.1	901.8
Mortgages	629.0	588.8	607.2	643.1	702.1
Home	508.0	454.9	460.2	449.3	466.5
Multifamily residential	82.5	93.0	105.4	147.7	188.1
Farm	38.6	40.9	41.7	46.1	47.6
Miscellaneous assets	113.9	117.8	114.6	141.7	128.6
Total liabilities	**$2,818.0**	**$2,736.8**	**$2,782.0**	**$3,076.6**	**$3,381.9**
Credit market instruments[4]	2,676.3	2,592.2	2,627.8	2,910.2	3,184.5
Miscellaneous liabilities	141.7	144.5	154.2	166.4	197.4

[1]Federal Home Loan Banks, Fannie Mae, Freddie Mac, Federal Agricultural Mortgage Corporation, Farm Credit System, the Financing Corporation and the Resolution Funding Corporation.
[2]Short-term agreements to sell and repurchase government securities by a specified date at a set price.
[3]Government-sponsored enterprise.
[4]Consists of agency- and GSE-backed securities.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

AGENCY AND GOVERNMENT-SPONSORED ENTERPRISE (GSE)[1]-BACKED MORTGAGES, 2004-2008

($ billions, amounts outstanding, end of year)

	2004	2005	2006	2007	2008
Total financial assets	**$3,374.6**	**$3,541.9**	**$3,837.3**	**$4,463.5**	**$4,960.8**
Home mortgages	3,256.3	3,419.7	3,710.6	4,319.8	4,803.3
Multifamily residential mortgages	117.4	121.3	123.5	139.2	152.9
Farm mortgages	0.9	0.8	3.2	4.5	4.7
Total pool securities (liabilities)[2]	**$3,374.6**	**$3,541.9**	**$3,837.3**	**$4,463.5**	**$4,960.8**

[1]Federal Home Loan Banks, Fannie Mae, Freddie Mac, Federal Agricultural Mortgage Corporation, Farm Credit System, the Financing Corporation and the Resolution Funding Corporation.

[2]Such issues are classified as agency- and GSE-backed securities.

Source: Board of Governors of the Federal Reserve System, June 11, 2009.

GOVERNMENT-SPONSORED ENTERPRISE (GSE) SHARE[1] OF 1 TO 4 FAMILY UNIT MORTGAGE DEBT OUTSTANDING, 1999-2008

($ millions)

Year	Total volume	Government-sponsored enterprise share
1999	$5,075,971	40.7%
2000	5,532,385	41.3
2001	6,126,857	44.6
2002	6,922,438	45.3
2003	7,796,871	46.3
2004	8,889,723	43.1
2005	10,072,831	39.9
2006	11,188,523	38.7
2007	11,979,893	41.3
2008	11,939,892	44.3

[1]Federal Home Loan Banks, Fannie Mae, Freddie Mac, Federal Agricultural Mortgage Corporation, Farm Credit System, the Financing Corporation and the Resolution Funding Corporation. The Student Loan Marketing Association (Sallie Mae) was included until it was fully privatized in the fourth quarter of 2004.

Source: Office of Federal Housing Oversight.

Mortgage Industry

MORTGAGE STATUS OF OWNER OCCUPIED HOUSING UNITS, 2008

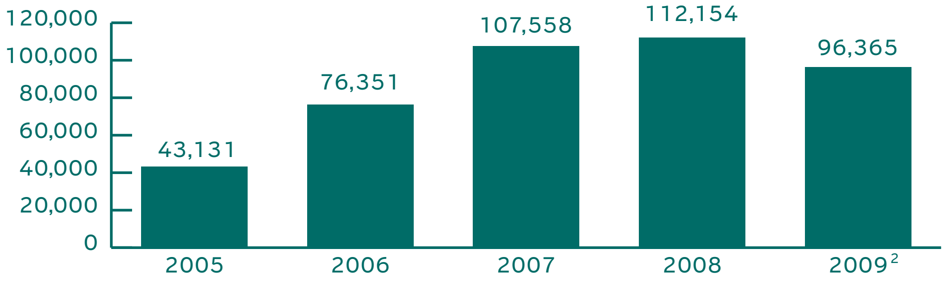
Mortgages	
Number of owner occupied housing units with a mortgage	51,575,376
Percent of units of owner occupied housing with mortgage	68.4%
Mortgage status	Percent
With either a second mortgage or home equity loan, but not both	25.8%
Second mortgage only	6.8
Home equity loan only	19.0
Both second mortgage and home equity loan	1.0
No second mortgage and no home equity loan	73.1

Source: U.S. Census Bureau; American Community Survey.

Reverse Mortgages

Reverse mortgages are special mortgages that allow homeowners over age 61 to sell their homes to a bank in exchange for monthly payments, a lump sum or a line of credit. The Home Equity Conversion Mortgage (HECM) is the federally insured reverse mortgage product. It is insured by the Federal Housing Administration, a branch of the U.S. Department of Housing and Urban Development. In 2009 HECMs accounted for over 90 percent of all reverse mortgages.

REVERSE MORTGAGES: ANNUAL ORIGINATION VOLUME FOR HOME EQUITY CONVERSION MORTGAGES (HECMs), FISCAL YEAR 2005-2009[1]



[1]HECMs are federally insured reverse mortgage products.
[2]Through June 2009; fiscal year ends September 30.

Source: National Reverse Mortgage Lenders Association.

CONVENTIONAL HOME PURCHASE LOANS ORIGINATED BY RACIAL/ETHNIC IDENTITY AND INCOME OF BORROWERS, 2003 AND 2007

	2003		2007	
Race/ethnic identity	Number	Amount ($000)	Number	Amount ($000)
American Indian/Alaska native	14,844	$2,297,104	19,771	$3,747,005
Asian	230,126	51,508,487	204,558	57,840,877
Black or African American	248,518	34,312,271	280,313	48,926,133
Hispanic or Latino	417,667	64,200,693	416,344	80,604,881
White	3,239,564	537,959,741	3,202,013	637,296,207
Income[1]				
Less than 50%	270,530	23,366,304	194,325	16,821,346
50 to 79%	748,122	83,881,674	644,634	77,168,841
80 to 99%	546,548	74,842,121	470,877	68,119,782
100 to 119%	509,760	79,170,922	433,034	70,249,072
120% or more	1,980,357	450,716,431	2,285,182	599,911,887
Income not available	176,233	33,132,471	165,064	39,171,694

[1]Percentage of metropolitan area median. Metropolitan area median is the median family income of the metropolitan area in which the property related to the loan is located.

Source: Federal Financial Institutions Examination Council.

Home Ownership

HOME OWNERSHIP RATES BY HOUSEHOLD INCOME, 2007

(Percent)

Source: U.S. Department of Commerce, Census Bureau; U.S. Department of Housing and Urban Development, Office of Policy Development and Research.

Mortgage Finance and Housing

Home Ownership

SNAPSHOT OF HOUSING IN AMERICA, 2007-2008

	2007	2008	Percent change[1]
Homeownership rate[2]	68.1%	67.8%	-0.3 pts.
New home sales[3] (units)	776,000	485,000	-37.5%
Existing home sales[3] (units)	4.9 million	4.4 million	-11.9
Existing home price[3] (median)	$226,266	$196,600	-13.1
Home equity	$10.4 trillion	$7.9 trillion	-24.1
Mortgage debt	$10.9 trillion	$10.5 trillion	-4.1
Mortgage refinancing	$1.2 trillion	$0.9 trillion	-28.6
Residential fixed investment[4]	$654.4 billion	$487.7 billion	-25.5

[1]Homeownership rate change expressed in percentage points. Percent changes on other items are calculated from unrounded numbers.
[2]Percentage of households that are homeowners.
[3]Single-family.
[4]Construction spending, housing starts and home sales.
Note: All dollar figures are in 2008 dollars.

Source: Harvard University, 2009 State of the Nation's Housing.

In 2007 the national median existing single family home price fell 1.8 percent to the lowest level since 2004. This was the first decline since recordkeeping began in 1968. The price fell another 9.8 percent in 2008. The median represents the market price where half of the homes sold for more and half sold for less, and is an indicator of typical prices.

MEDIAN SALES PRICE OF EXISTING SINGLE FAMILY HOMES, 1970-2008

Year	Median sales price	Average annual percent change[1]	Year	Median sales price	Average annual percent change[1]
1970	$23,000	NA	2000	$143,600	4.5%
1975	35,300	8.9%	2004	195,400	9.3
1980	62,200	12.0	2005	219,600	12.4
1985	75,500	4.0	2006	221,900	1.0
1990	96,400	4.9	2007	217,900	-1.8
1995	114,600	3.5	2008	196,600	-9.8

[1]From prior year shown.
NA=Not applicable.

Source: National Association of Realtors.

U.S. HOME OWNERSHIP RATES BY RACE AND ETHNICITY, 2004-2008

	2004	2005	2006	2007	2008
All households	**69.0%**	**68.9%**	**68.8%**	**68.1%**	**67.8%**
Whites	76.0	75.8	75.8	75.2	75.0
Blacks	49.7	48.8	48.4	47.8	47.9
Hispanics	48.1	49.5	49.7	49.7	49.1
Asians/others	59.6	60.4	61.1	60.3	59.8

Source: U.S. Department of Commerce, Census Bureau.

HOME OWNERSHIP RATES BY REGION, 1960-2008

(End of year)

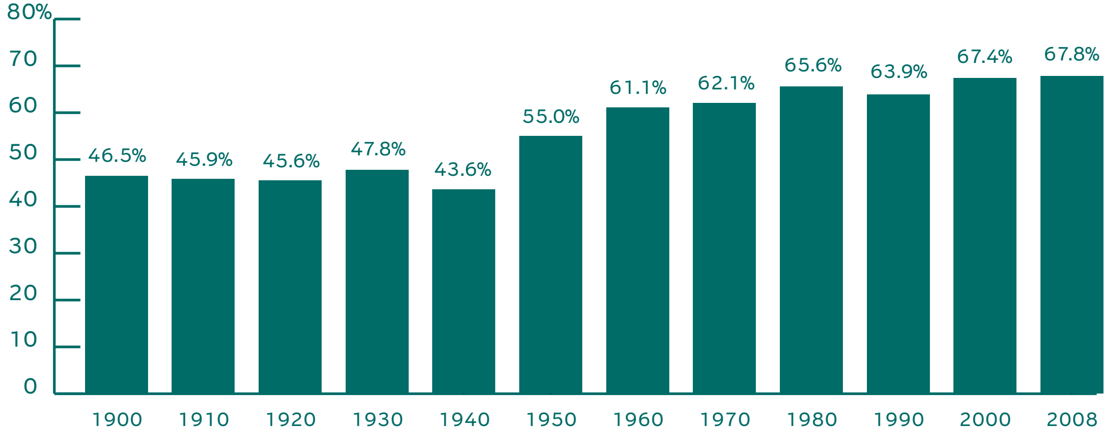
Year	United States	Northeast	Midwest	South	West
1960	62.1%	55.5%	66.4%	63.4%	62.2%
1970	64.2	58.1	69.5	66.0	60.0
1980	65.6	60.8	69.8	68.7	60.0
1990	63.9	62.6	67.5	65.7	58.0
1999	66.8	63.1	71.7	69.1	60.9
2000	67.4	63.4	72.6	69.6	61.7
2001	67.8	63.7	73.1	69.8	62.6
2002	67.9	64.3	73.1	69.7	62.5
2003	68.3	64.4	73.2	70.1	63.4
2004	69.0	65.0	73.8	70.9	64.2
2005	68.9	65.2	73.1	70.8	64.4
2006	68.8	65.2	72.7	70.5	64.7
2007	68.1	65.0	71.9	70.1	63.5
2008	67.8	64.6	71.7	69.9	63.0

Source: U.S. Department of Commerce, Census Bureau.

Mortgage Finance and Housing

Home Ownership

HOME OWNERSHIP RATES, 1900-2008



Source: U.S. Department of Commerce, Census Bureau, Census of Housing.

SELECTED CHARACTERISTICS OF HOMEOWNERS, 2008

Race/origin of householder	As a percent of owner occupied housing units
White alone, not Hispanic or Latino	78.9%
Hispanic or Latino origin	8.2
Black or African American	8.1
Asian	3.3
Total owner occupied units	**75,373,053**
Household income in the past 12 months (in 2008 inflation-adjusted dollars)	
Less than $5,000	1.6%
$5,000 to $9,999	2.1
$10,000 to $14,999	3.4
$15,000 to $19,999	3.7
$20,000 to $24,999	4.2
$25,000 to $34,999	8.6
$35,000 to $49,999	13.3
$50,000 to $74,999	20.3
$75,000 to $99,999	15.0
$100,000 to $149,999	16.0
$150,000 or more	11.9
Median household income	$65,385

Source: U.S. Census Bureau; American Community Survey.

IT Spending

Information technology (IT) has transformed the financial services industry, making available many products and services that would have otherwise been impossible to offer. These range from asset-backed securities and automated teller machines (ATMs), introduced in the 1970s and 1980s, to more recent innovations such as online banking. At the same time, IT has improved efficiency and reduced labor costs.

IT SPENDING OF THE NORTH AMERICAN FINANCIAL SERVICES INDUSTRY, 2006-2010[1]

($ billions)

						Percent change	
	2006	2007	2008	2009	2010	2007-2008	2008-2009
Banking	$46.0	$47.9	$49.4	$50.3	$50.9	3.1%	1.7%
Insurance	30.9	32.6	34.2	34.7	36.6	4.8	1.4
Securities and investments	34.2	35.4	36.3	31.8	32.2	2.6	-12.4
Total	**$111.1**	**$115.9**	**$119.9**	**$116.7**	**$119.7**	**3.4%**	**-2.6%**

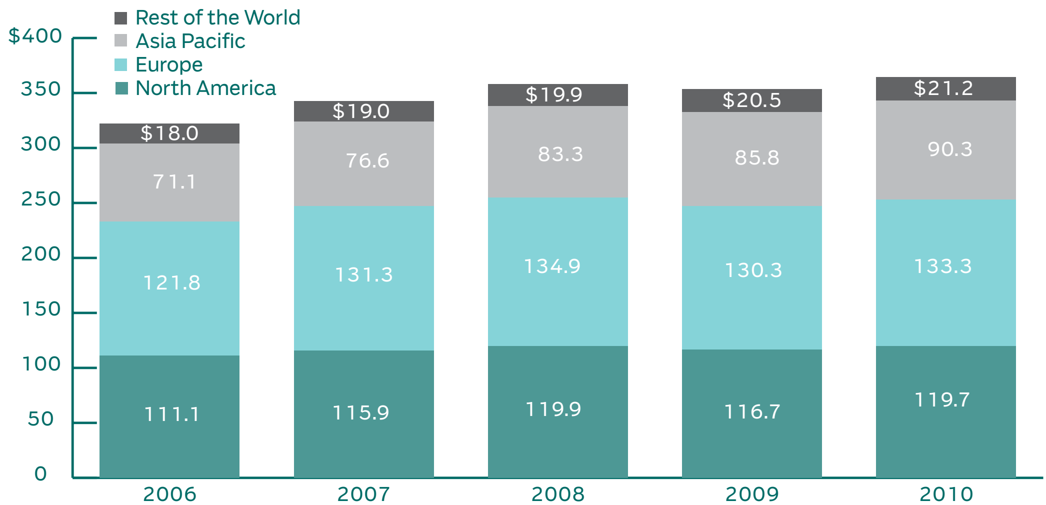
[1]Data for 2009 and 2010 are estimated.

Source: Celent.

- Celent estimates that global information technology spending by financial services institutions will total $353.3 billion in 2009, down 1.3 percent from 2008.

IT SPENDING OF THE GLOBAL FINANCIAL SERVICES INDUSTRY, 2006-2010[1]

($ billions)



[1]Data for 2009 and 2010 are estimated.

Source: Celent.

Technology

Electronic Commerce

More than two-thirds of Americans—69 percent—have used the Internet to help them with personal financial problems arising from the recession and to gather information about the economic situation, according to a 2009 installment of the ongoing Pew Internet and American Life survey. The latest Consumer Finance Survey, issued by the Federal Reserve in 2009, also found that the Internet is an important source of financial information and services. The survey found that in 2007 (the latest year available) 59.7 percent of all families used the Internet to access financial information or services, up sharply from 46.5 percent in 2004 and 32.5 percent in 2001. Among the least wealthy 25 percent of families, 50.3 percent made such use of the Internet, compared with 75.6 percent of the wealthiest 10 percent.

INFORMATION USED FOR DECISIONS ABOUT BORROWING OR INVESTING, 2007[1]

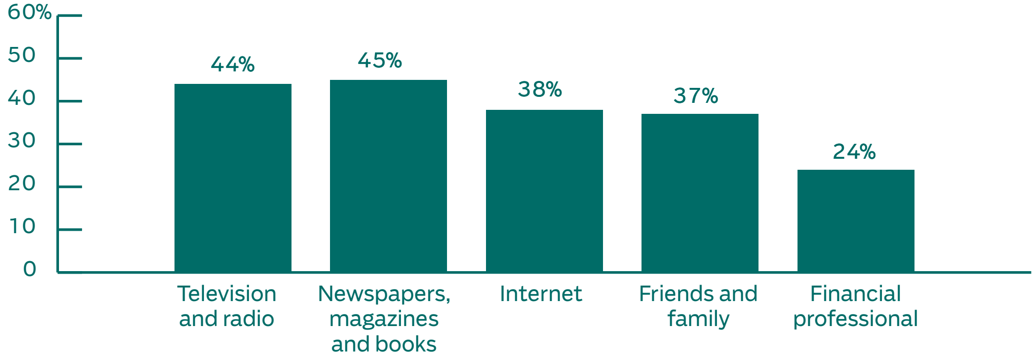
(Percent)

	Type of service	
Source	Borrowing	Investing
Calling around	33.4%	18.0%
Magazines, newpapers and other media	19.7	17.5
Material in the mail	35.9	21.5
Internet	**38.4**	**28.3**
Friends, relatives, associates	46.0	42.3
Bankers, brokers and other sellers of financial services	38.6	38.3
Lawyers, accountants and other financial advisors	19.5	29.3
Does not borrow or invest	9.5	9.9

[1]Figures sum to more than 100 because of reporting of multiple sources.
Note: Latest data available. Based on surveys conducted every three years.

Source: Survey of Consumer Finances, Board of Governors of the Federal Reserve System.

PERSONAL FINANCE INFORMATION SOURCES CONSULTED, 2009



Source: Pew Internet and American Life Project.

E-COMMERCE AND TOTAL REVENUES, SECURITIES AND COMMODITY CONTRACTS, 2006-2007

($ millions)

	Value of revenues				Percent change		E-commerce as a percent of total revenues	
	2006		2007					
	Total	E-commerce	Total	E-commerce	Total revenues	E-commerce revenues	2006	2007
Securities and commodity contracts, intermediation and brokerage	$335,703	$7,018	$312,790	$8,507	-6.8%	21.2%	2.1%	2.7%

Source: U.S. Department of Commerce, Census Bureau.

Electronic Commerce

Online Insurance Sales

Property/casualty insurance distribution systems have evolved to encompass many of the new ways of transacting business available to customers, including new technologies and new forms of association and collaboration, according to a recent Conning study. This is confirmed by a 2009 comScore survey of people who had recently purchased auto insurance. The survey found that going online was the most commonly used channel for obtaining price quotes. Nearly two-thirds (63 percent) of respondents indicated they went online for quotes, followed by calling local insurance agents representing a single company (26 percent) and calling local agents representing multiple companies (25 percent). However, while the use of the Internet to research auto insurance prices is commonplace, many consumers still make their purchases through their local agents. Among those who had purchased insurance within the six months preceding the survey, 52 percent purchased through an agent, followed by going online (30 percent) and telephoning toll-free numbers (12 percent).

A 2009 survey by the Insurance Research Council also found that the Internet was an important source for insurance consumers.

- More than half (52 percent) of those who had recently shopped for auto insurance had visited an insurance company Web site, compared with 40 percent who had consulted an agent, according to the survey, which allowed for multiple responses.
- Younger respondents were more likely than older respondents to use Internet resources.
- Eighteen percent of respondents reported that they had actually purchased insurance over the Internet at some point.

TOP FIVE SOURCES CONSULTED WHILE SHOPPING FOR AUTO INSURANCE[1]

Rank		Percent
1	Insurance company Web site	52%
2	Web site that gives quotes from multiple insurance companies	44
3	Insurance agents	40
4	Relatives, friends, neighbors, co-workers, etc.	31
5	Insurance company advertising	26

[1]Based on a national survey; multiple responses allowed; percent of respondents.

Source: Insurance Research Council.

Electronic Payments

Over the past quarter-century, electronic alternatives to the traditional way of paying bills by check have revolutionized the payments infrastructure. By 2006 debit card payments, which include both personal identification number (PIN) and signature, surpassed credit card payments to become the most frequently used electronic payment type, according to the Federal Reserve. Other choices such as automated clearing house (ACH) payments and electronic benefits transfer (EBT) have grown rapidly as well. EBTs give consumers more flexible access to Social Security, veterans' pensions and other benefits disbursed by the federal government.

Studies conducted by the Federal Reserve in 2004 and 2007 document the dramatic shift in payments away from paper-based checks and toward electronic payments. In 2003 there were 37.3 billion checks paid, compared with 44.2 billion electronic payments. By 2006 there were 30.6 billion checks paid, compared with 62.7 billion electronic payments. The number of checks paid fell an average of 6.4 percent per year between 2003 and 2006. The number of electronic payments rose 12.4 percent per year during the same period. In 2006 two-thirds of all noncash payments were made electronically, compared with a little over half of all noncash payments in 2003. The Federal Reserve will update the study in 2010.

NUMBER OF NONCASH PAYMENTS, 2003 AND 2006

(billions)

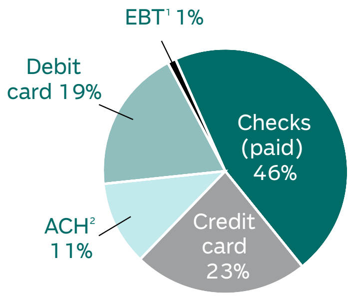
	2003	2006	Compound annual growth rate, 2003-2006
Total (billions)	**81.4**	**93.3**	**4.6%**
Checks (paid)	37.3	30.6	-6.4
Debit card	15.6	25.3	17.5
Signature	10.3	16.0	15.8
PIN[1]	5.3	9.4	20.6
Credit card	19.0	21.7	4.6
ACH[2]	8.8	14.6	18.6
EBT[3]	0.8	1.1	10.0

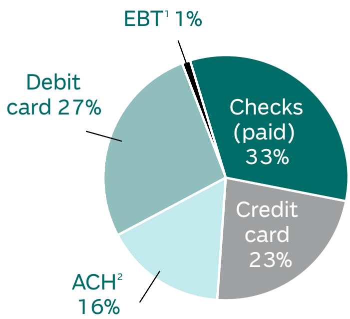
[1]Personal identification number.
[2]Automated clearing house.
[3]Electronic benefits transfer.

Source: Federal Reserve System.

Electronic Payments

DISTRIBUTION OF THE NUMBER OF NONCASH PAYMENTS, 2003 AND 2006





[1]Electronic benefits transfer.
[2]Automated clearing house.

Source: Federal Reserve System.

Automated Clearing House Network

Total payments processed through the Automated Clearing House (ACH), a national electronic payments network, reached 18.3 billion payments in 2008, up 52 percent from 2004. Such payments include direct deposit of payroll, Social Security benefits and tax refunds, as well as direct payment of consumer bills, business-to-business payments and e-commerce payments. The majority (82 percent) of these payments were processed through the ACH network, a vast electronic funds transfer system whose transactions are processed by two ACH operators: the Federal Reserve and the Electronic Payments Network. The number of ACH network transactions increased by 7.1 percent from 2007 to nearly 15 billion payments in 2008.

- Internet-initiated ACH debits grew significantly in 2008, up by 19.7 percent to almost 2.1 billion payments. Combined with consumer-initiated payments, the dollar value of consumer ACH payments made via the Internet totaled $939 billion in 2008.

AUTOMATED CLEARING HOUSE ELECTRONIC PAYMENTS, 1998-2008

Year	Volume (millions)	Percent change	Year	Volume (millions)	Percent change
1998	5,344	17.5%	2004	12,009	19.9%
1999	6,122	14.6	2005	13,957	16.2
2000	6,882	12.4	2006	15,107	8.2
2001	7,994	16.2	2007	17,105	13.2
2002	8,944	11.9	2008	18,285	6.9
2003	10,017	12.0			

Source: NACHA - The Electronic Payments Association.

COMMERCIAL AND GOVERNMENT AUTOMATED CLEARING HOUSE ELECTRONIC PAYMENTS, 2007-2008

	2007	2008	Percent change
Transaction volume (millions)			
Commercial	16,065	17,139	6.7%
Federal government	1,040	1,146	10.2
Total	**17,105**	**18,285**	**6.9%**

Source: NACHA - The Electronic Payments Association.

- The Federal government made more than 30 million direct deposits as part of the 2008 economic stimulus program, bringing total Federal payments to 1.146 billion in 2008, up 10.2 percent from 2007.

ATMs

The growth of online banking, electronic payments and deposits, and automated teller machine (ATM) usage has been driven by customer demand for greater convenience. ATMs were introduced in the mid-1970s. By 2009 there were some 425,000 ATMs in the United States, almost four times the number of bank, thrift and credit union offices in 2008. ATMs increasingly are being installed in places where consumers may want access to their money such as supermarkets, convenience stores and transportation terminals.

The ATM business consists of three major entities: ATM cardholders' banks, the ATM network that links banks in other locations and the owners of the ATM machines, which may or may not be banks. Most banks allow their own customers to withdraw money from their ATMs free of charge but charge a fee to other banks' customers. These charges help offset the cost of ATMs and fees banks must pay to the ATM network system.

OFF-PREMISE ATM DEPLOYMENT, 2005-2009[1]

Year	Total ATMs	Off-premise ATMs	Percent off-premise
2005	396,000	260,000	65.7%
2006	395,000	260,000	65.8
2007	415,321	236,732	57.0
2008	406,145	239,626	59.0
2009	425,010	290,000	68.2

[1]ATMs located away from financial institution branches.

Source: ATM&Debit News.

- The first ATM in the United States was installed in 1971 at the Citizens & Southern National Bank in Atlanta.

Electronic Payments /ATMs

TOP TEN U.S. BANK OWNERS OF ATMS, 2008-2009

		Number of ATMs, second quarter	
Rank	Owner	2007	2008
1	Bank of America	18,531	18,426
2	JPMorgan Chase[1]	9,310	14,144
3	Wells Fargo[2]	6,960	12,353
4	PNC Financial Services Group[3]	4,015	6,474
5	U.S. Bancorp	4,895	5,173
6	Citizens	3,561	3,606
7	Citibank	3,315	3,211
8	Sun Trust Banks, Inc.	2,506	2,695
9	Fifth Third Bancorp	2,329	2,355
10	Regions Financial Corporation	2,410	2,321

[1]JPMorgan Chase acquired Washington Mutual's retail banking business in September 2008.
[2]Wells Fargo acquired Wachovia Corp. in October 2008.
[3]PNC Financial Services Group acquired National City Corporation effective January 1, 2009.

Source: ATM&Debit News.

Overview

The rankings that follow are extracted from Fortune magazine's analysis of the world's largest corporations based on 2008 revenues, as featured in its annual Global 500. Fortune groups the companies in broad industry categories. Each company is assigned one category, even though some are involved in several industries. For example, some of the leading P/C insurance companies also write life insurance. There were no securities firms in the 2008 Global 500. The four firms that had been in the previous year's rankings (based on 2007 revenues) were either acquired (as in the case of Merrill Lynch, which was taken over by Bank of America), converted to traditional banks (as in the cases of Goldman Sachs and Morgan Stanley) or are defunct (as in the case of Lehman Brothers, which filed for bankruptcy in 2008).

Financial Services

TOP TEN GLOBAL FINANCIAL SERVICES FIRMS BY REVENUES, 2008[1]

($ millions)

Financial services industry rank	Company	Global 500 rank (all industries)	Revenues	Profits	Country	Industry
1	ING Group	8	$226,577	-$1,067	Netherlands	Banking
2	Japan Post Holdings	11	198,700	4,208	Japan	Insurance
3	General Electric	12	183,207	17,410	U.S.	Diversified financial
4	Dexia Group	16	161,269	-4,868	Belgium	Banking
5	Allianz	20	142,395	-3,577	Germany	Insurance
6	HSBC Holdings	21	142,049	5,728	Britain	Banking
7	BNP Paribas	24	136,096	4,422	France	Banking
8	Banco Santander	35	117,803	12,992	Spain	Banking
9	Bank of America Corp.	37	113,106	4,008	U.S.	Banking
10	Royal Bank of Scotland	38	113,087	-43,167	Britain	Banking

[1]Based on an analysis of companies in the Global Fortune 500.

Source: Fortune.

World Rankings

Insurance

TOP TEN COUNTRIES BY LIFE AND NONLIFE DIRECT PREMIUMS WRITTEN, 2008[1]

($ millions)

				Total premiums		
Rank	Company	Life premiums	Nonlife premiums[2]	Amount	Precent change from prior year	Percent of total world premiums
1	United States[3]	$578,211	$662,432	$1,240,643	0.22%	26.09%
2	Japan[4]	367,112	106,085	473,197	20.37	11.08
3	United Kingdom	342,759	107,393	450,152	-16.56	10.54
4	France	181,146	91,861	273,007	0.06	6.39
5	Germany	111,278	131,807	243,085	8.75	5.69
6	PR China	95,831	44,987	140,818	52.26	3.30
7	Italy	82,623	58,066	140,689	-1.20	3.30
8	Netherlands[5]	38,899	73,712	112,611	9.74	2.64
9	Canada[6]	47,855	57,319	105,174	4.38	2.46
10	South Korea[4]	66,417	30,606	97,023	-15.97	2.27

[1]Before reinsurance transactions. [2]Includes accident and health insurance. [3]Nonlife premiums include state funds; life premiums include an estimate of group pension business. [4]April 1, 2008-March 31, 2009. [5]Nonlife premiums are gross premiums and include a small amount of reinsurance premiums. [6]Life premiums are net premiums.

Source: Swiss Re, *sigma*, No. 3/2009.

TOP TEN GLOBAL INSURANCE COMPANIES BY REVENUES, 2008[1]

($ millions)

Rank	Company	Revenues[2]	Country	Industry
1	Japan Post Holdings	$198,700	Japan	Life/health
2	Allianz	142,395	Germany	Property/casualty
3	Berkshire Hathaway	107,786	U.S.	Property/casualty
4	Assicurazioni Generali	103,103	Italy	Life/health
5	AXA	80,257	France	Life/health
6	Munich Re Group	67,515	Germany	Property/casualty
7	Nippon Life Insurance	66,621	Japan	Life/health
8	State Farm Insurance Cos.	61,343	U.S.	Property/casualty
9	MetLife	55,085	U.S.	Life/health
10	China Life Insurance	54,534	China	Life/health

[1]Based on an analysis of companies in the Global Fortune 500. Includes stock and mutual companies. [2]Revenues include premium and annuity income, investment income and capital gains or losses, but exclude deposits; includes consolidated subsidiaries, excludes excise taxes.

Source: Fortune.

TOP TEN GLOBAL PROPERTY/CASUALTY INSURANCE COMPANIES BY REVENUES, 2008[1]

($ millions)

Rank	Company	Revenues[2]	Country
1	Allianz	$142,395	Germany
2	Berkshire Hathaway	107,786	U.S.
3	Munich Re Group	67,515	Germany
4	State Farm Insurance Cos.	61,343	U.S.
5	Tokio Marine Holdings	34,870	Japan
6	Zurich Financial Services	32,349	Switzerland
7	Allstate	29,394	U.S.
8	Liberty Mutual Insurance Group	28,855	U.S.
9	Travelers Cos.	24,477	U.S.
10	Mapfre Group	23,186	Spain

[1]Based on an analysis of companies in the Global Fortune 500. Includes stock and mutual companies.
[2]Revenues include premium and annuity income, investment income and capital gains or losses, but excludes deposits; includes consolidated subsidiaries, excludes excise taxes.

Source: Fortune.

TOP TEN GLOBAL LIFE/HEALTH INSURANCE COMPANIES BY REVENUES, 2008[1]

($ millions)

Rank	Company	Revenues[2]	Country
1	Japan Post Holdings	$198,700	Japan
2	Assicurazioni Generali	103,103	Italy
3	AXA	80,257	France
4	Nippon Life Insurance	66,621	Japan
5	MetLife	55,085	U.S.
6	China Life Insurance	54,534	China
7	Dai-ichi Mutual Life Insurance	52,012	Japan
8	CNP Assurances	38,482	France
9	Meiji Yasuda Life Insurance	38,082	Japan
10	Sumitomo Life Insurance	36,308	Japan

[1]Based on an analysis of companies in the Global Fortune 500. Includes stock and mutual companies.
[2]Revenues include premium and annuity income, investment income and capital gains or losses, but excludes deposits; includes consolidated subsidiaries, excludes excise taxes.

Source: Fortune.

Insurance

- Net reinsurance premium written by the top 10 global reinsurers rose from $101.7 billion in 2007 to $108.9 billion in 2008, according to Business Insurance.

TOP TEN GLOBAL REINSURERS BY NET REINSURANCE PREMIUMS WRITTEN, 2008

($ millions)

Rank	Company	Net reinsurance premiums written	Country
1	Munich Re Group	$30,379.7	Germany
2	Swiss Re Group	23,724.3	Switzerland
3	Berkshire Hathaway/Gen Re Group[1]	11,441.0	U.S.
4	Hanover Re Group	10,653.2	Germany
5	Lloyd's of London	8,588.2	U.K.
6	SCOR	8,551.4	France
7	Transatlantic Holdings Inc.	4,108.1	U.S.
8	PartnerRe Ltd.	3,989.4	Bermuda
9	ACE Tempest Reinsurance Ltd.[2]	3,961.0	Bermuda
10	Everest Re Group Ltd.	3,505.2	Bermuda

[1]Combined figures of Berkshire Hathaway Reinsurance Group and General Re Group.
[2]Includes all reinsurance business performed by subsidiaries of ACE Ltd.

Source: Business Insurance, August 31, 2009.

- Aon is the world's largest broker based on "pure placement." This includes insurance, reinsurance and wholesale brokerage revenues but excludes employee benefits, consulting and other income. In 2008 Aon's placement revenues were $5.96 billion, followed by Marsh & McLennan Cos. ($5.33 billion), Willis ($2.86 billion), Wells Fargo ($1.43 billion) and BB&T ($857.7 million).

TOP TEN GLOBAL INSURANCE BROKERS BY REVENUES, 2008

($ millions)

Rank	Company	Brokerage revenues[1]	Country
1	Marsh & McLennan Cos. Inc.	$11,516.0	U.S.
2	Aon Corp.	7,310.0	U.S.
3	Willis Group Holdings Ltd.[2]	3,362.0	U.K.
4	Wells Fargo Insurance Services Inc.[3]	1,743.1	U.S.
5	Arthur J. Gallagher & Co.	1,611.3	U.S.
6	Jardine Lloyd Thompson Group P.L.C.	992.8	U.K.
7	Brown & Brown Inc.	966.0	U.S.
8	BB&T Insurance Services Inc.	962.1	U.S.
9	Gras Savoye & Cie	786.4	France
10	Lockton Cos. L.L.C.	778.3[4]	U.S.

[1]Gross revenues generated by insurance brokerage, consulting and related services.
[2]Includes Hilb Rogal & Hobbs Co., purchased October 2008.
[3]Includes Wachovia Insurance Services Inc., purchased December 2008.
[4]Fiscal year ending April 30.

Source: Business Insurance, July 20, 2009.

TOP TEN GLOBAL REINSURANCE BROKERS BY REINSURANCE GROSS REVENUES, 2008[1]

($000)

Rank	Company	Reinsurance gross revenues	Country
1	Aon Benfield[2]	$1,565,500	U.S.
2	Guy Carpenter & Co. L.L.C.[3]	826,000	U.S.
3	Willis Re	605,900	U.K.
4	Towers Perrin	162,000	U.S.
5	Cooper Gay (Holdings) Ltd.	153,800	U.K.
6	Jardine Lloyd Thompson Group P.L.C.	134,451[4]	U.K.
7	BMS Group	79,055[4]	U.K.
8	UIB Holdings Ltd.	40,799[4]	U.K.
9	Holborn Corp.	25,600	U.S.
10	Axiom Re Inc.	24,739	U.S.

[1]Includes all reinsurance revenue reported through holding and/or subsidary companies.
[2]Includes Aon Re Global, which acquired Benfield Group Ltd. November 2008.
[3]Includes aviation reinsurance business placed by Marsh Inc.
[4]Fiscal year 2008.

Source: Business Insurance, October 26, 2009

Banks

TOP TEN GLOBAL COMMERCIAL AND SAVINGS BANKS BY REVENUES, 2008[1]

($ millions)

Rank	Company	Revenues	Country
1	ING Group	$226,577	Netherlands
2	Dexia Group	161,269	Belgium
3	HSBC Holdings	142,049	U.K.
4	BNP Paribas	136,096	France
5	Banco Santander	117,803	Spain
6	Bank of America Corp.	113,106	U.S.
7	Royal Bank of Scotland	113,087	U.K.
8	Citigroup	112,372	U.S.
9	Société Générale	104,378	France
10	Crédit Agricole	103,582	France

[1]Based on an analysis of companies in the Global Fortune 500.

Source: Fortune.

World Rankings

Diversified Financial

TOP FIVE GLOBAL DIVERSIFIED FINANCIAL COMPANIES BY REVENUES, 2008[1]

($ millions)

Rank	Company	Revenues	Country
1	General Electric	$183,207	U.S.
2	Cie Nationale à Portefeuille	22,656	Belgium
3	Fannie Mae[2]	22,652	U.S.
4	Citic Group	22,229	China
5	Hypo Real Estate Holding	21,630	Germany

[1]Based on an analysis of companies in the Global Fortune 500.
[2]In 2008 Fannie Mae was taken over by the federal government and put into conservatorship.

Source: Fortune.

Geographic Mobility

The percentage of the U.S. population that moved declined from 13.2 percent in 2007 to 11.9 percent in 2008, the lowest rate since the U.S. Census Bureau began tracking these data in 1948. In 2008, 35.2 million people 1 year and older had changed residences in the U.S. within the past year, representing a decrease from 38.7 million in 2007 and the smallest number of residents to move since 1962. The lack of mobility mirrors a downturn in housing and jobs that has stymied the economy.

GENERAL MOBILITY, 1949-2008

(millions)

Mobility period	Total population[1]	Total movers	Moving rate (percent)
1949-1950	147	28	19.1%
2000-2001	276	39	14.2
2001-2002	278	41	14.8
2002-2003	283	40	14.2
2003-2004	284	39	13.7
2004-2005	287	40	13.9
2005-2006	290	40	13.7
2006-2007	293	39	13.2
2007-2008	295	35	11.9

[1]People age 1 year old and older.

Source: U.S. Census Bureau.

MOBILITY BY REGION, 2006-2008

(millions)

	2007-2008		Moving rate (percent)	
Region	Total population[1]	Movers	2006-2007	2007-2008
Northeast	53.3	4.4	8.9%	8.2%
South	108.1	14.6	14.5	13.5
Midwest	64.5	7.2	13.2	11.1
West	68.9	9.1	14.6	13.2

[1]People age 1 year old and older.

Source: U.S. Census Bureau.

- Among people who moved in 2008, 13 percent moved to a different state. Most of the movers (83 percent) moved within the same state, with the majority (65 percent) moving within the same county. Three percent moved to the U.S. from abroad.
- In 2008 renters were five times more likely to move than homeowners. More than one in four people (27.7 percent) living in renter-occupied housing units lived in a different residence one year earlier, compared with 5.4 percent of homeowners.
- During the period 2007 to 2008, 41 percent of movers were from the South, 26 percent were from the West, 20 percent were from the Midwest and 12 percent from the Northeast.

Geographic Mobility

PERCENT OF PEOPLE WHO LIVED IN A DIFFERENT STATE ONE YEAR AGO, 2008[1]

State	Percent	Rank[2]	State	Percent	Rank[2]
Alabama	2.6%	34	Montana	4.7%	5
Alaska	6.0	2	Nebraska	2.9	27
Arizona	3.8	11	Nevada	4.7	5
Arkansas	3.1	23	New Hampshire	3.6	13
California	1.3	50	New Jersey	1.7	47
Colorado	4.0	10	New Mexico	3.5	17
Connecticut	2.4	40	New York	1.4	49
Delaware	4.9	4	North Carolina	3.6	13
D.C.	7.6	1	North Dakota	4.2	9
Florida	2.8	31	Ohio	1.6	48
Georgia	3.0	24	Oklahoma	3.4	19
Hawaii	4.4	7	Oregon	3.2	21
Idaho	4.3	8	Pennsylvania	2.0	43
Illinois	1.8	46	Rhode Island	2.9	27
Indiana	2.6	34	South Carolina	3.4	19
Iowa	2.7	32	South Dakota	3.0	24
Kansas	3.6	13	Tennessee	2.9	27
Kentucky	2.6	34	Texas	2.3	42
Louisiana	2.6	34	Utah	3.8	11
Maine	2.6	34	Vermont	3.6	13
Maryland	2.9	27	Virginia	3.5	17
Massachusetts	2.4	40	Washington	3.2	21
Michigan	1.3	50	West Virginia	3.0	24
Minnesota	1.9	44	Wisconsin	1.9	44
Mississippi	2.5	39	Wyoming	5.2	3
Missouri	2.7	32	**United States**	**2.4%**	

[1]People age 1 year old and older.
[2]States with the same percentages receive the same rank.

Source: U.S. Census Bureau.

U.S. MIGRATION, BY PLACE OF ORIGIN, 2008

	Percent of U.S. population who are foreign born		Percent of foreign born population who were born in			
State	Percent	Rank[1]	Latin America	Asia	Europe	Other
Alabama	2.8%	44	50.8%	27.3%	14.2%	7.7%
Alaska	6.5	24	18.5	53.1	15.3	13.1
Arizona	14.3	9	71.0	13.4	9.0	6.6
Arkansas	3.8	38	66.0	19.3	9.4	5.3
California	26.8	1	54.6	34.8	6.9	3.7
Colorado	10.1	17	57.5	19.6	15.2	7.7
Connecticut	13.0	12	40.7	22.1	30.1	7.1
Delaware	7.7	22	43.3	31.1	14.0	11.6
D.C.	13.2	11	47.0	19.0	16.9	17.1
Florida	18.5	5	73.8	10.0	10.9	5.3
Georgia	9.4	20	53.6	25.0	10.3	11.1
Hawaii	17.8	6	6.7	75.0	5.5	12.8
Idaho	5.9	26	57.3	18.9	14.8	9.0
Illinois	13.8	10	47.8	25.2	23.1	3.9
Indiana	4.0	35	49.2	27.2	16.2	7.4
Iowa	3.7	39	40.2	33.3	16.6	9.9
Kansas	5.9	26	55.9	28.4	8.8	6.9
Kentucky	2.8	44	39.1	31.9	20.6	8.4
Louisiana	3.1	42	46.3	36.8	11.6	5.3
Maine	3.0	43	6.4	23.9	31.1	38.6
Maryland	12.4	13	37.0	32.6	13.5	16.9
Massachusetts	14.4	8	34.6	27.9	25.3	12.2
Michigan	5.8	28	19.5	43.9	25.7	10.9
Minnesota	6.5	24	27.6	36.9	13.8	21.7
Mississippi	2.1	49	50.6	28.2	14.6	6.6
Missouri	3.6	41	31.4	33.0	23.5	12.1
Montana	2.2	48	13.2	29.0	29.1	28.7
Nebraska	5.5	29	57.0	21.7	11.3	10.0
Nevada	18.9	4	60.8	24.8	8.9	5.5

(table continues)

- In 2008, 12.5 percent of the U.S. population was born outside the United States, with more than half born in Latin America.
- The percentage of the population that speaks Spanish at home ranges from 12 percent nationally to almost 30 percent in Texas, California and New Mexico.

■ Overall, the Hispanic American population is growing faster than other ethnic groups in the United States, accounting for 15.4 percent of the nation's population in 2008, according to the U.S. Census Bureau.

U.S. MIGRATION, BY PLACE OF ORIGIN, 2008 (Cont'd)

	Percent of U.S. population who are foreign born		Percent of foreign born population who were born in			
State	Percent	Rank[1]	Latin America	Asia	Europe	Other
New Hampshire	5.0%	31	21.5%	30.5%	27.1%	20.9%
New Jersey	19.8	3	45.1	31.5	17.8	5.6
New Mexico	9.6	19	78.7	10.3	7.3	3.7
New York	21.7	2	49.3	25.6	19.7	5.4
North Carolina	7.0	23	59.4	20.9	11.6	8.1
North Dakota	2.3	46	11.1	26.7	29.9	32.3
Ohio	3.7	39	19.5	35.9	29.6	15.0
Oklahoma	5.0	31	56.9	26.7	10.1	6.3
Oregon	9.7	18	47.0	27.0	17.2	8.8
Pennsylvania	5.3	30	25.8	36.9	27.1	10.2
Rhode Island	12.2	15	44.3	15.9	23.0	16.8
South Carolina	4.4	33	51.7	21.2	21.2	5.9
South Dakota	1.9	50	28.8	30.3	23.5	17.4
Tennessee	4.0	35	46.4	29.8	12.0	11.8
Texas	16.0	7	74.1	17.0	4.4	4.5
Utah	8.3	21	60.5	17.8	11.5	10.2
Vermont	3.9	37	9.0	25.3	38.3	27.4
Virginia	10.2	16	36.1	40.8	12.5	10.6
Washington	12.3	14	30.6	39.2	18.0	12.2
West Virginia	1.3	51	27.6	41.6	24.4	6.4
Wisconsin	4.4	33	40.6	30.4	22.5	6.5
Wyoming	2.3	46	47.8	23.9	18.3	10.0
United States	**12.5%**		**53.1%**	**27.3%**	**13.1%**	**6.5%**

[1]States with the same percentages receive the same rank.

Source: U.S. Census Bureau.

FASTEST GROWING METROPOLITAN STATISTICAL AREAS, 2000-2008

Rank	Metropolitan statistical area	Population growth	Rank	Metropolitan statistical area	Population growth
1	Dallas-Fort Worth-Arlington, TX	1,138,476	6	New York-Northern New Jersey-Long Island, NY-NJ-PA	683,407
2	Atlanta-Sandy Springs-Marietta, GA	1,128,271	7	Washington-Arlington-Alexandria, DC-VA-MD-WV	562,065
3	Phoenix-Mesa-Scottsdale, AZ	1,030,012	8	Los Angeles-Long Beach-Santa Ana, CA	507,184
4	Houston-Sugar Land-Baytown, TX	1,012,726	9	Las Vegas-Paradise, NV	490,211
5	Riverside-San Bernardino-Ontario, CA	861,054	10	Chicago-Naperville-Joliet, IL-IN-WI	470,995

Source: U.S. Census Bureau.

Income and Expenses

The poverty rate rose from 12.5 percent in 2007 to 13.2 percent in 2008, the first statistically significant annual increase since 2004, according to a 2009 U.S. Census report. Real median income fell by 3.6 percent in 2008, following three years of annual increases, as the recession that began in 2007 took its toll.

INCOME BY REGION, 2007-2008

	2007		2008		
	Number of households (000)	Median income[1]	Number of households (000)	Median income[1]	Percentage change in median income
All households	**116,783**	**$52,163**	**117,181**	**$50,303**	**-3.6%**
By region					
Northeast	21,351	54,283	21,309	54,346	0.1
Midwest	26,266	52,209	26,282	50,112	-4.0
South	43,062	47,961	43,423	45,590	-4.9
West	26,105	56,218	26,166	55,085	-2.0

[1]Income before deductions for taxes and other expenses; does not include lump sum payments or capital gains. Expressed in 2008 dollars.

Source: U.S. Census Bureau.

Income and Expenses

- In 2008 household incomes were highest in Maryland, followed by New Jersey and Connecticut.
- Mississippi had the lowest median household income, followed by West Virginia and Arkansas.

HOUSEHOLD INCOME BY STATE, 2008

State	Median income	Rank	State	Median income	Rank
Alabama	$42,666	47	Montana	$43,654	43
Alaska	68,460	4	Nebraska	49,693	29
Arizona	50,958	23	Nevada	56,361	16
Arkansas	38,815	49	New Hampshire	63,731	7
California	61,021	9	New Jersey	70,378	2
Colorado	56,993	14	New Mexico	43,508	45
Connecticut	68,595	3	New York	56,033	18
Delaware	57,989	11	North Carolina	46,549	38
D.C.	57,936	12	North Dakota	45,685	40
Florida	47,778	34	Ohio	47,988	32
Georgia	50,861	24	Oklahoma	42,822	46
Hawaii	67,214	5	Oregon	50,169	27
Idaho	47,576	35	Pennsylvania	50,713	25
Illinois	56,235	17	Rhode Island	55,701	19
Indiana	47,966	33	South Carolina	44,625	41
Iowa	48,980	30	South Dakota	46,032	39
Kansas	50,177	26	Tennessee	43,614	44
Kentucky	41,538	48	Texas	50,043	28
Louisiana	43,733	42	Utah	56,633	15
Maine	46,581	37	Vermont	52,104	21
Maryland	70,545	1	Virginia	61,233	8
Massachusetts	65,401	6	Washington	58,078	10
Michigan	48,591	31	West Virginia	37,989	50
Minnesota	57,288	13	Wisconsin	52,094	22
Mississippi	37,790	51	Wyoming	53,207	20
Missouri	46,867	36	**United States**	**$52,029**	

Source: U.S. Census Bureau.

HOUSEHOLD INCOME SPENT ON HOME OWNERSHIP COSTS, 2008[1]

State	Percent	Rank[2]	State	Percent	Rank[2]
Alabama	28.8%	38	Montana	33.5%	29
Alaska	32.5	31	Nebraska	26.6	46
Arizona	41.3	10	Nevada	48.9	4
Arkansas	27.5	44	New Hampshire	41.1	11
California	53.3	1	New Jersey	46.3	5
Colorado	36.9	19	New Mexico	34.4	24
Connecticut	40.9	13	New York	41.1	11
Delaware	36.5	20	North Carolina	31.6	32
D.C.	37.5	17	North Dakota	23.1	51
Florida	49.1	3	Ohio	30.7	37
Georgia	34.0	27	Oklahoma	26.5	47
Hawaii	49.3	2	Oregon	41.4	8
Idaho	33.8	28	Pennsylvania	33.1	30
Illinois	38.6	16	Rhode Island	42.2	6
Indiana	28.1	41	South Carolina	30.9	35
Iowa	24.3	50	South Dakota	27.8	42
Kansas	25.1	49	Tennessee	31.1	34
Kentucky	27.7	43	Texas	31.3	33
Louisiana	28.6	39	Utah	35.1	23
Maine	37.1	18	Vermont	38.8	15
Maryland	39.2	14	Virginia	35.5	22
Massachusetts	41.9	7	Washington	41.4	8
Michigan	35.8	21	West Virginia	25.4	48
Minnesota	34.4	24	Wisconsin	34.1	26
Mississippi	30.8	36	Wyoming	27.0	45
Missouri	28.4	40	**United States**	**37.6%**	

[1]Homeowner costs as a percent of household income. Based on mortgaged owner-occupied housing units spending 30 percent or more of household income on selected owner costs such as all mortgage payments (first mortgage, home equity loans, etc.), real estate taxes, property insurance, utilities, fuel and condominium fees if applicable.
[2]States with the same percentages receive the same rank.

Source: U.S. Census Bureau.

- In 2008 home ownership costs as a percentage of income were highest in California, followed by Hawaii and Florida.
- Homeownership costs were lowest in North Dakota, followed by Iowa and Kansas.

- In 2008 median housing values were highest in Hawaii, followed by the District of Columbia and California.
- Median housing values were lowest in West Virginia, followed by Mississippi and Oklahoma.

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MEDIAN HOUSING VALUE BY STATE, 2008[1]

State	Median value	Rank[2]	State	Median value	Rank[2]
Alabama	$121,500	44	Montana	$180,300	26
Alaska	237,800	17	Nebraska	126,500	40
Arizona	229,200	19	Nevada	271,500	12
Arkansas	105,700	48	New Hampshire	264,700	14
California	467,000	3	New Jersey	364,100	4
Colorado	242,200	16	New Mexico	165,100	30
Connecticut	306,000	9	New York	318,900	7
Delaware	250,900	15	North Carolina	154,500	32
D.C.	474,100	2	North Dakota	112,500	47
Florida	218,700	20	Ohio	140,200	35
Georgia	169,100	29	Oklahoma	105,500	49
Hawaii	560,200	1	Oregon	273,300	11
Idaho	183,700	25	Pennsylvania	164,700	31
Illinois	214,900	21	Rhode Island	286,000	10
Indiana	125,200	43	South Carolina	138,700	36
Iowa	120,700	45	South Dakota	126,200	41
Kansas	125,700	42	Tennessee	138,600	37
Kentucky	118,400	46	Texas	126,800	39
Louisiana	132,400	38	Utah	236,000	18
Maine	180,200	27	Vermont	214,700	22
Maryland	341,200	6	Virginia	269,600	13
Massachusetts	353,600	5	Washington	308,100	8
Michigan	151,300	33	West Virginia	95,900	51
Minnesota	213,800	23	Wisconsin	173,300	28
Mississippi	99,700	50	Wyoming	188,200	24
Missouri	141,500	34	**United States**	**$197,600**	

[1]Owner-occupied housing units.
[2]States with the same percentages receive the same rank.

Source: U.S. Census Bureau.

PERCENT OF OCCUPIED HOUSING UNITS THAT ARE OWNER OCCUPIED, 2008

State	Percent	Rank[1]	State	Percent	Rank[1]
Alabama	71.0%	11	Montana	68.5%	31
Alaska	65.0	42	Nebraska	69.3	24
Arizona	68.1	34	Nevada	59.7	47
Arkansas	67.4	36	New Hampshire	72.3	6
California	57.0	49	New Jersey	67.0	39
Colorado	67.5	35	New Mexico	69.2	26
Connecticut	69.0	28	New York	55.3	50
Delaware	73.5	4	North Carolina	68.2	33
D.C.	43.4	51	North Dakota	66.6	40
Florida	69.7	20	Ohio	69.0	28
Georgia	67.4	36	Oklahoma	67.2	38
Hawaii	59.1	48	Oregon	64.3	45
Idaho	70.9	12	Pennsylvania	70.8	13
Illinois	69.3	24	Rhode Island	62.4	46
Indiana	71.8	9	South Carolina	70.6	14
Iowa	72.9	5	South Dakota	69.2	26
Kansas	69.4	23	Tennessee	69.8	19
Kentucky	69.5	21	Texas	64.9	43
Louisiana	68.5	31	Utah	71.7	10
Maine	72.1	8	Vermont	72.2	7
Maryland	69.5	21	Virginia	68.7	30
Massachusetts	64.5	44	Washington	65.3	41
Michigan	74.0	2	West Virginia	73.7	3
Minnesota	74.7	1	Wisconsin	70.1	15
Mississippi	70.1	15	Wyoming	70.1	15
Missouri	70.1	15	**United States**	**66.6%**	

[1]States with the same percentages receive the same rank.

Source: U.S. Census Bureau.

- In 2008 Minnesota, Michigan, West Virginia, Delaware and Iowa had the highest percentage of owner-occupied housing units.
- The District of Columbia had the lowest percentage of owner-occupied units, followed by New York, California, Hawaii and Nevada.

Income and Expenses

- Nationwide, 46.1 percent of renters spent at least 30 percent of their household income on rent and utilities in 2008.
- In 2008 housing costs as a percentage of income were lowest for renters in Wyoming, followed by North Dakota, South Dakota, Nebraska and Alaska.
- Florida renters had the highest housing costs as a percentage of income, followed by California, Hawaii, Michigan and Connecticut.

HOUSEHOLD INCOME SPENT ON RENT AND UTILITIES, 2008[1]

State	Percent	Rank[2]	State	Percent	Rank[2]
Alabama	41.3%	36	Montana	40.4%	41
Alaska	38.0	47	Nebraska	37.7	48
Arizona	46.4	17	Nevada	47.3	11
Arkansas	42.3	34	New Hampshire	44.9	23
California	52.1	2	New Jersey	47.5	7
Colorado	47.3	11	New Mexico	42.7	32
Connecticut	48.2	5	New York	47.9	6
Delaware	47.5	7	North Carolina	41.8	35
D.C.	45.5	21	North Dakota	34.4	50
Florida	53.7	1	Ohio	44.1	24
Georgia	45.3	22	Oklahoma	40.0	44
Hawaii	50.4	3	Oregon	47.4	10
Idaho	41.3	36	Pennsylvania	43.6	27
Illinois	45.6	20	Rhode Island	46.5	15
Indiana	43.5	28	South Carolina	40.8	39
Iowa	39.7	45	South Dakota	34.9	49
Kansas	40.3	42	Tennessee	43.0	30
Kentucky	40.7	40	Texas	43.9	25
Louisiana	43.5	28	Utah	40.2	43
Maine	47.3	11	Vermont	47.5	7
Maryland	46.9	14	Virginia	43.7	26
Massachusetts	46.5	15	Washington	45.7	19
Michigan	48.8	4	West Virginia	38.2	46
Minnesota	46.4	17	Wisconsin	42.5	33
Mississippi	43.0	30	Wyoming	32.5	51
Missouri	41.1	38	**United States**	**46.1%**	

[1]Based on renter-occupied units spending 30 percent or more on rent and utilities such as electric, gas, water and sewer, and fuel (oil, coal, etc.) if paid by the renter.
[2]States with the same percentages receive the same rank.

Source: U.S. Census Bureau.

PERCENT OF PEOPLE WITHOUT HEALTH INSURANCE BY STATE, 2006-2008 AVERAGE[1]

State	Percent	Rank[2]	State	Percent	Rank[2]
Alabama	13.0%	29	Montana	16.3%	16
Alaska	18.2	9	Nebraska	12.5	31
Arizona	19.6	5	Nevada	18.5	7
Arkansas	17.6	11	New Hampshire	10.7	40
California	18.5	7	New Jersey	15.1	18
Colorado	16.5	15	New Mexico	23.0	2
Connecticut	9.6	46	New York	13.8	25
Delaware	11.4	36	North Carolina	16.6	14
D.C.	10.4	41	North Dakota	11.4	36
Florida	20.5	3	Ohio	11.1	39
Georgia	17.7	10	Oklahoma	16.9	13
Hawaii	8.1	50	Oregon	17.0	12
Idaho	15.0	19	Pennsylvania	9.8	44
Illinois	13.4	27	Rhode Island	10.4	41
Indiana	11.8	33	South Carolina	16.1	17
Iowa	9.8	44	South Dakota	11.5	35
Kansas	12.4	32	Tennessee	14.4	22
Kentucky	15.0	19	Texas	24.9	1
Louisiana	20.1	4	Utah	14.5	21
Maine	9.5	47	Vermont	10.2	43
Maryland	13.2	28	Virginia	13.5	26
Massachusetts	7.1	51	Washington	11.8	33
Michigan	11.3	38	West Virginia	14.2	23
Minnesota	8.7	49	Wisconsin	8.9	48
Mississippi	19.1	6	Wyoming	13.9	24
Missouri	12.8	30	**United States**	**15.5%**	

[1]Includes private coverage from an employer or purchased by an individual and government coverage including Medicare, Medicaid, military healthcare, the State Children's Health Insurance Program and individual state health plans. People were considered insured if they were covered by any coverage for part or all of the previous calendar year.
[2]States with the same percentages receive the same rank.

Source: U.S. Census Bureau.

- Texas, followed by New Mexico and Florida, had the highest percentage of people without health insurance during the period 2006-2008.
- Massachusetts and Hawaii had the lowest percentage of people without healthcare, followed by Minnesota.

Aging

- Florida, followed by West Virginia and Pennsylvania, had the highest percentage of people 65 or older in 2008.
- Alaska had the lowest percentage of people over 65, followed by Utah and Georgia.

PERCENT OF THE TOTAL POPULATION WHO ARE 65 YEARS AND OVER, 2008

State	Percent	Rank[1]	State	Percent	Rank[1]
Alabama	13.8%	14	Montana	14.2%	10
Alaska	7.3	51	Nebraska	13.5	18
Arizona	13.3	22	Nevada	11.4	45
Arkansas	14.3	9	New Hampshire	12.9	32
California	11.2	46	New Jersey	13.3	22
Colorado	10.3	47	New Mexico	13.1	29
Connecticut	13.7	15	New York	13.4	20
Delaware	13.9	12	North Carolina	12.4	36
D.C.	11.9	44	North Dakota	14.7	7
Florida	17.4	1	Ohio	13.7	15
Georgia	10.1	49	Oklahoma	13.5	18
Hawaii	14.8	5	Oregon	13.3	22
Idaho	12.0	42	Pennsylvania	15.3	3
Illinois	12.2	38	Rhode Island	14.1	11
Indiana	12.8	33	South Carolina	13.3	22
Iowa	14.8	5	South Dakota	14.4	8
Kansas	13.1	29	Tennessee	13.2	28
Kentucky	13.3	22	Texas	10.2	48
Louisiana	12.2	38	Utah	9.0	50
Maine	15.1	4	Vermont	13.9	12
Maryland	12.1	40	Virginia	12.1	40
Massachusetts	13.4	20	Washington	12.0	42
Michigan	13.0	31	West Virginia	15.7	2
Minnesota	12.5	35	Wisconsin	13.3	22
Mississippi	12.6	34	Wyoming	12.3	37
Missouri	13.6	17	**United States**	**12.8%**	

[1]States with the same percentages receive the same rank.

Source: U.S. Census Bureau.

YEAR	EVENT
1601	First insurance legislation in the U.K. enacted. Modern insurance has its root in this law concerning coverages for merchandise and ships.
1735	Friendly Society, first insurance company in the U.S., established in Charleston, S.C. The mutual insurer went out of business in 1740.
1759	First life insurance company, established in Philadelphia by the Synod of the Presbyterian Church.
1762	Equitable Life Assurance founded. Was the world's oldest mutual insurer until it failed in 2001.
1782	Pennsylvania chartered first bank in the U.S.
1790	The federal government refinanced all federal and state Revolutionary War debt, issuing $80 million in bonds. These became the first major issues of publicly traded securities, marking the birth of the U.S. investment markets.
1791	Secretary of the Treasury, Alexander Hamilton, established First Bank of the United States.
1792	Insurance Company of North America, first stock insurance company, established.
	The Buttonwood Agreement, pact between 24 brokers and merchants to trade securities on a common commission basis, marked the origins of the New York Stock Exchange. Bank of America was first listed stock.
1809	Rhode Island was the scene of first bank failure.
1849	New York passed first general insurance law in the U.S.
1850	Franklin Health Assurance Company of Massachusetts offered first accident and health insurance.
1863	Office of the Comptroller of the Currency established in the U.S. Treasury Department. Authorized to charter banks and issue national currency.
1875	American Express established first pension plan in the U.S.
1880	First corporate surety company established.
1890	First policies providing benefits for disabilities from specific diseases offered.
1898	Travelers Insurance Company issued first automobile insurance policy in the U.S.
1909	St. Mary's Cooperative, first U.S. credit union, formed in New Hampshire.
	Massachusetts passed first state credit union law.
1911	Group life insurance for employees introduced.
1913	Federal Reserve established to replace J.P. Morgan as lender of last resort.
1916	National Bank Act, limiting bank insurance sales, except in small towns, passed.
1920	Financial options introduced.
1924	First mutual funds established in Boston.
1929	Stock market crash. Nearly 10,000 U.S. banks failed.

Appendices

Brief History

YEAR	EVENT
1932	Federal Home Loan Bank Act established Federal Home Loan Bank System to act as central credit system for savings and loans institutions.
1933	Glass-Steagall Act, separating banking and securities industries, passed by Congress.
	Federal Deposit Insurance Corporation, guaranteeing accounts up to $2,500, opened.
	Securities Act of 1933 passed. Regulated registration and offering of new securities, including mutual funds, to the public.
1934	Securities Exchange Act passed. Authorized Securities and Exchange Commission to provide for fair and equitable securities markets.
	Federal Savings and Loan Insurance Corporation established by Congress to insure savings and loans deposits. Replaced by Savings Association Insurance Fund in 1989.
	Federal Credit Union Act of 1934 authorized establishment of federally chartered credit unions in all states.
1936	Revenue Act of 1936 established tax treatment of mutual funds.
1940	Investment Company Act set structure and regulatory framework for modern mutual fund industry.
1944	National Association of Investment Companies, predecessor to the Investment Company Institute, formed and began collecting statistics.
1950	First package policies for homeowners insurance introduced.
1955	First U.S.-based international mutual fund introduced.
1956	Bank Holding Company (BHC) Act, putting multiple bank holding companies under federal supervision, passed. Stipulates that nonbanking activities of BHCs must be "closely related to the business of banking."
1960	Bank Merger Acts of 1960 and 1966 set standards for mergers and placed them under federal authority.
1961	Banking industry introduced fixed-rate certificates of deposit.
1962	Keogh plans, providing savings opportunities for self-employed individuals, introduced under the Self Employed Individuals Tax Retirement Act.
1968	Mortgage insurance introduced.
	Federal flood insurance program established with the passage of the National Flood Insurance Act. It enables property owners in communities that participate in flood reduction plans to purchase insurance against flood losses.
1970	U.S. government introduced mortgage-related securities to increase liquidity.
	National Credit Union Administration created to charter and supervise federal credit unions.
	National Credit Union Share Insurance Fund created by Congress to insure members' deposits in credit unions up to the $100,000 federal limit. Administered by the National Credit Union Administration.

YEAR	EVENT
1971	Municipal bonds insured for first time in arrangement between American Municipal Bond Assurance Corporation (predecessor to Ambac Assurance Corporation) and Borough Medical Arts Building in Alaska.
	NASDAQ, the first electronic stock market, was introduced by NASD, then known as the National Association of Securities Dealers. NASDAQ was spun off in 2000.
1972	Money market mutual funds introduced.
1974	Automated teller machines (ATMs) widely introduced.
	Employee Retirement Income Security Act (ERISA) set minimum standards for pension plans in private industry; established the federal Pension Benefit Guaranty Corporation to protect pension benefits.
1975	SEC deregulated broker commissions by eliminating fixed commissions brokers charged for all securities transactions.
1976	First individual variable life insurance policy issued.
1977	Banking industry introduced variable rate certificates of deposit.
	Community Reinvestment Act passed to encourage banks to meet credit needs of their local communities.
1978	International Banking Act limited the extent to which foreign banks could engage in securities activities in the U.S.
1979	Congress created the Central Liquidity Facility, credit union lender of last resort.
1980	Depository Institutions Deregulation and Monetary Control Act provided universal requirements for all financial institutions, marking first step toward removing restrictions on competition for deposits.
	The Office of the Comptroller of the Currency and the Federal Reserve authorized banks to establish securities subsidiaries to combine the sale of securities with investment advisory services.
1982	Garn-St. Germain Depository Institutions Act authorized money market accounts and expanded thrifts' lending powers.
	Stock market futures contracts introduced.
1983	Federal government introduced collateralized mortgage obligations.
	Bank of America bought discount securities broker, Charles Schwab. Schwab reacquired the discounter in 1987.
1987	Federal Reserve ruling interpreting Section 20 of Glass-Steagall as permitting separately capitalized affiliates of commercial bank holding companies to engage in a variety of securities activities on a limited basis.
1989	Financial Institutions Reform, Recovery and Enforcement Act established, providing government funds to insolvent savings and loan institutions (S&Ls) from the Resolution Trust Corporation and incorporating sweeping changes in the examination and supervision of S&Ls.
	Savings Association Insurance Fund, deposit insurance fund operated by the FDIC, established.
1990	J.P. Morgan permitted to underwrite securities.
1992	European Union's Third Non-Life Insurance Directive became effective, establishing a single European market for insurance.

Appendices

Brief History

YEAR	EVENT
1994	Riegle-Neal Interstate Banking and Branching Efficiency Act allowed bank holding companies to acquire banks in any state and, as of June 1, 1997, to branch across state lines.
1995	U.S. Supreme Court ruled in NationsBank vs. Variable Annuity Life Insurance Company that annuities are not a form of insurance under the National Bank Act, thus allowing national banks to sell annuities without limitation.
	Private Securities Litigation Reform Act of 1995 enacted to reduce the number of frivolous securities fraud lawsuits filed.
1996	Barnett Bank U.S. Supreme Court decision allowed banks to sell insurance nationwide.
1996	Section 20 of Glass-Steagall amended to allow commercial bank affiliates to underwrite up to 25 percent of revenue in previously ineligible securities of corporate equity or debt.
1997	The Financial Services Agreement of the General Agreement on Trade in Services provided framework to reduce or eliminate barriers that prevent financial services from being freely provided across national borders, or that discriminate against foreign-owned firms.
1998	Citibank and Travelers merged to form Citigroup, a firm engaged in all major financial services sectors.
1999	Gramm-Leach-Bliley Financial Services Modernization Act allowed banks, insurance companies and securities firms to affiliate and sell each other's products.
2001	U.S. House of Representatives Banking Committee renamed itself the Financial Services Committee.
2002	JPMorgan Chase introduced an annuity, becoming one of the first banking companies to underwrite an insurance product under the Gramm-Leach-Bliley Act.
	Sarbanes-Oxley Act enacted to increase the accountability of the boards of publicly held companies to their shareholders. Strengthened the oversight of corporations and their accounting firms.
	President Bush signed the Terrorism Risk Insurance Act (TRIA), whereby private insurers and the federal government share the risk of future losses from terrorism for a limited period.
2003	State regulators and the Securities and Exchange Commission (SEC) launched investigations into late trading and market timing in the mutual funds and variable annuities industries.
	Fair and Accurate Credit Transaction Act (FCRA) enacted to provide uniform rules for banks, insurers and others who use credit information, and to provide credit fraud and identity theft protections.
2004	New York Attorney General Eliot Spitzer, the Securities and Exchange Commission, and a number of state regulators launched investigations into insurance industry sales and accounting practices.
2005	Federal Bankruptcy Prevention and Consumer Protection Act was enacted to tighten rules for personal bankruptcy.
	Citigroup sold off its Travelers' life insurance unit, following the spin off of its property/casualty business in 2002. This dissolved the arrangement that led to the passage of the Gramm-Leach-Bliley Act in 1999.

YEAR	EVENT
2006	President Bush signed the Federal Deposit Insurance Reform Conforming Amendments Act of 2005, which merges the Bank Insurance Fund and the Savings Association Insurance Fund into the new Deposit Insurance Fund, increases the deposit insurance limit for certain retirement accounts from $100,000 to $250,000, and indexes that limit to inflation.
	Congress passed landmark pension reform legislation to close funding shortfalls in the nation's defined benefit system. The act also provides tax incentives for workers to enroll in individual retirement accounts, secures the legality of cash balance pension plans and permits automatic enrollment in employer-sponsored defined contribution pension plans such as 401(k)s.
	Massachusetts became the first state to pass a universal health insurance law.
	NASD and the New York Stock Exchange formed the Financial Industry Regulatory Authority (FINRA), a self-regulatory organization to serve as the single regulator for all securities firms doing business in the U.S.
2008	Washington Mutual was taken over by JPMorgan Chase after it was shut down by federal regulators, marking the largest failure in banking history.
	The federal government took over Fannie Mae and Freddie Mac and assumed a 80 percent ownership in American International Group, reflecting widespread turmoil in financial markets.
	Securities giant Lehman Brothers failed, marking the largest bankruptcy in U.S. history. Two other major securities firms, Goldman Sachs and Morgan Stanley, got federal approval to convert to bank holding companies.
	The Emergency Economic Stabilization Act, a $700 billion rescue plan for the U.S. financial services industry, was enacted. The act established the Trouble Asset Relief Program (TARP), which authorized the U.S. government to purchase assets and equity from qualifying financial institutions.
2009	American Recovery and Reinvestment Act, a $787 billion stimulus program to shore up the nation's economy, was enacted.
	The Financial Stability Plan was implemented by the U.S. Treasury to stabilize the financial markets and promote economic recovery.
	The Obama administration proposed a financial services regulatory overhaul that would boost the Federal Reserve's oversight of the largest financial institutions and create a new consumer protection agency, among other measures.

Financial Services Organizations

Advantage Group Associates, Inc. • 215 SE Wildflower Court, Pleasant Hill, IA 50327. Tel. 515-262-2623. www.annuityspecs.com — A third-party market research firm that tracks indexed annuity and indexed life products, carriers and sales.

A.M. Best Company, Inc. • Ambest Rd., Oldwick, NJ 08858. Tel. 908-439-2200. www.ambest.com — Rating organization and publisher of books and periodicals relating to the insurance industry.

America's Health Insurance Plans • 601 Pennsylvania Ave., NW, South Building, Suite 500, Washington, DC 20004. Tel. 202-778-3200. Fax. 202-331-7487. www.ahip.org — National trade association representing health insurance plans providing medical, long-term care, disability income, dental supplemental, stop-gap and reinsurance coverage.

American Bankers Association • 1120 Connecticut Ave., NW, Washington, DC 20036. Tel. 800-BANKERS. Fax. 202-828-4540. www.aba.com — Represents banks of all sizes on issues of national importance for financial institutions and their customers. Brings together all categories of banking institutions, including community, regional and money center banks and holding companies, as well as savings associations, trust companies and savings banks.

American Bankers Insurance Association • 1120 Connecticut Ave., NW, Washington, DC 20036. Tel. 202-663-5163. Fax. 202-828-4546. www.theabia.com — A separately chartered affiliate of the American Bankers Association. A full service association for bank insurance interests dedicated to furthering the policy and business objectives of banks in insurance.

The American College • 270 S. Bryn Mawr, PA 19010. Tel. 610-526-1000. Fax. 610-526-1465. www.theamericancollege.edu — An independent, accredited, nonprofit educational institution that provides graduate and professional education, primarily on a distance learning basis, to people pursuing career growth in the field of financial services.

American Council of Life Insurers • 101 Constitution Ave, NW Ave., Suite 700, Washington, DC 20001-2133. Tel. 202-624-2000. www.acli.com — Trade association responsible for the public affairs, government, legislative and research aspects of the life insurance business.

American Financial Services Association • 115 S. LaSalle St., Suite 3300, Chicago, IL 60603-3801. Tel. 800-224-9899. Fax. 312-683-2373. www.americanfinsvcs.com — The national trade association for market funded providers of financial services to consumers and small businesses.

American Insurance Association • 1130 Connecticut Ave., Suite 1000, NW, Washington, DC 20036. Tel. 202-828-7100. Fax. 202-293-1219. www.aiadc.org — Trade and service organization for property/casualty insurance companies. Provides a forum for the discussion of problems and provides safety, promotional and legislative services.

Association of Financial Guaranty Insurers • c/o Bob Mackin, AFGI Executive Director, Mackin & Company, 139 Lancaster St., Albany, NY, 12210-1903. Tel. 518-449-4698. Fax. 518-432-5651. www.afgi.org — Trade association of the insurers and reinsurers of municipal bonds and asset-backed securities.

BankInsurance.com Newsletter • 823 King of Prussia Rd., Radnor, PA 19087. Tel. 610-254-0440. Fax. 610-254-5044. www.BankInsurance.com — A monthly electronic publication that distills the important news stories in the bank insurance and investment marketplace with information, impact and analytic benchmarking not found elsewhere.

Bank Administration Institute • One N. Franklin, Suite 1000, Chicago, IL 60606-3421. Tel. 888-284-4078. Fax. 800-375-5543. www.bai.org — A professional organization devoted exclusively to improving the performance of financial services companies through strategic research and information, education and training.

Bank for International Settlements • CH-4002, Basel, Centralbahnplatz 2, Basel, Switzerland. Tel. 41-61-280-8080. Fax. 41-61-280-9100. www.bis.org — An international organization which fosters cooperation among central banks and other agencies in pursuit of monetary and financial stability.

Bank Insurance & Securities Association • 303 West Lancaster Ave., Suite 2D, Wayne, PA 19087. Tel. 610-989-9047. Fax. 610-989-9102. www.bisanet.org — Fosters the full integration of securities and insurance businesses with depository institutions' traditional banking businesses. Participants include executives from the securities, insurance, investment advisory, trust, private banking, retail, capital markets and commercial divisions of depository institutions.

Bank Insurance Market Research Group • 154 E. Boston Post Rd., Mamaroneck, NY 10543. Tel. 914-381-7475. www.singerpubs.com — Provides market research and investment sales data to the bank and insurance industries, based on in-depth surveys of depository and insurance entities augmented by analysis of government data.

Certified Financial Planner Board of Standards, Inc. • 1425 K Street, NW, Suite 500, Washington, DC 20005. Tel. 202-379-2200. Fax. 202-379-2299. www.cfp.net — Group whose mission is to create awareness of the importance of financial planning and the value of the financial planning process and to help underserved populations gain access to competent and ethical financial planning.

CFA Institute • 560 Ray C. Hunt Dr., Charlottesville, VA 22903-2981. Tel. 800-247-8132. Fax. 434-951-5262. www.cfainstitute.org — Global membership organization that awards the CFA designation, the institute leads the investment industry by setting the highest standards of ethics and professional excellence and vigorously advocating fair and transparent capital markets.

College Savings Plans Network • PO Box 11910, Lexington, KY 40578-1910. Tel. 859-244-8175. Fax. 859-244-8053. www.collegesavings.org — An affiliate of the National Association of State Treasurers. The Network serves as a clearinghouse for information on college savings programs.

Commercial Finance Association • 370 7th Ave., Suite 1801, New York, NY 10001. Tel. 212-793-9390. Fax. 212-564-6053. www.cfa.com — The trade group of the asset-based financial services industry, with members throughout the U.S., Canada and around the world.

The Committee of Annuity Insurers • c/o Davis & Harman LLP, 1455 Pennsylvania Ave., NW, Suite 1200, Washington, DC 20004. Tel. 202-347-2230. Fax. 202-393-3310. www.annuity-insurers.org — Group whose goal is to address federal legislative and regulatory issues relevant to the annuity industry and to participate in the development of federal tax and securities policies regarding annuities.

Commodity Futures Trading Commission • Three Lafayette Centre, 1155 21st St., NW, Washington, DC 20581. Tel. 202-418-5000. Fax. 202-418-5521. www.cftc.gov — Independent agency created by Congress to protect market participants against manipulation, abusive trade practices and fraud.

Conference of State Bank Supervisors • 1155 Connecticut Ave., NW, 5th Fl., Washington, DC 20036-4306. Tel. 202-296-2840. Fax. 202-296-1928. www.csbs.org — National organization that advocates on behalf of the nation's state banking system.

Appendices

Financial Services Organizations

Conning Research and Consulting Inc. • One Financial Plaza, Hartford, CT 06103-2627. Tel. 860-299-2000. www.conningresearch.com — Research and consulting firm that offers a growing array of specialty information products, insights and analyses of key issues confronting the insurance industry.

Consumer Bankers Association • 1000 Wilson Blvd., Suite 2500, Arlington, VA 22209-3912. Tel. 703-276-1750. Fax. 703-528-1290. www.cbanet.org — This group is the recognized voice on retail banking issues in the nation's capital.

The DMA Financial Services Council • 1120 Avenue of the Americas, New York, NY 10036-6700. Tel. 212-768-7277. Fax. 212-302-6714. www.the-dma.org — Integrates the direct marketing concept, its tactics and its practices with mainstream insurance and financial services marketing to create a strategic business synergism; a division of the Direct Marketing Association (DMA).

Eastbridge Consulting Group, Inc. • 50 Avon Meadow Lane, Avon, CT 06001. Tel. 860-676-9633. www.eastbridge.com — Provides consulting, marketing, training and research services to financial services firms, including those involved in worksite marketing and the distribution of individual and employee benefits products.

Employee Benefit Research Institute • 1100 13th St. NW, Suite 878, Washington, DC 20037-1896. Tel. 202-659-0670. Fax. 202-775-6312. www.ebri.org — The institute's mission is to advance knowledge and understanding of employee benefits and their importance to the U.S. economy.

Federal Deposit Insurance Corporation (FDIC) • 550 17th St., NW, Washington, DC 20429-9990. Tel. 877-275-3342. www.fdic.gov — The FDIC's mission is to maintain the stability of and public confidence in the nation's financial system. To achieve this goal, the FDIC has insured deposits and promoted safe and sound banking practices since 1933.

Federal Financial Institutions Examination Council • 3501 Fairfax Dr., Arlington, VA 22201-2305. Tel. 703-516-5487. Fax. 703-516-5588. www.ffiec.gov — A formal interagency body empowered to prescribe uniform principles, standards and report forms for the federal examination of financial institutions by the Board of Governors of the Federal Reserve System.

Federal Reserve • 20th St. and Constitution Ave., NW, Washington, DC 20551. Tel. 202-452-3000. www.federalreserve.gov — Central bank of the United States, founded by Congress in 1913 to provide the nation with a safer, more flexible, and more stable monetary and financial system.

The Financial Industry Regulatory Authority (FINRA)• 1735 K St., NW, Washington, DC 20006. Tel. 301-590-6500. Fax. 240-386-4838. www.finra.org — Largest non-governmental regulator for all securities firms doing business in the United States. Created in July 2007 through the consolidation of NASD and the member regulation, enforcement and arbitration functions of the New York Stock Exchange.

The Financial Planning Association • 4100 E. Mississippi Ave., Suite 400, Denver, CO 80246-3053. Tel. 800-322-4237. Fax. 303-759-0749. www.fpanet.org — Group whose primary aim is to foster the value of financial planning and advance the financial planning profession.

Financial Services Forum • 601 Thirteenth St., NW, Suite 750 South, Washington, DC 20005. Tel. 202-457-8765. Fax. 202-457-8769. www.financialservicesforum.org — An organization of 20 chief executive officers of major U.S. financial services firms dedicated to the execution and coordination of activities designed to promote the development of an open and competitive financial services industry.

The Financial Services Roundtable • 1001 Pennsylvania Ave., NW, Suite 500 South, Washington, DC 20004. Tel. 202-289-4322. Fax. 202-628-2507. www.fsround.org — A forum for U.S. financial industry leaders working together to determine and influence the most critical public policy concerns related to the integration of the financial services industry.

Fitch Credit Rating Company • One State Street Plaza, New York, NY 10004. Tel. 212-908-0500. Fax. 212-480-4435. www.fitchratings.com — Assigns claims-paying ability ratings to insurance companies.

Futures Industry Association • 2001 Pennsylvania Ave., NW, Suite 600, Washington, DC 20006. Tel. 202-466-5460. Fax. 202-296-3184. www.futuresindustry.org — Association representative of all organizations that have an interest in the futures market.

Global Association of Risk Professionals • 111 Town Square Place, Suite 1215, Jersey City, NJ 07310. Tel. 201-719-7210. Fax. 201-222-5022. www.garp.com — International group whose aim is to encourage and enhance communications between risk professionals, practitioners and regulators worldwide.

The Hedge Fund Association • 2875 NE 191st St., Suite 900, Aventura, FL 33180. Tel. 202-478-2000. Fax. 202-478-1999. www.thehfa.org — An international not-for-profit association of hedge fund managers, service providers and investors formed to unite the hedge fund industry and add to the increasing awareness of the advantages and opportunities in hedge funds.

Highline Data LLC • One Alewife Center, Suite 460, Cambridge, MA 02140. Tel. 877-299-9424. Fax. 617-864-2396. www.highlinedata.com — An information and data services company comprised of two principal product lines: National Underwriter Insurance Data Services and Highline Banking Data Services.

Independent Insurance Agents & Brokers of America, Inc. • 127 S. Peyton St., Alexandria, VA 22314. Tel. 800-221-7917. Fax. 703-683-7556. www.iiaba.net — Trade association of independent insurance agents.

Insurance Information Institute • 110 William St., New York, NY 10038. Tel. 212-346-5500. Fax. 212-732-1916. www.iii.org — A primary source for information, analysis and referral on insurance subjects.

Insurance Marketplace Standards Association • 4550 Montgomery Ave., Suite 700N, Bethesda, MD 20814 Tel. 240-744-3030. Fax. 240-744-3031. http://www.imsaethics.org — A nonprofit, independent organization created to strengthen consumer trust and confidence in the marketplace for individually sold life insurance, long-term care insurance and annuities.

Insured Retirement Institute • 1331 L St, NW, Suite 310, Washington, DC 20005 Tel. 202-469-3000. Fax. 202-898-5786. www.irionline.org — Source of knowledge pertaining to annuities, insured retirement products and retirement planning; provides educational and informational resources. Formerly the National Association for Variable Annuities (NAVA).

International Financial Risk Institute • 2, Cours de Rive, 1204 Geneva, Switzerland. Tel. 41-22-312-5678. Fax. 41-22-312-5677. www.riskinstitute.ch — Nonprofit foundation created with the objective of promoting global understanding of commodity trading as well as financial futures and options.

International Swaps and Derivatives Association • 360 Madison Ave., 16th Fl, New York, NY 10017. Tel. 212-901-6000. Fax. 212-901-6001. www.isda.org — The association's primary purpose is to encourage the prudent and efficient development of the privately negotiated derivatives business.

Financial Services Organizations

Investment Company Institute • 1401 H St., Suite 1200, NW, Washington, DC 20005. Tel. 202-326-5800. www.ici.org — The national association of the American investment company industry.

ISO • 545 Washington Blvd., Jersey City, NJ 07310-1686. Tel. 800-888-4476. Fax. 201-748-1472. www.iso.com — Provider of products and services that help measure, manage and reduce risk. Provides data, analytics and decision-support solutions to professionals in many fields, including insurance, finance, real estate, health services, government and human resources.

Kehrer-LIMRA • 300 Day Hill Rd., Windsor, CT 06095-4761. Tel. 978-448-0198. Fax. 860-298-9555. www.kehrerlimra.com — Consultant focusing on the financial services marketplace. Conducts studies of sales penetration, profitability, compensation and compliance.

Life Insurance Settlement Association • 1101 E. Colonial Dr., Suite 500, Orlando, FL 32803-4635. Tel. 407-894-3797. Fax. 407-897-1325. www.thevoiceoftheindustry.com — Promotes the development, integrity and reputation of the life settlement industry and a competitive market.

The Life and Health Insurance Foundation for Education • 1655 N. Fort Myer Drive, Suite 610, Arlington, VA 22209. Tel. 888-LIFE-777. Fax. 202-464-5011. www.lifehappens.org — Nonprofit organization dedicated to addressing the public's growing need for information and education about life, health, disability and long-term care insurance.

LIMRA International • 300 Day Hill Rd., Windsor, CT 06095. Tel. 860-688-3358. Fax. 860-298-9555. www.limra.com — Worldwide association providing research, consulting and other services to insurance and financial services companies in more than 60 countries. LIMRA helps its member companies maximize their marketing effectiveness.

LOMA (Life Office Management Association) • 2300 Windy Ridge Pkwy., Suite 600, Atlanta, GA 30339-8443. Tel. 770-951-1770. Fax. 770-984-0441. www.loma.org — Worldwide association of insurance companies specializing in research and education, with a primary focus on home office management.

Michael White Associates • 823 King of Prussia Rd., Radnor, PA 19087. Tel. 610-254-0440. Fax. 610-254-5044. www.BankInsurance.com — Consulting firm that helps clients plan, develop and implement bank insurance sales programs. Conducts research on and benchmarks performance of bank insurance and investment fee income activities.

Money Management Institute • 1140 Connecticut Ave., NW, Suite 1040, Washington DC 20036-4001. Tel. 202-822-4949. Fax. 202-822-5188. www.moneyinstitute.com — National organization for the managed account solutions industry, represents portfolio manager firms and sponsors.

Moody's Investors Service • 7 World Trade Center at 250 Greenwich St., New York, NY 10007. Tel. 212-553-1653. Fax. 212-553-0882. www.moodys.com — Global credit analysis and financial information firm.

Mortgage Bankers Association of America • 1331 L Street, NW, Washington, DC 20005. Tel. 202-557-2700. www.mbaa.org — Represents the real estate finance industry.

Mortgage Insurance Companies of America (MICA) • 1425 K St., NW, Suite 210, Washington, DC 20005. Tel. 202-682-2683. Fax. 202-842-9252. www.privatemi.com — Represents the private mortgage insurance industry. MICA provides information on related legislative and regulatory issues, and strives to enhance understanding of the vital role private mortgage insurance plays in housing Americans.

Museum of American Finance • 48 Wall Street, New York, NY 10005. Tel. 212-908-4110. Fax. 212-908-4601. www.moaf.org — An affiliate of the Smithsonian Institution, the museum is the nation's only independent public museum dedicated to celebrating the spirit of entrepreneurship and the democratic free market tradition.

National Association for Fixed Annuities • 2300 E. Kensington Blvd. Milwaukee, WI 53211. Tel. 414-332-9306. Fax. 415-946-3532. www.nafa.com — Promotes the growth, acceptance and understanding of annuity and life products; provides educational and informational resources.

National Association of Federal Credit Unions • 3138 10th St. North, Arlington, VA 22201-2149. Tel. 800-336-4644. Fax. 703-524-1082. www.nafcunet.org — Trade association that exclusively represents the interests of federal credit unions before the federal government and the public.

National Association of Health Underwriters • 2000 N. 14th St., Suite 450, Arlington, VA 22201. Tel. 703-276-0220. Fax. 703-841-7797. www.nahu.org — Professional association of people who sell and service disability income, and hospitalization and major medical health insurance.

National Association of Insurance and Financial Advisors • 2901 Telestar Ct., PO Box 12012, Falls Church, VA 22042-1205. Tel. 703-770-8100. www.naifa.org — Professional association representing health and life insurance agents.

National Association of Insurance Commissioners • 2301 McGee St., Suite 800, Kansas City, MO 64108-2662. Tel. 816-842-3600. Fax. 816-783-8175. www.naic.org — Organization of state insurance commissioners to promote uniformity in state supervision of insurance matters and to recommend legislation in state legislatures.

National Association of Investment Professionals • Tel. 952-322-4322. www.naip.com — Promotes the interests and the image of its financial professionals members, and encourages and facilitates higher levels of competency in members so that they may better serve the investing public.

National Association of Mortgage Brokers • 7900 Westpark Dr., Suite T309, McLean, VA 22102. Tel. 703-342-5900. Fax. 703-342-5905. www.namb.org — National trade association representing the mortgage broker industry; promotes the industry through programs and services such as education, professional certification and government affairs representation.

National Association of Mutual Insurance Companies • 3601 Vincennes Rd., Indianapolis, IN 46268. Tel. 317-875-5250. Fax. 317-879-8408. www.namic.org — Trade association of property/casualty mutual insurance companies.

The National Association of Personal Financial Advisors • 3250 North Arlington Heights Rd., Suite 109, Arlington Heights, IL 60004. Tel. 847-483-5400. Fax. 847-483-5415. www.napfa.org — Organization of fee-only financial planning professionals serving individuals and institutions.

National Association of Professional Insurance Agents • 400 N. Washington St., Alexandria, VA 22314. Tel. 703-836-9340. Fax. 703-836-1279. www.pianet.com — Trade association of independent insurance agents.

National Credit Union Administration • 1775 Duke St., Alexandria, VA 22314-3428. Tel. 703-518-6300. Fax. 703-518-6660. www.ncua.gov — An independent agency in the executive branch of the federal government responsible for chartering, insuring, supervising and examining federal credit unions.

NCCI Holdings, Inc. • 901 Peninsula Corporate Circle, Boca Raton, FL 33487-1362. Tel. 561-893-1000. Fax. 561-893-1191. www.ncci.com — Develops and administers rating plans and systems for workers compensation insurance.

National Futures Association • 300 S. Riverside Plaza, Suite 1800, Chicago, IL 60606-6615. Tel. 312-781-1300. Fax. 312-781-1467. www.nfa.futures.org — Industrywide self-regulatory organization for the commodity futures industry.

National Reverse Mortgage Lenders Association • 1400 16th St., NW, Suite 420, Washington, DC 20036. Tel. 202-939-1760. Fax. 202-265-4435. www.nrmlaonline.org — The national voice for lenders and investors engaged in the reverse mortgage business. The group educates consumers about the opportunity to utilize reverse mortgages and trains lenders to be sensitive to the needs of older Americans.

Office of Thrift Supervision • 1700 G St., NW, Washington, DC 20552. Tel. 202-906-6000. www.ots.treas.gov — The primary regulator of all federal and many state-chartered thrift institutions, which include savings banks and savings and loan associations.

Options Industry Council • One North Wacker Dr., Suite 500, Chicago, IL 60606. Tel. 800-678-4667. www.optionseducation.org — Nonprofit association created to educate the investing public and brokers about the benefits and risks of exchange-traded options.

Pension Research Council • The Wharton School of the University of Pennsylvania, 3620 Locust Walk, 3000 Steinberg Hall - Dietrich Hall, Philadelphia, PA 19104-6302. Tel. 215-898-7620. Fax. 215-573-3418. http://www.pensionresearchcouncil.org/about — Organization committed to generating debate on key policy issues affecting pensions and other employee benefits.

Property Casualty Insurers Association of America • 2600 South River Rd., Des Plaines, IL 60018-3286. Tel. 847-297-7800. Fax. 847-297-5064. www.pciaa.net — Serves as a voice on public policy issues and advocates positions that foster a competitive marketplace for property/casualty insurers and insurance consumers.

Reinsurance Association of America • 1301 Pennsylvania Ave., NW, Suite 900, Washington, DC. 20004. Tel. 202-638-3690. Fax. 202-638-0936. www.reinsurance.org — Trade association of property/casualty reinsurers; provides legislative services for members.

Retirement Income Industry Association • 101 Federal St., Suite 1900, Boston, MA 02110. Tel. 617-342-7390. Fax. 617-342-7080. www.riia-usa.org -- Financial services industry association focusing on the financial and public policy issues related to the income needs of retirees. Members include insurance companies, banks, securities firms and others.

Securities and Exchange Commission • 100 F St., NE, Washington, DC 20549. Tel. 202-942-8088. www.sec.gov — Primary mission is to protect investors and maintain the integrity of the securities markets.

Securities Industry and Financial Markets Association • 120 Broadway, 35th Fl., New York, NY 10271-0080. Tel. 212-313-1200. Fax. 212-313-1301. http://www.sifma.org — Association bringing together the shared interests of securities firms to accomplish common goals.

SNL Financial LC • One SNL Plaza, PO Box 2124, Charlottesville, VA 22902. Tel. 434-977-1600. Fax. 434-817-5320. www.snl.com — Research firm that collects, standardizes and disseminates all relevant corporate, financial, market and M&A data as well as news and analytics for the industries it covers: banking, specialized financial services, insurance, real estate and energy.

Society of Financial Services Professionals • 17 Campus Blvd., Suite 201, Newtown Square, PA 19073-3230. Tel. 610-526-2500. Fax. 610-527-1499. www.financialpro.org — Advances the professionalism of credentialed members with state-of-the-art resources to serve their clients' financial needs.

Standard & Poor's Rating Group • 55 Water St., New York, NY 10041. Tel. 212-438-2000. www. standardandpoors.com — Monitors the credit quality of bonds and other financial instruments of corporations, governments and supranational entities.

Surety Association of America • 1101 Connecticut Ave., NW, Suite 800, Washington, DC 20036. Tel. 202-463-0600. Fax. 202-463-0606. www.surety.org — Statistical, rating, development and advisory organization for surety companies.

TowerGroup • Two Charles River Place, 63 Kendrick St., Needham, MA 02494-2708. Tel. 781-292-5200. Fax. 781-449-6982. www.towergroup.com — Research and advisory firm focused exclusively on the global financial services industry.

Vards/Morningstar, Inc. • 225 West Washington St., Chicago, IL 60602. Tel. 312-696-6000. http://corporate.morningstar.com — Software technology and research data firm that helps annuity manufacturers, distributors, and financial advisors implement new technology and business practices in the sale and servicing of annuities.

Weather Risk Management Association (WRMA) • 750 National Press Bldg., 529 14th St., NW, Washington, DC 20045. Tel. 202-289-3800. Fax. 202-223-9741. www.wrma.org — The goal of the WRMA is to serve the weather risk management industry by providing forums for discussion and interaction with others associated with financial weather products.

Ward Group • 11500 Northlake Dr., Suite 305, Cincinnati, OH 45249-1662. Tel. 513-791-0303. Fax. 513-985-3442. www.wardinc.com — Management consulting firm specializing in the insurance industry.

Company Index

Note: Company names in charts in this book may vary. They appear as printed in the original source.

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Insurance Information Institute
110 William Street
New York, NY 10038
www.iii.org

The Financial Services Roundtable
1001 Pennsylvania Avenue, NW
Suite 500 South
Washington, DC 20004
www.fsround.org

INSURANCE INFORMATION INSTITUTE

THE FINANCIAL SERVICES ROUNDTABLE

ISBN-13: 978-0-932387-30-1

9 780932 387301

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Financial Services Fact Book 2010