The **Financial Services** Fact Book

2013

INSURANCE INFORMATION INSTITUTE

The Financial Services Roundtable

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THE FINANCIAL SERVICES ROUNDTABLE

TO THE READER:

"Facts are stubborn things; and whatever may be our wishes, our inclinations, or the dictates of our passion, they cannot alter the state of facts and evidence."

—John Adams, second President of the United States

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 year we introduce a new "At a Glance" feature for each chapter, highlighting key facts and developments related to

- the overall financial services industry
- the banking, insurance and securities sectors
- savings, investment and debt ownership
- retirement assets
- banks in insurance and other examples of convergence
- mortgage industry
- the impact of technology

As always, this year's book provides a wealth of tables and charts on the workings of the various financial sectors, including data on mergers, employment, financial results and leading companies, as well information on new regulatory developments that affect the financial services industry.

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, bobh@iii.org or tim@fsround.org.

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Contents

- July 2012 marked the two-year anniversary of the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act, a sweeping overhaul of how financial services are regulated in the United States. As of June 2012, 110 (30 percent) of the law's 398 total rulemaking requirements had been met with finalized rules, according to a report by Davis Polk.
- In 2012 regulators hammered out details of Dodd's Frank's Volcker Rule provision, named for former Federal Reserve chairman, Paul Volcker, who proposed it. The rule places restrictions on the ability of federally insured banks from trading for their own benefit.
- In 2012 J.P. Morgan Chase & Co reported a trading loss of more than $2 billion, focusing attention on the issue of systemic risk.
- On April 3, 2012 the Financial Stability Oversight Council, a panel of regulators created under Dodd Frank, issued a final rule setting forth the criteria and process it will use to designate nonbank financial firms as systemically important. Once designated, these firms would be subject to consolidated supervision by the Federal Reserve.
- There were 65 court-approved securities class-action settlements in shareholder lawsuits involving $1.4 billion in total settlement funds in 2011—the lowest number of approved settlements and corresponding total settlement dollars in more than 10 years, according to a study by Cornerstone Research.
- The Dodd-Frank act phased out the Office of Thrift Supervision (OTS) and shifted its responsibilities to other federal agencies. Most of the institutions formerly regulated by the OTS have kept their thrift charters, according to a June 2012 SNL report.
- In 2011, 92 banks failed; most were acquired by other institutions, according to the FDIC.

Regulatory Timeline

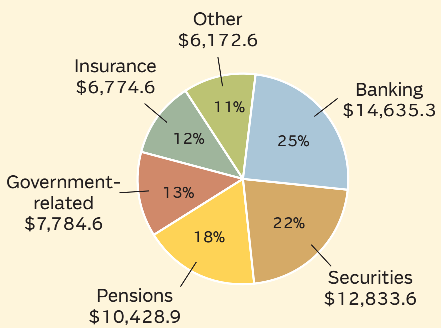
1916	National Bank Act limiting bank insurance sales except in small towns
1933	Glass-Steagall Act prohibiting commercial banks and securities firms from engaging in each other's business
1956	Bank Holding Company Act restricting bank holding company activities
1995	VALIC U.S. Supreme Court decision 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
2009	The Financial Stability Plan was implemented by the U.S. Treasury to promote economic recovery
2010	New federal rules providing consumer protections related to credit cards
2010	Congress enacts the Dodd-Frank Wall Street Reform and Consumer Protection Act, a massive overhaul of financial services regulation
2011	The Office of Thrift Supervision becomes part of the Office of the Comptroller of the Currency

Financial Services at a Glance

- The assets of the financial services sector rose 1.2 percent to $58.6 trillion in 2011, following a 0.4 percent increase the previous year, according to the Board of Governors of the Federal Reserve (Fed).
- The financial services industry's gross domestic product (GDP), excluding the real estate sector, reached $1.24 trillion in 2010, accounting for 8.5 percent of the national GDP, according to the U.S. Department of Commerce.
- Financial services employed 5.8 million workers in 2011, about the same as the 5.7 million workers in 2010. Financial services employment accounted for 5.3 percent of total U.S. employment in private industry in 2011, according to the U.S. Department of Labor.
- Financial assets of the personal sector grew 1.0 percent to $46.3 trillion in 2011, following a 6.9 percent increase the previous year, according to the Fed. The personal sector includes households, nonfarm noncorporate business and farm business.
- Financial services mergers were valued at $139.4 billion in 2011, up 31 percent from $106.4 billion in 2010, according to SNL Financial LC.
- Retirement assets rose by $100 billion to $17.9 trillion in 2011, after rising $1.6 trillion in 2010, according to the Investment Company Institute.
- According to the Fed, household debt fell 1.5 percent in 2011, following a 2.2 percent decline the previous year. Business debt rose 4.5 percent in 2011, after rising 0.8 percent in 2010.
- Insurance fee income reported by bank holding companies (BHCs) rose by $9.4 billion to $57.2 billion in 2011, following a $500 million increase in 2010, according to Michael White Associates. BHC investment fee income fell by $780 million to $91.18 billion in 2011, after rising by $2.21 billion the previous year.

ASSETS OF FINANCIAL SERVICES SECTORS, 2011

($ billions)



Source: Board of Governors of the Federal Reserve System.

FINANCIAL SERVICES EMPLOYMENT BY INDUSTRY, 2011

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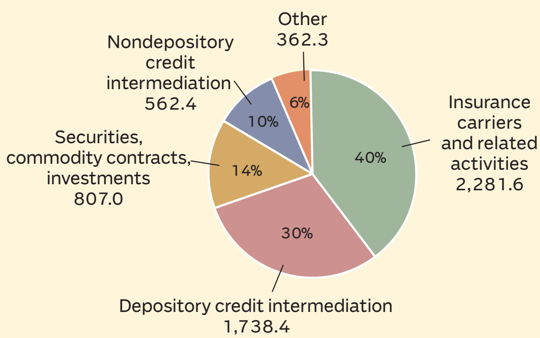


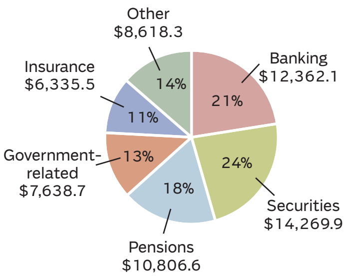
Source: U.S. Department of Labor, Bureau of Labor Statistics.

The Financial Services Industry

Assets

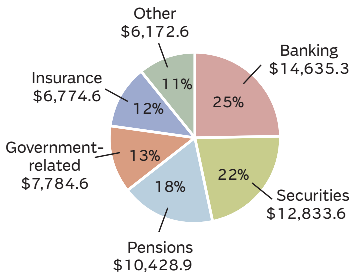
ASSETS OF FINANCIAL SERVICES SECTORS 2007

($ billions)



2011

($ billions)



Source: Board of Governors of the Federal Reserve System, June 7, 2012.

ASSETS OF FINANCIAL SERVICES SECTORS BY INDUSTRY, 2010-2011

($ billions, end of year)

Sector	2010	2011
Banking		
U.S.-chartered depository institutions[1]	$11,290.8	$11,706.4
Foreign banking offices in U.S.	1,336.7	1,999.4
Banks in U.S.-affiliated areas	79.9	75.8
Credit unions	835.8	853.7
Total	**$13,543.2**	**$14,635.3**
Insurance		
Life insurance companies	5,176.3	5,340.2
All other insurers	1,404.4	1,434.4
Total	**$6,580.7**	**$6,774.6**
Securities		
Mutual and closed-end funds	10,929.3	10,880.1
Securities broker/dealers[2]	2,075.1	1,953.5
Total	**$13,004.4**	**$12,833.6**
Pensions		
Private pension funds[3]	6,100.1	6,070.3
State and local govt retirement funds	2,931.5	2,849.1
Federal govt retirement funds	1,425.3	1,509.5
Total	**$10,456.9**	**$10,428.9**
Government-related[4]	**$7,860.6**	**$7,784.6**
Other		
Finance companies[5]	1,590.0	1,546.5
Real estate investment trusts	283.0	401.3
Asset-backed securities issuers	2,276.4	2,017.7
Funding corporations	2,311.4	2,207.1
Total	**$6,460.8**	**$6,172.6**
Total all sectors	**$57,906.6**	**$58,629.6**

[1]Includes savings banks and commercial banks. [2]Includes investment banks. [3]Includes defined benefit and defined contribution plans (including 401(k)s) and the Federal Employees Retirement Thrift Savings Plan. [4]Includes government-sponsored enterprises (GSEs) and agency- and GSE-backed mortgage pools. [5]Includes retail captive finance companies and mortgage companies.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

NUMBER AND VALUE OF ANNOUNCED FINANCIAL SERVICES MERGERS AND ACQUISITIONS BY SECTOR, 2007-2011[1]

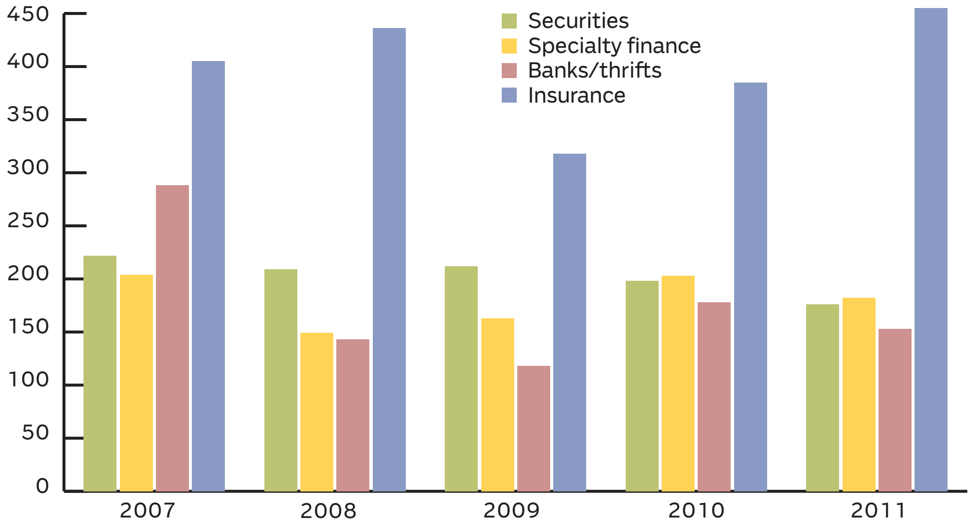
($ billions)

	2007		2008		2009		2010		2011	
	Deals	Value	Deals	Value	Deals	Value	Deals	Value	Deals	Value
Securities[2]	222	$48.1	209	$66.3	212	$39.0	198	$11.6	176	$9.6
Specialty finance[3]	204	21.1	149	63.7	163	22.9	203	50.0	182	61.5
Banks	249	67.9	119	28.3	101	1.0	160	10.3	123	6.8
Thrifts	39	4.2	24	7.3	17	0.3	18	1.9	30	10.2
Insurance	405	33.7	436	28.8	318	10.7	385	32.6	455	51.4
Life/health	37	6.3	36	4.5	32	1.1	39	22.3	44	5.3
Property/casualty	71	13.9	78	16.8	70	7.6	86	7.6	85	9.8
Brokers and agents	278	7.3	309	6.0	203	0.9	244	0.6	307	2.9
Managed care	19	6.3	13	1.5	13	1.0	16	2.1	19	33.4
Total	**1,119**	**$174.9**	**937**	**$194.3**	**811**	**$73.9**	**964**	**$106.3**	**966**	**$139.4**

[1]All industry segments include whole and asset deals, except for banks and thrifts, which only include whole deals. Terminated deals are not included.
[2]Includes securities and investment companies, broker/dealers, and asset managers.
[3]Specialty finance firms range from small finance companies to major credit card operations.

Source: SNL Financial LC.

NUMBER OF ANNOUNCED FINANCIAL SERVICES MERGERS AND ACQUISITIONS, 2007-2011



Source: SNL Financial LC.

Mergers

TOP TEN CROSS-INDUSTRY FINANCIAL SERVICES ACQUISITIONS ANNOUNCED IN THE UNITED STATES, 2011[1]

($ millions)

Rank	Buyer	Buyer industry	Buyer country	Target	Target industry	Seller	Deal value[2]
1	Capital One Financial Corporation	Bank	U.S.	Card and retail services business	Specialty lender	HSBC Holdings Plc	$33,884.0
2	Express Scripts, Inc.	Not classified	U.S.	Medco Health Solutions, Inc.	Insurance underwriter	Medco Health Solutions, Inc.	28,901.6
3	Capital One Financial Corporation	Bank	U.S.	ING Bank, FSB	Savings bank/ thrift/mutual	ING Groep N.V.	9,000.0
4	Berkshire Hathaway Inc.	Insurance underwriter	U.S.	Lubrizol Corporation	Not classified	Lubrizol Corporation	8,812.5
5	KKR & Co. L.P.	Asset manager	U.S.	Capsugel	Not classified	Pfizer Inc.	2,375.0
6	AXA	Insurance underwriter	France	Portfolio of private equity funds	Asset manager	Citigroup Inc.	1,700.0
7	Wells Fargo & Company	Bank	U.S.	Commercial real estate loan portfolio	Specialty lender	Bank of Ireland	1,137.3
8	Regions Financial Corporation	Bank	U.S.	Credit card portfolio	Specialty lender	Bank of America Corporation	1,100.0
9	Walter Investment Management Corp.	Investment company	U.S.	GTCS Holdings LLC	Specialty lender	Centerbridge Partners L.P.	1,047.0
10	DaVita, Inc.	Insurance underwriter	U.S.	CDSI I Holding Company, Inc.	Not classified	CDSI I Holding Company, Inc.	689.2

[1]Includes whole and asset deals where the target is US domiciled. List does not include terminated deals. Buyer and target industry must be different. Only includes deals where buyer or target are financial institutions (excluding financial technology).
[2]At announcement.

Source: SNL Financial LC.

Employment and Compensation

From 2007 to 2011 employment in the financial services industry averaged 5.3 percent of total U.S. employment in private industry. Financial services employment fell by 6.2 percent from 2007 to 2011.

EMPLOYMENT IN THE FINANCIAL SERVICES INDUSTRY, 2007-2011

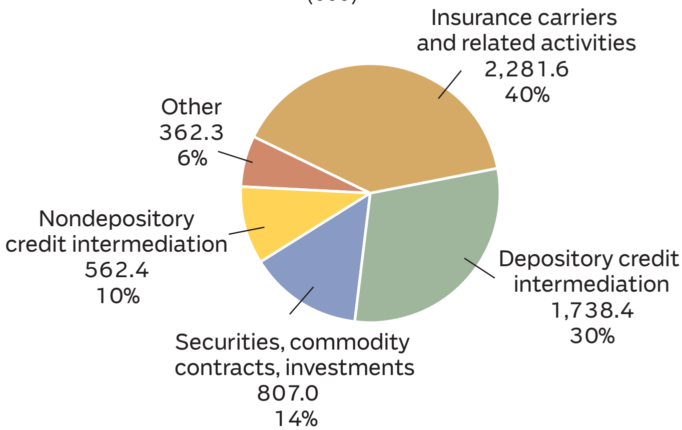
(000)

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
2007	21.6	1,823.5	715.9	327.0	848.6	2,306.8	88.7	6,132.0
2008	22.4	1,815.2	632.7	284.8	864.2	2,305.2	90.5	6,014.9
2009	21.0	1,753.8	571.5	264.8	811.3	2,264.1	88.4	5,774.9
2010	20.0	1,728.8	561.7	259.4	800.5	2,261.1	86.8	5,718.3
2011	18.9	1,738.4	562.4	258.1	807.0	2,281.6	85.3	5,751.8

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

FINANCIAL SERVICES EMPLOYMENT BY INDUSTRY, 2011

(000)



- Total employment in private industry rose from 107.3 million in 2010 to 109.3 million in 2011 after falling 6.9 percent from 2007 to 2010.

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

FINANCIAL SERVICES EMPLOYMENT BY STATE, 2011[1]

State	Number of employees (000)	Rank	State	Number of employees (000)	Rank
Alabama	70.6	25	Montana	15.8	47
Alaska	8.8	50	Nebraska	60.6	29
Arizona	121.9	17	Nevada	30.4	38
Arkansas	35.2	35	New Hampshire	27.9	40
California	516.0	1	New Jersey	197.2	8
Colorado	101.3	20	New Mexico[2]	33.0	37
Connecticut	116.2	18	New York	505.9	2
D.C.	16.4	46	North Carolina	156.6	10
Delaware	37.1	34	North Dakota	17.1	45
Florida	331.3	4	Ohio	221.3	7
Georgia	154.1	11	Oklahoma	58.1	31
Hawaii	15.5	48	Oregon	56.1	32
Idaho	22.8	43	Pennsylvania	250.6	6
Illinois	290.5	5	Rhode Island	25.0	42
Indiana	99.3	22	South Carolina	70.3	26
Iowa	87.5	24	South Dakota[2]	28.0	39
Kansas	58.7	30	Tennessee	104.4	19
Kentucky	66.4	27	Texas	463.2	3
Louisiana	63.6	28	Utah	52.3	33
Maine	25.4	41	Vermont	9.1	49
Maryland	101.0	21	Virginia	131.4	15
Massachusetts	166.2	9	Washington	93.2	23
Michigan	143.8	12	West Virginia	20.7	44
Minnesota	139.3	13	Wisconsin	133.8	14
Mississippi	33.4	36	Wyoming	6.7	51
Missouri	125.2	16	**United States**	**5,751.8**	

[1]Includes banks, securities firms, insurance carriers and related activities and funds/trusts.
[2]Includes real estate and rental and leasing.

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

FINANCIAL SERVICES COMPENSATION BY STATE, 2011[1]

($ millions)

State	Compensation[2]	Rank	State	Compensation[2]	Rank
Alabama	$21,662	25	Montana	$3,920	48
Alaska	3,151	49	Nebraska	15,452	32
Arizona	38,942	19	Nevada	9,295	38
Arkansas	9,744	37	New Hampshire	11,121	35
California	253,749	2	New Jersey	97,978	8
Colorado	38,045	20	New Mexico	5,892	43
Connecticut	86,739	9	New York	467,239	1
Delaware	15,203	33	North Carolina	57,115	12
D.C.	9,964	36	North Dakota	4,199	47
Florida	116,241	5	Ohio	68,199	10
Georgia	58,931	11	Oklahoma	14,583	34
Hawaii	4,653	46	Oregon	18,232	28
Idaho	5,153	44	Pennsylvania	98,019	7
Illinois	132,661	4	Rhode Island	9,220	39
Indiana	27,974	23	South Carolina	19,077	27
Iowa	27,544	24	South Dakota	5,946	42
Kansas	17,733	29	Tennessee	35,083	21
Kentucky	19,853	26	Texas	165,631	3
Louisiana	17,664	30	Utah	15,555	31
Maine	7,623	41	Vermont	2,898	50
Maryland	40,488	16	Virginia	48,827	14
Massachusetts	98,857	6	Washington	33,009	22
Michigan	43,441	15	West Virginia	4,662	45
Minnesota	55,972	13	Wisconsin	39,338	17
Mississippi	8,152	40	Wyoming	1,765	51
Missouri	39,334	18	**United States**	**$2,451,726**	

[1]Does not include real estate.

[2]Includes wage and salary disbursements, bonuses, commissions, pay-in-kind, incentive payments, tips and employer contributions for employee pensions, insurance funds and government social insurance.

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

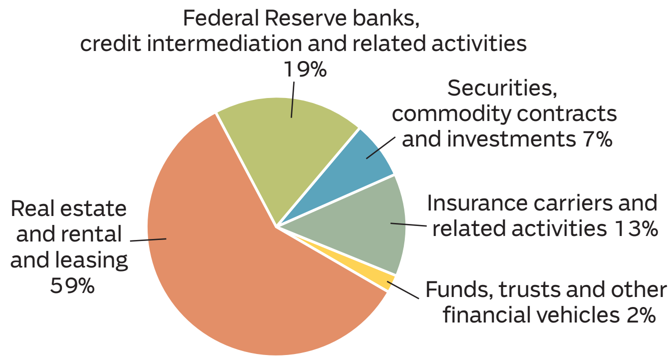
Gross Domestic Product

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 20.7 percent of the GDP in 2010, compared with 21.3 percent in 2009.

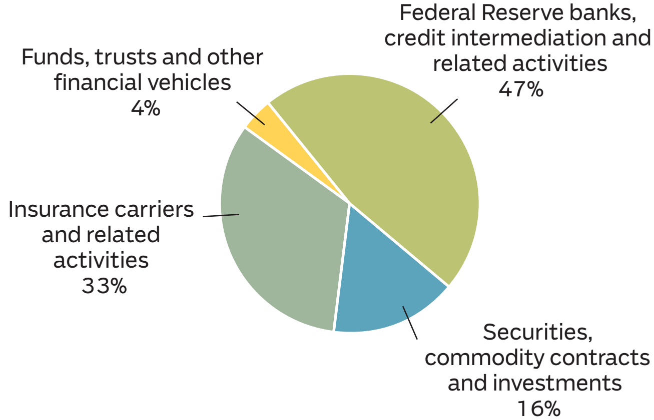
GROSS DOMESTIC PRODUCT OF FINANCIAL SERVICES, SHARES BY COMPONENT, INCLUDING REAL ESTATE, 2010



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

- With real estate excluded, the remaining financial services industries accounted for 8.5 percent of the GDP in 2010, compared with 7.9 percent in 2009.

GROSS DOMESTIC PRODUCT OF FINANCIAL SERVICES, SHARES BY COMPONENT, EXCLUDING REAL ESTATE, 2010



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

GROSS DOMESTIC PRODUCT OF THE FINANCIAL SERVICES INDUSTRY, 2006-2010[1]

($ billions)

	2006	2007	2008	2009	2010
Total GDP	**$13,377.2**	**$14,028.7**	**$14,291.5**	**$13,939.0**	**$14,526.5**
Total financial services industry	**$2,765.3**	**$2,857.0**	**$2,916.6**	**$2,964.5**	**$3,007.2**
Industry percent of total GDP	20.7%	20.4%	20.4%	21.3%	20.7%
Finance and insurance	$1,092.7	$1,080.0	$1,041.5	$1,099.0	$1,241.9
Federal Reserve banks, credit intermediation and related activities	478.7	470.6	497.8	525.2	587.8
Insurance carriers and related activities	363.6	388.8	345.6	369.9	404.6
Securities, commodity contracts and investments	214.5	184.7	145.1	169.7	201.4
Funds, trusts and other financial vehicles	35.8	35.9	52.9	34.2	48.1
Real estate and rental and leasing	$1,672.6	$1,777.0	$1,875.2	$1,865.6	$1,765.2
Real estate	1,488.8	1,590.1	1,671.5	1,679.2	1,563.9
Rental and leasing services and lessors of intangible assets	183.8	186.9	203.7	186.3	201.3

[1]Includes real estate and rental and leasing.

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

FINANCIAL SERVICES SECTORS' SHARE OF GROSS DOMESTIC PRODUCT, 2006-2010[1]

	Percent of total gross domestic product				
	2006	2007	2008	2009	2010
Total financial services industry	**20.7%**	**20.4%**	**20.4%**	**21.3%**	**20.7%**
Finance and insurance	8.2	7.7	7.3	7.9	8.5
Federal Reserve banks, credit intermediation and related activities	3.6	3.4	3.5	3.8	4.0
Insurance carriers and related activities	2.7	2.8	2.4	2.7	2.8
Securities, commodity contracts and investments	1.6	1.3	1.0	1.2	1.4
Funds, trusts and other financial vehicles	0.3	0.3	0.4	0.2	0.3
Real estate and rental and leasing	12.5	12.7	13.1	13.4	12.2

[1]Includes real estate and rental and leasing.

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

Gross Domestic Product

FINANCIAL SERVICES VS. TOTAL U.S. GROSS DOMESTIC PRODUCT GROWTH, 2006-2010

($ 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
2006	$13,377.2	6.0%	$2,765.3	6.4%	$1,092.7	7.2%
2007	14,028.7	4.9	2,857.0	3.3	1,080.0	-1.2
2008	14,291.5	1.9	2,916.6	2.1	1,041.5	-3.6
2009	13,939.0	-2.5	2,964.5	1.6	1,099.0	5.5
2010	14,526.5	4.2	3,007.2	1.4	1,241.9	13.0

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

FINANCIAL SERVICES PERCENTAGE SHARE OF GROSS STATE PRODUCT, 2010[1]

State	Percent	State	Percent	State	Percent
Alabama	5.4%	Louisiana	3.8%	Oklahoma	4.8%
Alaska	3.7	Maine	7.4	Oregon	5.0
Arizona	7.9	Maryland	5.7	Pennsylvania	8.9
Arkansas	4.7	Massachusetts	10.7	Rhode Island	13.0
California	5.6	Michigan	7.3	South Carolina	5.2
Colorado	6.8	Minnesota	10.0	South Dakota	19.6
Connecticut	19.4	Mississippi	4.6	Tennessee	6.7
Delaware	36.9	Missouri	6.6	Texas	6.7
D.C.	5.5	Montana	5.3	Utah	9.4
Florida	7.6	Nebraska	10.1	Vermont	6.5
Georgia	6.0	Nevada	11.2	Virginia	7.5
Hawaii	4.2	New Hampshire	9.2	Washington	4.7
Idaho	5.7	New Jersey	8.6	West Virginia	4.4
Illinois	10.6	New Mexico	3.7	Wisconsin	9.5
Indiana	6.9	New York	17.2	Wyoming	2.2
Iowa	13.8	North Carolina	11.5	**United States**	**8.5%**[2]
Kansas	6.4	North Dakota	6.4		
Kentucky	5.1	Ohio	9.0		

[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.

TOP TEN U.S. FINANCIAL SERVICES FIRMS BY REVENUES, 2011[1]
($ millions)

Rank	Company	Revenues	Industry
1	General Electric	$147,616	Diversified financial
2	Berkshire Hathaway	143,688	Insurance
3	Fannie Mae	137,451	Diversified financial
4	Bank of America Corp.	115,074	Bank
5	J.P. Morgan Chase & Co.	110,838	Bank
6	Citigroup	102,939	Bank
7	Freddie Mac	88,262	Diversified financial
8	Wells Fargo	87,597	Bank
9	INTL FCStone	75,498	Diversified financial
10	American International Group	71,730	Insurance

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

Financial Literacy

In response to Americans' struggles during the financial crisis, the U.S. government and the financial services industry have introduced a number of financial literacy programs and revamped their efforts in existing programs. These include:

- **The President's Advisory Council on Financial Capability** was created in 2010 to advise the President on promoting and enhancing financial literacy. Its projects include Money as You Grow (http://moneyasyougrow.org/), a website designed to teach financial skills to young people.
- **The Financial Literacy and Education Commission**, first established in 2003, establishes annual financial literacy priorities for the Federal government. It hosts MyMoney.gov website, which brings together educational materials as well as information on programs and grants.
- **National Financial Literacy Day on Capitol Hill**, an event instituted in 2003 by the Council for Economic Education, Junior Achievement and the Jump$tart Coalition, brings together groups interested in fostering financial literacy, including advocacy groups, financial services firms, the general public and members of Congress.
- **The Financial Services Roundtable** and its members offer several financial literacy programs, including ones focusing on young people, older Americans, armed services members and people outside the banking system. These are highlighted on the Web at www.fsround.org/fsr/financial_literacy/financial_literacy_corner.asp.
- **The Insurance Information Institute** (www.iii.org) and its members offer resources to help the public understand the insurance implications of personal finance decisions and major life milestones, such as marriage or the birth of a child.

Corporate Social Responsibility

Financial services firms are major contributors to charitable causes. The top 15 financial services firms included in the Foundation Center's ranking of corporations based on grant making and contributions in 2010, included banks, a diversified financial company and insurers. Together these firms accounted for $881 million in contributions, or about one-third of the $2.6 billion contributed by the top 50 corporate givers identified by the Foundation Center. A 2011 report by McKinsey found that in 2010, the property/casualty industry gave more than $500 million to charity, with most of this giving in the form of direct cash contributions from companies (80 percent). The remaining 20 percent includes estimated employee donations of cash or volunteer hours.

TOP 15 FINANCIAL SERVICES CORPORATE FOUNDATIONS BY TOTAL GIVING[1]

Financial services rank	All industry rank	Foundation (state)	Industry[2]	Amount
1	3	The Bank of America Charitable Foundation, Inc. (NC)	Commercial banking	$198,695,705
2	5	The JPMorgan Chase Foundation (NY)	Commercial banking	133,757,626
3	6	GE Foundation (CT)	Diversified financial	112,221,740
4	8	Wells Fargo Foundation (CA)	Commercial banking	68,367,615
5	9	Citi Foundation (NY)	Commercial banking	63,573,500
6	11	The Wachovia Wells Fargo Foundation, Inc. (NC)	Commercial banking	51,809,171
7	13	The PNC Foundation (PA)	Commercial banking	49,385,359
8	17	MetLife Foundation (NY)	Life insurance	39,800,039
9	20	The Goldman Sachs Foundation (NY)	Commercial banking	36,029,944
10	26	Nationwide Foundation (OH)	Property/casualty insurance	27,990,598
11	35	The Prudential Foundation (NJ)	Life insurance	23,859,315
12	37	U.S. Bancorp Foundation, Inc. (MN)	Commercial banking	19,968,742
13	39	Lowe's Charitable and Educational Foundation (NC)	Property/casualty insurance	19,673,793
14	42	The Allstate Foundation (IL)	Property/casualty insurance	17,939,851
15	44	State Street Foundation, Inc. (MA)	Commercial banking	17,690,253

[1]Based on financial services companies on the Foundation Center's "50 Largest Corporate Foundations by Total Giving" list published in March 2012. Rankings based on Foundation Center data on "grants and contributions."
[2]Based on Fortune Magazine designations.

Source: Foundation Center.

Chapter 2: Savings, Investment and Debt Ownership

Savings, Investment and Debt Ownership at a Glance

- Individuals and businesses seek to increase their assets through savings and investments. They also borrow to purchase assets or finance business opportunities.
- National saving, the portion of the nation's current income not consumed, is the sum of saving by households, businesses and all levels of government.
- Gross national savings rose from $1.8 trillion in 2010 to $1.9 trillion in 2011, with the rise largely fueled by corporate savings, which rose by $1.5 trillion, according to the U.S. Department of Commerce. Personal savings fell by $54 billion in 2011. Government savings was negative, with the sector spending $1.3 trillion more than its income in 2011.
- According to the Board of Governors of the Federal Reserve (Fed), in 2011 households, financial institutions, governments and others held $22.5 trillion in U.S. corporate equities, which provide an ownership interest through company stocks. Households held 37 percent of U.S. corporate equities, amounting to $8.4 trillion. U.S. chartered depository institutions (including commercial and savings banks) held $67.4 billion, property/casualty insurance companies held $225.4 billion and life insurance companies held $1.4 trillion.
- In 2011 households, financial institutions, governments and others held $11.6 trillion in U.S. corporate and foreign bonds, according to the Fed. Households held $1.9 trillion, U.S. chartered depository institutions held $551.8 billion, property/casualty insurance companies held $361.0 billion and life insurance companies held $2.1 trillion.
- In 2011 the household sector held $4.7 trillion in mutual funds. U.S. chartered depository institutions held $41.7 billion, property/casualty insurance companies held $5.5 billion and life insurance companies held $150.1 billion.
- In 2011 individuals, financial institutions, U.S. monetary authorities, state and local governments, and foreign and international investors owned $10.4 trillion in U.S. public debt securities such as U.S. Treasuries.
- Financial assets of the personal sector totaled $46.3 trillion in 2011, with the largest share (39.1 percent) in securities, including stocks, bonds, mutual fund shares and other securities.
- Over the 10 years, 2002-2011, household debt rose 53.2 percent, compared with a rise of 59.4 percent for business debt. Household debt dropped by 1.4 percent from 2010 to 2011, while business debt rose by 6.6 percent.
- Lending to businesses and individuals by FDIC-insured banks rose by 1.2 percent from $7.4 trillion in 2010 to $7.5 trillion in 2011.
- Small business lending by banks rose from $601.5 billion in 2005 to $607.7 billion in 2011, according to data from the FDIC.

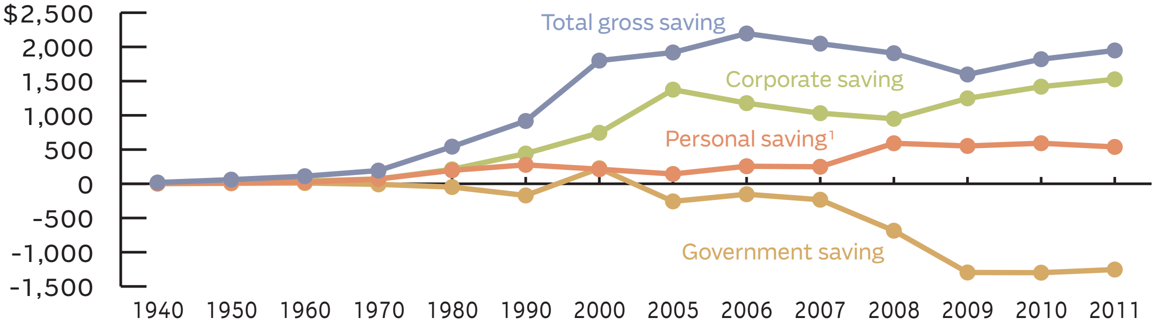
Savings, Investment and Debt Ownership

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

National savings, the portion of the nation's current income not consumed, is the sum of savings by households, businesses and all levels of government. Spurred largely by increased saving on the part of federal, state and local governments, gross national savings grew in the late 1990s and early 2000s, peaking in 2006. By 2009 gross national savings had fallen to $1.6 trillion, the lowest level since 2003. National savings have begun to grow again, rising to $1.8 trillion in 2010 and to $1.9 trillion in 2011. The rise in national savings in 2010 and 2011 was largely spurred by increases in corporate savings. Corporate savings rose by $108 billion to $1.5 trillion in 2011, following a $171 billion rise the previous year. Personal savings, the excess of personal disposable income over spending, dipped by $54 billion to $538.5 trillion in 2011, after a $40 billion improvement in 2010. Government spending has been negative since 2002, with the sector continuing to spend more than its income. The government sector spent $1.3 trillion more than its income in 2011, about the same as in 2010.

GROSS NATIONAL SAVINGS, 1940-2011
($ billions)



[1]Includes individuals (including proprietors and partnerships), nonprofit institutions primarily serving individuals, life insurance carriers and miscellaneous entities.

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

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, 2007-2011[1]

($ billions, market value, end of year)

	2007	2008	2009	2010	2011	Percent change, 2007-2011
Total	**$25,580.9**	**$15,640.5**	**$20,123.2**	**$23,249.5**	**$22,522.2**	**-12.0%**
Household sector	9,614.8	5,742.5	7,397.6	8,579.2	8,356.8	-13.1
State and local governments	108.0	82.1	117.7	109.9	106.7	-1.2
Federal government	0.0	188.7	67.4	49.9	57.5	NA
Rest of the world[2]	2,812.2	1,806.6	2,477.2	2,926.1	2,948.1	4.8
Monetary authority	0.0	0.0	25.1	26.4	0.0	NA
U.S.-chartered depository institutions[3]	88.8	33.8	63.6	73.6	67.4	-24.1
Foreign banking offices in U.S.	0.0	0.0	0.0	0.1	0.0	NA
Property/casualty insurance companies	236.2	193.3	219.8	219.2	224.4	-5.0
Life insurance companies	1,464.6	1,001.7	1,208.5	1,402.6	1,443.0	-1.5
Private pension funds	2,673.3	1,599.7	1,835.7	2,081.1	2,004.6	-25.0
State and local govt retirement funds	2,013.7	1,237.9	1,549.8	1,782.5	1,690.6	-16.0
Federal govt retirement funds	149.1	85.6	119.4	143.7	137.7	-7.6
Mutual funds	5,476.9	3,014.1	4,136.2	4,762.7	4,427.2	-19.2
Closed-end funds	144.9	71.3	86.0	95.1	93.8	-35.3
Exchange-traded funds	573.7	473.9	669.9	853.9	863.5	50.5
Brokers and dealers	224.8	109.2	124.2	117.2	100.9	-55.1
Funding corporations	0.0	0.0	25.1	26.4	0.0	NA

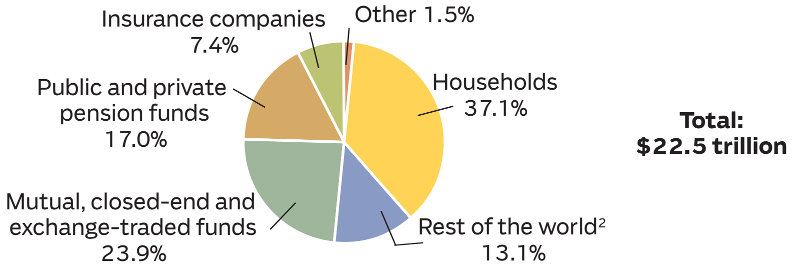
[1]Excludes open-end mutual fund shares. [2]Holdings of U.S. issues by foreign residents. [3]Includes savings banks and commercial banks. NA=Not applicable.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

Savings, Investment and Debt Ownership

Investments

HOLDINGS OF U.S. CORPORATE EQUITIES, 2011[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 7, 2012.

HOLDINGS OF U.S. CORPORATE AND FOREIGN BONDS, 2007-2011

($ billions, end of year)

	2007	2008	2009	2010	2011	Percent change, 2007-2011
Total assets	**$11,543.0**	**$11,118.3**	**$11,576.9**	**$11,538.5**	**$11,587.0**	**0.4%**
Household sector	2,129.8	2,066.2	2,227.0	1,955.7	1,887.1	-11.4
State and local governments	140.7	137.5	144.8	154.3	150.1	6.7
Federal government	0.0	0.0	0.6	0.9	0.8	NA
Rest of the world[1]	2,719.1	2,354.0	2,465.3	2,488.6	2,416.4	-11.1
U.S.-chartered depository institutions[2]	714.6	650.5	667.1	548.9	551.8	-22.8
Foreign banking offices in U.S.	369.5	401.6	244.9	233.9	234.5	-36.5
Banks in U.S.-affiliated areas	0.5	0.5	2.0	0.6	4.2	740.0
Credit unions	34.6	25.7	18.6	3.7	4.1	-88.2
Property/casualty insurance companies	282.9	267.5	298.3	322.6	361.0	27.6
Life insurance companies	1,862.6	1,817.0	1,927.2	2,030.2	2,128.7	14.3
Private pension funds	357.4	400.1	442.9	440.1	440.9	23.4
State and local govt retirement funds	297.0	312.9	308.6	312.4	320.9	8.0
Federal government retirement funds	3.0	2.9	3.0	3.2	3.7	23.3
Money market mutual funds	376.8	228.0	169.9	154.2	129.6	-65.6
Mutual funds	889.9	959.9	1,126.8	1,275.4	1,465.8	64.7
Closed-end funds	74.0	48.7	54.0	58.1	56.2	-24.1
Exchange-traded funds	13.8	27.7	55.3	74.0	100.4	627.5

(table continues)

HOLDINGS OF U.S. CORPORATE AND FOREIGN BONDS, 2007-2011 (Cont'd)

($ billions, end of year)

	2007	2008	2009	2010	2011	Percent change, 2007-2011
Government-sponsored enterprises	$464.4	$386.6	$310.8	$293.9	$260.5	-43.9%
Finance companies	189.4	192.4	198.6	179.0	183.8	-3.0
Real Estate Investment Trusts	34.4	11.7	15.5	20.8	22.1	-35.8
Brokers and dealers	382.8	123.8	154.4	189.5	103.7	-72.9
Holding companies	35.9	35.8	31.1	38.3	18.3	-49.0
Funding corporations	170.0	667.3	710.2	760.1	742.4	336.7

[1]Holdings of U.S. issues by foreign residents. [2]Includes savings banks and commercial banks.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

HOLDINGS OF U.S. MUNICIPAL SECURITIES AND LOANS, 2007-2011

($ billions, end of year)

	2007	2008	2009	2010	2011	Percent change, 2007-2011
Total assets	**$3,448.1**	**$3,543.4**	**$3,697.9**	**$3,795.6**	**$3,743.4**	**8.6%**
Household sector	1,725.4	1,767.2	1,896.5	1,954.6	1,891.8	9.6
Nonfinancial corporate business	29.2	26.2	27.1	24.1	19.7	-32.5
Nonfinancial noncorporate business	5.3	4.9	5.1	4.9	4.9	-7.5
State and local governments	5.5	5.4	5.7	6.1	5.9	7.3
Rest of the world[1]	45.1	50.5	58.7	71.7	82.7	83.4
U.S.-chartered depository institutions[2]	202.0	221.9	224.3	254.6	297.3	47.2
Banks in U.S.-affiliated areas	2.0	2.5	3.5	2.5	3.4	70.0
Property/casualty insurance companies	371.3	381.9	369.4	348.4	331.0	-10.9
Life insurance companies	41.4	47.1	73.1	112.3	122.6	196.1
State and local govt retirement funds	2.4	1.4	1.5	1.6	1.5	-37.5
Money market mutual funds	471.0	494.6	401.3	334.4	296.5	-37.0
Mutual funds	372.2	389.6	480.2	526.6	542.6	45.8
Closed-end funds	91.3	77.9	81.2	81.3	82.4	-9.7
Exchange-traded funds	0.6	2.3	5.9	7.6	8.6	1,333.3
Government-sponsored enterprises	33.3	31.3	29.1	24.9	21.0	-36.9
Brokers and dealers	50.1	38.7	35.4	40.0	31.5	-37.1

[1]Holdings of U.S. issues by foreign residents. [2]Includes savings banks and commercial banks.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

Mutual Fund Investments

Mutual fund assets reached a record $8.0 trillion at the end of 2011, up from $7.8 trillion at the end of 2010, according to the Federal Reserve. The household sector holds the largest share of mutual funds, with 58 percent of the industry's assets. In 2011, 52.3 million U.S. households owned mutual funds, accounting for 44 percent of all households, according to the Investment Company Institute. Households headed by 35- to 64-year olds accounted for about two-thirds (66 percent) of mutual-fund owning households in 2011. Households headed by 45- to 54-year olds were the most likely to own mutual funds. In 2011 about one-quarter (24 percent) of households holding mutual funds were in this group, compared with 21 percent each for 35- to 44-year olds and 55- to 64-year olds. (See page 160 for further information on the mutual fund sector.)

MUTUAL FUNDS BY HOLDER, 2007 AND 2011[1]

($ billions, market value, end of year)

	2007		2011	
	Amount	Percent of total	Amount	Percent of total
Household sector	$4,610.9	58.9%	$4,652.2	58.1%
Private pension funds	2,110.6	27.0	2,144.6	26.8
State and local govt retirement funds	296.4	3.8	247.3	3.1
Nonfinancial corporate business	178.0	2.3	167.5	2.1
Life insurance companies	188.4	2.4	150.1	1.9
U.S.-chartered depository institutions[2]	29.6	0.4	41.7	0.5
State and local governments	32.8	0.4	30.0	0.4
Property-casualty insurance companies	6.8	0.1	5.5	0.1
Credit unions	2.1	[3]	1.8	[3]
Rest of the world[4]	373.5	4.8	559.9	7.0
Total shares at market value	**$7,829.0**	**100.0%**	**$8,000.5**	**100.0%**

[1]Open-end investment companies. Excludes money market mutual funds, exchange-traded funds and variable annuity funding vehicles.
[2]Includes savings banks and commercial banks.
[3]Less than 0.1 percent.
[4]Holdings of U.S. issues by foreign residents.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

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 $469.2 billion in June 2012, down from $612.7 billion a year earlier, according to the Securities Industry and Financial Markets Association.

ESTIMATED OWNERSHIP OF U.S. PUBLIC DEBT SECURITIES, 2002-2011

($ billions, end of year)

Year	Total	Individuals	Mutual funds/ trusts[1]	Banking institutions[2]	Insurance companies	Pension funds[3]	U.S. monetary authorities	State and local govern-ments	Foreign and inter-national	Other[4]
2002	$3,609.8	7.3%	7.8%	2.7%	4.5%	8.7%	17.4%	9.8%	35.6%	6.1%
2003	4,008.2	10.2	7.1	3.8	4.2	8.0	16.6	9.1	37.8	3.3
2004	4,370.7	11.3	5.9	1.1	4.3	7.4	16.4	8.9	41.5	3.2
2005	4,678.0	10.1	5.6	0.4	4.3	7.2	15.9	10.2	42.4	3.9
2006	4,861.7	8.2	5.4	0.3	4.1	7.5	16.0	10.4	43.7	4.3
2007	5,099.2	5.2	7.5	0.6	2.8	7.8	14.5	10.3	46.6	4.7
2008	6,338.2	4.0	12.6	4.0	2.7	7.0	7.5	7.5	51.3	3.3
2009	7,781.9	10.5	9.1	3.4	2.9	7.8	10.0	6.3	47.2	2.9
2010	9,361.5	12.9	7.4	3.5	2.7	7.5	10.9	5.4	46.8	2.9
2011	10,428.3	10.7	8.3	3.6	2.5	7.4	16.0	4.3	44.6	2.7

[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 asset-backed securities issuers.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

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. Personal assets rose by 1.0 percent to $46.3 trillion in 2011, following increases of 6.9 percent and 10.3 percent in 2010 and 2009, respectively. In 2008 personal assets fell by 16.3 percent to $38.8 trillion, the lowest level since 2004.

ASSETS AND LIABILITIES OF THE PERSONAL SECTOR, 1991-2011[1]

($ billions, end of year)

	Value			Percent of total		
	1991	2001	2011	1991	2001	2011
Total financial assets	**$13,602.1**	**$28,997.2**	**$46,266.3**	**100.0%**	**100.0%**	**100.0%**
Foreign deposits	14.6	48.7	51.0	0.1	0.2	0.1
Checkable deposits and currency	590.3	661.8	1,182.9	4.3	2.3	2.6
Time and savings deposits	2,494.0	3,585.8	7,173.5	18.3	12.4	15.5
Money market fund shares	415.1	1,160.1	1,178.3	3.1	4.0	2.5
Securities	5,098.7	11,839.2	18,103.8	37.5	40.8	39.1
Open market paper	58.5	88.2	58.2	0.4	0.3	0.1
U.S. savings bonds	138.1	190.3	185.2	1.0	0.7	0.4
Other treasury securities	409.6	286.5	974.6	3.0	1.0	2.1
Agency- and GSE[2]-backed securities	115.5	407.3	93.1	0.8	1.4	0.2
Municipal securities	701.8	584.2	1,896.7	5.2	2.0	4.1
Corporate and foreign bonds	270.9	838.6	1,887.1	2.0	2.9	4.1
Corporate equities[3]	2,759.2	6,825.9	8,356.8	20.3	23.5	18.1
Mutual fund shares	645.0	2,618.2	4,652.2	4.7	9.0	10.1
Life insurance reserves	418.6	880.0	1,200.8	3.1	3.0	2.6
Pension fund reserves	3,830.6	8,764.3	13,147.1	28.2	30.2	28.4
Life insurance companies	621.2	1,558.5	2,562.9	4.6	5.4	5.5
Private pension funds	1,959.7	4,095.9	6,106.9	14.4	14.1	13.2
Governments	1,249.7	3,109.9	4,477.4	9.2	10.7	9.7
Miscellaneous and other assets	740.3	2,057.3	4,229.0	5.4	7.1	9.1

(table continues)

ASSETS AND LIABILITIES OF THE PERSONAL SECTOR, 1991-2011[1] (Cont'd)

($ billions, end of year)

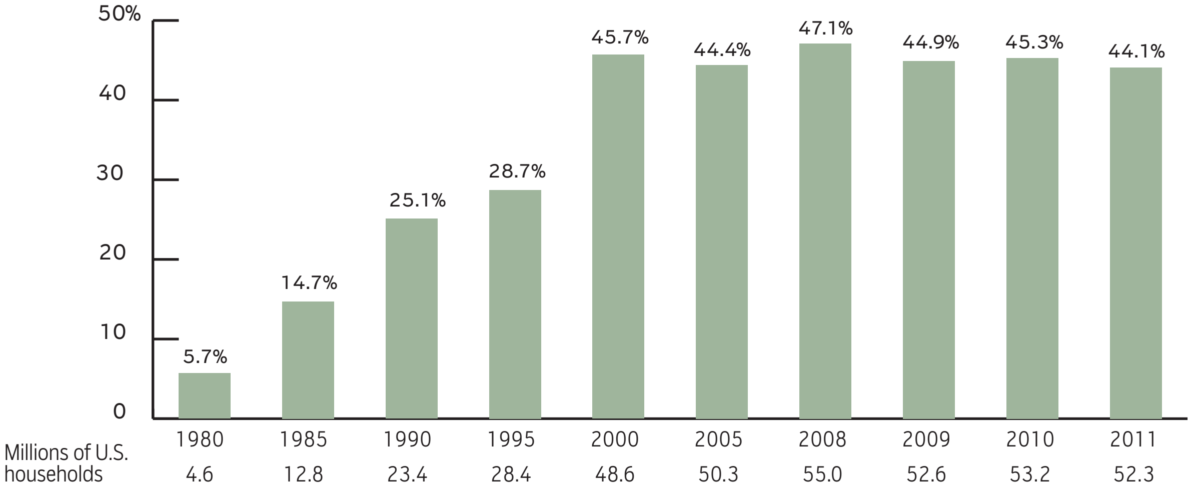
	Value			Percent of total		
	1991	2001	2011	1991	2001	2011
Total liabilities	**$5,335.1**	**$10,990.2**	**$19,042.5**	**100.0%**	**100.0%**	**100.0%**
Home mortgages	2,766.3	5,657.8	10,258.0	51.9	51.5	53.9
Other mortgages	884.1	1,309.8	2,420.3	16.6	11.9	12.7
Consumer credit	815.6	1,891.8	2,508.2	15.3	17.2	13.2
Policy loans	67.3	105.0	127.0	1.3	1.0	0.7
Security credit	55.1	196.4	238.5	1.0	1.8	1.3
Other liabilities[4]	746.8	1,829.5	3,490.5	14.0	16.6	18.3

[1]Combined statement for households and nonprofit organizations, nonfarm nonfinancial noncorporate business and noncorporate farm business.
[2]Government-sponsored enterprise.
[3]Only those directly held and those in closed-end and exchange-traded funds. Other equities are included in mutual funds, life insurance and pension reserves.
[4]Includes corporate farms.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

U.S. HOUSEHOLD OWNERSHIP OF MUTUAL FUNDS, 1980-2011

(Percent of all U.S. households)



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

Household Assets

NONFINANCIAL ASSETS HELD BY FAMILIES BY TYPE OF ASSET, 2001-2010

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
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	13.8	8.1	13.6	7.2	92.0	97.7
2010	86.7	67.3	14.4	7.7	13.3	7.0	91.3	97.4
By age of family head, 2010								
Under 35	79.4	37.5	4.5	2.3	8.4	6.1	82.8	95.5
35 to 44	88.9	63.8	9.7	3.9	11.2	4.2	92.7	97.4
45 to 54	91.0	75.2	17.0	7.5	16.8	6.7	94.7	98.3
55 to 64	90.3	78.1	22.1	12.6	19.6	9.6	94.4	98.3
65 to 74	86.5	82.6	22.8	11.0	15.8	11.0	92.6	97.1
75 and over	83.4	81.9	14.6	13.4	6.0	6.0	93.0	98.7
Percentiles of income, 2010[2]								
Less than 20	64.9	37.2	4.4	3.9	5.1	2.7	72.0	89.9
20 to 39.9	85.4	55.9	7.4	5.2	6.6	4.4	90.7	98.0
40 to 59.9	91.8	71.1	11.6	6.3	10.6	7.3	96.0	99.5
60 to 79.9	95.4	80.7	16.0	7.9	15.5	9.3	98.6	99.9
80 to 89.9	96.4	90.6	22.8	11.4	19.3	10.8	99.4	100.0
90 to 100	95.7	92.4	42.1	18.8	37.6	12.3	99.4	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.

FINANCIAL ASSETS HELD BY FAMILIES BY TYPE OF ASSET, 2001-2010

Percentage of families owning asset[1]	Trans-action accounts[2]	Certifi-cates of deposit	Savings bonds	Bonds[3]	Stocks[3]	Mutual funds[4]	Retire-ment accounts[5]	Life insurance[6]	Other assets[7]	Any financial asset[8]
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	53.0	23.0	15.1	93.9
2010	92.5	12.2	12.0	1.6	15.1	8.7	50.4	19.7	13.7	94.0
By age of family head, 2010										
Under 35	89.0	5.7	10.0	[9]	10.1	3.6	41.1	9.6	9.9	91.3
35 to 44	90.6	5.7	11.6	0.4	12.1	7.7	52.2	12.3	10.4	92.7
45 to 54	92.5	10.0	15.0	1.4	16.0	9.6	60.0	19.8	14.2	94.2
55 to 64	94.2	14.6	14.3	2.4	19.5	11.3	59.8	25.7	16.6	95.8
65 to 74	95.8	20.6	9.1	3.4	16.1	11.1	49.0	28.4	18.9	96.2
75 and over	96.4	27.2	10.1	3.6	20.1	11.9	32.8	32.4	19.1	96.4
Percentiles of income, 2010[10]										
Less than 20	76.2	5.7	3.6	0.1	3.8	2.1	11.2	10.7	8.7	79.2
20 to 39.9	91.1	11.1	6.0	[9]	6.0	3.5	30.5	17.2	10.9	93.6
40 to 59.9	96.4	11.7	10.8	[9]	11.7	5.8	52.8	19.5	15.1	97.8
60 to 79.9	98.9	15.8	16.0	1.3	17.3	8.8	69.7	22.8	14.2	99.6
80 to 89.9	99.8	12.1	23.0	2.0	25.7	14.6	85.7	25.8	16.3	100.0
90 to 100	99.9	21.5	24.4	8.3	47.8	32.1	90.1	30.9	22.6	100.0
Percent distribution of amount of financial assets of all families										
2001	11.4	3.1	0.7	4.5	21.5	12.1	29.0	5.3	12.4	100.0
2004	13.1	3.7	0.5	5.3	17.5	14.6	32.4	2.9	10.0	100.0
2007	10.9	4.0	0.4	4.1	17.8	15.8	35.1	3.2	8.6	100.0
2010	13.3	3.9	0.3	4.4	14.0	15.0	38.1	2.5	8.5	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.

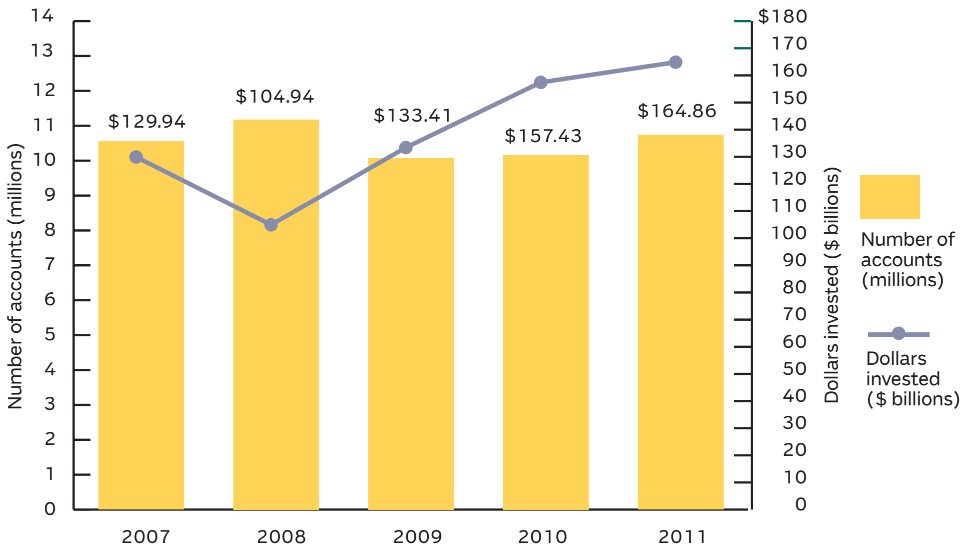
Source: Survey of Consumer Finances, Board of Governors of the Federal Reserve System.

- The value of dollars invested in 529 plan accounts grew to $165 billion in 2011, an increase of 5 percent from the previous year.

529 Educational Savings Plans and Student 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.

NUMBER OF AND DOLLARS INVESTED IN 529 PLAN ACCOUNTS, 2007-2011[1]



[1]Data prior to 2009 not strictly comparable to earlier data.

Source: National Association of State Treasurers.

TOP TEN 529 SAVINGS PLAN PROVIDERS BY ASSETS, 2011

($ billions, end of year)

Rank	Provider	Assets
1	American Funds	$30.2
2	Vanguard	29.4
3	Fidelity	18.1
4	TIAA-CREF	7.8
5	AllianceBernstein	7.1
6	T. Rowe Price	6.6
7	Oppenheimer	6.1
8	BOA Merrill Lynch	5.6
9	Franklin Templeton	2.9
10	Wells Fargo	2.7
	Top 10 providers	**$116.5**

Source: National Association of State Treasurers.

- The top 10 providers of 529 savings plans held $116.5 billion in assets at the end of 2011, compared with $113.2 billion at the end of 2010.

TOP TEN STATES FOR 529 PLANS BY ASSETS UNDER MANAGEMENT, 2011

($ billions, end of year)

Rank	State	Assets under management
1	Virginia	$33.8
2	New York	12.1
3	New Hampshire	9.8
4	Florida	9.7
5	Nevada	8.3
6	Rhode Island	7.1
7	Ohio	6.4
8	Maine	5.6
9	Illinois	5.2
10	Alaska[1]	4.2

[1]California and Utah, both with $4.2 billion in assets under management, also ranked 10th.

Source: National Association of State Treasurers.

Federal Student Loans

Before July 1, 2010, federal student loans (including Stafford, PLUS and Consolidation Loans) were granted to students by private lenders under the Federal Family Education Loan (FFEL) Program. The 2010 federal Health Care and Education Reconciliation Act eliminated the origination of these loans by private lenders. The loans all now come directly from the U.S. Department of Education under the Direct Loan Program. The Consumer Finance Protection Bureau put student loan debt outstanding at about $1 trillion in 2012, including private and direct government loans. As of 2011 there was $326 billion outstanding under federal student loans originated by private lenders under the FFEL Program. The chart below shows privately financed FFEL loans that are still outstanding.

TOP 20 PRIVATE HOLDERS OF FEDERAL STUDENT LOANS, 2010-2011[1]

($ millions)

		Amount outstanding	
Rank	Loan holder[2]	Fiscal year 2010	Fiscal year 2011
1	SLM Corporation (Sallie Mae)	$143,821.9	$114,894.8
2	National Ed Loan Network (NELNET)	24,514.3	25,169.2
3	Citibank, Student Loan Corp.	27,911.8	24,645.9
4	Wells Fargo Bank N.A.	20,722.4	17,923.0
5	Brazos Group	12,080.4	10,976.0
6	JPMorgan Chase Bank	9,616.5	9,370.8
7	Pennsylvania Higher Education Assistance Agency (PHEAA)	9,575.1	8,172.2
8	Pittsburgh National Corp. (PNC)	7,549.0	7,731.9
9	College Loan Corp.	8,669.4	7,644.7
10	Student Loan Xpress	8,317.3	7,395.9
11	Goal Financial	6,881.4	6,465.9
12	Suntrust Bank	4,067.3	5,332.2
13	Access Group	5,737.8	5,217.8
14	Bank of America	4,777.0	5,210.1
15	U.S. Bank	4,768.7	4,251.2
16	Northstar	4,903.4	4,165.9
17	Missouri Higher Education Loan Authority	3,610.6	3,795.9
18	Edsouth	4,244.0	3,794.9
19	College Foundation Inc.	3,386.9	3,102.5
20	GCO Education Loan Funding	5,228.9	2,970.8
	Total, all holders	**$379,413.6**	**$326,480.9**

[1]Includes Stafford (subsidized and unsubsidized) and Plus Loans; excludes consolidation loans. [2]Entity that holds a loan promissory note and has the right to collect from the borrower. As many banks sell loans, the initial lender and current holder may be different.
Note: Does not include direct federal loans.

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

Consumer and Business Loans and Debt

Lending to businesses and individuals by FDIC-insured banks rose 1.2 percent from $7.4 trillion in 2010 to $7.5 trillion in 2011, reflecting a 13.6 percent increase in commercial and industrial loans from 2010 and a 13.9 percent increase in other loans and leases, while real estate loans fell 3.3 percent and loans to individuals dropped 0.8 percent.

PERSONAL AND BUSINESS LENDING BY FDIC-INSURED BANKS, 2009-2011

($ millions, end of year)

	2009	2010	2011
Number of institutions reporting	8,012	7,658	7,357
Loans and leases, gross[1]	**$7,285,671**	**$7,377,870**	**$7,467,424**
All real estate loans	4,461,798	4,267,026	4,127,600
Real estate loans in domestic offices	4,398,816	4,209,847	4,067,729
Construction and land development	450,817	321,451	240,010
Commercial real estate	1,091,290	1,071,184	1,059,232
Commercial real estate owner-occupied	482,262	475,191	475,444
Other non-farm non-residential	609,028	595,993	583,788
Multifamily residential real estate	212,725	212,692	218,490
1-4 family residential	2,577,390	2,536,543	2,481,342
Farmland	66,594	67,978	68,655
Real estate loans in foreign offices	62,982	57,179	59,871
Farm loans	59,575	59,328	61,337
Commercial and industrial loans	1,213,932	1,185,101	1,346,038
Loans to individuals	1,057,806	1,317,600	1,307,621
Credit cards	421,479	702,060	687,753
Other revolving credit plans	61,549	58,153	57,637
Automobile loans	NA	NA	299,860
Other loans to individuals	574,779	557,387	262,371
Total other loans and leases[2]	492,561	548,815	624,829

[1]Includes loan loss allowance and unearned income.

[2]Other loans and leases category items may not total for savings institutions regulated by the Office of Thrift Supervision due to reporting differences.

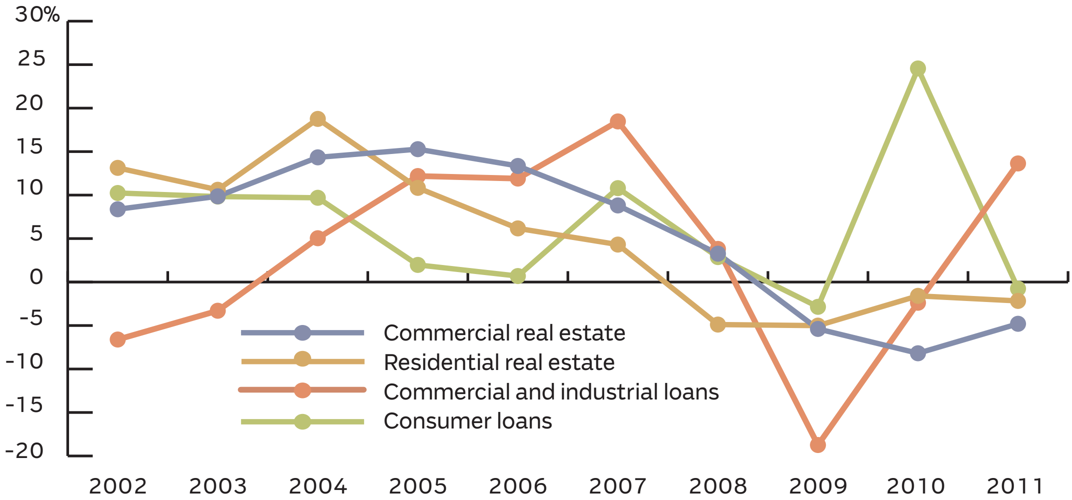
NA=Data not available.

Source: Federal Deposit Insurance Corporation.

Savings, Investment and Debt Ownership

Consumer and Business Loans and Debt

TWELVE-MONTH LOAN GROWTH RATES AT FDIC-INSURED BANKS, 2002-2011
(Percent, end of year)



Source: Federal Deposit Insurance Corporation.

CREDIT MARKET DEBT GROWTH BY SECTOR, 2007-2011[1]
(Percent change from prior year)

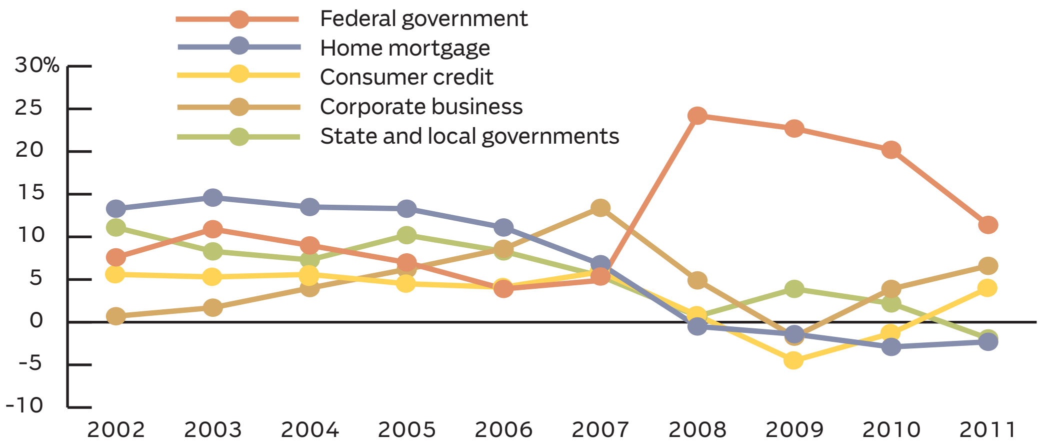
	2007	2008	2009	2010	2011
Domestic nonfinancial sectors	**8.4%**	**5.9%**	**3.1%**	**4.1%**	**3.6%**
Households					
Home mortgage	6.8	-0.5	-1.4	-2.9	-2.3
Consumer credit	5.9	0.8	-4.5	-1.3	4.0
Total household	**6.6%**	**-0.1%**	**-1.7%**	**-2.2%**	**-1.5%**
Business					
Corporate	13.4	4.9	-1.7	3.9	6.6
Total business	**13.6%**	**6.1%**	**-2.3%**	**0.8%**	**4.5%**
Government					
State and local govt	5.4	0.7	3.9	2.2	-1.9
Federal govt	4.9	24.2	22.7	20.2	11.4
Domestic financial sectors	**12.7%**	**5.5%**	**-10.6%**	**-6.0%**	**-3.2%**
Foreign	**9.0%**	**-10.6%**	**12.4%**	**4.2%**	**-0.8%**

[1]Percent change using seasonally adjusted data from prior year on an end-of-year basis.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

CREDIT MARKET DEBT GROWTH BY SELECTED SECTOR, 2002-2011[1]

(Percent change from prior year)



[1]Percent change using seasonally adjusted data from prior year on an end-of-year basis.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

CREDIT MARKET DEBT OUTSTANDING, OWED BY HOUSEHOLDS AND BUSINESSES, 2002-2011[1]

($ billions, end of year)

Year	Household sector	Nonfinancial corporate business
2002	$8,439.1	$5,037.5
2003	9,462.9	5,139.0
2004	10,531.5	5,376.7
2005	11,701.4	5,741.8
2006	12,834.6	6,258.8
2007	13,680.9	7,101.9
2008	13,665.5	7,445.2
2009	13,394.5	7,231.8
2010	13,115.6	7,533.3
2011	12,930.0	8,031.6

[1]Selected domestic nonfinancial sectors. Excludes corporate equities and mutual fund shares.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

Credit and Debit Card Payments

There were 108.9 billion noncash payments with a value of $72.3 trillion in the U.S. in 2009, including those made by check, card or Automated Clearing House (ACH), according to the latest payments study by the Federal Reserve. More than three-quarters of all U.S. noncash payments were made electronically in 2009, a 9.3 percent annual increase since the Fed's last study in 2007. Debit cards were the most widely used noncash payment, based on number of payments (accounting for 35 percent of payments), followed by checks (22 percent), credit cards (20 percent), ACH (18 percent) and prepaid cards (5 percent). The ACH system, a national payments network that includes Social Security benefit payments, payroll direct deposits and ecommerce, among others, accounted for 51.4 percent of payments, based on value, followed by checks (43.7 percent), credit cards (2.7 percent), debit cards (2.0 percent) and prepaid cards (0.2 percent).

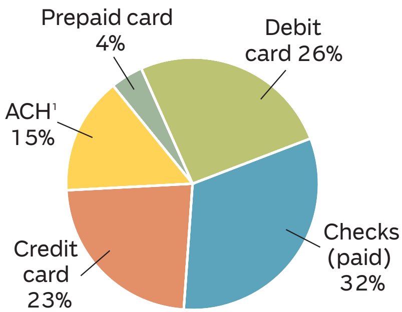
NUMBER AND VALUE OF NONCASH PAYMENTS, 2006 AND 2009

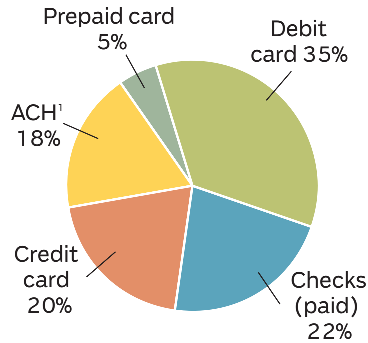
	Number (billions)			Value ($trillions)		
	2006	2009	Compound annual growth rate, 2006-2009	2006	2009	Compound annual growth rate, 2006-2009
Checks (paid)	30.5	24.4	-7.2%	$41.60	$31.59	-8.8%
ACH[1]	14.6	19.1	9.3	31.02	37.16	6.2
Credit card	21.7	21.6	-0.2	2.12	1.92	-3.2
Debit card	25.0	37.9	14.8	0.97	1.46	14.4
Prepaid card	3.3	6.0	21.5	0.08	0.14	22.4
Total	**95.2**	**108.9**	**4.6%**	**$75.79**	**$72.28**	**-1.6%**

[1]Automated Clearing House.

Source: Federal Reserve System.

DISTRIBUTION OF THE NUMBER OF NONCASH PAYMENTS, 2006 AND 2009





[1]Automated Clearing House. Source: Federal Reserve System.

Consumer Debt

DEBT HELD BY FAMILIES BY TYPE OF DEBT, 2001-2010

Percentage of families holding debt[1]	Home-secured	Other residential property	Installment loans	Credit card balances	Other lines of credit	Other	Any debt
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
2010	47.0	5.3	46.3	39.4	2.1	6.4	74.9
By age of family head, 2010							
Under 35	34.0	2.9	61.9	38.7	1.8	5.5	77.8
35 to 44	57.6	5.1	60.0	45.6	2.2	8.6	86.0
45 to 54	60.4	7.6	49.8	46.2	2.7	9.7	84.1
55 to 64	53.6	7.6	40.7	41.3	3.0	6.7	77.7
65 to 74	40.5	5.0	30.4	31.9	1.2	2.3	65.2
75 and over	24.2	2.9	12.3	21.7	[2]	2.0	38.5
Percentiles of income, 2010[3]							
Less than 20	14.8	1.3	34.1	23.2	1.2	4.2	52.5
20 to 39.9	29.6	1.7	40.8	33.4	2.2	4.2	66.8
40 to 59.9	51.6	3.5	49.9	45.0	2.1	6.8	81.8
60 to 79.9	65.4	6.0	56.6	53.1	1.9	7.8	86.9
80 to 89.9	74.5	9.1	58.8	51.0	2.0	11.8	88.9
90 to 100	72.8	19.4	41.8	33.6	3.7	6.6	84.5

[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 and Business Loans and Debt

DEBT HELD BY FAMILIES BY TYPE OF DEBT AND LENDING INSTITUTION, 2001-2010

Type of debt	2001	2004	2007	2010
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Home-secured debt	75.2	75.2	74.7	74.1
Installment loans	12.3	11.0	10.2	11.1
Other residential property	6.2	8.5	10.1	9.8
Credit card balances	3.4	3.0	3.5	2.9
Other debt	2.3	1.6	1.1	1.1
Other lines of credit	0.5	0.7	0.4	1.0
Purpose of debt				
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Home purchase	70.9	70.2	69.5	69.5
Other residential property	6.5	9.5	10.8	10.5
Goods and services	5.8	6.0	6.2	5.7
Education	3.1	3.0	3.6	5.2
Vehicles	7.8	6.7	5.5	4.7
Investment, excluding real estate	2.8	2.2	1.6	2.0
Home improvement	2.0	1.9	2.3	1.9
Other	1.1	0.6	0.5	0.4
Type of lending institution				
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Commercial bank	34.1	35.1	37.3	45.1
Mortgage or real estate lender	38.0	39.4	41.6	26.9
Brokerage	3.1	2.5	1.6	6.9
Credit union	5.5	3.6	4.2	5.1
Thrift institution[1]	6.1	7.3	4.2	4.1
Finance or loan company	4.3	4.1	3.4	4.0
Credit and store cards	3.7	3.0	3.6	2.9
Other nonfinancial	1.4	2.0	2.0	2.4
Individual lender	2.0	1.7	1.4	1.0
Government	1.1	0.7	0.4	0.8
Other loans	0.5	0.2	0.2	0.5
Pension account	0.3	0.3	0.2	0.4

[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, 2002-2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Commercial banks										
New automobiles (48 months)	7.62%	6.93%	6.60%	7.07%	7.72%	7.77%	7.02%	6.72%	6.21%	5.73%
Personal (24 months)	12.54	11.95	11.89	12.06	12.41	12.38	11.37	11.10	10.87	10.88
Credit card plans	13.40	12.30	12.72	12.51	13.21	13.30	12.08	13.40	13.78	12.74
Finance companies										
New automobiles	4.29	3.81	4.92	6.02	4.99	4.87	5.52	3.82	4.26	4.73
Used automobiles	10.74	9.86	8.81	8.81	9.61	9.24	NA	NA	NA	NA

NA=Data not available.

Source: Board of Governors of the Federal Reserve System.

DELINQUENCY RATES, RESIDENTIAL REAL ESTATE AND CONSUMER CREDIT CARD LOANS, 2002-2011[1]

Year	Residential real estate[2]	Credit cards	Year	Residential real estate[2]	Credit cards
2002	1.97%	4.97%	2007	3.08%	4.63%
2003	1.78	4.56	2008	6.65	5.66
2004	1.39	4.15	2009	10.48	6.34
2005	1.63	3.62	2010	10.14	4.15
2006	1.95	4.01	2011	9.91	3.27

[1]All figures are for the fourth quarter and are based on loans at domestic offices of commercial banks, measured as a percentage of loans.
[2]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 11.20 percent in second-quarter 2010, the highest since record-keeping began in 1991.
- The residential delinquency rate rose from 9.91 percent in fourth-quarter 2011 to 10.18 percent in first-quarter 2012.

Credit Cards

Bank cards, credit cards issued by banks, are the most widely held type of credit card, with 95.8 percent of cardholders having such cards in 2010. Balances on bank cards accounted for 85.1 percent of outstanding credit card balances in 2010, down from 87.1 percent in 2007, according to the Federal Reserve's latest Consumer Finance Survey. Store cards were also popular, with 55.8 percent of cardholders having such cards in 2010.

In February 2010 new federal rules for credit card companies went into effect. Along with other consumer protections, the rules require credit card companies to provide consumers with 45-day notice of any major changes to their card's interest rates, fees and other material terms.

FAMILIES WITH CREDIT CARDS, 2007 AND 2010

	2007[1]	2010
All families		
Percent of all families with credit cards	72.9%	68.0%
Percent of all families with credit card balance	46.1	39.4
Median amount of credit card balance ($000)	$3.1	$2.6
Families with credit card balance		
By percentile of income		
Less than 20	25.7%	23.2%
20 to 39.9	39.5	33.4
40 to 59.9	54.8	45.0
60 to 79.9	62.1	53.1
80 to 89.9	55.8	51.0
90 to 100	40.6	33.6
Median amount of credit card balance ($000)		
By percentile of income		
Less than 20	$1.0	$1.0
20 to 39.9	1.9	1.5
40 to 59.9	2.5	2.2
60 to 79.9	4.2	3.1
80 to 89.9	5.8	2.9
90 to 100	7.9	8.0

[1]All 2007 dollars adjusted to 2010 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.

STUDENTS WITH CREDIT CARDS, BY RACE/ETHNICITY, FAMILY INCOME AND GRADE LEVEL, 2011

Source: Sallie Mae.

TOP TEN DEPOSITORY INSTITUTIONS BY CREDIT CARD LOANS OUTSTANDING, 2010-2011[1]

($000)

Rank	Institution	2010	2011
1	Citigroup Inc.	$166,566,000	$157,607,000
2	Bank of America Corporation	177,013,566	144,568,267
3	JPMorgan Chase & Co.	130,869,000	124,802,000
4	American Express Company	61,199,650	62,910,000
5	Capital One Financial Corporation	52,765,277	58,869,212
6	Discover Financial Services	46,231,088	47,773,150
7	HSBC North America Holdings Inc.	33,860,830	31,159,220
8	Wells Fargo & Company	29,449,000	30,914,000
9	U.S. Bancorp	20,280,000	20,710,000
10	Barclays Delaware Holdings LLC	10,234,851	12,038,710

[1]The total dollar amount outstanding of credit card loans and other revolving credit plans.

Source: SNL Financial LC.

Small Business Lending

Small businesses, independent businesses with fewer than 500 employees, are an important sector of the U.S. economy, employing about half of all private sector workers in the United States, according to the Small Business Administration. Small business lending rose from $686.8 billion in 2007 to $695.2 billion in 2009, based on data from FDIC-insured banks. However, small business lending fell by 6.8 percent to $607.7 billion in 2011, following a 6.2 percent drop in 2010. Loans fell further to $590.2 billion in the first quarter of 2012, a 3.4 percent drop when compared with first quarter 2011.

BUSINESS LENDING BY LOAN SIZE AND SIZE OF BANK, 2012[1]

	Value of loans ($ millions)	
Size of loans ($000)	Large banks[2]	Small banks
$7.5 to $99	$2,315	$861
$100 to $999	8,705	1,809
$1,000 to $9,999	12,012	1,682
$10,000 and over	21,672	[3]

[1]Based on a sample of 348 domestically chartered commercial banks, May 7-11, 2012.
[2]As of March 31, 2012, assets of large banks were at least $4.4 billion.
[3]The number of loans was insufficient to provide a meaningful value.

Source: Board of Governors of the Federal Reserve System.

LOANS TO SMALL BUSINESSES AT FDIC-INSURED INSTITUTIONS, 2005-2012

($ millions)

	2005[1]	2007[1]	2008[1]	2009[1]	2010[1]	2011[1]	March 30, 2012
Loan balances							
Commercial and industrial loans of $1 million or less	$286,358	$326,699	$336,404	$323,202	$309,949	$283,627	$279,253
Nonfarm nonresidential loans of $1 million or less	315,121	360,061	375,048	372,026	342,219	324,037	310,924
Total small business loan balances	**$601,479**	**$686,760**	**$711,452**	**$695,228**	**$652,168**	**$607,664**	**$590,177**
Percent change from year ago							
Commercial and industrial loans of $1 million or less	3.7%	10.2%	3.0%	-3.9%	-4.1%	-8.5%	-1.6%
Nonfarm nonresidential loans of $1 million or less	4.7	6.6	4.2	-0.8	-8.0	-5.3	-4.9
Total small business loan balances	**4.2%**	**8.3%**	**3.6%**	**-2.3%**	**-6.2%**	**-6.8%**	**-3.4%**
Numbers of loans							
Commercial and industrial loans of $1 million or less	19,317,043	22,068,041	25,375,955	21,404,066	20,656,203	19,858,469	21,702,861
Nonfarm nonresidential loans of $1 million or less	1,714,937	2,458,493	1,844,338	1,797,337	1,731,634	1,504,601	1,421,984
Total small business loans	**21,031,980**	**24,526,534**	**27,220,293**	**23,201,403**	**22,387,837**	**21,363,070**	**23,124,845**

[1]As of June 30.

Source: Federal Deposit Insurance Corporation.

Community Development Lending

The Federal Community Reinvestment Act (CRA) requires commercial banks and savings institutions with total assets of approximately $1.1 billion to report data regarding their small business, small farm and community development loans. The mandatory CRA reporting threshold adjusts annually based on changes to the Consumer Price Index and for 2011 was $1.122 billion. In addition, some smaller banks opt to report small business and farms loans under the CRA. For 2011 a total of 859 lenders reported data about originations and purchases of small business and small farm loans, 39 percent of which were below the threshold. Small business and small farm lending reported by CRA institutions represent a significant portion of total small business and small farm lending by all commercial banks and savings associations. In 2011 CRA reporters accounted for about 85 percent of small business loans outstanding and 24 percent of small farm loans outstanding, based on the number of loans extended by all banking institutions.

In 2011 approximately 5.2 million small business loans (totaling $197 billion) and about 137,000 small farm loans (totaling $ 11.8 billion) were originated or purchased by CRA reporting banks. The number of small business loans (originations and purchases combined) reported in 2011 increased about 21 percent from 2010, and the dollar amount of such lending increased about 10 percent. The number of small farm loans (originations and purchases combined) was down about 7 percent, and the dollar amount of such lending was virtually unchanged from 2010.

COMMUNITY DEVELOPMENT LENDING, 2011[1]

Asset size of lender ($ millions)	CRA loans				CRA reporting institutions			
	Number		Amount ($000)		Total		Community development loans	
	Total	Percent	Total	Percent	Number	Percent	Number extending	Percent extending
Less than $100	0	[2]	0	[2]	1	0.1%	0	[2]
$100 to $249	15	0.1%	$11,176	[2]	9	1.0	3	0.5%
$250 to $1,121	1,774	9.9	1,413,218	3.0%	300	34.9	193	29.5
$1,122 or more	16,206	90.1	45,568,734	97.0	549	63.9	459	70.1
Total	**17,995**	**100.0%**	**$46,993,128**	**100.0%**	**859**	**100.0%**	**655**	**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 $1.122 billion in assets in 2011.

[2]Less than 0.1 percent.

Source: Federal Financial Institutions Examination Council.

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 precipitous drop in filings in 2006 after the law took effect. Filings rose steadily over the next four years, with annual increases of over 30 percent from 2007 to 2009 and an 8.1 percent rise in 2010. In 2010 a total of 1.6 million bankruptcy petitions were filed in U.S. courts, the greatest number since the 2.1 million bankrupties recorded in 2005. Bankruptcies declined 11.5 percent in 2011, the first drop since 2006.

BANKRUPTCY PETITIONS FILED BY TYPE, 2007-2011

Year	Business	Percent change	Nonbusiness	Percent change	Total	Percent change
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
2009	60,837	39.7	1,412,838	31.5	1,473,675	31.8
2010	56,282	-7.5	1,536,799	8.8	1,593,081	8.1
2011	47,806	-15.1	1,362,847	-11.3	1,410,653	-11.5

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

Retirement Assets at a Glance

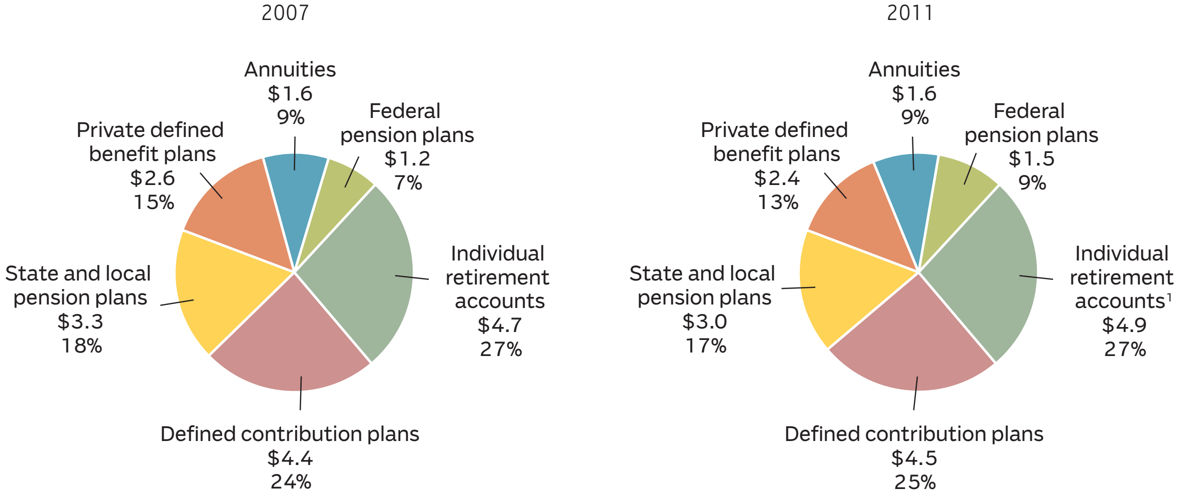
- In addition to Social Security and private savings, a large number of Americans rely on investments in formal plans to prepare for retirement. A report by the Investment Company Institute (ICI) found that 69 percent of U.S. households (or 82 million households) reported that they had employer-sponsored retirement plans, IRAs or both in 2011. Retirement market assets rose by $100 billion to $17.9 trillion in 2011 after rising by $1.6 trillion in 2010.
- Workplace plans play a major part in retirement savings, with 64 percent of Americans' retirement assets held in private or public employer-sponsored plans in 2011, according to ICI.
- There are two basic types of workplace pension plans: 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. 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 percentage of workers participating in defined benefit plans dropped from 35 percent in 1990 to 10 percent in 2011, according to the U.S. Bureau of Labor Statistics. Defined contribution plan participation rose from 34 percent to 43 percent during the same period.
- 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, one for individual companies and one for unrelated companies in the same industry.
- In 2011 the PBGC Single-Employer Program covered 152 newly terminated pension plans and made payments to 873,000 people.
- The market value of individual retirement accounts rose from $4.7 trillion in 2007 to $4.9 trillion in 2011, according to the Federal Reserve.
- Retirement assets in mutual funds rose from $2.1 trillion in 2002 to $4.7 trillion in 2011, according to the Investment Company Institute. In 2011 employer-sponsored defined contribution pension plans accounted for 53 percent of mutual fund retirement assets and IRA accounted for 47 percent.
- Individual annuity sales totaled $240.3 billion in 2011, including $159.3 billion in variable annuities and $81.0 billion in fixed annuities, according to LIMRA International.

Retirement Funds, IRAs and 401(k)s

In addition to Social Security and private savings, a large number of Americans rely on investments in formal plans to prepare for retirement. A report by the Investment Company Institute (ICI) found that 69 percent of U.S. households (or 82 million households) reported that they had employer-sponsored retirement plans, IRAs, or both in 2011. Retirement assets rose by $100 billion to $17.9 trillion in 2011, after rising $1.6 trillion in 2010.

U.S. RETIREMENT ASSETS, 2007 AND 2011

($ trillions, end of year)



[1]Estimated

Source: Investment Company Institute.

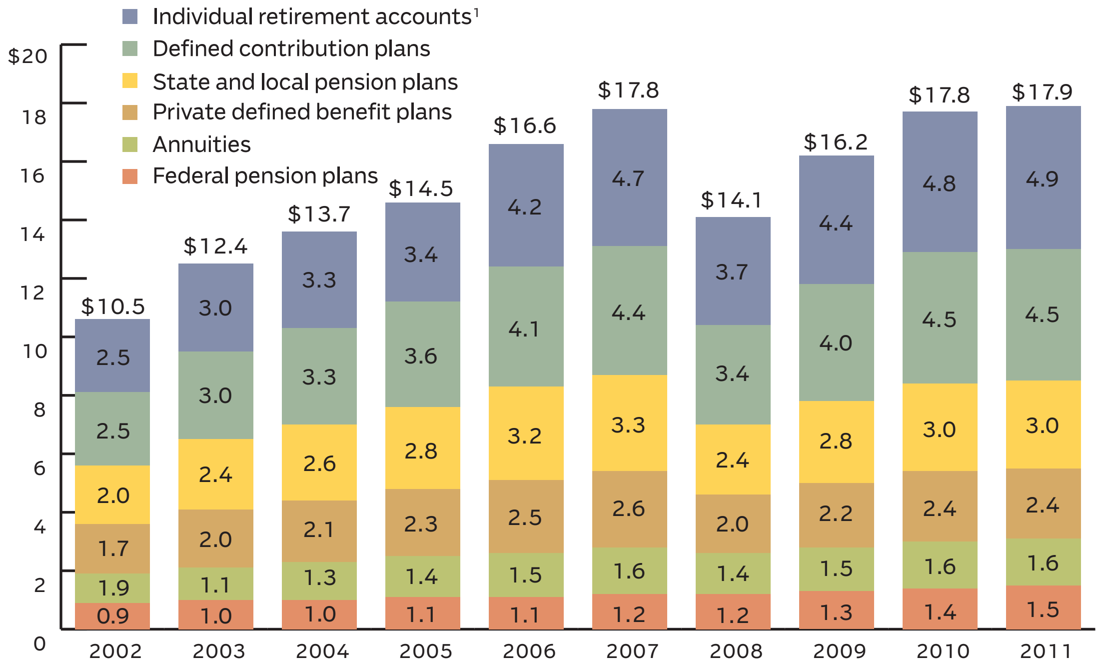
Retirement Funds

Workplace plans play a major part in retirement savings, with 64 percent of Americans' retirement assets held in private or public employer-sponsored plans in 2011, according to ICI. Almost one-third (27.2 percent) of such assets were in individual retirement accounts and 9.1 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 17.8 percent of total financial services industry assets in 2011.

U.S. RETIREMENT ASSETS, BY TYPE, 2002-2011

($ trillions, end of year)



[1]Data for 2003, 2009, 2010 and 2011 are estimates.

Source: Investment Company Institute.

ASSETS OF PRIVATE PENSION FUNDS BY TYPE OF ASSET, 2007-2011[1]

($ billions, end of year)

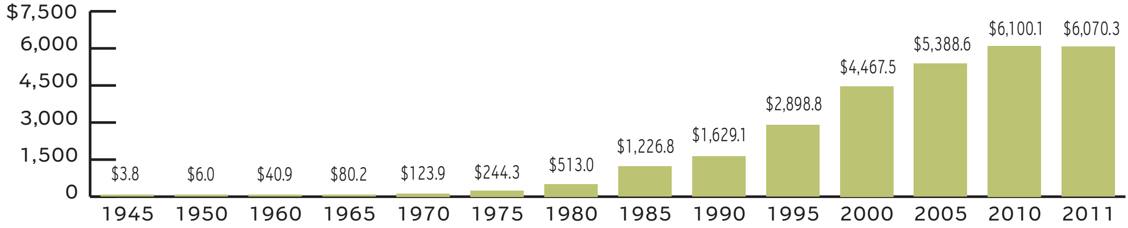
	2007	2008	2009	2010	2011
Total financial assets	**$6,410.6**	**$4,552.7**	**$5,471.0**	**$6,100.1**	**$6,070.3**
Checkable deposits and currency	11.8	12.3	16.4	20.9	22.0
Time and savings deposits	67.7	67.9	72.7	72.8	73.3
Money market fund shares	93.5	95.7	96.4	96.3	96.1
Security repurchase agreements[2]	25.8	33.1	36.2	36.1	31.9
Credit market instruments	860.8	951.4	1,063.0	1,122.4	1,161.2
Open market paper	26.9	37.2	26.7	18.2	16.7
Treasury securities	169.5	184.9	310.7	391.0	436.2
Agency- and GSE[3]-backed securities	296.8	318.1	269.1	257.6	252.4
Corporate and foreign bonds	357.4	400.1	442.9	440.1	440.9
Mortgages	10.2	11.1	13.6	15.5	15.0
Corporate equities	2,673.3	1,599.7	1,835.7	2,081.1	2,004.6
Mutual fund shares	2,110.6	1,366.0	1,817.3	2,121.1	2,144.6
Miscellaneous assets	567.1	426.5	533.3	549.4	536.8
Unallocated insurance contracts[4]	431.3	317.6	412.8	457.5	450.8
Contributions receivable	47.2	47.9	50.5	49.2	49.4
Other	88.6	61.0	70.0	42.8	36.6
Pension fund reserves (liabilities)[5]	6,444.8	4,588.0	5,507.4	6,136.6	6,106.9

[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 7, 2012.

ASSETS OF PRIVATE PENSION FUNDS, 1945-2011

($ billions, end of year)



Source: Board of Governors of the Federal Reserve System, June 7, 2012.

ASSETS OF STATE AND LOCAL GOVERNMENT EMPLOYEE RETIREMENT FUNDS BY TYPE OF ASSET, 2007-2011

($ billions, end of year)

	2007	2008	2009	2010	2011
Total financial assets	**$3,198.8**	**$2,324.5**	**$2,673.7**	**$2,931.5**	**$2,849.1**
Checkable deposits and currency	17.9	17.8	17.7	17.3	18.4
Time and savings deposits	0.7	0.7	0.7	0.7	0.7
Money market fund shares	12.4	14.3	14.3	13.9	14.8
Security repurchase agreements[1]	21.7	23.5	23.5	22.8	24.3
Credit market instruments	820.3	833.5	824.7	816.5	834.8
Open market paper	38.4	25.9	24.0	22.4	23.8
U.S. government securities	472.7	483.9	481.4	470.8	479.2
Treasury securities	141.6	146.4	174.5	185.6	188.9
Agency- and GSE[2]-backed securities	331.1	337.5	306.9	285.2	290.3
Municipal securities	2.4	1.4	1.5	1.6	1.5
Corporate and foreign bonds	297.0	312.9	308.6	312.4	320.9
Mortgages	9.7	9.4	9.3	9.4	9.3
Corporate equities	2,013.7	1,237.9	1,549.8	1,782.5	1,690.6
Mutual fund shares	296.4	181.1	226.7	260.8	247.3
Miscellaneous assets	15.7	15.7	16.2	17.0	18.1
Pension fund reserves (liabilities)[3]	3,297.9	2,414.7	2,759.8	3,024.0	2,967.9

[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 7, 2012.

Retirement Funds, IRAs and 401(k)s

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 and 457 plans for goverment workers.

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 were able to convert them to Roths. Roth 401(k)s were introduced in 2001 and made permanent by federal law in 2007.

There has been a dramatic shift away from defined benefit plans toward defined contribution plans over the past 20 years. As the number of employers offering defined benefit plans shrank, the percent of workers participating in such plans dropped from 35 percent in 1990 to 10 percent in 2010 and 2011. Defined contribution plan participation rose from 34 percent to 45 percent in 2010 but dropped back to 43 percent in 2011.

PARTICIPATION IN DEFINED BENEFIT AND DEFINED CONTRIBUTION PENSION PLANS, 1990-2011[1]

(Percent)

Percent of all workers participating	1990-1991	2000	2005	2008	2009	2010	2011
Defined benefit plans	35%	19%	21%	20%	20%	10%	10%
Defined contribution plans	34	36	42	43	43	45	43

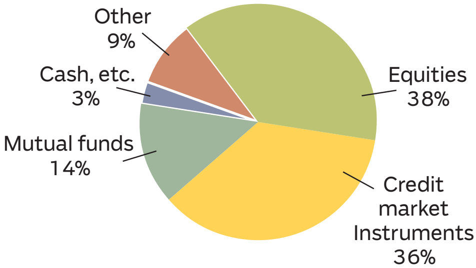
[1]All private industry.

Source: U.S. Bureau of Labor Statistics.

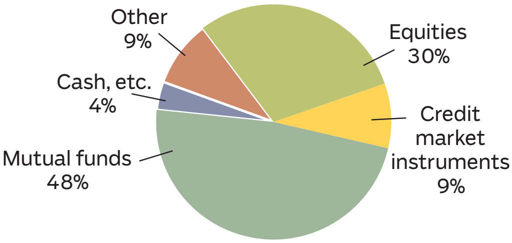
Retirement Funds, IRAs and 401(k)s

RETIREMENT FUNDS ASSET MIX, 2011

Private Defined Benefit Plans



Private Defined Contribution Plans



Source: Board of Governors of the Federal Reserve System, June 7, 2012.

- In defined benefit plans, equities held the largest share by type of investments in 2011, with 38 percent, followed by credit market instruments, with 36 percent, and mutual funds, with 14 percent.
- In defined contribution plans, mutual funds held the largest share, with 48 percent. Equities ranked second, with 30 percent, followed by credit market instruments, with 9 percent.

DISTRIBUTION OF PRIVATE PENSION FUND ASSETS, 1985-2011

Year	Financial assets ($ billions)	Percent of financial assets	
		Defined benefit	Defined contribution
1985	$1,226.8	64.8%	35.2%
1990	1,629.1	55.2	44.8
1995	2,898.8	50.6	49.4
2000	4,467.5	44.3	55.7
2005	5,388.6	42.3	57.7
2006	6,082.8	41.6	58.4
2007	6,410.6	40.5	59.5
2008	4,552.7	40.7	59.3
2009	5,471.0	38.5	61.5
2010	6,100.1	37.1	62.9
2011	6,070.3	36.3	63.7

Source: Board of Governors of the Federal Reserve, June 7, 2012.

Retirement Funds, IRAs and 401(k)s

INVESTMENT MIX OF PRIVATE DEFINED BENEFIT PLAN ASSETS, 2007-2011

($ billions)

Year	Equity	Bonds	Mutual funds	Cash items	Other assets	Total assets
2007	$1,424	$587	$339	$56	$191	$2,596
2008	777	648	228	68	132	1,853
2009	805	767	286	70	177	2,105
2010	810	851	324	78	199	2,261
2011	703	898	330	94	199	2,223

Source: Securities Industry and Financial Markets Association.

INVESTMENT MIX OF PRIVATE DEFINED CONTRIBUTION PLAN ASSETS, 2007-2011

($ billions)

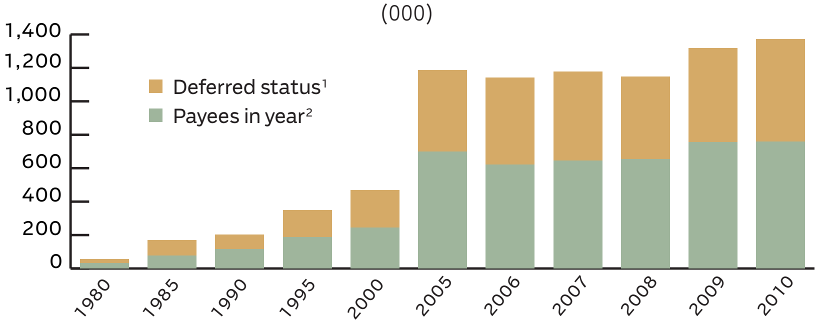
Year	Equity	Bonds	Mutual funds	Cash items	Other assets	Total assets
2007	$1,250	$247	$1,772	$169	$376	$3,815
2008	823	266	1,138	178	294	2,699
2009	1,031	270	1,531	179	356	3,366
2010	1,202	306	1,803	175	350	3,836
2011	1,175	362	1,812	171	338	3,858

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 28,000 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 1,500 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 PBGC's Single-Employer Program for pension plans reported a deficit of $23.27 billion in fiscal year 2011, $1.6 billion more than the previous year's $21.59 billion shortfall.

NUMBER OF PAYEES, PBGC, SINGLE-EMPLOYER PROGRAM, 1980-2010
(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.

- Overall single employer benefit payments stayed the same at $5.5 billion in 2011 and 2010.
- In 2011 the PBGC Single-Employer Program covered 152 newly terminated pension plans and made payments to 873,000 people.

Individual Retirement Accounts (IRAs)

An individual retirement arrangement, or IRA, is a personal savings plan that allows individuals to set aside money for retirement, while offering tax advantages. Traditional IRAs are defined as those first allowed under the Employee Retirement Income Security Act of 1974. Amounts in a traditional IRA, including earnings, generally are not taxed until distributed to the holder. Roth IRAs were created by the Taxpayer Relief Act of 1997. Unlike traditional IRAs, Roth IRAs do not allow holders to deduct contributions. However, qualified distributions are tax free. Other variations include Simplified Employee Pensions (SEP), which enable businesses to contribute to traditional IRAs set up for their workers, and Savings Incentive Match Plans for Employees (SIMPLE) plans, a similar arrangement for small businesses.

According to the Investment Company Institute, 49 million households (or 41.4 percent of U.S. households) had IRAs in 2010. Of these, 38.5 million households (32.8 percent) had traditional IRAs, 19.5 million (16.6 percent) had Roth IRAs and 9.4 million (8.0 percent) had SEP or SIMPLE IRAs.

Retirement Funds, IRAs and 401(k)s

IRAs BY HOLDER, 2007-2011

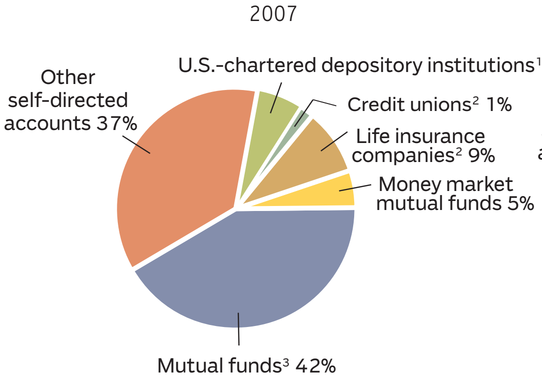
($ billions, market value, end of year)

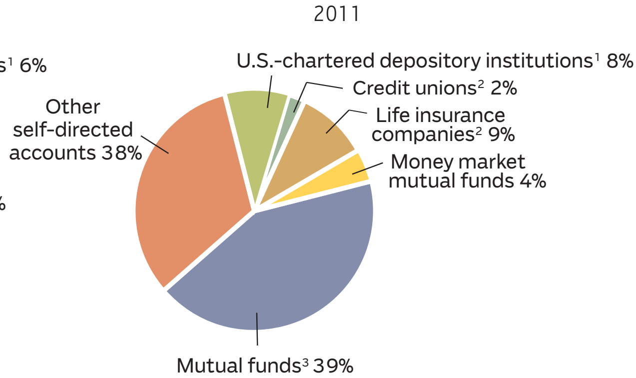
Holder	2007	2008	2009	2010	2011
U.S.-chartered depository institutions[1]	$281.8	$326.0	$356.7	$383.3	$403.6
Credit unions[2]	58.2	65.5	74.2	77.2	78.5
Life insurance companies[2]	426.0	381.6	405.5	436.0	444.0
Money market mutual funds	224.0	272.0	230.0	207.0	216.0
Mutual funds[3]	1,983.0	1,267.0	1,656.0	1,918.0	1,889.0
Other self-directed accounts	1,774.9	1,368.9	1,640.6	1,817.5	1,840.9
Total	**$4,748.0**	**$3,681.0**	**$4,363.0**	**$4,839.0**	**$4,872.0**

[1]Includes savings banks and commercial banks; includes Keogh accounts.
[2]Includes Keogh accounts.
[3]Excludes variable annuities.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

IRA MARKET SHARES BY HOLDER, 2007 AND 2011





[1]Includes savings banks and commercial banks; includes Keogh accounts.
[2]Includes Keogh accounts.
[3]Excludes variable annuities.

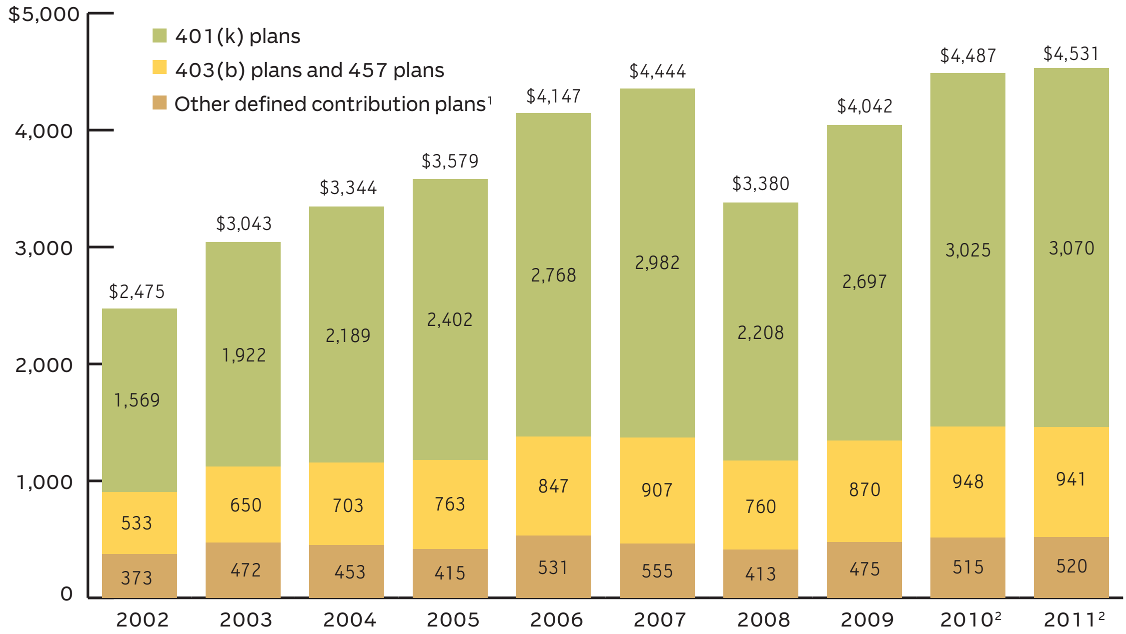
Source: Board of Governors of the Federal Reserve System, June 7, 2012.

401(k) and Other Defined Contribution Plans

Defined contribution plans, retirement savings plans based on contributions from employers and/or employees, accounted for 40 percent of employer-sponsored retirement plan assets in 2011, up from 27 percent in 1985, according to the Investment Company Institute. Assets in these plans grew from $1.7 trillion in 1995 to $4.5 trillion in 2011. 401(k) plans are the most popular type of defined contribution plan, accounting for $3.1 trillion in assets in 2011. Two other plans similar to 401(k)s—403(b) plans for employees of certain educational institutions and nonprofits, and 457 plans for employees of state and local governments and some tax-exempt organizations—accounted for another $941 billion in defined contribution assets. The remaining $520 billion in defined contribution assets were held by plans without 401(k) features.

DEFINED CONTRIBUTION PLAN ASSETS BY TYPE OF PLAN, 2002-2011

($ billions, end of year)

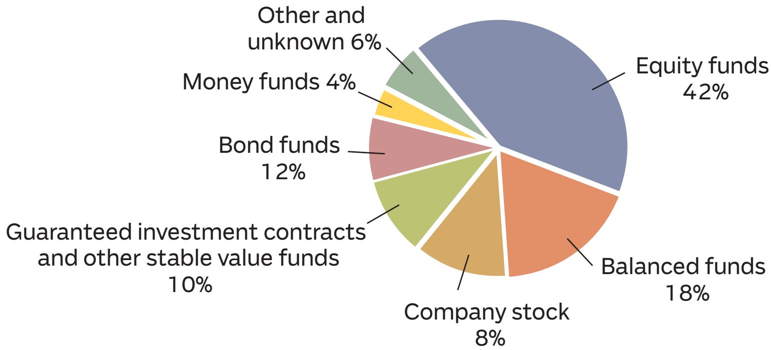


[1]Includes Keoghs and other defined contribution plans, such as profit-sharing plans, without 401(k) features.
[2]Estimated.
Note: May not add to total due to rounding.

Source: Investment Company Institute.

Retirement Funds, IRAs and 401(k)s

AVERAGE ASSET ALLOCATION FOR ALL 401(k) PLAN BALANCES, 2010[1]



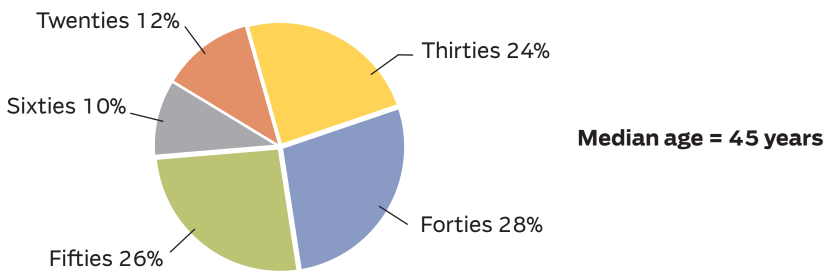
[1]Percentages are dollar-weighted averages.

Source: Investment Company Institute.

401(k) Plan Participants

Fifty-two percent of people 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 participants in 2010 was 45 years. Thirty-nine 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 eight years in 2010.

401(k) PLAN PARTICIPANTS BY AGE, 2010



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. The 2010 Dodd-Frank Act included language keeping equity indexed annuities under state insurance regulation. Variable annuities are subject to both state insurance regulation and federal securities regulation.

Annuities can be deferred or immediate. Deferred annuities generally accumulate assets over a long period of time, with withdrawals usually 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. Annuities can be written on an individual or group basis. (See the Premiums by Line table, page 213.)

Annuities can be used to fund structured settlements, arrangements in which an injury victim in a lawsuit receives compensation in a number of taxfree payments over time, rather than as a lump sum.

INDIVIDUAL ANNUITY CONSIDERATIONS, 2007-2011[1]

($ billions)

Year	Variable	Fixed	Total	
			Amount	Percent change from prior year
2007	$184.0	$72.8	$256.8	7.6%
2008	155.7	109.3	265.0	3.2
2009	128.0	110.6	238.6	-10.0
2010	140.5	81.9	222.4	-6.8
2011	159.3	81.0	240.3	8.0

[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.

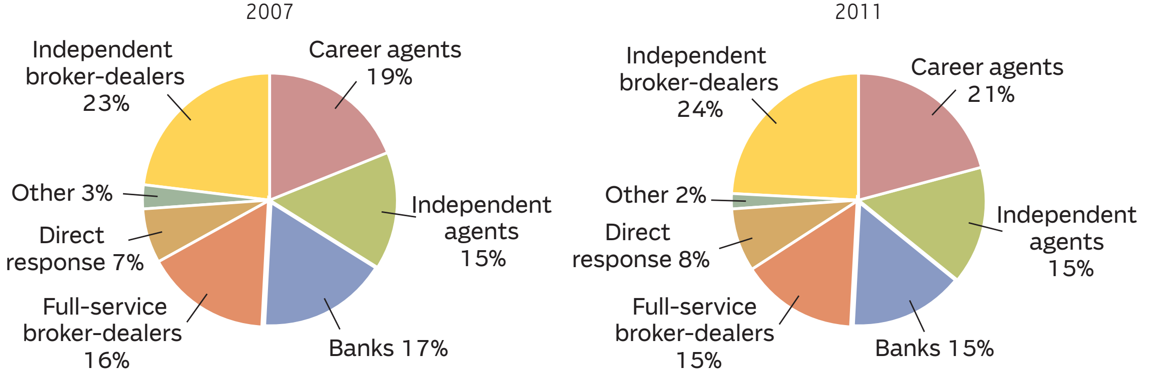
Source: LIMRA International.

- Individual fixed annuity sales in the U.S. declined by 1 percent in 2011, following a 26 percent drop the previous year. Variable annuity sales increased 13 percent, following 10 percent growth the previous year.

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, accounted for 45 percent of annuity sales in 2011. 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, 2007 AND 2011[1]



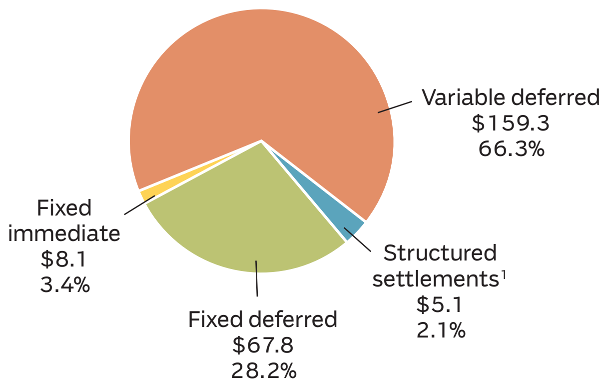
[1]Preliminary.

Source: LIMRA International.

- Individual annuity sales totaled $240.3 billion in 2011, including $159.3 billion in variable annuities and $81.0 billion in fixed annuities.

INDIVIDUAL ANNUITY SALES BY PRODUCT TYPE, 2011

($ billions)

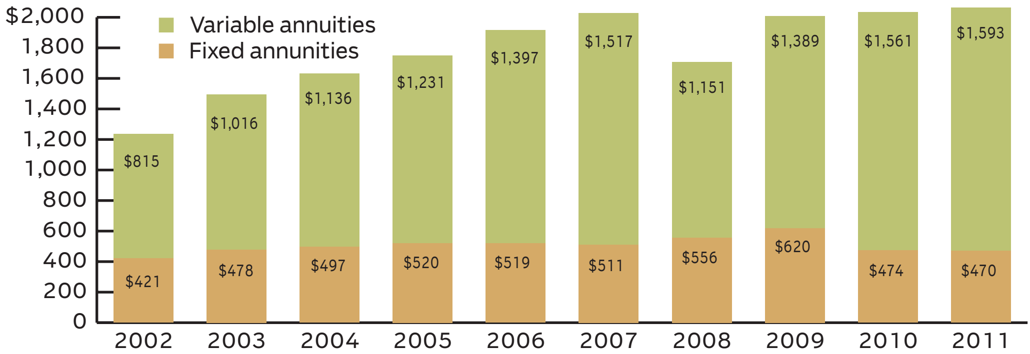


[1]Single premium contracts bought by property/casualty insurers to distribute awards in personal injury or wrongful death lawsuits over a period of time, rather than as lump sums. Classified as a fixed annuity.

Source: LIMRA International.

DEFFERED ANNUITY ASSETS, 2002-2011

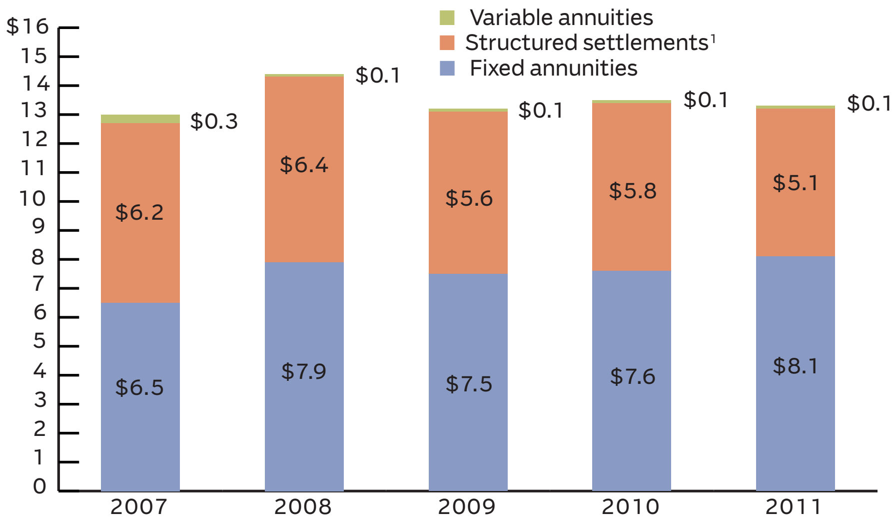
($ billions, end of year)



Source: LIMRA International.

INDIVIDUAL IMMEDIATE ANNUITY SALES, 2007-2011

($ billions)



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

Source: LIMRA International.

Mutual Funds

MUTUAL FUND RETIREMENT ASSETS, 2002-2011

($ billions, end of year)

Year	Employer-sponsored defined contribution accounts[1]	IRAs	Total retirement
2002	$1,094	$1,037	$2,131
2003	1,410	1,317	2,727
2004	1,634	1,509	3,143
2005	1,838	1,688	3,526
2006	2,159	2,015	4,174
2007	2,409	2,288	4,697
2008	1,639	1,585	3,224
2009	2,102	1,953	4,054
2010	2,466	2,222	4,687
2011	2,490	2,192	4,682

[1]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.

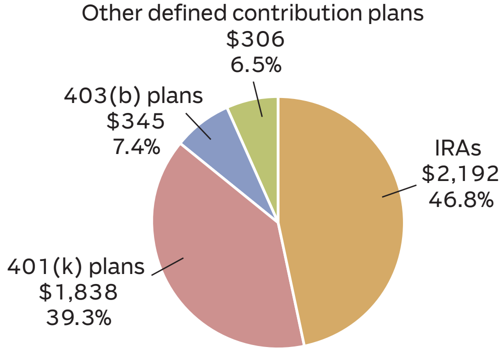
Note: Components may not add to totals due to rounding.

Source: Investment Company Institute.

- Of the total $4.7 trillion in mutual fund assets held by retirement plans at the end of 2011, 54 percent were invested in equity funds, including 41 percent in domestic funds and 13 percent in foreign funds.

MUTUAL FUND RETIREMENT ASSETS BY TYPE OF PLAN, 2011[1]

($ billions, end of year)



[1]Preliminary data. Does not include defined benefit plans.

Source: Investment Company Institute.

Convergence at a Glance

Convergence refers to the cross sector activities in the financial services sector, such as banks selling insurance and insurers purchasing banks. Such activities were facilitated by the passage of the Gramm-Leach-Bliley Financial Services Modernization Act of 1999 (GLB), which removed many of the Depression-era barriers that restricted affiliations between banks, securities firms and insurance companies.

Under GLB, bank holding companies (BHC), i.e., firms that control one or more bank, with federal regulatory approval are permitted to organize as a financial holding company (FHC), a structure that expands the financial activities permissible for BHCs. A large number of BHCs earn income from insurance and/or securities activities. For their part, a number of insurance companies are engaged in the business of banking, either through the establishment of thrifts, by obtaining FHC status or through the purchase of industrial banks. In addition, many insurers market their products through the bank channel.

- A 2012 analysis by Michael White Associates (MWA) found that in 2011, bank holding companies (BHC) recorded $51.5 billion in investment banking, advisory and underwriting income, and $36.8 billion in securities brokerage fee income.
- In 2011 BHCs reported $118.4 billion in income from wealth management activities. Such activities include securities brokerage income, either alone or in conjunction with any of the following: investment advisory, banking and other services (i.e., securities dealer income); annuity commissions; and income from fiduciary-related activities, according to MWA.
- In 2011 BHCs reported $25.0 billion in income from sales of mutual funds and annuities, according to MWA.
- In 2011 BHCs recorded total insurance revenue of $57.2 billion, including $15.7 billion in brokerage income (i.e., sales and referrals) and $41.5 billion from underwriting activities (i.e., generated by insurance companies owned by BHCs), according to MWA.
- 34 banks bought insurance agencies in 2011, with a total deal value of $33.3 million, compared with 27 such transactions in 2010, with a total value of $13.4 million, according to SNL Financial.
- The largest banks owned by insurers, based on deposits as of March 2012, were USAA FSB, MetLife Bank NA and State Farm Bank FSB, according to SNL Financial. In December 2011 MetLife announced plans to sell most of its retail deposit business in the U.S. to GE Capital Financial Inc. MetLife would join a number of insurers that have exited the banking business in recent years.
- A 2012 analysis by BISRA (formerly Kehrer-LIMRA) looked at insurance sold through the bank channel. It found that bank sales of individual life insurance policies dropped from $1.8 billion in 2010 to $1.4 billion in 2011.
- BISRA reports that sales of fixed annuities through banks totaled $17.5 billion in 2011, accounting for 23 percent of the market.
- Sales of variable annuities through banks totaled $19. 7 billion in 2011, or 12.3 percent of the market, according to BISRA.

Financial Holding Companies

Overview

The Gramm-Leach-Bliley Financial Services Modernization Act of 1999 (GLB) removed many of the Depression-era barriers that restricted affiliations between banks, securities firms and insurance companies. The arrangement that provided the major impetus for the passage of GLB, Citigroup's merger with Travelers Insurance Group, was short lived, with Citigroup selling off its Travelers property/casualty insurance and life insurance units in 2002 and 2005, respectively. However, the convergence of financial products has continued as companies look for innovative ways to tap the market for financial products. This has generally taken place without the mega-mergers envisioned by GLB. 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.

The economic downturn and subsequent regulatory changes have prompted some structural changes in the financial services industry. In 2008 securities giants Goldman Sachs and Morgan Stanley converted to bank holding companies and eventually gained financial holding company status (see below). In 2011 MetLife and Allstate announced plans to sell their banking units.

Financial Holding Companies

Gramm-Leach-Bliley 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. The Dodd-Frank Wall Street Reform and Consumer Protection Act, passed in July 2010, increases regulation of large bank holding companies and expands the authority of the Federal Reserve to regulate subsidiaries of BHCs.

- In 2011, 36 domestic financial holding companies had consolidated assets of $15 billion or more.

NUMBER OF FINANCIAL HOLDING COMPANIES, 2007-2011[1]

	2007	2008	2009	2010	2011
Number of domestic FHCs[2]	597	557	479	430	417
Number of foreign FHCs[3]	43	45	46	43	40
Total number of FHCs	**640**	**602**	**525**	**473**	**457**

[1]Only the top-tier bank holding company in a multi-tier organization is included to avoid double counting.
[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.

Introduction

Each year Michael White Associates benchmarks and ranks the insurance, securities, and mutual fund and annuity fee income programs of bank holding companies (BHCs), as well as such income reported by individual banks, many of which are subsidiaries of BHCs. The results are based on data reported to the FDIC and the Federal Reserve.

See the Overview section of the Banking chapter for additional information on bank holding companies, including a ranking of the largest BHCs.

Banking: Securities Activities

Investment Banking, Advisory and Underwriting Income of Banking Institutions

In 2011, 260 bank holding companies (BHC) recorded $51.5 billion in investment banking, advisory and underwriting income. The same year, 559 individual banks, many of which are subsidiaries of BHCs, earned $5.6 billion in such income. The BHC and bank figures have not been totaled to avoid double counting since most of the bank income is captured in the consolidated reporting by the BHCs.

INVESTMENT BANKING, ADVISORY AND UNDERWRITING INCOME OF BANK HOLDING COMPANIES AND BANKS, 2007-2011[1]

	BHCs reporting investment banking, advisory and underwriting income			Banks reporting investment banking, advisory and underwriting income		
Year	Number	Percent	Income ($ billions)	Number	Percent	Income ($ billions)
2007	274	31.9%	$43.70	717	9.3%	$6.42
2008	279	31.6	35.64	688	9.2	5.27
2009	265	28.9	52.64	622	8.6	6.61
2010	251	27.6	54.28	570	8.2	5.30
2011	260	28.0	51.53	559	8.4	5.57

[1]The BHC and bank data are not totaled to avoid double counting. Most bank income is captured in the consolidated reporting by BHCs.

Source: Michael White IPI Bank Wealth Management Income Report - 2012.

Banking: Securities Activities

TOP TEN BANK HOLDING COMPANIES AND BANKS IN INVESTMENT BANKING, ADVISORY AND UNDERWRITING INCOME, 2011

($000)

Rank	Bank holding companies		Banks	
	Bank holding company (State)	Investment, banking, advisory and underwriting income	Bank (State)[1]	Investment, banking, advisory and underwriting income
1	Morgan Stanley (NY)	$9,992,000	JPMorgan Chase Bank, N.A. (OH)	$3,071,000
2	Goldman Sachs Group, Inc. (NY)	8,823,000	Citibank, N.A. (SD)	594,000
3	JPMorgan Chase & Co. (NY)	7,800,000	Bank of America, N.A. (NC)	400,434
4	Franklin Resources, Inc. (CA)	6,970,425	Deutsche Bank Trust Company Americas (NY)	166,000
5	Bank of America Corporation (NC)	5,216,957	Goldman Sachs Bank USA (NY)	139,000
6	Wells Fargo & Company (CA)	3,865,000	PNC Bank, N.A. (DE)	114,347
7	Citigroup Inc. (NY)	3,505,000	Fifth Third Bank (OH)	106,828
8	Taunus Corporation (NY)	1,408,000	KeyBank N.A. (OH)	103,072
9	RBC USA Holdco Corporation (NY)	1,062,465	State Street Bank and Trust Company (MA)	100,513
10	PNC Financial Services Group, Inc. (PA)	683,168	Wells Fargo Bank, N.A. (SD)	72,000

[1]Many banks are single institutions that are part of BHCs.
N.A.=National bank (federally chartered).

Source: Michael White IPI Bank Wealth Management Income Report - 2012.

INVESTMENT FEE INCOME OF BANK HOLDING COMPANIES AND BANKS, 2007-2011[1]

Year	BHCs reporting investment fee income			Banks reporting investment fee income		
	Number	Percent	Income ($ billions)	Number	Percent	Income ($ billions)
2007	632	73.7%	$62.19	2,216	28.8%	$14.21
2008	638	72.3	56.34	2,150	28.7	13.28
2009	653	71.3	89.75	2,034	28.1	12.00
2010	634	69.6	91.96	1,905	27.5	9.86
2011	645	69.4	91.18	1,830	27.4	9.79

[1]Income from investment banking, advisory, brokerage and underwriting fees and annuity commissions. The BHC and bank data are not totaled to avoid double counting. Most bank income is captured in the consolidated reporting by BHCs.

Source: Michael White IPI Bank Wealth Management Income Report - 2012.

TOP TEN BANK HOLDING COMPANIES AND BANKS IN INVESTMENT FEE INCOME, 2011[1]
($000)

	Bank holding companies		Banks	
Rank	Bank holding company (State)	Investment fee income	Bank (State)[2]	Investment fee income
1	Morgan Stanley (NY)	$17,894,000	JPMorgan Chase Bank, N.A. (OH)	$4,435,000
2	Bank of America Corporation (NC)	15,391,890	Bank of America, N.A. (NC)	791,361
3	Goldman Sachs Group, Inc. (NY)	12,646,000	Citibank, N.A. (SD)	694,000
4	JPMorgan Chase & Co. (NY)	10,871,000	Wells Fargo Bank, N.A. (SD)	439,000
5	Wells Fargo & Company (CA)	9,390,000	PNC Bank, N.A. (DE)	315,350
6	Franklin Resources, Inc. (CA)	6,970,425	Fifth Third Bank (OH)	187,910
7	Citigroup Inc. (NY)	5,353,000	KeyBank N.A. (OH)	181,313
8	Taunus Corporation (NY)	2,385,000	Deutsche Bank Trust Company Americas (NY)	166,000
9	RBC USA Holdco Corporation (NY)	1,968,897	State Street Bank and Trust Company (MA)	153,532
10	Bank of New York Mellon Corporation (NY)	1,470,000	Goldman Sachs Bank USA (NY)	139,000

[1]Includes all income generated from broker-dealer activities, including investment banking, advisory and underwriting income, securities brokerage income and annuity commissions.
[2]Many banks are single institutions that are part of BHCs.
N.A.=National bank (federally chartered).

Source: Michael White IPI Bank Wealth Management Income Report - 2012.

Securities Brokerage Fee Income of Banking Institutions

In 2011, 532 bank holding companies (BHC) recorded $36.8 billion in securities brokerage fee income. The same year, 1,385 individual banks, many of which are subsidiaries of BHCs, earned $3.5 billion in such income. The BHC and bank figures have not been totaled to avoid double counting since most of the bank income is captured in the consolidated reporting by the BHCs.

SECURITIES BROKERAGE FEE INCOME OF BANK HOLDING COMPANIES AND BANKS, 2007-2011[1]

	BHCs reporting securities brokerage fee income			Banks reporting securities brokerage fee income		
Year	Number	Percent	Income ($ billions)	Number	Percent	Income ($ billions)
2007	502	58.5%	$16.47	1,624	21.1%	$6.85
2008	510	57.8	18.09	1,585	21.1	7.01
2009	530	57.9	34.49	1,525	21.1	4.57
2010	526	57.7	35.10	1,447	20.9	3.85
2011	532	57.2	36.81	1,385	20.7	3.47

[1]The BHC and bank data are not totaled to avoid double counting. Most bank income is captured in the consolidated reporting by BHCs.

Source: Michael White Security Brokerage Fee Income Report - 2012.

TOP TEN BANK HOLDING COMPANIES AND BANKS IN SECURITIES BROKERAGE FEE INCOME, 2011

($000)

	Bank holding companies		Banks	
Rank	Bank holding company (State)	Securities brokerage fee income	Bank (State)[1]	Securities brokerage fee income
1	Bank of America Corporation (NC)	$9,930,486	JPMorgan Chase Bank, N.A. (OH)	$1,274,000
2	Morgan Stanley (NC)	7,470,000	Bank of America, N.A. (NC)	390,927
3	Wells Fargo & Company (CA)	4,748,000	Wells Fargo Bank, N.A. (SD)	367,000
4	Goldman Sachs Group, Inc. (NY)	3,807,000	PNC Bank, N.A. (DE)	130,223
5	JPMorgan Chase & Co. (NY)	2,753,000	Citibank, N.A. (SD)	87,000
6	Citigroup Inc. (NY)	1,835,000	U.S. Bank N.A. (OH)	84,615
7	Bank of New York Mellon Corporation (NY)	1,465,000	The Bank of New York Mellon (NY)	80,000
8	Taunus Corporation (NY)	977,000	Chase Bank USA, N.A. (DE)	58,116
9	RBC USA Holdco Corporation (NY)	828,181	RBS Citizens, N.A. (RI)	56,676
10	Stifel Financial Corp. (MO)	806,673	State Street Bank and Trust Company (MA)	53,019

[1]Many banks are single institutions that are part of BHCs.
N.A.=National bank (federally chartered).

Source: Michael White Security Brokerage Fee Income Report - 2012.

Wealth Management Activities of Banking Institutions

Wealth management activities include securities brokerage income, either alone or in conjunction with any of the following: investment advisory, banking and other services (i.e., securities dealer income); annuity commissions; and income from fiduciary-related activities.

In 2011, 532 bank holding companies (BHC) reported $118.4 billion in income from wealth management activities. The same year, 1,385 individual banks, many of which are subsidiaries of BHCs, reported $33.5 billion in such income. The BHC and bank figures have not been totaled to avoid double counting since most of the bank income is captured in the consolidated reporting by the BHCs.

TOP TEN BANK HOLDING COMPANIES AND BANKS IN WEALTH MANAGEMENT INCOME, 2011[1]

($000)

	Bank holding companies		Banks	
Rank	Bank holding company (State)	Wealth management income	Bank (State)[2]	Wealth management income
1	Morgan Stanley (NY)	$17,937,000	JPMorgan Chase Bank, N.A. (OH)	$7,686,000
2	JPMorgan Chase & Co. (NY)	17,830,000	The Bank of New York Mellon (NY)	4,651,000
3	Bank of America Corporation (NC)	17,042,891	State Street Bank and Trust Company (MA)	4,596,482
4	Goldman Sachs Group, Inc. (NY)	12,702,000	Bank of America, N.A. (NC)	2,270,454
5	Wells Fargo & Company (CA)	11,304,000	Wells Fargo Bank, N.A. (SD)	2,231,000
6	Bank of New York Mellon Corporation (NY)	9,505,000	Citibank, N.A. (SD)	2,126,000
7	Citigroup Inc. (NY)	6,834,000	The Northern Trust Company (IL)	2,035,164
8	State Street Corporation (MA)	5,551,415	U.S. Bank N.A. (OH)	994,005
9	Taunus Corporation (NY)	3,567,000	PNC Bank, N.A. (DE)	943,567
10	Northern Trust Corporation (IL)	2,170,075	Bank of New York Mellon, N.A. (PA)	483,746

[1]Wealth management income is the sum of securities brokerage, annuity, fiduciary, and/or investment banking, advisory and underwriting fee incomes in those institutions where securities brokerage income is present and reported.
[2]Many banks are single institutions that are part of BHCs.
N.A.=National bank (federally chartered).

Source: Michael White IPI Bank Wealth Management Income Report - 2012.

Banking: Securities Activities/Insurance Activities

WEALTH MANAGEMENT INCOME OF BANK HOLDING COMPANIES AND BANKS, 2007-2011[1]

Year	BHCs reporting wealth management income			Banks reporting wealth management income		
	Number	Percent	Income ($ billions)	Number	Percent	Income ($ billions)
2007	502	58.5%	$90.25	1,624	21.1%	$37.05
2008	510	57.8	86.21	1,585	21.1	37.00
2009	530	57.9	115.15	1,525	21.0	32.69
2010	526	57.7	116.87	1,447	20.9	32.04
2011	532	57.2	118.37	1,385	20.7	33.48

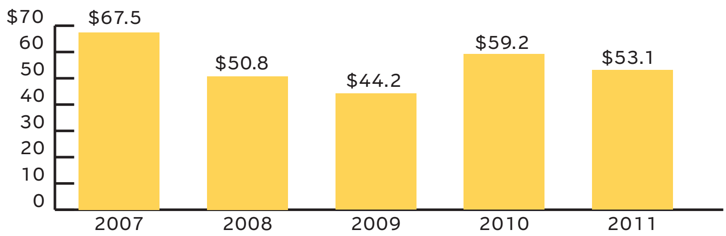
[1]Wealth management income is the sum of securities brokerage, annuity, fiduciary, and/or investment banking, advisory and underwriting fee incomes in those institutions where securities brokerage income is present and reported. The BHC and bank data are not totaled to avoid double counting. Most bank income is captured in the consolidated reporting by BHCs.

Source: Michael White IPI Bank Wealth Management Income Report - 2012.

BANK SALES OF RETAIL MUTUAL FUNDS, 2007-2011[1]

($ billions)

- Bank sales of retail mutual funds dropped by 10 percent in 2011, after rising by 34 percent the previous year.



[1]Estimated.

Source: BISRA (formerly Kehrer-LIMRA).

Banking: Insurance Activities

During 2011, 609 bank holding companies (BHC) earned some type of insurance-related revenue, up from 595 the previous year. BHCs recorded total insurance revenue of $57.2 billion in 2011, including $15.7 billion in brokerage income (i.e., sales and referrals) and $41.5 billion from underwriting activities (i.e., generated by insurance companies owned by BHCs). In 2011, 3,035 banks, many of which are subsidiaries of BHCs, earned $3.6 billion in insurance-related revenue. The BHC and bank figures have not been totaled to avoid double counting since most of the bank income is captured in the consolidated reporting by the BHCs.

INSURANCE BROKERAGE FEE INCOME OF BANK HOLDING COMPANIES AND BANKS, 2007-2011[1]

Year	Insurance brokerage fee income[2]					
	BHCs reporting insurance brokerage fee income			Banks reporting insurance brokerage fee income		
	Number	Percent	Income ($ billions)	Number	Percent	Income ($ billions)
2007	588	68.5%	$12.25	3,519	45.7%	$4.04
2008	585	66.3	11.80	3,372	45.0	3.51
2009	606	66.2	12.36	3,249	44.8	3.45
2010	593	65.1	13.30	3,080	44.5	2.76
2011	607	65.3	15.74	2,962	44.4	3.34

[1]The BHC and bank data are not totaled to avoid double counting. Most bank income is captured in the consolidated reporting by BHCs.
[2]Income from nonunderwriting activities, mostly from 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 - 2012.

INSURANCE UNDERWRITING FEE INCOME OF BANK HOLDING COMPANIES AND BANKS, 2007-2011[1]

Year	Insurance underwriting fee income[2]					
	BHCs reporting insurance underwriting fee income			Banks reporting insurance underwriting fee income		
	Number	Percent	Income ($ billions)	Number	Percent	Income ($ millions)
2007	72	8.4%	$31.42	247	3.2%	$414.90
2008	66	7.5	30.73	223	3.0	459.30
2009	69	7.5	34.88	209	2.9	431.10
2010	68	7.5	34.41	179	2.6	302.90
2011	64	6.9	41.45	183	2.7	226.50

[1]The BHC and bank data are not totaled to avoid double counting. Most bank income is captured in the consolidated reporting by BHCs.
[2]Income from underwriting activities. Source: Michael White-Prudential Bank Insurance Fee Income Report - 2012.

TOTAL INSURANCE FEE INCOME OF BANK HOLDING COMPANIES AND BANKS, 2007-2011[1]

Year	Total insurance fee income[2]					
	BHCs reporting total insurance fee income			Banks reporting total insurance fee income		
	Number	Percent	Income ($ billions)	Number	Percent	Income ($ billions)
2007	592	69.0%	$43.66	3,625	47.0%	$4.46
2008	588	66.7	42.53	3,468	46.3	3.97
2009	609	66.5	47.24	3,332	46.0	3.89
2010	595	65.3	47.74	3,156	45.6	3.06
2011	609	65.5	57.18	3,035	45.4	3.57

[1]The BHC and bank data are not totaled to avoid double counting. Most bank income is captured in the consolidated reporting by BHCs.
[2]Includes insurance broker fee income and insurance underwriting fee income.
Source: Michael White-Prudential Bank Insurance Fee Income Report - 2012.

Banking: Insurance Activities

TOP TEN BANK HOLDING COMPANIES AND BANKS IN INSURANCE BROKERAGE INCOME, 2011[1]

($000)

Rank	Bank holding companies		Banks	
	Bank holding company (State)	Insurance brokerage income	Bank (State)[2]	Insurance brokerage income
1	MetLife, Inc. (NY)	$8,038,199	Branch Banking and Trust Company (NC)	$933,070
2	Citigroup Inc. (NY)	2,141,000	Citibank, N.A. (SD)	805,000
3	Wells Fargo & Company (CA)	1,617,000	Discover Bank (DE)	139,489
4	BB&T Corporation (NC)	936,072	FIA Card Services, N.A. (DE)	133,884
5	Bank of America Corporation (NC)	378,954	Bank of America, N.A. (NC)	100,377
6	Morgan Stanley (NY)	344,000	BancorpSouth Bank (MS)	87,326
7	American Express Company (NY)	210,000	First Niagara Bank, N.A. (NY)	65,692
8	Discover Financial Services (IL)	139,489	Eastern Bank (MA)	56,446
9	Goldman Sachs Group, Inc. (NY)	132,000	TD Bank, N.A. (DE)	53,268
10	Regions Financial Corporation (AL)	105,216	Associated Bank, N.A. (WI)	44,182

[1]Income from nonunderwriting activities mostly from insurance product sales and referrals, service charges and commissions.
[2]Many banks are single institutions that are part of BHCs.
N.A.=National bank (federally chartered).

Source: Michael White-Prudential Bank Insurance Fee Income Report - 2012.

TOP TEN BANK HOLDING COMPANIES IN INSURANCE UNDERWRITING NET INCOME, 2011

($000)

Rank	Bank holding company (State)	Insurance underwriting net income
1	MetLife, Inc. (NY)	$7,136,374
2	Bank of America Corporation (NY)	500,988
3	Wells Fargo & Company (CA)	417,000
4	Ally Financial Inc. (MI)	375,000
5	Citigroup Inc. (NY)	299,000
6	Goldman Sachs Group, Inc. (NY)	97,000
7	American Express Company (NY)	97,000
8	HSBC North America Holdings Inc. (NY)	48,545
9	JPMorgan Chase & Co. (NY)	37,000
10	BB&T Corporation (NC)	32,058

Source: Michael White-Prudential Insurance Fee Income Report - 2012.

TOP TEN BANK HOLDING COMPANIES AND BANKS IN INSURANCE UNDERWRITING INCOME, 2011[1]

($000)

	Bank holding companies		Banks	
Rank	Bank holding company (State)	Insurance underwriting income	Bank (State)[2]	Insurance underwriting income
1	MetLife, Inc. (NY)	$36,361,103	JPMorgan Chase Bank, N.A. (OH)	$64,000
2	Ally Financial Inc. (MI)	1,573,000	Wells Fargo Bank, N.A. (SD)	42,000
3	Bank of America Corporation (NC)	966,912	SunTrust Bank (GA)	25,756
4	Citigroup Inc. (NY)	493,000	PNC Bank, N.A. (DE)	17,746
5	JPMorgan Chase & Co.(NY)	460,000	Bank of America, N.A. (NC)	17,271
6	Wells Fargo & Company (CA)	343,000	U.S. Bank N.A. (OH)	15,657
7	Goldman Sachs Group, Inc. (NY)	336,000	HSBC Bank USA, N.A. (VA)	6,804
8	American Express Company (NY)	241,000	Bank Forward (ND)	5,231
9	HSBC North America Holdings Inc. (NY)	236,287	Branch Banking and Trust Company (NC)	4,689
10	Armed Forces Benefit Association (VA)	119,845	Fifth Third Bank (OH)	3,991

[1]Income from underwriting activities.

[2]Many banks are single institutions that are part of BHCs.

N.A.=National bank (federally chartered).

Source: Michael White-Prudential Insurance Fee Income Report - 2012.

TOP TEN BANK HOLDING COMPANIES IN TOTAL INSURANCE PREMIUMS UNDERWRITTEN, 2011

($000)

Rank	Bank holding company (State)	Total insurance premiums underwritten
1	MetLife, Inc. (NY)	$36,361,103
2	Bank of America Corporation (NC)	966,912
3	Ally Financial Inc. (MI)	654,000
4	Citigroup Inc. (NY)	493,000
5	JPMorgan Chase & Co. (NY)	459,000
6	Wells Fargo & Company (CA)	343,000
7	Goldman Sachs Group, Inc. (NY)	336,000
8	American Express Company (NY)	240,000
9	HSBC North America Holdings Inc. (NY)	236,287
10	Armed Forces Benefit Association (VA)	119,845

Source: Michael White-Prudential Insurance Fee Income Report - 2012.

Banking: Insurance Activities

TOP TEN BANK HOLDING COMPANIES AND BANKS IN TOTAL INSURANCE FEE INCOME, 2011

($000)

	Bank holding companies		Banks	
Rank	Bank holding company (State)	Total insurance fee income	Bank (State)[1]	Total insurance fee income
1	MetLife, Inc. (NY)	$44,399,302	Branch Banking and Trust Company (NC)	$937,759
2	Citigroup Inc. (NY)	2,634,000	Citibank, N.A. (SD)	805,000
3	Wells Fargo & Company (CA)	1,960,000	Discover Bank (DE)	139,489
4	Ally Financial Inc. (MI)	1,665,000	FIA Card Services, N.A. (DE)	133,884
5	Bank of America Corporation (NC)	1,345,866	Bank of America, N.A. (NC)	107,887
6	BB&T Corporation (NC)	1,046,433	BancorpSouth Bank (MS)	87,326
7	JPMorgan Chase & Co. (NY)	521,000	JPMorgan Chase Bank, N.A. (OH)	79,000
8	Goldman Sachs Group, Inc. (NY)	468,000	First Niagara Bank, N.A. (NY)	65,692
9	American Express Company (NY)	451,000	Eastern Bank (MA)	56,446
10	Morgan Stanley (NY)	344,000	Wells Fargo Bank, N.A. (SD)	56,000

[1]Many banks are single institutions that are part of BHCs.
N.A.=National bank (federally chartered).

Source: Michael White-Prudential Insurance Fee Income Report - 2012.

BANK INDIVIDUAL LIFE INSURANCE SALES, 2007-2011[1]

($ millions)

[1]Based on total new premium.

Source: BISRA (formerly Kehrer-LIMRA).

WEIGHTED BANK SALES OF INDIVIDUAL LIFE INSURANCE, 2007-2011[1]

($ millions)

Year	Sales	Share of industry weighted premium
2007	$227	1.6%
2008	176	1.3
2009	203	1.8
2010	277	NA
2011	236	2.0

[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.
NA=Data not available.

Source: BISRA (formerly Kehrer-LIMRA).

- Weighted bank sales of individual life insurance dropped by 15 percent in 2011.

BANK PURCHASES OF INSURANCE AGENCIES, 2007-2011[1]

	2007	2008	2009	2010	2011
Number of deals	62	57	26	27	34
Deal value[2] ($ millions)	$101.1	$179.4	$25.5	$13.4	$33.3

[1]Target is an insurance broker and buyer is a bank or thrift. List does not include terminated deals.
[2]At announcement.

Source: SNL Financial LC.

- The number of bank/agency deals rose by 26 percent in 2011, while the deal value rose by 148 percent.

BANKS' DISTRIBUTION METHODS FOR MARKETING LIFE INSURANCE

Method	Percent of banks surveyed
Financial consultants	87%
Platform bankers[1]	60
Direct mail	32
Advanced agents[2]	20
Internet	17
Retail agents in branches	7
Agents in standalone offices	5
Referrals to outside agencies	2
Outbound telemarketing	2

[1]Bank branch platform staff who are licensed to sell insurance.
[2]Full-time agents employed by banks to market life insurance, with a focus on customers' more complex needs.

Source: 2010/2011 BISRA (formerly Kehrer-LIMRA) Bank Life Insurance Sales Study.

Banking: Annuties Activities

In 2011, 333 bank holding companies (BHC) reported $25.0 billion in income from sales of mutual funds and annuities. The same year 345 individual banks, many of which are subsidiaries of BHCs, reported $2.6 billion in such income. The BHC and bank figures have not been totaled to avoid double counting since most of the bank income is captured in the consolidated reporting by the BHCs.

MUTUAL FUND AND ANNUITY INCOME OF BANK HOLDING COMPANIES AND BANKS, 2007-2011[1]

	BHCs reporting mutual fund and annuity income			Banks reporting mutual fund and annuity income		
Year	Number	Percent	Income ($ billions)	Number	Percent	Income ($ billions)
2007	555	64.7%	$22.81	1,841	23.9%	$5.80
2008	554	62.8	21.97	1,737	23.2	5.14
2009[2]	336	36.7	20.18	338	4.7	4.10
2010	322	35.4	23.23	345	5.0	2.80
2011	333	35.8	25.04	345	5.2	2.64

[1]The BHC and bank data are not totaled to avoid double counting. Most bank income is captured in the consolidated reporting by BHCs.
[2]Effective 2009, only banks with assets greater than $1 billion are required to report combined mutual fund and annuity fee income. Hence, the large decline in 2009 in banks reporting that form of fee income.
Source: Michael White Bank Mutual Fund & Annuitiy Fee Income Report - 2012.

TOP TEN BANK HOLDING COMPANIES AND BANKS IN PROPRIETARY MUTUAL FUND AND ANNUITY ASSETS UNDER MANAGEMENT, 2011

($000)

	Bank holding companies		Banks	
Rank	Bank holding company (State)	Proprietary mutual fund and annuity assets under management	Bank (State)[1]	Proprietary mutual fund and annuity assets under management
1	JPMorgan Chase & Co. (NY)	$720,025,000	The Northern Trust Company (IL)	$108,597,942
2	Bank of New York Mellon Corporation (NY)	308,771,000	Bank of America, N.A. (NC)	49,062,851
3	Goldman Sachs Group, Inc. (NY)	226,945,000	U.S. Bank N.A. (OH)	44,803,901
4	Wells Fargo & Company (CA)	220,326,000	HSBC Bank USA, N.A. (VA)	15,317,264
5	State Street Corporation (MA)	176,516,109	PNC Bank, N.A. (DE)	15,117,672
6	Northern Trust Corporation (IL)	108,597,942	Bessemer Trust Company, N.A. (NY)	13,814,766
7	Taunus Corporation (NY)	95,289,000	KeyBank N.A. (OH)	10,854,672
8	Bank of America Corporation (NC)	49,062,851	Manufacturers and Traders Trust Company (NY)	7,956,522
9	U.S. Bancorp (MN)	44,804,000	Fifth Third Bank (OH)	7,809,511
10	RBS USA Holdco Corporation (NY)	38,757,000	Union Bank, N.A. (CA)	7,071,226

[1]Many banks are single institutions that are part of BHCs.
N.A.=National bank (federally chartered). Source: Michael White Bank Mutual Fund & Annuity Fee Income Report - 2012.

TOP TEN BANK HOLDING COMPANIES AND BANKS IN MUTUAL FUND AND ANNUITY INCOME, 2011

($000)

	Bank holding companies		Banks	
Rank	Bank holding company (State)	Mutual fund and annuity income	Bank (State)[1]	Mutual fund and annuity income
1	Franklin Resources, Inc. (CA)	$6,369,708	Wells Fargo Bank, N.A. (SD)	$356,000
2	MetLife, Inc. (NY)	5,017,250	The Northern Trust Company (IL)	344,865
3	Wells Fargo & Company (CA)	4,857,000	PNC Bank, N.A. (DE)	201,089
4	JPMorgan Chase & Co. (NY)	2,180,000	Bank of America, N.A. (NC)	182,987
5	Morgan Stanley (NY)	1,819,000	State Street Bank and Trust Company (MA)	148,057
6	Bank of New York Mellon Corporation (NY)	814,000	JPMorgan Chase Bank, N.A. (OH)	135,000
7	Goldman Sachs Group, Inc. (NY)	730,000	RBS Citizens, N.A. (RI)	91,419
8	Northern Trust Corporation (IL)	345,178	Fifth Third Bank (OH)	82,230
9	Taunus Corporation (NY)	319,000	Compass Bank (AL)	81,419
10	RBS USA Holdco Corporation (NY)	235,617	Branch Banking and Trust Company (NC)	77,056

[1]Many banks are single institutions that are part of BHCs.

N.A.=National bank (federally chartered).

Source: Michael White Bank Mutual Fund & Annuity Fee Income Report - 2012.

ANNUITY COMMISSIONS OF BANK HOLDING COMPANIES AND BANKS, 2007-2011[1]

	BHCs reporting annuity commissions			Banks reporting annuity commissions		
Year	Number	Percent	Income ($ billions)	Number	Percent	Income ($ billions)
2007	376	43.8%	$2.02	1,074	13.9%	$940.50
2008	385	43.7	2.61	1,038	13.9	1,003.00
2009	392	42.8	2.62	985	13.6	824.20
2010	386	42.4	2.57	938	13.5	720.20
2011	389	41.8	2.84	910	13.6	745.20

[1]The BHC and bank data are not totaled to avoid double counting. Most bank income is captured in the consolidated reporting by BHCs.

Source: Michael White ABIA Bank Annuity Fee Income Report - 2012.

Banking: Annuties Activities

TOP TEN BANK HOLDING COMPANIES AND BANKS IN ANNUITY COMMISSIONS, 2011
($000)

Rank	Bank holding companies		Banks	
	Bank holding company (State)	Annuity commissions	Bank (State)[1]	Annuity commissions
1	Wells Fargo & Company (CA)	$777,000	PNC Bank, N.A. (DE)	$70,780
2	Morgan Stanley (NY)	432,000	Compass Bank (AL)	67,107
3	JPMorgan Chase & Co. (NY)	318,000	KeyBank N.A. (OH)	50,043
4	Bank of America Corporation (NC)	244,447	Branch Banking and Trust Company (NC)	47,069
5	Suntrust Banks, Inc. (GA)	93,536	RBS Citizens, N.A. (RI)	34,744
6	RBC USA Holdco Corporation (NY)	78,251	Manufacturers and Traders Trust Company (NY)	33,942
7	PNC Financial Services Group, Inc. (PA)	70,780	Fifth Third Bank OH)	31,714
8	BBVA USA Bancshares, Inc. (TX)	67,107	Regions Bank (AL)	27,486
9	U.S. Bancorp (MN)	62,000	Bank of the West (CA)	24,497
10	Keycorp (OH)	50,043	Union Bank, N.A. (CA)	19,734

[1]Many banks are single institutions that are part of BHCs.
N.A.=National bank (federally chartered).

Source: Michael White IPI Bank Wealth Management Income Report - 2012.

BANK SHARE OF FIXED AND VARIABLE ANNUITY PREMIUMS, 2002-2011
($ billions)

Year	Fixed annuity premiums			Variable annuity premiums		
	Total market	Banks	Bank share	Total market	Banks	Bank share
2002	$97.4	$36.4	37.4%	$116.6	$12.5	10.7%
2003	83.4	32.0	38.4	129.4	18.1	14.0
2004	81.9	30.3	37.0	132.9	18.0	13.5
2005	73.6	21.8	29.6	136.9	17.7	12.9
2006	72.4	20.1	27.8	160.4	21.6	13.5
2007	66.6	17.5	26.3	184.0	25.2	13.7
2008	102.9	35.1	34.1	155.7	18.9	12.1
2009	105.0	31.7	30.2	128.0	12.8	10.0
2010	75.0	16.9	22.5	140.5	16.3	11.6
2011	75.9	17.5	23.0	160.0	19.7	12.3

Source: BISRA (formerly Kehrer-LIMRA).

Insurance Industry: Banking Activities

A number of insurance companies are engaged in the business of banking, either through the establishment of thrifts, by obtaining financial holding company status or through the purchase of industrial banks.

The 2010 Dodd-Frank Act transferred the regulation of thrift institutions from the Office of Thrift Supervision (OTS) to other federal agencies, including the Federal Reserve, which became responsible for thrift holding companies. While a number of U.S. insurers remain committed to banking, several have exited the business in recent years, including Allstate, Hartford Financial and Pacific Mutual. In December 2011 MetLife announced plans to sell most of its retail deposit business in the United States to GE Capital Financial Inc.

TEN LARGEST BANKS AND THRIFTS CONTROLLED BY INSURANCE COMPANIES, BY DEPOSITS, 2012[1]

($ millions)

Rank	Parent company	Bank	Bank assets	Bank deposits
1	USAA	USAA FSB[2]	$55,451	$49,718
2	MetLife	MetLife Bank NA	25,667	10,478
3	State Farm	State Farm Bank FSB	14,455	9,667
4	Ameriprise	Ameriprise Bank FSB	5,333	4,899
5	Mutual of Omaha	Mutual of Omaha Bank	5,867	4,864
6	Nationwide Mutual	Nationwide Bank	4,703	3,569
7	Principal Financial	Principal Bank	2,401	2,178
8	Prudential Financial	Prudential Bank & Trust FSB[3]	1,993	1,687
9	UnitedHealth	OptumHealth Bank Inc.	2,127	1,588
10	First American Corp.	First American Trust FSB	1,487	1,344

[1]As of March 31, 2012.

[2]Includes USAA Savings Bank and USAA FSB.

[3]TCF Bank assumed approximately $778 million of deposits from Prudential Bank & Trust FSB as of June 2, 2012.

Source: SNL Financial LC.

Insurance Industry: Banking Activities

TOP TEN WRITERS OF FIXED ANNUITIES SOLD THROUGH BANKS, 2011

($ millions)

Rank	Company	Premiums
1	Western National Life	$6,438
2	Symetra Financial	1,633
3	New York Life	1,345
4	Great American Financial Resources, Inc.	969
5	Lincoln Financial	946
6	Genworth Financial	833
7	Protective Life	748
8	Jackson National Life	739
9	Western-Southern Financial	734
10	American National	525

Source: BISRA (formerly Kehrer-LIMRA).

TOP TEN WRITERS OF VARIABLE ANNUITIES SOLD THROUGH BANKS, 2011

($ millions)

Rank	Company	Premiums
1	MetLife	$3,406
2	Prudential Annuities	3,366
3	Jackson National Life	2,687
4	Nationwide Financial	2,071
5	Pacific Life	1,397
6	AEGON/Transamerica	1,155
7	Lincoln Financial	900
8	AXA	590
9	Sun Life Financial	581
10	SunAmerica	572

Source: BISRA (formerly Kehrer-LIMRA).

TOP TEN UNDERWRITERS OF BANK LIFE INSURANCE PREMIUMS, BY TOTAL NEW PREMIUMS, 2011
($ millions)

Rank	Company	Premiums
1	Liberty Life of Boston	$425.7
2	Great West L & A	295.4
3	Hartford	107.9
4	American General	87.5
5	OneAmerica	84.1
6	Symetra	83.1
7	Protective	52.9
8	Transamerica	5.7
9	CUNA	5.5
10	Vantis Life	4.3

Source: BISRA (formerly Kehrer-LIMRA).

Industrial Banks

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 initially spurred by a 1987 federal banking law modification that gave nonbanking companies a way to own FDIC-insured industrial banks. 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. There are about five dozen FDIC-insured ILCs, mostly headquartered in Utah and California. Five other states—Colorado, Minnesota, Indiana, Hawaii and Nevada—permit these charters. In 2011 the top 10 industrial banks had total assets of $134 billion.

Industrial Banks

- A wide variety of firms own industrial banks. Such diverse firms as American Express (a financial services firm), USAA (an insurer) and BMW (an automaker) are among the owners of the largest institutions.

LARGEST INDUSTRIAL BANKS BY ASSETS, 2011
($000)

Rank	Institution	Parent	Institution assets
1	American Express Centurion Bank	American Express Company	$35,152,624
2	UBS Bank USA	UBS AG	34,276,023
3	USAA Savings Bank	USAA Insurance Group	15,279,530
4	GE Capital Bank	General Electric Company	12,338,838
5	BMW Bank of North America	BMW of North America, LLC	9,024,032
6	Sallie Mae Bank	SLM Corporation	7,613,991
7	CapitalSource Bank	CapitalSource Inc.	6,783,598
8	Capmark Bank	KKR Millennium Fund L.P.	6,164,409
9	Beal Bank USA	Beal Financial Corporation	5,722,272
10	OptumHealth Bank, Inc.	UnitedHealth Group Incorporated	1,885,125

Source: SNL Financial LC.

Insurance at a Glance

- The U.S. insurance industry's net premiums written totaled $1.1 trillion in 2011, with premiums recorded by life/health (L/H) insurers accounting for 58 percent and premiums by property/casualty (P/C) insurers accounting for 42 percent, according to SNL Financial LC.
- P/C insurance consists primarily of auto, home and commercial insurance. Net premiums written for the sector totaled $442 billion in 2011.
- The L/H insurance sector consists primarily of annuities and life insurance. Net premiums written for the sector totaled $620 billion in 2011.
- Health insurance is generally considered a separate sector. The sector includes private health insurance companies as well as government programs. P/C and L/H insurers also write some health insurance.
- There were 2,686 P/C insurance companies and 1,013 L/H insurance companies in the United States in 2011.
- Insurance carriers and related activities accounted for $404.6 billion, or 2.8 percent, of U.S. gross domestic product in 2010.
- The U.S. insurance industry employed 2.3 million people in 2011. Of those, 1.4 million worked for insurance companies, including life, health and medical insurers (772,500 workers), property/casualty insurers (599,300 workers) and reinsurers (26,310 workers). The remaining 883,700 people worked for insurance agencies, brokers and other insurance-related enterprises.
- Total financial assets of the P/C insurance industry were $1.4 trillion in 2011, according to the Federal Reserve. L/H financial assets totaled $5.3 trillion in 2011.
- Reinsurance helps primary insurers protect against unforeseen or extraordinary losses. Reinsurance premiums written in the U.S. totaled $26.4 billion in 2011, according to the Reinsurance Association of America.
- Catastrophe bonds are one of a number of new risk transfer products that have emerged as an alternative to traditional insurance reinsurance products. Catastrophe bonds representing $3.9 billion of risk capital were issued in 2011, according to GC Securities.

Overview/Regulation

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 (P/C), life/health (L/H) and health insurance. Property/casualty consists mainly of auto, home and commercial insurance. Life/health consists mainly of life insurance and annuity products. Health insurance is offered by private health insurance companies and some P/C and L/H 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.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, the sweeping financial services regulatory overhaul enacted in 2010, established a Federal Insurance Office (FIO), an entity that reports to Congress and the President on the insurance industry. Insurance continues to be regulated by the states, but the act includes a narrow preemption of state insurance laws in areas where the FIO determines that the state law is inconsistent with a negotiated international agreement and treats a non-U.S. insurer less favorably than a U.S. insurer. The FIO covers insurers, including reinsurers, but not health insurance. In 2010 Michael McRaith, a former Illinois insurance commissioner, was named as the first director of the FIO. McRaith also has a seat on the Financial Stability Oversight Council (FSOC), another body created by Dodd-Frank. The FSOC is charged with designating financial institutions that present a systemic risk to the economy, making them subject to greater regulation. A summary of the Dodd-Frank Act is on page 219.

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.

All Sectors

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 57.) Other distribution channels include sales through professional organizations and through workplaces.

Mergers and Acquisitions

The number of global insurance-related mergers and acquisitions (M&A) rose from 721 transactions in 2010 to 864 transactions in 2011, largely reflecting improved economic, financial and regulatory conditions in the U.S., according to an analysis by Conning Research. The number of insurance-related deals in which a U.S. firm was either a buyer or a target rose by 36 percent and the value of properties acquired increased by 18 percent in 2011, according to Conning. There were 592 U.S. insurance M&A transactions in 2011, the highest ever recorded, compared with 436 in 2010. The overall value of U.S deals rose from $46.5 billion to $54.7 billion during the same period. Transactions increased in every market segment in the U.S., including property/casualty, life/annuity, health, distribution and service firms. By contrast, the number and aggregate value of non-U.S. insurance M&A transactions (i.e., where a non-U.S. company was both buyer and seller) declined in 2011. The overall reported value on non-U.S. deals dropped from $32.5 billion in 2010 to $20.7 billion in 2011. The number of transactions fell from 285 to 272 during the same period.

TOP TEN INSURANCE-RELATED MERGERS AND ACQUISITIONS REPORTED IN 2011[1]

Rank	Buyer	Country	Target	Country	Deal value ($ millions)[2]
1	Express Scripts Inc.	U.S.	Medco Health Solutions Inc.	U.S.	$28,901.6
2	CIGNA Corp.	U.S.	HealthSpring Inc.	U.S.	3,824.9
3	Alleghany Corp.	U.S.	Transatlantic Holdings Inc.	U.S.	3,534.6
4	Tokio Marine Holdings Inc.	Japan	Delphi Financial Group Inc.	U.S.	2,891.0
5	Allstate Corp.	U.S.	White Mountains Inc. and Answer Financial Inc.	U.S.	1,000.0
6	Nationwide Mutual Insurance Co.	U.S.	Harleysville Group Inc.	U.S.	815.8
7	QBE Insurance Group Ltd.	Australia	Balboa insurance business	U.S.	700.0
8	MidOcean Partners	U.S.	Pre-Paid Legal Services Inc.	U.S.	651.0
9	Hannover Life Reassurance Co. of America[3]	Germany	Reinsurance portfolio of Scottish Re	U.S.	565.0
10	Berkshire Hathaway Inc.	U.S.	Wesco Financial Corp.	U.S.	547.6

[1]Target is a U.S.-domiciled insurance underwriter or broker. List does not include terminated deals.
[2]At announcement.
[3]Hannover Life Reassurance (U.S.) is a division of Germany-based Haftpflichtverband der Deutschen Industrie V.a.G; Scottish Re (U.S.) is owned by Bermuda-based Scottish Re Group Ltd.

Source: SNL Financial LC.

Profitability

ANNUAL RATE OF RETURN, GAAP ACCOUNTING, PROPERTY/CASUALTY, LIFE/HEALTH AND HEALTHCARE INSURANCE, 2007-2011[1]

Year	Property/casualty		Life/health		Healthcare insurance[2]
	Stock	Mutual	Stock	Mutual	
2007	14.0%	9.0%	11.0%	10.0%	19.0%
2008	3.0	1.5	9.0	-8.0	11.0
2009	7.0	3.5	7.0	0.0	14.0
2010	9.0	3.5	8.0	5.0	12.0
2011	6.0	NA	8.0	8.0	15.0

[1]Based on return on shareholders equity of insurance companies in the Fortune 500.
[2]Healthcare insurance and managed care.
NA=Data not available

Source: Fortune.

Net Premiums Written, Property/Casualty and Life/Health

PROPERTY/CASUALTY AND LIFE/HEALTH INSURANCE NET PREMIUMS WRITTEN, 2002-2011

($000)

Year	Property/casualty[1]	Life/health[2]	Total
2002	$367,553,102	$488,917,242	$856,470,344
2003	404,218,585	477,891,643	882,110,228
2004	425,061,105	507,613,338	932,674,443
2005	426,794,141	520,607,848	947,401,989
2006	448,930,442	575,663,027	1,024,593,469
2007	446,937,649	610,322,595	1,057,260,244
2008	440,267,621	624,238,629	1,064,506,250
2009	423,018,734	508,923,002	931,941,736
2010	426,228,311	579,730,887	1,005,959,198
2011	441,976,411	619,849,252	1,061,825,663
Percent change 2002-2011	**20.2%**	**26.8%**	**24.0%**

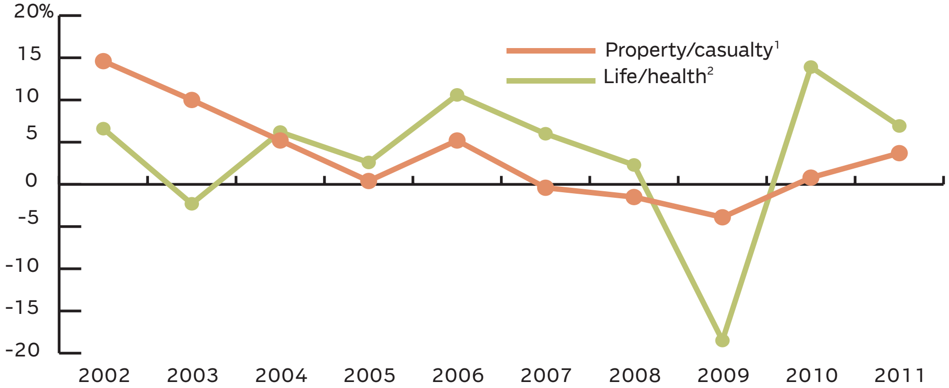
[1]Net premiums written, excluding state funds.
[2]Premiums annuity considerations (fees for annuity contracts) and deposit-type funds for life/health insurance companies.

Source: SNL Financial LC.

All Sectors

GROWTH IN U.S. PREMIUMS, PROPERTY/CASUALTY AND LIFE/HEALTH INSURANCE, 2002-2011

(Percent change from prior year)

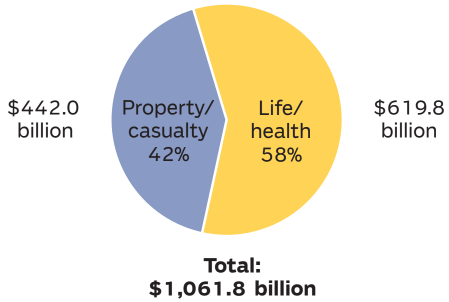


[1]Net premiums written, excluding state funds.

[2]Premiums and annuity considerations (fees for annuity contracts) for life/health insurance companies.

Source: SNL Financial LC.

U.S. PROPERTY/CASUALTY AND LIFE/HEALTH INSURANCE PREMIUMS, 2011[1]



[1]Property/casualty: net premiums written, excluding state funds; life/health: premiums, annuity considerations (fees for annuity contracts) and deposit-type funds.

Source: SNL Financial LC.

EMPLOYMENT IN INSURANCE, 2002-2011
(000)

Year	Insurance companies[1]		Reinsurers	Insurance agencies, brokerages and related services[2]	Total industry
	Life, health and medical	Property/ casualty			
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	797.6	571.2	27.9	908.5	2,305.2
2009	799.7	550.2	27.5	886.8	2,264.1
2010	801.0	558.2	26.8	875.2	2,261.1
2011	772.5	599.3	26.3	883.7	2,281.6

[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 2.1 percent of the total U.S. employment in private industry.
- Insurance industry employment rose by 0.9 percent in 2011. Employment in the property/casualty industry rose 7.4 percent and agency/brokerage jobs rose 1.0 percent. Employment in the life sector fell 3.6 percent, and employment for reinsurers fell 1.9 percent.

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.

- According to the National Association of Insurance Commissioners, there were 6,296 insurance companies in 2011, including property/casualty (2,686 companies), life/annuities (1,013), health (803), fraternal (90), title (58), risk retention groups (268) and other companies (1,378).
- Many insurance companies are part of larger organizations. According to A.M. Best, in 2011 the P/C insurance industry contained about 1,326 organizations (as opposed to about 2,800 companies), including 828 stock (or public) organizations, 403 mutual organizations (firms owned by their policyholders) and 73 reciprocals (a type of self-insurance). The remainder consisted of Lloyd's organizations and state funds.

DOMESTIC INSURANCE COMPANIES BY STATE, PROPERTY/CASUALTY AND LIFE/ANNUITIES, 2011

State	Property/ casualty	Life/ annuities	State	Property/ casualty	Life/ annuities
Alabama	19	7	Montana	3	1
Alaska	5	0	Nebraska	32	32
Arizona	49	126	Nevada	13	3
Arkansas	11	30	New Hampshire	42	2
California	114	15	New Jersey	67	2
Colorado	14	9	New Mexico	11	2
Connecticut	71	28	New York	211	79
Delaware	88	29	North Carolina	68	5
D.C.	6	2	North Dakota	16	3
Florida	120	11	Ohio	141	40
Georgia	35	16	Oklahoma	35	26
Hawaii	16	4	Oregon	12	4
Idaho	8	1	Pennsylvania	186	28
Illinois	202	52	Rhode Island	24	3
Indiana	76	30	South Carolina	24	9
Iowa	67	28	South Dakota	17	2
Kansas	26	12	Tennessee	16	13
Kentucky	9	7	Texas	224	134
Louisiana	33	42	Utah	12	16
Maine	18	1	Vermont	14	2
Maryland	36	6	Virginia	18	6
Massachusetts	55	16	Washington	16	10
Michigan	73	25	West Virginia	17	0
Minnesota	40	12	Wisconsin	178	22
Mississippi	15	17	Wyoming	1	1
Missouri	50	26	**United States[1]**	**2,686**	**1,013**

[1]Includes U.S. territories and possessions.

Source: Insurance Department Resources Report, 2011, published by the National Association of Insurance Commissioners (NAIC). Reprinted with permission. Further reprint or redistribution strictly prohibited without written permission of NAIC.

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. World insurance premiums rose by 6 percent from $4.3 trillion in 2010 to $4.6 trillion in 2011, according to Swiss Re's latest study of world insurance. However, when adjusted for inflation, premiums declined slightly (0.8 percent). Nonlife premiums expanded by 8.2 percent in 2011, or by 1.8 percent when adjusted for inflation, reflecting economic growth in emerging markets and rate increases in some advanced markets. By contrast, global life insurance premiums rose by 4.4 percent in 2011 but fell by 2.7 percent when adjusted for inflation.

WORLD LIFE AND NONLIFE INSURANCE PREMIUMS, 2009-2011[1]
(Direct premiums written, U.S. $ millions)

Year	Life	Nonlife[2]	Total
2009	$2,367,442	$1,742,193	$4,109,635
2010	2,516,377	1,819,310	4,335,687
2011	2,627,168	1,969,519	4,596,687

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

Source: Swiss Re, *sigma*, No. 3/2012.

- Nonlife premiums accounted for 43 percent of world premiums. Life insurance accounted for 57 percent.

Property/Casualty Insurance: Financial

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 three 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 some companies have expanded 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: Financial

PROPERTY/CASUALTY INSURER FINANCIAL ASSET DISTRIBUTION, 2007-2011
($ billions)

	2007	2008	2009	2010	2011
Total financial assets	**$1,385.8**	**$1,305.5**	**$1,384.5**	**$1,404.4**	**$1,434.4**
Checkable deposits and currency	42.7	27.9	27.6	32.6	24.1
Money market fund shares	20.7	32.8	29.6	25.6	24.6
Security repurchase agreements[1]	3.6	4.4	4.5	3.8	1.8
Credit market instruments	869.3	853.4	886.7	890.6	918.1
Open market paper	13.3	19.1	9.8	7.9	5.5
U.S. government securities	197.1	179.9	204.7	207.5	215.8
Treasury	71.3	65.6	88.5	91.7	93.6
Agency- and GSE[2]-backed securities	125.8	114.3	116.2	115.8	122.2
Municipal securities	371.3	381.9	369.4	348.4	331.0
Corporate and foreign bonds	282.9	267.5	298.3	322.6	361.0
Commercial mortgages	4.8	5.0	4.4	4.1	4.9
Corporate equities	236.2	193.3	219.8	219.2	224.4
Mutual fund shares	6.8	4.4	5.3	5.7	5.5
Trade receivables	85.4	86.7	83.0	83.8	87.2
Miscellaneous assets	121.1	102.6	128.0	143.1	148.7

[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 7, 2012.

2011 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. Insured catastrophe losses totaled $33.6 billion in 2011, according to ISO's PCS unit. On an inflation-adjusted basis, 2011 ranks as the fifth most expensive year on record for insured catastrophe losses. Despite the hefty losses, policyholders' surplus, at $550.3 billion at year-end 2011, was down just 2.5 percent, or $14.4 billion, from the all-time record of $564.7 billion set in first quarter 2011. The year-end figure was also just 1.6 percent, or $8.9 billion, below the $556.9 billion in surplus at year-end 2010 (itself a record at the time). The decline in surplus on an annual basis was the first since the onset of the financial crisis in 2008.

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 2011 the combined ratio was 108.2 after dividends, according to ISO, a deterioration from the combined ratio after dividends of 102.4 in 2010.

P/C INSURANCE INDUSTRY INCOME ANALYSIS, 2007-2011[1]

($ billions)

	2007	2008	2009	2010	2011
Net written premiums	$440.6	$434.9	$418.4	$423.8	$437.6
Percent change	-0.6%	-1.3%	-3.8%	1.3%	3.3%
Earned premiums	$438.9	$438.3	$422.3	$422.2	$433.9
Losses incurred	244.7	286.3	253.8	257.7	290.8
Loss adjustment expenses incurred	52.3	51.7	52.5	52.9	53.7
Other underwriting expenses	120.1	119.6	117.0	119.8	124.1
Policyholder dividends	2.4	2.0	2.0	2.3	1.8
Underwriting gain/loss	19.3	-21.2	-3.0	-10.5	-36.5
Investment income	55.1	51.5	47.1	47.6	49.0
Miscellaneous income/loss	-1.0	0.4	0.9	1.1	2.3
Operating income/loss	73.4	30.6	45.0	38.2	14.8
Realized capital gains/losses	8.9	-19.8	-7.9	5.9	7.2
Income taxes/credit	19.8	7.8	8.4	8.8	2.9
Net income after taxes	62.5	3.0	28.7	35.2	19.1

[1]Data in this chart exclude state funds and other residual market insurers and may not agree with similar data shown elsewhere from different sources.

Source: ISO, a Verisk Analytics company.

- Underwriting losses more than tripled from $10.5 billion in 2010 to $36.5 billion in 2011, marking the industry's second-largest annual underwriting loss, topped only by 2001's $52.3 billion loss.

Property/Casualty: Financial

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 U.S. PROPERTY/CASUALTY COMPANIES BY REVENUES, 2011[1]
($ millions)

Rank	Group	Revenues
1	Berkshire Hathaway	$143,688
2	American International Group	71,730
3	State Farm Insurance Cos.	64,305
4	Liberty Mutual Insurance Group	34,671
5	Allstate	32,654
6	Nationwide	30,698
7	Travelers Cos.	25,446
8	Hartford Financial Services Group	21,918
9	United Services Automobile Association (USAA)	19,036
10	Progressive	15,508
11	Loews (CNA)	14,127
12	Chubb	13,585
13	Assurant	8,273
14	American Family Insurance Group	6,400
15	Auto-Owners Insurance	5,710
16	W.R. Berkley	5,156
17	Fidelity National Financial	5,154
18	Erie Insurance Group	4,824

[1]Revenues for insurance companies include premium and annuity income, investment income and capital gains or losses but exclude deposits. Based on companies and categories in the Fortune 500. Each company is assigned only one category, even if it is involved in several different industries. Based on an analysis of companies in the Fortune 500.

Source: Fortune.

Distribution Channels

Agency writers, whose products are sold by independent agents or brokers representing several companies; and direct writers, which sell their own products through captive agents by mail, telephone, the Internet and other means, each account for about half of the property/casualty market. There is a degree of overlap as many insurers use multiple channels.

A.M. Best organizes insurance into two main distribution channels: agency writers and direct writers. Its "agency writers" category includes insurers that distribute through independent agencies, brokers, general agents, and managing general agents. Its "direct writers" category includes insurers that distribute through the Internet, exclusive/captive agents, direct response, and affinity groups.

- In 2011 direct writers accounted for 51.1 percent of P/C insurance net premiums written and agency writers accounted for 46.8 percent, according to A.M. Best.*
- In the personal lines market, direct writers accounted for 71.1 percent of net premiums written in 2011 and agency writers accounted for 28.0 percent. Direct writers accounted for 69.6 percent of the homeowners market and agency writers accounted for 29.0 percent. Direct writers accounted for 71.7 percent of the personal auto market and agency writers accounted for 27.7 percent.*
- Agency writers accounted for 66.8 percent of commercial P/C net premiums written and direct writers accounted for 29.8 percent.*

*Unspecified distribution channels accounted for the remainder.

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, 2011[1]

($ millions)

Rank	Company	Brokerage revenues
1	Marsh & McLennan Cos. Inc.	$5,068.4
2	Aon P.L.C.	5,052.6
3	Arthur J. Gallagher & Co.	1,694.3
4	Wells Fargo Insurance Services USA Inc.	1,626.9
5	Willis Group Holdings P.L.C.	1,604.6
6	Brown & Brown Inc.	1,107.7
7	BB&T Insurance Services Inc.	1,104.1
8	National Financial Partners Corp.	693.0
9	USI Holdings Corp.	659.3
10	Lockton Cos. L.L.C.[2]	633.1

[1]Companies that derive more than 49 percent of revenues from personal lines business are not ranked.
[2]Fiscal year ending April 30.

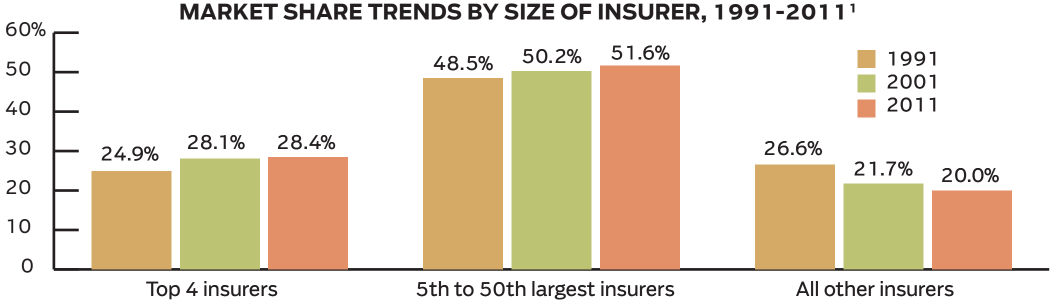
Source: Business Insurance, July 16, 2012.

Property/Casualty: Financial/Premiums by Line

Property/Casualty Insurance Industry Concentration

According to ISO, concentration in the property/casualty insurance sector as measured by the Herfindahl-Hirschman Index increased from 229 in 1980 to 357 in 2008, and then fell, albeit irregularly, to 351 in 2011. The U.S. Department of Justice classifies any market with an HHI under 1,000 as unconcentrated and any market with an HHI over 1,800 as highly concentrated.

MARKET SHARE TRENDS BY SIZE OF INSURER, 1991-2011[1]



[1]Based on net premiums written, excluding state funds and other residual market carriers. Source: ISO, a Verisk Analytics company.

Premiums by Line

In 2011 commercial lines net premiums written totaled $214.9 billion, or 48.7 percent of property/casualty net premiums written. Personal lines totaled $226.8 billion, or 51.3 percent.

NET PREMIUMS WRITTEN BY LINE, PROPERTY/CASUALTY INSURANCE, 2009-2011[1]
($ millions)

Lines of insurance	2009	2010	2011	Percentage change from prior year 2009	2010	2011	Percent of total, 2011
Private passenger auto	$157,366.6	$160,274.7	$163,327.2	-0.8%	1.8%	1.9%	37.0%
Liability	94,823.6	97,673.0	100,370.8	0.3	3.0	2.8	22.7
Collision and comprehensive	62,543.0	62,601.7	62,956.4	-2.4	0.1	0.6	14.3
Commercial auto	21,921.8	21,116.1	21,037.1	-8.0	-3.7	-0.4	4.8
Liability	16,574.5	16,245.7	16,383.5	-7.1	-2.0	0.8	3.7
Collision and comprehensive	5,347.3	4,870.4	4,653.6	-10.7	-8.9	-4.5	1.1
Fire	10,099.7	10,218.1	10,317.9	2.0	1.2	1.0	2.3
Allied lines	7,736.3	7,493.7	7,799.9	0.4	-3.1	4.1	1.8
Multiple peril crop	3,962.0	3,501.6	5,457.0	-22.0	-11.6	55.8	1.2
Federal flood[2]	21.0	6.1	23.9	553.5	-70.7	288.9	[3]
Farmowners multiple peril	2,608.7	2,751.3	2,931.5	1.0	5.5	6.6	0.7

(table continues)

NET PREMIUMS WRITTEN BY LINE, PROPERTY/CASUALTY INSURANCE, 2009-2011[1] (Cont'd)

($ millions)

Lines of insurance	2009	2010	2011	Percentage change from prior year 2009	2010	2011	Percent of total, 2011
Homeowners multiple peril	$57,679.7	$61,296.2	$63,430.3	2.3%	6.3%	3.5%	14.4%
Commercial multiple peril	28,866.8	28,847.3	29,924.4	-4.5	-0.1	3.7	6.8
Mortgage guaranty	4,570.1	4,246.7	4,240.3	-14.9	-7.1	-0.1	1.0
Ocean marine	2,935.7	2,738.9	2,758.5	-5.1	-6.7	0.7	0.6
Inland marine	8,648.9	8,503.4	8,925.7	-7.7	-1.7	5.0	2.0
Financial guaranty	1,793.4	1,371.9	968.9	-43.5	-23.5	-29.4	0.2
Medical malpractice	9,206.6	9,095.7	8,854.3	-3.3	-1.2	-2.7	2.0
Earthquake	1,285.6	1,436.2	1,459.0	2.8	11.7	1.6	0.3
Accident and health[4]	6,714.4	7,504.5	7,685.4	-6.2	11.8	2.4	1.7
Workers compensation	32,009.9	31,483.5	35,666.6	-12.4	-1.6	13.3	8.1
Excess workers compensation	941.1	799.5	816.3	1.6	-15.0	2.1	0.2
Products liability	2,366.0	2,050.5	2,320.5	-14.8	-13.3	13.2	0.5
Other liability[5]	36,031.1	35,680.3	36,264.2	-6.4	-1.0	1.6	8.2
Aircraft	1,222.8	1,103.5	1,121.9	-8.0	-9.8	1.7	0.3
Fidelity	1,105.4	1,077.9	1,098.2	-3.1	-2.5	1.9	0.2
Surety	4,837.6	4,853.6	4,849.5	-2.5	0.3	-0.1	1.1
Burglary and theft	152.0	167.2	194.7	-5.3	10.0	16.5	[3]
Boiler and machinery	1,801.9	1,718.3	1,806.6	4.2	-4.6	5.1	0.4
Credit	1,224.5	1,344.8	1,490.1	-13.4	9.8	10.8	0.3
Warranty	1,757.3	1,864.1	1,695.8	-15.8	6.1	-9.0	0.4
International	142.5	130.0	92.8	-50.7	-8.8	-28.6	[3]
Reinsurance[6]	12,566.4	12,275.1	14,024.0	-9.2	-2.3	14.2	3.2
Other lines[7]	1,399.5	1,167.1	970.2	34.9	-16.6	-16.9	0.2
Total, all lines[8]	**$422,975.6**	**$426,117.6**	**$441,632.1**	**-3.9%**	**0.7%**	**3.6%**	**100.0%**

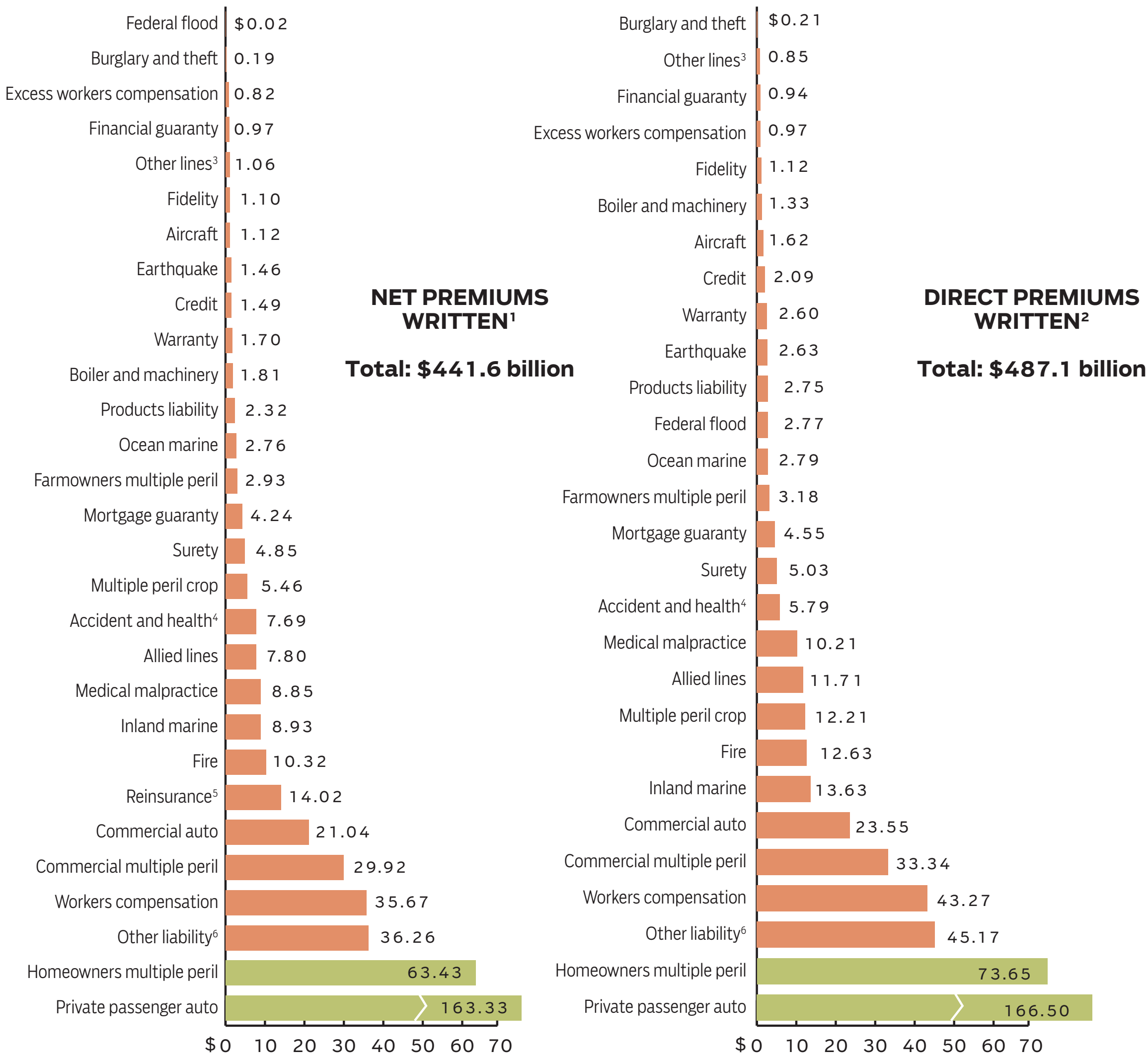
[1]After reinsurance transactions, excluding state funds.
[2]Provided by FEMA through participating private insurers.
[3]Less than 0.1 percent.
[4]Premiums from certain insurers that write health insurance but file financial statements with state regulators on a property/casualty basis.
[5]Coverages 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 SNL Financial LC.

Source: SNL Financial LC.

Property/Casualty: Premiums by Line

PREMIUMS WRITTEN BY LINE, PROPERTY/CASUALTY INSURANCE, 2011

($ billions)



[1]After reinsurance transactions, excluding state funds. [2]Before reinsurance transactions, includes some state funds. [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.

Source: SNL Financial LC.

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.

Lender Placed Insurance

Sometimes, when a lender requires insurance on a mortgaged property and the borrower has not purchased coverage or has allowed it to lapse, the lender will take out a policy on the borrower's behalf, with the borrower paying the premiums. So-called "force placed" or "lender placed" coverage is designed to ensure that if the mortgaged property is damaged, funding is available to repair it. This procedure protects the lender's interest in the property. Lender placed insurance has recently come under scrutiny, with some state regulators looking into potential abuses of the practice by lenders. A similar product, lender placed auto insurance, comes into play when a creditor requires insurance as a condition for a car loan and the borrower allows his coverage to lapse.

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 significantly in 2007 and 2008, reflecting the economic downturn and the subsequent rise in mortgage defaults. The combined ratio improved in 2009 and 2010 as conditions began to ease, but deteriorated again in 2011.

Property/Casualty: Specialty Lines

MORTGAGE GUARANTY INSURANCE, 2002-2011

($000)

Year	Net premiums written[1]	Annual percent change	Combined ratio[2]	Annual point change[3]	Year	Net premiums written[1]	Annual percent change	Combined ratio[2]	Annual point change[3]
2002	$3,987,056	6.5%	58.3	6.2 pts.	2007	$5,189,894	13.7%	129.5	57.7 pts.
2003	4,318,317	8.3	67.5	9.3	2008	5,367,720	3.4	219.9	90.4
2004	4,317,577	0.0	74.9	7.4	2009	4,570,092	-14.9	202.4	-17.5
2005	4,429,402	2.6	71.8	-3.1	2010	4,246,677	-7.1	199.0	-3.4
2006	4,563,852	3.0	71.8	-0.1	2011	4,240,347	-0.1	219.1	20.1

[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.

Source: SNL Financial LC.

TOP TEN MORTGAGE GUARANTY INSURANCE GROUPS/COMPANIES BY DIRECT PREMIUMS WRITTEN, 2011

($000)

Rank	Group/company	Direct premiums written	Market share[2]
1	MGIC Investment Corp.	$1,132,791	24.8%
2	American International Group	757,177	16.6
3	Radian Group Inc.	754,589	16.5
4	Genworth Financial Inc.	625,944	13.7
5	PMI Group Inc.	566,541	12.4
6	Old Republic International Corp.	461,358	10.1
7	Triad Guaranty Inc.	165,251	3.6
8	CMG Mortgage Insurance Group	88,771	1.9
9	Essent US Holdings Inc.	17,865	0.4
10	HCC Insurance Holdings Inc.	4,552	0.1

[1]Before reinsurance transactions, excluding state funds.
[2]Based on U.S. total including territories.

Source: SNL Financial LC.

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. The sharp downturn in the realty market triggered a sharp drop in premiums in 2007 and 2008.

TITLE INSURANCE, 2002-2011
($000)

Year	Net premiums written	Annual percent change	Year	Net premiums written	Annual percent change
2002	$13,004,693	30.7%	2007	$14,227,111	-14.1%
2003	17,036,936	31.0	2008	9,920,074	-30.3
2004	15,578,889	-8.6	2009	9,289,174	-6.4
2005	16,939,278	8.7	2010	9,422,050	1.4
2006	16,568,820	-2.2	2011	9,157,906	-2.8

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.

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, 2002-2011
($000)

Year	Net premiums written[1]	Annual percent change	Combined ratio[2]	Annual point change[3]	Year	Net premiums written[1]	Annual percent change	Combined ratio[2]	Annual point change[3]
2002	$3,280,927	7.8%	116.9	-7.2 pts.	2007	$4,807,994	8.4%	72.3	-9.3pts.
2003	3,384,636	3.2	122.1	5.2	2008	4,960,255	3.2	66.9	-5.4
2004	3,821,170	12.9	119.8	-2.3	2009	4,837,598	-2.5	79.5	12.5
2005	3,866,026	1.2	101.5	-18.3	2010	4,853,562	0.3	70.6	-8.8
2006	4,435,122	14.7	81.7	-19.8	2011	4,849,483	-0.1	72.6	2.0

[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.

Source: SNL Financial LC.

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. The combined ratio climbed to 422.5 in 2008 at the height of the economic downturn.

FINANCIAL GUARANTY INSURANCE, 2002-2011

($000)

Year	Net premiums written[1]	Annual percent change	Combined ratio[2]	Annual point change[3]
2002	$2,596,750	35.7%	29.2	3.4 pts.
2003	3,506,363	35.0	24.8	-4.4
2004	3,118,566	-11.1	39.7	14.9
2005	3,006,829	-3.6	34.1	-5.6
2006	3,075,577	2.3	38.8	4.7
2007	3,038,967	-1.2	155.8	117.0
2008	3,171,561	4.4	422.5	266.7
2009	1,793,428	-43.5	101.2	-321.4
2010	1,371,908	-23.5	227.3	126.1
2011	968,899	-29.4	218.8	-8.5

[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.

Source: SNL Financial LC.

TOP TEN FINANCIAL GUARANTY INSURANCE GROUPS/ COMPANIES BY DIRECT PREMIUMS WRITTEN, 2011[1]

($000)

Rank	Group/Company	Direct premiums written[1]	Market share[2]
1	Assured Guaranty Ltd.	$439,127	41.5%
2	MBIA Inc.	275,358	26.0
3	Ambac Financial Group Inc.	150,047	14.2
4	Syncora Holdings Ltd.	62,118	5.9
5	Financial Guaranty Insurance Co.	51,847	4.9
6	Radian Group Inc.	40,921	3.9
7	CIFG Assurance North America Inc.	35,219	3.3
8	Stonebridge Casualty Insurance Co.	3,000	0.3
9	ACA Financial Guaranty Corp.	309	[3]
10	AmTrust Financial Services	154	[3]

[1]Before reinsurance transactions. [2]Based on U.S. total including territories. [3]Less than 0.1 percent.
Source: SNL Financial LC.

Credit Insurance for Customer Defaults

Credit insurance protects exporters 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. The combined ratio topped 100 from 2007 to 2010 but fell to 94.3 in 2011 as economic conditions improved.

CREDIT INSURANCE, 2002-2011

($000)

Year	Net premiums written[1]	Annual percent change	Combined ratio[2]	Annual point change[3]
2002	$703,038	22.2%	104.6	13.8 pts.
2003	568,502	-19.1	98.6	-6.0
2004	806,372	41.8	96.4	-2.2
2005	936,101	16.1	82.2	-14.2
2006	1,090,144	16.5	86.2	4.0
2007	1,405,439	28.9	129.2	43.0
2008	1,413,313	0.6	170.6	41.4
2009	1,224,472	-13.4	140.8	-29.8
2010	1,344,776	9.8	126.9	-13.9
2011	1,490,132	10.8	94.3	-32.6

[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.
Source: SNL Financial LC.

TOP TEN CREDIT INSURANCE GROUPS/COMPANIES BY DIRECT PREMIUMS WRITTEN, 2011[1]

($000)

Rank	Group/company	Direct premiums written	Market share
1	American Financial Group Inc.	$334,725	14.2%
2	QBE Insurance Group Ltd.	305,864	13.0
3	Assurant Inc.	285,262	12.1
4	Allianz SE	237,980	10.1
5	American National Insurance	159,498	6.8
6	American International Group	140,624	6.0
7	Old Republic International Corp.	130,658	5.6
8	Coface North America Insurance Co.	91,993	3.9
9	Arch Capital Group Ltd.	83,021	3.5
10	Allstate Corp.	76,770	3.3

[1]Before reinsurance transactions. Includes U.S. states and territories.

Source: SNL Financial LC.

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 premiums written in the U.S. totaled $26.4 billion in 2011, according to the Reinsurance Association of America.

Foreign reinsurers' share of U.S. premiums written increased from 57.8 percent in 2009 to 59.9 percent in 2010 based on premiums that U.S. insurers ceded to foreign-based reinsurers not part of their own corporate group. However, a number of U.S. based reinsurers are owned by foreign companies. If the ultimate parents of these reinsurance companies are taken into account, foreign (or foreign-owned) reinsurance companies accounted for 86.8 percent of the market in 2010, up from 84.5 percent in 2009.

TOP TEN U.S. PROPERTY/CASUALTY REINSURERS OF U.S. BUSINESS BY GROSS PREMIUMS WRITTEN, 2011

($000)

Rank	Company	Country of parent company	Gross premiums written
1	National Indemnity Company (Berkshire Hathaway)[1]	U.S.	$5,616,938
2	Swiss Reinsurance America Corporation[2]	Switzerland	4,391,608
3	QBE Reinsurance Group, New York[3]	Australia	4,192,117
4	Munich Re America, Corp.[4]	Germany	4,051,630
5	Transatlantic/Putnam Reinsurance	U.S.	3,651,805
6	Everest Reinsurance Company	Bermuda	3,455,453
7	XL Reinsurance America, Inc.	Ireland	2,926,211
8	Odyssey Reinsurance Group[5]	Canada	2,212,355
9	Berkley Insurance Company	U.S.	1,675,945
10	General Re Group[6]	U.S.	1,171,457

[1]Excludes assumptions from affiliated General Re Group.

[2]Includes the results of Swiss Reinsurance America Corporation which is impacted by significant affiliated transactions with other members of the Swiss Re Group.

[3]Includes the combined results of QBE Reinsurance Corporation, QBE Insurance Corporation and QBE Specialty Insurance Company.

[4]Includes the combined results of Munich Reinsurance America, Inc., American Alternative Insurance Corporation and The Princeton Excess and Surplus Lines Company.

[5]Includes Odyssey Reinsurance, Clearwater Select, Hudson Insurance and Hudson Specialty Insurance Companies.

[6]North American Property/Casualty segment of General Re; excludes certain intercompany transactions and cessions to certain affiliates of Berkshire Hathaway.

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.

2011 was a challenging year for the catastrophe bond market, both in terms of insured catastrophe losses and broader financial conditions. The Tohoku earthquake, which occurred off the northeast coast of Japan on March 11, 2011, and a series of severe U.S. storms in the spring both caused losses to catastrophe bond transactions. In addition to this loss activity, market participants contended with a host of issues, including volatile global financial markets and a revision to one of the most commonly used U.S windstorm models. Catastrophe bonds representing $3.9 billion of risk capital were issued in 2011, down about 15 percent from $4.6 billion in 2010, according to data from GC Securities. Key transactions of 2011 included cat bonds covering earthquakes sponsored by the California state workers compensation fund and the California Earthquake Authority. During the first six months of 2012, 15 catastrophe bond transactions representing $3.4 billion of risk capital were issued, marking a 113 percent increase compared with the first half of 2011.

TOP TEN CATASTROPHE BOND TRANSACTIONS, 2011

($ millions)

Rank	Special purpose vehicle	Sponsor	Risk amount	Peril	Risk location
1	Compass Re 2011 Class 2	National Union (Chartis)	$250.0	Hurricane, earthquake	U.S.
2	Compass Re 2011 Class 3	National Union (Chartis)	250.0	Hurricane, earthquake	U.S.
3	East Lane IV 2011-B	Chubb	250.0	All perils	U.S.
4	Calypso Capital Limited 2011	AXA	247.7	Windstorm	Europe
5	East Lane IV 2011-A	Chubb	225.0	All perils	U.S.
6	Golden State Re	State Comp Ins. Fund (CA)	200.0	Earthquake	CA
7	Successor X 2011-1 IV-E3	Swiss Re	160.0	Hurricane	U.S.
8	Residential Re 2011-5	USAA	160.0	All perils	U.S.
9	Queen Street III	Munich Re	150.0	Windstorm	Europe
10	Embarcadero Re	California Earthquake Authority (CA)	150.0	Earthquake	CA

Source: GC Securities and Guy Carpenter & Company, LLC.

CATASTROPHE BONDS, ANNUAL RISK CAPITAL ISSUED, 2002-2011

($ billions)

[1]As of December 9.

Source: GC Securities and Guy Carpenter & Company, LLC.

CATASTROPHE BONDS, RISK CAPITAL OUTSTANDING, 2002-2011

($ billions)

[1]As of December 9.

Source: GC Securities and Guy Carpenter & Company, LLC.

Life/Health: Financial

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, 2007-2011

($ billions)

	2007	2008	2009	2010	2011
Total financial assets	**$4,949.7**	**$4,515.5**	**$4,823.9**	**$5,176.3**	**$5,340.2**
Checkable deposits and currency	58.3	82.8	50.7	51.7	54.8
Money market fund shares	21.6	39.2	33.7	21.0	25.8
Security repurchase agreements[1]	2.7	8.0	10.2	10.9	10.7
Credit market instruments	2,871.2	2,882.8	3,022.6	3,174.2	3,323.9
Open market paper	41.7	38.3	49.8	40.9	40.9
U.S. government securities	453.5	471.9	505.4	532.6	549.8
Treasury	70.6	105.7	133.5	156.6	162.7
Agency- and GSE[2]-backed securities	382.9	366.2	371.9	376.0	387.1
Municipal securities	41.4	47.1	73.1	112.3	122.6
Corporate and foreign bonds	1,862.6	1,817.0	1,927.2	2,030.2	2,128.7
Other loans and advances	145.8	166.1	140.9	140.7	148.7
Mortgages	326.2	342.4	326.1	317.5	333.2
Corporate equities	1,464.6	1,001.7	1,208.5	1,402.6	1,443.0
Mutual fund shares	188.4	121.0	140.8	155.7	150.1
Miscellaneous assets	342.9	380.1	357.6	360.3	331.9

[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 7, 2012.

Financial Results

The U.S. life insurance industry's net income dropped by 48.8 percent, from $28.0 billion in 2010 to $14.4 billion in 2011, according to SNL Financial data. A May 2011 report by A.M. Best notes that while the industry continued to face challenges from competitive market conditions and low interest rates in 2011, the results were skewed further downward by accounting anomalies and a number of one-time only events involving specific companies. Despite the competitive market conditions, revenue increased by 8 percent in 2011, reflecting increases in annuity premiums and most types of life insurance premiums.

LIFE/HEALTH INSURANCE INDUSTRY INCOME STATEMENT, 2007-2011

($ billions, end of year)

Income statement	2007	2008	2009	2010	2011	Percent change, 2010-2011[1]
Revenue						
Life insurance premiums	$138.3	$142.8	$120.5	$100.2	$122.8	22.5%
Annuity premiums and deposits	310.4	323.0	225.4	286.3	327.0	14.2
Accident and health premiums	143.5	156.6	162.4	169.9	171.0	0.7
Credit life and credit accident and health premiums	2.2	2.1	1.6	1.6	1.6	1.0
Other premiums and considerations	16.8	0.8	0.5	23.1	2.1	-91.0
Total premiums, consideration and deposits	**$611.2**	**$625.2**	**$510.4**	**$581.2**	**$623.9**	**7.3%**
Net investment income	168.0	162.2	156.6	164.1	167.3	1.9
Reinsurance allowance	-22.4	17.8	61.5	-29.3	-16.3	-44.5
Separate accounts revenue	22.9	21.2	20.4	23.4	26.1	11.7
Other income	35.3	18.3	27.8	33.9	34.0	0.2
Total revenue	**$815.1**	**$844.7**	**$776.7**	**$773.3**	**$835.0**	**8.0%**
Expense						
Benefits	228.3	240.2	244.1	246.9	254.7	3.2
Surrenders	305.2	291.6	228.7	216.8	237.3	9.4
Increase in reserves	35.3	144.2	99.0	96.2	141.0	46.6
Transfers to separate accounts	66.1	22.7	11.1	29.3	32.4	10.8
Commissions	50.7	51.7	48.9	49.3	51.8	5.1
General and administrative expenses	52.1	53.6	54.2	56.8	58.5	3.0
Insurance taxes, licenses and fees	7.3	7.3	7.3	7.7	8.0	3.6
Other expenses	8.0	17.2	7.4	2.2	8.1	269.2
Total expenses	**$753.0**	**$828.3**	**$700.8**	**$705.3**	**$791.9**	**12.3%**
Net income						
Policyholder dividends	17.5	17.7	15.0	15.0	15.1	0.8
Net gain from operations before Federal income tax	44.6	-1.4	61.0	53.1	28.0	-47.2
Federal income tax	11.5	-0.1	10.7	9.0	5.1	-43.3
Net income before capital gains	**$33.1**	**$-1.4**	**$50.3**	**$44.1**	**$22.9**	**-48.1%**
Net realized capital gains (losses)	-1.5	-50.9	-28.7	-16.0	-8.5	-46.8
Net income	**$31.6**	**-$52.3**	**$21.5**	**$28.0**	**$14.4**	**-48.8%**
Pre-tax operating income	44.6	-1.4	61.0	53.1	28.0	-47.2

[1]Calculated from unrounded data. Source: SNL Financial LC.

TOP U.S. LIFE/HEALTH INSURANCE GROUPS BY REVENUES, 2011[1]
($ millions)

Rank	Group	Revenues
1	MetLife	$70,641
2	Prudential Financial	49,045
3	New York Life Insurance	34,394
4	TIAA-CREF	34,079
5	Northwestern Mutual	24,861
6	Massachusetts Mutual Life Insurance	24,226
7	Aflac	22,171
8	Lincoln National	10,636
9	Guardian Life Insurance Co. of America	10,571
10	Genworth Financial	10,344
11	Unum Group	10,278
12	Reinsurance Group of America	8,830
13	Principal Financial	8,710
14	Thrivent Financial for Lutherans	7,843
15	Mutual of Omaha Insurance	5,974
16	Pacific Life	5,879
17	Western & Southern Financial Group	4,986

[1]Revenues for insurance companies include premium and annuity income, investment income and capital gains or losses but exclude deposits. Based on companies and categories in the Fortune 500. Each company is assigned only one category, even if it is involved in several industries.

Source: Fortune.

Life Insurance Ownership

Fifty-three percent of all people in the United States were covered by some type of life insurance in 2010, according to LIMRA's 2011 *Life Insurance Ownership Study*. Other findings include:

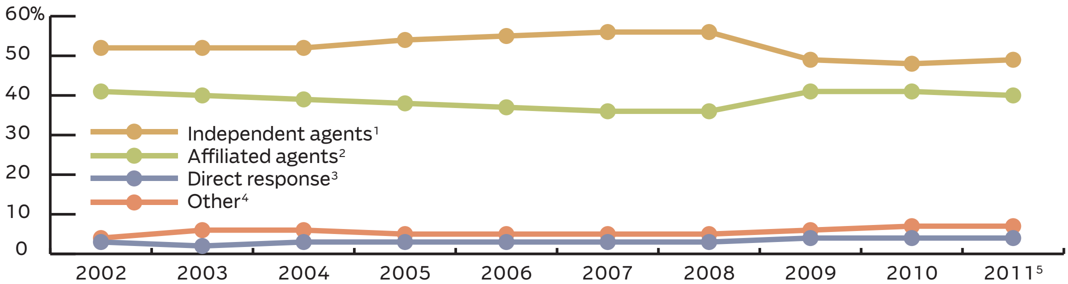
- Only one-third of Americans are covered by individual life insurance, the lowest level in 50 years.
- 56 percent of all workers had group life insurance coverage through their employers in 2010, up from 48 percent in 2004.
- Insured individuals owned an average of $154,000 in life insurance coverage in 2010, compared with an average amount of $102,300 for people covered by group policies.
- The average amount of individual life insurance people carry decreased by $12,000 in 2010, compared with a $6,000 decline in group coverage.

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. In 2011 independent agents held 49 percent of the new individual life insurance sales market, followed by affiliated (i.e., captive) agents with 40 percent, direct marketers with 4 percent and others accounting for the remaining 7 percent, according to LIMRA.

LIFE INDIVIDUAL MARKET SHARE BY DISTRIBUTION CHANNEL, 2002-2011

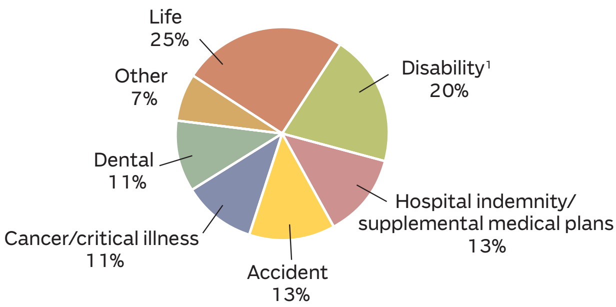
(Based on first year collected premium)



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

Source: LIMRA's *U.S. Individual Life Insurance Sales Survey* and LIMRA estimates.

WORKSITE LIFE INSURANCE SALES BY LINE OF BUSINESS, 2011



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

Source: Eastbridge Consulting Group, Inc.

- 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 totaled $5.48 billion in 2011, up 4.5 percent from 2010.

Life/Health: Premiums by Line

Measured by premiums written, annuities are the largest life/health product line, followed by health insurance (also referred to in the industry as accident and health) and life insurance. 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.

DIRECT PREMIUMS WRITTEN BY LINE, LIFE/HEALTH INSURANCE, 2009-2011

($000)

	2009		2010		2011	
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	$195,668,021	31.3%	$189,782,273	30.1%	$212,367,624	31.4%
Group annuities	108,215,782	17.3	109,572,602	17.4	122,453,627	18.1
Total	**$303,883,803**	**48.6%**	**$299,354,876**	**47.4%**	**$334,821,251**	**49.5%**
Life						
Ordinary life	121,062,285	19.4	125,621,681	19.9	130,862,072	19.3
Group life	29,807,040	4.8	30,461,025	4.8	31,511,422	4.7
Credit life (group and individual)	1,248,617	0.2	1,254,440	0.2	1,223,419	0.2
Industrial life	197,329	[2]	180,675	[2]	172,708	[2]
Total	**$152,315,270**	**24.4%**	**$157,517,822**	**24.9%**	**$163,769,622**	**24.2%**
Accident and health[3]						
Group	89,437,736	14.3	$90,905,054	14.4	93,009,404	13.8
Other	78,195,632	12.5	82,699,659	13.1	83,897,748	12.4
Credit	978,694	0.2	947,319	0.2	929,424	0.1
Total	**$168,612,061**	**27.0%**	**$174,552,032**	**27.6%**	**$177,836,576**	**26.3%**
All other lines	1,375	[2]	2,077	[2]	2,404	[2]
Total, all lines[4]	**$624,812,509**	**100.0%**	**$631,426,806**	**100.0%**	**$676,429,853**	**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.
[4]Does not include deposit-type funds.

Source: SNL Financial LC.

Annuities

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 fluctuates 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 53.)

TOP TEN WRITERS OF GROUP ANNUITIES BY DIRECT PREMIUMS WRITTEN, 2011

($000)

Rank	Group	Direct premiums written[1]	Market share
1	ING Groep N.V.	$7,859,837	17.0%
2	American International Group	4,811,451	10.4
3	TIAA-CREF	4,337,322	9.4
4	Great-West Insurance Group	4,302,779	9.3
5	AXA	3,503,050	7.6
6	Sun Life Financial Inc.	2,927,574	6.3
7	Lincoln National Corp.	2,916,129	6.3
8	Jackson National Life Group	2,318,847	5.0
9	OneAmerica Financial Partners	2,232,167	4.8
10	Prudential Financial Inc.	2,204,772	4.8

[1]Based on U.S. total including territories. Source: SNL Financial LC.

TOP TEN WRITERS OF INDIVIDUAL ANNUITIES BY DIRECT PREMIUMS WRITTEN, 2011

($000)

Rank	Group	Direct premiums written[1]	Market share
1	MetLife Inc.	$34,653,567	17.2%
2	Prudential Financial Inc.	20,389,554	10.1
3	Jackson National Life Group	17,469,692	8.7
4	American International Group	11,984,479	6.0
5	Lincoln National Corp.	11,039,229	5.5
6	Allianz SE	10,271,158	5.1
7	New York Life Insurance Group	7,594,247	3.8
8	Ameriprise Financial Inc.	6,798,146	3.4
9	TIAA-CREF	6,702,092	3.3
10	AEGON NV	5,423,339	2.7

[1]Based on U.S. total including territories. Source: SNL Financial LC.

Life/Health: Premiums by Line

TOP TEN WRITERS OF ANNUITIES BY DIRECT PREMIUMS WRITTEN, 2011[1]

($000)

Rank	Group	Direct premiums written[2]	Market share
1	MetLife Inc.	$36,591,115	14.8%
2	Prudential Financial Inc.	22,594,326	9.1
3	Jackson National Life Group	19,788,539	8.0
4	American International Group	16,795,930	6.8
5	Lincoln National Corp.	13,955,358	5.6
6	TIAA-CREF	11,039,414	4.5
7	Allianz SE	10,271,158	4.2
8	ING Group N.V.	10,226,544	4.1
9	New York Life Insurance Group	7,845,041	3.2
10	AXA	7,221,883	2.9

[1]Includes individual and group annuities. [2]Based on U.S. total including territories.

Source: SNL Financial LC.

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, 2002-2011

($000)

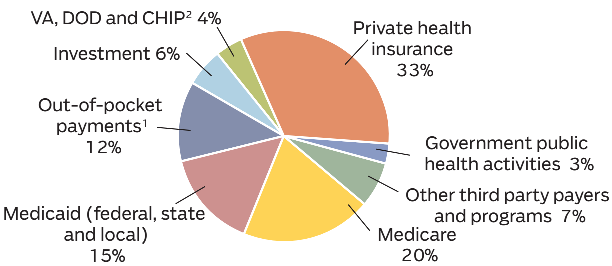
Year	Credit life	Credit accident and health
2002	$1,784,067	$1,883,150
2003	1,416,684	1,554,623
2004	1,526,154	1,554,325
2005	1,607,682	1,522,843
2006	1,564,124	1,442,604
2007	1,631,338	1,407,579
2008	1,563,207	1,251,052
2009	1,248,710	964,781
2010	1,247,848	930,578
2011	1,225,515	930,184

Source: SNL Financial LC.

Private Health Insurance

Health insurance, also referred to in the insurance industry as accident and health insurance, includes coverage for medical expenses, disability and long-term care. Health insurance companies reported direct premiums written of $418.4 billion in 2011, according to SNL Financial. Life/health and property/casualty insurers also write this coverage, accounting for an additional $177.8 billion and $5.7 billion in direct premiums, respectively, in 2011. This brought total private health insurance premiums to $601.9 billion in 2011. The number of people without health insurance coverage declined from 50.0 million in 2010 to 48.6 million in 2011, according to a U.S. Census report. The percentage of uninsured Americans dropped from 16.3 percent to 15.7 percent during same period.

THE NATION'S HEALTHCARE DOLLAR: WHERE IT CAME FROM, 2010



[1]Includes co-payments, deductibles, and any amounts not covered by health insurance.
[2]Department of Veterans Affairs, Department of Defense and Children's Health Insurance Program.

Source: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group.

HEALTH INSURANCE COVERAGE STATUS AND TYPE OF COVERAGE, 2007-2011

(000)

Year	Total U.S. population	Uninsured		Insured		
		Number of people	Percent of population	Private health insurance	Government health insurance	Individuals with some form of insurance
2007	299,106	44,088	14.7%	203,903	83,147	255,018
2008	301,483	44,780	14.9	202,626	87,586	256,702
2009	304,280	48,985	16.1	196,245	93,245	255,295
2010	306,553	49,951	16.3	196,147	95,525	256,603
2011	308,827	48,613	15.7	197,323	99,497	260,214

[1]Includes individuals with some form of insurance (government, private or a combination of both).

Source: U.S. Census Bureau.

- According to the U.S. Census Bureau's latest health insurance survey, 16.3 percent of the U.S. population lacked coverage in 2010, up from 16.1 percent in 2009.
- Between 2010 and 2011, the number of people covered by private health insurance increased from 196.1 million to 197.3 million, while the number covered by government health insurance climbed from 95.5 million to 99.5 million.
- Between 2010 and 2011 the number covered by employment-based health insurance was virtually unchanged at 170.1 million in 2011, compared with 169.4 million in 2010. The number with Medicaid coverage increased from 48.5 million to 50.8 million from 2010 to 2011.

- Private health insurers' direct premiums written totaled $418.4 billion in 2011. Life/health and property/casualty insurers wrote an additional $177.8 billion and $5.7 billion, respectively, bringing the total to $601.9 billion, according to data from SNL Financial.

TOP TEN HEALTH INSURANCE GROUPS BY DIRECT PREMIUMS WRITTEN, 2011[1]

($ billions)

Rank	Group	Direct premiums written	Market share
1	UnitedHealth Group Inc.	$47.0	11.2%
2	WellPoint Inc.	44.7	10.7
3	Health Care Service Corporation	20.7	4.9
4	Humana Inc.	14.9	3.6
5	Highmark Inc.	12.2	2.9
6	Coventry Health Care Inc.	10.3	2.5
7	Kaiser Foundation Health Plan Inc.	10.3	2.5
8	Aetna Inc.	9.8	2.4
9	EmblemHealth Inc.	9.5	2.3
10	Independence Blue Cross	9.4	2.2

[1]Based on health insurer annual statement data. Does not include health insurance data from the property/casualty and life/health annual statements.

Source: SNL Financial LC.

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 healthcare 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 healthcare costs.

- According to America's Health Insurance Plans, 13.5 million people were covered by HSA/HDHP products in January 2012, up from 11.4 million in January 2011.
- Preferred provider organizations (PPO) products (93 percent) were the most popular product types among large-group HSA/HDHP participants.

HEALTH SAVINGS ACCOUNT ENROLLMENT (COVERED LIVES), 2009-2012[1]

	January 2009	January 2010	January 2011	January 2012
Individual market	1,832,000	2,053,000	2,358,497	2,470,840
Small group market	2,429,000	2,970,000	2,779,208	3,019,347
Large group market	3,752,000	4,986,000	6,299,460	7,939,023
Other group[2]	NA	NA	NA	NA
Other[3]	NA	NA	NA	72,865
Total	**8,013,000**	**10,009,000**	**11,437,165**	**13,502,075**

[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.

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 who require supervision due to a cognitive impairment such as Alzheimer's disease. According to the U.S. Department of Health and Human Services (HHS), about 70 percent of individuals over age 65 will require at least some type of long-term care services. There were 39 million people age 65 and older in 2010, accounting for about 13 percent of the U.S. population, or about one in every eight Americans, according to the U.S. Census Bureau. By 2030 the Census Bureau projects there will be about 71.5 million older people, more than twice the number in 2000.

Nearly 5 million people were covered by long-term care insurance in 2011, according to a study by LIMRA International. The average first-year premium for individual LTC coverage purchased in 2011 was $2,279, up 6 percent from 2010. In 2011 over 75 percent of new long-term care insurance policies were purchased by individuals between the ages of 45 and 64, according to a study by the American Association for Long-Term Care Insurance. Over 50 percent were between ages 55 and 64, and 22 percent were between ages 45 and 54. The age of new buyers has been slowly dropping according to the association. A decade or so ago the age of the average buyer was between 66 and 67.

INDIVIDUAL LONG-TERM CARE INSURANCE, 2011[1]

	Lives	Percent change, 2010-2011	Premium ($ millions)	Percent change, 2010-2011
New business	229,494	-2%	$546	4%
In-force[2]	4,810,000	1	9,200	4

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

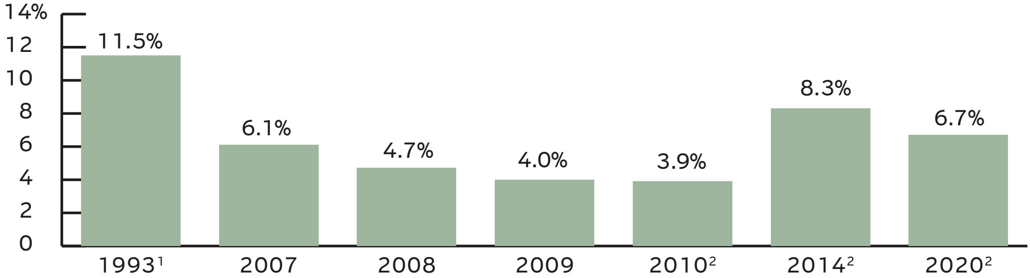
[2]Includes estimates for survey non-participants.

Source: LIMRA International.

- The number of Americans purchasing LTC insurance fell by 2 percent in 2011, while sales grew by 4 percent.

Health Insurance

NATIONAL HEALTH EXPENDITURES, AVERAGE ANNUAL PERCENT GROWTH FROM PRIOR YEAR, 1993-2020



[1]Average annual growth from 1970 through 1993; marks the beginning of the shift to managed care.
[2]Projected.

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

Banking at a Glance

- 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.
- The banking industry employed about 1.7 million people in 2011, including workers at commercial banks (1.3 million), savings institutions (182,000) and credit unions (242,000).
- In July 2010 Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act, sweeping legislation that changed the way that financial services companies operate in the U.S. and how they serve their customers. In 2012 regulators were continuing to work out many of the details as to how the law will be carried out and enforced.
- The act established a Financial Stability Oversight Council, chaired by the Secretary of the Treasury, charged with identifying threats to the financial stability of the United States.
- The Dodd-Frank Act phased out the Office of Thrift Supervision (OTS) and shifted its responsibilities to other federal agencies. Regulation of federal thrift institutions was moved to the Office of the Comptroller of the Currency. The OTS's responsibilities regarding state savings institutions were moved to the Federal Deposit Insurance Corporation (FDIC) and its powers regarding thrift holding companies were moved to the Federal Reserve.
- The FDIC, an independent agency within the federal government, protects against the loss of deposits if an FDIC-insured commercial bank or savings association fails. In 2010, 157 banks with $92.1 billion in assets failed. In 2011, 92 banks with $34.9 billion in assets failed; most were acquired by other institutions.
- Financial assets of bank institutions totaled $14.6 trillion in 2011, with savings banks and commercial banks accounting for 80 percent of assets. Foreign banks with U.S. offices accounted for 14 percent. Credit unions accounted for 6 percent.
- Assets of commercial banks totaled $12.6 trillion in 2011. 514 banks with assets of $1 billion or more accounted for $11.5 trillion in assets.
- The number of banks is shrinking. There were 6,278 commercial banks in 2011, down from 7,267 in 2007. There were 1,067 federally insured thrifts in 2011, down from 1,250 in 2007. There were 7,094 credit unions in 2011, down from 7,806 in 2007.

Overview/Regulation

Overview

Banking, the largest sector within the financial services industry, includes all depository institutions, from commercial banks and thrifts 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. 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

In July 2010 Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act, sweeping legislation that dramatically changed the way that financial services companies operate in the U.S. and how they serve their customers. The act established a Financial Stability Oversight Council (FSOC) charged with identifying threats to the financial stability of the United States. The council, which is chaired by the Secretary of the Treasury, consists of 10 voting members and five nonvoting members, and brings together federal financial regulators, state regulators and an insurance expert appointed by the President. Among its responsibilities, the FSOC has authority to designate a nonbank financial firm for enhanced supervision.

Among Dodd-Frank's key provisions is the Volcker Rule, which effectively prohibits a bank (or institution that owns a bank) from engaging in proprietary trading that is not directed by or at the behest of its customers or from owning or investing in hedge funds or private equity funds. The rule and its implementation are still subject to study by FSOC.

Since 1863 banks have had the choice of whether to be regulated by the federal government or the states. 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 or state chartered and subject to state regulation. The Dodd-Frank Act phased out the Office of Thrift Supervision (OTS) and shifted its responsibilities to other federal agencies. Regulation of federal thrift institutions was moved from the OTS to the OCC. The OTS's responsibilities regarding state savings institutions were moved to the Federal Deposit Insurance Corporation and its powers regarding thrift holding companies were moved to the Federal Reserve.

Depository institutions with assets over $10 billion are now overseen by the new Consumer Financial Protection Bureau, created by Dodd-Frank to consolidate federal oversight and guidance concerning consumer financial products, including mortgages, credit cards and student loans. In 2011, 107 banks, accounting for 80 percent of industry assets, topped the $10 billion threshold. (See page 219 for a detailed summary of the Dodd-Frank Act.)

Bank Holding Companies

A bank holding company (BHC) is any company (not necessarily a bank) that has direct or indirect control of at least one bank. Under the Bank Holding Company Act of 1956 and its amendments, the Federal Reserve supervises all BHCs, regardless of whether the bank subsidiary is a state or national bank. The act stipulated that BHCs may engage in, establish or acquire subsidiaries that engage in nonbanking activities closely related to banking, as determined by the Federal Reserve. The act was amended by the Gramm-Leach-Bliley Act (GLB) of 1999, which allows a BHC that meets specified eligibility requirements to become a financial holding company (FHC) and thereby engage in expanded financial activities, including securities underwriting and dealing, insurance agency and underwriting activities, and merchant banking activities. GLB also allows securities firms and insurance companies to acquire a bank and thereby become a BHC eligible for FHC status. (See Convergence, page 55.) The 2010 Dodd-Frank Act increases the Federal Reserve's oversight of bank holding companies with total consolidated assets of at least $50 billion. It also contains provisions requiring that FHCs remain "well capitalized and well maintained."

BANK HOLDING COMPANIES (BHCs) WITH ASSETS OVER $50 BILLION, 2011

($ billions)

Rank	Institution	Assets	Rank	Institution	Assets
1	JPMorgan Chase & Co.	$2,266	17	BB&T Corporation	$175
2	Bank of America Corporation	2,137	18	American Express Company	152
3	Citigroup Inc.	1,874	19	RBS Citizens Financial Group, Inc.	130
4	Wells Fargo & Company	1,314	20	Regions Financial Corporation	127
5	Goldman Sachs Group, Inc.	924	21	BMO Financial Corp.	117
6	MetLife, Inc.	800	22	Fifth Third Bancorp	117
7	Morgan Stanley	750	23	Northern Trust Corporation	100
8	U.S. Bancorp	340	24	UnionBanCal Corporation	90
9	HSBC North America Holdings Inc.	331	25	KeyCorp	89
10	Bank of New York Mellon Corp.	326	26	BancWest Corporation	78
11	PNC Financial Services Group, Inc.	271	27	M&T Bank Corporation	78
12	State Street Corporation	216	28	Discover Financial Services	69
13	Capital One Financial Corporation	206	29	BBVA USA Bancshares, Inc.	63
14	TD Bank US Holding Company	201	30	Comerica Incorporated	61
15	Ally Financial Inc.	184	31	Huntington Bancshares Incorporated	54
16	SunTrust Banks, Inc.	177	32	Zions Bancorporation	53

Source: SNL Financial LC.

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 Dodd-Frank Act, enacted in July 2010, made the increase permanent.

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 economic downturn that began in 2008 spawned an increase in bank failures. Twenty-five banks, with assets of $371.9 billion, failed in 2008, following three failures in 2007 and none during the previous two years. In 2009 140 banks with $170 billion in assets failed, marking the highest number since 1992, when 179 banks failed. This was followed by the failure of 157 banks with $92 billion in assets in 2010. In 2011, 92 banks failed; most were acquired by other institutions.

- 39 FDIC-insured banks failed in the United States during the first eight months of 2012.

NUMBER OF BANK FAILURES, 2002-2011[1]

Year	Number of failures	Assets of failed banks ($ billions)
2002	11	$2.9
2003	3	0.9
2004	4	0.2
2005	0	0.0
2006	0	0.0
2007	3	2.6
2008	25	371.9
2009	140	169.7
2010	157	92.1
2011	92	34.9

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

Source: Federal Deposit Insurance Corporation (FDIC).

All Sectors

TOP TEN BANK AND THRIFT DEALS ANNOUNCED IN 2011[1]

($ millions)

Rank	Buyer	Target (State)	Deal value[2]
1	Capital One Financial Corporation	ING Bank, FSB (DE)	$9,000.0
2	PNC Financial Services Group, Inc.	RBC Bank (USA) (GA)	3,450.0
3	Comerica Incorporated	Sterling Bancshares, Inc. (TX)	1,028.9
4	People's United Financial, Inc.	Danvers Bancorp, Inc. (MA)	488.9
5	Susquehanna Bancshares, Inc.	Tower Bancorp, Inc. (PA)	342.1
6	Susquehanna Bancshares, Inc.	Abington Bancorp, Inc. (PA)	273.8
7	Valley National Bancorp	State Bancorp, Inc. (NY)	266.9
8	Brookline Bancorp, Inc.	Bancorp Rhode Island, Inc. (RI)	233.7
9	F.N.B. Corporation	Parkvale Financial Corporation (PA)	163.0
10	Industrial and Commercial Bank of China Limited	Bank of East Asia (USA), National Association (NY)	140.2

[1]Target is a U.S.-domiciled bank or thrift. List does not include terminated deals.
[2]At announcement.

Source: SNL Financial LC.

TOP TEN FEDERALLY CHARTERED AND STATE-CHARTERED BANKS BY ASSETS, 2011[1]

($ billions)

Rank	Federally chartered bank[2]	Total assets	Rank	State-chartered bank	State	Total assets
1	JPMorgan Chase Bank, National Association	$1,812	1	The Bank of New York Mellon	NY	$256
2	Bank of America, National Association	1,452	2	State Street Bank and Trust Company	MA	212
3	Citibank, National Association	1,289	3	SunTrust Bank	GA	171
4	Wells Fargo Bank, National Association	1,161	4	Branch Banking and Trust Company	NC	169
5	U.S. Bank National Association	330	5	Regions Bank	AL	123
6	PNC Bank, National Association	263	6	Fifth Third Bank	OH	115
7	HSBC Bank USA, National Association	206	7	Goldman Sachs Bank USA	NY	104
8	TD Bank, National Association	189	8	The Northern Trust Company	IL	100
9	FIA Card Services, National Association	167	9	Ally Bank	UT	85
10	Capital One, National Association	133	10	Manufacturers and Traders Trust Company	NY	77

[1]As of December 31, 2011.
[2]Chartered by the Office of the Comptroller of the Currency.

Source: Federal Deposit Insurance Corporation (FDIC).

All Sectors

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 COMMERCIAL BANKS, SAVINGS BANKS AND CREDIT UNIONS, 2007-2011

	Return on equity		Return on average assets
Year	Commercial banks	Savings banks	Credit unions
2007	9.12%	1.08%	0.63%
2008	1.31	-7.75	-0.05
2009	-0.93	1.31	0.18
2010	5.86	5.77	0.51
2011	8.06	5.97	0.68

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

NET INCOME OF COMMERCIAL BANKS, SAVINGS INSTITUTIONS AND CREDIT UNIONS, 2002-2011

($ millions)

	Amount			Percent change from prior year		
Year	Commercial banks[1]	Savings institutions[1]	Credit unions[2]	Commercial banks	Savings institutions	Credit unions
2002	$89,132.0	$15,243.4	$5,663.0	4.2%	24.1%	NA
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	15,308.0	-10,759.0	-167.0	-84.3	-555.5	-103.5
2009	-12,296.0	1,677.0	1,673.0	-180.3	[3]	[3]
2010	77,377.0	8,119.0	4,586.0	[3]	384.1	174.1
2011	110,380.0	8,291.0	NA	42.7	2.1	[3]

[1]FDIC-insured.

[2]Federally insured credit unions.

[3]Not applicable.

NA=Data not available.

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

Private Depository Institutions

In 2011 the Federal Reserve restructured its Flow of Funds report on U.S. financial sectors, introducing a new sector called private depository institutions comprised of four banking sectors: U.S.-chartered depository institutions (including savings banks and commercial banks); foreign banking offices in the U.S.; banks in U.S.-affiliated areas; and credit unions. In 2011 private depository institutions assets totaled $14.6 trillion, with chartered depository institutions accounting for the largest share (80 percent), followed by foreign banking offices (14 percent), credit unions (6 percent) and banks in U.S.-affiliated areas (1 percent).

Assets

FINANCIAL ASSETS OF PRIVATE DEPOSITORY INSTITUTIONS, 1980-2011

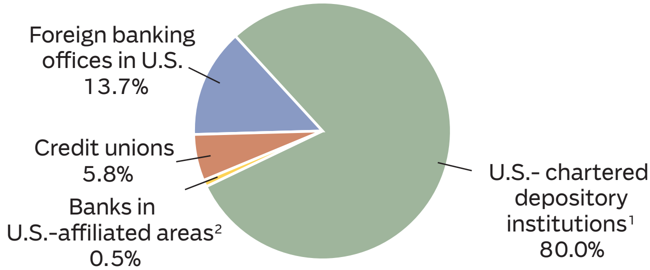
($ billions, end of year)

Year	U.S.-chartered depository institutions[1]	Foreign banking offices in U.S.	Banks in U.S.-affiliated areas[2]	Credit unions	Total
1980	$2,036.6	$98.1	$11.6	$58.6	$2,204.9
1990	3,941.4	367.1	25.8	176.2	4,510.5
2000	6,089.4	804.8	61.6	394.8	7,350.6
2005	9,099.8	818.1	106.3	618.9	10,643.1
2008	11,639.0	1,624.8	102.0	748.8	14,114.6
2009	11,257.1	1,267.5	94.7	805.7	13,425.0
2010	11,290.8	1,336.7	79.9	835.8	13,543.2
2011	11,706.4	1,999.4	75.8	853.7	14,635.3

[1]Includes savings banks and commercial banks.
[2]Puerto Rico, the U.S. Virgin Islands, American Samoa, Guam and other U.S.-affiliated insular areas.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

FINANCIAL ASSETS OF PRIVATE DEPOSITORY INSTITUTIONS, 2011



[1]Includes savings banks and commercial banks.
[2]Puerto Rico, the U.S. Virgin Islands, American Samoa, Guam and other U.S.-affiliated insular areas.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

- In 2011 employment fell 0.1 percent at savings institutions and increased 0.4 percent at credit unions and 0.7 percent at commercial banks. Overall, banking industry employment grew by 0.6 percent.

EMPLOYMENT IN THE BANKING INDUSTRY, 2007-2011
(000)

Year	Commercial banks	Savings banks	Credit unions	Total
2007	1,351.4	225.7	246.3	1,823.5
2008	1,357.5	207.6	250.1	1,815.2
2009	1,316.9	191.6	245.3	1,753.8
2010	1,305.9	182.0	240.9	1,728.8
2011	1,314.6	181.9	241.9	1,738.4

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

Bank Branches

Consolidation has substantially reduced the number of commercial banking institutions but has not reduced consumers' access to their deposits as commerical 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 37 percent from 1995 to 2010.

NUMBER OF BANKING OFFICES BY TYPE OF BANK, 1995-2011

	1995	2000	2008	2009	2010	2011
All banking offices[1]	**92,686**	**95,808**	**106,967**	**107,104**	**105,856**	**NA**
Commercial bank offices	65,321	71,338	85,285	88,061	87,723	87,876
Number of institutions	10,166	8,478	7,203	6,995	6,676	6,413
Savings institution offices	15,637	14,135	13,867	11,479	10,784	10,318
Number of institutions	2,082	1,622	1,227	1,180	1,135	1,100
Credit unions	11,687	10,316	7,806	7,554	7,339	NA
U.S. branches of foreign banks	41	19	11	10	10	10

[1]As of June 30. Includes commercial bank and savings institution offices, credit unions and U.S. branches of foreign banks.
NA=Data not available.

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

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 government-sponsored enterprises have risen over the past two decades.

CREDIT MARKET ASSET HOLDINGS, 2007-2011[1]

($ billions, amount outstanding, end of year)

	2007	2008	2009	2010	2011
Financial sectors					
Monetary authority	$740.6	$986.0	$1,987.7	$2,259.2	$2,635.6
U.S.-chartered depository institutions[2]	9,201.0	9,442.9	9,131.1	9,341.5	9,468.4
Foreign banking offices in the U.S.	963.3	1,063.8	777.9	747.1	784.9
Banks in U.S.-affiliated areas	92.8	90.9	88.1	68.9	64.0
Credit unions	657.9	697.8	731.0	755.6	790.8
Property/casualty insurance companies	869.3	853.4	886.7	890.6	918.1
Life insurance companies	2,871.2	2,882.8	3,022.6	3,174.2	3,323.9
Private pension funds	860.8	951.4	1,063.0	1,122.4	1,161.2
State and local govt retirement funds	820.3	833.5	824.7	816.5	834.8
Federal govt retirement funds	96.1	120.3	127.7	138.7	158.1
Money market mutual funds	1,936.4	2,675.0	2,031.0	1,621.0	1,628.2
Mutual funds	2,203.1	2,276.4	2,657.2	3,031.4	3,458.9
Closed-end funds	170.9	129.9	139.5	144.4	143.3
Exchange-traded funds	34.0	57.0	102.9	132.6	171.4
GSEs[3]	2,829.5	3,037.5	2,699.7	6,333.1	6,133.4
Agency- and GSE[3]-backed mortgage pools	4,464.4	4,961.4	5,376.7	1,139.5	1,304.8
ABS issuers	4,419.3	4,024.9	3,244.4	2,224.6	1,970.1
Finance companies	1,816.3	1,734.4	1,516.7	1,539.2	1,488.1
Real Estate Investment Trusts	246.5	177.6	168.9	206.0	308.9
Brokers and dealers	803.1	717.4	525.3	557.5	567.2
Holding companies	59.1	73.0	75.8	97.9	101.1
Funding corporations	316.0	1,007.7	770.9	848.6	801.2
Total financial sectors	**$36,472.1**	**$38,795.1**	**$37,949.7**	**$37,190.6**	**$38,216.3**
Total domestic nonfinancial sectors[4]	**$7,152.9**	**$6,985.1**	**$7,514.9**	**$7,831.8**	**$7,451.0**
Rest of the world	**$7,272.6**	**$7,504.6**	**$7,724.2**	**$8,374.4**	**$8,575.7**
Total credit market assets held	**$50,897.6**	**$53,284.9**	**$53,188.7**	**$53,396.7**	**$54,243.0**

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

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

Foreign Banks in the U.S.

ASSETS OF FOREIGN BANKING OFFICES IN THE UNITED STATES, 2007-2011[1]

($ billions, end of year)

	2007	2008	2009	2010	2011
Total financial assets	**$1,048.0**	**$1,624.8**	**$1,267.5**	**$1,336.7**	**$1,999.4**
Reserves at Federal Reserve	1.0	239	284.1	350.8	711.0
Credit market instruments	963.3	1063.8	777.9	747.1	784.9
U.S. government securities	87.5	86.1	88.8	87.4	91.1
Treasury	30.4	35.5	57.5	60.9	60.5
Agency- and GSE[2]-backed securities	57.1	50.6	31.3	26.5	30.6
Corporate and foreign bonds	369.5	401.6	244.9	233.9	234.5
Depository institution loans	466.8	531.9	406.5	390.4	426.6
Other loans and advances	0.5	0.0	0.0	0.0	0.0
Mortgages	39.0	44.2	37.8	35.4	32.8
Corporate equities	0.0	0.0	0.0	0.1	0.0
Security credit	188.6	62.3	61.6	90.1	131.7
Miscellaneous assets	-104.9	259.7	143.9	148.7	371.8

[1]Branches and agencies of foreign banks, Edge Act and Agreement corporations and American Express Bank in 2007 and 2008.
[2]Government-sponsored enterprise.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

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.

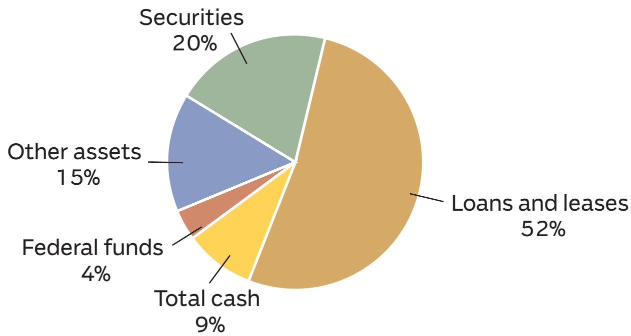
In 2011 all but the largest banks (i.e., those with assets greater than $1 billion) reported fewer institutions when compared with 2010. There were 182 fewer commercial banks with assets less than $100 million in 2011 than in 2010. The number of banks with $100 million to $1 billion in assets dropped by 61 banks in 2011. There were 514 banks in the $1 billion to over $10 billion asset range in 2011, up from 510 in 2010. (See Concentration, page 127.)

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, 2011

(End of year)



Source: Federal Deposit Insurance Corporation (FDIC).

ASSETS AND LIABILITIES OF FDIC-INSURED COMMERCIAL BANKS GROUPED BY ASSET SIZE, 2011

($ millions, end of year)

	Total commercial banks	By asset size			Foreign offices
		Less than $100 million	$100 million to $1 billion	$1 billion or more	
Number of institutions	6,290	2,143	3,633	514	NA
Total assets	**$12,639,738**	**$123,324**	**$1,056,078**	**$11,460,337**	**$1,794,305**
Cash and due from depository institutions	1,196,329	13,920	91,130	1,091,279	251,805
Interest-bearing balances	955,113	8,935	65,707	880,471	NA
Securities	2,541,223	30,185	235,376	2,275,662	NA
Federal funds sold and reverse repurchase agreements[1]	457,789	3,693	13,531	440,565	NA
Net loans and leases	6,531,949	68,994	649,908	5,813,046	NA
Loan loss allowance	178,353	1,301	13,056	163,997	NA
Trading account assets[2]	713,446	3	201	713,241	382,478

(table continues)

Commercial Banks

ASSETS AND LIABILITIES OF FDIC-INSURED COMMERCIAL BANKS GROUPED BY ASSET SIZE, 2011 (Cont'd)

($ millions, end of year)

	Total commercial banks	By asset size			Foreign offices
		Less than $100 million	$100 million to $1 billion	$1 billion or more	
Bank premises and fixed assets	$111,997	$2,092	$19,594	$90,310	NA
Other real estate owned	41,022	1,134	11,318	28,570	NA
Goodwill and other intangibles	348,210	384	5,159	342,666	NA
All other assets	697,774	2,918	29,859	664,997	NA
Total liabilities and capital	**$12,639,738**	**$123,324**	**$1,056,078**	**$11,460,337**	**NA**
Total liabilities	**$11,216,651**	**$109,029**	**$944,295**	**$10,163,326**	**$1,820,100**
Total deposits	9,253,868	105,086	884,343	8,264,439	1,428,230
Interest-bearing deposits	6,948,713	85,408	729,571	6,133,734	1,332,496
Deposits held in domestic offices	7,825,638	105,086	883,552	6,837,000	NA
Federal funds purchased and repurchase agreements[1]	438,502	594	15,885	422,023	NA
Trading liabilities	313,802	0	26	313,776	NA
Other borrowed funds	747,303	2,572	36,132	708,599	NA
Subordinated debt	131,784	11	328	131,445	NA
All other liabilities	331,392	766	7,582	323,044	NA
Total equity capital	**$1,423,088**	**$14,294**	**$111,783**	**$1,297,011**	**NA**
Total bank equity capital	1,404,953	14,294	111,697	1,278,962	NA
Perpetual preferred stock	5,117	73	967	4,077	NA
Common stock	45,254	1,860	12,004	31,389	NA
Surplus	1,040,331	6,742	52,315	981,274	NA
Undivided profits	314,251	5,619	46,410	262,222	NA
Noncontrolling interests in consolidated subsidiaries	18,135	0	86	18,048	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 (FDIC).

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.

DEPOSITS, INCOME AND EXPENSES OF FDIC-INSURED COMMERCIAL BANKS, 2007-2011

($ millions, end of year)

	2007	2008	2009	2010	2011
Number of institutions	7,267	7,071	6,824	6,517	6,278
Total deposits (domestic and foreign) individuals, partnerships, corps.	**$6,485,519**	**$7,172,298**	**$7,420,530**	**$7,689,647**	**$8,325,993**
U.S. government	4,896	3,853	3,742	3,616	2,654
States and political subdivisions	322,662	350,854	381,077	386,069	421,229
All other	434,380	490,062	466,380	383,569	452,056
Total domestic and foreign deposits	**$7,247,457**	**$8,017,067**	**$8,271,729**	**$8,462,901**	**$9,201,932**
Interest-bearing	6,053,496	6,593,772	6,712,435	6,750,051	6,905,570
Noninterest-bearing	1,193,962	1,423,296	1,559,294	1,712,850	2,296,362
Domestic office deposits					
Demand deposits	504,432	637,804	642,505	697,085	1,019,699
Savings deposits	3,185,618	3,495,465	4,129,680	4,589,694	5,250,719
Time deposits	2,055,859	2,345,246	1,970,228	1,627,141	1,503,916
Total domestic deposits	**$5,745,909**	**$6,478,515**	**$6,742,413**	**$6,913,920**	**$7,774,334**
Transaction	695,226	839,346	892,323	952,143	1,288,101
Nontransaction	5,050,683	5,639,169	5,850,089	5,961,777	6,486,233
Income and expenses					
Total interest income	604,690	524,607	477,336	477,657	451,559
Total interest expense	304,150	207,354	118,111	88,055	70,213
Net interest income	300,539	317,253	359,226	389,602	381,346
Total noninterest income (fees, etc.)	210,290	193,247	241,802	215,943	212,233
Total noninterest expense	312,043	328,767	371,948	355,721	373,625
Provision for loan and lease losses	56,471	151,359	229,382	145,304	68,463
Pretax net operating income (loss)	142,315	30,374	-303	104,520	151,491
Securities gains (losses)	-567	-14,444	-1,412	8,268	4,864
Income taxes	42,649	6,200	4,380	33,577	45,958
Net extraordinary items	-1,741	5,446	-3,841	-565	965
Net income (loss)	97,358	15,176	-10,718	78,011	110,572

Source: Federal Deposit Insurance Corporation (FDIC).

Investments

SECURITIES OF FDIC-INSURED COMMERCIAL BANKS, GROUPED BY ASSET SIZE, 2011
($ 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)	**$2,541,223**	**$30,185**	**$235,376**	**$2,275,662**
Securities held-to-maturity (amortized cost)	187,057	3,890	18,894	164,272
Securities available-for-sale (fair value)	2,354,166	26,294	216,482	2,111,390
By security type[2]:				
U.S. government securities	1,588,323	19,830	161,559	1,406,934
U.S. Treasury securities	157,317	911	4,597	151,810
U.S. government obligations	1,431,006	18,919	156,962	1,255,124
Securities issued by states and political subdivisions	206,236	9,310	62,502	134,424
Other domestic debt securities[3]	452,828	890	9,968	441,969
Asset-backed securities	138,269	34	616	137,619
Foreign debt securities[3]	280,979	7	363	280,609
Equity securities	12,857	148	984	11,725
Other items[2]				
Pledged securities	1,070,412	10,012	97,895	962,504
Mortgage-backed securities	1,436,547	9,112	100,248	1,327,186
Certificates of participation in pools of residential mortgages	809,882	6,625	63,265	739,992
Issued or guaranteed by the U.S.	807,288	6,606	63,221	737,461
Privately issued	2,594	19	44	2,531
Collateralized mortgage obligations and REMICs[4]	549,357	2,419	35,859	511,079
Issued by FNMA and FHLMC[5]	402,060	2,223	33,371	366,466
Privately issued by GNMA[6]	147,297	197	2,488	144,613

[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 (REMICs).
[5]Federal National Mortgage Association (Fannie Mae) and Federal Home Mortgage Corporation (Freddie Mac). Includes REMICs.
[6]Government National Mortgage Association (Ginnie Mae).

Source: Federal Deposit Insurance Corporation (FDIC).

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, 2007 AND 2011

($ 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
2007									
Number of institutions reporting	3,065	42.1%	3,706	50.9%	425	5.8%	86	1.2%	7,282
Total assets	$162.9	1.5	$1,062.1	9.5	$1,112.7	10.0	$8,838.4	79.1	$11,176.1
Total deposits	133.8	1.8	854.8	11.7	792.0	10.8	5,528.4	75.6	7,308.9
Return on assets	0.82%	NA	1.06%	NA	1.08%	NA	0.92%	NA	0.95%
Return on equity	6.00	NA	10.34	NA	9.47	NA	9.22	NA	9.29
2011									
Number of institutions reporting	2,143	34.1%	3,633	57.8%	429	6.8%	85	1.4%	6,290
Total assets	$123.3	1.0	$1,056.1	8.4	$1,100.7	8.7	$10,359.6	82.0	$12,639.7
Total deposits	105.1	1.1	884.3	9.6	853.9	9.2	7,410.6	80.1	9,253.9
Return on assets	0.59%	NA	0.61%	NA	0.88%	NA	0.94%	NA	0.90%
Return on equity	5.03	NA	5.91	NA	7.52	NA	8.36	NA	8.06

NA=Not applicable.

Source: Federal Deposit Insurance Corporation (FDIC).

Commercial Banks

TOP TWENTY U.S. COMMERCIAL BANKS BY REVENUES, 2011[1]

($ millions)

Rank	Company	Revenues
1	Bank of America Corp.	$115,074
2	J.P. Morgan Chase & Co.	110,838
3	Citigroup	102,939
4	Wells Fargo	87,597
5	Morgan Stanley	39,376
6	Goldman Sachs Group	36,793
7	American Express	32,282
8	U.S. Bancorp	21,399
9	Capital One Financial	18,525
10	PNC Financial Services Group	15,820
11	Bank of New York Mellon Corp.	15,804
12	Ally Financial	13,642
13	State Street Corp.	10,207
14	BB&T Corp.	9,998
15	SunTrust Banks	9,602
16	Discover Financial Services	8,550
17	Regions Financial	7,427
18	Fifth Third Bancorp	6,673
19	CIT Group	4,855
20	KeyCorp	4,780

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

Source: Fortune.

TOP TWENTY-FIVE U.S. COMMERCIAL BANKS BY ASSETS, 2011
($ millions)

Rank	Company	City, State	Assets
1	JPMorgan Chase Bank, National Association	Columbus, OH	$1,811,678
2	Bank of America, National Association	Charlotte, NC	1,451,969
3	Citibank, National Association	Sioux Falls, SD	1,288,658
4	Wells Fargo Bank, National Association	Sioux Falls, SD	1,161,490
5	U.S. Bank, National Association	Cincinnati, OH	330,471
6	PNC Bank, National Association	Wilmington, DE	263,310
7	Bank of NY Mellon	New York, NY	256,205
8	State Street Bank & Trust Company	Boston, MA	212,293
9	HSBC Bank USA, National Association	McLean, VA	206,010
10	TD Bank, National Association	Wilmington, DE	188,913
11	Suntrust Bank	Atlanta, GA	171,292
12	Branch Banking and Trust Company	Winston-Salem, NC	168,868
13	FIA Card Services, National Association	Wilmington, DE	167,005
14	Capital One, National Association	McLean, VA	133,478
15	Regions Bank	Birmingham, AL	123,368
16	Chase Bank USA, National Association	Newark, DE	121,749
17	Fifth Third Bank	Cincinnati, OH	114,540
18	RBS Citizens, National Association	Providence, RI	106,941
19	Goldman Sachs Bank USA	New York, NY	103,790
20	Northern Trust Company	Chicago, IL	99,831
21	BMO Harris Bank, National Association	Chicago, IL	97,264
22	Union Bank, National Association	San Francisco, CA	88,968
23	Keybank, National Association	Cleveland, OH	86,199
24	Ally Bank	Midvale, UT	85,332
25	Manufacturers & Traders Trust Company	Buffalo, NY	76,887

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.

At their peak in the late 1960s, there were more than 4,800 thrifts. 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 2011, due mostly to acquisitions by, or conversions to, commercial banks or other savings banks, the number of thrifts had fallen to 1,067.

The 2010 Dodd-Frank Act phased out the Office of Thrift Supervision (OTS) and shifted its responsibilities to other federal agencies. Regulation of federal thrift institutions was moved to the Office of the Comptroller of the Currency (OCC). The OTS's responsibilities regarding state savings institutions were moved to the Federal Deposit Insurance Corporation and its powers regarding thrift holding companies were moved to the Federal Reserve. The OCC conducts on-site reviews of national banks, federal savings associations and federal thrifts and provides supervision of these institutions' operations. It also analyzes investments and sensitivity to market risk for all national banks and federal thrifts with less than $10 billion in assets. Depository institutions, including thrifts, with assets over $10 billion are now overseen by the new Consumer Financial Protection Bureau created by Dodd-Frank.

SELECTED INDICATORS, FDIC-INSURED SAVINGS INSTITUTIONS, 2007-2011

	2007	2008	2009	2010	2011
Return on assets (%)	0.13	-0.72	0.14	0.65	0.70
Return on equity (%)	1.08	-7.75	1.31	5.77	5.97
Core capital (leverage) ratio (%)	9.97	8.04	9.50	10.41	10.68
Noncurrent assets plus other real estate owned to assets (%)	1.46	2.40	3.00	3.04	2.63
Net charge-offs to loans (%)	0.47	1.14	1.82	1.49	1.04
Asset growth rate (%)	4.97	-17.53	-17.50	-0.84	-0.78
Net interest margin	2.94	2.77	3.20	3.35	3.42
Net operating income growth (%)	-81.68	-456.83	120.40	272.90	10.32
Number of institutions reporting	1,250	1,218	1,172	1,128	1,067
Percentage of unprofitable institutions (%)	17.20	33.33	31.57	23.85	20.43
Number of failed institutions	1	5	20	18	7
Number of assisted institutions	0	1	2	0	0

Source: Federal Deposit Insurance Corporation (FDIC).

FDIC-INSURED THRIFT INDUSTRY NET INCOME, 2007-2011

($ millions)

	2007	2008	2009	2010	2011
Total interest income	$106,164	$68,017	$54,604	$51,043	$48,010
Total interest expense	59,911	32,904	21,626	16,289	12,659
Net interest income	46,252	35,112	32,979	34,754	35,352
Total noninterest income	21,580	14,743	14,897	17,258	16,419
Total noninterest expense	50,023	34,732	29,294	31,053	33,041
Provision for loan and lease losses	11,021	20,728	17,478	10,766	7,237
Pretax net operating income	6,788	-5,604	1,104	10,193	11,492
Securities gains/losses	-695	-773	-573	729	524
Applicable income taxes	3,761	-281	449	4,009	4,122
Net extraordinary items	5	-86	54	116	108
Net income	2,337	-6,182	119	7,012	7,967

Source: Federal Deposit Insurance Corporation (FDIC).

BALANCE SHEET OF FDIC-INSURED SAVINGS INSTITUTIONS, 2007-2011

($ millions, end of year)

	2007	2008	2009	2010	2011
Number of thrifts	1,250	1,218	1,172	1,128	1,067
Assets					
Cash and due from depository institutions	$41,999	$63,007	$72,596	$68,080	$93,246
Interest-bearing balances	20,518	38,396	60,593	57,177	80,879
Securities	363,344	288,943	300,791	316,067	309,118
Federal funds sold and reverse repurchase agreements	45,586	34,753	11,988	5,373	7,523
Net loans and leases	1,266,539	1,017,820	771,851	766,878	742,590
Loan loss allowance	13,548	17,236	14,775	13,475	12,640
Trading account assets	8,516	6,881	5,533	1,417	2,795
Bank premises and fixed assets	15,062	12,348	10,631	10,423	9,569
Other real estate owned	3,433	4,670	5,549	6,078	5,110
Goodwill and other intangibles	38,525	29,078	21,228	20,535	19,736
Other assets	74,887	74,751	63,884	58,608	53,615
Total assets	**$1,857,891**	**$1,532,252**	**$1,264,052**	**$1,253,458**	**$1,243,301**

(table continues)

BALANCE SHEET OF FDIC-INSURED SAVINGS INSTITUTIONS, 2007-2011 (Cont'd)

($ millions, end of year)

	2007	2008	2009	2010	2011
Liabilities and equity					
Total liabilities	**$1,653,394**	**$1,395,366**	**$1,127,751**	**$1,106,241**	**$1,095,840**
Total deposits	1,105,496	953,487	893,577	908,598	929,542
Interest bearing deposits	1,047,114	902,428	843,090	856,149	871,324
Deposits held in domestic offices	1,104,982	953,274	893,477	908,389	929,379
Federal funds purchased and repurchase agreements	69,280	77,660	53,665	47,614	34,701
Trading liabilities	59	308	191	82	477
Other borrowed funds	429,744	331,587	159,082	130,541	109,659
Subordinated debt	10,488	2,477	2,284	2,008	1,263
Other liabilities	38,327	29,848	18,951	17,398	20,198
Total equity capital	**$204,497**	**$136,885**	**$136,301**	**$147,217**	**$147,462**
Perpetual preferred stock	3,005	3,344	2,094	2,055	1,022
Common stock	971	1,100	1,085	1,233	1,090
Surplus	156,093	107,829	92,799	97,028	95,991
Undivided profits	44,428	24,612	40,061	46,690	49,166
Noncontrolling interests in consolidated subsidiaries	NA	NA	262	212	192
Total liabilities and equity	**$1,857,891**	**$1,532,252**	**$1,264,052**	**$1,253,458**	**$1,243,301**

NA=Data not available.

Source: Federal Deposit Insurance Corporation (FDIC).

INVESTMENT SECURITIES OF FDIC-INSURED SAVINGS INSTITUTIONS, 2002-2011

($ millions, end of year)

Year	U.S. Treasury, agencies and corporations			States and political subdivisions	Other debt securities
	U.S. Treasury	U.S. agencies and corporations	Total[1]		
2002	$2,677.1	$176,991.2	$179,668.3	$5,280.0	$30,348.8
2003	2,599.8	198,236.7	200,836.5	6,061.4	31,112.3
2004	2,632.8	196,352.0	198,984.8	6,769.1	55,634.3
2005	5,638.1	208,328.8	213,966.9	8,524.2	79,033.4
2006	5,543.0	183,457.5	189,000.5	11,477.8	93,438.0
2007	829.7	188,754.8	189,584.4	11,672.4	143,080.3
2008	779.3	168,096.3	168,875.6	7,531.8	98,334.1
2009	2,136.1	197,106.1	199,242.2	9,097.7	77,499.5
2010	1,459.3	214,887.4	216,346.7	10,592.8	69,507.0
2011	795.9	219,696.2	220,492.0	11,000.1	62,444.8

Year	Equity securities	Less: contra accounts[2]	Less: trading accounts	Total investment securities[3]	Memo[4] mortgage-backed securities
2002	$9,837.1	$0.9	$742.0	$224,391.3	$156,107.8
2003	9,254.6	0.3	1,025.5	246,238.8	170,612.0
2004	8,801.7	0.0	4,817.0	265,373.0	197,256.8
2005	7,783.0	0.1	12,845.0	296,462.4	224,087.7
2006	7,905.3	0.0	4,974.0	296,847.7	210,370.8
2007	7,244.8	0.0	6,734.1	344,847.9	249,463.7
2008	4,907.5	0.0	6,378.8	273,270.2	199,889.6
2009	5,092.9	0.0	4,581.2	286,351.1	173,408.7
2010	4,150.5	NA	205.1	300,391.9	189,209.1
2011	2,409.5	NA	1,171.6	295,174.9	199,299.6

[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.
NA=Data not available.

Source: Federal Deposit Insurance Corporation (FDIC).

Thrift Institutions

THRIFT INDUSTRY LOANS AND LEASES, 2007-2011

($ millions)

	2007	2008	2009	2010	2011
Secured by real estate	$1,026,092	$796,311	$581,800	$556,063	$532,280
To depository institutions	162	14	13	7,043	109
Agricultural production	216	222	250	255	294
Commercial and industrial	65,661	71,623	58,252	55,844	60,420
To individuals	98,647	88,686	79,801	89,204	94,537
State and political subdivisions	407	436	478	586	538
All other loans	1,324	1,388	1,161	1,210	1,245
Lease financing receivables	1,835	1,811	1,608	1,750	1,825
Less: unearned income	96	74	74	72	74
Total loans and leases[1]	**$1,194,247**	**$960,418**	**$723,289**	**$711,883**	**$691,174**
Allowance for losses, loans, and leases	12,368	15,917	14,106	12,838	12,019
Net loans and leases	1,181,880	944,501	709,183	699,045	679,156

[1]Does not add to total due to the exclusion of some components.

Source: Federal Deposit Insurance Corporation (FDIC).

TOP TEN U.S. THRIFT COMPANIES BY ASSETS, 2011[1]

($ billions)

Rank	Company	Parent name	Assets
1	ING Bank, FSB	Capital One Financial Corporation	$92.2
2	Charles Schwab Bank	Charles Schwab Corporation	66.1
3	USAA Federal Savings Bank	USAA Insurance Group	52.2
4	E*TRADE Bank	E*TRADE Financial Corporation	45.8
5	Hudson City Savings Bank	Hudson City Bancorp, Inc.	45.4
6	New York Community Bank	New York Community Bancorp, Inc.	39.5
7	American Express Bank, FSB	American Express Company	35.4
8	Citizens Bank of Pennsylvania	HM Treasury	32.3
9	People's United Bank	People's United Financial, Inc.	27.3
10	OneWest Bank, FSB	IMB Management Holdings, LP	26.2

[1]Data based on regulatory financials of savings banks and savings institutions.

Source: SNL Financial LC.

TOP TEN U.S. THRIFT COMPANIES BY REVENUES, 2011[1]
($ millions)

Rank	Company	Revenues
1	American Express Bank, FSB	$7,211.7
2	GE Capital Retail Bank	4,463.1
3	USAA Federal Savings Bank	3,444.0
4	E*TRADE Bank	1,864.9
5	ING Bank, FSB	1,355.5
6	New York Community Bank	1,342.9
7	Charles Schwab Bank	1,299.1
8	People's United Bank	1,263.9
9	Hudson City Savings Bank	1,082.3
10	OneWest Bank, FSB	1,031.1

[1]Based on regulatory filings of savings banks and savings institutions.

Source: SNL Financial LC.

Remittances

Remittances, money from immigrants sent back to their homes, totaled over $304 billion in 2010, according to the World Bank. The flow of such funds from immigrants from Latin America and the Caribbean (LAC) to their families back home rose by 6 percent to $61.0 billion in 2011, following a 2 percent rise in 2010, according to a study by the Inter-American Development Bank (IADB). The IADB attributes the higher growth rate to improved economic conditions in the United States, which accounts for about 75 percent of remittances sent to LAC countries. Mexico was the recipient of the largest amount of remittances in 2011, $22.7 billion. An earlier IADB study found that in 2009 most respondents sent the money through transfers (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

REMITTANCES TO SELECTED LATIN AMERICAN COUNTRIES, 2010-2011

($ millions)

Country	2010	2011	Percent change
Mexico	$21,271	$22,731	6.9%
Guatemala	4,127	4,377	6.1
Colombia	4,023	4,168	3.6
El Salvador	3,540	3,650	3.1
Dominican Republic	2,908	3,131	7.7
Honduras	2,529	2,862	13.2
Peru	2,534	2,697	6.4
Ecuador	2,324	2,673	15.0
Haiti	1,971	2,057	4.4
Jamaica	1,911	2,025	6.0
Other	11,762	10,629	-9.6
Total	**$57,600**[1]	**$61,000**	**6.0%**

[1]Total revised to reflect the definition of remittances in the Balance of Payments Manual of the International Monetary Fund. Individual country data were not revised.

Source: Inter-American Development Bank/MIF.

The United States tops the list of countries from which immigrants send money back to their families overseas, as tracked by the World Bank. In 2010, immigrants in the United States sent $52 billion overseas, down 0.1 percent from 2009 but almost twice as much as the next highest country, Saudi Arabia, with $27 billion in remittances in 2010.

TOP TEN COUNTRIES, BY REMITTANCES SENT OVERSEAS, 2009-2010[1]

($ millions)

Rank	Remittance outflows	2009	2010	Percent change
1	United States	$51,639	$51,597	-0.1%
2	Saudi Arabia	26,470	27,069	2.3
3	Switzerland	19,562	21,668	9.0
4	Russian Federation	18,779	18,796	0.1
5	Germany	15,951	15,908	-0.3
6	Netherlands	14,226	12,923	-9.2
7	Spain	12,743	12,227	-4.1
8	Italy	12,868	12,201	-5.2
9	Kuwait	11,749	11,770	0.2
10	Korea, Rep.	8,648	11,385	31.6
	Total	**$305,641**	**$304,210**	**-0.5%**

[1]World Bank staff estimates based on the International Monetary Fund's Balance of Payments Statistics Yearbook 2011.

Source: World Bank.

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 92 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.

FEDERAL CREDIT UNIONS AND FEDERALLY INSURED STATE-CHARTERED CREDIT UNIONS, 1980-2011

(End of year)

	1980	1990	2000	2009	2010	2011
Operating credit unions						
Federal	12,440	8,511	6,336	4,714	4,589	4,447
State	4,910	4,349	3,980	2,840	2,750	2,647
Number of failed institutions	239	164	29	28	18	16
Members (000)						
Federal	24,519	36,241	43,883	49,604	50,081	50,743
State	12,338	19,454	33,705	40,323	40,447	41,093
Assets ($ millions)						
Federal	$40,092	$130,073	$242,881	$482,684	$500,075	$525,633
State	20,870	68,133	195,363	401,993	414,395	436,121
Loans outstanding ($ millions)						
Federal	26,350	83,029	163,851	311,154	306,276	308,845
State	14,852	44,102	137,485	261,367	258,555	262,640
Shares ($ millions)						
Federal	36,263	117,892	210,188	408,832	427,603	449,316
State	18,469	62,082	169,053	343,836	358,877	378,093

Source: National Credit Union Administration.

Credit Unions

- From 1980 to 2011 federal and federally insured state credit union assets grew from $61 billion to $962 billion. In 2011 assets increased by $47 billion, or 5.2 percent, from 2010.
- There are currently fewer than 500 non-federally insured state-chartered credit unions.

CREDIT UNION MEMBERS, 1980-2011

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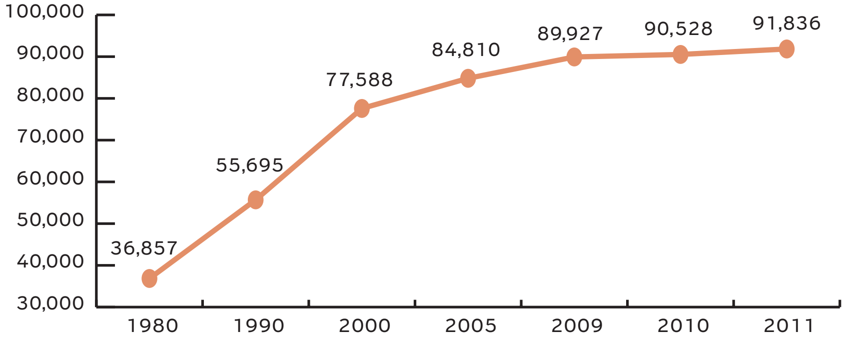


Source: National Credit Union Administration.

ASSETS AND LIABILITIES OF CREDIT UNIONS, 2007-2011

($ billions, end of year)

	2007	2008	2009	2010	2011
Total financial assets	**$695.8**	**$748.8**	**$805.7**	**$835.8**	**$853.7**
Reserves at Federal Reserve	0.0	4.7	22.8	36.9	46.1
Credit market instruments	657.9	697.8	731.0	755.6	790.8
Open market paper	0.4	0.0	0.0	0.0	0.0
U.S. government securities	78.8	91.7	125.0	171.6	199.7
Treasury	10.4	8.8	14.2	20.0	17.5
Agency- and GSE[1]-backed securities	68.4	82.9	110.8	151.6	182.2
Corporate and foreign bonds	34.6	25.7	18.6	3.7	4.1
Depository institution loans	27.3	32.1	33.4	36.9	43.5
Home mortgages	280.2	312.2	316.9	317.0	320.5
Consumer credit	236.6	236.2	237.1	226.5	223.0
Mutual fund shares	2.1	2.0	1.3	1.5	1.8
Miscellaneous assets	35.9	44.3	50.6	41.9	15.0
Total liabilities	**$625.4**	**$679.0**	**$738.3**	**$764.7**	**$776.0**
Net interbank liabilities	-60.3	-65.9	-76.9	-76.2	-90.1

(table continues)

ASSETS AND LIABILITIES OF CREDIT UNIONS, 2007-2011 (Cont'd)

($ billions, end of year)

	2007	2008	2009	2010	2011
Shares/deposits	$652.3	$697.4	$769.4	$803.8	$845.3
Checkable	73.7	75.3	86.9	92.4	103.1
Small time and savings	508.7	551.7	655.1	681.3	708.7
Large time	69.9	70.4	27.3	30.1	33.5
Federal funds and security repos[2]	-2.5	2.3	-0.1	0.0	-15.9
Other loans and advances	32.3	40.6	26.5	26.1	24.2
Miscellaneous liabilities	3.6	4.7	19.4	11.0	12.4

[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 7, 2012.

CREDIT UNION DISTRIBUTION BY ASSET SIZE, 2011[1]

(End of year)

Asset size ($ millions)	Number of credit unions	Percent change from Dec. 2010	Assets ($ millions)	Percent change from Dec. 2010
$0 to $0.2	103	-10.4%	$12	-7.9%
$0.2 to $0.5	187	-11.8	64	-13.2
$0.5 to $1	245	-5.4	182	-5.2
$1 to $2	385	-11.1	574	-11.0
$2 to $5	811	-7.0	2,766	-7.6
$5 to $10	924	-5.7	6,767	-5.8
$10 to $20	1,071	-3.9	15,427	-3.6
$20 to $50	1,338	-1.7	43,241	-1.2
$50 to $100	834	-0.7	58,925	0.0
$100 to $200	588	2.3	82,565	2.3
$200 to $500	468	0.4	148,578	0.9
$500 to $1,000	214	2.4	149,841	2.6
More than $1,000	183	8.3	473,132	9.9
Total	**7,351**	**-3.3%**	**$982,073**	**5.1%**

[1]From Credit Union Call Reports.

Source: Credit Union National Association.

Credit Unions

TOP TEN U.S. CREDIT UNIONS BY ASSETS, 2010[1]
($ millions, end of year)

Rank	Company	Assets
1	Navy Federal Credit Union	$44,198.4
2	State Employees'	21,463.2
3	Pentagon	14,894.9
4	Boeing Employees	9,180.7
5	SchoolsFirst	8,497.4
6	The Golden 1	7,748.7
7	Alliant	7,592.4
8	Security Service	6,167.9
9	Star One	5,431.6
10	American Airlines	5,192.8

[1]Federally insured credit unions.

Source: National Credit Union Administration.

Unbanked and Underbanked

More than one in four U.S. households (28.3 percent) were either "unbanked" or "underbanked" in 2011, up slightly from 2009, according to a survey by the Federal Deposit Insurance Corporation. Respondents were considered unbanked if they had no bank account and underbanked if they had a bank account but also relied on alternative banking services such as money orders. Other key findings include:

- 8.2 percent of U.S. households, or 10 million households, are unbanked.
- 20.1 percent of U.S. households, or 24 million households, are underbanked.
- One-quarter of households used at least one alternative financial service such as nonbank check cashing or payday loans in 2011.

Securities at a Glance

- The U.S. 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.
- The Securities and Exchange Commission, established by Congress in 1934, regulates the U.S. securities markets.
- Securities firms in the U.S. are members of the Financial Industry Regulatory Authority (FINRA), a nongovernmental regulator of the securities industry.
- There were 4,527 FINRA reporting firms in 2011, down from 4,610 in 2010.
- Securities industry employment totaled 807,000 in 2011, down from 800,500 in 2010, according to the U.S. Bureau of Labor Statistics.
- The financial crisis led to the collapse of the securities giant Lehman Brothers in 2008 as well as the takeover of Bear Stearns by JP Morgan Chase and the conversions of Goldman Sachs and Morgan Stanley to bank holding companies subject to banking industry regulation.
- The largest 2011 securities mergers and acquisitions deal, Charles Schwab's purchase of optionsXpress Holdings, Inc., totaled $1.0 billion, according to SNL Financial data.
- Bank purchases of securities firms accounted for 20 percent of securities industry mergers and acquisitions from 2007 to 2011.
- The securities industry return on equity (ROE) was 4.9 percent in 2011, down from 16.2 percent in 2010 and 45.4 percent in 2009. ROE was -38.5 percent in 2008.
- The securities industries raised $1.5 trillion in capital for U.S. businesses in 2011 through debt and equity issuance activity in 2011, down from $1.7 trillion in 2010.
- Equity issuance totaled $198.4 billion in 2011, down 24.2 percent from $261.7 billion in 2010.
- Public issuance of debt (including corporate debt, asset backed securities and non-agency mortgage-backed securities) totaled $1.18 trillion in 2011, down 3.1 percent from 2010.
- Of the $1.5 trillion in capital raised in 2011, $1.38 trillion was public debt and equity underwriting. Private placement securities accounted for the balance.
- Asset-backed securities issuance volume totaled $124.8 billion in 2011, up from $107.5 billion in 2010.

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 and annuity sales.

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.

In 2008 massive mortgage and real estate investment losses led to an upheaval in the securities industry, which included the takeover of Bear Stearns by JP Morgan Chase and the collapse of Lehman Brothers, the largest bankruptcy in U.S. history. Also in 2008 Morgan Stanley and Goldman Sachs got regulatory approval to convert to traditional bank holding companies (BHCs). Both now have financial holding company status, which expands the financial services activities that BHCs are permitted.

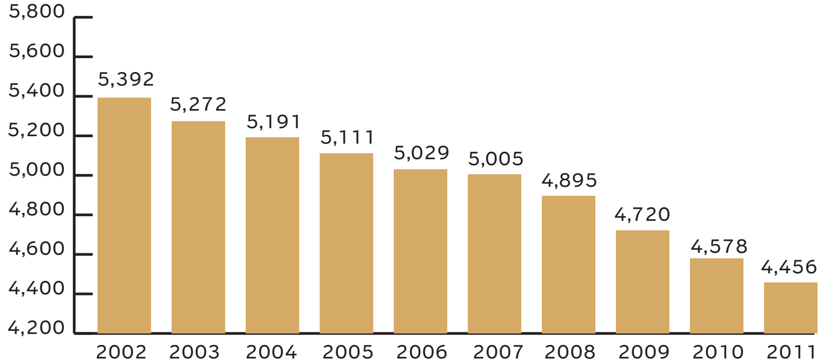
Regulation

The Dodd-Frank Wall Street Reform and Consumer Protection Act, the massive financial services regulatory overhaul enacted in July 2010, has key implications for the securities industry, including provisions that affect the regulation of capital market transactions, credit agencies, hedge funds and derivatives. Two years after its passage, legislators are continuing to work out the details of how and when several of the law's provisions will be implemented.

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. The Dodd-Frank Act enhanced the SEC's enforcement authority in a number of areas, including antifraud actions and the servicing of subpoenas. The act exempts indexed annuities from SEC regulation, thus keeping them under the purview of state insurance departments.

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. Its role is to promote investor protection through such activities as registering and examining securities firms, enforcing federal securities laws, rule writing and dispute resolution. The body was formed in 2007 through the consolidation of the enforcement and arbitration functions of the New York Stock Exchange with those of FINRA's predecessor organization, the National Association of Securities Dealers (NASD).

NUMBER OF FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA) REPORTING FIRMS, 2002-2011



Source: FINRA; Securities Industry and Financial Markets Association.

NUMBER OF FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA) REGISTERED REPRESENTATIVES, 2002-2011

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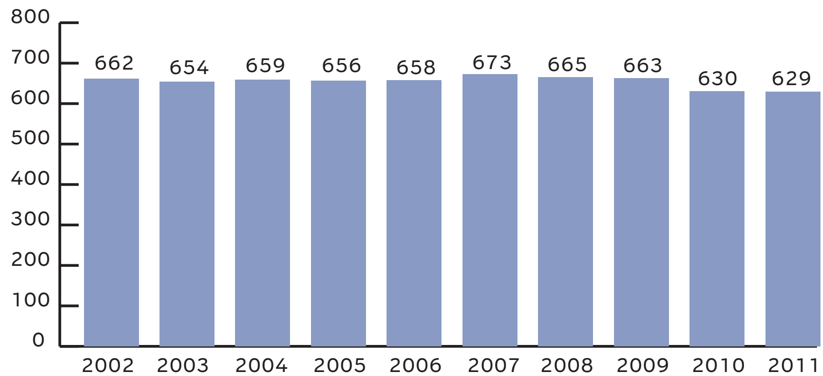


Source: FINRA; Securities Industry and Financial Markets Association.

Mergers and Acquisitions

The largest 2011 securities deal was Charles Schwab Corporation's purchase of optionsXpress Holdings, Inc. for $1 billion. Both buyer and target are broker/dealers. By contrast, 2010's largest deal was insurance company AXA's acquisition of a portfolio of private equity funds from Bank of America for $1.9 billion.

TOP TEN SECURITIES AND INVESTMENT FIRMS MERGERS AND ACQUISITIONS, 2011[1]

($ millions)

Rank	Buyer	Industry	Target	Industry	Deal value[2]
1	Charles Schwab Corporation	Broker/dealer	optionsXpress Holdings, Inc.	Broker/dealer	$1,032.5
2	Virtu Financial LLC	Broker/dealer	Madison Tyler Holdings, LLC	Broker/dealer	1,000.0
3	Jefferies Group, Inc.	Broker/dealer	Prudential Bache's Global Commodities Group	Broker/dealer	430.0
4	Monex Group, Inc.	Broker/dealer	TradeStation Group, Inc.	Broker/dealer	401.0
5	Nuveen Investments, Inc.	Asset manager	Gresham Investment Management LLC	Asset manager	300.0
6	Ashmore Group Plc	Asset manager	Emerging Markets Management, L.L.C.	Asset manager	244.5
7	Apollo Global Management, LLC	Asset manager	Stone Tower Capital/Stone Tower Debt Advisors/Stone Tower Fund Management	Asset manager	241.0
8	Ladenburg Thalmann Financial Services Inc.	Broker/dealer	Securities America Financial Corporation	Broker/dealer	220.0
9	Cowen Group, Inc.	Broker/dealer	LaBranche & Co Inc.	Broker/dealer	188.7
10	Euromoney Institutional Investor Plc	Media and entertainment	Ned Davis Research Group	Asset manager	112.0

[1]Target is a U.S. securities or investment firm. List does not include terminated deals.
[2]At announcement.

Source: SNL Financial LC.

MERGERS AND ACQUISITIONS OF U.S. SECURITIES FIRMS, 2007-2011[1]

	2007	2008	2009	2010	2011
Number of deals	190	182	183	173	146
Purchased by banks and thrifts	49	43	42	20	23

[1]Includes whole and asset deals where the target is a U.S.-domiciled securities and investment firm. List does not include terminated deals.

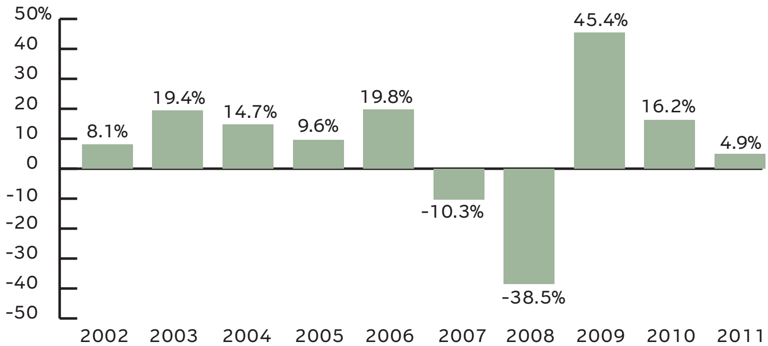
Source: SNL Financial LC.

- Bank purchases of securities firms accounted for 20 percent of securities industry mergers and acquisitions from 2007 to 2011. (See also Chapter 4: Convergence.)

Profitability

SECURITIES INDUSTRY PRETAX RETURN ON EQUITY, 2002-2011[1]

(Percent)

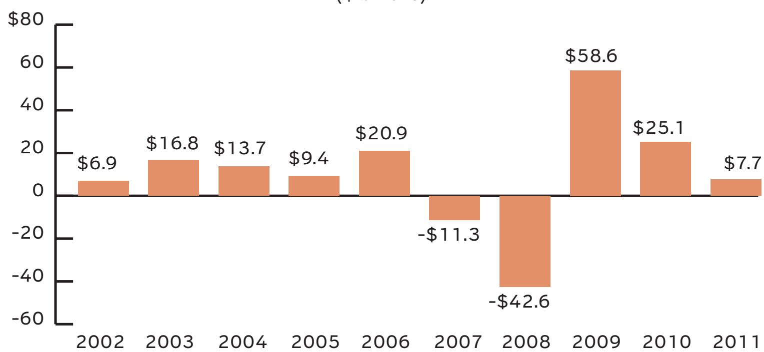


[1]New York Stock Exchange reporting firms doing public business in the United States.
Source: NYSE Euronext; Securities Industry and Financial Markets Association.

- The security industry's return on equity was 4.9 percent in 2011, down from 16.2 percent in 2010.
- The 2008 return on equity (-38.5 percent) was the lowest in the 37 years that the Securities Industry and Financial Markets Association has kept records.

SECURITIES INDUSTRY PRETAX PROFIT/LOSS, 2002-2011[1]

($ billions)



[1]New York Stock Exchange reporting firms doing public business in the United States.
Source: NYSE Euronext; Securities Industry and Financial Markets Association.

- In 2011 the securities industry pretax profit fell to $7.7 billion from $25.1 billion in 2010. Pretax profits of $58.6 billion in 2009 was a record high; the pretax loss of -$42.6 billion in 2008 was a record low.

Overview

FINANCIAL DATA OF NYSE-REPORTING FIRMS, 2011[1]

($ millions)

Revenue	
Commissions	$25,673
Trading gain (loss)	1,540
Investment account gain (loss)	107
Underwriting	18,295
Margin interest	4,910
Mutual fund sales	5,530
Asset management fees	25,682
Research	67
Commodities	2,551
Other revenue related to the securities business	48,093
Other revenue	14,836
Total revenue	**$147,283**
Expenses	
Total compensation	$68,024
Registered representative compensation	28,705
Clerical employee compensation	37,767
Total floor costs	8,891
Communications expense	5,165
Data processing (EDP) costs	2,370
Occupancy and equipment costs	5,497
Promotional costs	1,203
Interest expense	18,689
Losses from error accounts and bad debts	276
Regulatory fees and expenses	1,432
Nonrecurring charges	153
Other expenses	27,835
Total expenses	**$139,536**
Pretax net income (loss)	**$7,747**

[1]New York Stock Exchange reporting firms doing public business in the United States.

Source: NYSE Euronext; Securities Industry and Financial Markets Association.

ASSETS AND LIABILITIES OF SECURITIES BROKER/DEALERS, 2007-2011

($ billions)

	2007	2008	2009	2010	2011
Total financial assets	**$3,092.0**	**$2,217.2**	**$2,084.2**	**$2,075.1**	**$1,953.5**
Checkable deposits and currency	105.0	120.1	90.7	96.9	114.8
Credit market instruments	803.1	717.4	525.3	557.5	567.2
Open market paper	87.1	65.7	41.5	36.2	42.1
U.S. government securities	230.2	433.2	233.9	244.3	335.5
Treasury	-60.0	190.6	123.0	94.5	187.8
Agency- and GSE[1]-backed securities	290.2	242.6	110.9	149.8	147.7
Municipal securities	50.1	38.7	35.4	40.0	31.5
Corporate and foreign bonds	382.8	123.8	154.4	189.5	103.7
Other loans and advances	52.8	55.9	60.1	47.4	54.3
Corporate equities	224.8	109.2	124.2	117.2	100.9
Security credit	325.5	164.8	203.0	278.2	238.5
Miscellaneous assets	1,633.7	1,105.7	1,141.0	1,025.3	932.0
Total liabilities	**$3,019.4**	**$2,158.1**	**$1,987.8**	**$1,990.2**	**$1,889.3**
Security repos[2] (net)	1,147.3	586.9	470.9	404.7	213.3
Credit market instruments	64.8	142.6	92.9	129.7	91.8
Corporate bonds	64.8	97.1	92.9	129.7	91.8
Depository institution loans[3]	0.0	45.5	0.0	0.0	0.0
Trade payables	45.8	21.2	70.1	18.1	14.2
Security credit	1,200.9	963.6	888.2	936.6	1,073.6
Customer credit balances	866.4	742.7	668.6	694.3	752.3
From U.S.-chartered depository institutions	145.9	158.6	158.0	152.3	189.6
From foreign banking offices in U.S.	188.6	62.3	61.6	90.1	131.7
Taxes payable	2.2	2.5	5.7	3.6	2.1
Miscellaneous liabilities	558.4	441.4	460.1	497.5	494.2
Foreign direct investment in U.S.	62.6	72.1	74.5	103.0	113.6
Investment by funding corporations	567.5	672.1	1,119.3	1,076.6	1,119.5
Other	-71.7	-302.8	-733.7	-682.0	-738.9

[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. [3]Loans extended through the Federal Reserve's Primary Dealer Credit Facility and the Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

Overview

SECURITIES INDUSTRY EMPLOYMENT BY FUNCTION, 2007-2011

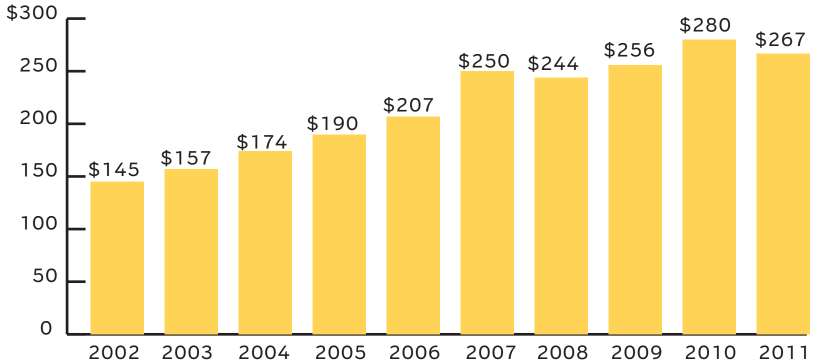
(000)

	2007	2008	2009	2010	2011
Securities, commodity contracts, investments (total industry)	**848.6**	**864.2**	**811.3**	**800.5**	**807.0**
Securities and commodity contracts, brokerages and exchanges	518.8	516.2	475.7	467.5	464.1
Securities brokerage	302.9	301.5	283.9	280.1	278.7
Other financial investment activities	329.7	348.0	335.6	333.0	342.9
Miscellaneous intermediation	24.0	26.1	25.4	24.0	24.1
Portfolio management	129.3	141.3	135.1	133.0	136.4
Investment advice	130.1	133.5	131.6	134.0	141.2
All other financial investment activities	46.3	47.2	43.4	41.9	41.2

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

TOTAL CAPITAL OF NYSE-REPORTING FIRMS, 2002-2011

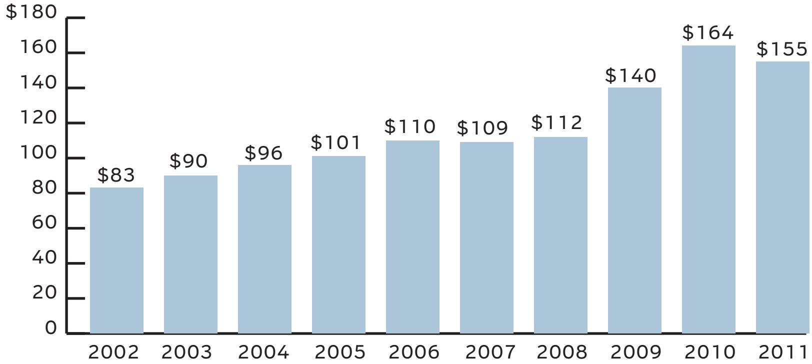
($ billions)



Source: NYSE Euronext; Securities Industry and Financial Markets Association.

EQUITY CAPITAL OF NYSE-REPORTING FIRMS, 2002-2011

($ billions)



Source: NYSE Euronext; Securities Industry and Financial Markets Association.

TOP U.S. SECURITIES FIRMS BY REVENUES, 2011[1]

($ millions)

Rank	Company	Revenues	Profits
1	BlackRock	$9,081	$2,337
2	Franklin Resources	7,140	1,924
3	Charles Schwab	4,884	864

[1]Based on all securities firms in the Fortune 500.

Source: Fortune.

Overview/Capital Markets

TOP TEN U.S. SECURITIES AND INVESTMENT COMPANIES BY ASSETS, 2011[1]
($ millions, end of year)

Rank	Company	Assets
1	Goldman Sachs Group, Inc.[2]	$923,225
2	Morgan Stanley	749,898
3	Merrill Lynch & Co., Inc.	555,788
4	Credit Suisse (USA), Inc.	374,431
5	BlackRock, Inc.	179,896
6	Charles Schwab Corporation	108,553
7	Brookfield Asset Management Inc.	91,030
8	E*TRADE Financial Corporation	47,940
9	Oaktree Capital Group, LLC	44,294
10	CME Group Inc.	40,759

[1]Includes U.S. and Canadian asset managers, investment companies and brokers/dealers.
[2]Financial holding company. Classified as a securities firm by SNL Financial on the basis of its business model.

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, Goldman Sachs and Morgan Stanley opted to convert to bank holding companies.

CORPORATE CAPITAL RAISED IN THE U.S., 2007-2011[1]
($ trillions, end of year)

Year	Capital	Year	Capital
2007	$3.5	2010	$1.7
2008	1.5	2011	1.5
2009	1.6		

[1]Includes corporate underwritings and private placements by U.S. issuers.

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

U.S. CORPORATE UNDERWRITINGS, 2007-2011
($ billions)

	2007	2008	2009	2010	2011
Debt securities					
Straight corporate debt	$1,128.3	$707.2	$901.9	$1,062.7	$1,012.1
High yield debt	136.0	43.0	147.8	263.7	224.1
Convertible debt	76.4	42.0	33.0	29.1	20.7
Asset-backed securities	509.7	139.5	150.9	107.5	124.8
Non-agency mortgage-backed securities	773.9	45.1	32.4	19.0	22.9
Total debt	**$2,488.2**	**$933.8**	**$1,118.2**	**$1,218.4**	**$1,180.5**
Equity securities					
Preferred stock	60.0	77.9	9.6	22.2	13.3
Common stock	187.5	164.7	254.6	239.5	185.1
All IPOs	91.1	11.0	26.9	52.0	47.8
True IPOs	50.7	7.2	24.5	43.1	40.7
Closed-end fund IPOs	40.4	3.9	2.4	8.9	7.1
Total equity	**$247.5**	**$242.6**	**$264.2**	**$261.7**	**$198.4**
Total underwriting	**$2,735.7**	**$1,176.4**	**$1,382.4**	**$1,480.0**	**$1,378.9**

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

CORPORATE AND GOVERNMENT EQUITY AND DEBT, 2002-2011
($ billions, end of year)

Year	Corporate equities[1]	Corporate bonds[2]	Total U.S. government securities[3]	Municipal bonds
2002	$12,438.3	$6,367.4	$9,146.1	$1,762.8
2003	16,638.5	7,162.3	9,977.6	1,900.4
2004	18,940.1	8,049.4	10,455.2	2,850.4
2005	20,636.1	8,820.4	10,842.5	3,043.9
2006	24,339.3	10,080.0	11,354.1	3,212.2
2007	25,580.9	11,543.0	12,496.9	3,448.1
2008	15,640.5	11,118.3	14,504.9	3,543.4
2009	20,123.2	11,576.9	15,888.7	3,697.9
2010	23,249.5	11,538.5	16,959.7	3,795.6
2011	22,522.2	11,587.0	18,005.7	3,743.4

[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 7, 2012.

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). Daily trading volume of these bonds rose steadily from $8.8 billion in 2000 to $25.1 billion in 2007 but dropped annually in subsequent years. The average daily volume dropped from $13.3 billion in 2010 to $11.3 billion in 2011.

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, 2002-2011[1]

($ billions)

	Revenue bonds		General obligation bonds		Private placement bonds		Total municipal bonds	
Year	Value	Number	Value	Number	Value	Number	Value	Number
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	277.1	4,713	110.3	5,658	4.2	315	391.5	10,686
2009	251.9	4,227	154.9	7,081	2.9	189	409.7	11,497
2010	283.4	5,307	146.9	8,258	2.8	160	433.1	13,725
2011	180.3	3,566	104.9	6,607	9.5	382	294.7	10,555

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

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

Private Placements

Private placement is the sale of stocks, bonds or other securities directly to an institutional 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, 2007-2011

($ billions)

Year	Value of U.S. private placements			Number of U.S. private placements		
	Debt	Equity	Total	Debt	Equity	Total
2007	$579.6	$139.9	$719.5	2,031	980	3,011
2008	169.0	127.8	296.8	528	862	1,390
2009	164.4	8.1	172.5	521	517	1,038
2010	152.4	27.4	179.7	550	656	1,206
2011	114.1	25.0	139.1	484	529	1,013

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

FOREIGN HOLDINGS OF U.S. SECURITIES, 2002-2011

($ billions, end of year)

Year	Stocks	Corporate bonds	Treasuries[1]	Total
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	2,448.1	2,320.5	3,389.8	8,158.4
2007	2,812.2	2,719.1	3,958.8	9,490.1
2008	1,806.6	2,354.0	4,659.9	8,820.5
2009	2,477.2	2,465.3	4,826.2	9,768.7
2010	2,926.1	2,488.6	5,462.6	10,877.3
2011	2,948.1	2,416.4	5,683.3	11,047.8

[1]Includes agency issues.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

Capital Markets/Asset-Backed Securities

U.S. HOLDINGS OF FOREIGN SECURITIES, 2002-2011

($ billions, end of year)

Year	Stocks[1]	Bonds	Total
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	5,248.0	1,587.1	6,835.1
2008	2,748.4	1,237.3	3,985.7
2009	3,995.3	1,570.3	5,565.6
2010	4,485.6	1,737.3	6,222.9
2011	3,862.3	1,742.4	5,604.7

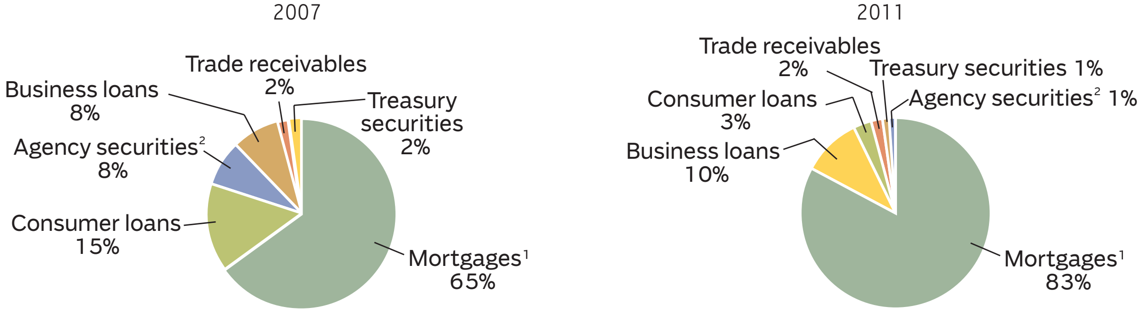
[1]Market value.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

Asset-Backed Securities

Asset-backed securities (ABS) 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. ABS issuance volume was $124.8 billion in 2011, up 16.1 percent from $107.5 billion in 2010 but far below 2006's $753.9 billion. In 2011, 83 percent of ABSs consisted of bundled mortgages, compared with 65 percent in 2007. See also Chapter 9, Mortgage Industry.

ASSET-BACKED SECURITY SOURCES, 2007 AND 2011



[1]Mortgages backing privately issued pool securities and collateralized mortgage obligations (CMOs).
[2]Securities of federal mortgage pools backing privately issued 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.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

ASSET-BACKED SECURITY SOURCES, 2002-2011

($ billions, end of year)

Year	Agency securities[1]	Mortgages[2]	Consumer loans	Business loans	Trade receivables	Treasury securities	Total
2002	$286.5	$836.0	$630.4	$144.0	$83.5	$0.9	$1,981.3
2003	368.7	1,009.5	594.8	149.2	92.3	2.8	2,217.4
2004	357.7	1,449.7	571.5	168.1	102.6	8.0	2,657.7
2005	323.7	2,140.0	609.9	188.3	99.8	27.7	3,389.4
2006	350.1	2,767.2	636.3	253.4	108.3	61.1	4,176.3
2007	372.4	2,946.3	673.0	341.9	111.7	85.8	4,531.0
2008	346.1	2,593.9	632.9	379.8	95.5	72.2	4,120.4
2009	117.4	2,227.6	593.3	252.2	61.3	53.9	3,305.7
2010	19.0	1,901.4	63.0	201.0	51.8	40.1	2,276.4
2011	11.5	1,679.2	55.0	195.2	47.6	29.2	2,017.7

[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 7, 2012.

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 rose from 629 million in 2001 to 2.9 billion in 2008. After falling to 2.3 billion in 2009, the number of contracts rose to 2.8 billion in 2010 and 3.1 billion in 2011.

Credit derivatives are contracts that lenders, large bondholders and other investors can purchase to protect against credit risks. One such derivative, the credit default swap (CDS), 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. Banks, insurance companies and hedge funds create and trade the CDSs. Bond insurers now issue protection in the form of CDSs in addition to their traditional bond insurance coverage. The CDS market, which is largely unregulated, experienced enormous growth from 2004 to 2007 but declined in the four subsequent years.

According to surveys by the Bank for International Settlements (BIS), the over-the-counter CDS market dropped from $58.2 trillion in 2007 to $29.9 trillion in 2010, based on data from The Group of Ten (G10), made up of eleven countries (Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, the U.K. and the U.S.) which work together on economic matters. The latest BIS survey, which now also includes Spain and Australia, puts the market at $28.6 trillion in 2011.

CREDIT DEFAULT SWAPS MARKET, 2004-2011[1]

($ billions , end of year)

Year	Amount outstanding[2]	Percent change
2004	$6,395.7	NA
2005	13,908.3	117.5%
2006	28,650.3	106.0
2007	58,243.7	103.3
2008	41,882.7	-28.1
2009	32,692.7	-21.9
2010	29,897.6	-8.5
2011[3]	28,633.0	-4.2

[1]Based on over-the-counter derivatives data from the G10 countries (11 countries). [2]Notional principal value outstanding. Notional value is the underlying (face) value. [3]Beginning in December 2011, the BIS added Spain and Australia to the survey, bringing the number of countries to 13. NA=Data not available. Source: Bank for International Settlements (BIS).

NUMBER OF FUTURES CONTRACTS TRADED ON U.S. EXCHANGES, 2002-2011

(millions)

Year	Interest rate	Agricultural commodities	Energy products	Foreign currency	Equity indices	Precious metals	Non-precious metals	Other	Total
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	285.9	155.8	904.9	56.2	4.6	13.0	2,852.5
2009	854.6	196.6	313.1	156.3	744.7	48.8	6.4	4.8	2,328.1
2010	1,123.0	239.5	350.6	229.1	740.6	63.8	10.4	3.1	2,764.8
2011	1,277.6	265.9	374.1	231.6	813.9	76.3	12.6	1.0	3,056.5

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

NUMBER OF OPTIONS CONTRACTS TRADED ON U.S. EXCHANGES, 2002-2011
(millions)

Year	Equity	Stock index	Foreign currency	Interest rate	Futures	Total
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	1032.4	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
2009	3,367.0	244.1	1.6	[1]	374.5	3,987.1
2010	3,610.4	287.8	0.8	[1]	457.3	4,356.4
2011	4,224.6	337.5	0.6	[1]	499.6	5,062.3

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

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

- The number of options contracts traded on U.S. exchanges rose 16.2 percent in 2011, following a 9.3 percent increase in 2010, to the highest level in the 32 years of record-keeping.

GLOBAL DERIVATIVES MARKET, 2002-2011[1]
($ billions)

Year	Exchange-traded	Over-the-counter	Total
2002	$23,831	$141,665	$165,497
2003	36,701	197,167	233,867
2004	46,521	258,628	305,149
2005	57,258	299,261	356,519
2006	69,399	418,131	487,530
2007	79,088	585,932	665,020
2008	57,744	598,147	655,892
2009	73,118	603,900	677,017
2010	67,946	601,048	668,995
2011	58,331	647,762	706,693

[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). In 2008 AMEX was acquired by NYSE Euronext, a holding company for a number of exchanges in the U.S. and Europe, including the NYSE.

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 the 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. OTC stocks are traditionally those of smaller companies that do not meet the listing requirements of the NYSE, AMEX or NASDAQ. They are bought and sold through brokers. OTC trading rules are written and enforced by the Financial Industry Regulatory Authority (FINRA). The number of OTC stocks dropped by 50 percent from 2,385 in September 2011 to 1,193 in September 2012, according to the OTC Bulletin Board, a quoting service for the OTC securities market in the U.S. 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, 2002-2011

Year	NASDAQ	NYSE	AMEX[1]
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
2009	2,852	4,014	NA
2010	2,784	3,923	NA
2011	2,828	3,947	NA

[1]Merged with ARCA on October 1, 2008.
NA=Data not available.

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

The New York Stock Exchange Composite Index fell 6.1 percent in 2011, after rising 10.8 percent in 2010. The Dow Jones Industrial Average rose 5.5 percent in 2011, following an 11.0 percent rise in 2010. The NYSE and Dow Jones indices dropped by 40.9 percent and 33.8 percent, respectively, in 2008 at the height of the recession.

EXCHANGE ACTIVITIES, 2002-2011

Year	NYSE		ARCA/AMEX		NASDAQ	
	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)
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	19,500	1,267,300	448,175	9,965,442
2006	453,291	17,140,500	44,515	2,364,800	500,264	11,675,879
2007	531,947	21,866,800	54,027	4,394,100	537,263	15,115,541
2008	660,168	20,855,441	146,202	6,817,600	571,613	15,104,864
2009	549,644	11,767,400	113,276	4,208,600	560,637	10,458,851
2010	444,524	11,968,700	87,249	4,025,500	552,293	12,750,993
2011	383,856	11,682,700	86,460	4,380,300	505,575	13,804,011

Source: NYSE, Inc.; ARCA/American Stock Exchange LLC; The Nasdaq Stock Market, Inc.; Securities Industry and Financial Markets Association.

STOCK MARKET PERFORMANCE INDICES, 2002-2011

(End of year)

Year	Dow Jones Industrial Average	S&P 500	NYSE Composite	AMEX Composite	NASDAQ Composite
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
2009	10,428.05	1,115.10	7,184.96	1,824.95	2,269.15
2010	11,577.51	1,257.64	7,964.02	2,208.38	2,652.87
2011	12,217.56	1,257.60	7,477.03	2,278.33	2,605.15

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 people 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 2011, 7,637 funds had 280 million shareholder accounts and $11.6 trillion in assets, down from $11.8 trillion in 2010. According to the Investment Company Institute, the trade association for the mutual fund industry, 52.3 million households, or 44.1 percent of all U.S. households, owned mutual funds in 2011, down from 45.3 percent in 2010.

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 Chapter 3, Retirement Funds.

- Mutual funds accounted for 35.2 percent of private pension fund assets in 2011, up slightly from 34.9 percent in 2010, according to the U.S. Federal Reserve.
- Mutual funds owned 19.7 percent of U.S. corporate equities in 2011, down from 20.5 percent in 2010, according to the U.S. Federal Reserve.

MUTUAL FUND INDUSTRY NET ASSETS, NUMBER OF FUNDS AND SHAREHOLDER ACCOUNTS, 1940-2011

(End of year)

Year	Total net assets ($ billions)	Number of funds	Number of shareholder accounts[1] (000)
1940	$0.45	68	296
1950	2.53	98	939
1960	17.03	161	4,898
1970	47.62	361	10,690
1980	134.76	564	12,088
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
2005	8,891.11	7,974	275,479
2007	12,001.46	8,026	292,555
2008	9,603.65	8,022	264,599
2009	11,120.15	7,684	269,224
2010	11,820.65	7,580	290,885
2011	11,621.60	7,637	279,715

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

Source: Investment Company Institute.

MUTUAL FUND INDUSTRY NET ASSETS BY TYPE OF FUND, 1985-2011

($ 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	$122.7	$207.6	$36.3	$495.4
1990	239.5	36.1	291.3	414.6	83.8	1,065.2
1995	1,249.1	210.3	598.9	631.3	121.7	2,811.3
2000	3,938.8	363.8	816.8	1,611.4	233.9	6,964.6
2005	4,886.8	609.9	1,367.6	1,690.5	336.4	8,891.1
2007	6,416.8	807.1	1,691.8	2,617.7	468.1	12,001.5
2008	3,641.2	551.8	1,578.4	3,338.6	493.7	9,603.7
2009	4,879.9	695.4	2,229.0	2,917.0	398.9	11,120.2
2010	5,584.7	799.3	2,632.8	2,473.9	330.0	11,820.7
2011	5,205.1	838.7	2,886.4	2,399.7	291.7	11,621.6

Source: Investment Company Institute.

NUMBER OF MUTUAL FUNDS BY TYPE, 1985-2011

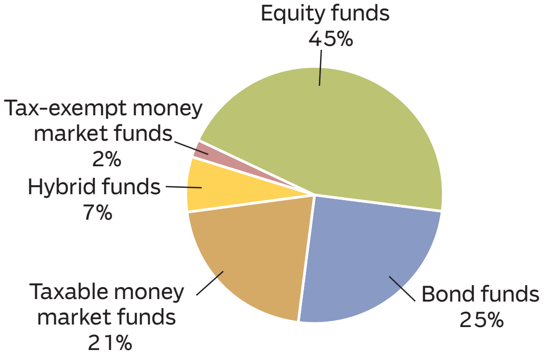
(End of year)

Year	Equity funds	Hybrid funds	Bond funds	Taxable money market funds	Tax-exempt money market funds	Total
1985	562	103	403	350	110	1,528
1990	1,099	193	1,046	505	236	3,079
1995	2,139	412	2,177	676	321	5,725
2000	4,372	519	2,225	704	335	8,155
2005	4,571	482	2,051	593	277	7,974
2007	4,742	476	2,003	545	260	8,026
2008	4,802	483	1,954	534	249	8,022
2009	4,616	471	1,893	476	228	7,684
2010	4,547	475	1,906	442	210	7,580
2011	4,581	495	1,929	431	201	7,637

Source: Investment Company Institute.

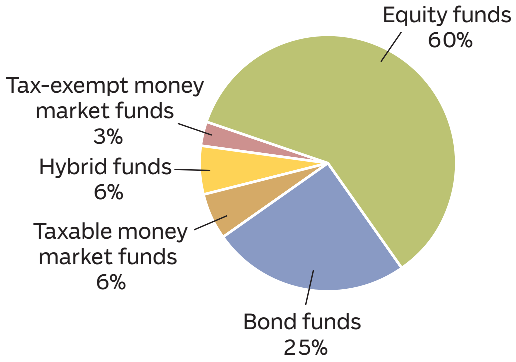
Mutual Funds

MUTUAL FUND INDUSTRY NET ASSETS BY TYPE OF FUND, 2011



Source: Investment Company Institute.

NUMBER OF MUTUAL FUNDS BY TYPE OF FUND, 2011



TOP TEN MUTUAL FUND COMPANIES BY ASSETS, 2011[1]

($000)

Rank	Company	Assets under management
1	Vanguard Group	$1,492,455,158
2	Fidelity Investments	1,268,328,943
3	Capital Research & Management	990,509,088
4	PIMCO Funds	474,901,111
5	J.P. Morgan Chase & Co.	417,859,849
6	Franklin Templeton Investments	377,323,887
7	BlackRock Funds	342,859,903
8	Federated Investors	301,134,286
9	T. Rowe Price	291,273,051
10	Bank of New York Mellon/Dreyfus Co.	240,610,290

[1]As of December 31, 2011. Includes members of Investment Company Institute only.

Source: Investment Company Institute.

Finance Companies at a Glance

- Finance companies, which supply credit to businesses and consumers, are often categorized as nondepository institutions, because they make loans without taking in deposits.
- As a source of consumer credit, finance companies originate loans and leases to finance the purchase of such products as automobiles, furniture and household appliances. They also extend personal cash loans and loans secured by real estate, such as home equity loans.
- For businesses, finance companies supply credit for such purposes as the purchase of equipment and motor vehicles.
- Employment at finance companies rose from 561,700 in 2010 to 562,400 in 2011 but fell from 715,900 in 2007.
- Assets of finance companies totaled $1.5 trillion in 2011, down from $1.6 trillion in 2010 and $1.9 trillion in 2007, according to the Federal Reserve.
- The size of the finance company industry is often measured by receivables outstanding—i.e., the balance due from debtors. Finance company business, consumer and real estate lending declined as a result of the financial crisis, with total receivables dropping by 30.7 percent from $2.1 trillion in 2007 to $1.4 trillion in 2011, according to the Federal Reserve.
- Finance company receivables outstanding dropped by 4.1 percent in 2011 after declining by 7.9 percent in 2010 and 15.5 percent in 2009. In 2011 consumer receivables outstanding at finance companies dropped by 1.2 percent; real estate receivables outstanding dropped by 12.2 percent; and business receivables outstanding fell by 1.3 percent.
- The median return on equity (ROE) for finance companies providing credit to businesses rose from 7.81 percent in 2010 to 9.33 percent in 2011. During the same period the ROE for finance companies providing consumer credit fell from 14.12 percent to 13.73 percent.
- Banks were sellers in five of the 10 largest mergers involving sales of North American finance companies in 2011. The largest finance company deal of 2011 was U.K.-based HSBC's sale of its U.S. credit card and retail services to Capital One for $33.9 billion.

Finance Companies

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.

Mergers and Acquisitions

Banks were sellers in five of the 10 largest mergers involving sales of North American finance companies in 2011. The largest finance company deal of 2011 was U.K.-based HSBC's sale of its U.S. credit card and retail services to Capital One for $33.9 billion. Other large transactions included the sales of finance businesses by Bank of America, Morgan Stanley, Goldman Sachs and Lloyds Banking Group, see chart on following page.

TOP TEN SPECIALTY LENDER MERGERS AND ACQUISITIONS, 2011[1]

($ millions)

Rank	Buyer	Buyer's industry	Seller	Target	Deal value[2]
1	Capital One Financial Corporation	Bank	HSBC Holdings Plc. (U.K.)	U.S. credit card and retail services business of HSBC	$33,884.0
2	Toronto-Dominion Bank	Bank	Bank of America Corporation	MBNA Canada's credit card business	7,500.0
3	Ocwen Financial Corporation	Specialty lender	Morgan Stanley	Servicing business and assets of Saxon Mortgage Services	1,451.3
4	Investor group	Not classified	Investor group	GE SeaCo SRL	1,048.0
5	Walter Investment Management Corp.	Investment company	Centerbridge Partners L.P.	GTCS Holdings LLC	1,047.0
6	Standard Chartered Plc	Not classified	General Electric Capital Corporation	GE Money Pte. Ltd.	692.0
7	Ocwen Financial Corporation	Specialty lender	Goldman Sachs Group, Inc.	Litton Loan Servicing LP and IO Strips	263.7
8	Ryder System, Inc.	Specialty lender	Lloyds Banking Group Plc	Hill Hire plc	253.3
9	American International Group, Inc.	Insurance underwriter	AerCap Holdings N.V.	AeroTurbine, Inc.	228.0
10	Fortress Investment Group LLC	Asset manager	BAE Systems Plc	BAE Systems Asset Management	187.0

[1]Target is a U.S.- or Canada-domiciled specialty lender. List does not include terminated deals.
[2]At announcement.

Source: SNL Financial LC.

Finance Companies

Overview

ASSETS AND LIABILITIES OF FINANCE COMPANIES, 2007-2011[1]

($ billions, end of year)

	2007	2008	2009	2010	2011
Total financial assets	**$1,911.2**	**$1,851.7**	**$1,662.5**	**$1,590.0**	**$1,546.5**
Checkable deposits and currency	16.2	16.5	17.0	15.3	15.7
Time and savings deposits	48.6	49.4	51.0	45.9	47.1
Credit market instruments	1,816.3	1,734.4	1,516.7	1,539.2	1,488.1
Corporate and foreign bonds	189.4	192.4	198.6	179.0	183.8
Other loans and advances	523.0	539.9	448.9	441.0	433.8
Mortgages	531.9	447.9	397.4	344.2	303.2
Consumer credit	572.1	554.3	471.9	575.0	567.3
Miscellaneous assets	30.1	51.5	77.8	-10.4	-4.5
Total liabilities	**$1,949.6**	**$1,880.5**	**$1,630.3**	**$1,536.7**	**$1,482.1**
Credit market instruments	1,279.6	1,200.3	1,044.1	962.1	915.3
Open market paper	123.5	100.9	62.1	63.8	61.4
Corporate bonds	974.1	924.5	837.5	818.7	774.9
Depository institution loans	182.0	174.9	144.5	79.6	79.0
Taxes payable	15.5	15.4	12.7	12.9	12.9
Miscellaneous liabilities	654.4	664.8	573.6	561.7	553.8
Foreign direct investment in U.S.	68.6	78.1	75.0	83.6	91.8
Investment by parent	321.4	313.0	280.5	264.6	267.5
Other	264.4	273.7	218.1	213.5	194.5
Consumer leases not included above[2]	122.9	111.1	85.4	72.7	77.9

[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 7, 2012.

FINANCE COMPANY EMPLOYMENT, 2007-2011
(000)

	2007	2008	2009	2010	2011
Nondepository credit intermediation	**715.9**	**632.7**	**571.5**	**561.7**	**562.4**
Credit card issuing	112.1	108.1	101.5	99.6	102.5
Sales financing	108.9	104.9	91.4	82.1	78.4
Other nondepository credit intermediation	494.9	419.7	378.7	380.1	381.5
Consumer lending	118.9	109.9	97.0	91.0	86.3
Real estate credit	292.2	225.8	200.0	206.5	210.7
Miscellaneous nondepository credit intermediation	83.8	84.1	81.7	82.6	84.5

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

BUSINESS AND CONSUMER FINANCE COMPANIES' RETURN ON EQUITY, 2007-2011[1]

	Business finance companies' return on average equity[2]		Consumer finance companies' return on average equity[3]	
Year	Median	Average	Median	Average
2007	11.70%	15.67%	11.61%	-5.76%
2008	9.38	-2.39	5.31	13.84
2009	6.61	2.89	7.37	-1.96
2010	7.81	5.95	14.12	3.22
2011	9.33	7.19	13.73	11.96

[1]Net income as a percentage of average equity.

[2]Includes 34 public and private commercial lenders; excludes government-sponsored enterprises (GSEs), mortgage real estate investment trusts (REITs) and real estate companies.

[3]Includes 38 public and private consumer lenders; excludes GSEs, REITs and real estate companies.

Source: SNL Financial LC.

Finance Companies

Receivables

The financial crisis that began in 2007 has taken a toll on business, consumer and real estate lending by finance companies, with total receivables (i.e., loan amounts) outstanding dropping by 31 percent from 2007 to 2011. Assets in outstanding consumer loans that were securitized by finance companies and sold to investors dropped by 75 percent during the same period, reflecting investor wariness in securitized loans after the financial crisis triggered higher defaults rates than expected. Assets in securitized business and real estate loans fell by 59 percent and 27 percent, respectively, during the same period.

TOTAL RECEIVABLES OUTSTANDING AT FINANCE COMPANIES, 2007-2011[1]

($ billions)

	2007	2008	2009	2010	2011	Percent change 2007-2011
Total volume ($ billions)						
Total outstanding	$2,084.1	$1,934.6	$1,634.3	$1,505.4	$1,443.9	-30.7%
Consumer	911.7	859.2	722.8	667.8	659.7	-27.6
Real estate	574.4	502.0	447.9	390.4	342.7	-40.3
Business	598.0	573.3	463.6	447.2	441.4	-26.2
Percent change from prior year[2]						
Total outstanding	1.8%	-7.2%	-15.5%	-7.9%	-4.1%	NA
Consumer	7.4	-5.8	-15.9	-7.6	-1.2	NA
Real estate	-4.3	-12.6	-10.8	-12.8	-12.2	NA
Business	0.0	-4.1	-19.1	-3.6	-1.3	NA

[1]Includes finance company subsidiaries of bank holding companies but not 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). As of May 2012.
[2]Calculated from unrounded data.
NA=Not applicable.

Source: Board of Governors of the Federal Reserve System.

BUSINESS RECEIVABLES OUTSTANDING AT FINANCE COMPANIES, 2007-2011

($ billions, end of year)

						Percent of total				
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
Total	**$602.2**	**$608.3**	**$495.6**	**$474.3**	**$466.6**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Motor vehicles	105.7	95.1	63.4	68.1	66.8	17.6	15.6	12.8	14.4	14.3
Retail loans	16.4	12.8	10.1	9.3	10.8	2.7	2.1	2.0	2.0	2.3
Wholesale loans[1]	56.9	51.3	37.0	43.3	41.3	9.4	8.4	7.5	9.1	8.9
Leases	32.4	31.0	16.3	15.4	14.6	5.4	5.1	3.3	3.2	3.1
Equipment	328.2	347.0	296.9	307.1	300.2	54.5	57.0	59.9	64.7	64.3
Loans	111.4	115.9	92.2	113.1	112.9	18.5	19.1	18.6	23.8	24.2
Leases	216.9	231.1	204.7	194.0	187.3	36.0	38.0	41.3	40.9	40.1
Other business receivables[2]	89.0	97.8	88.6	65.9	66.9	14.8	16.1	17.9	13.9	14.3
Securitized assets[3]	79.3	68.4	46.8	33.2	32.8	13.2	11.2	9.4	7.0	7.0
Motor vehicles	33.6	27.4	12.4	5.9	5.9	5.6	4.5	2.5	1.2	1.3
Retail loans	2.6	2.4	3.0	2.1	2.1	0.4	0.4	0.6	0.4	0.5
Wholesale loans	30.9	25.0	9.4	3.8	3.7	5.1	4.1	1.9	0.8	0.8
Leases	0.1	0.0	0.0	0.0	0.0	[4]	[4]	[4]	[4]	[4]
Equipment	13.3	10.7	6.8	4.0	3.9	2.2	1.8	1.4	0.8	0.8
Loans	9.4	7.1	3.4	1.1	1.1	1.6	1.2	0.7	0.2	0.2
Leases	3.9	3.6	3.4	2.9	2.8	0.6	0.6	0.7	0.6	0.6
Other business receivables[2]	32.4	30.3	27.6	23.3	23.0	5.4	5.0	5.6	4.9	4.9

[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.

Receivables

CONSUMER RECEIVABLES OUTSTANDING AT FINANCE COMPANIES, 2007-2011

($ billions, end of year)

	2007	2008	2009	2010	2011
Total consumer	**$891.1**	**$840.2**	**$703.0**	**$646.9**	**$630.6**
Motor vehicle loans	261.5	247.7	205.6	185.1	181.0
Motor vehicle leases	122.9	111.1	85.4	72.7	77.9
Revolving[1]	86.0	74.4	46.4	71.9	78.1
Other[2]	236.5	253.7	235.8	261.5	247.3
Securitized assets[3]	184.1	153.3	129.9	55.5	46.3
Motor vehicle loans	110.7	85.1	67.3	50.4	41.9
Motor vehicle leases	3.1	2.7	2.3	2.0	1.7
Revolving	25.6	25.5	24.1	0.1	0.1
Other	44.7	40.0	36.2	3.0	2.6

[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 recreational 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, 2007-2011

($ billions, end of year)

	2007	2008	2009	2010	2011
Total real estate	**$572.4**	**$483.9**	**$431.9**	**$374.4**	**$332.7**
1 to 4 family	472.7	375.4	327.7	280.6	247.2
Other	59.1	72.5	69.7	63.6	56.0
Securitized real estate assets[1]	40.5	36.0	34.6	30.2	29.5
1 to 4 family	34.9	31.0	30.3	29.6	29.0
Other	5.6	5.0	4.3	0.6	0.5

[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.

Mortgage Finance and Housing at a Glance

- The economic downturn has taken a toll on the U.S. housing market, with home sales depressed for much of 2011, according to Harvard's 2012 State of the Nation's Housing report. In 2011 the national median existing single-family home price fell 3.9 percent to $166,100, after rising slightly in 2010, according to a survey by the National Association of Realtors.
- The national home ownership rate dipped to 66.1 percent in 2011, down from 66.9 percent in 2010 and 68.1 percent in 2007. The home ownership rate was highest in the Midwest in 2011 (70.2 percent), followed by the South (68.3 percent), the Northeast (63.6 percent) and the West (60.5 percent).
- In 2011, 6.9 million residential mortgages were originated, including 4.3 million refinancing loans and 2.6 million purchase loans. This contrasts with 18.6 million mortgage originations in 2002, including 11.7 million refinancing loans and 6.9 million purchase loans.
- Home mortgages accounted for $10.3 trillion in assets in 2011, down from $11.2 trillion in 2007. Banks and government-sponsored enterprises were the largest holders of these assets in 2011.
- The average mortgage loan amount dropped from $243,800 in 2007 to $215,200 in 2011. The average price of a home purchased in 2011 (new and existing homes) dropped from $326,000 to $296,900 during the same period.
- Adjustable rate mortgages (ARM) accounted for 12 percent of single-family home mortgage loans in 2011, down from 17 percent in 2002. In 2010 ARMs accounted for only 5 percent of such loans, according to Harvard's 2012 State of the Nation's Housing report.
- The number of properties in some phase of foreclosure totaled 1.9 million in 2011, down 34 percent compared with 2010, according to a report from RealtyTrac. Nevada, Arizona and California had the highest percentage of homes in foreclosure in 2011 (6.25 percent, 4.14 percent and 3.19 percent, respectively).
- The dollar value of outstanding home equity loans, i.e., loans in which the borrower's home serves as collateral, dropped from $1.13 trillion in 2007 to $872.7 billion in 2011.
- The role of government-sponsored enterprises (GSE), privately owned, federally chartered corporations with a public purpose, has increased since the economic downtown. In 2010 mortgages held or securitized by Freddie Mac and Fannie Mae accounted for $5.3 trillion, or 46.7 percent, of residential mortgage debt outstanding, up from 38.8 percent in 2006.
- In 2011, 29.8 percent of home mortgage originations were insured by the federal government's Federal Housing Administration, up from 6.1 percent in 2007.

Mortgage Industry

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.

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 2007, with the nation entering a painful recession, conditions changed, as home prices dropped, credit tightened and mortgage defaults rose. There were some tentative signs of improvements in the housing and mortgage markets in 2011, with sales of new and existing homes beginning to rise at the end of the year, according to Harvard's 2012 State of the Nation's Housing Report. In 2011 about 1.45 percent of U.S. housing units (one in 69) had at least one foreclosure filing during the year. This compares with 2.23 percent in 2010, 2.21 percent in 2009 and 1.84 percent in 2008.

In September 2008, during the recession, the federal government took over and put into conservatorship Fannie Mae and Freddie Mac, two government-sponsored enterprises (GSE) that own or guarantee about half the nation's residential mortgages. GSEs hold the largest share of mortgage assets among the sectors tracked by the Federal Reserve's Flow of Funds reports. In 2011 GSEs held 45 percent of mortgage assets, followed by U.S. depository institutions (including commercial banks and savings institutions) with 25 percent.

Home mortgage debt declined for the fourth consecutive year in 2011, with mortgage debt outstanding on single-family homes dropping by 2.5 percent from $10.5 trillion in 2010 to $10.3 trillion in 2011. Commercial mortgage debt outstanding, which declined for the third consecutive year, fell by 3.5 percent from $2.3 trillion to $2.2 trillion in 2011.

HOME MORTGAGES BY HOLDER, 2007-2011[1]

($ billions, end of year)

	2007	2008	2009	2010	2011
Total assets	**$11,176.0**	**$11,071.1**	**$10,872.9**	**$10,526.9**	**$10,268.2**
Household sector	90.8	91.2	83.2	75.2	67.2
Nonfinancial corporate business	25.0	20.2	17.7	16.8	15.9
Nonfinancial noncorporate business	15.4	14.3	13.9	13.3	13.4
State and local governments	85.7	83.8	88.2	89.8	87.8
Federal government	13.7	16.4	22.1	23.9	24.8
U.S.-chartered depository institutions[2]	3,068.0	2,883.6	2,686.6	2,614.0	2,539.6
Foreign banking offices in U.S.	0.0	7.0	0.9	1.1	1.3
Banks in U.S.-affiliated areas	21.5	22.9	22.6	20.1	17.8
Credit unions	280.2	312.2	316.9	317.0	320.5
Life insurance companies	9.4	8.6	6.4	6.2	7.5
Private pension funds	1.2	1.3	2.0	1.9	1.6
State and local government retirement funds	3.5	3.4	3.3	3.4	3.3
GSEs[3,4]	447.9	456.6	445.4	4,701.5	4,603.2
Agency- and GSE[3]-backed mortgage pools[4]	4,371.8	4,864.0	5,266.5	1,068.8	1,216.8
Asset-back security issuers	2,188.7	1,876.0	1,556.9	1,284.4	1,092.2
Finance companies	472.7	375.4	327.7	280.6	247.2
REITs[5]	80.7	34.3	12.6	8.9	8.1
Home equity loans included above[6]	1,131.9	1,115.1	1,032.7	950.2	872.7
U.S.-chartered depository institutions	872.7	894.7	841.4	783.3	723.1
Foreign banking offices in U.S.	0.0	0.8	0.3	0.3	0.3
Credit unions	94.1	98.7	94.6	88.2	82.2
Asset-backed security issuers	70.5	45.8	30.9	22.3	17.7
Finance companies	94.5	75.1	65.5	56.1	49.4

[1]Mortgages on 1 to 4 family properties. [2]Includes savings banks and commercial banks. [3]Government-sponsored enterprise. [4]Beginning in 2010 Fannie Mae and Freddie Mac moved the unpaid balances of securitized mortgages onto their consolidated balance sheets, reflecting new accounting rules. In response to this shift, the data for years after 2009 are included on the Government-Sponsored Enterprises chart on page 179. (See “consolidated trusts.”) [5]Real Estate Investment Trusts. [6]Loans made under home equity lines of credit and home equity loans by junior liens. Excludes home equity loans held by mortgage companies and individuals.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

Mortgage Industry

MORTGAGE DEBT OUTSTANDING, 2007-2011

($ billions, end of year)

	2007	2008	2009	2010	2011
Total mortgages	**$14,521.1**	**$14,609.9**	**$14,329.2**	**$13,814.9**	**$13,477.0**
Home	11,176.0	11,071.1	10,872.9	10,526.9	10,268.2
Multifamily residential	784.6	837.7	847.0	837.8	844.2
Commercial	2,447.9	2,566.4	2,478.1	2,314.0	2,232.4
Farm	112.7	134.7	131.3	136.3	132.2

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

- Adjustable rate mortgages, loans in which the interest rate is adjusted periodically according to a pre-selected index, dropped from a high of 62 percent of mortgages in 1984 to just 5 percent of mortgages in 2010, according to Harvard's 2012 State of the Nation's Housing report. In 2011 they increased to 12 percent of mortgages, the highest share since 2006.

AVERAGE CONVENTIONAL SINGLE-FAMILY MORTGAGES, 2002-2011[1]

($000)

Year	Mortgage loan amount	Purchase price	Adjustable rate mortgage (ARM) share[2]
2002	$204.3	$289.1	17%
2003	205.3	297.6	18
2004	220.9	312.0	35
2005	244.1	345.3	30
2006	248.7	342.7	22
2007	243.8	326.0	11
2008	229.6	319.8	7
2009	228.4	322.2	NA
2010	222.6	314.5	5
2011	215.2	296.9	12

[1]National averages, all homes.

[2]ARM share is the percent of total volume of conventional purchase loans. Does not include interest-only mortgages.

NA=Data not available.

Source: 2012 State of the Nation's Housing, Joint Center for Housing Studies, Harvard University.

NUMBER OF MORTGAGE LOAN ORIGINATIONS, 2002-2011[1]
(in millions)

Year	Purchase	Refinance	Total
2002	6.9	11.7	18.6
2003	7.4	15.7	23.1
2004	6.9	8.0	14.9
2005	7.2	7.2	14.5
2006	6.6	5.8	12.3
2007	5.2	5.1	10.4
2008	3.5	3.6	7.1
2009	3.3	6.1	9.4
2010	2.9	5.5	8.4
2011	2.6	4.3	6.9

[1]Includes mortgages on 1 to 4 family homes.

Source: U.S. Department of Housing and Urban Development, Historical Data Report, Spring 2012.

- In 2011, 6.9 million home mortgages were originated, down from 18.6 million in 2002. In both years, about 60 percent were for refinancing as opposed to purchases.
- In 2011, 2.6 million mortgages were for home purchases, down from 6.9 million in 2002.

Foreclosures

The number of properties in some phase of foreclosure totaled 1.9 million in 2011, down 34 percent, compared with 2010; down 33 percent, compared with 2009; and down 19 percent from 2008, according to a report from RealtyTrac, an online marketplace for foreclosure properties. The report also shows that 1.45 percent of all U.S. housing units (one in 69) received at least one foreclosure filing during the year, down from 2.23 percent in 2010, 2.21 percent in 2009 and 1.84 percent in 2008.

TOP TEN STATES BY FORECLOSURE RATE, 2011

Rank	State	Percent of housing units with foreclosure filings[1]
1	Nevada	6.25%
2	Arizona	4.14
3	California	3.19
4	Georgia	2.71
5	Utah	2.32
6	Michigan	2.21
7	Florida	2.06
8	Illinois	1.95
9	Colorado	1.78
10	Idaho	1.00

[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.

Source: RealtyTrac Inc., http://www.realtytrac.com/trendcenter.

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 a record high of $1.13 trillion in 2007 to $872.7 billion in 2011, down $252.9 billion, or 23 percent.

HOME EQUITY MORTGAGE LOANS BY HOLDER, 2007-2011[1]

($ billions, end of year)

	2007	2008	2009	2010	2011
Total	**$1,131.9**	**$1,115.1**	**$1,032.7**	**$950.2**	**$872.7**
U.S.-chartered depository institutions[2]	872.7	894.7	841.4	783.3	723.1
Foreign banking offices in U.S.	0.0	0.8	0.3	0.3	0.3
Credit unions	94.1	98.7	94.6	88.2	82.2
Asset-backed security issuers	70.5	45.8	30.9	22.3	17.7
Finance companies	94.5	75.1	65.5	56.1	49.4

[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.

[2]Includes savings banks and commercial banks.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

Subprime Mortage 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.

The delinquency rate for subprime loans in the fourth-quarter of 2011 was 19.67 percent for subprime fixed loans and 22.40 percent for subprime adjustable rate mortgage (ARM) loans, according to a survey by the Mortgage Bankers Association. This marked an improvement from a 21.26 percent delinquency rate for subprime fixed loans and a 25.32 percent delinquency rate for subprime ARM loans in fourth-quarter 2010. By comparison the delinquency rate was 4.12 percent for prime fixed loans in fourth-quarter 2011 and 4.51 percent for prime fixed loans in fourth-quarter 2010.

Government-Sponsored Enterprises

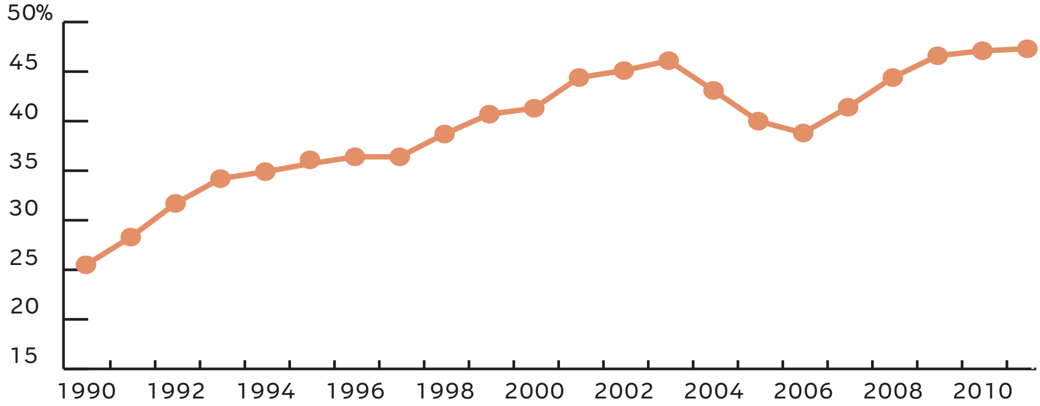
The Federal National Mortgage Association (Fannie Mae) and the Federal Housing Administration were established by the Roosevelt Administration in the 1930s to promote homeownership at a time when mortgage terms were very difficult. The purpose of the FHA was to insure loans, while Fannie Mae was created to purchase insured loans, thus freeing up more bank capital that could be invested in more mortgage loans. In 1970 the Federal Home Loan Mortgage Corporation, (Freddie Mac) was launched to serve a similar role as Fannie Mae in adding liquidity and affordability to the housing market. Fannie Mae was converted from a federal agency to a publicly traded company in 1968; Freddie Mac went public in 1989.

Fannie Mae and Freddie Mac are known as government-sponsored enterprises (GSE), privately owned, federally chartered corporations with a public purpose. Loans purchased by the GSEs may be packaged into securities, known as mortgage-backed securities, and sold to investors in what is known as the secondary market. Although they are private corporations, Fannie Mae and Freddie Mac have an implicit guarantee of federal support.

The two GSEs faced steep losses during the financial downturn as the mortgages they bought and sold defaulted at unexpected rates. To reassure investors and provide continued liquidity in the housing market, the federal government put Fannie Mae and Freddie Mac in conservatorship in 2008, giving management control to the newly created Federal Housing Finance Agency (FHFA). The FHFA also oversees another GSE not in conservatorship, the Federal Home Loan Banks (FHLB). The FHLB makes loans to community lending institutions, which use the funds to support home mortgage lending and other local investments, such as small business and agricultural loans.

The GSEs' role in the housing market has increased since the downturn. In 2011 mortgages held or securitized by Freddie Mac and Fannie Mae accounted for $5.3 trillion, or 47.3 percent, of residential mortgage debt outstanding, up from 38.8 percent in 2006. In 2011 the U.S. Treasury announced plans to reduce the role of Fannie Mae and Freddie Mac, with its ultimate goal the winding down of the two institutions. In 2012 it announced steps to expedite the pace of the wind down, increasing the reduction in the GSE's portfolios to 15 percent annually, up from the previously agreed upon 10 percent.

GSE SHARE OF RESIDENTIAL MORTGAGE DEBT, 1990-2011[1]



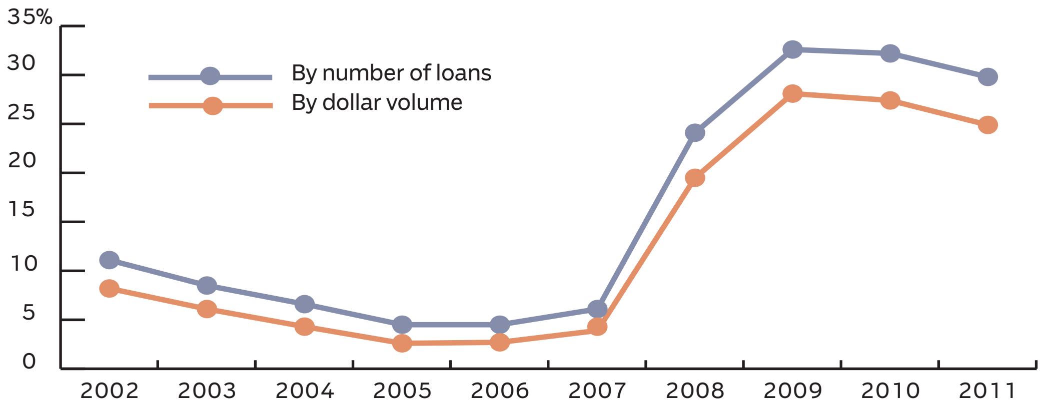
[1]Includes Fannie Mae and Freddie Mac. GSEs are government-sponsored enterprises.

Source: Federal Housing Finance Agency.

Federal Housing Administration

The Federal Housing Administration (FHA), created in the 1930s to promote home ownership, provides mortgage insurance on loans made by lenders that meet its standards. FHA loans require a smaller cash investment than conventional loans. In 2011, 29.8 percent of home mortgage originations were guaranteed by the FHA (based on number of loans), up from 6.1 percent in 2007. The FHA's total single family home loan portfolio was $1 trillion in 2011. Its capital reserves were 0.24 percent of total insurance in force in 2011, below the congressional mandated 2 percent, reflecting expected losses on loans made prior to 2009.

PERCENT OF HOME MORTGAGES INSURED BY THE FHA, 2002-2011[1]



[1]1 to 4 family mortgages. Excludes refinance mortgages.

Source: Federal Housing Administration (FHA).

GOVERNMENT-SPONSORED ENTERPRISES (GSEs), 2007-2011[1]

($ billions, amounts outstanding, end of year)

	2007	2008	2009	2010	2011
Total financial assets	**$3,174.3**	**$3,407.9**	**$3,047.3**	**$6,721.1**	**$6,479.8**
Checkable deposits and currency	13.7	88.3	99.4	63.4	72.7
Time and savings deposits	46.6	68.5	25.7	26.1	13.4
Federal funds and security RPs[2] (net)	142.7	114.5	122.1	150.0	111.9
Credit market instruments	2,829.5	3,037.5	2,699.7	6,333.1	6,133.4
Open market paper	27.7	6.8	9.7	9.9	6.5
U.S. Government securities	718.4	926.8	946.4	432.2	434.3
Treasury securities	15.5	16.8	21.9	55.2	75.4
Agency- and GSE[3]-backed securities	702.9	910.0	924.5	377.0	358.9
Municipal securities	33.3	31.3	29.1	24.9	21.0
Corporate and foreign bonds	464.4	386.6	310.8	293.9	260.5
Other loans and advances	942.6	980.7	695.9	551.3	487.0
Farm Credit System	75.5	80.3	80.0	87.3	83.8
Federal Home Loan Banks	867.1	900.5	615.9	464.0	403.3
Mortgages	643.1	705.3	707.7	5,021.0	4,924.0
Home	447.9	456.6	445.4	4,701.5	4,603.2
Consolidated trusts[4]	0.0	0.0	0.0	4,141.0	4,032.1
Other	447.9	456.6	445.4	560.5	571.1
Multifamily residential	147.7	190.2	204.4	256.5	259.2
Consolidated trusts[4]	0.0	0.0	0.0	75.4	99.9
Other	147.7	190.2	204.4	181.1	159.4
Farm	47.6	58.5	57.9	63.0	61.6
Miscellaneous assets	141.7	99.1	100.3	148.6	148.5
Total liabilities	**$3,081.3**	**$3,390.2**	**$2,977.0**	**$6,589.1**	**$6,377.9**
Credit market instruments	2,910.2	3,181.9	2,706.6	6,434.5	6,247.3
GSE issues[5]	2,910.2	3,181.9	2,706.6	6,434.5	6,247.3
Consolidated trusts[4]	0.0	0.0	0.0	4,216.4	4,132.0
Other	2,910.2	3,181.9	2,706.6	2,218.1	2,115.4
Miscellaneous liabilities	171.1	208.2	270.4	154.6	130.6

[1]Federal Home Loan Banks, Fannie Mae, Freddie Mac, Federal Agricultural Mortgage Corportation, Farm Credit System, the Financing Corporation and the Resolution Funding Corporation. Beginning 2010 includes almost all Fannie Mae and Freddie Mac mortgage pools previously included in the Agency and Government-Sponsored Enterprise (GSE)-Backed Mortgage Pools chart on page 180.

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

[3]Government-sponsored enterprise.

[4]The unpaid balance of securitized mortgages Fannie Mae and Freddie Mac moved on to their balance sheets in 2010 in response to new accounting rules.

[5]Such issues are classified as agency- and GSE-backed securities.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

AGENCY- AND GOVERNMENT-SPONSORED ENTERPRISE (GSE)-BACKED[1] MORTGAGE POOLS, 2007-2011

($ billions, amounts outstanding, end of year)

	2007	2008	2009	2010	2011
Total financial assets	**$4,464.4**	**$4,961.4**	**$5,376.7**	**$1,139.5**	**$1,304.8**
Home mortgages	4,371.8	4,864.0	5,266.5	1,068.8	1,216.8
Multifamily residential mortgages	88.1	92.8	105.7	66.9	86.4
Farm mortgages	4.5	4.7	4.5	3.8	1.7
Total pool securities (liabilities)[2]	**$4,464.4**	**$4,961.4**	**$5,376.7**	**$1,139.5**	**$1,304.8**

[1]GNMA, Fannie Mae, Freddie Mac, Federal Agricultural Mortgage Corporation and Farmers Home Administration pools. Beginning in 2010 almost all Fannie Mae and Freddie Mac mortgage pools were consolidated into the Government-Sponsored Enterprises (GSE) chart shown on page 179 in response to new accounting rules. Also includes agency- and GSE-backed mortgage pool securities used as collateral for agency- and GSE-backed collateralized mortgage obligations (CMOs) and privately issued CMOs. Excludes Federal Financing Bank holdings of pool securities.

[2]Such issues are classified as agency- and GSE-backed securities.

Source: Board of Governors of the Federal Reserve System, June 7, 2012.

TOTAL MORTGAGES HELD OR SECURITIZED BY FANNIE MAE AND FREDDIE MAC AS A PERCENTAGE OF RESIDENTIAL MORTGAGE DEBT OUTSTANDING, 2002-2011

($ millions)

Year	Fannie Mae	Freddie Mac	Combined GSEs[1]	Residential mortgage debt outstanding	Combined GSE share[1]
2002	$1,823,577	$1,297,081	$3,120,658	$6,922,438	45.1%
2003	2,198,604	1,397,630	3,596,234	7,796,871	46.1
2004	2,325,256	1,505,531	3,830,787	8,889,723	43.1
2005	2,336,807	1,684,546	4,021,353	10,064,300	40.0
2006	2,506,482	1,826,720	4,333,202	11,165,600	38.8
2007	2,846,812	2,102,676	4,949,488	11,960,600	41.4
2008	3,081,655	2,207,476	5,289,131	11,908,700	44.4
2009	3,205,517	2,250,539	5,456,056	11,719,900	46.6
2010	3,188,348	2,164,859	5,353,207	11,364,700	47.1
2011	3,184,504	2,075,394	5,259,898	11,112,400	47.3

[1]Fannie Mae and Freddie Mac combined. GSEs are government-sponsored enterprises.

Source: Federal Housing Finance Agency.

MORTGAGE STATUS OF OWNER OCCUPIED HOUSING UNITS, 2010

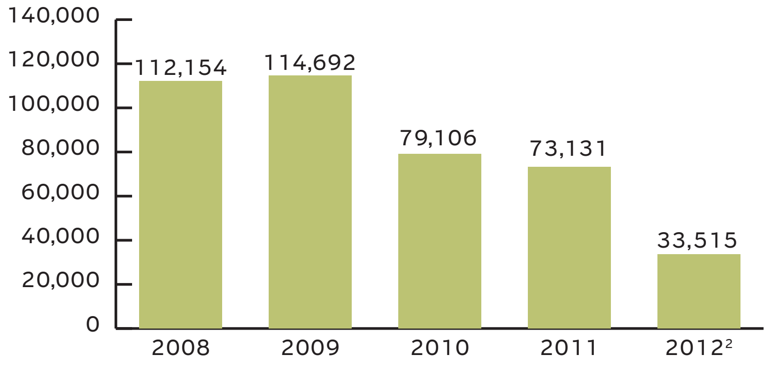
Mortgages	
Number of owner occupied housing units with a mortgage	50,339,500
Percent of units of owner occupied housing with mortgage	67.2%
Mortgage status	Percent
With either a second mortgage or home equity loan, but not both	21.7%
Second mortgage only	5.7
Home equity loan only	16.1
Both second mortgage and home equity loan	0.9
No second mortgage and no home equity loan	77.4

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. HECMs now account for nearly all reverse mortgages.

REVERSE MORTGAGES: ANNUAL ORIGINATION VOLUME FOR HOME EQUITY CONVERSION MORTGAGES (HECMs), FISCAL YEAR 2008-2012[1]



- After increasing steadily since 2001, the volume of reverse mortgages declined every year after 2009.

[1]HECMs are federally insured reverse mortgage products.
[2]Through April 2012; fiscal year ends September 30.

Source: National Reverse Mortgage Lenders Association.

CONVENTIONAL HOME PURCHASE LOANS ORIGINATED BY RACIAL/ETHNIC IDENTITY AND INCOME OF BORROWERS, 2007 AND 2011[1]

	2007		2011	
Race/ethnic identity	Number	Amount ($000)	Number	Amount ($000)
American Indian/Alaska native	19,771	$3,747,005	4,381	$651,199
Asian	204,558	57,840,877	101,694	28,609,955
Black or African American	280,313	48,926,133	34,095	5,033,911
Hispanic or Latino	416,344	80,604,881	73,223	11,542,607
White	3,202,013	637,296,207	1,081,823	223,474,847
Income[2]				
Less than 50%	194,325	16,821,346	97,325	8,130,696
50% to 79%	644,634	77,168,841	216,674	26,300,930
80% to 99%	470,877	68,119,782	144,141	22,292,509
100% to 119%	433,034	70,249,072	133,131	23,711,290
120% or more	2,285,182	599,911,887	746,913	211,365,577
Income not available	165,064	39,171,694	43,003	10,008,681

[1]Includes 1 to 4 family and manufactured homes.

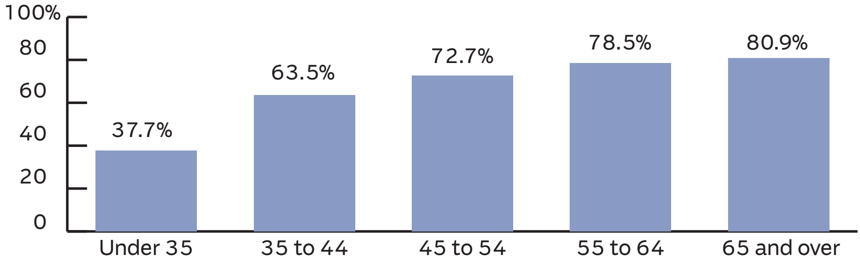
[2]Percentage of metropolitan area median. Metropolitan area median is the median family income of the metropolitan area in which the property related to the loan is located.

Source: Federal Financial Institutions Examination Council.

Home Ownership

HOME OWNERSHIP RATES BY AGE OF HOUSEHOLDER, 2011

(Percent)



Source: U.S. Department of Commerce, Census Bureau, Housing Vacancy Survey.

SNAPSHOT OF HOUSING IN AMERICA, 2010-2011[1]

	2010	2011	Percent change 2010-2011
Single-family home sales			
New (thousands)	323	306	-5.3%
Existing (millions)	3.7	3.8	2.1
Residential construction			
Total starts (thousands)	587	609	3.7
Single-family (thousands)	471	431	-8.6
Multifamily (thousands)	116	178	54.0
Completions (thousands)	652	585	-10.3
Median single-family sales price			
New	$228,800	$227,200	-0.7
Existing[2]	172,900	166,100	-3.9
Construction spending			
Residential fixed investment ($ billions)	348.8	337.5	-3.2
Homeowner improvements ($ billions)	115.1	115.8	0.6

[1]Calculated from unrounded data. Dollar values adjusted for inflation using the consumer price index for all items.
[2]National Association of Realtors revised figures.

Source: The State of the Nation's Housing, 2012, Joint Center for Housing Studies, Harvard University; National Association of Realtors.

Home Prices

In 2011 the national median existing single-family home price fell 3.9 percent to $166,100, after rising slightly in 2010. 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, 1975-2011

Year	Median sales price	Average annual percent change[1]	Year	Median sales price	Average annual percent change[1]
1975	$35,300	8.9%	2005	$219,600	1.0%
1980	62,200	12.0	2007	219,000	-1.3
1985	75,500	4.0	2008	198,100	-9.5
1990	96,400	4.9	2009	172,500	-12.9
1995	114,600	3.5	2010	172,900	0.2
2000	143,600	4.5	2011	166,100	-3.9

[1]From prior year shown.

Source: National Association of Realtors.

Home Ownership

U.S. HOME OWNERSHIP RATES BY RACE AND ETHNICITY, 2007-2011

	2007	2008	2009	2010	2011
All households	**68.1%**	**67.8%**	**67.4%**	**66.9%**	**66.1%**
Whites	75.2	75.0	74.8	74.4	73.8
Hispanics	49.7	49.1	48.4	47.5	46.9
Blacks	47.8	47.9	46.6	45.9	45.4
Asians/others	60.1	59.5	59.0	58.2	57.4

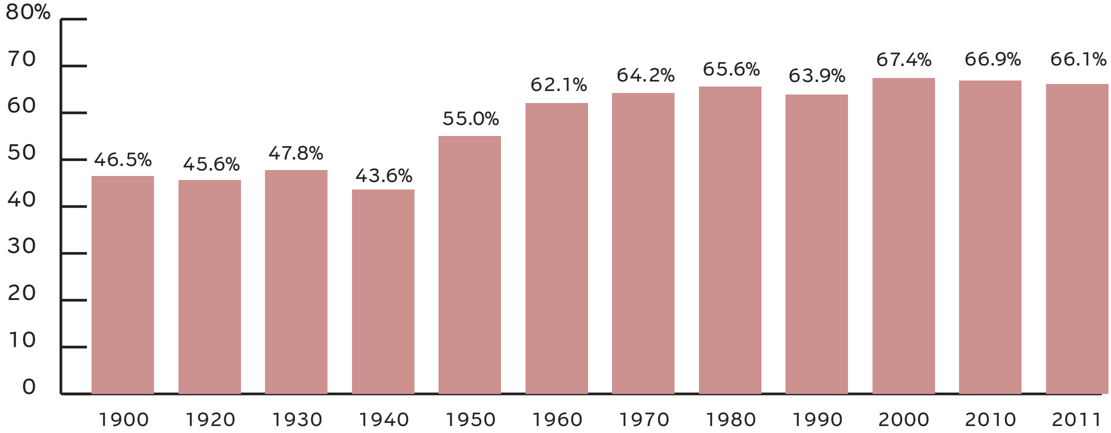
Source: U.S. Department of Commerce, Census Bureau.

HOME OWNERSHIP RATES BY REGION, 1960-2011

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
2000	67.4	63.5	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
2009	67.4	64.0	71.0	69.6	62.6
2010	66.9	64.1	70.8	69.0	61.4
2011	66.1	63.6	70.2	68.3	60.5

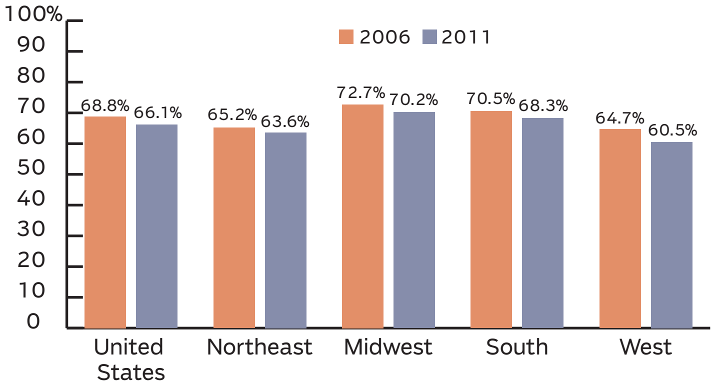
Source: U.S. Department of Commerce, Census Bureau.

HOME OWNERSHIP RATES, 1900-2011



Source: 1900-1950: U.S. Census Bureau, Census of Housing. 1960-present: U.S. Census Bureau, Housing Vacancy Survey.

HOMEOWNERSHIP RATES BY REGION, 2006 AND 2011



- Homeownership rates were lower in all regions of the United States in 2011 than they were in 2006 prior to the recession. The West showed the greatest drop.

Source: U.S. Department of Commerce, Census Bureau.

Home Ownership

SELECTED CHARACTERISTICS OF HOMEOWNERS, 2010

Race/origin of householder	As a percent of owner occupied housing units
White alone, not Hispanic or Latino	78.2%
Hispanic or Latino origin	8.5
Black or African American	8.1
Asian	3.6
Total owner occupied units	**74,264,435**
Household income in the past 12 months (in 2010 inflation-adjusted dollars)	
Less than $5,000	1.8%
$5,000 to $9,999	2.0
$10,000 to $14,999	3.6
$15,000 to $19,999	4.0
$20,000 to $24,999	4.5
$25,000 to $34,999	9.0
$35,000 to $49,999	13.2
$50,000 to $74,999	19.7
$75,000 to $99,999	14.3
$100,000 to $149,999	15.8
$150,000 or more	12.0
Median household income	$64,063

Source: U.S. Census Bureau; American Community Survey.

Technology at a Glance

- Financial services expenditures on technology are rising in light of the widespread acceptance and use of the Internet, which has transformed the ways products are developed, distributed and paid for.
- A 2012 survey by Celent projects that information technology (IT) spending by North American banks will increase from $51.4 billion in 2010 to $58.5 billion in 2014, and that IT spending by insurers will grow from $48.0 billion to $58.6 billion during the same period.
- 90 percent of financial services executives in the U.S. and Europe plan to have dedicated budgets for their social media efforts in 2012, according to a survey by Edelman.
- A 2012 survey of insurance companies by LIMRA found that almost 80 percent of companies currently engage in social media, up from about 60 percent in 2010.
- About 61 percent of adults did some online banking in 2012, according to a report by the Pew Research Center's Internet & American Life Project.
- A 2011 survey by the American Bankers Association found that 62 percent of U.S. adults polled named online banking as their preferred banking method, compared with 36 percent the previous year.
- One in four adults would prefer to purchase life insurance directly via the Internet, by mail or over the phone, according to a 2011 report by the Life and Health Insurance Foundation for Education (LIFE) and LIMRA.
- A 2012 study by comScore estimates that 3.1 million auto insurance policies were sold online in 2011, up 6 percent from 2010. Nearly 70 percent of shoppers reported getting an online quote in 2011.
- The securities industry's revenues from e-commerce totaled $11.7 billion in 2010, down 2.5 percent from 2009.
- Electronic payments, including credit cards, debit card, direct payroll deposit and other electronic transactions, totaled $40.7 trillion in 2009, according to the Federal Reserve.
- There were 6.0 billion ATM withdrawals in 2009, with a total value of $647 billion, up from 5.8 billion withdrawals valued at $579 billion in 2006, according to the Federal Reserve's latest study on payments.
- The rise in online transactions has been accompanied by a rise in identity theft. The Federal Trade Commission received 279,000 identify theft complaints in 2011, up from 251,000 in 2010.

Information Technology

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.

The technology explosion has also radically changed the ways consumers shop for financial products, with many Americans now using the Internet for banking services and for researching and buying financial products. In 2012 about 85 percent of U.S. adults used the Internet, according to research by the Pew Research Center's Internet & American Life Project. About 61 percent of adults did some online banking in 2011, according to a report by the project.

ADULT INTERNET USE BY AGE AND INCOME, 2012

	Percent who use Internet
All adults	**85%**
Age	
18 to 29	96
30 to 49	93
50 to 64	85
65 and over	58
Household income	
Less than $30,000	75
$30,000 to $49,999	90
$50,000 to $74,999	93
$75,000 and over	99
Education	
No high school diploma	61
High school graduate	80
Some college	94
College	97

Source: The Pew Research Center's Internet & American Life Project's Tracking Survey, July 16 - August 7, 2012.

IT Spending

A 2012 survey by Celent projects that information technology spending by North American banks will increase from $51.4 billion in 2010 to $58.5 billion in 2014. Information spending by the North American insurance industry is expected to increase from $48.0 billion to $58.6 billion during the same period.

IT SPENDING BY THE NORTH AMERICAN INSURANCE INDUSTRY, 2010-2014[1]

($ billions)

	2010	2011	2012	2013	2014	Compound annual growth, 2010-2014
Life/health	$19.2	$18.9	$20.8	$22.8	$23.7	5.4%
Property/casualty	28.8	26.9	29.8	33.2	34.8	4.9
Total	**$48.0**	**$45.8**	**$50.6**	**$56.0**	**$58.6**	**5.1%**

[1]Data for 2012 to 2014 are projected.
Source: Celent.

IT SPENDING BY THE GLOBAL BANKING INDUSTRY, 2010-2014[1]

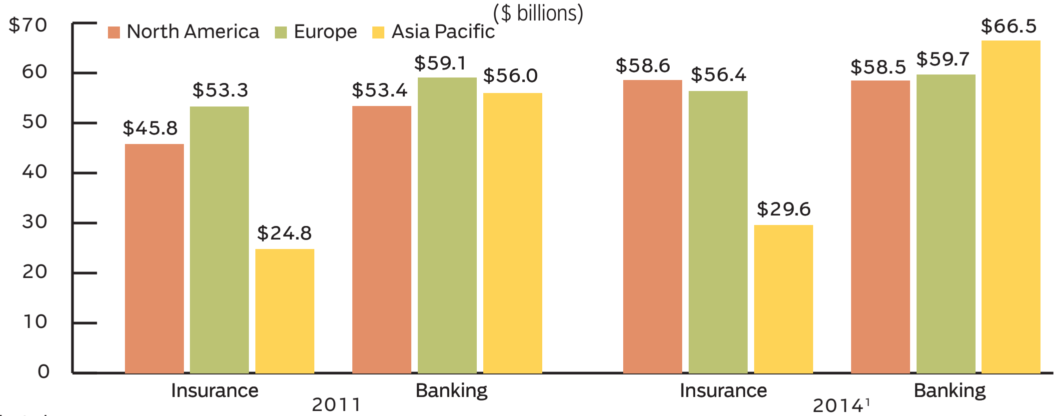
($ billions)

	2010	2011	2012	2013	2014
North America	$51.4	$53.4	$54.7	$56.3	$58.5
Europe	58.7	59.1	59.2	59.5	59.7
Asia Pacific	52.9	56.0	59.4	62.8	66.5

[1]Data for 2012 to 2014 are projected.
Source: Celent.

IT SPENDING BY INDUSTRY AND REGION, 2011 AND 2014

($ billions)



[1]Projected.
Source: Celent.

Electronic Commerce

Fifteen percent of adult Internet users used Twitter as of February 2012, up from 13 percent in 2011 and 8 percent in 2010, according to the Pew Research Center's Internet & American Life Project. On a typical day, 48 percent of adult Internet users went to a social networking site such as Facebook, LinkedIn or Google+. This growth in the public's use of social media has presented financial services firms with new avenues of communication and sales prospecting. The Mid-Year 2011 Social Media and Financial Communications report by Edelman found that 90 percent of financial services executives in the U.S. and Europe expected to have dedicated budgets for their social media efforts in 2012. A 2012 survey of insurance companies by LIMRA found that almost 80 percent of companies currently engage in social media, up from about 60 percent in 2010.

ONLINE ACTIVITIES BY DEMOGRAPHICS, 2011[1]

	Buy a product	Use social network sites	Bank online
All adults	**71%**	**64%**	**61%**
Men	69	63	65
Women	74	66	57
Age			
18 to 29	70	87	61
30 to 49	73	68	68
50 to 64	76	49	59
65 and over	56	29	44
Household income			
Less than $30,000	51	68	42
$30,000 to $49,999	77	65	65
$50,000 to $74,999	80	61	74
$75,000 and over	90	66	80
Education			
No high school diploma	33	63	32
High school graduate	59	60	47
Some college	74	73	66
College	87	63	74

[1]Percent of Internet users age 18 and over within each group who engage in the selected activities.

Source: The Pew Research Center's Internet & American Life Project's Tracking Surveys, May and August 2011.

Online Securities Revenues

E-COMMERCE AND TOTAL REVENUES, SECURITIES AND COMMODITY CONTRACTS, 2009-2010

($ millions)

	Value of revenues				Percent change		E-commerce as a percent of total revenues	
	2009		2010					
	Total	E-commerce	Total	E-commerce	Total revenues	E-commerce revenues	2009	2010
Securities and commodity contracts, intermediation and brokerage	$295,424	$11,987	$284,557	$11,687	-3.7%	-2.5%	4.1%	4.1%

Source: U.S. Department of Commerce, Census Bureau.

Online Banking

Online banking, a service provided by many banks, allows consumers to conduct banking transactions over the Internet using a personal computer, mobile telephone or other handheld computer. In recent years online banks, which provide financial services solely over the Internet, have emerged. However, the distinctions between "brick and mortar" and online banks have diminished as traditional banks also offer online banking, and some formerly Internet-only banks have opened branches. A 2011 survey by the American Bankers Association (ABA) found that overall, bank customers now prefer online banking more than all other methods combined. The survey found that 62 percent of U.S. adults polled named online banking as their preferred banking method, compared with 36 percent the previous year.

The percent of consumers who identified mobile phones as their preferred method of banking dropped from 3 percent in 2010 to 1 percent in 2011, according to the ABA. However, a majority (87 percent) of Americans own such devices, according to a March 2012 report by the Federal Reserve. The widespread popularity of mobile devices along with developments in smartphones and cloud technology have captured the attention of financial and technology firms seeking innovative ways to serve the vast market for financial services. For example, in late 2011 Google launched Google Wallet in partnership with Citibank and MasterCard, which allows users to store payment information in the cloud and pay for goods at participating stores by tapping their phone at the point of purchase.

The Federal Reserve report examined the use of various types of technology to access financial services, based on an online survey of Internet users with bank accounts conducted between December 2011 and January 2012. Key findings include:

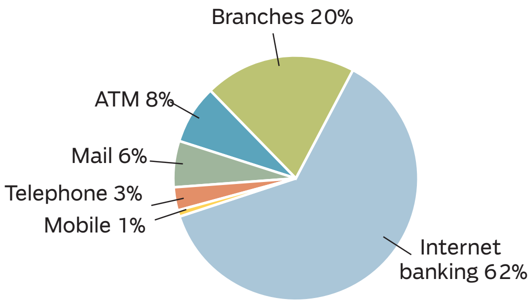
Technology

Electronic Commerce

- Banking online (i.e., using the Internet) was the most widely used means of accessing banking services (used by 68 percent of respondents during the past 12 months). About one-third (33 percent) used a bank-provided telephone number to access bank services. Only 21 percent used a mobile telephone to access bank information, but another 11 percent planned to use such services in the coming year.
- 12 percent of mobile phone owners made mobile payments in the past year, with online bill payment the most common use.
- Reasons given by mobile phone users who did not adopt mobile banking included a lack of need (58 percent), followed by security concerns (48 percent).
- The underbanked (i.e., those without a savings or checking account) make comparatively heavy use of mobile banking and mobile payments, with 29 percent having used mobile banking and 17 percent having used mobile payments in the past 12 months.

■ 57 percent of respondents age 55 and up listed online banking as their preferred channel in 2011, up from 20 percent of respondents in 2010.

PREFERRED BANKING METHOD, ALL AGE GROUPS, 2011[1]



[1]Based on an August 2011 survey of 2,011 Americans age 18 and over.

Source: American Bankers Association.

■ Four out of five people who use mobile banking are between the age of 18 and 44.

MOBILE BANKING IN THE PAST 12 MONTHS BY AGE[1]

Age	Percent
18 to 29	43.5%
30 to 44	35.7
45 to 59	14.7
60 and over	6.1
Total	**100.0%**

[1]Percent of respondents who own a mobile phone and have used it for banking in the past 12 months.

Source: Board of Governors of the Federal Reserve System, *Consumers and Mobile Financial Services*, March 2012.

Online Insurance Sales

Insurance distribution systems have evolved to encompass many of the new ways of transacting business online. Recent studies have shown the Internet playing an increasingly important role in the sales and distribution of life insurance and auto insurance.

Life Insurance Sales: One in four adults (25 percent) would prefer to purchase life insurance directly via the Internet, by mail or over the phone, according to the 2011 Insurance Barometer study by the Life and Health Insurance Foundation for Education (LIFE) and LIMRA. Sixty-four percent would prefer to buy their life insurance from an insurance or financial professional, down from 80 percent in 1996. Younger consumers showed the most interest in purchasing life insurance through the Internet. Among people age 25 to 44, 31 percent said they would prefer to buy directly, with three in four of those individuals citing the Internet as their preferred means of direct buying.

Auto Insurance Sales: J.D. Power's 2012 Insurance Shopping study found the majority of consumers (65 percent) visited the website of at least one insurer or quote aggregator in the shopping process, about the same percentage as in 2009. However, the percentage that relied exclusively on the Web to obtain quotes increased significantly, rising from 15 percent of shoppers in 2009 to 23 percent in 2012.

A 2012 study by comScore estimates that 3.1 million auto insurance policies were sold online in 2011, up 6 percent from 2010. Nearly 70 percent of shoppers reported getting an online quote in 2011, about the same as in the J.D. Power study.

GROWTH IN U.S. ONLINE AUTO INSURANCE ACTIVITIES, 2007-2011

	Percent change			
Activity	2007-2008	2008-2009	2009-2010	2010-2011
Quotes submitted	-1%	21%	-3%	5%
Policies purchased	8	22	1	6

Source: 2012 comScore Auto Insurance Survey.

Electronic Payments

There were 84.5 billion electronic payments with a total value of $40.7 trillion in 2009, according to the Federal Reserve's latest study of noncash payments. Electronic payments (those made with credit cards, debit cards and through the Automated Clearing House system) accounted for 78 percent of all noncash payments (based on the number of payments), with checks accounting for the remaining 22 percent in 2009. By contrast, in 2003 electronic payments accounted for 55 percent of noncash payments and checks accounted for 45 percent. The Fed attributes the growth in the number of electronic payments to technological and financial innovations that increased payment options for consumers and businesses. Debit cards accounted for the highest number of noncash payments in 2009 (35 percent) followed by credit cards (20 percent) and Automated Clearing House (ACH) payments (18 percent). ACH payments (i.e., those made through the Automated Clearing House, see below) accounted for the largest share of noncash payments based on dollar value (51.4 percent) in 2009, followed by checks (44 percent) and cards (5 percent). See page 30 for further information on noncash payments.

ELECTRONIC PAYMENTS, 2006-2009[1]

			Percent change	
	2006	2009	2006-2009	Compound annual growth rate
Volume (billions)	64.7	84.5	19.8%	9.3%
Value ($ trillions)	$34.1	$40.6	6.5	6.0
Average payment ($)	528.0	481.0	-8.9	NA

[1]Includes ACH, credit card, debit card and ATM transactions.
NA=Data not available.

Source: Board of Governors of the Federal Reserve System.

Automated Clearing House Network

The number of total payments processed through the Automated Clearing House (ACH), a national electronic payments network, reached 20.2 billion payments in 2011, up 4.4 percent from 2010 and 18 percent from 2007, according to NACHA-The Electronic Payments Association. Such payments include mostly 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 (80 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.

- $33.91 trillion moved over the ACH network in 2011, up from $31.74 trillion in 2010.
- Bank of America was the top receiver of ACH payments ($1.6 billion) in 2011, followed by Wells Fargo ($1.5 billion) and JPMorgan Chase ($1.0 billion).

AUTOMATED CLEARING HOUSE ELECTRONIC PAYMENTS 2002-2011

Year	Volume (billions)	Percent change	Year	Volume (billions)	Percent change
2002	8.9	11.9%	2007	17.1	13.2%
2003	10.0	12.0	2008	18.3	6.9
2004	12.0	19.9	2009	18.8	2.6
2005	14.0	16.2	2010	19.4	3.4
2006	15.1	8.2	2011	20.2	4.4

Source: NACHA - The Electronic Payments Association.

- Consumer Internet ACH transactions were up 3.6 percent to 2.7 billion payments in 2011.

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, four times the number of bank and thrift branches. 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.

A 2010 study on payment systems by the Federal Reserve found that there were 6.0 billion ATM withdrawals in 2009, with a total value of $647 billion, up from 5.8 billion withdrawals valued at $579 billion in 2006. The average ATM withdrawal increased slightly from $100 to $108 during the same period.

ATM WITHDRAWALS, 2006 AND 2009

	2006	2009	Percent change, 2006-2009	Compound annual growth rate
Number of ATM withdrawals (billions)	5.8	6.0	3.4%	0.9%
Value of ATM withdrawals ($ billions)	$578.8	$646.7	11.7	3.8
Average value ($)	100.0	108.0	8.0	2.9

Source: Board of Governors of the Federal Reserve System.

ATMs

TOP TEN U.S. BANK OWNERS OF ATMS, 2012[1]

Rank	Owner	Number of ATMs
1	Citigroup Inc.[2]	26,000
2	JPMorgan Chase & Co.	18,132
3	Bank of America Corporation	16,220
4	Wells Fargo & Company	12,222
5	PNC Financial Services Group, Inc.	7,206
6	U.S. Bancorp	5,085
7	SunTrust Banks, Inc.	2,906
8	BB&T Corporation	2,511
9	Fifth Third Bancorp	2,409
10	Regions Financial Corporation	2,063

[1]As of June 30, 2012 unless otherwise indicated.
[2]As of December 31, 2011.

Source: SNL Financial LC.

WITHDRAWALS FROM BANK ATMS BY TYPE OF INSTITUTION, 2010

Institution	Number (billions)	Value ($ billions)
Commercial banks	4.2	$478.5
Credit unions	1.4	132.2
Savings institutions	0.3	35.9
Total[1]	**6.0**	**$646.7**

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

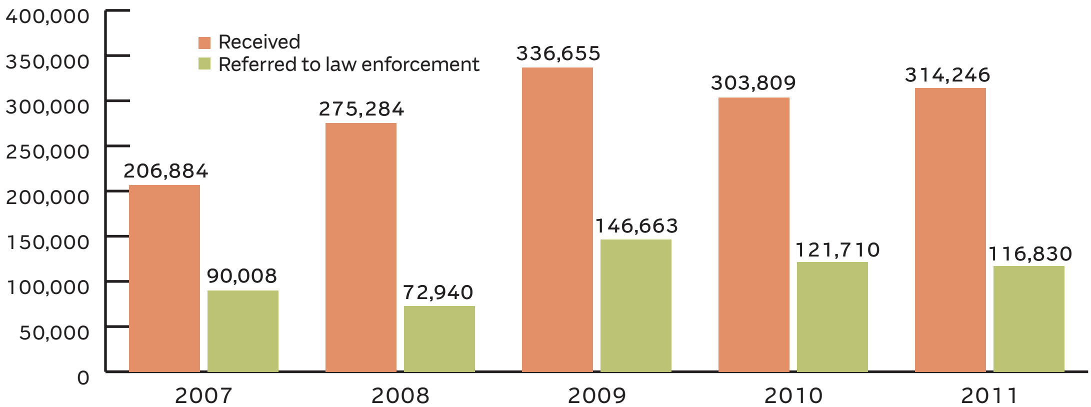
Source: Board of Governors of the Federal Reserve System.

Cyber Security and Identity Theft

As businesses increasingly depend on electronic data and computer networks to conduct their daily operations, growing pools of personal and financial information are being transferred and stored online. This can leave individuals exposed to privacy violations and financial institutions and other businesses exposed to potentially enormous liability, if and when a breach in data security occurs.

In 2000 the Federal Bureau of Investigation, the National White Collar Crime Center and the Bureau of Justice Assistance joined together to create the Internet Crime Complaint Center (IC3) to monitor Internet-related criminal complaints. In 2011, IC3 logged 314,246 complaints via its website, or about 26,000 complaints per month. In 2007 the IC3 received 206,884 complaints. The IC3 referred 116,830 of the complaints to federal, state or local law enforcement officials in 2011, compared with 90,008 in 2007.

CYBER CRIME COMPLAINTS, 2007- 2011[1]



[1]Based on complaints submitted to the Internet Crime Complaint Center.

Source: Internet Crime Complaint Center.

Cyber Security and Identity Theft

TOP FIVE CYBER CRIME TYPES, 2011[1]

Rank	Type	Number of complaints
1	FBI-related scams[2]	35,764
2	Identity theft	28,915
3	Advance fee fraud	27,892
4	Non-auction/non-delivery of merchandise	22,404
5	Overpayment fraud	18,511

[1]Based on crimes referred by the Internet Crime Complaint Center to federal, state or local law enforcement agencies.
[2]Scams in which a criminal poses as an FBI agent.

Source: Internet Crime Complaint Center.

TOP TEN STATES FOR CYBER CRIME, 2011[1]

Rank	State	Complaints per 100,000 population
1	Alaska	196
2	D.C.	137
3	New Jersey	131
4	Nevada	130
5	Colorado	123
6	Ohio	110
7	Maryland	109
8	Florida	107
9	Virginia	106
10	Washington	104

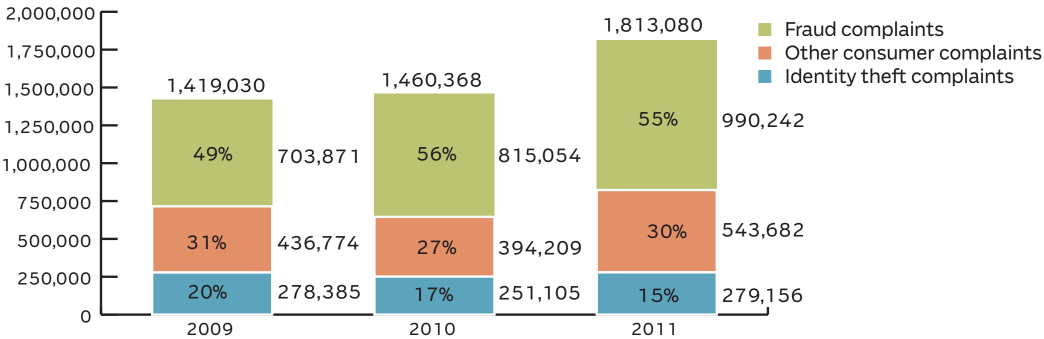
[1]Based on complaints submitted to the Internet Crime Complaint Center via its website.

Source: Internet Crime Complaint Center.

Consumer Fraud and Identity Theft

The Consumer Sentinel Network, maintained by the Federal Trade Commission (FTC), tracks consumer fraud and identity theft complaints that have been filed with federal, state and local law enforcement agencies and private organizations. Of 1.8 million complaints received in 2011, 55 percent were related to fraud, 15 percent were related to identity theft and 30 percent were for other consumer complaints. The FTC identifies 30 types of complaints. In 2011, for the 12th year in a row, identity theft was the number one type of complaint among the 30 categories, accounting for 279.2 thousand complaints; followed by debt collection with about 180.9 thousand complaints. Internet services, with about 81.5 thousand complaints, ranked sixth.

IDENTITY THEFT AND FRAUD COMPLAINTS, 2009-2011[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, 2011[1]

Type of identity theft fraud	Percent
Government documents or benefits fraud	27%
Credit card fraud	14
Phone or utilities fraud	13
Bank fraud[2]	9
Employment-related fraud	8
Attempted identity theft	7
Loan fraud	3
Other identity theft	23

[1]Percentages are based on the total number of complaints in the Federal Trade Commission's Consumer Sentinel Network (279,156 in 2011). Percentages total to more than 100 because some victims reported experiencing more than one type of identity theft (13% in 2011).
[2]Includes fraud involving checking and savings accounts and electronic fund transfers.

Source: Federal Trade Commission.

Cyber Security and Identity Theft

IDENTITY THEFT BY STATE, 2011

State	Complaints per 100,000 population[1]	Number of complaints	Rank[2]	State	Complaints per 100,000 population[1]	Number of complaints	Rank[2]
Alabama	82.5	3,942	12	Montana	39.4	390	47
Alaska	44.5	316	40	Nebraska	47.6	869	38
Arizona	98.5	6,296	4	Nevada	89.9	2,427	7
Arkansas	63.9	1,862	28	New Hampshire	46.9	617	39
California	103.6	38,607	3	New Jersey	86.4	7,599	8
Colorado	82.6	4,156	11	New Mexico	78.2	1,610	16
Connecticut	67.5	2,413	22	New York	92.3	17,880	6
Delaware	83.5	750	10	North Carolina	65.9	6,287	25
Florida	178.7	33,595	1	North Dakota	23.2	156	50
Georgia	120.0	11,625	2	Ohio	64.8	7,479	26
Hawaii	42.9	583	42	Oklahoma	56.4	2,115	32
Idaho	42.0	658	43	Oregon	58.1	2,226	31
Illinois	80.8	10,361	14	Pennsylvania	79.2	10,061	15
Indiana	54.8	3,555	33	Rhode Island	58.3	614	30
Iowa	39.7	1,208	45	South Carolina	68.5	3,168	20
Kansas	67.1	1,914	24	South Dakota	25.3	206	49
Kentucky	43.6	1,891	41	Tennessee	67.4	4,275	23
Louisiana	64.7	2,934	27	Texas	96.1	24,162	5
Maine	37.9	503	48	Utah	54.8	1,514	34
Maryland	86.3	4,980	9	Vermont	41.4	259	44
Massachusetts	63.0	4,128	29	Virginia	67.7	5,416	21
Michigan	82.1	8,119	13	Washington	72.2	4,853	18
Minnesota	50.4	2,671	35	West Virginia	39.4	731	46
Mississippi	74.5	2,210	17	Wisconsin	48.9	2,782	37
Missouri	71.5	4,282	19	Wyoming	49.7	280	36

[1]Population figues are based on the 2010 U.S. Census population estimates.

[2]Ranked per complaints per 100,000 population. The District of Columbia had 166.0 complaints per 100,000 population and 999 victims.

Source: Federal Trade Commission.

Overview

The rankings that follow are extracted from Fortune magazine's analysis of the world's largest corporations based on 2011 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 property/casualty insurance companies also write life insurance.

Financial Services

TOP TEN GLOBAL FINANCIAL SERVICES FIRMS BY REVENUES, 2011[1]

($ millions)

Financial services industry rank	Company	Global 500 rank (all industries)	Revenues	Profits/losses	Country	Industry
1	Japan Post Holdings	13	$211,019	$5,939	Japan	Life/health
2	ING Group	18	150,571	6,591	Netherlands	Banking
3	General Electric	22	147,616	14,151	U.S.	Diversified financial
4	Berkshire Hathaway	24	143,688	10,254	U.S.	Property/casualty
5	AXA	25	142,712	6,012	France	Life/health
6	Fannie Mae	26	137,451	-16,855	U.S.	Diversified financial
7	Allianz	28	134,168	3,539	Germany	Property/casualty
8	BNP Paribas	30	127,460	8,412	France	Banking
9	Banco Santander	44	117,408	7,440	Spain	Banking
10	Bank of America Corp.	46	115,074	1,446	U.S.	Banking

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

Source: Fortune.

Insurance

TOP TEN COUNTRIES BY LIFE AND NONLIFE DIRECT PREMIUMS WRITTEN, 2011[1]

(U.S. $ millions)

Rank	Country	Life premiums	Nonlife premiums[2]	Total premiums: Amount	Total premiums: Precent change from prior year	Total premiums: Percent of total world premiums
1	United States[3,4]	$537,570	$667,107	$1,204,677	3.7%	26.2%
2	Japan[4,6]	524,668	130,741	655,408	14.7	14.26
3	United Kingdom[4]	210,067	109,486	319,553	6.4	6.95
4	France[4]	174,753	98,359	273,112	-3.6	5.94
5	Germany[5]	113,869	131,292	245,162	4.3	5.34
6	P.R. China[5]	134,539	87,319	221,858	3.4	4.83
7	Italy	105,089	55,426	160,514	-7.9	3.49
8	South Korea[6]	79,161	51,223	130,383	13.3	2.84
9	Canada[4,7]	52,167	69,045	121,213	6.6	2.64
10	Netherlands	31,210	79,722	110,931	8.5	2.41

[1]Before reinsurance transactions.
[2]Includes accident and health insurance. Does not correspond to grouping of U.S. data shown elsewhere in the book.
[3]Life premiums include an estimate of group pension business; nonlife premiums include state funds.
[4]Estimated. [5]Provisional. [6]April 1, 2011 to March 31, 2012.
[7]Life insurance premiums are net premiums.

Source: Swiss Re, *sigma*, No. 3/2012.

TOP TEN GLOBAL INSURANCE COMPANIES BY REVENUES, 2011[1]

($ millions)

Rank	Company	Revenues	Country	Industry
1	Japan Post Holdings	$211,019	Japan	Life/health
2	Berkshire Hathaway	143,688	U.S.	Property/casualty
3	AXA	142,712	France	Life/health
4	Allianz	134,168	Germany	Property/casualty
5	Assicurazioni Generali	112,628	Italy	Life/health
6	Nippon Life Insurance	90,783	Japan	Life/health
7	Munich Re Group	90,137	Germany	Property/casualty
8	Meiji Yasuda Life Insurance	77,463	Japan	Life/health
9	American International Group	71,730	U.S.	Property/casualty
10	MetLife	70,641	U.S.	Life/health

[1]Based on an analysis of companies in the Global Fortune 500. Includes stock and mutual companies.

Source: Fortune.

TOP TEN GLOBAL PROPERTY/CASUALTY INSURANCE COMPANIES BY REVENUES, 2011[1]

($ millions)

Rank	Company	Revenues	Country
1	Berkshire Hathaway	$143,688	U.S.
2	Allianz	134,168	Germany
3	Munich Re Group	90,137	Germany
4	American International Group	71,730	U.S.
5	State Farm Insurance Cos.	64,305	U.S.
6	Zurich Insurance Group	52,983	Switzerland
7	MS&AD Insurance Group Holdings	47,684	Japan
8	Tokio Marine Holdings	43,264	Japan
9	People's Insurance Co. of China	36,549	China
10	NKSJ Holdings	35,343	Japan

[1]Based on an analysis of companies in the Global Fortune 500. Includes stock and mutual companies.

Source: Fortune.

TOP TEN GLOBAL LIFE/HEALTH INSURANCE COMPANIES BY REVENUES, 2011[1]

($ millions)

Rank	Company	Revenues	Country
1	Japan Post Holdings	$211,019	Japan
2	AXA	142,712	France
3	Assicurazioni Generali	112,628	Italy
4	Nippon Life Insurance	90,783	Japan
5	Meiji Yasuda Life Insurance	77,463	Japan
6	MetLife	70,641	U.S.
7	China Life Insurance	67,274	China
8	Dai-ichi Life Insurance	62,462	Japan
9	Aviva	61,754	U.K.
10	Prudential	58,527	U.K.

[1]Based on an analysis of companies in the Global Fortune 500. Includes stock and mutual companies.

Source: Fortune.

■ Net reinsurance premiums written by the top 10 global reinsurers fell from $112.2 billion in 2009 to $110.3 billion in 2010, according to Business Insurance.

TOP TEN GLOBAL REINSURERS BY NET REINSURANCE PREMIUMS WRITTEN, 2010[1]

($ millions)

Rank	Company	Net reinsurance premiums written	Country
1	Munich Re	$29,149.9[2]	Germany
2	Swiss Re Group	19,433.0	Switzerland
3	Berkshire Hathaway Reinsurance Group/ General Re Corp.	14,669.0	U.S.
4	Hanover Re	14,034.1[2]	Germany
5	Lloyd's of London	9,728.6	U.K.
6	SCOR S.E.	8,146.2	France
7	PartnerRe Ltd.	4,705.1	Bermuda
8	Everest Re Group Ltd.	3,945.6	Bermuda
9	Transatlantic Holdings, Inc.	3,881.7	U.S.
10	Korean Re	2,653.8[3]	South Korea

[1]Excludes reinsurers which only underwrite life insurance.
[2]Business Insurance estimate.
[3]Fiscal year ending March 31.

Source: Business Insurance, September 26, 2011.

■ Revenue generated by the world's 10 largest brokers increased from $20.1 billion in 2002 to $35.2 billion in 2011.

TOP TEN GLOBAL INSURANCE BROKERS BY REVENUES, 2011[1]

($ millions)

Rank	Company	Brokerage revenues	Country
1	Marsh & McLennan Cos. Inc.	$11,519	U.S.
2	Aon P.L.C.	11,228	U.K.
3	Willis Group Holdings P.L.C.	3,414	U.K.
4	Arthur J. Gallagher & Co.	2,092	U.S.
5	Wells Fargo Insurance Services USA Inc.	1,627	U.S.
6	Jardine Lloyd Thompson Group P.L.C.	1,267	U.K.
7	Brown & Brown Inc.	1,112	U.S.
8	BB&T Insurance Services Inc.	1,104	U.S.
9	Lockton Cos. L.L.C.[2]	904	U.S.
10	Hub International Ltd.	878	U.S.

[1]Revenue generated by insurance brokerage and related services.
[2]Fiscal year ending April 30.

Source: Business Insurance, July 16, 2012.

TOP TEN GLOBAL REINSURANCE BROKERS BY REINSURANCE GROSS REVENUES, 2010[1]

($000)

Rank	Company	Reinsurance gross revenues	Country
1	Aon Benfield	$1,444,000	U.S.
2	Guy Carpenter & Co. L.L.C.[2]	975,000	U.S.
3	Willis Re	664,000	U.K.
4	JLT Reinsurance Brokers Ltd.	198,713	U.K.
5	Towers Watson & Co.	172,289	U.S.
6	Cooper Gay Swett & Crawford Ltd.	120,400	U.K.
7	BMS Group	77,569	U.K.
8	Miller Insurance Services Ltd.[3]	68,158	U.K.
9	UIB Holdings Ltd.	49,446	U.K.
10	Lockton Cos. International Ltd.[3]	35,556	U.K.

[1]Includes all reinsurance revenue reported through holding and/or subsidary companies.
[2]Includes aviation reinsurance business placed by Marsh Inc.
[3]Fiscal year ending April 30.

Source: Business Insurance, October 24, 2011.

Banks

TOP TEN GLOBAL COMMERCIAL AND SAVINGS BANKS BY REVENUES, 2011[1]

($ millions)

Rank	Company	Revenues	Country
1	ING Group	$150,571	Netherlands
2	BNP Paribas	127,460	France
3	Banco Santander	117,408	Spain
4	Bank of America Corp.	115,074	U.S.
5	JPMorgan Chase & Co.	110,838	U.S.
6	HSBC Holdings	110,141	U.K.
7	Industrial & Commercial Bank of China	109,040	China
8	Crédit Agricole	105,156	France
9	Citigroup	102,939	U.S.
10	Société Générale	98,464	France

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

Source: Fortune.

Diversified Financial

TOP SIX GLOBAL DIVERSIFIED FINANCIAL COMPANIES BY REVENUES, 2011[1]

($ millions)

Rank	Company	Revenues	Country
1	General Electric	$147,616	U.S.
2	Fannie Mae	137,451	U.S.
3	Freddie Mac	88,262	U.S.
4	INTL FCStone	75,498	U.S.
5	CITIC Group	49,339	China
6	Nomura Holdings	23,453	Japan

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

Source: Fortune.

Overview

There were 311.6 million people in the United States in 2011, up less than 1 percent from the population of 308.7 million reported in the 2010 U.S. Census. The Hispanic population of the United States totaled 52.0 million as of July, 2011, making people of Hispanic origin the nation's largest ethnic or racial minority, accounting for 16.7 percent of the nation's total population, according to the U.S. Census.

Geographic Mobility

The percentage of people who changed residences dropped from 12.5 percent in 2010 to 11.6 percent in 2011, the lowest recorded rate since the U.S. Census Bureau began collecting these data in 1948. The rate, which was 20.2 percent in 1985, declined to a then-record low of 11.9 percent in 2008 before rising to 12.5 percent in 2009.

GENERAL MOBILITY, 2006-2011

(millions)

Mobility period	Total population[1]	Movers	Moving rate (percent)
2006-2007	293	39	13.2%
2007-2008	295	35	11.9
2008-2009	297	37	12.5
2009-2010	300	38	12.5
2010-2011	302	35	11.6

[1]People age 1 year old and older.

Source: U.S. Department of Commerce, Census Bureau.

- The majority of people who moved in 2011 relocated for housing-related reasons such as for a better or newer home or safer neighborhood (40.7 percent), for less expensive housing (21.3 percent) and foreclosure (2.4 percent).

MOBILITY BY REGION, 2009-2011

(millions)

Region	2010-2011		Moving rate (percent)		Percent of U.S. movers
	Total population[1]	Movers	2009-2010	2010-2011	2010-2011
Northeast	54,179	4,395	8.3%	8.1%	12.5%
South	111,651	13,751	13.6	12.3	39.2
Midwest	65,257	7,315	11.8	11.2	20.9
West	70,918	9,614	14.7	13.6	27.4
Total	**302,005**	**35,075**	**12.5%**	**11.6%**	**100.0%**

[1]People age 1 year old and older.

Source: U.S. Department of Commerce, Census Bureau.

Geographic Mobility

PERCENT OF PEOPLE WHO LIVED IN A DIFFERENT STATE ONE YEAR AGO, 2011[1]

State	Percent	Rank[2]	State	Percent	Rank[2]
Alabama	2.5%	33	Montana	3.4%	12
Alaska	5.1	3	Nebraska	2.9	21
Arizona	3.5	10	Nevada	4.1	6
Arkansas	2.4	35	New Hampshire	2.8	23
California	1.3	51	New Jersey	1.7	46
Colorado	4.0	7	New Mexico	3.0	19
Connecticut	2.1	40	New York	1.5	49
Delaware	3.9	8	North Carolina	2.8	23
D.C.	7.9	1	North Dakota	4.8	4
Florida	2.8	23	Ohio	1.7	46
Georgia	2.8	23	Oklahoma	2.9	21
Hawaii	4.3	5	Oregon	3.3	14
Idaho	3.9	8	Pennsylvania	1.9	44
Illinois	1.7	46	Rhode Island	2.6	30
Indiana	2.0	42	South Carolina	3.5	10
Iowa	2.3	36	South Dakota	3.4	12
Kansas	3.0	19	Tennessee	2.7	28
Kentucky	2.6	30	Texas	2.1	40
Louisiana	2.2	38	Utah	3.1	17
Maine	2.6	30	Vermont	3.3	14
Maryland	2.7	28	Virginia	3.2	16
Massachusetts	2.2	38	Washington	3.1	17
Michigan	1.4	50	West Virginia	2.8	23
Minnesota	1.9	44	Wisconsin	2.0	42
Mississippi	2.3	36	Wyoming	5.5	2
Missouri	2.5	33	**United States**	**2.3%**	

[1]People age 1 year old and older.
[2]States with the same percentages receive the same rank.

Source: U.S. Department of Commerce, Census Bureau, American Community Survey.

U.S. MIGRATION, BY PLACE OF ORIGIN, 2011

State	Percent of U.S. population who are foreign born		Percent of foreign born population who were born in			
	Percent	Rank[1]	Latin America	Asia	Europe	Other
Alabama	3.4%	43	54.9%	26.7%	11.8%	6.6%
Alaska	7.1	25	16.1	52.0	21.1	10.8
Arizona	13.4	13	65.3	17.8	10.1	6.8
Arkansas	4.4	37	64.4	21.2	7.3	7.1
California	27.0	1	53.4	36.6	6.5	3.5
Colorado	9.7	19	55.9	21.6	13.7	8.8
Connecticut	13.4	13	41.0	23.3	27.6	8.1
Delaware	8.4	21	41.1	30.0	15.2	13.7
D.C.	13.5	11	44.9	18.8	20.3	16.0
Florida	19.4	4	75.0	10.0	10.4	4.6
Georgia	9.6	20	54.0	26.8	8.9	10.3
Hawaii	17.9	6	4.4	78.6	5.0	12.0
Idaho	6.0	29	58.6	19.5	13.9	8.0
Illinois	14.0	9	47.6	27.4	20.8	4.2
Indiana	4.7	34	48.1	29.4	14.4	8.1
Iowa	4.4	37	39.9	33.6	15.7	10.8
Kansas	6.9	26	54.9	30.0	7.5	7.6
Kentucky	3.2	44	38.4	32.9	15.4	13.3
Louisiana	3.8	42	52.5	32.1	10.1	5.3
Maine	3.2	44	9.3	26.1	24.0	40.6
Maryland	13.9	10	40.2	32.4	10.4	17.0
Massachusetts	14.9	8	35.7	29.3	23.3	11.7
Michigan	6.1	28	18.5	46.1	24.1	11.3
Minnesota	7.3	23	28.1	35.8	11.8	24.3
Mississippi	2.2	49	53.3	31.0	9.6	6.1
Missouri	4.0	39	30.8	36.0	22.1	11.1
Montana	2.0	50	10.5	24.3	31.5	33.7
Nebraska	6.3	27	57.0	27.0	7.6	8.4
Nevada	19.2	5	58.9	28.1	8.3	4.7

(table continues)

- In 2011, 13.0 percent of the U.S. population was born outside the United States, with more than half of those immigrants born in Latin America.
- The percentage of the population that speaks Spanish at home ranges from 13 percent nationally to almost 30 percent in Texas, California and New Mexico.

- The Hispanic population increased by 1.3 million from 2010 to 2011. The increase in Hispanic population was more than half of the 2.3 million added to the nation's population during this period.
- In 2011, 16.7 percent of the population were of Hispanic or Latino origin, up from 13 percent in 2000 and 16.0 percent in 2010.

U.S. MIGRATION, BY PLACE OF ORIGIN, 2011 (Cont'd)

State	Percent of U.S. population who are foreign born		Percent of foreign born population who were born in			
	Percent	Rank[1]	Latin America	Asia	Europe	Other
New Hampshire	5.6%	31	20.3%	34.8%	25.8%	19.1%
New Jersey	21.5	3	46.1	31.3	17.1	5.5
New Mexico	10.1	17	79.5	10.1	7.7	2.7
New York	22.2	2	49.2	27.2	18.0	5.6
North Carolina	7.3	23	58.1	22.6	11.1	8.2
North Dakota	2.4	48	8.3	43.7	16.0	32.0
Ohio	4.0	39	20.6	38.3	25.2	15.9
Oklahoma	5.5	32	59.3	25.4	8.3	7.0
Oregon	9.8	18	46.8	29.4	15.0	8.8
Pennsylvania	5.9	30	29.5	37.5	24.1	8.9
Rhode Island	13.5	11	46.0	17.4	23.2	13.4
South Carolina	4.7	34	53.7	22.2	18.3	5.8
South Dakota	2.7	47	33.8	29.1	15.0	22.1
Tennessee	4.8	33	47.6	27.0	12.7	12.7
Texas	16.4	7	72.2	18.5	4.5	4.8
Utah	8.4	21	61.5	16.7	11.5	10.3
Vermont	3.9	41	12.3	25.6	30.3	31.8
Virginia	11.1	16	36.4	40.7	11.4	11.5
Washington	13.3	15	30.7	39.8	17.2	12.3
West Virginia	1.3	51	22.6	41.7	24.4	11.3
Wisconsin	4.7	34	39.4	32.4	19.9	8.3
Wyoming	3.2	44	62.1	17.1	11.9	8.9
United States	**13.0%**		**52.6%**	**28.6%**	**12.1%**	**6.7%**

[1]States with the same percentages receive the same rank.

Source: U.S. Department of Commerce, Census Bureau, American Community Survey.

FASTEST GROWING METROPOLITAN STATISTICAL AREAS, 2010-2011

Rank	Metropolitan statistical area	Population growth	Rank	Metropolitan statistical area	Population growth
1	Dallas-Fort Worth-Arlington, TX	154,774	6	Miami-Fort Lauderdale-Pompano Beach, FL	105,490
2	Houston-Sugar Land-Baytown, TX	139,699	7	Atlanta-Sandy Springs-Marietta, GA	90,345
3	Washington-Arlington-Alexandria, DC-VA-MD-WV	121,911	8	Riverside-San Bernardino-Ontario, CA	80,146
4	New York-Northern New Jersey-Long Island, NY-NJ-PA	118,791	9	Phoenix-Mesa-Glendale, AZ	70,349
5	Los Angeles-Long Beach-Santa Ana, CA	115,964	10	Austin-Round Rock-San Marcos, TX	67,230

Source: U.S. Department of Commerce, Census Bureau.

Income and Expenses

About 15 percent of Americans, or 46.2 million people, lived in poverty in 2011, about the same as in 2010, according to the U.S. Census. This follows three consecutive years of increases in the poverty level and rate. Median household income (adjusted for inflation) in the United States in 2011 was $50,054, a 1.5 percent decline from the 2010 median and the second consecutive annual drop. The West experienced a decline in median household income (adjusted for inflation) between 2010 and 2011, while the changes for the remaining regions were not statistically significant. In 2011 the Midwest and the West had the highest median household incomes among the regions. The incomes for the Midwest and the West were not statistically different from one another.

INCOME BY REGION, 2010-2011

	2010		2011		Percentage change in median income
	Number of households (000)	Median income[1]	Number of households (000)	Median income[1]	
All households	**119,927**	**$50,831**	**121,084**	**$50,054**	**-1.5%**
By region					
Northeast	21,721	54,667	21,774	53,864	-1.5
Midwest	26,772	49,762	26,865	48,722	-2.1
South	44,912	46,875	45,604	46,899	0.1
West	26,522	54,630	26,840	52,376	-4.1

[1]Income before deductions for taxes and other expenses; does not include lump sum payments or capital gains. Expressed in 2011 inflation-adjusted dollars.

Source: U.S. Department of Commerce, Census Bureau.

Income and Expenses

- In 2011 household incomes were highest in Maryland, followed by Alaska and New Jersey.
- Mississippi had the lowest median household income, followed by West Virginia and Arkansas.

HOUSEHOLD INCOME BY STATE, 2011[1]

State	Median income	Rank	State	Median income	Rank
Alabama	$41,415	47	Montana	$44,222	39
Alaska	67,825	2	Nebraska	50,296	23
Arizona	46,709	31	Nevada	48,927	28
Arkansas	38,758	49	New Hampshire	62,647	7
California	57,287	11	New Jersey	67,458	3
Colorado	55,387	16	New Mexico	41,963	44
Connecticut	65,753	4	New York	55,246	17
D.C.	58,814	10	North Carolina	43,916	40
Delaware	63,124	5	North Dakota	51,704	21
Florida	44,299	38	Ohio	45,749	36
Georgia	46,007	34	Oklahoma	43,225	42
Hawaii	61,821	9	Oregon	46,816	30
Idaho	43,341	41	Pennsylvania	50,228	24
Illinois	53,234	19	Rhode Island	53,636	18
Indiana	46,438	32	South Carolina	42,367	43
Iowa	49,427	25	South Dakota	48,321	29
Kansas	48,964	27	Tennessee	41,693	46
Kentucky	41,141	48	Texas	49,392	26
Louisiana	41,734	45	Utah	55,869	15
Maine	46,033	33	Vermont	52,776	20
Maryland	70,004	1	Virginia	61,882	8
Massachusetts	62,859	6	Washington	56,835	13
Michigan	45,981	35	West Virginia	38,482	50
Minnesota	56,954	12	Wisconsin	50,395	22
Mississippi	36,919	51	Wyoming	56,322	14
Missouri	45,247	37	**United States**	**$50,502**	

[1]In 2011 inflation-adjusted dollars.

Source: U.S. Department of Commerce, Census Bureau, American Community Survey.

HOUSEHOLD INCOME SPENT ON HOME OWNERSHIP COSTS, 2011

State	Percent[1]	Rank[2]	State	Percent[1]	Rank[2]
Alabama	31.5%	36	Montana	37.1%	15
Alaska	32.0	35	Nebraska	24.8	49
Arizona	38.9	12	Nevada	42.4	5
Arkansas	27.5	43	New Hampshire	39.8	10
California	48.7	2	New Jersey	47.1	3
Colorado	34.7	22	New Mexico	34.0	27
Connecticut	40.4	9	New York	41.1	6
Delaware	34.7	22	North Carolina	33.7	28
D.C.	35.5	20	North Dakota	19.1	51
Florida	45.9	4	Ohio	30.7	38
Georgia	36.5	19	Oklahoma	28.2	41
Hawaii	49.1	1	Oregon	41.0	8
Idaho	36.7	18	Pennsylvania	33.2	32
Illinois	38.6	13	Rhode Island	41.1	6
Indiana	26.5	46	South Carolina	34.1	25
Iowa	23.6	50	South Dakota	24.9	48
Kansas	26.8	44	Tennessee	32.5	33
Kentucky	28.0	42	Texas	31.4	37
Louisiana	29.6	39	Utah	34.2	24
Maine	35.5	20	Vermont	36.9	16
Maryland	36.9	16	Virginia	33.3	30
Massachusetts	38.6	13	Washington	39.2	11
Michigan	33.7	28	West Virginia	26.5	46
Minnesota	32.1	34	Wisconsin	33.3	30
Mississippi	34.1	25	Wyoming	26.8	44
Missouri	29.3	40	**United States**	**36.6%**	

[1]Percent of 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. Department of Commerce, Census Bureau, American Community Survey.

- In 2011 Hawaii, California and New Jersey had the highest homeownership costs, based on the percentage of homes in which owners spent 30 percent or more of their income on homeowner ownership related expenses.
- North Dakota, Iowa and Nebraska had the lowest costs, based on the percentage of homes in which owners spent 30 percent of more of their income on homeowner ownership expenses.

MEDIAN HOUSING VALUE BY STATE, 2011[1]

- In 2011 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 Arkansas.

State	Median value	Rank[2]	State	Median value	Rank[2]
Alabama	$122,700	44	Montana	$184,100	19
Alaska	238,300	12	Nebraska	127,400	42
Arizona	153,800	29	Nevada	158,000	28
Arkansas	106,300	49	New Hampshire	237,500	13
California	355,600	3	New Jersey	324,900	5
Colorado	233,700	15	New Mexico	159,000	26
Connecticut	278,700	8	New York	285,300	7
Delaware	236,900	14	North Carolina	153,700	30
D.C.	422,400	2	North Dakota	128,600	39
Florida	151,000	31	Ohio	129,600	38
Georgia	147,100	32	Oklahoma	112,600	48
Hawaii	487,400	1	Oregon	232,900	16
Idaho	158,800	27	Pennsylvania	164,800	25
Illinois	178,500	22	Rhode Island	245,500	10
Indiana	122,400	45	South Carolina	136,000	36
Iowa	123,400	43	South Dakota	131,400	37
Kansas	128,300	40	Tennessee	138,300	34
Kentucky	120,600	46	Texas	127,700	41
Louisiana	139,400	33	Utah	207,500	18
Maine	171,600	23	Vermont	213,700	17
Maryland	287,100	6	Virginia	243,100	11
Massachusetts	326,300	4	Washington	256,300	9
Michigan	118,100	47	West Virginia	99,300	51
Minnesota	183,500	20	Wisconsin	166,700	24
Mississippi	99,900	50	Wyoming	179,900	21
Missouri	136,900	35	**United States**	**$173,600**	

[1]Owner-occupied housing units.

[2]States with the same percentages receive the same rank.

Source: U.S. Department of Commerce, Census Bureau, American Community Survey.

PERCENT OF OCCUPIED HOUSING UNITS THAT ARE OWNER OCCUPIED, 2011

State	Percent	Rank[1]	State	Percent	Rank[1]
Alabama	69.9%	10	Montana	67.9%	21
Alaska	63.1	41	Nebraska	66.9	31
Arizona	63.7	40	Nevada	56.3	48
Arkansas	66.6	33	New Hampshire	71.5	6
California	54.9	49	New Jersey	65.0	37
Colorado	64.4	39	New Mexico	68.2	19
Connecticut	67.4	24	New York	53.6	50
Delaware	71.6	5	North Carolina	66.5	34
D.C.	41.2	51	North Dakota	65.7	36
Florida	66.7	32	Ohio	67.0	29
Georgia	64.6	38	Oklahoma	67.0	29
Hawaii	56.8	47	Oregon	60.8	45
Idaho	68.7	17	Pennsylvania	69.5	13
Illinois	67.3	25	Rhode Island	60.6	46
Indiana	69.7	12	South Carolina	69.2	15
Iowa	72.4	2	South Dakota	68.5	18
Kansas	67.8	23	Tennessee	67.3	25
Kentucky	68.9	16	Texas	62.9	42
Louisiana	66.4	35	Utah	69.4	14
Maine	71.0	8	Vermont	71.3	7
Maryland	67.3	25	Virginia	67.3	25
Massachusetts	62.1	44	Washington	62.8	43
Michigan	71.7	4	West Virginia	72.3	3
Minnesota	72.8	1	Wisconsin	67.9	21
Mississippi	69.8	11	Wyoming	70.6	9
Missouri	68.0	20	**United States**	**65.4%**	

[1]States with the same percentages receive the same rank.

Source: U.S. Department of Commerce, Census Bureau, American Community Survey.

- In 2011 West Virginia, Minnesota 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, Nevada and Hawaii.

Income and Expenses

- Nationwide, 49.3 percent of renters spent at least 30 percent of their household income on rent and utilities in 2011.
- In 2011 Wyoming, South Dakota, Nortth Dakota, West Virginia and Nebraska had the lowest percentage of rental units in which occupants spent 30 percent or more of their income on rent. Florida, California, Hawaii and Connecticut had the highest percentage.

HOUSEHOLD INCOME SPENT ON RENT AND UTILITIES, 2011

State	Percent[1]	Rank[2]	State	Percent[1]	Rank[2]
Alabama	46.8%	32	Montana	41.6%	45
Alaska	40.6	46	Nebraska	40.3	47
Arizona	47.4	26	Nevada	49.3	13
Arkansas	45.6	39	New Hampshire	47.0	30
California	54.5	2	New Jersey	51.4	6
Colorado	48.8	17	New Mexico	47.6	23
Connecticut	52.0	4	New York	51.3	7
Delaware	49.8	10	North Carolina	47.9	19
D.C.	46.3	35	North Dakota	38.0	49
Florida	56.2	1	Ohio	47.5	24
Georgia	49.6	11	Oklahoma	43.0	43
Hawaii	53.5	3	Oregon	51.8	5
Idaho	46.4	34	Pennsylvania	47.1	29
Illinois	49.2	14	Rhode Island	47.9	19
Indiana	47.5	24	South Carolina	47.3	27
Iowa	43.4	42	South Dakota	35.6	50
Kansas	42.8	44	Tennessee	47.0	30
Kentucky	44.9	41	Texas	46.1	37
Louisiana	47.9	19	Utah	47.8	22
Maine	49.6	11	Vermont	49.2	14
Maryland	50.6	9	Virginia	46.5	33
Massachusetts	48.9	16	Washington	48.0	18
Michigan	51.0	8	West Virginia	38.7	48
Minnesota	47.3	27	Wisconsin	46.0	38
Mississippi	46.3	35	Wyoming	33.3	51
Missouri	45.4	40	**United States**	**49.3%**	

[1]Percent of 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. Department of Commerce, Census Bureau, American Community Survey.

PERCENT OF PEOPLE WITHOUT HEALTH INSURANCE BY STATE, 2011[1]

State	Percent	Rank[2]	State	Percent	Rank[2]
Alabama	14.3%	25	Montana	18.3%	8
Alaska	20.1	4	Nebraska	11.4	35
Arizona	17.2	12	Nevada	21.9	2
Arkansas	17.1	13	New Hampshire	10.5	39
California	18.1	9	New Jersey	13.1	28
Colorado	15.1	20	New Mexico	19.8	5
Connecticut	8.8	46	New York	11.4	35
Delaware	9.4	43	North Carolina	16.3	16
D.C.	6.9	49	North Dakota	9.8	42
Florida	20.9	3	Ohio	11.9	32
Georgia	19.6	6	Oklahoma	18.7	7
Hawaii	7.1	48	Oregon	15.7	17
Idaho	16.5	15	Pennsylvania	10.1	41
Illinois	13.1	28	Rhode Island	10.8	37
Indiana	14.5	23	South Carolina	16.7	14
Iowa	8.9	45	South Dakota	11.9	32
Kansas	12.6	30	Tennessee	14.6	22
Kentucky	14.4	24	Texas	23.0	1
Louisiana	17.5	11	Utah	15.3	19
Maine	10.7	38	Vermont	6.6	50
Maryland	10.4	40	Virginia	12.5	31
Massachusetts	4.3	51	Washington	14.2	26
Michigan	11.8	34	West Virginia	14.9	21
Minnesota	8.8	46	Wisconsin	9.0	44
Mississippi	17.7	10	Wyoming	15.4	18
Missouri	13.7	27	**United States**	**15.1%**	

[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. Department of Commerce, Census Bureau, American Community Survey.

- In 2011 Texas, followed by Nevada and Florida, had the highest percentages of people without health insurance.
- Massachusetts had the lowest percentage of people without health insurance, followed by Vermont and the District of Columbia.

Aging

- In 2011 Florida had the highest percentage of households with people age 65 or older, followed by Hawaii and West Virginia.
- Alaska had the lowest percentage of households with people age 65 or older, followed by Utah and the District of Columbia.

PERCENT OF HOUSEHOLDS WITH ONE OR MORE PEOPLE 65 YEARS OLD AND OVER, 2011

State	Percent	Rank[1]	State	Percent	Rank[1]
Alabama	26.0%	15	Montana	26.5%	9
Alaska	16.4	51	Nebraska	23.7	41
Arizona	27.0	7	Nevada	24.3	33
Arkansas	26.3	13	New Hampshire	24.9	28
California	24.7	29	New Jersey	26.9	8
Colorado	20.6	48	New Mexico	26.0	15
Connecticut	26.5	9	New York	26.4	12
Delaware	28.0	5	North Carolina	24.2	35
D.C.	20.2	49	North Dakota	23.4	42
Florida	31.9	1	Ohio	25.7	20
Georgia	21.8	46	Oklahoma	25.3	24
Hawaii	31.4	2	Oregon	25.9	18
Idaho	24.5	31	Pennsylvania	28.1	4
Illinois	24.5	31	Rhode Island	26.5	9
Indiana	24.1	37	South Carolina	26.3	13
Iowa	25.5	22	South Dakota	24.6	30
Kansas	24.1	37	Tennessee	25.2	27
Kentucky	25.3	24	Texas	21.4	47
Louisiana	24.0	39	Utah	19.9	50
Maine	27.5	6	Vermont	25.7	20
Maryland	24.2	35	Virginia	23.8	40
Massachusetts	25.8	19	Washington	23.1	44
Michigan	26.0	15	West Virginia	29.1	3
Minnesota	23.2	43	Wisconsin	24.3	33
Mississippi	25.5	22	Wyoming	22.3	45
Missouri	25.3	24	**United States**	**24.8%**	

[1]States with the same percentages receive the same rank.

Source: U.S. Department of Commerce, Census Bureau, American Community Survey.

DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT: ONE YEAR LATER

On July 21, 2010 President Obama signed into law a sweeping overhaul of how financial services are regulated in the United States. Responding to the events that helped precipitate the country's economic crisis, the legislation calls for systemic risk regulation, giving the federal government authority to seize and dismantle large financial firms that its deems could destabilize the financial system if they became insolvent. The law also creates a separate Consumer Financial Protection Bureau (CFPB) to address some of the practices that are believed to have contributed to the crisis. The law does not dismantle state regulation of insurance, but establishes a Federal Insurance Office (FIO) within the U.S. Treasury Department to report to Congress and the President on the insurance industry. A summary of the law is below.

TITLE I: Financial Stability

Creates the Financial Stability Oversight Council and the Office of Financial Research, imposes heightened federal regulation on large bank holding companies and "systemically risky" nonbank financial companies. The Financial Stability Oversight Council (FSOC) is charged with identifying threats to the financial stability of the United States, promoting market discipline and responding to emerging risks to the stability of the U.S. financial system. The council brings together federal financial regulators, state regulators and an insurance expert appointed by the President. It consists of 10 voting members and five nonvoting members, who serve in an advisory capacity.

TITLE II: Orderly Liquidation Authority

Establishes a liquidation fund supported by future assessments on large banks and requires submission of "living wills" detailing how to unwind failing nonbank financial companies.

TITLE III: Transfer of Powers to the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Board of Governors of the Federal Reserve.

One year after enactment the Office of Thrift Supervision (OTS) will transfer its functions as follows:

- Savings and loan holding companies: To be regulated by the Federal Reserve Board of Governors.
- Federal savings associations: To be regulated by the OCC.
- State savings associations: To be regulated by the FDIC

TITLE IV: Regulation of Advisors to Hedge Funds and Others

Requires registration and recordkeeping requirements for private advisers, with limited exemptions.

TITLE V: Insurance

Establishes the Federal Insurance Office (while maintaining state regulation of insurance) within the Department of Treasury, headed by a Director appointed by the Secretary of Treasury.

- Office Functions: The office will handle all insurance (with the exception of health insurance) and will have authority to monitor the insurance industry, identify regulatory gaps or systemic risk, deal with international insurance matters and monitor the extent to which underserved communities have access to affordable insurance products (except health insurance).
- Financial Stability Oversight Council (FSOC) Recommendations: May make recommendations to the FSOC on whether an insurer (including reinsurers) poses a systemic risk under Title I and should therefore be placed under the supervision of the Federal Reserve.
- New Authority to Negotiate and Enforce Narrow International Agreements on Insurance: The Office has the authority to jointly enter into agreements, with the U.S. Trade Representative, which cover prudential measures related to the business of insurance and reinsurance. In doing so, the Office has limited preemption authority over state law in cases where it is determined that the state law is inconsistent with a negotiated international agreement and treats a non-U.S. insurer less favorably than a U.S. insurer. The power of preemption is further

limited by a savings clause, which states that the Office has no authority to preempt state laws on insurer's rates, premiums, underwriting, sales practices, capital, solvency or state antitrust laws.

- The Federal Insurance Office Reporting: Annual Reports to the President and Senate Banking Committee are expected of the Office.
- Insurance Study: A study must be completed on how to improve insurance regulation in the United States, including state insurance, due no more than 18 months after enactment.

An amendment to the Act stipulates that equity indexed annuities will continue to be regulated by state insurance commissioners.

TITLE VI: Improvement to Regulation of Bank and Savings Association Holding Companies and Depository Institutions

Expands the authority of the Federal Reserve to regulate subsidiaries of bank holding companies, sets a 10 percent concentration limit for bank mergers and creates the "Volcker Rule," prohibiting banks from proprietary trading, with notable exceptions.

TITLE VII: Wall Street Transparency and Accountability

Introduces significant requirements for derivatives, including mandatory clearing of nonexempt OTC derivatives and limitations on bank involvement in derivative activities.

TITLE VIII: Payment, Clearing and Settlement Supervision

Authorizes the Financial Stability Oversight Council to designate financial market utilities or payment, clearing and settlement activities as systemically important.

TITLE IX: Investor Protection and Improvements to the Regulation of Securities

Imposes risk retention requirements, corporate governance standards, executive compensation requirements and a study on broker-dealer fiduciary duties.

TITLE X: Bureau of Consumer Financial Protection

Establishes the Consumer Financial Protection Bureau, with consumer regulatory authorities consolidated from other banking agencies. Also introduces interchange fee restrictions for debit card payments. The bureau is located in, but is autonomous from, the Federal Reserve.

TITLE XI: Federal Reserve System Provisions

Restricts the Federal Reserve's emergency lending powers and debt guarantees while further authorizing a one time Government Accountability Office-conducted audit of the Fed.

TITLE XII: Improving Access to Mainstream Financial Intuitions

Encourages initiatives to provide financial products and services for Americans with low and moderate incomes.

TITLE XIII: Pay it Back Act

Reduces the TARP spending authority, limiting any future purchase of troubled assets to amounts collected through the Pay It Back Act, and further directs that all amounts collected from the subsequent sale of such assets be directed towards deficit reduction.

TITLE XIV: Mortgage Reform and Anti-Predatory Lending Act

Provides consumer protection through reform on mortgage issuance, mortgage related fees and various mortgage practices.

TITLE XV: Miscellaneous Provisions

Addresses bailouts of foreign governments.

Source: The Financial Services Roundtable and the Insurance Information Institute.

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The Financial Services Roundtable Resources

The Financial Services Roundtable's Fast Facts topic briefs provide timely, reliable research about the financial services industry and its role in financing the economy. For inquiries regarding Fast Facts, contact Abby McCloske, the Financial Services Roundtable's Director of Research at **abbey@fsround.org**.

Fast Facts are posted on the Web at **http://www.fsround.org/fast_facts/fast_facts.html**.
A listing of selected topics is below.

- Bank Balance Sheets
- Basel Reforms
- Brokered Deposits
- Commercial Lending
- Credit Cards
- Debit Cards
- Dodd Frank Rulemaking
- Economic Outlook
- Federal Debt
- Fiduciary Responsibility
- Financial Exploitation of the Elderly
- Financial Reporting
- Financial Stability Oversight Council
- Forclosure Process
- GSE Reform
- Holiday Electronic Shopping
- Housing Market
- Insurance and the Economy
- Life Insurance - Retained Asset Accounts
- Mark-to-Market Accounting
- Mobile Banking
- Retirement Security
- Small Business Conditions
- Small Business Lending
- TARP

FINANCIAL AND INSURANCE ADVISORS' CERTIFICATIONS

Below is a list of major financial and insurance advisors designations compiled by the American College, an accredited nonprofit educational institution specializing in financial education. The College has posted further information on the designations, including educational requirements on the Web. **http://www.designationcheck.com/learn-more-about-credentials**

A comprehensive listing of designations is also posted on the Financial Industry Regulatory Authority (FINRA) website. **apps.finra.org/DataDirectory/1/prodesignations.aspx**

AEP® (Accredited Estate Planner®)

The AEP® designation is a graduate-level specialization in estate planning, obtained in addition to already recognized professional credentials within the various disciplines of estate planning who support the team concept of estate planning.

Issuing Institution: The National Association of Estate Planners & Councils. NAEPC.org

CAP® (Chartered Advisor in Philanthropy®)

The advisor earning the CAP® designation has taken three courses in philanthropy covering various impacts of planning for family wealth, charitable giving and gift planning for nonprofits.

Issuing Institution: The American College. TheAmericanCollege.edu/CAP

CASL® (Chartered Advisor for Senior Living®)

CASL® is a rigorous credential in the senior and retirement planning space, with curriculum that covers wealth accumulation, income distribution and estate planning strategies for those preparing for or in retirement.

Issuing Institution: The American College. TheAmericanCollege.edu/CASL

CEBS (Certified Employee Benefits Specialist)

The CEBS program provides education for advisors working in the employee benefits and compensation industry through an eight-course curriculum.

Issuing Institution: The International Foundation of Employee Benefit Plans and Wharton School of the University of Pennsylvania. IFEBP.org

CFA (Chartered Financial Analyst)

The CFA designation represents rigorous, in-depth education for investment analysts.

Issuing Institution: CFA Institute. CFAInstitute.org

ChHC (Chartered Healthcare Consultant™)

The ChHC® designation incorporates the information on healthcare reform and other group benefits issues.

Issuing Institution: The American College. TheAmericanCollege.edu/ChHC

CIMA Certification (Certified Investment Management Analyst)

The CIMA® designation is designed specifically for financial professionals who want to attain a level of competency as an advanced investment consultant.

Issuing Institution: The Investment Management Consultants Association. imca.org

CLF® (Chartered Leadership Fellow®)

The CLF® designation indicates advanced education in leading financial services teams.

Issuing Institution: The American College. TheAmericanCollege.edu/CLF

CLU® (Chartered Life Underwriter®)

The CLU® designation represents a thorough understanding of a broad array of personal risk management and life insurance planning issues and stresses ethics, professionalism and in-depth knowledge in the delivery of financial advice.

Issuing Institution: The American College. TheAmericanCollege.edu/CLU

CPA (Certified Public Accountant)

The CPA is the respected mark of excellence for public accountants. The Board of Accountancy in each state issues CPA licenses to those who have passed all appropriate requirements for use of the mark, and each state has different regulations in this regard.

Issuing Institution: AICPA, The American Institute of Certified Public Accountants (AICPA). AICPA.org

CPCU (Chartered Property Casualty Underwriter)

CPCU designees have completed an extensive program encompassing broad technical knowledge and high ethical standards focused on risk management for individuals and businesses. Granted by "The Institutes," which administers several other programs, including the Associate in Reinsurance (ARe); Accredited Advisor in Insurance (AAI); Associate in Insurance Services (AIS);Associate in Risk Management (ARM); and Associate in Personal Insurance (API).

Issuing Institution: The Institutes, which consists of The American Institute for CPCU and the Insurance Institute of America. aicpcu.org/Programs/PIndex.htm

FSS (Financial Services Specialist)

The FSS designation provides financial advisors with the core knowledge and skills they need to provide essential planning and advisory assistance to consumers and businesses.

Issuing Institution: The American College. TheAmericanCollege.edu/FSS

Insurance Agents Brokers and Adjusters

In order to obtain and maintain professional licenses, agents, adjusters and brokers must pass state-mandated exams. Information on these requirements is available from state insurance departments. The National Association Insurance Commission website provides links to state insurance department websites. naic.org/state_web_map.htm.

Certifications

LUTCF (Life Underwriter Training Council Fellow)
The LUTCF designation combines essential product knowledge with the skills financial professionals must have to advise individuals and businesses effectively on their insurance and planning needs. Issuing Institution: The American College confers the LUTCF in conjunction with the National Association of Insurance and Financial Advisors (NAIFA). TheAmericanCollege.edu/LUTCF and NAIFA.org

PFS (Personal Financial Specialist)
The PFS credential is awarded to CPAs who demonstrate extensive tax expertise and a comprehensive knowledge of financial planning.

Issuing Institution: The American institute of Certified Public Accountants (AICPA). AICPA.org

RICP® (Retirement Income Certified Professional®)
An RICP® designee is trained to understand how to structure effective retirement income plans, how to mitigate risks to the plan, and how to create a sustainable stream of income to last throughout a client's retirement years.

Issuing Institution: The American College. http://www.theamericancollege.edu/

Source: The American College, 270 S. Bryn Mawr Avenue, Bryn Mawr, PA. Phone: 610-526-1000. theamericancollege.edu. Additional information compiled by the Insurance Information Institute.

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.

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.

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 passed a mandatory 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 promote economic recovery.
2010	New federal rules providing consumer protections related to credit cards were enacted.
	President Obama signed the Patient Protection and Affordable Care Act, requiring most U.S. citizens to have health insurance.
	The Dodd-Frank Wall Street Reform and Consumer Protection Act, landmark regulatory overhaul of the financial services industry, was signed into law.
2011	Standard and Poor's downgraded the long-term U.S. credit rating by one level to AA-plus, the first downgrading of the U.S. economy in history.
	The Office of Thrift Supervision became part of the Office of the Comptroller of the Currency.
2012	The U.S. Supreme Court upheld the 2010 healthcare overhaul.

Financial Services Organizations

A.M. BEST COMPANY INC. • Ambest Road, Oldwick, NJ 08858. Tel. 908-439-2200. www.ambest.com — Rating organization and publisher of reference books and periodicals relating to the insurance industry.

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.

AMERICA'S HEALTH INSURANCE PLANS (AHIP) • 601 Pennsylvania Avenue, NW, South Building, Suite 500, Washington, DC 20004. Tel. 202-778-3200. Fax. 202-331-7487. www.ahip.org — National trade association representing the health insurance industry.

AMERICAN ASSOCIATION FOR LONG-TERM CARE INSURANCE • 3835 E. Thousand Oaks Blvd., Suite 336, Westlake Village, CA 91362. Tel. 818-597-3227. Fax. 818-597-3206. www.aaltci.org/ — A national professional organization exclusively dedicated to promoting the importance of planning for long-term care needs.

AMERICAN BANKERS ASSOCIATION • 1120 Connecticut Avenue 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 Avenue, NW, Washington, DC 20036. Tel. 202-663-5172. 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 South Bryn Mawr Avenue, Bryn Mawr, PA 19010. Tel. 610-526-1000. www.theamericancollege.edu — An independent, accredited nonprofit institution, originally The American College of Life Underwriters. Provides graduate and professional education in insurance and other financial services.

AMERICAN COUNCIL OF LIFE INSURERS (ACLI) • 101 Constitution Avenue NW, 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 • 919 18th St., NW, Suite 300, Washington, DC 20006. Tel. 202-296-5544. www.americanfinsvcs.com — The national trade association for market funded providers of financial services to consumers and small businesses.

AMERICAN INSURANCE ASSOCIATION (AIA) – NATIONAL OFFICE • 2101 L Street, NW, Suite 400, Washington, DC 20037. 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 as well as safety, promotional and legislative services.

ASSOCIATION OF FINANCIAL GUARANTY INSURERS • Mackin & Company,139 Lancaster Street, Albany, NY 12210. 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.

BANK ADMINISTRATION INSTITUTE • 115 S. LaSalle Street, Suite 3300, Chicago, IL 60603-3801. Tel. 800-224-9889. 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, 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 • 2025 M Street, NW, Suite 800, Washington, DC 20036. Tel. 202-367-1111. Fax. 202-367-2111. 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 East Boston Post Road, 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 surveys of depository and insurance entities augmented by analysis of government data.

BISRA - BANK INSURANCE & SECURITIES RESEARCH ASSOCIATES • 300 Day Hill Road, Windsor, CT 06095-4761. Tel. 860-298-3935. www.bisra.com — Consultant focusing on the financial services marketplace. Conducts studies of sales penetration, profitability, compensation and compliance. (formerly Kehrer-LIMRA).

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 have access to competent and ethical financial planning.

CFA INSTITUTE • 560 Ray C. Hunt Drive, 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 standards of ethics and professional excellence and advocating fair and transparent capital markets.

COLLEGE SAVINGS PLANS NETWORK • P.O. Box 11910, Lexington, KY 40578-1910. Tel. 859-244-8175. www.collegesavings.org — The College Savings Plans Network is an affiliate to the National Association of State Treasurers. It is intended to make higher education more attainable. The Network serves as a clearinghouse for information on existing college savings programs.

COMMERCIAL FINANCE ASSOCIATION • 370 7th Ave., Suite 1801, New York, NY 10001. Tel. 212-792-9390. 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 Avenue, 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.

Financial Services Organizations

COMMODITY FUTURES TRADING COMMISSION • Three Lafayette Centre, 1155 21st Street 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 • 1129 20th Street, N.W., 9th Floor, Washington, DC 20036. Tel. 202-296-2840. Fax. 202-296-1928. www.csbs.org — National organization that advocates on behalf of the nation's state banking system.

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 an array of specialty information products, insights and analyses of key issues confronting the insurance industry.

CONSUMER BANKERS ASSOCIATION • 1225 Eye St., NW, Suite 550, Arlington, VA 22205. Tel. 202-552-6371. www.cbanet.org — This group represents retail banking issues in the nation's capital.

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 with mainstream insurance and financial services marketing to create a strategic business synergism, a division of the Direct Marketing Association.

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 Street NW, Suite 878, Washington, DC 20005-4051. Tel. 202-659-0670. Fax. 202-775-6312. www.ebri.org — The Institute's mission is to advance the public's, the media's and policymakers' knowledge and understanding of employee benefits and their importance to the U.S. economy.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC) • 550 17th Street 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. The FDIC has insured deposits and promoted safe and sound banking practices since 1933.

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL • 3501 Fairfax Drive, Arlington, VA 22201-2305. Tel. 703-516-5588. Fax. 703-516-5487. 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 Street and Constitution Avenue NW, Washington, DC 20551. Tel. 202-452-3000. www.federalreserve.gov — Central bank of the United States was founded by Congress in 1913 to provide the nation with a safer, more flexible and more stable monetary and financial system.

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 • 7535 E. Hampden Ave., Suite 600, Denver, CO 80231. 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 13th Street NW, Suite 750 South, Washington, DC 20005. Tel. 202-457-8765. Fax. 202-457-8769. www.financialservicesforum.org — An organization of 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.

FITCH CREDIT RATING COMPANY • One State Street Plaza, New York, NY 10004. Tel. 212-908-0500. www.fitchratings.com — Assigns claims-paying ability ratings to insurance companies.

FUTURES INDUSTRY ASSOCIATION • 2001 Pennsylvania Avenue 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 Northeast 191st Street, 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 awareness of the advantages and opportunities in hedge funds.

INDEPENDENT INSURANCE AGENTS & BROKERS OF AMERICA, INC. • 127 South Peyton Street, Alexandria, VA 22314. Tel. 800-221-7917. Fax. 703-683-7556. www.iiaba.com — Trade association of independent insurance agents.

INSURANCE INFORMATION INSTITUTE (I.I.I.) • 110 William Street, 24th Floor, New York, NY 10038. Tel. 212-346-5500. Fax. 212-732-1916. www.iii.org — A primary source for information, analysis and reference on insurance subjects.

INSURANCE MARKETPLACE STANDARDS ASSOCIATION • 4550 Montgomery Avenue, Suite 700N, Bethesda, MD 20814. Tel. 240-744-3030. Fax. 240-744-3031. 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 • 1101 New York Avenue, NW Suite 825, Washington, DC 20005. Tel. 202-469-3000. Fax. 202-469-3030. 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).

Financial Services Organizations

INTERNATIONAL FINANCIAL RISK INSTITUTE • 2, Cours de Rive, 1204, Geneva, 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 Avenue, 16th Floor, 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.

INVESTMENT COMPANY INSTITUTE • 1401 H Street NW, Suite 1200, Washington, DC 20005. Tel. 202-326-5800. www.ici.org — The national association of the American investment company industry.

ISO, A VERISK ANALYTICS COMPANY • 545 Washington Boulevard, Jersey City, NJ 07310-1686. Tel. 800-888-4476. Fax. 201-748-1472. www.iso.com — A leading source of information about property/casualty insurance risk. Provides statistical, actuarial, underwriting and claims information; policy language; information about specific locations; fraud identification tools; and technical services. Products help customers protect people, property and financial assets.

LIFE INSURANCE SETTLEMENT ASSOCIATION • 1011 East Colonial Drive, Suite 500, Orlando, FL 32803. Tel. 407-894-3797. Fax. 407-897-1325. www.thevoiceoftheindustry.com — Promotes the development, integrity and reputation of the life settlement industry.

LIMRA INTERNATIONAL • 300 Day Hill Road, Windsor, CT 06095. Tel. 800-235-4672. Fax. 860-285-7792. 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 Parkway, Suite 600, Atlanta, GA 30339-8443. Tel. 770-951-1770. 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 Road, 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, 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 Street, New York, NY 10007. Tel. 212-553-1653. www.moodys.com — Global credit analysis and financial information firm.

MORNINGSTAR ANNUITY RESEARCH CENTER • 22 West Washington Street, Chicago, IL 60602. Tel. 312-696-6000. 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.

MORTGAGE BANKERS ASSOCIATION OF AMERICA • 1717 Rhode Island Avenue, NW, Suite 400, Washington, DC 20036. 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 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 East Kensington Boulevard, Milwaukee, WI 53211. Tel. 414-332-9306. Fax. 888-884-6232. 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 Street 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 • 1212 New York Avenue NW, Suite 1100, DC 20005. Tel. 202-552-5060. Fax. 202-747-6820. www.nahu.org — Professional association of people who sell and service disability income, and hospitalization and major medical health insurance companies.

NATIONAL ASSOCIATION OF INSURANCE AND FINANCIAL ADVISORS • 2901 Telestar Court, Falls Church, VA 22042-1205. Tel. 703-770-8100; 877-866-2432. Fax. 703-770-8224. www.naifa.org — Professional association representing health and life insurance agents.

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS • 1100 Walnut Street, Suite 1500, Kansas City, MO 64106-2197. 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. 651-621-3825. 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 • 2701 West 15th Street, Suite 536, Plano, TX 75075. Tel. 972-758-1151. Fax. 530-484-2906. 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 (NAMIC) • 3601 Vincennes Road, Indianapolis, IN 46268. Tel. 317-875-5250. Fax. 317-879-8408. www.namic.org — National property/casualty insurance trade and political advocacy association.

Financial Services Organizations

THE NATIONAL ASSOCIATION OF PERSONAL FINANCIAL ADVISORS • 3250 North Arlington Heights Road, 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 North Washington Street, Alexandria, VA 22314-2353. Tel. 703-836-9340. Fax. 703-836-1279. www.pianet.com — Trade association of independent insurance agents.

NATIONAL CREDIT UNION ADMINISTRATION • 1775 Duke Street, 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.

NATIONAL FUTURES ASSOCIATION • 300 South Riverside Plaza, #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 Street NW, Suite 420, Washington, DC 20036. Tel. 202-939-1760. Fax. 202-265-4435. www.nrmlaonline.org — The group educates consumers about the opportunity to utilize reverse mortgages and trains lenders to be sensitive to the needs of older Americans.

NCCI HOLDINGS, INC. • 901 Peninsula Corporate Circle, Boca Raton, FL 33487. Tel. 561-893-1000. Fax. 561-893-1191. www.ncci.com — Develops and administers rating plans and systems for workers compensation insurance.

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OPTIONS INDUSTRY COUNCIL • One North Wacker Drive, Suite 500, Chicago, IL 60606. Tel. 800-678-4667. Fax. 312-977-0611. www.optionscentral.com — Nonprofit association created to educate the investing public and brokers about the benefits and risks of exchange-traded options.

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