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## Selling Insurance Online: Banking Edition

*Can insurance help fill the fee-income gap?*

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### Abstract:

As financial institutions look beyond the relatively easy money of the last decade – home equity, OD fees, debit interchange, deposit spreads – one relatively neglected area is insurance.

It's more than a \$1 trillion market (annual premiums) in the U.S. alone. But retail banks and credit unions have just a sliver of the pie, taking in less than \$10 billion in commissions last year.

Is it because customers don't want to buy insurance from banks? No. In a quick online survey we ran this week, more than eight of ten said they'd buy insurance from their bank or credit union if it was easy to do and priced well.<sup>1</sup>

Few banks have really pushed insurance at the retail level. Those that do can turn it into a significant revenue generator. For example, insurance revenues at the 50 best bank holding companies in this category saw an average of about 40% of their non-interest income come from insurance.

In the past, it's been nearly impossible to compete with entrenched local agents, which number 400,000+ in life insurance alone. But as more consumers look online for quotes, there's no reason why they can't be persuaded to buy from their trusted financial institution, providing it's easy enough.

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<sup>1</sup> Non-representative online survey of 201 adults fielded Dec. 8, 2011.

And they way banks will do that, and we believe, become a major force in the insurance business, is by incorporating insurance information/sales directly into online and mobile banking.

This report provides a starting point for creating online and mobile strategies to tackle this growing market.

**Companies mentioned:**

Allstate, American Modern Insurance Group, Astoria Federal Savings, Bank of America, BB&T, Call Federal Credit Union, Credit Karma, Eastern Bank, Elephant Auto Insurance, Farmers Insurance Group, Gerber Life (Gerber Products), GEICO, Hiscox, Huntington Bank, Insurance Central, ITAC, Key Bank, Navy Federal Credit Union, NewYorkCarInsurance.com, Nice, Peoples United Bank, Progressive Direct, Prudential, Purina, Quick Life Center, Redwood Credit Union, Sutton Bank, Talk Insurance, TD Bank, Travelers, USAA, UW Credit Union, Wells Fargo