

Potential Benefits of Consolidating BOLI Administration with Newport Group

Bank-owned life insurance (BOLI) has been widely accepted by banks of all sizes for well over two decades, and the number of BOLI policies on bank balance sheets has increased steadily during that time. As of September 30, 2018, approximately 3,500 U.S. banks reported owning BOLI, which in aggregate totals over \$190 billion of cash value.¹ Although BOLI presents banks with a unique and important tool for funding employee benefits costs, the growth in the number of policies increases the administrative burden to policyholders.

Through BOLI purchases and BOLI acquired through mergers and acquisitions, many banks have inherited numerous administrative relationships, which also further complicates the administrative and risk management process for bank policyholders.

In order to address these increasing administrative burdens, many banks have chosen to consolidate the administration of their BOLI to Newport Group. During the past five years, Newport Group has taken over administration of \$8.3 billion of cash surrender value. Below are just a few of the reasons our clients have chosen to consolidate administration:

- ▶ **Burden of Having Multiple Administrators:** Due to bank consolidation, some banks have five or more BOLI administrators. This creates unnecessary inefficiencies for banks in managing the overall BOLI asset. Through consolidation of administration, banks achieve immediate efficiencies by placing reliance of consolidation of their entire BOLI program for purposes of monthly financial reporting and periodic Board/Asset-Liability Committee (ALCO) reporting to Newport Group.
- ▶ **Relationship Based Administration:** Newport Group has a tenured and committed group of consultants and relationship managers who engage personally with our bank clients to ensure they understand their BOLI holdings from a financial, tax and regulatory perspective.
- ▶ **Administrative Capabilities:** Newport Group has built systems, processes and reports specific to the needs of our bank clients. This includes all facets of post-purchase BOLI administration including reporting, regulatory and claims. We continuously seek input from our clients on how we might improve our administrative offering.
- ▶ **Risk Management:** Newport Group is unique to the BOLI space in that it offers banks with an institutional partner with a long-term commitment to BOLI administration. Our people, systems and reports have a focus on Risk Management. In addition, Newport Group meets the strict vendor management requirements dictated by bank regulation.

Banks continue to choose Newport Group as a trusted partner to deliver the knowledge, systems and security expected by banks relative to their BOLI programs. If you have any questions regarding Newport Group's BOLI Administrative offerings, please call Scott Bethune or Molly Koris at 336-333-2050.

¹Source: *BOLTracker*

Disclaimer

Securities are offered through Newport Group Securities, Inc., 300 Primera Boulevard, Suite 200, Lake Mary, FL 32746. Member, FINRA. Securities in California are offered under the d/b/a Newport Securities Insurance Services. Other non-securities related insurance products may be offered through Newport Group, Inc. Insurance products are designed for institutional investors.

Newport Group and its affiliates do not provide tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before making any decisions. 20190313-749119-2377410