

BOLI Market Update Q2-2025:

Bank Owned Life Insurance Activity Continues to Remain Steady

Q2-2025 BOLI Activity

Our analysis of Q2-2025 FDIC call report data shows the estimated number of purchases and total premium purchased of Bank Owned Life Insurance, [BOLI](#), remained steady compared to the prior quarter. There were an estimated 76 BOLI purchases of \$1 million or greater in Q2-2025. These 76 purchases totaled approximately \$918.67 million of estimated premium written. Table 1 below provides a breakdown of the BOLI purchases of \$1 million or greater.

Table 1. Q2-2025 Estimated BOLI Purchases of \$1 Million or Greater

Purchase Type	Estimated # of Purchases	Estimated Total Premium
New Purchase	4	\$15.17 Million
Additional Purchase	72	\$903.50 Million
Total	76	\$918.67 Million

High purchase: \$500M | Average purchase: \$12.09M | Median purchase: \$2.80M

Banking Industry Update

According to the FDIC Quarterly Banking Profile, the banking industry finished the quarter with slightly lower earnings quarter over quarter, resulting in a return on assets (ROA) ratio of 1.13 percent. The decline was primarily attributable to an increase in provision expenses related to a large bank acquisition, absent which net income would have increased. Domestic deposits increased for the fourth consecutive quarter and loan growth accelerated. The banking industry continued to have strong capital and liquidity levels, which support lending and protect against potential losses. At the same time, institutions continue to navigate weakness in certain loan portfolios and elevated unrealized losses, among other challenges.

Quarterly net income decreased from the prior quarter and was led by an increase in provision expenses related to a large bank acquisition. The industry's NIM was relatively flat, up one basis point from the prior quarter to 3.26 percent, which is above the pre-pandemic average of 3.25 percent.

BOLI Yield vs. Treasury Yield

Treasury yields increased during the second quarter with the 10-year Treasury reaching a low of 4.01% on 4/4/2025 and a high of 4.58% on 5/21/2025. More recently, the 10-year Treasury yield has decreased and closed at 4.05% as of 9/8/2025. After cutting its benchmark rate by a total of 100 basis points at its last three meetings in 2024, the Federal Reserve has left the rate unchanged at its five meetings in 2025. There continues to be speculation that the Fed may cut rates at its September 2025 meeting.

Taking into consideration these continued headwinds, BOLI remains an attractive regulatory approved investment alternative. [BOLI](#) offers predictable and steady yields, no mark-to-market risk, tax-deferred earnings and minimum interest rates guarantees.

Table 2. Comparison of Sample Yield on \$10M BOLI Purchase vs. 10-Year Treasury

Year	BOLI		10-Year Treasury	
	Cumulative IRR On Cash Value	Pre-Tax Equiv IRR On Cash Value	Annual Yield	After-Tax Yield
1	4.57%	6.44%	4.05%	3.20%
5	4.54%	6.40%	4.05%	3.20%
10	4.54%	6.39%	4.05%	3.20%
15	4.52%	6.36%	4.05%	3.20%
20	4.48%	6.31%	4.05%	3.20%
25	4.44%	6.25%	4.05%	3.20%

Bank Owned Life Insurance - BOLI

[Bank-Owned Life Insurance \(BOLI\)](#) is life insurance purchased by a bank on its key employees (typically limited to the top 35% most highly compensated employees). BOLI is a stable, low-risk source of financing that can generate gains to offset the rapidly rising cost of providing employee benefits, such as medical, group life, supplemental life, and qualified retirement plan expenses.

BOLI can also be used as a tool to informally fund nonqualified executive benefit plans. Typically, the bank pays the premiums and is the owner and beneficiary of the insurance policies. The death benefit proceeds can be used to defray the costs of overall health and employee benefits for the bank.

If you would like to [learn more](#) about BOLI or have a relationship with a bank that you believe could be a good prospect, please contact Michael Nolan at NolanM@nolanfinancial.com or by phone at (888) 886-9128.

Sources and Assumptions

1. Q2-2025 FDIC call report data for U.S. banks.
2. BOLI yield based on sample 45-year-old male insured with guaranteed issue underwriting on a \$10M BOLI transaction. Pre-tax equivalent BOLI IRR assumes a 29% combined corporate tax rate (21% federal and 8% state). 10-year Treasury yield as of 9/8/2025. After-tax Treasury yield assumes a 21% federal corporate tax rate.