

BOLI Market Update Q3-2025:

Bank Owned Life Insurance Activity Continues to Remain Steady

Q3-2025 BOLI Activity

Our analysis of Q3-2025 FDIC call report data shows the estimated number of purchases of Bank Owned Life Insurance, [BOLI](#), increased compared to the prior quarter. However, total premium purchased decreased compared to the prior quarter. There were an estimated 81 BOLI purchases of \$1 million or greater in Q3-2025. These 81 purchases totaled approximately \$593.97 million of estimated premium written. Table 1 below provides a breakdown of the BOLI purchases of \$1 million or greater.

Table 1. Q3-2025 Estimated BOLI Purchases of \$1 Million or Greater

Purchase Type	Estimated # of Purchases	Estimated Total Premium
New Purchase	5	\$14.50 Million
Additional Purchase	76	\$579.47 Million
Total	81	\$593.97 Million

High purchase: \$165M | Average purchase: \$7.33M | Median purchase: \$2.50M

Banking Industry Update

According to the FDIC Quarterly Banking Profile, the banking industry finished the quarter with higher earnings quarter over quarter, resulting in a return on assets (ROA) ratio of 1.27 percent. Strong net interest income growth and a reduction in provision expense, primarily related to last quarter's large bank acquisition, drove the quarterly increase in earnings. Domestic deposits increased for the fifth consecutive quarter and loan growth continued. The banking industry continued to have strong capital and liquidity levels, which support lending and protect against potential losses.

Quarterly net income increased from the prior quarter and was driven by robust growth in net interest income and a decline in provision expense associated with last quarter's large bank acquisition. The industry's net interest margin (NIM) increased 9 basis points from the prior quarter to 3.34 percent, which is above the pre-pandemic average of 3.25 percent. NIM increased across all asset-size cohorts.

BOLI Yield vs. Treasury Yield

Treasury yields decreased during the third quarter with the 10-year Treasury reaching a high of 4.50% on 7/15/2025 and a low of 4.01% on 9/11/2025. More recently, the 10-year Treasury yield has remained fairly steady and closed at 4.12% as of 12/18/2025. The Federal Reserve cut its benchmark rate by 25 basis points at each of its meetings in September, October, and December 2025.

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	4.82%	6.79%	4.12%	3.25%
5	4.73%	6.67%	4.12%	3.25%
10	4.65%	6.55%	4.12%	3.25%
15	4.58%	6.45%	4.12%	3.25%
20	4.52%	6.36%	4.12%	3.25%
25	4.45%	6.27%	4.12%	3.25%

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. Q3-2025 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 12/18/2025. After-tax Treasury yield assumes a 21% federal corporate tax rate.