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Michael White Associates is pleased to distribute BankInsurance.com News, a monthly publication that distills the most important news stories in the bank insurance and investment marketplace. Visit BankInsurance.com regularly for timely industry news and analysis, as well as up-to-date information about MWA consulting products and services. No other site offers as much information, knowledge and understanding of the bank insurance and investment market as www.BankInsurance.com.

NOVEMBER 1 - 6, 2011

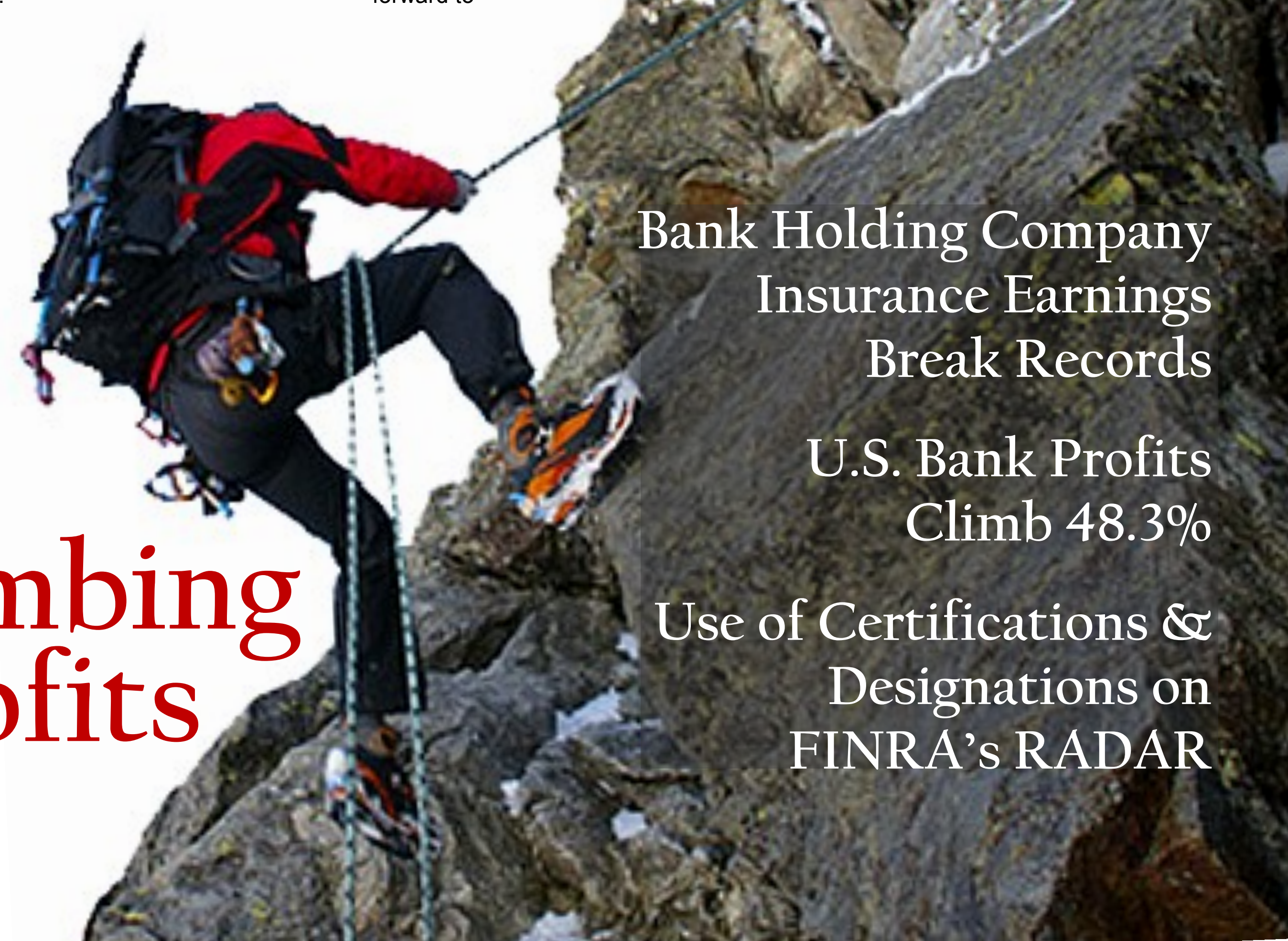
COMERICA TO SERVE AS SOUTHWEST SECURITIES' PROFESSIONAL TRUSTEE

Dallas, TX-based, $54.1 billion-asset Comerica Bank & Trust (Comerica) has agreed to serve as the professional trustee for Dallas-based Southwest Securities, an agreement that enables the broker-dealer to offer trust administration services to its customers. Southwest Securities will maintain custody of the assets held in the trusts, and Southwest Securities Investment Management Group (IMG) will administer the trust platform. Comerica has similar trustee arrangements with nine other broker-dealers operating throughout the U.S.

FED NIXES METLIFE'S DIVIDEND INCREASE AND STOCK REPURCHASE PLANS

New York City-based MetLife will not be increasing its annual dividend or repurchasing some of its stock as planned by the company. The Federal Reserve, which oversees the bank holding company, refused to approve either move and determined that "the company's planned capital actions should be tested under a revised adverse macroeconomic scenario which is being developed for those firms [including MetLife] that will participate in the 2012 Comprehensive Capital Analysis and Review," MetLife announced.

MetLife President and CEO Steven Kandarian said MetLife looks forward to receiving Federal Reserve approval early next year and added, "We continue to move forward in our plans to explore the sale of the depository business and the mortgage origination activity conducted at MetLife Bank and to take the steps to no longer be a bank holding company…. [This will enable MetLife] to operate on a level regulatory playing field with other insurance companies."



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VANTISLIFE REPORTS 29% GROWTH IN BANK LIFE INSURANCE SALES

Windsor, CT-based VantisLife Insurance Company reported its life insurance and annuity sales through U.S. financial institutions jumped 29% in the first nine months of 2011 compared to the first nine months of 2010. VantisLife Senior Vice President Craig Simms said, “Our focus on selling life insurance though financial institutions continues to pay dividends.” Vantis offers its products through licensed bankers using online technology backed by Vantis wholesaling, marketing and training support.

A.M. Best described VantisLife as “the only bank distribution-focused life insurer that offers a full selection of easy-to-sell simplified issue and fully underwritten products from a web-based platform.”

SEC ORDERS FINRA TO CEASE DOCUMENT TAMPERING

The U.S. Securities and Exchange Commission (SEC) has ordered the Financial Industry Regulatory Authority (FINRA) to hire an independent consultant and take all necessary measures to improve its policies, procedures and training for producing documents during SEC inspections. At the same time, the Securities and Exchange Commission ordered FINRA to cease and desist from altering documents for SEC inspection and violating Section 17(a) and Rule 17a-1 of the Exchange Act.

The Securities and Exchange Commission action arose after FINRA reported to the SEC that, on August 7, 2008, the Director of FINRA’s Kansas City District office altered the minutes of staff meetings that occurred on August 28, 2006, September 22, 2006, and January 31, 2007. The alterations included deleting and editing information and substituting the Director’s signature for that of the author of the minutes. The violations were reported to FINRA by an anonymous whistleblower and were the third example of altered documents that the Kansas City District office had presented to the Securities and Exchange Commission over an 8-year period. FINRA neither admitted nor denied the findings but agreed to the orders.

To read the entire order, click here.

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WEALTH MANAGEMENT CLIENTS WANT MORE ONLINE ACCESS & STRAIGHT ADVICE

The vast majority (82%) of wealth management clients would prefer to access their financial statements on line, and 50% would like their wealth management firm to upgrade its technology to support a broader, more interactive online relationship between client and advisor, according to a study conducted by Oaks, PA-based SEI. At the same time, 75% fault their advisors for not "filtering out the noise" and providing them with straightforward, focused and relevant information, SEI found.

Wealth managers see things differently. Only 4% view online communication via a web portal as a priority, and just 33% believe email communication is a priority. After completing 250 in-depth interviews with wealth management clients and advisors, SEI concluded that "firms that invest in technology will better respond to ever-changing client needs." SEI Senior Vice President Jim Morris said, "These firms and their advisors will be the winners in the future." *For more on SEI's Communication in the Information Age, click here*.

ARIZONA REGULATORS SEIZE PMI MORTGAGE

Arizona regulators have taken control of Phoenix, AZ-based PMI Mortgage Insurance Company and capped its claims payments at 50% with the remaining amount deferred. At the end of the second quarter, PMI's policyholder position was $320.3 million below the minimum required by Arizona law, prompting regulators to ban the mortgage insurer from selling new policies.

PMI Mortgage Insurance parent, Walnut Creek, CA-based PMI Group is the nation's fourth largest mortgage guaranty insurer with a 17.2% market share. Since 2007, however, the company has reported year-end net losses. In 2010 the net loss widened to $773 million from a net loss of $659.3 million in 2009. The parent's financial position could be improving, however. In the first half of 2011, PMI Group reported a net loss of $261.6 million, as the number of PMI primary loans in default dipped 3.3% from the first quarter to 115,742, *BestNews* reports.

INVESTMENT ADVISORS BY FAR FAVOR MUTUAL FUNDS

Almost half (47.3%) of investment advisors choose mutual funds as the most important investment vehicle for their clients' assets. According to 15.9%, separately managed accounts/unified managed accounts are most important. Slightly fewer (14.1%) prefer stocks; 11.7% look to exchange-traded funds (ETFs); 10.2% see annuities as most important; and less than 1% (0.7%) think its most important to invest their clients assets in hedge funds, according to the 2011 *InvestmentNews* Industry Attitude Survey. *For more on this survey completed by over 600 advisors, click here*.

WISCONSIN REQUESTS HEALTHCARE ACT WAIVER

Wisconsin has requested a waiver from implementing the medical loss ratio provision in the Healthcare Act signed into law last year by President Obama. The loss ratio provision requires health insurers to spend at least 80% of health insurance premiums on medical care or reimburse customers for any differences. Wisconsin is the 16th state to request a healthcare law waiver.

PRUDENTIAL TO SELL STAKE IN MEXICO-BASED PENSION FUND MANAGER TO BANORTE

Newark, NJ-based Prudential Financial has agreed to sell its stake in Mexico City, Mexico-based Afore XXI, S.A., a private pension fund manager, to Monterrey, Mexico-based Banorte, one of the country's major banks. Prudential expects to receive about $200 million in proceeds from the sale when the deal closes by the end of 2011, pending regulatory approval. The sale does not affect Prudential's other businesses in Mexico, including life insurer Prudential Seguros, Prudential Real Estate Investors and Prudential Relocation.

PT BANK DANAMON & MANULIFE INDONESIA FORM BANCASSURANCE PARTNERSHIP

Jakarta, Indonesia-based PT Bank Danamon Indonesia Tbk (Danamon) and PT Asuransi Jiwa Manulife Indonesia (Manulife Indonesia) have agreed to form a bancassurance partnership beginning July 1, 2012. Danamon President Henry Ho said, "Danamon and Manulife Indonesia share the vision that the benefits of insurance and investment management products should be more accessible to people across the country." Manulife Indonesia President and CEO Alan Merton added, "Danamon's position as a universal bank serving a wide range of customer segments and Manulife Indonesia's comprehensive range of reliable products [will] serve the growing insurance and wealth management needs of the Indonesian community."

Danamon operates 2,300 branches throughout Indonesia, and Manulife Indonesia operates offices in 24 cities across the country, offering life insurance, annuities and employee benefits as well as mutual funds and asset management services through affiliate Manulife Asset Management Indonesia. Manulife Indonesia Senior Vice President Hans de Waal said, "We see the success of this partnership leading to the improvement of insurance penetration rates in Indonesia." Danamon Director of Consumer Banking Michellina Triwardyhany added, "We see a significant growth of our fee-based incomes in the medium to long-term from this strategic partnership."

INSURANCE EARNINGS UP 8% AT REGIONS FINANCIAL

Birmingham, AL-based, $130 billion-asset Regions Financial reported insurance brokerage fee income in the third quarter grew 8% to $27 million, up from $25 million in third quarter 2010, while trust income remained flat at $49 million and combined brokerage, investment banking and capital markets (BIC) fee income fell 15.6% to $217 million, down from $257 million. Insurance, trust and BIC fee income comprised, respectively, 3.6%, 6.6% and 29.1% of noninterest earnings, which slipped 0.7% to $745 million, down from $750 million in third quarter 2010.

Net interest income on a 3.02% net interest margin soared 366% to $503 million, up from $108 million in third quarter 2010, reflecting a $405 million drop in loan loss provisions to $355 million. Net income of $101 million compared with a third quarter 2010 loss of $209 million. Regions President and CEO Grayson Hall described the results as reflecting the execution of the company's business plan and said, "We believe that focusing on the customer, enhancing enterprise-wide risk management and building sustainable performance are keys to our long term success."

Regions said it estimates that the implementation of the Durbin Amendment debit card interchange fee rule will cost Regions $170 million in annual fees. Regions, however, intends to mitigate the impact through account structure changes, new fees, products and services, and expense management.

In 2010, Regions Financial earned $107.9 million in insurance brokerage income, which comprised 3.7% of its noninterest income and 1.7% of its net operating revenue. Excluding traditional life insurer MetLife, the company ranked 9th in insurance brokerage earnings among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

GROWING INSURANCE EARNINGS COMPRISE 25% OF FIRST NIAGARA'S NONINTEREST INCOME

Buffalo, NY-based, $31 billion-asset First Niagara Financial Group reported insurance brokerage fee income in the third quarter grew 24.5% to $16.89 million, up from $13.57 million in third quarter 2010; wealth management fees climbed 33.5% to $7.93 million, up from $5.94 million, and bank-owned life insurance (BOLI) income rose 32.4% to $2.74 million, up from $2.07 million. Insurance brokerage, wealth management and BOLI income comprised, respectively, 24.6%, 11.5% and 4.0% of noninterest earnings, which jumped 38.7% to $68.66 million from $49.51 million in third quarter 2010, helped by organic growth and the second quarter acquisition of Alliance Bancshares.

Net interest income on a 3.48% net interest margin climbed 47.0% to $220.93 million, up from $150.28 million despite a $3.5 million increase in loan loss provisions to $14.5 million, and helped by a $12.36 million cut in interest expense and driven by an $86.51 million increase in interest income achieved organically and by acquisition. Net income grew 25.0% to $56.98 million, up from $45.60 million despite $16.33 million in restructuring charges and an additional $7.09 million in merger and integration expenses compared to the year before. First Niagara Financial Group President and CEO John Koelmel said, "Strong fundamentals drove positive results again this quarter, as we continue to take market share, grow our customer base and diversify revenue sources."

In 2010, First Niagara earned $50.2 million in insurance brokerage income, which comprised 28.2% of its noninterest income and 6.4% of its net operating revenue. Excluding traditional life insurer MetLife, the company ranked 16th in insurance brokerage earnings among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

BOLI INCOME JUMPS 43%, INSURANCE BROKERAGE RISES 8.4% AT PEOPLE'S UNITED

Bridgeport, CT-based, $27 billion-asset People's United Financial reported insurance brokerage fee income in the third quarter increased 8.4% to $9 million, up from $8.3 million in third quarter 2010. Investment management fees grew 10.5% to $8.4 million, up from $7.6 million. Bank-owned life insurance (BOLI) income jumped 42.9% to $2 million, up from $1.4 million, and brokerage commissions remained flat at $2.8 million. Insurance brokerage, investment management, BOLI and brokerage earnings comprised, respectively, 10.6%, 9.9%, 2.4% and 3.3% of noninterest income, which climbed 24.6% to $84.7 million, up from $68 million in third quarter 2010, helped by $8.6 million in securities gains and increased noninterest revenue tied to the July 1 acquisition of Danvers, MA-based, $2.1 billion-asset Danvers Bancorp.

Net interest income on a 4.11% net interest margin jumped 46.5% to $225.6 million, up from $154 million in third quarter 2010, helped by a $7.4 million drop in loan loss provisions to $14.4 million and a $66.5 million increase in organic and acquisition-driven interest income to $274 million. Net income more than doubled to $52.9 million, up from $24.1 million in third quarter 2010. People's United Financial President and CEO Jack Barnes said, "Our emphasis on building lasting relationships throughout our franchise and continuing to cross-sell our products across all lines of business are key contributors to our organic growth and strong operating performances."

TRUST, BOLI & RETAIL COMMISSIONS COMPRISE OVER 40% OF ASSOCIATED BAN-CORP'S NONINTEREST EARNINGS

Green Bay, WI-based, $22 billion-asset Associated Ban-Corp reported trust fees in the third quarter rose 3.5% to $9.79

million, up from $9.46 million in third quarter 2010, and income from bank-owned life insurance (BOLI) increased 6.2% to $3.99 million, up from $3.76 million, while retail commissions slipped 1.5% to $15.05 million, down from $15.28 million. Trust, BOLI income and retail commissions comprised, respectively, 13.7%, 5.6%, 21.0% of noninterest income, which fell 12.5% to $71.68 million, down from $81.90 million in third quarter 2010, when service charges on deposit accounts and mortgage banking earnings were, respectively, $3.9 million and $4.49 million greater.

Net interest income on a 3.23% net interest margin surged 66% to $149.16 million, up from $59.26 million in third quarter 2010, driven by a $60 million drop in loan loss provisions to $4 million and a $10.4 million cut in interest expense, which more than compensated for an $11.1 million decline in interest income to $185.1 million. Net income after a $5.6 million increase in noninterest expense almost quintupled to $34.03 million, up from $6.92 million in third quarter 2010. Associated Ban-Corp President and CEO Philip Flynn said, “We are pleased with our improving results. Our focus remains on meeting the needs of our customers and investing in our core businesses.”

In 2010, Associated Ban-Corp earned $42.8 million in insurance brokerage income, which comprised 13.8% of its noninterest income and 4.5% of its net operating revenue. Excluding traditional life insurer MetLife, the company ranked 17th in insurance brokerage earnings among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

HANCOCK HOLDING’S INSURANCE, SECURITIES & TRUST EARNINGS CLIMB ON ORGANIC GROWTH & WHITNEY ACQUISITION

Gulfport, MS-based, $19.4 billion-asset Hancock Holding Company, which completed its acquisition of New Orleans, LA-based, $11.7 billion-asset Whitney Holding Corp. in June 2011, reported insurance brokerage fee income in the third quarter grew 23.2% to $4.36 million, up from $3.54 million in third quarter 2010; investment and annuity fee income climbed 59.5% to $4.64 million, up from $2.91 million; and trust fees jumped 74.4% to $7.22 million from $4.14 million. Insurance brokerage, investment and annuity fee income and trust fees comprised, respectively, 6.7%, 7.1% and 11.1% of noninterest income, which surged 84.5% to $64.95 million, up from $35.21 million in third quarter 2010, before the Whitney acquisition.

Net interest income on a 4.32% net interest margin more than tripled to $170.83 million, up from $53.45 million in third quarter 2010, reflecting the Whitney acquisition and a $7 million decrease in loan loss provisions to $9.26 million. Net income more than doubled to $30.38 million, up from $14.85 million in third quarter 2010, and included the U.S. Justice Department’s forced sale of 8 Whitney branches. Hancock President and CEO Carl Chaney said, “Results for the third quarter better reflect the long-term earnings potential of this newly combined company.” Chaney added, “I look forward to what the future holds for this premiere Gulf Coast franchise.”

In 2010, Hancock Holding Company earned $11.0 million and $16.7 million, respectively, in insurance brokerage and fiduciary income, which comprised 8.3% and 12.5% of its noninterest income. The company ranked 45th in insurance brokerage earnings and 53rd in fiduciary income among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

BENEFITS COMMISSIONS DRIVE INSURANCE EARNINGS UP 11.4% AT CULLEN/FROST

San Antonio, TX-based, $18.8 billion-asset Cullen/Frost Bankers reported insurance brokerage fee income in the third quarter grew 11.4% to $9.57 million, up from $8.59 million in third quarter 2010, driven by a $736,000 increase in benefits commissions, $243,000 of which were generated by Clark Benefit Group, acquired by the company in May 2011. Trust fees, driven by increased investment fees, increased 8.1% to $18.41 million, up from $17.03 million in third quarter 2010. Insurance brokerage and trust fees comprised, respectively, 12.1% and 23.2% of noninterest income, which grew 12.5% to $79.22 million, up from $70.43 million, helped additionally by a $6.41 million gain on securities transactions

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compared to zero such gains in third quarter 2010.

Net interest income on a 3.81% net interest margin rose 4.1% to $151.57 million, up from $145.60 million in third quarter 2010, reflecting growing interest earnings and a $1.1 million drop in loan loss provisions. Noninterest expense, reflecting the opening of three new financial centers in the quarter, grew by almost $5 million, impacting net income, which slipped 0.9% to $54.51 million, down from $55 million in third quarter 2010. Cullen/Frost CEO Dick Evans said, “In a lending environment that remains challenging, with individuals and businesses remaining cautious and paying down debt, we continue to add relationships. We are seeing the results of our disciplined calling and team setting efforts in the expansion of our customer base, which should drive future growth.”

In 2010, Cullen/Frost Bankers earned $34.2 million in insurance brokerage income, which comprised 12.6% of its noninterest income. Excluding traditional life insurer MetLife, the company ranked 24th in insurance brokerage earnings among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

WEBSTER FINANCIAL REPORTS RISING WEALTH & INVESTMENT SERVICES FEE INCOME

Waterbury, CT-based, $18 billion-asset Webster Financial reported wealth and investment services fee income in the third quarter rose 4.3% to $6.49 million, up from $6.22 million in third quarter 2010, while income from bank-owned life insurance (BOLI) remained basically steady at $2.64 million compared to $2.68 million in third quarter 2010. Wealth and investment services and BOLI income comprised, respectively, 14.0% and 5.7% of noninterest income, which slipped 2.2% to $46.21 million, down from $47.27 million in third quarter 2010, when the company recorded a $1.26 million net gain on investment securities.

Net interest income on a 3.45% net interest margin climbed 23.4% to $135.38 million, up from $109.73 million in third quarter 2010, reflecting a $20 million drop in loan loss provisions to $5 million and an $8.69 million cut in interest expense, both of which more than compensated for a $3 million decrease in interest income to $173.25. Net income jumped 133.7% to a $41.55 million, up from $17.78 million in third quarter 2010. Webster Chairman and CEO James Smith said, “Recent events in consumer banking underscore the increasing competitive advantage we have as a community focused bank that appeals to local customers seeking value and personal attention in their banking relationships.”

In 2010, Webster Financial earned $6.83 million in annuity fee income, which comprised 3.7% of its noninterest income. The company ranked 31st in annuity earnings among all bank holding companies in the United States, according to the *Michael White-ABIA Bank Annuity Fee Income Report*.

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BB&T INSURANCE SERVICES ACQUIRES "GAME-CHANGING" CALIFORNIA AGENCY

Raleigh, NC-based BB&T Insurance Services, the insurance brokerage unit of Winston-Salem, NC-based, $168 billion-asset BB&T Corp., has acquired Irvine and San Ramon, CA-based Precept Group, an employee benefits and administrative services agency that specializes in health insurance plans for middle-market and large corporate clients.

BB&T Insurance Services of California President and CEO Martin Loth described the acquisition as "a game-changer" that expands his agency system's ability to offer employers cost-effective health insurance plans that meet the expanded requirements of recent U.S. healthcare legislation. BB&T Insurance Services Chairman and CEO Wade Reece added, "This acquisition positions us as a leader in this space at the most opportune time imaginable."

In 2010, BB&T Corp. reported $933.3 million in insurance brokerage income, which comprised 33.0% of its noninterest income and 11.5% of its net operating revenue. The company ranked third in insurance brokerage earnings among BHCs engaged in significant banking activities, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

U.S. PROPERTY & CASUALTY PREMIUMS RATES MORE UP THAN DOWN IN OCTOBER

U.S. property and casualty (P&C) insurance rates in October were generally in line with September's rates, according to Dallas-based MarketScout. By coverage class, commercial property and workers compensation rates each rose 2% over September rates; business owner policies (BOP), directors and officers (D&O) liability, employee practices liability insurance (EPLI) and surety rates increased 1%; business interruption, inland marine, general liability, commercial auto, professional liability, fiduciary and crime renewal rates remained flat; and umbrella/excess rates declined 1%.

By account size, small account rates rose 2%, and medium accounts increased 1%, and large and jumbo account rates remained flat compared to September. By industry class, transportation rates grew 3%, energy increased 2%, and contracting and habitational rates rose 1%; manufacturing and servicing rates remained flat, and rates for public entities fell 1%, according to pricing surveys conducted by the National Alliance for Insurance Education and Research and analyzed by MarketScout. Looking at the overall two-month rate trend, MarketScout CEO Richard Kerr described the P&C industry as "on the cusp of a composite rate increase."

WILLIS EXPECTS SURGE IN INSURANCE DEMAND IN 2012

North American insurers are prepared to meet "a surge in demand for insurance and risk-related services," according to New York City-based Willis Group Holding Chairman and CEO Joe Plumeri. Looking ahead to 2012, Willis expects insurance rates for catastrophe-exposed properties to climb 7.5% to 12.5%, while rates for non-catastrophe-exposed properties remain flat or declined slightly. Rates for excess/umbrella, workers' compensation and auto lines are expected to increase slightly or remain flat, while cyber, directors and officers (D&O), employee practices liability, errors and omissions (E&O), fidelity and fiduciary are expected to decrease or remain flat.

In contrast to the predictions for flat or moderate rate increases and decreases for all property and casualty coverages except catastrophe-exposed properties, Willis anticipates a 10% to 12% climb in employee benefit plan costs, driven by what it describes as the "costly burden" of complying with U.S. healthcare legislation. *For more on Willis' report, Marketplace Realities: Solid Footing and a Foundation for Growth, click here*.

HEALTH INSURANCE RATES SHOULD REFLECT LIFE STYLE, SURVEY SAYS

Over half (58.5%) of U.S. adults believe smokers should pay more for health insurance than nonsmokers, and 30.7% believe overweight and obese individuals should pay more than "normal" weight individuals, according to a Thomson Reuters-NPR telephone survey conducted during the first two weeks of September. Thomson Reuters Chief Medical Officer Raymond Fabius, M.D., however, noted, "Our research shows that obesity is a much higher driver of healthcare costs than smoking."

FINANCIAL STABILITY BOARD NAMES 29 SYSTEMICALLY IMPORTANT FINANCIAL INSTITUTIONS

The Basel, Switzerland-based Financial Stability Board (FSB) has developed policy measures to deal with risks associated with systemically important financial institutions (SIFIs) and has generated a list of 29 global financial institutions which it has determined are currently systemically important. Among those institutions are eight U.S. companies, including Charlotte, NC-based, $2.26 trillion-asset Bank of America Corp.; New York City-based, $305 billion-asset Bank of New York Mellon; New York City-based, $1.96 trillion-asset Citigroup; New York City-based, $937.2 billion-asset Goldman Sachs Group; New York City-based, $2.25 trillion-asset JPMorgan Chase; New York City-based, $830.7 billion-asset Morgan Stanley; Boston, MA-based State Street; and San Francisco, CA-based, $1.26 trillion-asset Wells Fargo & Co.

Completing the list of twenty-nine SIFIs are the following: Beijing, China-based Bank of China; Paris, France-based Banque Populaire CdE; London, England-based Barclays; Paris, France-based BNP Paribas; Frankfurt, Germany -based Commerzbank; Zurich, Switzerland -based Credit Suisse; Frankfurt, Germany -based Deutsche Bank; Brussels, Belgium-based Dexia; Paris, France-based Group Credit Agricole; London, England-based HSBC; Amsterdam, Netherlands-based ING Bank; London, England-based Lloyds Banking Group; Tokyo, Japan-based Mitsubishi UFJ FG; Tokyo, Japan-based Mizuho GF; Stockholm, Sweden-based Nordea; Edinburgh, Scotland-based Royal Bank of Scotland; Boadilla del Monte, Spain-based Santander; Nanterre, France-based Societe Generale; Tokyo, Japan-based Sumitomo Mitsui FG; Zurich, Switzerland-based UBS; and Milan, Italy-based UniCredit Group.

The G20 Leaders endorsed the policy measures the FSB developed to address the risks posed by SIFIs at its November 2011 meeting in Cannes.
To access those measures, click here.

GENEVA ASSOCIATION WARNS AGAINST APPLYING BANKING PRINCIPLES TO INSURANCE

The Geneva, Switzerland-based International Association for the Study of Insurance Economics (The Geneva Association) has sent an Open Letter to the Finance Ministers and Central Bank Governors of the G20, making clear its position that "traditional insurance activities do not give rise to systemic risk" and that "a direct and crude transfer of banking regulation into the insurance sector will impair the insurance industry's capacity to play its economic role."

The Geneva Association warns: "It would be counterproductive if considerations aimed at solving issues chiefly located in the banking sector [such as systemically important financial institutions (SIFIs) designations] would, through unintended consequences of an inappropriate designation methodology or an application of unsuitable resolution schemes, threaten the risk-carrying and –transferring capacity of the insurance sector."

To read the Open Letter, click here.

TRUST EARNINGS RISE AT FIRSTMERIT

Akron, OH-based, $14.6 billion-asset FirstMerit Corp reported combined insurance and investment services fee income in the third quarter fell 26.8% to $1.97 million, down from $2.69 million in third quarter 2010, and bank-owned life insurance (BOLI) income slipped 1.2% to $3.18 million, down from $3.22 million, while trust department earnings rose 2.6% to $5.61 million, up from $5.47 million. Insurance and investment services earnings, BOLI income and trust earnings comprised, respectively, 3.2%, 5.2% and 9.2% of noninterest income, which grew 10.2% to $60.77 million, up from $55.14 million in third quarter 2010, helped by a $4.34 million increase in net securities gains, which compensated for a $2.9 million drop in loan sales and servicing income.

Net interest income on a 3.74% net interest margin fell 4.6% to $100.02 million, down from $104.79 million in third quarter 2010, despite a $7.68 million cut in interest expense and a nominal rise ($621,000) in loan loss provisions to $19.37 million, as total interest income dropped by $11.78 million to $133.56 million. Net income increased 9.4% to $31.74 million, up from $29.00 million, helped by a $4.71 million cut in noninterest expense. FirstMerit Chairman, President and CEO Paul Greig said, "Our third quarter results reflect exceptional performance in challenging times…. Even as

the economy continues to struggle, we are building shareholder value through our dedication to sound banking principles."

In 2010, FirstMerit Corp. earned $21.95 million in fiduciary income, which comprised 10.6% of its noninterest income and 3.3% of its net operating revenue. The company ranked 48th in ficuiary earnings among all bank holding companies, according to the *Michael White Bank Trust Fee Income Ratings Report*.

GROWING INSURANCE & BOLI INCOME COMPRISE 27% OF NONINTEREST INCOME AT VALLEY NATIONAL

Wayne, NJ-based, $14 billion-asset Valley National Bancorp reported insurance brokerage fee income in the third quarter climbed 33.6% to $3.42 million, up from $2.56 million in third quarter 2010, and income from bank-owned life insurance (BOLI) grew 17.1% to $1.99 million, up from $1.70 million, while trust and investment services (TIS) earnings declined 8.3% to $1.77 million, down from $1.93 million. Insurance brokerage, BOLI and TIS income comprised, respectively, 16.9%, 9.9% and 8.8% of noninterest earnings, which grew 16.6% to $20.20 million, up from $17.33 million in third quarter 2010, when the company recorded $2.63 million in net impairment losses on securities.

Net interest income on a 3.86% net interest margin rose 5.3% to $114.15 million, up from $108.43 million in third quarter 2010, reflecting a $1.05 million increase in interest income, a $3.15 million cut in interest expense, and a $1.53 million decrease in loan loss provisions to $7.78 million. Net income, despite a $2.72 million increase in noninterest expense, rose 8.3% to $35.36 million, up from $32.64 million in third quarter 2010. Valley National Chairman, President and CEO Gerald Lipkin said, "Given the current sluggish operating environment, we believe our performance continued to be very solid during the third quarter."

In 2010,Valley National earned $11.3 million in insurance brokerage income, which comprised 13.4% of its noninterest income and 2.1% of its net operating revenue. Excluding traditional life insurer MetLife, the company ranked 45th in insurance brokerage earnings among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

INSURANCE EARNINGS REMAIN TOP CONTRIBUTOR TO BANCORPSOUTH'S NONINTEREST INCOME

Tupelo, MS-based, $13.2 billion-asset BancorpSouth Inc. reported insurance brokerage fee income in the third quarter increased 5.7% to $22.01 million, up from $20.83 million in third quarter 2010,retaining its position as the largest contributor to noninterest earnings. Trust income also increased, rising 2.5% to $2.85 million, up from $2.78 million. Insurance brokerage and trust income comprised, respectively, 35.5% and 4.6% of noninterest earnings, which fell 11.0% to $62.06 million, down from $69.75 million in third quarter 2010, impacted by a $1.44 million loss in mortgage lending compared to an $8.9 million gain in mortgage lending in third quarter 2010, when service charges on deposit accounts were also $1.29 million higher.

Net interest income on a 3.66% net interest margin jumped 51.3% to $82.96 million, up from $54.83 million in third quarter 2010, driven by a $29.74 million drop in loan loss provisions to $25.11 million, and a $10.89 million cut in interest expense, which more than made up for a $12.49 million decline in interest revenue to $132.40 million. Net income after $7.61 million in increased noninterest expense, almost half of which was tied to the closure of 22 branches, rose 6.0% to $11.93 million, up from $11.26 million in third quarter 2010. BancorpSouth Chairman and CEO Aubrey Patterson said, "Our community banking operations again produced consistent, solid results… Our noninterest revenue businesses remained resilient … [and] our insurance business generated further organic growth compared with 2010."

In 2010, BancorpSouth earned $82.6 million in insurance brokerage income, which comprised 34.0% of its noninterest income and 12.0% of its net operating revenue. Excluding traditional life insurer MetLife, the company ranked 11th in insurance brokerage earnings among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

INSURANCE, TRUST & SECURITIES BROKERAGE REVENUE GROW AT F.N.B. CORP.

Hermitage, PA-based, $9.95 billion-asset F.N.B. Corp. reported insurance commissions and income in the third quarter rose 2.1% to $4.00 million, up from $3.92 million in third quarter 2010. Trust income grew 15.6% to $3.57 million, up from $3.08 million; and securities commissions and fees increased 3.6% to $1.86 million, up from $1.79 million. Insurance brokerage, trust and securities brokerage fee income comprised, respectively, 13.5%, 12.0% and 6.3% of noninterest income, which rose 6.8% to $29.63 million, up from $27.75 million in third quarter 2010.

Net interest income on a 3.79% net interest margin grew 19.8% to $73.84 million, up from $61.62 million in third quarter 2010, reflecting a $5.2 million increase in interest revenue, a $3.39 million cut in interest expense, and a $3.74 million drop in loan loss provisions to $8.57 million. Net income climbed 38.1% to $23.77 million, up from $17.22 million in third quarter 2010, despite a $5 million increase in noninterest expense. F.N.B. Corp. CEO Stephen Gurgovits noted, "Revenue growth was achieved for the eighth consecutive quarter." Gorgovits said, "The third quarter was another positive quarter for F.N.B."

In 2010, F.N.B. Corp. earned $13.2 million and $12.7 million, respectively, in insurance brokerage and fiduciary income, which comprised 11.4% and 11.0% of its noninterest income. The company ranked 40th in insurance brokerage earnings and 73rd in fiduciary income among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report* and the *Michael White Bank Trust Fee Income Ratings Report*.

INSURANCE & WEALTH MANAGEMENT EARNINGS COMPRISE 30.5% OF TRUSTMARK'S NONINTEREST INCOME

Jackson, MS-based, $9.57 billion-asset Trustmark Corp. reported insurance brokerage fee income in the third quarter slipped 3.1% to $7.52 million, down from $7.75 million in third quarter 2010, while wealth management earnings grew 15.3%% to $5.99 million, up from $5.20 million. Insurance brokerage and wealth management earnings comprised, respectively, 17.0% and 13.5% of noninterest income, which ticked up 0.7% to $44.27 million from $43.98 million in third quarter 2010.

Net interest income on a 4.17% net interest margin rose 3.5% to $81.37 million, up from $78.64 million in third quarter 2010, driven by a $3.02 million cut in interest expense and a $4.28 million drop in loan loss provisions to $7.98 million. Net income, after a $1.06 million increase in noninterest expense, rose 4.3% to $26.97 million, up from $25.86 million in third quarter 2010. Trustmark President and CEO Gerard Host pointed to the impact of noninterest earnings on the company's bottom line and said, "Trustmark continued to post strong financial performance as reflected in expanded profitability in our mortgage banking, wealth management and insurance businesses."

In 2010, Trustmark earned $27.7 million and $17.3 million, respectively, in insurance brokerage and wealth management income, which comprised 18.9% and 11.8% of its noninterest income. The company ranked 28th in insurance brokerage earnings and 61st in wealth management income among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report* and the *Michael White Bank Wealth Management Fee Income Ratings Report*.

INSURANCE & GROWING BOLI & WEALTH MANAGEMENT EARNINGS DOMINATE 49% OF NATIONAL PENN'S NONINTEREST INCOME

Boyertown, PA-based, $8.6 billion-asset National Penn Bancshares reported insurance brokerage fee income in the third quarter slipped 2.6% to $3.41 million, down from $3.50 million in third quarter 2010, while income from bank-owned life insurance (BOLI) climbed 47.9% to $1.73 million, up from $1.17 million; and wealth management earnings increased 11.0% to $6.23 million, up from $7.00 million. Insurance brokerage, BOLI and wealth management income comprised, respectively, 14.7%, 7.5% and 26.9% of noninterest earnings, which dipped 1.4% to $23.14 million, down from $23.48 million in third quarter 2010.

Net interest income on a 3.46% net interest margin jumped 35.1% to $64.42 million, up from $47.69 million in third quarter 2010, driven by a $20 million drop in loan loss provisions to zero and a $7 million cut in interest expense, which compensated for a $10.31 million drop in interest revenue to $86.06 million. Net income, helped additionally by a $4 million cut in noninterest expense, more than doubled to $24.81 million, up from $10.30 million in third quarter 2010. National Penn Bancshares CEO Scott Fainor said, "We will continue to build on our positive momentum by remaining focused on serving our customers and on our initiatives to expand outreach to potential clients as we navigate through this period." Among those initiatives are plans "to further develop new and existing customer relationships by expanding delivery of banking, insurance, investments and trust services."

In 2010, National Penn earned $14.9 million and $23.9 million, respectively, in insurance brokerage and wealth management income, which comprised 15.0% and 24.1% of its noninterest income. The company ranked 37th in insurance brokerage earnings and 50th in wealth management income among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report* and the *Michael White Bank Wealth Management Fee Income Ratings Report*.

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U.S. BANK HOLDING COMPANIES' INSURANCE BROKERAGE EARNINGS BREAK RECORDS

Bank holding companies (BHCs) set new records in insurance brokerage fee income in the second quarter and year-to-date (YTD) in the first half of 2011, according to the *Michael White-Prudential Bank Insurance Fee Income Report*. BHC insurance brokerage income of $3.88 billion in second quarter 2011 was up 9.1% from $3.55 billion in second quarter 2010. First-half income of $7.86 billion was up 14.3% from $6.88 billion in first half 2010. Thus far in 2011, 62.4% of large top-tier BHCs engaged in insurance brokerage activities.

Compiled by Michael White Associates (MWA) since 2001 and sponsored by The Prudential Insurance Company of America's Individual Life Insurance business, a proud member of the American Bankers Insurance Association (ABIA), this report measures and benchmarks the banking industry's performance in generating insurance brokerage and underwriting fee income. Results are based on data from all 6,805 commercial banks and FDIC-supervised savings banks and 934 large top-tier bank holding companies operating on June 30, 2011.

"In first half 2011, the number of BHCs that grew or maintained their insurance brokerage revenues largely equaled those that didn't. We examined 154 BHCs with at least $1 million in annualized insurance brokerage income. While three BHCs had no growth, 74 BHCs showed positive growth in their insurance brokerage income, while 77 experienced declines. Thirty-six (36) had increases under 10%, and 40 had declines of less than 10%," said Michael White, President of MWA. "Thirty-eight achieved revenue increases over 10%, and 37 BHCs endured decreases greater than 10%. Across the country, insurance agencies and brokerages continue to be hampered by a difficult economy, soft insurance markets, and capital restraint on the part of many potential buyers, thereby inhibiting acquisition."

Among companies with significant banking activities as of June 30, 2011, Citigroup Inc. (NY) topped the leader board with insurance brokerage earnings of $1.12 Billion. Wells Fargo & Company (CA) ranked second nationally with $923.0 million; and BB&T Corporation (NC), which owns more agencies than any other financial holding company, ranked third with $492.7 million in insurance brokerage revenue in first half 2011. (Not included in the accompanying list of companies is MetLife, Inc., a traditional life insurer.)

Five of the top ten producers of insurance brokerage were BHCs chartered during the financial crisis: Morgan Stanley (NY), American Express (NY), The Goldman Sachs Group (NY), Discover Financial (IL) and Ally Financial (MI), the former GMAC Inc. But, these recently minted BHCs contributed only $41.76 million or 4.3% of the industry's $980.99 million or 14.3% increase in insurance brokerage income in first half 2011.

Bank holding companies over $10 billion in assets continued to have the highest participation (89.3%) in insurance brokerage activities. These BHCs produced $7.49 billion in insurance fee income in the first half of 2011, 15.2% more than the $6.50 billion they produced in first half 2010. These large bank holding companies accounted for 95.3% of all BHC insurance brokerage fee income earned in first half 2011.

TOP 12 BANK HOLDING COMPANIES IN INSURANCE BROKERAGE FEE INCOME YEAR-TO-DATE JUNE 30, 2011 - NATIONALLY

RANK	INSURANCE BROKERAGE FEE INCOME		% CHANGE 2Q 2010 - 2Q 2011	BANK HOLDING COMPANY		ASSETS	% OF NONINT. INCOME
	YTD 2Q2011	YTD 2Q2010					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$1,119,000	$771,000	45.14%	Citigroup Inc.	NY	$1,956,103,000	6.65%
2	$923,000	$1,005,000	-8.16%	Wells Fargo & Company	CA	$1,259,622,000	4.79%
3	$492,660	$484,042	1.78%	BB&T Corporation	NC	$159,307,350	38.08%
4	$171,000	$136,000	25.74%	Morgan Stanley	NY	$830,747,000	1.00%
5	$107,000	$93,555	14.37%	American Express Company	NY	$146,541,000	0.95%
6	$71,281	$67,966	4.88%	Discover Financial Services	IL	$64,304,907	7.64%
7	$68,000	$70,000	-2.86%	The Goldman Sachs Group	NY	$935,544,000	0.41%
8	$55,485	$54,713	1.41%	Regions Financial Corp.	AL	$130,907,840	4.02%
9	$50,000	$58,000	-13.79%	Ally Financial Inc.	MI	$178,889,000	1.44%
10	$45,715	$43,555	4.96%	BancorpSouth, Inc.	MS	$13,373,373	36.80%
11	$34,000	$53,000	-35.85%	JPMorgan Chase & Co.	NY	$2,244,903,000	0.12%
12	$33,138	$35,805	-7.45%	Huntington Bancshares Inc.	OH	$52,699,501	6.91%

SOURCE: Michael White - Prudential Bank Insurance Fee Income Report

"Our internet-based simplified issue products continue to enable the banks to grow their life insurance brokerage income and provide an opportunity to increase the non-fee revenue to the bank," said [Joan H. Cleveland, senior vice president, Business Development with Individual Life Insurance, The Prudential Insurance Company of America]. "These products were designed with the consumer in mind and allow banks to easily work with their customers to help meet their protection needs or create a legacy."

Among BHCs with assets between $1 billion and $10 billion, leaders in insurance brokerage income in the first half 2011 included Eastern Bank Corporation (MA), Stifel Financial (MO), Old National Bancorp (IN), Trustmark Corporation (MS), and Johnson Financial Group, Inc. (WI). BHCs of this size registered a 0.2% decrease in insurance brokerage income to $301.42 million in first half 2011, down from $302.05 million in first half 2010.

Among BHCs with assets between $500 million and $1 billion, leaders were Two Rivers Financial Group (IA), 473 Broadway Holding Corporation (NY), Texas Independent Bancshares (TX), Evans Bancorp (NY), and Northeast Bancorp (ME). These BHCs experienced a decline of 7.8% year-over-year in their insurance brokerage income. Northeast Bancorp recently announced that it is selling its insurance agencies.

The smallest community banks, with assets less than $500 million, were used as "proxies" for the smallest BHCs, which are not required to report insurance brokerage income. Leaders among bank proxies for small BHCs were Soy Capital Bank and Trust Company (IL), Hoosac Bank (MA), Industry State Bank (TX), First State Bank (IA), and Deutsche Bank Trust Company (DE). These small banks, representing small BHCs, also registered a decline of 4.7% in insurance brokerage income, dropping from $84.7 million in first half 2010 to $80.8 million in first half 2011.

Among the top 50 BHCs nationally in insurance brokerage concentration (i.e., insurance brokerage income as a percent of noninterest income), the median Insurance Brokerage Concentration Ratio was 36.3%. Among the top 50 small banks in insurance brokerage concentration that are serving as proxies for small BHCs, the median Insurance Brokerage Concentration Ratio was 69.4% of noninterest income.

Among the top 50 BHC leaders in insurance brokerage productivity (i.e., insurance brokerage income per BHC employee), the median Insurance Brokerage Productivity Ratio was $9,351 per employee (or an annualized Productivity Ratio of $18,702). Among the top 50 small banks in insurance brokerage productivity, the median Insurance Brokerage Productivity Ratio was $13,550 per employee (or an annualized Productivity Ratio of $27,100).

[To read more about first half 2011 results in bank insurance brokerage income, click here].

WELLS FARGO INSURANCE SERVICES ENTERS LOW INCOME MULTIFAMILY HOUSING MARKET

Chicago, IL-based Wells Fargo Insurance Services U.S.A. (WFIS) has partnered with the National Affordable Housing Management Association (NAHMA) and launched a Multifamily Affordable Housing Insurance Program (MAHIP) from WFIS's Seattle office. MAHIP uses policies underwritten by multiple insurance carriers and (1) offers property and casualty insurance to companies that participate in the Low-Income Housing Tax Credit Program; (2) provides multiple premium estimates to companies applying for funding through Multifamily Assistance and Section 8 Programs; (3) offers multifamily property owners and managers tenant discrimination insurance, bed bug infestation insurance and property insurance that covers catastrophes brought on by floods, winds and earthquakes, *insurancejournal.com* reports.

INSURANCE INDUSTRY EXECUTIVES CAUTIOUS OVER PRICING AND REGULATORY REFORMS

More than one-third (36%) of U.S. insurance industry executives believe business conditions for their industry have worsened over the past year, according to a survey of 350 conducted last week by KPMG at its Annual Insurance Industry Conference in New York City. About a quarter (24%) believe their company will perform below expectations in 2012, and only 31% expect their company to perform above expectations. Not surprisingly, 39% believe their companies have a "weak" chance of improving their underwriting profits and a tiny 2% expect their company's underwriting profits to be "strong."

The executives agreed that adequately pricing policies and regulatory reform are the most significant challenges their industry will face over the next three to five years. They expect new products and services, investments in information technology and strategic acquisitions to be the major drivers for revenue growth ahead. And they are leery of regulatory changes, such as higher capital requirements, which they expect (87%) to make their way from banking to insurance regulation.

FINRA FINES MORGAN STANLEY $1 MILLION

The Financial Industry Regulatory Authority (FINRA) has fined New York City-based Morgan Stanley & Co. and Morgan Stanley Smith Barney $1 million and ordered the company to pay $371,000 in restitution and interest to customers who paid excessive markups and markdowns in corporate and municipal bond transactions. FINRA further ordered Morgan Stanley to revise its written supervisory procedures used to review markups and markdowns in fixed income transactions. FINRA Executive Vice President Thomas Gira said, "Morgan Stanley clearly violated fair pricing standards, and FINRA will continue to require firms that violate such standards to make their customers whole."

SEC FILED RECORD NUMBER OF ENFORCEMENT ACTIONS IN FISCAL 2011

The U.S. Securities and Exchange Commission (SEC) filed a record 735 enforcement actions and levied $2.8 billion in penalties and disgorgement in the fiscal year ending September 30, 2011. Fifteen actions involving 17 individuals were related to the financial crisis; another 57 actions involved insider trading. Eighty-nine violations involved financial fraud and issuer disclosure, and actions for violations ranging from making misleading statements to charging undisclosed trading fees were brought against 146 investment advisors and 112 broker-dealers.

PRUDENTIAL FINANCIAL REINSURES GOLDMAN SUBSIDIARIES' PENSION LIABILITIES

Newark, NJ-based Prudential Financial, through Hartford, CT-based Prudential Retirement Insurance and Annuity Company (PRIAC), has agreed to reinsure the pension liability risks of London, England-based Rothesay Life and Paternoster, both subsidiaries of New York City-based Goldman Sachs Group. The initial transaction covers GBP450 million ($723 million) in pension liability values. Prudential Retirement Senior Vice President Phil Waldeck said, "This new transaction … demonstrates Prudential's capacity and experience to help effectively derisk pension plans and manage the impact of market turmoil and pension longevity risks."

Rothesay Life provides annuity and other longevity products to corporate defined benefit pension plans. Prudential's deal with Rothesay and sister Paternoster is its largest longevity reinsurance transaction to date.

MANULIFE FINANCIAL & BANK OF CHINA IN BANCASSURANCE PARTNERSHIP

Toronto-based Manulife Financial and Beijing-based Bank of China have agreed to form a bancassurance partnership between Shangai, China-based Manulife-Sinochem Life Insurance (MSL) and Bank of China whereby Bank of China will distribute MSL products through its branches in Beijing, Shanghai, Shenzhon, Guangdong, Jiangsu and Zhejiang. Bank of China Executive Vice President Chen Siqing said, "We are confident that this mutually beneficial cooperation will further promote our business development." Manulife-Sinochem is a joint venture between Manulife and the China Foreign Economy and Trade Trust Company, a member of the state-owned agricultural company Sinochem Group.

RISING INSURANCE, TRUST & SECURITIES BROKERAGE EARNINGS COMPRISE 39% OF BREMER'S NONINTEREST INCOME

St. Paul, MN-based, $8 billion-asset Bremer Financial reported insurance brokerage fee income in the third quarter rose 6% to $3.02 million, up from $2.85 million in third quarter 2010; trust and investment management (TIM) fees increased 7.6% to $3.66 million, up from $3.40 million; and securities brokerage fee income climbed 21.7% to $1.87 million, up from $1.54 million. Insurance brokerage, TIM fees and securities brokerage fee income comprised, respectively, 13.8%, 16.7% and 8.5% of noninterest earnings, which slid 7.2% to $21.92 million, down from $23.63 million in third quarter 2010, hit by a $2.61 million drop in the gain on the sale of loans and a $109,000 decline in service charges.

Net interest income on a 3.91% net interest margin rose 3.3% to $65.24 million, up from $63.18 million in third quarter 2010, driven by a $4.60 million (25%) drop in interest expense, and a $577,000 (10%) decline in loan loss provisions to $5.13 million. Net income climbed 39% to $19.96 million, up from $14.36 million, helped by an $8.44 million (12.6%) decrease in noninterest expense, particularly a $9.28 million (82%) drop in expenses tied to other real estate owned (OREO). Commenting on Bremer's third quarter performance, President and CEO Pat Donovan said, "These numbers reflect an incredible focus by everyone at Bremer to drive revenue, build partnerships, strengthen relationships and control expenses."

In 2010, Bremer Financial earned $14.9 million in insurance brokerage income, which comprised 18.5% of its noninterest income and 4.1% of its net operating revenue. Excluding traditional life insurer MetLife, the company ranked 36th in insurance brokerage earnings among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

INSURANCE BROKERAGE & TRUST EARNINGS CLIMB 29% AT NORTHWEST BANCSHARES

Warren, PA-based, $7.99 billion-asset Northwest Bancshares reported both insurance brokerage fee income and trust and investment management (TIM) fees climbed 29% in the third quarter, with insurance reaching $1.80 million and TIM fees hitting $2.06 million. At the same time, income from bank-owned life insurance (BOLI) jumped 60% to $1.94 million from $1.21 million, reflecting the payout of death benefits on two policies. Insurance brokerage, TIM fees and BOLI income comprised, respectively, 12.4%, 14.2% and 13.4% of noninterest income, which rose 5% to $14.51 million from $13.83 million in third quarter 2010, despite a $1.3 million drop in service charges and fees.

Net interest income on a 3.70% net interest margin rose 3.8% to $58.96 million, up from $56.78 million in third quarter 2010, despite a $3.98 million decrease in interest revenue, as interest expense was cut by $4.34 million and loan loss provisions decreased by $1.81 million to $8.06 million. Net income rose 7.7% to $16.7 million, up from $15.5 million in third quarter 2010. Northwest Bancshares President and CEO William Wagner said, "We are pleased to report another solid quarter with fairly significant growth in earnings."

In 2010, Northwest Bancshares earned $5.55 million in insurance brokerage income, which comprised 9.2% of its noninterest income and 1.7% of its net operating revenue. The company ranked 49th in insurance brokerage earnings among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

ORIENTAL FINANCIAL BENEFITS FROM 17% GROWTH IN WEALTH MANAGEMENT EARNINGS

San Juan, Puerto Rico-based, $7.02 billion-asset Oriental Financial Group reported wealth management revenues in the third quarter grew 16.8%% to $5.39 million, up from $4.61 million in third quarter 2010, and comprised 31.4% of noninterest income of $17.19 million, which compared with a noninterest loss of $10.46 million in third quarter 2010, when the company reported a $14.74 million loss on other-than-temporarily impaired securities and a $22.58 million net loss on derivatives.

Net interest income fell 10.2% to $30.59 million, down from $34.06 million in third quarter 2010, despite a $3.85 million cut in interest expense, as interest revenue dropped by $9.56 million to

$71.66. Net income of $15.59 million contrasted with a third quarter 2010 loss of $31.73 million. Oriental Financial President and CEO Jose Rafael Fernandez said, "Taking advantage of local market conditions, we are expanding relationships and building our reputation."

In 2010, Oriental Financial earned $8.4 million and $7.3 million, respectively, in fiduciary income and securities brokerage income. The company ranked 92nd in fiduciary income and 47th in securities brokerage income among all bank holding companies, according to the *Michael White Bank Fiduciary Fee Income Ratings Report* and the *Michael White Bank Securities Brokerage Income Ratings Report*.

GROWING BENEFIT PLAN & TRUST FEES DOMINATE 45.6% OF COMMUNITY BANK SYSTEM'S NONINTEREST EARNINGS

Syracuse, NY-based, $6.50 billion-asset Community Bank System reported benefit plan administration, consulting and actuarial (benefit plan) fees in the third quarter rose 5.9% to $7.69 million, up from $7.26 million in third quarter 2010. Trust and investment management (TIM) income grew 20.8% to $2.90 million, up from $2.40 million. Benefit plan and TIM fees income comprised, respectively, 33.1% and 12.5% of noninterest income, which ticked up 1.4% to $23.22 million, up from $22.91 million in third quarter 2010, helped by the second quarter acquisition of Oneonta, NY-based The Wilbur Corporation.

Net interest income in the third quarter climbed 19.2% to $53.53 million, up from $44.92 million in third quarter 2010, as interest revenue grew 12.5% to $70.42 million, up from $62.60 million, interest expense declined by $423,000, and loan loss provisions decreased by $357,000 to $1.04 million. Net income, despite increased noninterest expenses largely tied to The Wilbur Corporation acquisition, grew 15.9% to $20.01 million, up from $17.26 million in third quarter 2010. Community Bank System CEO Mark Tryniski described the results as "another quarter of record earnings" and said, "We remain very pleased with the performance of our new Central New York region (the former Wilbur National Bank branches) and the response of our customers to the availability of enhanced product offerings."

In 2010, Community Bank System earned $2.7 million and $43.1 million, respectively, in insurance brokerage and other noninterest income, which comprised 3.0% and 48.6% of its noninterest income. The company ranked 113th in insurance brokerage earnings and 89th in other noninterest income among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report* and other *Michael White Bank Fee Income Ratings Reports*.

INSURANCE, SECURITIES BROKERAGE, TRUST & BOLI INCOME UP AT FIRST COMMONWEALTH

Indiana, PA-based, $5.65 billion-asset First Commonwealth Financial reported combined insurance and retail brokerage commissions in the third quarter rose 6.3% to $1.70 million, up from $1.60 million in third quarter 2010. Trust income increased 7.4% to $1.60 million, up from $1.49 million; and income from bank-owned life insurance (BOLI) rose 2.2% to $1.41 million, up from $1.38 million. Combined insurance and retail brokerage commissions, trust earnings and BOLI income comprised, respectively, 15.7%, 14.8% and 13.1% of noninterest earnings, which slipped 0.7% to $10.80 million, down from $10.88 million in third quarter 2010, when the company recorded $1.43 million in net securities gains compared to zero such gains in third quarter 2011.

Net interest income on a 3.81% net interest margin fell 13.9% to $41.79 million, down from $48.54 million in third quarter 2010, reflecting an $8.38 million drop in interest revenue to $57.6 million and a $2.45 million increase in loan loss provisions to $6.98 million, both of which overwhelmed the $4.77 million cut in interest expense. Net income fell 22.4% to $8.3 million, down from $10.7 million in third quarter 2010. Looking ahead, First Commonwealth Financial President and CEO John Dolan said, "We are committed to solidifying our balance sheet positioning, expanding our customer relationships and resolving any complex, troubled debts that remain. We believe this strategic focus will provide sustainable long-term benefits for our organization."

In 2010, First Commonwealth Financial earned $3.3 million in insurance brokerage income, which comprised 6.2% of its noninterest income and 1.3% of its net operating revenue. The company ranked 101st in insurance brokerage earnings among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

INSURANCE, TRUST & BOLI COMPRISE 45% OF WESBANCO'S NONINTEREST INCOME

Wheeling, WV-based, $5.5 billion-asset WesBanco reported combined insurance and securities brokerage fee income in the third quarter declined 9% to $1.70 million, down from $1.87 million in third quarter 2010, while trust fees increased 4.7% to $3.94 million, up from $3.77 million, and bank-owned life insurance (BOLI) income rose 3.3% to $908,000, up from $879,000. Combined insurance and securities brokerage earnings, trust fees and BOLI income comprised, respectively, 11.6%, 27.0% and 6.2% of noninterest earnings, which slipped 2.5% to $14.60 million, down from $14.98 million in third quarter 2010, when net gains on sales of mortgage loans and net securities gains were, respectively, $658,000 and $914,000 higher.

Net interest income on a 3.69% net interest margin rose 6.15% to $32.07 million, up from $30.21 million in third quarter 2010, as a $3.20 million cut in interest expense and a $942,000 decrease in loan loss provisions to $10.84 million more than compensated for a $2.29 million decline in interest revenue. Net income additionally benefited from an over $2 million cut in noninterest expense and climbed 20.3% to $11.01 million, up from $9.15 million in third quarter 2010. WesBanco President and CEO Paul Limbert said, "Wesbanco has continued to post improved earnings in the third quarter." Limbert added, "We are also seeing the benefits of expense saving initiatives."

In 2010, WesBanco earned $2.4 million and $594,000, respectively, in insurance brokerage and securities brokerage income, which comprised, respectively, 4.1% and 1.0% of its noninterest income. The company ranked 120th in insurance brokerage earnings and 184th in securities brokerage income among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report* and the *Michael White Bank Securities Brokerage Fee Income Ratings Report*.

INSURANCE, TRUST, BOLI & RETIREMENT PLAN FEES DOMINATE OVER 50% OF NBT'S NONINTEREST REVENUE

Norwich, NY-based, $5.5 billion-asset NBT Bancorp reported insurance brokerage fee income in the third quarter grew 11.5% to $5.13 million, up from $4.60 million in third quarter 2010, helped by the acquisition of another insurance agency in second quarter 2011. Trust earnings increased 16.8% to $2.09 million, up from $1.79 million, and income from bank-owned life insurance (BOLI) rose 2.9% to $674,000, up from $655,000. Retirement plan administration fees, however, declined 11.9% to $2.30 million, down from $2.61 million, impacted by the fourth quarter 2010 loss of one client, NBT said. Insurance brokerage, trust fees, BOLI income and retirement plan administration fees comprised, respectively, 25.4%, 10.4%, 3.3% and 11.4% of noninterest income, which slid 3.8% to $20.19 million, down from $20.99 million in third quarter 2010, when service charges on deposit accounts were greater and the company recorded $1.12 million in net securities gains compared to $12,000 in third quarter 2011.

Net interest income on a 4.14% net interest margin increased 4.8% to $45.19 million, up from $43.10 million in third quarter 2010, driven by a $3.26 million cut in interest expense and a $2.35 million decline in loan loss provisions to $5.18 million, which more than made up for a $3.53 million drop in interest revenue. Net income rose 4.4% to $15.2 million, up from $14.6 million in third quarter 2010. NBT President and CEO Marty Dietrich said, "Through our ongoing focus on our customers and our people, we have again delivered a strong performance." Dietrich added, "We continue to seek out opportunities for strategic investments to secure our future success."

In 2010, NBT Bancorp earned $14.5 million and $4.4 million, respectively, in insurance brokerage and securities brokerage income, which comprised 17.8% and 5.4% of its noninterest income. The company ranked 38th in insurance brokerage earnings and 63rd in securities brokerage income among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report* and the *Michael White Bank Securities Brokerage Fee Income Ratings Report*.

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SENIORS CONTINUE TO DRIVE RISE IN LIFE INSURANCE APPLICATIONS

U.S. applications for individually underwritten life insurance rose 1.6% in October compared to October 2010, led again by applications among individuals aged 60 and older (+10.9%) and those aged 45 -59 (+2.0%), while applications among individuals aged 0-44 continued to decline (-1.1%), according to the MIB Life Index. Year to date, applications overall were basically even with 2010 applications (-0.4%), with October 2011 applications up 8.3% over September 2011 applications. Commenting on the general trend, Braintree, MA-based MIB Group CEO Lee Oliphant said, "At a time when the U.S. economy is struggling to define direction, the pipeline for new life insurance business appears to be holding its own."

INDEXED ANNUITY & INDEXED LIFE SALES TREND UP

U.S. indexed annuity sales in the third quarter slipped 1% to $8.7 billion, down from $8.79 billion in third quarter 2010, but were up 5% compared to second quarter sales of $8.29 billion, according to *AnnuitySpecs.com's Indexed Sales and Market Report*. AnnuitySpecs.com President and CEO Sheryl Moore attributed the sequential growth in indexed annuity sales to "consumers' quest for retirement products with guarantees." Moore noted, "Indexed annuities now account for one out of every two fixed annuity sales."

Minnesota, MN-based Allianz Life retained its position as the top indexed annuity provider (17% market share) with its MasterDex X product remaining the most popular indexed annuity product sold. Des Moines, IA-based Aviva ranked second, followed by Des Moines, IA-based American Equity, Cincinnati, OH-based Great American, and Fort Wayne, IN-based Lincoln National Life.

Indexed life sales in the third quarter jumped over 51% over third quarter 2010 sales to a record $251.1 million, and climbed 20% over second quarter 2011 sales of $209.3 million. New York City-based AXA Equitable captured 18% of the indexed life market bolstered by its #1 selling indexed life insurance product, Athena Indexed UL. Aviva ranked second, followed by Newport Beach, CA-based Pacific Life Companies, Cedar Rapids, IA-based AEGON Companies, and Austin, TX-based National Western.

AnnuitySpecs.com's Moore noted that seven new insurance companies entered the indexed life market during the third quarter. Moore said, "With this quarter's record sales fueling additional interest in the product line, I anticipate the number of companies offering IUL [indexed universal life] to increase exponentially in the coming year."

For more on the *Indexed Sales and Market Report*, click here.

COMMERCIAL RATES MAY BE HARDENING

Average renewal premiums in three of the four lines of commercial insurance tracked by the RIMS Benchmark Survey increased in the third quarter. While directors and officers rates declined 1.9%, workers' compensation premiums increased 2.1%; property rates rose 1.6%; and general liability rates ticked up 1.2%, RIMS found. While RIMS said the survey results "strongly suggest that an eight-year period of falling commercial insurance rates is at its end," RIMS Director Frederick Savage observed, "Pricing generally is still quite favorable in most lines." Savage said, "It would likely take a very large catastrophe or series of catastrophes to trigger a hard market along the lines of what we saw a decade ago" after September 11.

SANTANDER USA & SOVEREIGN BANK RECEIVE CONVERSION APPROVALS

Boston, MA-based Santander Holdings USA has received regulatory approval to become a bank holding company, and its Wilmington, DE-based Sovereign Bank subsidiary has received approval to convert from a savings bank to a national bank. Sovereign Bank President and CEO and Santander USA CEO Jorge Moran said, "This is a significant step in our strategic growth plans and will allow us to provide more and better services to our customers and clients." The conversion of the Santander, Spain-based Banco Santander units is expected to take effect in early 2012.

CONGRESS EXTENDS NFIP THROUGH DECEMBER 16

The U.S. Congress has again approved a short-term extension of the National Flood Insurance Program (NFIP) one day before it was scheduled to expire. While the House of Representatives passed a bill reforming and extending the NFIP in July, the Senate has yet to consider a bill recommended by the Senate Committee on Banking. Responding to the short-term extension, which expires on December 16, American Insurance Association (AIA) Vice President Tom Santos said, "We're pleased the NFIP isn't going to lapse. However, this will be the third short-term extension in as many months." He added, "The AIA encourages Congress to pass a long-term extension with meaningful reforms that aim to strengthen the program."

FINRA FINES CHASE INVESTMENT SERVICES $1.7 MILLION & ORDERS $1.9 MILLION REIMBURSEMENT

The Financial Industry Regulatory Authority (FINRA) has fined Chicago, IL-based Chase Investment Services (CIS), a unit of JPMorgan Chase, $1.7 million and ordered the company to reimburse customers $1.9 million-tied to the sale of unsuitable unit investment trusts (UITs) and floating rate loan funds.

According to FINRA, CIS failed to provide its brokers with sufficient training and guidance regarding the risks and suitability of these products, and failed to properly supervise their brokers' sales practices. Because of these lapses, CIS brokers sold to unsophisticated investors with little or no risk tolerance (1) UITs containing high-yield or junk bonds, and (2) floating rate loans containing loans of below-investment-grade quality. The UIT sales resulted in $1.4 million in losses, and the floating rate loan sales produced losses of about $500,000, FINRA found. FINRA ordered CIS to improve its training and guidance regarding the products involved and to improve its supervision of sales practices. FINRA Chief of Enforcement Brad Bennettt said, "It is incumbent upon firms to properly train and provide guidance to their brokers about the products that they sell, and supervise the sales practices of their brokers."

FINRA PUBLISHES REGULATORY NOTICE REGARDING CERTIFICATIONS & DESIGNATIONS

The Financial Industry Regulatory Authority (FINRA) has published *Regulatory Notice 11-52*, reminding firms of their supervisory obligations regarding the use of certifications and designations that imply expertise in advising senior investors. The Notice includes the results of a survey of current practices and highlights sound practices which FINRA encourages firms to adopt to strengthen their supervisory procedures. FINRA emphasizes that "the protection of vulnerable customers, including senior investors, continues to be a high regulatory priority."

To access Regulatory Notice 11-52, *click here*.

U.S. SUPREME COURT AGREES TO HEAR HEALTHCARE LAW ARGUMENTS

The U.S. Supreme Court has agreed to hear oral arguments regarding the constitutionality of U.S. healthcare legislation signed into law in 2010 by President Barack Obama. Twenty-six states have been upheld in District Court in their position that the entire law should be struck down on the basis that the "inseparable" individual mandate requiring all Americans to buy health insurance or pay a penalty violates the Commerce Clause of the U.S. Constitution. The Obama Administration argues that the individual mandate and the entire law are constitutional. The Supreme Court is expected to hear arguments pro and con in March 2012.

WEALTH MANAGEMENT EXPANSION PRODUCES RESULTS AT INDEPENDENT BANK CORP.

Rockland, MA-based, $4.9 billion-asset Independent Bank Corp., parent of Rockland Trust Company, reported investment management fee income in the third quarter climbed 22.5% to $3.49 million, up from $2.85 million in third quarter 2010, while income from bank-owned life insurance (BOLI) fell 16% to $757,000, down from $901,000. Investment management and BOLI income comprised, respectively, 28.3% and 6.1% of noninterest earnings, which rose 5.7% to $12.32 million, up from $11.65 million in third quarter 2010.

Net interest income on a 3.84% net interest margin rose 5.4% to $39.67 million, up from $37.70 million in third quarter 2010, driven by a drop in loan loss provisions to $2 million and a $2.13 million cut in interest expense, which made up for a $1.65 million decline in interest earnings. Net income increased 7.30% to $11.96 million, up from $11.15 million in third quarter 2010. Independent Bank Corp. President and CEO Christopher Oddleifson said, "Despite the challenging operating environment, we continue to deliver quality results,… and the recent expansion of our commercial lending and wealth management franchises will help us sustain our momentum."

INVESTMENT SERVICES FEES GROW 38.2% AT PINNACLE; INSURANCE & TRUST INCOME UP, TOO

Nashville, TN-based, $4.87 billion-asset Pinnacle Financial Partners reported insurance brokerage fee income in the third quarter increased 4.8% to $1.00 million, up from $954,015 in third quarter 2010; investment services fee income grew 38.2% to $1.70 million, up from $1.23 million; and trust fees rose 3.8% to $753,551, up from $726,094. Insurance brokerage, investment services and trust fee income comprised, respectively, 9.9%, 16.9% and 7.5% of noninterest earnings, which grew 17.3% to $10.08 million, up from $8.59 million in third quarter 2010.

Net interest income on a 3.60% net interest margin increased 11.0% to $34.72 million, up from $31.27 million in third quarter 2010, despite a $7.76 million drop in interest income, as interest expense was cut by $6.06 million and loan loss provisions declined by $1.16 million to $3.63 million. Net income spiked to $34.54 million, up from $549,048 in third quarter 2010, driven by a $16.97 million income tax benefit. Pinnacle's President and CEO M. Terry Turner said, "Our firm is well positioned to capitalize on future growth opportunities in two very strong banking markets."

In 2010, Pinnacle Financial Partners earned $3.86 million in insurance brokerage income, which comprised 13.1% of its noninterest fee income and 2.5% of its net operating revenue. The company ranked 43rd in insurance brokerage earnings among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

INSURANCE & ADVISORY FEE INCOME COMPRISE 30.2% OF BENEFICIAL MUTUAL'S NONINTEREST EARNINGS

Philadelphia, PA-based, $4.63 billion-asset Beneficial Mutual Bancorp reported combined insurance and advisory fee income generated by Beneficial Insurance Services and Beneficial Advisors in the third quarter slipped 2.1% to $1.90 million, down from $1.94 million in third quarter 2010, and comprised 30.2% of noninterest earnings, which grew 9.8% to $6.30 million, up from $5.74 million in third quarter 2010.

Net interest income of $25.83 million on a 3.21% net interest margin contrasted with a net interest loss of $15.96 million in third quarter 2010, when loan loss provisions reached $51.05 million and interest expense hit $12.20 million. Net income of $4.1 million contrasted with a third quarter net loss of $21.7 million in third quarter 2010, driven by the net interest loss. Beneficial Mutual President and CEO Gerard Cuddy said, "We remain concerned about economic conditions and the interest rate environment and believe we are in a period of slow growth that will last well past 2012."

In 2010, Beneficial Mutual Savings Bank earned $7.2 million in insurance brokerage income, which comprised 33.2% of its noninterest income. The company ranked 8th in insurance brokerage earnings among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

INSURANCE BROKERAGE & TRUST FEES RISE AT 1ST SOURCE

South Bend, IN-based, $4.31 billion-asset 1st Source Corporation reported its seven 1st Source Insurance offices generated $1.21 million in insurance brokerage fee income in the third quarter, up 2.5% from $1.18 million earned in third quarter 2010. At the same time, 1st Source Bank's eight trust and wealth management locations generated $3.90 million in trust fees, up 0.8% from $3.87 million. Insurance brokerage and trust fees comprised, respectively, 6.0% and 19.3% of 1st Source's noninterest income, which declined 11.1% to $20.23 million, down from $22.75 million in third quarter 2010, when mortgage banking earnings were almost $1.5 million higher and equipment rental income was $1.32 million greater.

Net interest income on a 3.66% net interest margin grew 11.9% to $35.37 million from $31.61 million in third quarter 2010, based on a $3.10 million reduction in interest expense and a $4.32 million drop in loan loss provisions to $1.26 million. Net income grew 21.7% to $11.54 million, up from $9.48 million in third quarter 2010, when the company paid out $1.72 million in dividends.

INSURANCE BROKERAGE & WEALTH MANAGEMENT EARNINGS UP & DOMINATE 40% OF S&T'S NONINTEREST INCOME

Indiana, PA-based, $4.1 billion-asset S&T Bancorp reported insurance brokerage fee income in the third quarter ticked up 2.8% to $2.19 million, from $2.13 million in third quarter 2010; and wealth management earnings rose 5.9% to $1.97 million from $1.86 million. Insurance brokerage and wealth management earnings comprised, respectively, 21.0% and 18.9% of noninterest income, which fell 15.5% to $10.42 million, down from $12.33 million in third quarter 2010.

Net interest income on a 3.76% net interest margin grew 11.8% to $33.34 million, up from $29.83 million in third quarter 2010, reflecting a $3.24 million reduction in interest expense and a $6.74 million drop in loan loss provisions to $1.54 million. Net income increased 12.0% to $12.24 million, up from $10.93 million in third quarter 2010. S&T Bancorp President and CEO Todd Brice said, "Our nonperforming assets are at the lowest levels since December 2008, which demonstrates our continued progress in resolving challenging loans within our portfolio."

In 2010, S&T Bancorp earned $5.8 million in insurance brokerage income, which comprised 12.4% of its noninterest income and 3.0% of its net operating revenue. The company ranked 29th in insurance brokerage earnings among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

HEARTLAND'S COMBINED INSURANCE & SECURITIES BROKERAGE EARNINGS CLIMB 24.2%

Dubuque, IA-based, $4.1 billion-asset Heartland Financial reported combined insurance and securities brokerage fee income in the third quarter grew 24.2% to $918,000, up from $739,000 in third quarter 2010; trust fees rose 4.8% to $2.38 million, up from $2.27 million, but bank-owned life insurance (BOLI) income fell 47.5% to $208,000, down from $396,000. Combined insurance and securities brokerage earnings, trust fees and BOLI income comprised, respectively, 6.9%, 17.9% and 1.6% of noninterest earnings, which increased 5.2% to $13.26 million, up from $12.61 million in third quarter 2010, when the company posted a $1.24 million loss on the valuation adjustment of mortgage servicing rights.

Net interest income on a 4.14% net interest margin fell 10.7% to $28.51 million, down from $31.91 million in third quarter 2010, driven by a $2.67 million drop in interest income and a $2.93 million jump in loan loss provisions to $7.73 million. Net income dropped 39.2% to $3.39 million from $5.58 million in third quarter 2010, reflecting recognition of $2.6 million in unamortized discount on preferred stock tied to the repurchase of stock acquired by the U.S. Treasury under the Troubled Asset Relief Program (TARP). Heartland Chairman, President and CEO Lynn Fuller said, "We are very pleased with Heartland's solid third quarter earnings. Most performance measures are moving in a positive direction."

In 2010, Heartland Financial earned $9.2 million in fiduciary income, which comprised 26.8% of its noninterest income. The company ranked 35th in fiduciary income among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White Bank Trust Fee Income Ratings Report*.

RBC ACQUISITION DRIVES TRUST REVENUE UP 37.2% AT RENASANT; INSURANCE INCOME UP, TOO

Tupelo, MS-based, $4.1 billion-asset Renasant Corp. reported insurance brokerage fee income in the third quarter rose 2.3% to $847,000, up from $828,000 in third quarter 2010, and trust revenue climbed 37.2% to $771,000, up from $562,000, reflecting the August acquisition of RBC Bank (USA)'s Birmingham, AL-based, $680 million-asset trust division. Insurance brokerage and trust fees comprised, respectively, 4.3% and 3.9% of noninterest income, which tumbled 64% to $19.6 million, down from $54.53 million in third quarter 2010, when the company recorded a $42.2 million bargain purchase gain on an FDIC-assisted acquisition.

Net interest income on a 3.92% net interest margin jumped 75% to $27.36 million, up from $15.62 million in third quarter 2010, reflecting a $7.25 million cut in interest expense and a $6.00 million drop in loan loss provisions to $5.50 million. Net income fell 67% to $6.53 million, down from $19.55 million in third quarter 2010, when the company benefited from the $42.21 million gain on the FDIC-assisted acquisition. Looking ahead to the benefits expected by the company's move into the Alabama and Golden Triangle Markets, Renasant Chairman and CEO Robinson McGraw said, "Moving into the fourth quarter, we believe our basic banking metrics are positive and we anticipate a strong finish for 2011."

In 2010, Renasant Corp. earned $2.4 million in fiduciary income, which comprised 2.6% of its noninterest income. The company ranked 111th in fiduciary income among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White Bank Trust Fee Income Ratings Report*.

BERKSHIRE HILL'S WEALTH MANAGEMENT FEES JUMP 48%; INSURANCE INCOME ALSO UP

Pittsfield, MA-based, $4 billion-asset Berkshire Hills Bancorp reported insurance brokerage fee income in the third quarter rose 4.7% to $2.43 million, up from $2.32 in third quarter 2010, and wealth management fees jumped 47.7% to $1.61 million, up from $1.09 million. Insurance brokerage and wealth management fees comprised, respectively, 22.8% and 15.1% of noninterest income, which climbed 62.7% to $10.67 million, up from $6.56 million in third quarter 2010, bolstered by a $1.98 million non-recurring gain tied to the company's acquisition of Legacy Bancshares.

Net interest income on a 3.74% net interest margin increased 9.0% to $28.84 million, up from $26.46 million in third quarter 2010, driven by interest income derived from the April acquisition of Rome Bancorp and the August acquisition of Legacy Bancshares. Net income, after a $14.62 million increase in noninterest expense largely tied to mergers and acquisitions, grew 27.2% to $4.39 million, up from $3.45 million in third quarter 2010.

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U.S. BANK PROFITS CLIMB 48.3% TO $35.3 BILLION

Aggregate profit at U.S. commercial banks and savings institutions (banks) climbed 48.3% in the third quarter to $35.3 billion, up from $23.8 billion in third quarter 2010, according to the Federal Deposit Insurance Corporation (FDIC). An almost 50% drop in loan loss provisions to $18.6 billion, down from $35.1 billion in third quarter 2010, drove the improvement, which saw the average return on assets (ROA) rise to 1.03%, up from 0.72% a year ago.

The majority of banks (63%) reported improvements in quarterly net income; 22.7% reported flat earnings, and 14.3% reported net losses, down from 19.5% in third quarter 2010. At the same time, charge-offs dropped 39.2% to an aggregate $26.7 billion, down from $43.9 billion.

Twenty-six banks failed in the third quarter, down from 41 in third quarter 2010, and 74 failed in the first nine months, down 41.7% from 127 in the same period last year.

Commenting on the third quarter and year-to-date performance of U.S. banks, FDIC Acting Chairman Martin Gruenberg said, "We continue to see income growth that reflects improving asset quality and lower loss provisions … but the recovery is by no means complete." Gruenberg warned, "Ongoing distress in real estate markets and slow growth in jobs and incomes continue to pose risks to credit quality."

STARR SEEKS $25 BILLION IN DAMAGES IN SUIT AGAINST U.S. GOVERNMENT

New York City-based Starr International (Starr) has filed a proposed class-action suit in the U.S. Court of Federal Claims against the U.S. government alleging the government's takeover of American International Group (AIG) was unconstitutional. New York City-based AIG, Inc. is named as a "nominal defendant" in the suit that alleges the government violated the statutory, contractual and constitutional rights of Starr and all other AIG shareholders when, beginning in September 2008, it took more than 80% of AIG's shares in exchange for $182.3 billion in loans.

Starr, which is headed by former AIG Chairman and CEO Hank Greenberg, seeks $25 billion in damages, which it contends is equal to the market value of the 562,868,096 common shares the U.S. government received on January 14, 2011, when it converted the Series C preferred shares it took from AIG in exchange for "bailout" loans. Starr alleges the U.S. government acquired the shares of AIG without just compensation to shareholders, including Starr, in violation of the Due Process, Equal Protection and Takings clauses of the U.S. Constitution.

Starr has filed a companion suit in the Southern District of New York, *Bestwire* reports.

PARENTS UNPREPARED FOR FINANCIAL IMPACT WHEN SPOUSE DIES

U.S. adults with children are not prepared for the financial impact that can follow the death of a spouse, according to survey conducted in July-October on behalf of the National Alliance for Grieving Children. Almost three-fifths (58%) of those who experienced the loss of a spouse said the loss "significantly impacted" their standard of living and made it difficult to manage household finances. Even more (67%) said it was harder to put money away, and 62% said it was harder to save for their children's education. Almost half (48%) said it was more difficult to obtain affordable health insurance, and 30% said it was harder to obtain life insurance.

Not surprisingly, two-thirds of those surveyed did not have a professional financial planner at the time of their spouse's death. The one-third that did, said having an advisor to deal with financial matters was "very helpful," *lifehealthpro.com* reports.

ENTERPRISE FINANCIAL REPORTS 38% CLIMB IN WEALTH MANAGEMENT REVENUE

St. Louis, MO-based, $3.37 billion-asset Enterprise Financial Services reported wealth management revenue in the third quarter climbed 38% to $1.83 million, up from $1.33 million in third quarter 2010, and comprised 27.9% of noninterest earnings, which increased 8.4% to $6.56 million, up from $6.05 million in third quarter 2010, bolstered by a $484,000 increase in state tax credit activity to $1.37 million.

Net interest income on a 4.56% net interest margin jumped 61.3% to $26.84 million, up from $16.64 million in third quarter 2010, reflecting the August FDIC-assisted acquisition of Olathe, KS-based, $538.1 million-asset The First National Bank of Olathe, which helped drive interest income up by $8.02 million to $40.05 million. At the same time, interest expense was reduced by $84,000 and loan loss provisions dropped by $2.09 million to $5.56 million. Net income after dividends more than doubled to a record $9.07 million, up from $4.35 million in third quarter 2010. Enterprise Financial President and CEO Peter Benoist noted the acquisition of The First National Bank of Olathe doubled the company's deposit base in Kansas City to over $1 billion. However, he attributed the jump in net income to "a continuing trend of organic commercial loan growth … and steady progress in improving credit quality."

In 2010, Enterprise Financial earned $5.62 million in wealth management income, which comprised 30.4% of its noninterest income. The company ranked 56th in wealth management income among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White Bank Wealth Management Fee Income Ratings Report*.

GROWING INSURANCE & INVESTMENT SERVICES EARNINGS DOMINATE 57% OF TOMPKINS FINANCIALS' NONINTEREST INCOME

Ithaca, NY-based, $3.36 billion-asset Tompkins Financial Corp. reported insurance brokerage fee income generated by Tompkins Insurance Agencies increased 5.9% to $3.57 million, up from $3.37 million in third quarter 2010, and investment services fee income generated by Tompkins Financial Advisors rose 0.3% to $3.43 million, up from $3.42 million. Insurance brokerage and investment services income comprised, respectively, 29.0% and 27.9% of noninterest earnings, which grew 9.6% to $12.31 million, up from $11.23 million in third quarter 2010.

Net interest income on a 3.71% net interest margin slid 5.2% to $23.04 million, down from $24.31 million in third quarter 2010, reflecting a $1.41 million decline in interest revenue to $34.33 million and a $1.39 million increase in loan loss provisions to $4.87 million. Net income, driven by increased noninterest earnings and decreased noninterest expense, rose 4.9% to $7.86 million, up from $7.49 million in third quarter 2010. Tompkins Financial President and CEO Stephen S. Romaine commented, "Although the interest rate and economic environment will remain a challenge for our business, we are extremely pleased to see continued growth in a majority of our key business lines," including insurance.

In 2010, Tompkins Financial earned $12.74 million in insurance brokerage income, which comprised 27.7% of its noninterest fee income and 8.1% of its net operating revenue. The company ranked 13th in insurance brokerage earnings among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

TAX-DEFERRED ANNUITY SALES DRIVE RISE IN INSURANCE & SECURITIES BROKERAGE REVENUE AT BANK MUTUAL

Milwaukee, WI-based, $2.5 billion-asset Bank Mutual Corp. reported combined insurance and securities brokerage fee income in the third quarter "benefited from increased sales of tax-deferred annuity products" and rose 3.7% to $765,000, up from $738,000 in third quarter 2010. The combined earnings comprised 14.0% of noninterest income, which dropped 57.8% to $5.47 million, down from $12.96 million in third quarter 2010, when the company recorded $5.22 million in net investment securities gains.

Net interest income on a 2.75% net interest margin soared 159.3% to $14.39 million, up from $5.55 million in third quarter 2010, reflecting a $10.20 million cut in interest expense and a $5.07 million drop in loan loss provisions to $1.09 million, which more than compensated for a $6.42 million decline in interest revenue to $22.02 million. Net income climbed 46.3% to $1.35 million, up from $923,000 in third quarter 2010. Bank Mutual President David Baumgarten said, "Our focus continues to be on reducing our nonperforming loans. We are pleased with our progress so far."

LIFE INSURANCE PAYOUT ZEROES OUT LOAN LOSS PROVISIONS AT CITY HOLDING

Charleston, WV-based, $2.7 billion-asset City Holding Company reported insurance commissions in the third quarter rose 3.0% to $1.39 million, up from $1.35 million in third quarter 2010. Trust and investment management (TIM) fee income climbed 33.2% $699,000, up from $618,000, while income from bank-owned life insurance (BOLI) declined 13.5% to $952,000, down from $1.10 million. Insurance commissions, TIM fees and BOLI income comprised, respectively, 10.3%, 5.2% and 7.0% of noninterest earnings, which grew 16.2% to $13.53 million, up from $11.64 million in third quarter 2010, when the company recorded $1.57 million in net investment securities losses.

Net interest income on a 3.93% net interest margin increased 10.6% to $23.57 million, up from $21.31 million in third quarter 2010, despite a $1.60 million decline in interest revenue to $28.37 million, as interest expense was cut by $2.01 million, and a $1.9 million payout on a life insurance policy carried by one of the company's commercial borrowers naming City Holding the beneficiary, "satisfied the customer's remaining outstanding balances and enabled the company to recover $1.9 million in previously recorded charges," zeroing out loan loss provisions in the quarter. Net income climbed 28.4% to $11.58 million, up from $9.02 million in third quarter 2010, helped by insurance. City Holding CEO Charles Hagebock said, "City's franchise is exceptionally strong; and our community bank model allows us to grow our business at the expense of our big bank competitors."

In 2010, City Holding earned $5.5 million in insurance brokerage income, which comprised 10.6% of its noninterest income. The company ranked 30th in insurance brokerage earnings among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

INSURANCE, INVESTMENT ADVISORY, TRUST & BOLI INCOME DRIVE RISE IN UNIVEST'S NONINTEREST EARNINGS

Souderton, PA-based, $2.17 billion-asset Univest Corporation of Pennsylvania reported insurance brokerage fee income in the third quarter slipped 2.2% to $1.78 million, down from $1.82 million in third quarter 2010. Investment advisory fee income rose 0.8% to $1.24 million, up from $1.23 million; trust fee income grew 12.4% to $1.63 million, up from $1.45 million, and income from bank-owned life insurance (BOLI) jumped 69.9% to $554,000, up from $326,000. Insurance brokerage, investment advisory, trust and BOLI income comprised, respectively, 19.8%, 13.8%, 18.2% and 6.2% of noninterest income, which rose 1.0% to $8.97 million, up from $8.88 million in third quarter 2010, despite drops in service charges on deposit accounts and mortgage banking income.

Net interest income on a 4.15% net interest margin grew 11.5% to $14.97 million, up from $13.42 million in third quarter 2010, driven by a $1.49 million drop in interest expense and a $1.88 million decline in loan loss provisions to $3.65 million, which more than made up for a $1.82 million decrease in interest revenue to $21.24 million. Net income climbed 26.8% to $5.2 million, up from $4.1 million in third quarter 2010.

In 2010, Univest earned $8.3 million in insurance brokerage income, which comprised 24.5% of its noninterest income and 7.7% of its net operating revenue. The company ranked 18th in insurance brokerage earnings among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

GROWING TRUST & INVESTMENT MANAGEMENT INCOME DOMINATES 42.6% OF S.Y.'S NONINTEREST EARNINGS

Louisville, KY-based, $1.99 billion-asset S.Y. Bancorp reported trust and investment (TIM) income in the third quarter grew 9.8% to $3.35 million, up from $3.05 in third quarter 2010; securities brokerage commissions increased 8.6% to $570,000, up from $525,000, and income from bank-owned life insurance (BOLI) rose 2.4% to $257,000, up from $251,000. TIM income, brokerage commissions and BOLI income comprised, respectively, 42.6%, 7.3% and 3.3% of noninterest earnings, which fell 4.8% to $7.86 million, down from $8.26 million in third quarter 2010, when service charges on deposit accounts and gains on the sale of mortgage loans were higher.

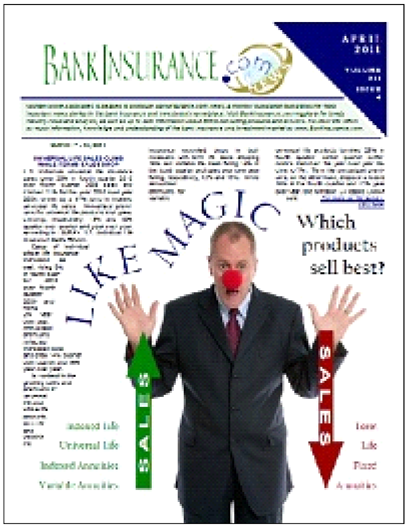
Net income declined 9% to $5.77 million, down from $6.37 million in third quarter 2010. S.Y. Bancorp Chairman and CEO David Heintzman said, "Despite challenging business conditions the Bank's markets, competitive position and strategic direction remained fundamentally sound during the third quarters." Heintzman added, "The revenue diversification that we have created with our investment management and trust department … continues to drive a high level of noninterest income for the Bank."

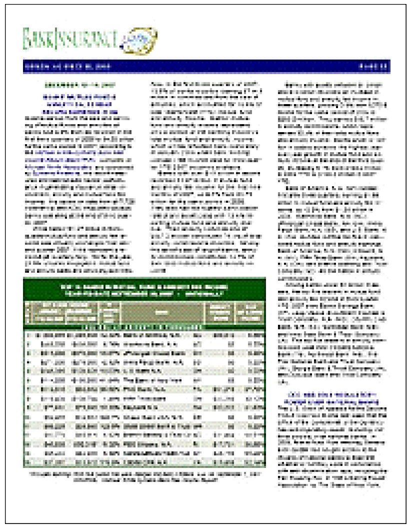
In 2010, S.Y. Bancorp earned $2.1 million in securities brokerage income, which comprised 6.1% of its noninterest income. The company ranked 37th in securities brokerage income among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White Bank Trust Fee Income Ratings Report*.

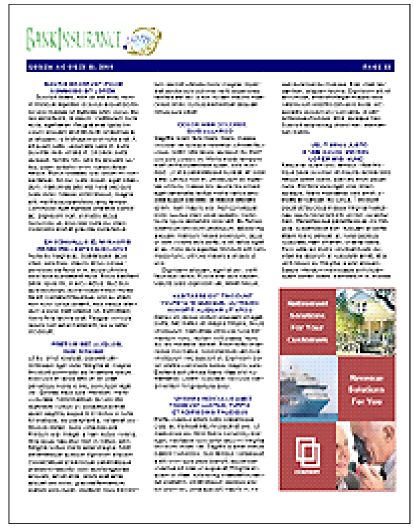
AGENCY ACQUISITION HELPS DRIVE FIRST DEFIANCE'S INSURANCE & INVESTMENT SALES COMMISSIONS UP 44%

Defiance, OH-based, $2.06 billion-asset First Defiance Financial Corp. reported the July acquisition of Payak-Dubbs Insurance Agency and its merger into First Insurance Group of the Midwest added $579,000 to its third quarter insurance brokerage earnings, helping drive combined insurance and investment sales commissions up 43.7% to $2.04 million from $1.42 million in third quarter 2010. At the same time, trust income grew 21.2% to $143,000, up from $118,000, and income from bank-owned life insurance (BOLI) ticked up 1.3% to $229,000 from $226,000. Combined insurance and investment sales commissions, trust earnings and BOLI income comprised, respectively, 29.7%, 2.1% and 3.3% of noninterest earnings, which fell 8.3% to $6.86 million, down from $7.48 million in third quarter 2010, when mortgage banking income and service fees on deposit accounts were higher.

Net interest income on a 3.89% net interest margin grew 15.8% to $14.55 million, up from $12.57 million in third quarter 2010, driven by a $2.28 million cut in interest expense and a $2.10 million decline in loan loss provisions to $3.10 million, which made up for a $3.39 million decline in interest revenue. Net income almost doubled to $4.1 million, up from $2.3 million in third quarter 2010. First Defiance Financial Chairman, President and CEO William Small said, "We continue to stay on our strategic course and are pleased with the overall performance in the quarter."







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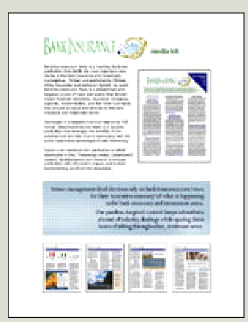

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