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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.

Growing Earnings at Banks

- Annuity Earnings Reach Record Levels at Bank Holding Companies
- Investment Program Earnings Rise at Community Banks
- BOLI Assets Continue To Climb, Favoring Hybrid Accounts

JANUARY 2 - 8, 2012

GE CAPITAL TO ACQUIRE METLIFE BANK'S DEPOSIT BUSINESS

Norwalk, CT-based GE Capital, through its bank affiliate, Salt Lake City, UT-based, $10.54 billion-asset GE Capital Financial, has agreed to acquire the U.S. retail deposit business of Convent Station, NJ-based, $17.65 billion-asset MetLife Bank. The deal includes approximately $7.5 billion in MetLife Bank deposits, including certificates of deposit and money market accounts, as well as MetLife Bank's established online banking platform. It does not include $3 billion in custodial deposits associated with MetLife Bank's forward mortgage business.

MetLife, Inc. President and CEO Steve Kandarian described the agreement as "a significant step toward MetLife's no longer being a bank holding company." GE Capital-Americas President and CEO Dan Henson said, "The acquisition fits with our plans to launch a U.S. deposit platform … and allows us to better serve our middle market commercial customers." The deal is expected to close in second quarter 2012, pending regulatory approvals.

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U.S. RETIREMENT ASSETS DOWN 6.6% IN THIRD QUARTER

U.S. retirement assets fell 6.6% in third quarter 2011 to $17 trillion, down from $18.2 trillion in the second quarter, according to the Washington, DC-based Investment Company Institute. Individual retirement accounts (IRAs) held the most assets ($4.6 trillion) and experienced the greatest decline in assets (-8.5%). Defined contribution (DC) plans ($4.3 trillion) ranked second, despite a 7.5% decline. Government pension plans ranked third with $4.2 trillion, down 7.7%. Private sector defined benefit (DB) plans ranked a distant fourth with $2.3 trillion, down 8.0% from $2.5 trillion, and annuities trailed in fifth place with a steady $1.6 trillion in retirement account assets.

More than half (67.4%) of DC assets ($2.9 trillion of $4.3 trillion) were held in 401k plans, with 54.8% ($2.3 trillion) of 401(c) and 403(b) assets held in mutual funds, giving mutual funds 53% of total DC plan assets. In contrast, 44% of IRA assets ($2 trillion) were invested in mutual funds. And, while target date mutual fund assets fell 10.2% to $343 billion in the third quarter, 91% of target date mutual funds were held in IRAs and DC plans, the Investment Company Institute found.

20% OF AMERICANS RESOLVE TO DRAW UP FINANCIAL PLANS IN 2012

One-fifth of American adults have included drawing up a financial plan among their New Year's resolutions. Among the 80% who have left financial planning off their resolution list, 35% say they "don't have enough money to worry about it;" 23% say they already have a financial plan, and 17% say they don't have a financial advisor who can help them draw up a financial plan, according to an Allianz Life Insurance Company of America (Allianz Life) December survey of 1,000.

When asked to rank the five economic events that most concern them, 48% ranked unemployment as their #1 worry, followed at a distance by the "U.S. budget fiasco" (23%), home prices/sales (15%), the "volatile stock market" (10%) and, minimally, the "European debt crisis" (5%).

Commenting on the survey results, Allianz Life Vice President Katie Libbe said, "It's troubling to see that despite all of 2011's economic volatility, Americans are placing less emphasis on adding to their financial security. Now more than ever it's imperative that people have a financial plan in place."

ACLI RESPONDS TO FSOC'S 2ND NOTICE ON REGULATION OF NONBANK FINANCIAL INSTITUTIONS

The America Council of Life Insurers (ACLI) has filed a lengthy comment letter with the U.S. Treasury Department in response to the Financial Stability Oversight Council's (FSOC's) Second Notice of Proposed Rulemaking and Proposed Interpretive Guidance on the Authority to Require Supervision and Regulations of Nonbank Financial Companies.

In its letter, the ACLI argues that "the traditional core activities of life insurance companies do not present systemic risk" to the financial sector and outlines the following facts to make its case: (1) Life insurers cover long-term risks which must be covered by long-term assets, not by short-term on-demand funding that can produce a run on the bank during times of stress. (2) Life insurance financial activities are not highly interconnected with other financial institutions. For example, life insurers use derivatives to hedge risks, not to speculate on the chance of generating higher returns. (3) Life insurers are already highly regulated by state regulators that mandate minimum capital requirements that not only buffer reserves held against future losses but also disincentivize holding risky assets. (4) The insurance regulatory system provides a process for the orderly rehabilitation or liquidation of impaired insurers, thereby preventing "firesale" liquidations and contagion.

The ACLI points out the differences between Statutory Accounting Principles (SAP) used by life insurers and GAAP used by banks and calls into question the FSOC's acceptance of GAAP as the financial standard of review for all financial institutions. The ACLI emphasizes that insurance accounting (SAP) "accommodates the uncertain and long-term contractual obligations of the insurance business," while GAPP focuses "on quarterly earnings from the point of view of an equity investor" and reflects the fact that banks "are significantly more dependent on relatively short-term funding sources such as deposits."

As a bottom line, the ACLI argues that banking and insurance are different. "No one stress test," accounting or regulatory method "fits all institutions," the ACLI warns.

To access the ACLI's letter to Treasury Secretary Timothy Geitner and the Financial Stability Oversight Council, click here.

U.S. SUPREME COURT OUTLINES HEALTH LAW HEARINGS

The U.S. Supreme Court has set aside specific times during three consecutive days in March to hear oral arguments on the constitutional viability of U.S. healthcare legislation signed into law by President Obama in 2010.

On March 26, the Court has allowed 60 minutes to hear arguments on whether or not the Anti-Injunction Act allows litigation regarding the healthcare law's health insurance mandate.

On March 27, the Court has scheduled two hours to hear arguments on whether the U.S. Congress exceeded its Article I powers under the Constitution when it legislated a health insurance mandate.

On March 28, the Court has agreed to listen for 90 minutes to arguments regarding the viability of the law if the individual mandate is found to be unconstitutional. Additionally, on that date, the Court has set aside 60 minutes to hear whether or not Congress exceeded its spending powers when it expanded Medicaid eligibility, *A.M. Best* reports.

SECOND CIRCUIT GRANTS DELAY TO SEC-CITIGROUP SETTLEMENT HEARINGS

The Second U.S. Circuit Court of Appeals in New York (Second Circuit) has ordered that any trial considering the $285 million settlement between the U.S. Securities and Exchange Commission (SEC) and Citigroup be put on hold until a motion's panel meets on January 17 to hear the SEC's request for a trial delay and an expedited hearing for an appeal. The order overrides U.S. District Court Judge Jed Rakoff's order issued one minute later that denied the SEC's request that he delay the hearings.

The courtroom wrangling centers on the need for court approval of an October 19, 2011 settlement between the SEC and Citigroup whereby Citigroup agreed to pay $160 million in disgorgement, $30 million in interest and $95 million in a civil fine to settle SEC charges that in 2007 Citigroup sold $1 billion in risky mortgage-linked securities to investors without informing them that it was betting against the profitability of those securities. The transactions generated $700 million in losses.

Judge Rakoof rejected the SEC-Citigroup settlement on November 28, 2011, calling the $285 million payout "pocket change" and ruling that a lack of factual evidence and Citigroup's neither admission nor denial of the charges made it impossible for him to determine if the settlement was fair. Rakoff ordered that the facts be heard in a trial set for July 16, 2012 and ordered Citigroup to provide the Court answers to the SEC charges by January 3, 2012.

The SEC wants to avoid the District Court trial and is seeking a trial delay from the Second Circuit and an expedited hearing of its contention that Judge Rakoff's decision should be tossed out, alleging it was based on legal error at odds with past court decisions allowing SEC settlements without the admission nor denial of guilt, *insurancejournal.com* and *bloombergnews.com* report.

AON SETTLES BRIBERY CHARGES

Chicago-based Aon Corp has agreed to pay the U.S. Justice Department $1.76 million in criminal fines and the U.S. Securities and Exchange Commission (SEC) $14.5 million in disgorgement and interest to settle allegations that it bribed foreign government officials and/or foreign company executives in order to secure or retain business in those companies.

The Justice Department alleged that in Costa Rica, Aon subsidiary Aon Limited used training funds to reimburse the cost of tourist travel and other perks incurred by executives of the country's state-owned insurance company and failed to maintain internal accounting that accurately recorded these payouts.

The SEC charged that in Bangladesh, Costa Rica, Egypt, Indonesia, Myanmar, the United Arab Emirates, Vietnam and other countries, Aon improperly paid officials and company executives $3.6 million in order to get business that netted the insurer $11.4 million in profits.

Aon neither admitted nor denied the SEC's charges but agreed to avoid future violations of securities laws and agreed to pay $14.5 million in restitution and interest. Aon admitted to the Justice Department that Aon Limited's accounting records did not accurately reflect the use of training funds and agreed to pay the criminal fine and comply with record keeping and control standards.

GROCERY STORES, BANKS & CELL PHONES WINNERS WITH AMERICANS

The vast majority of American adults have a favorable opinion of their grocery store (88%), their bank (76%) and their cell phone manufacturer (73%), according to the Reason-Rupe poll. Over half have a favorable view of their Internet service provider (69%) and local government (58%), and 50% view their state government favorably. However, less than one-third (32%) have a favorable opinion of the federal government, and over half (54%) are worried that the federal government will do something to make the U.S. economy worse, according to a Reason Foundation survey of 1,000 American adults conducted in the first two weeks of December 2011.

FLOOD INSURANCE PROGRAM EXTENDED THROUGH MAY 2012

Congress has passed and President Obama has signed into law the Consolidated Appropriations Act (H.R. 2055), which includes a five-month extension of the National Flood Insurance Program (NFIP). Independent Insurance Agents and Brokers of America (IIABA or Big "I") Vice President John Prible said, "The Big 'I' looks forward to working with Congress and the Obama administration … to pass a long-term extension with the reforms needed to put the NFIP on a solid financial footing for the future." Big "I" Senior Vice President Charles Symington added, "Unfortunately, for the last few years Congress has only extended the program for short periods, mostly from 30 days to six months."

CANADA TO OUTLAW UNREGULATED ANNUITY-LIKE BANK PRODUCTS

Canada's Minister of Finance Jim Flaherty announced that Prime Minister Harper's government will introduce legislation to prevent banks from offering financial products that function like annuities. Current federal legislation prohibits banks from selling annuities; however, some Canadian banks are offering products that perform the same function as annuities but are not subject to the same regulatory standards as those sold by insurance companies. Proposed legislation would grandfather existing annuity-like products but would "clarify the separation of banking and insurance activities" and make annuities "subject to the regulatory framework for insurance companies," Flaherty said.

JANUARY 9 - 15, 2012

MUTUAL OF OMAHA & SECURITIES AMERICA FORM RETIREMENT PLAN ALLIANCE

Omaha, NE-based Mutual of Omaha and La Vista, NE-based Securities America Advisors have formed a strategic alliance whereby Securities America's financial advisors may offer Mutual of Omaha's retirement plans to their clients. Mutual of Omaha's Retirement Marketing Solutions President and CEO Chuck Lombardo said the alliance fits with Mutual of Omaha's goal of doubling its retirement plans product distribution and advisor support programs with "key broker-dealers across the country." Lombardo said, "Many of Securities America's advisors focus on small to mid-size employers, which fits into our sweet spot."

TEXANS CREDIT UNION PARTNERS WITH INVEST

Richardson, TX-based, $1.5 billion-asset Texans Credit Union has agreed to partner with Tampa, FL-based INVEST Financial to offer brokerage and investment services to its 133,000 members. INVEST Financial President and CEO Steve Dowden said, "INVEST will [additionally] help support operations and provide innovative technology platforms for Texans Credit Union." INVEST's 1,200 representatives currently support more than 140 banks and credit unions. INVEST is a subsidiary of National Planning Holdings, an affiliate of Lansing, MI-based Jackson National Life Insurance Company.

EDWARD JONES ADDS THE PRINCIPAL AS PREFERRED RETIREMENT PLAN PROVIDER

St. Louis, MO-based Edward Jones has named Des Moines, IA-based The Principal, a preferred retirement plan provider, enabling Edward Jones' over 12,000 financial advisors to offer the insurer's defined contribution plans to their customers. Edward Jones Principal Edward O'Neal said, "The retirement plan market is a strong focus for Edward Jones," where 7,000 of the firm's advisors currently market Section 401(k), 403(b) or 457 plans. The Principal Senior Vice President Tim Minard added that the deal fits with his company's focus, as well, and said, "Forming product relationships with key distribution firms is a critical strategy at The Principal."

SECURIAN FINANCIAL ADDS 25% TO CREDIT PROTECTION BUSINESS WITH AMLIC & SPLIC PURCHASES

St. Paul, MN-based Securian Financial Group has completed its acquisition of American Modern Life Insurance Company (AMLIC) and its subsidiary, Southern Pioneer Life Insurance Company (SPLIC), from Cincinnati, OH-based American Modern Insurance Grup. The addition of AMLIC and SPLIC's debt protection, disability and credit life insurance products increases Securian's credit protection business by 25%.

Securian Financial President Christopher Hilger said, "The acquisition affirms Securian's commitment to the financial institution market." He added, "It expands our presence and gives us the opportunity to serve new clients and distributors." Last October, Securian acquired former Bank of America Corporation subsidiaries Balboa Life Insurance Company and Balboa Life Insurance Company of New York.

INSURERS EASE OFF DIRECT MAILINGS

Direct mailings from life, health and property/casualty insurers fell 11% in third quarter 2011 compared to third quarter 2010, according to Chicago-based direct marketing firm Mintel Comperemedia. Direct mailings from life insurers dropped 17%, driving the overall decline, while direct mailings from property/casualty and health insurers were off, respectively, 8% and 7% compared to third quarter 2010. For the first nine months of 2011, however, direct mailings from health insurers showed the greatest decline (-23%), followed by life insurers (-8%), while direct mailings from property and casualty insurers rose 4% compared to the first nine months of 2010.

Looking ahead, Mintel Comperemedia Insurance Consulting Director Gary Wooley predicted, "Insurance products will see some renewed marketing vitality in 2012 as the concepts of stability, strength and protection resonate more with consumers."

NAIC TOUTS PERMANENT LIFE INSURANCE

The National Association of Insurance Commissioners (NAIC) has issued a press release reminding investors and advisors of the following, among other, value propositions attached to life insurance: "Permanent life insurance policies that build cash value may be a way to add stability to a financial portfolio and accumulate funds over the long-term. These policies can also offer tax advantages to small business owners or individuals who have maxed out their qualified retirement plan contributions."

U.S. COMPOSITE COMMERCIAL PROPERTY/CASUALTY RATES UP 1% FOR SECOND MONTH IN A ROW

U.S. commercial property and casualty insurance rates achieved a 1% composite rate increase in December 2011, mirroring the 1% increase achieved in November, according to Dallas, TX-based MarketScout.

Workers compensation rates (+3%) again drove the rate increase by coverage class, followed by commercial property (+2%), business owner policies or BOP (+2%), and general liability (+2%). Business interruption, inland marine, directors and officers (D&O) liability, employment practices liability insurance or EPLI, and surety were all up 1%, while umbrella/excess, commercial auto, professional liability, fiduciary and crime rates remained flat.

By account size, only jumbo rates remained flat, while medium and large account rates rose 1% and small account rates increased 2%. Additionally, all industries incurred 1% rate increases except the habitational industry, where rates remained flat.

Commenting on the overall commercial property and casualty rate picture, MarketScout CEO Richard Kerr said, "The December composite rate increase further supports our findings that the soft market cycle has ended." He added, "The trend is clearly towards rate increases." *For more on the MarketScout report based on data collected by The National Alliance for Insurance and Education Research, click here*.

U.S. PROPERTY/CASUALTY INSURERS' NET INCOME DROPS 70.5%

U.S. property and casualty insurers' net income dropped 70.5% in the first nine months of 2011 to $8 billion, down from $27.1 billion in the first nine months of 2010, driving the industry's annualized rate of return on average policyholder surplus to 1.9%, compared to 6.8% in 2010, according to the Insurance Services Office (ISO) and the Property Casualty Insurers Association of America (PCI).

Net losses on underwriting soared five-and-a-half-fold to $34.9 billion, up from $6.3 billion in the first nine months of 2010, and drove the profit decline, as net loss adjustment expenses (LLAE) tied to catastrophes more than tripled to $33.2 billion, up from $10.8 billion. At the same time, a $2.1 billion (5.5%) increase in net investment income and a 5.5% rise in net realized capital gains to $42 billion, up from $39.8 billion, helped offset the underwriting results, as did other income, which jumped more than four times to $1.7 billion, up from $0.4 billion during the first nine months of 2010. Still, the combined ratio deteriorated to 109.9% from 101.2%.

Policyholder surplus, or insurers' net worth as calculated according to Statutory Accounting Principles (SAP), slid 3.7% to $538.6 billion, down from $559.2 billion at year-end 2010, translating into the aforementioned 1.9% annualized rate of return, well below the 8.6% average nine month rate of return achieved for the past quarter century.

Commenting on the overall performance and viability of U.S. property/casualty insurers, PCI Senior Vice President Robert Gordon said, "Despite massive net losses on underwriting, insurers emerged from nine months 2011 strong, well-capitalized, and capable of paying future claims. As of September 30, 2011, insurers had $538.6 billion in policyholders' surplus to cover new claims and meet other contingencies – 125 times all the direct insured losses to U.S. property from Hurricane Irene."

U.S. CORPORATE DEFINED BENEFIT PENSION PLANS STRUGGLE IN 2011

U.S. corporate defined benefit pension plans recorded a $59.7 billion decrease in pension funded status in December 2011 and a record $236.4 billion increased deficit for the year, according to the *Milliman Pension Funding Study*, based on data provided by the nation's 100 largest defined benefit pension plans. With the 2011 funded ratio at 72.4%, the study's co-author John Ehrhardt said, "Assets treaded water [in 2011], producing an anemic $12.3 billion increase in value as record-low interest rates increased pension liabilities by $248.7 billion."

For more on the Seattle-based Milliman's study, click here.

SEC TO REQUIRE ADMISSION OF GUILT IN CERTAIN SETTLEMENTS

The U.S. Securities and Exchange Commission (SEC) has changed its position regarding a company's admission or denial of guilt in the settlement of civil securities fraud cases. If a company has admitted to or been convicted of a criminal violation or has entered into an agreement to defer prosecution as part of a criminal settlement in a case involving securities fraud, the SEC will require that company to admit guilt in the corresponding SEC settlement. If, however, a company has not been convicted of criminal charges and settles only civil securities law violations with the SEC, the SEC will continue to allow that company to neither admit nor deny the civil charges.

The SEC says the latter practice enables it to settle cases and return money to defrauded consumers more quickly, *The New York Times* reports.

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U.S. BHC ANNUITY EARNINGS HIT RECORD $2.26 BILLION IN FIRST THREE QUARTERS OF 2011

Income earned from the sale of annuities at bank holding companies (BHCs) climbed 22.6% to a record $2.26 billion in the first three quarters of 2011, up from $1.84 billion in the first three quarters of 2010, according to the *Michael White-ABIA Bank Annuity Fee Income Report*.

Third-quarter BHC annuity commissions slowed in comparison to those of the first two quarters. They were $731.5 million, down 6.4% from a record-setting $781.4 million in second quarter 2011, but still up 17.7% from $621.3 million earned in third quarter 2010. Thus far in 2011, 41.8% of large top-tier BHCs engaged in the sale of annuities.

Compiled by Michael White Associates (MWA) and sponsored by American Bankers Insurance Association (ABIA),

TOP 10 BANK HOLDING COMPANIES IN ANNUITY FEE INCOME YEAR-TO-DATE SEPTEMBER 30, 2011 - NATIONALLY

(ALL DOLLAR AMOUNTS IN THOUSANDS)

RANK	ANNUITY INCOME YTD 3Q2011	ANNUITY INCOME YTD 3Q2010	% CHANGE 3Q 2010 - 3Q 2011	BANK HOLDING COMPANY		ASSETS	% OF NONINT. INCOME
1	$617,000	$517,000	19.34%	Wells Fargo & Company	CA	$1,304,832,000	2.22%
2	$318,000	$237,000	34.18%	Morgan Stanley	NY	$794,939,000	2.19%
3	$245,000	$185,000	32.43%	JPMorgan Chase & Co.	NY	$2,287,462,000	1.03%
4	$180,910	$126,718	42.77%	Bank of America Corp.	NC	$2,215,005,733	0.51%
5	$86,523	$78,286	10.52%	Regions Financial Corp.	AL	$129,761,507	3.98%
6	$72,213	$46,151	56.47%	SunTrust Banks, Inc.	GA	$172,583,676	2.72%
7	$58,781	N/A	N/A	RBC USA Holdco Corp.	NY	$95,815,143	3.41%
8	$55,947	$60,173	-7.02%	PNC Financial Services Grp.	PA	$269,555,466	1.40%
9	$54,810	$36,847	48.75%	BBVA USA Bancshares, Inc.	TX	$64,484,460	8.99%
10	$49,000	$42,000	16.67%	U.S. Bancorp	MN	$330,141,000	0.83%

SOURCE: *Michael White-ABIA Bank Annuity Fee Income Report* the report measures and benchmarks the banking industry's performance in generating annuity commissions and fees. Results are based on data from all 6,740 commercial and FDIC-supervised savings banks and 927 large top-tier bank holding companies operating on September 30, 2011.

Of the 927 BHCs, 387 or 41.8% participated in annuity sales activities during the first three quarters of 2011. Their $2.26 billion in annuity commissions and fees constituted 12.0% of their total mutual fund and annuity income of $18.91 billion and 16.0% of total BHC insurance sales volume (i.e., the sum of annuity and insurance brokerage income) of $14.2 billion. Of the 6,740 banks, 901 or 13.4% participated in annuity sales activities, earning $588.9 million in annuity commissions or 26.0% of the banking industry's total annuity fee income. Bank annuity production was up 5.0% from $560.9 million in the first three quarters of 2010.

Seventy-five percent (75.3%) of BHCs with over $10 billion in assets earned third quarter year-to-date annuity commissions of $2.15 billion, constituting 95.0% of total annuity commissions reported. This was an increase of 23.7% from $1.74 billion in annuity fee income in the first three quarters of 2010. Among this asset class of largest BHCs in the first three quarters, annuity commissions made up 11.5% of their total mutual fund and annuity income of $18.60 billion and 15.9% of their total insurance sales volume of $13.51 billion. Wells Fargo & Company (CA), Morgan Stanley (NY), JPMorgan Chase & Co. (NY), Bank of America Corporation (NC), and Regions Financial Corp. (AL) led all bank holding companies in annuity commission income in the first three quarters of 2011.

BHCs with assets between $1 billion and $10 billion recorded an increase of 3.8% in annuity fee income, rising from $91.6 million in the first three quarters of 2010 to $95.0 million in the first three quarters of 2011 and accounting for 30.5% of their mutual fund and annuity income of $311.2 million. Among BHCs with assets between $1 billion and $10 billion, leaders included Stifel Financial Corp. (MO), National Penn Bancshares, Inc. (PA), Old National Bancorp (IN), Wesbanco, Inc. (WV), and Bremer Financial Corporation (MN).

BHCs with $500 million to $1 billion in assets generated $17.9 million in annuity commissions in the first three quarters of 2011, up 5.6% from $16.9 million in the first three quarters of 2010. Only 33.0% of BHCs this size engaged in annuity sales activities, which was the lowest participation rate among all BHC asset classes. Among these BHCs, annuity commissions constituted the smallest proportion (15.1%) of total insurance sales volume of $118.0 million. Among BHCs with assets between $500 million and $1 billion, leaders were Northeast Bancorp (ME), River Valley Bancorporation, Inc. (WI), Citizens Bancshares, Inc. (OH), Van Diest Investment Company (IA), and Nodaway Valley Bancshares, Inc. (MO).

The smallest community banks, those with assets less than $500 million, were used as "proxies" for the smallest BHCs, which are not required to report annuity fee income. Leaders among bank proxies for small BHCs were Jacksonville Savings Bank (IL), Essex Savings Bank (CT), Vantage Point Bank (PA), FNB Bank, N.A. (PA), and The Hardin County Bank (TN). These small banks, representing small BHCs, also registered an increase of 15.6% in annuity fee income, rising from $24.4 million in year-to-date (YTD) 2010 to $28.2 million in YTD 2011.

Among the top 50 BHCs nationally in annuity concentration (i.e., annuity fee income as a percent of noninterest income), the median year-to-date Annuity Concentration Ratio was 7.3% in third quarter 2011. Among the top 50 small banks in annuity concentration that are serving as proxies for small BHCs, the median Annuity Concentration Ratio was 15.3% of noninterest income.

Among the top 50 BHC leaders in annuity penetration (i.e., annuity fee income per one million dollars of core or retail deposits), the median Annuity Penetration Ratio was $5,411 per million dollars of retail deposits (or an annualized Penetration Ratio of $7,213). Among the top 50 small banks in annuity penetration, the median Annuity Penetration Ratio was $7,859 per million dollars of core deposits (or an annualized Penetration Ratio of $10,476).

For more on the third quarter findings of the Michael White-ABIA Bank Annuity Fee Income Report, click here.

REGIONS FINANCIAL TO SELL MORGAN KEEGAN TO RAYMOND JAMES

Birmingham, AL-based, $129.8 billion-asset Regions Financial Corporation has agreed to sell Memphis, TN-based Morgan Keegan & Company and its affiliates to St. Petersburg, FL-based Raymond James Financial for $930 million in stock. Raymond James CEO Paul Reilly said the pending addition of Morgan Keegan's more than 1,000 private client and capital markets professionals to Raymond James over 5,400 advisors "represents a major step toward achieving our vision of being the premier alternative to Wall Street."

Morgan Keegan CEO John Carson will serve as Raymond James Financial President and oversee the company's Fixed Income and Public Finance unit, which will be based in Memphis. Raymond James and Regions Financial will maintain a strategic referral relationship after the deal closes at the end of the first quarter.

METLIFE BANK EXITS FORWARD MORTGAGE BUSINESS

New York City-based MetLife is exiting the forward residential mortgage business but will continue to originate reverse mortgages. Irving, TX-based MetLife Home Loans, a unit of Convent Station, NJ-based, $17.7 billion-asset MetLife Bank, will continue to service current mortgage customers and will honor contractual commitments for loans in process, but as of January 10, 2012, it no longer accepts new loan applications, except those for reverse mortgages. MetLife Bank expects to lay off 4,300 employees involved in its mortgage business and incur $90 million to $110 million in after-tax costs tied to the mortgage business exit, over the next year.

In December 2011, MetLife agreed to sell virtually all of MetLife Bank's depository business to GE Capital Financial. Exiting the forward residential mortgage business is another step in what MetLife President Steven Kandarian described as the insurer's effort to free itself from the current "regulatory environment" by "no longer being a bank holding company."

GENWORTH TO SELL INVESTMENT SERVICES UNIT TO CETERA FINANCIAL

Richmond, VA-based Genworth Financial has agreed to sell Genworth Financial Investment Services (GFIS) to Los Angeles, CA-based Cetera Financial Group. Genworth Financial CEO Michael Fraizer said the sale of the tax and accounting financial advisor unit will enable Genworth Financial Wealth Management to "focus on its core turnkey asset management business" and will help the larger company "strengthen its capital flexibility and risk buffers [and] optimize its business mix around leadership positions."

GFIS will become the fourth financial services firm under the Cetera Financial Group umbrella, which currently includes El Segundo, CA-based Financial Network Investment Corporation, Denver, CO-based Multi-Financial Securities Corporation, and St. Cloud, MN-based PrimeVest

Financial Services. GFIS President and CEO Enrique Vasquez will remain at the helm of the company's 2,000 independent tax and accounting professionals and report to Cetera CEO Valerie Brown. Vasquez said, "We look forward to maintaining a strong relationship with Genworth and continuing to offer their competitive suite of insurance and investment solutions."

GFIS will be rebranded, after the deal closes in the second quarter, pending regulatory approvals.

NY INVESTIGATES BIG-BANK FORCE-PLACED MORTGAGE INSURANCE SALES

The Department of Financial Services for the State of New York has reportedly subpoenaed New York City-based, $2.29 trillion-asset JPMorgan Chase & Co., New York City-based, $1.94 trillion-asset Citigroup, Charlotte, NC-based, $2.22 trillion-asset Bank of America Corp. (B of A), and San Francisco, CA-based, $1.30 trillion-asset Wells Fargo and Co. in an effort to discover whether these banks have overcharged customers on force-placed mortgage insurance. Additionally, the Department is examining potential conflicts of interest and tyings to determine whether the banks have favored force-placed policies offered by their own insurance units and/or whether they have received kickbacks from insurers.

Australia-based QBE Insurance Group, which acquired certain elements of B of A's Balboa Insurance unit last year, has already been affected by the New York State probe. Trading in the company's shares was halted Thursday after dropping the day before on concerns over profit margins and potential litigation tied to the Balboa purchase, *insurancejournal.com* reports.

AON CORP TO MOVE HEADQUARTERS TO LONDON

Chicago-based Aon Corp plans to move its corporate headquarters from Chicago to London and change its jurisdiction of incorporation from Delaware to England. Aon described the moves as part of its global strategy to grow revenue from international operations and noted that London is not only a key international insurance and risk brokerage hub, but it is also closer to emerging markets. Aon CEO Greg Chase said, "The continued investment in our international operations and emerging markets is important to the growth of our firm" and will increase Aon's financial flexibility and capital allocation.

Chicago will remain Aon's headquarters for the Americas and will continue to be "central to the success of the firm," Chase said. Aon expects to move 750 Chicago-area jobs to its downtown Aon Center headquarters and plans to add more than 1,000 positions to its overall U.S. operations in 2012.

"BIG I" REITERATES SUPPORT FOR NATIONAL LICENSING SYSTEM

The Independent Insurance Agents and Brokers of America (IIABA or "Big I") has again reiterated its support for a national insurance licensing system. In a recent comment letter to the Federal Insurance Office (FIO), the Big I noted that a national licensing system, like that proposed under the pending National Association of Registered Agents and Brokers Act II, would "preserve day-to-day regulation in the hands of state officials" but would "establish greater interstate [licensing] consistency." Currently, the nation's 2.3 million licensed insurance agents hold 6.2 million separate state insurance licenses, with 10% of all agents licensed in five or more states, the Big I said.

BUSINESS ROUND TABLE FILES AMICUS BRIEF IN SEC-CITIGROUP APPEAL

The Washington, DC-based Business Round Table (BRT) has filed an *amicus* brief supporting the U.S. Securities and Exchange Commission's (SEC) appeal to the Second Circuit Court to overturn the Second District Court's decision rejecting a negotiated settlement between the SEC and Citigroup Global Markets. The lower court ordered a trial to determine the facts of the case and the merits of the settlement.

In its brief, the BRT said that, by rejecting the "appropriate practice of settling enforcement actions without admission of fault," the District Court's decision "threatens to upend longstanding regulatory enforcement procedures and force businesses to engage in protracted litigation."

INSURE.COM ISSUES PEOPLE'S CHOICE INSURANCE AWARDS

Insure.com has released the results of a February through August 2011 survey of 4,500 insurance customers' satisfaction with their auto, homeowners, life and health insurance companies. Based on assessments of satisfaction with service, claims experience and value for price, and customers' willingness to renew their policy and recommend their insurer to others, the following companies received the top scores in each category and insure.com's People's Choice Award: Auto insurance – USAA (98.00), Auto-Owners Insurance (85.82) and The Hartford (83.31); Homeowners insurance – USAA (98.11), Amica Mutual (97.67) and Chubb (92.19); Life insurance – Ameriprise Financial (90.95), TIAA-CREF (88.58) and Transamerica (84.28); and Health Insurance – Blue Cross-Blue Shield (BCBS) of Illinois (84.74), Horizon BlueCross Blue Shield of New Jersey (84.52) and Kaiser Pemanente (84.45).

For a complete ranking of all insurers assessed according to the four different lines of business, click here.

JANUARY 23 - 29, 2012

U.S. COMMUNITY BANK INVESTMENT PROGRAM EARNINGS RISE 4.4%

Community bank investment programs continued to perform well in the first three quarters of 2011 with modest increases in securities brokerage fee income and near double-digit growth in annuity commissions and fees, according to the *Michael White-Securities America Report: Community Bank Investment Programs*.

Sponsored by Securities America and issued by Michael White Associates, the report measures and benchmarks investment programs at community banks, i.e., banks with less than $4 billion in assets. The current quarterly report is based on data reported by all 6,740 commercial banks and FDIC-regulated savings banks operating on September 30, 2011. The annual report specially examines the 6,574 community banks among the 6,740, further segmenting them into five asset classes whose performance is also analyzed.

"Given the state of the economy, community banks' investment program revenues have done well growing at 4.4% through three quarters of 2011," said Gregg H. Johnson, Senior Vice President at Securities America. "In fact, revenues of community bank investment programs continue to be the best since 2008. It is true that program growth has slowed as the year progressed. Still, mean program income is 7.8% higher than it was in 2010 and ranks as the best year in mean program income since 2007."

Program Production

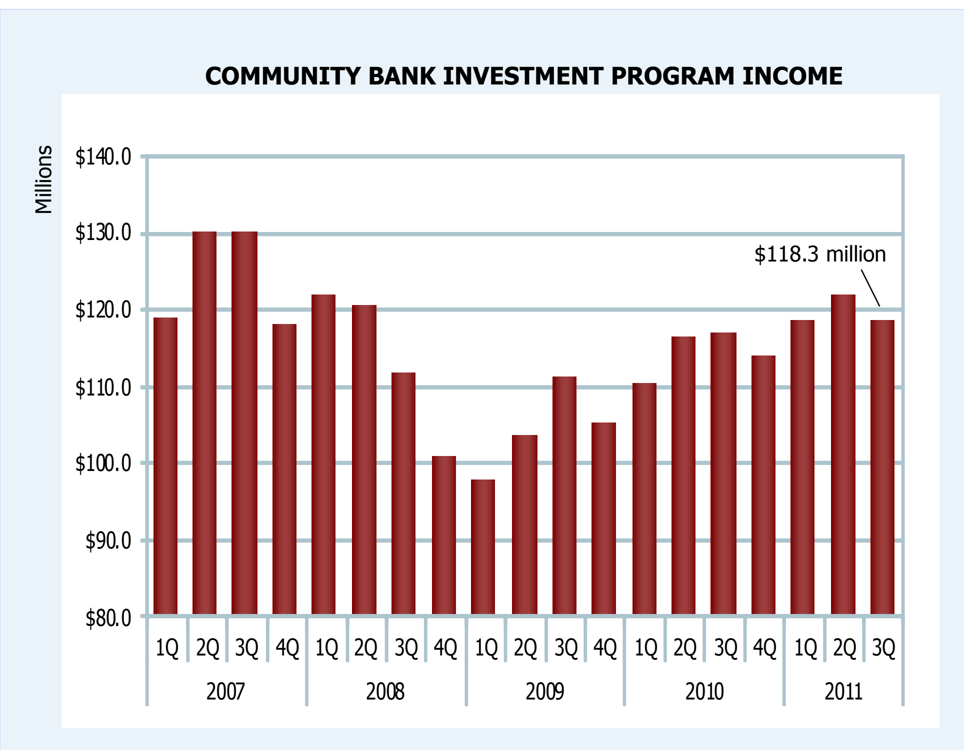
In the first nine months of 2011, 1,443 or 22.0% of community banks participated in investment program activities, producing $357.9 million in program income, up 4.4% from $342.8 million in nine months of 2010. Third quarter 2011 program income of $118.3 million decreased 2.6% from $121.5 million in second quarter 2011 but rose 1.5% from $116.5 million in third quarter 2010, hitting its highest level since third quarter 2007.

These community banks achieved average investment program fee income of $248,021 over nine months of 2011, up 7.8% from $230,046 for the same period in 2010. Average three-quarters' investment program fee income in 2011 constituted the high-water mark since third quarter year-to-date (YTD) 2007. The number of banks participating in investment program activities was down by 3.2% from 1,490 banks over three quarters of last year to 1,443 banks through three quarters in 2011, as the total number of community banks fell 4.1% from 6,853 to 6,574 over the same period.

Program Penetration

The Penetration of an investment program is measured as the amount of program revenue generated per million dollars of core or retail deposits. These deposits substitute as a measure of retail customers and the breadth of the customer relationship, since the data for retail customers or retail households are hard to obtain on a reliable, national, and standardized basis.

"Year-to-date third quarter 2011, community banks earned mean investment program income of $597 per million dollars of retail bank deposits," said Michael White, president of Michael White Associates and author of the report. "That Penetration Ratio was down 9.3% from the previous year, due to the large influx of retail deposits. In contrast, big banks with assets over $4 billion attained a higher

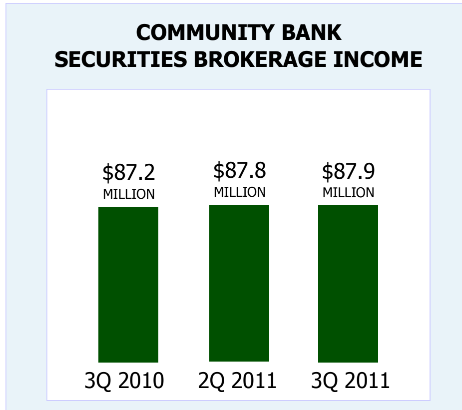


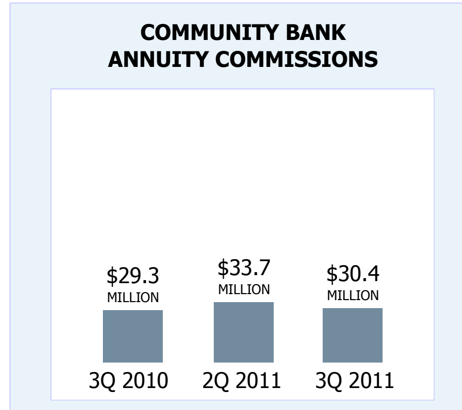
SOURCE: Michael White - Securities America Report: Community Bank Investment Programs mean Investment Program Penetration of $823 per million dollars of retail deposits; so, this indicates that community banks can further enhance their programs by increasing penetration of their customer bases."

Program Concentration

Program Concentration calculates the portion of total noninterest income attributable to a specific kind of noninterest fee income. This ratio enables us to know how concentrated or meaningful bank investment programs are among their banks' non-lending activities.

As a group, community banks achieved a higher mean Concentration of investment program income to noninterest income than larger banks for three quarters in 2011. As a group, community banks attained a Concentration ratio of 9.2%. Large banks, those with assets greater than $4 billion, had a lower mean Concentration ratio of 4.7% for the same period, reflecting the fact that, in their case, they tend to have more sources of noninterest income in larger volumes than just investment program income.





SOURCE: Michael White - Securities America Report: Community Bank Investment Programs

Program Productivity

Investment Program Productivity measures the amount of program fee income per bank employee. Program Productivity enables us to assess the relative generation of income among bank employees, which are frequently the important human assets in generating customer referrals and the attendant fee income earned from those customer relationships. Year-to-date 2011, mean community bank Program Productivity was $1,813 per bank employee, up 8.0% from $1,679 over three quarters of 2010, and the highest level of three-quarters' worth of productivity since MWA began analyzing these data in 2007. Community banks with assets between $1 billion and $4 billion generated the highest level of Program Productivity at $2,088 in program revenue per bank employee.

Program Density

Measured as the amount of program fee income per domestic banking office, Program Density evaluates the relative density of program income among banking locations, the critical physical assets in generating investment program income. Mean density per domestic community bank office was $39,300 at September 30, 2011, up 2.1% from $38,498 for nine months in 2010.

Revenue Mix – Securities Brokerage

In the first nine months of 2011, community banks earned securities brokerage fee income of $263.2 million, up 2.7% from $256.2 million in three quarters in 2010. Third quarter 2011 brokerage revenues of $87.88 million were 0.1% or $110,000 more than the $87.77 million in second quarter 2011 and 0.8% more than $87.2 million in third quarter 2010.

Security brokerage revenues constituted 73.5% of total investment program income of $357.9 million in nine months of 2011, down from a cumulative mix of 74.8% in 2010.

THIRD QUARTER YTD 2011 INVESTMENT PROGRAM INCOME PERFORMANCE BENCHMARKS FOR COMMUNITY BANKS - NATIONALLY	
PERFORMANCE MEASURES	MEAN
PRODUCTION - Dollar Volume	$248,021
CONCENTRATION - % of Noninterest Income	9.2%
PENETRATION – $ per Million Dollars of Retail Deposits	$596
PRODUCTIVITY - $ per Bank Employee	$1,813
DENSITY - $ per Domestic Office	$39,300

SOURCE: *Michael White - Securities America Report: Community Bank Investment Programs*

Of the 1,443 banks with assets under $4 billion that reported earning investment program income in third quarter 2011, 1,267 banks or 87.8% reported earning commissions and fees from securities brokerage, and 823 banks or 57.0% reported earning securities brokerage fee income only.

Revenue Mix – Annuities

Community banks earned annuity fee income of $94.7 million through September 30, up 9.5% from $86.5 million in nine months of 2010. Third quarter 2011 annuity revenues of $30.4 million were down 9.9% from $33.7 million in second quarter 2011 and up 3.7% from $29.3 million in third quarter 2010.

Annuity commissions constituted 26.5% of community bank investment program income of $357.9 million over three quarters in 2011, up from 2010's annuity revenue mix of 25.2% at the end of three quarters. In third quarter 2011, annuity revenue mix was 25.7%, up from 25.2% in third quarter 2010. With 15.1% of YTD 2010 program income and 17.0% of YTD 2011 program income from annuities, the bigger banks with assets in excess of $4 billion had a considerably lower mix of annuity commissions in their programs.

Of the 1,443 community banks that reported earning investment program income through three quarters in 2011, 823 banks or 57.0% reported earning annuity commissions, and 176 banks or 12.2% reported earning annuity income only. This latter finding of 176 banks reporting only annuity income may be indicative of banks that have only platform annuity or licensed bank employee (LBE) programs and not full-product or hybrid investment programs.

Leaders – Investment Program

In three quarters of 2011, leaders in investment program fee income among big banks with assets under $4 billion were CenterState Bank of Florida (FL) with $19.37 million, down 25.7% from the same period in 2010; North Shore Community Bank & Trust Company (IL) with $12.10 million in, up 9.5%; TIB The Independent Bankersbank (TX) with $10.12 million, up 19.0%; BAC Florida Bank (FL) with $4.90 million, down 11.4%; and The Washington Trust Company of Westerly (RI) with $3.3 million, up 1.8%. (Not all income in some investment programs is derived from activities conducted for retail customers. For instance, CenterState Bank of Florida and bankers' banks sell securities, particularly bonds, for other community banks. When bank lending is tight and there are higher deposits and fewer loans, the increased liquidity of banks' balance sheets also increases community banks' demand for bonds.)

Leaders – Annuities

Over three quarters of 2011, leaders in annuity fee income among banks under $4 billion in assets were Lake City Bank (IN) with $1.58 million, up 22.0% from $1.30 million; Sun National Bank (NJ) with $1.26 million, up 20.1% from $1.05 million through three quarters of 2010; Marquette Bank (IL) with $1.24 million, up 5.8% from $1.18 million; First Victoria National Bank (TX) with $1.20 million, down 10.8% from $1.34 million; and United Bank (WV) with $1.1 million in 2011, down 30.7% from $1.60 million on September 30, 2010.

For more on the Michael White-Securities America Report, click here.

FINRA FINES CITIGROUP FOR CONFLICT OF INTEREST FAILURES

The Financial Industry Regulatory Authority (FINRA) has fined Citigroup Global Markets $750,000 for failing to disclose conflicts of interest in certain research reports and public appearances. FINRA found that from January 2007 through March 2010 the Citigroup unit had neither reasonable supervisory procedures in place nor an accurately programmed and functioning database to flag conflicts of interest. As a result, Citigroup Global Markets failed to appropriately disclose investment-banking conflicts, market-making conflicts and 1% or more equity ownership conflicts, FINRA found.

FINRA Chief of Enforcement Brad Bennett said, "Firms need to provide investors with full and accurate information so they will be able to take it into consideration before making an investment decision."

Citigroup neither admitted nor denied the charges but agreed to an entry of FINRA's findings.

GENWORTH TO TAP GROWING MASS AFFLUENT SENIOR MARKET

Richmond, VA-based Genworth Financial, which re-entered the U.S. indexed annuity market in December 2011, plans to focus on the retirement needs of the middle and upper income earners. Genworth says it expects indexed annuity sales to grow in this market, especially since each day, over the next 20 years, 10,000 Americans are expected to turn 65.

NEWTEK INSURANCE AGENCY ENDORSED BY CUNA STRATEGIC SERVICES

CUNA Strategic Services (CSS) has endorsed New York City-based Newtek Insurance Agency as its exclusive provider of health and benefit insurance products to small business members of U.S. credit unions. Newtek Insurance Agency parent, Newtek Business Services (aka The Small Business Authority) has partnered with CSS since 2003, offering credit union members small business loans, debit card processing services, web hosting services, business tax services, web-based payroll services, accounts receivable financing and the like. Newtek Business Services President and CEO Barry Sloane said, "We are pleased that our eight-year relationship with CUNA Strategic Services … has led to the addition of health insurance and benefits for small business members." He added, "Never before have credit union members and Americans been so challenged to protect their health and families."

CSS is owned by Madison, WI-based Credit Union National Association (CUNA) and state credit union leagues.

BURGEONING SENIOR POPULATION FACES RISING LTC COSTS

Americans over age 65 comprise the nation's largest age set, according to the 2010 U.S. Census and the U.S. Department of Health and Human Services (HHS). And this growing age group faces potentially enormous long-term care costs, according to Northwestern Mutual's most recent *Cost of Long-Term Care* study.

Currently, the daily cost for a single-occupant, private nursing home room in the U.S. averages $246.06 per day, $7,381.80 per month and $88,581.60 per year. The cost of a single-occupant room in an assisted living facility averages $112.41 per day, $3,372.41 per month and $40,468.92 per year. The cost of a shared room in an assisted living facility averages $86.41 per day, $2,592.40 per month and $31,108.80 per year. The cost for a home health aide from a certified home health care agency averages $20.65 per hour, according to data collected by HHS and Northwestern Mutual.

Northwestern Mutual Vice President Steve Sperka noted, "The data is sobering and doesn't even include the added expenses of medical equipment, transportation, drugs and other hidden costs." He added that, while most people realize they will need care, "they're not sure how to plan for it." Sperka recommends that they begin with a trusted financial advisor.

As a guide for financial advisors and individuals, Northwestern Mutual has posted at its website the following helpful tools: the Long-Term Care Cost Calculator, the Lifespan Calculator, and Long-Term Care Costs and Options.
To access these tools, click here.

FINRA ISSUES NOTICE ON "COMPLEX PRODUCTS"

The Financial Industry Regulatory Authority (FINRA) has issued Regulatory Notice 12-03 notifying member firms of the regulator's "heightened supervision of complex products" and providing firms with guidance on how to identify, vet and supervise the sale and marketing of these products. *To access the Notice regarding such "complex products" as structured notes, inverse or leveraged exchange traded funds, hedge funds and such securitized products as asset-backed securities, click here*.

UK FINANCIAL SERVICES AUTHORITY FINES RBS INSURANCE UNITS FOR DOCUMENT TAMPERING

The U.K. Financial Services Authority (FSA) has fined Edinburgh, Scotland-based, $2.04 trillion-asset Royal Bank of Scotland subsidiaries Direct Line Insurance and Churchill Insurance £2.17 million ($3.33 million) for improperly altering 27 of the 50 consumer complaint files requested for review by the FSA. FSA Acting Director of Enforcement Tracey McDermott pointed the finger at management and said, "The firms failed to give clear instructions resulting in staff making inappropriate alterations, with one individual even forging the signatures of colleagues." McDermott added, "The significant penalty is intended to underscore to firms that it is of critical importance that material provided to the FSA reflect the picture as it is, not as they might like it," *BestNews* reports.

INSURANCE REVENUE FALLS AT WELLS FARGO

San Francisco-based, $1.3 trillion-asset Wells Fargo & Co. reported insurance revenues in fourth quarter 2011 fell 17% to $466 million, down from $564 million in fourth quarter 2010, and trust and investment fees (TIF) declined 10% to $2.66 billion, down from $2.96 trillion. Insurance earnings and TIF comprised, respectively, 4.8% and 27.4% of noninterest income, which decreased 7% to $9.71 billion, down from $10.43 billion in fourth quarter 2010, when card fees and mortgage banking fees were, respectively, $261 million and $393 million higher.

Fourth quarter net interest income on a 3.89% net interest margin grew 10% to $8.85 billion, up from $8.07 billion in fourth quarter 2010, reflecting a $420 million (22%) drop in interest expense and a $949 million (32%) drop in credit loss provisions to $2.04 billion, which more than compensated for a 5% decrease in interest income to $12.38 billion in fourth quarter 2010. Net income after preferred dividends grew to a record $3.8 billion, up from $3.23 billion in fourth quarter 2010.

For the year 2011, insurance revenue slid 8% to $1.96 billion, down from $2.13 billion in 2010, despite what Wells Fargo & Co. Chairman and CEO John Stumpf described as the company's overall "record cross-sell." At the same time, trust and investment fees (TIF) rose 3% to $11.30 billion, up from $10.93 billion. Insurance revenue and TIF comprised, respectively, 5.1% and 29.6% of noninterest income, which declined 6% to $38.19 billion, down from $40.45 billion in 2010, when mortgage banking fees and service charges on deposit accounts were, respectively, $1.91 billion (20%) and $636 million (13%) greater.

Net interest income on a 3.94% net interest margin climbed 20% in 2011 to $34.86 billion, up from $29.00 billion in 2010, driven by a 50% drop in loan loss provisions to $7.90 billion and a 17% ($7.39 billion) decline in interest expense, which made up for a 6% ($3.38 billion) slide in interest income. Net income, helped additionally by $1.06 billion in reduced expenses, climbed 29% to a record $15.03 billion, up from $11.63 billion in 2010. Stumpf said, "I am extremely pleased with Wells Fargo's performance in 2011," especially during a time when the company completed its conversion of Wachovia's retail banking stores. "Now all of our 6,239 retail banking stores are on a single platform serving customers coast to coast," Stumpf said.

In 2010, Wells Fargo & Co. reported $1.78 billion in insurance brokerage fee income, which comprised 4.4% of its noninterest income and 2.1% of its net operating revenue. The company ranked 2nd in insurance brokerage earnings among U.S. bank holding companies (BHCs) engaged in significant banking business, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

TRUST & INVESTMENT MANAGEMENT FEES DOWN AT U.S. BANCORP WHILE INVESTMENT PRODUCT FEES RISE

Minneapolis, MN-based, $340 billion-asset U.S. Bancorp reported fourth quarter 2011 trust and investment management (TIM) fees fell 13.1% to $245 million, down from $282 million in third quarter 2010, and investment product fees rose 6.9% to $31 million, up from $29 million. TIM fees and investment products fees comprised, respectively, 10.1% and 1.3% of noninterest income, which increased 9.4% to $2.43 billion, up from $2.22 billion in fourth quarter 2010, despite a $62 million (21.2%) drop in credit and debit card revenue.

Net interest income on a 3.60% net interest margin in fourth quarter 2011 climbed 38.6% to $2.12 billion, up from $1.53 billion in fourth quarter 2010, reflecting a $415 million drop in loan loss provisions to $497 million and a $127 million increase in interest income to $3.22 million. Net income after dividends climbed 37.7% to $1.31 billion. U.S. Bancorp President and CEO Richard Davis credited the company's "diversified business model" and its expanded fee-based businesses with helping "mitigate the unfavorable impact of recent debit card interchange reductions" in the quarter.

For the year 2011, trust and investment management (TIM) fees slid 7.4% to $1.00 billion, down from $1.08 billion in 2010, while investment product fees grew 16.2% to $129 million, up from $111 million. TIM fees and investment product fees comprised, respectively, 11.4% and 1.5% of noninterest income, which rose 4.8% to $8.76 billion, up from $8.36 billion in 2010, despite declines in credit and debit card revenue, deposit service charges and mortgage banking revenues.

Net interest income on a 3.65% net interest margin jumped 49.6% to $7.78 billion, up from $5.2 billion in 2010, reflecting a $481 million increase in interest income to $12.64 billion, a $63,000 decrease in interest expense to $2.52 billion, and a $2.01 billion drop in loan loss provisions to $2.34 billion. Net income after dividends climbed to a record $4.72 billion, up from $3.33 billion in 2010. Chairman, President and CEO Richard Davis said, "Our full year 2011 results reflect the advantages derived from our diversified business model and our ability to successfully complement our strategy and accomplish our goals."

In 2010, U.S. Bancorp reported $38.0 million in insurance brokerage fee income, which comprised 0.5% of its noninterest income. The company ranked 20th in insurance brokerage earnings among U.S. bank holding companies (BHCs) with over $10 billion in assets, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

INSURANCE REVENUE TRENDS UP AT BB&T

Winston-Salem, NC-based, $174.6 billion-asset BB&T Corp. reported insurance revenue in fourth quarter 2011 rose 2% to $254 million, up from $249 million in fourth quarter 2010, driven by the McGriff, Seibels & Williams' corporate brokerage platform, the company said, and benefiting from the fourth quarter 2011 acquisitions of two employee benefits insurance agencies in California and one commercial property-casualty and employee benefits broker in Maryland. In contrast, trust and investment advisory (TIA) earnings remained flat at $42 million; income from bank-owned life insurance (BOLI) slipped 3.2% to $30 million, down from $31 million; and investment banking and brokerage fees dropped 23% to $75 million, down from $97 million in fourth quarter 2010. Insurance, TIA, BOLI, and investment banking and brokerage fees comprised, respectively, 27.5%, 4.6%, 3.3% and 8.1% of noninterest income, which slid 4.4% to $922 million, down from $964 million in fourth quarter 2010, hit by a $31 million drop in check card fees resulting from the implementation of the Durbin Amendment, and a $46 million net loss in FDIC loss share income.

Net interest income on a 4.02% net interest margin jumped 71.3% in fourth quarter 2011 to $1.18 billion, up from $689 million in fourth quarter 2010, driven by a $371 million (58%) drop in loan loss provisions to $272 million and a $106 million (25%) decline in interest expense. Net income, after a $184 million increase in foreclosed property expense, soared 88% to $391 million, up from $208 million in fourth quarter 2010.

For the year 2011, insurance earnings remained steady at $1.04 billion; trust and investment advisory (TIA) revenues increased 8.8% to $173 million; income from bank-owned life insurance (BOLI) slipped less than 1% to $122 million; and investment banking and brokerage fees slid 5.4% to $333 million. Insurance brokerage income, TIA fees earnings, BOLI and investment banking and brokerage fees comprised, respectively, 33.4%, 5.6%, 3.9% and 10.7% of noninterest income, which fell 21.3% to $3.11 billion, down from $3.96 million in 2010 when securities gains were $492 million greater.

Net interest income in 2011 jumped 61% to $4.32 billion, up from $2.68 billion in 2010, reflecting a $1.45 billion (55%) drop in loan loss provisions to $1.19 billion and a $417 million decrease (23%) in interest expense to $1.38 billion, which overcame a $230 million decline (3.2%) in interest income to $6.89 billion. Net income climbed 58% to $1.29 billion, up from $816 million in 2010.

Commenting on the results, BB&T Chairman and CEO King said, “We met essentially all of our strategic objectives and are successfully emerging from the credit cycle.”

In 2010, BB&T Corp. reported $933.3 million in insurance brokerage fee income, which comprised 33.0% of its noninterest income and 11.5% of its net operating revenue. The company ranked 3rd in insurance brokerage earnings among U.S. bank holding companies (BHCs) engaged in significant banking business, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

TABLE 1. TOTAL BOLI ASSETS (IN BILLIONS) HELD BY BANKS AT END OF THIRD QUARTER 2011

BANKS BY ASSET SIZE	GENERAL ACCOUNT LIFE INSURANCE ASSETS (GALI)	SEPARATE ACCOUNT LIFE INSURANCE ASSETS (SALI)	HYBRID ACCOUNT LIFE INSURANCE ASSETS (HALI)	TOTAL
Over $10 billion	$31.52	$59.80	$7.91	$99.23
$1 billion - $10 billion	$7.51	$3.78	$1.30	$12.60
$500 million - $1 billion	$3.32	$0.41	$0.62	$4.35
$300 million - $500 million	$2.16	$0.16	$0.37	$2.69
$100 million - $300 million	$3.09	$0.27	$0.47	$3.83
Under $100 million	$0.71	$0.05	$0.06	$0.82
All	**$48.31**	**$64.47**	**$10.73**	**$123.51**

SOURCE: *Michael White / Meyer-Chatfield Bank-Owned Life Insurance (BOLI) Holdings Report*

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3Q YTD BOLI ASSETS CONTINUE TO CLIMB, FAVORING HYBRID ACCOUNTS

Separate account life insurance (SALI) assets continued to constitute the majority ($64.47 billion or 52.2%, up from 51.4% at mid-year) of total bank-owned life insurance (BOLI) assets in three quarters of 2011, according to the *Michael White/Meyer-Chatfield BOLI Holdings Report*. Among the biggest banks, those over $10 billion in assets, SALI assets of $59.80 billion constituted even more of their BOLI assets of $99.23 billion, reaching more than $3 of every $5 (60.3%) of total BOLI assets.

BOLI is used to recover costs of employee benefits and offset the liabilities of retirement benefits, helping banks to keep up with the rising benefit costs. Information about separate account life insurance (SALI) assets, general account life insurance (GALI) assets and hybrid account life insurance (HALI) assets held by commercial banks and FDIC-supervised savings banks became available for the first time at the end of first quarter 2011. Savings associations, i.e., thrifts, consolidate these types of BOLI assets when reporting.

Compiled by Michael White Associates (MWA) and sponsored by Meyer-Chatfield, the *Michael White/Meyer-Chatfield BOLI Holdings Report* measures and benchmarks the cash surrender values of life insurance and ratios of CSV to capital possessed by banks and bank holding companies (BHCs). All 6,740 commercial banks and FDIC-supervised savings banks operating on September 30, 2011, reported the data here. Among the study’s most significant findings through three quarters are:

- Of all banks, 3,416 or 50.7% reported holding BOLI assets of $123.51 billion in the first three quarters. This represents an increase of 4.3% from $118.47 billion in the first nine months of 2010.

- Of special note were changes from first to second quarter in the use of different types of BOLI assets. The number of banks using hybrid accounts increased 7.2% from 713 in first quarter to 764 banks in second quarter. Banks employing separate account or SALI assets decreased by 26 (4.5%).

- Separate account CSV assets totaled $64.47 billion among banks, representing 52.2% of all BOLI assets. At the same time, only 542 or 15.9% of all banks reporting BOLI held separate account

TABLE 2. NUMBER OF BANKS REPORTING BOLI ASSETS AT END OF THIRD QUARTER 2011				
BANKS BY ASSET SIZE	GENERAL ACCOUNT LIFE INSURANCE ASSETS (GALI)	SEPARATE ACCOUNT LIFE INSURANCE ASSETS (SALI)	HYBRID ACCOUNT LIFE INSURANCE ASSETS (HALI)	TOTAL
Over $10 billion	58	48	29	61 *(of 87)*
$1 billion - $10 billion	342	148	124	365 *(of 482)*
$500 million - $1 billion	409	77	163	436 *(of 613)*
$300 million - $500 million	436	53	130	456 *(of 726)*
$100 million - $300 million	1,225	152	289	1,320 *(of 2,548)*
Under $100 million	722	64	75	778 *(of 2,284)*
All	3,192	542	810	3,416 *(of 6,740)*
SOURCE: *Michael White / Meyer-Chatfield Bank-Owned Life Insurance (BOLI) Holdings Report*				

assets. Thus, among all banks holding BOLI assets, SALI assets, the largest portion of BOLI assets, were held by the fewest number of banks. Separate account life insurance assets are the cash surrender values (CSVs) associated with separate account insurance policies whose CSVs are supported by assets segregated from the general assets of the insurance carrier. Under such arrangements, the policyholders neither own the underlying separate account created by the insurance carrier on its behalf, nor control investment decisions in the underlying account. They do assume all investment and price risk so the investment income and investment gains and losses generally accrue directly to the policyholders and are not accounted for in the general account of the insurer.

- The largest banks with assets greater than $10 billion dominated the ownership of both total BOLI assets and separate account life insurance assets at September 30, 2011. Yet, the least commonly held BOLI policies were SALI policies, as the fewest banks (542) with BOLI assets held SALI assets so far this year.

- These largest banks reported the most in BOLI assets, as 61 of 87 large banks or 70.1% reported having $99.23 billion in BOLI assets or 80.3% of the industry's total of $123.51 billion. These large banks held $59.80 billion or 92.8% of the $64.47 billion in SALI assets held by all banks in the first three quarters of 2011. The SALI assets held by these large banks alone constituted 48.4% of the industry's total BOLI assets of $123.51 billion.

- Ninety-three percent (93.4%) or 3,192 of the 3,416 institutions reporting BOLI assets had $48.31 billion in general account life insurance assets, representing 39.1% of total BOLI assets at the end of three quarters. The most commonly held policies were GALI policies. In GALI policies, the general assets of the insurance company issuing the policies support their CSV. This reporting category also includes the portion of the carrying value of separate account policies that represents general account claims on the insurance company, such as realizable deferred acquisition costs and mortality reserves.

- Eight hundred ten (810) or 23.7% of the 3,416 institutions reporting BOLI assets held $10.73 billion in hybrid account life insurance assets, representing 8.7% of total BOLI assets and making HALI the smallest reporting category of BOLI assets. Hybrid account insurance policies combine features of both general and separate account insurance products. Similar to general account life insurance policies, the general assets of the insurance company issuing hybrid account policies support the policies' cash surrender values. However, like separate account policies, the assets of hybrid accounts are protected from claims on the insurer. Additionally, the banks holding hybrid account life insurance policies are able to select the investment strategies in which the insurance premiums are invested.

- Separate account life insurance assets were heavily concentrated (92.8%) among the largest banks. But, GALI and HALI types of BOLI assets were much less concentrated among the big banks. Smaller banks held 34.8% of general account life insurance assets and 26.3% of hybrid account life insurance assets in the first three quarters of 2011.

- Most banks are subsidiaries of bank holding companies and account for most BOLI assets. But 1,352 banks (20.1%) are stand-alone banks that are not part of BHCs. Of those banks, 444 or 32.8% recorded $3.28 billion of BOLI holdings at September 30. Of that amount, $2.59 billion or 79.0% resided in general account life insurance (GALI) policies, and only $406.4 million or 12.4% of stand-alone banks' BOLI assets were in separate account life insurance (SALI) policies.

- Of 1,333 national banks, 660 or 49.5% held two-thirds ($83.47 billion) of total BOLI assets; those 660 banks represented 9.9% of all banks operating at the end of third quarter 2011. Only 117 of those national banks reported separate account life insurance assets, but they possessed $53.45 billion or 82.9% of the industry's total SALI assets of $64.47 billion, making national banks of all banking charters the leading owner of SALI. Indeed, SALI assets represented 64.0% of national bank's total BOLI assets of $81.83 billion.

- According to federal banking regulators, it is generally not prudent for a bank to hold BOLI assets with an aggregate cash surrender value (CSV) that exceeds 25 percent of the sum of the institution's total capital. (Depending on the bank's charter, total capital is defined either as Tier 1 capital or the sum of Tier 1 capital and the allowance for loan and lease losses). Nationally, mean bank BOLI assets as a percent of the sum of

Tier 1 capital and the loss allowances increased slightly from 14.51% in the first nine months of 2010 to 14.81% in the same period in 2011.

To find out more about the *Michael White / Meyer-Chatfield BOLI Holdings Report*, click here.

TOMPKINS FINANCIAL TO EXPAND INTO SOUTHEAST PENNSYLVANIA WITH VIST ACQUISITION

Ithaca, NY-based, $3.4 billion-asset Tompkins Financial Corp. has agreed to acquire Wyomissing, PA-based, $1.4 billion-asset VIST Financial in a stock deal valued at $86 million. Tompkins Financial President and CEO Stephen Romaine described the purchase as consistent with Tompkins' long-term growth strategy and said, "The [Southeastern Pennsylvania] communities serviced by VIST have similar demographics to markets we serve in New York State, where Tompkins Financial's integrated financial services model has been well-received."

VIST Bank will retain its name, separate banking charter, board of directors, management team led by President and CEO Robert Davis and 27 banking locations and operate as a unit of Tompkins Financial. Davis said the deal will enable VIST to maintain its local identity, when it closes in the third quarter, pending shareholder and regulatory approvals and VIST's repurchase of its preferred stock and warrants acquired by the U.S. Treasury under the Troubled Asset Relief Program (TARP).

U.S. INDIVIDUAL LIFE INSURANCE APPLICATIONS CONTINUE UP

U.S. individual applications for life insurance grew 5.8% in December 2011 compared to December 2010, led by a 13.8% climb in applications among individuals aged 60 and older and bolstered by 4.5% and 4.3% increases in applications among individuals aged, respectively, 0-44 and 45-59, according to the MIB Life Index.

For the year 2011, individual life insurance applications ticked up 0.2% over year 2010. Growth in applications among individuals 60 and older (+8.7%) drove the increase, capping 5 consecutive years of climbing applications among this group, up 42.2% since 2007. In contrast, applications among individuals aged 0-44 slipped 2.2% in 2011 compared to 2010, while applications among individuals aged 45-59 remained basically steady (+0.1%), Braintree, MA-based MIB Group found.

Commenting on the overall results and looking ahead, MIB Group CEO Lee Oliphant said, "2011 is slightly positive and a strong fourth quarter [+2.5%] is cause for optimism as we look towards 2012. Market stability in challenging economic conditions may signal a new floor from which the industry can grow."

BANCORPSOUTH INSURANCE SERVICES LAUNCHES MOBILE APP

BancorpSouth Insurance Services (BIS), the insurance brokerage unit of Tupelo, MS-based, $13 billion-asset BancorpSouth, has launched its brand-specific mobile app, which BIS customers can download for free on their iPhones™, iPads™, iPods™ and Androids. Clients can access the BancorpSouth Insurance Services Mobile app online at the iPhone App Store or Android Market, then use it to locate a BIS office, contact an agent, report a claim, upload the location and photo of an incident and report the time, date and details of the incident.

BIS President Markham McKnight said, "Our goal is to continue to offer our clients what they need in a format that is right for them." The BIS Mobile app, he said, "provides clients with a simple way to access information and report a claim anytime of the day or night, seven days a week."

AGENTS REPORT 4TH QUARTER RISE IN COMMERCIAL PROPERTY/CASUALTY RATES

Composite commercial property/casualty rates rose 2.8% in fourth quarter 2011 over fourth quarter 2010, when rates fell 5.4% compared to fourth quarter 2009, according to the Council of Insurance Agents & Brokers' (CIAB) *Commercial P/C Market Index Survey*. A 7.5% increase in workers' compensation rates drove the rise, followed by a 5.7% increase in commercial property rates. Rates for medium and small accounts rose, respectively, 3.5% and 3.1%, while rates for large accounts ticked up 1.8% compared to fourth quarter 2010, Washington, DC-based CIAB found in its survey of members.

CIAB President and CEO Ken Crerar attributed the rate increases to the "declining underwriting profitability, dwindling reserves and large catastrophic losses." He noted, however, that insurers' capacity remains strong.

To read the entire CIAB study on fourth quarter property/casualty rates, click here.

FINRA FINES MERRILL $1 MILLION FOR FAILURE TO ARBITRATE

The Financial Industry Regulatory Authority (FINRA) has fined Charlotte, NC-based, $2.22 trillion-asset Bank of America (B of A) unit New York City-based Merrill Lynch (Merrill) $1 million for failing to use arbitration to resolve disputes over employee retention bonuses.

FINRA found that after B of A acquired Merrill in 2009, Merrill structured a $2.8 billion bonus program designed to retain 5,000 high-producing registered representatives (RRs). In order to receive the bonuses, which were structured as loans to be repaid if an RR left Merrill before a designated period of time, RRs were required to sign promissory notes agreeing to repayment and to resolve any disputes over the notes only in New York State Courts.

FINRA said Merrill made it appear that the funds covered by the notes were provided by MLIF, a non-registered Merrill affiliate, in order to circumvent the regulatory requirement that such disputes within registered companies be resolved through arbitration.

FINRA said Merrill filed over 90 actions in New York State Courts to collect amounts it asserted were due from RRs who left Merrill before the designated time agreed to in each promissory note.

FINRA Chief of Enforcement Brad Bennett said, "Merrill Lynch specifically designed this bonus program to bypass FINRA's rule requiring forms to arbitrate disputes with employees and purposefully filed expedited collection actions in New York State Courts and denied those registered representatives a forum to asset counterclaims."

ANNUITIES GUSH INTO IRAS IN 2011

Individual retirement accounts (IRAs) accounted for 77% of positive annuity net flows in 2011, while 401(k) plans took in 13%, and nonqualified plans absorbed less than 6%, according to data from transactions processed by New York City-based Depository Trust & Clearing Corporation (DTCC).

CROP INSURANCE CLAIMS HIT RECORD $9.1 BILLION IN 2011

U.S. crop insurers paid out a record $9.1 billion in claims in 2011, largely related to drought in the Plains, flooding along the Mississippi and freezes in the South, according to Overland, KS-based National Crop Insurance Services (NCIS). NCIS President Tom Zacharias said, "These billions in damages would have landed on the plates of input suppliers, lenders, marketers and farm families if crop insurance weren't in place."

GENXERS RIPE FOR FINANCIAL ADVISORS

Most U.S. adults (65%) in their 30's and 40's (GenXers) are not confident that they will have enough money to pay for their children's college educations and live comfortably in retirement with funds to pay their medical expenses, according to a November 2011 survey conducted on behalf of the Insured Retirement Institute (IRI). Far less than half (41%) of this group has attempted to determine how much they need to save to meet these goals, and among those who have, 50% have saved less than $100,000.

During the current recession, 23% of GenXers have stopped contributing to their retirement accounts; 22% have stopped contributing to their college savings plans, and 15% have made early withdrawals from their 401(k) plans.

Over half (54%) of GenX females and 37% of GenX males say they have little or no investment knowledge. To educate themselves, 37% of married and 20% of single GenXers have consulted a financial advisor.

IRI President and CEO Cathy Weatherford said that the nation's 70 million GenXers "can get back on track, build their nest egg and gain confidence in their ability to achieve their retirement goals … with the proper preparation and with guidance from an advisor."

To access the IRI's Retirement Readiness of Generation X, click here.

VANTISLIFE INSURANCE SALES CONTINUE RECORD GROWTH

Windsor, CT-based VantisLife Insurance Co. reported record growth in recurring life insurance sales for the third consecutive year in 2011. After 17% growth in 2009 over 2008 and 21% growth in 2010 over 2009, sales in 2011 climbed 26% over 2010, as the company continued to offer its products from a web-based platform, exclusively through banks and credit unions.

VantisLife Senior Vice President Craig Simms said, "Our business model is unique and hard to replicate. We are able to provide comprehensive support for protection-oriented life insurance … offering superior wholesaling, marketing and training support to more than 120 partners nationwide."

MORGAN KEEGAN SALE IMPACTS REGIONS' BOTTOM LINE

Birmingham, AL-based, $127 billion-asset Regions Financial Corp. reported fourth quarter insurance brokerage income rose 4% to $26 million, up from $25 million in fourth quarter 2010, while trust department fee income slipped 2.0% to $49 million, down from $50 million, and combined brokerage, investment banking and capital markets (BIC) income dropped 42.4% to $19 million, down from $33 million. Insurance, trust and BIC fee income comprised, respectively, 5.1%, 9.7% and 3.7% of noninterest earnings, which fell

44.9% to $507 million, down from $920 million in fourth quarter 2010, when service charges on deposit accounts and mortgage banking income were, respectively, $27 million and $6 million higher.

Net interest income on a 3.08% net interest margin in the fourth quarter more than tripled to $554 million, up from $181 million in fourth quarter 2010, reflecting a $357 million drop in loan loss provisions to $295 million and a $75 million cut in interest expense. The company reported a fourth quarter $602 million net loss, however, hit by a $467 million charge for discontinued operations and a $253 million goodwill impairment tied to the January 2012 sale of Morgan Keegan & Co. and related affiliates. In fourth quarter 2010, Regions reported $36 million in net income.

For the year 2011, insurance brokerage fee income slipped 1.8% to $106 million, down from $107.9 million in 2010, and trust earnings rose 1.5% to $199 million, up from $196 million, but BIC income slid 7.2% to $64 million, down from $69 million. Insurance, trust and BIC fee income comprised, respectively, 5.0%, 9.3% and 3.0% of noninterest income, which fell 14.1% to $2.14 billion, down from $2.49 billion in 2010.

Net interest income in 2011 more than tripled to $1.88 billion, driven by a $1.33 billion drop in loan loss provisions to $1.53 billion and a $406 million cut in interest expense, which more than compensated for a $385 million decline in interest income. With the aforementioned fourth quarter $253 million goodwill impairment and $404 million charge for Morgan Keegan's upcoming discontinued operations, Regions reported a year 2011 net loss of $429 million compared to a year 2010 net loss of $763 million.

In 2010, Regions Financial's insurance brokerage and fiduciary income comprised, respectively, 3.7% and 6.7% of its noninterest income and 1.7% and 3.1% of its net operating revenue. The company ranked 10th in insurance brokerage earnings among U.S. bank holding companies with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*, and it ranked 15th in earnings from fiduciary activities among U.S. bank holding companies with assets over $10 billion, according to the *Michael White Wealth Management Fee Income Report*.

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

Buffalo, NY-based, $32.8 billion-asset First Niagara Financial Group reported insurance brokerage fee income in fourth quarter 2011 grew 17.6% to $15.44 million, up from $13.13 million in fourth quarter 2008; wealth management income jumped 65.6% to $8.18 million, up from $4.94 million, and income from bank-owned life insurance (BOLI) climbed 65.8% to $3.30 million, up from $1.99 million. Insurance earnings, wealth management and BOLI income comprised, respectively, 24.2%, 12.8% and 5.2% of noninterest income, which grew 17.7% to $63.69 million, up from $54.11 million in fourth quarter 2010.

Net interest income on a 3.48% net interest margin in the fourth quarter climbed 48.7% to $229.11 million, up from $154.05 million in fourth quarter 2010, despite a $116.21 million increase in interest expense, as loan loss provisions remained almost steady at $13.4 million and interest income grew by $86.59 million to $291.91 million. Net income, despite $62.84 million in increased noninterest expenses largely tied to mergers, grew 27.5% to $58.46 million, up from $45.86 million in fourth quarter 2011.

For the year 2011, insurance brokerage income remained the largest contributor to noninterest earnings, growing 26.1% to $65.13 million, up from $51.63 million in 2010. Wealth management earnings climbed 54.9% to $30.73 million, and BOLI income grew 53.3% to $11.13 million. Insurance, wealth management and BOLI income comprised, respectively, 26.6%, 12.5% and 4.5% of noninterest income, which climbed 31.4% to $245.31 million, reflecting across the board fee income growth.

First Niagara's net interest income in 2011 surged 49.9% to $823.14 million, up from $549.12 million in 2010, reflecting a $319.72 million increase in interest income to $1.07 billion, which dwarfed a $36.23 million increase in interest expense to $184.06 million, and $9.48 million increase in loan loss provisions to $58.11 million. Net income, after $283 million in increased expenses tied to mergers and restructuring, grew to $173.91 million, up 23.9% from 2010. Commenting on the year's results, First Niagara President and CEO John Koelmel said, "We've delivered solid fundamental results while advancing our strategy to be among the best in the business and a market leader in the communities we serve."

In 2010, First Niagara Financial Group's insurance brokerage fee income comprised 28.2% of its noninterest income and 6.4% of its net operating revenue. The company ranked 17th in insurance brokerage earnings among all U.S. bank holding companies (BHCs), according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

INSURANCE, INVESTMENT MANAGEMENT & BOLI INCOME UP AT PEOPLE'S UNITED

Bridgeport, CT-based, $28 billion-asset People's United Financial reported fourth quarter 2011 insurance revenue rose 4.3% to $7.2 million, up from $6.9 million in fourth quarter 2010. Investment management fees increased 5.1% to $8.3 million, up from $7.9 million, and bank-owned life insurance (BOLI) income grew 70.0% to $1.7 million, up from $1.0 million. However, securities brokerage income declined 10.3% to $2.6 million, down from $2.9 million, "reflecting lower commissions on mutual funds and fixed income products due to the uncertainty in the equity markets and the low interest rate environment," the company said. Insurance revenue, investment management fees, BOLI income, and securities brokerage commissions comprised, respectively, 10.0%, 11.6%, 2.4% and 3.6% of noninterest income, which rose 5.3% to $71.7 million, up from $68.1 million in fourth quarter 2010.

Net interest income on a 4.07% net interest margin in fourth quarter 2011 climbed 23.8% to $221.4 million, up from $178.9 million in fourth quarter 2010, reflecting a $51.7 million decrease in interest expense to $30.4 million, while loan loss provisions about doubled to $20.7 million. Net income grew 34.4% to $43 million, up from $32 million in fourth quarter 2010, despite a $31.1 million increase in noninterest expense tied to acquisitions.

For the year 2011, insurance revenue increased 6.6% to $30.7 million, up from $28.8 million in 2010; investment management fees rose 3.8% to $33.2 million, up from $32.0 million; securities brokerage commissions rose 5.3% to $11.9 million, up from $11.3 million, but BOLI income slid 6.0% to $6.3 million, down from $6.7 million. Insurance revenue, investment management fees, securities brokerage commissions and BOLI income comprised, respectively, 10.0%, 10.8%, 3.9% and 2.0% of noninterest earnings, which grew 13.9% to $307.6 million, up from $270.0 million in 2010.

Net interest income in 2011 climbed 34.6% to $859.9 million, up from $639.0 million in 2010, reflecting a 22.1% jump in interest income to $1.05 billion, up from $828.8 million, a $1.3 million decrease in interest expense to $128.5 million and a relatively slight $3.7 million increase in loan loss provisions to $63.7 million. Net income after $84.9 million in increased noninterest expense tied to mergers and acquisitions, more than doubled to $198.8 million, up from $85.7 million in 2010.

Commenting on the company's fourth quarter and year 2011 results, People's United Bank President and CEO Jack Barnes said, "Integration of acquisitions has become a core competency for this organization." He added, "Offering the full breadth of products and services that our customers need, providing relationship-based solutions, and effectively cross-selling our products across all lines of business are key contributors to our continued growth and strong operating performance."

RETAIL BROKERAGE, TRUST & BOLI COMPRISE 41% OF NONINTEREST INCOME AT ASSOCIATED BANC-CORP

Green Bay, WI-based, $22 billion-asset Associated Banc-Corp reported retail commissions in fourth quarter 2011 rose 3% to $14.88 million, up from $14.44 million in fourth quarter 2010, while trust fees remained basically flat at $9.51 million, and income from bank-owned life insurance (BOLI) fell 15% to $3.82 million. Retail commissions, trust fees and BOLI comprised, respectively, 20.1%, 12.9% and 5.2% of noninterest income, which fell 12.8% to $73.86 million, down from $84.70 million in fourth quarter 2010, reflecting declines in nine of the eleven sources of noninterest earnings.

Net interest income on a 3.21% net interest margin in the fourth quarter jumped 71.7% to $150.83 million, up from $87.86 million in fourth quarter 2010, driven by a $62 million drop in loan loss provisions to $1 million and an $8.8 million cut in interest expense to $29.46 million, which made up for a $7.81 million decrease in interest income to $181.28 million. Net income surged 600% to $39.83 million, up from $6.61 million in fourth quarter 2010.

For the year 2011, retail commissions rose 2.5% to $62.78 million, and trust fees rose 3.4% to $39.15 million, but BOLI income slipped 5.5% to $14.90 million. Retail commissions, trust fees and BOLI income comprised, respectively, 22.2%, 13.9% and 5.3% of noninterest earnings, which fell 18.2% to $282.47 million, hit by a $20.8 million decrease in service charges on deposit accounts and a $20.4 million drop in mortgage banking income.

Net interest income in 2011 surged 130.1% to $560.83 million, up from $243.77 million in 2010, despite a $64.5 million decline in interest income to $741.6 million, and driven by a $338.01 million drop in loan loss provisions to $52 million and a $43.56 million cut in interest expense to $128.79 million. Net income of $114.87 million contrasted with a net loss of $30.39 million in 2010. Associated Banc-Corp President and CEO Philip Flynn said, "We are pleased with the results and accomplishments achieved over the past year."

In 2010, Associated Banc-Corp's insurance brokerage fee income comprised 13.8% of its noninterest income and 4.5% of its net operating revenue. The company ranked 17th in insurance brokerage earnings among U.S. bank holding companies (BHCs) with over $10 billion in assets and 18th among all U.S. BHCs, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

GROWING INSURANCE & TRUST FEES CONTRIBUTE TO RECORD EARNINGS AT CULLEN/FROST

San Antonio, TX-based, $20.3 billion-asset Cullen/Frost Bankers reported the December 2011 acquisition of human resources consulting firm Stone Partners helped drive benefit commissions up $459,000 in the fourth quarter, contributing to a $673,000 increase in insurance brokerage earnings, which grew 10.3% to $7.5 million, up from $6.8 million in fourth quarter 2010. Trust fees, buoyed by a $427,000 increase in investment fees, rose 1.3% to $17.63 million. Insurance brokerage and trust fees comprised 11.1% and 26.1% of noninterest income, which slipped to $67.66 million, down 3.7% from fourth quarter 2010, when service charges on deposit accounts were higher. Net interest income on a 3.76% net interest margin in fourth quarter 2011 climbed 14.9% to $165.34 million, helped by the zeroing out of loan loss provisions. Driven by higher net interest income and no provisions, net income rose 4.4% to $55.41 million.

For the year 2011, insurance commissions and fees rose 4.0% to $35.42 million, up from $34.05 million in 2010, and trust fees increased 7.0% to $73.23 million, up from $68.43 million. Insurance brokerage and trust fees comprised 12.2% and 25.3% of noninterest income, which rose 2.8% to $290.0 million, up from $282.0 million in 2010, helped by $6.41 million in net gains on securities transactions.

Net interest income in 2011 increased 7.3% to $614.62 million, up from $572.71 million in 2010, when loan loss provisions were $16.17 million higher at $43.61 million. Net income rose 4.2% to a record $217.5 million, up from $208.8 million in 2010.

Commenting on the results and looking ahead, Cullen/Frost Chairman and CEO Dick Evans said, "I am pleased to report that in 2011 Cullen/Frost achieved record annual earnings, demonstrating steady performance amid continued economic challenges and regulatory headwinds." Evans added, "As we have since the recession began, we are working to build new relationships and believe these new relationships form the foundation for future growth when confidence returns.

In 2010, Cullen/Frost Bankers' insurance brokerage fee income comprised 12.6% of its noninterest income and 4.1% of its net operating revenue. The company ranked 22nd in insurance brokerage earnings among U.S. bank holding companies (BHCs) with over $10 billion in assets and 25th among all U.S. BHCs, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

In 2010, fiduciary-related fee income comprised 25.2% of its noninterest income and 8.2% of its net operating revenue. The company ranked 29th in trust-related earnings among U.S. bank holding companies (BHCs) with over $10 billion in assets and 30th among all U.S. BHCs, according to the *Michael White Wealth Management Fee Income Report*.

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