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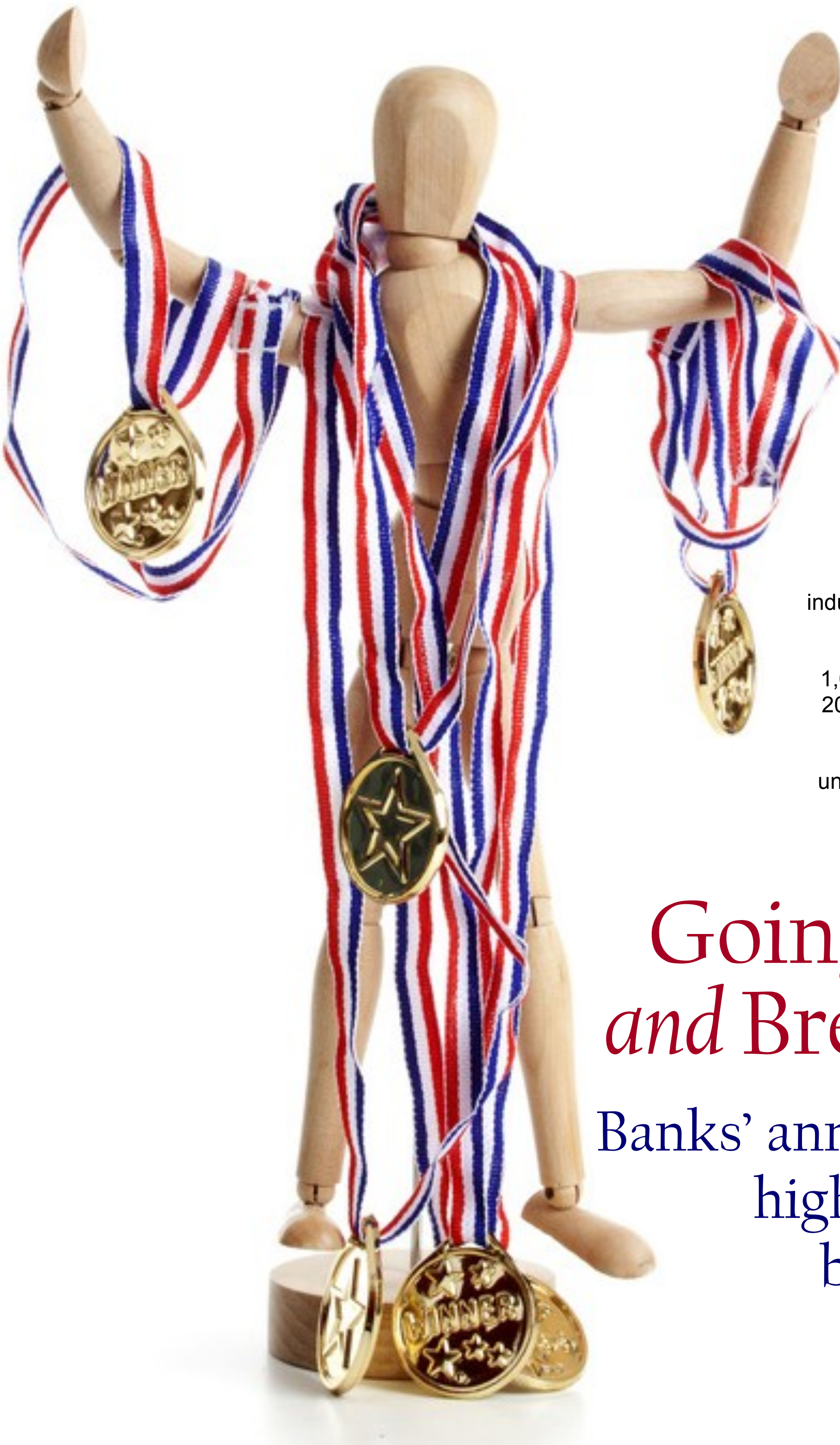

THRIFTS & RAYMOND JAMES DRIVE RISE IN U.S. BANK ANNUITY FEE INCOME

Income earned from the sale of annuities at banking companies was 4.5% higher at $781.7 million in first quarter 2012, up from $748.2 million in first quarter 2011, according to the *Michael White-ABIA Bank Annuity Fee Income Report*.

However, annuity income would have been down 5.8% were it not for the contributions of new reporters in the form of thrift holding companies (THCs) and new bank holding company (BHC) Raymond James Financial, Inc. (FL). Raymond James and THCs contributed, respectively, $61.0 million and $15.6 million to the industry's total, thereby making the first quarter the highest quarterly amount of annuity fee income ever reported.

Compiled by Michael White Associates (MWA) and sponsored by American Bankers Insurance Association (ABIA), the report measures and benchmarks the banking industry's performance in generating annuity fee income. It is based on data from all 7,307 commercial banks, FDIC-supervised banks and savings associations (thrifts), and 1,074 large top-tier BHCs and THCs operating on March 31, 2012. Thrifts and THCs began reporting annuity fee income for the first time in first quarter 2012. Several THCs and a BHC that are historically and traditionally insurance underwriting operations have been excluded from the report.

(continued)

Going for the Gold *and* Breaking Records

Banks' annuity fee income reaches highest quarterly level ever, but is it the whole story?

Kevin McKechnie, Executive Director of the ABIA, noted, "Of 412 large top-tier BHCs and THCs reporting annuity fee income in first quarter 2012, 178 or 43.2% were on track to earn at least $250,000 this year. Of those 178, 71 BHCs or 39.9% achieved double-digit growth in annuity fee income for the quarter. That's nearly a 22-point decline from first quarter 2011, when 116 institutions or 63.4% of 183 of those on track to earn at least $250,000 in annuity fee income achieved double-digit growth. Those findings are troublesome, particularly since they follow the significant slide in fourth quarter 2011 annuity income we previously reported."

Of 1,078 BHCs and THCs, 412 or 38.4% participated in annuity sales activities during first quarter 2012. Their $781.7 million in annuity commissions and fees constituted 14.0% of their total mutual fund and annuity income of $5.6 billion and 30.1% of total BHC and THC insurance sales volume (i.e., the sum of annuity and insurance brokerage income) of $2.60 billion. Of 7,307 banks and thrifts, 873 or 12.0% participated in first-quarter annuity sales activities. Those participating banks and thrifts earned $180.5 million in annuity commissions or 23.1% of the banking industry's total annuity fee income. The annuity production of banks and thrifts was down 11.6% from $204.2 million in first quarter 2011.

Sixty-seven percent (67.1%) of BHCs and THCs with over $10 billion in assets earned first-quarter annuity commissions of $736.9 million, constituting 94.3% of total annuity commissions reported by the banking industry. Aided by the contribution of new BHC Raymond James Financial, Inc. (FL), this total was an increase of 4.0% from $708.3 million in annuity fee income in first quarter 2011. Among this asset class of largest BHCs, annuity commissions made up 14.9% of their total mutual fund and annuity income of $4.96 billion and 31.8% of their total insurance sales revenue of $2.32 billion in first quarter 2012.

BHCs with assets between $1 billion and $10 billion recorded an increase of 8.9% in annuity fee income, growing from $33.8 million in first quarter 2011 to $36.9 million in first quarter 2012 and accounting for 17.5% of their total insurance sales income of $210.8 million. BHCs with $500 million to $1 billion in assets generated $7.84 million in annuity

TOP 10 BANK HOLDING COMPANIES IN ANNUITY FEE INCOME YEAR-TO-DATE MARCH 31, 2012- NATIONALLY

RANK	ANNUITY INCOME		% CHANGE 1Q 2011 - 1Q 2012	BANK HOLDING COMPANY		ASSETS	% OF NONINT. INCOME
	1Q 2012	1Q 2011					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$192,000	$186,000	3.23%	Wells Fargo & Company	CA	$1,333,693,000	1.82%
2	$160,000	$108,000	48.15%	Morgan Stanley	NY	$781,030,000	2.33%
3	$63,000	$84,000	-25.00%	JPMorgan Chase & Co.	NY	$2,318,722,000	0.43%
4	$60,958	N/A	N/A	Raymond James Financial	FL	$18,976,430	7.67%
5	$51,921	$60,374	-14.00%	Bank of America Corp.	NC	$2,173,774,912	0.49%
6	$22,781	$20,746	9.81%	SunTrust Banks, Inc.	GA	$178,256,171	2.67%
7	$14,000	$16,000	-12.50%	U.S. Bancorp	MN	$340,762,000	0.62%
8	$13,422	$18,618	-27.91%	BBVA USA Bancshares, Inc.	TX	$65,390,593	7.44%
9	$12,788	$13,730	-6.86%	BB&T Corporation	NC	$174,749,856	1.56%
10	$11,571	$20,377	-43.22%	PNC Financial Services Grp.	PA	$296,119,070	0.83%

SOURCE: Michael White-ABIA Bank Annuity Fee Income Report commissions in first quarter 2012, up 28.1% from $6.12 million in first quarter 2011. Only 27.8% 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 (11.4%) of total insurance sales volume of $68.6 million.

Wells Fargo & Company (CA), Morgan Stanley (NY), JPMorgan Chase & Co. (NY), Raymond James Financial, Inc. (FL), and Bank of America Corporation (NC) led all bank and thrift holding companies in annuity commission income in first quarter 2012. Among BHCs and THCs with assets between $1 billion and $10 billion, leaders included Stifel Financial Corp. (MO), SWS Group, Inc. (TX), National Penn Bancshares (PA), Old National Bancorp (IN), and First Citizens Bancorporation, Inc. (SC). Among BHCs and THCs with assets between $500 million and $1 billion, leaders were First Command Financial Services, Inc. (TX), Liberty Shares, Inc. (GA), Nodaway Valley Bancshares, Inc. (MO), Nutmeg Financial MHC (CT), and Banctenn Corp. (TN). The smallest banks and thrifts, those with assets less than $500 million, were used as "proxies" for the smallest BHCs and THCs, which are not required to report annuity fee income. Leaders among bank proxies for small BHCs were Essex Savings Bank (CT), Seneca Federal Savings and Loan Association (NY), FNB Bank, N.A. (PA), The Hardin County Bank (TN), and The Bennington State Bank (KS).

Among the top 50 BHCs nationally in annuity concentration (i.e., annuity fee income as a percent of noninterest income), the median Annuity Concentration Ratio was 7.2% in first quarter 2012. Among the top 50 small banks and thrifts in annuity concentration that are serving as proxies for small BHCs and THCs, the median Annuity Concentration Ratio was 16.0% of noninterest income.

To find out more about the *Michael White -ABIA Bank Annuity Fee Income Report*, click here.

JULY 2 - 8, 2012

BANCORPSOUTH PURCHASES ANOTHER ALABAMA AGENCY

Tupelo, MS-based, $13.3 billion-asset BancorpSouth unit BancorpSouth Insurance Services has agreed to acquire The Securance Group, a property, casualty, life and health insurance agency based in Brewton, AL. BancorpSouth Chairman and CEO Aubrey Patterson said the purchase "reflects our long-term strategy to expand our successful insurance brokerage business, which has been a key contributor to the expansion of our fee-based revenues." Insurance comprised "a record 38.4%" of BancorpSouth's total [noninterest] revenue in 2011, Patterson said, "diversifying and enhancing the stability of that revenue."

When the deal closes on July 2, Securance will retain its management team and staff and operate as BancorpSouth Insurance Services (BIS) from its offices in Brewton, Montgomery and Troy, AL.

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BIS currently operates offices in Birmingham and Mobile, AL as well as over 20 other offices in Arkansas, Florida, Illinois, Louisiana, Mississippi, Missouri, Tennessee and Texas.

In 2011, BancorpSouth, Inc. reported $87.4 million in insurance brokerage fee income, which comprised 13.0% of the company's net operating revenue. The company ranked 11th in insurance brokerage earnings among all U.S. bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

BB&T ADDS FLOOD INSURANCE TO ONLINE OFFERINGS

Raleigh, NC-based BB&T Insurance Services, the insurance unit of Winston-Salem, NC-based, $174.8 billion-asset BB&T Corp., has added flood insurance to its suite of online products. Coverage is provided by The Hartford, a participating Write Your Own insurance company for the National Flood Insurance Program (NFIP).

BB&T Insurance Services Chief Marketing Officer Randy Screen said, "We continue to offer choices to consumers for their insurance needs in person, at one of our offices, by phone or through our website." Online, Screen said, "You can get a flood insurance quote, make your purchase and be covered in approximately 30 days."

In 2011, BB&T Corporation reported $936.1 million in insurance brokerage fee income, which comprised 39.1% of the company's noninterest income and 11.9% of its net operating revenue. The company ranked third in insurance brokerage earnings among all U.S. bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

ECLIPSE BANK PARTNERS WITH IPI

Louisville, KY-based, $135 million-asset Eclipse Bank has partnered with San Antonio, TX-based Investment Professionals, Inc. (IPI) to provide investment and wealth management services through newly-created Eclipse Financial Group. Eclipse Bank President and CEO Steve Stratton said, "The IPI program in thoroughly designed and easy to implement." IPI currently manages over $5.8 billion in assets for investment programs offered through 130 banks.

TRUSTMARK TO SELL PERFORMANCE FUNDS TO FEDERATED INVESTORS

Jackson, MS-based, $9.8 billion-asset Trustmark Corp. units Trustmark National Bank and Trustmark Investment Advisors have agreed to sell about $903 million in assets to Pittsburgh, PA-based Federated Investors. Trustmark National Bank will sell $571 million in money market fund assets in eight portfolios within its Performance Funds Trust, and Trustmark Investment Advisors will sell about $332 million in assets tied to its management of the Performance Funds. Trustmark Investment Advisors President Doug Ralston said the deal offers "Performance Funds shareholders "a broader, more diverse product offering and the global experience of Federated's investment management team."

When the transaction closes later in the year, pending Performance Fund shareholder approval, Trustmark will no longer serve as an investment advisor to Performance Funds. Federated Investors President and CEO Christopher Donahue said, "We remain very interested in additional similar transactions."

NO APPLAUSE FOR SUPREME COURT HEALTHCARE RULING

The U.S. Supreme Court ruled in a 5-4 decision that U.S. healthcare law is constitutional, redefining the "penalty" individuals who do not purchase health insurance must pay as a "tax" that Congress has the power to levy. The Council for Citizens Against Government Waste (CCAGW) described the effect as "the single largest tax increase on young people in the nation's history" and added, "the Internal Revenue Service will have immense new power and authority to pursue and prosecute a whole new group of taxpayers."

The Independent Insurance Agents & Brokers of America (Big I) expressed its disappointment with the Court's decision. Big I Senior Vice President Charles Symington said, "Many provisions in the healthcare law are already causing more harm than good." The medical loss ratios (MCR) provisions, he said, "threaten the livelihoods of health agents and brokers and establish perverse incentives that make it challenging for smaller insurers to enter the marketplace."

Most U.S. primary care physicians (64%) do not believe the law will result in 100% health insurance coverage for Americans, according to a survey conducted by M3 USA on the day the Supreme Court decision was announced. Almost half (46%) believe their practice will be extremely negatively impacted. More than a quarter (26.4%) foresee closing their practices within the next year, and only 22% believe an increase in their patient population attendant to the law will have a positive impact on their medical practice, the M3 USA survey found.

The Michigan Chamber of Commerce said the Supreme Court's decision produced "a sad day for job providers and families who support healthcare policies based upon free market solutions and strenuously oppose the government interference in purchasing and benefit design decisions contained in Obamacare." Michigan Chamber of Commerce Health Policy Director Wendy Block said, "The employer mandates, tax increases and burdensome regulations in Obamacare … will do nothing less than devastate the private insurance industry and jeopardize our economy."

AMERICANS VIEW HEALTH INSURANCE AS A PERSONAL CHOICE WORTH TAX CREDITS

About two-thirds (66%) of Americans believe "having health insurance should be a personal choice," and 74% believe that individuals who purchase their own health insurance should receive tax credits, according to a Harris Interactive survey conducted between June 12 and 14 of this year.

RISK MANAGERS RETHINK PHYSICIAN PRACTICE RISKS

U.S. physicians are exchanging their individual practices for group and hospital employment. As a result, risk managers and insurers are rethinking their underwriting criteria, retention levels, capacity needs and long-term risks, *BestNews* reports.

For more on *Worksforce M.D.: How the Physician-Employment Movement is Affecting Medical Liability Coverage*, check here.

U.S. COMMERCIAL RATES UP IN MAY

U.S. composite commercial insurance rates were up 4% in May compared to May 2011, according to Dallas, TX-based MarketScout. Commercial property and workers' compensation rates led the increase by coverage class (+5%), followed by business owners policies (+4%); general liability, umbrella excess and commercial auto (+3%); inland marine, professional liability, directors and officers liability, and employment practices liability insurance (+2%); and fiduciary, crime and surety (+1%).

Rates by account size were also up across the board, with rates for both small (up to $25,000) and medium accounts ($25,001-$250,000) up 4%; rates for large accounts ($250,001-$1 million) up 3%; and rates for jumbo accounts over $1 million up 1%.

A 4% increase in rates for the manufacturing, contracting, habitational and transportation industries led the across-the-board increase in commercial rates by industry class followed closely by 3% increases for the service, public entity and energy industries, MarketScout found.

NO HARD MARKET YET, SAYS INSURANCE INFORMATION INSTITUTE

The 4.4% rise in U.S. property and casualty rates in the first quarter on the heels of three consecutive quarters of rate increases does not make for a hard market, according to Insurance Information Institute President Robert Hartwig. A hard insurance market is in effect when rates climb 10% to 15% or more, Hartwig told members of the Casualty Actuarial Society last week. This occurs only after insurers have sustained large underwriting losses for such an extended period of time that their premium pricing becomes "disciplined." Next, insurers must experience such a material decline in surplus or capacity that customers must pay higher rates to compete for access to that surplus. Third, reinsurance capital must be in such short supply that insurers must pay more to acquire it, then pass that cost on to customers, Hartwig said.

In contrast to these requirements, insurance industry surplus reached a record high of $565 billion in the first quarter, and while reinsurance rates rose 8%, that was miniscule compared to 68% and 76% spikes in reinsurance rates following Hur-

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ricane Andrew and Hurricane Katrina, respectively, when rates hardened. These conditions do not make for a hard market Hartwig told the Casualty Actuarial Society's Seminar on Reinsurance, *insurancejournal.com* reports.

U.S. RISK COSTS RISE 1.7%

Total U.S. risk costs rose 1.7% in 2011 to $10.19 per $1,000 in revenue, up from $10.02 per $1,000 in 2010, according to the *2012 RIMS Benchmark Survey*. Looking ahead, risk managers are concerned about the risks social media pose to their company's reputation, assessing that risk at 3.34 on a scale of 1 to 5, the New York City-based Risk and Insurance Managements Society (RIMS) found in its survey of more than 1,000 U.S. companies.

ANNUITY FACTS GROUP FILES FOR 501(C)3

The Society for Annuity Facts and Education (SAFE) has filed for 501(c)3 status and launched its mission to provide the general public with factual information about the benefits, features and uses of annuities. SAFE President Mark Stone said, "With retirement savings nearing all-time lows, people living longer than ever before, and planning for retirement becoming an after-thought for many, SAFE believes that providing accurate, easy to understand information about annuities and the role they play in insuring retirement savings and retirement income is essential." SAFE is based in Milwaukee, WI and can be accessed at www.AnnuityEd.org.

JULY 9 - 15, 2012

FUNDED RATIO FOR S&P 1500 PENSION PLANS SLIPS TO 74%

The aggregate funded ratio for S&P 1500 company pension plans slipped to 74% in the first half, down from 75% at year-end 2011, according to New York City-based Mercer Investment Consulting. While estimated aggregate assets rose 6.9% to $1.55 trillion, up from $1.45 trillion at year-end 2011, estimated aggregate liabilities increased 8.3% to $2.09 trillion, up from $1.93 trillion, generating a first half 2012 pension plan aggregate deficit of $543 billion, up 12.2% from $484 billion in 2011, according to Mercer.

CRITICAL ILLNESS INSURANCE TOP GROWER AMONG VOLUNTARY PRODUCTS

U.S. life and health insurers expect critical illness insurance to show the greatest growth among their industry's voluntarily purchased products in 2012, while accident and universal life/whole life insurance tied for second, according to a recently released report by Avon, CT-based Eastbridge Consulting Group.

Insurer expectations mirror voluntary sales performance in 2011, when critical illness sales grew 20% to $243 million, followed, respectively, by accident, universal life/whole life, supplemental medical and hospital indemnity insurance products Eastbridge's *Worksite/Voluntary Product Trends 2012* shows.

Eastbridge President Gil Lowerre indicated the survey results were no surprise and said, "Critical illness has been in the industry growth list for many years." Looking ahead, Eastbridge Vice President Bonnie Brazell said, "Critical illness, accident and universal life/whole life also ranked at the top of the carriers' lists when asked what product would be growth products over the next few years for their own company."

U.S. COMPOSITE COMMERCIAL RATES UP 4% IN JUNE

U.S. composite commercial property and casualty insurance rates rose 4% in June compared to June 2011, despite a 1% decline in workers' compensation to +4%, down from +5% in May, according to Dallas, TX-based MarketScout.

By industry class, all rates, excluding those for workers' compensation, remained steady with May rates, led by commercial property (+5%), followed by workers' compensation, business owner policies, general liability, personal auto (+4%); umbrella/excess (+3%); directors and officers liability, employment practices liability, inland marine and business interruption (+2%); and professional liability, fiduciary, surety and crime (+1%)

All rates by account size mirrored May rates, with small accounts (up to $25,000) and medium accounts ($25,001-$250,000) up 4%; large accounts ($250,001-$1 million) up 3%, and jumbo account over $1 million up 1%.

Rates by industry class shifted, with contracting and habitation industry rates rising from +4% in May to +5% in June, and service industry rates rising from +3% to +4%. Manufacturing and transportation rates remained steady at +4%, as did energy at +3%. Rates for public entities, however, dropped to +1% from +3% in May, MarketScout found based on surveys conducted by the National Alliance for Insurance Education and Research.

JULY 16 - 22, 2012

U.S. APPLICATIONS FOR INDIVIDUALLY UNDERWRITTEN LIFE INSURANCE UP ACROSS ALL AGE GROUPS

U.S. applications for individually underwritten life insurance rose 2.1% in June 2012 over June 2011, supporting a 2.8% increase in applications in the first half compared to first half 2011, according to the MIB Life Index.

Applications among all age groups were up in both time periods, led by applications among individuals aged 60 and older, which rose 4.5% in June and grew 7.3% in the first six months. Applications among individuals aged 0-44 rose 2.0%, and applications among individuals aged 45-59 ticked up in June (+0.7%); while in the first half, applications among individuals aged 45-59 (+2.0%) and those aged 0-44 (1.9%) showed almost equal growth, Braintree, MA-based MIB Group found.

BANK OF AMERICA & WELLS FARGO TARGETS OF LENDER-PLACED SUITS

Claims alleging that Charlotte, NC-based Bank of America improperly force-placed high premium flood insurance policies on plaintiffs Ronda and Larry Arnett has been give class action status and permission to proceed to trial by Oregon U.S. District Court Judge Michael Simon.

Additionally, Florida homeowner and attorney Ira Fladell filed a similar claim against San Francisco, CA-based Wells Fargo & Co. in federal court in Fort Lauderdale. Fladell alleges that not only was his own flood insurance policy in place when Wells Fargo force-placed replacement coverage, but that the premium for the force-placed policy was "inflated to cover kickbacks in the form of unearned commissions and bundled administrative costs." Fladell is also seeking class action status.

LUMP SUM PENSION PAYOUTS APPROVED BY IRS

The Internal Revenue Service has ruled in two private letters that retirees can convert their monthly pension benefits into a lump sum payment when they act within a specific time period (e.g., up to 90 days) designated by the pension plan. The IRS deemed the lump sum a "permitted benefit increase," *businessinsurance.com* reports.

FINRA RULE 2111 TAKES EFFECT

Financial Industry Regulatory Authority (FINRA) Rule 2111 on broker-dealer client suitability requirements took effect on July 9.

The rule requires that members and advisors determine that a recommended transaction or investment strategy fits a customer's investment profile. That profile includes the customer's age, investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance and other information voluntarily provided by the customer.

Rule 2111 also requires members to determine that each of their institutional clients is capable of independently evaluating investment risks and is, in fact, exercising independent judgment in evaluating a member's recommendation. If a member acts as an agent for an institutional investor, that agent (advisor or trust department) must meet the institutional customer requirements.

To read FINRA Rule 2111 and its detailed supplementary material, click here.

LIFE INSURANCE MOST PROFITABLE VOLUNTARY WORKSITE PRODUCT

The most profitable voluntarily purchased worksite products include accidental death and dismemberment insurance (43%), universal life/whole life (41%) and term life (26%), according to an Eastbridge Consulting survey of voluntary worksite insurance providers. Nonetheless, "most profitable" translates into "average profitability," according to the carriers. On the other side, the insurers surveyed described dental, vision and critical illness insurance as "unprofitable" products. Interestingly, these products posted the highest sales growth, Avon, CT-based Eastbridge found.

INVEST CONNECTS WITH SOCIAL MEDIA

Tampa, FL-based INVEST Financial has launched its Facebook and LinkedIn pages and now Tweets with representatives, customers and potential customers. INVEST said, "The social media pages will allow for increased communication with INVEST's existing representatives, as well as allowing prospective advisors to learn about and interact with INVEST."

CIGNA TO ENTER TURKEY'S BANCASSURANCE MARKET

Bloomfield, CT-based Cigna has agreed to pay €85 million ($103.8 million) to acquire a 51% stake in Istanbul, Turkey-based Finans Emeklilik, the life insurance and pension unit of Istanbul-based Finansbank. The deal includes a long-term distribution agreement with Finansbank to offer insurance products through Finansbank's 522-branch network, a relationship which is currently met by Finans Emeklilik, Turkey's sixth largest bancassurance provider.

Cigna International Health, Life and Accident (CIHLA) CEO Jason Sadler said the agreement "builds upon the strength of both companies and aligns our interests to create on effective, long-term relationship that serves the protection needs of Finansbank's 10 million customers." CIHLA Chief Marketing Officer David Fike added, "Turkey's demographic trends, economic growth and increasing need for affordable protection present a tremendous opportunity." Finansbank CEO Temel Guzeloglu said, "We look forward to embarking on a successful long-term partnership."

JULY 23 - 29, 2012

PRUDENTIAL ENDS GROUP LONG-TERM CARE SALES

Newark, NJ-based Prudential Group Insurance (PGI), a unit of Prudential Financial, will stop offering new group long-term care insurance policies on August 1, 2012. The date is effective in every state except Indiana, Kansas, Louisiana and South Dakota, where state laws require the company to continue offering the product for specified periods of time.

Prudential said it will continue to accept group long-term care enrollments until June 30, 2013 for group policies sold before the effective non-sale dates. Additionally, the company said coverages under existing group policies will not

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change, allowing guaranteed renewables as long as premiums are paid on time and benefits are not exhausted. The cost of premiums, however, may change, subject to regulatory review.

PGI said "the continued low interest rate environment" and its "desire to achieve appropriate returns" impacted its decision to exit the group long-term care market. Instead, PGI will focus on its core group life and disability lines with the goal of enhancing its "long-term risk profile" and achieving "sustainable profitable growth."

RECORD LONG-TERM CARE LIABILITY LOSS RATES MIRROR STATE TORT LAWS

The long-term care liability loss rate (liability costs relative to occupied long-term beds) is expected to hit $1,480 in 2012, as each claim submitted averages $168,000, reflecting an annual 4% increase in both factors since 2005, according to the *2012 Aon Long Term Care General Liability and Professional Liability Actuarial Analysis*.

Loss rates vary from state to state and correlate with state tort laws. In Kentucky, where tort limits on awards are constitutionally prohibited, the long-term care liability loss rate is highest at $5,120 per bed. In contrast, the lost rate is lowest in Texas ($330 per bed), where tort limits are in place.

Mark Parkinson, president and CEO of the American Health Care Association (AHCA), which partnered with Aon Risk Solutions in the liability study, said, "This report underscores the need to continue to utilize tools like voluntary arbitration agreements, a cost-effective option for long-term care providers and their residents to resolve legal disputes."

For more on the Aon-AHCA study, click here.

CFPB SLAMS CAPITAL ONE IN ITS FIRST ENFORCEMENT ACTION

The Consumer Financial Protection Bureau (CFPB), created under the Dodd-Frank Act "to pursue institutions engaged in unfair, deceptive or abusive practices," has ordered Glen Allen, VA-based, $69.4 billion-asset Capital One Bank (U.S.A.), N.A. to cease using deceptive tactics to sell such Capital One credit card add-ons as payment protection and credit monitoring products. Additionally, the CFPB has ordered Capital One to refund approximately $140 million to two million customers who were allegedly deceived into purchasing those products and to pay a $25 million penalty into the CFPB's civil penalty fund.

The CFPB found that Capital One routed its credit card customers calling to activate their accounts to Capital One call center vendors, where vendors led the affected customers to believe one or more of the following false claims about a payment protection or credit monitoring product: (1) the product would improve their credit scores and help them increase their credit limit; (2) the product needed to be purchased in order to receive information about it, then it could be cancelled if the customer didn't want it; and (3) the payment protection product covered job loss and disablement for individuals who were already out of work or disabled. Additionally, some call center vendors simply billed customers for add-on products they did not agree to purchase.

Capital One agreed to pay the $25 million penalty and to stop marketing the credit card add-on products until the CFPB approved a new Capital One-created compliance plan for those products. Capital One also agreed to inform affected customers about the inappropriate sales and refund premiums plus interest, or pay disability and job loss claims to affected customers.

The CFPB said it plans to issue two consumer advisories regarding the enforcement action – one to Capital One customers and another to consumers in general. Additionally, the CFPB is issuing a compliance bulletin to financial institutions reminding them that "the CFPB will not tolerate deceptive marketing practices, and institutions will be responsible for third-party vendors." CFPB Director Richard Cordray said, "We are putting companies on notice that these deceptive practices are against the law and will not be tolerated."

The CFPB actions cover Capital One practices occurring on or after August 1, 2010. The Office of the Comptroller of the Currency (OCC) has separately ordered Capital One to make $150 million in restitution, including $140 million for the previously described deceptive marketing practices and an additional $10 million for unfair billing practices occurring between May 2002 and June 2011. The OCC has also ordered Capital One to pay a $35 million civil penalty.

SUBACCOUNTS TRIPLE AT BNY MELLON

New York City-based, $300.2 billion-asset The Bank of New York Mellon Corporation (BNY Mellon) announced that the number of active accounts on its subaccounting platform has nearly tripled since 2006 to 100 million. BNY Mellon attributed the rapid growth to the increasing distribution of investment products through broker-dealers and other intermediaries that need aggregated information regarding their clients' mutual fund holdings. Michael De Nofrio, head of BNY Mellon Enterprise Investor Services, said, "We expect this growth to continue as many of our clients move more of their broker-controlled positions to the subaccounting platform." He added, "We are now seeing a trend of 529 plan accounts migrating to the subaccounting record keeping model."

WELLS FARGO REPORTS DECLINING INSURANCE & TRUST/INVESTMENT MANAGEMENT EARNINGS

San Francisco-based, $1.3 trillion-asset Wells Fargo & Co. reported insurance earnings in the second quarter declined 8% to $522 million, down from $568 million in second quarter 2011, and trust and investment management (TIM) fees slid 2% to $2.90 billion, down from $2.94 billion. Insurance brokerage and TIM earnings comprised, respectively, 5.1% and 28.3% of noninterest income, which rose 6% to $10.25 billion, up from $9.71 billion in first quarter 2011, driven by a 79% jump in mortgage banking income to $2.89 billion.

Net interest income on a 3.91% net interest margin in the second quarter rose 3% to $11.04 billion, up from $10.68 billion in second quarter 2011, driven by a 23% drop in interest expense, which more than made up for flat interest revenue. Net interest income after loan loss provisions increased 4% to $9.24 billion, reflecting a 2% decline in provisions to $1.80 billion. Net income after dividends grew 18% to a record $4.40 billion, up from $3. 37 billion in second quarter 2011.

Wells Fargo & Co. Chairman and CEO John Stumpf said, "Wells Fargo's strong financial results this quarter again reflect the benefit of our diversified business model." He added, "While the economic recovery remains uneven, we continued to meet our customers' financial needs."

In 2011, Wells Fargo & Co. reported $1.62 billion in insurance brokerage income, which comprised 4.3% of its noninterest income and 2.0% of its net operating revenue. The company ranked second in insurance brokerage earnings among all traditional bank holding companies, according to the Michael White-Prudential Bank Insurance Fee Income Report.

In 2011, Wells Fargo & Co. reported $8.39 billion in wealth management income, which comprised 22.4% of its noninterest income and 10.4% of its net operating revenue. The company ranked third in wealth management earnings among all traditional bank holding companies, according to the Michael White-IPI Bank Wealth Management Fee Income Report. Wealth management is here defined as the sum of fiduciary income, securities brokerage fees and commissions, annuity fees and commissions, and investment banking and advisory income, with securities brokerage being the mandatory item to qualify the entire combination as wealth management.

ACQUISITIONS & FIRMING MARKET DRIVE 31.4% CLIMB IN INSURANCE EARNINGS AT BB&T

Winston-Salem, NC-based, $178.5 billion-asset BB&T Corp. reported firming market conditions, the April acquisition of wholesale insurance broker Crump and the fourth quarter 2011 acquisitions of two California-based employee benefit agencies drove a 31.4% climb in second quarter 2012 insurance revenue to $393 million, up from $299 million in second quarter 2011. In contrast, trust and investment management (TIM) fees rose 2.2% to $46 million, up from $45 million; investment banking and brokerage (IBB) fees and commissions slipped 2% to $88 million, down from $90 million; and income from bank-owned life insurance (BOLI) slid 7% to $27 million, down from $29 million. Insurance, TIM, IBB, and BOLI income comprised, respectively, 40.7%, 4.8%, 9.1% and 2.8% of noninterest income, which grew 23% to $966 million, up from $787 million in second quarter 2011, driven by climbing insurance and mortgage banking revenue.

Net interest income on a 3.95% net interest margin in the second quarter increased 8% to $1.46 billion, up from $1.35 billion in second quarter 2011, reflecting a 2% rise in interest income and a 21% cut in interest expense. Net interest income after a 16% drop in loan loss provisions to $273 million grew 16% to $1.19 billion, up from $1.03 billion in second quarter 2011. Net income, after dividends and a 2% rise in noninterest expense to $1.43 billion, spiked 66% to $510 million, up from $307 million in second quarter 2011.

Commenting on what he described as "the strongest net income for any quarter in our history," BB&T Chairman and CEO Kelly King said, "Net revenues totaled $2.5 billion for the second quarter, an annualized increase of 21% compared to last quarter," with growth "substantially due to our acquisition of the insurance divisions of Crump." That acquisition, he said, "is very positive for our shareholders, both strategically and financially."

In 2011, 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 3rd in insurance brokerage earnings among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

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

Minneapolis, MN-based, $340.8 billion-asset U.S. Bancorp reported trust and investment management (TIM) fees in the second quarter 2012 ticked up 1.6% to $262 million from $258 million in second quarter 2011, and investment product fees and commissions increased 8.6% to $38 million, up from $35 million, while treasury management fees slipped 1.4% to $142 million, down from $144 million. TIM, investment product, and treasury management fees comprised, respectively, 11.1%, 1.6% and 6.0% of noninterest income, which grew 9.7% to $2.36 billion, up from $2.15 billion in second quarter 2011, bolstered by a more than doubling of mortgage banking revenue to $490 million.

Net interest income on a 3.58% net interest margin in the second quarter of 2012 rose 6.6% to $2.71 billion, up from $2.54 billion in second quarter 2011, reflecting a $61 million cut in interest expense and a $108 million increase in interest income. After $102 million drop in loan loss provisions to $470 million, net interest income grew 13.7% to $2.24 billion, up from $1.97 billion. Net income after dividends rose 5.8% to a record $1.42 billion, up from $1.34 billion in second quarter 2011. U.S. Bancorp Chairman, President and CEO Richard Davis said, "Our results benefited from solid balance sheet and fee income growth [and] … demonstrate the benefits we have derived from our diverse business mix and adherence to a straightforward approach to doing business."

In 2011, U.S. Bancorp reported $39.0 million in insurance brokerage income, which comprised 0.4% of its noninterest income and 0.2% of its net operating revenue. The company ranked 18th in insurance brokerage earnings among bank holding companies with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

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RBC AIMS TO GROW ITS GLOBAL INVESTOR SERVICES BUSINESS

Toronto, Canada-based Royal Bank of Canada (RBC) has completed its acquisition of the 50% stake in London, UK-based RBC Dexia Investor Services that it did not already own. RBC bought the stake from Luxembourg-based Banque International a Luxembourg S.A. and has renamed its now totally owned subsidiary, RBC Investor Services. RBC International Banking and Insurance Group Head Jim Westlake described the investor services market as "positioned for solid long-term growth" and said, "Our goal is to become the premier provider of investor services to asset managers, financial institutions and other institutional investors worldwide." RBC Investor Services' 5,500 professionals administer C$2.80 trillion (US$2.78 trillion) in assets for clients in 15 global markets.

CONSUMER TRUST IN NATIONAL BANKS DROPS, BUT GROWS FOR COMMUNITY BANKS & CREDIT UNIONS

U.S. consumer trust in the country's financial system fell to 21% in June, matching that of March 2009, when trust in the financial system hit its lowest level since the Chicago Booth/Kellogg School began measuring consumer financial trust in December 2008. Trust in financial institutions measured higher than trust in the financial system, but not by much for national banks. While trust in local banks grew from 51% in March to 55% in June and trust in credit unions climbed from 58% to 63%, trust in national banks dropped from 25% to 23%, according to the Chicago Booth/Kellogg School Financial Trust Index. University of Chicago Booth School of Business Professor Robert McCormack said, "This suggests that the national banks may be 'too big to trust.'" *For more on the Index, click here*.

INSURANCE EARNINGS RISE AT REGIONS AS SERVICE CHARGE INCOME DROPS 24%

Birmingham, AL-based, $122 billion-asset Regions Financial reported insurance brokerage fee income in the second quarter rose 4% to $26 million, up from $25 million in second quarter 2011, while trust department earnings slipped 2% to $50 million. Both sources of noninterest revenue, however, outperformed service charges on deposit accounts, which dropped over 24%. Insurance brokerage and trust earnings comprised, respectively, 5.1% and 9.9% of noninterest income, which declined 6.6% to $507 million, down from $543 million in second quarter 2011, impacted by drops in service charge fees, capital and commercial credit market fees, and net securities gains.

Net interest income on a 3.16% net interest margin in the second quarter decreased 2.1% to $838 million, down from $856 million in second quarter 2011. Net interest income, after a $372 million drop in loan loss provisions to $26 million, however, jumped 77.3% to $812 million, up from $458 million, bolstering net income available to common shareholders, which surged eleven-fold to $284 million, up from $25 million in second quarter 2011.

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In 2011, Regions reported $6.7 million in insurance brokerage income and $185.1 million in trust income, which comprised, respectively, 0.4% and 10.5% of its noninterest income. The company ranked 23rd in insurance brokerage earnings and 14th in trust income among bank holding companies with more than $10 billion in assets, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

CLIMBING INSURANCE & RISING TRUST EARNINGS COMPRISE 43.6% OF CULLEN/FROST'S NONINTEREST INCOME

San Antonio, TX-based, $20.9 billion-asset Cullen/Frost Bankers reported second quarter 2012 insurance commissions and fees climbed 27.5% to $9.17 million, up from $7.19 million in second quarter 2011, while trust and investment management (TIM) fees rose 4.8% to $21.28 million, up from $20.31 million. Insurance and TIM fees comprised, respectively, 13.1% and 30.5% of noninterest income, which slipped 1.5% to $69.76 million, down from $70.79 million in second quarter 2011, impacted by a more than halving of interchange and debit card transaction fees, hammered by the Durbin amendment to Dodd-Frank.

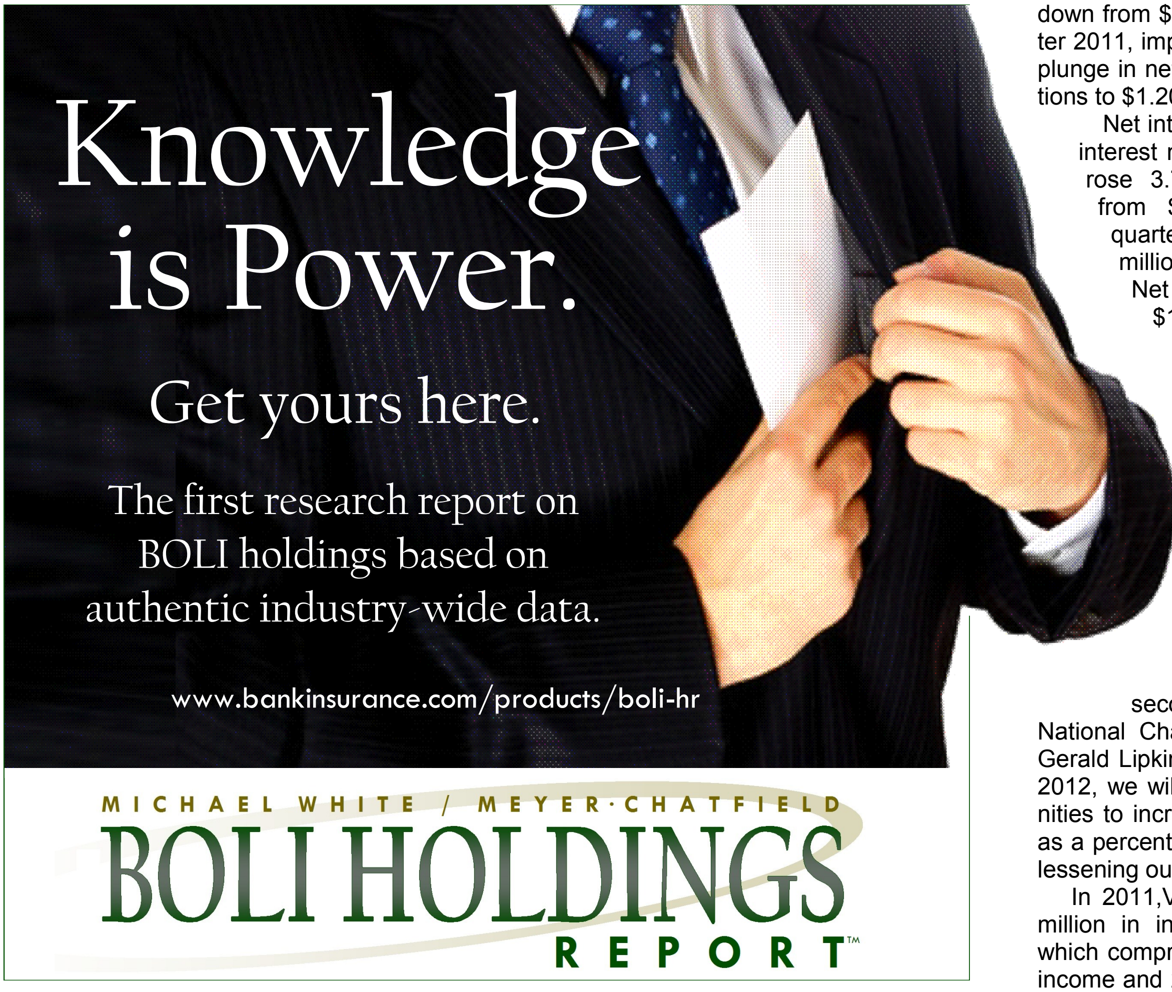
Net interest income on a 3.61% net interest margin in second quarter 2012 rose 3.4% to $149.22 million, up from $144.33 million in second quarter 2011, and net interest income after a $6.63 million drop in loan loss provisions to $2.36 million, grew 8.5% to $146.86 million, up from $135.35 million. Net income, after increased noninterest expense, rose 3.9% to $58.06 million, up from $55.89 million in second quarter 2011. Cullen/Frost Chairman and CEO Dick Evans said, "We are beginning to see the results of our disciplined calling efforts. We have focused on building new relationships, confident that they positioned us well for stronger future growth."

Cullen/Frost finalized its move to become a Texas state bank and member of the Federal Reserve in the second quarter. Evans said, "Frost Bank's primary regulators are now in Texas … not Washington, D.C." He added, "We anticipate better communication."

In 2011, Cullen/Frost Bankers reported $35.6 million in insurance brokerage income, which comprised 13.0% of its noninterest income and 4.1% of its net operating revenue. The company ranked 24th in insurance brokerage earnings among all BHCs, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

TRUST & ANNUITY FEE INCOME SURGE AT HANCOCK HOLDING COMPANY

Gulfport, MS-based, $18.8 million-asset Hancock Holding Company reported insurance brokerage fee income in second quarter 2012 dipped 1.1% to $4.58 million, down from $4.63 million in second quarter 2011. In contrast, trust fees soared 50.6% to $7.98 million, up from $5.30 million, and investment and annuity fees jumped 41.0% to $4.61 million, up from $3.27 million. Insurance brokerage, trust, and investment and annuity fee income comprised, respectively, 7.2%, 12.6% and 7.3% of noninterest income, which climbed 36.1% to $63.55 million, up from $46.68 million in second quarter 2011, driven largely by increased earnings tied to the June 4, 2011 acquisition of New Orleans, LA-based Whitney Holding.



Net interest income on a 4.48% net interest margin soared 76.9% to $180.29 million in second quarter 2012, up from $101.92 million in second quarter 2011. Net interest income after a $1.99 million decline in loan loss provisions to $8.03 million, surged 85.7% to $172.27 million, up from $92.77 million. Net income more than tripled to $39.30 million, up from $12.09 million in second quarter 2011, before the full impact of the Whitney acquisition was recorded. Hancock President and CEO Carl Chaney said, "We will continue to focus on improving return through increasing loan volumes, developing additional revenue opportunities and achieving additional expense synergies."

In 2011, Hancock Holding reported $13.5 million in insurance brokerage income, which comprised 6.5% of its noninterest income and 1.9% of its net operating revenue. The company ranked 31st in insurance brokerage earnings among BHCs with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

VALLEY NATIONAL REPORTS RISING TRUST & INVESTOR SERVICES FEE INCOME

Wayne, NJ-based, $16.0 billion-asset Valley National Bancorp reported insurance brokerage fee income in the second quarter of 2012 declined 10.4% to $3.28 million, down from $3.66 million in second quarter 2011. Additionally, income from bank-owned life insurance (BOLI) decreased 13.3% to $1.63 million, down from $1.88 million, while trust and investment (TI) services income ticked up 1.5% to $1.98 million from $1.95 million. Insurance brokerage, BOLI and TI services income comprised, respectively, 13.6%, 6.8% and 8.2% of noninterest earnings, which dropped 28.4% to $24.03 million, down from $33.54 million in second quarter 2011, impacted by an over $15 million plunge in net gains on securities transactions to $1.20 million.

Net interest income on a 3.71% net interest margin in the second quarter rose 3.7% to $122.07 million, up from $117.67 million in second quarter 2011, driven by a $5.34 million cut in interest expense. Net interest income, after a $1.38 million increase in loan loss provisions to $7.01 million, rose 2.7% to $114.67 million, up from $111.64 million. Net income, after increased expenses largely tied to the first quarter acquisition of Long Island, NY-based, $1.7 billion-asset State Bancorp, declined 11.0% to $32.82 million, down from $36.89 million in second quarter 2011. Valley National Chairman, President and CEO Gerald Lipkin said, "In the second half of 2012, we will maintain focus on opportunities to increase our noninterest income as a percentage of total revenue … while lessening our interest rate risk."

In 2011,Valley National earned $15.6 million in insurance brokerage income, which comprised 15.6% of its noninterest income and 2.7% of its net operating revenue. The company ranked 29th in insurance brokerage earnings among bank holding companies with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

INSURANCE & INVESTMENT SERVICES FEE INCOME UP 21.3% AT FIRSTMERIT

Akron, OH-based, $14.5 billion-asset FirstMerit Corp. reported combined insurance and investment services fee income in second quarter 2012 grew 21.3% to $2.39 million, up from $1.97 million in second quarter 2011. In contrast, trust department earnings slipped 2.2% to $5.73 million, down from $5.86 million, and income from bank-owned life insurance (BOLI) slid 3.3% to $2.92 million, down from $3.02 million. Insurance and investment services fee income, trust and BOLI income comprised, respectively, 4.3%, 10.4% and 5.3% of noninterest

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earnings, which grew 7.4% to $55.30 million, up from $51.49 million helped by increased loan sales and servicing income.

Net interest income on a 3.77% net interest margin in the second quarter of 2012 rose 1.3% to $118.92 million, up from $117.44 million in second quarter 2011, reflecting a $5.94 million cut in interest expense, which more than made up for a $4.46 million drop in interest income. Net interest income after a $5.42 million decrease in loan loss provisions to $12.20 million, rose 6.9% to $106.73 million, up from $99.82 million. Net income, despite an over $9 million increase in noninterest expense, rose 2.8% to $30.59 million, up from $29.76 million in second quarter 2011. FirstMerit Chairman, President and CEO Paul Grieg described the results as "solid" and said they reflect "the Corporation's strength in the face of a persistently lagging economy, a low interest rate environment and additional costs of complying with federal legislation affecting the banking industry."

In 2011, FirstMerit's $22.4 million in fiduciary income comprised 13.9% of its noninterest income and 3.3% of its net operating revenue. The company ranked 48th in fiduciary earnings among all U.S. BHCs, according to the *Michael White-IPI Bank Wealth Management Fee Income Report*.

BANCORPSOUTH REPORTS STEADY INSURANCE REVENUE DOMINATES "IMPORTANT" NONINTEREST INCOME

Tupelo, MS-based, $13.2 billion-asset BancorpSouth reported insurance brokerage fee income in the second quarter remained basically stable at $22.96 million compared to $22.94 million in second quarter 2011, while trust income grew 10.2% to $3.14 million, up from $2.85 million. Insurance earnings continued to dominate all sources of noninterest income, comprising 34.5% of that revenue, while trust earnings comprised 4.7%. Noninterest income, despite an almost $9 million jump in mortgage lending, fell 11.5% to $66.47 million, down from $75.14 million, impacted by a $3.48 million tumble in credit card fees, a $.86 million decline in service charges, and an almost $9 million drop in net securities gains. Still, noninterest revenue comprised almost 40% of BancorpSouth's total revenue in the quarter.

Net interest income on a 3.65% net interest margin in the second quarter declined 4.7% to $104.74 million, down from $109.91 million in second quarter 2011, reflecting a $14.03 drop in interest revenue, which exceeded the $8.86 million cut in interest expense. Net interest income, after a $26.24 million slash in loan loss provisions to $6.0 million, however, climbed 27.1% to $98.74 million, up from $77.67 million in second quarter 2011.

Commenting on the quarter's results and looking ahead, BancorpSouth Chairman and CEO Aubrey Patterson said, "Our noninterest lines of business have become increasingly important given margin pressure and subdued loan demand. The Company has demonstrated a commitment to continue to grow these lines of business, particularly insurance and mortgage, both organically and through strategic acquisitions." Patterson added, "We believe that BancorpSouth is well positioned to achieve long-term growth and continue to increase shareholder value."

In 2011, BancorpSouth reported $87.35 million in insurance brokerage income, which comprised 37.4% of its noninterest income and 13.0% of its net operating revenue. 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 EARNINGS RISE AS TRUST & SECURITIES BROKERAGE INCOME SLIP AT F.N.B.

Hermitage, PA-based, $11.7 billion-asset F.N.B. Corp. reported insurance brokerage fee income in the second quarter of 2012 rose 6% to $3.88 million, up from $3.66 million in second quarter 2011. In contrast, securities brokerage fee income dipped 4.7% to $2.03 million, down from $2.13 million, and trust income slipped 2.6% to $3.84 million, down from $3.95 million. Insurance brokerage, securities brokerage and trust earnings comprised, respectively, 11.8%, 6.2% and 11.7% of noninterest income, which grew 12% to $32.78 million, up from $29.26 million in second quarter 2011, helped by gains on loan and securities sales and increased service charge fees tied to the Parkvale acquisition.

Net interest income on a 3.80% net interest margin grew 19% to $96.31 million, up from $80.69 million in second quarter 2011, reflecting an 11% increase in interest revenue and a 24% cut in interest expense. Net interest income, after an 18% drop in loan loss provisions to $7.03 million, climbed 24% to $89.29 million, up from $72.14 million. Net income, despite an almost $10 million increase in noninterest expense, jumped 30% to $29.13 million, up from $22.36 million in second quarter 2011. F.N.B. Corp. President and CEO Vincent J. Delie said," We are very pleased with the execution of our business strategies through the first half of 2012, and we continue to focus on opportunities to improve operating efficiency and enhance revenue growth."

In 2011, F.N.B. Corp. reported $12.75 million in insurance brokerage income, which comprised 11.0% of its noninterest income and 2.9% of its net operating revenue. The company ranked 13th in insurance brokerage earnings among BHCs with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

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