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Michael White Associates is pleased to distribute BankInsurance.com News, a monthly electronic publication that reports 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.

Bank Insurance & Investment Acquisitions

JANUARY 3 - 9, 2011

CONNECTICUT'S PEOPLE'S UNITED MERGES INSURANCE AGENCIES UNDER PEOPLES BRAND

Bridgeport, CT-based, $20.4 billion-asset People's United Bank has merged its insurance agency subsidiaries, including Chittenden Insurance Group, Bank of Smithtown Insurance Agents and Brokers, R.C. Knox, and Beardsley Brown & Basset, into Peoples United Insurance Agency. Former Chittenden Insurance Group President and CEO Daniel Cosey serves as president and CEO of the merged unit.

JANUARY 10 - 16, 2011

WELLS FARGO INSURANCE SERVICES ACQUIRES DAYTON, OH EMPLOYEE BENEFITS AGENCY

San Francisco, CA-based, $1.2 trillion-asset Wells Fargo & Co. unit Chicago-based Wells Fargo Insurance Services USA (WFIS) has purchased Dayton, OH-based employee benefits agency Prestige Professional Plans (PPP).

Former PPP owner Penny Profitt said, "While we have a new name, our customers will continue to be served by the same team of insurance professionals" who will expand their offerings beyond employee benefits to include the broad range of WFIS insurance products.

WFIS East Executive Vice President Kevin Kenny said the company's expanded Dayton operations "will work with our local Dayton bankers to provide customers with fully integrated financial and insurance solutions for their businesses."

WFIS operates more than 200 offices in 37 states and in 2009 helped Wells Fargo & Co. generate $1.725 billion in insurance brokerage income, which comprised 4.2% of its noninterest income and 1.9% of its net operating revenue. The company ranked first in insurance brokerage earnings among BHCs engaged in significant banking activities, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

JANUARY 17 - 23, 2011

WELLS FARGO INSURANCE SERVICES BUYS KANSAS-BASED EMPLOYEE BENEFITS AGENCY

San Francisco, CA-based, $1.2 trillion-asset Wells Fargo & Co. unit Chicago-based Wells Fargo Insurance Services USA (WFIS) has acquired Overland Park, KS-based employee benefits brokerage and consulting firm JFK Consulting Group (JFK). The agency will operate under the WFIS name, but retain its personnel and location and continue to serve businesses, associations and public sector employers in Kansas and Missouri. WFIS East Executive Vice President Kevin Kenny said the acquisition helps strengthen Wells Fargo's commitment to maintaining a strong presence in Kansas, where the newly acquired agency will work with local Wells Fargo & Co. brokers. WFIS operates over 200 offices in 37 states and earlier this month announced it had acquired another employee benefits agency in Ohio.

In 2009, WFIS helped Wells Fargo & Co. generate $1.725 billion in insurance brokerage income, which comprised 4.2% of its noninterest income and 1.9% of its net operating revenue. The company ranked first in insurance brokerage earnings among BHCs engaged in significant banking activities, according to *Michael White-Prudential Bank Insurance Fee Income Report*.

JANUARY 17 - 23, 2011

BMO TO ACQUIRE HONG KONG INVESTMENT MANAGER LLOYD GEORGE MANAGEMENT

Toronto, Canada-based C$411.6 billion (US$415.2 billion)-asset BMO Financial Group (formerly Bank of Montreal) has agreed to acquire Hong Kong-based Lloyd George Management (LGM), an investment manager with $6 billion in assets under management and offices in London, Singapore, Mumbai, Florida as well as Hong Kong. LGM Chairman Robert Lloyd George said, "We have built Asia's leading independent boutique, originally focused on China and India but now encompassing global emerging and frontier markets."

BMO Financial Private Client Group President and CEO and Bank of Montreal (China) Chairman Gilles Ouellette said, "Wealth management is a key component of BMO's Greater China strategy. This acquisition will complement our established presence in China, including the recent incorporation of our wholly-owned banking subsidiary, our equity interest in Fullgoal Fund Management, and our M&A advisory services."

Lloyd George Management will retain its name, Robert Lloyd George will remain chairman, and the company's employees will be invited to continue with LGM, when the deal closes in third quarter 2011, pending regulatory approval.

JANUARY 17 - 23, 2011

STATE STREET GLOBAL ADVISORS BUYS BANK OF IRELAND ASSET MANAGEMENT

Boston-based State Street Global Advisors (SSgA), the investment management unit of Boston, MA-based, $171.5 billion-asset State Street Corp., has acquired Dublin, Ireland-based Bank of Ireland Asset Management (BIAM) for $76.1 million, including $18.7 million net assets of the business. The acquisition adds $34.7 billion in assets managed to SSgA's Ireland operations. The acquired company has retained its management team, staff and offices and been renamed State Street Global Advisors Ireland Limited.

State Street Global Advisors President and CEO Scott Powers said, "We are pleased to complete this acquisition of an organization that has built a strong franchise and a first-rate investment team that shares our focus on research and commitment to clients."

JANUARY 24 - 30, 2011

TOWNEBANK ACQUIRES NEWPORT NEWS AGENCY

Hampton Roads, VA-based, $3.66 billion-asset TowneBank, through Towne Insurance Agency, has acquired Newport News, VA-based W.T. Chapin, a bonding services and general insurance agency. TowneBank Chairman and CEO G. Robert Aston said the acquisition "will allow us to expand the services available to our bank and insurance clients while continuing our focus on providing exquisite service." The agency will maintain its management team, staff and location and operate as a Towne Insurance Agency affiliate serving TowneBank's banking office in Newport News.

In 2009, Towne Insurance helped TowneBank generate $14.8 million in insurance brokerage income, which comprised 18.6% of its noninterest income and 8.2% of its net operating revenue. The company ranked first 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*.

FEBRUARY 7 - 13, 2011

BANK OF AMERICA TO SELL BALBOA TO AUSTRALIA'S QBE

Charlotte, NC-based, $2.26 trillion-asset Bank of America (BofA) has agreed to sell the lender-placed (excepting mortgage) insurance and voluntary property and casualty insurance assets and liabilities of Irvine, CA-based Balboa Insurance and its affiliates (Balboa) to Sydney, Australia-based QBE Insurance Group for $700 million in cash plus additional future payments. QBE will assume Balboa's insurance liabilities in return for a reinsurance transaction with Balboa, which provides the cash and assets needed to cover those liabilities. QBE has also agreed to retain Balboa's employees and enter into an initial 10-year distribution agreement with BofA for lender-placed insurance, real estate-owned programs and certain voluntary consumer insurance products, including homeowners, contents and auto insurance. BofA will retain approximately $1.7 billion of Balboa's remaining net tangible equity, which it intends to use for different purposes as Balboa's insurance liabilities expire.

QBE CEO Frank O'Halloran said, "The distribution agreement with BofA in the U.S. and the portfolio transfer provide QBE with a specialist personal lines portfolio which is complementary to the Sterling National business acquired in 2008." When the deal closes in mid-2011, pending regulatory approval, QBE's U.S. businesses will include bank, agency and broker distribution systems for a range of products including those acquired in the Balboa-deal and other specialty, crop and reinsurance products.

BofA acquired Balboa when it purchased Countrywide Financial Corp., its parent, in 2008. In 2009, Balboa helped BofA generate $2.3 billion in insurance underwriting earnings, which comprised 3.67% of the company's noninterest income, according to the *Michael White-Prudential Bank Insurance Fee Income Report*. Bank of America Corporation (NC) earned $355.0 million in P&C underwriting net income in 2009, up 532.3% from $56.1 million in 2008.

FEBRUARY 7 - 13, 2011

ARROW FINANCIAL ACQUIRES THIRD AGENCY

Glens Falls, NY-based, $1.69 billion-asset Arrow Financial, through subsidiary Glens Falls National Bank and Trust Company, has acquired Chestertown, NY-based Upstate Agency. The acquired property and casualty insurance brokerage will retain its name, staff, management team and seven locations in Northern New York and operate as a wholly owned subsidiary of Glens Falls National Bank and Trust, joining health insurance agency Capital Finance Group and property and casualty agency Loomis & La Pann.

Arrow operates 35 branches across northeastern New York, and Arrow Financial Chairman, President and CEO Thomas Hoy said, "We are very pleased to have … the professionals of Upstate Agency join Arrow and the Glens Falls National Bank team…. Upstate's offices across the North Country will provide additional convenience and new opportunities in our existing banking commitments."

In 2009, Arrow Financial earned $2.4 billion in insurance brokerage income, which comprised 12.3% of its noninterest income. The company ranked 57th in insurance brokerage earnings among U.S. bank holding companies with assets between $1 billion and $10 billion, according to *Michael White-Prudential Bank Insurance Fee Income Report*.

FEBRUARY 14 - 20, 2011

ALLSTATE EXITS CONSUMER BANKING BUSINESS; FORGES SALE AND DISTRIBUTION AGREEMENT WITH DISCOVER

Riverwood, IL-based, $61.6 billion-asset Discover Financial Services has agreed to acquire all the deposits of Northbrook, IL-based, $1.25 billion-asset Allstate Bank, a subsidiary of Northbrook, IL-based insurer Allstate Corporation. Discover Bank will assume the deposits and provide banking products and services, including personal savings and money market accounts, certificates of deposit (CDs) and individual retirement account CDs to Allstate Customers through Allstate affiliates and agents. However, Allstate Financial affiliate Allstate Finance Company will continue to offer and administer business loans to Allstate agencies.

Allstate Financial President and CEO Matthew Winter said the changing regulatory environment influenced the company's decision to "refocus on insurance, retirement and investment products." Discover Consumer Banking President Carlos Minetti emphasized the distribution agreement Discover had forged with Allstate and said, Affinity relationships with leading organizations have provided us with an effective platform for offering Discover Bank's products to an expanded customer base."

FEBRUARY 14 - 20, 2011

WELLS FARGO INSURANCE SERVICES TO SELL E&S WHOLESALER TO R-T SPECIALTY

San Francisco, CA-based, $1.22 trillion-asset Wells Fargo & Co., through Chicago, IL-based subsidiary Wells Fargo Insurance Services, has agreed to sell San Francisco-based American E&S Insurance Brokers (E&S) to Chicago-based R-T Specialty, the wholesale brokerage unit of Ryan Specialty Group. The purchase of the excess and surplus insurance wholesaler includes E&S's offices in Atlanta, Denver, Fresno, Irvine, Nashville, New York City, and Seattle as well as its San Francisco home office.

Wells Fargo Insurance Services CEO Neal Aton said the sale enables WFIS to focus on its core retail and niche businesses, including Wells Fargo Special Risks, which offers underwriting and back office support services.

Ryan Specialty Group Chairman and CEO Patrick Ryan said the acquisition will not only benefit R-T Specialty's wholesale operations, but it will also enhance the company's presence in key metropolitan areas.

Since Ryan Specialty was formed last year it has established Technical Risk Underwriters and acquired professional liability intermediary Bloomfield, CT-based OakBridge Insurance Services and wholesaler West Palm Beach, FL-based McAuley Woods.

FEBRUARY 28 - MARCH 6, 2011

IBERIABANK EXPANDS WEALTH MANAGEMENT DIVISION WITH FLORIDA TRUST PURCHASE

Lafayette, LA-based, $10 billion-asset Iberiabank has agreed to acquire Florida Trust Company from formerly Naples, FL-based, $640.9 million-asset Bank of Florida, which was merged with FDIC assistance last year into Jacksonville, FL-based, $12 billion-asset EverBank. The cash deal includes $700,000 upfront and a $700,000 contingent payment to be made one year after the transaction is completed. Florida Trust, which holds $460 million in assets under management, will retain its offices in Naples and Fort Lauderdale, its management team, other professionals and staff and merge into Iberia Wealth Advisors, Iberiabank's trust and asset management division, when the deal closes.

Iberiabank Trust, Brokerage and Wealth Management Managing Director Jefferson Parker said, "By acquiring a seasoned team with an established base and connectivity to their local markets, we can immediately begin serving our banking clients with services they have been unable to access previously within our franchise." Iberiabank has acquired three banks and 42 branches in Southeast and Southwest Florida over the past 15 months.

FEBRUARY 28 - MARCH 6, 2011

BRYN MAWR BANK TO ACQUIRE HERSHEY TRUST'S PRIVATE WEALTH MANAGEMENT GROUP

Bryn Mawr, PA-based, $1.7 billion-asset Bryn Mawr Bank has agreed to acquire the Private Wealth Management Group (PWMG) of Hershey Trust Company. Hershey, PA-based PWMG will retain its office, investment advisors and client services teams and merge into Bryn Mawr Trust's Wealth Management Division.

Bryn Mawr Trust Wealth Management Division Director Francis Leto said, "This acquisition is an important step in growing a business that has strategic importance to us." Hershey Trust Company Chairman LeRoy Zimmerman said, "The Hershey Trust Company has been taking ongoing steps to return its full focus to its core mission of managing the assets of the Milton Hershey School Trust. Selling our private wealth management business to Bryn Mawr Trust is another important step to help us achieve that goal."

When the cash and stock deal closes in second quarter 2011, pending regulatory approval, PWMG will add $1.1 billion in assets under management to Bryn Mawr Trust's current $3.4 billion in trust and investment assets under management, administration, supervision and brokerage.

FEBRUARY 28 - MARCH 6, 2011

NEW YORK LIFE TO SELL STAKE IN THAILAND INSURER TO PARTNER SIAM COMMERCIAL BANK

New York City-based New York Life Insurance Company has agreed to sell its 23.89% stake and its Thai affiliate's 23.44% stake in Bangkok, Thailand-based Siam Commercial New York Life Insurance Public Company (SCNYL) to Bangkok-based, Baht 1.477 trillion ($48.1 billion)-asset Siam Commercial Bank Public Company (SCB) for Thai Baht 8.4 billion ($274 million).

New York Life International Chairman and CEO Dick Mucci said of the deal, "The joint venture with Siam produces the majority of its sales through the bank distribution, and SCB is very interested in fully integrating the operation into its consumer banking platform." SCB President Khun Kannikar Chalitaporn said, "SCB views life insurance as an important component of our long-term strategy that complements our banking franchise, and we see enormous opportunity in our insurance sector."

When the deal closes in March 20111, pending regulatory approvals, SCB will own 94.66% of SCNYL, which in 2010 wrote Baht 24 billion ($790 million) in net written premiums selling its life insurance products primarily through SCB's 1,019 branches throughout Thailand.

MARCH 14 - 20, 2011

ONEIDA ACQUIRES CENTRAL NY AGENCY

Oneida, NY-based, $661 million-asset Oneida Financial Corp. has acquired Utica, NY-based David Holmes Agency. The agency has merged into Oneida Savings Bank subsidiary Bailey & Haskell Associates, which does business as Bailey, Haskell & LaLonde (BHL). David Holmes will continue at his Utica location and work with his existing clients as an account executive with BHL "introducing new relationships to Oneida Financial Corp.'s team of banking, insurance and financial services professionals," Bailey & Haskell Associates' CEO John Haskell said.

BHL has other offices in Oneida, North Syracuse, Cazenovia, Chittenango, New Haven, Buffalo and Malverne, NY, as well as Fort Mill, SC. In 2010, these agencies helped The Oneida Savings Bank to generate $10.52 million in insurance brokerage fee income, which comprised 46.4% of the company's noninterest income and 25.8% of its net operating revenue, and to rank first in insurance brokerage earnings among banks with assets between $500 million and $1 billion.

MARCH 14 - 20, 2011

KANE GROUP TO ACQUIRE HSBC'S INSURANCE MANAGEMENT BUSINESSES

London, England-based Kane Group has agreed to acquire the insurance management operations of London, England-based HSBC Holdings. The operations include HSBC Insurance Holdings (Bermuda), HSBC Insurance SPC, the insurance management business of HSBC Bank (Cayman), and HSBC Insurance Agency (USA) – together called HSBC Insurance Management (HIM).

Kane Group CEO Stephen May said the acquisition "supports our aim of creating a global, domicile-neutral platform from which to offer our independent expert advice." Noting that HIM, a leader in insurance-linked securities (ILS), has offices in Bermuda, Cayman, Guernsey, Malta, New York, South Carolina, Washington, DC, and Vermont, Kane Group CEO Clive James said the acquisition will expand Kane's presence "in key insurance territories, … traditional captives and the specialist ILS and LPI [life, pensions and investments] markets."

Kane Group focuses on providing risk management services, healthcare consulting, regulatory compliance, underwriting services, Takaful insurance solutions and self-insurance structures, including captives, protective cell companies and mutual insurance companies. HIM provides management, administration and structuring support services for captives, cell companies, ILS, insurance and reinsurance companies, and LPI companies. The $27.5 million deal to merge HIM into Kane is expected to close on April 30, 2011, pending regulatory approval.

APRIL 4 - 10, 2011

FIRST TENNESSEE BANK TO SELL INSURANCE GROUP TO BROWN & BROWN

Memphis, TN-based, $24.7 billion-asset First Horizon National Corp. subsidiary First Tennessee Bank has agreed to sell First Horizon Insurance Group (FHIG) to Daytona Beach, FL-based Brown &

Brown, Inc. FHIG will operate as Brown & Brown of Tennessee as it maintains its Memphis and Chattanooga offices and merges its Nashville office into Brown & Brown's existing Nashville operations.

Brown & Brown Regional President C. Roy Bridges said, "First Horizon has organically and by acquisition built an exemplary insurance operation. This transaction will expand and deepen Brown & Brown's footprint in the Western, Middle and Eastern regions of the Volunteer State." First Horizon National Corp. said First Tennessee Bank and Brown & Brown "expect to maintain business relationships after the closing," which is expected to occur at the end of April.

First Horizon Insurance Group offers risk management services, employee benefits, personal lines and bonding to commercial clients and individuals in 40 states and in 2009 helped First Horizon National Corp. generate $34.4 million in insurance brokerage fee income and rank 27th among bank holding companies with more than $10 billion in assets. Insurance earnings comprised 3.3% of First Horizon's noninterest income and 1.9% of its net operating revenue last year, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

APRIL 4 - 10, 2011

WELLS FARGO INSURANCE SERVICES SELLS AMERICAN E & S INSURANCE BROKERS TO R-T SPECIALTY

Chicago-based Wells Fargo Insurance Services, a unit of San Francisco-based $1.3 trillion-asset Wells Fargo & Co., has completed its sale of San Francisco-based American E & S Insurance Brokers (AES) to Chicago-based R-T Specialty, the wholesale brokerage arm of Ryan Specialty Group (RSG). The deal includes AES's offices in San Francisco, Fresno, Irvine, New York City, Denver, Atlanta, Nashville and Seattle and offers of employment to all staff in these locations.

RSG Chairman and CEO Patrick Ryan said the acquisition increases not only the breadth and scope of RSG's specialty wholesale operations, but it also adds key locations to the company's reach, and "talented employees with established relationships and professional expertise."

Wells Fargo Insurance Services (WFIS) CEO Neal Aton said the sale enables WFIS "to more effectively manage conflicting interests in the E & S [excess and surplus] marketplace" and "gives our AES team members an outstanding opportunity with a fast growing company and ongoing partner." R-T Specialty focuses on high-hazard, tough property, casualty, transportation and professional and management liability risks.

APRIL 18 - 24, 2011

OLD NATIONAL ACQUIRES INTEGRA'S WEALTH & TRUST BUSINESS

Evansville, IN-based, $2.4 billion-asset Integra Bank Corp. has agreed to sell Integra Wealth & Trust (IWT) to Evansville-based, $7.3 billion-asset Old National Corp. When the deal closes by the end of the second quarter, IWT will merge into Old National Wealth Management. Until then, a servicing agreement reached between the two companies enables Old National Wealth Management to immediately offer products and services to IWT's clients. Integra Bank Corp. Chairman and CEO Mike Alley said, "We believe this represents the best solution for our clients to ensure they continue to receive exceptional service and investment advice." Both Integra and Old National have branches in Indiana, Kentucky and Illinois.

APRIL 18 - 24, 2011

INSURICA EXPECTS TO DOUBLE REVENUE WITH PURCHASE OF GUARANTY INSURANCE SERVICES

Oklahoma City, OK-based INSURICA has acquired Plano, TX-based Guaranty Insurance Services. Both agencies specialize in insuring educational institutions ministries, municipalities and the construction, energy, hospitality and technology industries. INSURICA additionally focuses on real estate, agribusiness, wineries, transportation, healthcare, staffing and professional services. "Our additional expertise," INSURICA President and CEO Mike Ross said, "provides both synergy and opportunities for continued expansion and growth."

Ross said he expects the acquisition to more than double INSURICA's revenue, as it increases its agent count from 245 to 465 and more than doubles its office locations from 12 to 27, increasing the company's presence in Texas and California. INSURICA, which operates primarily in Oklahoma, Arkansas, Arizona, Oregon and Kansas, said, "This acquisition significantly expands INSURICA's market and is an excellent strategic fit for us."

Guaranty Bank, a division of Temple-Inland, previously owned Guaranty Insurance until it was sold to a Dallas business executive in December 2008. The Federal Deposit Insurance Corporation (FDIC) closed the $13 billion-asset, 162-branch Guaranty Bank in August 2009 and sold it to BBVA Compass, a division of Banco Bilbao Vizcaya Argentaria SA, Spain's second largest bank.

APRIL 18 - 24, 2011

FIRST NIAGARA ADDS AGENCY PURCHASE TO ITS MOVE INTO CONNECTICUT

Buffalo, NY-based, $30 billion-asset First Niagara Financial Group, through First Niagara Risk Management (FNRM), has acquired Pierson & Smith (P & S), an insurance brokerage, consulting and third -party administration agency based in Norwalk, CT. The acquisition dovetails with First Niagara's move into Connecticut and Massachusetts with its purchase of New Haven, CT-based, $12 billion-asset NewAlliance Bancshares.

Pierson & Smith will merge into First Niagara Risk Management and serve as the company's flagship agency in New England. P & S President Bruce Rogers and Executive Vice Presidents Fred Butler and Matt Fair will serve as FNRM Regional Directors of Insurance and continue to operate from P & S's current location with current staff. Rogers said, "We look forward to expanding our risk management and employee benefit brokerage and consulting expertise to First Niagara's growing base of banking customers in the state."

In 2010, First Niagara reported $50.2 million in insurance brokerage income, which 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 bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

APRIL 18 - 24, 2011

RBS TO MERGE NONLIFE UNITS UNDER RBS INSURANCE BANNER

Edinburgh, Scotland-based Royal Bank of Scotland (RBS) is utilizing a Part VII transfer to merge its four nonlife insurance units – Direct Line Insurance, Churchill Insurance, National Insurance and Guarantee Corp. – into RBS Insurance. While the Part VII transfer allows RBS to transfer business from one insurer to another, leaving no contractual liabilities with the original insurer, it requires High Court approval and time to complete.

RBS said it is beginning the transfer process now in the hope of receiving High Court approval in October and merger completion by January 2012. With its insurance units under one banner, RBS will meet the European Union Solvency II requirement when it takes effect January 1, 2013. Then, by the end of 2013, RBS must meet the EU requirement set earlier to sell RBS Insurance, *BestWire* reports.

<u>*MAY 2 - 8, 2011*</u>

BNY MELLON WEALTH MANAGEMENT REACHES INTO CHICAGO WITH TALON PURCHASE

New York City-based, $247 billion-asset The Bank of New York Mellon Corp. (BNY Mellon) has agreed to acquire the wealth management operations of Chicago-based Talon Asset Management. The purchase includes $800 million in assets under management but does not include Talon's private equity and hedge fund businesses.

When the deal closes in second quarter 2011, pending regulatory approval, Talon's wealth management business, including staff, will merge into BNY Wealth Management, where its senior principals will assume Chicago office leadership positions.

BNY Mellon Wealth Management CEO Lawrence Hughes said of the purchase, "BNY Mellon Wealth Management had targeted Chicago as part of its national and global expansion strategy. This transaction marks a significant step in the company's growth in the region." BNY Mellon Wealth Management manages $171 billion in private client assets, nationally and internationally.

<u>*MAY 9 - 15, 2011*</u>

FROST BANK ACQUIRES HOMETOWN BENEFITS INSURANCE AGENCY

San Antonio, TX-based $17.9 billion-asset Cullen/Frost Bankers, through Frost Bank subsidiary Frost Insurance Agency, has acquired San Antonio-based Clark Benefit Group. The acquired agency, Frost's eleventh agency purchase, specializes in providing employee benefits to small and mid-sized businesses. Frost Insurance President Bruce Burdett said, "We are committed to building an outstanding insurance operation statewide, and this acquisition expands our ability to meet our customers' benefit insurance needs." Clark will relocate to Frost Insurance's current San Antonio office.

In 2010, Cullen/Frost Bankers reported $34.2 million in insurance brokerage income, which comprised 12.6% of its noninterest income and 4.1% of its net operating revenue. The company ranked 25th in insurance brokerage earnings among all BHCs, according to the *<u>Michael White-Prudential Bank Insurance Fee Income Report</u>*.

<u>*MAY 9 - 15, 2011*</u>

ESSA BANCORP ENTERS INSURANCE BUSINESS VIA ACQUISITION

Stroudsburg, PA-based, $1 billion-asset ESSA Bancorp, through ESSA Bank & Trust, has acquired the benefit consulting insurance businesses of Lehigh Valley-based insurance agents William Harrison and David Lilly. The agents and their acquired businesses will form ESSA Advisory Services and offer group health, dental, vision, life and disability insurance, 401(k) retirement planning and individual health insurance. ESSA Bancorp President and CEO Gary Olson said, "The acquisition of these companies extends our business banking platform and creates an opportunity to win market share in an increasingly important area of the financial services industry."

<u>*MAY 16 - 22, 2011*</u>

SUNTRUST BANKS ACQUIRES SAN FRANCISCO-BASED CSI CAPITAL MANAGEMENT

Atlanta, GA-based, $170.8 billion-asset SunTrust Banks has acquired San Francisco-based CSI Capital Management, a wealth management firm that focuses on high net worth individuals, especially professional athletes. SunTrust Sports and Entertainment Specialty Group Managing Director Thomas Carrol said the acquisition reinforces the SunTrust unit's "reputation as a leading wealth and investment management group [that] helps successful artists, athletes and entertainers achieve their financial goals." The acquisition adds $1.5 billion in assets under management and offices in San Francisco, Boca Raton and Greenwich, CT to SunTrust Sports and Entertainment Specialty Group's established franchise in Atlanta, Los Angeles, San Diego, Nashville, Daytona Beach and Charlotte, NC.

MAY 23 - 29, 2011

M&T COMPLETES WILMINGTON TRUST ACQUISITION

Buffalo, NY-based M&T Bank Corp has completed its all-stock acquisition of Wilmington, DE-based, $10.7 billion-asset Wilmington Trust Corp. The acquisition transforms M&T into a $78 billion-asset financial holding company with 780 retail and commercial branches across New York, Delaware, Pennsylvania, Maryland, Virginia, West Virginia, New Jersey, Florida, Washington, D.C. and Ontario, Canada. Wilmington Trust Wealth Advisory Services and Wilmington Trust Corporate Client Services will continue to operate under the Wilmington Trust name, but Wilmington Trust Bank will be renamed M&T Bank when M&T completes its systems conversion in the third quarter. M&T Bank Chairman and CEO Robert Wilmers said of the merger, "M&T now offers the nation's premier wealth management services with approximately $81 billion in assets under management."

MAY 23 - 29, 2011

PROVIDENT FINANCIAL TO ACQUIRE BEACON TRUST & ASSET MANAGEMENT UNITS

Jersey City, NJ-based, $6.8 billion-asset Provident Financial Services, through Provident Bank, has agreed to acquire Morristown, NJ-based Beacon Trust Company and Delaware-incorporated Beacon Global Asset Management from Beacon Financial. Provident Financial Chairman, President and CEO Christopher Martin said, "This transaction will serve to significantly expand Provident's wealth management business throughout the state, … [and] strategically position our organization to enhance market share and non-interest earnings growth."

When the up to $10.5 million cash deal closes in the third quarter, pending regulatory approval, Provident's wealth management business will oversee $1.65 billion in assets, be based in Beacon's Morris County, NJ offices, and be headed by Provident Wealth Management CEO James Nesci.

In 2010, Provident Financial reported $3.3 million in wealth management income, which constituted 10.7% of its non-interest income. The company ranked 99th in wealth management earnings among U.S. bank holding companies with assets between $1 billion and $10billion, according to *Michael White's Wealth Management Fee Income Report*.

MAY 23 - 29, 2011

ALLSTATE TO ACQUIRE WEB-BASED ESURANCE AND ANSWER FINANCIAL

Northbrook, IL-based Allstate Corp. has agreed to acquire Esurance and Answer Financial from Hamilton, Bermuda-based White Mountains Insurance Group for $700 million in cash plus the tangible book value of both at closing. The estimated $1 billion deal is expected to close in autumn, pending regulatory approval.

Web-based Esurance has doubled its policies in force and grown its premiums on average 20% per year over the past five years, enough to become the third largest provider of auto insurance online and through 24/7 call centers. Answer Financial offers consumers web-based personal insurance quotes and comparisons among 20 insurance companies.

Allstate Chairman, President and CEO Thomas Wilson said, "Esurance will expand our ability to serve customers that are self-directed but still prefer a branded product. Answer Financial will strengthen our offering to individuals who want to be offered a choice between insurance carriers and are brand neutral." The purchases offer Allstate "two additional sources of growth and an immediate increase in customer relationships," Wilson added.

JUNE 6 - 12, 2011

HARTFORD FINANCIAL TO SELL THRIFT USED TO QUALIFY FOR TARP

Hartford, CT-based The Hartford Financial Services Group has agreed to sell Sanford, FL-based, $367 million-asset Federal Trust Corp. to Davenport, FL-based, $2.2 billion-asset CenterState Bank. The Hartford paid $10 million in 2009 to acquire the thrift, in order to attain unitary thrift holding company status and qualify for $3.4 billion in troubled asset relief program (TARP) funds from the U.S. Treasury. The Hartford repaid the Treasury last year and has since determined that Federal Trust is no longer part of its "core operations."

The Hartford said it expects to take a $70 million after-tax charge tied to divestiture and losses on Federal Trust Bank assets and liabilities not sold to CenterState Banks. CenterState, in turn, will buy Federal Trust's $170 million in performing loans at a 27% discount and will acquire the thrift's $230 million in deposits and 11 offices in 5 Florida counties, when the deal closes in the fourth quarter, pending regulatory approval. CenterState Banks currently operates 52 branches in 14 Florida counties through its subsidiaries, CenterState Bank and Valrico Bank.

JUNE 6 - 12, 2011

FIRST FINANCIAL TO SELL INSURANCE AGENCY TO HUB

Charleston, SC-based, $3.3 billion-asset First Financial Holdings has agreed to sell First Southeast Insurance Services (FSIS), its insurance agency subsidiary, to Chicago-based HUB International for $38 million in cash. First Financial President and CEO R. Wayne Hall said, the deal will increase First Financial's tangible equity and regulatory capital and "better position the company for the future." Hall added, "We expect to continue to have a mutually beneficial relationship with HUB … so that First Financial's customers can continue to receive outstanding products and services in banking, investments and insurance."

When the deal closes in the second quarter, pending regulatory approval, FSIS will serve as HUB's new regional platform and operate as HUB International Southeast. HUB International Chairman and CEO Martin Hughes said, "FSIS possesses all of the attributes we were looking for in a new regional HUB platform, including talented insurance professionals, a strong diversified book of business, and longevity in the marketplace." Charleston, SC-based FSIS operates 9 property-casualty, employee benefits and personal lines offices in South Carolina and North Carolina.

JUNE 13 - 19, 2011

TOMPKINS FINANCIAL EXPANDS HOMETOWN AGENCY WITH OLVER ACQUISITION

Ithaca, NY-based, $3.28 billion-asset Tompkins Financial Corp, through Tompkins Insurance Agencies, has acquired

Ithaca-based Olver & Associates Insurance. Neil Olver will serve as a senior vice president on the Tompkins Insurance leadership team; Lisa Olver will continue to manage commercial lines, and the remaining three members of the Olver group will move with the acquired agency into Tompkins Insurance Agencies' Ithaca offices in August.

Tompkins Financial President and CEO Stephen Romaine said the acquisition "brings more valued customers into the expanded Tompkins Financial family in central New York," a move that Tompkins Insurance Agencies President and CEO David Boyce said "will also enhance our ability to grow our business."

Tompkins Insurance Agencies operates six offices in central New York and 15 offices in western New York, and in 2010 enabled Tompkins Financial to report $12.74 million in insurance brokerage income, which comprised 27.7% of its noninterest earnings and 8.1% of its net operating revenue. The company ranked 13th in insurance brokerage income among BHCs with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

JUNE 13 - 19, 2011

BANK OF AMERICA COMPLETES SALE OF CERTAIN BALBOA INSURANCE ASSETS & LIABILITIES TO QBE

Charlotte, NC-based, $2.3 trillion-asset Bank of America Corp (B of A) has completed its sale of Newport Beach, CA-based Balboa Insurance and its affiliated companies' lender-placed and voluntary property and casualty insurance assets and liabilities to Sydney, Australia-based QBE Insurance Group. To complete the transaction, QBE forged a reinsurance agreement with Balboa equal to the cash and other asset values of the deal. In addition, QBE and B of A agreed to a long-term distribution arrangement whereby B of A will offer its customers QBE's lender-placed and voluntary consumer insurance lines and associated services. QBE the Americas CEO John Rumpler said, "The acquisition supports QBE's commitment to growing its business through product diversification and new distribution channels."

JULY 5 - 10, 2011

FIRST FOUNDATION BANK LAUNCHES INSURANCE AGENCY

Irvine, CA-based, $456 million-asset First Foundation Bank (FFB) has launched First Foundation Insurance Services (FFIS) "in response to clients asking for advice on how to best meet their financial security needs," FFB said. FFIS will offer life, disability, long-term care and annuity products to FFB's individual and business customers. First Foundation Bank President David Rahn said, "Our clients trust our financial advice and have indicated that they understand the value that First Foundation can add in extending its services to include insurance."

JULY 5 - 10, 2011

RENASANT TO ACQUIRE RBC BANK'S BIRMINGHAM, AL-BASED TRUST DEPARTMENT

Tupelo, MS-based, $4.2 billion-asset Renasant Corp., through Renasant Bank, has agreed to acquire the Birmingham, AL-based trust department of RBC Bank (USA). The deal includes $680 million in assets under management in over 200 trust, custodial and escrow accounts owned by Alabama and Georgia customers. It does not include the trust operations of RBC Wealth Management (US) or RBC Trust Company (Delaware).

Renasant Chairman & CEO E. Robinson McGraw described the purchase as part of Renasant's overall growth strategy and said, "We look to continue to expand our client base, franchise and delivery of financial services in Alabama where our current footprint consists of multiple locations in Birmingham, Huntsville, Decatur and Madison."

Renasant Bank's Trust division will hold $1.5 billion in wealth management and trust assets, when the deal closes by August 31, 2011, pending regulatory approval.

JULY 5 - 10, 2011

WELLS FARGO TO SELL H.D. VEST FINANCIAL TO PARTHENON CAPITAL

San Francisco-based, $1.2 trillion-asset Wells Fargo & Co. has agreed to sell Irving, TX-based H.D. Vest Financial Services, a Wells Fargo Advisors unit, to mid-market private equity firm Parthenon Capital Partners based in Boston and San Francisco. H.D. Vest provides financial advice to 1.8 million customers through over 4,800 securities-licensed tax professionals. Wells Fargo said it decided to sell the company because its approach and customer base did "not align precisely" with Wells Fargo Advisor's focus on serving and advising affluent and wealthy clients.

JULY 11 - 17, 2011

WELLS FARGO INSURANCE SERVICES ACQUIRES FLORIDA EMPLOYEE BENEFITS FIRM

San Francisco, CA-based, $1.2 trillion-asset Wells Fargo & Co. unit Chicago-based Wells Fargo Insurance Services (WFIS) has acquired Fort Lauderdale, FL-based employee benefits consulting firm EDIFY. The acquired company's principals, management team and staff will join WFIS and continue to operate from their current location offering employee benefits programs and health insurance consulting to middle-market and large employers. WFIS Florida Region Managing Director Tom Longhta said, "EDIFY's experienced team of professionals … will strengthen our growing presence in Florida [now 8 offices] and further support Wells Fargo's commitment to help customers succeed financially by addressing their insurance needs." The move also fits with WFIS's stated goal of doubling its employee benefits business over the next five years.

JULY 11 - 17, 2011

BANK AMERICA SELLS OFF BALBOA LIFE TO SECURIAN

St. Paul, MN-based Securian Financial Group has agreed to acquire Irvine, CA-based Balboa Life Insurance Company (BLIC) and Balboa Life Insurance Company of New York (BLICNY) from Charlotte, NC-based Bank of America (BofA). The to-be-acquired companies offer mortgage insurance, accidental death insurance, accidental death and dismemberment coverage, and term life insurance – products also offered by Securian. Securian Financial Group Executive Vice President Christopher Hilger said, "This acquisition increases the scale of our financial institutions business and further demonstrates our commitment to this marketplace." Securian provides insurance, debt protection, loan documents and marketing services to over 4,000 financial institutions throughout the U.S.

After the deal closes on October 1, 2011, pending regulatory approval, the BLIC and BLICNY will merge into Securian Financial Group's St. Paul-based operations. Integration is expected to be completed in 2012.

JULY 11 - 17, 2011

BNY MELLON WEALTH MANAGEMENT ADDS CHICAGO OFFICE WITH TALON ACQUISITION

New York City-based, $267 billion-asset BNY Mellon has completed its acquisition of the wealth management operations of Chicago-based Talon Asset Management, adding $800 million in assets under management to BNY Mellon's $171 billion wealth management business. BNY Wealth Management CEO Lawrence Hughes said, "This acquisition represents a significant step in BNY Mellon Wealth Management's growth as we move into the third largest wealth market in the U.S."

BNY Managing Director Michael DiMedico has been named Regional President of BNY Mellon Wealth Management's new Chicago office, which will include former Talon principals Terry Diamond, Alan Wilson and Edwin Ruthman. The Talon deal does not include the company's private equity and hedge fund business.

JULY 11 - 17, 2011

WINTRUST FINANCIAL MORE THAN DOUBLES ASSET MANAGEMENT BUSINESS WITH GREAT LAKES ADVISORS ACQUISITION

Lake Forest, IL-based, $14 billion-asset Wintrust Financial Corp. has completed its all-stock acquisition of Chicago, IL-based Great Lakes Advisors (GLA). The acquired investment management company manages $2.4 billion in assets, overseeing domestic equity and fixed income investments for institutional clients. GLA has merged with Wintrust's $2.1 billion-asset management company, Wintrust Capital Management (WGM), to form Great Lake Advisors, LLC, a Wintrust Wealth Management Company.

Wintrust Financial President and CEO Edward Wehmer said, "Building our asset management capabilities is a strategic priority. With the acquisition of Great Lakes Advisors, we establish ourselves as a major player in the institutional investor market in the Midwest." Great Lakes Advisors will manage $4.5 billion in assets as part of Wintrust Wealth Management, which manages over $12 billion in assets.

JULY 25 - 31, 2011

METLIFE TO EXIT DEPOSITORY BANKING BUSINESS AND BHC STATUS

New York City-based MetLife Inc. has decided its bank holding company (BHC) structure is no longer appropriate and has put Covent Station, NJ-based, $15.6 billion-asset MetLife Bank's depository business, including its savings accounts, certificates of deposits and money market accounts up for sale. MetLife President and CEO Steven Kandarian said, "We do not believe it is appropriate for the overwhelming majority of our business [life insurance and annuities] to be governed by regulations written for banking institutions." He added, "In a highly competitive global insurance market, it is imperative that MetLife be able to operate on a level playing field with other insurance companies." In the first quarter, MetLife's insurance operations accounted for 98% of its net operating income, while MetLife Bank accounted for only 2%.

When the sale of MetLife Bank's depository business is completed, MetLife will jettison its BHC charter and lose access to the Federal Reserve's discount window. MetLife will, however, retain its MetLife Home Loans business and access to the Federal Home Loan Bank (FHLB), where as of the first quarter, the company held $20.8 billon in loan agreements or advances with the FHLB of New York and $600 million with the FHLB of Boston.

JULY 25 - 31, 2011

THE BANK OF TAMPA AND LOCAL AGENCY FORGE EXCLUSIVE REFERRAL AGREEMENT

Tampa, FL-based, $1 billion-asset The Bank of Tampa and Tampa-based Baldwin Krystyn Sherman Partners (BKS-Partners) have forged an exclusive joint venture bank insurance agreement whereby both companies will refer their clients to each other for their respective services, with The Bank of Tampa receiving referral fees. The Bank of Tampa President Bill West said, "Employee benefits and commercial insurance is typically the second largest expense for most businesses. The partnership with BKS-Partners provides an efficient way to assist our clients in one of their largest expenses and top concerns."

The Bank of Tampa Director of Financial Services Corey Neil described the joint venture as "a pivotal phase in expanding our Wealth Management capabilities." The Bank of Tampa is looking to boost its noninterest fee income to 30-40% of total earnings, Neil said, and the referral agreement with BKS-Partners, which has additional offices in Atlanta, GA and Naples and Sarasota, FL, is a step in that direction, *Tampa Bay Business Journal* reports.

JULY 25 - 31, 2011

SAN ANTONIO'S JEFFERSON BANK ACQUIRES HOMETOWN AGENCY

San Antonio, TX-based, $860 million-asset Jefferson Bank has acquired hometown agency Sanger & Altgelt. The acquired agency has retained its location, management team and staff and operates as Sanger & Altgelt LLC, with its President Joe Haynes serving on the Jefferson Bank Board of Directors.

Jefferson Bank Chairman Steve Lewis said, "In Sanger & Altgelt, we saw an opportunity to expand the services we can offer our customers by coming together with another family-owned institution that shares our values and our focus on building long-term relationships." The acquired insurance agency has handled Jefferson's insurance needs for almost 15 years.

JULY 25 - 31, 2011

ARROW FINANCIAL ACQUIRES TWO MORE P&C AGENCIES

Glens Falls, NY-based, $1.98 billion-asset Arrow Financial Corp., through Glens Falls National Bank & Trust subsidiary Glens Falls National Insurance Agencies, has agreed to acquire greater Glens Falls-based property and casualty insurance agencies W. Joseph McPhillips, Inc. and McPhillips-Northern, Inc. Arrow Financial Chairman, President and CEO Thomas Hoy said, "This transaction will complement Arrow's other property and casualty insurance operations, Upstate Agency LLC and Loomis & LaPann, Inc., as well as its health insurance agency, Capital Financial Group." Arrow Financial Senior Vice President David DeMarco added that the acquisitions are part of Arrow's strategy to generate more noninterest fee income and become less reliant on net interest margins.

W. Joseph McPhilips and McPhillips-Northern will maintain their locations, management teams, staff and agents and operate as a separate division of Glens Falls National Insurance Agencies, when the deal closes on August 1, pending regulatory approval.

AUGUST 8 - 14, 2011

JPMORGAN CHASE SELLS PENSION UNIT TO PACIFIC LIFE

New York City-based, $2.2 trillion-asset JPMorgan Chase has sold its U.S. Pension Advisory Group to Newport Beach, CA-based Pacific Life Insurance Company. The acquired pension plan company will be renamed Pacific Global Advisors, but will continue to operate from its New York City offices under its current management team, offering customized investment and risk management products to corporations, defined benefit pension plans, voluntary employees' beneficiary associations, nuclear de-commissioning trusts and other institutional investors.

Pacific Life Chairman, President and CEO Jim Morris said the acquisition "reinforces one of Pacific Life's core strengths, which is to help deliver financial security for retirees." Pacific Life CFO and CIO Khanh Tran added that the acquired company's "pioneering approach to advising pension plans based on an asset-liability management model is consistent with the practices of Pacific Life."

AUGUST 8 - 14, 2011

HAMPTON ROADS BANKSHARES SELLS INSURANCE AGENCY TO BANKERS INSURANCE

Norfolk, VA-based, $2.72 billion-asset Hampton Roads Bankshares has sold its Gateway Insurance Services unit to Richmond, VA-based Bankers Insurance LLC in return for cash and a membership interest in Bankers Insurance. The deal adds one insurance agency office in Virginia and 5 in North Carolina to Bankers Insurance's reach and provides Hampton Roads customers access to insurance products through Bankers Insurance. Bankers Insurance President and CEO Marshall Fleming said, "We are excited to be expanding into the eastern North Carolina area and look forward to partnering with the Bank of Hampton Roads."

In 2010, Hampton Roads reported $4.5 million in insurance brokerage fee income, which comprised 24.8% of its noninterest income and 4.8% of its net operating revenue. Hampton Roads ranked 38th in insurance brokerage earnings among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

AUGUST 8 - 14, 2011

GUILFORD SAVINGS ACQUIRES MAJORITY INTEREST IN INVESTMENT ADVISORY FIRM

Guilford, CT-based, $505.9 million-asset Guilford Savings Bank (GSB) has acquired a majority interest in hometown-based Asset and Retirement Investment Associates (ARIA), a fee-only registered investment advisory firm with $100 million in assets under management. Guilford Savings Bank President and CEO Margaret Livingston said ARIA founder and managing member Deborah Abildsoe "brings with her a wealth of sound investment advice and … delivers outstanding personalized customer service, in true alignment with GSB's values." Abildsoe said, "I fully anticipate assets under management to continue to grow as we move forward with GSB."

AUGUST 8 - 14, 2011

DISCOVER FINANCIAL DEAL FOR ALLSTATE BANK'S DEPOSITS TERMINATED

Riverwoods, IL-based, $64.7 billion-asset Discover Financial Services' agreement to acquire the deposits of Northbrook, IL-based, $16 billion-asset Allstate Bank from insurer Allstate Corp. has been terminated. Regulatory approval by an agreed upon date forced the termination, Allstate said, but the insurer added, "We are continuing with plans to wind down the Allstate Bank's operations and anticipate obtaining regulatory approval to cancel its banking charter by year-end 2011."

AUGUST 15 - 21, 2011

UNITRIN SELLS FIRESIDE BANK'S ACTIVE LOAN PORTFOLIO

Chicago-based insurer Unitrin has agreed to sell the active loan portfolio of its subsidiary, Pleasanton, CA-based, $452.9 billion-asset Fireside Bank, to a unit of Irvine, CA-based Consumer Portfolio Services. Fireside Bank will retain its non-active loan portfolio, which includes about $475 million in previously charged-off loans and in run-off. Unitrin Chairman, President and CEO Donald Southwell said, "The sale represents substantial progress in the wind-down of Fireside Bank and demonstrates continued success in executing our strategy to allocate capital to our core businesses." The sale is expected to close in the third quarter, pending regulatory approval.

AUGUST 15 - 21, 2011

STERLING BANK SELLS MBM ADVISORS TO MANAGEMENT TEAM

Houston, TX-based Sterling Bank, which was acquired by Comerica, Inc. on July 28, has sold MBM Advisors, its investment management and corporate retirement plan record-keeping unit to MBM Advisors' leadership team. MBM Advisors Chairman Donald Black said, "We remain a flexible, responsive, entrepreneurial organization that shares a common culture and understands the challenges of the companies we serve – from small privately held partnerships to midsize corporations." MBM Advisors currently manages $1 billion in assets.

AUGUST 15 - 21, 2011

PROVIDENT EXPANDS WEALTH MANAGEMENT BUSINESS WITH BEACON PURCHASE

Morristown, NJ-based, $6.9 billion-asset Provident Financial Services, through The Provident Bank, has completed its acquisition of Beacon Trust Company and Beacon Global Asset Management. Provident Chairman, President and CEO Christopher Martin said, "This transaction serves to significantly expand Provident's wealth management business throughout the state, … increase our market share and enhance our non-interest earnings growth." Provident's Wealth Management Chief James Nesci has been named president of the acquired companies, which will continue to operate from their Morristown offices, where they currently manage a combined $1.5 billion in assets.

AUGUST 22 - 28, 2011

LANDERBURG THALMANN EXPANDS BROKER-DEALER OPERATIONS WITH SECURITIES AMERICA ACQUISITION

Miami, FL-based Ladenburg Thalmann Financial Services (Ladenburg) has agreed to acquire La Vista, NE-based Securities America Financial Corp. and its subsidiaries (Securities America) for $150 million in cash plus potential performance-based payments over two years. Ladenburg Chairman Dr. Phillip Frost said, "This acquisition … is consistent with Ladenburg's long-stated goal to grow into a more diversified financial services firm with a stable, growing revenue stream from our independent broker-dealer business to balance our capital markets and investment banking areas."

Securities America is expected to add $50 billion in client assets, including $15 billion in assets under management, to Ladenburg's independent broker-dealer and investment advisor operations, which currently include Norcross, GA-based Triad and Miami-based Investacorp. When the deal closes by the end of 2011, pending regulatory approval, Ladenburg's combined broker-dealer/investment advisor business will include 2,700 financial advisors, $70 billion in client assets, and $675 million in projected annual revenue. Like Triad and Investacorp, Securities America will continue to operate with its current management team and staff from its current location. Ladenburg President and CEO Richard Lampen said of the newest acquisition, "Ladenburg looks forward to … leveraging Securities America's industry-leading technology, risk management and practice development / management platform."

AUGUST 22 - 28, 2011

SECURIAN FINANCIAL TO EXPAND CREDIT PROTECTION BUSINESS WITH AMERICAN MODERN LIFE PURCHASE

St. Paul, MN-based Securian Financial Group has agreed to acquire American Modern Life Insurance Company (AMLIC) and its subsidiary Southern Pioneer Life Insurance Company (SPLIC) from Cincinnati, OH-based American Modern Insurance Group. The to-be-acquired companies offer credit life, disability insurance and debt protection products through the bank insurance channel and are expected to increase Securian's credit protection business by 25%. Securian provides insurance, debt protection, loan documents and marketing services to financial institutions.

When the deal closes by the end of 2011, pending regulatory approval, Securian will merge the acquired businesses into its St. Paul operations. The purchases mark Securian's second major acquisition in two months. In July the company acquired Irvine, CA-based Balboa Life Insurance Company and New York City-based Balboa Life Insurance Company of New York from Charlotte, NC-based, $2.26 trillion Bank of America Corporation.

SEPTEMBER 5 - 11, 2011

RENASANT COMPLETES ACQUISITION OF RBC (USA)'S ALABAMA-BASED TRUST DEPARTMENT

Tupelo, MS-based, $4.2 billion-asset Renasant Bank, a unit of Renasant Corp., has completed its acquistion RBC Bank (USA)'s Birmingham, AL-based, $680 million-asset trust department and formed Renasant Trust and Wealth Management Alabama Division, a unit designed to serve the Alabama and Georgia markets. The expansion of Renasant's Trust and Wealth Management Division fits with the bank's moves into Tuscaloosa and Montgomery, AL, and its FDIC-assisted acquisitions of Roswell, GA-based, $145 million-asset American Trust Bank and Jasper, GA-based, $1 billion-asset Crescent Bank & Trust. Renasant Chairman and CEO Robinson McGraw said, "We have added an experienced and talented team to grow our financial services share in our Alabama and Georgia markets … and we look to capitalize on future growth opportunities as they become available."

In 2010, Renasant Corp. reported \$2.41 million in fiduciary income, which comprised 2.6% of its noninterest fee income and 1.2% of its net operating revenue. The company ranked 111th in fiduciary earnings among U.S. BHCs with assets between \$1 billion and \$10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

SEPTEMBER 12 - 18, 2011

HSBC HOLDINGS MAY SELL CANADIAN RETAIL BROKERAGE

London, England-based HSBC Holdings PLC is continuing "discussions regarding the possible sale" of its Canadian retail brokerage unit. Any sale of the Toronto-based unit would not include its online brokerage or trust services divisions, HSBC said in a press release.

SEPTEMBER 19 - 25, 2011

WELLS FARGO INSURANCE ACQUIRES NEW JERSEY BENEFITS AGENCY

Chicago-based Wells Fargo Insurance Services (WFIS), the insurance brokerage unit of San Francisco-based, \$1.3 trillion-asset Wells Fargo & Co., has acquired Hazlet, NJ-based Procomp Benefit Resources. The acquired full-service brokerage and consulting agency provides employee benefits, voluntary benefits, individual life, disability and retirement services to middle-market and large employers. The agency will retain its staff, management and sales team and relocate to an already established WFIS office in New Jersey. WFIS Northeast Region Managing Director Peter Gilbertson said the acquisition will "strengthen our growing presence in New Jersey."

SEPTEMBER 19 - 25, 2011

HSBC REPORTEDLY PUTTING NON-LIFE BUSINESS ON THE BLOCK

London, England-based HSBC Holdings is reportedly putting its non-life insurance businesses in Britain, France, Hong Kong and Singapore up for sale with first-round bids due by mid-October. HSBC's 16% stake in China-based Ping An Insurance and 18% stake in Vietnam-based Bao Vietnam are not on the block. In 2010, HSBC's non-life insurance businesses reported approximately \$1 billion in pre-tax net income, *insurancejournal.com* reports.

SEPTEMBER 26 - OCTOBER 2, 2011

BB&T EXPANDS INSURANCE OPERATIONS IN CALIFORNIA WITH BENEFITS AGENCY ACQUISITION

Raleigh, NC-based BB&T Insurance Services, the insurance brokerage unit of Winston-Salem, NC-based, \$157 billion-asset BB&T Corp., has agreed to acquire San Jose, CA-based Liberty Benefit Insurance Services (LBIS). The full-service employee benefits agency helps commercial clients manage health care costs and navigate changing federal and state regulations offering plan analysis, employer benefit products, human resource consulting and financial auditing. LBIS President Dixon Greer described the brokerage as "essentially the optimal extension of a large company's human resources, benefits and risk management departments – focused on expense reduction and a preeminent level of customer service."

The acquisition is BB&T Insurance Services' ninth in California, a state which BB&T Insurance Services Chairman and CEO Wade Reece described as "the No. 1 state for insurance values in the country and the 10th largest economy in the world." When the deal closes on October 1, Liberty will retain its location, management team, staff and agents and operate as BB&T-Liberty Benefit Insurance Services.

BB&T Insurance Services operates more than 100 agencies in North Carolina, Virginia, Georgia, South Carolina, Maryland, West Virginia, Tennessee, Florida, Kentucky, and California, and in 2010 helped BB&T Corp. generate \$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 4th in insurance brokerage earnings among all U.S. bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

SEPTEMBER 26 - OCTOBER 2, 2011

STATE STREET TO INCREASE ELECTRONIC TRADING CAPABILITIES WITH PULSE TRADING ACQUISITION

Boston, MA-based State Street Corporation has agreed to acquire Boston-based full-service brokerage firm, Pulse Trading. State Street Global Markets Executive Vice President David Puth said, "Pulse Trading's sophisticated technology and block trading capabilities will expand the number of execution venues and the range of electronic trading tools available to our clients and ultimately help lower their trading costs." The deal for Pulse Trading includes its institutional equities business, and is expected to add approximately 40 employees and operations in Boston, New York City, St. Louis and San Francisco when it closes in the fourth quarter, pending regulatory approval. State Street holds \$22.8 trillion in assets under custody and administration and \$2.1 trillion in assets under management and operates in 26 countries reaching 100 geographic markets.

In 2010, State Street Corporation reported \$598.3 million in trading revenue, which comprised 9.1% of its noninterest income and 6.5% of its net operating revenue. The company ranked 9th in trading revenue among all U.S. bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

SEPTEMBER 26 - OCTOBER 2, 2011

FIRST PLACE FINANCIAL SELLS INSURANCE AGENCY FOR NEEDED CAPITAL

Warren, Ohio-based, \$3.1 billion-asset First Place Financial Corp. has sold Youngstown, OH-based First Place Insurance Agency to Briarcliff Manor, NJ-based USI Insurance Services and has executed a joint marketing agreement with USI. First Place Financial President and CEO Steven Lewis said he expects the marketing agreement with USI to give his customers "access to the expertise of one of the country's leading insurance brokers."

USI expects First Place Insurance, which specializes in providing commercial property and casualty and employee benefits insurance to middle-market businesses, to contribute \$3.6 million in annual revenue to its operations. USI Chairman, President and CEO Michael Sicard said that by merging First Place with USI's existing Youngstown office, "We believe we will become the preeminent middle-market insurance brokerage in the Youngstown/Warren area."

On September 21, First Place Financial (FPF) issued Securities and Exchange Commission filing Form 8-K stating its financial statement filings and reports on internal control over financial reporting as of June 30, 2008, cannot be relied upon. Additionally, FPF said, the Office of Thrift Supervision concluded after its annual periodic exam that the bank's loan loss allowances were understated as of June 30, 2010. Lastly, FPF noted that it sold First Place Insurance as "part of the Company's capital enhancement plan."

OCTOBER 3 - 9, 2011

WELLS FARGO INSURANCE SERVICES ACQUIRES EMPLOYEE BENEFITS AGENCY

Chicago-based Wells Fargo Insurance Services (WFIS), the insurance brokerage unit of San Francisco-based, $1.26 trillion-asset Wells Fargo & Co., has acquired Reno, NV-based ISU Stetson-Beemer Insurance. The acquired commercial and personal insurance agency offers employee benefit products and consulting services as well as commercial and personal property, casualty and health insurance products. The agency's 24-member team will join WFIS's current Reno office, where Stetson Beemer President Richard Schield said the merged unit will "provide our clients with access to more re-sources, financial services and products." WFIS Sacrament/Central Valley Regional Managing Director Greg Van Ness said the acquisition "will strengthen our growing presence in Nevada."

Wells Fargo Insurance Services operates more than 200 offices in 37 states and in 2010 helped Wells Fargo & Co. generate $1.78 billion in insurance brokerage income, which comprised 4.4% of its noninterest fee income and 2.1% of its net operating revenue. The company ranked second in insurance brokerage earnings among all traditional BHCs, according to the *Michael White-Prudential Bank Insurance Fee Income Report.*

OCTOBER 3 - 9, 2011

BB&T INSURANCE TO ENTER BALTIMORE AND DC AREAS WITH AGENCY ACQUISITION

Raleigh, NC-based BB&T Insurance Services, the insurance brokerage unit of Winston-Salem, NC-based, $157 billion-asset BB&T Corp., has agreed to acquire Columbia, MD-based Atlantic Risk Management (ARM). In addition to offering complete lines of commercial property, casualty and employee benefits, the to-be-acquired agency specializes in surety bonds for the construction industry and telecommunication insurance for independent cellular tower owners and paging companies. BB&T Insurance Services Chairman and CEO Wade Reece said, "This acquisition provides an attractive foothold for us in metro Baltimore and a broader representationin the Washington, DC area." When the deal closes in October, pending regulatory approval, the agency and its 45 employees will continue to be led by ARM President Mary Ann Marbury and will operate from its current location as BB&T-Atlantic Risk Management. The agency is BB&T Insurance Services' second Maryland purchase. BB&T-Frederick Underwriters operates in Frederick, MD.

BB&T Insurance Services operates more than 100 agencies in North Carolina, Virginia, Georgia, South Carolina, Maryland, West Virginia, Tennessee, Florida, Kentucky, and California, and in 2010 helped BB&T Corp. generate $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 fourth in insurance brokerage earnings among all U.S. bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

OCTOBER 10 - 16, 2011

FIRST FINANCIAL EXITS INSURANCE BUSINESS & RAISES CASH WITH AGENCY SALE

Charleston, SC-based, $3.2 billion-asset First Financial Holdings has sold Myrtle Beach, SC-based Kimbrell Insurance Group, its managing general insurance agency, to Farmington Hills, MI-based Burns & Wilcox. First Financial President and CEO R. Wayne Hall said the all-cash deal with a potential two-year earn-out based on revenue growth "is an additional step forward in our strategic transformation." The sale marks First Financial's exit from the insurance brokerage business. In July, First Financial sold First Southeast Insurance Services to Chicago-based HUB International for about $38 million in cash after the bank holding company reported a first-half net loss of $42.26 million.

Burns & Wilcox Chairman, President and CEO Alan Kaufman said the Kimbrell acquisition "strengthens our position in the South, providing our brokers and agents additional resources, insurance products and greater depth of service." Burns & Wilcox, an H.W. Kaufman Financial Group subsidiary, is a wholesale insurance brokerage and underwriting manager with 37 offices across the U.S. and one in London.

OCTOBER 10 - 16, 2011

B-OF-A COMPLETES SALE OF BALBOA LIFE UNITS TO SECURIAN

St. Paul, MN-based Securian Financial Group has completed its acquisition of Charlotte, NC-based, $2.26 trillion-asset Bank of America units, Irvine, CA-based Balboa Life Insurance Company and New York City-based Balboa Life Insurance Company of New York. Securian Financial Executive Vice President Christopher Hilger said, "This acquisition increases the scale of our financial institution business and further demonstrates our commitment to the marketplace." Securian Financial provides insurance, debt protection, loan documents and marketing services to over 4,000 U.S. financial institutions. The acquired Balboa companies offer mortgage accidental death insurance, accidental death and dismemberment insurance and individual term life insurance. Securian plans to have Balboa's businesses integrated into its St. Paul-based operations by March 2012.

OCTOBER 10 - 16, 2011

ZURICH FINANCIAL & BANCO SANTANDER COMPLETE FIRST STEP IN LATIN AMERICAN BANCASSURANCE DEAL

Zurich, Switzerland-based Zurich Financial Services has completed its acquisition of a 51% stake in Banco Santander's life, pension and general insurance operations in Brazil and Argentina. The acqusition marks the first step in Zurich's $1.67 billion agreement to acquire 51% stakes in Santander's insurance operations in Argentina, Brazil, Chile, Mexico and Uruguay and establish 25-year exclusive bancassurance distribution agreements with Banco Santander in each country. Zurich's acquisitions of stakes in Santander's insurance businesses in Chile, Mexico and Uruguay are expected to close before the end of 2011, pending regulatory approvals.

OCTOBER 17 - 23, 2011

TOWNEBANK ADDS RALEIGH-BASED AGENCY TO ITS NORTH CAROLINA OPERATIONS

Hampton Roads, VA-based, $4.02 billion-asset TowneBank, through Town Insurance Agency, has acquired Raleigh, NC-based Stanton Taylor Agency. TowneBank Chairman and CEO Robert Aston said, "The quality and professionalism of the Stanton Taylor staff will allow us to expand the services available to our bank and insurance clients." TowneBank operates bank branches in the Raleigh, NC area, including Moyock, Grandy, Camden, Southern Shores, Corolla and Kill Devil Hills, NC in addition to its bank branch system in Virginia.

In 2010, Towne Insurance helped TowneBank generate $24.3 million in insurance brokerage income, which comprised 27.5% of its noninterest income and 11.5% of its net operating revenue. The company ranked third in insurance brokerage earnings among banks with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

OCTOBER 17 - 23, 2011

NEW HAMPSHIRE THRIFT BANCSHARES ENTERS THE INSURANCE MARKET WITH ACQUISITION

Newport, NH-based, $1 billion-asset New Hampshire Thrift Bancshares (NHTB), parent of Lake Sunapee Bank, has agreed to acquire Newport-based full-service commercial and personal agency McCrillis & Eldredge Insurance, Inc. NHTB President Stephen Theroux described the acquisition as consistent with the thrift holding company's "goal of providing comprehensive financial solutions to our customers." Theroux said, "With the addition of insurance, we can offer a full range of products from loans and deposits to investments and insurance."

McCrillis & Eldridge will continue to operate under its current name from its offices in Newport and New London, NH after the deal closes in thirty days, pending regulatory approval. McCrillis & Eldredge Vice President David McCrillis said, "We look forward to our new partnership with Lake Sunapee Bank." Lake Sunapee Bank operates 28 offices throughout west-central New Hampshire and central Vermont, and in the second quarter reported its noninterest income declined 9.3% to $1.68 million, down from $1.85 million in second quarter 2010.

OCTOBER 17 - 23, 2011

METLIFE PUTS METLIFE BANK'S FORWARD MORTGAGE BUSINESS ON THE BLOCK

New York City-based MetLife is exploring the sale of the forward mortgage business of its banking unit, Convent Station, NJ-based, $16.49 billion-asset MetLife Bank. Earlier this year MetLife put MetLife Bank's depository business up for sale as the first step in the company efforts to deregister as a bank holding company and exit that regulatory environment. MetLife said it wants "to operate within the same regulatory environment as other insurance companies" as it continues to focus on its global insurance and employee benefits businesses.

OCTOBER 24 - 30, 2011

WELLS FARGO INSURANCE SERVICES TO SELL TPA TO HEALTHSMART

Wells Fargo Insurance Services USA, the Chicago-based insurance brokerage unit of San Francisco-based, $1.26 trillion-asset Wells Fargo & Co., has agreed to sell Charleston, WV-based Wells Fargo Third Party Administrators to Irving, TX-based HealthSmart Holdings. Wells Fargo Insurance Services (WFIS) President and CEO Neal Aton said WFIS will offer HealthSmart's medical third party administrator (TPA) products and services to its customers, after the deal closes by the end of the year, pending approvals. Aton said, "By working with HealthSmart, we are able to offer our customers additional access to the medical TPA products and services they need."

HealthSmart has agreed to assume the leases for Wells Fargo TPA's offices in Charleston, WV; Juneau, AK; Fayetteville, NC; and Newman, GA and has agreed to retain the TPA's 600 benefits and administrative services employees. "The combination of Wells Fargo TPA and HealthSmart creates the second-largest non-carrier-owned TPA in the country," HealthSmart Chairman Daniel Crowley said. HealthSmart President Jim Pennington added, "The ongoing relationship with Wells Fargo Insurance Services creates a strategic vehicle for additional growth."

NOVEMBER 1 - 6, 2011

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

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

DECEMBER 19 - 25, 2011

CULLEN/FROST BANKERS' INSURANCE UNIT TO ACQUIRE HR CONSULTING FIRM

Frost Insurance, the insurance brokerage unit of San Antonio, TX-based, $19.5 billion-asset Cullen/Frost Bankers, has agreed to acquire Houston, TX-based Stone Partners. The human resource consulting firm offers actuarial services, benefit and managed payroll administration, human resource management and retirement services to employers and plan participants worldwide from its offices in Houston, Dallas and Austin.

Cullen/Frost Bankers Chairman and CEO Dick Evans described the acquisition as "strategic" and said, "Stone Partners … will allow us to add value to existing business relationships and expand new business opportunities." Frost Insurance President Bruce Burdett added, "Stone Partners gives us the ability to provide a full complement of HR [human resource] consulting and advisory services under the Frost Brand."

Stone Partners will retain its offices and 25 employees and operate as a division of Frost Insurance, when the deal closes on January 1, 2012.

In 2010, Cullen/Frost Bankers earned $34.2 million in insurance brokerage income, which comprised 12.6% of its non-interest earnings and 4.1% of its net operating revenue. The company ranked 22nd in insurance brokerage income among bank holding companies with assets greater than $1 billion, according to the *Michael White - Prudential Bank Insurance Fee Income Report*.

DECEMBER 19 - 25, 2011

WELLS FARGO TO EXPAND ASSET MANAGEMENT GROUP WITH EVERKEY ACQUISITION

San Francisco, CA- based, $1.3 trillion-asset Wells Fargo & Co. has agreed to acquire New Providence, Bahamas-based EverKey Global Partners, a boutique investment firm with $215 million in assets for institutional clients.

EverKey, which is headed by former Templeton Global Advisors Chief Investment Officer Jeff Everett, will operate within Wells Fargo Asset Management Group, which includes Wells Capital Management, European Credit Management and Global Capital Management. EverKey will retain its 11-person staff and its offices in New York City and the Bahamas when the deal closes on January 1, 2012.

In 2010, Wells Fargo & Co. earned $3.44 billion in investment banking, advisory and underwriting income, ranking it 7th in investment banking, advisory and underwriting income among all bank holding companies, according to the *Michael White Bank Investment Bank, Advisory and Underwriting Fee Income Ratings Report*.

Bank Insurance & Investment Fee Income Contributions to Earnings

JANUARY 17 - 23, 2011

U.S. BHC ANNUITY EARNINGS DOWN 7.6% IN FIRST THREE QUARTERS 2010

Income earned from the sale of annuities at bank holding companies (BHCs) declined 7.6% to $1.84 billion in the first three quarters of 2010, down from $2.00 billion in the first three quarters of 2009, according to the Michael White-ABIA Bank Annuity Fee Income Report. Third-quarter annuity commissions fell to $621.3 million, down 3.1% from $640.9 million in second quarter 2010 and down 7.3% from $669.8 million earned in third quarter 2009.

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 7,020 commercial and FDIC-supervised banks and 915 large top-tier bank holding companies operating on September 30, 2010.

Of the 915 BHCs, 386 or 42.2% participated in annuity sales activities during the first three quarters of 2010. Their $1.84 billion in annuity commissions and fees constituted 11.0% of their total mutual fund and annuity income of $16.84 billion and 15.9% of total BHC insurance sales volume (i.e., the sum of annuity and insurance brokerage income) of $11.6 billion. Of the 7,020 banks, 923 or 13.2% participated in annuity sales activities, earning $560.9 million in annuity commissions or 30.4% of the banking industry's total annuity fee income. However, bank annuity production was down 20.5% from $705.5 million in the first three quarters of 2009.

Seventy-four percent (74.0%) of BHCs with over $10 billion in assets earned third quarter year-to-date annuity commissions of $1.74 billion, constituting 94.1% of total annuity commissions reported. This was a decrease of 8.1% from $1.89 billion in annuity fee income in the first three quarters of 2009. Among this asset class of largest BHCs in the first three quarters, annuity commissions made up 10.5% of their total mutual fund and annuity income of $16.59 billion and 15.9% of their total insurance sales volume of $10.92 billion.

BHCs with assets between $1 billion and $10 billion recorded a slight increase of 0.2% in annuity fee income, rising from $91.4 million in the first three quarters of 2009 to $91.6 million in the first three quarters of 2010 and accounting for 36.7% of their mutual fund and annuity income of $249.6 million. BHCs with $500 million to $1 billion in assets generated $16.9 million in annuity commissions in the first three quarters of 2010, up 1.0% from $16.7 million in the first three quarters of 2009. Only 33.5% 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 (13.3%) of total insurance sales volume of $127.5 million.

Wells Fargo & Company (CA), Morgan Stanley (NY), and JPMorgan Chase & Co. (NY) led all bank holding companies in annuity commission income in the first three quarters of 2010. Among BHCs with assets between $1 billion and $10 billion, leaders included Stifel Financial Corp. (MO), Hancock Holding Company (MS), and National Penn Bancshares, Inc. (PA). Among BHCs with assets between $500 million and $1 billion, leaders were First American International Corp. (NY), CCB Financial Corporation (MO), and Ironhorse Financial Group, Inc. (OK). 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 The Hardin County Bank (TN), Bank of Oak Ridge (NC) and FNB Bank, N.A. (PA).

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 6.1% in third quarter 2010. Among the top 50 small banks in annuity concentration that are serving as proxies for small BHCs, the median Annuity Concentration Ratio was 14.5% of noninterest income.

Click here to find out more about the Michael White-ABIA Bank Annuity Fee Income Report.

TOP 10 BANK HOLDING COMPANIES IN ANNUITY FEE INCOME YEAR TO DATE AT SEPTEMBER 30, 2010 - NATIONALLY

RANK	YEAR-TO-DATE ANNUITY INCOME 3Q 2010	YEAR-TO-DATE ANNUITY INCOME 3Q 2009	% CHANGE 3Q 2009 - 3Q 2010	BANK HOLDING COMPANY		ASSETS	% OF NONINT. INCOME
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$517,000	$504,000	2.58%	Wells Fargo & Company	CA	$1,220,662,000	1.75%
2	$237,000	$168,000	41.07%	Morgan Stanley	NY	$841,372,000	1.03%
3	$185,000	$258,000	-28.29%	JPMorgan Chase & Co.	NY	$2,139,511,000	0.51%
4	$126,718	$203,240	-37.65%	Bank of America Corp.	NC	$2,334,511,000	0.28%
5	$78,286	$71,198	9.96%	Regions Financial Corp.	AL	$133,554,896	3.69%
6	$60,173	$98,953	-39.19%	PNC Financial Services Grp.	PA	$260,174,102	1.44%
7	$48,584	$46,160	5.25%	Keycorp	OH	$93,120,696	3.54%
8	$46,151	$62,917	-26.65%	Suntrust Banks, Inc.	GA	$174,725,825	1.84%
9	$42,000	$52,000	-19.23%	U.S. Bancorp	MN	$290,654,000	0.69%
10	$36,847	$29,237	26.03%	BBVA USA Bancshares, Inc.	TX	$64,318,215	6.36%

SOURCE: Michael White-ABIA Bank Annuity Fee Income Report

JANUARY 17 - 23, 2011

FOURTH QUARTER TRUST EARNINGS RISE 4% AT M&T

Buffalo, NY-based, $68 billion-asset M&T Bank Corp. reported trust income in the fourth quarter rose 5% to $31.0 million, up from $29.7 million in fourth quarter, while brokerage services income fell 19% to $11.7 million, down from $14.4 million. Trust and brokerage services earnings comprised, respectively, 10.8% and 4.1% of noninterest income, which rose 8% to $286.9 million, up from $265.9 million, helped by a 91% jump in trading account and foreign exchange gains to $12.8 million and hurt by a 30% drop in mortgage banking income to $35 million.

Net interest income on a 3.85% net interest margin grew 18% to $489.1 million, up from $413.7 million, driven by a 41% drop in loan loss provisions to $85 million. Net income jumped 48.9% to $204 million, up from $137 million, "strong results," which M&T Chief Financial Officer Rene Jones said "capped off a successful year."

For the year 2010, trust earnings slid 5% to $122.6 million, down from $128.6 million in 2009, and brokerage services income fell 14% to $49.7 million, down from $57.6 million. Trust income was the third largest contributor to noninterest earnings, comprising 11.0% of that revenue, which rose 6% to $1.11 billion, up from $1.05 billion, while brokerage services income comprised 4.5%.

Net interest income on a 3.84% net interest margin climbed 31% to $1.9 billion, up from $1.45 billion reflecting a 31% drop in interest expenses and a 39% drop in loan loss provisions to $386,000. Net income for the year almost doubled to $736 million, up from $380 million, with all results reflecting the fourth quarter 2010 FDIC-assisted acquisition of Randallstown, MD-based, $538.3 million of K Bank.

JANUARY 17 - 23, 2011

FEE INCOME, INCLUDING TRUST FEES, BOLSTER EARNINGS AT COMMERCE BANCSHARES

Kansas City, MO-based, $18.5 billion-asset Commerce Bancshares Chairman and CEO David Kemper noted the company's positive results in the fourth quarter "were mainly due to solid growth in core fee income." Trust earnings grew 9.3% to $21.1 million, up from $19.3 million in fourth quarter 2009, while brokerage services earnings slid 4.2% to $2.3 million, down from $2.4 million. Trust and brokerage earnings comprised, respectively, 19.1% and 2.1% of noninterest fee income, which rose 6.8% to $110.5 million, up from $103.5 million in fourth quarter 2009. Total noninterest earnings, including net securities gains and losses, grew 10.4% to $111.7 million, up from $101.2 million the year before, when the company recorded $1.3 million in net securities losses.

Net interest income for the fourth quarter grew 12.6% to $139.0 million, up from $123.5 million, reflecting a $3.3 million decrease in interest expenses and a $19.4 million drop in loan loss provisions to $21.7 million. Net income climbed 24.8% to $61.9 million, up from $49.6 million, helped by "solid growth in core fee income," including trust earnings. The company also repurchased 1.1 million in common stock sold to the U.S. Treasury under the Troubled Asset Relief Program (TARP).

For the year, trust fees rose 5.4% to $80.96 million, up from $76.83 million in 2009, but brokerage services fees fell 15.1% to $9.19 million, down from $10.83 million. Trust fees, the third largest contributor to noninterest earnings behind bankcard fees and service charges, comprised 20.0% of noninterest fee income, which rose 2.2% to $405.1 million, up from $396.3 million, while brokerage fees comprised 2.3%. Noninterest income including net investment securities losses totaled $403.3 million compared to $389.1 million in fourth quarter 2009.

Net interest income for the year climbed 15.0% to $545.9 million, up from $474.8 million in 2009, when the company recorded $60.7 million more in loan loss provisions and $71.4 million more in expenses. In 2010, interest expenses and loan loss provisions totaled, respectively, $83.6 million and $100 million. Net income jumped 31.1% to $221.7 million, up from $169.1 million in 2009.

JANUARY 17 - 23, 2011

WEALTH MANAGEMENT FEES GROW AS WEBSTER FINANCIAL TURNS PROFITS

Waterbury, CT-based, $18 billion-asset Webster Financial Corp. reported wealth management fees in the fourth quarter grew 10.6% to $6.65 million, up from $6.01 million in fourth quarter 2009, and for the year rose 3.9% to $24.93 million, up from $24 million. Bank-owned life insurance (BOLI) income remained basically steady, slipping 1.1% in the quarter to $2.65 million, down from $2.68 million, and slipping 1.0% for the year to $10.52 million, down from $10.63 million. Noninterest income for the quarter dropped 12.0% to $47.05 million, down from $53.46 million in fourth quarter 2009, but for the year grew 10.6% to $206.86 million, up from $187.11 million in 2009, when the company recorded $28.5 million in losses on investment securities write downs compared to $5.84 million in 2010. Wealth management earnings comprised, respectively, 14.1% and 12.1% of noninterest revenue for the quarter and the year, while BOLI earnings comprised, respectively, 5.6% and 5.1%.

Net interest income for the fourth quarter jumped 91.2% to $121.35 million, up from $63.48 million, as loan loss provisions were slashed by $52 million to $15 million and interest expenses were cut by $13.35 million to $37.7 million. For the year 2010, net interest income surged 119.1% to $419.8 million, up from $191.6 million, reflecting a $188 million drop in loan loss provisions to $115 million and a $79 million fall in interest expenses to $171.4 million. Net income of $32.6 million in the fourth quarter and net income of $74.3 million for the year contrasted with losses in the quarter and for the year in 2009.

In the fourth quarter, Webster Financial repurchased all remaining common shares the U.S. Treasury had acquired under the Troubled Asset Relief Program (TARP). Webster Chairman and CEO James Smith said the company's ability to do so "underscores Webster's capital strength and positions us well for future growth."

TOP 15 BANK HOLDING COMPANIES IN SECURITIES BROKERAGE FEE INCOME YEAR-TO-DATE SEPTEMBER 30, 2010 - NATIONALLY

RANK	YTD SECURITIES BROKERAGE FEE INCOME 3Q 2010	YTD SECURITIES BROKERAGE FEE INCOME 3Q 2009	% CHANGE 3Q 2009 - 3Q 2010	BANK HOLDING COMPANY		ASSETS	% OF NONINT. INCOME
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$7,339,372	$7,568,888	-3.03%	Bank of America Corporation	NC	$2,334,511,000	16.02%
2	$5,316,000	$4,223,000	25.88%	Morgan Stanley	NY	$841,372,000	23.15%
3	$3,708,000	$2,594,000	42.95%	Wells Fargo & Company	CA	$1,220,662,000	12.57%
4	$2,761,000	$3,014,000	-8.39%	Goldman Sachs Group, Inc.	NY	$905,686,000	10.51%
5	$2,086,000	$2,175,000	-4.09%	JPMorgan Chase & Co.	NY	$2,139,511,000	5.78%
6	$1,003,000	$981,126	2.23%	Barclays Group US Inc.	DE	$383,955,000	24.75%
7	$971,000	$1,252,000	-22.44%	Bank of New York Mellon	NY	$254,352,000	12.21%
8	$683,000	$756,000	-9.66%	Taunus Corporation	NY	$389,993,000	16.63%
9	$579,849	$498,866	16.23%	Stifel Financial Corp.	MO	$4,183,843	61.57%
10	$540,174	$530,822	1.76%	Regions Financial Corp.	AL	$133,554,896	25.47%
11	$197,512	$184,544	7.03%	State Street Corporation	MA	$171,494,202	4.11%
12	$183,062	$199,597	-8.28%	BB&T Corporation	NC	$157,230,367	8.79%
13	$115,068	$104,969	9.62%	PNC Financial Services Grp.	PA	$260,174,102	2.76%
14	$101,753	$119,700	-14.99%	Keycorp	OH	$93,120,696	7.41%
15	$101,319	$100,557	0.76%	Suntrust Banks, Inc.	GA	$174,725,825	4.03%

SOURCE: Michael White Bank Securities Brokerage Income Report

JANUARY 24 - 30, 2011

BHC SECURITIES BROKERAGE EARNINGS UP 5.5% IN FIRST THREE QUARTERS OF 2010

Bank holding company securities brokerage income totaled $26.59 billion year-to-date (YTD) at the end of third quarter 2010, up $1.39 billion or 5.5% from $25.20 billion in three quarters of 2009, according to the *Michael White Bank Securities Brokerage Income Report*. While YTD third-quarter securities brokerage income reached new heights, it reached its lowest mark since first quarter 2009 as production slowed.

Compiled by *Michael White Associates* (MWA), the report measures and benchmarks banks and bank holding companies' performance in generating securities brokerage fee income. It is based on data reported by all 7,020 commercial banks and FDIC-supervised savings banks and by 915 top-tier large bank holding companies (BHCs), i.e., those with consolidated assets in excess of $500 million, operating on September 30, 2010.

So far this year, 527 or 57.6% of the 915 large BHCs engaged in securities brokerage activities. They reported earning $8.25 billion in commissions and fees from those activities in third quarter 2010, an 11.1% decrease from the $9.27 billion earned in the second quarter of 2010 and a 6.5% decline from $8.82 billion in third quarter 2009. Of the 7,020 banks, 1,428 or 20.3% participated in securities brokerage activities, earning $2.92 billion in securities brokerage commissions and fees or 11.0% of the banking industry's total annuity fee income. However, bank securities brokerage production was down 23.8% from income of $3.84 billion in the first three quarters of 2009.

Securities brokerage income includes fees and commissions from securities brokerage activities, from the sale and servicing of mutual funds, from the purchase and sale of securities and money market instruments where the bank holding company is acting as agent for other banking institutions or customers, and from the lending of securities owned by the bank holding company or by bank holding company customers. Securities brokerage income does not include income from fiduciary activities, trading revenue, or fees and commissions from the sale of annuities to BHC customers by the bank holding company or any securities brokerage subsidiary.

Bank of America Corporation (NC) topped the list with securities brokerage earnings of $7.34 billion as of September 30, 2010, helped by its acquisition of Merrill Lynch. Morgan Stanley (NY) and Wells Fargo & Company (CA) ranked, respectively, second with $5.32 billion and third with $3.71 billion in securities brokerage revenue. Goldman Sachs Group, Inc. (NY) stood fourth with $2.76 billion, and JPMorgan Chase & Co. (NY) ranked fifth with $2.09 billion.

Bank holding companies over $10 billion in assets had the highest participation (84.4%) in securities brokerage activities. These large BHCs produced $25.68 billion in securities brokerage income, up 5.1% from $24.44 billion YTD at end of three quarters in 2009. They accounted for 96.6% of all BHC securities brokerage income earned through three quarters of 2010, a share down 42 basis points from last year.

BHCs with assets between $1 billion and $10 billion recorded an increase of 20.3% in securities brokerage income in three quarters of 2010, increasing from $716.2 million through three quarters of 2009 to $861.3 million. The top 5 leaders in this asset class were Stifel Financial Corp. (MO), Santander Bancorp. (PR), Boston Private Financial Holdings, Inc. (MA), Centerstate Banks, Inc. (FL), and PlainsCapital Corporation (TX).

Among BHCs with assets between $500 million and $1 billion, which saw a 21.8% growth in their securities business to $48.5 million at the end of three quarters in 2010 from $39.8 million in 2009, the top five were United Bankers' Bancorporation, Inc. (MN), F&M Financial Corporation (NC), CCB Financial Corporation (MO), Nexity Financial Corporation (AL), and The Tampa Banking Company (FL).

JANUARY 24 - 30, 2011

WELLS FARGO'S INSURANCE EARNINGS JUMP 17% IN FOURTH QUARTER, BUT FLAT FOR 2010

San Francisco, CA-based, $1.3 trillion-asset Wells Fargo & Co. reported insurance earnings in fourth quarter 2010 climbed 17% to $564 million, up from $482 million in fourth quarter 2009, and trust and investment fees grew 14% to $2.96 billion, up from $2.61 billion in fourth quarter, while brokerage services income fell 19% to $11.7 million, down from $14.4 million. Insurance and trust/investment fees comprised, respectively, 5.4% and 28.5% of noninterest income, which declined 7% to $10.4 billion, down from $11.2 billion, reflecting significant drops in service charge fees, operating lease income and mortgage banking fees.

Net interest income on a 4.16% net interest margin jumped 45% in the fourth quarter to $8.07 billion, up from $5.59 billion in fourth quarter 2009, when provisions for credit losses were double those in fourth quarter 2010 and expenses were 12% higher. Net income surged 720% to a record $3.23 billion, up from $394 million in fourth quarter, with enough prior revenue to fully redeem preferred stock purchased by the U.S. Treasury under the Troubled Asset Relief Program (TARP).

For the year 2010, insurance earnings were flat at $2.13 billion, while trust and investment fees grew 12% to $10.93 billion, up from $9.74 billion. Insurance and trust/investment fees comprised, respectively, 5.3% and 27.0% of noninterest income, which slid 5% to $40.45 billion, down from $42.36 billion, hit by smaller net gains from trading activities and lower mortgage banking and service charge fees.

Net interest income on a 4.26% net interest margin climbed 18% to $29.0 billion, up from $24.66 billion, reflecting a 27% drop in credit loss provisions to $15.75 billion and 19% decline in interest expenses to $8.04 billion. Net income for the year jumped 46% to a record $11.63 billion, up from $7.99 billion, and Wells Fargo Chairman and CEO John Stumpf said, "Our diversified model continued to work for our stakeholders."

In 2009, Wells Fargo reported $1.725 billion in insurance brokerage income and $1.732 billion in trust income, which comprised, respectively, 4.2% and 4.2% of its noninterest income and 1.9% and 2.0% of its net operating revenue. The company ranked first in insurance brokerage earnings and fifth in trust earnings among BHCs with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report* and the *Michael White's Bank Fiduciary Fee Income Report*.

JANUARY 24 - 30, 2011

TITLE INSURANCE SALES HELP DRIVE HUNTINGTON'S FOURTH QUARTER EARNINGS UP 22%

Columbus, OH-based, $58.8 billion-asset Huntington Bancshares reported higher mortgage refinance activity drove increased title insurance sales, which in turn helped drive overall insurance brokerage fee income up 22% in the fourth quarter to $19.7 million, from $16.1 million in fourth quarter 2009. At the same time, increased asset market values and organic growth accounted equally for an 8% rise in trust services income to $29.4 million, up from $27.3 million in fourth quarter 2009. Bank-owned life insurance (BOLI) income grew 15% to $16.1 million, up from $14.1 million, and brokerage income rose 6% to $17 million, up from $16 million. Insurance, trust, BOLI and securities brokerage earnings comprised, respectively, 7.5%, 11.1%, 6.1% and 6.4% of noninterest income, which increased 8% to $264.2 million, up from $244.5 million, hampered by a 27% drop ($20.9 million) in account service charges and a 17% ($2.2 million) fall in auto lease income.

Net interest income of $328.2 million on a 3.37% net interest margin contrasted with a net interest loss of $519.9 million in fourth quarter 2009, when loan loss provisions reached to $894 million compared with $86.97 million in fourth quarter 2010. Net income of $39.15 million, after paying out $83.75 million in dividends on preferred shares, contrasted with a $398.98 million net loss in fourth quarter 2009. In the quarter, Huntington also repurchased $1.4 billion in shares purchased by the U.S. Treasury under the Troubled Asset Relief Program (TARP).

For the year 2010, insurance brokerage earnings rose 4% to $76.41 million, up from $73.33 million in 2009; trust services income increased 9% to $112.56 million, from $103.64 million; BOLI earnings grew 11% to $61.07 million, from $54.87 million; and securities brokerage income rose 6% to $68.86 million, from $64.84 million. Insurance, trust, BOLI, and securities brokerage comprised, respectively, 7.3%, 10.8%, 5.9% and 6.6% of noninterest income, which rose 4% to $1.04 billion, up from $1.01 billion.

For the year, net interest income on a 3.44% net interest margin reached $984.3 million and contrasted with a net interest loss of $650.4 million in 2009, as credit loss provisions dropped 69% to $634.6 million and interest expenses fell 35% to $526.6 million. Net income, after a payout of $172.03 million in dividends, totaled $143.32 million and compared with a net loss of $3.27 billion in 2009. Huntington Chairman and CEO Stephen Steinour said, "As we enter 2011, we expect earnings will continue to grow. We believe this is going to be a year when Huntington breaks away even more from our peers in both financial performance, as well as in delivering more innovative and customer friendly products and services to our customers."

In 2009, Huntington Bancshares reported $70.3 million in insurance brokerage income, which comprised 7.7% of its noninterest income and 3.0% of its net operating revenue. The company ranked 15th in insurance brokerage earnings among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

In 2009, Huntington reported $103.6 million in trust income, ranking 21st among BHCs with assets over $10 billion, according to the *Michael White's Bank Fiduciary Fee Income Report*.

FEBRUARY 7 - 13, 2011

RECORD INSURANCE EARNINGS AT U.S. BANK HOLDING COMPANIES

Over the first three quarters of 2010, BHCs tallied a record $9.73 billion in insurance brokerage fee income, up 7.0% from $9.10 billion for the same period in 2009, according to the *Michael White-Prudential Bank Fee Income Report*. Nonetheless, third-quarter bank holding company (BHC) insurance brokerage income was down 6.3% to $2.86 billion compared to $3.05 billion in third quarter 2009, hitting the lowest amount since fourth quarter 2008. Thus far in 2010, 63.9% of large top-tier BHCs engaged in insurance brokerage activities.

Compiled by Michael White Associates (MWA) and sponsored by The Prudential Insurance Company of America's Individual Life Insurance business, a proud member of the American Bankers Insurance Association (ABIA), this report measures and benchmarks the banking industry's performance in generating insurance brokerage and underwriting fee income. Results are based on data from all 7,020 commercial and FDIC-supervised savings banks and 915 large top-tier bank holding companies operating on September 30, 2010. Bank holding company insurance brokerage fee income consists of commissions and fees earned by a bank holding company or its subsidiary from insurance product sales and referrals of credit, life, health, property, casualty, and title insurance.

Among companies with significant banking activities as of September 30, 2010, Wells Fargo & Company (CA) topped the leader board with insurance brokerage earnings of $1.34 billion. Citigroup Inc. (NY) ranked second nationally with $1.34 billion; and BB&T Corporation (NC), which owns more agencies than any other financial holding company, ranked third with $712.8 million in insurance brokerage revenue over three quarters.

Bank holding companies over $10 billion in assets continued to have the highest participation (90.9%) in insurance brokerage activities. These BHCs produced $9.18 billion in insurance fee income in the first three quarters of 2010, up 7.6% from the $8.53 billion they produced YTD in 2009. These large bank holding companies accounted for 94.3% of all BHC insurance brokerage fee income earned thus far in 2010.

At a time when other bank revenues are down, particularly service charges on deposit accounts as a result of regulation, insurance brokerage stands out as a natural business for banks. Bank insurance income is proving to be a nice addition to the income statement. "Life insurance in particular is showing an increase in sales," said Joan H. Cleveland, senior vice president, Business Development with Prudential's Individual Life Insurance business. "This positive trend builds on our confidence in the product and processes we've developed and the relationships we have formed with financial institutions. We believe we will continue to enable them to achieve noninterest income while helping to meet their customers' life insurance needs."

Among BHCs with assets between $1 billion and $10 billion, leaders in insurance brokerage income in the first three quarters of 2010 included Eastern Bank Corporation (MA), Stifel Financial Corp. (MO), and Old National Bancorp (IN). BHCs of this size registered a 2.9% decrease in insurance brokerage income to $442.3 million in three quarters of 2010,

TOP 12 BANK HOLDING COMPANIES IN INSURANCE BROKERAGE FEE INCOME YEAR-TO-DATE SEPTEMBER 30, 2010 - NATIONALLY

RANK	INSURANCE BROKERAGE FEE INCOME 3Q 2010	INSURANCE BROKERAGE FEE INCOME 3Q 2009	% CHANGE 3Q 2009 - 3Q 2010	BANK HOLDING COMPANY		ASSETS	CONCENTRATION RATIO: % OF NONINT. INCOME
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$1,340,000	$1,382,000	-3.04%	Wells Fargo & Company	CA	$1,220,662,000	4.54%
2	$1,321,000	$771,000	71.34%	Citigroup Inc.	NY	$1,982,776,000	5.17%
3	$712,834	$699,922	1.84%	BB&T Corporation	NC	$157,230,367	34.24%
4	$211,000	$115,000	83.48%	Morgan Stanley	NY	$841,372,000	0.92%
5	$148,473	$84,746	75.20%	American Express Company	NY	$144,853,158	0.97%
6	$103,209	$95,495	8.08%	Discover Financial Services	IL	$61,620,705	7.73%
7	$102,000	$80,000	27.50%	Goldman Sachs Group, Inc.	NY	$905,686,000	0.39%
8	$84,000	$106,000	-20.75%	Ally Financial Inc.	MI	$173,182,000	1.20%
9	$81,162	$83,999	-3.38%	Regions Financial Corp.	AL	$133,554,896	3.83%
10	$70,000	$65,000	7.69%	JPMorgan Chase & Co.	NY	$2,139,511,000	0.19%
11	$64,489	$63,664	1.30%	BancorpSouth, Inc.	MS	$13,589,893	37.13%
12	$54,591	$55,088	-0.25%	Huntington Bancshares, Inc.	OH	$52,954,267	7.40%

SOURCE: *Michael White-Prudential Bank Insurance Fee Income Report*

Prudential is a proud Platinum member of the American Bankers Insurance Association (ABIA) down from $455.4 million for the same period in 2009.

Among BHCs with assets between $500 million and $1 billion, leaders were Two Rivers Financial Group, Inc. (IA), 473 Broadway Holding Corporation (NY), and Texas Independent Bancshares (TX). These BHCs experienced a 1.5% decline year-over-year in their insurance brokerage income. The smallest community banks, with assets less than $500 million, were used as "proxies" for the smallest BHCs, which are not required to report insurance brokerage income. Leaders among bank proxies for small BHCs were Soy Capital Bank and Trust Company (IL), Hoosac Bank (MA), and First State Bank (IA). (Not shown in the accompanying table of companies is MetLife, Inc., which did not engage in significant banking activities.) For more on the *Michael White-Prudential Bank Insurance Fee Income Report, click here*.

For more on third quarter year-to-date insurance brokerage results, click here.

FEBRUARY 7 - 13, 2011

NONINTEREST EARNINGS INCLUDING INSURANCE DROP AT BANK OF AMERICA

Charlotte, NC-based, $2.26 trillion-asset Bank of America Corporation (BofA) reported insurance earnings in fourth quarter 2010 dropped 14.9% to $598 million, down from $703 million in fourth quarter 2009, and investment and brokerage services income slid 4.3% to $2.88 billion, down from $3.01 billion in fourth quarter 2009. Insurance and combined investment and brokerage services earnings comprised, respectively, 6.0% and 28.9% of noninterest income, which dropped 26.3% to $9.96 billion, down from $13.52 billion, reflecting decreases in all named categories but credit card earnings.

Net interest income in fourth quarter 2010 surged fourfold to $7.31 billion, up from $1.45 billion in fourth quarter 2009, reflecting a $5 billion cut in loan loss provisions to $5.13 billion. With expenses and a $2 billion goodwill impairment charge tied to the company's Home Loans and Insurance segment, BofA reported a net loss applicable to shareholders of $1.57 billion compared to a net loss of $5.2 billion in fourth quarter 2009.

For the year 2010, BofA reported insurance income dropped 25% to $2.07 billion, down from $2.76 billion in 2009, and investment and brokerage services earnings slid 2.5% to $11.62 billion, down from $11.92 billion in 2009. Insurance and combined investment and brokerage services earnings comprised, respectively, 3.5% and 19.8% of noninterest income, which fell 19.1% to $58.7 billion, down from $72.54 billion in 2009, hit by an over $6 billion drop in mortgage banking earnings.

Net interest income in 2010 of $23.08 billion contrasted with a $1.44 billion net interest loss in 2009, when loan loss provisions were over $20 billion and higher interest expenses exceeded those of 2010 by $7 billion. A loss of $3.595 billion applicable to common shareholders contrasted with a net loss of $2.204 billion in 2009. BofA President and CEO Brian Moynihan said, "Our results reflect the progress we are making at putting legacy – primarily mortgage-related issues – behind us. We earned $10.2 billion before goodwill impairment charges, rebuilt our capital positions, reduced the risk on our balance sheet, and shed more than $19 billion in assets that didn't directly service customers and clients."

In 2009, Bank of America's insurance brokerage income comprised 0.7% of its noninterest income. The company ranked 5th 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*.

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TRUST AND BOLI EARNINGS UP AT FIRSTMERIT

Akron, OH-based, $14.1 billion-asset FirstMerit Corp reported trust department earnings in the fourth quarter rose 4.8% to $5.63 million, up from $5.37 million in fourth quarter 2009,while bank-owned life insurance (BOLI) income fell 29.4% to $3.19 million, down from $4.52 million, and combined investment services and insurance revenue remained basically flat at $3.20 million compared to $3.22 million. Trust, BOLI and combined investment services and insurance earnings comprised, respectively, 10.4%, 5.9%, and 5.9% of noninterest income, which rose 3.1% to $54.31 million, up from $52.70 million in fourth quarter 2009, before the company acquired 24 Chicago-area branches from $7.8 billion-asset, St. Louis, MO-based First Bank, Chicago-based, $420 million-asset George Washington and Chicago-based, $3.2 billion-asset Midwest Bank and Trust Company.

Net interest income on a 4.14% net interest margin jumped 82.0% to $104.48 million, up from $57.42 million, reflecting acquisitions and a $6.6 million drop in loan loss provisions to $23.39 million and a $4.5 million decrease in interest expense to $18.5 million. Net income, benefiting from acquisitions and organic performance jumped 86.7% to $27.03 million, up from $14.48 million in fourth quarter 2009.

For the year 2010, trust department earnings increased 6.1% to $21.95 million, up from $20.68 million in 2009; BOLI income rose 8.8% to $14.95 million, up from $13.74 million; but combined investment services and insurance earnings, generated in part by FirstMerit's title insurance agency, slid 5.6% to $9.45 million, down from $10.01 million. Trust, BOLI, and combined investment services and insurance earnings comprised, respectively, 10.3%, 7.0%, and 4.4% of noninterest income, which rose 1.1% to $212.56 million, up from $210.30 million in 2009, helped by $1.04 million in a goodwill gain tied to the George Washington acquisition.

Net interest income in 2010 climbed 47.9% of $370.30 million, up from $250.33 million in 2009, helped by acquisitions and a $10 million drop in loan loss provisions to $88.22 million and a $26.9 million cut in interest expense to $83.85 million. Net income reflected acquisitions and improved organic performance and grew 35.8% to $102.91 million, up from $75.80 million in 2009, when the company benefited from $38 million in net securities gains. FirstMerit Chairman, President and CEO Paul Greig said, "During the fourth quarter we … successfully converted our Midwest Bank and Trust acquisition in Chicago, continued the integration of the three Chicago acquisitions with the FirstMerit franchise and further penetrated the Chicago and Northeast Ohio markets." He added, "Our disciplined growth strategies … support the execution of our superior community bank model."

In 2009, FirstMerit's fiduciary income comprised 10.4% of its noninterest income and 3.7% of its net operating revenue. The company ranked 47th in fiduciary earnings among all U.S. bank holding companies (BHCs), according to the *Michael White's Bank Fiduciary Fee Income Report*.

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ALLY FINANCIAL'S GROWING INSURANCE NET INCOME BOLSTERS OVERALL RESULTS

New York City-based, $172 billion-asset Ally Financial reported that in fourth quarter 2010 its insurance unit, which offers such auto-dealer-centric products as extended service contracts and dealer inventory insurance, generated $164 million in pretax income, almost double the $85 million earned in fourth quarter 2009, when the company still owned its U.S. and U.K. consumer property and casualty insurance businesses.

Insurance earnings helped overcome a $49 million loss in the company's legacy portfolio, a $355 million loss in corporate division earnings and a $117 million loss from discontinued operations. Along with increased auto finance and mortgage earnings, Ally reported fourth quarter net income of $79 million compared to a net loss of $4.95 billion in fourth quarter 2009.

For the year 2010, insurance earnings jumped 72.9% to $569 million, up from $329 million in 2009, helped by the first and second quarter 2010 sales of the company's respective U.S. and U.K. consumer property and casualty insurance businesses and bolstered by Ally's selection as the recommended provider of insurance products for Saab dealerships.

Again, insurance earnings and climbing auto finance and mortgage origination and servicing income countered legacy and corporate unit losses enabling Ally to report $1.08 billion in net income for year 2010 compared to a net loss of $10.3 billion in 2009.

In 2009, GMAC, Inc. reported $2.1 billion in total insurance income, which comprised 20.8% of its noninterest income and 20.5% of its net operating revenue. The company ranked fifth in total insurance 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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TRUST AND SECURITIES PROCESSING FEE INCOME CLIMB AT UMB

Kansas City, MO-based, $12.4 billion-asset UMB Financial Corp. Chairman and CEO Mariner Kemper said, "2010 marked another strong year [for the company] with record revenue, strategic acquisitions and consistency in earnings and balance sheet strength, demonstrating performance against our strategies as a diversified financial services company."

In fourth quarter 2010, trust and securities processing fee income grew 34.8% to $46.33 million, up from $34.38 million in fourth quarter 2009, driven by a $4 million climb (40%) in advisory fee income from the Scout Funds, a $4.1 million jump (336%) in institutional and investment management services fees, and a $1.8 million increase (13%)in fund administration and custody services fees. In contrast, insurance brokerage fee income slipped 5.5% to $1.03 million, down from $1.09 million, and securities brokerage fees dipped 0.6% to $1.67 million, down from $1.68 million. Trust and securities processing fees, insurance earnings and securities brokerage fees comprised, respectively, 48.9%, 1.1%, and 1.8% of noninterest income, which grew 13.6% to $94.76 million, up from $83.43 million in fourth quarter 2009, despite a $3.3 million decline in service charges on deposits and a $3.5 million decrease in gains in securities available for sale.

Net interest income on a 3.12% net interest margin grew 7.8% to $71.39 million, up from $66.21 million in fourth quarter 2009, helped by a $4.1 million decrease in loan loss provisions to $7.4 million and a $3.8 million decrease in interest expense to $7.99 million. Net income for the fourth quarter, however, fell 20.2% to $19 million, down from $23.9 million in fourth quarter 2009, reflecting acquisition-related expenses.

For the year 2010, trust and securities processing fee income climbed 33.0% to $160.36 million, up from $120.54 million in 2009, and insurance fees and commissions grew 16.0% to $5.57 million, up from $4.80 million, but securities brokerage fees fell 11.4% to $6.35 million, down from $7.17 million. Trust and securities processing, insurance and securities brokerage fee income comprised, respectively, 44.5%, 1.5%, and 1.8% of noninterest income, which grew 16.2% to $360.37 million, up from $310.18 million in 2009.

Net interest income in 2010 rose 3.0% to $279.10 million, up from $270.89 million in 2009, driven largely by a $19.3 million drop in interest expense to $35.89 million. Net income for the year rose 1.7% to $91.0 million, up from $89.5 million in 2009. Kemper noted, "We remain pleased with the performance of our multiple fee income businesses." He added, "As the economy improves, we expect to achieve even greater operating leverage from the investments we have made in our company."

In 2009, UMB Financial reported $127.7 million in wealth management fee income, which comprised 42.4% of its noninterest income and 21.1% of its net operating revenue. The company ranked 24th in wealth management earnings among all BHCs, up from 55th in 2008, according to *Michael White's Wealth Management Fee Income Report*.

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RISING INSURANCE EARNINGS COMPRISE 31% OF BANCORPSOUTH'S NONINTEREST INCOME

Tupelo, MS-based, $13.6 billion -asset BancorpSouth reported insurance brokerage fee income in the fourth quarter increased 2.4% to $18.01 million, up from $17.58 million in fourth quarter 2009, and trust income rose 2.0% to $3.07 million, up from $3.01 million. Insurance brokerage and trust earnings comprised, respectively, 24.3% and 4.2% of noninterest income, which grew 14.7% to $73.97 million, up from $64.51 million in fourth quarter 2009, bolstered by an almost $10 million jump in mortgage lending fees to $18.13 million, just ahead of insurance revenue.

Net interest income on a 3.59% net interest margin climbed 33.7% to $66.96 million, up from $50.08 million in fourth quarter 2009, as interest expense was cut by almost $7 million to $32.8 million and loan loss provisions were slashed by $19 million to $43.29 million. Net income, driven by improved overall performance, especially in mortgage lending, reached $15.8 million and compared with a fourth quarter 2009 net loss of $2.1 million.

For the year 2010, insurance brokerage earnings at BancorpSouth rose 1.5% to $82.17 million, up from $80.94 million in 2009, and trust income grew 14.9% to $11.15 million, up from $9.70 million. Insurance and trust earnings comprised, respectively, 31.1% and 4.2% of noninterest income, which slid 4.0% to $264.14 million, down from $275.28 million in 2009.

Net interest income for 2010 dropped 27.6% to $237.13 million, down from $327.58 million, reflecting primarily an $86.7 million jump in loan loss provisions to $204.02 million, which overpowered an almost $29 million drop in interest expense to $141.62 million. For the year 2010, the company reported net income dropped 72.3% to $22.9 million from $82.7 million in 2009.

BancorpSouth Chairman and CEO Aubrey Patterson said, "We are encouraged by the improvement in the company's performance in the fourth quarter…. We do not underestimate the challenges to returning our credit metrics to their historical levels, but with the progress achieved throughout 2010 and with continuing strong capital and liquidity, we enter 2011 confident that we are on the right path to achieve that goal."

In 2009, BancorpSouth's insurance brokerage income comprised 31.2% of its noninterest income and 11.4% of its net operating revenue. The company ranked 13th 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*.

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SUNTRUST HAILS DIVERSE REVENUE SOURCES

Atlanta, GA-based, $173 billion-asset SunTrust Banks Chairman and CEO James Wells III said, "We are pleased with the diversity of our revenue sources and the continued improvement in our credit quality." In fourth quarter 2010, retail investment services income (RIS) rose 6% to $57 million, up from $54 million in fourth quarter 2009, while trust and investment management (TI) income slipped 4% to $130 million, down from $135 million in fourth quarter 2009, remaining the second largest source of noninterest revenue behind declining (-19%) deposit account fees. RIS and TI comprised, respectively, 5.5% and 12.6% of noninterest income, which climbed 39% to $1.03 billion, up from $742 million in fourth quarter 2009, when the company reported $31 million in trading account losses and $68 million in mortgage production losses.

Net interest income on a 3.44% net interest margin in the fourth quarter soared 271.4% to $754 million, up from $203 million in fourth quarter 2009, as loan loss provisions were cut by almost half to $512 million and interest expense was sliced by 27% to $329 million. Net income of $114 million contrasted with a net loss of $316 million in fourth quarter 2009.

For the year 2010, trust and investment (T&I) income rose 3% to $503 million, up from $483 million in 2009, while retail investment services (RIS) income slid 6.0% to $205 million, down from $218 million. TI and RIS earnings comprised, respectively, 13.5% and 5.5% of noninterest income, which ticked up 1% to $3.73 billion from $3.71 billion in 2009, when the company recorded a $112 million gain from ownership in Visa.

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Net interest income for 2010 more than quintupled to $2.20 billion, up from $420 million in 2009, as provisions for loan losses were sliced 35% to $2.65 billion and interest expense was cut 34% to $1.49 billion. After noninterest expenses, the company reported a net loss available to shareholders of $87 million, which contrasted with a net loss of $1.73 billion in 2009.

In 2009, SunTrust reported $17.4 million in insurance brokerage income, which comprised 0.5% of its noninterest income and 0.2% of its net operating revenue. The company ranked 33rd in insurance brokerage earnings among BHCs engaged in significant banking activities, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

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SOFT PREMIUM PRICING SENDS BB&T'S INSURANCE EARNINGS DOWN 4.2% IN 4Q2010

Winston-Salem, NC-based, $157.1 billion-asset BB&T Corp. reported insurance earnings in fourth quarter 2010 slipped 4.2% to $249 million, down from $260 million in fourth quarter 2009, "reflecting continued softness in the industry's pricing for premiums," the company said. In contrast, investment banking and brokerage fees and commissions grew 17% to $97 million, up from $83 million, "driven by increased equity-offerings due to improved market conditions." Improved market conditions also drove trust and investment advisory fees up almost 11% to $42 million from $38 million, while income from bank-owned life insurance (BOLI) climbed 24% to $31 million, up from $25 million. Insurance, investment banking and brokerage fees, trust and investment advisory revenues, and BOLI earnings comprised, respectively, 25.8%, 10.1%, 4.4% and 3.2% of noninterest income, which dipped 0.6% to $964 million, down from $970 million in fourth quarter 2009, when service charges on deposits were $11 million higher.

Fourth quarter 2010 net interest income on a 4.04% net interest margin rose 8.1% to $226 million, up from $209 million in fourth quarter 2009, helped by the FDIC-assisted Colonial acquisition. Net income grew 12.4% to $208 million, up from $185 million in fourth quarter 2009. BB&T Corp. Chairman and CEO Kelly King said, "We are pleased to report record revenues for 2010, significant progress in our efforts to diversify the balance sheet, and across-the-board improvement in credit trends in the fourth quarter."

In 2009, BB&T Corp. reported $922.5 million in insurance brokerage income, which comprised 26.5% of its noninterest income and 11.1% of its net operating revenue. The company ranked third in insurance brokerage earnings among BHCs engaged in significant banking activities, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

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INVESTMENT ADVISORY REVENUE RISES WITH THE MARKET AT FIFTH THIRD

Cincinnati, OH-based, $111 billion-asset Fifth Third Bancorp reported "an overall increase in equity and bond market values" drove fourth quarter investment advisory revenue up 8% to $93 million from $86 million in fourth quarter 2009. Investment advisory earnings comprised 14.2% of noninterest income, which rose 1% to $656 million, up from $651 million in fourth quarter 2009, when service charges on deposits were $19 million higher.

Net interest income on a 3.75% net interest margin surged 637% to $748 million in fourth quarter 2010, up from $102 million in fourth quarter 2009, helped by a $616 million drop in loan loss provisions to $166 million. Net income of $270 million contrasted with a net loss of $160 million in fourth quarter 2009, driven primarily by dramatically lower loss provisions.

For the year 2010, investment advisory revenue grew 11% to $361 million, up from $326 million in 2009, and comprised 13.2% of noninterest income, which dropped 43% to $2.73 billion, down from $4.78 billion in 2009, when card and processing revenues were $300 million greater and the company recorded a $1.76 billion gain on the sale of a processing business.

Net interest income of $2.07 billion in 2010 contrasted with a net interest loss of $189 million in 2009, when loan loss provisions were $2 billion higher. Net income, however, slipped 1% to $503 million, down from $511 million in 2009, reflecting primarily the aforementioned

$1.76 billion gain on the sale of the processing business.

Fifth Third Bancorp President and CEO Kevin Kabat said, "We expect returns on assets and equity to improve further in the longer term as a result of balance sheet growth, related efficiencies, lower credit costs and a more robust economic environment."

In 2009, Fifth Third reported $192.4 million in combined investment banking, advisory and underwriting and securities brokerage income, which comprised 4.2% of its noninterest income and 2.4% of its net operating revenue. The company ranked 21st in investment banking and securities brokerage earnings among all BHCs, according to the *Michael White's Bank Broker-Dealer Fee Income Report*.

That year the company reported $156.9 million in income from fiduciary activities, which comprised 3.4% of its noninterest income and 1.9% of its net operating revenue. The company ranked 17th in trust earnings among BHCs with assets over $10 billion, according to the *Michael White's Bank Fiduciary Fee Income Report*.

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FIDUCIARY AND BROKERAGE EARNINGS FLAT TO DOWN WHILE BOLI JUMPS AT COMERICA

Dallas, TX-based, $53.7 billion -asset Comerica Inc. reported fiduciary income in the fourth quarter rose 1% to $39 million, up from $38 million in fourth quarter 2009, and bank-owned life insurance (BOLI) income jumped 55.6% to $14 million, up from $9 million, while brokerage fees remained flat at $7 million. Fiduciary, BOLI and brokerage fee earnings comprised, respectively, 18.1%, 6.5% and 3.3% of noninterest income, which rose 0.5% to $215 million, down from $214 million in fourth quarter 2009, when service charges on deposits were $7 million higher.

Net interest income on a 3.29% net interest margin in fourth quarter 2010 soared 148.6% to $348 million, up from $140 million in fourth quarter 2009, reflecting an almost $200 million drop in loan loss provisions to $57 million and a more than halving of interest expense to $40 million. Net income attributable to common shares of $95 million contrasted with a net loss of $62 million in fourth quarter 2009.

For the year 2010, fiduciary income fell 4.3% to $154 million, down from $161 million in 2009, and brokerage fees declined 19.4% to $25 million, down from $31 million, but BOLI earnings grew 14.3% to $40 million, up from $35 million. Fiduciary, BOLI and brokerage earnings comprised, respectively, 19.5%, 3.2% and 5.1% of noninterest income, which dropped 24.9% to $789 million, down from $1.05 billion in 2009 when net securities gains and service charges were, respectively, $2040 million and $20 million higher.

Net interest income on a 3.24% net interest margin in 2010 more than doubled to $1.17 billion, up from $485 million in 2009, as loan loss provisions dropped by $592 million to $480 million and interest expense was sliced by $331 million to $207 million. In 2010, net income attributable to common shares of $153 million contrasted with a net loss of $118 million in 2009.

Comerica Chairman and CEO Ralph Babb, Jr. said, "Given the many positive signs we have seen, as well as our strategy for success, which is focused on growth and balance, we believe we are uniquely positioned for the future."

In 2009, Comerica reported $159.0 million in fiduciary income and $31.0 million in securities brokerage fee income, which comprised, respectively, 20.7% and 4.0% of its noninterest income. The company ranked 16th in fiduciary earnings and 21st among U.S. bank holding companies with assets over $10 billion, according to the *Michael White's Wealth Management Fee Income Report* and the *Michael White's Bank Broker-Dealer Fee Income Report*.

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WEALTH MANAGEMENT EARNINGS CONTINUE UP AT MARSHALL & ILSLEY

Milwaukee, WI-based, $50.8 billion-asset Marshall & Ilsley Corp (M&I) reported wealth management earnings in the fourth quarter rose 4.2% to $72.9 million, up from $69.9 million in fourth quarter 2009, dominating all other sources of noninterest fee income. Wealth management revenue comprised 28.5% of total noninterest revenues, which increased 6.7% to $255.9 million, up from $239.8 million in fourth quarter 2009, despite a drop in deposit service fees and helped by a 134% jump in mortgage banking income to $15.7 million.

A fourth quarter net interest loss of $54.2 million on a 3.15% net interest margin contrasted with a fourth quarter 2009 net interest loss of $232.9 million, reflecting primarily, a 33% drop in loan loss provisions to $429 million. The overall net loss of $133.4 million contrasted with a net loss of $259.5 million in fourth quarter 2009 and included $25.3 million in dividends paid to the U.S. Treasury as a result of the government share purchases under the Troubled Asset Relief Program (TARP).

For the year 2010, wealth management earnings rose 5.7% to $280.4 million, up from $265.1 million in 2009, and comprised 32.0% of noninterest income, which slipped 3% to $875 million, down from $903 million in 2009, reflecting a 22% drop in mortgage banking income and lower securities gains.

A net interest loss of $279.4 million in 2010 contrasted with a net interest loss of $696.6 million in 2009, when loan loss provisions were $555.7 million greater. A net loss of $616.9 million for the year 2010 contrasted with a net loss of $858.8 million in 2009 and included $100.2 million paid out to the U.S. Treasury under the TARP. M&I President and CEO Mark Furlong said, "We continue to make steady progress in addressing credit challenges."

In 2009, M&I Corp. reported $257.5 million in wealth management fee income, which comprised 39.3% of its noninterest income and 11.5% of its net operating revenue. The company ranked 20th in wealth management earnings among all BHCs, according to *Michael White's Wealth Management Fee Income Report*.

Montreal, Canada, $110 billion-asset BMO (Bank of Montreal) Financial Group has agreed to acquire M&I in a stock deal that is expected to close before July 31, 2011.

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PEOPLES UNITED REPORTS FEE INCOME FLAT TO DOWN

Bridgeport, CT-based, $25 billion-asset Peoples United Financial reported investment management fees ($7.9 million) and securities brokerage commissions ($2.9 million) remained flat compared to fourth quarter 2009, while insurance revenue slipped 1.4% to $6.9 million, down from $7 million, and bank-owned life insurance (BOLI) income fell 47.4% to $1 million, down from $1.9 million. Investment management fees, brokerage commissions, insurance revenue and BOLI earnings comprised, respectively, 10.4%, 3.8%, 9.1% and 1.3% of noninterest income, which increased 5.9% to $75.9 million, up from $71.7 million in fourth quarter 2009, before Peoples acquired Smithtown Bancorp and LSB Corp.

Net interest income on a 3.85% net interest margin in fourth quarter 2010 jumped 33.6% to $178.9 million, up from $133.9 million in fourth quarter 2009, reflecting acquisitions, a $3 million decrease in loan loss provisions and a $9 million decrease in interest expenses. Net income, despite $34.7 million in increased noninterest expenses, climbed 28.5% to $32 million, up from $24.9 million.

For year 2010, investment management fees slipped 1.2% to $32 million, down from $32.4 million in 2009; insurance revenue slid 4.0% to $28.8 million, down from $30 million; securities brokerage commissions declined 7.4% to $11.3 million, down from $12.2 million; and BOLI income fell 20.2% to $6.7 million, down from $8.4 million in 2009. Investment management, insurance, securities brokerage and BOLI earnings comprised, respectively, 10.7%, 9.6%, 3.8% and 2.2% of noninterest income, which dipped 3.2% to $299.2 million, down from $309.1 million in 2009, when net securities gains of $22 million contrasted with a net securities loss of $1 million in 2010.

Net interest income in 2010 jumped 22.9% to $639 million, up from $519.8 million in 2009, benefiting from a $60.2 million drop in interest expenses. Net income for 2010, however, fell 15.3% to $85.7 million, down from $101.2 million, reflecting merger and acquisition-related expenses tied to the Smithtown Bancorp and LSB Corp. purchases. Peoples United Financial President and CEO Jack Barnes said, "Our performance throughout 2010 continues to reflect the benefits from our focused commercial, wealth management and retail banking strategy."

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BOLI SHINES AT FIRST HORIZON

Memphis, TN-based, $24.7 billion-asset First Horizon National reported trust services and investment management (TI) income slid 4% in fourth quarter 2010 to $7.34 million, down from $7.66 million in fourth quarter 2009. Securities brokerage income fell 11% to $5.79 million, down from $6.52 million. Insurance brokerage fee income dropped 31% to $4.04 million, down from $5.87 million, and reinsurance fees tumbled 71% to $516,000, down from $1.79 million, but bank-owned life insurance (BOLI) income jumped 47% to $7.73 million, up from $5.28 million in fourth quarter 2009. TI, securities brokerage, insurance brokerage, reinsurance fees and BOLI comprised, respectively, 3.5%, 2.7%, 1.9%, 0.24% and 3.7% of noninterest income, which fell 14% to $210.95 million, down from $246.20 million in fourth quarter 2009, reflecting drops in all sources of noninterest income except BOLI.

Net interest income on a 3.18% net interest margin in fourth quarter 2010 soared 150% to $137.24 million, up from fourth quarter 2009, when loan loss provisions were $95 million higher. After repurchasing $63 million in preferred shares bought by the U.S. government under the Troubled Asset Relief Program (TARP), the company reported a net loss of $48.69 million compared to a net loss of $70.58 million in fourth quarter 2009. First Horizon National CEO Bryan Jordan said, "We retired TARP while keeping our capital position strong. We are excited about our progress in 2010."

In 2009, First Horizon reported $34.4 million in total insurance income (i.e., the sum of insurance brokerage, underwriting and reinsurance income), which comprised 3.3% of its noninterest income and 1.9% of its net operating revenue. The company ranked 27th in total insurance earnings among BHCs with assets greater than $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

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FOURTH QUARTER BOLI CLIMBS WHILE INSURANCE AND TRUST FEES SLIDE AT ASSOCIATED BANC-CORP

Green Bay, WI-based, $22 billion-asset Associated Banc-Corp reported "retail commissions" in fourth quarter 2010 slid 5.6% to $14.4 million, down from $15.29 million in fourth quarter 2009. Trust services fees slipped 4% to $9.52 million, down from $9.91 million, while bank-owned life insurance (BOLI) income climbed 36.2% to $4.51 million, up from $3.31 million in fourth quarter 2009. Retail commissions, trust services fees, and BOLI earnings comprised, respectively, 17.0%, 11.2% and 5.3% of noninterest income, which remained steady at $84.7 million, helped by a 43% jump in mortgage banking income to $13.2 million.

Fourth quarter 2010 net interest income of $87.86 million on a 3.13% net interest margin contrasted with a net interest loss of $216.4 million in fourth quarter 2009, when loan loss provisions and interest expenses were, respectively, $331.8 million and $13.6 million higher. Net income of $6.6 million compared to a net loss of $180.6 million in fourth quarter 2009.

For the year 2010, retail commissions ticked up 1% to $61.26 million from $60.68 million in 2009, and trust services fees rose 5.1% to $37.85 million, up from $36 million, but BOLI income slipped 1.7% to $15.76 million, down from $16.03 million. Retail commissions, trust services fees and BOLI earnings comprised, respectively, 17.7%, 11.0% and 4.6% of noninterest income, which dipped 1.5% to $345.5 million, down from $350.96 million in fourth quarter 2009, when net investment securities gains were $16 million higher.

Net interest income in 2010 declined 9.2% to $243.77 million, down from $268.41 million in 2009, despite a 48% drop in loan loss provisions to $390 million and a 33% fall in interest expense to $172.3 million. A net loss of $30.4 million contrasted with a net loss of $161.2 million in 2009. Associated Banc-Corp President and CEO Philip Flynn said, "Our full attention is now on the challenging job of ensuring profitable growth. We believe the enhancements we have made to our business portfolio, along with our strategic initiatives position us well for the future."

In 2009, Associated Banc-Corp reported $42.6 million in insurance brokerage income, which makes up the bulk of what Associated calls "retail commissions" and comprised 13.0% of its noninterest income and 4.0% of its net operating revenue. The company ranked 17th in insurance brokerage earnings among BHCs with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

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MARKET CONDITIONS BOOST TRUST INCOME, ANNUITIES BUT HURT SECURITIES BROKERAGE AT F.N.B.

Hermitage, PA-based, $9.6 billion-asset F.N.B. Corp reported total insurance fee income (i.e., the sum of insurance brokerage and underwriting) in fourth quarter 2010 slipped 3% to $3.68 million, down from $3.79 million in fourth quarter 2009, reflecting "decreased contingent fee revenue," F.N.B. said. Trust income, in contrast, rose 8.7% to $3.29 million, up from $3.03 million, as market conditions improved, but the low interest rate environment for annuities drove securities commissions and fees down 22.4% to $1.72 million from $2.21 million, F.N.B. said. Total insurance earnings, trust income and securities commissions and fees comprised, respectively, 12.5%, 11.2% and 5.8% of noninterest income, which grew 16.7% to $29.50 million, up from $25.28 million in fourth quarter 2009, helped by an almost doubling of sales on loans to $1.42 million and increased securities gains. Noninterest income comprised 28% of fourth quarter revenue.

Fourth quarter 2010 net interest income on a 3.77% net interest margin jumped 40.3% to $63.72 million, up from $45.43 million in fourth quarter 2009, reflecting a $6.44 million drop in interest expense, a 58% slash in loan loss provisions to $10.81 million and the acquisition of Comm Bancorp. Net income soared 416.5% to $23.53 million, up from $4.56 million in fourth quarter 2009, helped by a $6.9 million after-tax credit to pension expense, reduced expenses and negligible net securities losses compared to $3.66 million in those losses in 2009.

For the year 2010, total insurance income slid 5.4% to $15.77 million, down from $16.67 million in 2009; trust income increased 7.7% to $12.72 million, up from $11.81 million; and securities commissions and fees fell 8.3% to $6.84 million, down from $7.46 million, with these sources of fee income reflecting the same conditions noted in the fourth quarter. Total insurance earnings, trust income and securities commissions and fees comprised, respectively, 13.6%, 11.0% and 5.9% of noninterest income, which increased 9.9% to $115.97 million, up from $105.82 million in 2009.

Net interest income in 2010 climbed 18.3% to $244.32 million, up from $206.59 million in 2009, reflecting a 29% drop in loan loss provisions to $47.32 million and a 27% cut in interest expense to $88.73 million. Net income soared 127.6% to $74.65 million, up from $32.8 million in 2009, when F.N.B. paid out $8.3 million in dividends and buybacks of stock sold to the U.S. Treasury under the Troubled Asset Relief Program (TARP).

F.N.B. Corp CEO Stephen Gurgovits said of the company's performance, "Our commercial and retail bankers continue to be successful in winning new customer relationships and deepening existing relationships. We begin 2011 with good momentum and an expanded footprint in northwestern Pennsylvania with the recently completed acquisition of Comm Bancorp, Inc."

In 2009, F.N.B. Corp reported $16.67 million in total insurance income, which comprised 14.8% of its noninterest income and 4.4% of its net operating revenue. The company ranked 7th in total insurance earnings among BHCs with assets between $1 and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

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COMBINED INSURANCE AND TRUST EARNINGS COMPRISE 31% OF 4Q NONINTEREST INCOME AT TRUSTMARK

Jackson, MS-based, $9.36 billion-asset Trustmark Corp. reported insurance commissions in fourth quarter 2010 slipped 2.6% to $6.22 million, down from $6.39 million in fourth quarter 2009, while wealth management earnings rose 5.9% to $5.76 million, up from $5.43 million. Insurance brokerage and wealth management earnings comprised, respectively, 16.1% and 14.9% of noninterest income, which comprised 29.6% of total revenue, although it slipped 4.1% to $38.63 million, down from $40.28 million in fourth quarter 2009, when mortgage banking income was $2.05 million higher.

Fourth quarter net interest income on a 4.36% net interest margin grew 9.6% to $80.16 million, up from $73.15 million in fourth quarter 2009, reflecting 33% drops in loan loss provisions and interest expense to, respectively, $11.29 million and $12.30 million. Net income jumped 81.3% to $25.16 million from $13.88 million in fourth quarter 2009, when the company paid out about $10.60 million to the U.S. Treasury.

For the year 2010, insurance brokerage fee income slid 4.8% to $27.69 million, down from $29.08 million in 2009, and wealth management income slipped 1.0% to $21.87 million, down from $22.08 million. Insurance brokerage and wealth management earnings comprised, respectively, 16.7% and 13.2% of noninterest income, which dropped 1.4% to $165.93 million, down from $168.24 million.

Net interest income in 2010 climbed 10.1% to $315.89 million, up from $286.81 million in 2009, as loan loss provisions were cut by $27.57 million to $49.55 million and interest expense was sliced by $31.66 million to $56.20 million. In 2010, net income jumped 37.8% to $100.64 million, up from $73.05 million in 2009, when the company paid out almost $20 million in preferred stock dividends and discounts to the U.S. Treasury.

Trustmark said, "Managing credit risks resulting from current economic and real estate market conditions continues to be a primary focus." On January 1, 2011, Jerry Host took over as CEO.

In 2009, Trustmark reported $12.8 million in fiduciary income and $29.1 million in insurance brokerage fee income, which comprised, respectively, 8.3% and 18.9% of its noninterest income. The company ranked 18th in fiduciary earnings and 3rd in insurance brokerage income among U.S. bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White's Wealth Management Fee Income Report* and the *Michael White-Prudential Bank Insurance Fee Income Report*.

FEBRUARY 21 - 27, 2011

HALF OF NATIONAL PENN'S NONINTEREST INCOME MADE UP OF INSURANCE, WEALTH MANAGEMENT AND BOLI

Boyertown, PA-based, $9 billion-asset National Penn Bancshares issued its 2010-2009 quarterly and year-to-date earnings release using non-GAAP measures. According to the financial information the company made available, wealth management income in the fourth quarter declined 6.6% to $6.92 million, down from $7.41 million in fourth quarter 2009. Insurance commissions and fees decreased 13.9% to $3.42 million, down from $3.97 million, which bank-owned life insurance (BOLI) income rose 4.2% to $1.50 million, up from $1.44 million. Wealth management, insurance brokerage and BOLI earnings comprised, respectively, 29.2%, 14.4% and 6.3% of total noninterest income, which declined 9.9% to $23.66 million, down from $26.25 million in fourth quarter 2009.

Net interest income in the fourth quarter surged 145.2% to $50.14 million, up from $20.45 million in fourth quarter 2009, reflecting a $29.5 million drop in loan loss provisions to $17.50 million and a $10.4 million cut in interest expense to $26.10 million. Net income available to shareholders of $6.64 contrasted with a net loss of $283.29 million in fourth quarter 2009, despite a $5.5 million tax expense tied to the divestiture of Christina Bank & Trust.

For the year 2010, wealth management earnings slipped 1.3% to $28.53 million, down from $28.92 million, and insurance brokerage earnings decreased 8.8% to $14.33 million, down from $15.71 million in 2009. BOLI income grew 20.5% to $5.93 million, up from $4.92 million. Wealth management, insurance brokerage and BOLI earnings comprised, respectively, 29.0%, 14.6% and 6.0% of noninterest income of $98.22 million compared to a noninterest loss of $1.52 million in 2009, when the company recorded $101.79 million in net securities losses.

Net interest income in 2010 climbed 81.0% to $178.23 million, up from $98.48 million in 2009, reflecting a $59.03 million drop in loan loss provisions to $95 million and a $52.62 million cut in interest expense to $116.02 million. With $241.68 million in noninterest expenses, net income reached $13.32 million and compared with a net loss of $356.38 million in 2009. National Penn Bancshares President and CEO Scott Fainor said, "The strategic initiatives of divesting Christina Bank & Trust and finalizing the $150 million Warburg Pincus investment position National Penn well for the future."

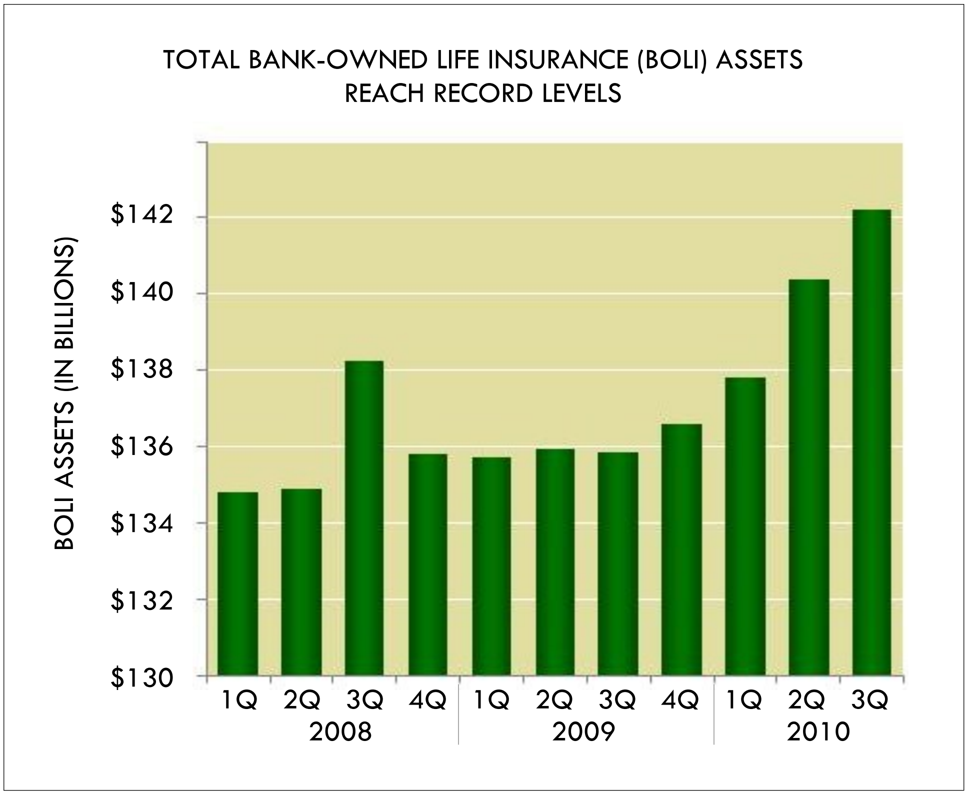
In 2009, National Penn Bancshares' fiduciary income and insurance brokerage fee income comprised, respectively, 17.3% and 15.6% of its noninterest income. The company ranked 7th in fiduciary earnings and 7th in insurance brokerage income among U.S. bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White's Wealth Management Fee Income Report* and the *Michael White-Prudential Bank Insurance Fee Income Report*.

FEBRUARY 28 - MARCH 6, 2011

BOLI ASSETS HIT RECORD $140.2 BILLION IN THIRD QUARTER 2010

Bank-owned life insurance (BOLI) assets reached $140.24 billion in the third quarter of 2010, reflecting a 4.8% increase from $133.87 billion in third quarter 2009, according to the *Michael White/ Meyer-Chatfield BOLI Holdings Report*. The third quarter 2010 total for BOLI holdings is the sum of BOLI assets held by large bank holding companies (BHCs), standalone banks, and savings associations (i.e., thrifts). BOLI is used to recover costs of employee benefits and offset the liabilities of retirement benefits, helping banks and thrifts to keep up with rising benefit costs.

Compiled by Michael White Associates, LLC (MWA) and sponsored by Meyer-Chatfield, the *Michael White/ Meyer-Chatfield BOLI Holdings Report* measures and benchmarks the cash surrender values (CSV) of life insurance and



SOURCE: Michael White / Meyer-Chatfield BOLI Holdings Report

ratio of CSV to capital possessed by BHCs and banks and thrifts. The data herein were reported by 915 large top-tier BHCs with assets greater than $500 million and 7,760 commercial banks, thrifts and FDIC-supervised savings banks operating on September 30, 2010.

Among the study's most significant findings are these:

- Large top-tier BHCs increased their BOLI holdings by 5.1% from $123.91 billion in third quarter 2009 to $130.21 billion in third quarter 2010.
- Of 1,409 stand-alone banks, those without BHCs, 432 or 30.7% recorded $2.94 billion in third-quarter BOLI holdings, up 23.3% from $2.38 billion in third quarter 2009.
- Of 740 savings association, 340 or 45.9% recorded $7.10 billion in BOLI holdings, down 6.2% from $7.57 billion in third quarter 2009.
- Of the 915 large top-tier BHCs, 744 or 81.3% reported holding BOLI assets in third quarter 2010, representing a 0.8% increase in their number from the 738 in third quarter 2009.
- Among BHCs, those with assets greater than $10 billion reported the highest incidence of BOLI ownership, as 66 of 77 BHCs, or 85.7%, reported having BOLI assets.
- Of 7,760 banks and savings associations operating on September 30, 2010, 3,792 or 48.9% reported holding BOLI assets of $125.57 billion, an increase of 3.0% from $121.86 billion in third quarter 2009.
- The total number of banks and thrifts reporting BOLI assets decreased 67 or 1.7% from 3,859 in third quarter 2009 to 3,792 banks and thrifts in third quarter 2010. (See Table 2.)
- Among banks and thrifts, those with assets between $1 billion and $10 billion were most likely to report BOLI assets, as 409 of 556 banks and thrifts or 73.6% reported having them in the third quarter of 2010.
- The largest banks and thrifts, those over $10 billion in assets, accounted for the largest dollar increase ($3.56 billion) and largest percentage increase (3.7%) in their combined BOLI assets. (See Table 1.)
- Almost every asset class, except banks and thrifts with assets between $100 million and $300 million, experienced a decrease in the number of banks and thrifts reporting BOLI assets. The largest decrease occurred among depository institutions under $100 million in assets. Their number decreased by 4.7% from 902 in third quarter 2009 to 860 banks and thrifts in third quarter 2010. Declines in banks and thrifts reporting BOLI assets generally did not reflect decisions to leave the BOLI market. The declines were primarily due to some banks and thrifts merging or being sold with FDIC assistance. (See Table 2.)
- According to federal banking regulators, it is generally not prudent for a banking company 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 only slightly (1.1%) from 14.60% in third quarter 2009 to 14.76% in third quarter 2010. (See Table 3.)
- Among the largest bank holding companies (BHCs) with assets over $10 billion, the 6.9% increase in allowances for loan and lease losses from $210.4 billion in the third quarter of 2009 to $224.9 billion in the third quarter of 2010 helped produce a 3.8% increase in the sum of Tier 1 Capital and the allowances. By comparison, Tier 1 capital rose 3.1% during the same period. These increases in capital and allowances for losses among the largest BHCs helped keep a lid on their mean BOLI-to-capital ratios and those of the industry as a whole, as they rose, respectively, 5.2% and 1.1% by third quarter 2010.

FEBRUARY 28 - MARCH 6, 2011

BENEFITS AGENCY ACQUISITION DRIVES NORTHWEST BANCSHARES INSURANCE EARNINGS UP

Warren, PA-based, $8.15 billion-asset Northwest Bancshares reported its acquisition of Veracity Benefits Design drove fourth quarter 2010 insurance brokerage fee income up 120% to $1.36 million from $619,000 in fourth quarter 2009. Income from bank-owned life insurance (BOLI) also increased, rising 2.5% to $1.23 million, from $1.20 million in fourth quarter 2009, while income from trust and other financial services slipped 2.6% to $1.91 million, down from $1.96 million. Insurance brokerage, BOLI and trust earnings comprised, respectively, 9.2%, 8.1% and 12.6% of noninterest income, which fell 12.3% to $15.17 million, down from $17.30 million in fourth quarter 2009, when the company recorded a $3.50 million gain on the bargain purchase of Keystone State Savings Bank.

Net interest income in fourth quarter 2010 jumped 22.4% to $53.31 million, up from $43.54 million in fourth quarter 2009, largely reflecting a $7.05 million drop in interest expenses and a $580,000 decrease in loan loss provisions to $13.92 million. Net income soared nearly thirteen-fold to $12.7 million, up from $1 million in fourth quarter 2009.

For the year 2010, insurance brokerage income almost doubled to $5.19 million, up from $2.66 million in 2009 before the Veracity benefits acquisition; trust earnings grew 14.9% to $7.25 million, and BOLI income rose 6.1% to $5.08 million. Insurance, trust and BOLI earnings comprised, respectively, 8.6%, 12.0% and 8.4% of noninterest income, which climbed 13.2% to $60.40 million, up from $53.34 million 2009, despite the fact that mortgage banking income was sliced by over $5 million.

Net interest income in 2010 climbed 16.2% to $217.16 million, up from $186.81 million in 2009, helped by a $22.88 million drop in interest expense and a $1.36 million decline in loan loss provisions to $40.49 million. Net income jumped 76.2% to a record $57.5 million, up from $32.7 million in 2009. Northwest Bancshares President and CEO William Wagner said, "We are pleased to report record annual earnings during a year when the banking industry continued to be challenged by economic and regulatory issues."

In 2009, Northwest Savings Bank reported $2.94 million in insurance brokerage income, which comprised 5.2% of its noninterest income and 1.0% of its net operating revenue. The company ranked 34th in insurance brokerage earnings among banks with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

FEBRUARY 28 - MARCH 6, 2011

HANCOCK REPORTS GROWING INSURANCE, TRUST, INVESTMENT AND ANNUITY FEES

Gulfport, MS-based, $8.14 billion-asset Hancock Holding Company reported insurance earnings in fourth quarter 2010 grew 13.3% to $3.77 million, up from $3.33 million in fourth quarter 2009. Trust fees rose 9.8% to $4.32 million, up from $3.94 million, and combined investment and annuity fees jumped 40.4% to $2.33 million, up from $1.66 million. Insurance, trust and combined investment and annuity fees comprised, respectively, 10.7%, 12.3% and 6.6% of noninterest income, which dropped 44.6% to $35.07 million, down from $63.36 million in fourth quarter 2009, when the company recorded a $33.62 million gain on the acquisition of Peoples First Community Bank.

Net interest income on a 4.06% net interest margin in fourth quarter 2010 climbed 26.2% to $60.42 million, up from $47.87 million in fourth quarter 2009, reflecting primarily a $4.4 million cut in loan loss provisions to $11.39 million and a $5.7 million drop in interest expense. Net income tumbled 46.4% to $17.02 million, down from $31.78 million in fourth quarter 2009, when the $33.62 million gain in the Peoples First acquisition was recorded.

For the year 2010, insurance fees rose 0.7% to $14.46 million, up from $14.36 million in 2009; trust fees increased 10.5% to $16.72 million, up from $15.13 million; and combined investment and annuity fees grew 23.8% to $10.18 million, up from $8.22 million. Insurance, trust and combined investment and annuity fees comprised, respectively, 10.6%, 12.2% and 7.4% of noninterest income, which fell 13.0% to $136.95 million, down from $157.33 million in 2009, when the $33.62 million gain on the Peoples First acquisition and a $69 million gain on securities transactions were recorded.

Net interest income in 2010 climbed 16.2% to $216.05 million, up from $185.90 million in 2009, despite an $11.40 million increase in loan loss provisions to $65.99 million, but helped by a more than $13 million decrease in interest expense. Net income, however, fell 30.2% to $52.21 million, down from $74.78 million in 2009, when the company recorded the $33.62 million Peoples First gain and the $69 million gain on securities transactions.

Hancock President and CEO Carl Chaney commented on the company's pending acquisition of New Orleans, LA-based, $11.8 billion-asset Whitney Holding, saying, "Upon completion of the transaction, our business footprint will grow dramatically in Hancock's current, Louisiana, Mississippi, Alabama and Florida markets, and we will expand into dynamic new regions such as Houston and Tampa-St. Petersburg." He added, "We are excited about the coming year." The deal with Whitney is expected to close in the second quarter.

In 2009, Whitney Holding reported $2.52 million in insurance brokerage income, which comprised 2.3% of its noninterest income and 0.5% of its net operating revenue. The company ranked 48th in insurance brokerage earnings among BHCs with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

In 2009, Hancock Holding reported $10.63 million in insurance brokerage income, which comprised 6.8% of its noninterest income and 2.8% of its net operating revenue. The company ranked 17th 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*.

FEBRUARY 28 - MARCH 6, 2011

BREMER REPORTS RISING TRUST FEES, FALLING BROKERAGE EARNINGS, AND INSURANCE EARNINGS DOWN IN 4Q BUT UP FOR 2010

St. Paul, MN-based, $8 billion-asset Bremer Financial reported insurance earnings in fourth quarter 2010 slipped 2.2% to $5.73 million, down from $5.86 million in fourth quarter 2009. Trust and investment management (TI) fees rose 5.6% to $3.74 million, up from $3.54 million, but brokerage earnings fell 18.7% to $1.87 million, down from $2.30 million. Insurance, TI management and brokerage earnings comprised, respectively, 18.3%, 12.0% and 6.0% of noninterest income, which grew 11.6% to $31.23 million, up from $27.98 million in fourth quarter 2009, helped by a $2.10 million increase in loan sales and a $2.6 million gain on the sale of other real estate owned (OREO).

Net interest income on a 3.84% net

interest margin declined 8.6% in fourth quarter 2010 to $53.46 million, down from $58.47 million in fourth quarter 2009, despite a $5.86 million decrease in interest expense which made up for a $2.19 million increase in loan loss provisions to $15.28 million. Net income, bolstered by noninterest earnings and decreased noninterest expense, grew 10.3% to $17.11 million, up from $15.52 million in fourth quarter 2009.

For the year 2010, insurance earnings rose 1% to $14.87 million, up from $14.75 million in 2009; TI fees grew 12.4% to $13.97 million, up from $12.43 million, and brokerage earnings slid 3.1% to $6.44 million, down from $6.64 million. Insurance, TI and brokerage income comprised, respectively, 13.3%, 12.5% and 5.7% of noninterest income, which slipped 2.5% to $112.08 million, down from $114.91 million in 2009, when the gain on loan sales was $3.60 million higher and service charges were $3.40 million higher.

Net interest income on a 3.96% net interest margin increased 7.8% in 2010 to $230.73 million, up from $213.98 million in 2009, driven by a $31.42 million drop in interest expense and a $13.42 million cut in loan loss provisions to $45.97 million. Net income rose 5.1% to $68.94 million, up from $65.16 million in 2009.

Bremer Financial CEO Pat Donovan looked to and beyond the results and said, "In the face of an economy that refused to warm up, Bremer mobilized around emerging needs and successfully positioned the company for future opportunities."

In 2009, Bremer Financial reported $14.7 million in insurance brokerage fee income, which comprised 15.5% of its noninterest income and 3.9% of its net operating revenue. The company ranked 8th in insurance brokerage income among U.S. bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

FEBRUARY 28 - MARCH 6, 2011

ORIENTAL FINANCIAL BANKS ON GROWING WEALTH MANAGEMENT REVENUE

San Juan, PR-based, $7.31 billion-asset Oriental Financial Group reported wealth management revenues in fourth quarter 2010 grew 8.9% to $4.69 million, up from $4.31 million in fourth quarter 2009, topping all other sources of noninterest fee income. Wealth management earnings comprised 39.4% of the $11.89 million in noninterest income, which contrasted with a noninterest loss of $81.63 million in fourth quarter 2009, when losses on sales of securities reached $52 million.

Net interest income in fourth quarter 2010 fell 25.1% to $20.62 million, down from $27.52 million in fourth quarter 2009, reflecting a $5.58 million increase in loan loss provisions to $9.98 million and a $2.49 million decrease in interest income before expenses and provisions. Net income of $3.87 after dividend payments contrasted with a net loss of $75.25 million in fourth quarter 2009.

For the year 2010, wealth management revenues climbed 23.3% to $17.85 million, up from $14.47 million in 2009, helping compensate for $36.89 million in derivatives losses, which cut noninterest income to $5.13 million, an improvement over a noninterest loss of $2.07 million in 2009.

Net interest income in 2010 slipped 2% to $113.00 million, down from $115.36 million in 2009, despite a $20 million drop in interest expense. With almost $40 million in increased noninterest expenses and $28.04 million paid out to shareholders, the company reported a year 2010 net loss of $18.21 million compared to net income of $18.14 million in 2009. Oriental Financial President and CEO Jose Rafael Fernandez said, "Our core Oriental Bank & Trust and Oriental Financial Services banking and financial services operations performed well." He added, "We expect to continue to make strong progress in 2011 in line with our strategy of generating a great portion of our income from lending and wealth management activities.

MARCH 7 - 13, 2011

TRUST, BOLI, INSURANCE/ SECURITIES BROKERAGE COMPRISE 36% OF FIRST COMMONWEALTH'S NONINTEREST INCOME

Indiana, PA-based, $5.8 billion-asset First Commonwealth Financial reported trust income in fourth quarter 2010 climbed 26.7% to $1.52 million, up from $1.20 million in fourth quarter 2010, and bank-owned life insurance (BOLI) income grew 17.6% to $1.40 million, up from $1.19 million, while combined insurance and securities brokerage earnings fell 42.9% to $1.04 million, down from $1.82 million. Trust, BOLI and combined insurance and securities brokerage earnings comprised, respectively, 10.7%, 9.8% and 7.3% of noninterest income, which jumped 62.2% to $14.26 million, up from $8.87 million in fourth quarter 2009.

Fourth quarter 2010 net interest income on a 3.86% net interest margin climbed 23.7% to $43.74 million, up from $35.36 million in fourth quarter 2009, reflecting an almost $6 million decline in expenses and a $13.06 million drop in loan loss provisions to $8 million. Net income, driven by improved overall performance, jumped fourfold to $11.95 million, up from $2.73 million in fourth quarter 2009.

For the year 2010, trust income, helped by increased market values and revised pricing schedules, grew 22.7% to $5.90 million, up from $4.81 million in 2009, and BOLI income, reflecting improved crediting rates, grew 20.0% to $5.33 million, up from $4.44 million. But, combined insurance and securities brokerage earnings declined 12.3% to $6.37 million, down from $7.26 million. Trust, BOLI and combined insurance and securities brokerage earnings comprised, respectively, 12.0%, 10.8% and 12.9% of noninterest income, which surged 155% to $49.23 million, up from $19.33 million in 2009, when the company recorded $36.19 million in net impairment losses.

Net interest income on a 3.87% net interest margin in 2010 climbed 30.6% to $154.38 million, up from $118.24 million in 2009, as interest expense was cut by over $25 million and loan loss provisions were slashed by $39 million to $61.55 million. Net income of $22.98 million contrasted with a net loss of $20.06 million in 2009, when net impairment losses reached $36.19 million. First Commonwealth Financial President and CEO John Dolan said, "Modifying the risk profile of our balance sheet was a major strategic initiative throughout 2010…. We believe we are well-positioned structurally to take advantage of 2011 market opportunities."

In 2009, First Commonwealth Financial reported $3.18 million in insurance brokerage income, which comprised 5.8% of its noninterest income and 1.2% of its net operating revenue. The company ranked 51st in insurance brokerage earnings among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

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MARKET DRIVES TRUST EARNINGS UP 21.7% AT WESBANCO

Wheeling, WV-based, $5.4 billion-asset WesBanco reported new business, market improvements and revised fee schedules drove fourth quarter trust fees up 21.7% to $4.38 million from $3.60 million in fourth quarter 2009, and a benefit claim propelled bank-owned life insurance (BOLI) earnings up 78.2% to $1.72 million from $963,000. Net insurance services revenue also increased, rising 6.5% to $653,000 from $613,000, but net securities brokerage revenue fell 13% to $922,000, down from $1.06 million in fourth quarter 2009. Trust, BOLI, insurance, and securities brokerage comprised, respectively, 29.2%, 11.5%, 4.4% and 6.1% of noninterest income, which fell 13.3% to $15 million, down from $17.29 million in fourth quarter 2009, when the company recorded $2.11 million in net securities gains.

Fourth quarter net interest income on a 3.66% net interest margin climbed 25% to $32.7 million, up from $26.2 million in fourth quarter 2009, reflecting a $4.73 million drop in loan loss provisions to $9.63 million and an almost $7 million cut in interest expense. Net income jumped 41.3% to $10.3 million, up from $7.3 million in fourth quarter 2009, helped especially by decreased loss provisions and expenses.

For the year 2010, WesBanco reported trust fees climbed 15.2% to $15.84 million, up from $13.75 million in 2009; net securities brokerage revenue grew 9.5% to $4.56 million, up from $4.17 million; net insurance brokerage revenue rose 1% to $2.35 million, up from $2.33 million, but BOLI earnings slipped 2.6% to $4.51 million, down from $4.62 million. Trust, securities brokerage, net insurance brokerage, and BOLI earnings comprised, respectively, 26.6%, 7.7%, 3.9% and 7.6% of noninterest income, which slid 8% to $59.60 million, down from $64.59 million in 2009, when the net loss on other real estate owned (OREO) was $3.38 million lower and net securities gains were $2.69 million higher.

Year 2010 net interest income on a 3.60% net interest margin grew 12.5% to $121.51 million, up from $108.00 million, driven by a $5.79 million drop in loan loss provisions to $44.58 million and a $28.55 million cut in interest expense. Net income for the year jumped 90.4% to $35.6 million, up from $18.7 million in 2009. With positive quarter over quarter and year over year performance, WesBanco President and CEO Paul Limbert said, "The challenges of a slow recovery and increased regulatory burden have been mitigated by successes in managing our core businesses."

In 2009, WesBanco reported $9.90 million in fiduciary income, which comprised 16.8% of its noninterest income and 4.6% of its net operating revenue. The company ranked 30th in trust earnings among bank holding companies with assets over $10 billion, according to the *Michael White Bank Trust Fee Income Ratings Report*.

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COMMUNITY BANK SYSTEM RECORDS RISING BENEFITS ADMINISTRATION, TRUST AND ASSET MANAGEMENT FEES

Syracuse, NY-based, $5.4 billion-asset Community Bank System reported combined benefits plan administration, consulting and actuarial fees generated by its Benefit Plans Administrative Services subsidiary remained steady at $7.20 million in fourth quarter 2010 compared to fourth quarter 2009, while combined trust investment and asset management (TIAM) fees also remained steady at $2.39 million, up from $2.38 million. Benefit plan fees and TIAM fees comprised, respectively, 33.1% and 11.0% of noninterest income, which rose 0.3% to $21.78 million, up from $21.72 million in fourth quarter 2009.

Net interest income on a 4.07% net interest margin in the fourth quarter grew 9.5% to $44.20 million, up from $40.36 million in fourth quarter 2009, reflecting primarily a $3 million drop in interest expense. Net income jumped 69.6% to $15.89 million, up from $9.37 million in fourth quarter 2009, when the company recorded a $3.08 million goodwill impairment.

For the year 2010, benefit plan-associated fees increased 6.7% to $29.62 million, up from $27.77 million in 2009, and TIAM fees grew 13.9% to $9.83 million, up from $8.63 million. Benefit plan fees and TIAM comprised, respectively, 33.4% and 11.1% of noninterest income, which rose 6.3% to $88.79 million, up from $83.54 million in 2009, despite a $2 million drop in deposit services fees.

Year 2010 net interest income on a 4.04% net interest margin climbed 12.1% to $174.48 million, up from $155.71 million in 2009, driven by a $2.58 million drop in loan loss provisions to $7.21 million and a $16.68 million cut in interest expense. Net income jumped 52.8% to a record $63.32 million, up from $41.45 million in 2009. Community Bank System President and CEO Mark Tryniski said, "Our record earnings in 2010 reflect the effectiveness of our disciplined and balanced approach to business regardless of economic or market conditions."

In 2009, Community Bank System reported $39.8 million in "other" noninterest income (primarily benefit plan fees). "Other" noninterest income comprised 47.7% of its noninterest income and 16.0% of its net operating revenue. The company ranked 24th in "other" noninterest income among U.S. bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White Bank Noninterest Fee Income Ratings Report*.

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GROWING INSURANCE, TRUST, RETIREMENT PLAN ADMINISTRATION AND BOLI EARNINGS COMPRISE 49% OF NONINTEREST INCOME AT NBT

Norwich, NY-based, $5.3 billion-asset NBT Bancorp reported fourth quarter 2010 insurance and other financial services revenue grew 13.9% to $4.33 million, up from $3.80 million in fourth quarter 2009; retirement plan administration fees rose 0.7% to $2.76 million, up from $2.74 million; and trust earnings climbed 20.2% to $2.26 million, up from $1.88 million, but bank-owned life insurance (BOLI) income slid 4.2% to $872,000, down from $910,000 in fourth quarter 2009. Insurance, retirement plan administration, trust and BOLI earnings comprised, respectively, 19.5%, 12.4%, 10.2%, and 3.9% of noninterest income, which grew 12.0% to $22.24 million, up from $19.85 million in fourth quarter 2009, despite a $1.2 million drop in service charges on account deposits.

Fourth quarter 2010 net interest income on a 4.09% net interest margin rose 1.9% to $43.81 million, up from $42.98 million in fourth quarter 2009, reflecting a $2 million drop in loan loss provisions to $6.69 million and a $4.5 million cut in interest expense. Net income increased 4.6% to $14.4 million, up from $13.8 million in fourth quarter 2009.

For the year 2010, insurance and other financial services revenue rose 6.4% to $18.87 million, up from $17.73 million in 2009; trust earnings grew 14.9% to $7.72 million, up from $6.72 million; retirement plan administration fees grew 14.0% to $10.36 million, up from $9.09 million, and BOLI income ticked up 2.5% to $3.22 million from $3.14 million in 2009. Insurance, trust, retirement plan administration and BOLI earnings comprised, respectively, 22.5%, 9.2%, 12.3%, and 3.8% of noninterest income, which rose 4.7% to $83.89 million from $80.13 million in 2009, despite a $3.12 million drop in service charges on account deposits.

Year 2010 net interest income in 2010 on a 4.15% net interest margin increased 5.9% to $172.72 million, up from $163.08 million in 2009, driven by a $23.71 million cut in interest expense and a $4.5 million drop in loan loss provisions to $29.81 million. Net income grew 10.4% to $57.4 million, up from $62.8 million in 2009, as the company "focused on aggressively managing our conservative banking strategy and continued strategic investment and new market expansion to support future growth," NBT Bancorp President and CEO Martin Dietrich said.

In 2009, NBT Bancorp reported $13.7 million in insurance brokerage fee income, which comprised 17.1% of its noninterest income and 5.0% of its net operating revenue. The company ranked 10th in insurance brokerage income among U.S. bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

MARCH 14 - 20, 2011

INSURANCE BROKERAGE & TRUST EARNINGS CLIMB HIGHER AT RENASANT CORP.

Tupelo, MS-based, $4.3 billion-asset Renasant Corp. reported insurance brokerage fee income in fourth quarter 2010 climbed 30.5% to $916,000, up from $705,000 in fourth quarter 2009, and trust revenue grew 12.0% to $626,000, up from $559,000. Insurance brokerage and trust comprised, respectively, 6.3% and 4.3% of noninterest income, which increased 8.4% to $14.55 million, up from $13.42 million in fourth quarter 2009.

Net interest income on a 3.43% net interest margin in fourth quarter 2010 jumped 43.3% to $24.36 million, up from $17.00 million in fourth quarter 2009, reflecting loans acquired in the New Orleans, LA-based, $577 million-asset Crescent acquisition, a $3.43 million drop in interest expense, and a $2.3 million cut in loan loss provisions. Net income rose 17.1% to $4.72 million, up from $4.03 million in fourth quarter 2009, helped by noninterest earnings, which the company described as "key sources of revenues."

In 2009, Renasant reported $3.85 million in insurance brokerage income, which comprised 7.1% of its noninterest income and 2.5% of its net operating revenue. The company ranked 45th in insurance brokerage earnings among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

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GROWING INSURANCE & WEALTH MANAGEMENT EARNINGS COMPRISE 34.3% OF S&T'S 2010 NONINTEREST INCOME

Indiana, PA-based, $4.1 billion-asset S&T Bancorp reported wealth management revenue in fourth quarter 2010 increased 6.8% to $2.05 million, up from $1.92 million in fourth quarter 2009, while insurance brokerage fee income slipped 1.1% to $1.86 million, down from $1.88 million. Wealth management and insurance brokerage earnings comprised, respectively, 17.1%, and 15.5% of noninterest income, which rose 5.5% to $11.99 million, up from $11.37 million in fourth quarter 2009.

Fourth quarter 2010 net interest income on a 4.06% net interest margin grew 24.1% to $33.91 million, up from $27.33 million in fourth quarter 2009, reflecting an almost $7 million drop in loan loss provisions to $3.5 million and a $2.79 million cut in interest expense.

For the year 2010, insurance brokerage earnings grew 7.2% to $8.31 million, up from $7.75 million in 2009, and wealth management revenue rose 4.1% to $7.81 million, up from $7.50 million. Insurance brokerage and wealth management earnings comprised, respectively, 17.7% and 16.6% of noninterest income, which increased 7.5% to $46.94 million, up from $43.67 million in 2009, when the company recorded $5.09 million in net securities losses.

Net interest income on a 4.05% net interest margin in 2010 jumped 58.7% to $125.14 million, up from $78.83 million in 2009, reflecting a $47 million drop in loan loss provisions to $25.34 million and a $14.54 million cut in interest expense. Net income grew 7.5% to $46.94 million, up from $43.67 million in 2009. S&T Bancorp President and CEO Todd Brice said S&T expects "positive momentum to continue into 2011" despite cautious borrowers and new regulations on deposit service charges that "challenge our fee revenue."

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TRUST, INSURANCE, BROKERAGE & BOLI UP AT HEARTLAND FINANCIAL

Dubuque, IA-based, $4 billion-asset Heartland Financial USA reported trust fees in fourth quarter 2010 grew 12.5% to $2.43 million, up from $2.16 million in fourth quarter 2009; brokerage and insurance commissions climbed 36.0% to $948,000, up from $697,000, and bank-owned life insurance (BOLI) income grew 27.9% to $463,000, up from $362,000. Trust fees, combined brokerage and insurance commissions and BOLI earnings comprised, respectively, 13.3%, 5.2% and 2.5% of noninterest income, which jumped 36.8% to $18.29 million, up from $13.37 million in fourth quarter 2009, as mortgage loan sales and a valuation adjustment on mortgage servicing rights grew.

Net interest income on a 4.05% net interest margin in fourth quarter 2010 climbed 12.7% to $26.99 million, up from $23.95 million in fourth quarter 2009, reflecting a $4.5 million cut in interest expense and an almost $2 million drop in loan loss provisions to $8.86 million. Net income of $5.20 million compared with a net loss of $9.17 million in fourth quarter 2009, when the company took a $12.66 million goodwill impairment charge.

For the year 2010, trust fees climbed 18.5% to $9.21 million, up from $7.77 million in 2009; combined brokerage and insurance commissions rose 1.9% to $3.18 million, up from $3.12 million; and BOLI income jumped 47.0% to $1.47

million, up from $1 million. Trust, combined brokerage and insurance, and BOLI earnings comprised, respectively, 17.6%, 6.1% and 2.8% of noninterest income, which slipped 0.7% to $52.33 million, down from $52.70 million in 2009.

Net interest income on a 4.12% net interest margin in 2010 climbed 18.4% to $110.54 million, up from $93.39 million in 2009, reflecting a $14.65 million cut in interest expenses and a $7.2 million drop in loan loss provisions to $32.51 million. Net income surged fourteen-fold to $18.56 million, up from $1.22 million in 2009, when the $12.66 million in goodwill impairment charges were recorded. Heartland Financial Chairman, President and CEO Lynn Fuller commented on "nice improvement in revenues in our Wealth Management Group and Investment Services divisions" and pointed to the company's "concerted efforts in weathering the difficult credit conditions that have significantly impacted the banking industry."

In 2009, Heartland Financial's $7.77 million in fiduciary income comprised 21.4% of its noninterest income and 4.6% of net operating revenue. The company ranked 17th in fiduciary income among U.S. bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White Bank Trust Fee Income Ratings Report*.

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INSURANCE & INVESTMENT SERVICES EARNINGS COMPRISE 58.6% OF TOMPKINS 2010 NONINTEREST INCOME

Ithaca, NY-based, $3.26 billion-asset Tompkins Financial reported Tompkins Insurance Agencies generated $3.02 million in insurance brokerage income in fourth quarter 2010, achieving 5.2% growth over $2.87 million earned in fourth quarter 2009. Tompkins Financial Advisors generated $3.56 million in investment services income, up 1.7% from $3.50 million. Insurance brokerage and investment services fee income comprised, respectively, 24.9% and 29.3% of noninterest income, which rose 1.2% to $12.28 million, up from $12.14 million in fourth quarter 2009, despite a half million dollar drop in service charges on account deposits.

Net interest income on a 3.75% net interest margin in fourth quarter 2010 rose 5.1% to $26.43 million, up from $25.14 million in fourth quarter 2009, reflecting a $1.3 million decrease in loan loss provisions to $1.43 million and a $2.2 million cut in interest expense. Net income increased 8.3% to $8.89 million, up from $8.21 million in fourth quarter 2009.

For the year 2010, insurance commissions and fees rose 3.5% to $12.74 million, up from $12.31 million in 2009, and investment services income grew 7.5% to $14.33 million, up from $13.33 million. Insurance and investment services earnings comprised, respectively, 27.6% and 31.0% of noninterest income, which slipped 0.1% to $46.16 million, down from $46.21 million in 2009, impacted by a $780,000 drop in service charges on account deposits.

Net interest income in 2010 on a 3.86% net interest margin grew 5.6% to $103.27 million, up from $97.75 million in 2009, reflecting a $7.5 million cut in interest expense and a $781,000 decline in loan loss provisions to $8.51 million. Driven by decreased interest expenses and loan loss provisions, net income rose 6.2% to a record $33.81 million, up from $31.83 million in 2009. Tompkins Financial President and CEO Stephen Romaine said, "Our commitment to a strategy of long term sustainable growth is what has allowed us to continue our long history of earnings and dividend growth, even during the challenging economic environment of recent years."

In 2009, Tompkins Financial's $12.31 million in insurance brokerage fee income comprised 26.7% of its noninterest income and 8.0% of its net operating revenue. The company ranked 12th in insurance brokerage income among U.S. bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

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WEALTH MANAGEMENT JUMPS 52% IN 4Q AT ENTERPRISE FINANCIAL

St. Louis, MO-based, $2.81 billion-asset Enterprise Financial Services reported wealth management revenue in fourth quarter 2010 jumped 52.0% to $1.52 million, up from $1.00 million in fourth quarter 2009, and comprised 35.9% of noninterest income, which fell 9.5% to $3.83 million, down from $4.23 million in fourth quarter 2009, when the company recorded a $2.06 million gain on the extinguishment of debt.

Net interest income on a 4.44% net interest margin in fourth quarter 2010 soared 143.7% to $23.20 million, up from $9.52 million in fourth quarter 2009, helped by the FDIC-assisted acquisitions of Home National and Scottsdale, AZ-based Legacy Bank, a $5.1 million drop in loan loss provisions to $3.33 million and a $2.19 million cut in interest expense. Net income of $6.4 million contrasted with a net loss of $850,000 in fourth quarter 2009. Enterprise Bank & Trust President and CEO Peter Benoist said, "Double digit increases in Wealth Management revenues and a strong emphasis on expense management have contributed to strengthening our operating results."

For the year 2010, wealth management revenue grew 20.4% to $5.44 million, up from $4.52 million in 2009 and comprised 28.6% of noninterest income, which declined 4.5% to $18.99 million, down from $19.88 million in 2009, when Enterprise recorded a $7.39 million gain on the extinguishments of debt.

Net interest income in 2010 jumped 85.8% to $54.30 million, up from $29.23 million in 2009, reflecting the FDIC-assisted HomeBank and Legacy acquisitions and a $16.43 million slash in interest expense and a $6.67 million decline in loan loss provisions to $33.74 million. Net income of $9.1 million compared with a net loss of $48 million in 2009.

In 2009, Enterprise Financial reported $4.94 million in fiduciary income, which comprised 20.0% of its noninterest income. The company ranked 63rd in fiduciary income among U.S. bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White Bank Trust Fee Income Ratings Report*.

MARCH 14 - 20, 2011

CITY HOLDING CONTINUES TO BENEFIT FROM CLIMBING INSURANCE, TRUST AND INVESTMENT MANAGEMENT & BOLI REVENUES

Charleston, WV-based, $2.64 billion-asset City Holding Company reported insurance commissions in fourth quarter 2010 climbed 35.1% to $1.50 million, up from $1.11 million in fourth quarter 2009. Trust and investment management (TIM) fee income grew 31.1% to $720,000, up from $549,000. Bank-owned life insurance (BOLI) income remained basically stable at $751,000. Insurance brokerage, TIM and BOLI earnings comprised, respectively, 12.6%, 6.0%, and 6.3% of noninterest income, which declined 7.8% to $11.91 million, down from $12.92 million in fourth quarter 2009, impacted $400,00 in decreased service charges on account deposits and a $344,000 increase in net securities impairment losses.

Net interest income on a 3.92% net interest margin in fourth quarter 2010 decreased 6.7% to $20.62 million, down from $22.11 million in fourth quarter 2009, as a $2 million cut in expense was countered by an almost $1 million increase in loan loss provisions to $2.34 million. Net income, reflecting overall performance, fell 10.6% to $9.91 million, down from $11.08 million in fourth quarter 2009.

For the year 2010, insurance brokerage fee income slipped 1.6% to $5.49 million, down from $5.58 million in 2009, while TIM income grew 18.4% to $2.77 million, up from $2.34 million, and BOLI earnings rose 4.0% to $3.40 million, up from $3.27 million in 2009. Insurance, TIM and BOLI earnings comprised, respectively, 12.5%, 6.3%, and 7.7% of noninterest income, which fell 15.5% to $43.94 million, down from $51.98 million, as service charges on deposit accounts dropped by $5 million.

Net interest income on a 4.06% net interest margin in 2010 slipped 1.4% to $87.20 million, down from $88.44 million in 2009, despite an $8.67 million cut in interest expense and basically stable loan loss provisions of $7.09 million. Net income also declined, falling 8.7% to $38.96 million, down from $42.65 million in 2009. City Holding President and CEO Charles Hageboeck said, "Changes mandated in Regulation E and a general decline in consumer spending adversely affected our service fee revenues … and net impairment losses primarily tied to our portfolio of community bank equity positions" impacted year 2010 results. He added, however, "City remains one of the most profitable and well-capitalized publicly traded banks in the U.S."

In 2009, City Holding reported $5.58 million in insurance brokerage fee income, which comprised 9.8% of its noninterest income and 3.7% of its net operating revenue. The company ranked 30th in insurance brokerage income among U.S. bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

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ANNUITY & MUTUAL FUND SALES DRIVE BROKERAGE & INSURANCE EARNINGS AT BANK MUTUAL

Milwaukee, WI-based, $2.59 billion-asset Bank Mutual Corp. reported brokerage and insurance commissions in fourth quarter 2010 rose 5.2% to $752,000, up from $715,000 in fourth quarter 2009, driven by increased tax-deferred annuity sales. Brokerage and insurance commissions comprised 12.0% of noninterest income, which increased 3.8% to $6.28 million, up from $6.05 million in fourth quarter 2009.

The company reported a net interest loss of $25.87 million in fourth quarter 2010, as loan loss provisions tied to commercial properties surged over $30 million to $33.94 million, undermining a $5 million cut in interest expense. A net quarter loss of $76.4 million compared with net income of $1.5 million in fourth quarter 2009 and reflected a $53.6 million charge tied to the repayment of borrowings from the Federal Home Loan Bank (FHLB) of Chicago.

For the year 2010, brokerage and insurance commissions grew 10.1% to $3.07 million, up from $2.79 million in 2009, driven by annuity and mutual fund sales, and comprised 7.6% of noninterest income, which climbed 28.2% to $40.60 million, up from $31.68 million, helped by a $15.97 million net gain on investments.

A net interest loss of $3.33 million compared to net interest income of $55.62 million in 2009, and reflected, primarily, a $37.2 million spike in loan loss provisions to $49.62 million, again, related to commercial properties. A net loss of $72.6 million compared to net income of $13.7 million in 2009. Bank Mutual Chairman and CEO Michael Crowley said the company's losses reflected the payback of the FHLB loan and elevated loan loss provisions. Regarding the latter, Crowley said, "We noted a substantial increase in the number of our commercial real estate borrowers whose properties were experiencing increased vacancies, declining lease rates or delays in unit sales, as well as continued declines in real estate values."

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GROWING INSURANCE & TRUST EARNINGS COMPRISE 43% OF NONINTEREST INCOME AT COBIZ

Denver, CO-based, $2.4 billion-asset CoBiz Financial reported insurance brokerage fee income in fourth quarter 2010 climbed 21.7% to $3.14 million, up from $$2.58 million in fourth quarter 2009, while trust and investment advisory (TI) income slipped 2.9% to $1.32 million, down from $1.36 million. Insurance and TI earnings comprised, respectively, 30.3% and 12.7% of noninterest income, which jumped 59.6% to $10.36 million, up from $6.49 million in fourth quarter 2009, helped by a $2.6 million increase in investment banking income.

Net interest income on a 4.26% net interest margin in fourth quarter 2010 soared 143% to $20.5 million, up from $8.44 million in fourth quarter 2009, driven by a $1.7 million cut in interest expense and a $13 million drop in loan loss provisions to $3.52 million. Net income of $2.38 million compared to a net loss of $5.47 million in fourth quarter 2009. CoBiz Chairman and CEO Steve Bangert said, "During a very challenging financial period, we made some difficult decisions, opting to invest in building and upgrading our business development team…. I am glad to see our efforts beginning to pay off."

In 2009, CoBiz Financial reported $11.77 million in insurance brokerage income, which comprised 49.7% of its noninterest income and 9.2% of its net operating revenue. The company ranked 14th in insurance brokerage earnings among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

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INSURANCE, TRUST & BOLI CLIMB AT FIRST DEFIANCE

Defiance, OH-based, $2.04 billion-asset First Defiance Financial Corp reported insurance and investment sales commissions in fourth quarter 2010 grew 20.4% to $1.3 million, up from $1.08 million in fourth quarter 2009. Bank-owned life insurance (BOLI) income rose 4.6% to $229,000, up from $219,000, and trust income grew 23.9% to $135,000, up from $109,000. Combined insurance and investment commissions, BOLI and trust earnings comprised, respectively, 17.2%, 3.0%, and 1.8% of noninterest income, which jumped 35.3% to $7.55 million, up from $5.58 million in fourth quarter 2009, when the company recorded $1.40 million in impairment on securities.

Net interest income on a 3.89% net interest margin in fourth quarter 2010 climbed 33.6% to $12.10 million, up from $9.06 million in fourth quarter 2009, reflecting a $2 million cut in interest expense and an almost $3 million drop in loan loss provisions to $5.65 million. Net income surged more than threefold to $2.3 million, up from $555,000 in fourth quarter 2009.

For year 2010, insurance and investment commissions rose 2.4% to $5.14 million, up from $5.02 million in 2009; BOLI income jumped 106.5% to $1.15 million, up from $557,000; and trust income grew 22.2% to $507,000, up from $415,000 in 2009. Combined insurance and investment commissions, BOLI and trust earnings comprised, respectively, 18.6%, 4.2% and 1.8% of noninterest income, which increased 4.9% to $27.59 million, up from $26.30 million in 2009, when the company reported $3.94 million in impairment in securities compared to $331,000 in 2010.

Net interest income in 2010 rose 6.6% to $46.99 million, up from $44.09 million in 2009, reflecting a $7.56 million cut in interest expenses, as loan loss provisions remained stable at just over $23 million. Net income grew 12.5% to $8.1 million, up from $7.2 million in 2009. First Defiance Financial Chairman, President and CEO William Small said, "I am pleased to report that despite the very difficult operating environment in 2010, First Defiance Financial was once again profitable." Small added, "We are still dealing with uncertainty in the commercial real estate market and stubbornly high unemployment rates in our region."

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FIDUCIARY & INSURANCE EARNINGS DRIVE POSITIVE 4Q PERFORMANCE AT ARROW FINANCIAL

Glens Falls, NY-based, $1.91 billion-asset Arrow Financial President and CEO Thomas Hoy said, "Our [fourth quarter 2010] performance was led by a substantial increase in our noninterest income for the quarter, which consisted primarily of growth in fee income from fiduciary activities, insurance commissions and net gains on the sale of loans." Fiduciary income rose 6.3% to $1.35 million, up from $1.27 million in fourth quarter 2009, and insurance commissions jumped 40.7% to $830,000, up from $590,000. Fiduciary income and insurance earnings comprised, respectively, 28.5% and 17.5% of noninterest income, which grew 24.4% to $4.74 million, up from $3.81 million in fourth quarter 2009.

Net interest income on a 3.30% net interest margin in fourth quarter 2010 decreased 4.2% to $14.57 million, down from $15.21 million in fourth quarter 2009, despite a $258,000 drop in loan loss provisions to $177,000 and a $619,000 cut in interest expense. Bolstered by noninterest earnings, net income rose 1.4% to $5.19 million, up from $5.12 million in fourth quarter 2009.

For year 2010, fiduciary income increased 7.6% to $5.39 million, up from $5.01 million in 2009, and insurance commissions grew 24.1% to $2.99 million, up from $2.41 million in 2009. Fiduciary and insurance earnings comprised, respectively, 28.2% and 15.7% of noninterest income, which slid 2.6% to $19.09 million, down from $19.59 million in 2009, when the company recorded a $2.97 million gain on the sale of its merchant bankcard processing business.

Net interest income on a 3.58% net interest margin in 2010 rose 2.4% to $59.98 million, up from $58.58 million in 2009, reflecting, primarily, a $2.80 million cut in interest expense. Net income ticked up 0.5% to a record $21.89 million from $21.79 million in 2009. Hoy said, "We continue to believe in our conservative business model."

In 2009, Arrow Financial reported $2.41 million in insurance brokerage income and $3.56 million in fiduciary income, which comprised, respectively, 12.3% and 18.2% of its noninterest income. The company ranked 57th in insurance brokerage earnings and 77th in fiduciary income among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report* and the *Michael White Bank Trust Fee Income Ratings Report*.

MARCH 21 - 27, 2011

TRUST, BROKERAGE & BOLI EARNINGS DRIVE CLIMBING NONINTEREST INCOME AT S.Y. BANCORP

Louisville, KY-based, $1.9 billion-asset S.Y. Bancorp reported trust and investment management (TIM) income in fourth quarter 2010 climbed 24.8% to $3.72 million, up from $2.98 million in fourth quarter 2009; brokerage commissions and fees grew 32.8% to $652,000, up from $491,000, and bank-owned life insurance (BOLI) income rose 0.8% to $253,000, up from $251,000. TIM, brokerage commissions and BOLI earnings comprised, respectively, 38.8%, 6.8% and 2.6% of noninterest income, which climbed 29.6% to $9.58 million, up from $7.39 million in fourth quarter 2009, "led by ongoing growth in investment management and trust income," S.Y. said.

Net interest income on a 3.92% net interest margin in the fourth quarter jumped 35.5% to $13.63 million, up from $10.06 million in fourth quarter 2009, reflecting $1.78 million drop in loan loss provisions to $3.70 million, and a $1.39 million cut in interest expense. With a $1.5 million drop in noninterest expense, net income more than doubled to $6.05 million, up from $2.88 million in 2009.

For the year 2010, trust and investment management (TIM) income grew 18.6% to $13.26 million, up from $11.18 million in 2009; brokerage commissions and fees climbed 22.3% to $2.14 million, up from $1.75 million; and BOLI income rose 0.7% to $995,000, up from $988,000. TIM, brokerage commissions and BOLI earnings comprised, respectively, 39.3%, 6.3% and 2.9% of noninterest income, which grew 12.3% to $33.74 million, up from $30.04 million in 2009, as "our investment management and trust department" generated "new fee income from both an expanding client base and a rebounding stock market," S.Y. Bancorp Chairman and CEO David Heintzman said.

Net interest income on a 3.93% net interest margin in 2010 climbed 20.7% to $55.41 million, up from $45.90 million in 2009, driven by a $1.3 million drop in loan loss provisions to $11.47 million and a $5.91 million cut in interest expense. Net income reflected increased overall earnings and jumped 40.7% to $22.95 million, up from $16.31 million in 2009. Heintzman said, "We credit our success in 2010 to a broad-based strategy that capitalizes on our strong community bank presence … and the diversification of our revenue sources."

In 2009, S.Y. Bancorp's $1.75 million in securities brokerage income comprised 5.4% of its noninterest income and 1.9% of net operating revenue. The company ranked 36th in securities brokerage income among U.S. bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White Bank Securities Brokerage Fee Income Ratings Report*.

MARCH 21 - 27, 2011

TRUST & INVESTMENT MANAGEMENT INCOME CONTINUES UP AT PEOPLES

Marietta, OH-based, $1.8 billion-asset Peoples Bancorp reported insurance brokerage fee income in fourth quarter 2010 slipped 2.5% to $1.96 million, down from $2.01 million in fourth quarter 2009. Bank-owned life insurance (BOLI) income dropped 53.7% to $113,000, down from $244,000, but trust and investment management (TIM) income rose 9.7% to $1.36 million, up from $1.24 million. Insurance, TIM and BOLI earnings comprised, respectively, 24.2%, 1.4% and 16.8% of noninterest income, which increased 4.1% to $8.10 million, up from $7.78 million in fourth quarter 2009, helped by an almost doubling of mortgage banking income to $710,000.

Net interest income on a 3.44% net interest margin in fourth quarter 2010 fell 17.9% to $7.11 million, down from $8.66 million in fourth quarter 2009, despite a $2.82 million cut in interest expense and a modest $196,000 increase in loan loss provisions to $6.95 million. Net income for the quarter totaled $55,000.

For the year 2010, insurance brokerage fee income declined 5.8% to $8.85 million, down from $9.39 million in 2009, impacted by "lower commercial insurance activity due to the weak economy and competitive pricing of premiums by underwriters," Peoples Bancorp Chief Financial Officer Edward Sloane said. BOLI income also fell, dropping 42.1% to $608,000, down from $1.05 million, but TIM income grew 13.3% to $5.35 million, up from $4.72 million in 2009. Insurance, TIM and BOLI earnings comprised, respectively, 28.0%, 1.9% and 16.9% of noninterest income, which slipped 1.3% to $31.63 million, down from $32.05 million in 2009, when deposit account services charges were $809,000 higher.

Net interest income in 2010 fell 8.7% to $32.99 million, down from $36.12 million in 2009, despite a $10.83 million cut in interest expense. Net income totaled $3.5 million. Sloane said, "In 2010 we saw the benefits of a diversified revenue stream as economic conditions and regulatory charges challenged certain revenue sources."

In 2009, Peoples Bancorp's $9.39 million in insurance brokerage fee income comprised 29.4% of its noninterest income and 10.0% of its net operating revenue. The company ranked 18th in insurance brokerage income among U.S. bank holding companies with assets between $1 billion and $10 billion, according to the Michael White-Prudential Bank Insurance Fee Income Report.

MARCH 21 - 27, 2011

SOLID INSURANCE EARNINGS COMPRISE 18.6% OF NONINTEREST INCOME AT FIRST M&F

Kosciusko, MS-based, $1.6 billion-asset First M&F Corp. reported insurance brokerage fee income in fourth quarter 2010 ticked up 0.9% to $864,000 from $856,000 in fourth quarter 2009, and combined fiduciary and brokerage income rose 2.6% to $120,000, up from $117,000. Insurance and combined fiduciary and brokerage income comprised, respectively, 17.4% and 2.4% of noninterest income, which increased 12.0% to $4.96 million, up from $4.43 million in fourth quarter 2009, helped by a $537,000 gain in AFS securities.

Net interest income on a 3.57% net interest margin in fourth quarter 2010 reached $10.09 million and contrasted with a net interest loss of $3.57 million in fourth quarter 2009, when loan loss provisions were $13.5 million higher and interest expense was almost $2 million higher. Net income of $267,000 contrasted with a net loss of $27.49 in fourth quarter 2009.

For the year 2010, insurance brokerage fee income slipped 1.8% to $3.81 million, down from $3.88 million in 2009, but fiduciary/brokerage income rose 7.6% to $526,000, up from $489,000. Insurance brokerage and fiduciary earnings comprised, respectively, 18.6% and 2.6% of noninterest income, which rose 2.8% to $20.52 million, up from $19.97 million in 2009, helped by $2.26 million in gains on AFS securities.

Net interest income reached $38.58 million and contrasted with a net interest loss of $2.01 million in 2009, when interest expense and loan loss provisions were, respectively, $7.35 million and $40.39 million higher. Net income of $15.07 million, including a $12.87 million gain on the exchange of preferred stock, contrasted with a net loss of $60.66 million available to common shareholders in 2009.

In 2009, First M&F Corp.'s $3.88 million in insurance brokerage fee income comprised 26.6% of its noninterest income and 6.2% of its net operating revenue. The company ranked 44th in insurance brokerage income among U.S. bank holding companies with assets between $1 billion and $10 billion, according to Michael White-Prudential Bank Insurance Fee Income Report.

MARCH 21 - 27, 2011

INSURANCE COMPRISED 66% OF SUMMIT FINANCIAL'S 2010 NONINTEREST INCOME

Moorefield, WV-based, $1.48 billion-asset Summit Financial Group reported insurance brokerage fee income in fourth quarter 2010 slid 6.7% to $1.09 million, down from $1.16 million in fourth quarter 2009, but contrasted with a 15.6% fall in service fee income. Insurance income was the largest contributor to noninterest earnings, which dropped 74.3% from fourth quarter 2009 to $737,000, reflecting a $1.21 million write down on other real estate owned and $850,000 in other than temporary impairment of securities.

Net interest income on a 3.19% net interest margin in fourth quarter 2010 soared 120% to $7.44 million, reflecting a $2.34 million cut in interest expense. Net income of $836,000 contrasted with a net loss of $508,000 in fourth quarter 2009.

For the year 2010, insurance brokerage fee income slid 6% to $4.74 million, down from $5.05 million in 2009, and comprised 65.7% of noninterest income, which grew 25% to $7.22 million, up from $5.80 million in 2009.

Net interest income on a 2.96% net interest margin in 2010 fell 19% to $18.80 million, down from $23.22 million in 2009, despite an $6.47 million cut in interest expense, as loan loss provisions increased by $1 million to $21.35 million. With noninterest expenses totaling $30.95 million, Summit reported a net loss of $2.27 million, which contrasted with a net loss of $790,000 in 2009. Summit Financial President and CEO H. Charles Maddy III said, "Our primary focus remains to reduce our portfolio of nonperforming assets." He added, "We are hopeful that the profit we reported in the fourth quarter will serve as a baseline for profitability as we move into 2011."

In 2009, Summit Financial Group reported $5.05 million in insurance brokerage fee income, which comprised 49.8% of its noninterest income and 9.4% of its net operating revenue. The company ranked 36th in insurance brokerage income among U.S. bank holding companies with assets between $1 billion and $10 billion, according to the Michael White-Prudential Bank Insurance Fee Income Report.

MARCH 28 - APRIL 3, 2011

INSURANCE BROKERAGE EARNINGS DOMINATE 57.8% OF VIST'S 2010 NONINTEREST INCOME

Wyomissing, PA-based, $1.43 billion-asset VIST Financial reported "a decrease in contingency income on insurance products sold through VIST Insurance" accounted for a 9.2% decrease in insurance brokerage fee income in fourth quarter 2010 to $2.72 million, down from $3.00 million in fourth quarter 2009. In contrast, brokerage and investment advisory commissions and fees jumped 43.3% to $172,000, up from $120,000, and bank-owned life insurance (BOLI) earnings rose 9.0% to $121,000, up from $111,000. Insurance brokerage, brokerage and investment advisory commissions, and BOLI earnings comprised, respectively, 57.0%, 3.6% and 2.5% of noninterest income, which rose 7.8% to $4.77 million, up from $4.43 million in fourth quarter 2009, despite a 26% drop in customer service fees to $436,000, down from $589,000 in fourth quarter 2009.

Net interest income on a 3.43% net interest margin in fourth quarter 2010 grew 14.8% to $8.70 million, up from $7.58 million in fourth quarter 2009, primarily reflecting a $718,000 cut in interest expense and a stabilizing of loan loss provisions at $2.05 million. Net income soared 214% to $1.35 million, up from $429,000 in fourth quarter 2009, before the company acquired Bala Cynwyd, PA-based Allegiance Bank of North America in an FDIC-assisted purchase.

For the year 2010, insurance brokerage fee income slipped 2.8% to $11.92 million, down from $12.25 million in 2009, when contingency fees were higher. Brokerage and investment advisory fees and commissions rose 3.2% to $737,000, up from $714,000, and BOLI income increased 8.2% to $423,000, up from $391,000. Insurance earnings dominated noninterest income, comprising 57.8% of that revenue, while brokerage and investment advisory and BOLI earnings comprised, respectively, 3.6% and 2.1%. Noninterest income grew 18.3% to $20.62 million, up from $17.43 million in 2009, helped by a $1.88 million gain on the sale of a 25% equity interest in First HSA and a $1.60 million reduction in net credit impairment losses to $850,000.

Net interest income on a 3.44% net interest margin in 2010 grew 13.7% to $30.53 million, up from $26.85 million in 2009, despite a $1.64 million increase in loan loss provisions to $10.21 million and helped by an almost $4 million cut in interest expense. Net income surged 556% to $3.98 million, up from $607,000 in 2009, reflecting overall improved performance and the FDIC-assisted Allegiance Bank acquisition. VIST Financial President and CEO Robert Davis said, "The Allegiance acquisition contributed $51,000 to our fourth quarter pre-tax net income [and] … represents a significant market extension of our core Berks, Schuylkill and Montgomery county markets … in[to] Philadelphia and the surrounding suburbs." Davis added, "Our non-interest fee based revenue … continues to represent 31% of our total net revenue."

In 2009, VIST Financial reported $12.25 million in insurance brokerage income, which comprised 66.5% of its noninterest income and 22.8% of its net operating revenue. The company ranked 13th in insurance brokerage earnings among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

MARCH 28 - APRIL 3, 2011

GROWING BOLI, TRUST AND WEALTH MANAGEMENT EARNINGS COMPRISE 40% OF MUTUALFIRST'S NONINTEREST INCOME

Muncie, IN-based, $1.4 billion-asset MutualFirst Financial reported trust and wealth management commissions in fourth quarter 2010 grew 9.0% to $925,000, up from $849,000 in fourth quarter 2009, and bank-owned life insurance (BOLI) income rose 4.1% to $406,000, up from $390,000. Trust/wealth management commissions and BOLI earnings comprised, respectively, 23.7% and 10.4% of noninterest income, which jumped 120% to $3.91 million, up from $1.78 million in fourth quarter 2009, when the company recorded $2.36 million in other than temporary impairment of securities.

Net interest income on a 3.10% net interest margin in fourth quarter 2010 slipped 2.1% to $8.45 million, down from $8.63 million in fourth quarter 2009, despite a $1.29 million cut in interest expense, which more than compensated for the $125,000 increase in loan loss provisions to $1.78 million. Net income of $1.4 million contrasted with a net loss of $1.6 million in fourth quarter 2009, when the company was impacted by the aforementioned $2.36 million in securities impairment.

For the year 2010, trust and wealth management commissions climbed 26.2% to $3.85 million, up from $3.05 million in 2009, and BOLI income grew 14.0% to $1.79 million, up from $1.57 million. Trust/wealth management commissions and BOLI earnings comprised, respectively, 27.3% and 12.7% of noninterest income, which increased 7.1% to $14.09 million, up from $13.15 million when $2.56 million in other than temporary impairment of securities was recorded.

Net interest on a 3.19% net interest margin in 2010 rose 1.2% to $35.15 million, up from $34.73 million in 2009, driven by a $5.4 million cut in interest expense as loan loss provisions rose $450,000 to $7.05 million. Net income more than tripled to $4.7 million, up from $1.4 million in 2009. MutualFirst President and CEO David Heeter said, "While we are still prudently working through credit issues, we believe 2010 was a very good year."

MARCH 28 - APRIL 3, 2011

GERMAN AMERICAN LOOKS TO EXPAND PROFITABLE INSURANCE BUSINESS

Jasper, IN-based, $1.38 billion-asset German American Bancorp reported insurance brokerage fee income in 2010 rose 1% to $5.35 million, up from $5.30 million in 2009, while trust and investment (TI) product fees slipped 2% to $1.58 million, down from $1.62 million. Bank-owned life insurance (BOLI) income dropped 27% to $806,000 from $1.10 million in 2009, when the company received death benefit payouts. Insurance, TI and BOLI earnings comprised, respectively, 31.6%, 9.3%, and 4.8% of noninterest income, which increased 7% to $16.94 million, up from $15.86 million in 2009.

With net interest income on a 3.98% net interest margin in 2010 growing 9.2% to $49.48 million, up from $45.32 million in 2009, net income grew 10% to a record $13.4 million, up from $12.2 million in 2009. German American Chairman and CEO Mark Schroeder said, "This achievement is due to the fiscal responsibility of our customers, the economic vitality of the Southern Indiana communities we serve, and the commitment of our staff of dedicated financial professionals."

On January 1, 2011, German American acquired Evansville, IN-based, $340 million-asset Bank of Evansville, where, Schroeder said, the company is "excited about … the expansion of our insurance and investment lines of business."

In 2009, German American Bancorp reported $5.17 million in insurance brokerage income, which comprised 31.8% of its noninterest income and 8.5% of its net operating revenue. The company ranked 34th in insurance brokerage earnings among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

In 2009, German American's $577,000 in fiduciary income comprised 3.5% of its noninterest income and 0.9% of net operating revenue. The company ranked 198th in fiduciary income among U.S. bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White Bank Fiduciary Fee Income Ratings Report*.

MARCH 28 - APRIL 3, 2011

TRUST AND INVESTMENT INCOME RISES AT SHORE WHERE INSURANCE DOMINATES 56% OF NONINTEREST EARNINGS

Easton, MD-based, $1.13 billion-asset Shore Bancshares reported insurance brokerage fee income in fourth quarter 2010 slipped 2% to $2.12 million, down from $2.16 million in fourth quarter 2009, while trust and investment (TI) income rose 2.3% to $358,000, up from $350,000 in fourth quarter 2009. Still, insurance earnings dominated noninterest income, comprising 53.7% of that revenue, which slid 4.3% to $3.95 million, down from $4.13 million in 2009. In contrast, rising TI earnings comprised 9.1% of noninterest income.

Net interest income on a 4.09% net interest margin in fourth quarter 2010 decreased 9.3% to $6.47 million, down from $7.14 million in fourth quarter 2009, as an almost $1 million cut in interest expense was not to compensate for decreased interest on deposits and a 20% climb in loan loss provisions to $4.39 million. Net income dropped 29.2% to $850,000, down from $1.2 million in fourth quarter 2009.

Insurance brokerage fee income for the year 2010 decreased 9.1% to $10.11 million, down from $11.13 million in 2009, while TI income jumped 36.6% to $1.5 million, up from $1.1 million. Insurance and TI earnings comprised, respectively, 56.0% and 8.3% of noninterest income, which slid 7.7% to $18.04 million, down from $19.54 million in 2009.

Net interest income on a 4.02% net interest margin in 2010 dropped 33.6% to $21.52 million, down from $32.39 million in 2009, as loan loss provisions jumped by $12.13 million to $21.12 million and undermined a $4.59 million slash in interest expense. With increased expenses including $1.9 million in dividends and discount accretion tied to the sale and repurchase of preferred shares under the Troubled Asset Relief Program (TARP), Shore reported a net loss of $1.7 million in 2010, which contrasted with net income of $5.4 million in 2009. Shore Bancshares CEO W. Moorehead Vermilye said, "We are proactively managing our way through a very tough operating environment for community banks." Vermilye added, "We remain well-capitalized with our capital ratios continuing to be well in excess of regulatory minimums."

In 2009, Shore Bancshares reported $11.1 million in insurance brokerage income and $520,000 in fiduciary income, which comprised, respectively, 57.1% and 2.7% of its noninterest income. The company ranked 15th in insurance brokerage earnings and 201st in fiduciary income among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report* and the *Michael White Bank Trust Fee Income Ratings Report*.

MARCH 28 - APRIL 3, 2011

SOFT MARKET ASIDE, 55.3% OF EVAN'S NONINTEREST INCOME COMES FROM INSURANCE

Hamburg, NY-based, $672 million-asset Evans Bancorp reported The Evans Agency posted a 10% decline in insurance brokerage fee income in fourth quarter 2010 to $1.34 million, down from $1.78 million in fourth quarter 2009 "as the soft insurance market and macroeconomic conditions put downward pressure on personal and commercial property and casualty insurance commissions." Bank-owned life insurance (BOLI) income slipped as well, down 2.7% to $109,000 from $112,000. Insurance brokerage commissions and BOLI earnings comprised, respectively, 47.3% and 3.9% of noninterest income, which decreased 4.4% to $2.83 million, down from $2.96 million in fourth quarter 2009, when insurance, BOLI and deposit service charges were higher.

Net interest income on a 4.0% net interest margin in fourth quarter 2010 fell 9.1% to $4.68 million, down from $5.15 million in fourth quarter 2009, reflecting a $490,000 increase in loan loss provisions to $1.41 million, with $400,000 tied to the company's leasing portfolio. Net income tumbled 64.3% to $500,000, down from $1.4 million in fourth quarter 2009.

For the year 2010, insurance brokerage fee income slipped 2.8% to $6.99 million, down from $7.19 million in 2009; and BOLI income fell 19% to $468,000, down from $578,000. Insurance and BOLI earnings comprised, respectively, 55.3% and 3.7% of noninterest income, which declined 10.2% to $12.63 million,, impacted by a 16.1% drop in deposit service charges to $1.9 million, while slipping insurance revenue remained the largest contributor to noninterest income overall.

Net interest income on a 4.16% net interest margin in 2010 jumped 70% to $20.55 million, up from $12.09 million in 2009, driven by a $6.56 million drop in loan loss provisions to $3.94 million and a $1.18 million cut in interest expense. Net income soared 585% to $4.84 million, up from $707,000 in 2009 as a direct result of the company's strategic focus on getting its clients to entrust their complete banking relationship to Evans, Evans Bancorp President and CEO David Nasca said. Nasca added, "Evans has returned to a more historic profile of profitability and is well-positioned to further build market share both organically and through acquisition."

MARCH 28 - APRIL 3, 2011

ONEIDA'S INSURANCE AND BENEFIT CONSULTING BUSINESSES GENERATE RECORD REVENUE AND 76.5% OF NONINTEREST EARNINGS

Oneida, NY-based, $661.6 million-asset Oneida Financial reported commissions and fees generated by Bailey, Haskell & LaLonde Agency, Benefit Consulting Group and Workplace Health Solutions in fourth quarter 2010 rose 7.5% to $4.56 million, up from $4.24 million in fourth quarter 2009, and dominated noninterest income, comprising 74.4% of that revenue, which grew 10.8% to $6.13 million, up from $5.53 million in fourth quarter 2009, despite a decline in deposit account service charges.

Net interest income on a 3.33% net interest margin in fourth quarter 2010 remained flat at $4.44 million, driven by a $421,000 cut in interest expense. Net income rose 25.0% to $1.5 million, up from $1.2 million in fourth quarter 2009, despite a $500,000 increase in noninterest expense to $8.8 million largely tied to higher employee benefit and marketing expenses associated with insurance sales.

For year 2010, insurance brokerage and health and benefit-associated fee income climbed 10.5% to a record $17.50 million, up from $15.84 million in 2009, and comprised 76.5% of noninterest income, which grew 9.6% to $22.89 million, up from $20.88 million in 2009, driven by commissions and fees on sales of insurance brokerage-related products.

Net interest income in 2010 slipped 1.3% to $16.45 million, down from $16.67 million in 2009, as a $1.89 million cut in interest expense was not enough to compensate for lower interest on deposits and borrowings and an $890,000 increase in loan loss provisions to $1.65 million. Net income declined 7.3% to $3.8 million, down from $4.1 million in 2009, reflecting decreased net interest income and higher noninterest expenses.

Oneida Financial President and CEO Michael Kallet commented on the company's past and future performance and said, "Our insurance and financial services subsidiaries, Bailey & Haskell and Benefit Consulting Group, once again posted a record revenue year in 2010." Looking ahead, he added, "Our business strategies position us as a diversified banking and financial services company."

In 2009, Oneida Financial's $9.69 million in insurance brokerage fee income only comprised 43.2% of its noninterest income and 24.3% of its net operating revenue. The company ranked second in insurance brokerage income among U.S. banks with assets between $500 million and $1 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

MARCH 28 - APRIL 3, 2011

INSURANCE AND BOLI COMPRISE 57.7% OF NORTHEAST'S NONINTEREST INCOME DESPITE SLIDES

Lewiston, ME-based, $644.8 million-asset Northeast Bancorp Northeast Bank Insurance Group generated $1.22 million in insurance brokerage fee income in fourth quarter 2010, 11.6% short of the $1.38 million generated in fourth quarter 2009. Bank-owned life insurance (BOLI) income also declined, slipping 2.4% to $123,000, down from $126,000, but securities brokerage fee income grew 16.8% to $625,000, up from $535,000 in fourth quarter 2009. Insurance, securities brokerage and BOLI earnings comprised, respectively, 39.7%, 3.5% and 18.0% of noninterest income, which grew 14.9% to $3.48 million, up from $3.03 million in fourth quarter 2009, when the December 29, 2010 merger with FHB Formation is not included, or spiked four fold to $15.06 million when the bargain purchase gain of $14.92 million on that merger is included.

Net interest income on a 2.86% net interest margin in fourth quarter 2010, not including FHB, fell 9.7% to $3.65 million, down from $4.04 million in fourth quarter 2009, despite flat loan loss provisions of $453,000 and a $575,000 cut in interest expense. Net income, excluding FHB, jumped 31.9% to $777,000, up from $589,000, and including FHB, spiked fifteen fold to $11.83 million, driven by noninterest income before and after the merger.

Regarding Northeast Bancorp's fourth quarter performance and the implications of its end of year merger with FHB, Northeast Bancorp President and CEO Richard Wayne said, "With the successful completion of the merger and integration with management between Northeast and FHB, we look forward to building upon Northeast's solid community banking franchise. We plan to introduce two new business lines: a loan acquisition and servicing group and an affinity deposit program, which will create new jobs in Maine and offer new savings products for customers."

In 2009, Northeast Bancorp reported $5.88 million in insurance brokerage fee income, which comprised 53.2% of its noninterest income and 20.8% of its net operating revenue. The company ranked 4th in insurance brokerage income among U.S. bank holding companies with assets between $500 million and $1 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

APRIL 4 - 10, 2011

RISING INSURANCE BROKERAGE EARNINGS COMPRISE 24% OF SW GEORGIA'S 4Q 2010 NONINTEREST INCOME

Moultrie, GA-based, $296.4 million-asset Southwest Georgia Financial reported insurance brokerage fee income in fourth quarter 2010 rose 1.1% to $277,000, up from $274,000 in fourth quarter 2009, while investment brokerage fee income slid 7.7% to $72,000, down from $78,000, and trust earnings slipped 1.8% to $54,000, down from $55,000. Insurance, investment brokerage and trust earnings comprised, respectively, 24.1%, 6.3% and 4.7% of noninterest income, which fell 18.4% to $1.15 million, down from $1.41 million in fourth quarter 2009, when service charges on deposit accounts were higher and the company reported a $221,000 net gain on the sale of securities.

Net interest income on a 3.84% net interest margin in fourth quarter 2010 slid 3.3% to $2.38 million, down from $2.46 million in fourth quarter 2009, despite a $214,000 cut in interest expense as loan loss provisions remained stable at $150,000. With a $326,000 increase in noninterest expense, net income dropped 56.9% to $304,000, down from $706,000 in fourth quarter 2009.

For year 2010, insurance brokerage fee income rose 5.6% to $1.13 million, up from $1.07 million in 2009; investment brokerage fee income grew 12.8% to $300,000, up from $266,000; and trust services income climbed 13.1% to $241,000, up from $213,000. Insurance brokerage, investment brokerage and trust earnings comprised, respectively, 22.2%, 5.9% and 4.7% of noninterest income, which slipped 0.6% to $5.09 million, down from $5.12 million in 2009, when service charges on deposit accounts were $199,000 higher.

Net interest income on a 3.90% net interest margin in 2010 rose 1.5% to $9.53 million, up from $9.39 million in 2009, reflecting a $783,000 cut in interest expense as loan loss provisions rose $64,000 to $600,000. With noninterest expense trimmed by $15,000, net income rose to $1.86 million, up from $1.81 million in 2009. Southwest Georgia Financial President and CEO DeWitt Drew said, "The economic downturn continues to challenge our region, however, our strength and stability in the market and our focused efforts enabled us to achieve solid results in 2010."

In 2009, Southwest Georgia Financial reported $1.07 million in insurance brokerage income, which comprised 22.0% of its noninterest income and 7.2% of its net operating revenue. The company ranked 10th in insurance brokerage earnings among banks with assets between $100 million and $300 million, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

APRIL 4 - 10, 2011

GROWING TRUST & INVESTMENT BROKERAGE EARNINGS COMPRISE 27.6% OF STURGIS BANCORP'S 2010 NONINTEREST INCOME

Sturgis, MI-based, $370 million-asset Sturgis Bancorp reported combined trust and investment brokerage (TI) fee income in fourth quarter 2010 grew 15.2% to $448,000, up from $389,000 in fourth quarter 2009, while bank-owned life insurance (BOLI) income fell 11.3% to $71,000, down from $80,000. TI and BOLI earnings comprised, respectively, 20.2% and 3.2% of noninterest income, which more than doubled to $2.22 million, up from $1.06 million in fourth quarter 2009, driven by a $1.01 million gain on the sale of securities.

Net interest income on a 3.07% net interest margin in fourth quarter 2010 dropped 55.1% to $776,000, down from $1.73 million in fourth quarter 2009, despite a $317,000 cut in interest expense, as loan loss provisions jumped by $1.11 million to $1.80 million. Net income of $72,000, driven by noninterest earnings, contrasted with a net loss of $199,000 in fourth quarter 2009.

For the year 2010, TI earnings grew 10.6% to $1.56 million, up from $1.41 million in 2009, while BOLI income fell 10.3% to $295,000, down from $329,000. TI and BOLI earnings comprised, respectively, 27.6% and 5.2% of noninterest income, which rose 0.7% to $5.66 million, up from $5.62 million in 2009, despite an almost $100,000 drop in service charges and fees on deposit accounts.

Net interest income in 2010 fell 35.1% to $4.67 million, down from $7.20 million in 2009, reflecting a $2.85 million jump in loan loss provisions to $5.39 million, which undercut a $1.73 million slice in interest expense. A net loss of $709,000 contrasted with net income of $915,000 in 2009. Sturgis Bancorp President and CEO Eric Eishen said, "The majority of the loss was attributable to additional provisioning in the Allowance for Loan and Lease Losses (ALLL)…. The bank has made some changes to the credit department and expects troubled loans to mitigate as the economy improves in 2011." He added, however, that in the bank's market "real estate values continue to be depressed and employment remains weak."

APRIL 4 - 10, 2011

INSURANCE BROKERAGE EARNINGS CONTINUED UP AT WELLS FINANCIAL IN 2010

Wells, MN-based, $238.8 million-asset Wells Financial reported insurance brokerage fee income in fourth quarter 2010 rose 5.2% to $162,000, up from $154,000 in fourth quarter 2009, and comprised 10.9% of noninterest income, which climbed 37.0% to $1.48 million, up from $1.08 million in fourth quarter 2009, driven by a $501,000 jump in a gain on sale of loans to $783,000.

Net interest income on a 4.40% net interest margin in fourth quarter 2010 increased 8.1% to $2.01 million, up from $1.86 million in fourth quarter 2009, as a $572,000 cut in interest expense compensated for a $257,000 increase in loan loss provisions to $402,000. Net income, reflecting overall positive performance, jumped 39% to $611,000, up from $440,000 in fourth quarter 2009.

For year 2010, insurance brokerage fee income increased 6.8% to $679,000, up from $636,000 in 2009, and comprised 15.0% of noninterest income, which fell 9.2% to $4.54 million, down from $5.00 million in 2009, when charges on deposit accounts and gains on the sale of loans were higher.

Net interest income on a 3.80% net interest margin in 2010 grew 11.0% to $7.98 million, up from $7.19 million in 2009, reflecting a $63,000 decrease in loan loss provisions to $907,000 and a $1.88 million cut in interest expense. Net income, however, slipped 4.10% to $2.02 million, down from $1.94 million in 2009. Wells Financial President Lonnie Trasamar said, "During the first two quarters of 2010, the Bank experienced less activity in loan originations for sale to the secondary markets when compared to the first two quarters in 2009, resulting in a decrease in gain on the sale of loans in 2010."

APRIL 4 - 10, 2011

FIRST FEDERAL OF NORTHERN MICHIGAN SAW DECLINES IN INSURANCE & INVESTMENT BROKERAGE EARNINGS IN 2010

Alpena, MI-based, $216 million-asset First Federal of Northern Michigan Bancorp reported combined insurance and investment brokerage fee income fell 8.7% to $36,691 in fourth quarter 2010, down from $40,174 in fourth quarter 2009, and comprised 5.7% of noninterest income, which climbed 23.6% to $643,853, up from $521,033, driven by a $181,685 increase in mortgage loan sales, a $13,484 cut in interest expense and a $49,595 gain on investment sales, which overcame a $96,006 loss on equipment and other real estate owned (OREO).

Net interest income of $1.97 million on a 3.93% net interest margin in fourth quarter 2010 contrasted with a net interest loss of $918,944 in fourth quarter 2009, reflecting a $2.64 million in loan loss provisions to $67,553 and a $233,629 cut in interest expense. Net income of $79,511 compared with a net loss of $3.09 million in fourth quarter 2009.

Combined insurance and investment brokerage fee income in 2010 slid 6.4% to $159,046, down from $169,971 in 2009, and comprised 5.0% of noninterest income, which climbed 24.9% to $3.21 million, up from $2.57 million in 2009, driven by a $546,412 gain on the sale of available-for-sale investments.

Net interest income on a 3.78% net

interest margin in 2010 surged six-fold to $6.97 million, up from $1.16 million in 2009, driven by a $5.17 million drop in loan loss provisions to $1.03 million and a $1.64 million cut in interest expense. Net income of $972,800 compared with a net loss of $6.76 million in 2009. First Federal of Northern Michigan Bancorp President and CEO Michael Mahler said, "We experienced a marked improvement in core banking in 2010…. In addition, we are encouraged by the increased interest in and the successful sale of bank-owned properties during 2010."

APRIL 25 - MAY 1, 2011

BANK ANNUITY FEE INCOME SLIPS 1.8% IN 2010

Annuity fee income earned by U.S. bank holding companies (BHCs) slipped 1.8% in 2010 to $2.57 billion, down from $2.62 billion in 2009, according to the *Michael White-ABIA Bank Annuity Fee Income Report* based on data reported to banking regulators. Less than half (42.4%) of large top-tier BHCs reported annuity earnings in 2010, led by BHCs with over $10 billion in assets (74.7%), while BHCs with $500 million to $1 billion in assets recorded the lowest participation rate (33.9%).

Annuity earnings among BHCs with over $10 billion in assets comprised 94.4% of all BHC annuity fee income, but slid 2% to $2.43 billion, down from $2.48 billion. In contrast, annuity earnings among BHCs with $1 billion to $10 billion in assets rose 1.9% to $123.2 million, and annuity earnings among BHCs with $500 million to $1 billion in assets inched up 0.9% to $22.2 million.

Among the top 50 BHCs in annuity fee income in 2010, annuity earnings comprised a mean 12.9% of noninterest income (Annuity Concentration Ratio), and mean annuity income per employee reached $3,007 (Annuity Productivity Ratio). Among the top 50 BHCs with under $500 million in assets, the mean Annuity Concentration Ratio grew to 16.5%, and the mean Annuity Productivity Ratio reached $4,298.

San Francisco, CA-based, $1.3 trillion-asset Wells Fargo & Co. retained its number one position among all U.S. BHCs in annuity earnings, recording 4.13% growth in that revenue to $706 million. New York City-based, $808 billion-asset Morgan Stanley achieved a 30.8% jump in annuity earnings to $331 million to rank a distant second, ahead of third-ranked, New York City-based, $2.1 trillion-asset JPMorganChase, where annuity earnings fell 21% to $259 million. Charlotte, NC-based, $2.3 trillion-asset Bank of America Corp. maintained its fourth-ranked position, despite a 28.8% drop in annuity fee income to $179.4 million, and Birmingham, AL-based Regions Financial benefited from 10% growth in annuity earnings to $102.8 million, enough to replace formerly fifth-ranked PNC Financial among the top five.

American Bankers Insurance Association (ABIA) Executive Director Valerie Barton commented on the contrast between annuity sales survey results and the MWA-ABIA findings based on data BHCs filed with the Federal Reserve. Barton said, "Given the numerous surveys indicating significant drops in annuity sales in 2010, one has to conclude that more of the annuity revenues BHCs are earning are asset fees or trailer commissions, continuing or renewing streams of income that make the sellers less dependent on front-end commissions from new sales."

To read more of the top-level findings, click here.

To order the 2011 *Michael White-ABIA Bank Annuity Fee Income Report*, click here.

TOP 10 BANK HOLDING COMPANIES IN ANNUITY FEE INCOME YEAR-END DECEMBER 31, 2010 - NATIONALLY

RANK	ANNUITY INCOME 2010	ANNUITY INCOME 2009	% CHANGE 2009 - 2010	BANK HOLDING COMPANY		ASSETS	% OF NONINT. INCOME
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$706,000	$678,000	2.58%	Wells Fargo & Company	CA	$1,258,010,000	1.76%
2	$331,000	$253,000	41.07%	Morgan Stanley	NY	$807,698,000	1.09%
3	$259,000	$328,000	-28.29%	JPMorgan Chase & Co.	NY	$2,115,583,000	0.53%
4	$179,383	$251,828	-37.65%	Bank of America Corp.	NC	$2,261,499,723	0.33%
5	$102,807	$93,532	9.96%	Regions Financial Corp.	AL	$132,399,290	3.50%
6	$86,955	N/A	-39.19%	RBC USA HoldCo Corp.	NY	$99,150,441	3.50%
7	$77,013	$121,284	5.25%	PNC Financial Services Grp.	PA	$264,414,112	1.31%
8	$63,267	$80,455	-26.65%	Suntrust Banks, Inc.	GA	$172,875,298	1.84%
9	$59,199	$60,725	-19.23%	Keycorp	OH	$90,795,572	3.16%
10	$56,000	$66,000	26.03%	U.S. Bancorp	MN	$307,786,000	0.67%

SOURCE: *Michael White-ABIA Bank Annuity Fee Income Report*

MAY 9 - 15, 2011

U.S. BHCS GENERATE RECORD $13.33 BILLION IN INSURANCE BROKERAGE EARNINGS IN 2010

Bank insurance brokerage fee income in 2010 reached a record level, according to the *Michael White-Prudential Bank Insurance Fee Income Report*, as it rose 7.9% from $12.36 billion in 2009 to $13.33 billion in 2010.

Compiled by Michael White Associates (MWA) since 2001 and sponsored by The Prudential Insurance Company of America's Individual Life Insurance business, a proud member of the American Bankers Insurance Association (ABIA), this report measures and benchmarks the banking industry's performance in generating insurance brokerage and underwriting fee income. Results are based on data from all 6,927 commercial and FDIC-supervised savings banks and 911 large top-tier bank holding companies (BHCs) operating on December 31, 2010.

"In 2010, the number of bank holding

TOP 10 BANK HOLDING COMPANIES IN INSURANCE BROKERAGE FEE INCOME YEAR-END DECEMBER 31, 2010 - NATIONALLY

RANK	INSURANCE BROKERAGE INCOME 2010	INSURANCE BROKERAGE INCOME 2009	% CHANGE 2009 - 2010	BANK HOLDING COMPANY		ASSETS	% OF NONINT. INCOME
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$1,862,000	$1,040,000	79.04%	Citigroup Inc.	NY	$1,913,410,000	6.30%
2	$1,780,000	$1,725,000	3.19%	Wells Fargo & Company	CA	$1,258,010,000	4.44%
3	$933,349	$922,489	1.18%	BB&T Corporation	NC	$157,081,396	33.05%
4	$298,000	$191,000	56.02%	Morgan Stanley	NY	$807,698,000	0.98%
5	$196,899	$136,016	44.76%	American Express Company	NY	$145,849,493	0.94%
6	$139,131	$128,796	8.02%	Discover Financial Services	IL	$63,894,877	7.75%
7	$131,000	$124,000	5.65%	Goldman Sachs Group	NY	$908,580,000	0.39%
8	$110,000	$122,000	-9.84%	Ally Financial Inc.	MI	$172,006,000	1.22%
9	$107,920	$110,721	-2.53%	Regions Financial Corp.	AL	$132,399,290	3.67%
10	$88,000	$92,000	-4.35%	JPMorgan Chase & Co.	NY	$2,115,583,000	0.18%

Ranking excludes MetLife, Inc., a traditional life insurance company.
SOURCE: Michael White-Prudential Bank Insurance Fee Income Report
Prudential is a proud Platinum member of the American Bankers Insurance Association (ABIA)

companies that grew their insurance brokerage revenues largely equaled those that didn't. We examined 162 bank holding companies with at least $1 million in insurance brokerage income. While one bank holding company had no growth and 6 were new, positive reporters of that revenue, 81 bank holding companies increased their insurance brokerage income, while 74 experienced declines. Forty-four (44) had increases under 10%, and 46 had declines of less than 10%," said Michael White, President of MWA. "Thirty-seven (37) achieved revenue increases over 10%, and 28 BHCs endured decreases greater than 10%. A difficult economy, soft commercial insurance markets, and BHCs' capital restraint inhibiting acquisition have hindered agencies across the country, whether bank-owned or not. For many, life insurance seems to have been the one bright glimmer in 2010."

The largest bank holding companies, those with assets over $10 billion, had the highest participation (92.0%) in insurance brokerage activities. They managed an 8.3% increase in insurance brokerage income from $11.63 billion in 2009 to $12.60 billion in 2010. Bank holding companies with assets between $1 billion and $10 billion experienced a slight 0.2% decline in insurance brokerage income from $587.8 million in 2009 to $586.6 million in 2010.

Excluding MetLife, a traditional life insurer, Citigroup, Inc. (NY), Wells Fargo & Company (CA), BB&T Corporation (NC), and Morgan Stanley (NY) led all BHCs in insurance brokerage income in 2010. Among BHCs with assets between $1 billion and $10 billion, leaders included Eastern Bank Corporation (MA), Stifel Financial Corp. (MO), Old National Bancorp (IN), Trustmark Corporation (MS), and Johnson Financial Group, Inc. (WI).

Among bank holding companies with assets between $500 million and $1 billion, leaders were Two Rivers Financial Group (IA), 473 Broadway Holding Corporation (NY), Texas Independent Bancshares (TX), Evans Bancorp, Inc. (NY), and Northeast Bancorp (ME). The smallest community banks with assets less than $500 million were used as "proxies" for the smallest BHCs, which are not required to report insurance brokerage income. Leaders among bank proxies for small BHCs were Soy Capital Bank and Trust Company (IL), Bank Forward (ND), Hoosac Bank (MA), First State Bank (IA), and Industry State Bank (TX).

"Single premium life insurance has proven to be particularly attractive to bank customers and offers a valuable stream of fee income to financial institutions," said Joan H. Cleveland, senior vice president, Business Development with Individual Life Insurance, The Prudential Insurance Company of America. "Our immediate-issue single premium universal life insurance policy simplifies the sales process by leveraging an innovative Internet-based application process that can deliver a policy in real-time."

Among the top 50 bank holding companies nationally in insurance brokerage concentration (i.e., insurance brokerage income as a percent of noninterest income), the adjusted mean Insurance Brokerage Concentration Ratio was 40.4%. Among the top 50 small banks in insurance brokerage concentration that are serving as proxies for small bank holding companies, the adjusted mean Insurance Brokerage Concentration Ratio was 73.0% of noninterest income.

Among the top 50 bank holding company leaders in insurance brokerage productivity (i.e., insurance brokerage income per bank holding company employee), the mean Insurance Brokerage Productivity Ratio was $21,926 per employee. Among the top 50 small banks in insurance brokerage productivity, the adjusted mean Insurance Brokerage Productivity Ratio was $34,205 per employee.

For more information about the 2011 edition of the *Michael White-Prudential Bank Insurance Fee Income Report* and how to order it, click here.

MAY 9 - 15, 2011

LLOYDS BANK SETS ASIDE $5.3 BILLION IN PPI PROVISIONS, WHICH ALSO HIT B OF A

London, England-based, 41% government-owned Lloyds Banking Group set aside £3.2 billion ($5.3 billion) in provisions in the first quarter to cover what it described as "potential costs of customer contact and/or redress following High Court judgment and discussions with the

Financial Services Authority (FSA)" regarding inappropriate Payment Protection Insurance (PPI) sales. Lloyds stopped offering PPI products in July 2010, but is estimated to have sold 4 million policies prior to that time.

In April, Britain's High Court let stand the FSA's Policy Statement of August 10, 2010, which outlines evidential provisions and guidelines regarding customer complaints and financial redress for valid complaints concerning inappropriate PPI sales and contact. Lloyds said, "While there are still a number of uncertainties as to the eventual costs from any such contact and/or redress, the Group has made a provision of £3.2 billion at this time." With the provision, Lloyds reported a first quarter pretax loss of £3.47 billion ($5.69 billion).

This same FSA Policy Statement significantly impacted Bank of American Corporation's (B of A) subsidiary FIA Card Services. At the end of first half 2010, FIA Card Services reported $116.95 million in insurance brokerage earnings. By the end of the third quarter, however, the company reported a $442.02 million loss in that revenue.

In a 10-Q filing, Bank of America said, "Given the new regulatory guidance, as of September 30, 2010, the Corporation recorded a liability of $592 million based on its current claims history and an estimate of future claims which have yet to be asserted against the Corporation. The liability is included in accrued expenses and other liabilities and the related expense is included in insurance income … it is possible that an additional liability may be required. As the review will not be completed until the first quarter of 2011, the Corporation is unable to reasonably estimate the total amount of additional possible loss or a range of loss as of September 30, 2010."

To read more about the impact of this restatement that caused FIA Card Services to go from positive earnings of $177.814 million originally filed in 2009 to a loss of $435.516 million in 2010, order the 2011 edition of the *Michael White-Prudential Bank Insurance Fee Income Report*.

MAY 16 - 22, 2011

15.4% CLIMB IN SECURITIES BROKERAGE EARNINGS DRIVES INVESTMENT PROGRAM REVENUE UP 9.4% AT U.S. COMMUNITY BANKS

Community bank investment programs strengthened in 2010 due to increases in both securities brokerage fee income and annuity commissions, according to the *Michael White-Securities America Report: Community Bank Investment Programs*.

Sponsored by Securities America and issued by Michael White Associates, LLC, the report measures and benchmarks investment programs at community banks, i.e., banks with less than $4 billion in assets. The current report is based on data reported by 6,760 commercial and FDIC-regulated savings banks operating on December 31, 2010. The report not only examines all community banks, but it further segments them into five asset classes whose performance is also analyzed.

"The 2010 revenues of community bank investment programs remained well ahead of those in 2009. Indeed, 2010 was the best year for those program revenues since 2007," said Michael White, president of Michael White Associates and author of the report. "Our benchmark findings show meaningful improvements in Program Concentration, Penetration, Productivity and Density, key measures by which to gauge investment program strength."

Program Production

In 2010, 1,517 or 22.4% of community banks participated in investment program activities, producing $456.5 million in program income, up 9.4% from $417.4 million in 2009. Fourth quarter 2010 program income of $113.7 million declined 2.4% from $116.5 million in third quarter 2010, but was up 8.1% from $105.3 million in fourth quarter 2009.

These community banks achieved average investment program fee income of $300,928 in 2010, up 15.8% from $259,889 in 2009. The number of banks participating in investment program activities was down by 5.5% from 1,606 banks in 2009 to 1,517 banks in 2010.

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.

"In 2010, community banks earned mean investment program income of $851 per million dollars of retail bank deposits," said White. "In contrast, big banks with assets over $4 billion attained a higher mean Investment Program Penetration of $1,352 per million dollars of retail deposits. There is by comparison, then, room for continued improvement in program penetration and overall expansion of community bank investment programs."

Program Concentration

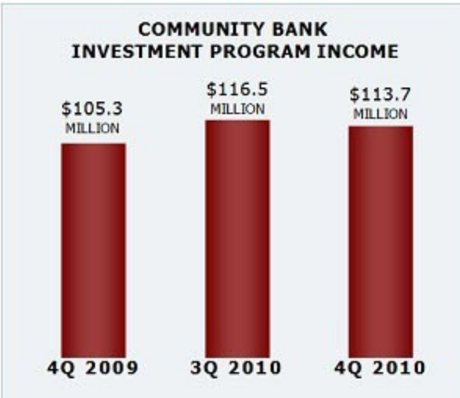
Program Concentration calculates the portion of total noninterest income attributable to a specific kind of noninterest fee income. This ratio enables us to know how concentrated or meaningful bank investment programs are among their banks' non-lending activities.

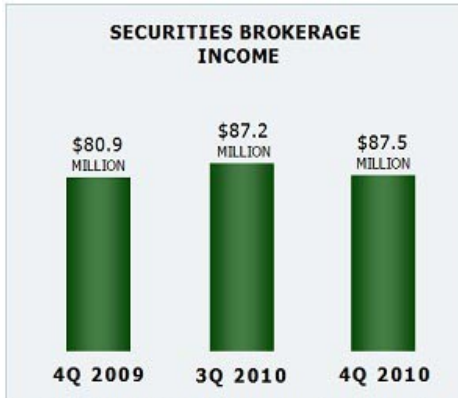
As a group, community banks achieved a mean Concentration of investment program income to noninterest income of 7.7% in 2010, up from 6.4% in 2009. Large banks, those with assets

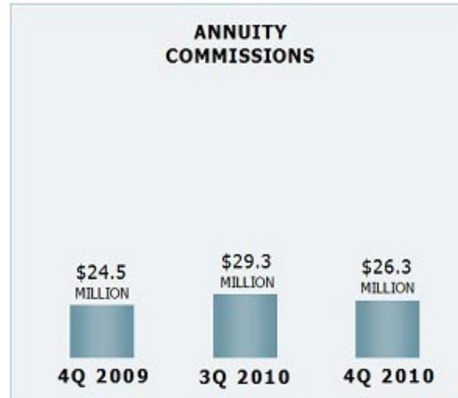
2010 INVESTMENT PROGRAM INCOME PERFORMANCE BENCHMARKS FOR COMMUNITY BANKS - NATIONALLY

PERFORMANCE MEASURES	MEAN
PRODUCTION - Dollar Volume	$300,928
CONCENTRATION - % of Noninterest Income	7.67%
PENETRATION – $ per Million Dollars of Retail Deposits	$851
PRODUCTIVITY - $ per Bank Employee	$2,189
DENSITY - $ per Domestic Office	$49,501

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







SOURCE: Michael White Community Bank Investment Programs Report

greater than $4 billion, had a mean Concentration ratio of 4.3%, although they have more sources from which to earn noninterest income.

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. In 2010, mean community bank employee Productivity was $2,189 per bank employee, up 10.8% from $1,975 in 2009.

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. Unadjusted mean density per domestic community bank office was $49,501 in 2010.

However, a number of banks with substantial securities brokerage production, including some commercial banks and bankers' banks that provide specialized investment and correspondent banking programs to small community banks, also have or report only a handful of domestic offices, sometimes only one office. When that happens, this ratio can be susceptible to skewing on a large scale, so this tends to be the ratio in which mean readings are often most likely to be adjusted so as to get a more normal or typical reading. An adjusted reading for Program Density among community banks produces a Program Density Ratio of $29,573, based on adjustment for eight banks.

Revenue Mix – Securities Brokerage

In 2010, community banks earned securities brokerage fee income of $343.7 million, up 15.4% from $297.9 million in third quarter 2009. Fourth quarter brokerage revenues of $87.5 million were up 0.3% from $87.2 million in third quarter 2010. Security brokerage revenues constituted 75.3% of total investment program income of $456.5 million in 2010, up from a cumulative mix of 71.4% in 2009. Fourth quarter 2010 securities revenue mix rose two points from the third quarter to 76.9%, its highest point for the year.

Of the 1,517 banks with assets under $4 billion that reported earning investment program income, 1,342 banks or 88.5% reported earning commissions and fees from securities brokerage, and 660 banks or 43.5% reported earning securities brokerage fee income only.

Revenue Mix – Annuities

Community banks earned annuity fee income of $112.8 million, down 5.6% from $119.5 million in 2009.

Fourth quarter 2010 annuity revenues of $26.3 million were down 10.4% from $29.3 million in third quarter 2010. Annuity commissions constituted 24.7% of community bank investment program income of $456.5 million in 2010. Fourth quarter 2010 annuity revenue mix was down to 23.1%, the lowest quarterly point of the year. With 13.7% of fourth quarter program income and 14.8% of 2010 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 1,517 community banks that reported earning investment program income, 857 banks or 56.5% reported earning annuity commissions, and 175 banks or 11.5% reported earning annuity income only. This latter finding of 175 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. The number of community banks reporting only annuity income dropped 5.9% from 186 banks in 2009.

Leaders – Investment Program

In 2010, leaders in investment program fee income among big banks with assets under $4 billion were CenterState Bank of Florida (FL) with $33.91 million, up 86.9% from $18.15 million in 2009; North Shore Community Bank & Trust Company (IL) with $15.17 million in 2010, up 34.3% from $11.30 million in 2009; TIB The Independent Bankersbank (TX) with $11.52 million, down 2.8% from $11.86 million; Espirito Santo Bank (FL) with $7.63 million, up 25.9% from $6.06 million; and BAC Florida Bank (FL) with $7.35 million, up 26.9% from $5.79 million in 2009. (Not all income in some investment programs is derived from activities conducted for retail customers. Institutions like 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

In 2010, leaders in annuity fee income among banks under $4 billion in assets were United Bank (WV) with $2.17 million in 2010, up 31.9% from $1.65 million in 2009; First Victoria National Bank (TX) with $1.97 million, up 2.7% from $1.92 million; Lake City Bank (IN) with $1.73 million, up 46.8% from $1.18 million; GreenBank (TN) with $1.70 million, up 24.7% from $1.37 million; and Marquette Bank (IL) with $1.54 million, up 67.9% from $917,000 in 2009. *For more on the top-level findings of the report, click here. To order it, click here.*

MAY 16 - 22, 2011

BARCLAYS & HSBC SET ASIDE POSSIBLE PPI PROVISIONS

London-based Barclays plc and HSBC Holdings have joined Lloyds Banking Group in setting aside provisions to cover possible future costs associated with redressing consumers for possibly improperly selling them payment protection insurance (PPI). HSBC set aside £268.4 million ($440 million) in the first quarter, and Barclays said it would set aside £1 billion ($1.64 billion) in the second quarter. Barclays will "begin to process all on-hold and any new complaints from customers about PPI policies." It will contact the customers, Barclays said, and "assess and redress their complaints as quickly as practicable." HSBC said, "There is currently a high degree of uncertainty around the ultimate costs of dealing with the matter."

MAY 23 - 29, 2011

U.S. BHC TOTAL INSURANCE EARNINGS SLIDE 5.7% IN 2010

The nation's bank holding companies (BHCs) experienced a decrease of 5.7 percent in their total insurance revenue from a record $15.08 billion in 2009 to $14.21 billion in 2010, when MetLife, a traditional life insurance company, is excluded. Total insurance income consists of both insurance brokerage and insurance underwriting fee income.

Citigroup, Inc. (NY), Wells Fargo & Company (CA) and Bank of America Corporation (NC) led all bank holding companies in total insurance income in 2010, according to findings released today by Michael White Associates (MWA) in conjunction with the American Bankers Insurance Association (ABIA). The findings are based on data reported to the Federal Reserve Board by large top-tier BHCs. The analysis measures the banking industry's insurance business and provides some benchmarks that gauge bank insurance performance.

"Total insurance revenues include both insurance brokerage and underwriting," said Valerie Barton, ABIA Executive Director. "On the whole, brokerage managed to grow, albeit somewhat unevenly, at a rate of 6.0 percent in 2010, excluding MetLife. Fortunately, for every institution where insurance brokerage income was down, another was up." Barton continued, "What hurt the industry in particular in 2010 was a widespread decline in underwriting, as 46 of 68 BHCs engaged in underwriting reported a drop in that income. None the less, overall, the prospects for a resumption of long-term growth in bank insurance revenues seem positive."

During 2010, 595 bank holding companies (or 65.3 percent of all large top-level BHCs reporting) earned some type of insurance-related revenue. Including MetLife, total BHC insurance revenue increased 1.1 percent from $47.24 billion in 2009 to $47.74 billion in 2010. Excluding MetLife, total BHC insurance income was $14.21 billion in 2010, down 5.7 percent from $15.08 billion in 2009.

"Bank revenues from insurance activities made another decent showing in 2010, despite continued rough spots in the economy and a seemingly unending soft property-casualty market. Among the top 50 in insurance revenue, the mean ratio of the concentration of total insurance revenue to noninterest income was 17.2 percent in 2010. Among the top 50 in this Concentration Ratio, the mean was 42.5 percent," said Michael D. White, President of MWA.

The analysis includes a ranking of the top 50 bank holding companies on the basis of the absolute dollar amount of total insurance revenue (earnings from sales and underwriting) and on the basis of the concentration of total insurance revenue as a percentage of each institution's total noninterest income. Other findings include:

- Joining the top 50 in total insurance revenue in 2010 were RBC USA Holdco Corporation (NY), First Niagara Financial Group (NY), Two Rivers Financial Group (IA), Doral Financial Corporation (PR), and Valley National Bancorp (NJ). RBC USA Holdco became the new top-tier

TOP 10 BANK HOLDING COMPANIES IN TOTAL INSURANCE INCOME YEAR-END - DECEMBER 31, 2010 - NATIONALLY

RANK 2010	RANK 2009	TOTAL INSURANCE INCOME	BANK HOLDING COMPANY	STATE
(ALL DOLLAR AMOUNTS IN THOUSANDS)				
1	1	$2,683,000	Citigroup Inc.	NY
2	3	$2,126,000	Wells Fargo & Company	CA
3	2	$2,065,843	Bank of America Corporation	NC
4	4	$1,975,000	Ally Financial Inc.	MI
5	5	$1,042,662	BB&T Corporation	NC
6	8	$499,000	JPMorgan Chase & Co.	NY
7	6	$487,000	The Goldman Sachs Group, Inc.	NY
8	7	$452,190	American Express Company	NY
9	9	$311,254	HSBC North America Holdings Inc.	NY
10	10	$298,000	Morgan Stanley	NY

Ranking excludes MetLife.
SOURCE: Michael White Associates and American Bankers Insurance Association

TABLE 1. TOTAL BOLI ASSETS (IN BILLIONS) HELD BY BANKS AND THRIFTS

BANKS AND THRIFTS BY ASSET SIZE	2010	2009	PERCENT CHANGE
Over $10 billion	$100.78	$97.08	3.8%
$1 billion - $10 billion	$13.90	$13.10	6.1%
$500 million - $1 billion	$4.75	$4.70	1.1%
$300 million - $500 million	$3.09	$3.19	-3.0%
$100 million - $300 million	$4.01	$3.83	4.8%
Under $100 million	$901.5	$905.4	-0.4%
All	$127.44	$122.81	3.8%

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

TABLE 2. NUMBER OF BANKS AND THRIFTS REPORTING BOLI ASSETS

BANKS AND THRIFTS BY ASSET SIZE	2010	2009	PERCENT CHANGE
Over $10 billion	71	71	0.0%
$1 billion - $10 billion	413	414	-0.2%
$500 million - $1 billion	479	494	-3.0%
$300 million - $500 million	520	547	-4.9%
$100 million - $300 million	1,442	1,426	1.1%
Under $100 million	843	882	-4.4%
All	3,768	3,834	-1.7%

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

U.S. bank holding company in the Royal Bank of Canada (RBC) organization in 2010, replacing RBC's previous U.S. high-holder, as the bank reorganized the ownership-structure of its U.S.-based holdings, including insurance. First Niagara was formerly a thrift and consequently did not report insurance income as a line item in its call reports to the Office of Thrift Supervision (OTS). Two Rivers Financial was previously a small bank holding company and, thus, exempt from reporting line item fee income like insurance.

- Among the top 50 nationally and those BHCs reporting data in 2009 as well as 2010, RBC USA Holdco (NY) increased its predecessor's rank in total insurance income the most, having jumped from 243rd place at the end of 2009 to 11th by year-end 2010. We believe this rise in total insurance income is due to a reorganization of RBC entities that were not previously part of a top-tier U.S. BHC. Doral Financial (PR) jumped 10 rungs of the ladder from 53rd to 43rd place, Stifel Financial ascended 6 spots from 34th to 28th ranking, and Valley National Bancorp (NJ) climbed 5 rungs from 54th to 49th place in the rankings.

For more on the Michael White-ABIA Total Insurance Report, click here.

MAY 30 - JUNE 5, 2011

BANK OWNED LIFE INSURANCE (BOLI) ASSETS REACHED OVER $142 BILLION IN 2010

Bank-owned life insurance (BOLI) assets reached $142.43 billion in 2010, according to the 2011 edition of the *Michael White/Meyer-Chatfield Bank-Owned Life Insurance (BOLI) Holdings Report*. The banking industry's 2010 total reflected a 5.8% increase from $134.60 billion in 2009 BOLI assets held by large bank holding companies (BHCs), stand-alone banks and savings associations. BOLI is used to recover costs of employee benefits and offset the liabilities of retirement benefits, helping banks to keep up with rising benefit costs.

Compiled by Michael White Associates, LLC and sponsored by Meyer-Chatfield, the *Michael White / Meyer-Chatfield BOLI Holdings Report* measures and benchmarks the cash surrender values (CSV) of life insurance and ratios of CSV to capital attained by BHCs, banks and thrifts. The data in this report were submitted to regulators by 911 large top-tier BHCs with assets greater than $500 million and all 7,657 commercial banks, savings banks, and savings associations or thrifts that were operating on December 31, 2010. Among the study's most significant findings are these additional results:

- Of 911 large top-tier BHCs, 737 or 80.9% reported holding BOLI assets in 2010, increasing their BOLI holdings by 5.9% from $124.8 billion in 2009 to $132.10 billion in 2010.
- Of 1,393 stand-alone banks, i.e., those without parent-BHCs, 434 or 31.2% recorded $3.05 billion in BOLI holdings, up 25.0% from $2.44 billion in 2009.
- Of 730 savings association, 338 or 46.3% recorded $7.28 billion in BOLI holdings, down 1.3% from $7.38 billion in 2009.
- Of 7,657 banks and savings associations, 3,768 or 49.2% reported BOLI assets of $127.44 billion, an increase of 3.8% from $122.81 billion in 2009.
- The total number of banks and thrifts reporting BOLI assets decreased by 66 or 1.7% from 3,834 in 2009 to 3,768 banks and thrifts in 2010.
- Among banks and thrifts, those with assets between $1 billion and $10 billion were most likely to report BOLI assets, as 413 of 560 banks and thrifts or 73.8% reported having them in 2010. Among

TABLE 3. MEAN BOLI ASSETS AS A PERCENTAGE OF THE SUM OF TIER 1 CAPITAL + ALLOWANCE FOR LOAN & LEASE LOSSES

BANKS AND THRIFTS BY ASSET SIZE	2010	2009	PERCENT CHANGE
Over $10 billion	12.98%	16.73%	-24.1%
$1 billion - $10 billion	14.01%	13.33%	5.1%
$500 million - $1 billion	14.27%	14.16%	0.8%
$300 million - $500 million	15.31%	15.11%	1.3%
$100 million - $300 million	14.72%	14.63%	0.6%
Under $100 million	16.07%	16.04%	0.2%
All	14.93%	14.86%	0.5%

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

BHCs, those with assets greater than $10 billion reported the highest incidence of BOLI ownership, as 64 of 75 BHCs, or 85.3%, declared they had BOLI assets.

- The largest banks and thrifts, those over $10 billion in assets, accounted for the largest dollar increase ($3.70 billion) in BOLI, and institutions with assets between $1 billion and $10 billion attained the largest percentage increase (6.1%) in BOLI assets. Among BHCs, it was the largest that accounted for the biggest dollar increase ($6.71 billion), as well as the greatest percentage increase (6.0%), in their combined BOLI assets.

- Four of six asset classes experienced a decrease in 2010 in the number of banks and thrifts reporting BOLI assets. The largest numerical decrease, 39 banks and thrifts, occurred among depository institutions under $100 million in assets. The largest percentage decrease was 4.9% among banks and thrifts with assets between $300 million and $500 million. Declines in banks and thrifts reporting BOLI assets generally did not reflect decisions to leave the BOLI market. The declines were primarily due to some banks and thrifts merging or being sold with FDIC assistance.

- According to federal banking regulators, it is generally not prudent for a banking company 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 an institution'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 only slightly (0.5%) from 14.86% in 2009 to 14.93% in 2010. Nationally, mean BHC BOLI assets as a percent of total capital decreased from 13.73% in 2009 to 13.63% in 2010.

- Among the largest bank holding companies (BHCs) with assets over $10 billion, the 6.6% increase in Tier 1 capital from $1.01 trillion in 2009 to $1.08 trillion in 2010 helped produce a 5.5% increase in the sum of Tier 1 Capital and the allowances for loan and lease losses. By comparison, the allowances hardly changed, decreasing only 0.1% from year to year. The increase in Tier 1 capital among the largest BHCs helped keep a lid on their mean BOLI-to-capital ratio and that of the industry as a whole, as those mean ratios dropped, respectively, 8.9% and 0.7% in 2010.

For more on the Michael White/Meyer-Chatfield BOLI Holdings Report, click here.

JUNE 6 - 12, 2011

U.S. BANKS REPORT 66.5% JUMP IN FIRST QUARTER NET INCOME

Net income at U.S. commercial banks and savings institutions (banks) jumped 66.5% to $29 billion in the first quarter, up from $17.4 billion in first quarter 2010, according to the Federal Deposit Insurance Corporation (FDIC). A 59.9% drop in loan loss provisions to $20.7 billion, down from $51.6 billion in 2010, drove the earnings increase, overcoming a $3.2 billion decline in net interest income excluding provisions and a $2.2 billion decrease in noninterest income. Narrower net interest margins and weak growth in interest earning assets impacted the interest income decline, while a $1.7 billion drop in services charges on deposit accounts and a $1 billion decrease in trading income accounted for the noninterest earnings slide, the FDIC said.

More than half (56%) of banks reported first quarter net income improved over first quarter 2010, and 15% reported a net loss. With decreased loan loss provisions driving overall earnings growth, FDIC Chairman Sheila Bair commented, "There is a limit to how far reductions in loan loss provisions can boost industry earnings." She cautioned, "The economic recovery, along with borrower demand, remains sluggish. Longer term, banks may be exposed to interest rate risk when we emerge from this prolonged stretch of unusually low rates."

Twenty-six banks failed in the first quarter; 56 were absorbed by mergers and 4 were added to the problem list, increasing that number to 888 out of the total 7,574 FDIC-insured institutions. *To read the FDIC's Quarterly Banking Profile, click here*.

JUNE 6 - 12, 2011

U.S. THRIFTS REPORT 19% DROP IN FIRST QUARTER EARNINGS

Net income at U.S. thrifts dropped 19% in first quarter 2011 to $1.4 billion, down from $1.73 billion in first quarter 2010, as loans fell 3.8% to $556 billion from $578 billion and return on assets declined to 0.60% from 0.73% in first quarter 2010, according to the Office of Thrift Supervision (OTS).

Still, loan loss provisions declined and troubled assets decreased to 3.09% of total assets from 3.28% in first quarter 2010. Over 90% (91.2%) of all thrifts reported their capital exceeded "well-capitalized" regulatory standards, and only 11 of the 724 thrifts supervised fell into the less than adequately capitalized category.

Commenting on the seventh consecutive quarter of thrift profitability, albeit declining, OTS Acting Director John Bowman said, "Although the economic recov-

ery is uneven and housing markets remain fragile in many communities across the country, we are seeing some stability in the thrift industry. I am increasingly optimistic that the worst is behind us."
For more on the performance of U.S. thrifts in the first quarter, click here.

JUNE 13 - 19, 2011

INSURANCE CLIMBS 22%, TIP GROWS 19% & COLI JUMPS 75% AT GERMAN AMERICAN

Jasper, IN-based, $1.8 billion-asset German American Bancorp reported insurance brokerage fee income in the first quarter climbed 22% to $2.05 million, up from $1.69 million in first quarter 2010, bolstered by more than a doubling of contingency fee income to $784,000. Trust and investment product (TIP) fees grew 18.7% to $464,000, up from $391,000, and company-owned life insurance (COLI) income jumped 74.8% to $353,000, up from $202,000. Insurance brokerage, TIP fees and COLI earnings comprised, respectively, 34.1%, 7.7% and 5.9% of noninterest income, which climbed 31.2% to $6.01 million, up from $4.58 million in first quarter 2010, reflecting increased insurance, TIP and COLI income and $1.05 million in net securities gains.

Net income climbed 47.6% to $4.65 million, up from $3.15 million in first quarter 2010, driven by noninterest earnings, organic growth in net interest income and additional interest earnings tied to the January acquisition of Evansville, IN-based, $340.3 million-asset American Community Bancorp, parent of the Bank of Evansville. German American Bancorp Chairman and CEO Mark Schroeder said, "We have seen a strong resurgence in our non-banking lines of business within insurance, investment and trust services." He added, "We are excited about the opportunities the Evansville market will offer us, not only within banking but also relative to the expansion of our insurance, investment and trust lines of business."

In 2010, German American Bancorp reported $1.6 million in wealth management income, which comprised 9.3% of its noninterest income and 2.4% of its net operating revenue. The company ranked 143rd in wealth management earnings among BHCs with assets between $1 billion and $10 billion, according to *Michael White's Wealth Management Fee Income Report*.

In 2010, German American reported $5.3 million in insurance brokerage income, which comprised 31.2% of its noninterest income and 8.1% of its net operating revenue. The company ranked 31st 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*.

JUNE 27 - JULY 4, 2011

SEPARATE ACCOUNTS HOLD LARGEST SHARE OF BOLI ASSETS; GENERAL ACCOUNT POLICIES MOST POPULAR

Separate account life insurance (SALI) assets constituted the majority ($62.56 billion or 51.5%) of total bank-owned life insurance (BOLI) assets in the first quarter 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 $57.92 billion constituted even more of their BOLI assets of $97.88 billion, reaching nearly $3 of every $5 (59.2%).

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 or 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, do not currently report these types of BOLI assets.

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; but they do assume all investment and price risk so that investment income and investment gains and losses generally accrue directly to the policyholders and are not accounted for on the general accounts of the insurer.

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

TABLE 1. TOTAL BOLI ASSETS (IN BILLIONS) HELD BY BANKS IN FIRST 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	$33.18	$57.92	$6.78	$97.88
$1 billion - $10 billion	$7.40	$3.66	$1.18	$12.24
$500 million - $1 billion	$3.28	$0.44	$0.54	$4.25
$300 million - $500 million	$2.09	$0.19	$0.34	$2.62
$100 million - $300 million	$3.04	$0.29	$0.39	$3.73
Under $100 million	$0.70	$0.06	$0.04	$0.81
All	$49.70	$62.56	$9.27	$121.53

SOURCE: *Michael White-Meyer-Chatfield Bank-Owned Life Insurance (BOLI) Holdings Report* and bank holding companies (BHCs). The data here were reported by 6,850 commercial banks and FDIC-supervised savings banks operating on March 31, 2011. Among the study's most significant findings in the first quarter are these:

- Of 6,850 commercial and FDIC-supervised savings banks, 3,409 or 49.8% reported holding BOLI assets of $121.53 billion in first quarter 2011, a slight decline of 1.6% from $123.52 billion in first quarter 2010.
- Separate account CSV assets totaled $62.56 billion among banks and represented 51.5% of total BOLI assets. At the same time, only 582 or 17.1% of all banks reporting BOLI assets held separate account assets. Of banks holding BOLI assets, the fewest number held SALI assets, which were the largest portion of BOLI assets.
- The largest banks, i.e., those with assets greater than $10 billion, reported the most in BOLI assets, as 62 of 88 large banks or 70.5% reported having $97.88 billion in BOLI assets or 80.5% of the industry's total of $121.53 billion. These large banks held $57.92 billion or 92.6% of the $62.56 billion in SALI assets held by all banks in first quarter 2011. The SALI assets held by these large banks alone constituted 47.7% of the industry's total BOLI assets of $121.53 billion.
- In other words, the largest banks dominated the ownership of both total BOLI assets and separate account life insurance assets in first quarter 2011. Yet, the least commonly held BOLI policies were SALI policies, as the fewest banks (582) with BOLI assets in first quarter held SALI assets.
- Ninety-three percent (93.0%) or 3,170 of the 3,409 institutions reporting BOLI assets had $49.70 billion in general account life insurance assets, representing 40.9% of total BOLI assets at the end of first quarter. Thus, 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.
- Seven hundred thirteen (713) or 20.9% of the 3,409 institutions reporting BOLI assets held $9.27 billion in hybrid account life insurance assets, representing 7.6% 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 (92.6%) among the largest banks. But, GALI and HALI types of BOLI assets were much less concentrated among the big banks. Smaller banks held 33.2% of general account life insurance assets and 26.9% of hybrid account life insurance assets in first quarter 2011.
- Most banks are subsidiaries of bank holding companies and account for most BOLI assets. But approximately 20% of banks are stand-alone, i.e., not part of BHCs. Of $3.10 billion in BOLI assets owned by stand-alone banks, $2.42 billion or 78% resided in general account life insurance (GALI) policies, and only 15% of stand-alone banks' BOLI assets were in separate account life insurance (SALI) policies.
- Of 1,366 national banks, 661 or 48.4% held two-thirds ($81.45 billion) of total BOLI assets; those 661 banks represented 9.6% of all banks operating at the end of first quarter 2011. Only 122 of those national banks reported separate account life insurance assets, but they possessed $52.33 billion or 83.6% of the industry's total SALI assets of $62.56 billion, making national banks of all banking charters the leading owner of SALI. Indeed, SALI assets represented 64.2% of national bank's total BOLI assets of $81.45 billion.

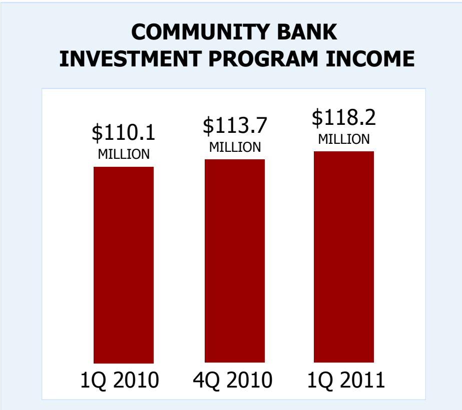
According to federal banking regulators, it is generally not prudent for a bank to hold BOLI assets with an aggregate cash surrender value (CSV) that exceeds 25 percent of the sum of the institution's total capital. (Depending on the bank's charter, total capital is defined either as Tier 1 capital or 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 very slightly from 14.69% in first quarter 2010 to 14.80% in first quarter 2011.

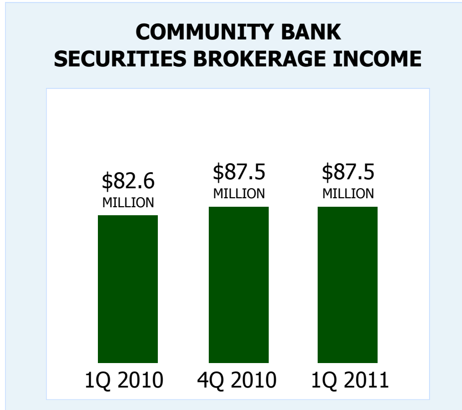
Click here to read more about the Michael White / Meyer-Chatfield BOLI Holdings Report.

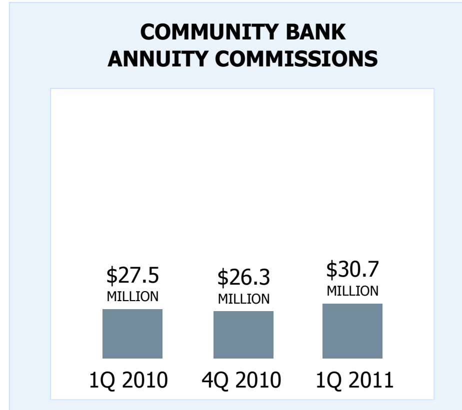
TABLE 2. NUMBER OF BANKS REPORTING BOLI ASSETS IN FIRST QUARTER 2011

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	59	49	28	62 *(of 88)*
$1 billion - $10 billion	342	150	112	365 *(of 482)*
$500 million - $1 billion	411	83	139	438 *(of 610)*
$300 million - $500 million	427	63	124	451 *(of 725)*
$100 million - $300 million	1,216	162	254	1,318 *(of 2,589)*
Under $100 million	715	75	56	775 *(of 2,356)*
All	3,170	582	713	3,409 *(of 6,850)*

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







SOURCE: Michael White Community Bank Investment Programs Report

JULY 11 - 17, 2011

COMMUNITY BANK INVESTMENT PROGRAMS HAVE BEST 1Q SINCE 2008

Community bank investment programs are off to a promising start in 2011 due to increases in both securities brokerage fee income and annuity commissions, according to the *Michael White-Securities America Report: Community Bank Investment Programs*.

Sponsored by Securities America and issued by Michael White Associates, LLC, the report measures and benchmarks investment programs at community banks, i.e., banks with less than $4 billion in assets. The current report is based on data reported by all 6,850 commercial banks and FDIC-regulated savings banks operating on March 31, 2011. The report specially examines the 6,685 community banks among the 6,850, plus it further segments them into five asset classes whose performance is also analyzed.

"This first-quarter report finds that community banks' investment program revenue surpassed where they started and ended in 2010," said Gregg H. Johnson, Senior Vice President at Securities America. "In fact, revenues of community bank investment programs are off to their best start since 2008. In addition, first quarter 2011 mean program income is 13.9% higher than it's been since these filed data became available to us for measurement in first quarter 2007."

Program Production

In first quarter 2011, 1,370 or 20.5% of community banks participated in investment program activities, producing $118.2 million in program income, up 7.4% from $110.1 million in first quarter 2010. First quarter 2011 program income of $118.2 million increased 4.0% from $113.7 million in fourth quarter 2010.

These community banks achieved average investment program fee income of $300,928 in 2011, up 15.8% from $86,269 in first quarter 2011, up 10.6% from $77,969 in first quarter 2010. The number of banks participating in investment program activities was down by 3.0% from 1,412 banks in first quarter 2010 to 1,370 banks in first quarter 2011.

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.

"In first quarter 2011, community banks earned mean investment program income of $210 per million dollars of retail bank deposits," said Michael White, president of Michael White Associates and author of the report. "In contrast, big banks with assets over $4 billion attained a higher mean Investment Program Penetration of $282 per million dollars of retail deposits; so, there is opportunity for community banks to enhance their programs." Community banks with assets between $100 million and $300 million and those with assets under $100 million had the largest mean Penetration ratio at, respectively, $220 and $221 per million dollars of retail deposits.

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' nonlending activities.

As a group, community banks achieved a higher mean Concentration of investment program income to noninterest income than larger banks in first quarter 2011. As a group, community banks attained a Concentration ratio of 7.9%, with banks under $100 million in assets reaching the highest mean ratio of program income to noninterest income of 9.8%. Large banks, those with assets greater than $4 billion, had a lower mean Concentration ratio of 4.3% 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.

1Q 2011 INVESTMENT PROGRAM INCOME PERFORMANCE BENCHMARKS FOR COMMUNITY BANKS - NATIONALLY

PERFORMANCE MEASURES	MEAN
PRODUCTION - Dollar Volume	$86,269
CONCENTRATION - % of Noninterest Income	7.90%
PENETRATION – $ per Million Dollars of Retail Deposits	$210
PRODUCTIVITY - $ per Bank Employee	$634
DENSITY - $ per Domestic Office	$14,584

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. In first quarter 2011, mean community bank employee Productivity was $634 per bank employee, up 8.0% from $587 in first quarter 2010. Community banks with assets between $1 billion and $4 billion generated the highest level of program productivity at $713 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. Unadjusted mean density per domestic community bank office was $14,584 in first quarter 2011, up only slightly (0.9%) from $14,460 in first quarter 2010.

Revenue Mix – Securities Brokerage

In first quarter 2011, community banks earned securities brokerage fee income of $87.5 million, up 6.0% from $82.6 million in first quarter 2010. First quarter 2011 brokerage revenues of $87.50 million were $25,000 more than the near identical $87.48 million in fourth quarter 2010. Security brokerage revenues constituted 74.0% of total investment program income of $118.2 million in first quarter 2011, up from a cumulative mix of 75.3% in 2010. First quarter 2011 securities revenue mix fell nearly three points from fourth quarter 2010's 76.9% to 74.0%, its highest point for the year.Of the 1,370 banks with assets under $4 billion that reported earning investment program income in first quarter 2011, 1,216 banks or 88.8% reported earning commissions and fees from securities brokerage, and 626 banks or 45.7% reported earning securities brokerage fee income only.

Revenue Mix – Annuities

Community banks earned annuity fee income of $30.7 million in first quarter 2011, up 11.4% from $27.5 million in first quarter 2010. First quarter 2011 annuity revenues of $30.7 million were up 16.8% from $26.3 million in fourth quarter 2010. Annuity commissions constituted 26.0% of community bank investment program income of $118.2 million in first quarter 2011, up from fourth quarter 2010's annuity revenue mix of 23.1%, the lowest quarterly point of last year. With 16.9% of first quarter 2010 program income and 13.7% of fourth quarter 2010 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 1,370 community banks that reported earning investment program income in first quarter 2011, 744 banks or 54.3% reported earning annuity commissions, and 154 banks or 11.2% reported earning annuity income only. This latter finding of 154 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 first quarter 2011, leaders in investment program fee income among big banks with assets under $4 billion were CenterState Bank of Florida (FL) with $4.80 million, down 24.9% from $6.39 million in first quarter 2010; North Shore Community Bank & Trust Company (IL) with $4.16 million in 2011, up 17.0% from $3.56 million; TIB The Independent Bankersbank (TX) with $2.81 million, up 36.7% from $2.06 million; Espirito Santo Bank (FL) with $2.02 million, up 7.6% from $1.88 million; and Safra National Bank of New York (NY) with $1.91 million, up 22.3% from $1.56 million in first quarter 2010. (Not all income in some investment programs is derived from activities conducted for retail customers. Institutions like 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

In first quarter 2011, leaders in annuity fee income among banks under $4 billion in assets were Lake City Bank (IN) with $586,000, up 32.6% from $442,000; Centier Bank (IN) with $450,000, up 26.4% from $356,000; Sun National Bank (NJ) with $423,000, up from zero in first quarter 2010; United Bank (WV) with $416,000 in 2011, down 2.8% from $428,000; and First Victoria National Bank (TX) with $393,000, down 23.7% from $515,000 in first quarter 2010.

For more on the Michael White-Securities America Community Bank Investment Program Report, click here.

JULY 25 - 31, 2011

FIRST QUARTER U.S. BHC ANNUITY EARNINGS CLIMB 28.4% YEAR OVER YEAR

Income earned from the sale of annuities at bank holding companies (BHCs) rose 28.4% to $748.2 million in first quarter 2011, up from $582.6 million in first quarter 2010, according to the Michael White-ABIA Bank Annuity Fee Income Report. That is the highest quarterly amount of annuity fee income since first quarter 2007 when these data first became available. First-quarter 2011 annuity commissions were also 2.6% more than the $729.5 million earned in fourth quarter 2010.

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 6,850 commercial and FDIC-supervised banks and 942 large top-tier bank holding companies operating on March 31, 2011.

Of the 942 BHCs, 378 or 40.1% participated in annuity sales activities during first quarter 2011. Their $748.2 million in annuity commissions and fees constituted 11.9% of their total mutual fund and annuity income of $6.31 billion and 15.8% of total BHC insurance sales volume (i.e., the sum of annuity and insurance brokerage income) of $4.73 billion. Of the 6,850 banks, 821 or 12.0% participated in first-quarter annuity sales activities. Those participating banks earned $204.2 million in annuity commissions or 27.2% of the banking industry's total annuity fee income. In contrast to BHCs, the banks' annuity production was up 9.7% from $186.1 million in first quarter 2010.

Seventy-four percent (74.3%) of BHCs with over $10 billion in assets earned first-quarter annuity commissions of $708.3 million, constituting 94.7% of total annuity commissions reported by the banking industry. This was an increase of 29.3% from $547.8 million in annuity fee income in first quarter 2010. Among this asset class of largest BHCs, annuity commissions made up 11.4% of their total mutual fund and annuity income of $6.20 billion and 15.8% of their total insurance sales revenue of $4.49 billion in first quarter 2011.

BHCs with assets between $1 billion and $10 billion recorded an increase of 13.9% in annuity fee income, growing from $29.7 million in first quarter 2010 to $33.8 million in first quarter 2011 and accounting for 31.6% of their mutual fund and annuity income of $1.33 billion. BHCs with $500 million to $1 billion in assets generated $6.12 million in annuity commissions in first quarter 2011, up 19.0% from $5.15 million in first quarter 2010. Only 30.5% 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 $40.6 million.

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 first quarter 2011. Among BHCs with assets between $1 billion and $10 billion, leaders included Stifel Financial Corp. (MO), Hancock Holding Company (MS), National Penn Bancshares (PA), Iberiabank Corporation (LA), and Bremer Financial Corp. (MN). Among BHCs with assets between $500 million and $1 billion, leaders were Northeast Bancorp (ME), First Volunteer Corporation (TN), Van Diest Investment Co. (IA), River Valley Bancorporation, Inc. (WI), and First American International Corp. (NY). 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), Savers Co-operative Bank (MA), FNB Bank, N.A. (PA), and The Hardin County Bank (TN).

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 7.3% in first 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 16.6% of noninterest income. *For more on the first quarter findings of the Michael White-ABIA Bank Annuity Fee Income Report, click here.*

TOP 10 BANK HOLDING COMPANIES IN ANNUITY FEE INCOME YEAR-TO-DATE MARCH 31, 2010 - NATIONALLY

RANK	YTD ANNUITY INCOME		% CHANGE 1Q 2010 - 1Q 2011	BANK HOLDING COMPANY		ASSETS	% OF NONINT. INCOME
	1Q 2011	1Q 2010					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$186,000	$169,000	10.06%	Wells Fargo & Company	CA	$1,244,550,000	1.93%
2	$108,000	$82,000	31.71%	Morgan Stanley	NY	$836,185,000	1.43%
3	$84,000	$60,000	40.00%	JPMorgan Chase & Co.	NY	$2,196,218,000	0.63%
4	$60,374	$44,458	35.80%	Bank of America Corp.	NC	$2,269,872,425	0.43%
5	$30,520	$24,338	25.40%	Regions Financial Corp.	AL	$131,798,824	4.17%
6	$20,746	$13,873	49.54%	Suntrust Banks, Inc.	GA	$170,835,041	2,60%
7	$20,377	$3,687	452.67%	PNC Financial Services Grp.	PA	$259,500,612	1.41%
8	$18,655	N/A	N/A	RBC USA Holdco Corporation	NY	$85,012,708	2.67%
9	$18,618	$9,915	87.78%	BBVA USA Bancshares, Inc.	TX	$63,647,110	9.47%
10	$16,000	$12,000	33.33%	U.S. Bancorp	MN	$311,462,000	0.80%

SOURCE: Michael White-ABIA Bank Annuity Fee Income Report

JULY 25 - 31, 2011

U.S. BANKS SEE 16% GROWTH IN FIRST QUARTER FIXED ANNUITY PREMIUM SALES

U.S. banks sold $4.93 billion in fixed annuity premiums in first quarter 2011, up 16% over $4.25 billion sold in first quarter 2010 and up 56% over $3.16 billion sold in fourth quarter 2010, according to Evanston, IL-based Beacon Research's *Fixed Premium Annuity Study*. A surge in sales of fixed annuities without market value adjustments (MVAs) drove the increase and accounted for 9 of the top-ten fixed annuity products sold. Lincoln Financial's lone indexed annuity ranked 5th in popularity among the ten.

Houston, TX-based Western National Life remained by far the top fixed annuity provider in the bank channel with $2.1 billion in annuity premiums sold. New York Life ranked second with $618.3 million, followed by Symetra Life ($548,4 million), Great American Financial Resources ($271.5 million), Lincoln Financial ($252.8 million), American National ($238.5 million), Protective Life ($215.1 million), Jackson National ($179.3 million), W&S Financial Group Distributors ($177.6 million) and Pacific Life ($81.7 million).

Commenting on the results of the fixed annuity premium study, Beacon Research President and CEO Jeremy Alexander said, "Risk aversion has increased and that tends to favor sales of fixed annuities over variable annuities."

AUGUST 8 - 14, 2011

MICHAEL WHITE-PRUDENTIAL REPORT BANK INSURANCE BROKERAGE INCOME HITS RECORD FOR SECOND STRAIGHT QUARTER

Marking the highest quarterly results achieved, first-quarter bank holding company (BHC) insurance brokerage income of $3.98 billion was up 19.8% from $3.32 billion in first quarter 2010, according to the *Michael White-Prudential Bank Fee Income Report*. The last two quarters have registered the highest quarterly watermarks ever recorded in BHC insurance brokerage fee income, and first quarter was 10.6% greater than fourth quarter 2010. Thus far in 2011, 58.9% of large top-tier BHCs engaged in insurance brokerage activities.

Compiled by Michael White Associates (MWA) since 2001 and sponsored by Prudential's Individual Life Insurance business, a proud member of the American Bankers Insurance Association (ABIA), this report measures and benchmarks the banking industry's performance in generating insurance brokerage and underwriting fee income. Results are based on data from all 6,850 commercial banks and FDIC-supervised savings banks and 942 large top-tier bank holding companies operating on March 31, 2011.

"In first quarter 2011, the number of BHCs that grew or maintained their insurance brokerage revenues largely equaled those that didn't. We examined 156 BHCs with at least $1 million in annualized insurance brokerage income. While two BHCs had no growth, 74 BHCs showed positive growth in their insurance brokerage income, while 80 experienced declines. Twenty-seven (27) had increases under 10%, and 42 had declines of less than 10%," said Michael White, President of MWA. "Forty-seven (47) achieved revenue increases over 10%, and 38 BHCs endured decreases greater than 10%. Across the country, insurance agencies and brokerages continue to be hampered by a difficult economy, seven years of soft commercial insurance markets, and capital restraint on the part of many potential buyers, thereby inhibiting acquisition."

Excluding MetLife, a traditional life insurer, Citigroup Inc. (NY) topped the leader board in first quarter 2011 with insurance brokerage earnings of $552.0 million. Wells Fargo & Company (CA) ranked second nationally with $455.0 million in insurance brokerage fee income. BB&T Corporation (NC), which owns more agencies than any other financial holding company, ranked third with $222.4 million in insurance brokerage revenue in first quarter 2011.

Bank holding companies over $10 billion in assets continued to have the highest participation (89.2%) in insurance brokerage activities. These BHCs produced $3.78 billion in insurance fee income in first quarter 2011, 21.0% more than the $3.13 billion they produced in first quarter 2010. These large bank holding companies accounted for 95.0% of all BHC insurance brokerage fee income earned in first quarter 2011.

TOP 12 BANK HOLDING COMPANIES IN INSURANCE BROKERAGE FEE INCOME YEAR-TO-DATE MARCH 31, 2011 - NATIONALLY

RANK	INSURANCE BROKERAGE FEE INCOME 1Q 2011	INSURANCE BROKERAGE FEE INCOME 1Q 2010	% CHANGE 1Q 2010 - 1Q 2011	BANK HOLDING COMPANY		ASSETS	% OF NONINT. INCOME
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$552,000	$247,000	123.48%	Citigroup Inc.	NY	$1,947,314,000	6.40%
2	$455,000	$531,000	-14.31%	Wells Fargo & Company	CA	$1,244,550,000	4.72%
3	$222,356	$225,121	-1.23%	BB&T Corporation	NC	$157,036,797	36.37%
4	$118,335	$140,339	-15.68%	Bank of America Corporation	NC	$2,269,872,425	0.85%
5	$84,000	$68,000	23.53%	Morgan Stanley	NY	$836,185,000	1.11%
6	$54,000	$42,509	27.03%	American Express Company	NY	$142,773,000	1.01%
7	$36,173	$33,660	7.47%	Discover Financial Services	IL	$64,694,631	8.13%
8	$36,000	$19,000	89.47%	Goldman Sachs Group, Inc.	NY	$931,631,000	0.34%
9	$29,033	$27,772	4.54%	Regions Financial Corp.	AL	$131,798,824	3.97%
10	$25,000	$33,000	-24.24%	Ally Financial Inc.	MI	$173,702,000	1.45%
11	$22,660	$21,781	4.04%	BancorpSouth, Inc.	MS	$13,553,661	36.50%
12	$18,524	$17,521	5.72%	Eastern Bank Corporation	MA	$7,499,469	46.54%

SOURCE: Michael White-Prudential Bank Insurance Fee Income Report

"Our internet-based simplified issue products continue to enable the banks to grow their life insurance brokerage income and provide an opportunity to increase the non-fee revenue to the bank," said Joan H. Cleveland, senior vice president, Business Development with Individual Life Insurance, The Prudential Insurance Company of America. "We are seeing our term product positioned as a protection tool for the mass-middle market customer and our single premium UL product enabling bank customers to create a legacy; both very positive attributes for consumers from our perspective."

Among BHCs with between $1 billion and $10 billion in assets, leaders in insurance brokerage income in first quarter 2011 included Eastern Bank Corporation (MA), Stifel Financial Corp. (M0), Old National Bancorp (IN), Johnson Financial Group, Inc. (WI), and Trustmark Corporation (MS). BHCs of this size registered a 3.7% increase in insurance brokerage income to $163.5 million in first quarter 2011, up from $157.7 million in first quarter 2010.

Among BHCs with assets between $500 million and $1 billion, leaders were Two Rivers Financial Group (IA), 473 Broadway Holding Corporation (NY), Evans Bancorp (NY), Texas Independent Bancshares (TX), and Northeast Bancorp (ME). BHCs of this size registered an 11.7% decline in insurance brokerage income to $34.5 million, down from $39.0 million in first quarter 2010.

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 insurance brokerage income. Leaders among bank proxies for small BHCs were Soy Capital Bank and Trust Company (IL), Industry State Bank (TX), Hoosac Bank (MA), First State Bank (IA), and Stoneham Savings Bank (MA). These small banks, representing small BHCs, also registered a decline in insurance brokerage income, albeit a smaller 3.4%, from $39.6 million in first quarter 2010 to $38.2 million in first quarter 2011.

Among the top 50 BHCs nationally in insurance brokerage concentration (i.e., insurance brokerage income as a percent of noninterest income), the median Insurance Brokerage Concentration Ratio was 36.7%. Among the top 50 small banks in insurance brokerage concentration that are serving as proxies for small BHCs, the median Insurance Brokerage Concentration Ratio was 64.4% of noninterest income.

Among the top 50 BHC leaders in insurance brokerage productivity (i.e., insurance brokerage income per BHC employee), the median Insurance Brokerage Productivity Ratio was $4,957 per employee (or an annualized Productivity Ratio of $19,828). Among the top 50 small banks in insurance brokerage productivity, the median Insurance Brokerage Productivity Ratio was $5,168 per employee (or an annualized Productivity Ratio of $20,670).

To read more about the Michael White-Prudential Bank Insurance Fee Income Report, click here.

AUGUST 29, 2011 - SEPTEMBER 4, 2011

53% DROP IN LOAN LOSS PROVISIONS DRIVES 38% JUMP IN PROFITS AT U.S. BANKS

U.S. banks and savings institutions reported an aggregate profit of $28.8 billion in the second quarter, a 37.8% jump over second quarter 2010, according to the Federal Deposit Insurance Corporation (FDIC). A 53.0% drop in loan loss provisions to $19 billion, down from $40.4 billion in second quarter 2010, drove the increase, compensating for a decline in the average net interest margin to 3.61%, a 61% tumble in realized gains on securities, a 41% drop in loan servicing fee income, and a 13% fall in service charges on deposit accounts.

Most (60%) banks and savings institutions reported improved earnings; the number reporting net losses fell to 15.2%, down from 20.8% in second quarter 2010, and the remaining 24.8% basically maintained year-ago numbers.

While 22 FDIC-insured institutions failed in the second quarter, the number of banks on the problem list decreased to 865, down from 888 in the first quarter. For more on the FDIC's *Quarterly Banking Profile*, click here.

OCTOBER 10 - 16, 2011

MICHAEL WHITE-ABIA REPORT BANK ANNUITY FEE INCOME HITS RECORD LEVEL FOR FIRST HALF AND SECOND QUARTER

Income earned from the sale of annuities at bank holding companies (BHCs) in the first half of 2011 hit a record $1.53 billion, up 25.0% over $1.22 billion earned in first half 2010. Second-quarter 2011 annuity commissions also reached record heights in rising to $781.4 million, up 21.9% from $640.9 million earned in second quarter 2010 and up 4.4% from $748.2 million in first quarter 2011, according to the *Michael White-ABIA Bank Annuity Fee Income Report*.

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 6,805 commercial and FDIC-supervised banks and 934 large top-tier bank holding companies operating on June 30, 2011.

Of the 934 BHCs, 383 or 41.0% participated in annuity sales activities during first half 2011. Their $1.53 billion in annuity commissions and fees constituted 12.0% of their total mutual fund and annuity income of $12.77 billion and 16.3% of total BHC insurance sales volume (i.e., the sum of annuity and insurance brokerage income) of $9.39 billion. Of the 6,805 banks, 887 or 13.0% participated in first-half annuity sales activities. Those participating banks earned $401.1 million in annuity commissions or 26.2% of the banking industry's total annuity fee income; their annuity income production was up 6.9% from $375.0 million in first half 2010.

Three-fourths (74.7%) of BHCs with over $10 billion in assets earned first-half annuity commissions of $1.46 billion, constituting 95.2% of total annuity commissions reported by the banking industry. This revenue represented an increase of 26.6% from $1.15 billion in annuity fee income in first half 2010.

Among this asset class of largest BHCs in the first half, annuity commissions made up 11.6% of their total mutual fund and annuity income of $12.56 billion and 16.3% of their total insurance sales volume of $8.94 billion.

Bank holding companies with assets between $1 billion and $10 billion recorded a decrease of 1.1% in annuity fee income, falling from $62.5 million in first half 2010 to $61.8 million in first half 2011 and accounting for 30.1% of their mutual fund and annuity income of $205.4 million.

Bank holding companies with $500 million to $1 billion in assets generated $12.3 million in annuity commissions in first half 2011, up 12.4% from $11.0 million in first half 2010. Only 31.8% 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 (15.3%) of total insurance sales volume of $80.4 million.

Wells Fargo & Company (CA), Morgan Stanley (NY), and JPMorgan Chase & Co. (NY) led all bank holding companies in annuity commission income in first half 2011. Among BHCs with assets between $1 billion and $10 billion, leaders included Stifel Financial Corp. (MO), National Penn Bancshares, Inc. (PA), and Old National Bancorp (IN).

Among BHCs with assets between $500 million and $1 billion, leaders were

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

RANK	ANNUITY INCOME YTD 2Q2011	ANNUITY INCOME YTD 2Q2010	% CHANGE 2Q 2010 - 2Q 2011	BANK HOLDING COMPANY		ASSETS	% OF NONINT. INCOME
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$415,000	$347,000	19.60%	Wells Fargo & Company	CA	$1,259,622,000	2.15%
2	$214,000	$160,000	33.75%	Morgan Stanley	NY	$830,747,000	1.26%
3	$163,000	$121,000	34.71%	JPMorgan Chase & Co.	NY	$2,244,903,000	0.59%
4	$124,440	$79,113	57.29%	Bank of America Corp.	NC	$2,258,000,455	0.88%
5	$59,093	$52,360	12.86%	Regions Financial Corp.	AL	$130,907,840	4.28%
6	$40,380	$28,372	42.32%	SunTrust Banks, Inc.	GA	$172,236,691	2.43%
7	$38,814	N/A	N/A	RBC USA Holdco Corp.	NY	$84,857,923	3.28%
8	$38,318	$37,400	$2.45	PNC Financial Services Grp.	PA	$263,259,894	1.34%
9	$36,140	$24,045	50.30%	BBVA USA Bancshares, Inc.	TX	$62,686,049	9.06%
10	$34,000	$28,000	21.43%	U.S. Bancorp	MN	$320,874,000	0.82%

SOURCE: *Michael White-ABIA Bank Annuity Fee Income Report*

Northeast Bancorp (ME), First Citizens Bancshares, Inc. (TN), and Van Diest Investment Company (IA).

The smallest community banks, those with assets less than $500 million, were used as "proxies" for the smallest bank holding companies, which are not required to report annuity fee income. Leaders among bank proxies for small BHCs were Jacksonville Savings Bank (IL), Vantage Point Bank (PA), and Iowa State Bank (IA).

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 7.6% in first half 2011. Among the top 50 small banks in annuity concentration that are serving as proxies for small BHCs, the median Annuity Concentration Ratio was 15.9% of noninterest income.

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

OCTOBER 10 - 16, 2011

U.S. BANKS' INTERCHANGE REVENUE EXPECTED TO DROP BY $33 BILLION TO $39 BILLION

As of October 1, another source of banks' fee income has been slashed, thanks to regulations put in place by the Dodd-Frank Act. Interchange fees on debit card transactions are now capped at $0.21 plus 0.05% of each transaction, down from an average $0.44. As a result, the Federal Reserve estimates that interchange revenue will drop by $33 to $39 billion over the next two years, according to the *motleyfool.com*. Add this to Regulation E, and insurance brokerage fee income becomes an ever more attractive source of noninterest earnings for banks.

OCTOBER 17 - 23, 2011

MICHAEL WHITE-SECURITIES AMERICA REPORT: COMMUNITY BANK INVESTMENT PROGRAMS HAVE BEST 1ST HALF IN THREE YEARS

Community bank investment programs continued to perform well in first half 2011 with modest increases in securities brokerage fee income and double-digit growth in annuity commissions, 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 6,805 commercial banks and FDIC-regulated savings banks operating on June 30, 2011. The annual report specially examines the 6,639 community banks among the 6,805, further segmenting them into five asset classes whose performance is also analyzed.

"This first-half 2011 report finds that community banks' investment program revenue have exceeded revenues generated in first half 2010," 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. In addition, second quarter 2011 mean program income is 6.5% higher than second quarter 2010 and ranks as the second highest quarter on record in mean program income, behind only first quarter 2011."

FIRST HALF 2011 INVESTMENT PROGRAM INCOME PERFORMANCE BENCHMARKS FOR COMMUNITY BANKS - NATIONALLY

PERFORMANCE MEASURES	MEAN
PRODUCTION - Dollar Volume	$168,525
CONCENTRATION - % of Noninterest Income	7.04%
PENETRATION – $ per Million Dollars of Retail Deposits	$414
PRODUCTIVITY - $ per Bank Employee	$1,236
DENSITY - $ per Domestic Office	$26,841

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

Program Production

In first half 2011, 1,422 or 21.4% of community banks participated in investment program activities, producing $239.6 million in program income, up 5.9% from $226.3 million in first half 2010. Second quarter 2011 program income of $121.5 million increased 2.9% from $118.1 million in first quarter 2011 and 4.6% from $116.2 million in second quarter 2010, hitting its highest level since third quarter 2007.

These community banks achieved average investment program fee income of $168,525 in first half 2011, up 8.6% from $155,191 in first half 2010. Average first-half investment program fee income in 2011 constituted the high-water mark since these data became available in first quarter 2007 for measurement by MWA. The number of banks participating in investment program activities was down by 2.5% from 1,458 banks in first half 2010 to 1,422 banks in first half 2011.

Program Penetration

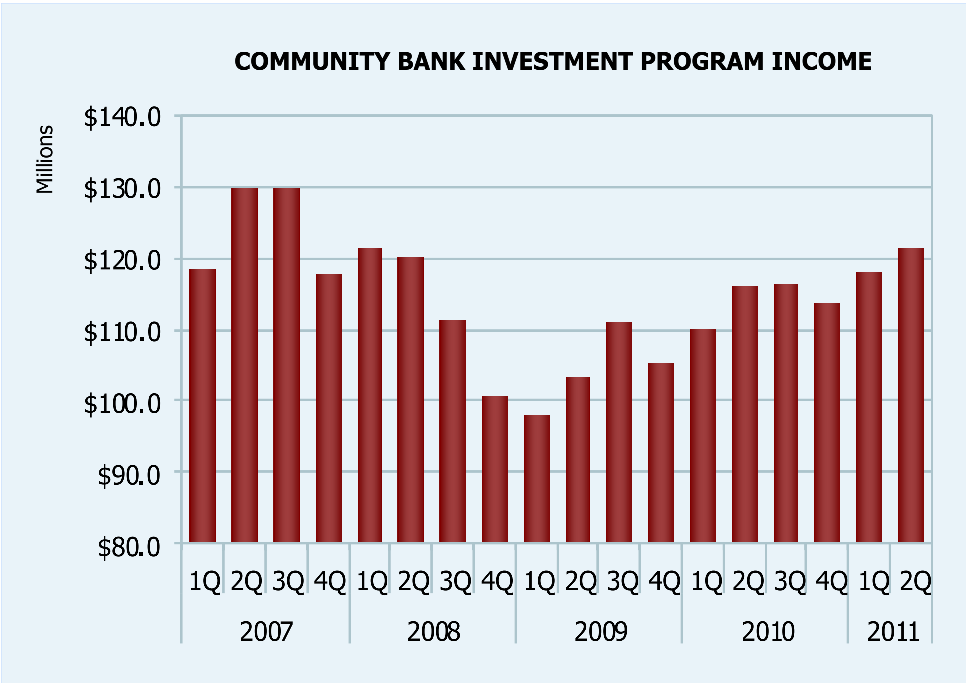
The Penetration of an investment program is measured as the amount of program revenue generated per million dollars of core or retail deposits. These deposits substitute as a measure of retail customers and the breadth of the customer relationship, since the data for retail customers or retail households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

"In first half 2011, community banks earned mean investment program income of $414 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 more than 10% from the previous year, due to the large influx of retail deposits. In contrast, big banks with assets over $4 billion attained a higher mean Investment Program Penetration of $557 per million dollars of retail deposits; so, there is opportunity for community banks to enhance their programs."

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 invest-



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

ment program income to noninterest income than larger banks in first half 2011. As a group, community banks attained an adjusted Concentration ratio of 7.0%, adjusted for banks whose Concentration Ratio exceeded 100% as a result of significant losses on their sale of investment securities and properties. Large banks, those with assets greater than $4 billion, had a lower mean Concentration ratio of 5.3% 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.

Program Productivity

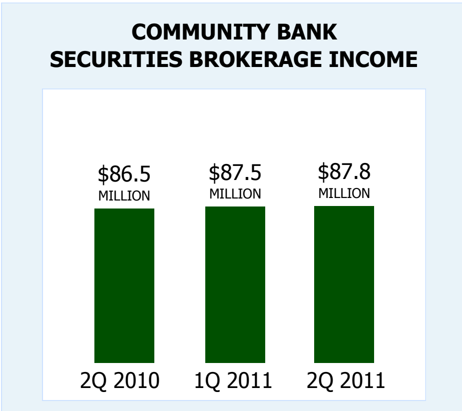
Investment Program Productivity measures the amount of program fee income per bank employee. Program Productivity enables us to assess the relative generation of income among bank employees, which are frequently the important human assets in generating customer referrals and the attendant fee income earned from those customer relationships. In first half 2011, mean community bank Program Productivity was $1,236 per bank employee, up 6.6% from $1,160 in first half 2010, and the highest level of first-half 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 $1,343 in program revenue per bank employee.

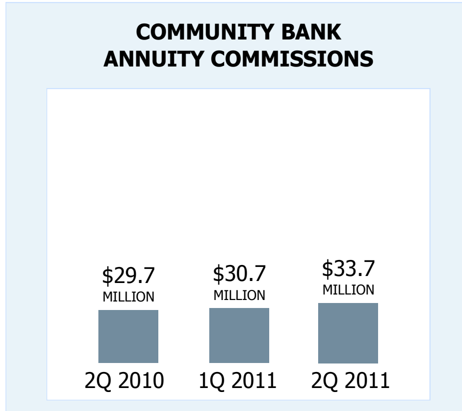
Program Density

Measured as the amount of program fee income per domestic banking office, Program Density evaluates the relative density of program ncome among banking locations, the critical physical assets in generating investment program income. Unadjusted mean density per domestic community bank office was $26,841 in first half 2011, up only slightly (1.5%) from $26,448 in first half 2010.

Revenue Mix – Securities Brokerage

In first half 2011, community banks earned securities brokerage fee income of $175.3 million, up 3.7% from $169.0 million in first half 2010. Second quarter 2011 brokerage revenues of $87.77 million were 0.3% or $271,000 more than the similar $87.50 million in first quarter 2011 and 1.5% more than $86.5 million in second quarter 2010.





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

Security brokerage revenues constituted 73.1% of total investment program income of $239.6 million in first half 2011, down from a cumulative mix of 74.7% in 2010. Second quarter 2011 securities revenue mix fell 2.1 points from second quarter 2010's 74.4% to 72.3%.

Of the 1,422 banks with assets under $4 billion that reported earning investment program income in first quarter 2011, 1,248 banks or 87.8% reported earning commissions and fees from securities brokerage, and 611 banks or 43.0% reported earning securities brokerage fee income only.

Revenue Mix – Annuities

Community banks earned annuity fee income of $64.4 million in first half 2011, up 12.5% from $57.2 million in first half 2010. Second quarter 2011 annuity revenues of $33.7 million were up 9.8% from $30.7 million in first quarter 2010 and up 13.4% from $29.7 million in second quarter 2010.

Annuity commissions constituted 26.9% of community bank investment program income of $239.6 million in first half 2011, up from first half 2010's annuity revenue mix of 25.3%. In second quarter 2011, annuity revenue mix was 27.7%, up from 25.6% in second quarter 2010. With 13.1% of first half 2010 program income and 16.9% of first half 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 1,422 community banks that reported earning investment program income in first half 2011, 744 banks or 52.3% reported earning annuity commissions, and 174 banks or 12.2% reported earning annuity income only. This latter finding of 174 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 first half 2011, leaders in investment program fee income among big banks with assets under $4 billion were CenterState Bank of Florida (FL) with $10.80 million, down 22.4% from $13.92 million in first half 2010; North Shore Community Bank & Trust Company (IL) with $8.16 million in 2011, up 10.8% from $7.36 million; TIB The Independent Bankersbank (TX) with $6.20 million, up 12.8% from $5.50 million; Espirito Santo Bank (FL) with $3.75 million, up 8.4% from $3.46 million; and BAC Florida Bank (FL) with $3.49 million, down 7.1% from $3.75 million in first half 2010. (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

In first half 2011, leaders in annuity fee income among banks under $4 billion in assets were Lake City Bank (IN) with $1,065,000, up 47.9% from $720,000; Sun National Bank (NJ) with $989,000, up 32.0% from $749,000 in first half 2010; Centier Bank (IN) with $816,000, up 13.5% from $719,000; Marquette Bank (IL) with $809,000, up 4.4% from $775,000; and United Bank (WV) with $796,000 in 2011, up 57.0% from $507,000 in first half 2010.

OCTOBER 24 - 30, 2011

MICHAEL WHITE / MEYER-CHATFIELD REPORT 2Q BOLI ASSETS UP AND TRENDING TOWARD HYBRID ACCOUNTS

Separate account life insurance (SALI) assets constituted the majority ($62.94 billion or 51.4%) of total bank-owned life insurance (BOLI) assets in the first half 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 $58.23 billion constituted even more of their BOLI assets of $98.61 billion, reaching nearly $3 of every $5 (59.1%) 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 half 2011. Savings associations, i.e., thrifts, consolidate these types of BOLI assets when reporting.

Compiled by Michael White Associates, LLC (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). The data here were reported by 6,805 commercial banks and FDIC-supervised savings banks operating on June 30, 2011. Among the study's most significant findings in the first half are these:

- Of 6,850 commercial and FDIC-supervised savings banks, 3,405 or 50.0% reported holding BOLI assets of $122.56 billion in first half 2011, an increase of 4.9% from $116.83 billion in first half 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 $62.94 billion among banks, representing 51.4% of all BOLI assets. At the same time, only 556 or 16.3% of all banks reporting BOLI held separate account assets. Thus, the fewest number of banks with BOLI held SALI assets, which were the largest portion of BOLI assets. 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; but they do assume all investment and price risk so that 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, i.e., those with assets greater than $10 billion, reported the most in BOLI assets, as 62 of 88 large banks or 70.5% reported having $98.61 billion in BOLI assets or 80.5% of the industry's total of $122.56 billion. These large banks held $58.23 billion or 92.5% of the $62.94 billion in SALI assets held by all banks in first half 2011. The SALI assets held by these large banks alone constituted 47.5% of the industry's total BOLI assets of $122.56 billion.

- In other words, the largest banks dominated the ownership of both total BOLI assets and separate account life insurance assets in first half 2011. Yet, the least commonly held BOLI policies were SALI policies, as the fewest banks (556) with BOLI assets in first half held SALI assets.

- Ninety-three percent (93.2%) or 3,174 of the 3,405 institutions reporting BOLI assets had $50.13 billion in general account life insurance assets, representing 40.9% of total BOLI assets at the end of first half. Thus, 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 theinsurance company, such as realizable deferred acquisition costs and mortality reserves.

- Seven hundred thirteen (764) or 22.4% of the 3,405 institutions reporting BOLI assets held $9.49 billion in hybrid account life insurance assets, representing 7.7% of total BOLI assets and making HALI the smallest reporting category of BOLI assets. Hybrid account insurance policies combine features of both general

TABLE 1. TOTAL BOLI ASSETS (IN BILLIONS) HELD BY BANKS IN FIRST HALF 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	$33.60	$58.23	$6.78	$98.61
$1 billion - $10 billion	$7.43	$3.72	$1.29	$12.44
$500 million - $1 billion	$3.22	$0.47	$0.58	$4.27
$300 million - $500 million	$2.15	$0.19	$0.35	$2.69
$100 million - $300 million	$3.03	$0.28	$0.43	$3.73
Under $100 million	$0.71	$0.05	$0.05	$0.81
All	**$50.13**	**$62.94**	**$9.49**	**$122.56**

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

TABLE 2. NUMBER OF BANKS REPORTING BOLI ASSETS IN FIRST HALF 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	59	47	28	62 *(of 88)*
$1 billion - $10 billion	343	146	123	365 *(of 482)*
$500 million - $1 billion	410	84	149	438 *(of 610)*
$300 million - $500 million	432	59	130	451 *(of 725)*
$100 million - $300 million	1,210	151	268	1,318 *(of 2,589)*
Under $100 million	720	69	66	775 *(of 2,356)*
All	**3,174**	**556**	**764**	**3,409** *(of 6,850)*

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

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 (92.5%) among the largest banks. But, GALI and HALI types of BOLI assets were much less concentrated among the big banks. Smaller banks held 33.0% of general account life insurance assets and 28.5% of hybrid account life insurance assets in first half 2011.

- Most banks are subsidiaries of bank holding companies and account for most BOLI assets. But approximately 20.2% of banks are stand-alone, i.e., not part of BHCs. Of those banks, 442 or 32.1% recorded $3.23 billion in first half BOLI holdings. Of that amount, $2.51 billion or 77.6% resided in general account life insurance (GALI) policies, and only 13.9% of stand-alone banks' BOLI assets were in separate account life insurance (SALI) policies.

- Of 1,349 national banks, 656 or 48.6% held two-thirds ($81.83 billion) of total BOLI assets; those 656 banks represented 9.6% of all banks operating at the end of first half 2011. Only 116 of those national banks reported separate account life insurance assets, but they possessed $52.48 billion or 83.4% of the industry's total SALI assets of $62.94 billion, making national banks of all banking charters the leading owner of SALI. Indeed, SALI assets represented 64.1% 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 very slightly from 14.55% in first half 2010 to 14.75% in first half 2011.

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

OCTOBER 24 - 30, 2011

LOSS OF BALBOA EARNINGS HITS B-OF-A UNIT'S BOTTOM LINE

Charlotte, NC-based, $2.26 trillion-asset Bank of America Corp. reported lower insurance income tied to the second quarter sale of Balboa Insurance was a prime contributor to the year-over-year decline in revenue in its Consumer Real Estate Services (CRES) operations. Third quarter revenue in that unit fell 21.9% to $2.82 billion, down from $3.61 billion in third quarter 2010 and, with noninterest expense up 31.8% to $3.85 billion from $2.92 billion and provisions for credit losses at $918 million, CRES reported a net loss of $1.14 billion, which contrasted with a $392 million net loss in third quarter 2010.

OCTOBER 24 - 30, 2011

INSURANCE, TRUST & INVESTMENT FEES UP AT WELLS FARGO; MORTGAGE BANKING DROPS 27%

San Francisco, CA-based, $1.26 trillion-asset Wells Fargo & Co. reported insurance earnings in the third quarter rose 7% to $423 million, up from $397 million in third quarter 2010, and trust and investment (TI) fees increased 9% to $2.79 billion, up from $2.56 billion. Insurance and TI fees comprised, respectively, 4.7% and 30.7% of noninterest income, which fell 7% to $9.09 billion, down from $9.78 billion in third quarter 2010, impacted by a 27% drop in mortgage banking income and a 3% dip in service charges on deposit accounts.

Net interest income on a 3.84% net interest margin grew 14% to $8.73 billion, up from $7.65 billion in third quarter 2010, driven by a 19% decrease in interest expense to $1.64 billion and a 47% drop in provisions for credit losses to $1.81 billion. Net income after preferred dividends climbed 22% to $3.84 billion, up from $3.15 billion in third quarter 2010. Wells Fargo Chief Financial Officer Tim Sloan said, "Wells Fargo's diversified model was again able to produce solid results for our shareholders."

In 2010, Wells Fargo & Co. earned $1.78 billion in insurance brokerage income, which comprised 4.4% of its noninterest income and 2.1% of its net operating revenue. Excluding traditional life insurer MetLife, the company ranked second in insurance brokerage earnings among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

OCTOBER 24 - 30, 2011

DESPITE 4.4% SLIDE, INSURANCE EARNINGS STILL COMPRISE 35% OF BB&T'S NONINTEREST INCOME

Winston-Salem, NC-based BB&T Corp. reported insurance earnings in the third quarter slid 4.4% to $241 million, down from $252 million in third quarter 2010, despite the third quarter acquisitions of San Jose, CA-based Liberty Benefit Insurance Services and Columbia, MD-based Atlantic Risk Management. Investment banking and brokerage (IBB) fees and commissions also declined, sliding 4.7% to $81 million, down from $85 million. In contrast, trust and investment (TI) advisory revenues rose 7.5% to $43 million, up from $40 million, and income from bank-owned life insurance (BOLI) grew 10% to $33 million, up from $30 million. Insurance, IBB, TI and BOLI income comprised, respectively, 34.9%, 11.7%, 6.2% and 4.8% of noninterest income, which dropped 38% to $690 million down from $1.11 billion in third quarter 2010, impacted additionally by a 4% decline in service charges on deposits, a 33% drop in mortgage banking income, a $104 million net loss on FDIC loss-share income and $39 million in net securities losses.

Net interest income on a 4.09% net interest margin more than doubled to $1.17 billion, up from $544 million in third quarter 2010, driven by a $114 million million cut in interest expense to $334 million and a $520 million drop in loan loss provisions to $250 million. Net income available to shareholders jumped over 74% to $366 million up from $210 million in third quarter 2010, marking "our strongest earnings quarter in three years," BB&T Corp. Chairman and CEO Kelly King.

In 2010, BB&T Corp. earned $933.3 million in insurance brokerage income, which comprised 33.0% of its noninterest income and 11.5% of its net operating revenue. Excluding traditional life insurer MetLife, the company ranked third in insurance brokerage earnings among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

OCTOBER 24 - 30, 2011

SALE OF LONG-TERM ASSET MANAGEMENT BUSINESS IMPACTS U.S. BANCORP'S TRUST & INVESTMENT MANAGEMENT FEES

Minneapolis, MN-based, $320.9 billion U.S. Bancorp reported trust and investment management (TIM) fees in the third quarter fell 9.7% to $241 million, down from $267 million in third quarter 2010, impacted by money market investment fee waivers and the fourth quarter 2010 sale of the company's long-term asset management business to Nuveen Investments. In contrast, investment product fees and commissions climbed 27% to $31 million, up from $27 million in third quarter 2010. TIM fees and investment product fees comprised, respectively, 11.1% and 1.4% of noninterest income, which ticked up 1.2% to $2.17 billion from $2.11 billion.

Net interest income on a 3.65% net interest margin grew 43.4% to $2.05 billion, up from $1.43 billion in third quarter 2010, helped by a $376 million drop in loan loss provisions to $519 million and a $19 million cut in interest expense. Net income applicable to shareholders climbed 42.4% to a record $1.24 billion, up from $871 million in third quarter 2010. U.S. Bancorp Chairman, President and CEO Richard Davis said, "Our company was able to achieve record earnings in what many would describe as a difficult and uncertain economic environment." Davis added, "We are providing our commercial, institutional and consumer customers with the financial products, services and trusted banking partnership they need to succeed."

In 2010, U.S. Bancorp earned $38.0 million in insurance brokerage income, which comprised 0.5% of its noninterest income. Excluding traditional life insurer MetLife, the company ranked 22nd in insurance brokerage earnings among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

OCTOBER 24 - 30, 2011

KEYCORP REPORTS DECLINES IN INSURANCE, TRUST & INVESTMENT SERVICES EARNINGS

Cleveland, OH-based, $89.3 billion-asset KeyCorp reported insurance earnings in the third quarter fell 7.1% to $13 million, down from $14 million in third quarter 2010, and income from corporate-owned life insurance dropped 20.5% to $31 million, down from $39 million in third quarter 2010, when the product paid out a $12 million dividend. Trust and Investment services (TIS) income also declined, decreasing 2.7% to $107 million down from $110 million in third quarter 2010. Insurance, COLI and TIS income comprised, respectively, 2.7%, 6.4% and 22.2% of noninterest earnings, which slid 0.6% to $483 million, down from $486 million.

Net interest income on a 3.09% net interest margin decreased 1.3% to $539 million, down from $546 million in third quarter 2010, as a $48 million cut in interest expense and an $84 million drop in credit loss provisions to $10 million, were not enough to make up for a $139 million decline in interest income to $705 million. Net income, however, grew 19.1% to $212 million, up from $178 million in third quarter 2010, helped by a $3 million decrease in noninterest expense. KeyCorp Chairman and CEO Beth Mooney said, "Our clients continue to benefit from our ability to work together across business lines."

In 2010, KeyCorp earned $3.3 million in insurance brokerage income, which comprised 0.2% of its noninterest income. Excluding traditional life insurer MetLife, the company ranked 102nd in insurance brokerage earnings among all bank holding companies, according to the Michael White-Prudential Bank Insurance Fee Income Report.

OCTOBER 24 - 30, 2011

WILMINGTON TRUST ACQUISITION DRIVES M&T'S TRUST EARNINGS 273% HIGHER

Buffalo, NY-based, $77.9 billion-asset M&T Bank Corp. reported the May 2011 acquisition of Wilmington, DE-based Wilmington Trust Corp. drove third quarter trust income up 273% to $113.65 million from $30.49 million in third quarter 2010 and impacted brokerage services income, which grew 15% to $13.91 million, up from $12.13 million. Trust income and brokerage services income comprised, respectively, 31.0% and 3.8% of M&T's noninterest earnings, which climbed 27% to $366.38 million, up from $289.89 million, despite a 38% drop in mortgage banking revenues and a 31% fall in trading and foreign exchange gains.

Net interest income on a 3.68% net interest margin grew 17% to $558.72 million, up from $476.89 million in third quarter 2010, helped by a $35 million drop in loan loss provisions to $58 million and a $12.40 million cut in interest expense. After a $181.89 million increase in noninterest expense to $662.02 million, largely tied to the Wilmington Trust acquisition, net income slid 5% to $183.11 million, down from $192.02 million in third quarter 2010. M&T Chief Financial Officer Rene F. Jones said, "Now that conversions are behind us, we are well positioned to turn our attention to achieving the economic benefits from combining the organizations."

In 2010, M&T earned $11.3 million and $87.9 million, respectively, in securities brokerage and fiduciary income, which comprised 1.6% and 12.6% of its noninterest income. The company ranked 32nd in securities brokerage earnings and 18th in fiduciary income among all bank holding companies, according to the Michael White-Prudential Bank Insurance Fee Income Report.

NOVEMBER 1 - 6, 2011

INSURANCE EARNINGS UP 8% AT REGIONS FINANCIAL

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

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

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

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

NOVEMBER 1 - 6, 2011

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

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

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

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

NOVEMBER 1 - 6, 2011

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

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

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

NOVEMBER 1 - 6, 2011

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

Green Bay, WI-based, $22 billion-asset Associated Ban-Corp reported trust fees in the third quarter rose 3.5% to $9.79 million, up from $9.46 million in third quarter 2010, and income from bank-owned life insurance (BOLI) increased 6.2% to $3.99 million, up from $3.76 million, while retail commissions slipped 1.5% to $15.05 million, down from $15.28 million. Trust, BOLI income and retail commissions comprised, respectively, 13.7%, 5.6%, 21.0% of noninterest income, which fell 12.5% to $71.68 million, down from $81.90 million in third quarter 2010, when service charges on deposit accounts and mortgage banking earnings were, respectively, $3.9 million and $4.49 million greater.

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

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

NOVEMBER 1 - 6, 2011

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

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

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

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

NOVEMBER 1 - 6, 2011

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

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

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

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

NOVEMBER 1 - 6, 2011

WEBSTER FINANCIAL REPORTS RISING WEALTH & INVESTMENT SERVICES FEE INCOME

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

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

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

NOVEMBER 7 - 13, 2011

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

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

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

In 2010, BB&T Corp. reported $933.3

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

NOVEMBER 7 - 13, 2011

TRUST EARNINGS RISE AT FIRSTMERIT

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

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

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

NOVEMBER 7 - 13, 2011

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

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

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

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

NOVEMBER 7 - 13, 2011

INSURANCE EARNINGS REMAIN TOP CONTRIBUTOR TO BANCORPSOUTH'S NONINTEREST INCOME

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

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

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

NOVEMBER 7 - 13, 2011

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

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

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

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

NOVEMBER 7 - 13, 2011

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

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

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

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

NOVEMBER 7 - 13, 2011

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

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

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

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

NOVEMBER 14 - 20, 2011

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

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

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

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

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

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

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

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

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

SOURCE: Michael White - Prudential Bank Insurance Fee Income Report first half 2010. These large bank holding companies accounted for 95.3% of all BHC insurance brokerage fee income earned in first half 2011.

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

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

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

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

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

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

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

NOVEMBER 14 - 20, 2011

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

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

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

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

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INSURANCE BROKERAGE & TRUST EARNINGS CLIMB 29% AT NORTHWEST BANCSHARES

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

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

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

NOVEMBER 14 - 20, 2011

ORIENTAL FINANCIAL BENEFITS FROM 17% GROWTH IN WEALTH MANAGEMENT EARNINGS

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

Net interest income fell 10.2% to $30.59 million, down from $34.06 million in third quarter 2010, despite a $3.85 million cut in interest expense, as interest revenue dropped by $9.56 million to $71.66. Net income of $15.59 million contrasted with a third quarter 2010 loss of $31.73 million. Oriental Financial President and CEO Jose Rafael Fernandez said, "Taking advantage of local market conditions, we are expanding relationships and building our reputation."

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

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GROWING BENEFIT PLAN & TRUST FEES DOMINATE COMMUNITY BANK'S NONINTEREST EARNINGS

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

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

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

NOVEMBER 14 - 20, 2011

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

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

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

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

NOVEMBER 14 - 20, 2011

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

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

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

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

NOVEMBER 14 - 20, 2011

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

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

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

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

NOVEMBER 21 - 27, 2011

WEALTH MANAGEMENT EXPANSION PRODUCES RESULTS AT INDEPENDENT BANK CORP.

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

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

NOVEMBER 21 - 27, 2011

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

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

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

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

NOVEMBER 21 - 27, 2011

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

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

$6.30 million, up from $5.74 million in third quarter 2010.

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

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

NOVEMBER 21 - 27, 2011

INSURANCE BROKERAGE & TRUST FEES RISE AT 1ST SOURCE

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

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

NOVEMBER 21 - 27, 2011

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

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

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

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

NOVEMBER 21 - 27, 2011

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

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

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

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

NOVEMBER 21 - 27, 2011

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

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

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

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

NOVEMBER 21 - 27, 2011

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

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

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

NOVEMBER 28 - DECEMBER 4, 2011

ENTERPRISE FINANCIAL REPORTS 38% CLIMB IN WEALTH MANAGEMENT REVENUE

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

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

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

NOVEMBER 28 - DECEMBER 4, 2011

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

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

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

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

NOVEMBER 28 - DECEMBER 4, 2011

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

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

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

NOVEMBER 28 - DECEMBER 4, 2011

LIFE INSURANCE PAYOUT ZEROES OUT LOAN LOSS PROVISIONS AT CITY HOLDING

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

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

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

NOVEMBER 28 - DECEMBER 4, 2011

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

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

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

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

NOVEMBER 28 - DECEMBER 4, 2011

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

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

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

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

NOVEMBER 28 - DECEMBER 4, 2011

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

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

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

DECEMBER 5 - 11, 2011

INSURANCE EARNINGS MORE THAN DOUBLE AT ARROW FINANCIAL

Glens Falls, NY-based, $1.95 billion-asset Arrow Financial Corporation Chairman, President and CEO Thomas Hoy announced that his company's operating results in the third quarter "included a substantial increase in our noninterest income, which consisted primarily of strong growth in insurance commissions, an increase in fee income from fiduciary activities and significant net gains on securities transactions." Insurance brokerage fee income more than doubled to $1.99 million, up from $808,000 in third quarter 2010, driven by this year's acquisitions of two new property-casualty agencies. At the same time, fiduciary income grew 17.4% to $1.55 million, up from $1.32 million. Insurance brokerage and fiduciary income comprised, respectively, 25.3% and 19.7% of noninterest earnings, which climbed 48.4% to $7.88 million, up from $5.31 million in third quarter 2010, when net gains on securities transactions were $1.19 million lower.

Net interest income on a 3.43% net interest margin slipped 2.1% to $14.48 million, down from $14.79 million in third quarter 2010, despite a $1.48 million cut in interest expense and a $200,000 drop in loan loss provisions to $175,000. Net income, impacted by decreased net interest income and increased noninterest expense, declined 3.8% to $5.37 million, down from $5.58 million in third quarter 2010. Hoy said, "We are pleased with these results during this challenging low interest rate environment."

In 2010, Arrow Financial earned $3.0 million in insurance brokerage income, which comprised 17.0% of its noninterest income and 3.8% of its net operating revenue. The company ranked 51st in insurance brokerage earnings among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

DECEMBER 5 - 11, 2011

INSURANCE, COLI AND TRUST & INVESTMENT INCOME COMPRISE 46% OF GERMAN AMERICAN'S NONINTEREST EARNINGS

Jasper, IN-based, $1.87 billion-asset German American Bancorp reported third quarter insurance revenues generated by property and casualty agency German American Insurance slid 4.5% to $1.26 million, down from $1.32 million in third quarter 2010. In contrast, trust and investment product (TIP) fees generated by German American Financial Advisors & Trust Co. jumped 73.0% $602,000, up from $348,000, and company-owned life insurance (COLI) income grew 18.3% to $233,000, up from $197,000. Insurance brokerage, TIP fees and COLI income comprised, respectively, 27.6%, 13.2% and 5.1% of noninterest earnings, which rose 2.9% to $4.56 million, up from $4.43 million in third quarter 2010.

Overall, third quarter net income benefited from the first quarter 2011 acquisition of American Community Bancorp and its banking subsidiary, Bank of Evansville, and climbed 38% to a record $5.17 million, up from $3.59 million in third quarter 2010. Commenting on the results, German American Chairman and CEO Mark

Schroeder said, "We feel extremely privileged to serve our growing client base throughout Southern Indiana and are extremely thankful for our clients' willingness to entrust all their banking, insurance and investment needs to our team of financial professionals."

In 2010, German American Bancorp earned $5.3 million in insurance brokerage income, which comprised 31.2% of its noninterest income and contributed 8.1% of its net operating revenue. The company ranked 31st in insurance brokerage earnings among bank holding companies with assets between $1 billion and $10 billion, according to *Michael White - Prudential Bank Insurance Fee Income Report*.

DECEMBER 5 - 11, 2011

PEOPLES' "TOP DOWN" COMMITMENT DRIVES GROWTH IN INSURANCE AND TRUST & INVESTMENT REVENUES

Marietta, OH-based, $1.81 billion-asset Peoples Bancorp reported insurance brokerage fee income in the third quarter rose 4.5% to $2.32 million, up from $2.22 million in third quarter 2010, and trust and investment (TIM) income grew 13.0% to $1.39 million, up from $1.23 in third quarter 2010; while income from bank-owned life insurance (BOLI) dropped 29.9% to $96,000, down from $137,000. Insurance brokerage, TIM and BOLI income comprised, respectively, 27.7%, 16.6% and 1.1% of noninterest earnings, which increased 8.8% to $8.39 million, up from $7.71 million in third quarter 2010, helped additionally by increased mortgage and electronic banking income.

Net interest income on a 3.39% net interest margin climbed 70.8% to $12.40 million, up from $7.26 million in third quarter 2010, driven by a $7.14 million drop in loan loss provisions to $7.14 million and a $2.17 million cut in interest expense. Net income of $3.68 million compared to a net loss of $101,000 in third quarter 2010. Peoples Bancorp President and CEO Chuck Sulerzyski said the company "began devoting additional resources to growing revenue and improving our efficiency" in the third quarter. "Those efforts produced positive results … and new business in our insurance and wealth management areas," Sulerzyski said. Peoples Chief Financial Officer Edward Sloane added, "Our insurance sales producers were successful in obtaining new accounts" and "the addition of new sales associates resulted in double-digit trust and investment revenue growth."

In 2010, Peoples Bancorp earned $8.85 million in insurance brokerage income, which comprised 31.2% of its noninterest income and 10.0% of its net operating revenue. The company ranked 17th in insurance brokerage income among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

DECEMBER 5 - 11, 2011

ACQUISITION DRIVES 65.3% JUMP IN WEALTH MANAGEMENT EARNINGS AT BRYN MAWR BANK

Bryn Mawr, PA-based, $1.76 billion-asset Bryn Mawr Bank Corp., parent of Bryn Mawr Trust, reported the May acquisition of the Private Wealth Management Group (PWMG) of the Hershey Trust Company accounted for $2 million of the $2.4 million jump in wealth management fee income to $6.1 million in the third quarter, up 65.3% from $3.7 million in third quarter 2010. Wealth management fee income dominated 65.7% of noninterest earnings, driving that revenue up 31.6% to $9.28 million from $7.05 million in third quarter 2010.

Net interest income on a 3.90% net interest margin benefited from the July acquisition of Media, PA-based, $481 million-asset First Keystone Financial and grew 31.1% to $13.83 million, up from $10.55 million in third quarter 2010, helped by a $2.41 million drop in loan loss provisions to $1.83 million and a $673,000 cut in interest expense. Net income of $5.02 million contrasted with a $1.02 million net loss in third quarter 2010. Bryn Mawr Bank Corp. Chairman and CEO Ted Peters commented, "We are looking forward to continued growth and profitability in the coming quarters."

In 2010, Bryn Mawr Bank Corp. earned $12.47 million in wealth management income, which comprised 47.3% of its noninterest income and 15.8% of its net operating revenue. The company ranked 34th in wealth management income among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White Bank Wealth Management Fee Income Ratings Report*.

DECEMBER 5 - 11, 2011

RISING INSURANCE EARNINGS DOMINATE 73.3% OF VIST FINANCIAL'S NONINTEREST INCOME

Wyomissing, PA-based, $1.49 billion-asset VIST Financial reported insurance brokerage fee income in the third quarter rose 4.0% to $3.14 million, up from $3.02 million in third quarter 2010 and dominated 73.3% of noninterest earnings, which grew 17.7% to $4.12 million, up from $3.50 million in third quarter 2010. Bank-owned life insurance (BOLI) income also increased, rising 7.2% to $119,000, up from $111,000; however, securities brokerage fee income dropped 45.5% to $152,000, down from $279,000. BOLI and securities brokerage fee income comprised, respectively, 2.9% and 3.7% of noninterest earnings.

Net interest income on a 3.50% net interest margin climbed 43.9% to $9.54 million, up from $6.63 million in third quarter 2010, bolstered by a $1.57 million drop in loan loss provisions to $1.98 million and a $207,000 cut in interest expense. Net income of $992,000 contrasted with a net loss of $1.02 million in third quarter 2010. Looking ahead, VIST Financial President and CEO Robert Davis said, "Our financial results will continue to be influenced for the balance of the year with elevated asset quality costs and the potential of additional OTTI charges. Our near-term forecast contemplates a slow but steady improvement in our regional business climate."

In 2010, VIST Financial earned $11.9 million in insurance brokerage income, which comprised 66.3% of its noninterest income and 19.9% of its net operating revenue. The company ranked 14th in insurance brokerage income among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

DECEMBER 5 - 11, 2011

DESPITE 12.6% DECLINE, INSURANCE MAKES UP 49% OF SUMMIT FINANCIAL'S NONINTEREST EARNINGS

Moorehead, WV-based, $1.46 billion-asset Summit Financial Group reported insurance brokerage fee income generated by Summit Insurance Services fell 12.6% in the third quarter to $1.07 million, down from $1.23 million in third quarter

2010, and comprised 48.9% of noninterest income, which declined 9.6% to $2.19 million, down from $2.42 million, with $1.52 million in securities gains not enough to balance out $1.64 million in write downs on foreclosed properties.

Net interest income on a 3.08% net interest margin jumped 57% to $7.92 million, up from $5.05 million in third quarter 2010, reflecting a $2.50 million drop in loan loss provisions to $2.00 million and a $2.28 million cut in interest expense, which made up for a $1.90 million decline in interest revenue to $17.65 million. Summit Financial President and CEO H. Charles Maddy, III said, "We continue to see significantly fewer problem loans. However, progress in regard to dispositions of foreclosed properties remains difficult to achieve as the return of our real estate markets to more normal levels is progressing slowly."

In 2010, Summit Financial earned $4.74 million in insurance brokerage income, which comprised 68.3% of its noninterest income and 10.1% of its net operating revenue. The company ranked 36th in insurance brokerage income among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

DECEMBER 5 - 11, 2011

INSURANCE REMAINS TOP CONTRIBUTOR TO SHORE'S NONINTEREST INCOME

Easton, MD-based, $1.16 billion-asset Shore Bancshares reported insurance brokerage fee income in the third quarter slid 8% to $2.31 million, down from $2.51 million in third quarter 2010, but remained by far the largest contributor to noninterest earnings, comprising 51.1% of that revenue, which slipped 2.6% to $4.52 million, down from $4.64 million. While trust and investment fee income rose 9% to $389,000, up from $357,000, that income comprised only 8.6% of noninterest earnings, which were also hit by a 17% decrease in deposit account fees.

Net interest income on a 3.77% net interest margin slipped 0.3% to $6.47 million, down from $6.49 million in third quarter 2010, as a 7% ($969,000) decline in interest revenue to $12.87 million was almost overcome by a $405,000 cut in interest expense and $543,000 decline in loan loss provisions to $3.65 million. After $1.32 million in impairment charges, net income of $94,000 contrasted with a third quarter 2010 net loss of $1.40 million. Shore Bancshares CEO W. Moorhead Vermilye said, "We are still experiencing elevated credit losses associated with the disposition of nonperforming loans…. It's a very slow process, however, since real estate values across our markets remain at historical lows."

In 2010, Shore Bancshares earned $10.1 million in insurance brokerage income, which comprised 58.2% of its noninterest income and 16.8% of its net operating revenue. The company ranked 16th in insurance brokerage earnings among bank holding companies with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

DECEMBER 12 - 18, 2011

EVANS BANCORP REPORTS INSURANCE EARNINGS COMPRISE 56.6% OF NONINTEREST REVENUE

Hamburg, NY-based, $733 million-asset Evans Bancorp reported "successful commercial line commission growth" drove third quarter insurance brokerage fee income up 4.2% to $1.8 million from $1.78 million in third quarter 2010, despite what Evans described as "the soft insurance market and macro-economic conditions." Insurance earnings dominated noninterest income, comprising 56.6% of that revenue, which rose 1.9% to $3.18 million, up from $3.12 million in third quarter 2010, enough to comprise 33% of total revenue.

Net interest income on a 3.97% net interest margin grew 21.8% to $6.36 million, up from $5.22 million in third quarter 2010, reflecting an $853,000 drop in loan loss provisions to $159,000, a $104,000 cut in interest expense and a $177,000 increase in interest revenue. Net income jumped 51% to $1.93 million, up from $1.28 million in third quarter 2010. Evans Bancorp President and CEO David Nasca said, "Evans continues to see exceptional results across the board as we capture increasing market share in Western New York."

In 2010, Evans Bancorp earned $7.0 million in insurance brokerage income, which comprised 55.4% of its noninterest income and 18.8% of its net operating revenue. The company ranked 4th in insurance brokerage earnings among bank holding companies with assets between $500 million and $1 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

DECEMBER 12 - 18, 2011

INSURANCE & BENEFIT CONSULTING FEES DOMINATE 75% OF ONEIDA'S NONINTEREST INCOME

Oneida, NY-based, $678 million-asset Oneida Financial Corp. reported commissions and fees generated by insurance and financial services subsidiaries Bailey & Haskell Associates and Benefit Consulting Group grew 10.6% to $4.26 million, up from $3.85 million in third quarter 2010, and dominated 75.1% of noninterest income, which increased 8.6% to $5.67 million, up from $5.22 million in third quarter 2010.

Net interest income on a 3.54% net interest margin climbed 25.4% to $4.99 million, up from $3.98 million in third quarter 2010, driven by a $447,000 cut in interest expense and a $600,000 drop in loan loss provisions to $50,000, which made up for a $36,000 decline in interest revenue. Net income after increased expenses grew 17.3% to $956,000, up from $815,000 in third quarter 2010. Oneida Financial President and CEO Michael Kallet said, "Oneida Financial continues to succeed in Central New York and beyond despite record low interest rates and a highly competitive banking and insurance marketplace."

In 2010, Oneida Savings Bank earned $10.5 million in insurance brokerage income, which comprised 46.4% of its noninterest income and 25.8% of its net operating revenue. The company ranked 1st in insurance brokerage income among banks with assets between $500 million and $1 billion, according to *Michael White-Prudential Bank Insurance Fee Income Report*.

DECEMBER 12 - 18, 2011

INVESTMENT BROKERAGE FEES UP 14%, TRUST FEES DOWN 15% AT STURGIS BANCORP

Sturgis, MI-based, $340 million-asset Sturgis Bancorp reported investment brokerage commission income in the third quarter grew to $308,000, up 14.1% from third quarter 2010, while trust fee income dropped 14.8% to $69,000, down from $81,000, and bank-owned life insurance (BOLI) income slid 5.3% to $71,000, down from $75,000. Investment brokerage fee income, trust fees and BOLI income comprised, respectively, 19.6%, 4.4% and 4.5% of noninterest earnings, which climbed to $1.57 million, up 33.1% from third quarter 2010, driven by investment brokerage commissions and a $536,000 gain on the sale of securities.

Net interest income on a 3.33% net interest margin more than quadrupled to $2.66 million, up from $664,000 in third quarter 2010, reflecting a $1.98 million drop in loan loss provisions to a $156,000 credit, a $460,000 cut in interest expense, which more than made up for a $457,000 decline in interest revenue. Net income of $792,000 contrasted with a third quarter 2010 net loss of $631,000. Sturgis Bancorp President and CEO Eric Eishen said, "As we complete 2011, we hope to see earnings return to more normal levels, although the low rate environment makes that challenging."

In 2010, Sturgis Bank & Trust Company earned $1.22 million in investment program income, which comprised 28.1% of its noninterest income and 8.3% of its net operating revenue. The company ranked 2nd in investment program income among banks with assets between $300 million and $500 million, according to the *Michael White Bank Wealth Management Fee Income Ratings Report*.

DECEMBER 12 - 18, 2011

INSURANCE & SECURITIES BROKERAGE FEES GROW AT SOUTHWEST GEORGIA FINANCIAL

Moultrie, GA-based, $294 million Southwest Georgia Financial reported insurance brokerage fee income in the third quarter grew 15.2% to $273,000, up from $237,000 in third quarter 2010, and securities brokerage fee income climbed 25.9% to $73,000, up from $58,000, but trust fee income fell 19.7% to $53,000, down from $66,000. Insurance brokerage, securities brokerage and trust fee income comprised, respectively, 22.9%, 6.1% and 4.5% of noninterest earnings, which increased 9.2% to $1.19 million, up from $1.09 million in third quarter 2010, despite a decline in deposit account fee income.

Net interest income on a 4.13% net interest margin slid 4.3% to $2.22 million, down from $2.32 million in third quarter 2010, impacted by a $330,000 increase in loan loss provisions to $480,000, which undercut a $58,000 increase in interest revenue and a $177,000 cut in interest expense. Net income dropped 58.6% to $99,000, down from $239,000 in third quarter 2010, hit by increased loan loss provisions tied to one accrual loan, Southwest Georgia President and CEO DeWitt Drew said.

In 2010, Southwest Georgia Bank earned $1.13 million in insurance brokerage income, which comprised 25.2% of its noninterest earnings and 7.7% of its net operating revenue. The company ranked 11th in insurance brokerage income among banks with assets between $100 million and $300 million, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

Bank Insurance & Investment Marketplace

DECEMBER 6 - 12, 2010

"PRIMARY RETIREMENT SOLUTIONS PROVIDER" TAG WORKS, BNY MELLON STUDY SHOWS

Jersey City, NJ-based Pershing LLC, a unit of New York City-based, $254.4 billion-asset BNY Mellon has issued a new report which concludes that financial services firms and professionals that position themselves as primary retirement solutions providers are more successful in capturing new retirement business and "money in motion." *The Secret Knock: Unlocking the Retirement Opportunity* bases its conclusions on the results of a survey of over 2,000 affluent investors, 401 small business owners and 822 financial professionals.

According to the study, each year $303 billion in retirement money is available to be moved through rollovers and transfers. Financial professionals who position themselves as retirement solutions providers have a 76% chance of managing some of that money, vs. 50% for those who do not. In addition, those financial professionals who manage risk and build downside protection in their retirement plans increase their net managed assets 19% over those who do not.

Pershing Director Robert Cirrotti noted that total U.S. retirement assets exceeded $16 trillion at the end of 2009 and said, "Rebuilding trust and establishing a retirement solutions provider relationship represents a tremendous opportunity for financial professionals." *For more on the Pershing Report, click here*.

DECEMBER 6 - 12, 2010

AEGON TO EXIT U.S. BOLI/COLI AND DEFINED BENEFIT PLANS MARKET

The Hague, Netherlands-based AEGON announced it plans to discontinue U.S. sales of executive nonqualified benefit plans and bank-owned corporate-owned life insurance (BOLI and COLI), wind down these Dallas, TX-based businesses, and take a goodwill write-off of about $210 million. AEGON Americas CEO Mark Mullin said, "The decision to exit the executive nonqualified benefit space and related BOLI/COLI market is consistent with its strategy to focus on core activities." In 2009, BOLI/COLI generated $47 million in revenue for AEGON US.

In addition to winding down its Texas operations, AEGON said it intends to consolidate its Louisville, KY-based U.S. operations with other U.S. locations, consolidate its Cedar Rapids, IA-based back office activities and reduce its U.S. workforce by 400 to 500 employees (5%) over the next two years. As a result, the company expects to take a $60 million restructuring charge in fourth quarter 2010 and a $20 million restructuring charge in 2011. AEGON says all planned moves should produce $70 million in annual cost savings.

Bank-owned life insurance (BOLI) assets reached $138.40 billion in the first half of 2010, reflecting a 3.3% increase from $133.97 billion in the first half of 2009, according to the *Michael White-Meyer-Chatfield BOLI Holdings Report*. BHCs with assets greater than $10 billion reported the highest incidence of BOLI ownership, as 66 of 77 BHCs, or 85.7%, reported having BOLI assets.

DECEMBER 13 - 19, 2010

WHOLE AND UNIVERSAL LIFE SALES CONTINUE UP, TERM SALES DROP

Whole life insurance sales rose 6% in the third quarter compared to third quarter 2009 and comprised 30% of all annualized premium sales in the first three quarters combined, according to Windsor, CT-based LIMRA's *U.S. Individual Life Insurance Sales Survey*. Universal life (UL) sales increased 8%, driven by a 45% jump in indexed UL sales, which compensated for a 9% decline in guaranteed UL products, and a 6% slide in variable UL sales, enough to give UL a 41% share of all life products sold in the third quarter. In contrast, sales of term life products dropped 16% compared to third quarter 2009, LIMRA found in its life insurance company survey

DECEMBER 13 - 19, 2010

SENIOR WOMEN DOMINATE THE ANNUITY MARKET

Annuity contract purchasers are generally 73-year old women (60%) who purchase lifetime guaranteed income contracts (70%) with refund guarantees (90%) and an ability to convert a portion of remaining payments to cash (67%) on their $107,000 premium (50%) for a contract that has no automatic payout increase (93%), according to *LIMRA's Guaranteed Income Annuities Report*.

DECEMBER 13 - 19, 2010

LTC COSTS ARE INCREASING RISK FACTORS

Milwaukee, WI-based Northwestern Mutual has completed its *2010 Cost of Long-Term Care Study* and found that monthly assisted living care costs are highest in the East ($4,000) and lowest in North Dakota ($1,901). Monthly nursing home care costs, on the other hand, are highest in Alaska ($16,140) and Connecticut ($10, 560) and lowest in Louisiana ($3,810). As for hourly home health care costs, residents of West Virginia pay the highest price, on average, $60 per hour, or $14,400 for a month of eight-hour per day care. Missouri and Montana residents get home healthcare at a relative bargain (the lowest average price) of $19 per hour or $4,560 for one month of eight hours of daily care. Northwestern Mutual Vice President Steve Sperka said, "Understanding the reality of long-term care costs … is a critical step in developing a sound financial plan that won't be derailed by lack of awareness about long-term care risk." Because people are living longer, he said, long-term care is an increasingly important risk to address.
To download these reports, click here.

DECEMBER 20 - 26, 2010

U.S. BOOMERS TO INHERIT $8.4 TRILLION

Two-thirds of U.S. Baby Boomers will inherit a total of $8.4 trillion, or $64,000 each, according to *The MetLife Study of Inheritance and Wealth Transfer to Baby Boomers* authored by Boston College's Center for Retirement Research. About $2.4 trillion of that money has already been received, with 74% of those dollars passing from parents to children. MetLife Mature Market Institute Director Dr. Sandra Timmermore warned, however, "Regardless of the anticipated amount, any prospective inheritance is uncertain. Wealth may be consumed by medical and long-term care costs or simply by virtue of a long life." Therefore, "Boomers should not count on an anticipated inheritance," she said. In fact, despite an increased standard of living, when adjusted for inflation, the median inheritance amount thus far received by Boomers equals the same amount received by their cohorts born between 1927-1945, the study revealed.

DECEMBER 20 - 26, 2010

U.S. LIFE INSURERS MUST MASTER 4 ISSUES TO THRIVE, ERNST & YOUNG SAYS

U.S. life insurance and annuity providers are facing broad regulatory changes and uncertain economic conditions and need to master four issues in order to thrive in 2011, according to New York City-based Ernst & Young. First, they must quickly grasp and respond to laws and regulations in the Dodd-Frank Wall Street Reform Act and to ongoing accounting changes coming from the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB). Second, they must identify the most cost-effective ways to build and manage capital while managing risk and redundant regulatory reserve requirements. Third, they must strengthen their distribution, administration and customer service systems while controlling costs using technology, outsourcing, service sharing and offshore captives. Fourth, they need to reinvent their distribution methods and products in order to meet ease of access expectations and the demands of Baby Boomers for guarantees and Generation Y's weakened interest in saving and purchasing life insurance caused by their underemployment in the current economy.

Ernst & Young Global Director of Insurance Industry Services Peter Porrino said, "2011 will be a critical year for life and annuity insurance executives to assess their companies' competitive positions and examine the risk-return profiles of different business."

To access Ernst & Young's Global Insurance Center 2011 U.S. Outlook, click here.

JANUARY 3 - 9, 2011

METLIFE INDIA AND UNITED BANK OF INDIA FORGE BANCASSURANCE PARTNERSHIP

Mumbai, India-based MetLife India Insurance Co. (MetLife India), an affiliate of New York City-based MetLife, Inc., has forged a bancassurance partnership with Kolkata, India-based United Bank of India. Through the deal, MetLife India will offer credit life insurance products to United Bank's micro, small and medium-sized enterprises (MSME), including United Bank proprietary products designed to cover term loans and bank overdrafts. United Bank Chairman and Managing Director Bhaskar Sen said, "United Bank is very aggressive in lending to the MSME sector and is committed to offering a wider range of products to our customers." MetLife India Managing Director Shri Rajesh Relan said, "Our partnership with United Bank is another step towards creating a top-of-the-rung, balanced, multi-channel distribution system."

JANUARY 3 - 9, 2011

SAMPO JAPAN INSURANCE AND EBRD PARTNER IN TURKEY

Tokyo, Japan-based Smpo Japan Insurance, a unit of London-based NKSJ Holdings (NKSJ), has sold 9.99% of its 99.02% stake in Istanbul, Turkey-based Fiba Sigorta A.S. to London-based European Bank for Reconstruction and Development (EBRD). The sale creates the first joint venture between a Japanese non-life insurer and the EBRD and marks the EBRD's first investment in a Turkey-based company. Sampo Japan parent NKSJ said, "The aim of the joint venture is to take advantage of EBRD's depth of knowledge in corporate governance in central and eastern European countries," where it helps business transition from government-run to privately run enterprises. The partners intend to rename their joint holding Sompo Japan Sigorta A.S., pending approval from Turkey's regulators.

JANUARY 3 - 9, 2011

ZURICH SIGORTA PAYS FORTIS FOR EXCLUSIVE BANCASSURANCE DEAL IN TURKEY

Istanbul, Turkey-based Zurich Sigorta A.S., a unit of Zurich, Switzerland-based Zurich Financial Services has paid Brussels, Belgium-based Fortis Bank A.S. $26 million for an exclusive bancassurance agreement in Turkey. The agreement anticipates Fortis' planned merger with Istanbul-based TEB Bank, Zurich Sigorta's current bancassurance partner. Zurich Sigorta Managing Director Lutz Bauer said the exclusive partnership "marks an important step on our way to becoming one of the leading general bancassurance players in the attractive Turkish insurance market."

JANUARY 3 - 9, 2011

TAIWAN'S CHINA LIFE TO BUY STAKE IN CHINA-BASED INSURER AND ENTER CHINA'S BANCASSURANCE MARKET

Taipei, Taiwan-based China Life Insurance Company has agreed to pay NT 1.783 billion ($60 million) to acquire a 19.9% stake in Shanghai, China-based Pacific-Antai Life from Shanghai-based China Pacific Insurance Group. The move will make China Life the second largest partner in the life insurance joint venture behind 51% owner China Construction Bank. The new joint venture, which also includes partners China CCB Investment Co., Shanghai Jin Jiang International Management Co. and Shanghai Huaxu Investment Co., plans to rename the company CCB Life Insurance. China Life's participation in the joint venture, which plans to develop investment-linked insurance products and annuities for sale through China Construction Bank's 13,629 branches across China, is dependent upon approval from Taiwan's Ministry of Economic Affairs. If the venture is approved, China Life will become the first Taiwan-based insurer to enter into a joint venture with a China-based bank.

JANUARY 3 - 9, 2011

SAMPO JAPAN AND BANK OF SHANGHAI IN BANCASSURANCE PARTNERSHIP

Tokyo, Japan-based Sompo Japan Insurance, a unit of London-based NKSJ Holdings (NKSJ), and Shanghai-based Bank of Shanghai have agreed to a bancassurance partnership whereby Sompo Japan, which has a branch in Shanghai, will offer non-life insurance products through the Bank of Shanghai's 213 branches. The partnership will begin with sales of Sompo Japan's fire insurance products to Bank of Shanghai's corporate clients before broadening into other product sales, *BestWire* reports.

JANUARY 10 - 16, 2011

GENWORTH FINANCIAL EXITS VARIABLE ANNUITY MARKET

Richmond, VA-based, $100 billion-asset Genworth Financial is (1) discontinuing new sales of retail and group variable annuities and (2) suspending sales of linked annuity and long-term care insurance products until the market for those products develops further. Genworth Financial Chairman and CEO Michael Fraizer said the moves are in line with the company's strategy to concentrate on markets and products where it has "distinct leadership positions and strengths." Genworth will continue to focus, he said, "on key protection, wealth accumulation and mortgage insurance offerings," including fixed annuities and life and long-term care insurance.

Genworth expects to record a $12 million pre-tax charge in the first quarter tied to severance, outplacement and other costs associated with the moves.

JANUARY 10 - 16, 2011

U.S. PROPERTY-CASUALTY RATES SUGGEST END TO SOFT MARKET

U.S. commercial property and casualty insurance rates fell 5% in December compared to December 2009, led by a 6% drop in general liability coverage, according to Dallas, TX-based MarketScout. In contrast, workers compensation, professional liability, commercial auto and surety insurance slipped 1%, while fiduciary coverage remained steady, buoying the overall results. MarketScout CEO Richard Kerr sees these numbers as a signal that the downward trend in insurance pricing is moderating. Kerr said, "By year-end 2011, the largest soft market period in the last seventy years will finally come to a close," *National Underwriter* reports.

JANUARY 17 - 23, 2011

AMERICANS VOW TO CONTROL FINANCES BUT FORGET INSURANCE NEEDS

Almost 70% of adult Americans say taking control of their finances is a top priority for 2011, with 36% saying it is their top priority, according to a Northwestern Mutual-Harris Interactive online survey conducted from December 16 through 20 of last year.

In order to get control of their finances those surveyed said they would prioritize in the following way: (1) pay down debt (39%), (2) save a portion of each paycheck (30%), (3) build an emergency fund (28%), and (4) develop and stick to a budget (27%). Interestingly, few said they would first evaluate their life insurance (6%), long-term care (4%) and disability (4%) insurance needs.

Northwestern Mutual Insurance Executive Vice President Greg Oberland was troubled by the low priority given to risk protection and said, "To achieve financial security, families need to manage risk; protecting income in the event of a disability or protecting the family financially if a parent dies unexpectedly" is essential.

JANUARY 17 - 23, 2011

ONSLAUGHT OF RETIRING BOOMERS BEGINS

Each day in 2011 marks the 65th birthday of 7,000 Americans. "The Baby Boomer tsunami has arrived, pushing the consumer need for retirement income to historic levels," Insured Retirement Institute President and CEO Cathy Weatherford observed. Weatherford sees annuities as a "value proposition" that can meet that need. "Our industry is primed to play a pivotal role in the retirement planning strategies of millions of Americans looking for the peace of mind that only an annuity can bring to a balanced portfolio," Weatherford said.

JANUARY 24 - 30, 2011

U.S. BANK FIXED ANNUITY PREMIUM SALES TUMBLE 45% IN THIRD QUARTER 2010

U.S. banks and other depository institutions saw their fixed annuity premium sales in the third quarter tumble 45.2% to an estimated $3.96 billion, down from $7.23 billion in third quarter 2009, according to the *Beacon Research Fixed Annuity Premium Study*.

Book value annuities comprised seven of the top ten annuity products sold in the bank channel (ranking 2-8), but Lincoln National's New Direction indexed annuity distinguished itself as the number one product sold, and New York Life's Lifetime Income Annuity and Great American Financial Resources market value adjusted (MVA) annuity ranked, respectively, ninth and tenth.

Western National Life was the number one provider of annuities within the bank channel with its book value annuities (5th, 6th and 8th place) helping the company generate $868.5 million in annuity premiums. Lincoln National ranked second with $567.7 million, followed by New York Life ($499.0 million), Great American Financial Resources ($296.5 million) and Pacific Life ($268.2 million), Evanston, IL-based Beacon Research found.

Commenting on the trend in overall fixed annuity sales, Beacon Research CEO Jeremy Alexander said, "The spread between 5-year fixed annuity and Treasury rates has declined since the third quarter, suggesting that sequential sales will be lower. In addition, interest rates have been rising, and fixed annuities generally lag certificates of deposit on the way up."

JANUARY 24 - 30, 2011

U.S. VARIABLE ANNUITY SALES GROW ALONG WITH LIFETIME GUARANTEES

U.S. variable annuity sales grew 8% in the first three quarters of 2010 over the same period in 2009, "driven by continued innovation in product development by carriers," according to Chicago, IL-based Morningstar. While new product development remained stagnant in the first quarter, lifetime withdrawal benefits accounted for six out of seven new benefits attached to new products in the second quarter. Lifetime guaranteed withdrawal benefits accounted for nine out of eleven new living benefits in the third quarter, and in the fourth quarter all new benefits included a lifetime guaranteed minimum withdrawal benefit component, with the average lifetime withdrawal benefit for an individual aged 65 at 5%, Morningstar's research showed. *For more detailed information on Morningstar's variable annuity report, click here*.

JANUARY 24 - 30, 2011

COMMERCIAL P&C PREMIUMS CONTINUE DOWN, BUT RISING DEMAND SIGNALS CHANGE

U.S. commercial property and casualty premiums have continued to decline quarter to quarter since fourth quarter 2009, when they were down 5.6% from the quarter before. In first quarter 2010 they slid again 5.3%; in the second quarter they fell another 6.4%; in the third quarter they continued down 5.2%; and in fourth quarter 2010 they fell 5.4% from the quarter before, according to the Council of Insurance Agents and Brokers (CIAB) *Fourth Quarter Commercial P/C Market Index Survey*.

Increasing demand for commercial property-casualty lines, however, may change the downward trend in rates. Almost half (47%) of the insurance brokers who responded to the CIAB survey said they saw an increase in demand for commercial P/C products in the fourth quarter, about double those with the same response (24%) in fourth quarter 2009 and a 13 percentage point increase over the 34% who saw increased demand in the third quarter.
For more on the CIAB survey, click here.

FEBRUARY 7 - 13, 2011

OVERCAPITALIZATION KEEPS PROPERTY AND CASUALTY RATES LOW

U.S. property and casualty insurers held $544 billion in policyholder surplus at the end of third quarter 2010, $74 billion more than it needs in order to bring supply and demand into equilibrium and halt the downward decline in premium rates, according to New York City-based Advisen. A mega-disaster could also do the trick; otherwise, property and casualty insurers will experience a "slow, painful hemorrhaging of capital … as deeply eroded rate levels take their toll," Advisen said. *To read $74 Billion Away From a Hard Market, click here*.

FEBRUARY 7 - 13, 2011

AIA BHD ENTERS SHARIAH-COMPLIANT BANCASSURANCE BUSINESS IN MALAYSIA

Kuala Lumpur, Malaysia-based American International Assurance Bhd (AIA Bhd), a unit of American International Assurance Co. (AIA) and parent New York City-based American International Group (AIG), has formed a joint venture with Kuala Lumpur-based Alliance Bank Malaysia Berhad (Alliance Bank), a subsidiary of Alliance Financial Group Berhad. AIA AFG Takaful Bhd, the Kuala Lumpur-based joint venture, will offer a range of Takaful (Islamic/Shariah compliant) savings, protection and investment products to Malaysia's Muslim population through Alliance Bank's 90 branches and AIA Bhd's 23 agency offices throughout the country.

AIA Group President and CEO Mark Tucker said, "AIA is set to become a major player in the important and fast-growing Takaful market in Malaysia." Alliance Financial Group Chairman Datuk oh Chong Peng said the joint venture reflects the bank's "firm commitment towards providing a broad range of Shariah-compliant financial solutions covering Islamic banking and Takaful to meet the demands of our customers," where the Takaful industry is growing at a rate of 40% per year. AIA AFG Takaful is 70% owned by AIA Bhd and 30% owned by Alliance Bank.

FEBRUARY 14 - 20, 2011

GUARDIAN SUBSIDIARY BERKSHIRE TO EXIT LTC MARKET

Pittsfield, MA-based Berkshire Life Insurance Company of America, a subsidiary of New York City-based Guardian Life Insurance Company of America, announced it will discontinue offering long-term care insurance by the end of 2011. Berkshire Life President Gordon Dinsmore said, "While it is our intent to make the current product available for the remainder of 2011, circumstances could arise that may require us to re-evaluate our plans and discontinue sales before year-end." He added that Berkshire's the long-term care market "will allow [parent] Guardian to focus on its core life and disability income insurance business."

Lower lapse rates, more claimants and low interest rates have been among the reasons that Berkshire and other insurers, including John Hancock, MetLife and Genworth, have decided to suspend sales or exit the long-term care insurance market, which is estimated to cover 15-18 million individuals.

FEBRUARY 14 - 20, 2011

INDEX SHOWS LTC RATES CAN VARY UP TO 48%

Most (76.3%) purchasers of long-term care insurance range in age between 45-64 with 57 being the average purchase age. A 55-year old married couple with no health issues, on average, pays $2,350 in combined annual premiums for $338,000 in combined current benefits or $800,000 in combined benefits when both reach age 80. If that 55-year old couple has health issues, their premium costs increase on average $325 annually, but the benefits remain the same, according to the 2011 Long-Term Care Insurance Price Index published by the American Association for Long-term Care Insurance (AALTC). Interestingly, AALTC found that premiums for comparable coverage from leading insurers can vary by 41-48%.

FEBRUARY 28 - MARCH 6, 2011

U.S. APPLICATIONS FOR INDIVIDUALLY UNDERWRITTEN LIFE INSURANCE DOWN

U.S. applications for individually underwritten life insurance declined 2.3% in January compared to January 2010, according to the MIB Life Index. While applications among individuals ages 60 and older continued their upward trend (+8.7%), applications among individuals ages 45-59 slipped 0.7% and among those ages 0-44 fell 5.9%, Braintree, MA-based MIB Group said.

For the year 2010 applications slipped 1.2% from those written in 2009. Applications among individuals ages 60 and older and ages 45-59 were up, but comprised, respectively, 15.3% and 29.1% of all applications. Applications among individuals ages 0-44, in contrast, comprised 55.6% of all applications and were down.

Residents of the Texas/South and Mid-West regions were more inclined to purchase individually underwritten life insurance than were those who lived in the Western Mountain regions, MIB Group found.

FEBRUARY 28 - MARCH 6, 2011

ZURICH FINANCIAL AND BANCO SANTANDER FORGE LATIN AMERICAN BANK INSURANCE DEAL

Zurich, Switzerland-based Zurich Financial Services Group (Zurich) has agreed to pay Santander, Spain-based, $1.68 trillion-asset Banco Santander SA (Santander) $1.67 billion to acquire a 51% stake in Santander's life insurance, pension and general insurance operations in Brazil, Mexico, Chile, Argentina and Uruguay and to acquire a 25-year distribution agreement with Santander for these products in these countries.

As part of the 51:49 deal, Zurich will form and manage Zurich Santander Insurance America in Madrid, which will serve as a holding company for the to-be-formed jointly owned companies. Each local Latin American-based company will then enter into an exclusive bank distribution agreement for life, savings, pension and general insurance products with Santander's respective local banking unit, giving Zurich access to Santander's 5,600 bank branches and 36 million customers throughout the region.

Zurich CEO Martin Senn said, "This alliance with Banco Santander is another milestone in the implementation of Zurich's emerging market strategy in both global life and general insurance. Santander's Latin American insurance operations offer a rare combination of high growth potential and strong cash flow generation."

In 2010, Santander's Latin American insurance premiums grew 32% to $1.9 billion in gross written premiums, with bank distribution in Brazil accounting for 40% of total insurance sold in 2009. The Zurich-Santander deal is expected to close by first quarter 2012, pending regulatory approval.

MARCH 7 - 13, 2011

UNIVERSAL LIFE SALES CLIMB WHILE TERM LIFE SALES DROP

U.S. individual universal life insurance sales grew 20% in fourth quarter 2010 over fourth quarter 2009 sales and climbed 21% for the year 2010 over year 2009, driven by a 47% jump in indexed universal life sales. Annualized premiums for universal life products also grew, climbing, respectively, 13% and 10% quarter over quarter and year over year, according to LIMRA's *U.S. Individual Life Insurance Sales Report*.

Sales of individual whole life insurance increased as well, rising 6% in fourth quarter 2010 over fourth quarter 2009 and rising 2% year over year. Annualized premiums reflected increased sales and grew 14% quarter over quarter and 15% year over year.

In contrast to the growing sales and premiums of universal life and whole life products, term life and variable life insurance recorded drops in both measures with term life sales dropping 16% and variable life sales falling 14% in the fourth quarter and sales year over year falling, respectively, 12% for term life and 13% for variable life. While annualized premiums for variable universal life products tumbled 25% in fourth quarter, earlier quarter performance stemmed the year over year decline to 7%. Term life annualized premiums, on the other hand, dropped a record 16% in the fourth quarter and 12% year over year, the Windsor, CT-based LIMRA said.

For more on the survey, click here.

MARCH 14 - 20, 2011

U.S. FIXED ANNUITY SALES DROP IN 4Q & YEAR 2010

U.S. fixed annuity sales fell 14% in fourth quarter 2010 to $16.7 billion, down from $19.4 billion in fourth quarter 2009, according to *Beacon Research's Fixed Annuity Premium Study*. While indexed annuity sales climbed 16% to $8 billion to comprise 48% of the market and income annuity sales rose 4% to $1.9 billion to comprise 11% of the market, book value annuity sales dropped 38% to $5.6 billion (33.4% of the market), and market value adjusted (MVA) sales fell 29% to $1.3 billion (7.5% of the fixed annuity market), impacting the overall decline in fixed annuity sales.

Allianz Life ($2.00 billion), American Equity Investment Life Insurance ($1.55 billion), New York Life ($1.34 billion), Aviva USA ($1.33 billion) and Western National Life ($1.10 billion) ranked, respectively, as the fixed annuity sales leaders in fourth quarter 2010. Western National led in bank channel sales, and New York Life's book value Preferred Fixed Annuity ranked as the number one bank annuity product.

Large regional broker-dealers and direct/third-party marketers also sold primarily book value products, while captive agents and independent broker-dealers sold primarily income annuities; independent producers favored indexed annuities, and wirehouses sold primarily MVAs, Evanston, IL-based Beacon Research found.

Overall, fixed annuity sales dropped 31% in 2010 to an estimated $71.7 billion, down from $103.9 billion in 2009, according to Beacon's surveys. But Beacon Research CEO Jeremy Alexander expects the growing interest in guaranteed lifetime interest income to reverse the trend. "We expect fixed annuity sales growth to resume when the [interest] rate environment becomes more favorable," Alexander said.

MARCH 28 - APRIL 3, 2011

WOMEN REMAIN UNDERINSURED

While the same percentage of women as men (60%) own some sort of life insurance, and 30% of women earn more money than their husbands, women's life insurance coverage equals just 69% of men's coverage, according to Windsor, CT-based LIMRA. "Too many women are uninsured or underinsured, which leaves their families at risk," LIMRA Senior Research Director Cheryl Retzloff said.

To reach these women, LIMRA found, financial advisors should expect to develop a working relationship with them, be prepared to answer many questions and provide them with educational materials. In return, women who are "happy with their advisor" and purchase insurance will provide referrals to their friends and families and be receptive to insurance checkups every year or two.

MARCH 28 - APRIL 3, 2011

UNMARRIED MEN AND SINGLE PARENTS LEAST LIKELY TO OWN LIFE INSURANCE

Single parents with children living in the household are more likely to have no life insurance coverage (69%) than single parents with children outside the household (59%) and married parents with children in the household (45%), according to the *2011 Genworth Financial Life Jacket Study* of more than 23,000 American adults.

Unmarried men who neither own homes nor have children in their households and who earn up to $250,000 annually are most likely to be uninsured (79%), while unmarried women of the same description but who earn less than $50,000 annually are 66% uninsured and those earning more than $250,000 are 56% uninsured, according to the study which was based on a survey carried out over a 15-month period extending through 2010. *For more on the Genworth study, click here*.

MARCH 28 - APRIL 3, 2011

CHINA LIFE PROFITS FROM BANCASSURANCE

Beijing, China-based China Life Insurance Co. reported that, in 2010, 38.3% ($3.04 billion) of its $8 billion in first year insurance premium was generated through bancassurance. China Life President Wan Feng said, "It shows the potential of the bank channel."

China Life intends to make the most of bancassurance and views recent China Banking Regulatory Commission Policy as favoring its success. Wan Feng said, "According to the new policy, every bank can choose only three insurance companies to work with, so big insurers like us have an advantage." China Life plans to train bank employees and offer other services and a range of products, which Central University of Finance and Economics Professor Hao Yansu said, puts them "at an advantage," *Chinadaily.com* reports.

China Life has bancassurance deals with Bank of China, Commonwealth Bank of Australia, China Merchants Group, Industrial and Commercial Bank of China, Agricultural Bank of China and Guangdong Development Bank.

APRIL 11 - 17, 2011

FIXED ANNUITY SALES DROP AT U.S. BANKS

U.S. banks and other depository institutions saw their fixed annuity sales drop 48% in fourth quarter 2010 to $3.17 billion, down from $6.10 billion in fourth quarter 2009, and skid 53% for year 2010 to $15.53 billion, down from $33.04 billion in 2009, according to Evanston, IL-based Beacon Research.

In the fourth quarter, fixed rate annuities without market value adjustments (MVAs) comprised 8 of the top 10 bank channel fixed annuities sold, which included only one indexed and one income annuity.

Houston, TX-based Western National Life remained the number on fixed income annuity provider to banks ($1.06 billion) with seven of its non-MVA products among the top ten products sold. New York Life ranked a distant second ($453.4 million) with its top-ranked non-MVA product and its 7th place fixed income annuity. Cincinnati, OH-based Great American Financial ranked third ($235.5 million), followed by Radnor, PA-based Lincoln National ($219.3 million) with its second place indexed annuity and Cincinnati, OH-based W&S Financial Group Distributors ($128.6 million), Beacon Research found in its *Fixed Annuity Premium Study*.

Commenting on the future of bank channel fixed annuity sales, Beacon Research President and CEO Jeremy Alexander said, "The current interest rate environment suggests that fixed annuity sales in banks will gradually increase in 2011." However, he cautioned, "Consumers' inflationary expectations may limit sales," and "if banks raise certificate of deposit rates aggressively to attract deposits as the economy improves," fixed annuity sales "may not do as well as expected." *For more on the Beacon Research survey and results, click here*.

APRIL 11 - 17, 2011

DECREASE IN U.S. PROPERTY AND CASUALTY RATES SLOWS IN MARCH

Composite U.S. property and casualty rates moderated their downward trend in March, decelerating 4% compared to 5% in February, according to the National Alliance for Insurance Education and Research surveys conducted for Dallas-based MarketScout.

Rate increases of 2 to 5% for catastrophe insurance drove the change, helped by a flattening of workers' compensation rates, 1% declines in professional liability, small commercial (BOP), directors and offers liability (D&O), EPLI (employment practices liability), fiduciary, crime and surety rates, and 3% slides in business interruption, inland marine and umbrella rates. However, commercial auto and property rates fell 4% and general liability rates dropped 6%, elevating the composite rate of decline to 4%.

Among all companies, those with varying account sizes continued to enjoy the same rate decreases they had in February: large to jumbo accounts over $250,000 in premium enjoyed 5% cuts; medium accounts over $25,000 to under $250,000 received 3% discounts; and small accounts up to $25,000 continued with 1% discounts.

In general, however, companies in the manufacturing, energy, contracting and service industries saw their rate discounts decrease from 5% in February to 4% in March.

MarketScout CEO Richard Kerr said, "It looks like the soft market from 2005 to 2011 will end with workers' compensation and catastrophe-exposed property leading the way out." In fact, Kerr added, "one major insurer fully abandoned monoline workers' compensation," decreasing supply and competition. *For more on the MarketScout survey, click here*.

APRIL 11 - 17, 2011

MIDDLE INCOME RETIREES AND PRE-RETIREES IGNORED BY FINANCIAL PLANNERS

More than half (51%) of pre-retirees and retirees with annual incomes of $25,000 to $75,000 have not been contacted by a retirement planning professional in the last twelve months. Not surprisingly, 54% of this group receives no professional financial advice. Among the 46% who are working with a financial planner of some sort, 84% said they initiated contact with that individual; 76% said they are very satisfied with their advisor and 68% said they felt better prepared for retirement than their peers, according to the Bankers Life and Casualty Company Center for a Secure Retirement (CSR).

Among the retirees and pre-retirees surveyed for the *CSR Middle Income Retirement Study*, 63% said they are unsure if they have saved enough money to live comfortably in retirement; 50% said they turn to the Internet for retirement planning advice; 38% said they look to their families and friends for advice; and 30% said they spend no time on retirement planning.

To download key findings of the report, click here.

To download the entire report, click here.

APRIL 18 - 24, 2011

THE PRINCIPAL TO EXPAND IN MEXICO WITH HSBC AFORE PURCHASE & HSBC BANK DISTRIBUTION AGREEMENT

Des Moines, IA-based The Principal Financial Group (The Principal) unit, Mexico-based Principal Financial Group, S.A. de CV., Grupo Financiero (Principal Financiero) has agreed to acquire HSBC

AFORE, S.A. de CV (HSBC AFORE) from Grupo Financiero HSBC, S.A. de C.V. When the $198 million deal closes in early third quarter 2011, pending regulatory approval, HSBC AFORE will merge into $4.68 billion-asset Principal AFORE, Principal Fiancieros' pension fund business. With the additional $2.9 billion in pension assets and 1.6 million customers HSBC AFORE brings to the merger, Principal AFORE will rank 6th in pension assets ($7.58 billion) and 4th in customer size among all Mexican pension funds.

Principal International Chairman Norman Sorensen said, "The HSBC AFORE business fits naturally with our international strategy, providing critical scale and expanding our growing base in key emerging markets like Mexico." Sorensen added that since 1993, the company has successfully integrated a number of AFORE businesses in Mexico, where since 2008, Principal AFORE has achieved a 32% compounded annual growth rate in assets under management.

In addition to the HSBC AFORE acquisition agreements, The Principal and HSBC Bank have agreed to forge an exclusive distribution agreement in Mexico whereby HSBC will offer Principal AFORE's products through HSBC's 1,100-branch network throughout Mexico. With these two agreements in hand, Principal International President Luis Valdes said, "Looking ahead, we expect continued growth at an even faster pace as Mexico's middle class continues to expand.

APRIL 18 - 24, 2011

GOLDMAN SACHS BUYS SECOND LARGEST STAKE IN CHINA'S TAIKANG LIFE

New York City-based Goldman Sachs has received approval from the China Insurance Regulatory Commission to acquire a 12.02% stake in Beijing-based, 290 billion yuan ($44.34 billion)-asset Taikang Life Insurance Company, making Goldman the second largest stakeholder in the China-based insurer behind China Guardian Auctions, which holds a 14% share.

Taikang Life said it was pleased with the Goldman Sachs investment which it said would not only enhance Taikang Life's corporate governance, risk management, internal controls and compliance capabilities but would also strengthen cooperation between the two companies in investment management and product development. Taikang Life Chairman and CEO Chen Dong said, "I look forward to cooperating with the bank as Taikang Life deepens its reach in China's insurance market and gradually internationalizes."

Last month Paris-based AXA SA sold its 15.6% stake in Taikang Life to a consortium of new and existing shareholders after China's insurance regulators limited the number of domestic life insurers in which foreign companies could hold stakes.

APRIL 18 - 24, 2011

ONE IN SEVEN U.S. VEHICLES ARE UNINSURED

U.S. motorists run a 14% chance the car in the lane next to them is uninsured. Chances of coming across an uninsured vehicle are greatest in Mississippi (28%), New Mexico (26%), Tennessee (24%), Oklahoma (24%), and Florida (24%) and lowest in Massachusetts (4.5%), Maine (4.5%), New York (5%), Pennsylvania (7%) and Vermont (7%), according to the Malvern, PA-based Insurance Research Council (IRC).

"The percentage of uninsured motorists is an unfortunate consequence of the economic downturn," said IRC Senior Vice President Elizabeth Sprinkle. Sprinkle added, "Responsible drivers who carry insurance bear the burden of paying for injuries caused by drivers who carry no insurance at all." Despite these percentages and risk burdens, auto insurance rates have continued down.

APRIL 18 - 24, 2011

CANARA, HSBC, ORIENTAL BANCASSURANCE PARTNERSHIP GENERATES 82% JUMP IN LIFE PREMIUMS

New Delhi, India-based Canara HSBC Oriental Bank of Commerce Life Insurance Company (Canara HSBC Oriental Life), a joint venture among Bangalore, Karnataka, India -based Canara Bank, New Delhi, India-based Oriental Bank of Commerce and Hong Kong-based HSBC Insurance (Asia Pacific) Holdings, reported an 82% jump in gross written premiums in the fiscal year ending March 31, 2011 to Rs1532 crore ($348.3 million), up from Rs841.8 crore ($190.1 million) the year before. Canara HSBC Oriental Life CEO John Holden said, "The company's consistent growth is the result of the efficient bancassurance model of distribution, high quality sales leading to the trust of customers and the commitment of our shareholders and employees in positioning the company as a strong private life insurance player."

Canara HSBC Oriental Life distributes products through the company's parent banks' 4,600 branches throughout India as well as through three regional rural banks – Karnataka-based Pragathi Gramin Bank, Utter Pradesh-based Shreyas Gramin Bank and Derala-based South Malabar Gramin Bank. Regarding the latter, Holden said Canara HSBC Oriental Life is "committed to delivering need-based, affordable insurance solutions to the rural population, the social sector and economically weaker sections of the society, especially those who have no or very little access to organized financial services. Through our bancassurance model, we have increased our proximity to the rural hinterland."

Since Canara HSBC Oriental Life was launched in June 2008, the insurer has written Rs 2670 crore ($603 million) in gross premium.

MAY 2 - 8, 2011

U.S. PROPERTY & CASUALTY INSURANCE RATES CONTINUED DOWN IN FIRST QUARTER

U.S. property and casualty (P&C) insurance renewal rates continued their downward trend in first quarter 2011, according to the *RIMS Benchmark Survey*. Property insurance rates suffered the greatest decrease (-4.2%), followed by workers compensation (-3.2%) and directors and officers (-2.3%) insurance. General liability insurance recorded the smallest renewal premium decrease (-0.8%), but renewal premiums neither remained flat nor increased for any P&C product. RIMS Director Frederick Savage noted, however, "a big earthquake or hurricane could cause premiums across the board to change dramatically."

For more on the RIMS survey, click here.

MAY 2 - 8, 2011

CONNING PROJECTS U.S. PROPERTY & CASUALTY PREMIUM INCREASES IN 2011

U.S. property and casualty net premiums are projected to grow 3% to 4% in 2011, while underwriting results decline 2%, compared to 2010, according to Hartford, CT-based Conning Research and Consulting. Increases in personal auto and most commercial insurance rates are expected to drive the growth, as long as "the economic recovery continues at a modest pace," Conning analyst Clint Harris said.

Conning projects that catastrophe losses will reach $19 billion in 2011 and insurer's combined ratio will range between 102% and 103%.

For more on Conning's Property-Casualty Forecast and Analyses, click here.

MAY 16 - 22, 2011

SINGAPORE'S LIFE INSURANCE SALES JUMP 45%, DRIVEN BY BANCASSURANCE

Life insurance sales in Singapore jumped 45% in first quarter 2011 to $460 million in new premium, up from $318.1 million in first quarter 2010, according to Singapore Life Insurance Association (SLIA). Bancassurance sales accounted for 37% of all life insurance sold in the quarter, jumping from 23% in first quarter 2010. In contrast, 3% of sales came from direct marketing, and financial advisors generated 12% of sales. Tied agents remained the number one producers and accounted for a dwindling 48% of sales. Commenting on the overall positive results for the life insurance industry, SLIA President Tan Hak Leh said, "The economy is in good shape and we are optimistic that the life insurance industry will remain strong throughout 2011."

MAY 16 - 22, 2011

PRUDENTIAL PLC CREDITS BANCASSURANCE WITH CLIMBING SOUTHEAST ASIA SALES

London, England-based Prudential plc reported its joint venture with Beijing-based China International Trust and Investment Corp. (CITIC) generated a 29% climb in annual premium equivalent (APE, or new recurring premiums plus 10% of new single premiums) in the first quarter to £18 million ($29.4 million), up from £14 million ($22.8 million) in first quarter 2010. Bancassurance accounted for 57% of APE, replacing agencies as the primary source of premium sales.

In Hong Kong, the story was similar. Bancassurance sales climbed 21% to comprise 44% of APE sales, driving overall sales up 13% to £77 million ($125.6 million). In contrast, agency sales grew 10%.

In Malaysia, Prudential's bancassurance sales jumped 91% to comprise 6% of the company's APE, which grew 22% to £44 million ($71.8 million), up from £36 million ($58.7 million) in first quarter 2010. Prudential expects its bancassurance sales to grow significantly when it finalizes its Malaysia distribution agreement with United Oversees Bank (UOB). The deal should "create new opportunities through that important channel," Prudential said.

Prudential's bancassurance agreement with UOB in Thailand accounted for 51% of the company's sales in that country, where APE rose 6% to £19 million ($31.0 million), up from £18 million ($29.4 million) in first quarter 2010.

Bancassurance was the "key driver" of Prudential's sales in Singapore, where the company has bancassurance agreements with UOB and Standard Chartered Bank. Bancassurance sales soared 173% and comprised 43% of APE, which jumped 42% to £47 million ($76.7 million), up from £33 million ($53.8 million) in first quarter 2010.

Commenting on international insurance markets, Prudential said, "We believe Asia continues to offer the most attractive opportunity in the global life insurance market today, and we expect our momentum to continue, particularly in our preferred markets of Southeast Asia." In these markets, the company said, "Our bancassurance model continues to deliver, with APE increasing by 32%."

MAY 23 - 29, 2011

U.S. INDIVIDUAL LIFE APPLICATIONS CONTINUE UP IN APRIL

U.S. applications for individually underwritten life insurance rose 1.1% in April compared to April 2010, led by 8.4% growth among individuals aged 60 and over, a continuing trend. Applications among individuals aged 45-59 also increased, rising 1% over April 2010, but applications among individuals aged 0-44 continued down, slipping 0.8%, according to the *MIB Life Index*. The overall growth in April marked the first increase in applications for life insurance in that month in seven years. Braintree, MA-based MIB Group called this "good news for the individual life insurance market."

For more on the MIB Life Index, click here.

MAY 23 - 29, 2011

AXIS BANK TO ACQUIRE 4% OF BANCASSURANCE PARTNER MAX NEW YORK LIFE

New Delhi, India-based Max New York Life, a joint venture between New Delhi-based Max India and New York Life International, has received approval from India's Insurance Regulatory and Development Authority (IRDA) to sell a 4% stake in itself to Mumbai, India-based Axis Bank, its bancassurance partner. Axis Bank has, in turn, received approval from India's Reserve Bank to complete the deal, *indianexpress.com* reports.

MAY 23 - 29, 2011

HSBC & AVIVA EXTEND U.K. BANCASSURANCE AGREEMENT

London, England-based HSBC Group has named London-based Aviva its preferred strategic bancassurance partner in the United Kingdom and Europe. The deal enables HSBC Bank to offer all Aviva insurance products to its customers online, over the phone and through its bank branches across the U.K. and Europe.

Aviva UK CEO Mark Hodges said, "The extension of our general insurance deal with HSBC [previously limited to the U.K. and excluding life insurance] is a clear indication of the existing strength and depth of our partnership." Bancassurance, he added, "is a key part of our multi-distribution strategy and an area we are focused on growing." Aviva currently partners with over 100 banks worldwide.

JUNE 6 - 12, 2011

PRUDENTIAL SELLS FIRST "PENSION BUY-IN" PRODUCT

Newark, NJ-based Prudential unit Prudential Retirement announced it has sold the nation's first pension buy-in, a single premium, separate account insurance product designed to mitigate benefit sponsors' pension plan risks. Hickory, NC-based Hickory Springs Manufacturing Company said it purchased the $75 million Prudential Portfolio Buy-in to "help us fulfill our fiduciary obligations and enhance our employees' retirement security." BCG Terminal Funding Principal Michael Devlin, who sold the pension buy-in to Hickory Springs, said, "The risks associated with pension plans have become a serious concern over the years." The pension buy-in, he said, enables employee plan providers to "manage interest rate, market and mortality risks and continue to provide a valuable benefit to their employees."

JUNE 6 - 12, 2011

CHINA CONSTRUCTION BANK APPROVED FOR MAJORITY OWNERSHIP IN DOMESTIC INSURER

Beijing-based China Reconstruction Bank (CCB) has received approval from the China Insurance Regulatory Commission (CIRC) to acquire majority ownership in Shanghai-based Pacific Antar Life Insurance, increasing its stake in the joint venture from 50% to 51%. China Life Holding remains the second largest stakeholder (19.9%), while the remaining ownership is distributed among CCB Investment Company, Shanghai Jin Jiang International Investment Management Co., and Shanghai Huaxi Investment Co. The deal is expected to strengthen CCB's bancassurance operations and revenue.

JUNE 13 - 19, 2011

PRUDENTIAL COVERS PENSION ACCOUNT VALUES WITH FIRST LONGEVITY REINSURANCE SALE

Newark, NJ-based Prudential has completed its first longevity reinsurance sale. New York City-based The Goldman Sachs Group unit United Kingdom-based Rothesay Life purchased the product in order to cover £100 million ($160 million) in pension account values. Prudential Senior Vice President Amy Kessler said, "Plan sponsors face significant uncertainty and exposure to pension risk. Prudential's role as a reinsurer of longevity risk," she said, "helps increase the security of the promise pension plans offer to participants around the world." Rothesay Life provides annuity and other longevity products to corporate defined benefit pension plans.

JUNE 20 - 26, 2011

EMPLOYEES ASSUMING MORE BENEFITS' COSTS

Nearly 50% of U.S. employers have increased employee contributions to their company benefits offerings, and 33% have increased the deductibles attached to those benefits in response to U.S. healthcare reform and other economic pressures, according to Chattanooga, TN-based Unum's *Buyers Study 2011*. At the same time, 90% of businesses with 1,000 or more employees offer combined employer and employee-paid benefits, with employee-paid benefits on the rise.

To read the 28-page Unum study, click here.

JUNE 20 - 26, 2011

AMERICANS PREFER COMMISSIONS OVER FEES

Americans prefer to pay commissions (47%) for financial advice rather than pay a fee based on assets (27%), but in 2010, 66% of financial advice providers charged only or primarily fees for their services, according to Boston, MA-based Cerulli Associates. Cerulli based its findings on August and December 2010 surveys of U.S. households with more than $50,000 in annual income or more than $250,000 in investible assets, *investmentnews.com* reports.

JUNE 20 - 26, 2011

IRDA SEEKS COMMENT ON BANCASSURANCE PROPOSALS

India's Insurance Regulatory and Development Authority (IRDA) is asking for comments on the Committee on Bancassurance's recommendations to the IRDA following the Committee's study of that distribution channel mandated in 2009.

The Committee on Bancassurance notes in its report that India's banks, with their network of over 80,000 branches across the country, "have the necessary potential to make bancassurance the most efficient way to achieve financial inclusion in the insurance sector." The ease of access reduces servicing costs and policy lapses and facilitates claims payments, among other positives, the Committee found.

Currently, bancassurance in its infant stage in India is responsible for 7.31% of total life and non-life insurance premiums sold. The Committee recommends that, with the growing unmet need for insurance coverage throughout the country, India's banks be encouraged to expand their insurance programs. Specifically, the Committee recommends that each bank be permitted to partner with any two life insurers, non-life insurers, health insurers and ECGC/AIC insurers and continue to "operate on principles of tied agency preserving the current legal status of the bank as an agent of the insurer."

Comments on the Committee report are due July 10, 2011.

To access the full report, click here.

JUNE 27 - JULY 4, 2011

CUNA MUTUAL & LIVERPOOL VICTORIA PARTNER IN BUILDING SOCIETY SALES

Madison, WI-based CUNA Mutual Group and Bournemouth, United Kingdom-based Liverpool Victoria (LV+) have partnered to offer life insurance through building societies in the United Kingdom (UK). LV+ underwrites the policies and expects to benefit from CUNA Mutual's already established relationships with 20% of UK building societies. Those relationships bore fruit in the first week of the partnership when two building societies signed up to offer their products to their combined 80,000 customers.

CUNA Mutual CEO Paul Walsh said, "We've identified that there is a clear need for a simple term life assurance product…. Less than 16% of mortgages completed in building societies in Britain have a term life insurance linked to it." At the same time, Walsh noted, mortgage volume at building societies has plummeted to 9% to 10% of 2007 levels, incentivizing the building societies to boost their revenues by serving as life insurance distribution channels for their customers, according to BestDay Audio.

JUNE 27 - JULY 4, 2011

REGIONS FINANCIAL CREATES NEW WEALTH MANAGEMENT GROUP

Birmingham, AL-based, $132 billion-asset Regions Financial has created a new Wealth Management Group, consolidating its Trust, Private Banking and Insurance operations in to one unit to be led by former Central Region President Bill Ritter. Regions President and CEO Grayson Hall said, "This new business line will help us advance our strategic plan by focusing on a key, profitable customer segment with the goal of increasing our noninterest revenue and deepening customer relationships."

JUNE 27 - JULY 4, 2011

55% OF INSURERS SEE BANKS AS LEAD VARIABLE ANNUITY CHANNEL

More than half (55%) of insurers believe that over the next two years, the bank channel will become the leading distribution system for growing variable annuity sales, a recent Insured Retirement Institute (IRI) and Cerulli Associates survey found. IRI President and CEO Cathy Weatherford said, "With the need for guaranteed lifetime income at an all time high, there is a great incentive for the industry to ensure that advisors have the necessary tools and information to help alleviate client retirement concerns and provide the financial safety and security investors seek."

For more on the survey, which emphasizes the need for "increased retirement income training," click here.

JULY 5 - 10, 2011

DEUTSCHE BANK'S VERMONT CAPTIVE APPROVED TO REINSURE DISABILITY BENEFITS

New York City-based Deutsche Bank Americas Holding (Deutsche), a subsidiary of Deutsche Bank's $397 billion-asset, U.S. financial holding company Taunus Corporation, has received tentative approval from the U.S. Labor Department to use MHL Reinsurance, Deutsche's Vermont-based captive insurer, to reinsure 100% of the long-term disability benefits held by a unit of Chattanooga, TN-based Unum Group.

JULY 11 - 17, 2011

JUNE RISE IN WORKERS' COMP RATES EASES OVERALL COMMERCIAL RATE DECLINE

U.S. composite commercial property and casualty rates declined 3% in June year-over-year, an improvement over the 4% decline in May year-over-year, according to MarketScout. A 1% increase in workers' compensation rates drove the improvement, but that rate increase may reflect the fact that one large insurer left the monoline worker's compensation market and another is refusing new business in Colorado, Georgia, Oregon and Pennsylvania, MarketScout said.

In contrast to the increase in worker's compensation rates, professional liability, directors and officers (D&O) liability, employment practices liability (EPLI), crime, surety and business owners policy (BOP) rates remained flat. Commercial auto and fiduciary slipped 1%; umbrella/excess, inland marine and business interruption slid 2%; and commercial property and general liability rates fell 3%.

Rates according to industry sector remained lackluster as well. Habitation rates were flat; transportation slipped 1%; contracting and service slid 2%; manufacturing and public entity rates fell 3%, and rates for energy companies dropped 5% compared to June 2010, MarketScout found based on pricing surveys conducted by the National Alliance for Insurance Education and Research.

For more on the MarketScout findings, click here.

JULY 18 - 24, 2011

U.S. LIFE INSURANCE APPLICATIONS BASICALLY STEADY IN JUNE AND SECOND QUARTER

U.S. applications for individually underwritten life insurance ticked up 0.1% in June compared to June 2010, driven by an 8.1% increase in applications among individuals aged 60 and older and a 0.2% rise among individuals aged 45-59. In contrast, applications among individuals aged 0-44 (the largest group) slipped 2.2%, according to the MIB Life Index.

In the second quarter, applications overall dipped 0.5% compared to second quarter 2010. A 3.2% decline in applications among individuals aged 0-44 and a 0.8% slip among individuals aged 45-59 drove the decrease and undercut 8.3% growth in applications among individuals aged 60 and older, Braintree, MA-based MIB Group found.

AUGUST 1 - 7, 2011

METLIFE INDIA AND PUNJAB NATIONAL BANK TO PARTNER IN SELLING LIFE INSURANCE

New York City- based MetLife unit Bangalore, India-based MetLife India Insurance Company (MetLife India) and New Delhi, India-based, $67.4 billion-asset Punjab National Bank (PNB) have agreed to enter into a bancassurance partnership. According to the terms of the agreement, PNB will (1) acquire a 30% stake in MetLife India to form PNB-MetLife India Insurance Company and (2) exclusively offer PNB-MetLife India's products to its 60 million customers through its 5,000-branch network for 10 years.

MetLife International President William Toppeta described the deal as part of MetLife's effort to expand its leadership position in the Indian financial services market. Toppeta said, "We believe that the addition of an outstanding financial institution like PNB as a shareholder and partner will greatly enhance our ability to move into the top tier of life companies in India."

PNB Chairman and Managing Director K.R. Kamath predicted the partnership will more than double the life insurer's market share and said, "With 60% of branches in the rural and semi-urban areas, PNB is uniquely positioned to take insurance to the deep pockets of India."

The distribution and stock deal is expected to close before the end of 2011, pending regulatory approval.

AUGUST 1 - 7, 2011

CCB MAJORITY-OWNED CCB LIFE LAUNCHES BANCASSURANCE OPERATIONS

Shanghai, China-based CCB Life Insurance Company, formerly Pacific-Antai Life, has launched operations under its new name and ownership structure with 800 million yuan ($124 million) in registered capital and more than 300,000 customers already on the books. Beijing, China-based China Construction Bank (CCB) is the majority shareholder (51%) in the life insurer, which is also 19.9% owned by Taiwan-based China Life Insurance Co., as well as China-based China CCB Investment Co. (19.35%), Shanghai Jin Jiang International Investment Management Co. (4.9%), and Shanghai Huaxi Investment Co. (4.85%).

CCB Life Insurance Chairman Wang Jun said the life, health and accident insurer plans "to develop itself as a flagship bancassurer in China," expanding CCB's position as a comprehensive financial services provider. Wang noted, "The Company is the first life insurer majority-owned by one of the four largest Chinese state-owned lenders and is also the first mainland Chinese financial institution that is directly invested in by a Taiwanese financial institution," *Bestwire* reports.

AUGUST 8 - 14, 2011

BB&T INSURANCE SERVICES ADDS MORE ONLINE PRODUCTS

Winston-Salem, NC-based, $159 billion-asset BB&T Corp. subsidiary Raleigh, NC-based BB&T Insurance Services has

added homeowners and travelers insurance to its online complement of auto and renters insurance. BB&T Insurance Services Personal Lines Manager Cathy Lamoreau said, "We want to give our clients a choice in the way they buy their insurance, whether they meet us in person at one of our agencies, by phone or now through our expanded online presence." Safeco Insurance underwrites the homeowners policies and Stonebridge Casualty Insurance Co. underwrites the travelers insurance offered at www.Insurance.BBT.com.

AUGUST 15 - 21, 2011

BANCASSURANCE LIFE SALES DOUBLE IN SINGAPORE

A doubling of life insurance sales through Singapore's banking channel drove weighted new business life insurance premiums in the country up 38% in the first half to S$941.5 million ($775.3 million) from S$682.2 million (US$561.8 million) in first half 2010, according to Singapore's Life Insurance Association. While tied agents generated 48% of weighted new business sales, banks were not far behind with 38%. In contrast, financial advisors and direct marketing programs generated, respectively, 13% and 5% of sales. Life Insurance Association President Tan Hak Leh said, "The first half year's performance was buoyed by growth in bancassurance, mostly from sales of savings-oriented products. Growth through other channels maintained a healthy 20%."

AUGUST 15 - 21, 2011

"IMPRESSIVE" BANCASSURANCE SALES DRIVE 58% JUMP IN NET INCOME AT GREAT EASTERN HOLDINGS

Singapore-based life insurer Great Eastern Holdings, a unit of Singapore-based OCBC Bank, reported "impressive growth in regular premium products distributed through the bancassurance channel" in Singapore, helped drive first half weighted new sales up 23% to S$363.6 million (US$299.4 million), up from S$296.2 million (US$243.9 million) in first half 2010. In addition, Great Eastern CEO Chris Wei said, "Our bancatakaful partnership with OCBC Al-Amin is beginning to bear fruit" in Malaysia. With these successes, and a 58% jump in second quarter net income to S$117.7 million (US$96.9 million), up from S$74.4 (US$61.3 million) in second quarter 2010," Wei said, "the Group will continue to focus on strengthening the quality of our distribution channels and partner with OCBC to serve clients across various segments."

AUGUST 22 - 28, 2011

HIKE IN U.S. APPLICATIONS FOR INDIVIDUALLY UNDERWRITTEN LIFE INSURANCE

U.S. applications for individually underwritten life insurance rose 2.1% in July, an "unprecedented" upswing for this month, according to Braintree, MA-based MIB Group. Individuals aged 60 and older drove the rise with a 9.3% increase in applications, followed by individuals aged 45-59 (+1.4%) and those aged 0-44 (+0.2%), the MIB Life Index reveals. The July increase is part of an overall trend in growing individually underwritten life insurance sales, "with four of the last seven months of 2011 finishing in positive territory," MIB Group said. Year to date, those sales are down a slight 0.3%, according to the MIB Life Index.

AUGUST 22 - 28, 2011

U.S. FINANCIAL ADVISORS LAX IN LIFE INSURANCE SALES

Almost half (47%) of U.S. adults who have a financial advisor and are covered by life insurance have never reviewed their life insurance policy with their financial advisor, according to an online survey conducted by Harris Interactive last month for Hartford, CT-based Saybrus Partners. Among those who have reviewed their policies with their advisors, 40% have done so within the past year, but 15% said that review occurred 10 or more years ago.

At the same time, about half (49%) of U.S. adults who have a financial advisor and a financial plan (that does not include life insurance), have spoken with their advisor about adding life insurance to that plan. About one-third (34%) were advised by their advisor to add some form of insurance; less than one-quarter (24%) were advised to specifically add life insurance, and only 10% were advised to add long-term care insurance to their financial plan.

Saybrus Partners National Sales Manager Kevin Kimbrough observed that financial advisors "are missing an opportunity to fill a critical gap in some existing financial plans while at the same time differentiating themselves and expanding their practices." Kimbrough added, "Life insurance is foundational for a well-designed financial plan, not only for the protection it provides but also for its tax efficiency and potential for cash management and wealth transfer."

AUGUST 29, 2011 - SEPTEMBER 4, 2011

U.S. FIXED ANNUITY SALES STEADY YEAR-OVER-YEAR, UP QUARTER-TO-QUARTER

U.S. fixed annuity sales in the second quarter reached $20.4 billion, a number comparable to second quarter 2010 sales, as 8% growth in fixed-rate non-market value adjusted (non-MVAs) annuity sales to $8.2 billion and a 2% rise in income annuity sales to $2.3 billion balanced out a 12% fall in fixed-rate MVAs to $1.5 billion and a 2% slide in indexed annuity sales to $8.4 billion, Evanston, IL-based Beacon Research found in its most recent *Fixed Annuity Premium Study*.

Second quarter fixed annuity sales compared to first quarter 2011 sales of $18.9 billion, however, were up 8%. In contrast to year-over-year preferences, income annuity sales jumped 30% quarter-to-quarter, indexed annuities climbed 18%, fixed-rate MVAs rose 4% and fixed-rate non-MVAs slid 5%.

Houston, TX-based Western National's Proprietary Bank Product A, a fixed rate non-MVA, led as the number one product sold through the bank insurance channel. Fixed-rate non-MVAs were the preferred products sold through direct/third party marketers and large/regional broker-dealers, as well. Captive agents sold primarily income annuities, and wirehouses sold primarily fixed MVAs, while indexed annuities were the number one product sold through independent broker-dealers and independent producers.

Allianz Life's Master Dex X Indexed annuity was the leading annuity sold overall in the quarter. Beacon Research CEO Jeremy Alexander said, "The guaranteed lifetime income benefits [of indexed annuities] were especially attractive during a time of reduced consumer confidence." He added, "But yield seeking purchasers apparently appreciated the somewhat higher rates offered by MVAs."
For more on the Beacon Research *Fixed Annuity Premium Study*, click here.

AUGUST 29, 2011 - SEPTEMBER 4, 2011

WELLS FARGO NAMES NEW INSURANCE SERVICES CEO

San Francisco, CA-based, $1.3 trillion-asset Wells Fargo & Co. has named Laura Schupback its new CEO of Insurance Services to succeed retiring David Zuercher. Schupbach has served in various senior management positions during her 16-year tenure at Wells Fargo, including head of Enterprise Expense Management, Wholesale Banking Group, Diversified Products Group and Western Bank Group.

Wells Fargo Wholesale Banking SVP David Hoyt said of the appointment, "Insurance is an important, core product at Wells Fargo, and I look forward to working with Laura and our highly talented insurance team to continue to grow the business and provide valuable products and services to our customers."

Schupback, who has a Bachelor of Science degree in accounting, said, "I'm confident that the deep operational experience and strong relationships I've built in working across many of Wells Fargo's businesses will help the talented insurance team better meet the financial needs of our commercial, retail bank and wealth management customers."

Wells Fargo Insurance Services operates more than 200 offices in 37 states and in 2010 helped Wells Fargo & Co. generate $1.78 billion in insurance brokerage income, which comprised 4.4% of its noninterest fee income and 2.1% of its net operating revenue. The company ranked second in insurance brokerage earnings among all traditional BHCs, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

SEPTEMBER 5 - 11, 2011

WIREHOUSE BROKERS PROFIT WHEN MOVING TO BANKS

Securities brokers who move from a wirehouse to a bank earn about 75% of their pre-move annual income in the first year at the bank, but within four years their annual income jumps to 190% of their pre-move earnings, according to Carlsbad, CA-based Armstrong Financial Group. In contrast, wirehouse brokers who move to another wirehouse, earn 60% of their prior income in the first year and recoup only 93% of their pre-move earnings four years later. Commenting on the differences in performance, Eric Armstrong said, "A wirehouse guy is hunting every single day of his career, but when he goes into a bank environment, he has access to billions in existing customer assets," investmentnews.com reports.

SEPTEMBER 12 - 18, 2011

U.S. APPLICATIONS FOR INDIVIDUALLY UNDERWRITTEN LIFE INSURANCE CONTINUE UP IN AUGUST

U.S. applications for individually underwritten life insurance ticked up 0.7% in August compared to August 2010 and rose 1.0% over July 2011 applications, according to the MIB Life Index. Year over year, individuals aged 60 and older continued to exhibit the greatest appetite for individually underwritten insurance (+7.7%), followed by individuals aged 45-59 (+0.4%), but demand among individuals aged 0-44 slackened (-1.2%), Braintree, MA-based MIB Group reports.

SEPTEMBER 12 - 18, 2011

U.S. COMPOSITE COMMERCIAL RATES SLIDE 2% IN AUGUST

U.S. composite commercial property and casualty rates slid 2% in August compared to August 2010, according to Dallas, TX-based MarketScout. A 3% drop in umbrella/excess insurance rates led the decline, followed by 2% decreases in inland marine and general liability and a 1% slip in commercial auto insurance rates. Commercial property, business interruption, business owner's policy (BOP), fiduciary and crime insurance rates, however, were flat, while professional liability, directors and officers (D&O) liability, employment practices liability insurance (EPLI), and surety rates rose 1%, and workers compensation rates grew 2%.

Among industry classes, the manufacturing, service, public entity and energy businesses benefited from premium declines of 2%; contractors received 1% decreases; premiums among habitational businesses remained flat, but businesses involved in the transportation industry were hit with premium increases of 1%, MarketScout found based on pricing surveys conducted by the National Alliance for Insurance Education and Research.

SEPTEMBER 12 - 18, 2011

BANK OF AMERICA REORGANIZES: KRAWCHECK & PRICE OUT, DARNELL & MONTAG IN

Charlotte, NC-based, $2.26 trillion-asset Bank of America (B of A) Global Wealth and Investment Management President Sallie Krawcheck and Global Consumer and Small Business President Joseph Price have left the company in a top-down management reorganization. At the same time, B of A Commercial Banking Head David Darnell has been named B of A Co-Chief Operating Officer (CCOO) in charge of Consumer Banking, and B of A veteran Tom Montag has been named CCOO of Corporate and Institutional Investor Banking. B of A said the reorganization "aligns the company's operating units with its three core customer groups: individuals, companies, and institutional investors." B of A CEO Brian Moynihan described the moves as "removing a layer of operations management" that were consistent with nearing the end of Phase I in Project New BAC begun in April. Phase II is expected to begin in October and end in March 2012.

SEPTEMBER 12 - 18, 2011

CHINA REINSURANCE & CHINA JIANYUN INVESTMENT IN STRATEGIC PARTNERSHIP

Beijing, China-based China Investment Corp (CIC) subsidiaries Beijing, China-based China Reinsurance Group and Shenzhen, China-based China Jianyun Investment have formed a strategic partnership. The two plan to jointly develop (1) their media publications and financial information technology; (2) their medical insurance and direct insurance programs; (3) their insurance broking, consulting and asset management businesses; (4) their funds, and (5) their realty and equity investment programs. In 2010, China Jianyin Investment reported 1.5 billion yuan ($234.6 million) in net income; and in the first half of 2011, China Re reported premium income jumped 50.5% to 28.27 billion yuan ($4.42 billion), BestNews reports.

SEPTEMBER 19 - 25, 2011

BANK-BASED FINANCIAL ADVISORS NOT MAXIMIZING INTERNAL REFERRALS

One-third of bank-based financial advisors generate more than 25% of their revenue from internal bank referrals, and another third generate up to 24%. Another third, however, say they generate no revenue from internal referrals, according to an online survey of 75 bank-based financial advisors conducted by Aite Group in the first quarter. Aite Group Senior Analyst Sophie Schmitt said, "Leaders must do a better job of demonstrating to successful advisors how working with internal partners can bring more revenue."

SEPTEMBER 19 - 25, 2011

MANULIFE PHILIPPINES SALES JUMP IN AGENCY AND BANCASSURANCE CHANNELS

Manulife Philippines reported weighted insurance sales jumped 64% in the second quarter, helped by the introduction of a Guaranteed Insurability Endorsement (GIA) program, which offers fixed protection coverage on single premium unit-linked products without medical requirements. Additionally, the company introduced ProSecure, a bank channel product that offers life and accident insurance for premiums as low as 15 pesos ($0.35) a day.

Commenting on his company's performance, Manulife Philippines President and CEO Indren Naido said, "The expansion of our agency and bancassurance distribution channels, improved productivity and continued strengthening of brand equity characterized our record insurance sales growth for second quarter 2011."

SEPTEMBER 26 - OCTOBER 2, 2011

CIMRO SURVEY FINDS EFFECTIVE TRAINING THE KEY TO CREDIT INSURANCE & DEBT PROTECTION SALES

Most U.S. banks (65%) include credit insurance, debt protection and life and disability insurance sales among their retail goals, according to a recent survey conducted by the Credit Industry Marketing Representative Organization (CIMRO). Among those financial institutions responding to the survey, all incentivize their individual platform bankers/lenders with monthly one-time payments and/or financial compensation tied to the premium written on the product sold. Just over half (55.6%) reward bank office managers with monthly or quarterly incentive payouts and/or points and awards. Less than one in five (16.7%) compensate regional managers with incentives and/or points and awards on a quarterly basis, and not quite 6% (5.6%) acknowledge higher-level managers with quarterly points and awards based on the production of the units they oversee.

When all banks with credit insurance programs were asked to rank those elements that contributed the most to their insurance sales success, however, meaningful financial incentives ranked eighth (33%), followed by incentive programs for managers (13%), awards (10%), campaigns (10%), marketing materials (7%) and contests (7%).

In contrast, effective training ranked first (73%); lender accountability ranked second (62%); senior management support ranked third (57%); effective sales tracking ranked fourth (53%); strong sales culture ranked fifth (43%); product design ranked sixth (40%); regular recognition ranked seventh (37%); and those previously mentioned ranked eighth through thirteenth. *For more on the CIMRO survey, click here*.

OCTOBER 3 - 9, 2011

GROUP HEALTH INSURANCE PREMIUMS JUMPED 9% IN 2011

Group family health insurance premiums jumped on average 9% to $15,703 in 2011, a substantial increase over the 3% hike in 2010, according to a survey of over 2,0000 employers conducted by the Kaiser Family Foundation. Kaiser President and CEO Drew Altmon said, "The open question is whether that's a one-time spike or the start of a period of higher increases," post-healthcare legislation.

U.S. Office of Personnel Management Director John Berry said family group health insurance premiums offered to 8 million federal employees through the Federal Employees Health Benefits Program (FEHBP) climbed 7.3% in 2011, but projected that premiums in 2012 would grow just short of 4%. Federal employees enrolled in the FEHBP pay 30% of their health insurance premiums, and taxpayers pick up the rest.

OCTOBER 3 - 9, 2011

NEARLY HALF OF MIDDLE-INCOME AMERICANS HAVE NO LIFE INSURANCE

Almost half of Americans with household incomes between $50,000 and $250,000 have no life insurance, and those that have life insurance have only enough to cover 3.6 years of annual income, according to the *2011 Genworth LifeJacket (SM) Study, 7 Key Insights to Help Close the Coverage Gap*.

The impact of being inadequately insured falls on the dependents of primary wage earners. The policy amount received by almost all (94%) beneficiaries is not enough to enable them to maintain their standard of living, and almost half (43%) are forced to use their insurance to pay the insured's outstanding debts.

Not surprisingly, 40% of those who are covered by life insurance don't believe they have enough to meet their families' long-term needs. Over 60% say they would like to meet with their agent once a year to keep pace with their needs, but only 38% do so. As a result, one-third of all Americans who are covered by life insurance purchased their policies more than 10 years ago.

For more on the Genworth study, which encourages agents to sit down with their clients and briefly review their life insurance needs annually, click here.

OCTOBER 3 - 9, 2011

WOMEN IN FINANCIAL JEOPARDY

Slightly more than half (55%) of American women aged 50-70 know the likely amount of their retirement income/assets; 54% are concerned that they will outlive their retirement resources; 44% have calculated their essential expenses; and 16% of working women plan to delay their retirement by four years, according to a new study by the MetLife Mature Market Institute.

Families, especially women, must consider and make financial plans to deal with the reality that American women (1) live 8% longer than men, (2) are likely to experience retirement alone, (3) spend more on healthcare, (4) provide care for others and have less opportunity to earn income working outside the home, and (5) will face $124,000 in long-term care costs, nearly three times that of men ($44,000).

For more on The MetLife Study of Women, Retirement and the Extra-Long Life: Implications for Planning, click here.

OCTOBER 3 - 9, 2011

CHINA'S SUNSHINE INSURANCE GROUP AND CHINA MERCHANTS BANK EXPAND BANCASSURANCE PARTNERSHIP

Beijing, China-based Sunshine Insurance Group, parent of Sunshine Property and Casualty Insurance and Sunshine Life Insurance, and Shenzhen, China-based China Merchants Bank (CMB) have agreed to broaden their bancassurance partnership by jointly developing training programs, brands, electronic commerce, corporate governance, insurance agency delivery systems and cash management, asset management, investment and finance businesses.

In 2010, Sunshine Insurance Group generated over 1.63 billion yuan ($255 million) in premium through its bancassurance partnership with China Merchants Bank. In the first eight months of 2011, the partnership expanded its cooperation at 27 regional CMB branches, and in that time generated almost the same level of premium (1.62 billion yuan) achieved in all of 2010, *BestWire* reports.

OCTOBER 10 - 16, 2011

VOLUNTARY GROUP LIFE & DISABILITY SALES MOSTLY UP

U.S. group life insurance earned premiums reached $10.5 billion in the first half of 2011, up 4% from the first half of 2010, while annualized sales premiums slipped 1% to $1.48 billion, according to South Portland, ME-based Gen Re. At the same time, 1% fewer employers offered voluntary group life programs in the first half compared to the year before, Gen Re's *2011 U.S. Group Disability and Group Life Mid-Year Market Survey* shows.

The number of employers offering group long-term disability (LTD) insurance remained level with the first half of 2010, as did earned premiums at $4.8 billion, but annualized sales premiums grew 4% to $769 million, up from $739.4 million in the first half of 2010.

Annual sales premiums for voluntary short-term disability (STD) insurance slipped to just over $369 million, but earned premiums rose 2% to over $1.7 billion, as 2% more employers offered STD programs through the workplace to their employees, Gen Re found.

Combined earned premiums for voluntary group life and disability insurance products rose 3% to $17.1 billion, up from $16.6 billion in first half 2010, while combined annualized sales premiums remained flat at $2.6 billion. Commenting on overall results, Gen Re Group and Specialty Senior Vice President Drew King said, "We are seeing some signs of a recovery in the first half of 2011, led by LTD sales."

For more on the Gen Re survey of insurance carriers, click here.

OCTOBER 17 - 23, 2011

U.S. APPLICATIONS FOR INDIVIDUALLY UNDERWRITTEN LIFE INSURANCE DOWN IN SEPTEMBER

U.S. applications for individually underwritten life insurance in September slid 3.4% compared to September 2010, the largest month-over-month decline this year, according to the MIB Life Index. While applications among individuals aged 60 and older continued their upward trend, growing 6.9% over September 2010, applications among individuals aged 45-59 slipped 1.7%, and applications among individuals aged 0-44 fell 7.1% driving overall results lower.

Year-to-date individual life insurance applications are on track to be down 1% for the year compared to 2010, a performance Braintree, MA-based MIB Group President Lee Oliphant described as "relatively good in light of a moribund economy."

OCTOBER 17 - 23, 2011

CEO SUPPORT ESSENTIAL TO BEST-IN-CLASS BANK INSURANCE OPERATIONS

Best-in-class bank insurance operations begin with a "top down cross-selling commitment from the executive suite," according to the *MarshBerry-ABIA Bank Insurance Viability Index*. With CEO support, bank and insurance agency management must (1) make cross-selling goals part of annual performance reviews; (2) devise customer-relationship management programs to track referral and selling activities; (3) conduct bank and insurance relationship management meetings where activity pipelines are reviewed, relationships are built, cross-selling success stories are celebrated, and education about the different lines of business occurs; (4) develop cross-selling referral and sales incentives; and (5) make sure business development officers bridge relationship gaps between banking and insurance operations. With these conditions in place, referrals and cross-selling blossom, and sales results are best-in-class – nearly double those of average bank insurance operations in financial services, employee benefits and personal and commercial insurance sales, the *MarshBerry-ABIA* index shows.

OCTOBER 24 - 30, 2011

U.S. ADULT INTERNET USERS, INCLUDING SENIORS, PREFER ONLINE BANKING

Online banking is the preferred banking method (62%) among U.S. adults who completed an online survey conducted in August by Ipsos Public Affairs for the American Bankers Association (ABA). Among this group, 57% of bank customers aged 55 and older said they prefer online banking, compared to 20% within this age-group who indicated a preference for online banking when they were questioned in a telephone survey in 2010.

Among online survey respondents, 20% prefer branch banking; 8% prefer using ATMs; 6% prefer using the mail; 3% prefer to bank by phone; and 1% prefer to bank by mobile device. Commenting on the suvey results, ABA Senior Counsel Nessa Freddis said, "Retail banking has changed for good…. Customers of all age groups prefer the speed and convenience of conducting their banking on the Internet to visiting their local bank or ATM." Freddis did not address the fact that the survey was conducted only among Internet users.

OCTOBER 24 - 30, 2011

UNPREPARED FOR RETIREMENT, BOOMERS SWELL SENIOR POPULATION

The number of Americans aged 55-59 has grown 46% over the last decade, while the number of those aged 60-64 has jumped 56%, according to the Insured Retirement Institute (IRI). Among the latter group, 51% do not believe they will have enough money to live comfortably in retirement, and 42% have not determined how much money they need to save for retirement. Of the 45% who have consulted a financial advisor, two-thirds have asked about annuities, the IRI found in *Retirement Planning and the Elder Market: Advisor Strategies to Understand and Work with Senior Citizens.* For more on the report, click here.

NOVEMBER 1 - 6, 2011

VANTISLIFE REPORTS 29% GROWTH IN BANK LIFE INSURANCE SALES

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

NOVEMBER 1 - 6, 2011

WEALTH MANAGEMENT CLIENTS WANT MORE ONLINE ACCESS & STRAIGHT ADVICE

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

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

For more on SEI's Communication in the Information Age, click here.

NOVEMBER 1 - 6, 2011

PT BANK DANAMON & MANULIFE INDONESIA FORM BANCASSURANCE PARTNERSHIP

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

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

NOVEMBER 7 - 13, 2011

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

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

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

NOVEMBER 14 - 20, 2011

PRUDENTIAL FINANCIAL REINSURES GOLDMAN SUBSIDIARIES' PENSION LIABILITIES

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

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

NOVEMBER 14 - 20, 2011

MANULIFE FINANCIAL & BANK OF CHINA IN BANCASSURANCE PARTNERSHIP

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

Economy and Trade Trust Company, a member of the state-owned agricultural company Sinochem Group.

NOVEMBER 21 - 27, 2011

SENIORS CONTINUE TO DRIVE RISE IN LIFE INSURANCE APPLICATIONS

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

NOVEMBER 21 - 27, 2011

INDEXED ANNUITY & INDEXED LIFE SALES TREND UP

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

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

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

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

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

NOVEMBER 21 - 27, 2011

COMMERCIAL RATES MAY BE HARDENING

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

NOVEMBER 28 - DECEMBER 4, 2011

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

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

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

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

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

DECEMBER 5 - 11, 2011

U.S. VARIABLE ANNUITY SALES UP 14% IN THIRD QUARTER

U.S. variable annuity sales grew 14% in the third quarter to $39.1 billion, up from $34.2 billion in third quarter 2010, according to Chicago, IL-based Morningstar. Qualified sales dominated the variable annuity market, accounting for $26.4 billion or 67.5% of total variable annuity sales, while non-qualified sales accounted for $12.2 billion or 31.2% of all variable annuity sales.

Variable annuity assets were placed primarily in fixed (22.6%) and allocation (22.6%) accounts, and less popularly in bonds (12.3%) and money market accounts (2.7%).

Morningstar Director of Insurance Solutions Frank O'Connor described the growth in variable annuity sales as "a very positive development, indicating rapidly growing interest in the use of variable annuity guaranteed income benefits as an important component of a portfolio designed to produce sustainable income throughout retirement."

DECEMBER 5 - 11, 2011

THIRD QUARTER U.S. FIXED ANNUITY SALES FALL 7%

U.S. fixed annuity sales in the third quarter declined 7% to $19 billion, down from $20.5 billion in third quarter 2010, according to Evanston, IL-based Beacon Research. While fixed income annuity sales rose 5% over third quarter 2010 sales to $2.2 illion and fixed indexed annuity sales ticked up 0.4% to $9 billion, fixed MVA sales dropped 33% to $1.3 billion, and fixed book value sales fell 13.5% to $6.46 billion.

Minneapolis, MN-based Allianz Life led all insurers in third quarter fixed annuity sales ($1.61 billion) followed by first place bank channel distributor Houston, TX-based Western National Life ($1.34 billion). Des Moines, Iowa-based American Equity ranked third ($1.27 billion); West Des Moines, IA-based Aviva USA ranked a closed fourth ($1.26 billion), and New York City-based New York Life ranked a distant fifth ($921 million).

Fixed indexed annuities remained the top-selling fixed annuity product, dominating 47.5% of third quarter sales. Book value annuities ranked second with a 34% market share. However, New York Life's Lifetime Income Annuity was the only non-indexed annuity among the top five specific annuity products sold.

Commenting on the strength of indexed annuity sales, Beacon CEO Jeremy Alexander said, "These products continue to do well – despite the quarter's low interest rate environment – because of strong demand for guaranteed lifetime retirement income." Looking ahead, however, Alexander said he expected overall fixed annuity sales to decline in the fourth quarter due to seasonality and "the difficult interest rate environment."

DECEMBER 5 - 11, 2011

PROPERTY INSURANCE RATES RISE

Almost half (48%) of U.S. property insurance renewals completed to date in the fourth quarter incurred rate increases, according to New York City-based Marsh's Global Benchmarking Portal. Twenty-nine percent (29%) renewed with rate increases of 1% to 10%, and 9% renewed with rate increases above 11%. At the same time, 18% renewed with no rate change, and 34% received rate reductions. Among the latter group, 21% received reductions of 1% to 10%; 8% received reductions ranging from 11% to 20%, and 5% received rate reductions of 21% or more. Overall, property insurance renewal rates rose an average 1.7%.

Commenting on the findings, Marsh said, "The data points to a transitioning property insurance market," hit by $70 billion in catastrophic losses in the first three quarters. Those properties assessed with rate increases incurred recent losses, had poor loss histories, or had moderate to specific exposure to catastrophes, Marsh found.

For more on the Marsh Property Insurance report, click here.

DECEMBER 12 - 18, 2011

U.S. APPLICATIONS FOR LIFE INSURANCE STABLE IN NOVEMBER

U.S. applications for individually underwritten life insurance in November were comparable to those in November 2010, according to the MIB Life Index. Applications among individuals aged 60 and older grew 8.8%, while applications among individuals aged 45-59 slipped 0.4% and among those aged 0-44 dipped 2%. The overall "no-change status signals a positive tone for the industry," Braintree, MA-based MIB Group said.

DECEMBER 12 - 18, 2011

COMPOSITE COMMERCIAL P&C RATES REVERSE 7-YEAR DECLINE

Commercial property and casualty insurance rates reversed their almost seven-year decline in November, according to Dallas-based MarketScout. Commercial property, workers' compensation and business owner policy renewal rates increased 2% over November 2010; employment practices liability insurance, commercial auto, general liability and business interruption rates rose 1%; and inland marine, umbrella excess, personal liability, directors and officers liability, fiduciary, crime and surety rates remained flat.

All industry classes renewed at higher or flat rates, with the manufacturing, contracting, habitational, transportation and energy industries up 1%, while rates for the service and public entity industries remained flat.

Only jumbo accounts received renewal rate decreases (-1%), while small account renewal rates increased 2%; medium accounts rose 1%, and large account renewal rates remained flat. MarketScout CEO Richard Kerr said the data indicates that "the soft market is over." Kerr noted, "November 2011 is the first composite rate increase since the soft market began in February 2005."

DECEMBER 12 - 18, 2011

OUTLOOK FOR U.S. INSURANCE BROKERAGE BUSINESS REMAINS STABLE

The outlook for U.S. insurance brokerage industry remains "stable" according to New York City-based Fitch Ratings. Fitch said, "Improved pricing will help commission-based revenues over the next 12 months,… [but] broker revenue growth will be modest due to a flat rate environment in the broader property/casualty marketplace."

DECEMBER 12 - 18, 2011

ASIA EMBRACES BANCASSURANCE

Bancassurance is growing quickly in Asia, where customers like accessible one-stop financial services shopping, banks like the additional income stream, and insurers and brokers like the access to lenders' customer bases, according to ING Insurance Asia Pacific Regional Head Sujoy Ghosh. Malaysia, Taiwan and China have adopted bancassurance more quickly than India and Singapore, where brokers and agents have traditionally been captive insurance agents, according to India-based consultancy Celent. Life insurance sales dominate 50% to 80% of the bancassurance market in Taiwan and Malaysia, while in India, Japan and Thailand bank life insurance sales comprise only 10% of the bancassurance sales, Celent said.

According to ING's Ghosh, "The general pie for insurance is growing rapidly [in Asia], so there's enough room for growth of all distribution channels." Ghosh favors bancassurance. Not surprisingly, his company has bancassurance joint ventures with Bank of Beijing (China), Kookmin Bank (South Korea), TMB Bank (Thailand), ING Commercial Bank (Malaysia) and ING Vysya Bank (India) and is a preferred partner with China Construction Bank (Hong Kong). Ghosh warns, however, that bancassurance partnerships work only when "true commitment" fits the right model. The right model, Ghosh believes, "is one where the insurer adapts to the model of the bank and its practices instead of trying to impose something [on the bank]. One size does not fit all," *Asia/Pacific Best Week* reports.

DECEMBER 19 - 25, 2011

COMMERCIAL INSURANCE RATE INCREASES FALL SHORT OF LOSS COSTS

The aggregate 2% increase in third quarter commercial insurance rates over third quarter 2010 is not enough to keep up with reported claim costs inflation levels, according to New York City-based Towers Watson. The company's most recent Commercial Lines Insurance Pricing Survey (CLIPS) reveals that loss costs increased 4% over 2010 costs. Towers Watson U.S. Property and Casualty Practice Managing Director Bruce Fell said, "While rates are hardening, loss costs also continue to rise. Our view is that until rate increases exceed loss cost inflation, we will not be in a market where insurance company results can improve and we start to enter a real hard market."

DECEMBER 19 - 25, 2011

SUN LIFE TO EXIT U.S. VARIABLE ANNUITY & INDIVIDUAL LIFE BUSINESSES

Toronto, Canada-based Sun Life Financial will stop selling variable annuities and individual life insurance products in the U.S. beginning December 30, 2011. U.S. regulatory requirements and ongoing shifts in capital markets have generated volatility and undermined the profitability of these products, Sun Life said. However, the insurer will continue to service the policyholders it accepts before it exits the businesses, and it will focus on profitability, capital efficiency and risk management in servicing those in-force businesses.

Sun Life plans to grow its less capital-intensive businesses in the U.S., including its group insurance, voluntary benefits and investment management businesses. Sun Life President and CEO Dean A. Connor said, the repositioning will "accelerate growth, improve return on shareholder's equity and reduce volatility."

Bank Insurance & Investment Legislation, Regulation & Litigation

DECEMBER 13 - 19, 2010

MINNESOTA ATTORNEY GENERAL SWANSON SUES DISCOVER ALLEGING DECEPTIVE SALES PRACTICES

Minnesota Attorney General Lori Swanson has filed suit in Hennepin County District Court in Minneapolis against Riverwoods, IL-based, $61.6 billion-asset Discover Financial Services, DFS Services and Greenwood,DE-based Discover Bank alleging Discover Bank deceptively charged some credit card customers for "pricey optional financial products … without their [these customers'] understanding that their credit cards would be charged."

According to the suit, Discover Bank and DFS Services made aggressive, misleading and deceptive telemarketing calls to customers luring them into believing they were receiving courtesy calls while telemarketers "tricked" them into "unwittingly signing up" for such products as payment, identity theft, and wallet protection plans.

The Attorney General's office is asking the Court for an injunction against Discover's continuing these alleged practices and the requirement that Discover pay civil penalties to the government and restitution to the customers it allegedly deceived.

DECEMBER 20 - 26, 2010

DISTRICT JUDGE RULES HEALTHCARE PURCHASE MANDATE IS UNCONSTITUTIONAL

U.S. District Court Judge Henry Hudson has ruled that the mandate in the U.S. healthcare law requiring individuals to purchase health insurance by 2014 or be fined is unconstitutional. Judge Hudson said, "The Minimum Essential Coverage Provision is neither within the letter nor the spirit of the Constitution." The U.S. Constitution's Commerce Clause, he said, does not give the U.S. government the power "to compel an individual to involuntarily enter the stream of commerce by purchasing a commodity in the private market." Hudson added, "This dispute is not simply about regulating the business of insurance – or crafting a scheme of universal healthcare coverage – it's about an individual's right to choose to participate." The U.S. Congress passed the healthcare legislation earlier this year, and President Barack Obama signed it into law in March.

DECEMBER 20 - 26, 2010

9TH CIRCUIT REVERSES AND UPHOLDS CA ARMENIAN GENOCIDE LAW

The Ninth U.S. Circuit Court of Appeals has reversed its decision made last year, which invalidated the California law that gave heirs of Armenians killed in Turkey during World War I the right to sue life insurance companies for death benefits on the basis that those deaths resulted from genocide. Last year the Court said the U.S. government accepted Turkey's position that the deaths were a result of war not genocide, making California's position that the deaths resulted from genocide invalid. This month, however, two out of three judges ruled "there is no express federal policy forbidding states to use the term 'Armenian Genocide.'" Therefore, the California law in question is back on the books as valid, and Armenian heir attorney Brian Kabateck is ready to act. "It's a great victory for the Armenian people," he said.

About 1.5 million Armenians lost their lives in Turkey between 1915 and 1919. Thus far, Kabatech and other attorneys have attained $37.5 million in settlements from New York Life and AXA after filing lawsuits similar to the ones now allowed by California law, *insurancejournal.com* reports.

JANUARY 3 - 9, 2011

NEW YORK FINES CITIGROUP AGENCIES $2 MILLION FOR REG 60 VIOLATIONS

Citicorp Insurance Agency, Citicorp Investment Services and BHHU Life Agencies, each affiliates of New York City-based, $1.98 trillion-asset Citigroup, have paid New York State $2 million in fines for allegedly failing to disclose to their customers comparisons among various life insurance policies and annuity contracts and for inaccurately or incompletely disclosing policy values and surrender charges during a period extending from 2003-2007. The violations involve New York State Insurance Department Regulation 60, which requires agents to (1) present to customers the primary reason for recommending a new life insurance policy or annuity contract, (2) explain why the current policy or contract doesn't meet the customer's needs, then (3) confirm these disclosures have been made by having the customer sign forms acknowledging he or she has received and read the disclosed information.

New York State Superintendent of Insurance James Wrynn said, "Consumers considering replacing an annuity or insurance policy should get all the information they need in order to make an accurate comparison. We insist upon accurate side-by-side comparisons of these products in order to protect consumers."

The Citigroup agencies have agreed to (1) create policies and procedures to address Regulation 60 requirements, (2) install an adequate complaint process, (3) assure insurance and annuity sales comply with suitability standards, and (4) file reports with the New York Insurance Department every 120 days.

JANUARY 3 - 9, 2011

NEW YORK AGENCY ASSOCIATIONS APPEAL REG 194 RULING

The Independent Insurance Agents & Brokers of New York (IIABNY) and the Council of Insurance Brokers of Greater New York (CIBGNY) have filed a notice of appeal with the New York Supreme Court Appellate Division, Third Department in Albany. The filing alerts the court that the associations intend to make a formal appeal asking the court to overturn the decision made by Supreme Court Justice Richard Platkin last month upholding New York Insurance Regulation 194. CIBGNY President Anthony Aquilino said, "The filing is step one toward reversing the unfortunate decision of the trial court."

Regulation 194 requires agents and brokers to tell customers detailed information about compensation, including differences paid out among various policies offered. IIABNY Chair David Gelia described the regulation as "a costly demand on law-abiding producers," and Aquilino said the regulation "solves a non-existent problem."

JANUARY 17 - 23, 2011

P&C EXECUTIVES COOL TO FINANCIAL REFORMS AND COMMERCIAL LINES

Property and casualty insurance industry executives are overwhelmingly unimpressed with the comprehensive financial services reform legislation (Dodd-Frank Act) passed by Congress and signed into law last year by President Obama. Just 8% of the 100 executives surveyed at the Insurance Information Institute's (III) Property/Casualty Insurance Joint Industry Forum in New York City last week said they thought the law would be helpful for the industry. The group, however, was split 50/50 on the positive or negative impact of the new Federal Insurance Office.

P&C executives are also skeptical about seeing profitability improvements in commercial lines and workers' compensation insurance in 2011, with only 24% expecting improvement in the former and 14% expecting improvement in the latter.

The executives were more sanguine about increased profitability among homeowners (61%) and personal auto (59%) insurance lines in 2011; but most expect overall industry premiums to remain flat (53%) and the combined ratio to rise above the current 101.2 (68%).

Most P&C executives expect tort trends to remain the same (53%), and an overwhelming number expect increased consolidation among P&C insurers and reinsurers (86%) and an up year in equity markets (88%), where only 18% of their assets are invested compared to their 70% investment in bonds.

As a bottom-line analysis for the outlook of the P&C industry, III Chief Economist Dr. Steven Weisbart told the New York City forum, "The low interest rate environment, which will likely persist throughout 2011, will challenge insurers to price risks in closer relation to claims potential," *insurancejournal.com* reports.

JANUARY 24 - 30, 2011

GAO SEES NO NEED FOR MORE FINANCIAL PLANNER OVERSIGHT

The U.S. Government Accounting Office (GAO) has completed its Congressionally mandated study of regulatory oversight for financial planners and concluded that "an additional layer of regulation specific to financial planners does not appear to be warranted at this time." When financial planners act as investment advisors, they are regulated by the Securities and Exchange Commission (SEC), and when they act as insurance agents, they are regulated by insurance commissioners.

The GAO recommended, however, that (1) the National Association of Insurance Commissioners (NAIC) assess consumers' understanding of the standards of care associated with the sale of insurance products, (2) the SEC assess investors' understanding of financial planners' titles and designations, and (3) the SEC collaborate with states to identify methods to better understand problems associated specifically with the financial planning activities of investment advisors.

To read the summary and recommendations of the GAO report or the entire report itself, click here.

JANUARY 24 - 30, 2011

SEC STAFF RECOMMENDS "HARMONIZED REGULATION" AND UNIFORM STANDARDS FOR BROKER-DEALERS AND INVESTMENT ADVISORS, COMMISSIONERS DISAGREE

At the end of last week, the Securities and Exchange Commission (SEC) submitted to Congress a staff study recommending that the SEC adopt and implement a uniform fiduciary standard of conduct for broker-dealers and investment advisors when those financial professionals provide personalized investment advice about securities to retail investors. That standard, the staff study said, should be no less stringent than that currently applied to investment advisors under the Advisors Act. In addition, the study recommended that the SEC consider harmonizing "regulatory protections."

SEC Commissioners Kathleen Casey and Troy Paredes at the same time provided their written objections to the staff study recommendations, noting: (1) The Study recommends the adoption of a new uniform fiduciary duty standard and harmonization of two disparate regulatory regimes, but it does so without adequate articulation or substantiation of the problems that would purportedly be addressed via that regulation nor the adverse impact those recommendations could have on investors. (2) The Study does not identify whether retail investors are being systematically harmed under any regulatory regime and therefore lacks any basis for concluding that a uniform standard or harmonization would enhance investor protection.

The Commissioners concluded: "Given the lack of concrete data provided in the Study and the need for additional research and analysis, we believe that any rulemaking without such consideration would be ill-conceived at best and harmful at worst."

To read the Staff Study, click here.
Read the Commissioners' response here.

JANUARY 24 - 30, 2011

BIG I LIKES HEALTHCARE REPEAL

The Independent Insurance Agents and Brokers of America (IIABA or Big I) has enthusiastically responded to the U.S. House of Representatives' passage of H.R. 2 that would repeal healthcare legislation signed into law by President Obama last year. The current healthcare law (Patient Protection and Affordable Healthcare Act or PPAHA), the Big I said, "does little to stem the skyrocketing cost of healthcare and would be financed on the backs of small businesses." In fact, Big I Senior Vice President Charles Symington said, "Some of the provisions that have taken affect, such as the Medical Loss Ratio regulation, are so damaging that they are already hurting our fragile economy." The Big I urged the U.S. Senate to follow the House's example and vote to repeal the PPAHA.

JANUARY 24 - 30, 2011

PIA ASKS CONGRESS TO DEFUND FIO AS POTENTIAL REGULATOR

The National Association of Professional Insurance Agents (PIA) is calling on the U.S. Congress to pass legislation to defund any study of insurance regulation by the newly created Federal Insurance Office (FIO) and repeal the FIO's mandate to make recommendations regarding insurance regulation to Congress. PIA CEO Leonard Brevik said, "Federal bureaucrats should not be conducting a study on whether or not their own powers should be expanded, and then making recommendations to Congress based on a study that they alone conducted."

JANUARY 24 - 30, 2011

NY ATTORNEY GENERAL DROPS MARSH BID-RIGGING CASE

New York Attorney General (NYAG) Eric T. Schneiderman has decided not to retry the state's case against former Marsh Managing Directors William Gilman and Edward McNenney, in which the state alleged the two colluded with insurers to rig the excess casualty insurance market and engaged in fraud, larceny and antitrust law violations when they did so.

New York Supreme Court Judge James Yates convicted the men of antitrust violations, but acquitted them of engaging in fraud and larceny in February 2008. In July 2010 the same judge threw out the antitrust convictions citing the NYAG's failure to disclose "invaluable" exculpatory evidence at trial.

In December the NYAG decided not to appeal the judge's ruling, and this month the NYAG dropped the case. Because the New York Attorney General has dismissed the indictments, the two men have "been cleared of all charges," the Cooley litigation team that represented McNenney said.

FEBRUARY 7 - 13, 2011

JUDGE RULES U.S. HEALTHCARE LEGISLATION "UNCONSTITUTIONAL"

The U.S. healthcare legislation signed into law by President Obama in March 2010 was ruled unconstitutional last week by U.S. District Court Judge Roger Vinson in State of Florida et. al. vs. United States Department of Health and Human Services et. al. From his seat in Pensacola, Fl, the judge issued a Declaratory Judgment in favor of Florida and 25 other states, including Alabama, Alaska, Arizona, Colorado, Georgia, Idaho, Iowa, Indiana, Kansas, Louisiana, Maine, Michigan, Mississippi, Nebraska, Nevada, North Dakota, Ohio, Pennsylvania, South Carolina, South Dakota, Texas, Utah, Washington, Wisconsin and Wyoming.

In his 78-page ruling, the judge declared that the "individual mandate" that requires people to buy insurance or pay a penalty violates the Commerce Clause in the Constitution. Since that mandate and the rest of the provisions in the law "are inextricably bound together," he said, they "must stand or fall as a single unit…. Because the individual mandate is unconstitutional and unseverable, the entire Act must be declared void."

Judge Vinson concluded "the declaratory judgment is the functional equivalent of an injunction" since "it must be presumed that federal officers will adhere to the law as declared by the court…. Thus, the award of declaratory relief is adequate, and separate injunctive relief is not necessary." The judge then ordered: "A declaratory judgment shall be entered declaring The Patient Protection and Affordable Care Act unconstitutional."

The Obama administration disagreed with the judge's ruling and said it was "confident" that it would "ultimately prevail on appeal" to the 11th U.S. Circuit Court of Appeals. The U.S. Justice Department is appealing a similar decision made by U.S. District Court Judge Henry Hudson to the 4th U.S. Circuit Court of Appeals. In the latter case, Virginia Attorney General Ken Cuccinelli has filed court papers in Washington, DC, stating his intention to ask the U.S. Supreme Court to consider the District Court's decision prior to its review by the Appellate Court.

FEBRUARY 7 - 13, 2011

REGULATORS ASKED TO ESTIMATE COSTS OF DODD-FRANK

U.S. House of Representatives Financial Services Committee Chair Spencer Bacchus, and Chairman of the Oversight Investigations Subcommittee Randy Neugebauer have sent letters to regulators, including the Securities and Exchange Commission (SEC) Chair Mary Schapiro and U.S. Treasury Secretary Timothy Geithner, asking them to calculate "the costs that will be incurred by your agency for its implementation and annual execution" of the "rules, studies and reports required by the Dodd-Frank Act."

The Congressmen noted that Dodd-Frank requires that the eleven agencies complete a total of 59 studies, produce 22 annual reports and write 243 regulations within two years. The Congressmen said, "It is our responsibility to ensure that federal agencies have the tools they need to carry out congressional mandates" and "that mandates are not overly burdensome or wasteful of taxpayer money," *InvestmentNews.com* reports.

FEBRUARY 21 - 27, 2011

NFIP NEITHER ACTUARILY SOUND NOR WELL-MANAGED, GAO SAYS

The U.S. National Flood Insurance Program (NFIP) is so poorly structured and managed that the Federal Emergency Management Agency (FEMA), which oversees the program, will unlikely be able to repay the U.S. Treasury the $18.5 billion the NFIP owed as of November 30, 2010, according to a study completed by the Government Accounting Office (GAO).

The GAO found the NFIP is basically funded by taxpayers to compensate for the fact its insurance program is not actuarily sound. For example, (1) the NFIP cannot reject high-risk applicants; (2) rate increases have statutory limits and (3) do not reflect risks; (4) 25% of property owners insured by the program pay subsidized rates; (5) many pay grand-fathered rates that do not reflect reassessments of their property's flood risks; and (6) because coverage cannot be denied on the basis of frequent losses, 25% to 30% of claims are made on frequent loss, high-risk properties. (7) Not surprisingly, the NFIP cannot purchase reinsurance, nor can it build capital surplus.

In addition to the actuarial weakness in the NFIP, the GAO found that FEMA does not manage the program well. For example, (1) FEMA does not consider actuarial expense information when it calculates its payments to private insurers who sell NFIP policies and administer claims. (2) FEMA does not consistently monitor contractors working outside the private insurer system, (3) nor does it have a system in place to share information on contractor deficiencies. (4) Despite the fact that FEMA spent 7 years and $40 million to develop an effective system to manage flood insurance policy and claims data, that system "did not meet users' needs," and its further "development has been halted."

The GAO concluded, "Unless these operational and management issues are addressed, FEMA risks ongoing challenges in effectively and efficiently managing NFIP, including management and use of information, data and technology."

To read the GAO report, click here.

FEBRUARY 28 - MARCH 6, 2011

D.C. FEDERAL JUDGE RULES U.S. HEALTHCARE LAW IS CONSTITUTIONAL

District of Columbia Federal Court Judge Gladys Kessler has ruled as constitutional the individual mandate in the healthcare legislation signed into law by President Obama in March 2010. Plaintiffs had argued that the mandate violates the Commerce Clause in the U.S. Constitution because it requires U.S. citizens to purchase health insurance or pay a penalty, i.e., participate in commerce against their will. Judge Kessler disagreed and wrote in her decision last week: "Making a choice is an affirmative action whether one decides to do something or not do something." She added that the individual mandate is "an appropriate means which is rationally related to the achievement of Congress' larger goal of reforming the national health insurance system."

Four other Federal judges in different states have also ruled on the constitutionality of the healthcare legislation. Two ruled it does not violate the Constitution, and two ruled it violates the Constitution's Commerce Clause and is, therefore, unconstitutional. Virginia has asked the U.S. Supreme Court to expedite a hearing on challenges to the constitutionality of the law.

MARCH 7 - 13, 2011

FINRA ACTIONS GROW 13% WHILE FINES DECLINE 10% IN 2010

Disciplinary actions taken by the Financial Industry Regulatory Authority (FINRA) in 2010 grew 13% to 1,310, up from 1,158 in 2009, but fines declined 10% to $45 million, down from $50 million in 2009, according to the recently released *Sutherland FINRA Sanction Study*.

Suitability violations (53) topped the list of disciplinary actions taken but generated the second to the lowest amount in fines ($3.75 million), with collateralized mortgage obligations, closed-end fund and reverse convertible note violations the primary sources of fines.

Short selling ranked second in the number of violations found (50) but generated the lowest amount in fines ($3.5 million), despite the fact that fines were 50% higher than the $2.4 million levied in 2009.

Electronic communications violations (34), primarily due to failure to adequately maintain and preserve company emails (23), ranked both third in number and fine amount ($4 million). Advertising violations ranked fourth in number (24) but first in fines ($4.75 million), and credit default swap (CDS) violations ranked fifth in number (6) and second in fine amount ($4.5 million), reflecting primarily "improper communications about customers' proposed brokerage rate reductions in the wholesale CDS market."

On the other side of the ledger, fines tied to mutual funds dropped 80% in 2010 to $2.4 million from $12 million in 2009 and tumbled 97.7% from $104 million in 2005, Washington, DC-based Sutherland, Asbill & Brennan found.

For more on the FINRA Sanction Study, click here.

MARCH 7 - 13, 2011

JUDGE VINSON GIVES OBAMA ADMINISTRATION 7 DAYS TO APPEAL HEALTHCARE RULING

U.S. District Judge Roger Vinson has issued a seven-day stay of his January 31, 2011 judgment declaring the U.S. healthcare law unconstitutional. The judge issued the stay on March 3, 2011, in response to the Obama Administration's request that he "clarify" his January 31 ruling.

In his March 3 response, Judge Vinson wrote "[T]o 'clarify' my order and judgment: The individual mandate was declared unconstitutional. Because that 'essential' provision was unseverable from the rest of the Act the entire legislation was void."

Judge Vinson continued: "This declaratory judgment was expected to be treated as the 'practical' and 'functional' equivalent of an injunction with respect to the parties to the litigation. This expectation was based on the 'longstanding presumption' that the defendants [Obama Administration] themselves identified and argued to be bound by, which provides that a declaratory judgment against federal officials is a de facto injunction. To the extent that the defendants were unable (or believed they were unable) to comply, it was expected that they would immediately seek a stay of the ruling…. It was not expected that they would effectively ignore the order and declaratory judgment for two and one-half weeks, continue to implement the Act, and only then file a belated motion to 'clarify.'"

Judge Vinson issued the stay without being requested to do so and said, "the stay will be conditional upon the defendants filing their anticipated appeal within seven (7) calendar days of this order and seeking an expedited appellate review, either in the Court of Appeals or with the Supreme Court under Rule 11 of that Court."

If the Obama Administration does not file an appeal within the seven-day timeframe, the U.S. healthcare law will not be enforceable in the 26 states that brought their case to Judge Vinson. Those states include Alabama, Alaska, Arizona, Colorado, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Louisiana, Maine, Michigan, Mississippi, Nebraska, Nevada, North Dakota, Ohio, Pennsylvania, South Carolina, South Dakota, Texas, Utah, Washington, Wisconsin and Wyoming.

MARCH 21 - 27, 2011

FRAUD CHARGES DISMISSED IN 57% OF LITIGATED SEC CASES

About 13% of the Securities and Exchange Commission (SEC) and Financial Industry Regulatory Authority (FINRA) charges that were litigated from October 2008 through September 2010 were dismissed at trial, according to the *2011 Sutherland SEC/FINRA Study*. In addition, the SEC failed to prove 57% of litigated fraud charges, and administrative law judges or hearing panels reduced monetary sanctions in 33% of cases at trial, the study found.

To read the entire Sutherland study, click here.

MARCH 28 - APRIL 3, 2011

GAO COMPLETES DEBT PROTECTION STUDY

Debt protection products have replaced credit insurance as the primary protection sold to consumers by credit card issuers, a reversal of the situation just ten years ago. The fact that federal bank regulators oversee debt protection products and state insurance regulators oversee credit insurance appears to account for the change, according to a recent U.S. General Accountability Office (GAO) study.

Federal regulation allows credit card issuers to offer one uniformly priced debt protection product with the same terms and conditions nationwide through multiple marketing channels. In contrast, state regulation of credit insurance products not only prohibits this uniformity, but it also imposes price controls on insurance rates, monitoring suitability and the relationship between benefits provided and premiums charged.

Importantly, debt protection products eliminate profit sharing with the insurer as middleman. The GAO found that of debt protection fees collected by the nine largest credit card issuers in 2009, 21% ($518 million) was paid out on behalf of consumers; 24% ($574 million) went to reserves and administrative expenses, and 55% ($1.3 billion) was retained as profit.

All this may change when supervisory and enforcement authority for credit card debt protection products is transferred to the new Bureau of Consumer Financial Protection (CFP) as mandated by the Dodd-Frank Act. The CFP has agreed to the GAO recommendation that, in its regulatory role, it assess the relationship between the benefits and costs of debt protection products and provide information to consumers that will enable them to understand and assess the products.

To read the GAO report on debt protection products, click here.

APRIL 18 - 24, 2011

FINRA FINES SANTANDER OVER STRUCTURED PRODUCT SALES & SUPERVISION

The Financial Industry Regulatory Authority (FINRA) has fined Guaynabo, Puerto Rico-based Santander Securities $2 million for unsuitable sales of reverse convertible securities to retail customers, inadequate supervision of sales of structured products, inadequate supervision of accounts funded with loans from its affiliated bank and inadequate suitability guidance and required training regarding the sale of structured products. In addition to the fine, Santander is required to review its training supervision and written procedures regarding structured products.

FINRA said Santander Securities' lapses in these areas occurred between September 2007 and September 2008. The company has reimbursed more than $7 million to its customers for losses tied to unsuitable reverse convertible securities.

APRIL 18 - 24, 2011

METLIFE & METLIFE BANK ENTER INTO CONSENT DECREE WITH BANKING REGULATORS REGARDING MORTGAGES

New York City-based MetLife, parent of Convent Station, NJ-based, $16.3 billion-asset MetLife Bank, acknowledged that it, along with several other bank holding companies, has entered into a consent decree with the Federal Reserve requiring it to enhance the supervision of its banking subsidiary. In addition, MetLife Bank, along with thirteen other banks, has entered into a consent decree with the Office of the Comptroller of the Currency and the Federal Reserve to meet new residential mortgage servicing standards, including enhancing communications with customers regarding their home retention options and enhancing risk management, audit and compliance programs tied to residential mortgage loan servicing, loss mitigation and foreclosure.

MetLife said it has already implemented or is in the process of implementing many of these standards. The company added, "MetLife Bank has never issued and does not own nontraditional mortgage products such as pay-option ARMs [adjustable rate mortgages] and subprime loans … and has not experienced the high volume of foreclosures that many larger services have experienced." MetLife Bank services about 1% of the U.S. home mortgage market.

APRIL 18 - 24, 2011

FINRA PROPOSES REGISTERING "OPERATIONS PERSONNEL"

The Financial Industry Regulatory Authority (FINRA) has registered a proposed rule change with the Securities and Exchange Commission (SEC) that creates a registration category for "operations personnel" and sets forth qualification examinations and continuing education requirements for those financial services employees "who are engaged in, responsible for or supervise certain [FINRA] member operations' functions," also known as "covered functions."

The proposed "covered functions" determine the categorization of "operations personnel" for those who perform them and include: (1) customer account data and document maintenance; (2) collection, maintenance and reinvestment (i.e., sweeps) and disbursement of funds; (3) receipt and delivery of securities and funds, account transfers; (4) bank, custody, depository and firm account management and reconciliation; (5) settlement, fail control, buys ins, segregation, possession and control; (6) trade confirmation and account statements; (7) margin; (8) stock loan/securities lending; (9) prime brokerage (services to other broker-dealers and financial institutions); (10) approval of pricing models used for valuations; and another half-dozen major "covered functions."

For more on FINRA proposal SR-FINRA-2011-013, click here.

MAY 2 - 8, 2011

CALIFORNIA CONTROLLER BLASTS JOHN HANCOCK

Boston, MA-based John Hancock Financial Services has reportedly agreed to pay more than $20 million in death and annuity benefits to settle charges brought by California Controller John Chiang that it failed to pay out these benefits when they were due. Chiang alleged that instead of cross-checking dormant policy accounts with government databases recording deaths, John Hancock turned dormant accounts into active accounts by using the policies' cash reserves to pay premiums due. When a policy's reserves were depleted, the insurer cancelled the policy. In taking this route, the insurer allegedly failed to comply with California's unclaimed property laws, which require companies to submit to the state accounts that have been inactive for three years.

As an additional settlement, John Hancock reportedly agreed to restore the value of impacted policies from 1992 forward and pay California 3% in compounded interest on the restored value of affected accounts dating from 1995 or from the date of the policyowner's death, whichever was later. John Hancock responded to the charges, saying it was "outraged by the unfounded allegations and characterizations." The insurer said, "California has violated the very agreement that it negotiated and signed with John Hancock," *Investmentnews.com* reports.

MAY 9 - 15, 2011

FINRA FINES WELLS FARGO ADVISORS $1 MILLION

The Financial Industry Regulatory Authority (FINRA) has fined San Francisco, CA-based, $1.2 trillion-asset Wells Fargo & Co. unit St. Louis, MO-based Wells Fargo Advisors (WFA) $1 million for failing to deliver mutual fund prospectuses in a timely manner and for delays in reporting its representatives' registration applications and termination notices, and their associated arbitrations and complaints.

FINRA found that in 2009 WFA delivered mutual fund prospectuses to about 934,000 customers from one to 153 days later than the required three-business day limit. In addition, between July 1, 2008 and June 30, 2009, WFA failed to update 8.1% of its representatives' registration applications (Forms U4) and 7.6% of its representatives' termination notices (Forms U5), FINRA said.

Wells Fargo agreed to pay the $1 million fine and consented to an entry of FINRA's findings, but neither admitted nor denied the charges.

MAY 9 - 15, 2011

CEOS RANK 5 SOUTHERN STATES MOST BUSINESS FRIENDLY, CA & NY THE LEAST FRIENDLY

Texas, North Carolina, Florida, Tennessee and Georgia rank, respectively, as the top five business-friendly states, according to Chief Executive magazine's annual "Best and Worst States" survey. As for the worst states for business, California, New York, Illinois, New Jersey and Michigan, respectively, earned that distinction among the 550 CEOs surveyed. San Jose, CA-based Cypress Semiconductor CEO T. J. Rodgers said, "ABC – Anywhere But California. It's expensive, it's hostile to business, and environmental regulations are more of a drag on business than protecting the environment." Cypress Semiconductor's California workforce has dropped to 600 from its peak of 1,500.

MAY 16 - 22, 2011

TREASURY ESTABLISHES FEDERAL ADVISORY COMMITTEE ON INSURANCE

The U.S. Treasury Department has established a Federal Advisory Committee on Insurance (FACI) and is soliciting applications for committee membership. FACI will present advice and recommendations to the Federal Insurance Office (FIO), which in turn (1) advises Treasury on domestic and international insurance policy issues, (2) recommends whether an insurer should be regulated as a nonbank financial company and supervised by the Federal Reserve, (3) identifies insurance regulation gaps that could contribute to systemic financial crises, (4) authorizes resolutions of insurance companies regulated as nonbank financial companies, (5) develops international insurance policies, including trade agreements and helps determine whether state insurance laws and regulations are preempted by international policies, (6) monitors the availability of affordable insurance (except health insurance) to minority and low-to-moderate income households, (7) administers the Terrorism Risk Insurance Program, (8) collects insurance industry data and issues reports on all types of insurance (except health insurance), and (9) performs other duties Treasury assigns to it.

Treasury will select the 15 members of the FACI committee and envisions that these individuals will include state and tribal insurance regulators, insurance industry experts and "distinguished members of the property and casualty insurance industry, the life insurance industry, the reinsurance industry, the agent and broker community, academics and consumers." Again, health insurers are not included in the mix.

Those interested in serving a two-year term, during which they will meet four times each year in Washington, should submit a letter of application, a full resume and an agreement to undergo a "clearance process." That clearance process includes fingerprinting, examination of income tax returns, and background checks by the Federal Bureau of Investigation. Applications are due 15 days after notice of the formation of FACI is printed in the *Federal Register*.

MAY 16 - 22, 2011

FINRA PROPOSES "SIGNIFICANT CHANGES" IN DISCLOSURE REQUIREMENTS

The Financial Industry Regulatory Authority (FINRA) has published in the Federal Register a proposal to adopt NASD Rule 2830 as FINRA Rule 2341 and adopt "significant changes" to that rule regarding "disclosure requirements for cash compensation arrangements" among securities brokerage companies.

Proposed FINRA Rule 2341 requires broker-dealers to (1) prominently disclose to customers on paper or electronically that the member firm has received or agreed to receive cash compensation from investment companies in addition to the sales charges and service fees disclosed in those companies' prospectus fee tables, (2) prominently disclose in the same manner that this cash compensation may influence the broker-dealer's choice of what companies and products it may recommend to investors, and (3) provide in the same way a prominent reference to a web page or a toll-free telephone number where the investor may obtain additional information regarding the cash compensation arrangements. All the above information must be provided to customers prior to a new customer's investment purchase and to existing customers within 90 days of the proposed rule's adoption and effective implementation date.

In addition to providing the above information, each FINRA member firm must establish a web page or toll-free telephone number that offers a narrative description of the details regarding the required information detailed above.

To read proposed FINRA Rule 2341 and Amendment 1 to the Proposed Rule change, click here.

MAY 23 - 29, 2011

FINRA LAUNCES ONLINE DISCIPLINARY ACTIONS DATABASE

The Financial Industry Regulatory Authority (FINRA) has launched its searchable FINRA Disciplinary Actions Online (DAO) database at *www.finra.org*. Here, users can access, view, print and download FINRA disciplinary action documents, including Letters of Acceptance, Waivers and Consent settlements, National Adjudicatory Council decisions and Hearing Officer decisions and complaints. Access can be achieved in a multiple of ways, including by case number, document text, document type, action date, individual name, firm name, and Central Registration Depository (CDR) number. In addition, BrokerCheck now links to any specific pertinent information at the DAO.

MAY 23 - 29, 2011

SEC PROPOSES NEW CREDIT RATING RULES

The U.S. Securities and Exchange Commission (SEC) has published Proposed Rules designed to increase the transparency and improve the integrity of credit ratings and National Recognized Statistical Rating Organizations (NRSROs). In short, the proposed rules require NRSOS to: (1) report on internal controls, (2) protect against conflicts of interest, (3) establish professional standards for credit analysts, (4) publish the methodology used to determine credit ratings, and (5) improve disclosures regarding the accuracy/adequacy of their credit ratings. In addition, due diligence providers (i.e., independent firms that review samples of assets underlying asset-backed securities and/or loan pools undergirding mortgage-backed securities) must disclose their due diligence reports. Comments on the proposed rules are due 60 days after their publication in the *Federal Register*.

To read the rules, click here.

JUNE 6 - 12, 2011

INSPECTOR GENERAL FINDS SEC USED "GROUNDLESS AND UNSUPPORTABLE FIGURES" IN LEASE DEAL

The Securities and Exchange Commission (SEC) "conducted a deeply flawed and unsound analysis to justify the need for the SEC to lease 900,000 square feet of space" about 2 miles from its current headquarters, the SEC Office of Inspector General (OIG) has determined after its investigation of a $556,811,589 deal for the Constitution Center forged last year by the SEC. The OIG found that, among other "missteps and misguided" actions, the SEC (1) used "groundless and unsupportable figures" to justify the expenditure, (2) grossly "overestimated the amount of space needed" (e.g., 400 square feet per employee), and (3) prepared a Justification and Approval for the lease one month after the SEC had already signed the lease contract, then "backdated the Justification and Approval."

The OIG found that responsibility for the "deeply flawed" actions originated with and were carried out by the SEC's Office of Administrative Services (OAS). Here OAS Associate Executive Director allegedly surrounded herself "with yes-men, had grandiose plans" and was "influenced by the upscale nature of the facility" with its "Jerusalem limestone floors, marble walls, wood and metal paneling, decorative light and floor-to-celining glass walls facing the landscaped courtyard."

To deal with the situation, the OIG has recommended that a Chief Operating Officer/Director be appointed to review and assess all matters under the purview of the OAS and determine appropriate disciplinary and performance-based actions, including dismissal. In addition, the OIG recommended that the Office of General Counsel, request a formal opinion from the Comptroller General, regarding whether or note the SEC violated the Antideficiency Act by "failing to obligate appropriate funds for the Constitution Center lease."

To read the OIG report on the SEC real estate deal, click here.

JUNE 20 - 26, 2011

INDEXED ANNUITIES AMBIGUOUSLY CATEGORIZED AS SECURITIES IN ILLINOIS ORDER

A May 24, 2011, Order by Illinois Secretary of State Jesse White revoking the Investment Advisor Representative registrations of Thomas and Susan Cooper, prohibiting each from offering or selling securities in Illinois and fining both $10,000, has been appealed to the Circuit Court for the Seventh Judicial Circuit in Illinois for a stay and Administrative Review. Both the order and Administrative Review are important relative to the classification of indexed annuities as securities or insurance products.

The Order arose after husband and wife clients of the Coopers filed a complaint with Illinois Secretary of State Securities Department in January 2008 alleging the Coopers "through negligence and lack of oversight as well as a breach of fiduciary duty, caused the complainants to suffer a $27,092.43 reduction in life insurance death benefits." The Securities Department took on the complaint, with the Secretary of State attesting: "The Hearing Officer and the Secretary of State Securities Department have jurisdiction over the parties and the subject matter dealt with herein."

The Order describes each of the Coopers as "an Investment Advisor registered in the State of Illinois" and "licensed to sell insurance in the State of Illinois." The complaint the Order addresses regards reduced life insurance benefits. In describing the complaint, the Order refers only to products "approved by the Illinois Department of Insurance" and to life insurance companies "AvivaUSA aka Amerus Life Insurance Company, Aviva Life & Annuity Company and EquiTrust Life Insurance Company," the provider of the Illinois Insurance Department-approved indexed annuity product AvivaUSA EIA and Lincoln Benefit Life, the provider of the variable annuity product, that the Coopers' clients partially surrendered in order to purchase the Aviva indexed annuity.

After the statement of these facts and a listing of other indexed annuity transactions handled for other clients by the Coopers, the Order focuses on the Coopers' status as registered investment advisors, refers to "Section 2.1 of the Act," defines "Security" based on Section 2.1, lists requirements of various other sections of "the Act," and concludes that the Coopers "when acting as investment advisor representatives … have violated Sections 12.A, F, G, H, I and J of the Act … [and] are subject to suspensions or revocations pursuant to Section 8.E.1(b), (f), (g) and (m) of the Act." The Order describes the indexed annuity transactions as "investment plans" and concludes, "Each of the above referenced investment plans is an investment contract and therefore is a security as the term is defined pursuant to Section 2.1 of the Act." In other words, the order categorized indexed annuity transactions as security transactions.

In appealing the Order, Thomas Kelty, attorney for the Coopers, said, "The findings and conclusions of law in the Order are not supported by the record," and "the use of the term 'investment plans' in the Order is vague and undefined." The Secretary of State Securities Department has 35 days to respond to the complaint for Administrative Review.

To read the entire Order, click here.

JUNE 20 - 26, 2011

COMMENTS SOUGHT ON FINRA'S AMENDED PROPOSED RULE TO REGISTER OPERATIONS PERSONNEL

The Securities and Exchange Commission (SEC) has published for comment the Financial Industry Regulatory Authority's (FINRA) amended proposed Rule 1230(b)(6). The original proposed rule was published in the *Federal Register* in March and received 17 comments in opposition and none in support. The current proposed rule reflects the minor changes FINRA made in response to those comments.

Proposed FINRA Rule 1230(b)(6) establishes a registration category and qualification exam requirements for operations personnel with "covered" responsibilities, and requires these personnel to meet continuing education requirements as set forth in proposed FINRA Rule 1250 (currently to-be-amended NASD Rule 1120). The SEC is soliciting comments on the amended proposed FINRA Rule 1230(b)(6) and plans to approve it "on an accelerated basis."

To read the proposed rule, click here.

JUNE 27 - JULY 4, 2011

IOWA ISSUES BULLETINS ON PERMISSIBLE & PROHIBITED INSURANCE & SECURITIES SALES

Iowa Insurance Commissioner Susan E. Voss has issued two bulletins designed to clarify the permissible and prohibited activities of individuals licensed to sell only insurance and individuals licensed to sell only securities in Iowa. The bulletins also detail what limited and defined insurance-only advice unlicensed individuals or entities are permitted to give, and both set out the permissible activities, responsibilities and risks faced by individuals both licensed to sell insurance and licensed face as investment advisors or investment advisor representatives.

Insurance Bulletin 11-4 and Securities Bulletin 11-S-1 contain identical information on both matters, with both clarifying that dual licensing is required to sell variable annuities in Iowa, where these products are classified as insurance products, in contrast to federal law, which classifies them as securities.

To access the very detailed information contained in Insurance Bulletin 11-4 or Securities Bulletin 11-S-1, click on the preferred source.

JUNE 27 - JULY 4, 2011

7% OF HEALTH INSURANCE AGENTS SUPPORT OBAMACARE

Only 7% of health insurance agents support the health insurance legislation passed by Congress and signed into law by President Obama last year, according to the *2011 Health Insurance Market Study*. Since the legislation was passed, agents say more of their clients believe they cannot afford health insurance; rates have increased; the underwriting process has become increasingly difficult; clients are hesitant to purchase health insurance because they are uncertain about what health care reform might offer them; and commissions tied to health insurance sales have decreased substantially due to the medical loss ratio mandate in the healthcare bill.

The results of the *2011 Health Insurance Market Study* were published in the June issue of *Agents' Sales Journal*. Commenting on the results, magazine editor Andy Stonehouse said, "As the fallout from the Obama health care initiatives continues, agents say they are being kept on their toes." He added, "The continuing drop in commissions is leading many agents to consider new products."

JULY 5 - 10, 2011

GAO RECOMMENDS MORE ANNUITIES IN DEFINED CONTRIBUTION RETIREMENT PLANS

Most U.S. retirees rely primarily on Social Security for their retirement income, and, while most retirees with a defined benefit (DB) pension receive or defer those lifetime benefits at retirement, only 6% of those with defined contribution (DC) plans purchase an annuity at retirement. As a result, 9% of Americans aged 65 or older live below the poverty line, according to a recent Government Accountability Office (GAO) study delivered to the U.S. Senate.

The GAO found, however, that financial experts recommend that retirees (1) systematically draw down their savings and convert a portion of those savings into an income annuity, (2) choose an annuity instead of a lump sum for an employer-sponsored DB pension payment, (3) retire no earlier than age 66, and (4) continue to work and save past retirement age.

To deal with the issue of sub-par retirement planning, the GAO recommended to the U.S. Senate Special Committee on Aging that the government encourage benefit plan sponsors to (1) offer annuities in DC plans, (2) publish information on financial risks and choices individuals face in retirement, and (3) include estimates of lifetime annuity income on benefit statements. The GAO also recommended that the government publish information that would encourage financial literacy. For more on the GAO report, click here.

JULY 11 - 17, 2011

IRS CHANGES RULES FOR TAX-FREE ANNUITY EXCHANGES

The U.S. Internal Revenue Service (IRS) has changed the rules regarding the tax treatment of certain tax-free exchanges of annuity contracts, annulling Revenue Procedure 2008-24, 2008-1 C.B. 684 and replacing it with Revenue Procedure 2011-38, effective for transfers completed on or after October 24, 2011. *To access the IRS rule change, click here*.

JULY 18 - 24, 2011

INSURER-OWNED BANKS HIT BY DEBIT CARD RULE

Thrifts and banks owned by insurance companies will be hit by the new Dodd-Frank-generated debit card rule that applies to financial institutions and their affiliates with more than $10 billion in assets. According to the final rule, these banks may charge a maximum debit card transaction interchange fee of 21 cents plus .05% of the transaction value.

Those insurer-owned banks affected include San Antonio, TX-based USAA Federal Savings Bank; Hartford, CT-based Prudential Bank & Trust FSB; Las Vegas, NV-based USAA Savings Bank; Bloomington, IL-based State Farm Bank FSB; Columbus, OH-based Nationwide Bank; Northbrook, IL-based Allstate Bank; Northbrook, IL-based Northbrook Bank & Trust; and Bridgewater, NJ-based MetLife Bank. Until Hartford Financial Services Group completes its sale of Sanford, FL-based Federal Trust Bank, that bank also falls under the new rule, *NUOnline* reports.

AUGUST 1 - 7, 2011

OHIOANS TO VOTE ON HEALTHCARE AMENDMENT TO THEIR CONSTITUTION

Ohio voters will vote "yes" or "no" in November on an amendment to the Ohio Constitution which provides that no federal, state or local law or rule can require an Ohio resident to own health insurance or require an Ohio employer to provide health insurance.

In order to qualify the amendment for the November ballot, Health Care Freedom Amendment supporters gathered 426,998 signatures (385,245 were required) in 82 of 88 Ohio counties (44 counties were required). With the signature requirement met, the proposed Constitutional Amendment goes to the Ohio Ballot Board on August 3 for inclusion on the upcoming November ballot.

AUGUST 8 - 14, 2011

SEC APPROVES FINRA RULE REGISTERING CERTAIN OPERATIONS PERSONNEL

The U.S. Securities and Exchange Commission (SEC) has approved the Financial Institution Regulatory Authority's (FINRA's) proposal to establish a registration category and qualification exam and continuing education requirements for certain operations personnel engaged in "covered" functions, including record-keeping, trade confirmation, transaction settlement, internal auditing and securities lending operations. The Rule takes effect October 17, 2011, by which time FINRA member firms "must determine, based on a person's activities and responsibilities, whether such person would be a covered person." Those FINRA expects to be named as covered persons include: (1) senior management with direct responsibility over covered functions, (2) supervisors, managers or others responsible for approving covered functions, and (3) persons authorized to commit member firm capital to covered functions or commit a member firm to a contract or agreement regarding covered functions. *To access Regulatory Notice 11-22, click here*.

AUGUST 15 - 21, 2011

APPEALS COURT RULES HEALTHCARE MANDATE UNCONSTITUTIONAL

The 11th U.S. Circuit Court of Appeals in Atlanta ruled last week that the individual mandate in the 2010 healthcare law requiring Americans to purchase health insurance or pay a penalty is unconstitutional. The Court wrote: "This economic mandate represents a wholly novel and potentially unbounded assertion of Congressional authority: the ability to compel Americans to purchase an expensive health insurance product they have elected not to buy, and to make them re-purchase that insurance product every month for their entire lives." The mandate "exceeds Congress's enumerated commerce power," the Court said. "What

Congress cannot do under the Commerce Clause," the Court wrote, "is mandate that individuals enter into contracts with private insurance companies for the purchase of an expensive product from the time they are born until the time they die."

AUGUST 15 - 21, 2011

CONGRESS QUESTIONS INCREASED LTC INSURANCE COSTS

Taxpayer dollars, especially those held in federal and state Medicaid programs, financed 94% of the $253 billion in long-term nursing home and assisted living care costs paid out in 2009, according to the U.S. Government Accountability Office (GAO). Private insurers paid out 6%, and among those covered by private long-term care (LTC) insurance were federal employees. When John Hancock raised LTC renewal premiums 25% for 66% (146,415) of the 268,204 federal employees participating in the Federal Long Term Care Insurance Program (FLTCIP), Congress charged the GAO with finding out why.

The GAO found that John Hancock had learned after seven previous years underwriting the FLTCIP that it needed to change its actuarial assumptions to account for the facts that enrollees were living longer and submitting more claims. In addition, the GAO learned that the 66% of FLTCIP participants who received the 25% premium increases had one thing in common. All had selected the same 5% automatic compound inflation option that increased their benefits each year by 5% without a yearly premium increase. The 25% increase reflected the inflation option, revised actuarial assumptions and the fact that John Hancock's second seven-year contract with the FLTCIP began in 2009.

For more on the GAO study, click here.

AUGUST 15 - 21, 2011

FINRA FINES CITIGROUP GLOBAL PARTNERS FOR SUPERVISION LAPSES

Citigroup Global Markets (CGM) has been fined $500,000 by the Financial Industry Regulatory Authority (FINRA) for failing to supervise a former registered sales assistant at the firm's branch office in Palo Alto, CA. FINRA found that CGM failed to implement reasonable systems and controls in supervising and reviewing accounts and failed to detect or investigate conflicting information in new accounts and suspicious transfers of funds between unrelated accounts. Because of these supervisory lapses, registered sales assistant Tamara Moon was allegedly able to misappropriate $749,978 from 22 elderly, ill and vulnerable customers over a period of eight years.

AUGUST 22 - 28, 2011

IRS PUBLISHES INTERIM GUIDANCE ON LTC-TIED ANNUITY & LIFE CONTRACTS

The U.S. Internal Revenue Service has published for comment Notice 2011-68. The Notice provides interim guidance regarding taxation issues related to annuity and life insurance contracts with long-term care insurance features. Comments on the guidance are due on or before November 9, 2011.

To access Notice 201-68, click here.

AUGUST 29, 2011 - SEPTEMBER 4, 2011

FINRA CLARIFIES SOCIAL MEDIA COMMUNICATION GUIDELINES

The Financial Institutions Regulatory Authority (FINRA) has published Regulatory Notice 11-39 to clarify guidance regarding FINRA rules governing communications with the public through social media sites. The Notice reminds firms of the record keeping, suitability, supervision and content requirements for appropriate and to-be-saved communications published in Notice 10-06 and comments on the application of these rules to new technologies. Basically, "the content of an electronic communication [as having to do with business] determines whether it must be preserved" for three years no matter what the technology is used.

To access FINRA Regulatory Notice 11-39, click here.

AUGUST 29, 2011 - SEPTEMBER 4, 2011

MARSH AND MCLENNAN EXEC SUES ELIOT SPITZER FOR DEFAMATION

Former Marsh and McLennan Companies' Executive Marketing Director William Gilman has filed a libel suit in U.S. District Court, Southern District of New York against former New York Attorney General and Governor Eliot Spitzer and Slate Group, parent of Slate.com. The suit alleges Spitzer acted with "actual malice" and defamed Gilman when he wrote in a Slate.com column entitled "They Still Don't Get It" that "Marsh's behavior [at a time when Gilman was intimately involved] was a blatant abuse of law and market power: price fixing, bid rigging and kickbacks designed to harm their customers and the market while Marsh and its employees pocketed the increased fees and kickbacks." Spitzer further wrote, "many employees of Marsh" have been convicted and sentenced to jail terms."

In fact, Gilman's 2008 conviction was thrown out on new evidence in July 2010, and the case against him and others was dismissed in January 2011. According to the suit, "While Mr. Spitzer's statements do not refer to Mr. Gilman by name, Mr. Gilman is readily identifiable as the subject of the defamatory comments."

Gilman is seeking $30 million in punitive damages, $20 million in general damages and $10 million in compensatory damages, *insurancejournal.com* reports.

SEPTEMBER 5 - 11, 2011

U.S. HEALTH INSURERS CUT BROKER COMMISSIONS TO MEET MLR REQUIREMENTS

U.S. health insurers are "reducing brokers' commissions and making adjustments to premiums, as well as making changes to other business practices" in order to meet the minimum medical loss ratio (MLR) standards required by law under the U.S. healthcare legislation passed and signed into law in 2010, the U.S. Government Accountability Office (GAO) found in its recently completed Private Health Insurance study. The legislation requires that large group health insurers achieve minimum MLRs of 85% and that health insurers that cover small group and individuals meet minimum MLRs of 80%. Health insurers that do not meet these standards must pay rebates to those enrolled in their health insurance plans. MLRs are calculated by (1) dividing medical care claims and expenses for activities that improve healthcare quality by (2) premiums paid minus taxes, licensing and regulatory fees.

To read the GAO report, click here.

SEPTEMBER 5 - 11, 2011

NEW YORK AGENTS APPEAL REGULATION 194

The Independent Insurance Agents and Brokers of New York (IIABNY) and the Council of Insurance Brokers of Greater New York (CIBNY) have filed an appeal in New York State Supreme Court Appellate Division, Third Department in Albany, contesting a November 2010 trial court ruling upholding New York State Insurance Regulation 194. The regulation requires insurance agents and brokers to tell their clients how insurance companies pay them, and, if clients have questions about an agent's compensation, the agent must disclose details about the policy to be sold and other possible policies the client could purchase, comparing and contrasting the commission the agent will receive, if the customer were to purchase each of these other policies.

The IIABNY and CIBNY argue that, under law, the New York Insurance Department is not empowered to "make these demands" and that Regulation 194 "is arbitrary and imposes large, needless compliance costs on producers." IIABNY Chairman Christopher Brassard said, "We still believe that the Insurance Department exceeded its authority by issuing this burdensome, unnecessary regulation … [which] places unprecedented obligations on law-abiding insurance producers and provides no additional benefit to consumers."

SEPTEMBER 12 - 18, 2011

CANCEL FINRA EXAMS AND SESSIONS EARLY OR PAY A FEE

The Financial Institution Regulatory Authority (FINRA) has filed notice that as of September 1, 2011, individuals who cancel or reschedule a qualification examination or Regulatory Element Continuing Education session up to and including 10 days prior to the appointment date will be charged a fee. Those who cancel an exam or session 3-10 days prior to its scheduled time will be charged a fee equal to 50% of the cost of the exam or session. Those who cancel up to two days before the exam or session or who arrive late to an exam or session will continue to be charged a fee equal to the total cost of what was scheduled.

To read *FINRA Regulatory Notice 11-36*, click here.

SEPTEMBER 19 - 25, 2011

U.S. DISTRICT COURT JUDGE IN PENNSYLVANIA RULES INDIVIDUAL MANDATE UNCONSTITUTIONAL

The individual mandate in the healthcare legislation signed into law last year by President Obama violates the Commerce Clause of the U.S. Constitution and is therefore unconstitutional, U.S. District Judge Christopher Conner ruled in Harrisburg, PA last week. Judge Conner wrote: "The federal government is one of enumerated powers, and Congress' efforts … must fit squarely within the boundaries of those powers." The individual mandate or "minimum coverage provision … cannot withstand constitutional scrutiny," Conner wrote. U.S. Justice Department spokeswoman Tracy Schmaler disagreed with the court's decision and said, "We believe … that the law is constitutional." *To read the U.S. District Court's entire decision in this case, click here*.

OCTOBER 3 - 9, 2011

SOUND ACTUARIAL PRACTICES, NOT GOVERNMENT POLICIES, PRICE RISKS APPROPRIATELY

Government intervention in insurance markets should be kept to a minimum, according to Lloyds' report *Managing the Escalating Risks of Natural Catastrophes in the United States*. While the report focuses on the costs of economic losses tied to natural disasters, which in the first half of 2011 totaled $27 billion in the U.S., the principles stated apply to insurance in general.

Allowing a healthy private insurance market to price risk appropriately is fundamental, the study asserts. Lloyds' North American Director Sean McGovern noted, "Insurance is not sustainable if it is offered at rates below what is required by sound, risk-based actuarial practices. When insurance is not risk-based, the wrong price signals are sent, and there is little or no incentive to mitigate risk."

OCTOBER 3 - 9, 2011

B-OF-A'S MERRILL CENSURED AND FINED IN MONEY LAUNDERING FIASCO

Charlotte, NC-based, $2.26 trillion-asset Bank of America subsidiary New York

City-based Merrill Lynch has been censured and fined $400,000 by the Financial Industry Regulatory Authority (FINRA). FINRA found that Merrill failed to enforce anti-money laundering rules when it accepted third-party checks for deposit into a Merrill Lynch cash management brokerage account, when those checks did not name the brokerage account holder as the intended recipient. As a result, the cash management account holder was able to use his Merrill account to launder $9 million in funds misappropriated from his own customers at another brokerage house.

FINRA found that Merrill failed to follow its own deposit acceptance procedures and lacked adequate deposit monitoring procedures to detect the unlawful money laundering. Merrill neither admitted to nor denied the findings but consented to the sanctions and the entry of the findings.

OCTOBER 3 - 9, 2011

RAYMOND JAMES FINED AND ORDERED TO REPAY OVERCHARGED CUSTOMERS

St. Petersburg, FL-based Raymond James & Associates (RJA) and Raymond James Financial Services (RJFS) have been fined, respectively, $225,000 and $200,000, and ordered to pay $1.69 million in restitution to more than 15,500 of their investors, whom FINRA found had been charged unfair and unreasonable commissions on over 27,000 securities transactions made between January 1, 2006, and October 31, 2010. Additionally, FINRA has required RJA and RJFS to revise their automated commission schedules to conform with the Fair Prices and Commissions Rule and recalculate and repay any additional overcharges their investors may have paid between November 1, 2010, and the date the companies put the revised Fair Prices in place.

OCTOBER 3 - 9, 2011

RBC CAPITAL CENSURED, FINED AND ORDERED TO REIMBURSE SCHOOL DISTRICTS IN CDO DEAL

Toronto, Canada-based RBC Capital Markets has agreed to pay the Security and Exchange Commission (SEC), a $22 million penalty, $6.6 million disgorgement and $1.8 million in prejudgment interest to settle charges that it sold unsuitable investments to five Wisconsin school districts and inadequately disclosed to the districts the risks associated with those investments. Additionally, RBC Capital agreed to pay $30.4 million to reimburse the districts in varying and appropriate amounts through a Fair Fund.

The SEC found that RBC Capital sold to trusts created by the five school districts $200 million in credit-linked notes tied to the performance of synthetic collateralized debt obligations (CDOs). In order to purchase the notes, the districts contributed $37.5 million in district funds and borrowed the rest ($162.5 million) from the trusts. However, according to the SEC, "the school districts lacked sufficient knowledge and sophistication to appreciate the nature of such investments," and RBC Capital "failed to adequately explain the risks associated with the investments."

The SEC censured RBC Capital and directed the company to cease and desist from violating Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933, which prohibit companies from engaging in fraud and deceit and obtaining money through untrue statements of material facts.

OCTOBER 10 - 16, 2011

B-OF-A'S MERRILL LYNCH FINED $1 MILLION FOR FAILURE TO DETECT IN-HOUSE PONZI SCHEME

Charlotte, NC-based, $2.26 trillion-asset Bank of America unit New York City-based Merrill Lynch has been fined $1 million for supervisory failures that allowed one of its registered representatives to use a Merrill Lynch account to operate a Ponzi scheme. The Financial Industry Regulatory Authority (FINRA) found that between January 2006 and June 2010, Merrill Lynch relied on employees to manually input accounts not identified by Social Security numbers into Merrill's supervisory system. As a result, one employee opened an account as B & J Partnership and for 10 months kept that account out of the supervisory system and used it to operate a Ponzi scheme. FINRA additionally found that 40,000 other employee accounts briefly went unreported and unsupervised during that time. FINRA Chief of Enforcement Brad Bennet said, "Firms must ensure their supervisory systems are designed to properly monitor employee accounts for potential misconduct."

Merrill Lynch reimbursed all those who invested in what turned out to be the Ponzi scheme, but neither admitted nor denied FINRA's charges and consented to the entry of FINRA's findings.

OCTOBER 10 - 16, 2011

NASAA RECOMMENDS BEST PRACTICES FOR INVESTMENT ADVISORS

The North American Securities Administration Association (NASAA) has published recommended best practices for investment advisors that manage under $100 million in assets. The best practices are based on the results of oversight exams conducted in the first half of 2011 by 45 state and provincial securities examiners that uncovered 3,543 deficiencies in 13 compliance areas.

Registration, books and records, unethical business practices, supervision and advertising ranked as the top five compliance areas with the greatest number deficiencies, but all other compliance areas showed deficiencies as well.

To facilitate compliance, NASAA developed a bullet-point checklist that reminds investment advisors to, among other actions, (1) review and revise Form ADV and disclosure brochure annually to reflect current and accurate information, (2) review and update all contracts, (3) prepare and maintain all required records, including financial records, and to complete eleven more bulleted tasks.

To access the entire list and NASAA's 2011 Coordinated IA Examination Report, click here.

OCTOBER 24 - 30, 2011

FEDERAL INSURANCE OFFICE REQUESTS COMMENTS ON IMPROVING REGULATION

The Federal Insurance Office (FIO) is requesting comments on "How to Improve the System of Insurance Regulation in the United States." Specifically, the FIO is requesting comments on (1) systemic risk regulation, (2) capital standards, (3) consumer protection, including state regulation and access to affordable products for underserved communities, (4) national uniformity of state regulation and licensing, (5) consolidated regulation of insurance companies and their affiliates, (6) coordinated international insurance regulation, (7) costs and benefits of federal regulation of all insurance lines except health, (8) federal regulation of certain insurance lines and state regulation of others, (9) eliminating or minimizing regulatory arbitrage through federal regulation, (10) impact of international regulations on federal regulation, (11) potential for consumer protection under federal regulation, and (12) federal resolution authority over insurance companies and its impact on (a) state guaranty funds, (b) policyholder claims versus unsecured creditor claims, (c) life insurers having special separate accounts for assets and liabilities, and (d) international competitiveness.

To read the FIO's notice printed in the October 27, 2011 issue of the Federal Register, click here.

OCTOBER 24 - 30, 2011

STATE SECURITIES REGULATORS' ENFORCEMENT ACTIONS JUMP 51%

State securities regulators conducted more than 7,000 investigations in 2010 and took nearly 3,500 enforcement actions, 1,133 of which were criminal, including 900 involving unregistered securities and 800 involving unregistered firms or individuals, according to the North American Securities Administrators Association (NASAA). As a result of these actions, which were up 51% over those reported in 2009, states levied over $170 million in fines or penalties; withdrew, denied, revoked or suspended 3,242 securities licenses; ordered more than $14 billion to be paid in investor restitution and sentenced violators to a combined 1,100 years in jail.

To access the NASAAA 2010 Enforcement Report, click here.

NOVEMBER 1 - 6, 2011

SEC ORDERS FINRA TO CEASE DOCUMENT TAMPERING

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

The Securities and Exchange Commission action arose after FINRA reported to the SEC that, on August 7, 2008, the Director of FINRA's Kansas City District office altered the minutes of staff meetings that occurred on August 28, 2006, September 22, 2006, and January 31, 2007. The alterations included deleting and editing information and substituting the Director's signature for that of the author of the minutes. The violations were reported to FINRA anonymously and were the third example of altered documents that the Kansas City District office had presented to the Securities and Exchange Commission over an 8-year period. FINRA agreed to the orders.

To read the entire order, click here.

NOVEMBER 14 - 20, 2011

FINRA FINES MORGAN STANLEY $1 MILLION

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

NOVEMBER 14 - 20, 2011

SEC FILED RECORD NUMBER OF ENFORCEMENT ACTIONS IN FISCAL 2011

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

NOVEMBER 21 - 27, 2011

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

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

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

NOVEMBER 21 - 27, 2011

FINRA PUBLISHES REGULATORY NOTICE REGARDING CERTIFICATIONS & DESIGNATIONS

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

NOVEMBER 21 - 27, 2011

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

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

DECEMBER 5 - 11, 2011

FEDERAL JUDGE REJECTS SEC-CITIGROUP SETTLEMENT & ORDERS TRIAL

Manhattan Federal Court Judge Jed Rakoff has rejected the settlement agreed to between the Securities and Exchange Commission (SEC) and New York City-based Citigroup over mortgage-linked collateralized debt obligations (CDOs). According to the settlement, Citigroup agreed to disgorge $160 million in alleged ill-gotten gains and $30 million in interest tied to those gains and pay an additional $95 million fine for its role in selling a client $1 billion in CDOs and then betting against the transaction. Judge Rakoff said, "If the allegations of the complaint are true, this is a very good deal for Citigroup." He added, however, that from the limited information provided it was difficult to discern what the truth was. Rakoff wrote, the SEC "has a duty, inherent in its statutory mission, to see that the truth emerges; and if it fails to do so, this Court must not, in the name of deference or convenience, grant judicial enforcement to the agency's contrivances." Rakoff ordered that the matter be tried and set July 16, 2012 as the date for the trial to begin, *Reuters* reports.

DECEMBER 5 - 11, 2011

SEC & FINRA ISSUE NOTICE ON BROKER-DEALER BRANCH INSPECTIONS

The U.S. Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA) have issued a Risk Alert and Regulatory Notice 11-54 in order to provide guidance on effective policies and procedures for broker-dealer branch inspections. The Notice reminds firms of their supervisory requirements, notes common branch inspection and oversight deficiencies, and outlines practices that characterize effective branch office supervision. *To access Regulatory Notice 11-54, click here*.

DECEMBER 12 - 18, 2011

SEC CRACKS DOWN ON RESUME-ENHANCING ADVISORS

The U.S. Securities and Exchange Commission (SEC) Division of Enforcement has created an Asset Management Specialized Unit to uncover and discipline investment advisors who lie about their credentials, conceal their association with past failed business ventures, or inflate their assets under management.

The Asset Management Unit uses data and risk-based analytics to identify signs of fraud, including poor-performing mutual funds with high fees and subadvisors. Then, the unit reviews the registration documents of what it determines to be "high-risk investment advisors" and deals with those who have been dishonest. SEC Division of Enforcement Director Robert Khuzami said these advisors "might well be the same persons who outright steal your money when the markets turn against them."

For more on the actions of the SEC's Division of Enforcement, click here to read Khuzami's recent speech to the Consumer Federation of America (CFA).