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2010 YEAR IN REVIEW

2010 YEAR IN REVIEW

Bank Insurance & Investment Acquisitions

DECEMBER 28, 2009 - JANUARY 3, 2010

NORTHEAST BANK INSURANCE GROUP SELLS RUMFORD, ME-BASED AGENCY

Berwick, ME-based Northeast Bank Insurance Group (NBIG), a unit of Lewiston, ME-based, $604 million-asset Northeast Bancorp, has sold Rumford, ME-based Mexico Agency to Falmouth, ME-based United Insurance. The acquired agency will merge into United Insurance's Rumford office, bringing with it about $900,000 in annual premiums and one long-time agent. The agency's other two agents will remain with NBIG and work from NBIG's offices in Bethel and Livermore, ME. Northeast Bank President and CEO Jim Delamater said, "Our goal is to continue to grow our insurance line of business, though we regularly review market opportunities as well as our 'bricks and mortar' strategy to ensure we are maximizing our capital and resources."

DECEMBER 28, 2009 - JANUARY 3, 2010

WELLS FARGO COMPLETES PRUDENTIAL FINANCIAL BROKERAGE BUYOUT

San Francisco-based, $1.2 trillion Wells Fargo & Co. has completed its $4.5 billion cash purchase of Newark, NJ-based Prudential Financial's interest in the former Wachovia Securities Financial Holdings, now Wells Fargo Advisors. Additionally, Wells Fargo paid Prudential $418.4 million in principal and interest on a subordinated promissory note that Wachovia had issued when forming the joint venture with Prudential.

JANUARY 11 - 17, 2010

ALLIANCE BANKSHARES SELLS AGENCY AND RAISES NEEDED CAPITAL

Chantilly, VA-based, $573 million-asset Alliance Bankshares has sold Alliance Insurance Agency, its insurance agency subsidiary, to several of the agency's executives. Alliance Bankshares President and CEO Thomas Young, Jr. said the company made the decision to exit the insurance business in order to focus on the basics of banking and improve its regulatory capital position. "Our tier 1 leverage ratio will improved by 79 basis points and our total risk-based capital ratio and our tier 1 risk-based capital ratios will improve by 117 basis points," he said. Young said that when Alliance entered the insurance business in 2005 it wanted to diversify its revenue base and expand its noninterest income. "We felt then and now that insurance agencies can complement banking operations; however, the unprecedented economic times have forced us to examine many aspects of our business."

In 2008, Alliance Bankshares reported $3.08 million in insurance brokerage fee income, which comprised 88% of its noninterest income and 22.6% of its net operating revenue. The company ranked 16th in insurance brokerage earnings among

U.S. bank holding companies (BHCs) with $500 million to $1 billion in assets and 106th among all U.S. BHCs, according to the *Michael White-Prudential Bank Insurance Fee Income Report*

JANUARY 11 - 17, 2010

TOWNEBANK ACQUIRES VIRIGINA BEACH AGENCY

Hampton Road, VA-based, $3.58 billion-asset TowneBank has acquired Taylor Johnson Group, an insurance agency based in Virginia Beach, VA. The agency will retain its management team, staff and location and operate as an affiliate of Towne Insurance Agency. Towne Financial Services Group President and CEO J. Morgan Davis said, "The affiliation of Taylor Johnson will enable our insurance agency to expand the services available to our bank and insurance clients and position us as a full service provider of risk management services." The Taylor Johnson Group is the sixth agency to affiliate with Towne Insurance Agency since it was formed in 2001.

In 2008, Towne Financial Services Group reported $15.1 million in insurance brokerage income, which comprised 27.0% of its noninterest income and 10.6% of its net operating revenue. The company ranked fourth in insurance brokerage earnings among U.S. banks with assets between $1 billion and $10 billion and 21st among all U.S. banks, according to the *Michael White-Prudential Bank Insurance Fee Income Report.*

JANUARY 11 - 17, 2010

WESCOM CREDIT UNION SELLS AGENCY BUSINESS TO HUB

Chicago, IL-based HUB International has acquired the commercial lines and life and health insurance business of Anaheim, CA-based Wescom Insurance Services (WIS), a unit of $3.1 billion-asset, Pasadena, CA-based Wescom Credit Union. WIS, which offers employee benefits and property, casualty and life insurance products to middle market and small businesses, will merge into HUB International Services, Inc. (HUB California), adding an office in Downey, CA to HUB California's footprint. HUB West Region President Roy Taylor said, "We were seeking a firm to help us further expand our client base in the Anaheim and Downey areas, and Wescom has built an impressive business in those territories."

JANUARY 11 - 17, 2010

RGA ACQUIRES ING REINSURANCE

St. Louis, MO-based Reinsurance Group of America (RGA) has acquired Minneapolis, MN-based ING Reinsurance, the U.S. and Canadian group life, accident and health reinsurance unit of Minneapolis-based ReliaStar Life Insurance Company, a subsidiary of Amsterdam-based ING Groep. The acquired company will retain its staff, management team and associates and form RGA's Minneapolis office, the company's 26th office worldwide. RGA President and CEO Greig Woodring said, "Drawing on our collective knowledge, we can build and strengthen RGA's group reinsurance business in North America and around the world." RGA has $2.2 billion in life resinurance in force and more than $24 billion in assets.

JANUARY 11 - 17, 2010

VOYAGER ASSET MANAGEMENT RENAMED RBC GLOBAL

Minneapolis, MN-based Voyager Asset Management has changed its name to RBC Global Asset Management (U.S.), Inc. (RBCGAM-US) to reflect its position as a member of RBC Global Assets Management (RBCGAM), a unit of RBC Wealth Management. RBCGAM manages $187 billion in assets in the U.S. and Canada and includes RBCGAM-US, RBC Asset Management and Phillips, Hager and North Investment Management. All are units of Toronto, Canada-based Royal Bank of Canada.

FEBRUARY 8 - 14, 2010

ENTERPRISE FINANCIAL SELLS COSTLY INSURANCE AGENCY

Clayton, MO-based, $2.49 billion-asset Enterprise Financial Services has sold Nashville, TN-based Millennium Brokerage Group (MBG), its insurance agency subsidiary, to an MBG management-led investor group. Enterprise Financial lost $1.6 million on the $4 million cash sale, but made the deal after evaluating the capital MBG said it needed to "expand distribution to maintain their market positions." Enterprise President and CEO Peter Benoist said, "Insurance products remain an important tool at Enterprise for preserving and transferring wealth," but, he added, the company can access these products from insurance agencies without owning them.

In 2008, Enterprise Financial Services reported $5.2 million in insurance brokerage fee income, which comprised 20.0% of its noninterest income and 5.6% of its net operating revenue. The company ranked 32nd in insurance brokerage earnings among U.S. bank holding companies (BHCs) with assets between $1 billion and $10 billion in assets and 73rd among all U.S. BHCs, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

FEBRUARY 8 - 14, 2010

BNY MELLON TO ACQUIRE PNC'S GLOBAL INVESTMENT SERVICING

New York City-based, $212.5 billion-asset Bank of New York Mellon (BNY Mellon) has agreed to acquire Wilmington, DE-based Global Investment Servicing (GIS), a subsidiary of Pittsburgh-based, $271.4 billion-asset PNC Financial. BNY Mellon Chairman and CEO Robert Kelly said the purchase of the company, which provides custody, fund accounting and transfer agency services to asset managers and financial advisors, will "accelerate our growth, deliver economies of scale and strengthen our leadership position for Asset Servicing and Pershing." The $2.31 billion cash deal is expected to bring BNY Mellon $855 billion in assets under administration, including $460 billion in assets under custody, and increase managed account assets serviced to $80 billion, when it closes in the third quarter 2010, pending regulatory approval. GIS CEO Stephen Wynne will retain his position.

FEBRUARY 8 - 14, 2010

ING ASIA PRIVATE BANK SALE NETS ING $316 MILLION

Amsterdam-based ING Group has completed its sale of Singapore-based ING Asia Private Bank (IAPB) to Singapore-based Oversea-Chinese Banking Corporation Ltd (OCBC). OCBC paid $1.45 billion for the purchase, which is expected to net ING $316 million. ING Asia Private Bank will merge with OCBC's private banking business and operate as Bank of Singapore. The bank will be led by former IAPB CEO Renato de Guzman, and manage $23 billion in assets owned by 7,000 clients. ING said it will do private banking business in China through its stake in Bank of Beijing. OCBC is the parent of Great Eastern Holdings, the largest insurance group in Singapore and Malaysia.

FEBRUARY 15 - 21, 2010

FIRST BANCORP ACQUIRES ANOTHER AGENCY

Troy, NC-based, $3.5 billion-asset First Bancorp, through First Bank subsidiary First Bank Insurance Services, has acquired The Insurance Center. The Montgomery County, NC-based property and casualty agency with over 500 customers will merge into First Bank Insurance Services, which has offices in Troy and Southern Pines, NC.

In 2008, First Bancorp's insurance brokerage income comprised 5.2% of its noninterest income and 1.0% of its net operating revenue. The company ranked 160th in insurance brokerage earnings among all U.S. bank holding companies (BHCs), according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

FEBRUARY 15 - 21, 2010

AXA PAYS TO EXPAND BMPS BANCASSURANCE JOINT VENTURE

Paris-based AXA Group has agreed to pay Siena, Italy-based Banca Monte dei Paschi di Siena (BMPS) €240 million ($327.1 million) to expand the AXA-BMPS bancassurance partnership to include the 1,000 branches of former Banca Antonveneta, acquired by BMPS. The AXA-BMPS bancassurance joint venture can now distribute AXA insurance products through 3,000 BMPS bank branches in Italy.

FEBRUARY 22 - 28, 2010

USI HOLDINGS ACQUIRES NATIONAL CITY INSURANCE AGENCIES

Briarcliff Manor, NY-based USI Holdings Corporation has agreed to acquire National City Insurance Group's retail employee benefit agencies offices in Ohio, Kentucky and Missouri from Pittsburgh, PA-based, $269.9 billion-asset PNC Financial Services Group. USI Chairman, President and CEO Michael Sicard said, "Through this acquisition we expect to expand and strengthen our Midwest Regional Operation by adding a significant footprint in Louisville, St. Louis and Cleveland." USI expects the acquisition to generate $13 million in annual revenues, after the deal closes at the end of February.

MARCH 8 - 14, 2010

ACAC COMPLETES GMAC PERSONAL LINES ACQUISITION

Bethesda, Maryland-based American Capital Acquisition Corporation (ACAC) has completed its acquisition of Winston-Salem, NC-based GMAC Insurance Personal Lines. The acquired company will do business as GMAC Insurance "for some time" and continue to be headquartered in Winston-Salem under the new leadership of Larry Pentis. GMAC operates in 47 states and the District of Columbia offering personal auto, RV, motorcycle, commercial auto and homeowners insurance. GMAC Insurance Dealer Products and Services group and other international personal lines insurance operations were not part of the ACAC deal and continue as units of GMAC Financial Services.

MARCH 8 - 14, 2010

RBS STILL REQUIRED TO SELL INSURANCE UNIT

Edinburgh, Scotland-based Royal Bank of Scotland (RBS) reported a year 2009 net loss of £3.6 billion ($5.4 billion), an improvement over a net loss of £24.3 billion ($36.6 billion) in 2008. The company acknowledged, however, that "if RBS hadn't received government support, it wouldn't be here today." That support mandates divestments, including the sale of RBS Insurance, as part of the company's settlement with the European Commission. "The required sale of our insurance business," RBS said, is "intended to act as a deterrent to companies seeking state aid." In 2009, RBS reported £58 million ($87.4 million) in operating profit, down 90.1% from operating profit of £584 ($880 million) in 2008.

MARCH 15 - 21, 2010

METLIFE EXPANDS INTERNATIONAL REACH WITH ALICO PURCHASE

New York City-based MetLife has agreed to acquire Wilmington, DE-based America Life Insurance Company (ALICO) from New York City-based American International Group (AIG) for $15.5 billion, including $6.8 billion in cash and $8.7 billion in stock. MetLife Chairman, President and CEO Robert Henrikson said, "With this acquisition, MetLife is delivering on its strategy to accelerate international expansion as a powerful growth engine for the company." ALICO manages $89 billion in assets and services 20 million customers through 60,000 distribution points in over 50 countries.

When the deal closes at the end of 2010, pending regulatory approvals, MetLife expects to become a leading competitor in Japan and a top-five life insurer in Central and Eastern Europe, the Middle East and Latin America. AIG will use the cash from the sale to reduce the Federal Reserve Bank of New York's (FRBNY) interest in the ALICO special purpose vehicle and will use the proceeds from gradual MetLife stock sales for the same purpose. AIG Chairman Harvey Golub said, "The sale gives AIG greater flexibility to move forward with our restructuring and rebuilding efforts and focus on enhancing the value of our key insurance business."

MARCH 22 - 28, 2010

BNY MELLON TO ACQUIRE GERMANY'S BHF ASSET SERVICING

New York City-based, $212.3 billion-asset BNY Mellon has agreed to acquire Frankfurt, Germany-based BHF Asset Servicing Gmbh and its fund administrator affiliate, Frankfurter Service Kailalanlage-Gesellschaft mbH (FSKAG) from Frankfurt-based BHF Bank Aktiengesellschaft and Sal. Oppenheim Jr. & Cie. S.C.A. BHF Asset Servicing and FSKAG will bring $472 billion in assets under custody and administration and $128 billion in depotbanking volume when they merge into BNY Mellon Asset Servicing, creating an operation with $642 billion in assets under custody and administration and $163 billion in depotbanking volume. The German companies also add German domestic custody and KAG fund administration capabilities to BNY Mellon's operations, when the $343 million deal closes in the third quarter, pending regulatory approval. BNY Mellon Asset Servicing Co-CEO Tom Keaney said, "This transaction expands markets, positioning BNY Mellon at the forefront among securities servicing providers in Germany and creating a strong platform for growth across over business."

MARCH 22 - 28, 2010

OAK'S INSURANCE AND INVESTMENT FEE INCOME UP FOR QUARTER, DOWN FOR YEAR

Byron Center, MI-based, $822 million-asset OAK Financial Corp. reported fourth quarter insurance and investment brokerage fee income generated by Byron Insurance Agency and Byron Investment Services rose 3.3% to $284,000, up from $275,000 in fourth quarter 2008 and comprised 11.1% of noninterest income of $2.55 million, which contrasted with a noninterest loss of $1.18 million the year before, when the company recorded a $3.2 million net loss on investment securities. Net interest income on a 3.53% net interest margin fell 14.7% to $3.47 million, down from $4.07 million, as loan loss provisions grew by $1.25 million to $3.2 million, and the company reported a net loss of $412,000, compared to a net loss of $1.88 million in fourth quarter 2008.

For the year 2009, insurance and investment brokerage fee income declined 7.3% to $1.14, down from $1.23 million in 2008, and comprised 10.6% of noninterest income, which more than doubled to $10.8 million, up from $5.3 million. Driven by a $2.02 million increase in mortgage banking income and a $649,000 gain, on investment securities compared to a $3.17 million loss on investment securities in 2008. Net interest income, however, dropped 20.4% to $15.46 million, down from $19.42 million, as loan loss provisions more than doubled to $10.05 million, and net income tumbled 64.9% to $540,000, down from $1.54 million in 2008. OAK Financial Corp. President and CEO Patrick Gill said, "Despite the challenges that continue to confront our customers, our economy and our industry, we're pleased to report a full-year profit." In January, Midland, MI-based, $4.25 billion-asset Chemical Financial Corp. agreed to acquire OAK Financial in a stock deal whereby OAK shareholders will receive 1.306 shares of Chemical stock for each share of OAK.

In 2008, OAK Financial's insurance brokerage income comprised 10.8% of its noninterest income and 2.6% of its net operating revenue. The company ranked 40th in insurance brokerage earnings among U.S. bank holding companies (BHCs) with assets between $500 million and $1 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

In 2008, OAK Financial's investment program income (including securities brokerage and annuity income) comprised 4.7% of its noninterest income and 1.1% of its net operating revenue. The company ranked 77th in investment program earnings among U.S. bank holding companies (BHCs) with assets between $500 million and $1 billion, according to the *Michael White Bank Investment Program Income Report*.

MARCH 29 - APRIL 4, 2010

TRI-STATE 1ST BANC TO ACQUIRE COOPER INSURANCE AGENCY

East Liverpool, OH-based, $118 million-asset Tri-State 1st Banc, parent of 1st National Community Bank, has agreed to acquire Cooper Insurance Agency, a hometown multi-line agency that offers personal and commercial property/casualty insurance, and individual and group life, health and disability insurance. 1st National Community Bank President Stephen Sant said, "Joining with Cooper Insurance will permit us to better serve our customers throughout the tri-state area with a total package of financial services." Cooper will retain its leadership and staff and continue to operate from its current location with an expanded reach into Pennsylvania and West Virginia, when the deal closes, pending regulatory approval.

MARCH 29 - APRIL 4, 2010

AON CONSULTING TO ACQUIRE J.P. MORGAN COMPENSATION AND BENEFITS STRATEGIES

Chicago-based Aon Corporation subsidiary Aon Consulting has agreed to acquire J.P. Morgan Compensation and Benefits Strategies ("JPMorgan Comp"), a unit of J.P. Morgan Retirement Plan Services. JPMorgan Comp offers compensation, retirement and healthcare actuarial services, as well as expertise in compliance, financial modeling and actuarial-based employer benefits plan designs.

Aon Consulting CEO Kathryn Hayley said, "With this acquisition, we strengthen our presence in key markets [including New York City, Boston, Chicago, St. Louis, Dallas, Denver, Los Angeles and San Francisco] … in such areas as complex union negotiations, benefit reimbursements for government contracts and benefit issues unique to law firms and other professional services firms." The deal is expected to close on March 31, 2010.

MARCH 29 - APRIL 4, 2010

CITI HOLDINGS TO SPINOFF PRIMERICA IN IPO

Duluth, GA-based Primerica, a subsidiary of New York City based Citi Holdings, has filed a registration statement with the U.S. Securities and Exchange Commission (SEC) for an initial public offering (IPO). Primerica will continue to administer term life policies in place through reinsurance contracts with Citi as of December 31, 2009, and Citi will continue to receive income from this business after the IPO and Citi's divestment of all Primarica stock are completed. Primerica co-CEO Rick Williams said, "Becoming a public company is an opportunity to align the interests of our independent sales force and our employees with our future performance." Primerica's 100,000 registered representatives offer mutual funds, variable annuities, loans and other financial products, including term life insurance, which Primerica underwrites. Citi Holdings will receive all the proceeds from the Primerica IPO.

APRIL 5 - 11, 2010

ARROW FINANCIAL ACQUIRES PROPERTY-CASUALTY AGENCY

Glens Falls, NY-based, $1.9 billion-asset Arrow Financial Corp., through subsidiary Glens Falls National Bank & Trust Company, has acquired property-casualty insurance agency Loomis & LaPann, Inc. The Glens Falls-based agency will retain its name, management team and staff and continue to operate from its Glens Falls location where it has done business since 1852. In addition, Arrow Financial President and CEO Thomas Hoy said, "We plan to add a second corporate office in South Glens Falls for Loomis & LaPann … to provide additional convenience and new opportunities in our communities." The property-casualty agency will operate independently from Arrow's group life and health insurance agency, Capital Financial Group.

In 2008, Arrow Financial reported $2.1 million in insurance brokerage income, which comprised 12.3% of its noninterest income and 2.8% of its net operating revenue. The company ranked 63rd in insurance brokerage earnings 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*.

APRIL 5 - 11, 2010

NORTHWEST SAVINGS ACQUIRES EMPLOYEE BENEFITS AGENCY

Warren, PA-based, $8 billion-asset Northwest Savings Bank has acquired Veracity Benefit Designs, an employee benefits agency that specializes in group medical, dental, life, accidental death and dismemberment, long-term disability, travel accident and vision insurance. The acquired agency, which has achieved double-digit revenue growth for the last five years, will retain its management team and staff and continue to operate from its offices in Jamestown, PA, and Buffalo and Olean, NY. Northwest Savings Bank Executive Vice President Gregory LaRocca said, "Veracity brings another needed dimension to our financial services group, and we believe that strong synergies exist for cross-sale of insurance, investment, trust, retail and business deposit and lending products and services." He added, "Veracity gives us the opportunity to expand their services throughout the northwest footprint in Western New York and beyond." Northwest Savings Bank operates from 171 branches in New York, Pennsylvania, Ohio, Maryland, and Florida.

In 2009, Northwest Savings Bank reported $2.9 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 U.S. banks with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

APRIL 5 - 11, 2010

MARSH EXPANDS GLOBALLY WITH HSBC INSURANCE ACQUISITION

New York City-based Marsh has completed its £135 million ($205.8 million) cash acquisition of HSBC Insurance Brokers Limited (HIBL) from London-based HSBC Bank plc and has entered into an agreement with HSBC to act as a "Preferred Strategic Partner" for the bank's corporate and private clients. Marsh CEO Dan Glaser said, "The addition of the HSBC team broadens our global footprint and deepens the resources we can bring to bear on behalf of our clients." He added, "We look forward to working with HSBC and providing its referred clients with the best risk management advice and insurance solutions."

APRIL 5 - 11, 2010

COMMONWEALTH BANK TO SELL ST. ANDREW'S INSURANCE COS. TO BANK OF QUEENSLAND

Sydney, Australia-based, A$543 billion (US$499 billion)-asset Commonwealth Bank Group has agreed to sell Perth, Australia-based St. Andrew's Insurance (Australia) and St. Andrew's Life Insurance, excluding the companies' investment, superannuation, retirement income and financial planning businesses, to Brisbane, Australia-based, A$34.5 billion (US$31.7 billion)-asset Bank of Queensland. Commonwealth acquired the St. Andrews companies as part of its December 2008 acquisition of Bankwest. Commonwealth Bank Group Executive Grahame Petersen said, "St. Andrew's Insurance largely duplicates an existing insurance capability within CommInsure, and the sale avoids the complexities and costs of integrating the two insurance businesses."

Bank of Queensland said its acquisition of the St. Andrew's companies, which offer credit and life insurance, fits with the bank's growth strategy. Bank of Queensland Managing Director David Liddy said St. Andrew's credit protection products meet "a significant customer need that has been growing … and which is aligned to Queensland's housing and small-to-medium enterprise target segments." The St. Andrew's companies will continue to operate under current management from their Perth headquarters but will add Bank of Queensland to their Commonwealth Bank and corporate-partner distribution channels, when the deal closes, pending regulatory approval.

APRIL 12 - 18, 2010

FIRST YORK BANCORP ACQUIRES INSURANCE AGENCY THROUGH HARVARD BANK ACQUISITION

York, NE-based, $860 million-asset First York Bancorp, parent of Cornerstone Bank and its Cornerstone Insurance Group subsidiary, has acquired Harvard, NE-based, $39.5 million-asset Harvard State Bank and its Harvard State Insurance Agency unit. The acquired bank and agency have retained their management, staffs and locations and merged into Cornerstone Bank and Cornerstone Insurance Agency, respectively. First York Bancorp now operates 30 Cornerstone Bank branches and 11 Cornerstone Insurance Agency offices.

In 2008, First York Bancorp reported $3.2 million in insurance brokerage income, which comprised 29% of its noninterest income and 9.4% of its net operating revenue. The company ranked 15th in insurance brokerage earnings 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 12 - 18, 2010

FIRST NIAGARA COMPLETES ACQUISITION OF HARLEYSVILLE NATIONAL AND ITS MILLENNIUM WEALTH UNIT

Buffalo, NY-based, $14.5 billion-asset First Niagara Bancorp has acquired Harleysville, PA-based, $5.2 billion-asset Harleysville National Corporation, including Towamencin, PA-based Millennium Wealth Management, which manages $670 million in assets providing insurance, trust, investment, private banking and financial planning services to businesses and individuals. The deal did not include Cornerstone Companies, a wealth management firm with $2.8 billion in assets under management, which Harleysville sold to Cornerstone's three managing directors last week. Millennium will retain its staff and is expected to drive First Niagara's wealth management business in Southeastern, PA.

In 2008, Harleysville National Corporation reported $4.6 million in fiduciary-related income, $113,000 in securities brokerage income, and $7.8 million in insurance brokerage income, which comprised, respectively, 10.5%, 0.1% and 17.9% of its noninterest income. Among U.S. BHCs with $1 billion to $10 billion in assets, Harleysville ranked 66th in fiduciary earnings among, 202nd in securities brokerage earnings and 19th in insurance brokerage income, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

APRIL 19 - 25, 2010

WARBURG PINCUS MOVES ON PRIMERICA

New York City-based, $1.86 trillion-asset Citigroup has sold 16.4 million shares of common stock in subsidiary Primerica to private equity funds managed by Warburg Pincus for $230 million in cash and has given the Pincus funds warrants to acquire 4.1 million additional shares for seven years at an $18 per share exercise price. Warburg Pincus Managing Directors Michael Martin and Daniel Zilberman have been appointed to Primerica's Board of Directors. Duluth, GA-based Primerica distributes term life insurance, mutual funds, variable annuities and other financial products through 100,000 licensed representatives. Citigroup now owns 40% of Primerica's stock, which it began offering in the open market two weeks ago.

APRIL 19 - 25, 2010

SUNTRUST LOOKING TO SELL RIDGEWORTH INVESTMENTS

Atlanta, GA-based, $174.2 billion-asset SunTrust Banks is in discussions to sell portions of its RidgeWorth Investments subsidiary, which manages $63.1 billion in assets. SunTrust said the move is "consistent with the Company's ongoing strategy of managing its business mix to maximize client satisfaction and shareholder value."

APRIL 26 - MAY 2, 2010

VIST FINANCIAL SELLS INTEREST IN FIRST HSA

Wyomissing, PA-based, $1.3 billion-asset VIST Financial has sold its 25% ownership in Reading, PA-based First HSA to Draper, UT-based HealthEquity. VIST Bank, the custodian of the health savings accounts administered by First HSA, will transfer its custodial relationship and $84 million in deposits tied to that relationship to HealthEquity over time, beginning in the third quarter. VIST Financial President and CEO Robert Davis said the sale enabled VIST to monetize its investment, reduce its cost of funds, and improve its operating efficiency. VIST said it will record a $1.9 million pre-tax gain tied to the sale in the second quarter and will save $500,000 annually when the transfer of funds is completed.

MAY 3 - 9, 2010

STIFEL FINANCIAL TO ACQUIRE THOMAS WEISEL PARTNERS

St. Louis, MO-based Stifel Financial Corp. has agreed to acquire San Francisco-based investment bank Thomas Weisel Partners Group in an all-stock deal valued at $300 million. Stifel Financial Chairman, President and CEO Ronald Kruszewski said, "With the merger, Stifel's revenue mix remains balanced between its Institutional Group and Global Wealth Management segments." Thomas Weisel Partners Chairman and CEO Thomas Weisel said, "Our platform adds key growth sectors to Stifel's investment banking business, particularly in technology, healthcare and energe." Weisel Partners will merge into a Stifel subsidiary, Kruszewski and Weisel will become Stifel Financial Corp. Co-Chairmen of the Board, and Kruszewski will remain President and CEO of the holding company, when the deal closes at the end of the second quarter, pending shareholder and regulatory approvals.

MAY 3 - 9, 2010

WELLS FARGO INSURANCE SERVICES ACQUIRES ANOTHER UTAH AGENCY

Chicago-based Wells Fargo Insurance Services (WFIS) has acquired Salt Lake City, UT-based AIM Administration, a single office, employee benefits insurance agency that specializes in group medical and dental insurance. WFIS Salt Lake City Managing Director Star Young said the AIM Administration team "will strengthen our growing presence in Utah." AIM's current office will be closed and various agents and staff will join Wells Fargo Insurance Services offices in Salt Lake City and Ogden, UT. AIM's managing principal will consult with WFIS in transitioning the business.

MAY 3 - 9, 2010

PING AN PURCHASE OF MORE SHENZHEN DEVELOPMENT BANK SHARES DELAYED

Shenzhen, China-based Ping An Insurance and Shenzhen Development Bank (SDB) have agreed to extend the closing date for Ping An's acquisition of a 16.76% stake in SDB from April 30, 2010 to June 28, 2010. Ping An currently owns a 4.68% stake (141 million shares) in SDB, which is 16.8% owned by London-based HSBC Holdings. Pin An expects to acquire the additional 16.76% from New-Bridge Asia AIV III for 22 billion yuan ($3.2 billion), *BestWire* reports.

MAY 10 - 16, 2010

GMAC'S INSURANCE EARNINGS SOAR 500% AS THE COMPANY REBRANDS TO ALLY FINANCIAL

New York City-based, $179 billion-asset GMAC Financial Services reported first quarter pre-tax insurance income from continuing operations soared over 500% to $183 million, up from $36 million in first quarter 2009, despite the discontinued operation of the U.K. consumer property and casualty insurance business and the first quarter sale of the company's U.S. consumer property and casualty insurance business. GMAC attributed the increased pre-tax income from continuing operations to improved underwriting, lower expenses, and strong investment income. The company said it remains committed to "streamlining its insurance segment to focus primarily on dealer-centric products, such as extended service contracts and dealer inventory insurance." GMAC subsidiary $55.2 billion-asset Ally Bank generated $231 million in first quarter pre-tax income compared to a pre-tax loss of $90 million a year ago and, along with insurance revenue, contributed to GMAC's overall net income of $162 million in the first quarter compared to a net loss of $675 million in first quarter 2009. GMAC said it will be renamed Ally Financial on May 10 and is evaluating "options to potentially use the Ally brand more broadly."

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 BHCs with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report.*

MAY 10 - 16, 2010

SALE OF WHOLESALE INSURANCE BUSINESS CONTRIBUTES TO 51.8% DROP IN INSURANCE EARNINGS AT BANK OF HAWAII

Honolulu, HI-based, $12.44 billion-asset Bank of Hawaii Corp. reported first quarter insurance brokerage fee income dropped 51.8% to $2.72 million, down from $5.64 million in first quarter 2009, impacted by the fourth quarter 2009 sale of the company's wholesale insurance business. In contrast, combined trust and asset management fees rose 0.7% to $11.71 million. Insurance and trust/asset management fees comprised, respectively, 3.8% and 16.3% of noninterest income, which rose 2.0% to $71.78 million, up from $70.37 million, bolstered by $20.02 million in net investment securities gains. Net interest income on a 3.72% net interest margin grew 20.4% to $86.94 million, up from $72.18 million, as provisions for credit losses were trimmed by over $4 million and interest revenue grew by over $10 million. Overall, net income jumped 111.6% to $52.7 million, up from $24.9 million in first quarter 2009. Bank of Hawaii Corp. Chairman and CEO Allan Landon said, "Our profitability remained solid and the Hawaii economy is showing signs of stabilization."

In 2009, Bank of Hawaii Corp. reported $14.9 million in insurance brokerage income, which comprised 5.5% of its noninterest income and 2.1% of its net operating revenue. The company ranked 30th in insurance brokerage earnings among BHCs with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report.*

MAY 17 - 23, 2010

GOLDMAN SACHS MAY ACQUIRE STAKE IN CHINA INSURER

New York City-based Goldman Sachs is reportedly working out an agreement to acquire Paris-based AXA's 15.6% stake in China-based Taikang Life. AXA has valued the stake in China's fourth largest life insurer at $1.05 billion, *Reuters* reports.

JUNE 7 - 13, 2010

AUSTRALIAN COMMISSION OPPOSES NAB BID TO ACQUIRE AXA ASIA PACIFIC

The Australian Competition and Consumer Commission (ACCC) has concluded that if National Australia Bank (NAB), which has an investment platform, were to acquire AXA Asia Pacific Holdings, which is "on the cusp of delivering an innovative platform," competition among retail investment platforms would suffer and "significantly diminish incentives to compete for retail investment platforms used by investors that have complex financial needs." Therefore, the ACCC opposes their proposed merger. ACCC, however, said it does not oppose AMP Limited's bid to acquire AXA Asia Pacific "because AMP does not own is own wrap platform and is constrained in its ability to compete aggressively." The ACCC concluded that an AMP-AXA merger would encourage competition, a desirable outcome, according to the Commission.

JUNE 21 - 27, 2010

ZURICH INSURANCE TO ENTER INDONESIA'S BANCASSURANCE MARKET

Zurich, Switzerland-based Zurich Insurance Co., a subsidiary of Zurich Financial Services Group, has agreed to acquire 80% of Jakarta, Indonesia-based PT Mayapada Life from Jakarta-based Mayapada Group, which will continue to own 20% of the insurer. As part of the deal, Zurich-controlled Mayapada Life and Jakarta-based PT Bank Mayapada International (Mayapada Bank) will enter into a long-term bancassurance distribution agreement expanding the current bancassurance relationship between the Mayapada units. Zurich Global Life CEO Mario Greco said, "The acquisition of Mayapada Life is a first step in Zurich Life's expansion plans in Indonesia. The Mayapada Group will be a strong local partner as we seek to build key relationships to grow our business in the Asia Pacific region." The deal for PT Mayapada Life, which through the end of 2010, pending regulatory approvals. Federated manages about $350 billion assets in its 137 funds.

JULY 26 - AUGUST 1, 2010

BOFA'S BALBOA INSURANCE UP FOR SALE

Charlotte, NC-based, $2.3 trillion-asset Bank of America Corp. (BofA) has put Irvine, CA-based Balboa Insurance Group up for sale. BofA acquired the insurance group 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*. BofA earned $355.0 million in P&C underwriting net income in 2009, up 532.3% from $56.1 million in 2008. BofA CEO Brian Moynihan said, however, "One of the reasons we're getting rid of these non-core activities is a restructuring that not only has a value of capital, but also has a value of a more straightforward company." Balboa is a leading provider of forced-place creditor coverage on foreclosed and distressed homes and offers voluntary home, auto and life insurance products as well as reinsurance to mortgage guarantors, *bloomburg.com* reports.

JULY 26 - AUGUST 1, 2010

AXA APH, AXA SA AND NATIONAL AUSTRALIA BANK EXTEND ACQUISITION DEADLINE

Hong Kong-based AXA Asia Pacific Holdings (AXA APH), Paris-based AXA SA and Melbourne, Australia-based National Australia Bank (NAB) have agreed to extend until August 31, 2010, the period of time for NAB to satisfy the Australian Competition and Consumer Commission with the viability of NAB's proposed acquisition of AXA APH and sale of the Asian business within that Australian/New Zealand/Asian unit to AXA SA.

AUGUST 2 -8, 2010

NUVEEN TO ACQUIRE U.S. BANCORP'S LONG-TERM ASSET MANAGEMENT BUSINESS

Chicago, IL-based Nuveen Investments has agreed to pay a cash consideration and exchange a 9.5% stake in itself to acquire the $25 billion long-term asset management business of Minneapolis, MN-based FAF Advisors (FAF), an advisor to First American Funds and a unit of Minneapolis-based, $283 billion-asset U.S. Bancorp. The acquired asset management business will merge into Nuveen Asset Management, which manages $75 billion in fixed income assets as an advisor to Nuveen Funds. When the deal closes by the end of 2010, the addition of FAF's $25 billion in assets under management to Nuveen Investments will bring the parent company's combined total institutional and retail assets under management to $175 billion. Nuveen Asset Management will manage $100 billion of those funds from offices in Chicago and Minneapolis with current FAF CEO Tom Schreier serving as Nuveen Investments vice-chairman. Nuveen Investments Chairman and CEO John Amboian said, "The combination of our two respected mutual fund families will yield stronger, more diversified mutual fund offerings for the investors and advisors we serve."

FAF Advisors, which manages $86 billion in equity, fixed income, specialty and cash investments will retain $61 billion in assets under management but change its name to U.S. Bancorp Asset Management. Joseph Ulrey will serve as CEO and the unit, which will continue to offer cash management, securities lending, stable value and advisory services to First American Money Market Funds. U.S. Bancorp EVP Lee Mitan said, "FAF will continue to focus on its distinctly successful investment process, and its high-quality mutual fund offerings will benefit appreciably from the expanded reach of Nuveen's strong distribution capabilities."

In 2009, U.S. Bancorp reported $80.3 billion in mutual fund and annuity assets under management and $289.0 million in income from sales and servicing of mutual funds and annuities, which comprised 3.4% of its noninterest income and 1.7% of its net operating revenue. The company ranked 11th in combined mutual fund and annuity earnings among all BHCs, according to *Michael White's Bank Mutual Fund & Annuity Fee Income Report*.

AUGUST 2 -8, 2010

AGEAS TO SELL LIFE BUSINESS IN TURKEY TO BNP PARIBAS ASSURANCE

Brussels, Belgium-based Ageas has agreed to sell Fortis Emeklilik ve Hayat (EvK), its pension and life insurance business based in Istanbul, Turkey, to Paris, France-based BNP Paribas Assurance. Aegeas (the re-branded name of Fortis' insurance unit) acquired EvH in 2005 when Fortis Bank purchased Disbank. At that time, the Turkish insurer recorded €29 million ($37.8 million) in insurance sales. Since then, with its expanded bancassurance distribution channels, the insurer's sales have more than doubled to €62 million ($80.9 million). Ageas said it decided to sell the unit because it did not meet its criteria of reaching a critical size, making a meaningful contribution to net results and generating returns to that exceed the cost of equity. BNP Paribas Assurance's bid to buy EvH is expected to close in the fourth quarter, pending regulatory approvals.

AUGUST 9 -15, 2010

FIRST NIAGARA ACQUIRES PITTSBURGH AGENCIES

Buffalo, NY-based, $21 billion-asset First Niagara Financial Group, through First Niagara Risk Management, has acquired Pittsburgh, PA-based RIT Insurance Services and Three Rivers Financial Services. The agencies, which offer risk management, employee benefits consulting and investment services, have been renamed First Niagara Risk Management (FNRM), and will continue to be headed by founder John Folino, who will also serve as FNRM's Regional Director of Insurance for Western Pennsylvania. The purchases fit with First Niagara's acquisitions of PNC branches in western Pennsylvania, including Pittsburgh, where First Niagara operates a regional office.

First Niagara Risk Management CEO Joseph Teresi said, "We've become a top 50 U.S. broker and the ninth-largest bank-owned agency by pairing organic growth with the selective acquisition of outstanding insurance businesses in markets where we do business." Folino said, "We look forward to lending our risk management and consulting expertise to our growing base of customers."

AUGUST 16 -22, 2010

RBC SHOPS LIBERTY LIFE

Toronto, Canada-based Royal Bank of Canada (RBC) is looking for a buyer to purchase its Greenville, SC-based Liberty Life Insurance unit. RBC paid $650 million to acquire the company about a decade ago, *Bloomberg* reports.

AUGUST 16 -22, 2010

BOC GIVEN GO AHEAD TO OWN BOC INSURANCE

Beijing, China-based Bank of China (BOC) received approval from the China Insurance Regulatory Commission to acquire 100% ownership of Bank of China Insurance Company. The deal will be accomplished through an internal equity stake transfer whereby BOC affiliate Bank of China Insurance Group will transfer its 100% stake in BOC Insurance Company to BOC. When the deal is completed, BOC Insurance will focus on the growing China life insurance market, distributing its products in a bancassurance partnership through BOC's branches throughout China.

AUGUST 23 -29, 2010

U.S. BANCORP'S TRUST UNIT TO ACQUIRE FNB'S BOND & TRANSFER AGENT BUSINESS

Minneapolis, MN-based, $283 billion-asset U.S. Bancorp subsidiary U.S. Bank N.A. has agreed to acquire the bond and transfer agent business of First National Trust Company, a subsidiary of First National Bank of Pennsylvania, a unit of Hermitage, PA-based, $8.8 billion-asset F.N.B. Corp. U.S. Bank Corporate Trust Services (USBCTS) President Bryan Calder said, "The acquisition complements the existing U.S. Bank corporate trust business and will strengthen our competitive position as a leading national trustee for new municipal issuances." USBCTS currently services Pennsylvania through its offices in Pittsburgh and Philadelphia. When the acquisition is completed pending regulatory approval, USBCTS will have $2.9 trillion in assets under administration.

AUGUST 30 - SEPTEMBER 5, 2010

HSBC HOLDINGS WANTS 70% OF OLD MUTUAL'S NEDBANK GROUP

London, England-based Old Mutual plc has granted London-based HSBC Holdings plc "exclusivity" in the latter's proposal to acquire up to 70% of Johannesburg, South Africa-based Nedbank Group, an Old Mutual subsidiary. The proposal to acquire the Nedbank shares requires Old Mutual and Nedbank board approvals and South Africa regulatory approval. Old Mutual said that if the deal goes through, it will use the proceeds to reduce its debt and reinvest in South Africa and other emerging markets. Nedbank said the HSBC investment "should enhance Nedbank Group's ability to strengthen its position in the South African banking sector."

SEPTEMBER 6 - 12, 2010

UMB'S SCOUT INVESTMENT ADVISORS TO ACQUIRE REAMS ASSET MANAGEMENT

Kansas City, MO-based Scout Investment Advisors, a unit of Kansas City, MO-based, $11.1 billion-asset UMB Financial, has agreed to acquire Columbus, IN-based Reams Asset Management Company. Reams, which manages $9.8 billion in fixed income assets for corporations, pension funds, healthcare organizations, universities, foundations and endowments, will retain its leadership team and location and operate as a division of Scout Investment Advisors, more than doubling the latter's assets under management, when the deal closes in the fourth quarter, pending approvals.

UMB Financial Corp. President and CEO Peter de Silva said, "Fixed income represents a key strategic growth area in the institutional asset management business. Ream's expertise in the fixed income sector complements Scout's existing product offerings and allows us to offer clients a diversified array of top tier investment options." Reams Asset Management President Dave McKinney said, "Given recent global economic conditions, institutional clients are seeking service providers that have a strong parent company like UMB Financial."

SEPTEMBER 6 - 12, 2010

BNY MELLON ENTERS CANADIAN WEALTH MANAGEMENT MARKET WITH I(3) ADVISORS ACQUISITION

New York City-based, $235.9 billion-asset BNY Mellon has acquired Toronto, Canada-based I(3) Advisors. The wealth management firm with $3.8 billion (US$3.66 billion) under advisement will retain its leadership team and location and serve as BNY Mellon's flagship wealth management arm in Canada. BNY Mellon Wealth Management CEO Larry Hughes said, "Canada's high net-worth market represents a very attractive opportunity for BNY Mellon as we accelerate our global expansion and seize new opportunities in dynamic markets."

SEPTEMBER 6 - 12, 2010

PING AN INSURANCE TO ACQUIRE MAJORITY STAKE IN SDB

Shenzhen, China-based Ping An Insurance Group has agreed to add 1.64 newly issued Shenzhen Development Bank (SDB) shares to its 1.05 billion in share holdings in order to raise its stake in the bank from 29.99% to 52.38%. The stock-and-cash deal valued a 29.1 billion yuan ($4.3 billion) will increase SDB's assets to 900 billion Yuan ($132.3 billion) and is expected to create a dynamic bancassurance partnership when it closes, pending shareholder and regulatory approvals, *BestWire* reports.

SEPTEMBER 13 - 19, 2010

AXA DIVESTMENTS NOT ENOUGH FOR DEAL WITH NAB TO PROCEED

The Australian Competition and Consumer Protection Commission (ACCP) has rejected the proposed undertakings offered by Melbourne-based National Australia Bank (NAB) and Melbourne-based AXA Asia Pacific Holdings (AXA) in their efforts to make NAB's proposed acquisition of AXA acceptable to the ACCP. The ACCP said AXA's proposal to sell its NorthWealth.net platform administration business to Melbourne-based IOOF Holdings did not do enough to mitigate the effects of the AXA-NAB deal, which it said would "result in a substantial lessening of competition in the relevant retail investment platform market." ACCP said the divestiture includes neither the distribution network of financial planners nor the North products, and, because it depends on third parties to complete certain actions, it involves "complex and long-term behavioral obligations that present risks."

To read the ACCP's Public Competition Assessment regarding the proposed NAB-AXA deal, click here.

SEPTEMBER 20 - 26, 2010

NAB AND AXA APH TERMINATE PROPOSED DEAL

Melbourne, Australia-based National Australia Bank (NAB) and Melbourne-based AXA Asia Pacific Holdings (AXA APH) have terminated their agreement whereby NAB would acquire AXA APH, and AXA APH would divest its Asian business to AXA. The termination follows the Australia Competition and Consumer Commission's (ACCC's) decision not to accept proposed undertakings offered by the two companies. NAB Group CEO Cameron Clyne said, "NAB remains very committed to participating in the wealth management industry, which is an important part of the bank's future." AXA said it remains fully committed to support the Australia and New Zealand businesses and will continue to review its options.

SEPTEMBER 27 - OCTOBER 3, 2010

WUNDERLICH TO ACQUIRE 5 RBS (US) WEALTH MANAGEMENT OFFICES

Memphis, TN-based, Wunderlich Securities has agreed to acquire RBC (U.S.) Wealth Management offices in Beechwood, Ohio, and Plymouth, Flint, East Lansing and Brighton, Michigan. The deal adds 21 retail brokers and five offices to Wunderlich's 400 broker and 21 office network in 12 states. Minneapolis, MN-based RBC Correspondent Services will continue to clear client trades in the to-be-acquired offices, while St. Louis, MO-based First Clearing, a unit of Wells Fargo & Co., will continue to clear trades at all other Wunderlich offices.

OCTOBER 11 - 17, 2010

IPI PICKS UP NEXITY FINANCIAL SERVICES

San Antonio, TX-based Investment Professionals, Inc. (IPI) has acquired Nexity Financial Services, the wealth management arm of Nexity Financial Corp., which filed for Chapter 11 bankruptcy protection in July. IPI President and CEO Jay McAnelly said, "We are excited about the opportunities this move presents for the continued growth of our bank-focused brokerage business and helping our bank partners grow their investment programs." Former Nexity Financial Services (NFS) CEO Will Mackey will serve as IPI Director of Business Development and former NFS Chief Financial Officer and Chief Operating Officer David Doerflinger will serve as IPI Senior Business Development Officer and Regional Director. IPI currently manages $4.2 billion in assets for 45,000 retail and institutional clients nationwide, focusing on providing on-site bank investment programs.

OCTOBER 11 - 17, 2010

SCOTIABANK EXPANDS WEALTH MANAGEMENT BUSINESS IN CARIBBEAN

Toronto, Canada-based, C$523 billion-asset (US$514.6 billion) Scotiabank has acquired Paris, France-based, $2.95 trillion-asset BNP Paribas' wealth management business in Panama and the Cayman Islands. The acquired business offers private banking, investment advisory and trust services and "enhances Scotiabank's existing operatings in the Caribbean and Central American regions," Scotiabank International Wealth Management CEO Dan Wright said. Scotiabank Global Wealth Management Group Head Chris Hodgson said, "This transaction is an excellent example of the strategic opportunities we will pursue through our new Global Wealth Management division." Scotibank operates 550 branches in 27 countries in the region and last August purchased BNP Paribas' wealth management business in The Bahamas.

NOVEMBER 8 - 14, 2010

FIRST NIAGARA RISK MANAGEMENT MOVES INTO EASTERN PENNSYLVANIA

Buffalo, NY-based, $21 billion-asset First Niagara Financial Group, through First Niagara Risk Management, has acquired Broomall, PA-based Summit Insurance Group and Summit Benefits. The acquired businesses have retained their location, staff and management teams and merged into Niagara Risk Management and now offer insurance and investment services to First Niagara's recently acquired 83-branch network in eastern Pennsylvania.

First Niagara Risk Management CEO Joseph Teresi said the Summit acquisitions and the company's August purchase of western Pennsylvania's RTI Insurance Services and Three Rivers Financial Services indicate "we are moving forward with our strategic plan to build our organization throughout our footprint."

First Niagara Risk Management operates 12 offices in New York and Pennsylvania and is preparing for First Niagara Financial's pending acquisition of New Haven, CT-based, $18 billion-asset New Alliance Bancorp, which has branches in Massachusetts and Connecticut.

NOVEMBER 8 - 14, 2010

M&T BANK TO ACQUIRE WILMINGTON TRUST

Buffalo, NY-based, $68.2 billion-asset M&T Bank Corp. has agreed to acquire Wilmington, DE-based, $10.4 billion-asset Wilmington Trust Corp. The deal includes a stock swap valued at $351 million and the assumption of $330 million in Wilmington Trust's preferred shares purchased by the U.S. Treasury under the Troubled Asset Relief Program (TARP).

M&T plans to introduce its retail investment and insurance-related businesses throughout Wilmington Trust's 48 Delaware branches under the M&T Securities brand. However, M&T will operate its merged wealth advisory and corporate services businesses under the Wilmington Trust name and operate those businesses out of Wilmington. M&T Chairman and CEO Robert Wilmers said, "By leveraging the combined strengths of both organizations, we are building an even more powerful franchise."

When the deal closes in mid-2011, pending shareholder and regulatory approvals, M&T will add Wilmington Trust's and its affiliates' offices in Arizona, California, Connecticut, Florida, Georgia, Massachusetts, Michigan, Minnesota, Nevada, South Carolina, Vermont, the Cayman Islands, London, Dublin, Frankfurt, Luxemburg, and Amsterdam to its bank branch network in New York, Pennsylvania, Maryland, Virginia, West Virginia, New Jersey, District of Columbia and Ontario.

NOVEMBER 15 - 21, 2010

RBC ACQUIRES FORTIS WEALTH MANAGEMENT OF HONG KONG

Toronto, Canada-based Royal Bank of Canada has acquired Fortis' Wealth Management of Hong Kong from Fortis Bank S.A. The move implements RBC Wealth Management's September announcement that it planned to focus on Asia's emerging, high growth markets. "We see a tremendous opportunity for growth in Asia and emerging markets," RBC Wealth Management CEO George Lewis said. Fortis Wealth Management Hong Kong is "a strong strategic and cultural fit for RBC Wealth Management's international platform," especially since the wealth management unit already serves Canada's growing Asian population, RBC Wealth Management Deputy Chairman Michael Lagopoulos said. "We see significant opportunities to capitalize on the increasing flow of trade and immigration between the regions," Lagopoulos added.

NOVEMBER 22 - 28, 2010

ZURICH FINANCIAL TO SELL 50% STAKE IN UNNIM BANCASSURANCE PARTNERSHIP

Zurich, Switzerland-based Zurich Financial Services Group has agreed to sell its 50% stake in the life and general insurance bancassurance companies in Spain it owns with Barcelona, Spain-based Unnim. Unnim will pay EURO285 million ($388 million) to acquire the stake, and will own 100% of the bancassurance operations when the deal closes in first quarter 2011. Unnim was formed in July 2010 when Caixa Sabadell, Caixa Terrass and Caixa Manlleu merged to become Caixa d'Estalvis Union de Caixes de Manlleu, Sabadelli Terrassa (Unnim). Zurich said it remains committed to its other life, general and bancassurance operations in Spain.

DECEMBER 6 - 12, 2010

FIRST NIAGARA ADDS ANOTHER PA AGENCY TO ITS EXPANDING BANKING FOOTPRINT

Buffalo, NY-based, $21 billion First Niagara Financial Group subsidiary First Niagara Risk Management (FNRM) has acquired Pittsburgh, PA-based Banyan Consulting, an agency that offers risk management, employee benefits consulting and investment services. The agency's principals will assume leadership positions within FNRM and plan to work "closely with the banking side of the house," FNRM said.

The acquisition follows First Niagara's purchase of 59 branches across Pennsylvania, its establishment of a regional market center in Pittsburgh, its August purchase of two other Pittsburgh agencies, and its November purchase of two agencies in Eastern Pennsylvania. First Niagara Risk Management CEO Joseph Teresi said the acquisition "solidifies our commitment to continue to expand our business through organic growth and selective acquisitions of high-performing agencies within our two-state footprint." FNRM's 13 offices operate in New York and Pennsylvania. First Niagara Financial will add bank branches in Connecticut and Massachusetts when it completes its pending acquisition of New Haven, CT -based NewAlliance Bancorp.

Prior to 2010, First Niagara Financial Group was an OTS-regulated thrift and did not report line item noninterest fee income like insurance brokerage. At mid-year 2010, reported $23.7 million in insurance brokerage income, which comprised 29.6% of its noninterest income and 6.8% 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*.

DECEMBER 6 - 12, 2010

UMB'S SCOUT SHORES UP FIXED INCOME MARKET WITH REAMS BUY

Kansas City, MO-based, $11.3 billion-asset UMB Financial Corp. subsidiary Scout Investment Advisors has acquired Columbus, IN-based Reams Asset Management (Reams). Reams, which manages more than $9.9 billion in fixed income assets for institutional clients, will retain its location, management team and staff and operate as a division of Scout Investment Advisors. Scout Investment Advisors CEO Andy Iseman said, "The addition of Reams and their expertise in fixed income investing complements Scout's existing equity product offerings and demonstrates our commitment to providing a diversified array of top-tier investment options to the institutional marketplace." With the Reams purchase, Scout manages more than $19.8 billion in assets.

DECEMBER 6 - 12, 2010

CHICAGO'S NORTHERN TRUST BUYS LA'S WATERLINE PARTNERS

Chicago, IL-based Northern Trust has acquired Los Angeles, CA-based Waterline Partners, an investment advisory firm that manages $807 million in assets for affluent individuals and families. Northern Trust Chairman and CEO Frederick Waddell said, "The strategic acquisition will bolster both our West Coast presence as well as our capabilities for clients." Waterline's management team and staff have joined Northern Trust's Personal Financial Services unit, which as of September 30, 2010, had $149 billion in assets under management and $349 billion in assets under custody.

DECEMBER 6 - 12, 2010

AXA TO ACQUIRE AXA APH'S ASIA BUSINESS THROUGH AMP DEAL

Paris-based AXA, Melbourne, Australia-based AMP Limited (AMP), and Melbourne, Australia-based AXA Asia Pacific Holdings (AXA APH) have entered into an agreement whereby AMP will acquire AXA APH, after which AMP will sell 100% of AXA AHP's Asian business to AXA. The deal has been approved by the Australian Competition and Consumer Commission and the New Zealand Commerce Commission. It still requires shareholder approvals, Asian regulatory approvals and approvals by the Australia Federal Treasurer and the New Zealand Overseas Investments Office before it can close as expected in March 2011.

Bank Insurance & Investment Fee Income Contributions to Earnings

JANUARY 4 - 10, 2010

YOU CAN'T JUDGE A BANK BY ITS SIZE

A bank's asset size does not reflect its safety, soundness, diversification of risk and performance, according to *Community Bank Advantages Challenge Historical Assumptions*, an A.M. Best study based on FDIC data. Banks with over $5 billion in assets are generally market and transaction-based and tend to take on more leverage and complex risk exposure than smaller banks, assuming such product-concentrated risks as subprime mortgages. In return, these large banks saw their median total charge offs climb from less than 0.5% of average total loans in December 2007, to 2% in September 2009, while their provisions for loan losses rose from about 0.15% of average total loans to about 4% during the same period. Not surprisingly, the median return on average equity for banks with over $5 billion in assets dropped from just over 8% in December 2007 to about 3.5% in September 2009.

In contrast to market and transaction-based large banks, banks with under $5 billion in assets (community banks) are generally relationship-based and draw strength from focusing on their local communities and limiting risk. Their Tier 1 risk-based capital and tangible common equity reveal that they are better capitalized than larger banks and less susceptible to downswings in banking cycles, according to the report. The median total charge offs for these banks rose from about 0.35% of average total loans in December 2007 to about 1.5% in September 2009, while provisions for loan losses grew from under 0.25% to about 5.5% during the same period. The median return on equity for community banks showed a more gradual decline than that posted by larger banks, decreasing from 8% in December 2007 to 5% in September 2009, the report shows.

To access Community Bank Advantages Challenge Historical Assumptions, click here.

JANUARY 11 - 17, 2010

ABA INSURANCE SERVICES DISTRIBUTES PROFITS TO MEMBER BANKS

Washington, DC-based ABA Insurance Services, the American Bankers Association-sponsored insurance program, announced it will distribute $4 million in underwriting profits to member banks insured by the program. In addition, the program's reinsurer, American Bankers Professional and Fidelity Insurance Co., has been renamed American Bankers Mutual Insurance Ltd. (ABMI). Since 1991, ABMI has distributed $71.5 million to ABA community bank members who purchased the company's directors and officers liability, Internet banking liability, employment practices liability, financial institution bond and other related insurance products. ABMI Chairman John Manor said, "True to the mutual concept, insured ABA members benefit from the company's profitability as well as the vital insurance protection we offer." ABMI is a bank-owned mutual insurance company.

JANUARY 11 - 17, 2010

TOP P&C PERFORMERS SHARE COMMON PRACTICES

Top-performing property-casualty insurance companies are more likely to modify base commissions by line of business and by new and renewal business than are their less successful counterparts. At the same time, they are less likely to have separate plans for personal and commercial lines. These same companies operate with 20% fewer agents per manager than the average P&C insurer, and, because they require their top-tier agents to achieve higher production levels and generate lower loss ratios, they have 50% fewer agents in their top tier, according to Cincinnati, OH-based Ward Group. Top agencies, the firm found in its study *Agency Compensation and Management Practices*, achieved 34% more premium per agent than average. Ward Group President Jeff Rieder said, "Top performers focus on ease of doing business and assertive agency management practices to drive new business results. These companies target compensation to be fair, but not excessive." The group projects that changes in contingent commissions will drive agency compensation slightly down in 2010 but expects agent recruitment to be more aggressive as companies strive to expand their sales teams. *To access this study based on data from 99 companies, click here*.

JANUARY 25 - 31, 2010

3Q BANK HOLDING COMPANY ANNUITY FEE INCOME RISES 12.9% OVER 2Q

Income earned from the sale of annuities at bank holding companies (BHCs) rose 2.5% to $2.00 billion in the first three

TOP 10 BANK HOLDING COMPANIES IN ANNUITY FEE INCOME YEAR-TO-DATE SEPTEMBER 30, 2009 - NATIONALLY

RANK	YTD ANNUITY INCOME 3Q 2009	YTD ANNUITY INCOME 3Q 2008	% CHANGE 3Q 2008 - 3Q 2009	BANK HOLDING COMPANY		ASSETS	% OF NONINT. INCOME
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$504,000	* $612,000	-17.6%	Wells Fargo & Company	CA	$1,228,578,000	1.64%
2	$258,000	$268,000	-3.73%	JPMorgan Chase & Co.	NY	$2,038,572,000	0.68%
3	$203,240	$110,332	84.21%	Bank of America Corp.	NC	$2,245,736,785	0.42%
4	$168,000	N/A	N/A	Morgan Stanley	NY	$767,277,000	0.99%
5	$98,953	$49,658	99.27%	PNC Financial Services Grp.	PA	$271,449,905	1.92%
6	$71,198	$21,210	235.68%	Regions Financial Corp.	AL	$140,169,410	2.57%
7	$62,917	$94,800	-33.63%	SunTrust Banks, Inc.	GA	$172,814,097	2.13%
8	$52,000	$72,000	-27.78%	U.S. Bancorp	MN	$265,058,000	0.84%
9	$46,160	$42,832	7.77%	Keycorp	OH	$95,999,634	3.33%
10	$36,414	$50,080	-27.29%	HSBC North America Hldgs.	IL	$390,657,817	1.33%

** includes $86,000 for Wells Fargo & Co. and $526,000 for Wachovia Corp., which it acquired.*
SOURCE: *Michael White-ABIA Bank Annuity Fee Income Report*

quarters of 2009, up from $1.95 billion in the first three quarters of 2008, according to the *Michael White-ABIA Bank Annuity Fee Income Report*. Third-quarter annuity commissions, however, rose to $669.8 million, up 12.9% from $593.1 million in second quarter 2009 and up 4.0% from $644.2 million earned in third quarter 2008.

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 7,319 commercial and FDIC-supervised banks and 922 large top-tier bank holding companies operating on September 30, 2009.

Of the 922 bank holding companies, 388 or 42.1% participated in annuity sales activities during the first three quarters of 2009. Their $2.00 billion in annuity commissions and fees constituted 13.5% of their total mutual fund and annuity income of $14.77 billion and 18.0% of total bank holding company insurance sales volume (i.e., the sum of annuity and insurance brokerage income) of $11.1 billion. Of the 7,319 banks, 975 or 13.3% participated in annuity sales activities, earning $705.5 million in annuity commissions or 35.3% of the banking industry's total annuity fee income. However, bank annuity production was down 13.3% from $814.0 million in the first three quarters of 2008.

Seventy-one percent (71.4%) of bank holding companies with over $10 billion in assets earned third quarter year-to-date annuity commissions of $1.89 billion, constituting 94.6% of total annuity commissions reported. This was an increase of 3.5% from $1.82 billion in annuity fee income in the first three quarters of 2008. Among this asset class of largest BHCs in the first three quarters, annuity commissions made up 16.1% of their total mutual fund and annuity income of $11.73 billion and 18.1% of their total insurance sales volume of $10.42 billion.

Bank holding companies with assets between $1 billion and $10 billion recorded a decrease of 12.2% in annuity fee income, declining from $104.2 million in the first three quarters of 2008 to $91.4 million in the first three quarters of 2009 and accounting for 3.0% of their mutual fund and annuity income of $3.03 billion. BHCs with $500 million to $1 billion in assets generated $16.7 million in annuity commissions in the first three quarters of 2009, down 18.0% from $20.4 million in the first three quarters of 2008. Only 34.7% of bank holding companies this size engaged in annuity sales activities, which was the lowest participation rate among all bank holding company asset classes. Among these bank holding companies, annuity commissions constituted the smallest proportion (13.0%) of total insurance sales volume of $129.0 million.

Wells Fargo & Company (CA), JPMorgan Chase & Co. (NY), and Bank of America Corporation (NC) led all bank holding companies in annuity commission income in the first three quarters of 2009. Among bank holding companies with assets between $1 billion and $10 billion, leaders included Stifel Financial Corp. (MO), Hancock Holding Company (MS), and NewAlliance Bancshares, Inc. (CT). Among BHCs with assets between $500 million and $1 billion, leaders were First Citizens Bancshares, Inc. (TN), CCB Financial Corporation (MO), and Codorus Valley Bancorp, Inc. (PA). 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 Sturgis Bank & Trust Company (MI), The Juniata Valley Bank (PA) and FNB Bank, N.A. (PA).

Among the top 50 bank holding companies 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 2009. Among the top 50 small banks in annuity concentration that are serving as proxies for small bank holding companies, the median Annuity Concentration Ratio was 12.9% of noninterest income.

JANUARY 25 - 31, 2010

BANKS' FIXED ANNUITY SALES FALL

Fixed annuity sales at U.S. banks dropped 24% in the third quarter to an estimated $7.25 billion down from $9.54 billion in third quarter 2008, impacted by their narrowing interest rate advantage over bank certificates of deposit (CDs). Sales in the first three quarters rose 7% to an estimated $26.9 billion, up from $25.1 billion in the same period a year

TOP 12 BANK HOLDING COMPANIES IN INSURANCE BROKERAGE FEE INCOME YEAR-TO-DATE SEPTEMBER 30, 2009 - NATIONALLY

RANK	YTD INSURANCE BROKERAGE FEE INCOME 3Q 2009	YTD INSURANCE BROKERAGE FEE INCOME 3Q 2008	% CHANGE 3Q 2008 - 3Q 2009	BANK HOLDING COMPANY		ASSETS	CONCENTRATION RATIO: % OF NONINT. INCOME
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$1,382,000	$1,312,000	5.34%	Wells Fargo & Company	CA	$1,228,578,000	4.50%
2	$771,000	$955,000	-19.27%	Citigroup, Inc.	NY	$1,888,018,000	2.06%
3	$699,922	$626,057	11.80%	BB&T Corporation	NC	$165,329,144	26.69%
4	$367,303	$319,971	14.79%	Bank of America Corp.	NC	$2,245,736,785	0.75%
5	$115,000	N/A	N/A	Morgan Stanley	NY	$767,277,000	0.68%
6	$106,000	N/A	N/A	GMAC Inc.	MI	$178,099,000	1.30%
7	$95,495	N/A	N/A	Discover Financial Services	IL	$43,814,993	2.76%
8	$84,746	N/A	N/A	American Express Company	NY	$119,390,824	0.61%
9	$83,999	$81,437	3.15%	Regions Financial Corp.	AL	$140,169,410	3.01%
10	$80,000	N/A	N/A	Goldman Sachs Group, Inc.	NY	$877,622,000	0.81%
11	$65,000	$53,000	22.64%	JPMorgan Chase & Co.	NY	$2,038,572,000	0.23%
12	$63,664	$68,207	-6.66%	BancorpSouth, Inc.	MS	$13,280,753	32.46%

SOURCE: Michael White-Prudential Bank Insurance Fee Income Report

ago, according to the *Beacon Research Fixed Annuity Premium Study*.

Western National Life ($1.13 billion), Pacific Life ($1.12 billion), New York Life ($673 million), AEGON/Transamerica Companies ($608 million) and Lincoln Financial ($423 million) were the top five bank channel annuity providers, where the top two book value products dominated. Among the top ten fixed annuity providers, book value products were preferred (70%) followed by indexed annuities (20%) and MVAs (10%). Pacific Life Marketing Vice President Christine Tucker said her company's popular Pacific Explorer fixed annuity product "aligns nicely with the bank-based advisor interest in products that are simple and promote preservation of customer assets."

Evanston, IL-based Beacon Research President and CEO Jeremy Alexander said he expected to find a continued downturn in bank fixed annuity sales in the fourth quarter "due to the continued drop in credited rates and their spread over CDs." He added, "There is still strong demand by bank customers for conservative investments like fixed annuities, so results should improve when the interest rate environment normalizes."

JANUARY 25 - 31, 2010

BANK HOLDING COMPANIES BOAST BEST INSURANCE BROKERAGE FEE INCOME IN LAST 5 QUARTERS

Third-quarter bank holding company (BHC) insurance brokerage fee income reached $3.05 billion, up 11.7% compared to $2.73 billion in third quarter 2008 and the greatest amount in five quarters, according to the Michael White-Prudential Bank Insurance Fee Income Report. Over the first three quarters of 2009, BHC insurance brokerage fee income held up relatively well, tallying $9.1 billion year-to-date, down only 0.7% from $9.2 billion for the same period in 2008. Thus far in 2009, 64.1% of large top-tier BHCs engaged in insurance brokerage activities.

Compiled by Michael White Associates 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 7,319 commercial and FDIC-supervised savings banks and 922 large top-tier bank holding companies operating on September 30, 2009. BHC insurance brokerage fee income consists of commissions and fees earned by a BHC 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, 2009, Wells Fargo & Company (CA) topped the leader board with insurance brokerage earnings of nearly $1.4 billion. Citigroup Inc. (NY) ranked second nationally with $771.0 million; and BB&T Corporation (NC), which owns more agencies than any other financial holding company, ranked third with $699.9 million in insurance brokerage revenue in three quarters of 2009. Five of the top eleven producers of insurance brokerage were newly chartered BHCs: Morgan Stanley, GMAC Inc., Discover Financial, American Express Company, and The Goldman Sachs Group, Inc.

Bank holding companies over $10 billion in assets continued to have the highest participation (89.6%) in insurance brokerage activities. These BHCs produced $8.53 billion in insurance fee income in the first three quarters of 2009, 0.7% less than the same period in 2008. These large bank holding companies accounted for 93.8% of all BHC insurance brokerage fee income earned thus far in 2009.

The entry of new BHCs with significant insurance brokerage income has offset the loss of other BHC insurance operations. "Among the top 100 BHCs in insurance brokerage, three times as many have registered 20%+ increase in income compared to those that have registered declines of that magnitude. Additionally, signs show an increase in life insurance applications and sales," said Joan H. Cleveland, senior vice president, Business Development with Prudential's Individual Life Insurance business. "We are encouraged by this positive trend and are confident that the products and process we developed will continue to enable banks to help meet their customers' life insurance needs."

Among BHCs with assets between $1 billion and $10 billion, leaders in insurance brokerage income included Eastern Bank Corp. (MA), Old National Bancorp (IN), Trustmark Corp. (MS), and Johnson

Financial Group, Inc. (WI). BHCs of this size registered a 1.8% decrease in insurance brokerage income to $455.4 million in three quarters of 2009, down from $464.0 million for the same period in 2008.

Among BHCs with assets between $500 million and $1 billion, leaders were 473 Broadway Holding Corporation (NY), Texas Independent Bancshares (TX), and First Manitowoc Bancorp, Inc. (WI). These BHCs experienced 7.1% growth year-over-year in their insurance brokerage income. *(Not shown in the accompanying table of companies is MetLife, Inc., which did not engage in significant banking activities.)*

FEBRUARY 1 - 7, 2010

BHC INSURANCE BROKERAGE EARNINGS CLIMB 11.7% IN THIRD QUARTER

Insurance brokerage fee income earned by U.S. bank holding companies (BHCs) in the third quarter climbed almost 12% (11.7%) to $3.05 billion, up from $2.73 billion in third quarter 2008, according to the *Michael White-Prudential Bank Insurance Fee Income Report*. For the first three quarters combined, however, insurance brokerage earnings slipped 0.7% to $9.1 billion, down from $9.2 billion during the same period in 2008. In the third quarter, the addition of $481 million generated by newly-chartered BHCs Morgan Stanley ($155 million), GMAC ($106 million), Discover Financial ($95.5 million), American Express ($84.7 million) and Goldman Sachs ($80 million) more than compensated for the $184 million drop in insurance earnings at Citigroup and the $4.5 million decline in this revenue at BancorpSouth, the only two BHCs among the top twelve insurance earners that recorded declines in insurance earnings.

Just over 64% of U.S. BHCs reported insurance brokerage earnings through the third quarter of 2009, led by San Francisco-based, $1.23 trillion-asset Wells Fargo & Co., which, helped by the Wachovia acquisition, reported a 5.34% increase in this revenue to $1.38 billion, enough to comprise 4.5% of the company's noninterest income. New York City-based, $1.89 trillion-asset Citigroup ranked a distant second, with insurance brokerage earnings dropping 19.3% to $771 million. Winston-Salem, NC-based, $165.4 billion-asset BB&T Corp. ranked third, as insurance earnings climbed 11.8% to $699.9 million, equal to 26.7% of the company's noninterest income. Charlotte, NC-based, $2.25 trillion-asset Bank of America Corp. ranked fourth with a 14.8% jump in insurance brokerage earnings to $367.3 million, and New York City-based $767.3 billion-asset Morgan Stanley ranked fifth with $115 million in insurance revenue. Among the top twelve insurance earners, insurance revenue comprised the largest percentage of noninterest income at Tupelo, MS-based, $13.3 billion-asset BancorpSouth (32.46%) and BB&T Corp. (26.7%); it comprised the smallest percentage of noninterest earnings at New York City-based, $2.04 trillion-asset JPMorganChase & Co. (0.23%) and New York City-based, $767 billion-asset Morgan Stanley (0.68%).

Almost 90% (89.6%) of BHCs with over $10 billion in assets reported insurance brokerage fee income. Their combined earnings of $8.53 billion in the first three quarters slipped 0.7% compared to the same period in 2008, but accounted for 93.8% of all insurance revenue generated by BHCs during the period. BHCs with $1 billion to $10 billion in assets reported a 1.8% decrease in insurance brokerage earnings to $455.4 million, but BHCs with $500 million to $1 billion in assets reported 7.1% growth in year-over-year earnings, led by New York-based, $849.7 million-asset 473 Broadway Holding Corporation. Prudential Individual Life Insurance Senior Vice President Joan Cleveland said, "Among the top 100 BHCs in insurance brokerage, three times as many have registered 20%+ increases in insurance income compared to those that have registered declines of that magnitude. Additionally, signs show an increase in life insurance applications and sales." For more details on the third-quarter *Michael White-Prudential Bank Insurance Fee Income Report*, please click here.

FEBRUARY 1 - 7, 2010

BB&T'S RISING INSURANCE REVENUE PASSES $1 BILLION AND COMPRISES 26.7% OF YEAR'S NONINTEREST INCOME

Winston-Salem, NC-based, $165.8 billion-asset BB&T Corp. Chairman and CEO Kelly King said, "We enjoyed record net revenues for 2009, driven by strong mortgage banking income and record insurance income, which exceeded $1 billion." In the fourth quarter, insurance earnings grew 5.3% to $260 million, up from $247 million in fourth quarter 2008, bolstered by increased property and casualty fees and the acquisition of a Fort Myers, FL-based insurance agency. Income from bank-owned life insurance (BOLI) rose 13.6% to $25 million, up from $22 million. Trust and investment advisory earnings increased 18.8% to $38 million, up from $32 million. But, investment brokerage fee income fell 13.5% to $83 million, down from $96 million. Insurance earnings comprised 26.8% of noninterest income, which jumped 20.2% to $970 million, up from $807 million. Investment brokerage fee income comprised 8.6% of noninterest earnings, while trust and investment advisory earnings and income from BOLI comprised, respectively, 3.9% and 2.6% of that revenue. Net interest income on a 3.8% net interest margin rose 11.4% to $596 million, up from $537 million, despite an almost $200 million increase in loan loss provisions to $725 million. But, net income dropped 36.8% to $194 million, down from $307 million in fourth quarter 2008, hit by net charge offs and loan loss provisions tied to "continued deterioration in housing-related credits."

For the year 2009, insurance earnings grew 12.8% to $1.05 billion, up from $928 million in 2008, and income from bank-owned life insurance climbed 15.5% to $97 million, up from $84 million. In contrast, trust and investment advisory revenues slid 5.4% to $139 million, down from $147 million, and investment banking and brokerage fee income slipped 2.3% to $346 million, down from $354 million. Insurance earnings comprised 26.7% of noninterest income, which jumped 23.1% to $3.93 billion, up from $3.2 billion. Investment banking and brokerage fee income comprised 8.8% of noninterest earnings and trust earnings and BOLI comprised, respectively, 3.5% and 2.5% of noninterest income. Net interest income fell 27.2% to $2.03 billion, down from $2.79 billion, as loan loss provisions almost doubled to $2.81 billion, and net income dropped 41.5% to $877 million, down from $1.5 billion in 2008, reflecting both the FDIC assisted August 2008 purchase of Montgomery, AL-based, $22 billion-asset Colonial Bank and increased loan provisions and charge offs tied to housing-related credit issues. BB&T Chairman and CEO King touted "record insurance income," "strong mortgage banking income" and "a significantly slower growth rate in nonperforming assets in the fourth quarter" and said, "We are encouraged by very strong growth of $1.5 billion in client deposits in former Colonial branches."

In 2008, BB&T Corp. reported $847.3 million in insurance brokerage fee income, which comprised 27.7% of its noninterest income and 11.6% of its net operating revenue. The company ranked 4th in insurance brokerage earnings among U.S. bank holding companies (BHCs) with over $10 billion in assets and 4th among all U.S. BHCs, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

FEBRUARY 1 - 7, 2010

M&T BANK REPORTS DECLINES IN TRUST AND BROKERAGE INCOME

Buffalo, NY-slid 5% to $1.45 billion, down from $1.53 billion, as loan loss provisions jumped 47% to $604 million, up from $412 million, but net income, hit additionally by merger-related charges and impairment charges on investment securities, dropped 31.7% to $380 million, down from $556 million in 2008. M&T Bank Corp. Chief Financial Officer Rene Jones said, "M&T produced solid earnings for both the fourth quarter and full year." Jones added, "Our 2009 acquisitions of Provident and Bradford in the Mid-Atlantic region … supplemented M&T's full-year diluted net operating earnings per common share by $0.16."

In 2008, M&T Bank Corp. reported $30.1 million in insurance brokerage fee income, which comprised 3.0% of its noninterest income and 1.0% of its net operating revenue. The company ranked 18th in insurance brokerage earnings among U.S. bank holding companies (BHCs) with over $10 billion in assets and 21st among all U.S. BHCs, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

In 2008, M&T Bank Corp. reported $71.2 million in investment program income (securities brokerage plus annuity commissions), which comprised 7.2% of its noninterest income and 2.4% of its net operating revenue. The company ranked 20th in investment program earnings among U.S. bank holding companies (BHCs) with over $10 billion in assets and 21st among all U.S. BHCs, according to the MWA Investment Program Fee Income Ratings Report.

FEBRUARY 1 - 7, 2010

INCREASED WEALTH MANAGEMENT AND BOLI INCOME HELP DECREASE LOSSES AT M&I

Milwaukee, WI-based, $57.2 billion-asset Marshall & Ilsley Corp. (M&I) reported fourth quarter wealth management income increased 8.9% to $69.9 million, up from $64.2 million in fourth quarter 2008, while bank-owned life insurance (BOLI) jumped to $11.4 million, up from a loss of $1.2 million. Trust income and BOLI income comprised, respectively, 28.7% and 4.7% of noninterest income, which climbed 46.8% to $243.8 million, up from $166.1 million, helped by $40.6 million in net investment securities gains. In contrast, a $639 million provision for loan losses drove a net interest loss of $232.9 million on a net interest margin of 2.95% compared to a net interest loss of $381.4 million in fourth quarter 2008. the overall net loss of $259.5 million was an improvement over the net loss of $1.89 billion in fourth quarter 2008. Marshall & Ilsley President and CEO Mark Furlong said, "Despite the loss, there are some encouraging signs that credit quality has stabilized and core earnings trends have improved."

For the year 2009, Marshall & Ilsley reported wealth management income declined 6.1% to $265.1 million, down from $282.2 million in 2008, but BOLI income grew 8.6% to $39 million, up from $35.9 million. Wealth management and BOLI income comprised 29.0% and 4.3%, respectively, of noninterest income, which jumped 22.4% to $915.6 million, up from $748.1 million, bolstered by $121.8 million in securities gains. An almost $30 million increase in loan loss provisions to $2.315 billion drove a net interest loss of $706.6 million, compared to a $229.1 million net interest loss the year before. For the year, however, the net loss improved to $858.8 million compared to a $2.06 billion net loss in 2008. Furlong said, "M&I remains committed to returning the company to profitability as soon as possible."

FEBRUARY 1 - 7, 2010

INSURANCE COMPRISES 38.9% OF 2009 NONINTEREST INCOME AT FIRST NIAGARA

Buffalo, NY-based, $19.3 billion-asset First Niagara Financial Group reported fourth-quarter insurance and benefits consulting fee income dipped 4.1% to $11.07 million, down from $11.54 million in fourth quarter 2008, and, reflecting the Harleysville National Corp. and National City branch acquisitions, was replaced by banking services as the number one contributor to noninterest income. Bank-owned life insurance (BOLI) income fell 23.3% to $1.32 million, down from $1.72 million, but wealth management income rose 23.1% to $2.66 million, up from $2.16 million. Insurance earnings comprised 31.1% of noninterest income, which grew 28.6% to $35.5 million, up from $27.6 million, and wealth management and BOLI comprised, respectively, 7.5% and 3.7% of that revenue. Net interest income jumped 60.0% to $101.9

million, up from $63.7 million, and net income climbed 33.8% to $28.9 million, up from $21.6 million, reflecting organic growth and acquisitions.

For the year, insurance fee income slid 1.5% to $48.96 million, down from $49.7 million in 2008. Wealth management income decreased 13.7% to $8.56 million, down from $9.92 million and BOLI income slipped 3.7% to $5.25 million, down from $5.45 million. Insurance, wealth management and BOLI earnings comprised, respectively, 38.9%, 6.8% and 4.2% of noninterest income, which climbed 8.8% to $125.98 million, up from $115.74 million in 2008, helped by a third-quarter gain on the sale of a merchant services' customer list. Net interest income on a 3.69% net interest margin grew 30.3% to $320.75 million, up from $246.1 million, despite an almost doubling of loan loss provisions to $43.65 million. But, net income decreased 10.2% to $79.4 million, down from $88.4 million primarily reflecting expenses tied to the acquisitions of Harleysville National Corp. and certain National City branches.

FEBRUARY 1 - 7, 2010

BOLI UP, INSURANCE AND INVESTMENT BROKERAGE INCOME DOWN AT PEOPLE'S UNITED

Bridgeport, CT-based, $18.76 billion-asset People's United Financial reported fourth-quarter insurance brokerage fee income slipped 4.1% to $7 million, down from $7.3 million in fourth quarter 2008. Investment management fees fell 17.7% to $7.9 million, down from $9.6 million, and investment brokerage fees declined 9.4% to $2.9 million, down from $3.2 million. In contrast, bank-owned life insurance (BOLI) income jumped 26.7% to $1.9 million, up from $1.5 million. Insurance earnings comprised 9.8% of noninterest income, which slipped 2.7% to $71.7 million, down from $73.7 million, and investment management fees, investment brokerage fees and BOLI income comprised, respectively, 11.0%, 4.0% and 2.6% of noninterest revenue. Net interest income on a 3.19% net interest margin decreased 7.4% to $133.9 million, down from $144.6 million, as loan loss provisions grew by $5.1 million to $13.6 million. Net income dropped 26.1% to $24.9 million, down from $33.7 million in fourth quarter 2008, impacted by $4.5 million in system conversion and merger-related expenses.

For the year 2009, insurance brokerage fee income decreased 9.9% to $30 million, down from $33.3 million; investment management fees fell 12.0% to $32.4 million, down from $36.8 million; investment brokerage commissions dropped 23.8% to $12.2 million, down from $16 million, but BOLI earnings rose 1.2% to $8.4 million, up from $8.3 million, and noninterest income increased 1.8% to $309.1 million, up from $303.6 million, bolstered by net gains on residential mortgage loan sales. Investment management fees comprised 10.5% of noninterest income, followed by insurance earnings (9.7%), investment brokerage (3.9%) and BOLI income (2.7%). Net interest income dropped 14.8% to $519.8 million, down from $610.2 million, as loan loss provisions more than doubled to $57 million, up from $26.2 million, and net income fell 26.6% to $101.2 million, down from $137.8 million. People's United Bank President and CEO Philip Sherringham said, "Our pending acquisition of Financial Federal reflects our strategic focus on expansion through opportunistic acquisitions. At the same time, we remain committed to organic growth throughout our franchise."

FEBRUARY 1 - 7, 2010

CULLEN/FROST REPORTS RISING INSURANCE REVENUE

San Antonio, TX-based, $16.3 billion-asset Cullen/Frost Bankers reported fourth-quarter insurance commissions and fees increased 4.0% to $6.73 million, up from $6.47 million and trust fees rose 1.1% to $17.67 million, up from $17.48 million, while noninterest income climbed 24.7% to $86.3 million, up from $69.2 million, driven by a $17.7 million gain tied to an interest rate swap on a debt paid off early. Trust fees comprised 20.5% of noninterest income and insurance earnings comprised 7.8%. Net interest income on a 4.2% net interest margin, however, decreased 5.0% to $128.5 million, down from $135.2 million, as loan loss provisions increased by almost $14 million to $22.25 million, but net income, helped by noninterest earnings, decreased only 2.8% to $51.5 million, down from $53 million.

For the year, insurance commissions and fees rose 0.6% to $33.1 million, up from $32.9 million, but trust fees decreased 9.8% to $67.3 million, down from $74.6 million. Insurance earnings comprised 11.3% of noninterest income, while trust fees comprised 22.8% of noninterest revenue, which increased 2.2% to $293.7 million, up from $287.3 million. Net interest income declined 0.8% to $512.3 million, down from $516.5 million, as loan loss provisions climbed by over $27.5 million to $65.4 million, and net income fell 13.7% to $179 million, down from $207.3 million in 2008. Cullen/Frost Chairman and CEO Dick Evans said, "We are working harder in this environment to grow the number of relationships and to broaden and deepen the existing ones. When the economy begins to grow again, we will be well-positioned to reap the benefits of this effort." Cullen/Frost completed construction of a $50 million technology center in the fourth quarter and opened four new financial centers in 2009.

In 2008, Cullen/Frost Bankers reported $33.1 million in insurance brokerage fee income, which comprised 11.9% of its noninterest income and 4.1% of its net operating revenue. The company ranked 17th in insurance brokerage earnings among U.S. bank holding companies (BHCs) with over $10 billion in assets and 19th among all U.S. BHCs, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

In 2008, Cullen/Frost Bankers reported $74.6 million in fiduciary-related fee income, which comprised 26.7% of its noninterest income and 9.1% of its net operating revenue. The company ranked 29th in trust-related earnings among U.S. bank holding companies (BHCs) with over $10 billion in assets and 32nd among all U.S. BHCs, according to the *MWA Trust Fee Income Ratings Report*.

FEBRUARY 8 - 14, 2010

INSURANCE EARNINGS CONTINUE UP AT WELLS FARGO

San Francisco-based, $1.26 trillion-asset Wells Fargo & Co. reported fourth quarter insurance income grew 43.0% to $482 million, up from $337 million in fourth quarter 2008, and comprised 4.3% of noninterest earnings, which quadrupled to $11.2 billion, up from $2.75 billion a year ago, when the company suffered $195 million in mortgage banking losses and $1.17 billion in losses tied to securities trading and equity investments. Trust and investment fees more than tripled to $2.61 billion, up from $661 million and, as the second largest contributor to noninterest income, also nearly quadrupled of the revenue. Net interest income on a 4.31% net interest margin reached $559 million, despite $5.9 billion increase in loan loss provisions and contrasted with a $1.72 billion net interest loss in fourth quarter 2008. Net income on record revenue of $22.7 billion totaled $2.8 billion, compared to a net loss of $2.73 billion a year ago. In the quarter the company raised $12.2 billion in an equity offering and repaid $25 billion in TARP monies to the U.S. Treasury.

For the year 2009, insurance earnings grew 16.4% to $2.13 billion, up from $1.83 billion in 2008, and comprised 5.0% of noninterest income, which soared 150% to $42.36 billion, up from $16.7 billion, helped by an almost $10 billion increase in mortgage banking fees. Trust and investment fees jumped 233% to $9.74 billion, up from $2.92 billion, and comprised 23.0% of noninterest income, behind mortgage banking income, which replaced service charges on deposits as the number one contributor to noninterest income. Net interest income on a 4.28% net interest margin more than doubled to $24.66 billion, up from $9.16 billion, despite $21.7 billion in loan loss provisions compared to $15.98 billion in 2008. Net income surged 362% to $12.28 billion, up from $2.66 billion a year ago, despite the $25 billion TARP repayment plus $1.44 billion in TARP dividends paid over the year.

Wells Fargo Chairman and CEO John Stumpf said, “The Wells Fargo model has been built to outperform our peers over time and through cycles. Clearly we have done just that again in 2009.” CFO Howard Atkins said, “We experienced broad-based growth across multiple businesses, including … asset management, … insurance, … and wealth management.”

In 2008, Wells Fargo & Co. reported $1.6 billion in insurance brokerage fee income, which comprised 9.8% of its noninterest income and 3.8% of its net operating revenue. The company ranked 1st in insurance brokerage earnings among U.S. bank holding companies (BHCs) engaged in significant banking business and possessing over $10 billion in assets and 1st among all U.S. BHCs, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

FEBRUARY 8 - 14, 2010

BNY MELLON REPORTS "EXCELLENT GROWTH" IN ASSET AND WEALTH MANAGEMENT EARNINGS

New York City-based, $1.1 trillion-asset Bank of New York Mellon Corp (BNY Mellon) Chairman and CEO Robert Kelly said, "We saw excellent growth in asset and wealth management revenues this ([fourth] quarter," as these earnings grew 5.0% to $736 million, up from $701 million in fourth quarter 2008. Asset and wealth management fees were the second largest contributors to noninterest income (behind $1.24 billion in securities servicing fees) and comprised 28.3% of noninterest earnings, which jumped 42.9% to $2.6 billion, up from $1.82 billion the year before. Net interest income on a 1.77% net interest margin dropped 33.6% to $659 million, down from $993 million, as loan loss provisions grew by $11 million to $65 million, but net income soared more than twelve times to $594 million, up from $44 million in fourth quarter 2008, bolstered by noninterest income, including asset and wealth management fees.

For the year 2009, asset and wealth management fees fell 18.0% to $2.64 billion, down from $3.22 billion in 2008. Noninterest income, hit by $5.37 billion in securities losses, tumbled 6.5% to $2.58 billion, down from $2.76 billion, as loan loss provisions more than tripled to $332 million, and the company reported a net loss of $1.37 billion compared to net income of $1.39 billion, reflecting income losses from discontinued operations.

In 2008, BNY Mellon Corp. reported $2.0 billion in total broker-dealer income, which comprised 16.5% of its noninterest income and 13.3% of its net operating revenue. The company ranked 4th in total broker-dealer earnings among U.S. bank holding companies (BHCs) with over $10 billion in assets and sixth among all U.S. BHCs, according to the *Michael White Bank Investment Fee Income Report*.

FEBRUARY 8 - 14, 2010

RESULTS NOT SO SUNNY AT SUNTRUST

Atlanta, GA-based, $174.2 billion-asset SunTrust Banks reported fourth quarter trust and investment management income increased 6.5% to $134.6 million, up from $126.4 million in fourth quarter 2008, and investment banking income rose 3.7% to $60.08 million, but retail investment services fees dropped 22.7% to $54.3 million, down from $70.2 million the year before. Trust and investment income, investment banking income and retail investment services income comprised, respectively, 18.1%, 8.1%, and 7.3% of noninterest income, which rose 3.4% to $742.3 million, up from $717.9 million in fourth quarter 2008, when the company posted $411 million in securities gains. Net interest income decreased 5.4% to $202.8 million, down from $214.4 million, as loan loss provisions rose by $11.2 million to $973.7 million. SunTrust reported a net loss of $316.4 million for the quarter compared to a net loss of $347.6 million the year before. The company said the results "were adversely impacted by credit-related charges and cyclical expenses that reflected necessary pressures."

For the year 2009, investment banking income grew 15% to $272 million up from $236.5 million in 2008, but trust and investment management income fell 18% to $486.5 million, and retail investment services dropped 25% to $217.8 million. Trust and investment management income was the second largest contributor to noninterest income (behind $848.4 million in service charges in deposit accounts) and comprised 13.1% of noninterest earnings, which fell 17% to $3.71 billion, down from $4.47 billion a year ago, when the company reported $1.07 billion in securities gains. Investment banking income and retail investment services income comprised, respectively, 7.3% and 5.9% of noninterest income. Net interest income tumbled 81.3% to $401.8 million, as loan loss provisions grew by $1.59 billion to $4.06 billion, and the company reported a net loss of $1.73 billion. SunTrust Chairman and CEO James Wells III said, "Our results clearly continue to be affected by recessionary pressures as evidenced by soft revenue and weak loan demand from consumer and commercial borrowers."

In 2008, SunTrust Bank reported $483.5 million in total broker-dealer income, which comprised 14.6% of its noninterest income and 6.1% of its net operating revenue. The company ranked 11th in total broker-dealer earnings among U.S. bank holding companies (BHCs) with over $10 billion in assets and 14th among all U.S. BHCs, according to the *Michael White Bank Investment Fee Income Report*.

FEBRUARY 8 - 14, 2010

DISCONTINUED P&C BUSINESS HITS GMAC'S INSURANCE EARNINGS

New York City-based GMAC Financial Services discontinued its U.S. property and casualty insurance operations in the third quarter and discontinued its U.K. property and casualty insurance business in the fourth quarter, impacting insurance earnings. In the fourth quarter, insurance income dropped 47% to $86 million, down from $133 million in fourth quarter 2008, and for the year skidded 170% to $329 million, down from $499 million in 2008. GMAC said it "continues to streamline its insurance segment to focus primarily on dealer-centric products, such as extended service contracts and dealer inventory insurance."

For the quarter, GMAC reported a net loss of $5 billion compared to net income of $7.5 billion in fourth quarter 2008, and for the year it reported a net loss of $10.3 billion, compared to net income of $1.9 billion in 2008. GMAC CEO Michael Carpenter said, "GMAC has undergone significant transformation in 2009 and, as a result, is better positioned to pursue business and market opportunities going forward." In the quarter and the year, the company showed increased losses in mortgage operations and international automotive finance.

FEBRUARY 15 - 21, 2010

NONINTEREST EARNINGS MITIGATE LOWER NET INTEREST INCOME AT BANCORPSOUTH

Tupelo, MS-based, $13.2 billion-asset BancorpSouth reported noninterest income in the fourth quarter, bolstered by $17.6 million in insurance brokerage earnings, comprised 36.4% of the company's total revenue in the quarter. BancorpSouth Chairman and CEO Aubrey Patterson said, "Noninterest revenue again provided significant diversification of our revenue streams, mitigating any potential impact of interest rate volatility on our inherently spread-dependent business." While insurance earnings were down 6.4% from $18.8 million in fourth quarter 2008, they comprised 27.3% of noninterest income, which jumped 60.8% to $64.5 million, up from $40.1 million a year ago, when mortgage lending fees and securities sales reported respective losses of $12.2 million and $6.2 million. In contrast, in the current fourth quarter, mortgage lending fees climbed to $8.6

million. On the traditional banking side, net interest income on a 3.83% net interest margin dropped 16.3% to $78.3 million, down from $93.5 million, as loan loss provisions jumped by almost $17 million to $34.7 million. Net income, however, bolstered by noninterest income, grew 15.5% to $19.4 million, up from $16.8 million in fourth quarter 2008.

For the year 2009, insurance brokerage fee income was the largest contributor to noninterest earnings (29.4%), beating service charges by over $8 million. Still, insurance income declined 6.7% to $80.9 million, down from $86.7 million in 2008. Trust income rose 4.3% to $9.7 million, up from $9.3 million, and comprised 3.5% of noninterest income which climbed 12.1% to $275.3 million, up from $245.6 million, reflecting an over $30 million gain in mortgage lending fees. Net interest income, in contrast, fell 7.5% to $355.8 million, down from $384.7 million, as loan loss provisions jumped over $33 million to $89.7 million, impacting net income, which dropped 13.4% to $104.3 million, down from $120.4 million in 2008. Patterson said, "We continue to focus on early identification of potential problems and work aggressively to resolve those problems." He added, "Because of the strength and relative stability of our diversified markets across our eight-state franchise, we remain confident of their inherent growth potential as the economic cycle improves."

In 2008, BancorpSouth's insurance brokerage income comprised 30.4% of its noninterest income and 11.9% of its net operating revenue. The company ranked 8th in insurance brokerage earnings among all U.S. bank holding companies (BHCs), according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

FEBRUARY 15 - 21, 2010

AGENCY SALE REFLECTED IN INSURANCE EARNINGS TUMBLE AT BANK OF HAWAII

Honolulu, HI-based, $12.4 billion-asset Bank of Hawaii reported fourth quarter insurance brokerage fee income was more than sliced in half to $2.33 million, down from $5.95 million in fourth quarter 2008, reflecting the second-quarter sale of Triad Insurance Agency to Arthur Gallagher & Co. Trust and asset management income, however, soared eightfold to $4.22 million, up from $508,000 a year ago, to comprise 5.2% of noninterest income, while insurance comprised 2.9% of that revenue, which surged 48.3% to $80.8 million, up from $54.5 million, propelled by $25.7 million in securities gains. In contrast, net interest income on a 3.57% net interest margin fell 12.1% to $76.7 million, down from $87.3 million, impacted by an over $8 million increase in loan loss provisions to $26.8 million. Net income, reflecting noninterest earnings bolstered by securities gains, rose 3.1% to $40.5 million, up from $39.3 million in fourth quarter 2008.

For the year 2009, insurance brokerage earnings, reflecting the Triad sale, fell 18.7% to $20 million, down from $24.6 million in 2008, and comprised 7.5% of noninterest income, which grew 3.8% to $267.8 million, up from $258.1 million, supported by a 184% jump in trust and asset management fees to $23 million, up from $8.1 million, to comprise 8.6% of noninterest income. Net interest income on a 3.72% net interest margin fell 15.0% to $304.5 million, down from $358.3 million, as loan loss provisions soared by over $47 million to $107.88 million, impacting net income, which dropped 25.1% to $144 million, down from $192.2 million. Bank of Hawaii Chairman and CEO Allan Landon said, "Bank of Hawaii is well-positioned to meet the needs of our marketplace," where tourist spending is weak and housing inventory and loans and leases past due 90 days or more are up.

In 2008, Bank of Hawaii's insurance brokerage income comprised 6.7% of its noninterest income and 2.8% of its net operating revenue. The company ranked 25th in insurance brokerage earnings among all U.S. bank holding companies (BHCs), according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

FEBRUARY 15 - 21, 2010

FIRSTMERIT SEES YEAR-END UP-SWING IN INSURANCE, TRUST AND BOLI INCOME

Akron, OH-based, $10.5 billion-asset FirstMerit Corp. reported trust department income in the fourth quarter rose 1.5% to $5.37 million, up from $5.29 million in fourth quarter 2008; investment services and insurance fee income grew 17.9% to $2.3 million, up from $1.95 million and bank-owned life insurance (BOLI) income climbed 8.0% to $4.5 million, up from $2.5 million. Trust, investment/insurance and BOLI income comprised, respectively, 10.2%, 4.4% and 8.5% of noninterest income, which remained basically flat at $52.7 million compared to $52.8 million in fourth quarter 2008. Net interest income on a 3.64% net interest margin, on the other hand, dropped 24.8% to $57.4 million, down from $76.3 million, as loan loss provisions grew just short of $13 million to $29.96 million, and net income tumbled 50.2% to $14.5 million, down from $29.1 million in fourth quarter 2008.

For the year 2009, trust department income decreased 6.3% to $20.7 million, down from $22.1 million in 2008, and investment and insurance fee income slipped 4.8% to $10 million, down from $10.5 million. But, BOLI income grew 14.2% to $13.7 million, up from $12 million the year before. Trust, insurance/investment and BOLI income comprised, respectively, 9.8%, 4.8% and 6.5% of noninterest income, which rose 4.4% to $210.3 million, up from $201.4 million, reflecting a $9.54 million gain on a post medical retirement curtailment. In contrast, net interest income fell 15.9% to $250.3 million, down from $297.6 million, as loan loss provisions jumped by over $40 million to $98.4 million, and net income dropped 31.2% to $82.2 million, down from $119.5 million. FirstMerit Chairman, President and CEO Paul Greig said, "Our financial performance is due to our commitment to sound banking fundamentals and appropriate risk management" in an environment where the company faces "persistent challenges in the economy."

In 2008, FirstMerit's fiduciary income comprised 11.4% of its noninterest income and 4.0% of its net operating revenue. The company ranked 50th in fiduciary earnings among all U.S. bank holding companies (BHCs), according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

FEBRUARY 15 - 21, 2010

TRUST EMPHASIS PAYS OFF AT UMB

Kansas City, MO-based, $10.3 billion-asset UMB Financial Corp. Chairman and CEO Mariner Kemper said, "We continue to … build scale in our fee businesses – both organically and through acquisitions." In fourth quarter 2009, UMB acquired American National Bank's corporate trust business and saw trust and securities processing fees climb 30.3% to $34.4 million, up from $26.4 million in fourth quarter 2008, to comprise 41.2% of noninterest income, which jumped 19.7% to $83.4 million, up from $69.7 million. In contrast, insurance brokerage fee income slid 3.5% to $1.09 million, down from $1.13 million, and investment brokerage fees fell 24.7% to $1.68 million, down from $2.23 million, with insurance comprising 3.2% of noninterest income and investment brokerage comprising 4.9%. Net interest income on a 3.41% net interest margin decreased 9.2% to $66.2 million, down from $72.9 million, as loan loss provisions more than doubled to $11.5 million, but net income, helped by trust fees, rose 18.3% to $23.9 million, up from $20.2 million in fourth quarter 2008.

For the year 2009, trust fees slipped 1.5% to $120.5 million, down from $122.3 million in 2008, and investment brokerage fees slid 17.2% to $7.17 million, down from $8.66 million, but insurance brokerage fee income rose 5.3% to $4.8 million, up from $4.56 million. Trust income was the largest contributor to noninterest earnings, comprising 38.8% of that revenue, which slipped 0.8% to $310.2 million, down from $312.8 million. Investment brokerage and insurance fee income comprised 2.3% and 1.5%, respectively, of noninterest income. Net interest income grew 5.3% to $270.9 million, up from $257.2 million, despite an almost $15 million jump in loan loss provisions to $32.1 million, but net income decreased 8.8% to $89.5 million, down from $98.1 million in 2008. UMB President and Chief Operating Officer Peter deSilva said, "In 2009, we continued to focus on strengthening our competitive position in our diverse fee-based businesses with investments in infrastructure, people and acquisitions…. We will continue to evaluate acquisition opportunities as they arise."

In 2008, UMB Financial's trust income comprised 40.7% of its noninterest income and 21.3% of its net operating revenue. The company ranked 25th in fiduciary earnings among all U.S. bank holding companies (BHCs), according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

FEBRUARY 15 - 21, 2010

RISE IN INSURANCE, WEALTH MANGEMENT AND TRUST INCOME RAYS OF HOPE AT NATIONAL PENN

Boyertown, PA-based, $9.5 billion-asset National Penn Bancshares reported fourth quarter insurance brokerage fee income rose 7.6% to $3.97 million, up from $3.69 million in fourth quarter 2008, and bank-owned life insurance (BOLI) income grew 18.0% to $1.44 million, up from $1.22 million, but wealth management income slipped 1.7% to $7.41 million, down from $7.54 million. Insurance brokerage, BOLI and wealth management earnings comprised, respectively, 15.1%, 5.5% and 28.2% of $26.25 million in noninterest earnings, which contrasted with a noninterest loss of $46.2 million in fourth quarter 2008, when the company posted $79.5 million in investment securities losses. Plagued by loan issues, net interest income plunged 54.0% to $20.5 million, down from $44.6 million, as loan loss provisions soared by $29.5 million to $47 million. With the addition of a $275 million non-cash good will impairment charge, the company reported a fourth quarter net loss of $283.3 million.

For the year 2009, insurance brokerage fee income rose 1.9% to $15.7 million, up from $15.4 million in 2008, but BOLI income fell 22.4% to $4.92 million, and wealth management income decreased 9.4% to $28.9 million. With $4.4 million in net losses from fair value changes, $2.86 million in net losses in investment securities, and $101.8 million in net impairment losses on investment securities, the company reported a noninterest loss of $1.52 million compared to noninterest income of $22.8 million in 2008. Net interest income, hit by an almost $122 million increase in loan loss provisions to $154 million, plunged 55.3% to $98.5 million, down from $220.2 million, and with fourth quarter charges and payment of TARP (Troubled Asset Relief Program) dividends, the company reported a net loss of $356.4 million compared to net income of $31.9 million in 2008.

On January 27, 2010, National Penn Bank entered into a memorandum of understanding with the Office of the Comptroller of the Currency (OCC) and agreed to enhance its oversight of problem assets and processes for loan loss provisions and agreed to strengthen its internal loan review and credit administration. That same day, Scott Fainor was elected to National Penn Bancshares' Board of Directors and named President and CEO of the company. Fainor said, "National Penn's board and senior management team remain committed to taking proactive steps to address the challenges that National Penn, like others in our industry, continue to face."

In 2008, National Penn's insurance brokerage income comprised 12.7% of its noninterest income and 4.1% of its net operating revenue. The company ranked 33rd in insurance brokerage earnings among all U.S. bank holding companies (BHCs), according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

FEBRUARY 15 - 21, 2010

INSURANCE AND WEALTH MANAGEMENT FEE INCOME COMPRISE 30.4% OF 2009 NONINTEREST EARNINGS AT TRUSTMARK

Jackson, MS-based, $9.27 billion-asset Trustmark Corporation reported fourth quarter insurance brokerage fee income decreased 5.8% to $6.39 million, down from $6.78 million in fourth quarter 2008, and wealth management income fell 17.4% to $5.44 million, down from $6.58 million. Insurance and wealth management fee income comprised, respectively, 15.9% and 13.5% of noninterest income, which rose 5.1% to $40.28 million, up from $38.33 million, helped by a $2.16 million increase in mortgage banking income. Net interest income remained steady at $73.15 million compared to $73.04 million, despite a $1.02 million rise in loan loss provisions to $17.71 million. But, net income dropped 42.1% to $13.88 million, down from $23.98 million, reflecting an $8.2 million noncash charge and repayment of $215.72 million in principal and dividends to the U.S. Treasury ($109.3 million gained through a stock offering) and repurchase of a $10 million warrant issued to the U.S. Treasury.

For the year 2009, insurance brokerage fee income fell 10.4% to $29.08 million, and wealth management fee income dropped 22.0% to $22.08 million. Insurance was the second greatest contributor to noninterest income (behind service charges on deposit accounts), comprising 17.3% of that revenue, which slid 5.1% to $168.24 million. Wealth management income comprised 13.1% of noninterest earnings, as the fifth largest contributor to that revenue. Net interest income on a 4.25% net interest margin grew 13.9% to $286.8 million, as loan loss provisions rose to $77.1 million. But, net income, impacted by about a $15 million increase in noninterest expenses and the charges and payments noted in the fourth quarter, fell 19.8% from 2008 to $73.05 million.

In 2008, Trustmark's insurance brokerage income comprised 18.4% of its noninterest income and 6.5% of its net operating revenue. The company ranked 21st in insurance brokerage earnings among all U.S. bank holding companies (BHCs), according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

FEBRUARY 15 - 21, 2010

INSURANCE UP, INVESTMENT BROKERAGE AND TRUST DOWN AT F.N.B.

Hermitage, PA-based, $8.7 billion-asset F.N.B. Corporation President and CEO Stephen Gurgovits said, "F.N.B. continues to focus on its organic growth strategy and capitalizing on the opportunities created by the competitive disruption in our Pennsylvania markets." In the fourth quarter the company launched a successful sales campaign which resulted in a 52.% jump in fourth quarter investment brokerage fee income to $2.21 million, up from $1.45 million in the third quarter. These earnings, however, fell 11.5% short of fourth quarter 2008 investment brokerage fee income of $2.5 million. Trust income was also down, slipping 1.8% to $3.03 million, but insurance brokerage fee income grew 8.2% to $3.79 million. Insurance comprised 14.9% of noninterest income, which more than tripled to $25.4 million, propelled by a 426% in undefined "other" earnings. At the same time, net interest income on a 3.85% net interest margin, soared 143% to $45.3 million, as loan loss provisions were cut in half to $25.9 million, and the company reported $4.6 million in net income compared to a net loss of $18.9 million in fourth quarter 2008.

For the year, insurance brokerage fee income increased 7.1% to $16.7 million, but investment brokerage fee income fell 8.2% to $7.46 million, and trust income slipped 2.3% to $11.8 million. Insurance, investment brokerage and trust income comprised, respectively, 15.8%, 7.0% and 11.1% of noninterest income, which climbed 23% to $105.98 million. Net interest income increased 11.1% to $206.1 million, up from $185.5 million, as loan loss provisions decreased 7.7% to $66.8 million. Net income, impacted by increased expenses and fourth quarter noncash other than temporary impairment charges of $2.4 million, decreased 7.8% to $32.8 million, down from $35.6 million.

In 2008, F.N.B. Corp's insurance brokerage income comprised 12.2% of its noninterest income and 3.5% of its net operating revenue. The company ranked 38th in insurance brokerage earnings among all U.S. bank holding companies (BHCs), according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

FEBRUARY 22 - 28, 2010

INSURANCE SECOND LARGEST CONTRIBUTOR TO NONINTEREST INCOME AT BREMER DESPITE DECLINE

St. Paul, MN-based, $7.8 billion-asset Bremer Financial Corp. reported fourth quarter 2009 insurance brokerage fee income fell 17.1% to $5.86 million, down from $7.06 million in fourth quarter 2008, but remained the second largest contributor to noninterest income, behind service charges. Investment management and trust fees, however, grew 13% to $3.54 million, up from $3.13 million, and investment brokerage fee income jumped 30.5% to $2.3 million, up from $1.76 million. Insurance, investment management and trust fees and investment brokerage fees comprised, respectively, 20.9%, 12.7% and 8.2% of noninterest income, which increased 11.6% to $27.98 million, up from $25.06 million in fourth quarter 2008, helped by a $3.16 million gain on loan sales. Net interest income on a 4.03% net interest margin grew 14.7% to $58.47 million, up from $51 million, as loan loss provisions fell by 20% to $13.09 million, and net income, reflecting gains in interest and noninterest income, rose 2.1% to $15.52 million, up from $15.19 million in fourth quarter 2008.

For the year 2009, insurance brokerage fee income slid 5.7% to $14.75 million, down from $15.64 million; investment management and trust fees decreased 5.5% to $12.43 million, down from $13.15 million, and investment brokerage fee income fell 9.3% to $6.64 million, down from $7.33 million. Insurance, investment management and trust fees, and investment brokerage fee income comprised, respectively, 12.8%, 10.8% and 5.8% of noninterest income, which, bolstered by a 125% surge in gains on loan sales and an over $12 million gain on securities sales, jumped 21.2% to $114.9 million, up from $94.82 million. Net interest income on a 3.93% net interest margin slipped 3.6% to $214 million, down from $222 million, as loan loss provisions jumped 42.1% to $59.4 million, up from $41.8 million, and net income, reflecting loan loss provisions and an $11 million increase in FDIC insurance and fees, decreased 9.5% to $65.16 million, down from $72.02 million in 2008. Bremer Financial CEO Stan Dardis said, "Despite one of the most economically challenging years in history, the employees of Bremer remained focused on meeting the needs of our clients and our communities."

In 2008, Bremer Financial's insurance brokerage income comprised 17.9% of its noninterest income and 4.4% of its net operating revenue. The company ranked 94th in insurance brokerage earnings among all U.S. bank holding companies (BHCs), according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

FEBRUARY 22 - 28, 2010

COMBINED INSURANCE AND RETAIL BROKERAGE FEE INCOME JUMP 47.2% AT FIRST COMMONWEALTH

Indiana, PA-based, $6.4 billion-asset First Commonwealth Financial reported additional producers and an enhanced calling program at First Commonwealth Insurance Agency and First Commonwealth Advisors propelled fourth quarter insurance and retail brokerage fee income ahead 47.2% to $1.82 million, up from $1.24 million in fourth quarter 2008, to comprise 18.7% of noninterest income, which decreased 2.8% to $9.73 million, down from $10.01 million. Trust income and income from bank-owned life insurance (BOLI) rose, with trust income up 6.2% to $1.2 million, from $1.13 million; and BOLI income up 2.6% to $1.19 million from $1.16 million. Trust earnings comprised 12.3% of noninterest income, while BOLI comprised 12.2%. Net interest income on a 3.78% net interest margin dropped 22.9% to $32.38 million, down from $42.01 million, as loan loss provisions, impacted by a commercial and industrial loan in Western Pennsylvania that moved to nonaccrual status, almost doubled to $21,16 million, and net income tumbled 63.4% to $3.29 million, down from $8.99 million.

For the year 2009, insurance and retail brokerage fee income jumped 42.6% to $7.56 million, up from $5.3 million, to comprise 21.4% of noninterest income, which, hit by $35.3 million in net impairment losses, was more than sliced in half to $20.19 million, down from $42.8 million. Trust income decreased 14.9% to $4.8 million, down from $5.64 million, to comprise 13.6% of noninterest income, and BOLI fell 21.3% to $4.44 million, down from $5.52 million, to comprise 12.6% of noninterest income. Net interest income on a 3.71% net interest margin dropped 36.0% to $105.94 million, down from $165.5 million, as loan loss provisions more than quadrupled to $100.6 million, up from $23.1 million, and the company reported a net loss of $19.5 million compared to net income of $43.09 million in 2008, impacted by loan loss provisions and net impairment losses. First Commonwealth President and CEO John Dolan said, "We will continue to reduce the size of our individual credit exposure to be more in line with current policies." Regarding noninterest income, Dolan said the addition of more producers and an enhanced calling program generated higher insurance and retail brokerage commissions at year-end. He added, "In 2010 we will better integrate First Commonwealth's wealth management capabilities within the commercial and retail side of the bank."

In 2008, First Commonwealth's insurance brokerage income comprised 5.3% of its noninterest income and 1.2% of its net operating revenue. The company ranked 108th in insurance brokerage earnings among all U.S. bank holding companies (BHCs), according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

In 2008, First Commonwealth's investment program income (securities brokerage plus annuity commissions) comprised 7.3% of its noninterest income and 1.4% of its net operating revenue. The company ranked 85th in investment program earnings among all U.S. bank holding companies (BHCs), according to the *Michael White Bank Investment Program Income Report*.

FEBRUARY 22 - 28, 2010

BENEFITS ADMINISTRATION INCOME GROWS WITH CLIENTS AT COMMUNITY BANK SYSTEM

DeWitt, NY-based, $5.4 billion-asset Community Bank System reported "new client generation and favorable year-over-year comparisons from asset-based revenues" drove an 8.8% increase in revenue generated by its employee benefits administration and consulting businesses in the fourth quarter to $7.2 million, up from $6.6 million in fourth quarter 2008. At the same time, wealth management revenues jumped 23.5% to $2.38 million, up from $1.93 million, bolstered by improved demand and favorable market comparisons. Combined benefits administration and consulting income was the second largest contributor to noninterest income behind deposit service fees of $11 million and comprised 33.2% of noninterest earnings, which climbed 15.4% to $21.7 million. Wealth management income, the third largest contributor to noninterest earnings, comprised 11.0% of that revenue. Net interest income on a 3.86% net interest margin rose 6.2% to $40.36 million, as loan loss provisions increased by less than $200,000 to $2.59 million, but net income fell 21.7% to $9.4 million, as the company took a $3.1 million noncash charge for impairment of goodwill tied to its wealth management business, and took a $1.4 million special charge related to the early termination of a system services contract. Community Bank System President and CEO Mark Tryniski said, "We realized a solid fourth quarter revenue increase of more than 9% in a highly unfavorable business environment."

For the year 2009, benefit plan administration and consulting fees grew 7.8% to $27.8 million, up from $25.8 million in 2008, but asset management fee income slipped 0.2% to $8.63 million. Benefit and consulting fees comprised 33.2% of noninterest income, and asset management earnings comprised 10.3% of that revenue, which climbed 13.7% to $83.54 million, helped by a $3 million jump in mortgage banking revenues, a $6 million climb in deposit fees and the $2 million increase in benefit and consulting fees. Net interest income grew 9.8% to $155.7 million, up from $141.8 million, as a $7 million increase in interest income more than compensated for a $3.06 million increase in loan loss provisions to $9.79 million. But net income decreased 9.8% to $41.4 million, down from $45.9 million in 2008, impacted by fourth quarter charges. Tyniski said Community Bank System has not and never plans to participate in the Trouble Asset Relief Program (TARP). "We are confident," he said, "that we will continue to generate sufficient capital to respond to our business investment needs and the organic growth opportunities in our markets."

In 2008, Community Bank System's insurance brokerage income comprised 3.1% of its noninterest income and 1.0% of its net operating revenue. The company ranked 120th in insurance brokerage earnings among all U.S. bank holding companies (BHCs), according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

FEBRUARY 22 - 28, 2010

YEAR 2009 INSURANCE BROKERAGE AND TRUST FEES UP AT PINNACLE FINANCIAL

Nashville, TN-based, $5.1 billion-asset Pinnacle Financial Partners reported fourth quarter 2009 trust fees were a bright spot among noninterest earners, as these revenues climbed 26.8% to $705,906, up from $556,727 in fourth quarter 2008. In contrast, insurance brokerage fee income declined 1.4% to $894,990, down from $907,950. Investment services fee income decreased 1.7% to $1.14 million, down from $1.16 million in fourth quarter in fourth quarter 2008. Investment services income, insurance brokerage earnings and trust fees comprised, respectively, 8.6%, 10.9% and 13.9% of noninterest income, which rose 1.7% to $8.18 million, up from $8.04 million. Net interest income on a 3.19% net interest margin fell 18.5% to $21.34 million, down from $26.18 million, as loan loss provisions increased more than fourfold to $15.69 million, up from $3.71 million, and the company, impacted further by $6.7 million in net charge offs, reported a fourth quarter net loss of $3.98 million, compared to net income of $7.74 million the year before.

For the year 2009, insurance brokerage fee income climbed 14.5% to $4.03 million, up from $3.52 million, and trust fees grew 18.8% to $2.59 million, up from $2.18 million. Investment services fees, however, fell 15.0% to $4.18 million, down from $4.92 million. Insurance, trust and investment services earnings comprised, respectively, 10.2%, 6.5% and 10.5% of noninterest income, which grew 14.2% to $39.65 million, up from $34.72 million, bolstered by a $6.46 million gain on the sale of investment securities. Net interest income, however, plunged 86.4% to $14.03 million, down from $103 million, slammed by an over $105 million increase in loan loss provisions to $116.76 million. The company did not report its year 2009 overall results, but Pinnacle President and CEO M. Terry Turner said, "Given the uncertainty as to when the economic landscape will improve, we cannot forecast that our nonperforming assets have peaked."

In 2008, Pinnacle Financial's insurance brokerage income comprised 10.2% of its noninterest income and 2.4% of its net operating revenue. The company ranked 97th in insurance brokerage earnings among all U.S. bank holding companies (BHCs), according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

In 2008, Pinnacle Financial's fiduciary income comprised 6.3% of its noninterest income and 1.5% of its net operating revenue. The company ranked 206th in insurance brokerage earnings among all U.S. bank holding companies (BHCs), according to the *Michael White Bank Trust Fee Income Report*.

FEBRUARY 22 - 28, 2010

INSURANCE COMPRISES 30% OF NONINTEREST INCOME AT BENEFICIAL MUTUAL DESPITE DECLINES

Philadelphia, PA-based, $4.7 billion-asset Beneficial Mutual Bancorp reported insurance brokerage fee income in fourth quarter 2009 fell 16.3% to $1.85 million, down from $2.21 million in fourth quarter 2008. Insurance brokerage earnings comprised 29.7% of noninterest income, which surged 60.6% to $6.23 million, up from $3.88 million in fourth quarter 2008, when the company took a $2.58 million impairment charge on securities available for sale. Net interest income on a 3.29% net interest margin jumped 87.4% to $31.17 million, up from $16.63 million, bolstered by a $9.6 million reduction in loan loss provisions to $3.6 million. And the company reported net income of $6.19 million compared to a net loss of $2.94 million in fourth quarter 2008.

For the year 2009, insurance brokerage fee income fell 19.4% to $8.13 million, down from $10.09 million in 2008, and comprised 30.3% of noninterest income, which grew 13.8% to $26.85 million, up from $23.60 million, helped by a $6.53 million gain on the sale of investment securities, which helped overcome a $2.8 million slump in service charges. Net interest income on a 3.28% net interest margin climbed 17.4% to $111.65 million, up from $95.11 million, as interest earnings soared by over $13 million and loan and loss provisions declined by over $3 million. Net income rose 3.3% to $17.09 million, up from $16.55 million in 2008. Beneficial Mutual Bancorp President and CEO Gerald Cuddy said, "We believe that the economic crisis that has gripped our nation and adversely impacted our customers and communities will result in a refocus on financial responsibility."

In 2008, Beneficial Mutual Savings Bank's insurance brokerage income comprised 35.7% of its noninterest income and 6.7% of its net operating revenue. The company ranked 33rd in insurance brokerage earnings among all U.S. banks, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

MARCH 1 - 7, 2010

CLIMBING NONINTEREST INCOME BOLSTERS INCREASED EARNINGS AT U.S. BANKS AND THRIFTS

U.S. banks and savings institutions insured by the Federal Deposit Insurance Corporation (FDIC) reported aggregate net income of $914 million in fourth quarter 2009, a $38.7 billion improvement over the $37.8 billion net loss registered in fourth quarter 2008, according to the FDIC. More than half (50.3%) of all institutions reported year-over-year improvements in their quarterly net income, while those reporting fourth quarter losses decreased to 32.9%, down from 34.6% in 2008.

Noninterest income drove improved earnings in the quarter, jumping 53.2% to $62.4 billion, up from $40.7 billion in fourth quarter 2008, while net interest income, excluding loan loss provisions, rose 1.8% to $98.7 billion, up from $96.97 billion. Including loan loss provisions, which dropped 14.1% to $61.1 billion, down from $71.1 billion, net interest income on a 3.49% net interest margin grew 45.7% to $37.6 billion, up from $25.8 billion. In the quarter, banks and thrifts charged off $53 billion in uncollectible loans, up 37.3% from $38.6 billion in fourth quarter 2008; noncurrent loans and leases increased by $24.3 billion, and total loans and leases decreased $128.8 billion. Assets declined $137.2 billion (1%), and forty-five institutions failed.

For the year 2009, net income for all U.S. banks and thrifts combined surged 175.3% to $12.53 billion, up from $4.55 billion in 2008. Once again, noninterest income bolstered these earnings, climbing 25.4% to $260.5 billion, up from $207.7 billion in 2008. Net interest income, excluding loan loss provisions, increased 10.7% to $395.8 billion, up from $357.7 billion. Loan loss provisions, however, jumped 40.6% to $247.7 billion, up from $176.2 billion, driving net interest income down 18.4% to $148.1 billion, from $181.5 billion in 2008. Fewer than half (41%) of all banks and thrifts reported increased net income in 2009, and 29.5% reported net losses. Over the year, 140 banks failed, the highest total since 1992, and the Deposit Insurance Fund ended the year with a balance of negative $20.9 billion, reflecting a $44 billion contingent loss reserve. FDIC Chairman Sheila Bair said, "We saw signs of improvement in industry performance, but as we have said before, recovery in the banking industry tends to lag behind the economy, as the industry works through its problem assets."

MARCH 1 - 7, 2010

INSURANCE AND WEALTH MANAGEMENT EARNINGS SLIDE AT S&T

Indiana, PA-based, $4.2 billion-asset S&T Bancorp reported insurance brokerage fee income in the fourth quarter decreased 5.1% to $1.88 million, down from $1.98 million in fourth quarter 2008, and wealth management earnings declined 7.7% to $1.92 million, down from $2.08 million. Insurance and wealth management fee income, respectively, comprised 16.5% and 16.9% of noninterest income, which climbed 16.0% to $11.37 million, up from $9.8 million, bolstered by $2.2 million in fair market valuations for a deferred compensation plan trust and an added $3 million in mortgage banking revenues. Net interest income on a 3.94% net interest margin dropped 25.0% to $27.3 million, down from $36.4 million, as loan loss provisions grew by almost $5 million to $10.4 million, and net income tumbled 51.9% to $7.6 million, down from $15.8 million in fourth quarter 2008, reflecting a $5 million net charge off for two commercial real estate projects in New York and Connecticut; a $2.5 million net charge off for a commercial and industrial loan, and a $0.6 million net charge off for condominium construction loans in western Pennsylvania.

For the year 2009, insurance brokerage fee income slipped 4.3% to $7.75 million, down from $8.1 million in 2008. Wealth management income slid 5.9% to $7.5 million, down from $7.97 million. Insurance earnings comprised 17.7% of noninterest income, and wealth management comprised 17.2% of that revenue, which grew 11.7% to $43.67 million, up from $39.1 million, reflecting fourth quarter gains already described. Net interest income on a 3.89% net interest margin dropped 42.1% to $78.83 million, down from $136.22 million, as loan loss provisions increased by $59.5 million to $72.35 million, and net income plummeted to $2 million, down from $60.2 million in 2008. S & T Bancorp President and CEO Todd Brice said, "The economic events of 2009 presented previously unknown performance challenges and credit quality stresses that significantly affected our earnings this year." In 2009, the company paid the U.S. government $5.9 million in dividends and amortization associated with S & T's issuance of $108.7 million in stocks and warrants to the U.S. Treasury under the Troubled Assets Relief Program (TARP).

In 2008, S & T Bancorp's insurance brokerage income comprised 14.7% of its noninterest income and 3.2% of its net operating revenue. The company ranked 27th in insurance brokerage earnings among U.S. bank holding companies (BHCs) with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

MARCH 1 - 7, 2010

BOLI INCOME UP AT HEARTLAND

Dubuque, IA-based, $4 billion-asset Heartland Financial USA reported trust fees in fourth quarter 2009 jumped 23.4% to $2.16 million, up from $1.75 million, and bank-owned life insurance (BOLI) income of $362,000 contrasted with a $1.78 loss a year ago. In contrast, combined insurance and investment brokerage commissions dropped 30.3% to $697,000, down from $1 million. Trust fees, combined insurance and investment brokerage income and BOLI earnings comprised, respectively, 16.1%, 2.7% and 5.2% of noninterest income, which soared 157.7% to $13.4 million, up from $5.2 million, helped by $1.1 million in FDIC loss share payments associated with the company's FDIC-assisted third quarter Elizabeth State Bank acquisition, $2.19 million in net securities gains and an $837,000 increase in mortgage loan fees. Net interest income on a 4.04% net interest margin jumped 69.6% to $23.95 million, up from $14.12 million, as interest expenses dropped $4.5 million and provisions for loan losses fell $4.3 million, but non-cash goodwill impairment charges of $7.5 million and $5.2 million tied, respectively, to Billings, Montana-based Rocky

Mountain Bank and Phoenix, Arizona-based Arizona Bank drove a fourth quarter net loss of $7.9 million compared to a $2.7 million net loss in fourth quarter 2008.

For the year 2009, trust fees slipped 1.3% to $7.8 million, down from $7.9 million; and combined insurance and investment brokerage fee income decreased 16.1% to $3.12 million, down from $3.72 million. But BOLI generated $1 million in revenue compared to a $1.18 million loss in 2008. Trust fees, combined insurance and investment fee income and BOLI earnings comprised, respectively, 14.8%, 5.9% and 1.9% of noninterest income, which, helped by a $7.1 million increase in net securities gains and a $4.5 million increase in mortgage loan fees, jumped 74.5% to $52.7 million, up from $30.2 million. Net interest income on a 3.99% net interest margin grew 8.1% to $93.4 million, up from $86.4 million, as interest expenses decreased over $16 million, but net income, reflecting $19 million in goodwill impairment charges, dropped 41.8% to $6.4 million, down from $11 million in 2008. Heartland Chairman, President and CEO Lynn Fuller said, "The recognition of goodwill impairment at two of our banks was difficult, but it reduced a non-earning asset without any impact to our capital ratios." He added, "Heartland continues to experience solid operating income fueled by our exceptional net interest margin and strong noninterest income."

In 2008, Heartland Financial USA's insurance brokerage income comprised 2.5% of its noninterest income and 0.5% of its net operating revenue. The company ranked 88th in insurance brokerage earnings among U.S. bank holding companies (BHCs) with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

In 2008, Heartland's securities brokerage income comprised 8.1% of its noninterest income and 1.6% of its net operating revenue. The company ranked 33rd in securities brokerage earnings among U.S. bank holding companies (BHCs) with assets between $1 billion and $10 billion, according to the , according to the *Michael White Bank Investment Program Income Report*.

MARCH 1 - 7, 2010

TRUST EARNINGS TRENDING UP AT RENASANT

Tupelo, MS-based, $3.64 billion-asset Renasant Corp. reported fourth quarter insurance brokerage fee income fell 18.8% to $705,000, down from $868,000 in fourth quarter 2008, while trust revenues rose 1.5% to $559,000, up from $551,000. Insurance brokerage and trust earnings comprised, respectively, 6.5% and 4.2% of noninterest income, which increased 5.24% to $13.42 million. Net interest income on a 3.22% net interest margin climbed 43.3% to $17 million, as loan loss provisions dropped by $7.18 million to $7.8 million, and net income soared 1,638% to $4.03 million, up from $232,000 in fourth quarter 2008.

For the year 2009, insurance brokerage fee income slid 4.7% from 2008 to $3.32 million, and trust revenue fell 16.6% to $2.04 million. Insurance brokerage and trust earnings comprised, respectively, 5.8% and 3.5% of noninterest income, which rose 6.5% to $57.6 million. Net interest income on a 3.22% net interest margin fell 16.2% to $72.6 million, impacted by a $4.08 million increase in loan loss provisions to $26.9 million, and net income dropped 23% to $18.52 million. Renasant Chairman and CEO E. Robinson McGraw said, "The company experienced strong deposit growth due to management's strategic efforts to acquire low costing and noninterest bearing deposits." At the same time, "total loans declined year over year" and "our construction and development loan portfolio decreased an additional $150 million."

In 2008, Renasant Corp.'s insurance brokerage income comprised 7.4% of its noninterest income and 2.4% of its net operating revenue. The company ranked 43rd in insurance brokerage earnings among all U.S. banks with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

MARCH 1 - 7, 2010

INSURANCE AND INVESTMENT BROKERAGE INCOME GROWS AT BANK MUTUAL

Milwaukee, WI-based, $3.5 billion-asset Bank Mutual Corporation reported combined insurance and investment brokerage commissions in fourth quarter 2009 jumped 38.8% to $715,000, up from $515,000 in fourth quarter 2008. But income from bank-owned life insurance (BOLI) was more than cut in half to $927,000, down from $2 million, as the yield on that product was "adversely impacted by a relatively low interest rate environment during 2009," the company said. Insurance and investment brokerage income and BOLI income comprised, respectively, 12.9% and 16.7% of noninterest income, which fell 15.0% to $5.54 million, down from $6.52 million. Net interest income dropped 38.3% to $12.1 million, down from $19.6 million, as loan loss provisions skyrocketed 40-fold to $3.59 million, up from $89,000, and net interest income including loan losses dropped almost $5 million to $19.3 million. Net income tumbled 76.1% to $1.48 million, down from $6.19 million.

For the year 2009, insurance and investment brokerage fee income increased 6.1% to $2.79 million, up from $2.63 million in 2008, but BOLI income dropped 22.4% to $5.79 million. BOLI income and combined insurance and investment brokerage income comprised, respectively, 18.7% and 9.0% of noninterest income, which surged 75.0% to $30.99 million, bolstered by a $7 million jump in gains on loan sales and a $6.66 million net gain on securities sales compared to a $1.67 million loss in 2008. Net interest income tumbled 22.7% to $55.62 million, down from $71.92 million, as loan loss provisions soared by $11 million to $12.4 million. Net income dropped 20.2% to $13.73 million, down from $17.2 million in 2008. Bank Mutual Corp. Chairman, President and CEO Michael Crowley, Jr. said, "Our recent earnings performance has been impacted by difficult interest rate and economic environments that combine to erode the yields on our loans and investments and challenge some of our customers' ability to repay their loans."

MARCH 1 - 7, 2010

RISING INSURANCE EARNINGS COMPRISE 26.6% OF TOMPKINS' 2009 NONINTEREST INCOME

Ithaca, NY-based, $3.15 billion-asset Tompkins Financial Corp. reported insurance commissions and fees generated by Tompkins Insurance Agencies in fourth quarter 2009 rose 1.4% to $2.87 million, up from $2.83 million in fourth quarter 2008. Investment services income generated by Tompkins Investment Services also rose 1.4% but to 1.4% to $3.5 million, up from $3.45 million, while bank-owned life insurance income (BOLI) declined 12.5% to $316,000, down from $361,000. Insurance, investment services and BOLI income comprised, respectively, 23.6%, 28.8% and 2.6% of noninterest income, which climbed 17.5% to $12.14 million, up from $10.33 million in fourth quarter 2008, when the company recorded $1.8 million in a mark-to-market loss on liabilities held at fair value. Net interest income on a 3.89% net interest margin grew 10.7% to $25.14 million, up from $22.7 million, as loan loss provisions rose by only $653,000 to $2.76 million and net interest income not including provisions grew by over $3 million to $27.9 million. Net income grew 12.9% to $8.21 million, up from $7.27 million in fourth quarter 2008.

For the year 2009, insurance commissions and fees increased 6.0% to $12.31 million, up from $11.61 million in 2008, but investment services income slid 5.9% to $13.35 million, down from $14.18 million, and BOLI income fell 24.8% to $1.09 million, down from $1.45 million. Insurance, investment services and BOLI fee income comprised, respectively, 26.6%, 28.9% and 2.4% of noninterest income, which rose 0.4% to $46.2 million, up from $46 million. Net interest income climbed 13.7% to $97.75 million, up from $85.96 million, despite an over $4 million increase in loan loss provisions to $9.29 million. Net income grew 6.7% to a record $31.8 million, up from $29.8 million. Tompkins Financial President and CEO Stephen Romaine said, "We are obviously pleased to report record earnings in a year when the financial services industry has seen significant turmoil and when many in our industry have reported losses." He added, "We remain diligent in the monitoring of the credit portfolio, as we recognize that a continuation or worsening of the current economic situation may result in further stress on the portfolio."

In 2008, Tompkins Financial's insurance brokerage income comprised 25.5% of its noninterest income and 8.5% of its net operating revenue. The company ranked 15th in insurance brokerage earnings among all U.S. bank holding companies (BHCs) with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

MARCH 8 - 14, 2010

INSURANCE EARNINGS JUMP 32% AT CITY HOLDING

Charleston, WV-based, $2.6 billion-asset City Holding Company reported insurance commissions in fourth quarter 2009 climbed 13.1% to $1.11 million, up from $981,000 in fourth quarter 2008. Bank-owned life insurance (BOLI) income rose 1.9% to $753,000, up from $739,000, and trust and investment management fee income increased 6.0% to $549,000, up from $518,000. Insurance, BOLI and trust/investment fee income comprised, respectively, 8.6%, 5.8% and 4.2% of noninterest income, which surged fourfold to $12.92 million, up from $3.18 million a year ago, when the company recorded $10.8 million in investment securities losses. Net interest income increased 6.1% to $22.01 million, up from $20.74 million, as loan loss provisions dropped $3.77 million to $1.58 million, and net income soared 261% to $11.08 million, up from $4.25 million.

For the year 2009, City Holding said, "Increased insurance revenues of $1.4 million, or 32% [to $5.58 million, up from $4.21 million in 2008], associated with our wholly-owned insurance agency, City Insurance, helped offset lower service fee income." BOLI income grew 11.6% to $3.27 million, up from $2.93 million, and trust/investment management fee income rose 4.5% to $2.34 million, up from $2.24 million. Insurance, BOLI and trust/investment management fee income comprised, respectively, 10.7%, 6.3% and 4.5% of noninterest income, which surged 137% to $51.98 million, up from $21.94 million in 2008, when City recorded $38.27 million in investment securities losses. Net interest income, however, slipped 3.2% to $88.38 million, down from $91.33 million, helped by a $3.37 million decrease in loan loss provisions to $7.05 million. Net income, bolstered by soaring noninterest income, jumped 51.6% to $42.6 million, up from $28.1 million. City Holding Company President and CEO Charles Hageboeck said, "While the U.S. economy continued to struggle in 2009, I am quite pleased with City's results." He added, "City remains one of the most profitable, most liquid and best capitalized publicly traded banks in the U.S."

In 2008, City Holding's insurance brokerage income comprised 7.1% of its noninterest income and 2.6% of its net operating revenue. The company ranked

41st in insurance brokerage earnings among U.S. bank holding companies (BHCs) with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

MARCH 8 - 14, 2010

DECLINING INSURANCE REVENUE REMAINS LARGEST CONTRIBUTOR TO NONINTEREST INCOME AT COBIZ

Denver, CO-based, $2.5 billion-asset CoBiz Financial reported fourth quarter 2009 insurance brokerage fee income dropped 28.1% from 4Q 2008 to $2.58 million, but remained the largest contributor to noninterest income, comprising 39.8% of that revenue, which decreased 8.1% to $6.49 million. Trust/investment management fee income slid 3.5% to $1.36 million, to comprise 21.0% of noninterest income. Net interest income on a 4.36% net interest margin jumped almost fourfold to $8.44 million, as loan loss provisions decreased over $7 million to $16.56 million and expenses decreased by $4.2 million. But, the company, hit by $22.9 million in charge offs, reported a net loss of $4.5 million.

For the year 2009, the company set aside $105.7 million in loan loss provisions and recorded $73.5 million in net charge offs, impacting an $83 million net loss compared to $1.3 million in net income in 2008. CoBiz Chairman and CEO Steve Bangert said, "2009 was a tough year and one I wasn't sorry to see come to an end. We exit 2009 with a stronger capital base, record liquidity and a deeper management team."

In 2008, CoBiz Financial's insurance brokerage income comprised 47.3% of its noninterest income and 11.8% of its net operating revenue. The company ranked 10th in insurance brokerage earnings among U.S. bank holding companies (BHCs) with assets between $1 billion and $10 billion, according to the *Michael White Bank Investment Program Income Report*.

MARCH 8 - 14, 2010

BOLI JUMPS, INSURANCE SLIDES AT FIRST DEFIANCE

Defiance, OH-based, $2.06 billion-asset First Defiance Financial Corp. reported fourth quarter 2009 combined insurance and investment sales commissions generated by First Insurance and Investments slipped 3.6% to $1.08 million, down from $1.12 million in fourth quarter 2008, while trust income rose 4.8% to $109,000, and income from bank-owned life insurance (BOLI) of $219,000 contrasted with a $428,000 loss the year before. Insurance/investment, trust and BOLI earnings comprised, respectively, 19.4%, 2.0% and 3.9% of noninterest income, which more than doubled to $5.58 million, helped by $2.07 million in mortgage banking income compared to a $636,000 loss in that revenue in fourth quarter 2008. Net interest income on a 3.82% net interest margin, however, dropped 25.6% to $9.06 million, as loan loss provisions climbed by $4.65 million to $8.47 million. Net income, bolstered by noninterest earnings including insurance and investment fee income, jumped 81.8% to $1.6 million.

For the year 2009, combined insurance and investment sales commissions declined 8.7% to $5.02 million; trust income fell 7.4% to $415,000; but BOLI income jumped 72.4% to $557,000. Insurance brokerage, trust and BOLI income comprised, respectively, 19.1%, 1.6% and 2.1% of noninterest income, which grew 37.9% to $26.3 million, helped by an almost $7 million climb in mortgage banking income. Net interest income on a 3.76% net interest margin fell 11.1% to $44.09 million, as loan loss provisions climbed by over $10.6 million to $23.23 million. Net income grew 12.2% to $8.3 million, driven by noninterest earnings, including insurance, trust and BOLI revenue. First Defiance Financial Chairman, President and CEO William Small said, "We believe that the fundamentals of the company remain sound, but it will take time to work through the problem credits precipitated by the recession and current real estate downturn."

MARCH 8 - 14, 2010

INSURANCE COMPRISES 29.3% OF 2009 NONINTERST INCOME AT OHIO'S PEOPLES BANCORP

Marietta, OH-based, $2 billion-asset Peoples Bancorp reported lower property and casualty insurance commissions drove fourth quarter 2009 insurance brokerage fee income down 8.6% to $2.01 million, from $2.20 million in fourth quarter 2008, but insurance earnings remained the second largest contributor to noninterest income behind $2.67 million in service charges, comprising 25.8% of noninterest earnings, which slipped 0.5% to $7.78 million, down from $7.82 million in fourth quarter 2008. Income from bank-owned life insurance (BOLI) decreased 3.9% to $244,000, down from $254,000, to comprise 3.1% of noninterest income. But trust/investment management income rose 1.6% to $1.24 million, up from $1.22 million, to comprise 15.9% of noninterest earnings. Net interest income on a 3.50% net interest margin soared nearly sixfold to $8.66 million, up from $1.28 million, as loan loss provisions were almost cut in half to $6.76 million. The company reported net income of $0.7 million, compared to a net loss of $3.1 million in fourth quarter 2008.

For the year 2009, insurance brokerage fee income declined 5.2% to $9.39 million, down from $9.9 million, and, as the second largest contributor to noninterest income behind service charges, comprised 29.3% of that revenue, which slipped 0.2% to $32.05 million, down from $32.1 million. Trust/investment management income fell 8.2% to $4.72 million, down from $5.14 million to comprise 14.7% of noninterest income. BOLI decreased 33.5% to $1.05 million, down from $1.58 million, to comprise 3.3% of noninterest earnings. Net interest income climbed 17.1% to $36.12 million, up from $30.84 million, reflecting a $2 million decrease in loan loss provisions to $25.7 million and a $7.5 million decrease in expenses. Still, net income tumbled 69.0% to $2.31 million, down from $7.46 million in 2008. Peoples Bancorp President and CEO Mark Bradley said, "The year 2009 was a challenging year for our bottom-line earnings … caused by the economic downturn that started in 2008."

In 2008, Peoples Bancorp's insurance brokerage income comprised 30.1% of its noninterest income and 10.8% of its net operating revenue. The company ranked 18th in insurance brokerage earnings among all U.S. bank holding companies (BHCs) with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

MARCH 15 - 21, 2010

INSURANCE, TRUST, ANNUITY AND INVESTMENT FEE INCOME DOWN AT HANCOCK HOLDINGS

Gulfport, MS-based, $8.7 billion-asset Hancock Holding Company reported fourth quarter 2009 insurance brokerage fee income slid 5.7% to $3.33 million, down from $3.53 million in fourth quarter 2008. Investment and annuity fee income fell 17.4% to $1.66 million, down from $2.01 million, and trust fees slipped 1.7% to $3.94 million, down from $4.01 million. Insurance brokerage, investment and annuity, and trust fee income comprised, respectively, 5.3%, 2.6% and 6.2% of noninterest income, which more than doubled to $63.36 million, up from $30.41 million a year ago, helped by a $33.6 million gain on its FDIC-assisted acquisition of Panama City, FL-based, $1.72 billion-asset Peoples First Community Bank. Net interest income rose 1.3% to $47.87 million, up from $47.26 million, as loan loss provisions increased over $2.4 million; and net income, bolstered by noninterest earnings, more than doubled to $31.78 million, up from $15.22 million.

For the year 2009, Hancock Holding's trust fees declined 10.3% to $15.13, down from $16.86 million in 2008. Insurance brokerage earnings fell 13.2% to $14.36 million, down from $16.55 million, and investment and annuity fees dropped 24.0% to $8.22 million, down from $10.81 million. Trust, insurance brokerage, and investment and annuity fee income comprised, respectively, 9.6%, 9.1% and 5.2% of noninterest income, which jumped 23.1% to $157.33 million, up from $127.78 million in 2008, reflecting the aforementioned gain on acquisition. Net interest income increased 1.5% to $185.9 million, up from $183.1 million in 2008, despite an over $8.2 million increase in loan loss provisions. Net income, especially supported by noninterest earnings, grew 14.4% to $74.8 million, up from $65.4 million in 2008. Hancock Holding Company President and CEO Carl Chaney said, "The Company was able to take advantage of a strategic growth opportunity that we had positioned ourselves for by expanding into the Panhandle and the North Central Florida regions with the acquisition of Peoples First Community Bank…. This further expands Hancock's current Florida footprint into attractive, long-term growth markets."

In 2008, Hancock Holding's insurance brokerage income comprised 9.1% of its noninterest income and 3.4% of its net operating revenue. The company ranked 17th in insurance brokerage earnings among U.S. bank holding companies (BHCs) with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

In 2008, Hancock Holding's investment program income (including securities brokerage and annuity income) comprised 8.8% of its noninterest income and 3.3% of its net operating revenue. The company ranked 5th in investment program earnings among U.S. bank holding companies (BHCs) with assets between $1 billion and $10 billion, according to the *Michael White Bank Investment Program Income Report*.

MARCH 15 - 21, 2010

ARROW FINANCIAL REPORTS 20% JUMP IN INSURANCE BROKERAGE INCOME

Glens Falls, NY-based, $1.84 billion-asset Arrow Financial Corp. reported fourth quarter 2009 insurance commissions climbed 20.2% to $590,000, up from $491,000 in fourth quarter 2008, and comprised 15.5% of noninterest income, which fell 8.2% to $3.81 million, down from $4.15 million a year ago, when the company posted $412,000 in securities gains. Net interest income grew 6.3% to $15.2 million, as loan loss provisions were more than halved to $435,000, and net income rose 2.0% to $5.1 million, up from $5 million in fourth quarter 2008.

For the year 2009, insurance brokerage fee income grew 16.4% to $2.41 million, and comprised 12.3% of noninterest income, which climbed 20.4% to $19.59 million, up from $16.27 million in 2008, when the company took $1.61 million in securities losses. Net interest income grew 5.4% to $58.58 million, as loan loss provisions stood at $1.78 million. Net income reached a record $21.8 million, up 6.9% from a year ago. Arrow Financial President and CEO Thomas Hoy said, "We are pleased to report record earnings and continued growth of our franchise. Our concentration on the fundamentals has allowed the Company to achieve double-digit growth rates in several key balance sheet categories."

In 2008, Arrow Financial's insurance brokerage income comprised 12.3% of its noninterest income and 2.8% of its net operating revenue. The company ranked 63rd in insurance brokerage earnings among U.S. bank holding companies (BHCs) with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report.*

MARCH 15 - 21, 2010

RISING INSURANCE EARNINGS COMPRISE 70.3% OF NONINTEREST INCOME AT VIST

Wyomissing, PA-based, $1.31 billion-asset VIST Financial Corp. reported the September 2008 acquisition of Fisher Benefits Consulting helped VIST Insurance drive insurance brokerage earnings up 8.7% in the fourth quarter to $3.0 million, compared to $2.76 million in fourth quarter 2008. Brokerage and investment advisory fee income, however, fell 26.4% to $120,000, down from $163,000, and income from bank-owned life insurance (BOLI) dropped 40.6% to $111,000, down from $187,000. Insurance earnings dominated noninterest income, comprising 67.7% of that revenue, which slid 1.8% to $4.43 million, down from $4.51 million in fourth quarter 2008. Brokerage/investment advisory and BOLI fee income comprised, respectively, 2.7% and 2.5% of noninterest earnings. Net interest income on a 3.31% net interest margin grew 16.9% to $7.42 million, up from $6.35 million, as loan loss provisions decreased over $200,000 to $2.05 million. But, net income rose only slightly to $566,000, up from $565,000 in fourth quarter 2008, reflecting losses tied to Fannie Mae and Freddie Mac and $150,000 in net impairment losses on available-for-sale investment securities.

For the year 2009, insurance brokerage fee income grew 8.6% to $12.25 million, up from $11.28 million in 2008. Investment brokerage fee income fell 12.2% to $714,000, down from $813,000, and BOLI income dropped 43.3% to $391,000, down from $690,000. Insurance brokerage revenue was by far the largest contributor to noninterest income, comprising 70.3% of those earnings, which jumped 47.2% to $17.43 million, up from $11.84 million in 2008, when the company recorded a net $7.23 million loss on securities. Investment brokerage fee income and BOLI income comprised, respectively, 4.1% and 2.2% of noninterest income. Net interest income on a 3.21% net interest margin slumped 12.5% to $26.69 million, down from $30.51 million, as loan loss provisions increased by $3.64 million to $8.57 million. Net income tumbled 82% to $388,000, down from $2.15 million in 2008, impacted by $2.47 million in net impairment losses. VIST Financial President and CEO Robert Davis said, "We believe we are poised for growth across our banking, insurance and wealth management businesses as our regional and national economies improve."

In 2008, VIST Financial's insurance brokerage income comprised 64.0% of its noninterest income and 21.0% of its net operating revenue. The company ranked 16th in insurance brokerage earnings among all U.S. bank holding companies (BHCs) with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

In 2008, VIST Financial's investment program income (including securities brokerage and annuity income) comprised 5.6% of its noninterest income and 1.4% of its net operating revenue. The company ranked 115th in investment program earnings among all U.S. bank holding companies (BHCs) with assets between $1 billion and $10 billion, according to the *Michael White Bank Investment Program Income Report*.

MARCH 15 - 21, 2010

SHORE BANCSHARES' INSURANCE REVENUE COMPRISES 50% OF NONINTEREST EARNINGS

Easton, MD-based, $1.16 billion-asset Shore Bancshares reported insurance brokerage fee income in the fourth quarter fell 13.5% to $2.16 million, down from $2.5 million in fourth quarter 2008, but, as the largest contributor to noninterest income, comprised 52.3% of that revenue, which slid 6.4% to $4.13 million, down from $4.41 million. Net interest income fell 20.4% to $7.14 million, down from $8.96 million, as loan loss provisions surged 165% to $3.67 million, up from $1.39 million, and net income dropped 46.0% to $1.22 million, down from $2.26 million in fourth quarter 2008.

For the year 2009, insurance brokerage fee income declined 7.9% to $11.13 million, down from $12.09 million in 2008, and comprised 57.0% of noninterest income, which slid 4% to $19.54 million, down from $20.35 million. Net interest income fell 11.5% to $32.39 million, down from $36.58 million, despite a 170% jump in loan loss provisions to $8.99 million, up from $3.34 million. Net income dropped 53.0% to $5.4 million, down from $11.5 million in 2008. Shore Bancshares President and CEO Moorhead Vermilye said, "We are pleased to report a profitable final quarter and full year," and added, "We enter 2010 with a very conservative outlook."

In 2008, Shore Bancshares' insurance brokerage income comprised 58.3% of its noninterest income and 19.9% of its net operating revenue. The company ranked 14th in insurance brokerage earnings among all U.S. bank holding companies (BHCs) with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

MARCH 22 - 28, 2010

TRUST AND INVESTMENT MANAGEMENT FEE INCOME UP AT ESSA

Stroudsburg, PA-based, $1.03 billion-asset ESSA Bancorp announced trust and investment fee income in the fourth quarter increased 5.3% to $220,000, up from $209,000 in fourth quarter 2008, and bank-owned life insurance (BOLI) income rose 0.7% to $140,000, up from $139,000. Trust and investment fees and BOLI income comprised, respectively, 15.1% and 9.6% of noninterest income, which increased 9.8% to $1.46 million, up from $1.33 million, driven by a $155,000 gain on the sale of mortgage loans, which, together with trust, investment fees and BOLI earnings were the only sources of noninterest income that grew. Net interest income on a 2.45% net interest margin increased 2.4% to $6.78 million, up from $6.62 million, but net income dropped 33.8% to $794,000, down from $1.2 million in fourth quarter 2008, reflecting a $1.2 million pre-tax write-down tied to foreclosed real estate. ESSA Bancorp President and CEO Gary Olson said, "Overall, we continue to feel that our credit quality is strong, our fundamental banking business is solid and our capital position is outstanding."

MARCH 22 - 28, 2010

INSURANCE EARNINGS SLIDE 24.7% AT UNITED SECURITY BANCSHARES

Thomasville, AL-based, $691.8 million-asset United Security Bancshares reported its subsidiary FUSB Reinsurance, a credit life, accident and health insurance underwriter, generated $351,000 in insurance earnings in fourth quarter 2009, down 24.7% from $466,000 earned in fourth quarter 2008. Insurance income comprised 25.4% of noninterest income, which fell 27.0% to $1.38 million, down from $1.89 million, reflecting drops in all categories of noninterest revenue. Net interest income on a 5.71% net interest margin decreased 14.6% to $4.62 million, down from $5.41 million, as loan loss provisions increased by $1.71 million to $4.24 million, but with charge-offs, the Company reported a fourth quarter net loss of $414,000 compared to net income of $583,000 in fourth quarter 2008.

For the year 2009, insurance earnings slid 4.2% to $997,000, down from $1.02 million in 2008, and comprised 12.8% of noninterest income, which climbed 20.7% to $7.8 million, up from $6.46 million, bolstered by $2.7 million in proceeds from a lawsuit settlement. Net interest income declined 4.3% to $25.17 million, down from $26.3 million, despite only a slight ($200,000) increase in loan loss provisions. Net income decreased 11.1% to $4.8 million, down from $5.4 million in 2008. United Security Bancshares President and CEO R. Terry Phillips said, "United Security was solidly profitable in 2009; however, our earnings were lower than in 2008 due to higher credit costs related to the weak economy."

In 2008, United Security Bancshares' total insurance income comprised 16.1% of its noninterest income and 2.5% of its net operating revenue. The company ranked 38th in total insurance earnings among U.S. bank holding companies (BHCs) with assets between $500 million and $1 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*

MARCH 22 - 28, 2010

BOLI JUMPS AS INSURANCE DIVES AT PENNS WOODS

Williamsport, PA-based, $676.2 million-asset Penns Woods Bancorp reported fourth quarter 2009 insurance brokerage fee income sank 55% to $201,000, down from $446,000 in fourth quarter 2008, while income from bank-owned life insurance (BOLI) surged 181% to $295,000, up from $105,000. Insurance and BOLI earnings comprised, respectively, 9.7% and 14.3% of noninterest income, which jumped 42.8% to $2.07 million, up from $1.45 million in fourth quarter 2008, when the company recorded $314,000 in net securities losses. Net interest income on a 4.42% net interest margin rose 5.2% to

$5.87 million, up from $5.58 million. Net income increased 10.6% to $2.5 million, up from $2.26 million.

For the year 2009, insurance brokerage fee income fell 38.3% to $1.19 million, down from $1.93 million, and BOLI earnings jumped 51% to $713,000, up from $472,000. Insurance and BOLI income comprised, respectively, 52.0% and 31.1% of noninterest income, which dropped 58% to $2.29 million, down from $5.46 million, impacted by $4.85 million in net securities losses compared to $2.03 million in these losses in 2008. Net interest income on a 4.40% net interest margin rose 9.4% to $22.88 million, up from $20.9 million, despite a 145% increase in loan loss provisions to $917,000. But, net income, reflecting net securities losses, dropped 23.9% to $6.09 million, down from $8 million in 2008. Penns Wood Bancorp President and CEO Ronald Walko said, "The overall balance sheet growth, shift in liability composition and the level of core earnings have provided momentum that will be utilized to navigate through the upcoming year."

In 2008, Penns Woods Bancorp's insurance brokerage income comprised 25.8% of its noninterest income and 6.7% of its net operating revenue. The company ranked 27th in insurance brokerage earnings among all U.S. bank holding companies (BHCs) with assets between $500 million and $1 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

MARCH 22 - 28, 2010

INSURANCE COMPRISES 44.5% OF NORTHEAST'S NONINTEREST INCOME

Lewiston, ME-based, $612 million-asset Northeast Bancorp reported that in the quarter ended December 31, 2009, insurance brokerage fee income generated by Northeast Bank Insurance Group slipped 4% to $1.38 million, down from $1.43 million in the same quarter in 2008, and comprised 44.5% of noninterest income, which grew 15.2% to $3.10 million, up from $2.69 million, driven by a $303,000 increase in gains on mortgage loan sales. Investment brokerage fee income fell 12.0% to $535,000, down from $608,000 and comprised 17.3% of noninterest income. Net interest income rose 6% to $3.96 million, up from $3.72 million, as loan loss provisions increased by only $23,000 to $527,000. Net income surged 121% to $649,313, up from $293,575 in the same quarter in 2008. Northeast Bancorp President and CEO Jim Delamater said, "I am confident that our long term strategic plan is still on the mark…. We have a high level of product and income diversity, adequate loan loss reserve coverage and consistent demand for our products and services."

Northeast Bancorp subsidiary Northeast Bank Insurance Group operates fourteen insurance offices in Maine and New Hampshire and in 2008 enabled Northeast Bancorp to report $6.3 million in insurance brokerage income, which comprised 55.0% of its noninterest income and 23.5% of its net operating revenue. The company ranked 4th in insurance brokerage earnings among all U.S. bank holding companies (BHCs) with assets between $500 million and $1 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

In 2008, Northeast Bancorp earned $619,000 in investment program income (including securities brokerage and annuity income) that comprised 5.4% of its noninterest income and 2.3% of its net operating revenue. The company ranked 38th in investment program earnings among all U.S. bank holding companies (BHCs) with assets between $500 million and $1 billion, according to the *Michael White Bank Investment Program Income Report*.

MARCH 29 - APRIL 4, 2010

RECORD INSURANCE EARNINGS COMPRISE OVER 75% OF NONINTEREST INCOME AT ONEIDA

Oneida, NY-based, $591.2 million-asset Oneida Financial Corp. President and CEO Michale Kallet said Oneida reported record operating earnings, assets and deposits by managing risks through a diversified portfolio and business model. "Our insurance and financial services subsidiaries, Bailey Haskell & LaLonde and Benefit Consulting Group, continue to report a record level of revenue while the traditional banking services of Oneida Savings Bank have seen record levels of mortgage originations and deposit growth," he said.

In fourth quarter 2009, insurance brokerage fee income climbed 18.8% to $4.24 million, up from $3.57 million in fourth quarter 2008, and dominated noninterest income, comprising 76.7% of that revenue, which grew 16.4% to $5.53 million, up from $4.75 million. Net interest income on a 3.79% net interest margin increased 14.1% to $4.44 million, up from $3.89 million, as loan loss provisions declined by $80,000 to $200,000. But, net income fell 29.4% to $1.2 million, down from $1.7 million in fourth quarter 2008, when the company recognized Freddie Mac and Fannie May losses against ordinary income.

For the year 2009, insurance and investment brokerage fee income jumped 16.3% to $15.84, up from $13.62 million in 2008, and comprised 75.9% of noninterest income, which climbed 14.0% to $20.88 million, up from $18.32 million. Net interest income on a 3.69% net interest margin increased 10.2% to $16.67 million, up from $15.13 million, as loan loss provisions rose $235,000 to $760,000, and net income reached $4.1 million compared to a net loss of $1.7 million in 2008, when the company lost $7.68 million on the fair value of its investments.

In 2008, Oneida Savings Bank's insurance brokerage income comprised 80.2% of its noninterest income and 32.3% of its net operating revenue. The company ranked second in insurance brokerage earnings among U.S. banks with assets between $500 million and $1 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

MARCH 29 - APRIL 4, 2010

WELLS FINANCIAL REPORTS RISE IN INSURANCE COMMISSIONS

Wells, MN-based, $265.2 million-asset Wells Financial Corp. reported in insurance commissions in fourth quarter 2009 rose 2.7% to $154,000, up from $150,000 earned in fourth quarter 2008, and comprised 14.3% of noninterest income, which grew 37.8% to $1.08 million, up from $784,000, driven by gains on sales of mortgage loans. Net interest income on a 3.32% net interest margin slid 4.6% to $1.86 million, down from $1.95 million, despite a $50,000 decrease in loan loss provisions to $145,000. Net income slipped 3.3% to $440,000, down from $455,000 in fourth quarter 2008.

For the year 2009, insurance commissions increased 4.8% to $630,000, up from $601,000 in 2008, and comprised 12.0% of noninterest income, which jumped 47.9% to $5 million, up from

$3.38 million in 2008, propelled by $2.37 million in mortgage loan sales. Net interest income on a 3.36% net interest margin slipped 2.0% to $7.19 million, down from $7.34 million, as loan loss provisions grew by $477,000 to $980,000. Net income jumped 69.5% to $2.1 million, up from $1.25 million in 2008, driven by noninterest earnings.

APRIL 26 - MAY 2, 2010

BANK ANNUITY EARNINGS TICK UP 0.4% IN 2009

U.S. bank holding companies (BHCs) generated $2.62 billion in annuity fee income in 2009, up 0.4% from $2.61 billion earned in 2008, according to the *Michael White-ABIA Bank Annuity Fee Income Report*, which is based on data reported to the Federal Reserve Board (FRB) and Federal Deposit Insurance Corporation (FDIC).

That $2.62 billion of total annuity income comprised 13% of total BHCs' combined mutual fund and annuity income of $20.17 billion and 17.5% of total combined annuity and insurance brokerage fee income of $14.96 billion. In addition, among the top 50 BHC annuity earners, annuity revenue comprised a mean 8.5% of the companies' noninterest income, the *White-ABIA Report* shows.

Just under 43% (42.8%) of the nation's 913 large top-tier BHCs, or 391, sold annuities last year, led by BHCs with over $10 billion in assets, where 94.7% sold annuities and generated $2.48 billion in annuity revenue, up 1.2% from $2.45 billion in 2008. In contrast, 35.4% of BHCs with $500 million to $1 billion in assets sold annuities and saw annuity income drop 15.2% to $21.9 million, down from $25.8 million in 2008.

Banks were not the primary source of annuity earnings generated by BHCs. Of the nation's 7,247 banks, 985 or 13.6% reported annuity income. Their combined annuity earnings of $824.2 million accounted for 31.5% of total BHC annuity sales. The rest were generated by nonbank BHC subsidiaries.

San Francisco-based, $1.24 trillion-asset Wells Fargo & Company topped the list of BHC annuity generators, reporting annuity income, driven by the Wachovia acquisition, surged 475% to $678 million, up from $118 million in 2008. New York City-based, $2.03 trillion-asset JPMorgan Chase ranked a distant second, with a 9.64% decline in annuity earnings to $328 million. New York City-based, $771.5 billion-asset Morgan Stanley ranked third with $253 million, followed closely by Charlotte, NC-based, $2.2 trillion-asset Bank of America, which saw a 73% jump in annuity earnings to $251.8 million, helped by the Merrill Lynch acquisition. Pittsburgh-based, $269.9 billion-asset PNC Financial Services ranked 5th, reporting a 74.5% surge in annuity earnings to $121.3 million, helped by earnings generated by newly acquired National City.

In contrast, 6th place Birmingham, AL-based, $137 billion-asset Regions Financial reported annuity income fell 14.6% to $93.5 million; 7th place Atlanta, GA-based, $174 billion-asset SunTrust Bank's reported annuity earnings tumbled 35% to $80.5 million, and 8th place Minneapolis, MN-based $281 billion-asset U.S. Bancorp reported annuity income dropped 34% to $66 million. Ninth place Cleveland, OH-based, $92 billion-asset Keycorp and 10th place Winston-Salem, NC-based, $165.8 billion-asset BB&T Corp. reported modest earnings increases, rising respectively, 7.6% and 0.3% to $60.7 million and nearly $46.1 million, the *Michael White-ABIA Bank Annuity Fee Income Report* reveals. The *American Bankers Insurance Association* in Washington, DC sponsors the report. *To read more about its initial findings, click here*.

TOP 10 BANK HOLDING COMPANIES IN ANNUITY FEE INCOME YEAR-TO-DATE DECEMBER 31, 2009 - NATIONALLY

RANK	ANNUITY INCOME 2009	ANNUITY INCOME 2008	% CHANGE 2008 - 2009	BANK HOLDING COMPANY		ASSETS	% OF NONINT. INCOME
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$678,000	$118,000	474.58%	Wells Fargo & Company	CA	$1,243,602,000	1.63%
2	$328,000	$363,000	-9.64%	JPMorgan Chase & Co.	NY	$2,029,659,000	0.68%
3	$253,000	N/A	N/A	Morgan Stanley	NY	$771,453,000	1.11%
4	$251,828	$145,893	72.61%	Bank of America Corp.	NC	$2,217,711,899	0.40%
5	$121,284	$69,501	74.51%	PNC Financial Services Grp.	PA	$269, 921,958	1.54%
6	$93,532	$109,499	-14.58%	Regions Financial Corp.	AL	$142,354,415	2.66%
7	$80,455	$123,835	-35.03%	SunTrust Banks, Inc.	GA	$174,166,407	2.23%
8	$66,000	$100,000	-34.00%	U.S. Bancorp	MN	$281,176,000	0.79%
9	$60,725	$56,420	7.63%	Keycorp	OH	$92,400,254	3.32%
10	$46,074	$45,942	0.29%	BB&T Corporation	NC	$165,764,218	1.32%

SOURCE: Michael White-ABIA Bank Annuity Fee Income Report

MAY 24 - 30, 2010

U.S. BOLI ASSETS REACH NEARLY $135 BILLION IN 2009

Bank-owned life insurance (BOLI) assets reached $134.6 billion in 2009, according to the 2010 edition of the *Michael White-Meyer-Chatfield Bank-Owned Life Insurance (BOLI) Holdings Report*. The 2009 total reflected a 0.6% increase from $133.8 billion in 2008 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 the rising benefit costs.

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 (CSV) of life insurance held by BHCs and banks and the ratios of CSV to capital. The data in this report were submitted to regulators by 916 large top-tier BHCs with assets greater than $500 million and all 8,012 commercial banks, savings banks supervised by the Federal Deposit Insurance Corporation (FDIC), and savings associations or thrifts supervised by the Office of Thrift Supervision (OTS) that were operating on December 31, 2009. Among the study's most significant findings are these additional results:

- Large top-tier BHCs increased their 2009 BOLI holdings by 0.9% from $123.7 billion in 2008 to $124.8 billion in 2009. (See Table 1.)
- Of 1,461 stand-alone banks, those without BHCs, 428 or 28.6% recorded an additional $2.44 billion in BOLI holdings, up 2.4% from $2.38 billion in 2008.
- Of 765 savings association, 346 or 45.2% recorded an additional $7.38 billion in BOLI holdings, down 5.0% from $7.77 billion in 2008.
- Of the 916 large top-tier BHCs, 735 or 80.2% reported holding BOLI assets in 2009, representing a 3.2% increase in their number from the 712 in 2008. (See Table 2.)
- BHCs with assets between $1 billion and $10 billion reported the highest incidence of BOLI ownership, as 332 of 395 of them, or 84.1%, reported having BOLI assets. (See Table 2.)
- BHCs with assets greater than $10 billion reported the second highest incidence of BOLI ownership, as 62 of 77 BHCs, or 80.5%, reported having BOLI assets. (See Table 2.)
- The largest BHCs, those over $10 billion in assets, accounted for the largest dollar increase – $960 million – in their combined BOLI assets. Largest percentage increase was 5.9% among BHCs with assets between $500 million to $1 billion. (See Table 1.)
- Of 8,012 banks and savings associations operating on December 31, 2009, 3,834 or 47.9% reported holding BOLI assets of $122.81 billion, an increase of 0.5% from $122.25 billion in 2008. That growth in BOLI assets was one-twelfth the growth rate of 6.0% in 2008.
- The largest numerical and percentage increases in institutions reporting BOLI assets occurred among BHCs with $500 million to $1 billion in assets. Their number increased by 20 or 6.2% from 321 BHCs in 2008 to 341 in 2009.
- According to federal banking regulators, it is generally not prudent for a depository institution to hold BOLI assets with an aggregate cash surrender value (CSV) that exceeds 25 percent of total capital. Depending on the charter of each depository institution, total capital is defined either as Tier 1 capital or as the sum of the institution's Tier 1 capital and the allowance for loan and lease losses. Banks with assets between $300 million and $500 million recorded the highest mean BOLI assets as a percent (18.5%) of Tier 1 capital in 2009.
- Nationally, mean BHC BOLI assets as a percent of total capital increased from 13.37% in 2008 to 13.73% in 2009. (See Table 3.)

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

TABLE 1. TOTAL BOLI ASSETS HELD BY BANK HOLDING COMPANIES IN 2009

BANKS BY ASSET SIZE	2009	2008	PERCENT CHANGE
Over $10 billion	$111.12 billion	$110.16 billion	0.90%
$1 billion - $10 billion	$10.39 billion	$10.41 billion	-0.20%
$500 million - $1 billion	$3.28 billion	$3.10 billion	5.90%
All	$124.8 billion	$123.7 billion	0.90%

TABLE 2. NUMBER OF LARGE BANK HOLDING COMPANIES REPORTING BOLI ASSETS IN 2009

BANKS BY ASSET SIZE	2009	2008	PERCENT CHANGE
Over $10 billion	62	61	1.60%
$1 billion - $10 billion	332	330	0.60%
$500 million - $1 billion	341	321	6.20%
All	735	712	3.20%

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

LARGE BHCS BY ASSET SIZE	2009	2008	PERCENT CHANGE
Over $10 billion	12.54%	10.25%	22.30%
$1 billion - $10 billion	13.04%	13.04%	0.00%
$500 million - $1 billion	14.62%	14.29%	2.30%
All	13.73%	13.37%	2.70%

SOURCE: *Michael White-Meyer-Chatfield BOLI Holdings Report*

MAY 24 - 30, 2010

FIXED ANNUITY SALES FALL AT U.S. BANKS IN 2009

Sales of fixed annuities by U.S. banks and other depository institutions fell 7.5% in 2009 to $32.99 billion, down from $35.68 billion in 2008, as fixed rate annuity sales dropped 13.2%, enough to counter a doubling of indexed annuity sales and a 44% jump in sales of income annuities, according to an American Bankers Insurance Association (ABIA) report compiled by Evanston, IL-based Beacon Research. Throughout the year, sales fell quarter-to-quarter, moving from $10.95 billion in the first quarter to $8.7 billion, $7.25 billion and $6.09 billion in the second, third and fourth quarters, respectively. Ultimately, fourth quarter 2009 bank fixed annuity sales of $6.09 billion were down 43% compared to fourth quarter 2008 sales of $10.66 billion. Beacon Research President and CEO Jeremy Alexander said, "When credit spreads widen, fixed annuities will have an improved rate advantage, and sales to bank customers will improve because underlying demand for conservative investments remains strong."

Book value annuities remained the number one bank annuity product in 2009, and Houston, TX-based Western National Life continued as the top annuity provider in the bank channel, followed by Pacific Life, New York Life, AEGON/ Transamerica, Jackson National Life, Protective Life, W&S Financial Group, Lincoln Financial, Principal Financial and Hartford Life, according to Beacon.

MAY 24 - 30, 2010

FIRST QUARTER U.S. ANNUITY SALES DROP 27% YEAR-OVER-YEAR

U.S. annuity sales in the first quarter dropped 27% to $47.4 billion, down from $64.4 billion in first quarter 2009, as fixed annuity sales tumbled 52% to $16 billion, down from $34 billion, dwarfing the 3% rise in variable annuity sales to $31.4 billion, up from $30.4 billion a year ago, according to data supplied to the Insured Retirement Institute (IRI) by Chicago, IL-based Morningstar, Inc. and Evanston, IL-based Beacon Research.

Among fixed annuities, book value annuities retained their number one position, despite a 64.3% skid in sales to $6.85 billion, down from $19.19 billion in first quarter 2009. Indexed annuities ranked second, sliding 4.8% to $6.74 billion, down from $7.08 billion; income annuities ranked third, slipping 5.7% to $1.83 billion, down from $1.94 billion, and market value adjusted annuities ranked last, tumbling 79.8% to $1.32 billion, down from $6.55 billion. Beacon Research President and CEO Jeremy Alexander said, "A year ago, fixed annuity sales hit a record high because of the flight to safety and strong fixed annuity rate advantage. It's not surprising that year-over-year results were down substantially."

Among variable annuities, equity products accounted for 48.6% of sales, followed by fixed accounts (21.1%), allocation (15.7%), bonds (11.7%) and money market-based variable annuities (2.8%). Morningstar Director of Insurance Solutions Frank O'Connor said variable annuity sales reflect "the VA investor's desire for higher returns in a low rate environment coupled with a willingness to exchange a percentage of those potential returns for the protection offered by those benefits."

MAY 24 - 30, 2010

INDEXED ANNUITY AND LIFE SALES DECLINE IN FIRST QUARTER

First quarter sales of indexed annuities in the U.S. slid 3.9% to $6.8 billion, down from $7.08 billion in first quarter 2009, according to AnnuitySpecs.com Indexed Sales & Market Report. Minneapolis, MN -based Allianz Life remained the number one indexed annuity provider with a 20% market share, followed by West Des Moines, IA-based American Equity, Lansing, MI-based Jackson National and Des Moines, IA-based ING. Among banks and wirehouses, Jackson National retained its preferred position.

Sales of indexed life insurance were also down, falling 9.3% to $143 million, down from $157.7 million in first quarter 2009. in this market, Des Moines, IA-based Aviva ranked first with a 20% market share, followed by Newport Beach, CA-based Pacific Life, Montpelier, VT-based National Life Group, Cedar Rapids, IA-based AEGON Companies and St. Paul, MN-based Minnesota Life. Among all companies, the average policy premiums totaled $5,724, according to the report. AnuitySpecs.com President and CEO Sheryl Moore said, "Sales in 2009 set records in the indexed annuity industry. Last year was the second-highest year ever for indexed universal life sales. It is always hard to top sales levels when the benchmark is set that high."

MAY 31 - JUNE 6, 2010

BANK INSURANCE FEE INCOME REACHES RECORD LEVEL DESPITE TOUGH TIMES

Bank insurance brokerage fee income in 2009 reached a record level despite a difficult economy and soft commercial insurance markets, according to the *Michael White-Prudential Bank Insurance Fee Income Report*. Bank insurance brokerage income rose 4.6% from $11.80 billion in 2008 to $12.34 billion in 2009.

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 7,247 commercial and FDIC-supervised savings banks and 916 large top-tier bank holding companies (BHCs) operating on December 31, 2009.

"Last year was a tough one for insurance sales through banks. However, the less traditional financial institutions that joined the BHC ranks in 2009 helped the industry achieve a new revenue record in insurance brokerage," said Michael White, President of MWA. "It seemed for every bank holding company whose revenue production was up, another was down. So, we mustn't simply view the industry's outcome with rose-colored glasses. That being said, when one excludes institutions that did not engage in significant banking activities, sales revenues from insurance (and annuity) products were least concentrated among the big institutions, meaning more banks and BHCs benefited from selling insurance than benefited from selling securities or engaging in fiduciary or trust activities."

The largest BHCs, those with assets over $10 billion, had the highest participation (93.5%) in insurance brokerage activities. They managed a 6.8% increase in insurance brokerage income from $10.90 billion in 2008 to $11.63 billion in 2009. BHCs with assets between $1 billion and $10 billion experienced a 2.9% decline in insurance brokerage income from $586.1 million in 2008 to $569.0 million in 2009.

Excluding MetLife, which did not engage in significant banking activities, Wells Fargo & Company (CA), Citigroup, Inc. (NY), BB&T Corporation (NC), and Bank of America Corporation (NC) led all BHCs in insurance brokerage income in 2009. Among BHCs with assets between $1 billion and $10 billion, leaders included Eastern Bank Corporation (MA), 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 473 Broadway Holding Corporation (NY), Texas Independent Bancshares (TX), First Manitowoc Bancorp, Inc. (WI), 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), Hoosac Bank (MA), and Industry State Bank (TX).

"This report is a valuable tool that helps us continue to evolve our approach to sales of life insurance by the banking industry. Our product offerings now include an immediate issue single premium universal life insurance policy," said Joan H. Cleveland, senior vice president, Business Development with Individual Life Insurance, The Prudential Insurance Company of America. "This product, as well as our bank-distributed term insurance product, uses an innovative Internet-based application process that can deliver a policy in real-time."

Among the top 50 BHCs nationally in insurance brokerage concentration (i.e., insurance brokerage income as a percent of noninterest income), the mean Insurance Brokerage Concentration Ratio was 43.4%. Among the top 50 small banks in insurance brokerage concentration that are serving as proxies for small BHCs, the mean Insurance Brokerage Concentration Ratio was 72.6% of noninterest income. Among the top 50 BHC leaders in insurance brokerage productivity (i.e., insurance brokerage income per BHC employee), the mean Insurance Brokerage Productivity Ratio was $22,817 per employee. Among the top 50 small banks in insurance brokerage productivity, the adjusted mean Insurance Brokerage Productivity Ratio was $37,766 per employee. These performance benchmarks were all higher in 2009 than in 2008.

For more on the *Michael White-Prudential Bank Insurance Fee Income Report*, click here.

TOP 10 BANK HOLDING COMPANIES IN INSURANCE BROKERAGE FEE INCOME YEAR-END DECEMBER 31, 2009 - NATIONALLY

RANK	INSURANCE BROKERAGE FEE INCOME 2009	INSURANCE BROKERAGE FEE INCOME 2008	% CHANGE 2008 - 2009	BANK HOLDING COMPANY		ASSETS	CONCENTRATION RATIO: % OF NONINT. INCOME
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$1,725,000	$1,595,000	8.15%	Wells Fargo & Company	CA	$1,243,602,000	4.15%
2	$1,040,000	$1,207,000	-13.84%	Citigroup Inc.	NY	$1,856,063,000	3.24%
3	$922,489	$847,267	8.88%	BB&T Corporation	NC	$165,764,218	26.50%
4	$463,342	$432,206	7.20%	Bank of America Corp.	NC	$2,217,711,899	0.74%
5	$191,000	N/A	N/A	Morgan Stanley	NY	$771,453,000	0.84%
6	$136,016	N/A	N/A	American Express Co.	NY	$123,053,223	0.71%
7	$128,796	N/A	N/A	Discover Financial Services	IL	$68,570,088	3.14%
8	$124,000	N/A	N/A	Goldman Sachs Group, Inc.	NY	$844,806,000	0.33%
9	$122,000	N/A	N/A	GMAC Inc.	MI	$172,199,000	1.21%
10	$110,721	$113,187	-2.18%	Regions Financial Corp.	AL	$142,354,415	3.15%

SOURCE: Michael White-Prudential Bank Insurance Fee Income Report

MAY 31 - JUNE 6, 2010

U.S. FIXED ANNUITY SALES TUMBLE IN FIRST QUARTER

U.S. fixed annuity sales tumbled 52% in the first quarter to $16.7 billion, down from $34.8 billion in first quarter 2009, according to Evanston, IL-based Beacon Research. Book value fixed annuities retained their position as the number one annuity product sold, but dropped 64% to $6.8 billion, down from $17.8 billion in first quarter 2009 to comprise 41% of the fixed annuity market, the product's lowest market share since third quarter 2009. Indexed annuities ranked a close second with $6.7 billion, down 5% from a year ago. Fixed income annuities ($1.8 billion) and market value adjusted (MVA) annuities ($1.3 billion) ranked distant third and fourth, respectively, with fixed income declining 6% and MVAs dropping 80% compared to a year ago.

New York Life was the number one fixed annuity provider overall, and the company's book value product was the favored fixed annuity in the bank and savings and loan channel, according to Beacon's *Fixed Annuity Premium Study*. Beacon Research CEO Jeremy Alexander said, "Fixed annuity sales are down, which typically dampens sales, but sales may benefit from recent stock market volatility and the flight to safety." He added, "Long term we expect growth for fixed annuities due to rising demand from Baby Boomers nearing and entering retirement." *For more on the Fixed Annuity Premium Study, click here.*

JUNE 7 - 13, 2010

U.S. BANK HOLDING COMPANIES' TOTAL INSURANCE REVENUE HITS RECORD IN 2009

The nation's bank holding companies (BHCs) experienced an increase of 38.5 percent in their total insurance revenue from $10.88 billion in 2008 to a record $15.08 billion in 2009. (These figures exclude financial holding company MetLife, a traditional life insurance company that does not engage in significant banking activities.)

Citigroup, Inc. (NY), Bank of America Corporation (NC), and Wells Fargo & Company (CA) led all bank holding companies in total insurance income in 2009, 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.

"Despite the soft property-casualty market and tough economy, revenues from bank insurance activities made a decent showing in 2009. Among the top 50 in insurance revenue, the mean ratio of the concentration of total insurance revenue to noninterest income was 16.4 percent in 2009. Among the top 50 in this Concentration Ratio, the mean was 46.6 percent," said Michael D. White, President of MWA. "For those BHCs seriously engaged in them, insurance activities clearly continue to make meaningful contributions to banking noninterest income and net operating revenues."

During 2009, 609 bank holding companies (or 66.5 percent of all large top-level BHCs reporting) earned some type of insurance-related revenue. Including MetLife, total BHC insurance revenue increased 11.1 percent from $42.53 billion in 2008 to $47.24 billion in 2009, also a record. Excluding MetLife, which did not engage in significant banking activities, total BHC insurance income was a record $15.08 billion in 2009, up 38.5 percent from $10.88 billion in 2008. Both BHC insurance brokerage and underwriting reached record levels of income in 2009 whether excluding or including MetLife Inc.

"Bank insurance brokerage and underwriting were both up last year," said Valerie Barton, ABIA Executive Director. She continued, "BHCs managed to hold their own in the overall generation of total insurance income and even establish new revenue-records in both brokerage and underwriting. Overall, the prospects for a resumption of long-term growth in bank insurance revenues remain positive."

TOP 10 BANK HOLDING COMPANIES IN TOTAL INSURANCE INCOME YEAR-END DECEMBER 31, 2009 - NATIONALLY

RANK 2009	RANK 2008	TOTAL INSURANCE INCOME	BANK HOLDING COMPANY	STATE
(ALL DOLLAR AMOUNTS IN THOUSANDS)				
1	1	$3,020,000	Citigroup Inc.	NY
2	3	$2,759,959	Bank of America Corp.	NC
3	2	$2,126,000	Wells Fargo & Company	CA
4	N/A	$2,099,000	GMAC Inc.	MI
5	4	$1,047,757	BB&T Corporation	NC
6	N/A	$442,000	The Goldman Sachs Group, Inc.	NY
7	N/A	$429,036	American Express Company	NY
8	6	$417,000	JPMorgan Chase & Co.	NY
9	5	$382,236	HSBC North America Holdings	IL
10	N/A	$191,000	Morgan Stanley	NY

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

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 the institution's total noninterest income.

Other findings include:

- Joining the top 50 in total insurance revenue in 2009 were GMAC Inc. (MI), Goldman Sachs Group, Inc. (NY), American Express Company (NY), Morgan Stanley (NY), Discover Financial Services (IL), Armed Forces Benefit Association (VA), CIT Group Inc. (NY), NBT Bancorp Inc. (NY), and International Bancshares Corporation (TX). All but the latter two were newly chartered bank holding companies in 2009.

- Among the top 50 nationally and those BHCs operating in 2008, NBT Bancorp Inc. (NY) increased its rank in total insurance income the most, having jumped from 83rd place at the end of 2008 to 42nd by year-end 2009. The PNC Financial Services Group, Inc. (PA) and International Bancshares Corporation (TX) each jumped 24 rungs of the ladder, respectively, from 36th to 12th place and 72nd to 48th place in the rankings. Most of the top 50 that operated in 2008 declined in the rankings, if only because of the addition to the list of new BHCs that were highly ranked in total insurance revenue.

To read the entire report from Michael White and the American Bankers Insurance Association, click here.

JULY 5 - 11, 2010

ICBA REINSURANCE PAYS COMMUNITY BANKS 2009 DIVIDENDS

Washington, DC-based ICBA Reinsurance, the captive credit life subsidiary of the Independent Community Bankers of America (ICBA) paid $125,000 in dividends to the more than 75% of U.S. community banks that generated positive underwriting results in 2009 selling credit life and disability insurance reinsured by the company. ICBA Reinsurance President and CEO Stephen Ello said, "The ICBA Reinsurance dividend program continues to help community bank participants by providing additional access to capital, which they can invest to serve the needs of their communities." Over the past eight years, participating community banks have shared $1.1 million in dividends.

JULY 19 - 25, 2010

BANK ANNUITY FEE INCOME DROPS 20.7% IN FIRST QUARTER

Income earned from the sale of annuities at bank holding companies (BHCs) fell 20.7% to $582.6 million in first quarter 2010, down from $734.5 million in first quarter 2009, according to the Michael White-ABIA Bank Annuity Fee Income Report. Reaching their lowest point since fourth quarter 2007, first-quarter annuity commissions were also 6.8% less than the $624.8 million earned in fourth 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 7,177 commercial and FDIC-supervised banks and 951 large top-tier bank holding companies operating on March 31, 2010.

Of the 951 BHCs, 379 or 39.9% participated in annuity sales activities during first quarter 2010. Their $582.6 million in annuity commissions and fees constituted 10.2% of their total mutual fund and annuity income of $5.70 billion and 14.9% of total BHC insurance sales volume (i.e., the sum of annuity and insurance brokerage income) of $3.90 billion. Of the 7,177 banks, 848 or 11.8% participated in first-quarter annuity sales activities. Those participating banks earned $186.1 million in annuity commissions or 31.9% of the banking industry's total annuity fee income. Bank annuity production was down 27.2% from $255.7 million in first quarter 2009.

Seventy-three percent (72.7%) of BHCs with over $10 billion in assets earned first-quarter annuity commissions of $547.8 million, constituting 94.0% of total annuity commissions reported. This was a decrease of 21.4% from $697.1 million in annuity fee income in first quarter 2009. Among this asset class of largest BHCs, annuity commissions made up 12.5% of their total mutual fund and annuity income of $4.37 billion and 14.9% of their total insurance sales volume of $3.67 billion in first quarter 2010.

BHCs with assets between $1 billion and $10 billion recorded a decrease of 3.2% in annuity fee income, declining from $30.7 million in first quarter 2009 to $29.7 million in first quarter 2010 and accounting for 2.2% of their mutual fund and annuity income of $1.33 billion.

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

RANK	ANNUITY INCOME 1Q 2010	ANNUITY INCOME 1Q 2009	% CHANGE 2009 - 2010	BANK HOLDING COMPANY		ASSETS	% OF NONINT. INCOME
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$169,000	$177,000	-4.52%	Wells Fargo & Company	CA	$1,223,511,000	1.67%
2	$82,000	$37,000	121.62%	Morgan Stanley	NY	$819,710,000	0.95%
3	$60,000	$90,000	-33.33%	JPMorgan Chase & Co.	NY	$2,133,547,000	0.45%
4	$44,458	$111,002	-59.95%	Bank of America Corp.	NC	$2,333,898,691	0.25%
5	$24,338	$25,538	-4.70%	Regions Financial Corp.	AL	$137,287,286	3.46%
6	$16,578	$15,549	6.62%	Keycorp	OH	$94,303,414	3.94%
7	$13,873	$26,475	-47.60%	SunTrust Banks, Inc.	GA	$171,796,255	1.99%
8	$12,000	$20,000	-40.00%	U.S. Bancorp	MN	$282,428,000	0.62%
9	$11,084	$13,345	-16.94%	Huntington Bancshares Inc.	OH	$51,628,186	4.87%
10	$10,695	$12,319	-13.18%	BB&T Corporation	NC	$163,700,076	1.50%

SOURCE: Michael White-ABIA Bank Annuity Fee Income Report

BHCs with $500 million to $1 billion in assets generated $5.15 million in annuity commissions in first quarter 2010, down 23.0% from $6.69 million in first quarter 2009. Only 29.8% of BHCs this size engaged in annuity sales activities, which was the lowest participation rate among all BHC asset classes. Among these BHCs, annuity commissions constituted the smallest proportion (11.6%) of total insurance sales volume of $44.2 million.

Wells Fargo & Company (CA), Morgan Stanley (NY), JPMorgan Chase & Co. (NY), and Bank of America Corporation (NC) led all bank holding companies in annuity commission income in first quarter 2010. Among BHCs with assets between $1 billion and $10 billion, leaders included Stifel Financial Corp. (MO), Hancock Holding Company (MS), National Penn Bancshares (PA), and First Interstate Bancsystem (MT). Among BHCs with assets between $500 million and $1 billion, leaders were First American International Corp. (NY), First Citizens Bancshares, Inc. (TN), Citizens Banchsares (OH), and Ironhorse Financial Group (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 FNB Bank, N.A. (PA), Baker-Boyer National Bank (WA), The Hardin County Bank (TN), and Republic Bank & Trust (OK) and Sturgis Bank & Trust Company (MI) tied for fifth.

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 6.8% in first 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 16.2% of noninterest income, the *Michael White-ABIA Bank Annuity Fee Income Report* reveals.

JULY 26 - AUGUST 1, 2010

FIXED ANNUITY SALES TUMBLE 61% AT U.S. BANKS

Fixed annuity sales at U.S. banks and other depository institutions tumbled 61% in the first quarter to $4.26 billion down from $10.92 billion in first quarter 2009, impacted by lower rate advantages over bank certificates of deposit (CDs), according to survey estimates compiled by Evanston, IL-based Beacon Research. Houston, TX-based Western National Life led as the number one fixed annuity provider in the bank channel ($1.1 billion), followed by New York Life ($800.9 million) and trailed by Des Moines, IA-based Principal Financial Group ($246.7 million), Cincinnati, OH-based W & S Financial Group Distributors ($245.4 million) and Radnor, PA-based Lincoln Financial Group ($188.4 million).

Book annuities dominated fixed annuity products sold in the first quarter, replaced only in 8th place by an indexed annuity and in 10th place by an income annuity.

Regarding overall fixed annuity sales, Beacon Research CEO Jeremy Alexander said, "For the remainder of 2010, bank sales of fixed annuities will rise of their rate advantage over CDs grows." He added, "Certainly the demand for conservative investments for bank customers will continue to be strong."

AUGUST 2 - 8, 2010

BOLI ASSETS UP IN FIRST QUARTER

Bank-owned life insurance (BOLI) assets reached $135.8 billion in the first quarter of 2010, reflecting a 1.6% increase from $133.7 billion in the first quarter of 2009, according to the *Michael White-Meyer-Chatfield BOLI Holdings Report*. The first quarter 2010 total for BOLI holdings is the sum of 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 the rising benefit costs.

Compiled by Michael White Associates 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 ratio of CSV to capital possessed by BHCs and banks. The data herein were reported by 951 large top-tier BHCs with assets greater than $500 million and 7,932 commercial banks, thrifts and FDIC-supervised savings banks operating on March 31, 2010. Among the study's most significant findings are these:

- Large top-tier BHCs increased their BOLI holdings by 1.8% from $123.7 billion in first quarter 2009 to $125.98 billion in first quarter 2010.
- Of 1,443 stand-alone banks, those without BHCs, 423 or 29.5% recorded $2.42 billion in first quarter BOLI holdings, up 1.6% from $2.39 billion in first quarter 2009.
- Of 755 savings association, 346 or 45.8% recorded $7.44 billion in BOLI holdings, down 2.1% from $7.60 billion in first quarter 2009.
- Of the 951 large top-tier BHCs, 770 or 81.0% reported holding BOLI assets in first quarter 2010, representing a 2.3% increase in their number from the 753 in first quarter 2009.
- BHCs with assets greater than $10 billion reported the highest incidence of BOLI ownership, as 65 of 77 BHCs, or 84.4%, reported having BOLI assets.
- Of 7,932 banks and savings associations operating on March 31, 2009, 3,820 or 48.2% reported holding BOLI assets of $123.52 billion, an increase of 8.1% from $114.28 billion in first quarter 2009.

TABLE 1. TOTAL BOLI ASSETS HELD BY BANK HOLDING COMPANIES IN 1Q 2010

BANKS BY ASSET SIZE	1Q 2010	1Q 2009	PERCENT CHANGE
Over $10 billion	$97.67	$91.45	6.80%
$1 billion - $10 billion	$13.29	$11.80	12.60%
$500 million - $1 billion	$4.73	$4.11	15.00%
$300 million - $500 million	$3.05	$2.63	16.00%
$100 million - $300 million	$3.88	$3.44	12.80%
Under $100 million	$0.90	$0.85	5.70%
All	**$123.52**	**$114.28**	**8.10%**

TABLE 2. NUMBER OF LARGE BANK HOLDING COMPANIES REPORTING BOLI ASSETS IN 1Q 2010

BANKS BY ASSET SIZE	1Q 2010	1Q 2009	PERCENT CHANGE
Over $10 billion	70	63	11.10%
$1 billion - $10 billion	418	365	14.50%
$500 million - $1 billion	498	460	8.30%
$300 million - $500 million	530	485	9.30%
$100 million - $300 million	1,432	1,324	8.20%
Under $100 million	872	878	0.70%
All	**3,820**	**3,575**	**6.90%**

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

BANKS BY ASSET SIZE	1Q 2010	1Q 2009	PERCENT CHANGE
Over $10 billion	16.80%	15.26%	10.10%
$1 billion - $10 billion	16.33%	13.50%	21.00%
$500 million - $1 billion	16.43%	13.47%	22.00%
$300 million - $500 million	17.24%	14.08%	22.50%
$100 million - $300 million	15.35% *	14.17%	46.00%
Under $100 million	17.30%	15.40%	12.30%
All	**16.33% ***	**14.32%**	**28.00%**

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

- Total bank BOLI holdings increased 0.58% from $122.81 billion at year-end 2009 to $123.52 billion year-to-date on March 31, 2010.

- The total number of banks and thrifts reporting BOLI assets increased 245 or 6.9% from 3,575 in first quarter 2009 to 3,820 banks in first quarter 2010. (See Table 2.)

- Banks with assets between $1 billion and $10 billion had the highest rate of reporting BOLI assets, as 418 of 575 banks or 72.7% reported having them in the first quarter of 2010.

- The largest banks, those over $10 billion in assets, accounted for the largest dollar increase – $6.22 billion – in their combined BOLI assets. Banks with assets between $300 million and $500 million registered the largest percentage increase in total BOLI assets, rising 16.0% from $2.63 billion in the first quarter of 2009 to $3.05 billion in first quarter 2010. (See Table 1.)

- The largest increase in the number of banks reporting BOLI assets occurred among banks with $100 million to $300 million in assets. Their number increased by 108 from 1,324 banks in first quarter 2009 to 1,432 in first quarter 2010. (See Table 2.)

- 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 from 14.32% in first quarter 2009 to 16.33% in first quarter 2010. (See Table 3.)

- Among the largest bank holding companies (BHCs) with assets over $10 billion, the 36.4% increase in allowances for loan and lease losses from $180.8 billion in the first quarter of 2009 to $246.5 billion in the first quarter of 2010 resulted in an 8.2% increase in the sum of Tier 1 Capital and the allowances. The loss allowances nearly quadrupled from $64.2 billion in first quarter 2007, and Tier 1 capital rose 58% during the same period. These increases in capital and allowances for losses among the largest BHCs kept a lid on their BOLI-to-capital ratio and that of the industry.

AUGUST 9 -15, 2010

ON A ROLL: SECOND STRAIGHT QUARTER OF RECORD RESULTS FOR BANK INSURANCE BROKERAGE INCOME

Marking the highest quarterly results achieved, first-quarter bank holding company (BHC) insurance brokerage income of $3.32 billion was up 9.6% from $3.03 billion in first quarter 2009, according to the *Michael White-Prudential Bank Fee Income Report.* The last two quarters have registered the highest watermarks ever recorded in BHC insurance brokerage fee income. Thus far in 2010, 60.2% of 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 7,177 commercial banks and FDIC-supervised savings banks and 951 large top-tier bank holding companies operating on March 31, 2010.

"The less traditional financial institutions that joined the bank holding companies ranks in 2009 helped the industry achieve a second consecutive revenue record in insurance brokerage," said Michael White, President of MWA. "It seemed for every BHC whose revenue production was up, another was down. Among the top 100 BHCs in insurance brokerage income, 38 showed positive growth, 6 were steady, and 7 registered small declines under 2%. Not bad for a soft market that is in its sixth year of stymieing organic growth."

Among companies with significant banking activities as of March 31, 2010, Wells Fargo & Company (CA) topped the leader board with insurance brokerage earnings of $531.0 million. Citigroup Inc. (NY) ranked second nationally with $247.0 million in insurance brokerage fee income. BB&T Corporation (NC), which owns more agencies than any other fi-

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

(ALL DOLLAR AMOUNTS IN THOUSANDS)

RANK	INSURANCE BROKERAGE FEE INCOME 1Q 2010	INSURANCE BROKERAGE FEE INCOME 1Q 2009	% CHANGE 1Q 2009 - 1Q 2010	BANK HOLDING COMPANY		ASSETS	CONCENTRATION RATIO: % OF NONINT. INCOME
1	$531,000	$483,000	9.94%	Wells Fargo & Company	CA	$1,223,511,000	5.26%
2	$247,000	$250,000	-1.20%	Citigroup Inc.	NY	$2,001,675,000	3.89%
3	$225,121	$226,790	-0.74%	BB&T Corporation	NC	$163,700,076	31.58%
4	$140,339	$79,633	76.23%	Bank of America Corp.	NC	$2,333,898,691	0.79%
5	$68,000	$14,000	385.71%	Morgan Stanley	NY	$819,710,000	0.79%
6	$42,509	$21,452	98.16%	American Express Co.	NY	$142,295,548	0.89%
7	$33,660	N/A	N/A	Discover Financial Services	IL	$64,918,501	7.93%
8	$33,000	N/A	N/A	GMAC Inc.	MI	$179,394,000	1.47%
9	$27,772	$29,469	-5.76%	Regions Financial Corp.	AL	$137,287,286	3.94%
10	$27,000	$15,000	80.00%	JPMorgan Chase & Co.	NY	$2,133,547,000	0.20%
11	$21,781	$22,751	-4.26%	BancorpSouth Inc.	MS	$13,243,436	37.34%
12	$19,000	$15,000	26.67%	Goldman Sachs Group, Inc.	NY	$876,382,000	0.17%

SOURCE: *Michael White-Prudential Bank Insurance Fee Income Report*
Ranking excludes MetLife, Inc., which does not engage in significant banking activities.
Prudential is a proud Platinum member of the American Bankers Insurance Association (ABIA)

nancial holding company, ranked third with $225.1 million in insurance brokerage revenue in first quarter 2010.

Bank holding companies over $10 billion in assets continued to have the highest participation (90.8%) in insurance brokerage activities. These BHCs produced $3.13 billion in insurance fee income in first quarter 2010, 10.7% more than the $2.82 billion they produced in first quarter 2009. These large bank holding companies accounted for 94.1% of all BHC insurance brokerage fee income earned in first quarter 2010.

"While the economy continues to be volatile, it's interesting to note that bank insurance brokerage income has attained record highs for two successive quarters," said Joan Cleveland, senior vice president, Business Development with Individual Life Insurance, The Prudential Insurance Company of America, Newark, NJ. "Recent experience tells us that people are making a point to re-evaluate their life insurance needs. In tough times, it's more important than ever to protect loved ones and businesses with sound insurance products."

Among bank holding companies with between $1 billion and $10 billion in assets, leaders in insurance brokerage income in first quarter 2010 included Eastern Bank Corporation (MA), Old National Bancorp (IN), Stifel Financial Corp. (M0), and Johnson Financial Group, Inc. (WI). Bank holding companies of this size registered a 6.7% decrease in insurance brokerage income to $156.5 million in first quarter 2010, up from $167.7 million in first quarter 2009.

Among bank holding companies with assets between $500 million and $1 billion, leaders were Two Rivers Financial Group (IA), 473 Broadway Holding Corporation (NY), Evans Bancorp (NY), and Texas Independent Bancshares (TX).

The smallest community banks, those with less than $500 million in assets, were used as "proxies" for the smallest bank holding companies , 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) and First State Bank (IA).

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

AUGUST 23 -29, 2010

COMMUNITY BANKS BOAST IMPROVING INVESTMENT PROGRAMS

Community bank investment programs are off to a better start in 2010 thanks to an increase in annuity commissions, according to the *Michael White Community Bank Investment Programs Report*.

Issued quarterly by Michael White Associates, LLC (MWA), the report measures and benchmarks investment programs at community banks, i.e., those with assets under $4 billion. The current report is based on data reported by 7,007 commercial and FDIC-regulated savings banks operating on March 31, 2010.

"This report finds that first quarter revenue of community bank investment programs surpassed where they started and ended in 2009," said Michael White, president of Michael White Associates and author of the report. "The report's metrics also show improvements in Program Productivity and Density, key measures by which to gauge investment program strength."

Program Production

In first quarter 2010, 1,412 or 20.2% of community banks participated in investment program activities, producing $110.1 million in program income. Community bank investment program income increased 4.6% from $105.3 million in the prior quarter (i.e., fourth quarter 2009) and rose 12.6% from $97.8 million in first quarter 2009.

The number of banks participating in investment program activities was down by 6.0% or 90 banks from 1,502 banks in first quarter 2009. These community banks achieved average investment program fee income of $77,969 in first quarter 2010, up 19.7% from $65,115 last year.

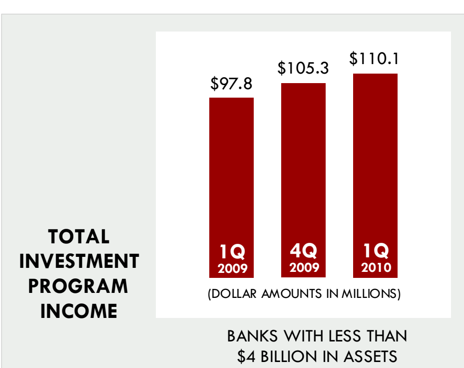
Program Penetration

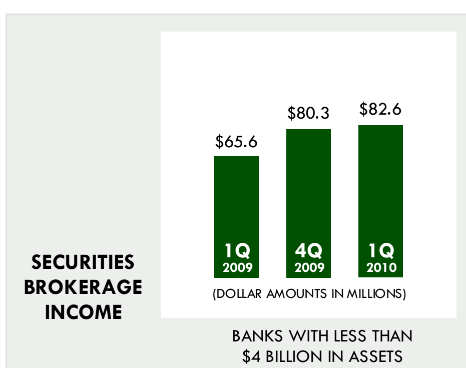
The Penetration of an investment program is measured as the amount of program revenue generated per million dollars of core or retail deposits. These deposits substitute as a measure of retail customers and the breadth of the customer relationship, since the data for retail customers or retail households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

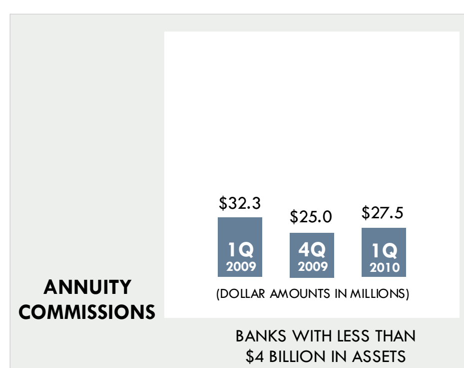
"In first quarter 2010, community banks earned mean investment program income of $245 per million dollars of retail bank deposits," said White. "In contrast, big banks with assets over $4 billion attained a higher mean Investment Program Penetration of $341 per million dollars of retail deposits; so, 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







SOURCE: Michael White Community Bank Investment Programs Report 1Q 2010 bank investment programs are among their banks' non-lending activities.

Community banks had virtually the same mean Concentration of investment program income to noninterest income as larger banks in first quarter 2010. As a group, community banks achieved a Concentration ratio of 8.4%. Large banks, those with assets greater than $4 billion, had a similar mean Concentration ratio of 8.5%.

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 2010, mean community bank employee Productivity was $587 per bank employee, or $2,348 per employee when annualized for year-end projection purposes.

Program Density

Measured as the amount of program fee income per domestic banking office, Program Density evaluates the relative density of program income among banking locations, the critical physical assets in generating investment program income. Mean density per domestic community bank office was an adjusted $11,533 (unadjusted, it was $14,460) in first quarter 2010, and at that quarterly rate projected to be $46,132 per banking office by yearend.

Revenue Mix – Securities Brokerage

Community banks earned securities brokerage fee income of $82.56 million, up 25.9% from $65.59 million in first quarter 2009, and it was up 2.8% from $80.29 million in fourth quarter 2009. Security brokerage revenues constituted 75.0% of total investment program income of $110.1 million in first quarter 2010, down from a revenue mix of 76.3% in the prior quarter, but up from a cumulative mix of 71.4% for all of 2009.

Of the 1,412 banks with assets under $4 billion that reported earning investment program income, 1,255 banks or 88.9% reported earning commissions and fees from securities brokerage, and 646 banks or 45.8% reported earning securities brokerage fee income only.

Revenue Mix – Annuities

Community banks earned annuity fee income of $27.54 million, down 14.5% from $32.21 million in first quarter 2009, but up 10.3% from $24.97 million in fourth quarter 2009. Annuity commissions constituted 25.0% of community bank investment program income in first quarter 2010, up from a revenue mix of 23.7% in the prior quarter, but down from a cumulative mix of 28.6% for all of 2009. With 11.3% of 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 1,412 community banks that reported earning investment program income, 766 banks or 54.2% reported earning annuity commissions, and 157 banks or 11.1% reported earning annuity income only. This latter finding of 157 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 investment programs. The number of community banks reporting only annuity income dropped 6.0% from 167 banks in first quarter 2009.

Leaders – Investment Program

First-quarter leaders in investment program fee income among big banks with assets under $4 billion were CenterState Bank of Florida, N.A. (FL) with $6.39 million, up 138.7% from $2.68 million in first quarter 2009; North Shore Community Bank & Trust Company (IL) with $3.56 million, up 58.1% from $2.25 million; BAC Florida Bank (FL) with $2.28 million, up 354.5% from $501,000; TIB The Independent Bankersbank (TX) with $2.06 million, down 36.7% from $3.25 million; and Espirito Santo Bank (FL) with $1.88 million, up from zero in first quarter 2009.

Leaders – Annuities

First-quarter 2010 leaders in annuity fee income among banks under $4 billion in assets were Bank of Hampton Roads (VA) with $1.15 million, up from zero in first quarter 2009; Sumitomo Trust and Banking Co. (U.S.A.) (NJ) with $821,000, up from zero; First Victoria National Bank (TX) with $515,000, up 10.3% from $467,000; Lake City Bank (IN) with $442,000, up 41.2% from $313,000; and United Bank (WV) with $428,000, down 35.6% from $665,000 in first quarter 2009.

Click here for more information on the *Michael White Community Bank Investment Programs Report.*

AUGUST 23 -29, 2010

INDEXED ANNUITY & LIFE INSURANCE SALES NEARING RECORDS

Indexed annuity sales in the second quarter reached $8.3 billion, just 0.1% short of the record sold in second quarter 2009, according to Pleasant Hill, IA-based *AnnuitySpecs.com*. Minneapolis, MN-based Allianz Life remained the number one indexed annuity provider with a 19% market share, followed by Des Moines, IA-based Aviva, Des Moines, IA-based American Equity, Radnor, PA-based Lincoln National and Chicago-based North American Company for Life and Health Insruance, respectively. Annuity Specs President and CEO Sheryl Moore credited the robust sales to the fact that "CD rates are at 1% and fixed annuities [are] crediting a mere 3.65% on average."

Indexed life insurance sales showed continued growth, jumping 25% to $165.8 million, up from $132.6 million in second quarter 2009. Aviva with an 18% market share remained the number one provider of this product, followed by Newport Beach, CA-based Pacific Life, Horsham, PA-based Penn Mutual, Cedar Rapids, IA-based AEGON Companies and St. Paul, MN-based Minnesota Life, respectively. Moore said, "Indexed life is finally transitioning from a niche product to mainstream insurance." The average premium for each indexed life product sold in the second quarter totaled $7,036, according to *AnnuitySpecs.com*.

AUGUST 30 - SEPTEMBER 5, 2010

SECOND QUARTER VARIABLE ANNUITY SALES CONTINUE UP; FIXED ANNUITY SALES CHOPPY

U.S. fixed annuity sales in the second quarter dropped 30.2% to $19.4 billion, down from $27.8 billion in second quarter 2009, while variable annuity sales rose 8.2% to $34.4 billion, up from $31.8 billion the year before, according to the Insured Retirement Institute based on data supplied by Evanston, IL-based Beacon Research and Chicago, IL-based Morningstar. Compared to first quarter 2010, fixed annuity sales climbed 17.7%, up from $16.5 billion, and variable annuity sales increased 9%, up from $31.6 billion.

Commenting on quarter-to-prior-quarter results, Beach Research President and CEO Jeremy Alexander said, "The spread between Treasury and corporate bond yields widened. This enabled fixed annuities to offer competitive credit rates."

SEPTEMBER 6 - 12, 2010

COMBINED EARNINGS UP AT U.S. BANKS, AS LOAN LOSS PROVISIONS DROP 40%

U.S. commercial banks and savings institutions earned a combined profit of $21.6 billion in the second quarter, a $26 billion improvement over the $4.4 billion net loss reported in second quarter 2009, according to the Federal Deposit Insurance Corporation (FDIC). A 40.2% drop in loan loss provisions to $40.3 billion, down from $67.4 billion a year ago, drove improved earnings the FDIC said, as insured banks and thrifts charged off $49 billion in uncollectable loans, down from $49.21 billion.

While total loans and leases slid 1.4% to $107.5 billion, and assets an insured deposits slipped, respectively 1% and 0.7%, average return on assets (ROA) rose to 0.65%, up from 0.13% a year ago. In addition, nearly two-thirds of all institutions reported increased earnings, 13% remained flat and 20% reported net losses, compared to 29% a year ago. The number of banks on the problem list, however, grew 7% to 829, up from 775, and 45 failed in the second quarter. FDIC Chairman Sheila Bair said, "Earnings remain low by historical standards, and the numbers of unprofitable institutions, problem banks and failures remain high. But the banking sector is gaining strength. Earnings have grown and most asset quality indicators are moving in the right direction."

SEPTEMBER 6 - 12, 2010

BOOK VALUE ANNUITIES BIG SELLERS AT U.S. BANKS, WIREHOUSES & LARGE BROKER-DEALERS

U.S. banks and savings institutions sold New York Life's book value annuities more than any other fixed annuity product in the second quarter, according to Evanston, IL-based Beacon Research. Wirehouses and large and regional broker-dealers also favored book value annuities, while captive insurance agents and independent broker-dealers sold primarily fixed income annuities, and independent producers sold previously fixed indexed products.

Fixed indexed annuities were the biggest seller in the quarter, rising 0.4% over second quarter 2009 to $8.2 billion. Fixed book value annuities followed, dropping 48% to $7.2 billion. Fixed income annuities ranked a distant third, growing 10% to $2.4 billion, and market value annuities dropped 57% to rank last with $1.5 billion. Overall, total fixed annuity sales fell 30% to $19.4 billion, down from 14.9% in second quarter 2009, Beacon Research found.

SEPTEMBER 6 - 12, 2010

U.S. BANKS RANK SECOND WITH 18.5% OF VARIABLE ANNUITY SALES

U.S. banks accounted for 18.5% ($2.18 billion) of all variable annuity products sold in the second quarter, enough to rank second among all providers. ndependent broker-dealers ranked first, generating 48% ($5.66 billion) of all variable annuity sales. Proprietary agents ranked third behind banks with 15.5% ($1.83 billion), followed by regional broker-dealers with 10.5% ($1.24 billion), wirehouses with 6.8% ($805 million) and direct response providers with 0.7% ($85.6 million), according to the Advanced Sales and Marketing Corporation.

OCTOBER 4 - 10, 2010

U.S. BHC ANNUITY FEE INCOME UP LAST QUARTER BUT STILL DOWN IN FIRST HALF

Income earned from the sale of annuities at bank holding companies (BHCs) rose to $640.9 million, up 10.0% from $582.6 million in first quarter 2010 and up 8.0% from $593.1 million earned in second quarter 2009, according to the *Michael White-ABIA Bank Annuity Fee Income Report*. First-half annuity commissions of $1.22 million, however, were off 7.8%, down from $1.22 billion in first half 2009.

Compiled by Michael White Associates (MWA) and sponsored by the 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 7,077 commercial and FDIC-supervised banks and 930 large top-tier bank holding companies operating on June 30, 2010.

Of the 930 BHCs, 387 or 41.6% participated in annuity sales activities during first half 2010. Their $1.22 billion in annuity commissions and fees constituted 10.8% of their total mutual fund and annuity income of $11.33 billion and 15.1% of total BHC insurance sales volume (i.e., the sum of annuity and insurance brokerage income) of $8.10 billion. Of the 7,077 banks, 894 or 12.6% participated in first-half annuity sales activities. Those participating banks earned $375.0 million in annuity commissions or 30.6% of the banking industry's total annuity fee income. However, bank annuity production was down 22.6% from $484.3 million in first half 2009.

Nearly seventy-three percent (72.7%) of BHCs with over $10 billion in assets earned first-half annuity commissions of $1.15 billion, constituting 94.0% of total annuity commissions reported. This revenue represented a decrease of 8.4% from $1.26 billion in annuity fee income in first half 2009. Among this asset class of largest BHCs in the first half, annuity commissions made up 10.3% of their total mutual fund and annuity income of $11.16 billion and 15.0% of their total insurance sales volume of $7.65 billion.

BHCs with assets between $1 billion and $10 billion recorded an increase of 4.9% in annuity fee income, rising from $59.6 million in first half 2009 to $62.5 million in first half 2010 and accounting for 37.4% of their mutual fund and annuity income of $167.1 million. BHCs with $500 million to $1 billion in assets generated $11.0 million in annuity commissions in first half 2010, down 8.2% from $12.0 million in first half 2009. Only 32.3% 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 (12.9%) of total insurance sales volume of $84.9 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 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), Ironhorse Financial Group, Inc. (OK), and First Citizens Bancshares, Inc. (TN). The smallest community banks, those with assets less than $500 million, were used as

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

RANK	ANNUITY INCOME YTD 2Q 2010	ANNUITY INCOME YTD 2Q 2009	% CHANGE 2009 - 2010	BANK HOLDING COMPANY		ASSETS	% OF NONINT. INCOME
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$347,000	$340,000	2.06%	Wells Fargo & Company	CA	$1,225,742,000	1.76%
2	$160,000	$87,000	83.91%	Morgan Stanley	NY	$809,448,000	0.97%
3	$121,000	$175,000	-30.86%	JPMorgan Chase & Co.	NY	$2,011,851,000	0.49%
4	$79,113	$137,971	-42.66%	Bank of America Corp.	NC	$2,359,350,594	0.24%
5	$52,360	$48,970	6.92%	Regions Financial Corp.	AL	$135,392,660	3.66%
6	$37,400	$68,408	-45.33%	PNC Financial Services Grp.	PA	$261,769,262	1.32%
7	$34,611	$29,459	17.49%	Keycorp	OH	$93,329,344	3.87%
8	$28,372	$46,096	-38.45%	Suntrust Banks, Inc.	GA	$170,668,470	1.82%
9	$28,000	$37,000	-24.32%	U.S. Bancorp	MN	$283,243,000	0.69%
10	$24,045	$17,912	34.24%	BBVA USA Banchsares, Inc.	TX	$65,109,021	6.13%

SOURCE: *Michael White-ABIA Bank Annuity Fee Income Report* "proxies" for the smallest BHCs, which are not required to report annuity fee income. Leaders among bank proxies for small BHCs were Sturgis Bank & Trust Company (MI), 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 Annuity Concentration Ratio was 6.1% in first 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 17.1% of noninterest income.

OCTOBER 11 - 17, 2010

SECURITIES BROKERAGE DRIVES INVESTMENT PROGRAM INCOME UP AT U.S. COMMUNITY BANKS

Community bank investment programs continued to strengthen in the second quarter due to increases in securities brokerage fee income and annuity commissions, according to the *Michael White Community Bank Investment Programs Report*.

Issued quarterly by Michael White Associates, LLC (MWA), the report measures and benchmarks investment programs at community banks, i.e., those with assets under $4 billion. The current report is based on data reported by 7,077 commercial and FDIC-regulated savings banks operating on June 30, 2010.

"Community bank investment programs continue gaining steam in 2010, surpassing year-to-date production in 2009," said Michael White, president of Michael White Associates and author of the report. "Our findings show improvements in Program Concentration, Penetration, Productivity and Density, key measures by which to gauge investment program strength."

Program Production

In first half 2010, 1,458 or 21.1% of community banks participated in investment program activities, producing $226.3 million in program income. Community bank investment program income increased 5.5% from $110.1 million in the prior quarter (i.e., first quarter 2010) and rose 12.4% from $103.4 million in second quarter 2009.

These community banks achieved average year-to-date investment program fee income of $155,191 in first half 2010, up 21.2% from $128,076 in last year's first half. The number of banks participating in investment program activities was down by 7.2% or 113 banks from 1,571 banks at the end of the second quarter 2009.

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.

"In first half 2010, community banks earned mean investment program income of $462 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 $679 per million dollars of retail deposits. There is by comparison, then, room for continued improvement and 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.

Community banks had a mean Concentration of investment program income to noninterest income 3 points greater than larger banks in first half 2010. As a group, community banks achieved a Concentration ratio of 7.7%. Large banks, those with assets greater than $4 billion, had a mean Concentration ratio of 4.7%.

Program Productivity

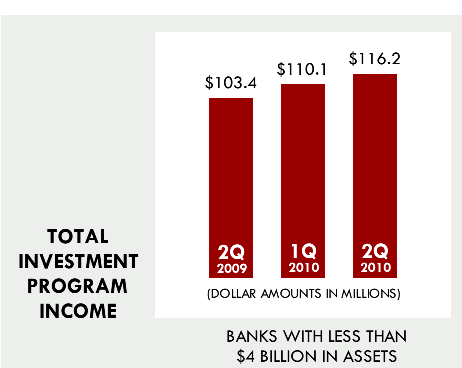
Investment Program Productivity measures the amount of program fee income per bank employee. Program Productivity enables us to assess the relative generation of income among bank employees, which are frequently the important human assets in generating customer referrals and the attendant fee income earned from those customer relationships. At the end of second quarter 2010, mean community bank employee Productivity was $1,160 per bank employee, or $2,320 per employee when annualized for yearend projection purposes. Mean annualized productivity per employee through the second quarter was down 1.2% from the annualized figure for first quarter.

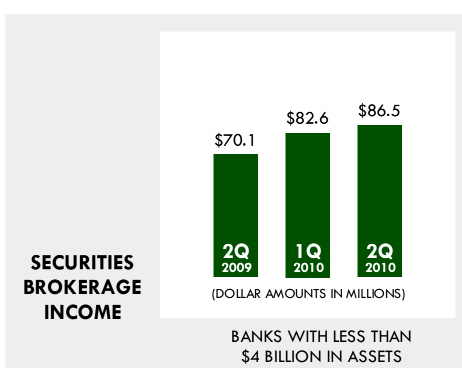
Program Density

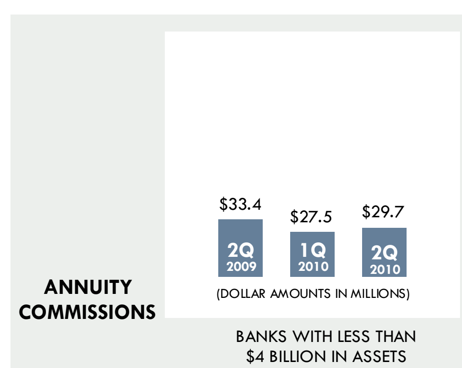
Measured as the amount of program fee income per domestic banking office, Program Density evaluates the relative density of program income among banking locations, the critical physical assets in generating investment program income. Mean density per domestic community bank office was an adjusted $19,610 (unadjusted, it was $26,448) in first half 2010. The projected annualized adjusted rate was $39,220 per banking office for the year.

Revenue Mix – Securities Brokerage

Community banks earned securities

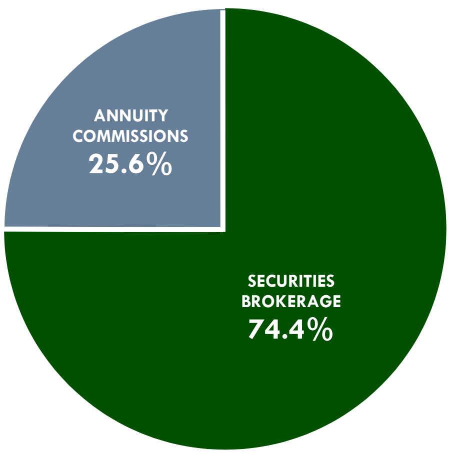






SOURCE: Michael White Community Bank Investment Programs Report 2Q 2010

INVESTMENT PROGRAM REVENUE MIX
YTD FIRST HALF 2010
BANKS WITH LESS THAN $4 B IN ASSETS



brokerage fee income of $169.0 million, up 24.6% from $135.6 million in first half 2009. Second quarter brokerage revenues of $86.5 million were up 4.8% from $82.6 million in first quarter 2010. Security brokerage revenues constituted 74.4% of total investment program income of $226.3 million in first half 2010, down from a revenue mix of 75.0% at the end of first quarter, but up from a cumulative mix of 67.4% in first half 2009.

Of the 1,458 banks with assets under $4 billion that reported earning investment program income, 1,296 banks or 88.9% reported earning commissions and fees from securities brokerage, and 645 banks or 44.2% reported earning securities brokerage fee income only.

Revenue Mix – Annuities

Community banks earned annuity fee income of $57.2 million, down 12.7% from $65.6 million in first half 2009. Second quarter annuity revenues of $29.7 million were up 7.8% from $27.5 million in first quarter 2010. Annuity commissions constituted 25.6% of community bank investment program income in first half 2010, up from a revenue mix of 25.0% in the first quarter, but down from a cumulative mix of 32.6% in first half 2009. With 16.2% of second quarter 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 1,458 community banks that reported earning investment program income, 813 banks or 55.8% reported earning annuity commissions, and 162 banks or 11.1% reported earning annuity income only. This latter finding of 162 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 investment programs. The number of community banks reporting only annuity income dropped 5.8% from 172 banks in first half 2009.

Leaders – Investment Program

First-half 2010 leaders in investment program fee income among community banks with assets under $4 billion were CenterState Bank of Florida, N.A. (FL) with $13.92 million, up 161.1% from $5.33 million in first half 2009; North Shore Community Bank & Trust Company (IL) with $7.36 million, up 46.7% from $5.02 million; TIB The Independent Bankersbank (TX) with $5.5 million, down 17.4% from $6.66 million; BAC Florida Bank (FL) with $3.75 million, up 134.6% from $1.6 million; and Espirito Santo Bank (FL) with $3.46 million, up from zero in first half 2009. (Note that not all of the income in some investment programs is necessarily derived from retail investment activities. Some institutions like CenterState Bank of Florida and bankers' banks are in the correspondent banking business and so engage in the sale of 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

First-half 2010 leaders in annuity fee income among community banks under $4 billion in assets were Bank of Hampton Roads (VA) with $2.27 million, down 0.9% from $2.29 million in first half 2009; GreenBank (TN) with $963,000, up 39.8% from $689,000; First Victoria National Bank (TX) with $919,000, down 7.6% from $994,000; Marquette Bank (IL) with $775,000, up 141.4% from $321,000; and The Home Savings and Loan Company (OH) with $753,000, up 20.9% from $623,000 in first half 2009.

OCTOBER 18 - 24, 2010

BANK HOLDING COMPANY INSURANCE BROKERAGE INCOME SETS NEW RECORDS

Bank holding companies (BHC) set new records in insurance brokerage fee income in the second quarter and year-to-date (YTD) in the first half of 2010, according to the *Michael White-Prudential Bank Fee Income Report*. BHC insurance brokerage income of $3.55 billion in second quarter 2010 was up 17.6% from $3.02 billion in second quarter 2009. First-half income of $6.88 billion was up 13.6% from $6.05 billion in first half 2009. Thus far in 2010, 62.2% 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 7,077 commercial banks and FDIC-supervised savings banks and 930 large top-tier bank holding companies operating on June 30, 2010.

Among companies with significant banking activities as of June 30, 2010, Wells Fargo & Company (CA) topped the leader board with insurance brokerage earnings of $1.005 Billion. Citigroup Inc. (NY) ranked second nationally with $771.0 million; and BB&T Corporation (NC), which owns more agencies than any other financial holding company, ranked third with $484.0 million in insurance brokerage revenue in first half 2010. (Not shown in the accompanying list of companies is MetLife, Inc., which did not engage in significant banking activities.)

Five of the top nine 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. Excluding these recently minted BHCs, the banking industry still achieved an 8.9% increase in insurance brokerage income in first half 2010.

Bank holding companies over $10 billion in assets continued to have the highest participation (89.6%) in insurance brokerage activities. These BHCs produced $6.50 billion in insurance fee income in the first half of 2010, 15.9% more than the $5.66 billion they produced in first half 2009. These large bank holding companies accounted for 94.6% of all BHC insurance brokerage fee income earned in first half 2010.

"Despite the continuation of a difficult economy, insurance brokerage income is strengthening, particularly among larger institutions," said Joan H. Cleveland, senior vice president, Business Development with Prudential's Individual Life Insurance business. "Throughout the bank market, we are seeing a revitalized interest in life insurance. Many people are recognizing that this is an important time to assess their life insurance needs and ensure that the right amount of protection is in place for their loved ones - as well as their businesses."

Among BHCs with assets between $1 billion and $10 billion, leaders in insurance brokerage income in the first half 2010 included Eastern Bank Corporation (MA), Old National Bancorp (IN), Stifel Financial (MO), Trustmark Corporation (MS), and Johnson Financial Group, Inc. (WI). BHCs of this size registered a 6.2% decrease in insurance brokerage income to $299.8 million in first half 2010, down from $319.7 million in first half 2009.

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 3.0% 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 Towne Bank (VA), The Oneida Savings Bank (NY), Soy Capital Bank and Trust Company (IL), The Adirondack Trust Company (NY), and Hoosac Bank (MA).

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

(ALL DOLLAR AMOUNTS IN THOUSANDS)

RANK	INSURANCE BROKERAGE FEE INCOME 2Q 2010	2Q 2009	% CHANGE 2Q 2009 - 2Q 2010	BANK HOLDING COMPANY		ASSETS	CONCENTRATION RATIO: % OF NONINT. INCOME
1	$1,005,000	$995,000	1.01%	Wells Fargo & Company	CA	$1,225,742,000	5.09%
2	$771,000	$505,000	52.67%	Citigroup Inc.	NY	$1,937,160,000	4.11%
3	$484,042	$478,743	1.11%	BB&T Corporation	NC	$155,083,058	36.17%
4	$267,623	$243,610	9.86%	Bank of America Corp.	NC	$2,359,350,594	0.82%
5	$136,000	$45,000	202.22%	Morgan Stanley	NY	$809,448,000	0.82%
6	$93,555	$47,309	97.75%	American Express Company	NY	$142,573,322	0.94%
7	$70,000	$31,000	125.81%	The Goldman Sachs Group	NY	$879,661,000	0.38%
8	$67,966	$63,022	7.84%	Discover Financial Services	IL	$60,721,686	7.73%
9	$58,000	$52,000	11.54%	Ally Financial Inc.	MI	$176,791,000	1.24%
10	$54,713	$57,372	-4.63%	Regions Financial Corp.	AL	$135,392,660	3.82%
11	$53,000	$40,000	32.50%	JPMorgan Chase & Co.	NY	$2,011,851,000	0.21%
12	$43,555	$43,427	0.29%	BancorpSouth, Inc.	MS	$13,403,613	39.00%

SOURCE: *Michael White-Prudential Bank Insurance Fee Income Report*
Prudential is a proud Platinum member of the American Bankers Insurance Association (ABIA)

OCTOBER 18 - 24, 2010

BANK CHANNEL FIXED ANNUITY SALES TUMBLE 52% IN SECOND QUARTER

U.S. banks and other depository institutions saw their fixed annuity sales drop 52% in the second quarter to an estimated $4.15 billion, down from $7.98 billion in second quarter 2009, according to Evanston, IL-based Beacon Research. New York Life's book value fixed annuity remained the most popular fixed annuity sold, followed by Lincoln National's indexed annuity. Western National Life, however, dominated all bank channel sales, as five of its top-ten book value annuities helped generate $1.24 billion in fixed annuity sales. New York Life offered the only income annuity among the book value-dominated top-selling products and ranked a distant second ($686.5 million) in total bank channel sales, followed by Lincoln Financial ($333.6 million), W&S Financial Group Distributors ($266.2 million), and Protective Life ($257.6 million).

Commenting on the future of bank channel annuity sales, Beacon Research CEO Jeremy Alexander said, "Going forward we expect the low interest rate environment to motivate increased bank interest in both indexed annuities and linked-benefit annuities, which provide long-term care insurance as well as tax-deferred accumulation value."

OCTOBER 18 - 24, 2010

WEALTH MANAGEMENT AND BOLI STEADY AT WEBSTER

Waterbury, CT-based, $17.8 billion-asset Webster Financial Corp. reported wealth management and investment services fee income in the third quarter rose 1.0% to $6.22 million, up from $6.16 million in third quarter 2009, while bank-owned life insurance (BOLI) income slipped 0.4% to $2.68 million. Wealth management and BOLI earnings comprised, respectively, 13.2% and 5.7% of noninterest income, which rose to $47.03 million, up 3.5% from a year ago when the company recorded $4.73 million in securities losses.

Net interest income on a 3.36% net interest margin jumped 163.4% to $109.74 million, as loan loss provisions dropped by $60 million to $25 million. The company reported $17.78 million in net income compared to a $26.1 million net loss in third quarter 2009, and Webster Financial Chairman and CEO James Smith said, "Our operating fundamentals remained strong and credit trends showed further improvement."

In 2009, Webster Financial reported $7.6 million in fiduciary income, ranking it 51st in fiduciary earnings among BHCs with assets over $10 billion, according to the *Michael White's Bank Fiduciary Fee Income Report*.

In 2009, Webster Financial reported $9.6 million in combined annuity and securities brokerage income, which comprised 4.2% of its noninterest income and 1.3% of its net operating revenue. The company ranked 46th in combined annuity and securities brokerage income among BHCs with assets over $10 billion, according to the *Michael White-ABIA Bank Annuity Fee Income Report*.

OCTOBER 18 - 24, 2010

INSURANCE AND WEALTH MANAGEMENT SHOOT UP AT ARROW

Glens Falls, NY-based, $1.96 billion-asset Arrow Financial Corp. reported "substantial increase in noninterest income in the [third] quarter," President and CEO Thomas Hoy said. Income from fiduciary activities grew 10% to $1.32 million, up from $1.2 million in third quarter 2009, and insurance commissions increased 11.1% to $808,000, up from $727,000. Fiduciary activity earnings and insurance commissions comprised, respectively, 24.9% and 15.2% of noninterest income, which climbed 33.2% to $5.3 million, up from $3.98 million, helped by increased net gains on securities transactions and loan sales.

Net interest income on a 3.54% net interest margin rose 0.1% to $14.79 million, reflecting a $52,000 dip in loan loss provisions to $375,000, and net income increased 10.3% to $5.58 million, up from $5.06 million, propelled by noninterest gains. Hoy said, "We are pleased to report favorable earnings results while maintaining both strong asset quality and capital adequacy ratios."

In 2009, Arrow Financial reported $2.4 million in insurance brokerage income, which comprised 14.8% of its noninterest income and 3.0% of its net operating revenue. The company ranked 57th 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*.

In 2009, Arrow reported $3.6 million in fiduciary income, which comprised 18.2% of its noninterest income and 4.5% of its net operating revenue. The company ranked 77th in fiduciary earnings among BHCs with assets between $1 billion and $10 billion, according to *Michael White's Bank Fiduciary Fee Income Report*.

OCTOBER 25 - 31, 2010

TOTAL BHC INSURANCE REVENUES UP IN FIRST HALF 2010

Total insurance revenue at the nation's bank holding companies (BHCs) rose a slight 1.4 percent to $23.9 billion in the first half of 2010, up from $23.6 billion during the same period in 2009. Bank of America Corporation (NC), Citigroup Inc. (NY), and Wells Fargo & Company (CA) led all bank holding companies with significant banking activities in total insurance fee income in the first six months of 2010, according to findings released today by Michael White Associates (MWA) and the American Bankers Insurance Association (ABIA).

The findings are based on data reported to the Federal Reserve Board by 930 top-tier large bank holding companies (BHCs). The analysis measures the growth of the bank insurance business and provides some benchmarks that gauge bank insurance performance.

"The top 50 bank holding companies in insurance revenue attained a mean Concentration Ratio of total insurance revenue to noninterest income of 17.9 percent," said Valerie Barton, executive director of ABIA. "Among the top 50 in this Concentration Ratio, the mean was 49.4 percent. Those levels of Insurance Concentration demonstrate considerable contribution to BHCs' noninterest income. Insurance consistently proves it is a valuable revenue-generating activity during good times and bad times."

During the first six months of 2010, 580 large top-tier bank holding companies (62.4% of all top-level large BHCs reporting) earned some type of insurance-related revenue, compared to 581 in the first half of 2009. During the first six months of 2010, 578 BHCs (or 62.2% of those reporting) earned insurance brokerage commissions. Sixty-four BHCs reported earning fee income from underwriting and/or reinsurance activities.

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 total insurance revenue as a percentage of the institution's total noninterest income (Concentration Ratio). Other findings include:

- Insurance underwriting and reinsurance income decreased 2.9% from $17.6 billion at June 30, 2009, to $17.1 billion in the first half of 2010, as 64 bank holding companies (6.9% of all top-tier large BHCs reporting) engaged in sales activities that produced insurance underwriting income.
- Joining the top 50 in total insurance revenue during the first half of 2010 were four BHCs: First Niagara Financial Group, Inc. (NY), Two Rivers Financial Group, Inc. (IA), Valley National Bancorp (NJ),

TOP 10 BANK HOLDING COMPANIES IN TOTAL INSURANCE INCOME YEAR-TO-DATE - JUNE 30, 2010 - NATIONALLY

RANK 2009	RANK 2008	TOTAL INSURANCE INCOME	BANK HOLDING COMPANY	STATE
(ALL DOLLAR AMOUNTS IN THOUSANDS)				
1	3	$1,392,640	Bank of America Corporation	NC
2	2	$1,384,000	Citigroup Inc.	NY
3	4	$1,165,000	Wells Fargo & Company	CA
4	1	$1,003,000	Ally Financial Inc.	MI
5	5	$540,184	BB&T Corporation	NC
6	6	$252,000	The Goldman Sachs Group, Inc.	NY
7	7	$244,000	JPMorgan Chase & Co.	NY
8	9	$229,945	American Express Company	NY
9	8	$163,967	HSBC North America Holdings Inc.	NY
10	14	$136,000	Morgan Stanley	NY

Ranking excludes MetLife, which did not have significant banking operations.
SOURCE: Michael White Associates and American Bankers Insurance Association

and First Citizens Bancshares, Inc. (NC). Stifel Financial Corp. (MO) increased its rank in total insurance income the most, jumping from 44th place at mid-2009 to 30th at June 30, 2010. First Citizens Bancshares (NC) was next in improvement, rising from 56th place in mid-2009 to 50th place this year.

OCTOBER 25 - 31, 2010

3Q TRUST AND INVESTMENT INCOME UP AT SUNTRUST

Atlanta, GA-based, $174.7 billion-asset SunTrust Banks reported trust and investment management income increased 4% in the third quarter to $124.1 million, up from $118.9 million in third quarter 2009, and retail investment services income rose 1% to $52.1 million, up from $51.4 million. Trust and investment management income and retail investment services income comprised, respectively, 11.8% and 5.0% of noninterest income, which jumped 35% to $1.05 billion, up from $775 million, propelled by a $176.8 million increase in mortgage-related earnings and a $65 million decrease in trading losses.

Net interest income on a 3.41% net interest margin soared by $619.1 million to $622.6 million, up from $3.53 million, as loan loss provisions were almost cut in half to $614.9 million. Overall increased earnings generated third quarter net income of $84 million, compared to a $397 million net loss in third quarter 2009.

SunTrust Banks Chairman and CEO James Wells said, "The revenue generation of our core business and the continued strength of the balance sheet affirms our confidence that our client-centric strategies are gaining traction and driving better results."

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 bank holding companies engaged in significant banking activities, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

OCTOBER 25 - 31, 2010

DESPITE SOFT P&C INSURANCE MARKET, 3Q INSURANCE BROKERAGE INCOME IS STABLE AT BB&T

Winston-Salem, NC-based, $157.2 billion-asset BB&T Corp. reported insurance income in the third quarter slipped 0.8% to $252 million, down from $254 million in third quarter 2009, but remained the largest contributor to noninterest earnings, comprising 22.7% of that revenue, which grew 18% to $1.11 billion, up from $940 million. Investment banking and brokerage fees and commissions slid 4.5% to $85 million, down from $89 million, but trust and investment advisory earnings grew 11% to $40 million, and income from bank-owned life insurance (BOLI) climbed 25% to $30 million. Investment banking and brokerage fees, trust and investment advisory earnings and BOLI income comprised, respectively, 7.7%, 3.6% and 2.7% of noninterest income.

Net interest income on a 4.09% net interest margin rose 3% to $544 million, up from $528 million, despite an 8.6% increase in loan loss provisions to $770 million. Net income climbed 38% to $210 million, up from $152 million, prompting BB&T Chairman and CEO Kelly King to say, "Our underlying businesses, in many ways, are performing better than ever."

In 2009, BB&T 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*.

In 2009, BB&T reported $138.9 million in trust income, which comprised 4.0% of its noninterest income and 1.7% of its net operating revenue. The company ranked 18th in trust earnings among BHCs with assets over $10 billion, according to *Michael White's Bank Fiduciary Fee Income Report*.

OCTOBER 25 - 31, 2010

FIFTH THIRD'S 3Q NET INCOME AND INVESTMENT ADVISORY REVENUE UP

Cincinnati, OH-based, $112 billion-asset Fifth Third Bancorp reported investment advisory revenue in the third quarter rose 4% to $90 million, up from $82 million in third quarter 2009, and comprised 10.9%

of noninterest income, which slipped 3% to $827 million, down from $851 million, despite a 66% increase in mortgage revenue to $232 million.

Net interest income of $455 million on a 3.70% net interest margin contrasted with a net interest loss of $83 million in third quarter 2009, when loan loss provisions of $952 million were more than double those of the current quarter. With positive noninterest and interest earnings and a $127 million pretax benefit from a BOLI litigation settlement, Fifth Third reported third quarter net income of $175 million compared to a net loss of $159 million in third quarter 2009. Fifth Third President and CEO Kevin Kabat said, "This quarter's earnings results were strong and showed continued improvement."

In 2009, Fifth Third reported $192.4 million in 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 *Michael White's Bank Broker-Dealer Fee Income Report*.

In 2009, Fifth Third reported $156.9 million in income from which 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 *Michael White's Bank Fiduciary Fee Income Report*.

NOVEMBER 1 - 7, 2010

MICHAEL WHITE-MEYER CHATFIELD REPORT: BOLI ASSETS HIT RECORD $138.4 BILLION IN FIRST HALF 2010

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*. The first half 2010 total for BOLI holdings is the sum of BOLI assets held by large bank holding companies (BHCs), stand-alone banks, and savings associations (i.e., thrifts). BOLI is used to recover costs of employee benefits and off-set the liabilities of retirement benefits, helping banks tokeep up with the rising benefit costs.

Compiled by Michael White Associates, 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 ratio of CSV to capital possessed by BHCs and banks. The data herein were reported by 930 large top-tier BHCs with assets greater than $500 million and 7,830 commercial banks, thrifts and FDIC-supervised savings banks operating on June 30, 2010. Among the study's findings are these:

- Large top-tier BHCs increased their BOLI holdings by 4.0% from $123.96 billion in first half 2009 to $128.86 billion in first half 2010.
- Of 1,421 stand-alone banks, those without BHCs, 424 or 29.8% recorded $2.48 billion in first-half BOLI holdings, up 5.0% from $2.36 billion in first half 2009.
- Of 753 savings association, 344 or 45.7% recorded $7.06 billion in BOLI holdings, down 7.8% from $7.65 billion in first half 2009.
- Of the 930 large top-tier BHCs, 754 or 81.1% reported holding BOLI assets in first half 2010, representing a 0.4% increase in their number from the 751 in first half 2009.
- 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.
- Of 7,830 banks and savings associations operating on June 30, 2010, 3,800 or 48.5% reported holding BOLI assets of $123.88 billion, an increase of 1.0% from $122.64 billion in first half 2009. (See Table 1.)
- The total number of banks and thrifts reporting BOLI assets decreased 100 or 2.6% from 3,900 in first half 2009 to 3,800 banks and thrifts in first half 2010. (See Table 2.)
- Banks and thrifts with assets between $1 billion and $10 billion had the highest rate of reporting BOLI assets, as 408 of 555 banks or 73.5% reported having them in the first half of 2010.
- The largest banks and thrifts, those over $10 billion in assets, accounted for the largest dollar increase – $1.14 billion – in combined BOLI assets. Banks with assets between $300 million and $500 million registered the largest percentage increase in BOLI assets, rising 2.9% from the first half of 2009 to $3.10 billion in first half 2010. (See Table 1.)
- Every asset class 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 52 from 926 in first half 2009 to 874 banks and thrifts in first half 2010. In the case of the 7.8% decline in the largest banks reporting BOLI assets, the change can be misleading, since it did not reflect bank decisions to leave the BOLI market. Five banks experienced an increase in their assets and joined the above-$10 billion group, and three banks experienced a decline in their assets below the $10 billion threshold. In addition, eight institutions (five banks and three thrifts) were merged out of existence into other financial institu-

TABLE 1. TOTAL BOLI ASSETS HELD BY BANKS AND THRIFTS IN 1ST HALF 2010

BANKS AND THRIFTS BY ASSET SIZE	1ST HALF 2010	1ST HALF 2009	PERCENT CHANGE
Over $10 billion	$97.91	$96.77	1.20%
$1 billion - $10 billion	$13.30	$13.40	-0.80%
$500 million - $1 billion	$4.79	$4.74	1.10%
$300 million - $500 million	$3.10	$3.01	2.90%
$100 million - $300 million	$3.86	$3.78	2.10%
Under $100 million	$0.92	$0.93	-1.20%
All	$123.88	$122.64	1.00%

NOTE: Totals in Table 1 do not include BOLI assets held by stand-alone bank holding companies.
SOURCE: *Michael White-Meyer-Chatfield Bank-Owned Life Insurance (BOLI) Holdings Report*

tions. So, the decline was due to some banks merging or getting smaller, not because they surrendered their BOLI assets. (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 from 14.64% in first half 2009 to 14.88% in first half 2010. (See Table 3.)

- Among the largest bank holding companies (BHCs) with assets over $10 billion, the 99.5% increase in allowances for loan and lease losses from $11.1 billion in the first half of 2009 to $22.2 billion in the first half of 2010 helped produce an 8.0% increase in the sum of Tier 1 Capital and the allowances. By comparison, Tier 1 capital rose 6.7% during the same period. These increases in capital and allowances for losses among the largest BHCs resulted in a decline in their BOLI-to-capital ratios and kept a lid on those ratios for the industry as a whole.

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

TABLE 2. NUMBER OF BANKS AND THRIFTS REPORTING BOLI ASSETS IN 1ST HALF 2010

BANKS AND THRIFTS BY ASSET SIZE	1ST HALF 2010	1ST HALF 2009	PERCENT CHANGE
Over $10 billion	71	77	-7.8%
$1 billion - $10 billion	408	425	-4.0%
$500 million - $1 billion	496	503	-1.4%
$300 million - $500 million	527	533	-1.1%
$100 million - $300 million	1,424	1,436	-0.8%
Under $100 million	874	926	-5.6%
All	3,800	3,900	-2.6%

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	1ST HALF 2010	1ST HALF 2009	PERCENT CHANGE
Over $10 billion	15.16%	16.35%	-7.30%
$1 billion - $10 billion	13.69%	13.66%	-0.20%
$500 million - $1 billion	14.49%	16.03%	-9.60%
$300 million - $500 million	15.56%	13.00%	19.70%
$100 million - $300 million	14.50%	14.38%	0.80%
Under $100 million	17.30%	15.40%	12.30%
All	14.88%	14.64%	1.70%

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

NOVEMBER 1 - 7, 2010

INSURANCE AND TRUST INCOME STEADY AT REGIONS

Birmingham, AL-based, $133.5 billion-asset Regions Financial Corp. reported insurance earnings in the third quarter remained steady at $25 million, and trust income stayed at $49 million, amounts equal to those earned in third quarter 2009. Combined brokerage, investment banking and capital markets fee income (BIC), however, rose 2.0% to $257 million, up from $252 million in third quarter 2009. Insurance, trust and BIC income comprised, respectively, 3.3%, 6.5% and 34.3% of noninterest income, which slipped 2.8% to $750 million, down from $772 million, impacted by a decline in mortgage income.

Net interest income on a 2.96% net interest margin grew to $108 million and contrasted with a net interest loss of $180 million in third quarter 2009, as loan loss provisions decreased by $265 million to $760 million. With distressed assets and loan charge offs, however, the company reported a $209 million net loss, compared to a $437 million net loss a year ago. Regions President and CEO Grayson Hall said, "We remain committed to returning Regions to sustainable profitability as quickly and prudently as possible and believe this quarter's actions to dispose of problem assets will help us achieve our goal."

In 2009, Regions Financial reported $110.7 million in insurance brokerage income and $923.9 million in combined brokerage, investment banking and capital markets fee income, which comprised, respectively, 3.1% and 26.3% of its noninterest income and 1.6% and 13.5% of its net operating revenue. The company ranked 11th in insurance brokerage earnings among U.S. bank holding companies with assets over $10 billion, according to the *Michael White - Prudential Bank Insurance Fee Income Report*, and it ranked 10th in combined investment brokering and banking earnings among U.S. bank holding companies with assets over $10 billion, according to the *Michael White Bank Broker-Dealer Fee Income Report*.

NOVEMBER 1 - 7, 2010

COLI BIG EARNER AT KEYCORP

Cleveland, OH-based, $94 billion-asset Keycorp reported third quarter insurance income fell 16.7% to $15 million, down from $18 million in third quarter 2009, and trust and investment services (TI) income slipped 2.7% to $110 million, down from $113 million. In contrast, income from corporate-owned life insurance (COLI) jumped 50.0% to $39 million, up from $26 million. Insurance earnings, COLI income and TI earnings comprised, respectively, 3.1%, 8.0% and 22.6% of noninterest income, which climbed 27.2% to $486 million, up from $382 million a year ago when the company recorded investment and securities losses.

Net interest income of $546 million on a 3.35% net interest margin contrasted with a third quarter 2009 net interest loss of $141 million, reflecting a $639 million reduction in loan loss reserves to $94 million from $733 million. With the turnaround in noninterest and interest earnings, Keycorp reported $178 million in net income for the quarter, compared to a net loss of $438 million the year before.

Keycorp CEO Henry Meyer said, "Our third quarter results reflect a higher net interest margin, continued credit quality improvement, well-controlled expenses and improvements in several of our fee-based businesses."

In 2009, Keycorp reported $281.9 million in wealth management fee income and $4.7 million in insurance brokerage income, which comprised, respectively, 15.4% and 0.3% of its noninterest income and 6.7% and 0.1% of its net operating revenue. The company ranked 17th in wealth management earnings and 41st in insurance brokerage earnings among BHCs with assets over $10 billion, according to *Michael White's Wealth Management Fee Income Report* and the *Michael White-Prudential Bank Insurance Fee Income Report*.

NOVEMBER 1 - 7, 2010

TRUST AND BROKERAGE EARNINGS DOWN AT M&T BANK

Buffalo, NY-based, $68.2 billion-asset M&T Bank Corp reported trust income in the third quarter slipped 3% to $30.49 million, down from $31.59 million, and brokerage services income dropped 15% to $12.13 million, down from $14.33 million. Trust and brokerage earnings comprised, respectively, 10.5% and 4.2% of noninterest income, which rose 4% to $289.9 million, up from $278.2 million, reflecting a $45.4 million decrease in recognized impairment losses.

Net interest income on a 3.87% net interest margin climbed 21% to $476.9 million, up from $393.7 million, reflecting a 40% decrease in loan loss provisions to $93 million. Net income grew 50.0% to $192 million, up from $128 million, and M&T CFO Rene Jones said, "Revenues and net income improved from a year earlier despite lower fee income from deposit service charges resulting from the recently-adopted changes in Regulation E."

In 2009, M&T Bank Corp. reported $21.9 million in securities brokerage fee income and $82.6 million in trust income, which comprised, respectively, 2.0% and 7.4% of its noninterest income. The company ranked 26th in securities brokerage fee earnings and 23rd in trust earnings among U.S. bank holding companies with assets over $10 billion, according to *Michael White's Securities Brokerage Income Report* and *Michael White's Bank Fiduciary Fee Income Report*.

NOVEMBER 1 - 7, 2010

HUNTINGTON REPORTS GROWTH IN TRUST, BOLI AND COMBINED BROKERAGE AND INSURANCE EARNINGS

Columbus, OH-based, $53 billion-asset Huntington Bancshares reported combined brokerage and insurance earnings grew 7% to $36.4 million, up from $34 million in third quarter 2009. Trust services income increased 5% to $27 million, up from $25.8 million, and bank-owned life insurance (BOLI) income rose 3% to $14.1 million, up from $13.6 million. Brokerage and insurance, trust and BOLI earnings comprised, respectively, 13.6%, 10.1% and 5.3% of noninterest income, which increased 4% to $267.1 million, up from $256.1 million, despite an 18% drop in service charges.

Net interest income of $290.8 million on a 3.45% net interest margin contrasted with a net interest loss of $112.3 million in third quarter 2009, as loan loss provisions dropped from $475.1 million to $119.2 million. Net income of $71.5 million contrasted with a $195.4 million net loss a year ago. Huntington Bancshares Chairman and CEO Stephen Steinour said, "While the environment was difficult, it was not as tough as it was a year ago."

In 2009, Huntington Bancshares held $3.2 billion in mutual fund and annuity assets under management, and the $51.7 million the company earned selling and servicing these products comprised 5.6% of its noninterest income and 2.2% of its net operating revenue. The company ranked 24th in combined mutual fund and annuity earnings among all BHCs, according to *Michael White's Bank Mutual Fund & Annuity Fee Income Report*.

In 2009, Huntington 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 BHCs with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

NOVEMBER 1 - 7, 2010

WEALTH MANAGEMENT IS BRIGHT SPOT AT MARSHALL & ILSLEY

Milwaukee, WI-based, $51.9 billion-asset Marshall & Ilsley (M&I) reported third quarter wealth management revenue rose 4% to $69.5 million, up from $66.7 million in third quarter 2009, and comprised 31.1% of noninterest income, which dipped 0.2% to $223.5 million, down from $224 million, reflecting declines in all noninterest earners except wealth management.

A net interest loss of $44.7 million on a 3.14% net interest margin was an improvement on a net interest loss of $184.2 million in third quarter 2009, and reflected a 25% reduction in loan loss provisions to $431.7 million. The overall net loss of $169.2 million also contrasted favorably with a net loss of $248.4 million a year ago. M&I President and CEO Mark Furlong said, "We will remain diligent in continuing to improve our credit profile, but our attention will increasingly shift toward a return to profitability and growth opportunities."

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*.

NOVEMBER 8 - 14, 2010

ALLY FINANCIAL'S INSURANCE EARNINGS RISE 5%

New York City-based, $173 billion-asset Ally Financial, parent of Midvale, Utah-based $62 billion-asset Ally Bank, reported that despite its divestments earlier this year of its U.S. and U.K. consumer property and casualty businesses, its third quarter pre-tax insurance income rose 5% to $114 million, up from $109 million in third quarter 2009. Lower acquisition and underwriting expenses drove earnings in the dealer-centric extended service contract and inventory insurance products.

Income from mortgage operations came in at $154 million, reversing a $652 million loss in third quarter 2009. North American Automated Finance earnings more than doubled to $568 million; international automotive finance income jumped 139% to $74 million; global automotive services income climbed 81.3% to $756 million. But Corporate and Other Income reported a $274 million loss compared to a $325 million loss a year ago. Overall, Ally reported net income of $269 million compared to a net loss of $767 million in third quarter 2009.

Ally Financial CEO Michael Carpenter said, "In each quarter of this year we have made substantial progress toward our strategic objectives, including deposit growth at Ally Bank, accessing capital markets to support our funding and liquidity needs, and reducing balance sheet risk in the legacy mortgage business."

NOVEMBER 8 - 14, 2010

FIRST HORIZON SEES DECLINES IN NONINTEREST FEE INCOME

Memphis, TN-based, $25.4 billion-asset First Horizon National reported declines in almost all sources of noninterest fee income in the third quarter, led by an 80% drop in reinsurance fees to $344,000, down from $1.76 million in third quarter 2009. Insurance commissions fell 30% to $4.15 million; brokerage management fees and commissions declined 12% to $6.44 million; trust service and investment management earnings slipped 3% to $7.14 million and bank-owned life insurance (BOLI) income dipped 1.7% to $5.91 million. Reinsurance, insurance, brokerage, TI and BOLI earnings comprised, respectively, 0.1%, 1.7%, 2.6%, 2.9% and 2.4% of noninterest income, which fell 18% to $248.2 million.

Net interest income on a 3.23% net interest margin, on the other hand, soared to $136.1 million, up from $5.9 million in third quarter 2009, as loan loss provisions dropped by $135 million to $50 million. Net income of $15.88 million compared with a net loss of $52.9 million a year ago. First Horizon CEO Bryan Jordan said, "Given the difficult economic environment, we're working on what we can control. Our focus right now is to increase market share, upgrade systems and become more efficient."

In 2009, First Horizon reported $34.4 million in total insurance 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 U.S. bank holding companies with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

NOVEMBER 8 - 14, 2010

INSURANCE EARNINGS CONTINUE UP AT PEOPLE'S UNITED

Bridgeport, CT-based, $22 billion-asset People's United Financial reported insurance brokerage fee income in the third quarter rose 5.1% to $8.3 million, up from $7.9 million in third quarter 2009; securities brokerage fees remained flat at $2.8 million; and investment management fees fell 9.5% to $7.6 million, down from $8.4 million, and bank -owned life insurance (BOLI) income dropped 36.4% to $1.4 million, down from $2.2 million. Insurance, securities brokerage, investment management, and BOLI earnings comprised, respectively, 10.9%, 3.7%, 10.0% and 1.8% of noninterest income, which decreased 5.4% to $75.9 million, down from $80.2 million, reflecting declines in most sources of noninterest earnings with insurance as a notable exception.

Net interest income on a 3.73% net interest margin climbed 24.4% to $154 million, up from $123.8 million as provisions for loan losses remained basically steady at just under $22 million. Net income, however, declined 10.1% to $24.1 million, down from $26.8 million, reflecting the costs as well as the benefits of the company's February and April acquisitions of New York-based, Financial Federal, a financial services company providing collateralized lending, financing and leasing services, and Lowell, MA-based, $237 million-asset Butler Bank. People's United Financial President and CEO Jack Barnes said, "We began the third quarter by successfully completing our core system conversion and commencing the process of rebranding our branches throughout New England to People's United Bank. Our performance this quarter continues to reflect the benefits from our focused commercial, wealth management and retail banking strategy."

People's United expects to complete its pending acquisitions of Hauppauge, NY-based, $2.3 billion-asset Smithtown Bancorp and North Andover, MA-based, $796.9 million-asset LSB Corp. this in November.

NOVEMBER 8 - 14, 2010

FIRST NIAGARA'S INSURANCE, WEALTH MANAGEMENT AND BOLI EARNINGS CLIMB

Buffalo, NY-based, $21 billion-asset First Niagara Financial Group reported that "increased fees from insurance and wealth management activities helped offset the reduction in banking service fees caused by the recent legislative changes to deposit and payment-related activities" in the third quarter.

Insurance and benefits consulting earnings grew 11.5% to $13.6 million, up from $12.2 million; wealth management services income helped especially by the Harleysville National acquisition jumped 221.1% to $5.94 million, up from $1.85 million; and bank-owned life insurance (BOLI) income climbed 59.2% to $2.07 million, up from $1.30 million. Insurance, wealth management and BOLI earnings comprised, respectively, 27.5%, 12.0% and 4.2% of noninterest income, which jumped 49.1% to $49.5 million, up from $33.2 million, reflecting the September 2009 acquisition of National City's branches in western Pennsylvania, the April 2010 acquistion of Harleysville and the August 2010 acquisition of two insurance agencies in western Pennsylvania.

Net interest income on a 3.61% net interest margin soared 79.1% to $150.3 million, up from $83.9 million, with loan loss provisions falling to $11 million from $15 million. Net income, reflecting successful operations and acquisitions, surged to $94.5 million, up from $10.9 million in third quarter 2009. First Niagara President and CEO John Koelmel said, "Our growth strategy is resulting in success across both of our Pennsylvania markets as well as in the legacy footprint. The reception to our products and services in the newer markets has been terrific. Our business lines are being seamlessly integrated and proving to be an excellent fit." After the pending acquisition of New Haven, CT-based, $8.7 billion -asset NewAlliance Bancshares, Koelmel said, the company will have completed its "desired Northeastern footprint" and will focus on the "execution and mining of the rich potential we've built."

Year-to-date at June 30, 2010, First Niagara reported $23.7 million in insurance brokerage fee income, which comprised 29.6% of its noninterest income and 6.8% in net operating revenue. The company ranked 17th in insurance brokerage fee earnings among U.S. bank holding companies with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

NOVEMBER 8 - 14, 2010

COMBINED TRUST AND INSURANCE EARNINGS COMPRISE 46.4% OF NONINTEREST INCOME AT CULLEN/FROST

San Antonio, TX-based, $17.7 billion-asset Cullen/Frost Bankers reported increases in oil and gas trust management fees and securities lending income nudged trust fees in the third quarter up 1.5% to $17.01 million, from $16.76 million in third quarter 2009. Insurance commissions and fees rose 0.9% to $8.59 million, up from $8.51 million, but investment fees, which comprised 74% of trust fees, remained flat. Trust fees and insurance commissions comprised, respectively, 24.2% and 12.2% of noninterest income, which rose 1.3% to $70.4 million, up from $69.5 million, despite a $1.42 million drop in service charges on deposit accounts.

Net interest income on a 4.04% net interest margin climbed 13.8% to $145.6 million, up from $128.0 million, helped by a $6.8 million decrease in loan loss provisions. Net income climbed 23% to $55.0 million, up from $44.7 million net loss a year ago. Cullen/Frost CEO Dick Evans said, "We continue to grow our customer base and expand relationships, which we believe will fuel our future growth."

In 2009, Cullen Frost earned $67.3 million in fiduciary fee income, which comprised 23.3% of its noninterest income and 8.1% of its net operating revenue. The company ranked 27th in trust-related earnings among BHCs with assets over $10 billion, according to *Michael White's Bank Fiduciary Fee Income Report*.

In 2009,Cullen Frost reported $33.2 million in insurance brokerage income, which comprised 11.5% of its noninterest income and 4.0% of its net operating revenue. The company ranked 24th in insurance brokerage earnings among BHCs with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

NOVEMBER 8 - 14, 2010

PUERTO RICO'S FIRST BANCORP'S INSURANCE INCOME DOWN

San Juan, PR-based, $16.7 billion-asset First BanCorp reported insurance earnings in the third quarter slumped 28.4% to $1.66 million, down from $2.32 million in third quarter 2009, and broker-dealer earnings reached $501,000 compared to zero the year before. Insurance and securities brokerage income comprised, respectively, 8.6% and 2.6% of noninterest income, which dropped 61.5% to $19.27 million, down from $49.99 million in third quarter 2009, impacted by a $47.4 million loss tied to the early extinguishments of repurchase agreements.

A net interest loss of $6.78 million on a 2.83% net interest margin contrasted with a net interest loss of $18.96 million in third quarter 2009, as loan loss provisions were reduced by almost $48 million to $120.5 million. A $75.2 million overall net loss compared to a $165.2 million net loss a year ago. First BanCorp President and CEO Aurelio Aleman said, "We remain committed to improving credit quality and operations and further strengthening the balance sheet into the future."

In 2009, First BanCorp reported $8.7 million in insurance brokerage fee income, which comprised 17.2% of its noninterest income and 1.5% of its net operating revenue. The company ranked 36th in insurance brokerage income among BHCs with assets over $10 billion, according to the Michael White-Prudential Bank Insurance Fee Income Report.

NOVEMBER 8 - 14, 2010

INVESTMENT MANAGEMENT AND TRUST FEES RISE AT FULTON

Lancaster, PA-based, $16.3 billion-asset Fulton Financial reported investment management and trust fees in the third quarter rose 5% to $8.6 million, up from $8.2 million in third quarter 2009, and comprised 16.5% of noninterest income, which climbed 26.5% to $52.1 million, up from $41.2 million, help by an over $10 million increase in the sale of mortgage loans to $12 million.

Net interest income on a 3.81% net interest margin grew 14% to $100.2 million, up from $87.8 million, as loan loss provisions were reduced by $5 million and interest earnings increased almost $8 million. Net income soared 72% to $31.5 million, up from $18.3 million, enabling the company to repurchase stock and warrants acquired by the U.S. Treasury under the Troubled Asset Relief Program (TARP). Fulton Financial Chairman and CEO Scott Smith said, "Residential mortgage activity along with an increase in our net interest margin contributed to continued earnings improvement."

In 2009, Fulton Financial reported $20.4 million and $11.3 million, respectively, in trust fee income and total broker-dealer income, which comprised, respectively, 12.0% and 6.6% of its noninterest income. The company ranked 43rd in trust fees and 49th in broker-dealer earnings among BHCs with assets greater than $10 billion, according to Michael White's Wealth Management Fee Income Report and Michael White's Bank Broker-Dealer Fee Income Report.

NOVEMBER 15 - 21, 2010

TRUST, BROKERAGE AND BOLI EARNINGS POSITIVE AT FIRSTMERIT

Akron, OH-based, $14.4 billion-asset FirstMerit Corporation reported third quarter trust department income increased 7.7% to $5.47 million, up from $5.08 million in third quarter 2009. Bank-owned life insurance (BOLI) earnings remained steady at $3.22 million and combined investment and insurance brokerage revenue rose 7.6% to $2.69 million up from $2.50 million. Trust, BOLI and combined insurance and investment brokerage fee income comprised, respectively, 9.9%, 5.8%, and 4.9% of noninterest income, which increased 6.9% to $55.14 million, up from $51.57 million.

Net interest income on a 3.95% net interest margin, jumped 65.0% to $104.8 million, up from $63.5 million, reflecting an over $5 million decrease in loan loss provisions and increased net interest revenue generated by three Chicago-market bank acquisitions (First Bank, George Washington and Midwest Bank & Trust). Net income grew 27.4% to $29 million, up from $22.76 million a year ago. FirstMerit Chairman, President and CEO Paul Greig said, "Our profitable third quarter results are reflective of FirstMerit's strength and stability in this challenging economy. Our efforts this quarter led to a successful conversion on our third bank acquisition in the Chicago market, a market in which we are developing loan portfolio growth opportunities."

In 2009, FirstMerit's $20.7 million in 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.

NOVEMBER 15 - 21, 2010

VALLEY NATIONAL REPORTS RISING INSURANCE, TRUST AND BOLI INCOME

Wayne, NJ-based, $14.1 billion-asset Valley National Bancorp reported insurance commissions in the third quarter rose 2.4% to $2.56 million, up from $2.50 million in third quarter 2009; trust and investment services fee income increased 6.6% to $1.93 million, up from $1.81 million, and bank-owned life insurance (BOLI) earnings grew 19.7% to $1.70 million, up from $1.42 million. Insurance, trust and investment, and BOLI income comprised, respectively, 14.8%, 11.1%, and 9.8% of noninterest income, which rose 1.5% to $17.33 million, up from $17.08 million, driven by increased insurance, trust and BOLI earnings, which compensated for declines in other sources of noninterest income.

Net interest income on a 3.98% net interest margin increased 5.9% to $108.4 million, up from $102.4 million, bolstered by a $3.4 million decrease in loan loss provisions to $9.31 million. Net income, despite what Valley National Chairman, President and CEO Gerald Lipkin described as "a slow growth, low-rate environment," climbed 27.3% to $32.6 million, up from $25.6 million in third quarter 2009.

In 2009, Valley National reported $10.2 billion in insurance brokerage income, which comprised 14.6% of its noninterest income and 2.0% of its net operating revenue. The company ranked 53rd in insurance brokerage earnings among all BHCs, according to the Michael White-Prudential Bank Insurance Fee Income Report.

NOVEMBER 15 - 21, 2010

RISING INSURANCE EARNINGS COMPRISE 30% OF NONINTEREST INCOME AT BANCORPSOUTH

Tupelo, MS-based, $13.6 billion-asset BancorpSouth reported insurance earnings continued to climb in the third quarter, rising 3.5% over third quarter 2009 numbers to $20.83 million, up from $20.13 million. Trust income also increased, up 13.9% to $2.78 million from $2.44 million. Insurance and trust earnings comprised, respectively, 29.8% and 4.0% of noninterest income, which increased 11.7% to $69.8 million, up from $62.5 million, driven by growing insurance and trust fee income and a $6.8 million increase in mortgage lending gains.

Net interest income on a 3.64% net interest margin dropped 38.5% to $54.83 million, down from $89.22 million, as loan loss provisions increased by over $32 million from $54.85 million, hit by non-performing loans in Alabama and Tennessee. Net income tumbled 47.4% to $11.3 million, down from $21.5 million in third quarter 2009. BancorpSouth Chairman and CEO Aubrey Patterson said, "We are continuing to manage effectively in the current difficult environment, and we are confident of BancorpSouth's long-term growth potential."

In 2009, BancorpSouth reported $81.4 million in insurance brokerage income, which 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*.

NOVEMBER 15 - 21, 2010

TRUST AND SECURITIES PROCESSING FEE INCOME COMPRISE 44% OF NONINTEREST EARNINGS AT UMB

Kansas City, MO-based, $11.3 billion-asset UMB Financial Corp. Chairman and CEO Mariner Kemper said, "Our strong results for the third quarter demonstrate successful execution on our business model, which is built on quality, revenue diversity and stability." As a source of revenue diversity, trust and securities processing income grew 22.1% to $39.84 million, up from $32.63 million, as Scout Funds advisory fee income climbed 36% to $3.2 million, fund administration and custody services fees grew 13% to $1.8 million, and newly acquired Prairie Capital Management added $1.6 million in fee revenue. Insurance fees and commissions increased 23.0% to $1.55 million, up from $1.26 million, and securities brokerage fees rose 7.4% to $1.75 million, up from $1.63 million. Trust and securities processing fee income, insurance, and securities brokerage earnings comprised, respectively, 44.2%, 1.7% and 1.9% of noninterest income, which increased 11.9% to $90.08 million, up from $80.52 million, driven, UMB President and COO Peter de Silva noted, by trust and securities processing income and card services revenue.

Net interest income on a 3.23% net interest margin rose 4.6% to $70.68 million, up from $67.60 million, reflecting a $2.5 million rise in net pre-provision interest earnings and a $600,000 decrease in loan loss provisions to $7.70 million. Net income, however, slid 5.1% to $22.8 million, down from $24 million in third quarter 2009, impacted by increased expenses, 40% of which were tied to acquisition costs. Chairman and CEO Kemper said, "Over time, we expect operating leverage on these investments to improve as we continue to gain scale in our fee businesses."

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 bank holding companies, up from 55th in 2008, according to *Michael White's Wealth Management Fee Income Report*.

NOVEMBER 15 - 21, 2010

COMBINED WEALTH MANAGEMENT, INSURANCE AND BOLI EARNINGS COMPRISE 50% OF NONINTEREST INCOME AT NATIONAL PENN

Boyertown, PA-based, $9.25 billion-asset National Penn Bancshares reported wealth management income in the third quarter declined to $7.0 million, down 9.1% from third quarter 2009. Insurance brokerage fee income decreased 7.9% to $3.5 million, but bank-owned life insurance (BOLI) income rose 3.5% to $1.17 million. Wealth management, insurance and BOLI earnings comprised, respectively, 29.8%, 14.9% and 5.0% of noninterest income of $23.5 million, which contrasted with a $64.3 million loss in third quarter 2009, when the company recorded $84.7 million in net impairment losses on investment securities.

Net interest income on a 3.42% net interest margin jumped 2.6 times to $47.7 million, up from $13.3 million, reflecting a $32 million drop in loan loss provisions to $20 million, and net income totaled $10.3 million. National Penn President and CEO Scott Fainor said, "Despite the challenging economic environment, we are encouraged by the improving asset quality and profitability trends."

In 2009, National Penn reported $16.1 million in insurance brokerage income, which comprised 15.6% of its noninterest income and 4.5% of its net operating revenue. The company ranked 7th 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*.

NOVEMBER 15 - 21, 2010

RISING TRUST INCOME APPROACHES SLIPPING INSURANCE EARNINGS AT F.N.B. CORP.

Hermitage, PA-based, $9 billion-asset F.N.B. Corp. reported increased residential mortgage volume prompted gains in title insurance commissions in the third quarter. Total insurance brokerage earnings, however, slipped 1.0% to $3.92 million, down from $3.96 million. In contrast, trust income rose 7.7% to $3.08 million, up from $2.86 million, and securities brokerage income earnings climbed 23.4% to $1.79 million, up from $1.45 million. Insurance, trust and securities brokerage income comprised, respectively, 14.1%, 11.1% and 6.5% of noninterest income, which grew 16.8% to $27.75 million, up from $23.75 million.

Net interest income on a 3.78% net interest margin grew 16% to $61.61 million, up from $52.95 million, reflecting a $4 million drop in loan loss provisions to $12.31 million and a $4 million gain in net interest income before provisions to $73.93 million. Net income more than tripled to $17.2 million, up from $4.8 million in third quarter 2009. F.N.B. Corp. President and CEO Stephen Gurgovits said, "The third quarter includes continued loan and deposit growth, a stable net interest margin and solid credit quality results in our Pennsylvania and Regency portfolios."

In 2009, F.N.B. Corp. reported $13.9 million in insurance brokerage income, which comprised 12.3% of its noninterest income and 3.7% of its net operating revenue. The company ranked 9th 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*.

NOVEMBER 22 - 28, 2010

INSURANCE AND TRUST EARNINGS SLIDE AT TRUSTMARK

Jackson, MS-based, $9.2 billion-asset Trustmark Corp. reported insurance commissions in the third quarter slipped 2% from third quarter 2009 to $7.75 million, and wealth management income slid 7% to $5.20 million. Insurance and wealth management earnings comprised, respectively, 17.6% and 11.8% of noninterest income, which remained steady at $44 million.

Net interest income on a 4.39% net interest margin rose 4.1% to $78.64 million, as loan loss provisions fell 22% to $12.26 million. Net income grew 15.6% to $25.86 million. Trustmark Chairman and CEO Richard Hickson said, “Trustmark continued to produce strong financial results as reflected by robust net interest income, diversified noninterest income and disciplined expense management.”

In 2009, Trustmark reported $29.1 million in insurance brokerage income and $12.8 million in fiduciary income, which comprised, respectively, 18.9% and 8.3% of its noninterest income. The company ranked third in insurance brokerage earnings and 18th in fiduciary earnings 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 and Michael White's Wealth Management Fee Income Report.

NOVEMBER 22 - 28, 2010

HANCOCK HOLDING REPORTS JUMP IN SECURITIES BROKERAGE AND ANNUITY FEES AND RISING TRUST AND INSURANCE FEES

Gulfport, MS-based, $8.2 billion-asset Hancock Holding Company reported trust fees in the third quarter increased 3.2% to $4.14 million, up from $4.01 million in third quarter 2009; insurance fees rose 0.3% to $3.54 million, up from $3.53 million, and combined investment and annuity fees jumped 44.8% to $2.91 million, up from $2.01 million. Trust, insurance and combined investment and annuity fees comprised, respectively, 11.8%, 10.1%, and 8.3% of noninterest income, which increased 15.8% to $35.21 million, up from $30.41 million, driven by growing earnings in all revenue categories, especially a $1.1 million increase in mortgage sales.

Net interest income on a 3.85% net interest margin grew 13.1% to $53.45 million, up from $47.27 million, despite an almost $3 million increase in loan loss provisions to $16.26 million. Net income, hit by a $12.3 million increase in noninterest expense primarily tied to the FDIC-assisted Peoples Trust Community Bank acquisition, slipped 2.4% to $14.85 million, down from $15.22 million in third quarter 2009. Hancock Holding Company President and CEO Carl Chaney said, “We improved our already very strong capital position by increasing the company's tangible common equity ratio to 9.68% at September 30 – an enviable measure in this challenging economic environment.”

In 2009, Hancock Holding reported $10.6 million in insurance brokerage income and $15.1 million in fiduciary income, which comprised, respectively, 6.8% and 9.6% of its noninterest income. The company ranked 17th in insurance brokerage earnings and 9th in fiduciary earnings 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 and Michael White's Wealth Management Fee Income Report.

NOVEMBER 22 - 28, 2010

AGENCY ACQUISITION DRIVES NORTHWEST BANCSHARES' INSURANCE EARNINGS UP 90.2%

Warren, PA-based, $8.14 billion-asset Northwest Bancshares reported its March 2010 acquisition of employee benefits insurance agency, Buffalo, NY-based Veracity Benefit Designs, helped drive third quarter insurance brokerage fee income up 90.2% to $1.39 million from $731,000 in third quarter 2009. Trust and financial services earnings increased 14.3% to $1.6 million, up from $1.4 million, and income from bank-owned life insurance (BOLI) remained steady at

$1.21 million. Insurance, trust earnings and BOLI earnings comprised, respectively, 10.1%, 11.6% and 8.7% of noninterest income, which slipped 1.1% to $13.83 million, down from $13.99 million, reflecting decreased mortgage banking income and $2.01 million in net real estate owned losses.

Net interest income on a 3.63% net interest margin climbed 20.8% to $56.78 million, up from $47.01 million, helped by a $7.27 million decrease in expenses. Net income grew 28.5% to $15.49 million, up from $12.05 million. Northwest Bancshares President and CEO William Wagner said, "We are pleased to report another quarter of solid earnings despite the challenges of the current economic and interest rate environment."

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 U.S. banks with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

NOVEMBER 22 - 28, 2010

BREMER FINANCIAL REPORTS RISING INSURANCE, TRUST AND SECURITIES BROKERAGE EARNINGS

St. Paul, MN-based, $7.73 billion-asset Bremer Financial Corp. reported insurance brokerage fee income in the third quarter rose 0.4% to $2.85 million, up from $2.84 million in third quarter 2009, while investment management and trust (IT) fees grew 11% to $3.40 million, and securities brokerage fees climbed 23% to $1.54 million. Insurance, IT and securities brokerage fees comprised, respectively, 8.3%, 14.4% and 6.5% of noninterest income, which increased 7% to $23.63 million, up from $22.06 million, helped by a $2.17 million increase in gains on loans.

Net interest income on a 3.92% net interest margin grew 13% to $63.18 million, up from $55.74 million, as loan loss provisions decreased by $8.58 million to $5.70 million. Net income, however, declined 8% to $14.36 million, down from $15.65 million in third quarter 2009, impacted by increased expenses tied to other real estate owned (OREO). Bremer Financial President and CEO Pat Donavan said, "Our team's understanding of the market and commitment to building relationships sets us off from the competition. We've begun expanding into new markets and are enhancing our eCommerce capabilities."

In 2009, Bremer Financial reported $14.7 million in insurance brokerage income and $33.0 million in wealth management fee income, which comprised, respectively, 15.5% and 34.7% of its noninterest income. The company ranked 8th in insurance brokerage and 10th in wealth management earnings among all BHCs with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report* and *Michael White's Wealth Management Fee Income Report*.

NOVEMBER 22 - 28, 2010

ORIENTAL FINANCIAL PINS HOPES ON RISING WEALTH MANAGEMENT EARNINGS

San Juan, PR-based, $7.4 billion-asset Oriental Financial Group President and CEO Jose Rafael Fernandez said the company intends to continue to increase revenues through wealth management activities as well as through banking and commercial loan production. Toward that end, wealth management earnings in the third quarter climbed 21% to $4.55 million, up from $3.76 million in third quarter 2009. These earnings were not enough to stem a noninterest loss of $10.31 million, which was driven by a $22.58 million loss on derivatives.

Net interest income on a 2.22% net interest margin grew 20% to $34.06 million, up from $28.49 million, but the company reported a net loss of $30.51 million compared to net income of $20.13 million in third quarter 2009, reflecting increased expenses, noninterest losses and paid out dividends, including $22.71 million in preferred stock beneficial conversions.

NOVEMBER 22 - 28, 2010

DECREASED SALES ACTIVITY PROMPTS 22.7% DROP IN INSURANCE EARNINGS AT FIRST COMMONWEALTH

Indiana, PA-based, $5.91 billion-asset First Commonwealth Financial reported insurance brokerage fee income in the third quarter suffered from decreased sales activity and fell to $1.60 million, down 22.7% from third quarter 2009. Trust income, however, increased 8.8% to $1.49 million, and bank-owned life insurance (BOLI) income grew 27.8% to $1.38 million. Insurance, trust and BOLI earnings comprised, respectively, 14.7%, 13.7% and 12.7% of noninterest income, which soared tenfold to $10.88 million, up from $1.08 million in third quarter 2009, when the company recorded $11.98 million in net impairment losses.

Net interest income on a 3.90% net interest margin jumped 56.5% to $48.54 million, up from $31.02 million, reflecting an $18.50 million drop in loan loss provisions to $4.52 million. Net income of $10.7 million compared with a $5.9 million net loss in third quarter 2009. First Commonwealth President and CEO John Dolan said, "An improved risk profile, along with our strong capital base, positions us well when the economic recovery takes shape."

In 2009, First Commonwealth reported $3.2 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 BHCs with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

NOVEMBER 22 - 28, 2010

BENEFIT PLAN ADMINISTRATION AND TRUST EARNINGS HIGHER AT COMMUNITY BANK SYSTEM

Syracuse, NY-based, $5.5 billion-asset Community Bank System reported insurance brokerage and benefit plan administration fees increased 4.2% to $7.26 million, up from $6.97 million in third quarter 2009, and combined trust, investment and asset management fees grew 23.1% to $2.40 million, up from $1.95 million. Insurance brokerage and benefit plan administration fees and combined trust, investment and asset management fees comprised, respectively, 31.7% and 10.5% of noninterest income, which increased 10.1% to $22.91 million, up from $20.81 million, helped by the aforementioned increased earnings and by a $1 million jump in mortgage banking revenues to $1.22 million.

Net interest income on a 4.08% net interest margin grew 13.8% to $44.92 million, up from $39.48 million, as investment income rose and interest expense and loan loss provisions declined. Net income, reflecting overall positive performance, climbed 38.5% to $17.26 million, up from $12.46 million. Community Bank System President and CEO Mark Tryniski said, "Our favorable asset quality position, which exists across all our portfolios, reflects our disciplined and balanced approach to business regardless of economic or market conditions."

In 2009, Community Bank System reported $2.6 million in insurance brokerage income and $39.8 million in "other noninterest income," which comprised, respectively, 3.1% and 47.7% of its noninterest income. The company ranked 56th in insurance brokerage earnings and 24th in "other noninterest income" among BHCs with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

NOVEMBER 22 - 28, 2010

GROWING INSURANCE, INVESTMENT SERVICES AND TRUST FEES ADD TO PINNACLE'S POSITIVE RESULTS

Nashville, TN-based, $4.9 billion-asset Pinnacle Financial Partners reported insurance brokerage fee income in the third quarter rose 5.3% to $954,015, up from $906,298; investment services income increased 10.8% to $1.23 million, up from $1.11 million, and trust fees grew 24.0% to $726,094, up from $585,737. Insurance, investment services and trust fee income comprised, respectively, 11.1% and 8.5% of noninterest income, which grew 11.0% to $8.59 million, up from $7.74 million, reflecting growth among all sources of noninterest earnings except deposit fees.

Net interest income on a 3.23% net interest margin soared 152.0% to $31.27 million, up from $12.41 million in third quarter 2009, as loan loss provisions dropped by over $17 million to $4.79 million, and interest expense decreased over $3 million. Net income of $549,048 after dividend payouts compared with a net loss of $4.85 million after dividends in third quarter 2009. Pinnacle Financial President and CEO Terry Turner said that by reducing nonperforming assets, problem loans and decreasing exposure to construction and land development loans, Pinnacle was able "to report quarterly net income for the first time this year."

In 2009, Pinnacle Financial reported $4.0 million in insurance brokerage income and $4.2 million in securities brokerage, which comprised, respectively, 15.2% and 15.8% of its noninterest income. The company ranked 43rd in insurance brokerage and 14th in securities brokerage earnings among BHCs with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report* and the *Michael White's Bank Broker-Dealer Fee Income Report*.

NOVEMBER 22 - 28, 2010

INSURANCE AND ADVISORY FEE INCOME BRIGHT SPOT AT STRUGGLING BENEFICIAL MUTUAL

Philadelphia, PA-based, $4.9 billion-asset Beneficial Mutual Bancorp reported a 6.6% rise in insurance and advisory fee income to $1.94 million, up from $1.82 million in third quarter 2009, was one of the few bright spots in its third quarter performance. Insurance brokerage earnings comprised 33.8% of noninterest income, which decreased 11.1% to $5.74 million, down from $6.46 million, reflecting declines in all other noninterest income sources except insurance.

A $49.50 million jump in loan loss provisions to $51.05 million, up from $2 million in third quarter 2009, prompted a $15.96 million net interest loss compared to net interest income of $30.68 million a year ago, before the company "saw considerable deterioration in the value of large collateral dependent commercial real estate loans." Hit by set asides and decreased revenue, the company reported a third quarter net loss of $21.73 million compared to net income of $5.82 million in third quarter 2009. Beneficial Mutual President and CEO Gerard Cuddy said, "We see no evidence of an economic recovery in our region and believe any economic recovery will take place over a significantly longer period of time than was originally anticipated."

In 2009, Beneficial Mutual Savings Bank reported $7.1 million in insurance brokerage income, which comprised 33.4% of its noninterest income and 4.8% of its net operating revenue. The company ranked 12th 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*.

NOVEMBER 29 - DECEMBER 5, 2010

U.S. BANKS SEE PROFITS CLIMB IN THIRD QUARTER

U.S. bank and savings institutions saw their aggregate profit in the third quarter jump sevenfold to $14.5 billion, up from $2 billion in third quarter 2009, according to the Federal Deposit Insurance Corporation (FDIC). Almost two-thirds (63.3%) of all institutions reported earnings improvements, while less than one-fifth (19%) reported losses, prompting FDIC Chairman Sheila Bair to say, "Credit performance has been improving, and we remain cautiously optimistic about the outlook."

Reductions in provisions for loan losses drove the positive results, as provisions dropped 45% to $34.9 billion, down from $62.9 billion in third quarter 2009. In addition realized gains on securities and other assets climbed by $7.3 billion compared to a year ago and charged-off uncollectible loans fell 15.8% to $42.9 billion, down from $51 billion.

Still, the number of institutions on the problem list rose to 860, the highest number since March 1993, and 41 institutions failed in the quarter, raising bank failures year-to-date to 127. The Deposit Insurance Fund used to deal with these failures increased its balance to a negative $8 billion, with its contingent loss reserve at $21.3 billion. Chairman Bair said, however, "Our current resources are more than enough to resolve anticipated failures and meet outstanding balances for banks that have already failed."

Commenting on overall results for the quarter, Bair said, "The industry has come a long way in cleaning up balance sheets, building capital and adjusting to changes in financial markets and the economy. But the adjustments are not over, and this is no time for complacency."

NOVEMBER 29 - DECEMBER 5, 2010

FIDUCIARY AND BROKERAGE EARNINGS DOWN AT COMERICA

Dallas, TX-based, $55.2 billion Comerica reported fiduciary income in the third quarter slipped 5.0% to $38 million, and brokerage fees declined 14.3% to $6 million, but income from bank-owned life insurance (BOLI) increased 12.5% to $9 million. Fiduciary, brokerage and BOLI earnings comprised, respectively, 20.4%, 3.2% and 4.8% of noninterest income, which dropped 41.0% to $186 million, down from third quarter 2009, when the company recorded $107 million in net securities gains and $8 million more in service charges on deposit accounts.

Net interest income on a 3.23% net interest margin, jumped 281% to $282 million, reflecting a $189 million drop in loan loss provisions to $122 million and a $74 million drop in interest expense to $52 million. Comerica Chairman and CEO Ralph Babb said, "Our skill-based, relationship-driven strategy and our prudent, conservative approach to banking continued to serve us well."

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*.

NOVEMBER 29 - DECEMBER 5, 2010

CLIMBING WEALTH MANAGEMENT EARNINGS COMPRISE 25% OF NONINTEREST INCOME AT INDEPENDENT BANK

Rockland, MA-based, $4.7 billion-asset Independent Bank Corp. reported wealth management earnings in the third quarter grew 25% to $2.85 million, up from $2.28 million in third quarter 2009, and bank-owned life insurance (BOLI) income climbed 26% to $901,000, up from $713,000. Wealth management and BOLI earnings comprised, respectively, 24.5% and 7.7% of noninterest income, which soared 161% to $11.65 million, up from $4.47 million in third quarter 2009, when the company recorded $5.14 million in net impairment losses on debt securities.

Net interest income on a 3.89% net interest margin rose 3.4% to $37.7 million, up from $36.5 million, reflecting a 21% drop in loan loss provisions to $3.5 million. Net income, reflecting overall improvements, jumped 63% to $11.2 million, up from $6.8 million in third quarter 2009. Independent Bank Corp. President and CEO Christopher Oddleifsow said, "Our loan portfolios are weathering a difficult economic environment extremely well, leading to a reduction in credit losses. Overall, we are very pleased with [subsidiary] Rockland Trust's third quarter performance."

NOVEMBER 29 - DECEMBER 5, 2010

TRUST INCOME UP, INSURANCE EARNINGS DOWN AT RENASANT

Tupelo, MS-based, $4.3 billion-asset Renasant Corp. reported a 12.2% increase in trust revenue in the third quarter to $562,000, up from $501,000 in third quarter 2009, contrasted with a 12.8% decline in insurance commissions to $828,000, down from $949,000. Trust and insurance earnings comprised, respectively, 1.0%, and 1.5% of noninterest income, which almost tripled to $54.5 million, up from $14 million, driven by a $42.2 million recorded gain on its FDIC-assisted acquisition of Jasper, GA-based, $970.2 million -asset Crescent Bank and Trust.

Net interest income on a 2.81% net interest margin fell 28% to $12.8 million, down from $17.8 million, reflecting a $4.15 million increase in loan loss provisions to $11.5 million, despite a loss share agreement with the FDIC tied to the Crescent acquisition. Net income soared 356% to $19.6 million, up from $4.3 million. Renasant Chairman and CEO E. Robinson McGraw said, "We look towards a strong finish to 2010 as we will soon enter a new banking market in Columbia, MS, deploy excess capital to help grow margin and continue to realize stabilization of nonperforming loans."

In 2009, Renasant reported $3.9 million in insurance brokerage income and $2.0 million in trust income, which comprised, respectively, 7.1% and 3.7% of its noninterest income. The company ranked 45th in insurance brokerage earnings and 122nd in trust earnings 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* and *Michael White's Wealth Management Fee Income Report*.

NOVEMBER 29 - DECEMBER 5, 2010

RISING INSURANCE REVENUE COMPRISES 17.3% OF NONINTEREST INCOME AT S&T

Indiana, PA-based, $4.1 billion-asset S&T Bancorp reported insurance brokerage fee income in the third quarter rose 5.4% to $2.13 million, up from $2.02 million in third quarter 2009, while wealth management earnings slipped 3.1% to $1.86 million, down from $1.92 million. Insurance and wealth management earnings comprised, respectively, 17.3% and 15.1% of noninterest income, which grew 19.9% to $12.33 million, up from $10.28 million, bolstered by increased mortgage loan activity.

Net interest income on a 4.09% net interest margin inched ahead 0.3% to $29.83 million, up from $29.74 million. Net income, driven by increased noninterest revenue including insurance, grew 41.6% to $10.93 million, up from $7.72 million. S&T Bancorp President and CEO Todd Brice said, "We are extremely pleased to deliver a positive quarter with improved results to our shareholders. At the same time, we remain focused on the challenges that lie ahead as we move forward in these unprecedented times."

In 2009, S&T Bancorp reported $5.4 million in insurance brokerage income, which comprised 12.4% of its noninterest income and 2.9% of its net operating revenue. The company ranked 32nd in insurance brokerage earnings 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*.

NOVEMBER 29 - DECEMBER 5, 2010

ANNUITY SALES DRIVE INSURANCE AND BROKERAGE AHEAD 34% AT BANK MUTUAL

Milwaukee, WI-based, $3.43 billion-asset Bank Mutual Corp. reported annuity sales helped drive combined insurance and brokerage commissions up 33.7% to $738,000 from $552,000 in third quarter 2009. Combined insurance and brokerage earnings comprised 5.7% of noninterest income, which climbed 48.8% to $12.96 million, up from $8.71 million, driven by a $2.62 million increase in mortgage loan sales to $5.22 million.

Net interest income, however, dropped to $5.55 million, down from $10.13 million, as interest income on mortgage-related securities were cut in half to $4.53 million, interest income on loans was reduced by $3 million to $19.78 million, and loan loss provisions rose about $1 million to $6.16 million. Net income, impacted by net interest earnings, fell 22.8% to $926,000, down from $1.2 million in third quarter 2009. Bank Mutual Corp. Chairman and CEO Michael Crowley said, "Due to the difficult economic environment, new loan demand has been restrained and our liquidity position continues to build, causing a negative impact on our net interest margin."

NOVEMBER 29 - DECEMBER 5, 2010

INVESTMENT SERVICES AND INSURANCE BROKERAGE EARNINGS COMPRISE 60.5% OF TOMPKINS' NONINTEREST INCOME

Ithaca, NY-based, $3.25 billion-asset Tompkins Financial reported that fee income from investment, services, insurance and card services were all up for the third quarter, while service charges on deposit accounts declined due to Regulation E, which requires depositors "to affirmatively elect certain deposit account services and the applicable fees associated with those services." Investment services income rose 4.0% to $3.42 million, up from $3.29 million in third quarter 2009, and insurance brokerage fee income increased 5.3% to $3.37 million, up from $3.20 million. Investment services and insurance brokerage earnings comprised, respectively, 30.5% and 30.0% of noninterest income, which slipped 3.2% to $11.23 million, down from $11.60 million, impacted by reduced service charges on deposit accounts.

Net interest income on a 3.85% net interest margin dipped 1.1% to $24.38 million, down from $24.65 million, reflecting a $1.35 million increase in loan loss provisions, which reduced the positive impact of an almost $2 million decrease in interest expense. Net income, impacted further by increased noninterest expenses, decreased 11.5% to $7.49 million, down from $8.46 million. Tompkins Financial President and CEO Stephen Romaine said, "Although earnings for the quarter declined from the same quarter last year, our year-to-date results remain strong, and in fact are the highest in the Company's history."

In 2009, Tompkins Financial reported $12.3 million in insurance brokerage income, which comprised 26.7% of its noninterest income and 8.0% of its net operating revenue. The company ranked 12th 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*.

DECEMBER 6 - 12, 2010

CITY HOLDING REPORTS GROWING INSURANCE, BOLI AND TRUST REVENUE

Charleston, WV-based, $2.63 billion-asset City Holding Company reported a $300,000 increase in bank-owned life insurance (BOLI) resulting from death benefit proceeds helped drive third quarter BOLI earnings ahead 38.5% to $1.1 million, up from $794,000 in third quarter 2009. Insurance revenue also grew, rising 11.6% to $1.35 million, up from $1.21 million, and combined trust and investment management (TI) fee income increased 4.7% to $618,000, up from $590,000. These increases, however, were not enough to counter a 17.0% drop in service charges to $9.70 million, down from $11.69 million, reflecting the effects of Regulation E. BOLI, insurance and TI earnings comprised, respectively, 9.5%, 11.6% and 5.3% of noninterest income, which slid 6.0% to $11.64 million, down from $12.34 million in third quarter 2009.

Net interest income on a 3.94% net interest margin slipped 3.0% to $21.31 million, down from $21.98 million in third quarter 2009, despite a $2.1 million decrease in interest expense. Net income fell 14.1% to $9.02 million, down from $10.5 million, reflecting "two significant headwinds – additional regulations impacting our service fee revenues and further credit-related net investment impairment losses," said City Holding CEO Charles Hageboech. Hageboech added, however, "Our healthy capital levels, strong liquidity and stable core deposits enable City to consider the opportunities of growing our company through acquisitions."

In 2009, City Holding reported $5.6 million in insurance brokerage income and $2.3 million in fiduciary earnings, which comprised, respectively, 9.8% and 4.1% of its noninterest income. The company ranked 30th in insurance brokerage and 111th in trust earnings among BHCs with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report* and *Michael White's Bank Fiduciary Fee Income Report*.

DECEMBER 6 - 12, 2010

TRUST INCOME CLIMBS 17% AT ENTERPRISE

St. Louis, MO-based, $2.5 billion-asset Enterprise Financial Services reported "several estate planning-related insurance sales and generally improving sales momentum" drove third quarter trust earnings up 17% to $1.33 million from third quarter 2009. Income from wealth management brokerage activities, however, slipped 3.3% to $880,000. Trust revenue and wealth management brokerage earnings comprised, respectively, 22.0% and 14.5% of noninterest income, which dropped 33.3% to $6.05 million, down from $9.07 million in third quarter 2009, when the company recorded a $5.33 million gain on the extinguishment of debt.

Net interest income on a 4.31% net interest margin, jumped 52.7% to $16.64 million, up from $10.9 million, as interest expense dropped by $5.2 million and the company benefited from the FDIC-assisted acquisition of Blackwell, OK-based Home National Bank. Net income after dividend payouts rose 6.6% to $4.35 million, up from $4.08 million a year ago. Enterprise Financial President and CEO Peter Benoist said, "Our Arizona asset purchase from the FDIC contributed substantially to our third quarter results."

In 2009, Enterprise Financial reported $5.1 million in wealth management income, which comprised 20.8% and 5.5% of its net operating revenue. The company ranked 62nd in wealth management earnings among U.S. bank holding companies with assets between $1 billion and $10 billion, according to *Michael White's Wealth Management Fee Income Report*.

DECEMBER 6 - 12, 2010

WEALTH MANAGEMENT AND INSURANCE INCOME DOMINATE COBIZ'S NONINTEREST EARNINGS

Denver, CO-based, $2.4 billion-asset Cobiz Financial reported wealth management revenue in the third quarter grew 16.7% to $2.44 million, up from $2.09 million in third quarter 2009, while insurance earnings slid 8.6% to $2.03 million, down from $2.22 million. Wealth management and insurance earnings comprised, respectively, 30.5% and 25.3% of noninterest income, which increased 14.8% to $8.01 million, up from $6.98 million in third quarter 2009, when the company recorded $5.14 million in net impairment losses on debt securities.

Net interest income on a 4.33% net interest margin more than tripled to $16.54 million, up from $5.33 million, as loan loss provisions were cut by almost $13 million to $7.34 million and interest expenses were trimmed by over $2 million. A $12.5 million goodwill impairment charge and $1.2 million in salary increases, however, helped drive $26.2 million in noninterest expenses, which impacted a third quarter net loss of $1.9 million, compared to a net loss of $15.7 million in third quarter 2009. CoBiz Chairman and CEO Steve Bangert said, "Based on our current earnings momentum, I look forward to returning to profitability in the near future."

In 2009, Cobiz Financial reported $11.8 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 BHCs with assets between $1 billion and $10 billion, according to the Michael White-Prudential Bank Insurance Fee Income Report.

DECEMBER 6 - 12, 2010

BOLI, TRUST AND COMBINED INSURANCE AND SECURITIES BROKERAGE EARNINGS CONTINUE UP AT FIRST DEFIANCE

Defiance, OH-based, $2.05 billion-asset First Defiance Financial reported combined insurance and investment sales commissions climbed 25.7% in the third quarter to $1.42 million; income from bank-owned life insurance (BOLI) increased 12.4% to $226,000, and trust income grew 16.8% to $118,000. Insurance and investment sales commissions, BOLI and trust earnings comprised, respectively, 19.0%, 3.0% and 1.6% of noninterest income, which climbed 34.5% to $7.48 million, helped by a $1.34 million increase in mortgage banking income as well as by growing insurance, BOLI and trust earnings.

Net interest income on a 3.94% net interest margin jumped 32.0% to $12.57 million, up from $9.52 million, reflecting, primarily, a $2.86 million decrease in loan loss provisions to $5.2 million and a $1.6 million decline in net interest expenses. Net income of $1.77 million after dividends compared with a net loss of $184,000 after dividends in third quarter 2009. First Defiance Financial Chairman, President and CEO William Small said, "In light of the continued uncertain economic environment, including high unemployment, slower economic growth activity and the ongoing instability of the commercial real estate market, we believe it is responsible to maintain higher general reserves at this time."

DECEMBER 6 - 12, 2010

ARROW REPORTS GROWING TRUST AND INSURANCE EARNINGS

Glens Falls, NY-based, $1.96 billion-asset Arrow Financial reported income from fiduciary activities in the third quarter grew 10.0% to $1.32 million, up from $1.20 million in third quarter 2009, and insurance brokerage fee income increased 11.0% to $810,000, up from $730,000 in third quarter 2009. Fiduciary and insurance earnings comprised, respectively, 24.9% and 15.3% of noninterest income, which climbed 19.9% to $5.31 million, up from $3.98 million, helped additionally by increased gains on securities transactions and loan sales.

Net interest income on a 3.54% net interest margin remained basically steady at $14.79 million compared to $14.78 million. Net income, however, increased 0.4% to $5.58 million, up from $5.56 million in third quarter 2009, "led by a substantial increase in our noninterest income, Arrow Financial Chairman, President and CEO Thomas Hoy said.

In 2009, Arrow Financial reported $2.4 million in insurance brokerage income and $3.6 million in fiduciary earnings, which comprised, respectively, 12.3% and 18.2% of its noninterest income. The company ranked 57th in insurance brokerage and 77th in trust earnings among BHCs with assets between $1 billion and $10 billion, according to the Michael White-Prudential Bank Insurance Fee Income Report and Michael White's Bank Fiduciary Fee Income Report.

DECEMBER 6 - 12, 2010

INSURANCE SLIPS BUT MAINTAINS A 29% SHARE OF PEOPLES' NONINTEREST REVENUE

Marietta, OH-based, $1.9 billion-asset Peoples Bancorp reported insurance brokerage fee income in the third quarter slipped 1.8% to $2.22 million, down from $2.26 million in third quarter 2009, and earnings from bank-owned life insurance (BOLI) fell 20.8% to $137,000, down from $173,000, while trust and investment (TI) income rose 1.7% to $1.23 million, up from $1.21 million. Insurance, BOLI and TI earnings comprised, respectively, 28.8%, 1.8% and 16.0% of noninterest income, which slipped 1.3% to $7.71 million, down from $7.81 million.

Net interest income on a 3.58% net interest margin dropped 25% to $7.26 million, down from $9.68 million, as loan loss provisions grew by $2.95 million to $8.01 million. With a $3.63 million loss on debt extinguishments, a $443,000 net loss on assets and a $568,000 loss on loans held for sale, the company reported a net loss of $101,000 compared to a net loss of $4.6 million in third quarter 2009. Peoples Bancorp President and CEO David Mead said, "We have intensified our proactive efforts to identify weakening credits and assess their collectibility."

In 2009, Peoples Bancorp reported $9.4 million in insurance brokerage income, which comprised 29.4% of its noninterest income and 10.0% of its net operating revenue. The company ranked 18th 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.

DECEMBER 6 - 12, 2010

TRUST AND INVESTMENT MANAGEMENT EARNINGS SHOW CONSISTENT GROWTH AND VALUE AT S.Y. BANCORP

Louisville, KY-based, $1.9 billion-asset S.Y. Bancorp Chairman and CEO David Heintzman noted, "Our investment management and trust services division has produced increased fee income each quarter this year." In the third quarter trust and investment management (TI) fee income grew 11.7% to $3.05 million, up from $2.73 million in third quarter 2009. At the same time, brokerage commissions and fees climbed 20.4% to $525,000, up from $436,000, and bank-owned life insurance (BOLI) income rose 0.8% to $251,000, up from $249,000. TI, brokerage and BOLI earnings comprised, respectively, 36.6%, 6.3% and 3.0% of noninterest income, which increased 1.7% to $8.34 million, down from $8.20 million.

Net interest income on a 3.97% net interest margin climbed 29.2% to $14.52 million, up from $11.24 million, reflecting a $1.71 million decrease in interest expense and a $780,000 decrease in loan loss provisions. Net income jumped 45% to $6.37 million, up from $4.40 million, reflecting "continued solid loan and deposit growth across our markets, as well as rising fee income from our investment management and trust services," Heintzman said. He added, "Exciting opportunities exist in our investment management and trust services division," which has $1.6 billion in assets under management.

In 2009, S.Y. Bancorp reported $5.4 million in insurance brokerage income and $1.7 million in securities brokerage income, which comprised, respectively, 12.4% and 5.4% of its noninterest income. The company ranked 32nd in insurance brokerage and 36th in securities brokerage earnings among BHCs with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report* and *Michael White's Bank Securities Brokerage Fee Income Report*.

DECEMBER 13 - 19, 2010

INSURANCE EARNINGS COMPRISE 54% OF SUMMIT FINANCIAL'S NONINTEREST INCOME

Moorefield, WV-based, $1.5 billion-asset Summit Financial Group reported insurance brokerage fee income in the third quarter slipped 2% to $1.23 million, down from third quarter 2009, but remained the dominant contributor to noninterest earnings, comprising 53.7% of that revenue, which fell 19% to $2.29 million, reflecting $109,000 in securities impairments and declines in service fee income and securities gains.

Net interest income on a 2.82% net interest margin dropped 27% to $5.05 million, down from $6.70 million, as loan loss provisions increased $500,000 and deposits fell by almost $1 million. With rising noninterest expenses and $74,000 in preferred stock dividend payments, the company reported a net loss of $128,000 compared to net income of $1.40 million in third quarter 2009. Summit Financial President and CEO Charles Maddy III said, "Nonperforming loans and delinquencies have both declined since year-end 2009, and we are seeing fewer additions to our problem loan portfolio. However, progress with the disposition of foreclosed real estate has been more difficult to achieve."

In 2009, Summit Financial reported $5.0 million in insurance brokerage income, which comprised 49.8% of its noninterest income and 9.4% of its net operating revenue. The company ranked 36th 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*.

DECEMBER 13 - 19, 2010

WEALTH MANAGEMENT AND BOLI EARNINGS CLIMB AT MUTUALFIRST

Muncie, IN-based, $1.44 billion-asset MutualFirst Financial reported wealth management income grew 26.2% to $896,000, up from $710,000 in third quarter 2009. Bank-owned life insurance (BOLI) income jumped 63.6% to $630,000, driven by a death benefit. Wealth management and BOLI comprised, respectively, 24.6% and 17.3% of noninterest income, which slipped 0.3% to $3.64 million, down from third quarter 2009, when the company recorded no other than temporary impairment of securities compared to $197,000 in those impairments in third quarter 2010.

Net interest income on a 3.23% net interest margin slid 2.3% to $8.39 million, down from $8.59 million, as loan loss provisions grew by $575,000. Net income jumped 50% to $1.2 million, up from $800,000, driven by an $814,000 decrease in noninterest expenses. MutualFirst President and CEO David Hecter said, "While we are pleased with earnings for the quarter, we continue to experience the uncertainty of the economy."

DECEMBER 13 - 19, 2010

INSURANCE EARNINGS DOMINATE 69% OF VIST FINANCIAL'S NONINTEREST INCOME

Wyomissing, PA-based, $1.36 billion-asset VIST Financial reported insurance brokerage fee income in the third quarter slid 7.4% to $3.02 million, down from $3.26 million in third quarter 2009, but securities brokerage and investment advisory fee income more than doubled to $279,000, up from $112,000, and bank-owned life insurance (BOLI) income grew 15.6% to $111,000. Still, insurance brokerage earnings dominated noninterest income, comprising 68.8% of that revenue, which jumped 55.1% to $4.39 million, up from third quarter 2009, when the company recorded about $2 million in net impairment losses compared to $622,000 in the current quarter. Helped by insurance earnings and increased investment brokerage and BOLI income, noninterest fee income comprised 32% of VIST's net revenue, VIST Financial President and CEO Robert Davis said.

Net interest income on a 3.48% net interest margin dropped 13.2% to $6.63 million, down from $7.64 million in third quarter 2009, hit by a $2.15 million increase in loan loss provisions to $3.55 million. With other real estate owned (OREO) expenses and increased noninterest expenses the company reported a third quarter net loss of $602,000, compared to net income of $155,000 in third quarter 2009. Davis said, "The lagging effects of the recession on our national and regional business climate will continue to influence our financial performance for some time."

In 2009, VIST Financial reported $12.3 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 BHCs with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

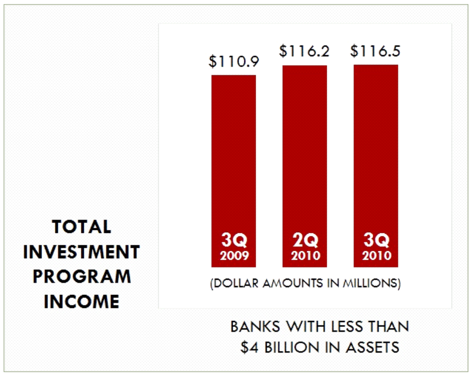
DECEMBER 13 - 19, 2010

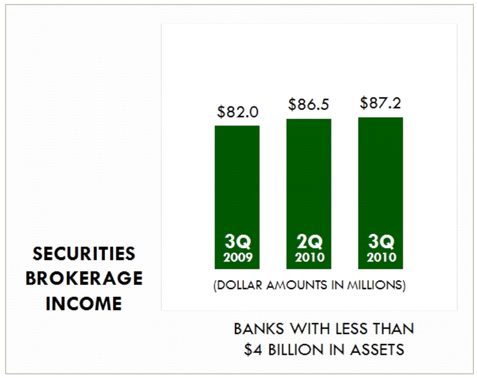
TRUST AND INVESTMENT FEE INCOME JUMP AT SHORE, BUT INSURANCE COMPRISES 54% OF NONINTEREST REVENUE

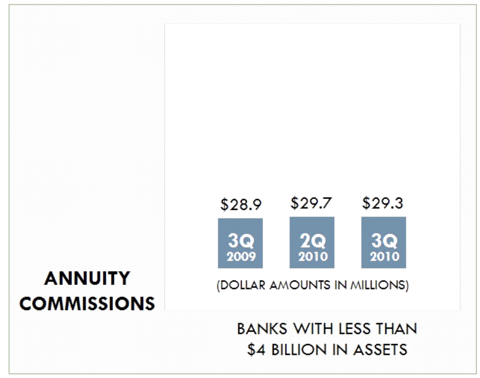
Easton, MD-based, $1.14 billion-asset Shore Bancshares reported insurance brokerage fee income in the third quarter decreased 8.4% to $2.51 million, down from $2.74 million in third quarter 2009, while trust and investment (TI) fee income jumped 30.3% to $357,000, up from $274,000. Insurance and TI earnings comprised, respectively, 54.1% and 7.7% of noninterest income, which slipped 1.7% to $4.64 million, down from $4.72 million, impacted primarily by declines in insurance and service charge revenues.

Net interest income on a 4% net interest margin dropped 25.6% to $6.49 million, down from $8.73 million, as loan loss provisions jumped 146% $4.19 million, up from $1.70 million. Earnings, impacted by $3.05 million in goodwill impairments tied to Shore's 2004 acquisition of The Felton Bank and its 2007 acquisition of wholesale insurance agency TSGIA, were reduced to a net loss of $1.4 million compared to net income of $1.95 million in third quarter 2009. Shore Bancshares President and CEO W. Moorhead Vermilye said, "Our underlying operating performance for the quarter was decent considering the ongoing tough business environment."

In 2009, Shore Bancshares reported $11.1 million in insurance brokerage income, which comprised 57.1% of its noninterest income and 18.3% of its net operating revenue. The company ranked 15th 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*.







SOURCE: Michael White Community Bank Investment Programs Report

DECEMBER 20 - 26, 2010

U.S. COMMUNITY BANKS ENJOY 10% JUMP IN INVESTMENT PROGRAM INCOME

Community bank investment programs continued to strengthen through the third quarter due to increases in both securities brokerage fee income and annuity commissions, according to the Michael White Community Bank Investment Programs Report.

Issued by Michael White Associates (MWA) each quarter, the report measures and benchmarks investment programs at community banks, i.e., those with assets under $4 billion. The current report is based on data reported by 6,853 commercial and FDIC-regulated savings banks operating on September 30, 2010.

"While growth in program revenue slowed in the third quarter, year-to-date performance of community bank investment programs remained well ahead of that in 2009," said Michael White, president of Michael White Associates and author of the report. "Our findings show improvements in Program Concentration, Penetration, Productivity and Density, key measures by which to gauge investment program strength."

Program Production

In the first nine months of 2010, 1,490 or 21.7% of community banks participated in investment program activities, producing $342.8 million in program income, up 9.8% from $312.1 million YTD in 2009. Third quarter 2010 program income of $116.5 million rose 0.3% from $110.9 million in second quarter 2010 and was up 5.0% from $110.9 million in third quarter 2009.

These community banks achieved average year-to-date investment program fee income of $230,046 in three quarters, up 17.5% from $195,815 in last year's first nine months. The number of banks participating in investment program activities was down by 6.5% or 113 banks from 1,594 banks YTD in 2009.

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 the first three quarters of 2010, community banks earned mean investment program income of $658 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 $1,040 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 6.8% at September 30, 2010. Large banks, those with assets greater than $4 billion, had a mean Concentration ratio of 5.9%, 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.

At the end of third quarter 2010, mean community bank employee Productivity was $1,679 per bank employee, or $2,238 per employee when annualized for year-end projection purposes. Annualized mean productivity per employee through third quarter 2010 was up 14.2% % from the annualized mean ratio for YTD third quarter 2009 ($1,960).

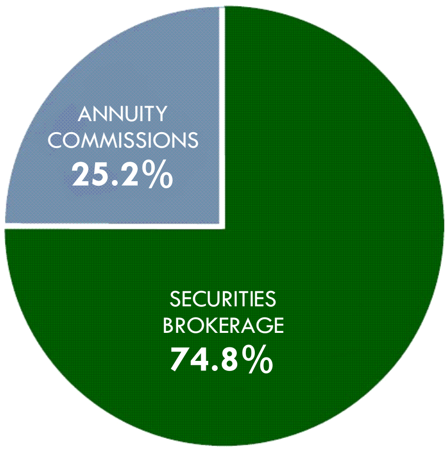
Program Density

Measured as the amount of program fee income per domestic banking office, Program Density evaluates the relative density of program income among banking locations, the critical physical assets in generating investment program income. Mean density per domestic community bank office was $38,498 in the first three quarters of 2010. The projected annualized mean density rate was $51,318 per banking office for the first nine months, 9.1% ahead of the annualized mean density at September 30, 2009.

Revenue Mix – Securities Brokerage

In three quarters, community banks earned securities brokerage fee income of $256.2 million, up 17.7% from $217.6 million through September 2009. Third quarter brokerage revenues of $87.2 million were up 0.8% from $86.5 million in

INVESTMENT PROGRAM REVENUE MIX
YTD FIRST NINE MONTHS OF 2010
BANKS WITH LESS THAN $4B IN ASSETS



SOURCE: *Michael White Community Bank Investment Programs Report*

second quarter 2010. Security brokerage revenues constituted 74.8% of total investment program income of $342.8 million in the first nine months of 2010, up slightly from a revenue mix of 74.7% at the end of second quarter and up from a cumulative mix of 69.7% in YTD 2009.

Of the 1,490 banks with assets under $4 billion that reported earning investment program income, 1,322 banks or 88.7% reported earning commissions and fees from securities brokerage, and 648 banks or 43.5% reported earning securities brokerage fee income only.

Revenue Mix – Annuities

Community banks earned annuity fee income of $86.5 million, down 8.4% from $94.5 million in three quarters of 2009. Third quarter annuity revenues of $29.3 million were down 1.3% from $29.7 million in second quarter 2010. Annuity commissions constituted 25.2% of community bank investment program income in nine months of 2010, down from a revenue mix of 25.3% in the first half, and down from a cumulative mix of 30.3% in YTD 2009. With 16.5% of third quarter program income and 15.1% of YTD 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 1,490 community banks that reported earning investment program income, 842 banks or 56.5% reported earning annuity commissions, and 168 banks or 11.3% reported earning annuity income only. This latter finding of 168 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 6.1% from 179 banks in year-to-date in 2009.

Leaders – Investment Program

First-half 2010 leaders in investment program fee income among community banks with assets under $4 billion were CenterState Bank of Florida, N.A. (FL) with $13.92 million, up 161.1% from $5.33 million in first half 2009; North Shore Community Bank & Trust Company (IL) with $7.36 million, up 46.7% from $5.02 million; TIB The Independent Bankersbank (TX) with $5.5 million, down 17.4% from $6.66 million; BAC Florida Bank (FL) with $3.75 million, up 134.6% from $1.6 million; and Espirito Santo Bank (FL) with $3.46 million, up from zero in first half 2009. (Note that not all of the income in some investment programs is necessarily derived from retail investment activities in which securities brokerage is conducted on behalf of retail customers. Some institutions like CenterState Bank of Florida and bankers' banks are in the correspondent banking business and so engage in the sale of 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 – Investment Program

Year-to-date leaders in investment program fee income among big banks with assets under $4 billion were CenterState Bank of Florida, N.A. (FL) with $25.9 million, up 135.5% from $11.0 million in the first three quarters of 2009; North Shore Community Bank & Trust Company (IL) with $11.0 million, up 37.9% from $8.0 million; TIB The Independent Bankersbank (TX) with $8.50 million, down 1.0% from $8.59 million; BAC Florida Bank (FL) with $5.53 million, up 51.6% from $3.56 million; and Espirito Santo Bank (FL) with $5.39 million, up from $4.25 million in the same period of 2009. Not all of these larger programs are retail investment programs, but rather some are the result of correspondent banking programs.

Leaders – Annuities

In the first nine months of 2010, leaders in annuity fee income among community banks under $4 billion in assets were Bank of Hampton Roads (VA) with $3.17 million, down 3.0% from $3.27 million in same period of 2009; United Bank (WV) with $1.60 million, up 17.1% from $1.37 million in 2009; GreenBank (TN) with $1.39 million, up 44.1% from $962,000; First Victoria National Bank (TX) with $1.34 million, down 9.2% from $1.48 million; and Lake City Bank (IN) with $1.30 million, up 47.3% from $881,000 in the first three quarters of 2009.

**INVESTMENT PROGRAM INCOME PERFORMANCE BENCHMARKS
FOR COMMUNITY BANKS - YTD SEPTEMBER 30, 2010 - NATIONALLY**

PERFORMANCE MEASURES	MEAN
PRODUCTION - Dollar Volume	$230,046
CONCENTRATION - % of Noninterest Income	6.85%
PENETRATION – $ per Million Dollars of Retail Deposits	$658
PRODUCTIVITY - $ per Bank Employee	$1,679
DENSITY - $ per Domestic Office	$38,498

SOURCE: *Michael White Community Bank Investment Programs Report*

Bank Insurance & Investment Marketplace

DECEMBER 28, 2009 - JANUARY 3, 2010

COLI, TOLI, NQDCS & SERPS

Eighty-five percent of U.S. companies offer nonqualified deferred compensation plans (NQDC), and 67% offer supplemental executive retirement plans (SERPs), according to *Executive Benefits – A Survey of Current Trends*, a study completed by Dallas, TX-based Clark Consulting. While the number of companies that informally fund their NQDC plans has climbed to 71%, up from 62% in 2007, the number informally funding their SERPs has dropped to 39%, down from 48% in 2007. Corporate-owned Life Insurance (COLI) and Trust-owned Life Insurance (TOLI) remain the most commonly used funding vehicles for both NQDCs (61%) and SERPs (68%).

Increasingly, companies are turning to third party administrators or a combination of in-house/third party administrators to manage NQDC plans, leaving only 3% relying on in-house administrators, compared to 15% in 2007. In contrast, 32% administer their SERPs in house, up from 30% in 2007, but down from 44% in 2005. Turning to outside administrators, Clark Consulting said, "may reflect a need for more sophisticated administration in light of the requirements of the Internal Revenue Code section 409A.

DECEMBER 28, 2009 - JANUARY 3, 2010

AUTO INSURERS SATISFY CUSTOMERS MORE THAN HOME INSURERS

Insured Americans are more satisfied with their auto insurance claims experience (842 on a 1,000-point scale) than they are with their homeowners claims experience (828 on a 1,000-point scale), according to J.D. Power & Associates. J.D. Power & Associates Senior Director of Insurance Practices Jeremy Bowler said, "By thoroughly explaining the limitations of the policy coverage and fully managing customer expectations, insurance companies may be able to lower the number of negotiations and improve claimant satisfaction considerably." During the first notice of loss process, 81% of auto claimants said their insurer provided them an explanation of their policy coverage, while less than 75% of homeowner claimants received the same information.
To access J.D. Powers Associates' Auto Claims Study, click here.
To access J.D. Powers Associates' Home Claims study, click here.

JANUARY 11 - 17, 2010

GROWTH IN INSURANCE PURCHASES AMONG HISPANIC COMMUNITY OUTSTRIPS GENERAL POPULATION

Spending among the American Hispanic community grew 6.4% between 2005 and 2008, while non-Hispanic spending rose 2.9%, according to U.S. Bureau of Labor Statistics data compiled by the Latinum Network, a Behtesda, MD-based subsidiary of EcoNet Ventures. Insurance was one of the major purchase categories "where Hispanic consumer spending growth far outpaced the general market," the Latinum report found. Latinum principal David Wellish said, "As companies look to accelerate growth in 2010, brands that ignore or misread the impact of cultural factors on purchasing behaviors may leave the lion's share of U.S. Hispanic buying power on the table."

JANUARY 11 - 17, 2010

PRUDENTIAL PLC & SINGAPORE'S UNITED OVERSEAS BANK FORGE BANCASSURANCE RELATIONSHIP

London-based Prudential plc has agreed to pay S$428 million ($306.8 million) in cash to acquire Singapore-based UOB Life Insurance, a subsidiary of Singapore-based United Overseas Bank (UOB). Prudential and UOB have also agreed to form a 12-year bancassurance partnership whereby Prudential will market its insurance and investment products through UOB's 414 branches throughout Singapore, Thailand and Indonesia. Prudential Group Chief Executive Tidjane Thiam said, "Our agreement with UOB enhances our presence in Asia and strengthens our leading regional platform." UOB CEO Wee Ee Cheong said, "The tie-up allows us to leverage our distribution strength and harness the manufacturing expertise of a leading life insurer to jointly accelerate the growth of our bancassurance business regionally."

JANUARY 18 - 24, 2010

CULLEN/FROST BANKERS' INSURANCE UNIT ENDORSED BY TEXAS NONPROFITS

Frost Insurance, a unit of San Antonio, TX -based, $16.2 billion-asset Cullen/Frost Bankers, has been endorsed by The Texas Association of Nonprofit Organizations (TANO) to offer property and casualty insurance and directors and officers liability coverage to TANO members as a member benefit. TANO has also endorsed Frost Insurance to its members as a source for employee benefits and health insurance. TANO President and CEO Barry Silverberg said, "It is great to work with such a strong and well-respected organization. TANO seeks to better serve its organizational members and their staff throughout the state by establishing our relationship with Frost Insurance." First Insurance offers a full range of business and personal insurance products to consumers throughout Texas.

In 2008, Cullen/Frost Bankers reported $33.1 million in insurance brokerage fee income, which comprised 11.9% of its noninterest income and 4.1% of its net operating revenue. Cullen/Frost Bankers ranked 17th in insurance brokerage earnings among U.S. bank holding companies with over $10 billion in assets and 19th among all U.S. bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

JANUARY 18 - 24, 2010

CONSUMER DEMAND SPARKS AGENT RECRUITMENT AT NORTHWESTERN MUTUAL

Milwaukee, WI-based Northwestern Mutual Life Insurance Co. announced it plans to recruit more than 2,300 financial representatives and more than 2,500 interns in 2010. The effort, it said, is in line with its increased hiring trend, which was up 10% in 2009 over 2008. Northwestern Mutual Field Recruitment Director Michael Van Grinsven said, "People are seeking guidance and clarity in their long-term planning, so there's a high demand for trained financial professionals. Our forecasts show that this demand will continue to grow in the foreseeable future." Northwestern Mutual offers life insurance, long-term care insurance, disability insurance, annuities, investment products and advisory products and services and has over $1 trillion in life insurance protection in force.

JANUARY 18 - 24, 2010

LIFE INSURERS SEE MODEST TO FLAT YEAR AHEAD

Most life insurers are predicting that growth in sales, premium and profitability in 2010 will be modest to flat compared to 2009, according to a recent LOMA *Resource* magazine survey. Variable product guarantees, battered investment portfolios and exceptionally low interest rates are expected to be drags on profits. In addition, consumers are expected to seek low-cost coverage and be more cautious about purchasing variable products. In order to drive profits, insurers are looking at faster processing technologies, automated underwriting, smart phones, wireless tools, workforce virtualization and voice-over-Internet communications. LIMRA, LOMA and LL Global President and CEO Robert Kerzner said, "The environment will remain difficult – some companies will thrive while others will struggle." He predicts that highly capitalized companies will seek to increase their market through mergers and acquisitions in 2010.

JANUARY 18 - 24, 2010

WELLS FARGO TO MERGE, REORGANIZE AND LIQUIDATE FUNDS

San Francisco-based, $1.23 trillion-asset Wells Fargo & Co. subsidiary Wells Fargo Funds Management plans to merge, reorganize and liquidate various funds currently held under Wells Fargo Advantage Funds and Evergreen Investment Management Company. In the move designed to eliminate product overlap, 27 Evergreen Funds will be reorganized into new Wells Fargo Advantage Funds, 53 mutual funds from both fund families will merge and 4 Evergreen Funds and 1 Wells Fargo Advantage fund will be liquidated. Evergreen portfolio managers will continue their roles as part of Wells Capital Management. The reorganization requires shareholder approval.

JANUARY 18 - 24, 2010

ERNST & YOUNG MAPS ROAD AHEAD FOR LIFE INSURERS

The U.S. life insurance industry is likely to experience an extended period of weak earnings, slow growth and increased regulatory oversight in 2010, according *to Ernst & Young's Global Insurance Center 2010 U.S. Outlook*. In order to become more profitable and achieve growth, Ernst & Young advised, insurers need to strengthen prices for in force business by, for example, increasing non-guaranteed fees. They need to assess their company's risk appetite and establish procedures for risk-adjusted performance and, at the same time, reduce risks by re-designing and re-pricing products to match consumer demands. They need to reallocate capital to those businesses with the best chance of success and match business opportunities with increased regulatory oversight. Instead of cutting jobs to reduce expenses and free capital, they need to improve operational efficiency. Summing up, Ernst & Young Global Director of Insurance Industry Services Peter Porrino said, "By focusing on optimizing capital, broadening risk management capacity and remaining agile in a constantly evolving regulatory environment, life insurance companies will be more prepared for future crises and better positioned once the market rebounds." *To access the Ernst & Young report, click here*.

JANUARY 18 - 24, 2010

AFFLUENT AMERICANS AWAKENED BY FINANCIAL CRISIS

About 9 in 10 Americans (88%) with at least $500,000 in investable assets believe it is more important than ever to live within their means, according to a PNC Wealth Management survey. Half of this group is re-evaluating its priorities; 47% are discussing money management with their children; 42% say the recession has had a negative impact on their family budget, and they have cut their spending on non-essential goods, PNC Wealth Management found.

JANUARY 18 - 24, 2010

INDIA'S ICICI LOMBARD GENERAL INSURANCE AND DEVELOPMENT CREDIT BANK FORGE BANCASSURANCE DEAL

Mumbai, India-based ICICI Lombard General Insurance Co. (ICICI Lombard GIC), a 74:26 joint venture between Mumbai-based, $75 billion-assets ICICI Bank and Toronto, Canada-based, $27 billion-asset Fairfax Financial Holdings, has forged a bancassurance agreement with Mumbai, India-based Development Credit Bank (DCB). Under the agreement, ICICI Lombard GIC will distribute life, health, home, travel, auto, fire, marine and industrial insurance through DCB's 80 branches across 10 states and 2 territories in India. ICICI Lombard GIC Retail Director Neelesh Garg said, "Our partnership strengthens and enhances ICICI Lombard's reach to provide innovative insurance solutions to a widespread customer base." DCB CEO Marali Nalrajan said the partnership gives DCB a "big opportunity to bring value to our customers." ICICI Lombard GIC issued over 4 million policies in the year ended March 31, 2009.

JANUARY 25 - 31, 2010

2009 SEES 13% HIKE IN APPLICATIONS FOR INDIVIDUALLY UNDERWRITTEN LIFE INSURANCE

U.S. applications for individually underwritten life insurance rose 2.6% in December 2009 over December 2008 and increased 2.9% in the fourth quarter compared to fourth quarter 2008, according to the MIB Life Index. For the year, applications among individuals aged 60 and over jumped 13% over 2008 and rose 1.8% among individuals aged 45 to 59. A 3.8% decline in applications among individuals aged 0-44, however, kept overall application activity flat at -0.2% compared to 2008, Braintree, MA-based MIB Group said.

JANUARY 25 - 31, 2010

MUTUAL OF OMAHA TO LAUNCH FLAGSHIP COMMUNITY BANK IN TAMPA, FLORIDA

Omaha, NE-based, $3.5 billion-asset Mutual of Omaha Bank, a subsidiary of $22 billion-asset insurer Mutual of Omaha, plans to launch a full-service community bank in Tampa, Florida in March. Mutual of Omaha Bank Florida President Kevin Hale said, "This flagship location will serve as a focal point for our expansion in the Tampa Bay market." Mutual of Omaha Bank Tampa Bay Market President Brian Holliday said, "Tampa customers who do business with Mutual of Omaha Bank will find the resources of a financially strong and stable national leader." Mutual of Omaha Bank operates full-service community banks in Arizona, California, Colorado, Nebraska, Nevada and Texas and has offices in Florida, Iowa and Kansas.

JANUARY 25 - 31, 2010

STUDY SAYS INSURERS' INVESTMENTS IMPROVED 4.7% IN FIRST THREE QUARTERS OF 2009

Invested assets held by insurance companies improved 4.7% in the first three quarters of 2009, according to Cincinnati-based Ward Group's study of 43 U.S. insurers. In its study, *Portfolio Management and Insurance-Company Owned Life Insurance (ICOLI)*, Ward found that equities as a percent of invested assets has declined 23% among insurers since 2007; preservation of capital is a primary investment objective among 47% of companies, and 74% of companies are concerned about funding future benefits liabilities. As an investment strategy, only 11% of companies use ICOLI to improve the efficiency of their investment portfolio. Ward Group President Jeff Rieder said, "The majority of companies utilize ICOLI only for the life insurance benefits." The deBart Group CEO Richard deBart, who commented on the Ward Group study, said the disinclination of insurers to use ICOLI as an investment strategy is "potentially due to lack of familiarity with ICOLI products," an interesting comment since life insurers are the source of the products.

FEBRUARY 1 - 7, 2010

WHITE HOUSE TOUTS ANNUITIES

The White House announced last week that it plans to promote "the availability of annuities and other forms of guaranteed lifetime income, which transforms savings into guaranteed future income, reducing the risks that retirees will outlive their savings or that their living standards will be eroded by investment losses or inflation," the American Banker reports. The decision to promote annuities mirrors the growth already seen in bank annuity sales, which rose 2.5% in the first three quarters of 2009 to $2.0 billion, up from $1.95 billion during the same period in 2008, according to the *Michael White-ABIA Bank Annuity Fee Income Report*.

FEBRUARY 8 - 14, 2010

LIFE INSURANCE WEB SEARCHES UP 15% IN 2009

On-line searches for information about life insurance climbed 15% in 2009 to $16.6 million queries, up from $14.4 million in 2008, according to Reston, VA-based comScore, Inc. Of those inquiries, 2 million requested online premium quotes. MetLife.com received the most visits (116,000, or 5.8%), followed by NewYorkLife.com (56,000, or 2.8%) and StateFarm.com (50,000, or 2.5%). comScore Director Susan Engleson said, "It is increasingly important for insurers to have a strong brand presence online." That said, she added, "Insurers are experiencing varying degrees of success at meeting online consumer needs."

FEBRUARY 8 - 14, 2010

BOCOM AND CBA LAUNCH BANCASSURANCE JOINT VENTURE

Shanghai, China-based Bank of Communications (BoCom) and Sydney, Australia-based Commonwealth Bank of Australia (CBA) have launched BoComm Life Insurance Company Limited, a joint venture growing out of BoCom's acquisition of China Life's 51% stake in former CBA joint venture China Life CMG. Commonwealth Bank of Australia Group Executive Simon Blair said, "We intend to help grow the business nationally by tapping into BoCom's resources and enormous distribution network. Our goal is to create a leading and competitive life insurer that covers the national China market." BoCom has 2,600 branches in 143 cities, 10,000 self-help machines, and 350 wealth management centers in China.

FEBRUARY 8 - 14, 2010

PAKISTAN ISSUES BANCASSURANCE GUIDELINES

Bancassurance guidelines issued by the Insurance Division of the Securities and Exchange Commission of Pakistan last month took effect February 1, 2010, with a grace period for compliance extended to April 30, 2010. The guidelines are intended to provide transparency for consumers and a "systematic and orderly" framework for insurers and banks to follow as they partner to "efficiently distribute and deliver insurance products and services to consumers." The Commission said it developed Guidelines for Bancassurance – 2010 to address the fact that "bancassurance has evolved as an important distribution channel … increasing insurance penetration in the country."

FEBRUARY 15 - 21, 2010

U.S. INDIVIDUAL LIFE APPLICATIONS CONTINUE UP

U.S. applications for individually underwritten life insurance in January rose for the sixth consecutive month year-over-year, increasing 1.2% over January 2009, according to the MIB Life Index. Applications among individuals aged 60 and older achieved their 10th consecutive month of double-digit year-over-year growth, climbing 15.2% over January 2009. Applications among individuals aged 45-59 continued a seven month year-over-year trend up, rising 2.5% over January 2009, but applications among individuals aged 0-44 were down 2.5% year-over-year, according to Braintree, MA-based MIB Group.

FEBRUARY 15 - 21, 2010

AIG STAR LIFE PARTNERS WITH ORIX IN JAPAN

Tokyo, Japan-based AIG Star Life Insurance Co. (AIG Star), a subsidiary of New York City-based American International Group, has agreed to partner with Tokyo-based Orix Corp. to sell AIG Star's group annuity products to Orix's commercial customers in Japan. Orix does business in corporate finance, maintenance leasing, real estate and trust banking.

FEBRUARY 15 - 21, 2010

AXA PAYS TO EXPAND BMPS BANCASSURANCE JOINT VENTURE

Paris-based AXA Group has agreed to pay Siena, Italy-based Banca Monte dei Paschi di Siena (BMPS) €240 million ($327.1 million) to expand the AXA-BMPS bancassurance partnership to include the 1,000 branches of former Banca Antonveneta, acquired by BMPS. The AXA-BMPS bancassurance joint venture can now distribute AXA insurance products through 3,000 BMPS bank branches in Italy.

FEBRUARY 22 - 28, 2010

MUTUAL OF OMAHA BANK EXPANDS FLORIDA FOOTPRINT WITH FAILED-BANK ACQUISITION

Omaha, NE-based, $3.8 billion-asset Mutual of Omaha Bank entered into a purchase and assumption agreement with the Federal Deposit Insurance Corporation (FDIC) to assume the $117.1 million in deposits and purchase $104.8 million in assets of Marco Island, FL-based, $119.6 million-asset Marco Community Bank. The Florida Office of Financial Regulation closed the bank and appointed the FDIC receiver on Friday, Feb. 19. The FDIC estimates the event will cost the Deposit Insurance Fund $38.1 million. Marco Community Bank is the 17th FDIC-insured institution to fail in 2010 and the third to fail in Florida this year.

FEBRUARY 22 - 28, 2010

U.S. FIXED ANNUITY SALES TREND DOWN

U.S. fixed annuity sales in the fourth quarter continued their quarter-to-quarter downward trend. While first quarter sales of $34.8 million rose 2.1% over fourth quarter 2008 sales of $34.1 million, second quarter 2009 dropped 20% from first quarter sales of $27.8 million; third quarter sales dropped another 20% from second quarter sales to $22.1 million, and fourth quarter sales declined 9% to $20.4 million from third quarter sales. Overall, year 2009 fixed annuity sales totaled $105.1 billion, down 1.5% from record earnings of $106.7 billion in 2008, according to data compiled by Evanston, IL-based Beacon Research for Washington, DC-based Insured Retirement Institute (IRI). Book value annuities made up 44.2% of the fixed annuity market in the fourth quarter followed by indexed annuities (37.3%), and trailed by immediate annuities (9.4%) and market value adjusted (MVA) annuities (9.1%). For the year 2009, book annuities accounted for almost half (49.5%) of all fixed annuity sales, followed by indexed annuities (30.2%), MVAs (14.9%) and fixed income annuities (7.6%), Beacon Research shows.

FEBRUARY 22 - 28, 2010

U.S. INDEXED ANNUITY SALES HIT RECORD $30.2 BILLION; INDEXED LIFE SALES CHOPPY

U.S. indexed annuity sales in 2009 reached a record $30.2 billion, exceeding the past record of $27.2 billion set in 2007 by 10%, according to AnnuitySpecs.com Indexed Sales and Market Report. Record sales in the second and third quarters drove the results, which were slowed by fourth quarter sales of $7 billion, down 6.7% from $7,5 billion in third quarter 2009 and off 2.7% from $7.2 billion in fourth quarter 2008. Jackson National Life was the number one provider of indexed annuities in the bank and wirehouse market, but Allianz Life was the top provider overall, followed by American Equity, Jackson National and ING, respectively.

Indexed life insurance sales of $151.3 million in the fourth quarter slipped 4% compared to fourth quarter 2008 sales of $157.6 million, but were up 16% compared to third quarter 2009 sales of $127.1 million. Aviva, with a 22% market share, was the top indexed life insurance provider. Pacific Life, with the number 1 indexed life product, ranked second, followed by National Life Group, Minnesota Life, and American General Companies. Among all indexed life insurance products sold, the average premium paid totaled $7,596, Pleasant Hill, IA-based AnnuitySpecs.com research shows.

FEBRUARY 22 - 28, 2010

RETIREMENT AGE WORKERS GOOD BETS FOR ANNUITIES

A record 55% of Americans plan to work past age 67, and the number who plan to work fulltime at that age has climbed to a new high of over 28%, according to the Unretirement Index based on a survey conducted by Wellesley, MA-based Sun Life Financial, U.S. Sun Life Financial Distributors President Terry Mullen said, "Americans need help building their savings for a more secure environment, and annuities with their guaranteed life income can help."

FEBRUARY 22 - 28, 2010

BANCASSURANCE INLCUDES MICROINSURANCE IN PHILIPPPINES

The Philippines central bank, Bangko Sentral neg Piliinasai (BSP), has given Philippine banks the authority to distribute microinsurance products through licensed insurance providers. The move is designed to reach the over 28 million Philippines living in poverty or low-income situations but who still need protection against death, injury, loss of property and other contingent events, BSP said. Banks, according to BSP, are trusted in the countryside and understand the low-income market and are, therefore, ideal distribution channels for those low premium products whose benefits match the limited needs of the population they serve. Microinsurance products will primarily be offered through the country's 3,500 rural banks, BestWire reports.

MARCH 1 - 7, 2010

U.S. LIFE INSURERS RECORD MORE SALES, LOWER PREMIUMS; UNIVERSAL LIFE DOMINATES

New annualized premium for individual life insurance products in the U.S. slid 5% in fourth quarter 2009 compared to fourth quarter 2008 and fell 15% for the year compared to 2008, accordingto survey data compiled by Windsor, CT-basedLIMRA. However, the number of individual life insurance policies sold rose 3% quarter-over-quarter and slipped only 2% year-over-year, LIMRA found.

Universal Life (UL) products accounted for the largest share of annualized premiums (38%), followed by whole life (28%) and term (27%). While the number of UL policies sold in 2009 increased 5% compared to 2008, UL premiums dropped 20%. The number of variable life insurance products sold fell 36%, and variable premiums tumbled 50%. In contrast, term life premiums slipped only 1%, and whole life premiums rose 4% for the year, driven by 12% growth in the fourth quarter. The number of whole life policies sold increased 6%, LIMRA found.

MARCH 1 - 7, 2010

U.S. ANNUITY SALES DOWN OVERALL IN 2009

U.S. annuity sales in the fourth quarter fell 22% to $53.3 billion, down from $68.6 billion in fourth quarter 2008, as fixed annuity sales dropped 40% to $20.7 billion, down from $34.8 billion and variable sales slipped 3% to $32.6 billion, down from $33.8 billion, according to surveys conducted by Windsor, CT-based LIMRA. Among fixed annuities, deferred annuities accounted for the most sales ($17.7 billion), but those sales were down 43% from $31 billion in fourth quarter 2008. Book value annuities placed a distant second in popularity ($9.3 billion), but those sales were also down 43%. Equity indexed annuities slid only 5% to $6.9 billion; fixed immediate annuities fell 199% to $1.7 billion. But, market value adjusted tumbled 80% to $1.5 billion, and structured settlements dropped 24% to $1.3 billion, down from $1.7 billion in fourth quarter 2008.

For the year 2009, total U.S. annuity sales fell 11% to $234.9 billion, down from $265 billion in 2008. Among all annuities sold, only equity indexed and book value annuities showed growth, with equity indexed up 9% to $29.4 billion and book value up 2% to $51.9 billion. Fixed deferred annuities remained steady at $95 billion, but fixed immediate decreased 10% to $7.1 billion. Variable fixed accounts declined 12% to $36.8 billion; structured settlements fell 13% to $5.6 billion; market value adjusted dropped 20% to $14 billion; and variable separate accounts skidded 21% to $90.2 billion. Among all annuities sold, fixed deferred annuities were most popular ($95.2 billion), followed by variable separate accounts ($90.2 billion), book value fixed ($51.9 billion), equity indexed ($29.4 billion), variable fixed accounts ($14 billion), fixed market value adjusted ($14 billion), fixed immediate ($7.1 billion) and fixed structured settlements ($5.6 billion), according to LIMRA's survey of 62 annuity providers.

MARCH 1 - 7, 2010

20% JUMP IN 4TH QUARTER VARIABLE ANNUITY PREMIUMS CONTRASTS WITH 19.2% DROP FOR THE YEAR

U.S. variable annuity sales in the fourth quarter jumped 20.2% to $31.9 billion, up from $26.5 billion in fourth quarter 2008, with qualified sales comprising $21.9 billion of those premiums and non-qualified comprising $10 billion, according to Washington, DC-based Insured Retirement Institute (IRI). For the year, however, variable annuity sales fell 19.2% to $125.1 billion, down from $154.8 billion in 2008. IRI President and CEO Cathy Weatherford said, "The [fourth quarter] surge in variable annuity assets is a clear indicator that we are indeed on solid road to recovery."

MARCH 1 - 7, 2010

METLIFE OUTSTRIPS COMPETITION IN TOTAL ANNUITY SALES

New York City-based MetLife was the number one provider of individual annuities in the U.S. in 2009, ranking second in variable annuity sales ($15.4 billion) and third in fixed annuity sales ($6.97 billion) for an overall total of $22.37 billion. Prudential, which ranked first in variable annuity sales ($16.1 billion) ranked second with $17.35 billion in total sales. TIAA-CREF ranked third based solely on fixed annuity sales of $13.92 billion. Jackson National ranked fourth ($13.86 billion) based on its fourth place rank in variable sales ($10 billion) and its 8th place rank in fixed sales ($3.86 billion). AIG ranked fifth ($12.5 billion) as the number two provider of fixed annuities ($7.76 billion) and the 10th ranked provider of variable annuities ($4.75 billion). New York Life, the number one provider of fixed annuity products ($10.33 billion), ranked 7th overall ($11.59 billion), according to Windsor, CT-based LIMRA.

MARCH 1 - 7, 2010

BANCASSURERS FOCUS ON ASIAN SAVERS

In contrast to American's 4.6% savings rate, residents of Mainland China are saving 45%. Hong Kong residents are saving 33%, and residents of Malaysia are saving 25% of their monthly incomes in cash, investments, insurance and pensions, according to a recent HSBC Insurance (Asia) survey. "Lack of confidence" in markets is given as the main barrier to long-term savings, according to 65% of the residents surveyed in Taiwan and South Korea, 61% of those living in Singapore and China, 59% of India's residents and 55% of Malaysians. But financial security and saving for a more comfortable life motivate their savings patterns. HSBC plans to utilize its bancassurance model to meet the concerns and desires of these potential customers. Zurich Insurance group appears to be heading in the same direction, noting that the 2009 swine flu outbreak raised health consciousness, creating more awareness of the need for medical and other insurance products, *BestWire* reports.

MARCH 8 - 14, 2010

HOUSEHOLDS NEARING RETIREMENT UNPREPARED FOR MEDICAL COSTS

A married couple, both of whom are aged 65 and free of chronic diseases, can expect to spend $197,000 on health care costs over the rest of their lives, according to a Prudential Financial-sponsored study conducted by Boston College's Center for Retirement Research. That couple has a 5% risk that their healthcare costs will exceed $570,000, including $71,000 and $79,000, annually and respectively, for semi-private and private room nursing home care. Unfortunately, less than 15% of households nearing retirement have $570,000 in assets, the study found. *To access the Center for Retirement Research study, click here*.

MARCH 15 - 21, 2010

HUNTINGTON BANCSHARES EXPANDS BROKERAGE UNIT

Columbus, OH-based, $52 billion-asset Huntington Bancshares' subsidiary Huntington Investment Company is expanding in Central Ohio, hiring veteran financial advisors and opening new offices in Dublin and New Albany.

In 2008, Huntington Bancshares reported $63.6 million in investment program income, which comprised 7.4% of its noninterest income, and ranked 6th in investment program earnings among U.S. BHCs in the Midwest and 23rd among all U.S. BHCs, according to the *Michael White Bank Investment Program Fee Income Report*.

MARCH 22 - 28, 2010

COMMERCIAL INSURANCE PRICING FLAT IN 2009

Prices for commercial insurance products were basically flat in fourth quarter 2009 compared to fourth quarter 2008, according to Towers Watson's *Commercial Lines Insurance Pricing Survey* (*CLIPS*). Price reductions in workers compensation and employment practices liability insurance undercut increases in other product lines. For the year 2009, accident loss ratios slid 3% compared to 2008, which had slumped 9% over 2007 numbers. Loss costs were flat, and prices stabilized, showing no differences when account sizes were considered, Towers Watson found in its survey of a cross-section of U.S. property and casualty insurers.

MARCH 29 - APRIL 4, 2010

CONTINGENT COMMISSIONS "OUT" AT MARSH, "IN" AT MARSH & MCLENNAN AGENCY

New York City-based Marsh & McLennan Companies' subsidiary Marsh announced it will not accept contingent commissions but will continue to collect enhanced commissions on fees for services from insurers that are not related to volume, retention, growth or profitability. Marsh & McLennan Agency and Marsh Consumer's affinity and personal lines businesses, however, will accept contingent commissions. In February, New York, Illinois and Connecticut rescinded their January 2005 rulings that banned large insurance brokerages from receiving contingent commissions.

MARCH 29 - APRIL 4, 2010

VIETNAM'S BAOVIET HOLDINGS AND HOUSING DEVELOPMENT BANK FORM BANCASSURANCE PARTNERSHIP

Hanoi, Vietnam-based BaoViet Holdings, parent of BaoViet Life and BaoViet Insurance, and Housing Development Bank of the Mekong Delta (MHB) have agreed to form a bancassurance partnership to sell life and nonlife insurance products through MHB's 162 outlets in 32 Vietnam provinces. BaoViet Holdings Chairman Le Quang Binh described the bancassurance partnership as "a distribution channel of insurance products with great potential … that will help bring increased benefits to customers of both parties and promote the development of the market in general." MHB Chairman Huynh Nam Dung said the bancassurance partnership with BaoViet will promote growth, efficiency, competitiveness and service quality.

APRIL 12 - 18, 2010

LTC INSURANCE ON THE DECLINE

Less than 10% of American adults have long-term care insurance (LTC), and, while the population is aging, applications have declined and premiums and lives covered have decreased in the last ten years, according to Oldwick, NJ-based A.M. Best. Additionally, because of increasing costs, many insurers are getting out of the LTC business, leaving Genworth Financial and Manulife subsidiary John Hancock as the undisputed leaders in LTC coverage. *To read Best's Special Report: U.S. Long-Term Care, click here*.

APRIL 12 - 18, 2010

INDIA'S BANKS ENCOURAGED TO DIVERSIFY FINANCIAL PRODUCTS

India's Secretary of Financial Services R. Goplan told the Federation of Indian Chambers of Commerce and Industry meeting in New Delhi last week, "Banks have to diversify into various financial product activities." Thus far, six Indian banks have formed joint insurance ventures with foreign insurers and seen their noninterest income rise and their capital and liquidity positions improve. They include State Bank of India, Andhra Bank, Union Bank of India, Oriental Bank of Commerce, Canara Bank and Bank of Baroda, *BestWire* reports.

APRIL 12 - 18, 2010

BANCASSURANCE GETS THE CIRC NOD IN CHINA

The China Insurance Regulatory Commission (CIRC) has acknowledged that banks have become important insurance distribution channels, "acting as insurance business agencies." While China's commercial banks can currently invest only in existing insurance companies, the CIRC said, "Including the insurance business into the strategic planning of the bank will have positive effects on many aspects such as new product developments, marketing and staff training." ING Asia/Pacific Greater China CEO Chu Cheong said, "We believe the market potential remains enormous," as the Chinese population becomes "increasingly affluent" and demands "more and better" insurance and retirement services. He added, "There is a lot of room for both domestic and foreign insurance companies to grow in China." In February, Bank of Beijing acquired a 50% stake in ING Capital Life from Beijing Capital Group, *BestWire* reports.

APRIL 19 - 25, 2010

FEW CONSUMERS SEEK OUT FINANCIAL ADVISORS

Just over 5% (5.6%) of Americans say they are working with a financial advisor to deal with current economic conditions, although 15.3% say they are putting more money into their 401(k)s, IRAs and other savings products. Slightly more (18.2%) say they are paying off and/or refinancing their debt, but a striking 66% say they are sticking to a budget and closely monitoring their expenses, according to an early March survey of 1,000 conducted for Buffalo, NY-based, $908 million-asset M&T Bank by Gfk Customer Research North America. *To read the detailed survey results, click here.*

APRIL 26 - MAY 2, 2010

WELLS FARGO ADVISORS EXPANDS FINANCIAL NETWORK

St. Louis, MO-based Wells Fargo Advisors Financial Network (WFAFN), the brokerage arm of San Francisco-based, $1.24 trillion-asset Wells Fargo & Co., has expanded its regional network to nine, adding the Southwest, South Pacific, Great Lakes and New England regions to its existing Northeast, Southeast, Northwest, Gulf Coast and Midwest regions. WFAFN said the move was driven by growth in the number of financial advisors who had left other firms to open independent practices within the WFAFN system. That number swelled to 160 in 2009, increasing the financial advisor ranks to over 800. WFAFN President John Peluso said, "We've grown because we stand at the intersection of full-service investment services and local control, which is an attractive place for successful financial advisors who want to own and operate their own business."

MAY 3 - 9, 2010

ONLINE INSURANCE RESEARCH AND PURCHASES ON THE UPSWING

More Americans (32%) say they are going online to research their insurance options, and 59% say that when they receive an insurance offer in the mail they go to the insurance company's website to learn more, according to the *2010 Insurance Customer Interactive Media Usage Survey* conducted recently by Atlanta, GA-based AIS Media. Unfortunately, 31% of respondents said they were dissatisfied with the usability of the insurers' websites, but the rest were somewhat (49.5%) or extremely (19.5%) satisfied. With 33% of the consumers surveyed saying they would consider purchasing insurance online, AIS Media CEO Thomas Harpointner said, "Integrating an effective marketing strategy to existing direct mail campaigns can provide insurance companies the potential for immediate increases in marketing ROI and measurability."

MAY 3 - 9, 2010

PRINCIPAL FINANCIAL AND BANCO DE BRASIL EXTEND PENSION JOINT VENTURE

Des Moines, IA-based Principal Financial Group and Banco de Brasil have agreed to extend their pension and long-term asset accumulation joint venture in Brazil. Principal Financial subsidiary The Principal will own 50.01% of joint venture

BrasilPrev Seguros e Previdencia S.A. (BrasilPrev), and Banco de Brasil will own 49.99%, The Principal's share of the profits in the venture, however, will drop from 46.01% to 25.005%, while Banco de Brasil's profit share will jump to 74.995%. The Principal Chairman, President and CEO Larry Zimplemam said, "Together, over the past ten years, we've built BrasilPrev into one of Brazil's top retirement companies with approximately three million accounts and nearly $16 billion in assets." In the past five years, annual operating earnings have grown 25%, and assets under management have climbed 30% at BrasilPrev. The Principal Internatinoal President and CEO Norman Sorensen said, "Looking ahead, we expect continued growth at an even faster pace, as Brazil's middle class continues to expand."

MAY 10 - 16, 2010

WORKSITE INSURANCE SALES RISE IN 2009

Voluntary/worksite sales of insurance products rose 3.3% in 2009 to $5.397 billion, up from $5.225 billion in 2008, according to an Eastbridge Consulting Group survey of 60 voluntary carriers that Eastbridge estimates account for 90% of worksite sales. In force premiums grew 8% to between $18.8 billion and $24.7 billion, the consulting group's *U.S. Worksite Sales Report* estimates. Eastbridge Vice President Bonnie Brazzell said, "I don't know that I would say that the industry is recession-proof, but, historically, there have been factors other than the economy that have an impact on voluntary sales." Brazzell pointed to broker attitudes and employee interest.

MAY 10 - 16, 2010

PENSION BENEFIT GUARANTY ASSUMES COLONIAL BANK'S RETIREMENT PLAN

The Pension Benefit Guaranty Corporation (PBGC) has assumed Montgomery, AL-based defunct Colonial Bank's pension plan that was designed to cover about 3,250 of the bank's retirees and former employees. The under-funded Colonial Retirement Plan holds about $57 million in assets, or about 75% of what is needed to cover its $75 million in benefit liabilities. PBGC expects to use its insurance funds financed by insurance premiums paid by companies that sponsor pension plans to cover about $18 million of the $19 million shortfall. The Alabama State Banking Department closed Colonial Bank in August of last year, and the FDIC sold the bank's assets, but not its pension plan liabilities to Winston-Salem, NC-based, $165.8 billion-asset BB&T Corp.

MAY 17 - 23, 2010

TITLE INSURANCE PREMIUMS SLIDE IN 2009

U.S. title insurance premiums written in 2009 declined 4.5% to $9.6 billion, down from $10 billion in 2008, and down 43.2% from 2005 when premiums written reached $16.9 billion, the highest level ever recorded, according to the American Land Title Association (ALTA). Alaska reported the largest increase in title insurance premiums written (up 26.3% to $38 million), followed by Wisconsin (17.6% to $120 million), Montana (15% to $52 million), Oregon (14.8% to $189 million), and Hawaii (14.4% to $65 million). But California remained at the top of the market with $1.5 billion in title insurance premiums written, up 8.4% from $1.4 billion in 2008. Texas followed despite a 17.6% drop in premiums to $1 billion. Florida (down 23.8% to $700 million), New York (down 22.7% to $585 million) and Pennsylvania (up 9.7% to $446 million) rounded out the top five. Refinances, driven by federal restructuring programs, accounted for 65% of mortgage originations and title insurance written last year ALTA said. ALTA CEO Kurt Pfotenhauer predicted, "The refinance market is expected to retract significantly in 2010 while the purchase market is predicted to remain flat."

To read ALTA's 2009 Market Share Analysis, click here.

MAY 24 - 30, 2010

GREAT AMERICAN ADVISORS' REPS AND ACCOUNTS TO MOVE TO LINCOLN INVESTMENT

Cincinnati-based Great American Financial Resources, Inc. (GAFRI) has forged an agreement with Wyncote, PA-based Lincoln Investment whereby the registered representatives and customer accounts of Great American Advisors (GAA), GAFRI's independent broker/dealer, will move to Lincoln Financial. GAA will continue to operate as a registered broker-dealer in order to service Great American Financial Resources' variable annuity and retirement plan businesses, but it will no longer provide independent representatives with retail brokerage services.

Lincoln Investment Chief Executive Officer Ed Forst said, "GAA reps will benefit from Lincoln's fee-based advisory platform, field-driven technology and one of the foremost mutual fund platforms in the retirement plans marketplace." The transfer is expected to be completed in the third quarter, pending regulatory approval.

MAY 31 - JUNE 6, 2010

CONSUMERS PREFER CONVENIENT ACCESS TO AUTO INSURANCE, BUT BUY POLICIES BASED ON PRICE

More than three-fourths (76%) of U.S. consumers cite price as the major reason they decide not to purchase an auto insurance policy. However, when it comes to overall customer satisfaction with the buying experience, consumers rank the distribution channel as the most important factor (43%) followed by policy offerings (29%) and price (28%), according to J.D. Power & Associates' *2010 U.S. Insurance Shopping Study*. J.D. Power Senior Director of Insurance Jeremy Bowler said, "While competitive pricing is critical to closing the sale for most shoppers, past service experiences play a considerable role in the purchase decisions of retained customers." Yet, only 10% of auto insurance shoppers did not select the lowest quote they received, according to the study. *For more on the auto insurance study, click here*.

JUNE 7 - 13, 2010

MEDICARE AND TRICARE PHYSICIAN PAYMENTS CUT 21%

A 21% cut in payments to physicians who treat Medicare and TRICARE (military family) patients has gone into effect and put the health of both populations "at grave risk," according to the American Medical Association (AMA). Thus far, 31% of primary care physicians have limited their Medicare/TRICARE practices because they cannot afford the cost burden. AMA President James Roahck, M.D. said, "This is the third time this year that Congress has allowed a Medicare deadline to expire without action." He added, "It is sad and ironic that Senators raced home to celebrate Memorial Day without first voting to preserve healthcare for active duty military families."

JUNE 14 - 20, 2010

STATE FARM TO EXIT NFIP

Bloomington, IL-based State Farm Fire and Casualty Company announced it will exit the National Flood Insurance Program (NFIP) beginning October 1. After that date, State Farm will no longer oversee NFIP applications, and State Farm agents will write new policies only through NFIP Direct. State Farm will continue to service and handle claims on policies sold before that time until April 2012, when all its NFIP policies will have been transferred to NFIP Direct. State Farm said, "Servicing NFIP applications and claims has had an impact on State Farm's resources. Numerous reauthorization delays for the program have challenged our ability to serve all customer needs." Thus far this year, Congress has failed to reauthorize the program, which has currently lapsed, four times. State Farm is currently among 100 private insurers participating in the NFIP program.

JUNE 14 - 20, 2010

BB&T'S MUTUAL FUND BUSINESS THRIVING

BB&T Asset Management saw its long-term mutual fund assets jump 40.9% to $3.1 billion at the end of April 2010 from $2.2 billion at the end of March 2009, according to the *American Banker*. BB&T distributes its mutual fund family through banks, brokerages, advisors and clearing firms and utilizes the services of four internal and two external wholesalers. BB&T Asset Management Director of Distribution Tony DeLucia said he sees opportunity in the Midwest, Northeast and West and plans to increase the number of external wholesalers in order expand distribution capabilities in those regions, *American Banker* reports.

In 2009, BB&T Corporation, parent company of BB&T Asset Management, reported total assets under management in all proprietary mutual funds and annuities were $4.64 billion, placing it 22nd nationally among the 60 large top-tier bank holding companies reporting such proprietary assets, according to *Michael White's Bank Mutual Fund Fee Income Report*.

JUNE 14 - 20, 2010

BANK CHINA TRUST INDONESIA AND MANULIFE INDONESIA SIGN BANCASSURANCE AGREEMENT

Jakarta, Indonesia-based PT Asuransi Jiwa Manulife Indonesia (Manulife Indonesia) and PT Bank China Trust Indonesia (BCI) have signed a bancassurance agreement whereby BCI will offer Manulife Indonesia's insurance products to BCI customers through its seven offices throughout Indonesia. BCI President Director Peter Lin said, "Wealth management products from Manulife Indonesia will complement the bank's one-stop financial services platform to help our customers reach their financial goals." Manulife Indonesia President Director David Beynon added, "We believe our products will be an exceptional means to help meet the needs of BCI customers." Manulife Indonesia is a subsidiary of Toronto, Canada-based Manulife Financial, and BCI is 99% owned by Taipei, Taiwan-based Chinatrust Commercial Bank and 1% owned by Jakarta-based Bank Danamon Indonesia.

JUNE 21 - 27, 2010

U.S. COMMERCIAL INSURANCE PRICES FLAT IN FIRST QUARTER

U.S. commercial insurance prices in first quarter 2010 remained steady overall compared with first quarter 2009 prices, as price reductions in commercial property, directors and officers liability (D&O), and employment practices liability insurance offset small increases in other areas, New York City-based Towers Watson found in its *Commercial Lines Insurance Pricing Survey*. Towers Watson Executive Bruce Fell said, "Looking at D&O, the price increases we have seen in the past year in response to the financial crisis have disappeared, and pricing seems to be reverting back to pre-crisis price levels." The data compiled for the Towers Watson survey was supplied directly by a cross-section of U.S. property and casualty insurers.

JUNE 21 - 27, 2010

U.S. BANKERS REMAIN PESSIMISTIC ABOUT ECONOMY

In May, U.S. bankers were markedly more optimistic that the U.S. economy would improve over the next six months (45%) than they were in December 2009 (24%). In addition, 25% said they expected to do more hiring, up from 18% in December, and 35% expected their local economy to improve, up from 22% in December. Still, the majority expected the U.S. economy to remain the same (44%) or get worse (11%), their local economy to remain the same (56%) or worsen (9%), and hiring to remain the same (59%) or decrease (16%), according to Chicago-based Grant Thornton's *17th Bank Executive Survey* conducted from May 4 through May 24, 2010.

JULY 12 - 18, 2010

SENIORS' INCREASING APPETITE FOR LIFE INSURANCE CONTINUES

U.S. applications for individually underwritten life insurance among individuals aged 60 and older continued up in May 2010, rising 8.1% over May 2009 applications, according to the U.S. MIB Life Index. This rise, however, contrasted with a 7.2% drop among individuals aged 0-44 and a 3.1% slide among individuals aged 45-59, leading to an overall a 3.9% decline in applications among all age groups combined, Braintree, MA-based MIB Group found.

JULY 12 - 18, 2010

2009 GROUP LIFE SALES UP, TERM AND CREDIT LIFE DOWN

New group life insurance policies issued in the U.S. in 2009 rose 7.6% over 2008 numbers, countering the downward trend among all other life insurance categories, according to Oldwick, NJ-based A.M. Best. Term life slid 5.9% to $1.3 trillion, down from $1.38 trillion, and credit life dropped 34.5% to $67.4 billion, down from $102.9 billion. New York City-based AIG Life Group was most affected by the decreases, falling from being the number one supplier of ordinary life products to number seven and dropping from first to eighth position in credit life and from first to sixth in term life, A.M. Best found.

JULY 12 - 18, 2010

GEN Y-ERS CLUELESS ABOUT LIFE INSURANCE

Young American consumers aged 21-29 say they understand insurance as a concept but believe it is only necessary for the sick, the elderly and people with high-risk jobs, according to an online survey conducted for Prudential's Global Market Research by MRops. Before they would consider buying life insurance, these consumers say they would like advertisers to demonstrate that people their age own it and are better off because they do. They need to know more about various life insurance products, they say, and, while 53% say they would consider purchasing life insurance online, they also say they want to talk to an agent. Prudential Individual Insurance Senior Vice President Joan Cleveland said, "While it's clear that more research needs to be done, we know that our marketing messaging needs to meet Gen Yers where they are and allow them to see themselves with life insurance."

JULY 12 - 18, 2010

MALAYSIA'S RHB BANK AND TOKIO MARINE LIFE AGREE TO EXCLUSIVE BANCASSURANCE DEAL

Kuala Lumpur, Malaysia-based Tokio Marine Life Insurance Malaysia Bhd (TMLM) and Kuala Lumpur-based, $28.94 billion-asset RHB Bank Bhd (RHB) have agreed to an exclusive bancassurance partnership whereby RHB will offer TMLM life insurance products through its bank branches and alternative distribution channels throughout Malaysia. The partners expect to generate $82 million in premiums within one year and plan to capture 6% of Malaysia's insurance market by 2015. Tokio Marine Group, parent of TMLM, said it "aspires for mid and long-term growth in the Asia region with high growth potential." Earlier, the group acquired Asia General Holdings and its Malaysian and Singapore insurance units as well as Malaysia-based PanGlobal Insurance Bhd.

JULY 26 - AUGUST 1, 2010

SOVEREIGN BANK AND LIBERTY MUTUAL IN BANK INSURANCE DEAL

Boston, MA-based, $73.4 billion-asset Sovereign Bank, a unit of Madrid, Spain-based Banco Santander, has agreed to partner with Boston-based Liberty Mutual Insurance to offer the insurer's auto, home, renters and personal liability products through Sovereign's 721 branches in Connecticut, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania and Rhode Island. Liberty Mutual will appoint up to 200 insurance-licensed Sovereign mortgage development officers to offer exclusively Liberty's products through the branch system. In addition, Sovereign will direct its customers to Liberty Mutual directly through its website.

Sovereign Bank Head of Retail Business Nuno Matos said, "Sovereign's alliance with Liberty Mutual strengthens our commitment to all our customers, by increasing the convenience of giving them quality insurance products from their bank."

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JULY 26 - AUGUST 1, 2010

RETIREMENT REPLACES COLLEGE AS PRIME SAVINGS GOAL

Savings for retirement (43%) has replaced saving for a child's college education (41%) as a priority among adult Americans, according to a Country Financial survey. Last year 47% prioritized saving for college while 41% looked to their retirement savings first. Country Financial Vice President Keith Brannan said of the switch, "You can always borrow to pay for college, but you can't borrow for retirement."

JULY 26 - AUGUST 1, 2010

FORMER PRUDENTIAL PLC CEO NAMED AIA HEAD

New York City-based American International Group (AIG) has named former London-based Prudential plc CEO Mark Tucker as CEO of Hong Kong-based American International Insurance (AIA). Prudential plc's planned $35.5 billion acquisition of AIA under current Prudential CEO Tidjane Thiam fell apart in June when British regulators questioned Prudential's capital position. AIG said it now plans to seek approval to list AIA on the Hong Kong stock market and issue an initial public offering on the company before the end of 2010, *Reuters* reports.

AUGUST 2 -8, 2010

UNIFIED FUND SERVICES ADOPTS HUNTINGTON NAME

Columbus, OH-based, $52 billion-asset Huntington Bancshares' subsidiary Unified Fund Services has been renamed Huntington Asset Services as of August 1, 2010. Huntington acquired the fund administrator and accounting, distribution and transfer agency services provider in 2006. The president of the renamed company said, "The name change demonstrates our commitment to invest in and dramatically grow our business."

In 2009, Huntington Bancshares reported $3.2 billion in mutual fund and annuity assets under management ranking it 24th and $51.7 million in income from sales and servicing of mutual funds and annuities, which comprised 5.6% of its noninterest income and 2.2% of its net operating revenue. The company ranked 24th in combined mutual fund and annuity earnings among all BHCs, according to *Michael White's Bank Mutual Fund & Annuity Fee Income Report*.

AUGUST 2 -8, 2010

CITIZENS FINANCIAL COMMITS TO INVESTMENT BUSINESS

"Expanding our investment business is a key priority for CFG," according to Providence, RI-based, $144 billion-asset Citizens Financial Group (CFG) Chairman and CEO Ellen Alemany. Last year, Citizens created "Premier Banking" and hired Brian O'Connor to head Relationship Management for that business and named Thomas Fay as Director of Wealth Management Services. Thus far this year, 80 new "premier bankers" have joined the company's wealth management team, and the company has named Dawn Dupre president of CCO Investment Services which said it plans to hire 40 additional investment advisors over the year to come.

In 2009, Citizens Financial reported $106.5 million in wealth management fee income and $37.6 million in securities brokerage fees and commissions which comprised, respectively, 5.9% and 2.1% of its noninterest income. The company ranked 33rd in wealth management earnings and 22nd in securities brokerage earnings among all BHCs, according to *Michael White's Wealth Management Fee Income Report*.

AUGUST 2 -8, 2010

BB&T INSURANCE SERVICES AWARDED FOR EXCELLENCE

Raleigh, NC-based BB&T Insurance Services, the insurance brokerage unit of Winston-Salem, NC-based, $155 billion-asset BB&T Corp, was one of five U.S. middle-market insurance brokerages to receive the 2010 Greenwich National Excellence Award for Customer Satisfaction. More than 250 insurance brokers were included in the national study conducted by Greenwich Associates, which interviewed 9,000 middle-market ($10 million to $500 million in sales) decision-makers in order to determine the top performers. BB&T Insurance Services was singled out for its "ability to help corporate clients identify and manage their risk and implement cost-effective coverage."

In 2009, BB&T Corp. reported $922.5 million in insurance brokerage fee 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 U.S. BHCs engaged in significant banking activities last year, according to *the Michael White-Prudential Bank Insurance Fee Income Report.*

AUGUST 16 -22, 2010

HUNTINGTON ASSET SERVICES TO ADMINISTER NEW TEAM FUND

Indianapolis, Indiana-based Huntington Asset Services (HAS), a subsidiary of Columbus, OH-based, $52 billion-asset Huntington Bancshares, has added TEAM Asset Strategy Fund to its list of administered mutual funds. TEAM Financial Chief Investment Officer James Dailey said, “The opportunity to work within Huntington Asset Services’ turnkey solution to bring our first fund to market proved unbeatable.” HAS will service the TEAM fund through Huntington Asset Services’ Value Advisors Trust.

AUGUST 16 -22, 2010

INSURANCE JOBS SLIDE, AS WAGES CLIMB

Jobs in the insurance sector slid 3.2% to 2.18 million in July, down from 2.25 million in July 2009, according to the U.S. Bureau of Labor Statistics. In the first half, claims adjusters saw the largest drop year-over-year, down 10% to 43,500. Title insurers came next with a 7.7% skid to 66,800, followed closely by reinsurers, which posted a 7.6% decline to 25,500. Third-party administrators recorded a 4.4% slide to 125,700; property casualty insurers were down 3.7% to 464,000; agents and brokers decreased by 3.1% to 630,800; life insurers slipped 1.8% to 345,000, and jobs in the health insurance industry dipped 0.8% to 434,600.

Weekly earnings reflected a different story, rising among all groups. Workers in the property casualty industry earned on average $1,028.13 per week, while life insurers earned $1,015.82. Health insurers ($978.32), title insurers ($929.96), and claims adjusters ($924.30) followed in a cluster, trailed by agents and brokers ($794.95) and third-party administrators ($760.92), *BestWire* reports.

AUGUST 16 -22, 2010

AVIVA AND SANTANDER EXPAND BANCASSURANCE PARTNERSHIP IN BRITAIN

London, England-based AVIVA and Santander, Spain-based Banco Santander have entered into a bancassurance partnership whereby Santander will offer AVIVA’s life and critical illness insurance products through the bank’s 1,300 branches in Great Britain for the next five years beginning in June 2011. Santander already offers AVIVA’s general insurance products through its branch network. AVIVA UK CEO Mark Hodges said, “AVIVA has proven its ability to work closely with more than 90 bancassurance partners throughout the world as part of its broad multi-distribution strategy. Our new deal with Santander demonstrates our ability to develop strong and lasting partnerships across our UK business.”

AUGUST 16 -22, 2010

ANZ GROUP TO REBRAND FUNDS AND LIFE INSURANCE BUSINESSES

Melbourne, Australia-based Australia and New Zealand Bank Group (ANZ Group) will rebrand its specialist funds management and life insurance business as OnePath in November, when its right to use the ING name ends. ANZ Group acquired total ownership of ING ANZ last year when it added ING’s 51% stake in the bancassurance partnership to its 49% stake in the business, which offers retail and wholesale investment funds and property trusts and insurance products. ING Property Trust and ING Medical Properties will not adopt the OnePath name, but will also be rebranded by November.

AUGUST 23 -29, 2010

EAGLE BANK AND THE MELTZER GROUP PEN INSURANCE REFERRAL DEAL

Bethesda, MD-based, $1.8 billion-asset EagleBank subsidiary Eagle Insurance Services has entered into an insurance referral agreement with The Meltzer Group, whereby the Bethesda-based subsidiary of National Financial Partners will offer Eagle Bank customers group benefits and individual life, property, casualty and liability insurance products. The Meltzer Group CEO Alan Meltzer said, “Our new agreement with EagleBank further strengthens our longstanding relationship.”

AUGUST 23 -29, 2010

BB&T INSURANCE SERVICES LAUNCHES ONLINE AUTO QUOTES

Raleigh, NC-based BB&T Insurance Services, a subsidiary of Branch Banking & Trust, a unit of Winston-Salem, NC-based, $155.1 billion-asset BB&T Corp., has launched Insurewithbbt.com, an online personal auto insurance quoting system that offers personal auto insurance products underwritten by The Hartford, Travelers and Safeco. The move fits with the 21% jump in online auto insurance quote shopping last year, when 38.8 million consumers shopped for policies and 2.8 million purchased their auto insurance policies online, *BestWire* reports.

AUGUST 30 - SEPTEMBER 5, 2010

CRITICAL ILLNESS INSURANCE APPEALS

Almost 60% (58%) of fulltime employees who had critical illness insurance explained to them said they would be interested in buying the product through their employer even if they had to pay 100% of the premium, according to the *MetLife Study of the Financial Impact of Critical Illness*. The study found that a critical illness can reduce a family’s income by more than $12,000 in the first year even when the family has comprehensive health insurance. The study also found that 46% of fulltime workers have less than $5,000 in savings, and 28% have less than $500 in savings to cover the $12,000 income loss. In addition, only 7% of those experiencing a critical illness had critical illness insurance, and only 28% were aware that such insurance was available.

AUGUST 30 - SEPTEMBER 5, 2010

INDIA’S IDBI, FORTIS AND FEDERAL BANK PARTNERSHIP RENAMED

Mumbai, India-based IDBI Fortis Life Insurance Company in association with Federal Bank has changed its name to IDBI Federal Life Insurance Co. in association with Ageas. The name change reflects Fortis’ global rebranding to Ageas and emphasizes Federal Bank’s bancassurance association. The bancassurance partnership is 48% owned by IDBI Bank, 26% owned by Federal Bank, and 26% owned by Ageas (Fortis Insurance International).

IDBI Bank Chairman R.M. Malla said, “This name change will help IDBI Federal tap into markets that are known to be Federal Bank strongholds.” Federal Bank Executive Director P.C. John said, “This change allows us to project our deep commitment to the life insurance business and provide a full product range to

our customers." IDBI Bank has 725 branches throughout India, and Federal Bank has 708 branches, with a dominant presence in the state of Kerala.

SEPTEMBER 6 - 12, 2010

BBVA COMPASS & WESTERN NATIONAL LIFE PARTNER IN ANNUITY & ASSET MANAGEMENT DEAL

Birmingham, AL-based, $65.1 billion-asset BBVA Compass, a trade name of Compass Bank, has partnered with Houston, TX-based Western National Life Insurance Company to co-brand an annuity and manage its assets. Western National will issue and underwrite the flexible-premium, tax-deferred fixed annuity to be offered exclusively through BBVA Compass Insurance Agency, and BBVA Compass will manage a portion of Western National's assets tied to the product.

SEPTEMBER 6 - 12, 2010

REGIONS FINANCIAL EXPANDS INSURANCE PROGRAM

Birmingham, AL-based, $135 billion-asset Regions Financial announced that it plans to make its online Regions Insurance services available across its 16-state branch network by fall 2011. Earlier this year, Regions Insurance launched an Agent Call Center in Kokomo, IN, to answer Region's Bank branch insurance requests, giving Regions Bank customers access to the agency's personal lines property and casualty insurance products. Regions Insurance CEO Curren Coco said, "Partnering with the company's bank branches just makes sense for Regions and our customers."

SEPTEMBER 6 - 12, 2010

AMERICAN FAMILIES DANGEROUSLY UNDER INSURED

Currently, 30% of U.S. households (35 million) have no life insurance coverage. Included among that group are 11 million households with children under 18, according to Arlington, VA-based Life and Health Insurance Foundation for Education (LIFE) and Windsor, CT-based LIMRA. LIMRA President and CEO Robert Kerzner said, "A majority of families either have no life insurance or not enough, leaving them one accident or terminal illness away from financial catastrophe for their loved ones."

Coverage among married men with minor children who have life insurance averages five times their annual household income. At the same time, average coverage among insured women with minor children equals three times their annual household income, according to MetLife's *Study of Employee Benefits Trends*. MetLife Senior Vice President Bill Raczko said, "It's concerning to see the income of working mothers is not as adequately protected as that of their male counterparts."

At the same time, 36% of workers in households with less than $50,000 in annual income choose life insurance as an employee benefit. In contrast, 69% of all workers select the coverage, according to a survey by The Hartford. The Hartford Executive Vice President Ron Gendrea said, "We are concerned that many working Americans are putting their family's financial security at risk. No matter what your income level, you can benefit from life insurance."

SEPTEMBER 13 - 19, 2010

AMERICANS HIGH ON ANNUITIES, JUST NOT THE NAME

An overwhelming 92% of American aged 44-75 who participated in an Allianz Life Insurance Company survey of more than 3,200 believe the U.S. is experiencing a retirement crisis. About 60% said they are more afraid of outliving their assets than they are of dying. Given a choice between investing in a product with a 4% return that is guaranteed not to lose its value and a product with an 8% return but subject to market risks, 80% chose the guaranteed, lower return product. While the preferred product describes an annuity, 54% attached negative connotations to the word "annuity." Allianz Life President and CEO Gary Bhojwani said, "Perceptions need to change if consumers are to access guaranteed income and create a more stable environment."
For more on the survey, click here.

SEPTEMBER 13 - 19, 2010

AIA AND ICBC IN BANCASSURANCE DEAL

Hong Kong-based American International Assurance Company (AIA), a unit of New York City American International Group (AIG), and Beijing, China-based Industrial and Commercial Bank of China (ICBC) have formed a bancassurance partnership in mainland China. AIA Group Executive Chairman Mark Tucker said, "AIA will work jointly with ICBC in areas such as sales and marketing system, product innovation, service quality, technological advancement and sustainable profitability. Together we aim to build a strong foundation and platform to help us take full advantage of the rapid development in China's bancassurance business." ICBC, which also has bancassurance agreements with China Life Insurance Company and Peoples' Insurance Group of China, operates 16,000 branches throughout Mainland China. AIA offers life, health and accident insurance through 17 additional bancassurance partnerships in China.

SEPTEMBER 20 - 26, 2010

MERITRUST CREDIT UNION PARTNERS WITH CFS

Wichita, KS-based Meritrust Credit Union has entered into an agreement with San Diego-based CUSO Financial Services (CFS) whereby the latter will provide Meritrust with broker-dealer services and back office support, including marketing and compliance support. Meritrust CUSO Director Evan Wilson said, "At Meritrust we desire to be the trusted resource for all our members financial needs. With CFS we are confident we can do that."

SEPTEMBER 20 - 26, 2010

BANCASSURANCE SALES DOMINATE AND SPUR TAIWAN'S LIFE AND ANNUITY MARKET

Taiwan's bancassurance operations accounted for 67.3% of new life insurance premiums (NT$451.4 billion or US$14.3 billion) and 90.3% of new individual annuity premiums (NT$257.9 billion or US$8.1 billion) sold in the country in the first seven months of 2010, according to the Life Insurance Association of the Republic of China (LIAROC). Bancassurance drove overall first-year life insurance premiums up 39.8% to NT$670.7 billion (US$20.93 billion) and sent first-year annuity premiums soaring 105.8% to NT$285.5 billion (US$9.0 billion), the LIAROC said. Fubon Life Insurance Co., supported by its strong bancassurance distribution system, led the industry with an 18.6% new premium market share (NT$4.8 billion or US$151.5 million), followed by Cathay Life (17.4%), Nan Shan Life (6.5%), Shin Kong Life (5.7%), Cardiff Assurance Vie (5.3%), BNP Paribas TCB Life (2.2%), and Allianz Taiwan Life (1.5%).

SEPTEMBER 27 - OCTOBER 3, 2010

BANK INSURANCE AGENCIES ON FOR OCTOBER INSURANCE EXCHANGE LAUNCH

Sixteen insurance brokerages, including BB&T Insurance Services and BancorpSouth Insurance Services, have signed on to use the Lexis Nexis Insurance Exchange, an online, single entry submission system designed to transact commercial insurance lines business with various insurance carriers. Beginning in October, agents with the participating brokerages can submit to the Exchange data for their contracted carriers and wholesalers. The Exchange will aggregate all the documents, and the agent-selected wholesalers and carriers will then access the information through the Exchange.

Lexis Nexis Risk Solutions, The Council of Insurance Agents and Brokers (CIAB) and Marketcare, Inc. partnered to develop Lexis Nexis Insurance Exchange. CIAB Technology Director Frank Sentner said, "Today most agents and brokers attach numerous documents to emails and attempt to email them successfully to their markets, to their carriers and to their wholesalers. It's a very inefficient and time-consuming process" that the Exchange is designed to eliminate. CIAB President Ken Crerar said, "Streamlining the communication of data between agents and brokers and improving the transparency and productivity of the current system has been a Council goal for more than a decade."

SEPTEMBER 27 - OCTOBER 3, 2010

JOHN HANCOCK SUSPENDS GROUP LTC SALES; PLANS 40% HIKE ON IN-FORCE POLICIES

Boston, MA-based John Hancock Life Insurance Company is suspending sales of group long-term care insurance (LTC) and plans to hike rates for LTC policies in place 40%. The moves come in response to an internal company study which found that it processed twice as many LTC claims this year as it did in 2006, with claims among policyholders aged 80 and older up four times. Hancock said, "Put simply, more people used the insurance than anticipated, reinforcing the value of the product to policyholders, but creating a pricing issue." The proposed rate hike requires Massachusetts regulatory approval.

OCTOBER 4 - 10, 2010

BANK INSURANCE STRENGTHENS BANK CUSTOMER RELATIONSHIPS, STUDY FINDS

Two-thirds of U.S. consumers who purchased insurance through their financial institutions (FIs) and 70% of those who purchased insurance through an association said the insurance relationship is a primary reason they will maintain an account relationship with that provider over the next year. The insurance relationship, they said, made them more loyal to their FI or association than to other institutions, according to a study by Stamford, CT-based Affinion Group based on survey results gathered by Synergistics Research Corporation.

Consumers aged 18-34 voiced the greatest insurance-based loyalty to their FIs (73%) and association (84%), and consumers aged 18-49 with an average income of $74,000 were the most likely to purchase insurance through their FI or association, with that likelihood increasing with household income. Among all age groups, 60% of bank insurance customers said their relationships with their FIs or associations were improved as a result of cross-selling.

Among those surveyed who had not purchased insurance through an FI or association, 10% said doing so in the future was very likely; 60% said it was somewhat likely; 40% said they didn't need insurance; 30% said they purchased insurance elsewhere; 20% said bank insurance might be too expensive; and 10% said their FIs or associations had never offered them insurance.

Overall, the Affinion survey results revealed, "consumers who have purchased insurance as a result of a relationship with a bank, credit union or association may be the envy of financial services providers," Synergistics Research Corp. Chief Executive Officer William McCracken said, noting they are primarily young, affluent, loyal and welcome cross-selling. Affinion Executive Vice President Wayne Conte focused on the sellers and said, "This study found that a possible strategic growth opportunity for financial institutions and other organizations is to broaden their offerings to include insurance, thereby strengthening their bond with customers who turn to them for this service."

For more on the survey, email requests to insurance_survey@affinion.com.

OCTOBER 4 - 10, 2010

PRUDENTIAL FINANCIAL AND EDWARD JONES PEN DISTRIBUTION AGREEMENT

Newark, NJ-based Prudential Financial has reached a distributor agreement with St. Louis, MO-based Edward Jones whereby Edward Jones' 12,000-plus financial advisors will be able to offer Prudential's variable annuity and individual life insurance products to the companies nearly 7 million clients. Prudential said expanding its third-party distribution channels is a priority. "Our agreement with Edward Jones further enhances our ability to reach consumers and helps them understand the important role life insurance plays in a comprehensive financial plan," Prudential Individual Life Insurance Vice President Dave Johnson said. Edward Jones Insurance Marketing Principal Merry Mosbacher said, "Prudential's variable annuities and life insurance are an excellent complement to the suite of products available to our clients."

OCTOBER 4 - 10, 2010

GROUP LIFE AND GROUP DISABILITY POST MIXED RESULTS

Total group term life earned premium rose 2% in the first half of 2010 to $8.8 billion, up from $8.6 billion in first half 2009, despite a 3% decrease in the number of insureds, according to South Portland, ME-based JHA's *2010 U.S. Group Life and Group Disability Mid-Year Market Surveys*. While group term life annualized sales premiums slipped 3% to $1.2 billion, down from $1.24 billion in mid-year 2009, new sales volume grew 7% to $397 billion, and the average face mount climbed 17% to $78,233.

In contrast to group term life, total group disability earned premium dipped 2% from first half 2009 to $6.6 billion, with short-term (STD) and long-term (LTD) disability down, respectively, 1% and 2%, despite the number of insureds remaining steady. New annualized premium for total group disability dropped 17% to $1.1 billion, as new STD premiums decreased 8% and new LTD premiums tumbled 21%. Commenting on results for both group life and disability sales, JHA President Drew King said, "Slow economic growth, continuing high unemployment and uncertainty about healthcare reform are combining to reduce sales and in-force growth opportunities."

For more on the JHA surveys, click here.

OCTOBER 4 - 10, 2010

LIFE INSURANCE MORE IMPORTANT THAN EVER, AMERICANS SAY

One-third of U.S. households have no life insurance protection, the highest percentage in forty years, according to Stamford, CT-based LIMRA. Most American adults (62%), however, believe that current negative economic conditions make life insurance more important than it was even two years ago. An overwhelming number (85%) believe life insurance coverage is just as important for a stay-at-home mom or dad as it is for the primary income earner, a State Farm Life Insurance Company survey of 1,001 adults revealed.

OCTOBER 11 - 17, 2010

IPI PICKS UP NEXITY FINANCIAL SERVICES

San Antonio, TX-based Investment Professionals, Inc. (IPI) has acquired Nexity Financial Services, the wealth management arm of Nexity Financial Corp., which filed for Chapter 11 bankruptcy protection in July. IPI President and CEO Jay McAnelly said, "We are excited about the opportunities this move presents for the continued growth of our bank-focused brokerage business and helping our bank partners grow their investment programs." Former Nexity Financial Services (NFS) CEO Will Mackey will serve as IPI Director of Business Development and former NFS Chief Financial Officer and Chief Operating Officer David Doerflinger will serve as IPI Senior Business Development Officer and Regional Director. IPI currently manages $4.2 billion in assets for 45,000 retail and institutional clients nationwide, focusing on providing on-site bank investment programs.

OCTOBER 11 - 17, 2010

MOST BANK CUSTOMERS PAY NO SERVICE FEES

The majority (53%) of U.S. bank customers pay no monthly banking fees, and another 28% pay $9 or less, according to an American Bankers Association (ABA) telephone survey of 1,000 conducted in mid-August. The 14% who pay $10 or more in monthly fees make up a slim minority. ABA Vice President Nessa Feddis said, "Consumers are getting better than ever at managing their finances to keep service fees low." Michael White Associates President Michael White said, "Banks are wise to look for sources of fee income that benefit all their customers, as well as their bottom lines. Insurance fits the bill."

OCTOBER 11 - 17, 2010

WOMEN TO HEAD 1/3 OF EARLY BOOMER HOUSEHOLDS IN 10 YEARS

By 2020 at least one-third of U.S. households headed by individuals aged 65-74 will be headed by women, who will outnumber the men in this age group by 2 million, according to MetLife's *Early Boomers: How America's Leading Edge Baby Boomers Will Transform Aging, Work and Retirement*. Other findings include: Over the next 10 years aging Early Boomers will cause a 50% rise in the number of people 65 to 74 years old, a growth rate for that cohort not seen in 50 years. The report previews the 2010 Census and uses data from the Bureau of Labor Statistics to quantify both the size and unique demographics of the Early Boomers and compares them to other cohorts in the population.

To access the full report, click here.

OCTOBER 18 - 24, 2010

TRANSAMERICA TO EXIT FIXED ANNUITY MARKET

Los Angeles, CA-based Transamerica is withdrawing its fixed annuity products from new business sales and will discontinue sales of fixed annuity products on January 1, 2011. In a bulletin to its producers, Transamerica said its decision was based on "the persistently low interest rate environment combined with increasing regulatory challenges in the fixed annuity marketplace."

OCTOBER 18 - 24, 2010

U.S. TITLE INSURANCE PREMIUMS FOLLOW THE REAL ESTATE MARKET DOWN

U.S. title insurance premiums plunged 45.8% from $16.34 billion in 2005, to $8.85 billion in 2009 as home sales tumbled 62.5% from $4 trillion to $1.5 trillion, according to the American Land Title Association (ALTA). As a result title insurance companies have downsized and closed some agencies in order to "be profitable within the potential market," ALTA CEO Kurt Pfotenhauer said, *BestWeek* reports.

OCTOBER 18 - 24, 2010

AMERICANS FACE RETIREMENT SAVINGS CRISIS

Americans are facing "an impending retirement savings crisis," according to a recent Society of Actuaries (SOA) study. The shift from defined benefit to defined contribution employer retirement plans, rising healthcare costs, increased life expectancy, future redirections in government-provided retirement benefits, and the increasing complexity of financial products and services are combining to create the crisis which at bottom is fed by "a widespread lack of financial knowledge and formal long-term planning among … those of moderate to low net worth," the SOA said.

To stem the crisis, Americans across all economic strata need to attain a level of economic literacy and seek out and utilize "affordable, quality and professional advice," the SOA study concluded. Many non-affluent Americans, however, are unaware that they need such advice, don't know where to find it, don't trust financial advisors, and have little confidence in the financial services profession, the *Barriers to Financial Advice for Non-Affluent Consumers* study found. At the same time, financial advisors neither have "the necessary social relationships and community connections to access the non-affluent market," nor do they have the incentive to do so. Because they are accustomed to working with the wealthy, they perceive not only a "cultural disconnect" with the non-affluent, but they also view their time with them as less profitable and more time-consuming, especially since they are incentivized to sell, not educate.

With the needs and the barriers explained, SOA Fellow Janet Deskins concluded, "The complexity and uniqueness of each person's financial situation and retirement savings challenges requires customized solutions, which in many cases are best delivered by properly credentialed, trained and motivated professionals."

To access the SOA study, click here.

OCTOBER 18 - 24, 2010

BISA MOVES TO WASHINGTON AND SMITHBUCKLIN

The Bank Insurance and Securities Association (BISA) will be moving its headquarters from Wayne, PA to Washington, DC, as its administration switches from DSG Network to SmithBucklin. Bob Grieb and Heywood Sloane will no longer be at the helm of the organization, which is seeking a new executive director, *Bank Investment Consultant* reports.

NOVEMBER 1 - 7, 2010

PROPERTY AND CASUALTY INSURANCE ESSENTIAL TO THRIVING ECONOMY

Property Casualty Insurers Association of America President & CEO David Sampson reminded insurance company executives meeting in Colorado last week of the important role property and casualty insurance plays in undergirding a free market system. Sampson said, "We help businesses and individuals create wealth and prosperity. Without a healthy property casualty industry, the private sector would not be able to take risks. Our industry must continue to deliver on our commitment to policyholders, including those who want to start new businesses, buy new houses or cars, or hire new workers. By doing so, we will help return the economy to its former strength."

NOVEMBER 8 - 14, 2010

HUNTINGTON EXPANDS FUND OFFERINGS THROUGH NATIONWIDE

Nationwide Financial Services has added the Huntington VA International Equity Fund and the Huntington VA Situs Fund to its variable annuity product offerings. Huntington Senior Vice President Dan Benhase said, "We're very pleased to be offering two of our funds to independent financial advisors nationally for the first time and even more pleased to be working with another Columbus-based company to do so."

NOVEMBER 8 - 14, 2010

PING AN CLOSER TO SDB DEAL

Shareholders of Shenzhen, China-based Ping An Insurance Company of China (Ping An) have approved the company's plan to increase its stake in Shenzhen Development Bank (SDB) from 29.99% to 52.38% by purchasing 1.64 billion shares through a private placement at 17.75 yuan ($2.66) per share. Ping An will use its 7.83 billion shares (90.75% stake) in Ping An Bank plus 2.69 billion yuan ($403.5 million) in cash to purchase the SDB shares, giving SDB controlling interest in Ping An Bank, *BestWire* reports.

NOVEMBER 8 - 14, 2010

ICBC, AXA AND MINMETALS FORM BANCASSURANCE VENTURE

Beijing, China-based Industrial and Commercial Bank of China (ICBC), Paris, France-based AXA Group and Beijing-based China Minmetals Corporation have agreed to form ICBC-AXA Life Insurance Co. out of Shanghai-based AXA-Minmetals Assurance Co. ICBC will pay 1.2 billion yuan ($180 million) to acquire an equity interest in AXA-Minmetals. Then, the three bancassurance partners will form ICBC-AXA Life. ICBC will own 60% of the joint venture and appoint the chairman of the board. AXA will hold 27.5% and appoint the company's president, and Minmetals will own 12.5% of joint venture ICBC AXA Life.

ICBC Chairman Jiang Jianging said, "ICBC will fully leverage our leading advantages in the banking industry to fully promote this strategic cooperation." AXA Group Chairman and CEO Henri de Castries said, "This cooperation with ICBC is ideal to increase our respective interest and presence in the Chinese insurance market. AXA will bring its experience in the global insurance sector and risk management to this new alliance." The deal is subject to regulatory approval.

NOVEMBER 15 - 21, 2010

METLIFE TO DISCONTINUE LTC SALES

New York City-based MetLife announced it will discontinue selling long-term care insurance (LTC) on December 31, 2010, and it will discontinue new enrollments in existing group and multi-life LTC in 2011. MetLife Vice President Jodi Anatole said, "While this is a difficult decision, the financial challenges facing the LTC industry in the current environment are well known." The company, Anatole said, "remains committed to our current LTC policyholders and certificate holders." Last month John Hancock announced its suspension of group LTC sales and its plan to hike rates 40% on in-force policies.

NOVEMBER 22 - 28, 2010

INDEXED ANNUITY AND INDEXED LIFE INSURANCE SALES CLIMB IN THIRD QUARTER

U.S. indexed annuity sales in the third quarter climbed 16% over third quarter 2009 sales to $8.7 billion, up from $7.5 billion, according to Pleasant Hill, IA-based AnnuitySpecs.com. Minnesota, MN-based Allianz Life continued to dominate the indexed annuity market with a 21% share, followed, respectively, by Des Moines, IA-based American Equity, Radnor, PA-based Lincoln National and Atlanta, GA-based ING. AnnuitySpecs.com President and CEO Sheryl Moore said,

to Best's Review. Among those companies that offer such products is Woburn, MA-based Savings Bank Life Insurance Company of Massachusetts (SBLI). SBLI achieved a 2.6% lapse rate in 2009, placing it second among all life and health insurers ranked by A.M. Best. SBLI President and CEO Robert Sheridan said, "We work hard to earn our customers' loyalty by providing them with rates that are among the lowest available and outstanding customer service."

NOVEMBER 22 - 28, 2010

COMMERCIAL P&C RATES DOWN IN FOURTH QUARTER

Commercial property and casualty insurance rates in the fourth quarter are notably lower than fourth quarter 2009 rates, according to New York City-based Marsh. Directors and officers (D&O) rates for total programs dropped 10.3% and for public companies and primary programs fell 7%. General liability rates decreased 6.9%; employment practices liability for total programs declined 4.7% and for primary programs decreased 4.6%. Property rates slid 4.4% and workers' compensation rates slipped 3.7%.

NOVEMBER 22 - 28, 2010

BOCOMMLIFE GIVEN GO AHEAD TO RAISE CAPITAL FOR BANCASSURANCE EXPANSION

Shanghai, China-based BoCommLife, a 51:49 life insurance joint venture between Shanghai-based Bank of Communications and Sydney, Australia-based Commonwealth Bank of Australia has received approval from the China Insurance Regulatory Commission (CIRC) to raise up to 500 million yuan ($75.3 million). BoCommLife said it plans to use the money to build a nationwide bancassurance network offering foreign currency insurance, life, health and accident insurance and annuities, *tradingmarkets.com* reports.

NOVEMBER 29 - DECEMBER 5, 2010

U.S. FIXED ANNUITY SALES CONTINUE DOWN IN THIRD QUARTER

U.S. fixed annuity sales in the third quarter fell 12% to $19.5 billion, down from $22.2 billion in third quarter 2009, according to Evanston, IL-based Beacon Research's *Fixed Annuity Premium Study*. The decline reflects year-to-date fixed annuity sales, which dropped 35% to $55.4 billion, down from $85.2 billion a year ago.

A 39% drop in market-value adjusted (MVA) annuity sales to $1.8 billion and a 31% fall in book value annuity sales to $6.9 billion, countered 17% growth in both indexed and income annuity sales to, respectively, $8.6 billion and $2.27 billion. Still, indexed annuities dominated all fixed annuity sales, comprising 44% of that market, followed by book value (35.3%), fixed income (11%), and MVAs (9.1%).

Lincoln Financial Group's New Directions Indexed annuity was the number one annuity product sold in the bank channel. Wirehouses sold primarily Pacific Life's MVA; large/regional broker-dealers sold more New York Life book value annuities; independent broker-dealers favored Mass Mutual's income annuities, and independent producers sold primarily Allianz Life's Master Dex indexed annuity. Allianz Life remained the number one issuer of indexed annuities. New York Life sold the most book value and income annuities, and Great American Life led in MVA sales.

Commenting on third quarter fixed annuity results, Beacon Research CEO Jeremy Alexander said, "Consumer demand for conservative investments like fixed annuities continues to be very strong. But the current interest rate environment poses a challenge for issuers of these annuities because it pressures profitability. Until the interest rate environment changes, these profit pressures will motivate many issuers to limit sales."

NOVEMBER 29 - DECEMBER 5, 2010

U.S. VARIABLE ANNUITY SALES CONTINUE TO GROW

U.S. variable annuity (VA) sales went in the opposite direction from fixed annuity sales in the third quarter, growing 9.7% to $34 billion, up from $31 billion in third quarter 2009. At the same time, net VA sales jumped 129% to $6.4 billion, up from $2.8 billion, according to Chicago-based Morningstar.

Equity annuities outdistanced all other variable products sold, comprising 45.6% of that market. Fixed account products followed with a 21% market share, trailed by allocation (18.8%), bonds (11.9%) and money market variable annuities (2.7%), Morningstar found. Insured Retirement Institute President and CEO Cathy Weatherford commented on sales trends among all annuity products and said, "As consumers continue to take a second look at insured retirement strategies, we see a direct correlation to sustained interest in the products and increasing sales of annuities as a whole."

NOVEMBER 29 - DECEMBER 5, 2010

KEATING NAMED ABA HEAD

Former Oklahoma Governor and American Council of Life Insurers CEO Frank Keating has been named the next president and CEO of the American Bankers Association (ABA). ABA Chairman Stephen Wilson said of the appointment, "Coming out of the financial crisis, we are entering a period of great change for our country. We wanted a strong, proven leader and consensus builder who will listen to the concerns of bankers and be a dynamic champion for our industry during this critical time. That is what we have in Frank Keating."

Keating will assume his new role at the ABA on January 1, 2011, when current ABA President and CEO Ed Yingling retires.

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, but those who do not have a 50% chance. 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

SINGLE AND NEVER MARRIED SKIP WORKPLACE LIFE AND DISABILITY BENEFITS

Single and never married employees rarely take advantage of life and disability insurance workplace benefits. While 61% of all employees purchase life insurance, only 39% of the singled and unmarried select this benefit, and, while 42% of all employees purchase disability insurance, only 26% of the unmarried group make this choice. Colonial Life President and CEO Randy Horn warned that these decisions uncovered in the company's recent online survey put the uninsured singles and never-marrieds at increased financial risk. "Single employees still need life insurance to help pay for final expenses and any outstanding debt," he said. "And if an illness or injury caused them to be unable to work, they couldn't pay their everyday living expenses for long and don't have a spouse to rely on for help."

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

INDEPENDENT AGENCIES RETAIN THEIR NUMBERS THANKS TO GROWTH IN THE SOUTH

The number of independent insurance agencies operating in the U.S. has remained at 37,500 over the last five years, with the number of agencies starting up (4,000) equaling the number of agencies lost through mergers, acquisitions and closings. The majority of new agencies opened in the South (50%), with the rest unevenly divided among the South Atlantic Region (24%), the West South Central Region (19%), and the Northeast (8%), according to the *2010 Agency Universe Study* completed by Future One, a collaboration between the Independent Insurance Agents and Brokers of America (Big I) and independent agency companies.

The study additionally found that women are principals at over 33% of all agencies, and African Americans increased their position as principals from 1% in 2006 to over 4% in 2010. While 55% of small independent agencies reported increased revenues and revenues at 20% of these agencies remained stable, revenues at 25% of small independent agencies and at all other independent agencies decreased, impacted particularly by declines in commercial lines.

Among all independent agencies effective Internet marketing and secure and easy-to-use real-time Internet-based support ranked as their top technology issues, and all agreed that carrier websites offered their preferred method of interaction with their carriers.

For more on the report, click here.

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 13 - 19, 2010

EMERGING MARKETS TO DOUBLE THEIR SHARE OF INSURANCE PREMIUMS WITHIN 10 YEARS

Within 10 years, emerging markets will increase their share of world insurance premiums from the current 15% level to 30%, New York City-based Insurance Information Institute (III) President Robert Hartwig told the Insurance Institute of London at a meeting in their city last week. In fact, Hartwig said, "Virtually all of the growth in the global insurance and reinsurance business is going to be achieved in a relatively small number of emerging markets," where China will lead the way with investment capital and influence. The ability of insurers to successfully do business in these markets, Hartwig said, may depend on their ability to do business with Chinese business partners in a third country, *BestWire* reports. *To hear BestWire's later interview with Hartwig, 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 IN 2011, 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.

Bank Insurance & Investment Legislation, Regulation & Litigation

DECEMBER 28, 2009 - JANUARY 3, 2010

GREAT AMERICAN FINANCIAL SETTLES WITH MINNESOTA AG

Cincinnati-based Great American Life, Annuity Investors Life and Loyal American Life, subsidiaries of Great American Financial Resources (GAFRI), have reached a settlement with the Minnesota Attorney General regarding annuity sales to the state's senior citizens. The GARFI subsidiaries have agreed to notify all their Minnesota customers who were 65 and older when they purchased deferred annuities between January 1, 2001, and August 1, 2008, that they may submit a claim for a penalty-free refund of their premiums. If it is determined that the annuity sold to a customer was unsuitable or based on misrepresentations, the annuity providers will both refund the premiums without penalty and pay 4.15% annually compounded interest on the premiums paid. In addition, the GAFRI subsidiaries have agreed to enhance their suitability requirements for annuity sales to seniors, determining whether the senior has sufficient liquid assets and income to pay for living expenses and emergencies.

Minnesota Attorney General Lori Swanson estimates that refund claims could be submitted for 2,000 policies worth a combined $50 million. Swanson said, "Many senior citizens face economic difficulty in this troubled economy, and this settlement provides a vehicle for them to obtain funds." GAFRI COO Charles R. Scheper said, "We have engaged in comprehensive and good faith efforts to reach out to our annuity contract owners and respond to any issues or concerns … and we are willing to continue to work with [the Attorney General's] office to address any issues that have yet to be brought to our attention."

DECEMBER 28, 2009 - JANUARY 3, 2010

FINANCIAL CRISIS EXPECTED TO HELP DRIVE TORT COSTS UP 3% IN 2009

Litigation associated with employment practices, medical malpractice and professional services errors and omissions associated with the financial crisis are expected to drive U.S. tort costs up 3% in 2009, up an additional 4% in 2010 and up 6% in 2011, according to a recent study completed by Stamford, CT-based Towers Perrin. Since 1950, annual growth in tort costs has exceeded gross domestic product (GDP) growth by an average of 2%, the *2009 Update on U.S. Tort Cost Trends* reveals. In 2008, the U.S. tort system cost $254.7 billion or $838 per person, up from $252 billion.

To access the Tower Perrins study, click here.

DECEMBER 28, 2009 - JANUARY 3, 2010

NAIC COMMITTEE APPROVES DRAFT ANNUITY-SUITABILITY MODEL REGULATION

The National Association of Insurance Commissioners (NAIC) Life Insurance and Annuities Committee has approved a draft of its revised Suitability in Annuity Transactions model regulation. The revised model regulation is intended to improve the regulation of annuity sales and give insurers uniform guidance in developing agent training, supervision and monitoring standards in order to better protect annuity purchasers from unsuitable and/or abusive sales and marketing practices. The NAIC Executive Committee and Plenary will vote on the model act when the NAIC holds its national meeting in March 2010.

To read the proposed draft, click here.

JANUARY 11 - 17, 2010

PRICEWATERHOUSECOOPERS' DI FLORIO NAMED SEC DIRECTOR OF COMPLIANCE, INSPECTIONS, EXAMINATIONS

Securities and Exchange Commission (SEC) Chairman Mary Schapiro has named former PricewaterhouseCoopers Financial Services Regulatory Practice Partner Carlo V. di Florio as Director of SEC Office of Compliance Inspections and Examinations. In his new role, di Florio will oversee the SEC's examination programs for investment advisors, broker-dealers, mutual funds, credit rating agencies and self-regulatory organizations. SEC Chairman Schapiro said, "A strong inspections and examinations unit is instrumental to the SEC's investor protection efforts."

JANUARY 18 - 24, 2010

PELOSI SLAMS INSURERS

Speaker of the House of Representatives Nancy Pelosi accused U.S. insurance companies last week of funneling between $10 and $20 million through the U.S. Chamber of Commerce to fund deceptive ads opposing health insurance reform. In a press release issued on January 12, Pelosi said, "This duplicity is not surprising coming from an industry that has used every method to try to kill health insurance reform that would save lives, save money, save jobs and save Medicare." Insurers, Pelosi said, want to "maintain a health insurance system of high costs, limited access and arbitrary cut-offs for American consumers."

JANUARY 18 - 24, 2010

CRC ASKS BANK CEOS TO DONATE "BLOATED BONUSES" TO "JOB CREATION"

The California Reinvestment Coalition (CRC) has delivered letters to the CEOs of those banks which it said together hold 60% of deposits in California: San Francisco-based, $1.23 trillion-asset Wells Fargo & Co., Charlotte, NC-based, $2.25 trillion-asset Bank of America Corp., New York City-based, $1.89 trillion-asset Citigroup Inc., and New York City-based, $2.04 trillion-asset JPMorgan Chase & Co.. In the letters the coalition asked each CEO to tithe 10% of his executive compensation to "a 'Main Street Stimulus' for job recovery." CRC Executive Director Alan Fisher said, "Since the public had to give banks such a generous gift, we propose that top bank executives give back from their bloated bonuses to help create the jobs our economy desperately needs." San Francisco-based CRC is comprised of more than 275 of California's nonprofit organizations and public agencies and says it "advocates for the right of low-income communities and communities of color to have fair and equal access to banking and other financial services."

JANUARY 18 - 24, 2010

NEW YORK INSURANCE ASSOCIATION SUES STATE

The New York Insurance Association (NYIA) has filed suit in State Supreme Court, Albany County against the State of New York alleging the state is illegally diverting assessments on insurers to pay for other state programs. According to the suit, the insurer assessment (332 assessment) makes up $455 million of the 2009-2010 state budget, and "by law is strictly for the expenses of the New York State Insurance Department (NYSID)." Yet, $317 million of that assessment is allegedly being used to fund other state agencies. NYIA President Ellen Melchionni said, "NYIA filed this lawsuit because the state is treating the 332 assessment as a bottomless ATM for programs that may be worthy but cannot be legally funded by this assessment." The NYIA wants this "clear violation of state law" to stop.

JANUARY 18 - 24, 2010

FDIC PROPOSES RULE TYING EMPLOYEE COMPENSATION TO INSURANCE ASSESSMENTS

The Federal Deposit Insurance Corporation (FDIC) has issued an Advance Notice of Proposed Rulemaking (ANPR) on Employee Compensation and is seeking comments on the ways the risk-based deposit insurance assessment system can be changed to account for employer compensation. The FDIC has determined that assessments need to be in line with "risks inherent in the design of certain compensation programs." In this way, companies that incentivize risk will pay for the cost of insuring that risk by paying higher assessment fees into the Deposit Insurance Fund (DIF). The FDIC said it "seeks to provide incentives for institutions to adopt compensation programs that better align employees' interests with the long-term interests of the firm and its stakeholders, including the FDIC."

To read the ANPR, click here. Comments on the ANPR are due 30 days after its publication in the *Federal Register*.

JANUARY 18 - 24, 2010

STATE AGS OPPOSE SENATE HEALTH CARE BILL AS UNCONSTITUTIONAL

The Attorneys General (AGs) of Alabama, Colorado, Florida, Idaho, Michigan, North Dakota, Oklahoma, Pennsylvania, South Carolina, South Dakota, Texas, Virginia and American Samoa have stated their opposition to the Senate Health Care Bill H.R. on Constitutional grounds. The attorneys general describe the bill's special treatment of Nebraska as a state whose residents will share in the health insurance plan but never have to pay the cost of underwriting the medical mandates in the plan as "arbitrary and capricious," not for the general welfare of all states and, therefore, unconstitutional. In a letter to Speaker of the House Nancy Pelosi and Senate Majority Leader Henry Reid, the attorneys general said, "As legal officers of our states we are contemplating a legal challenge to this provision and we ask you to take action to render this challenge unnecessary by striking that provision." The attorneys general said the Nebraska exemption was the price supporters of the bill were willing to pay Nebraska Senator Ben Nelson for his crucial 60th vote in favor of the Senate bill.

To read the letter in its entirety, click here.

JANUARY 18 - 24, 2010

THE UNREGULATED SHADOW BANKING SYSTEM FUELED FINANCIAL CRISIS, BAIR TELLS COMMISSION

Federal Deposit Insurance Corporation (FDIC) Chairman Sheila Bair said in testimony before the Financial Crisis Inquiry Commission last week that products and practices that originated in the shadow banking system not regulated by the FDIC fueled the financial crisis. Adding "more regulation upon insured banks," she said, "will simply provide more incentives for financial activity to be conducted in less-regulated venues and exacerbate the regulatory arbitrage that fed the crisis."

To read her entire testimony, which includes her proposed solutions, click here.

JANUARY 18 - 24, 2010

SEC CHAIRMAN SCHAPIRO POINTS COMMISSION TO LACK OF REGULATORY AUTHORITY

Security and Exchange Commission (SEC) Chairman Mary Schapiro told the Financial Crisis Inquiry Commission last week that the financial crisis "resulted from many interconnected and mutually reinforcing causes." Mortgage securitization encouraged weaker underwriting standards and reliance on credit rating agencies. Because markets were viewed as always self-correcting, weaker standards and regulatory gaps increased. Complex, illiquid and not easily understood financial products like derivatives proliferated. Compensation incentives encouraged significant risk taking. Companies that marketed or purchased complex financial products failed to appropriately oversee and manage risks, and the regulators had no authority to monitor and reduce risks that flowed outside their regulatory domains. To read her entire testimony and recommendations, click here.

JANUARY 25 - 31, 2010

OBAMA PUSHES CONGRESS FOR BANK REFORM

U.S. President Barak Obama announced on January 21 that he will ask Congress to enact legislation prohibiting banks from engaging in proprietary trading and owning, investing in or sponsoring hedge and private equity funds. In addition, he said he would ask Congress to enact legislation that would cap each bank's share of the total market of nondeposit liabilities. Obama said, "My resolve to reform the system is only strengthened when I see a return to old practices at some of the very firms fighting reform, and when I see record profits at some of the very firms claiming they cannot lend more to small businesses, cannot keep credit card rates low and cannot refund taxpayers for the bailout."

Speaker of the House Nancy Pelosi called the President's proposals "what taxpayers demand and deserve." She said, "We look forward to working with the President and the Senate in enacting these common-sense reforms into law."

JANUARY 25 - 31, 2010

INSURANCE AGENTS PROTEST NEW YORK'S PROPOSED COMPENSATION DISCLOSURE REGS

Glenmont, NY-based Professional Insurance Agents of New York State (PIANY) has submitted its written comments to the New York State Insurance Department (NYSID) in response to the latter's published draft producer compensation disclosure regulation: *Conduct, Trustworthiness and Competence of Insurance Producers, Especially Relating to Compensation Arrangements with Insurers*. In its response, PIANY argued the NYSID's plan to mandate disclosure "is neither supported by real and actual experiences of consumers nor is it required by law, since commissions are being paid from the companies to the producers and not to the policyholders." In addition, PIANY said, "since the Legislature has not chosen to mandate disclosure of consumer compensation, the department has no authority to impose one by regulatory fiat." As a bottom line item, PIANY noted, "the cost of compliance is disproportionate to any purported benefit provided the purchaser." PIANY went on to point out vagaries in the draft regulation and the need to clarify terms, intent and application. Overall, PIANY opposes the draft regulation. To read PIANY's comments on NYSID's draft producer compensation disclosure regulation, click here.

JANUARY 25 - 31, 2010

ONLY A QUARTER OF AMERICANS SUPPORT PROPOSED HEALTHCARE LEGISLATION

Twenty-five percent of Americans are in favor of the healthcare legislation proposed by Congress, according to a LIMRA survey of 900 adults conducted in the second week of January. Eighty-six percent of the individuals surveyed said they had healthcare coverage, and 75% of that number said they were happy with the quality of healthcare they receive relative to the premiums they pay. LIMRA Associate Research Director Scott Kallenbach said, "We believe that many people are leery that the proposed legislation could affect their current coverage."

FEBRUARY 1 - 7, 2010

FINRA ISSUES NOTICE ON CHATS, TWITTERS AND BLOGS

The Financial Industry Regulatory Authority (FINRA) has issued Regulatory Notice 10-06 outlining how FINRA rules governing financial institutions and their registered representatives' communications with the public apply to the use of social media sites, such as blogs, chat rooms, Facebook, Twitter and the like. FINRA said, "The goal of this Notice is to ensure that … investors are protected from false or misleading claims and representations and firms are able to effectively and appropriately supervise their associated persons' participation in these sites." To read Regulatory Notice 10-06, click here.

FEBRUARY 8 - 14, 2010

LIFE INSURERS AND BROKERS OPPOSE ADMINISTRATION'S COLI AND DRD PROPOSALS

Associations representing the U.S. life insurance industry have jointly urged the Obama administration to withdraw provisions in its 2011 budget that tax corporate-owned life insurance (COLI) and allow double taxation of corporate earnings by reducing the dividends-received deduction (DRD). The Association for Advanced Life Underwriting (AALU), American Council of Life Insurers (ACLI), GAMA International, National Associations of Insurance and Financial Advisors (NAIFA), and the National Association of Independent Life Brokerage Agencies (NAILBA) said, "Businesses small and large use COLI to protect against financial loss, ensure business continuation, protect against possible job loss from the death of owners or key employees … [and] finance and secure important employee and retiree benefits." Reducing the DRD, they said, "would reduce the DRD life insurers use in accounts that fund variable life insurance and variable annuity contracts --- key products for financial and retirement security." If the Obama administration's proposals are put into law, the groups said, they will inhibit economic recovery and the abilities of families and businesses to responsibly plan for their financial futures.

FEBRUARY 8 - 14, 2010

HOUSE SUBCOMMITTEE CONSIDERS COLI BILL

The House Subcommittee on Health, Employment, Labor and Pensions is currently considering the Employer Owned Life Insurance Limitation Act (HR 3669). The bill makes it illegal for an employer to carry an employer-owned life insurance (COLI) policy on any employee earning less than $1 million annually; it requires employers to inform the insured employee of the policy and it prohibits employers from retaining a legal COLI beyond 30 days after the employee terminates employment. In addition, the bill prescribes criminal penalties and directs the Comptroller General to report to Congress "the incidence of employers carrying employer-owned life insurance policies on their employees, and related matters."

FEBRUARY 8 - 14, 2010

LABOR AND TREASURY SEEK COMMENTS ON EMPLOYER-SPONSORED RETIREMENT PLANS

The U.S. Department of Labor and the Treasury have jointly published in the Federal Register a Request for Information (RFI) regarding employer-sponsored retirement plans. The RFI is seeking comments on the pros and cons of distributing benefits as a lifetime stream of income. It requests information on what participants need to know in order to make informed retirement plan decisions; it wants comments on disclosure of a participant's retirement income as an account balance and lifetime stream, and is seeking information about marketplace developments regarding annuities and other lifetime income options. Comments on the RFI are due 90 days after their February 2, 2010 publication. *To read the lifetime income RFI, click here*.

FEBRUARY 15 - 21, 2010

NY ISSUES RULE ON AGENT COMPENSATION DISCLOSURE; AGENTS LAWYER UP

The New York State Insurance Department has published Regulation 194, its final rule describing disclosures insurance agents must make to potential and actual customers regarding their compensation, the source of their compensation, the method of determining their compensation, the profitability to the insurer of the insurance product under consideration by the customer, and more. The Independent Insurance Agents & Brokers of New York (IIABNY) described the rule as "unnecessary, ineffective and overly burdensome" and challenged the Insurance Department's authority to "promulgate" it. IIABNY's board of directors agreed to proceed with legal action to stop Regulation 194 from taking effect. If the legal challenge fails, the rule is effective January 1, 2011. *Read Regulation 194 in the New York State Register (Feb. 10, page 10) by clicking here*.

FEBRUARY 22 - 28, 2010

U.S. BANK EXECUTIVES REJECT GOVERNMENT AS WAGE CZAR

Close to all (96%) of U.S. bank executives do not believe the government should play a role in setting bank compensation parameters and guidelines, and 61% do not believe such compensation parameters and guidelines will reduce excessive risk-taking, according to Grant Thornton's 17th Bank Executive Survey sponsored by Bank Director magazine. Executive pay should be based upon bank performance, 84% of bankers believe, and 58% believe increased government involvement will negatively affect their ability to successfully retain and recruit good executive management. The vast majority (71%) of bankers in the Southeast agree with that last statement, followed by bankers in the Central Region (63%), the West (62%), the Midwest (55%) and last of all the Northeast (46%), Chicago-based Grant Thornton.

MARCH 1 - 7, 2010

FEDERAL JUDGE SIGNS OFF ON BANK OF AMERICA FINE

U.S. Federal Judge Jed Rakoff agreed to the Securities and Exchange Commission's plan to fine Charlotte, NC-based, $2.22 trillion-asset Bank of America (B of A) $150 million in order to settle charges that B of A inappropriately failed to notify shareholders that Merrill Lynch held $16 billion in impending losses before those shareholders voted on B of A's $50 billion acquisition of Merrill at the end of 2008. Judge Rakoff wrote in his ruling that "the amount of the fine appears paltry" and represents "half-baked justice at best," *InvestmentNews.com* reports.

MARCH 8 - 14, 2010

MS AND SC INSURANCE COMMISSIONERS RESIST CLIMATE RISK DISCLOSURE SURVEYS

Insurance Commissioners in Mississippi and South Carolina have joined their counterpart in Indiana in declining to require insurance companies domiciled in their states to complete climate risk disclosure surveys. Mississippi Insurance Commissioner Mike Chaney said he did not believe the survey collected useful data for insurance regulators, concluding, "I just don't see the reason for it." The National Association of Insurance Commissioners (NAIC) agreed in March 2009 to require insurance companies with annual premiums of $500 million or more to inform their state regulators of the financial risks caused to their companies by climate change and the steps they are taking to deal with those risks. In January 2010, the NAIC's Climate Change and Global Warming Task Force adopted the survey framework to accomplish that requirement, *BestWire* reports.

MARCH 22 - 28, 2010

DODD'S REGULATORY REFORM BILL CREATES OFFICE OF NATIONAL INSURANCE AND MORE

Last week Senate Banking Committee Chairman Christopher Dodd released his proposed financial industry regulatory reform bill. Among other actions, the bill creates the following: (1) an Office of National Insurance headed by a director appointed by the Treasury Secretary and housed within the Treasury Department. (2) a Consumer Financial Protective Bureau housed within the Federal Reserve and led by a director appointed by the President and approved by the Senate. (3) a nine-member Financial Stability Oversight Council chaired by the Treasury Secretary and including representatives from the Federal Reserve, Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), Securities and Exchange Commission (SEC), Commodity Futures Trading Commission, Federal Housing Finance Agency, Consumer Financial Protection Bureau and Office of National Insurance. For excellent summaries of the bill's implications for bank insurance, click on the link to read the ABIA Legislative Update and the ICBA's brief.
To read the bill, click here.

MARCH 22 - 28, 2010

MINNESOTA FINES AMERICAN EQUITY INVESTMENT LIFE FOR ALLEGED IMPROPER ANNUITY SALES

The Minnesota Department of Commerce (MDC) has fined Des Moines, IA-based American Equity Investment Life Insurance Company $275,000 for allegedly selling 541 annuity contracts on forms unapproved by the state between 2002 and November 2008. The MDC has also ordered American Equity to revise the contracts' surrender charge provisions to comply with Minnesota state law, which allows up to a 9% surrender charge for a 9-year period. American Equity must notify by mail all annuity purchasers of these revisions and reimburse those annuity purchasers who surrendered their contracts for any amount they overpaid. In addition, American Equity must create and maintain procedures to ensure that all their policies are issued on state-approved forms and that all producers comply with state law regarding these matters.

MARCH 29 - APRIL 4, 2010

NATIONAL FLOOD INSURANCE PROGRAM SUSPENDED AS CONGRESS LEAVES TOWN

The National Flood Insurance Program (NFIP) lost its authority to write new policies when Congress adjourned without passing legislation to extend that authority past midnight March 28. Without the NFIP, insurance agents cannot renew or sell the flood insurance policies lenders require on properties in flood hazard areas. Congress is scheduled to return to Washington on April 12, but legislation regarding the Flood Insurance Program is not separate, but is tucked into an unemployment benefits bill.

APRIL 5 - 11, 2010

U.S. SUPREME COURT UPHOLDS "ARM'S LENGTH" FUND FEES

The U.S. Supreme Court affirmed the validity of the Gartenberg Standard and ruled in *Jones v. Harris Associates* that to face liability regarding the fees it charges, an investment advisor must charge a fee so disproportionately large that it bears no reasonable relationship to the services rendered and could not have been the product of arm's length bargaining. Shareholders of Oakmark Funds had brought suit against Harris Associates, its fund manager, alleging that Harris had breached its fiduciary duty by charging the fund excessive management fees since they were double the fees charged to institutional clients for the same services. Stradley Ronon Counsel John Baker said that as a result of the Supreme Court's decision, "Advisors that negotiate a fee within the range of possible arm's length results and provide all relevant information to a board that exercises independence and diligence should have little fear from future Section 36(b) claims."

To read Stradley Ronon's comments on the Supreme Court ruling, click here.

APRIL 5 - 11, 2010

NAIC MAKES REVISIONS TO ANNUITY TRANSACTION MODEL REGULATION

The National Association of Insurance Commissioners (NAIC) has adopted revisions to the Suitability in Annuity Transactions Model Regulation. The changes: (1) make clear that the insurer is responsible for compliance with the model regulation even if the insurer contracts with a third party, (2) require that all annuity transactions be reviewed, and (3) establish general and product-specific training requirements for producers.

APRIL 5 - 11, 2010

NAIC CLIMATE-CHANGE RISK SURVEY ON HOLD

The National Association of Insurance Commissioners' (NAIC) Climate Change Risk Assessment Survey is on hold as of the NAIC's meeting in Denver last week. The survey of insurance companies with $500 million or more in annual premium was adopted by the NAIC's Climate Change and Global Warming Task Force (CCGWTF) in January and asks insurers to identify climate change risks and the steps they have taken to manage and mitigate those risks in their internal operations, investment strategy and risk management focus. All state insurance regulators have received copies of the survey, but only regulators in California and Wisconsin have thus far distributed the survey to insurers in their states. The original May 1 deadline for return of the surveys to the NAIC task force is in limbo. CCGWTF Chairman Joe Ario said, "I'm worn down enough on the issue."

APRIL 12 - 18, 2010

SEC AND FINRA ALLEGE MISCONDUCT AT REGION FINANCIAL'S MORGAN KEEGAN

Birmingham, AL-based, $142.4 billion-asset Regions Financial Corp.'s subsidiaries, Memphis, TN-based Morgan Keegan & Co. and Morgan Asset Management and the companies' portfolio manager James Kelsoe, Jr. and head of fund accounting Joseph Weller have been accused by the U.S. Securities and Exchange Commission (SEC) of fraudulently overstating the value of securities in five bond funds backed by subprime mortgages from at least January 2007 to July 2007. According to the SEC's announcement of administrative proceedings against Morgan Keegan et. al., Morgan Keegan allegedly used unreasonable procedures to accurately price the securities in question and failed to accurately calculate the funds' net asset values (NAVs). In addition, Morgan Keegan allegedly recklessly published inaccurate daily NAVs and sold shares to investors based on inflated prices. The SEC alleges that Kelso sent about 262 "price adjustments" to fund accounting that did not reflect the fair value of fund securities. CPA Joseph Weller in turn allegedly used the arbitrary numbers to calculate the funds' NAVs. Morgan Keegan et. al. have been ordered to cease and desist from these alleged practices and have been informed that the SEC will schedule a hearing on these charges before an administrative law judge.

The Financial Industry Regulatory Authority (FINRA) has also filed a complaint against Morgan Keegan & Co. alleging that the company: (1) failed to disclose to its brokers the risks of investing in its bond funds that were heavily invested in subordinated tranches of asset and mortgage-backed securities, including subprime products, and misstated the appropriate uses of the funds; (2) failed to ensure the accuracy of advertising materials used for the funds; (3) failed in particular to adequately describe the risks of holdings in the Intermediate Fund, which was marketed as a conservative, fixed-income mutual fund, and failed to train its brokers regarding the features, risks and suitability of the fund; and (4) failed to warn its brokers and customers and revise its marketing materials when it became aware of the risks to the bond funds in 2007. According to FINRA, Morgan Keegan sold over $2 billion in the bond funds and cost investors over $1 billion. FINRA plans to hold formal proceedings against Morgan Keegan and seeks full restitution to investors and "disgorgement of all ill-gotten profits."

In 2008, Regions Financial reported $596 million in securities brokerage income, which comprised 21.9% of its noninterest income and 9.1% of its net operating revenue. The company ranked 7th in securities brokerage earnings among U.S. bank holding companies with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

In 2008, Regions Financial reported $153.4 million in investment banking and advisory income, which comprised 5.6% of its noninterest income and 2.3% of its net operating revenue. The company ranked 13th in investment banking and advisory earnings among U.S. bank holding companies with assets over $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

APRIL 12 - 18, 2010

NAIC LEAVES CLIMATE RISK SURVEY UP TO STATES

The National Association of Insurance Commissioners (NAIC) has voted to let individual states decide whether or not to require insurers in their states to complete and return the NAIC-sponsored *Insurer Climate Risk Disclosure Survey*. In addition, the NAIC amended the survey to explicitly state that each insurer's response to the survey will be kept confidential and will be used only to help compile a public report based on aggregate responses. *To read the Insurer Climate Risk Disclosure Survey, click here*.

APRIL 19 - 25, 2010

SEC CHARGES GOLDMAN WITH SECURITIES FRAUD

The Securities and Exchange Commission (SEC) has filed securities fraud charges against New York City-based Goldman, Sachs & Co. (Goldman) and the company's employee Fabrice Tourre alleging they made material misstatements and omissions regarding ABACUS 2007-ACI, a synthetic collateralized debt obligation (CDO) tied to subprime residential mortgage-backed securities (RMBS), which Goldman structured and marketed to investors in early 2007. According to the SEC, the materials Goldman used to market ABACUS represented that the RMBS portfolio underlying the CDO had been selected by ACA Management (ACA), an expert in analyzing RMBS credit risks, but did not disclose that hedge fund Paulson & Co., which had "an economic interest directly adverse to investors," played a significant role in selecting the ABACUS portfolio. That adverse position was known to Goldman, for, after selecting the portfolio, Paulson entered into credit default swaps (CDS) with Goldman to buy protection on specific layers of ABACUS, the SEC said. Goldman disclosed neither Paulson's role in selecting the ABACUS portfolio, nor Paulson's short position betting against the fund's positive performance, according to the complaint.

The SEC alleges that Tourre devised ABACUS, prepared its marketing materials and knew of both Paulson's role in selecting the portfolio for ABACUS and Paulson's short interest in the product. Yet Tourre misled ACA Management into believing that Paulson had invested $200 million for a long position in ABACUS, when, in fact, Paulson had paid Goldman $15 million to structure and market ABACUS, according to the SEC.

The ABACUS deal closed on May 26, 2007. By October 24, 2007, 83% of the RMBSs in the portfolio had been downgraded, and 17% were on negative watch. By January 29, 2008, 99% of the portfolio had been downgraded, and, ultimately, ABACUS investors lost over $1 billion, while Paulson earned $1 billion betting against ABACUS, the SEC said.

SEC Director of Division Enforcement Robert Khuzami said, "Goldman wrongly permitted a client that was betting against the mortgage market to heavily influence which mortgage securities to include in an investment portfolio, while telling other investors that the securities were selected by an independent, objective third party." The SEC filed its complaint against Goldman and Tourre in U.S. District Court for the Southern District of New York and is seeking injunctive relief, disgorgement of profits, prejudgment interest and civil penalties from both defendants.

To read the SEC's complaint, click here.

APRIL 19 - 25, 2010

NEW YORK INSURANCE BROKERS CHALLENGE REGULATION 194

The Board of Directors of the Council of Insurance Brokers of Greater New York (CIBGNY) has unanimously agreed to challenge the legality of New York Insurance Department Regulation 194, which requires insurance agents to disclose in writing how much they would be paid for selling a proposed insurance product and the factors used to determine that compensation. CIBGNY Legislative Chairman Anthony Calafiore said, "While we have no problems in disclosing that we are compensated for providing insurance, it should be at the time of sale, not when quoting the account." CIBGNY President Anthony Aquilino added, "There has been no clamoring by consumers for compensation disclosure…. The Insurance Department could not cite one instance of consumer complaint." The CIBGNY said the regulation adds "tremendous costs to the producer" while providing no additional protection to the consumer.

APRIL 19 - 25, 2010

NATIONAL HEALTH INSURANCE REQUIREMENTS FORCE INSURERS OUT

Galveston, TX-based American National Life Insurance Company of Texas and Standard Life and Accident Insurance Company, both subsidiaries of American National Insurance Companies, announced they will discontinue selling individual medical insurance plans effective June 30, 2010 because their plans do not meet the requirements of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 passed by the U.S. Congress and signed into law by President Obama. The companies will instead focus on Medicare Supplemental Insurance, large group and other supplementary health products.

APRIL 19 - 25, 2010

GROUP CALLS FOR INVESTIGATION INTO FINRA

The Alliance for Economic Stability has sent a letter to the U.S. Congress' Financial Crisis Inquiry Committee (FCIC) accusing the Financial Institutions Regulatory Authority (FINRA) of "allowing practices that were the most direct cause of the financial crisis" and urging the FCIC to investigate FINRA and its oversight of firms' compliance with capital requirements.

MAY 3 - 9, 2010

CT JUDGE RULES WELLS FARGO INSURANCE ENGAGED IN UNFAIR AND DECEPTIVE PRACTICES

Connecticut Superior Court Judge Kevin Dubay has ruled that San Francisco-based, $1.24 trillion-asset Wells Fargo & Co. subsidiary Acordia, now Wells Fargo Insurance Services, engaged in deceptive trade practices and breached its fiduciary duty by failing to disclose a contingent commission agreement it had with five insurers that participated in the Millennium Partnership program Acordia set up in 1999. Atlantic Mutual, Chubb, The Hartford, Royal Sun Alliance and Travelers agreed to pay an extra 1% commission on each of their policies sold through Millennium, which Acordia set up to help fund the installation of a new agency management system.

Judge Dubay found that "Connecticut did not prove that Wells Fargo Insurance brokers did anything other than act in their clients' best interests" and noted that both client and broker testimony indicated just the opposite, with Millennium insurers receiving no preferential treatment and with customers paying no more for insurance than if Millennium had not existed. Judge Dubay, however, ordered Wells Fargo Insurance to determine how much Connecticut customers had paid the company in undisclosed Millennium Partners' commissions, so he could determine the penalty Wells Fargo should pay for "unfair and deceptive business practices … under the Connecticut Unfair Trade Practices Act."

Connecticut Attorney General Richard Blumenthal, who prosecuted the case against Wells Fargo, said, "This case is a significant victory for insurance consumers and honest, competitive businesses that were illegally shut out of the market by Wells Fargo's exclusive pay-to-play club." Wells Fargo spokesperson Kathryn Ellis described Blumenthal's comments as a mischaracterization of the court's decision and described the verdict as a misinterpretation of the law. Ellis said, "We plan to appeal and are confident the decision will be reversed." She added, "No customer was hurt or suffered monetary loss."

MAY 3 - 9, 2010

STRADLEY RONON SUMMARIZES SENATE FINANCIAL SERVICES REFORM BILL

Stradley and Ronon has published a summary of the key provisions in Senate Bill S. 3217, the proposed "Restoring American Financial Stability Act of 2010." *To access the summary written by Valentino DiGiorgio III, click here*.

MAY 3 - 9, 2010

MORGAN KEEGAN GETS OCTOBER HEARING ON SEC AND FINRA CHARGES

Memphis, TN-based Morgan Keegan, Morgan Asset Management and four of the companies' employees have been granted an administrative hearing regarding Securities and Exchange Commission (SEC) and Financial Industry Regulatory Authority (FINRA) charges that Morgan Keegan, et. al. overstated the value of six funds backed by subprime mortgages. According to the regulators, Morgan Keegan made material omissions and misrepresentations in marketing materials, regulatory filings and sales training, gave preferential treatment to some customers but failed to make suitable recommendations to others, failed to adequately supervise employees and obstructed the due diligence process. Morgan Keegan, a subsidiary of Birmingham, AL-based, $142.4 billion-asset Regions Financial Group, requested the hearing, which will cover Morgan Keegan's dealings in Mississippi, Alabama, South Carolina and Kentucky and be held on October 5, 2010, at the offices of the Alabama Securities and Exchange Commission in Montgomery, AL.
To read the hearing request, click here.
To read the order, click here.

MAY 10 - 16, 2010

ACLI OPPOSES PROPOSED 0.15% "FEE" ON LARGE LIFE INSURERS

AEGON USA Chairman Patrick Baird, expressing the position of the American Council of Life Insurers (ACLI), told the Senate Finance Committee in hearings last week that the committee's proposed 0.15% tax on certain liabilities of large life insurers that own broker-dealers would put those insurers at a competitive disadvantage. Because life insurers are required to have large reserves and statutory surpluses in order to operate, Baird informed the senators, "not only publicly-traded companies, but also mutuals, fraternals and reciprocals would be swept into the tax" on financial institutions with $50 billion or more in assets. The "financial responsibility fee" needn't be levied on life insurers, Baird said, because state laws already prevent them from risky leveraging. When confronted with the AIG example, Baird said, "AIG should not be used as a benchmark for the life insurance industry" because it is "a multifaceted entity with many business units in addition to its insurance business."

MAY 10 - 16, 2010

INDIA'S INSURANCE REGULATOR ISSUES GUIDANCE ON UNIT-LINKED PRODUCTS

India's Insurance Regulatory Development Authority has published Guidelines on Unit-Linked Products and sent copies to the chief executive officers of the country's life insurance companies. According to the Guidelines, individual unit-linked products must have a minimum five-year term, but group products may be renewed annually. All unit-linked products, except those providing health insurance, must include a death benefit. No unit-linked products may be borrowed on, and no partial withdrawals are allowed on unit-linked pension and annuity products. Partial withdrawal of up to one-third of a product's value is allowed on other unit-linked products after they have been held for five years. At maturity, one-third of the value of a unit-linked annuity product may be taken as a lump sum, but the rest must be reinvested in an annuity. Top-up premiums on currency contracts must have insurance cover, and all top-up premiums must be locked in for three years. In the last three years of the contract, however, top-ups are not permitted. Compliance with the guidelines is required by July 1, 2010. *To access the guidelines, click here*.

MAY 17 - 23, 2010

WELLPOINT CHAIRMAN SETS RECORD STRAIGHT WITH OBAMA

WellPoint Chairman, President and CEO Angela Braly has written to U.S. President Barack Obama objecting to what she described as his repeated delivery of "false information regarding WellPoint's coverage of breast cancer." Braly said to the President, "To be absolutely clear: despite your claims, WellPoint does not single out women with breast cancer for rescission. Period." To fortify her position, Braly noted that in 2009 Indianapolis, IN-based WellPoint covered the treatment of approximately 200,000 women with breast cancer and rescinded treatment in only four cases, but not because breast cancer was involved. Braly said, "Our policy on rescissions has always been that it is based on fraud or misrepresentation—a policy consistent with that contained in the new legislation." *To read Braly's letter of May 9, 2010, click here*.

MAY 17 - 23, 2010

U.S. D.O.J. RESPONDS TO HEALTHCARE LAWSUIT

The U.S. Justice Department has delivered a 46-page brief to the United States District Court for the Eastern District of Michigan in response to a lawsuit and a request for an injunction filed against implementation of the healthcare law passed on March 23, 2010, by the U.S. Congress. Thomas More Law Center filed both the suit and the motion for preliminary injunction on the grounds that the healthcare law's requirement that Americans must purchase health insurance or pay a financial penalty is beyond Congress' power and constitutes an unconstitutional tax. The fact that money paid for health insurance will be used to fund abortions, the Law Center contends, is also unconstitutional. In its brief, the Justice Department responded that Congress did not exceed its authority, U.S. law prohibits lawsuits designed to prevent tax collection, and individuals who don't want to purchase life insurance may qualify for a penalty exemption. The Department argued that plaintiffs "demonstrate no current injury, and merely speculate whether the law will harm them once it is in force."

To read the Justice Department's response, click here.

To read the original March 23 filing by Thomas More Law Center, click here.

To read the April 6 motion for preliminary injunction of Thomas More Law Center, click here.

MAY 24 - 30, 2010

SENATORS REJECT GLASS-STEAGALL AMENDMENT, BUT PASS FINANCIAL REFORM BILL

Senators rejected an amendment (S.A. 3884) introduced in its debate on the Senate Financial Reform Bill (S. 3217) by Senators McCain and Cantwell that would have reinstated the Glass-Steagall barriers between the insurance, banking and securities businesses lifted by the Gramm-Leach-Bliley Act of 1999. American Council of Life Insurers (ACLI) President Frank Keating commended the decision and said, "The authority of depository institutions to sell insurance … or to underwrite insurance through an affiliate … has never been identified as allowing systemically risky activities that should be restricted." He added that if the amendment were to be included in the final bill, the result would be "widespread disruption to the distribution of these insurance products to the detriment of insurance consumers," *NU Online* reports.

The U.S. Senate voted 59-39 to approve the S. 3217 legislation on May 19. The legislation, since renamed H. 4173, now moves to the House and Senate conference committee.

To read comments on what the Bill contains and what the Independent Community Bankers Association (ICBA) hopes it may yet include or delete, click here.

MAY 31 - JUNE 6, 2010

CANADA'S FINANCE MINISTER DRAFTS RESTRICTIVE BANK INSURANCE REGULATION

Canada's Minister of Finance Jim Flaherty has announced the Finance Department's intention "to prevent banks from using their web pages to promote non-authorized insurance products, which is not permitted in their branches." According to draft regulation, banks may promote and provide links to web pages of insurers that offer authorized insurance, i.e., credit and travel insurance, in the business section of their websites. Mention of and links to subsidiaries offering non-authorized life, health, property and casualty insurance, however, may be included only on a bank's corporate web page, where the bank's corporate structure and business lines are described but not promoted and where logging in is not required. The Department of Finance will publish its proposed regulation in Part I of the *Canada Gazette* and is seeking comments from "stakeholders." *To read the draft regulation, click here.*

MAY 31 - JUNE 6, 2010

NATIONAL FLOOD INSURANCE PROGRAM LAPSES – AGAIN

The U.S. Congress has again left town without reauthorizing the National Flood Insurance Program (NFIP), which lapsed at 12:01 am on June 1, the first day of hurricane season. American Insurance Association spokesman Blain Rothmeier said, "This is the fourth time this year that Congress has let this program lapse, and it's beginning to feel like *Groundhog's Day*. Congress needs to pass a long-term extension because homeowners living in flood-prone regions of the country don't have anywhere to turn should another major flood occur during this Congressional recess."

Since Congress has repeatedly failed to reauthorize NFIP this year, in April the Federal Deposit Insurance Corporation (FDIC) issued guidance to financial institutions regarding their responsibilities in making loans on properties that fit flood insurance requirements when the authority of the Federal Emergency Management Agency (FEMA) to issue flood insurance has lapsed. According to the guidance, when flood insurance is not available, banks may make loans on property subject to the Flood Act as long as they make flood determinations, provide timely, accurate and complete notices to borrowers, comply with other parts of flood insurance regulations, evaluate and manage risks, mitigate loss exposures during the lapse period and have a system in place to ensure that property owners obtain flood insurance as soon as NFIP and FEMA are reauthorized.

To access the FDIC guidance, click here.

MAY 31 - JUNE 6, 2010

FINRA FINES PIPER JAFFRAY FOR FAILED EMAIL RETENTION

The Financial Industry Regulatory Authority (FINRA) has fined Minneapolis, MN-based Piper Jaffray $700,000 for failing to retain 4.3 million emails from November 2002 through December 2008 and for failure to inform FINRA of its email retention issues. In November 2002, the Securities and Exchange Commission (SEC), New York Stock Exchange Regulation and NASD had sanctioned Piper Jaffray and ordered it to review its systems and certify that it had established systems and procedures designed to preserve electronic and mail communications. The firm provided that certification in March 2003, and "at no time did it alert regulators that its system was experiencing problems," FINRA said. FINRA discovered Piper Jaffray's continued email retention failures when one hard copy of a Piper Jaffray email in the regulator's possession did not show up in the allegedly complete email files Piper Jaffray had turned over to FINRA in CD-ROM format. Piper Jaffray neither admitted nor denied the charges but consented to an entry of the findings and agreed to pay the fine.

MAY 31 - JUNE 6, 2010

NEW YORK AGENTS SUE TO ANNUL REGULATION 194

The Independent Insurance Agents and Brokers of New York (IIABNT) and the Council of Insurance Brokers of Greater New York (CIBGNY) have filed suit in New York State Supreme Court in Albany to prevent the New York Insurance Department from implementing Regulation 194, which requires insurance brokers to disclose detailed information about their compensation, including what that compensation would have been should the customer have chosen another product. In its Article 78 proceeding IIABNY and CIBGNY have asked the court to annul parts or all of Regulation 194 on the following grounds: (1) The Insurance Department does not have authority to mandate compensation disclosure. (2) The regulation is an impermissible rewrite of insurance law appropriately written by legislators. (3) It imposes massive and unwarranted compliance costs on brokers. (4) And, it violates producers' rights to due process and equal protection under the New York State and U.S. constitutions.

JUNE 14 - 20, 2010

STATE FARM TO EXIT NFIP

Bloomington, IL-based State Farm Fire and Casualty Company announced it will exit the National Flood Insurance Program (NFIP) beginning October 1. After that date, State Farm will no longer oversee NFIP applications, and State Farm agents will write new policies only through NFIP Direct. State Farm will continue to service and handle claims on policies sold before that time until April 2012, when all its NFIP policies will have been transferred to NFIP Direct. State Farm said, "Servicing NFIP applications and claims has had an impact on State Farm's resources. Numerous reauthorization delays for the program have challenged our ability to serve all customer needs." Thus far this year, Congress has failed to reauthorize the program, which has currently lapsed, four times. State Farm is currently among 100 private insurers participating in the NFIP program.

JUNE 28 - JULY 4, 2010

FEDERAL BANKING REGULATORS ISSUE FINAL GUIDANCE ON PERMISIBLE INCENTIVE COMPENSATION

The Federal Reserve (Fed), Office of the Comptroller of the Currency (OCC), Office of Thrift Supervision (OTS), and the Federal Deposit Insurance Corporation (FDIC) have issued final guidance on incentive compensation. The guidance is designed to ensure that incentive compensation plans at financial institutions do not encourage excessive risk-taking but do encourage long-term performance, are consistent with safe and sound practices and are supported by corporate governance.

To read the guidance, which becomes effective upon its publication in the Federal Register, click here.

JUNE 28 - JULY 4, 2010

U.S. HOUSE TEMPORARILY EXTENDS FLOOD PROGRAM; SENATE MUST ACT

The U.S. House of Representatives has temporarily extended the National Flood Insurance Program (NFIP) through September 30, 2010 with the passage of HR 5569. NFIP's authority to renew or issue new flood policies expired on May 31, 2010, just as hurricane season began. The House's action is not enough to resuscitate the program. Final temporary reauthorization awaits Senate approval. Independent Insurance Agents & Brokers of America ("Big I") Senior Vice President Charles Symington said, "It is vital that the program be extended, and we, therefore, urge the Senate to act on this without delay." Since January 2010, the NFIP has expired four times.

JUNE 28 - JULY 4, 2010

BUSINESS AND JOBS TRUMP CRC'S NONCOMPETE INJUNCTION PLEA

Judge James Zabel of the U.S. District Court in Chicago has refused Birmingham, AL-based CRC Insurance Services' plea for a temporary injunction against its former employees to prevent them from working for Chicago-based Ryan Specialty Group and its affiliate R.T. Specialty. Former CRC Insurance Services Co-President Tim Turner left CRC in January to become managing director of Ryan Specialty Group and in March launched R-T Specialty with Ryan Specialty Group founder and former AON Chairman and CEO Patrick Ryan. In May, 120 CRC employees in Chicago, Philadelphia and California left CRC and joined R-T Specialty, taking clients and accounts with them. CRC argued that the employees involved in the exodus had violated the noncompete, nonsolicitation and nonaccept provisions in their CRC contracts. With their departure, CRC said, "CRC's very survival is in jeopardy."

Judge Zabel disagreed and said the harm to CRC was outweighed by the damage that would be done to R-T Specialty and its former CRC employees, for the injunction requested by CRC would force R-T Specialty out of business. CRC CEO Thomas Curtin responded, "We are only at the beginning of what will be a protracted legal dispute. CRC intends to continue vigorously defending itself and protecting its business."

JUNE 28 - JULY 4, 2010

U.K. REFIGURES FINANCIAL REGULATION

United Kingdom Chancellor of the Exchequer George Osborne announced that the newly-formed government plans to abolish the country's Financial Services Authority (FSA) and replace it with an independent Financial Policy Committee at the Bank of England and a separate Consumer Protection and Markets Authority (CPMA). Both regulators will oversee banks, investment banks, building societies and insurance companies. The Financial Policy Committee will have the additional authority "to look across the economy at the macro issues that may threaten economic and financial stability and take effective action in response," Osborne said, while the CPMA "will regulate the conduct of every financial firm providing services to consumers."

The Association of British Insurers Director General Kerrie Kelly responded to the plan saying, "The insurance industry is open to the regulatory structure, but it is very important that these proposals do not offer further costs, which will ultimately fall to consumers." International Underwriting Association Director Nick Lowe said, "The prudential regulator of insurance should be an integrated authority with a good understanding of insurance and its role in the economy."

Osborn said the government decided to scrap the tripartite system of financial services oversight handled by the FSA, Bank of England and Treasury because it had been unable to stem the "rapid and unsustainable increase in debt" that has risen to such a level that annual interest payments "will soon exceed what we spend on schools and are almost double what we spend on defense."

JULY 5 - 11, 2010

NATIONAL FLOOD INSURANCE PROGRAM EXTENDED THROUGH SEPTEMBER

The National Flood Insurance Program (NFIP) Extension Act of 2010 (HR 5569) has been approved by both Houses of Congress and signed into law by President Obama. The legislation extends the NFIP until September 30, 2010 and is retroactive to June 1, 2010, when the

NFIP last lapsed. Flood insurance policies signed or renewed during the lapse period are effective from the date of signing and waiting periods begin from the date of application. Big I (Independent Insurance Agents & Brokers of America) President and CEO Robert Rusbuldt said, "It is alarming that the NFIP was allowed to remain expired for so long, causing so much confusion and potentially leaving desperate homeowners and small businesses unprotected." National Association of Mutual Insurance Companies Senior Vice President Jimi Grande said, "The hurricane season runs two months beyond the NFIP's new September 30 expiration date. Congress must not let the program lapse again and [must] pass legislation that would implement common sense reforms and help the NFIP make the first step toward financial soundness."

JULY 5 - 11, 2010

U.S. HOUSE PASSES FINANCIAL REFORM PRESERVING STATE INSURANCE REGULATION

The U.S. House of Representatives has passed the Dodd-Frank Wall Street Reform and Consumer Protection Act. The legislation creates a Bureau of Consumer Financial Protection within the Federal Reserve that is authorized to regulate all consumer financial products sold by banks except those involving "the business of insurance." State insurance regulation is explicitly protected, despite the fact that the legislation creates a Federal Insurance Office (FIO) in the Treasury Department with the power to monitor all activities related to the "business of insurance," except health and long-term care insurance. The FIO Director will serve as an advisor on the Financial Stability Oversight Council (FSOC) and will share responsibility with the Trade Representative Office and Congress in negotiating international insurance agreements. FIO's power is further limited by the requirement that it request insurance information from state regulators before requesting it directly from insurers. Importantly, the legislation classifies fixed indexed annuities sold by insurers that comply with the model regulations of the National Association of Insurance Commissioners as insurance products, thereby taking regulatory authority over these products away from the Securities & Exchange Commission.

The Senate has yet to act on the financial services reform legislation and is in recess until mid-July.

For the Independent Community Bankers of America's (ICBA) summary of the conference report on the legislation, click here.

For more detailed information about the relevant insurance and consumer protection provisions in the pending legislation from the American Bankers Insurance Association (ABIA), click here.

JULY 12 - 18, 2010

NY SUPREME COURT OVERTURNS M&M BID-RIGGING CONVICTIONS OBTAINED

New York State Supreme Court Justice James A. Yates has overturned the February 2008 felony anti-trust convictions of former Marsh & McLennan Cos. Executive Marketing Director William Gilman and former Global Placement Director Edward McNenney. The two men had been accused by former New York State Attorney General Eliot Spitzer of colluding with American International Group, Ace Ltd., Zurich Financial Services, Liberty International Insurance and other insurers in an excess casualty insurance bid-rigging scheme from November 1998 to September 2004.

Justice Yates based his decision to overturn his earlier conviction on the basis that prosecutors had suppressed evidence that would have been "invaluable" to the defense and that newly discovered documents showed that witnesses for the prosecution had made contradictory statements. Judge Yates said, "The case was, from the outset, a circumstantial case with no direct proof of insurance company collaboration," and "the suppressed evidence … along with … the newly discovered contradictory evidence, undermines the court's confidence in the [original] verdict."

To read Judge Yates verdict, click here.

JULY 12 - 18, 2010

MA SECURITIES REGULATOR BREACHES SECURITY OF THE REGULATED

The Massachusetts Securities Division (MSD) sent a CD containing the names, social security numbers and addresses of the 139,000 financial advisors registered in Massachusetts to *IA Week* in response to the trade publication's request for a list of investment firms registered in the state. *IA Week* discovered the error and returned the CD in June. In the first week of July, the MSD sent letters to the financial advisors affected.

According to Bruce Cunningham, who received one of the letters, "There was no apology or explanation in the notification letter from Bryan J. Lantagne, Director, Massachusetts Securities Division. He only included a fact sheet about Massachusetts General Laws 9311, Notice Requirements that said I could write the three consumer reporting agencies and pay $5.00 each to Place, Temporarily Life or Permanently Remove a security freeze on a credit report." In fact, MSD spokesperson Brian McNiff said of the CD mailing, "It was a mistake that happened only one time; someone didn't follow the procedures in place." He added, "The important thing is that there was no breach and that the material was returned intact." Financial advisor Joseph Wilson wondered, "Would the Attorney General be so forgiving if one of our firms accidentally mailed a CD full of client info to a publication? I doubt it." Financial advisor "Chipway" added, "No time lines are revealed by the state and we therefore don't know how long someone had our critical personal data in their possession," *InvestmentNews.com* reports.

JULY 12 - 18, 2010

CONGRESS TO REVISIT FEDERAL INSURANCE REGULATION

U.S. House of Representatives Financial Services Committee Chairman Barney Frank told the National Conference of Insurance Legislators (NCOIL) at their meeting in Boston last week that he expects optional federal charter legislation to be on the agenda during Congress' next session. "There is a movement to federalize more insurance law," Frank said. The type of insurance most conducive to federal regulation, he said, is life insurance, which he described as having more in common with other financial products than many other insurance products. At the same time, Frank admitted, "There are no federal officials who know very much about it [insurance]," *BestWire* reports.

JULY 19 - 25, 2010

OBAMA SIGNS FINANCIAL REFORM BILL INTO LAW, FDIC'S BAIR SEES PLUSES

U.S. President Barack Obama has signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act passed earlier by both Houses of Congress. Federal Deposit Insurance Corporation (FDIC) Chairman Sheila Bair said the legislation addresses what she views as the three key pillars needed for financial reform: resolution authority, systemic oversight and consumer protection. The law, she said: (1) gives the FDIC receivership authority to close and liquidate systemic firms in an orderly manner; (2) creates a Systemic Risk Council charged with identifying and addressing emerging systemic risks; (3) gives regulators oversight over derivatives markets; (4) creates uniform consumer protection rules for both banks and non-bank financial firms; (5) strengthens capital requirements for the U.S. banking system, subjecting bank holding companies to the same standards as insured banks for Tier 1 capital; and (6) improves the FDIC's ability to manage its Deposit Insurance Fund and build stronger reserves.

While Bair said, "no set of laws, no matter how enlightened, can forestall the emergence of a new financial crisis somewhere down the road," she said the new legislation will "help limit the incentive and ability for financial institutions to take risks that put our economy at risk, … and it will give regulators the tools to contain the fallout from financial failures so that we never have to resort to a taxpayer bailout again."

For more information on the legislation, click here for commentary by the Independent Community Bankers of America.

Click here for analysis prepared by Dechert LLP for the American Bankers Association.

JULY 19 - 25, 2010

DC APPEALS COURT PANEL VACATES SEC INDEXED ANNUITY RULE 151A

A DC Circuit Court of Appeals three-judge panel has vacated Securities and Exchange Commission (SEC) Rule 151A, which classified indexed annuities as securities to be regulated by the SEC. Judges David Sentelle, Douglas Ginsburg and Judith Rogers said the SEC "cannot justify a particular rule based solely on the assertion that the existence of a rule provides greater clarity to an area that remained unclear in the absence of any rule." This SEC assertion, the judges said, "is not helpful in assessing the effect

Rule 151A has on competition." Old Mutual General Counsel Eric Marhoun, attorney for the insurer that asked for the hearing on SEC Rule 151A, said, "We are very pleased by the court's action because it wipes the slate clean and clarifies that Rule 151A is null and void."
To read the court's ruling, click here.
To read the court's revision of the July 2009 Appeals Court decision on Rule 151A, click here.

JULY 19 - 25, 2010

U.S. HOUSE PASSES 5-YEAR FLOOD INSURANCE BILL; WILD LIFE GROUPS FILE SUIT

The U.S. House of Representatives has passed H.R. 5114, which extends the National Flood Insurance Program (NFIP) beyond its current September 30 expiration through December 31, 2015. The Senate needs to act on similar legislation in order for the bill to reach President Obama's desk and be signed into law. *To read the bill summary and status, click here*.

Implementation of any NFIP bill may face a new hurdle. The National Wildlife Federation and the Florida Wildlife Federation have filed suit against the Federal Emergency Management Agency (FEMA) in Miami federal court alleging it is violating the Endangered Species Act by failing to consult with the U.S. Fish and Wildlife Service on the impact of its National Flood Insurance Program on sea turtles. As a result, the groups claim, the National Flood Insurance Program is encouraging human coastal development which they say harms the habitat of loggerhead, green, hawksbill and leatherback sea turtles. The lawsuit asks the court to require FEMA to consult with U.S. wildlife officials before implementing the National Flood Insurance Program.

JULY 26 - AUGUST 1, 2010

SEC ABANDONS INDEXED ANNUITY FIGHT

Securities and Exchange Commission (SEC) Chairman Mary Schapiro said she will not revisit or rewrite an indexed annuity rule attempting to place indexed annuities under the purview of the SEC. HR 4173, which was signed into law on July 21, classifies indexed annuities as insurance products to be regulated by state insurance regulators.

The Financial Planning Coalition (FPC) is unhappy with the newly legislated classification and regulatory oversight. FPC Assistant Director for Government Relations said, "Under the present law, there may be some unsuitable sales." He added, "The legislation takes away the opportunity to present its case before the court," *BestWire* reports. Two weeks ago a three-judge panel threw out the SEC Indexed Annuity Rule.

JULY 26 - AUGUST 1, 2010

SEC PROPOSES NEW MUTUAL FUND MARKETING AND SALES RULES

The Securities and Exchange Commission (SEC) has proposed new rules to replace current rules regarding the way mutual funds are marketed and sold to investors. SEC Chairman Mary Schapiro said, "Many investors do not understand what 12b-1 fees are. Our proposals would replace rule 12b-1 with new rules designed to enhance clarity, fairness and competition when investors buy mutual funds." The proposed rules, she said, limit fund sales charges, improve fee transparency, encourage retail price competition, and revise fund director oversight duties.

The proposed rules: (1) limit "ongoing sales charges" to the highest fee charged by the fund for shares with no ongoing sales charges; (2) allow funds to pay 0.25% per year out of their assets for advertising, sales compensation and services; (3) require funds to disclose "ongoing sales charges" and "marketing and service fees" in their prospectuses, shareholder reports and transaction confirmations, where the total sales charge rate must be displayed; (4) allow funds to sell shares through broker-dealers that determine their own competitive compensation rate and prevent funds sold in this manner from deducting other sales charges from fund assets; (5) eliminate the need for fund directors to approve fund distribution financing plans, since the rules set automatic limits on fund fees and charges; and (6) require directors to oversee sales charges and marketing and service fees as a general fiduciary duty.

The SEC is asking for commentary on its proposed rules regarding mutual fund distribution fees and disclosures within 90 days of their publication in the *Federal Register*.
To read the Proposed Rules, click here.

JULY 26 - AUGUST 1, 2010

SEC ADOPTS CHANGES TO INVESTMENT ADVISOR DISCLOSURE DOCUMENTS

The Securities and Exchange Commission (SEC) has adopted changes to Form ADV-Part 2, the principal disclosure document that SEC-registered investment advisors must provide their clients and prospective clients. Under the new rules, which take effect 60 days after their publication in the *Federal Register*, the narrative brochures must be uniformly organized and disclose in plain English the advisor's business practices, fees, methods of analysis, investment strategies, code of ethics, conflicts of interest and disciplinary information. Brochure supplements must disclose in plain English the educational background, business experience and any disciplinary action regarding the employees who provide advisory services to clients.

The brochures must be delivered to prospective clients before or at the time they become clients, and advisors must provide clients with annual summaries of material changes to the brochures and create, provide or offer to provide clients with updated brochures. All brochures must be filed electronically with the SEC, which will make them available to the public at its website.
To read the detailed description of the new rules, which SEC Chairman Mary Schapiro said "help transform the brochure into a plain English narrative that is well-suited to serve investors' need," click here.

AUGUST 2 -8, 2010

MASSACHUSETTS LAW SUPPORTS SBLI

Massachusetts Governor Deval Patrick has signed into law Massachusetts House Bill 889, which allows Woburn, MA -based The Savings Bank Life Insurance Company of Massachusetts "to do business just like all the other companies selling life insurance in Massachusetts," said company President and CEO Robert Sheridan. He added, "The signing of the bill will allow us to compete not only in Massachusetts but across the nation with the lowest possible life insurance rates for men and women."

AUGUST 9 -15, 2010

INSURANCE AGENTS GET PAID "UNDER A CLOAK OF SECRECY," CUOMO SAYS

New York Attorney General Andrew Cuomo in his filing with the New York Supreme Court defending the statutory authority and validity of Regulation 194, described insurance agents as "virtually unique among financial services professionals in that they operate under a cloak of secrecy as to both the nature and extent of their compensation." Regulation 194 requires insurance agents to inform their potential customers of the source of their compensation, and, if a potential customer asks for more information, the agent must tell the potential customer how much he will earn in the proposed transaction and what he would earn if the customer were to purchase similar but alternative insurance products.

The Insurance Agents and Brokers of New York (IIABNY), the Council of Insurance Brokers of Greater New York (CIBGNY), Aurora, Inc. and Sullivan Financial Group have filed suit against the State of New York arguing New York Insurance Superintendent James Wrynn had no statutory authority to issue Regulation 194 and that provisions in the regulation are "arbitrary, unreasonable and unconstitutional." Unless Plaintiffs win their case, Regulation 194 is scheduled to go into effect January 1, 2011.

AUGUST 9 -15, 2010

NATIONAL HEALTH INSURANCE ON THE BALLOT AND IN THE COURTS

Missouri voters voted (71% to 29%) in favor of Proposition C, which declares that no law can force an individual or business in Missouri to participate in a health insurance system nor can it financially penalize those who do not purchase health insurance. Arizona and Oklahoma have similar propositions on their November ballots.

Additionally, U.S. District Judge Henry Hudson sided with Virginia and against the U.S. Justice Department in allowing Virginia to sue the U.S. government arguing that its recently-passed health insurance legislation is unconstitutional. Judge Hudson wrote: "While this case raises a host of complex constitutional issues, all seem to distill to the single question of whether or not Congress has the power to regulate – and tax – a citizen's decision not to participate in interstate commerce." Twenty other states have mounted similar legal challenges to the federally imposed health insurance legislation, *Reuters* reports.

AUGUST 16 -22, 2010

FDIC CREATES NEW UNITS TO IMPLEMENT DODD-FRANK

The Federal Deposit Insurance Corporation (FDIC) has created an Office of Complex Financial Institutions (CFI) and a Division of Depositor and Consumer Protection (DCP) in order to implement the Dodd-Frank Wall Street Reform and Consumer Protection Act. The CFI will oversee bank holding companies with over $100 billion in assets and nonbank financial institutions deemed systemically important by the Financial Stability Oversight Council. Should any of these companies fail, the FDIC will oversee their liquidations. The DCP will ensure that banks comply with consumer protection and fair lending statutes and regulations and enforce these requirements for banks with $10 billion or fewer assets. FDIC Chairman Sheila Bair said, "The FDIC plans to vigorously implement its new authorities under the Dodd-Frank Act."

AUGUST 16 -22, 2010

FINRA WANTS IMMEDIATE COMMENT ON PROPOSED EXPANDED REPORTING RULE

The Financial Industry Regulatory Authority (FINRA) has issued a proposed rule that requires member firms to file expanded revenue and expense information on a supplementary schedule attached to the Statement of Income (Loss) page of the FOCUS Report Parts II and IIA. In addition, firms with underwriting and/or sales revenue from unregistered offerings that exceeds 10% of total revenue must complete appropriate sections of a new Operational Page. Comments on the proposed rule are due via email or regular mail by August 18, 2010.
To read more about the proposed rule in Regulatory Notice 10-33, click here.

AUGUST 16 -22, 2010

BROKERCHECK TO MAKE CUSTOMER COMPLAINTS PUBLIC

The Financial Industry Regulatory Authority (FINRA) is reminding member firms that changes to BrokerCheck take effect on August 23, 2010. Beginning on this date, all historic customer complaints will become publicly available on BrokerCheck, and firms will be able to amend incorrect historic complaints using functional edit links. In addition, FINRA's process for disputing the accuracy of information disclosed through BrokerCheck will be enhanced and codified.
For more on Regulatory Notice 10-34, click here.

AUGUST 16 -22, 2010

FINRA FINES AND CENSURES MORGAN STANLEY FOR DISCLOSURE FAILURES

The Financial Industry Regulatory Authority (FINRA) has censured and fined New York City-based, $809.5 billion-asset Morgan Stanley $800,000 for failing to make public required disclosures regarding research analyst conflicts of interest and for failing to disclose the availability of independent research in customer account statements. According to FINRA, from April 2006 through June 2010 Morgan Stanley issued 6,836 deficient disclosures and from August 2007 through February 2008 failed to disclose the availability of independent third-party market research in 127,600 monthly account statements. In addition to the financial penalty, Morgan Stanley was ordered to review research reports every six months for two years and certify that they comply with FINRA's research analyst conflict of interest rules. Morgan Stanley consented to an entry of FINRA's findings, but neither admitted nor denied the charges.

AUGUST 23 -29, 2010

FINRA DROPS INDEXED ANNUITIES FROM SUITABILITY RULES

The Financial Industry Regulatory Authority (FINRA) has published its proposed Rule 2090 (Know Your Customer) and proposed Rule 2111 (Suitability) in the *Federal Register*. Significantly, neither rule includes references to indexed annuity products, which have been defined by Dodd-Frank as insurance products to be regulated by insurance regulators.
To read FINRA Rule 2090 and FINRA Rule 2111, click here.

AUGUST 23 -29, 2010

FINRA FINES HSBC SECURITIES OVER UNSUITABLE CMO SALES

The Financial Industry Regulatory Authority (FINRA) has fined HSBC Securities (USA), a unit of London, England-based, $2.42 trillion-asset HSBC Corp., $375,000. FINRA found that HSBC Securities (USA) recommended unsuitable sales of inverse floating rate Collateralized Mortgage Obligations (CMOs) to retail customers, failed to adequately supervise the suitability of CMO sales, and failed to fully explain to retail customers the risks that inverse floating rates pose. FINRA noted that since 1993 securities firms have been advised that "inverse floating rate CMOs are only suitable for sophisticated investors with a high-risk profile." FINRA Executive Vice President James Shorris said, "Firms must adequately train their brokers on all the products that they are selling and must reasonably supervise them to ensure that every security recommended is suitable for the particular customer." Because HSBC Securities sold unsuitable CMOs to retail customers, it has repaid those clients who lost money a total of $320,000.

AUGUST 23 -29, 2010

FINRA FINES MERRILL FOR UNIT INVESTMENT TRUST FAILURES

The Financial Industry Regulatory Authority (FINRA) has fined Merrill Lynch, a subsidiary of Charlotte, NC-based, $2.37 trillion-asset Bank of America Corp., $500,000 for failing to give customers sales charge discounts on eligible Unit Investment Trusts (UIT) purchases and for failing to have an adequate supervisory system in place to ensure that customers received those discounts. In addition to paying the fine, Merrill Lynch agreed to repay a total of $2 million to UIT customers that were overcharged between October 2006 and the present. FINRA Executive Vice President James Shorris said, "Firms have been on notice since at least 2004 that they must implement procedures to ensure customers receive appropriate sales charge discounts for UIT investments."

AUGUST 23 -29, 2010

MERRILL AGREES TO PAY UP AND REMEDY AGENT REGISTRATION ISSUES IN NEW JERSEY

New York City-based Merrill Lynch, a subsidiary of Charlotte, NC-based, $2.37 trillion-asset Bank of America Corp., has agreed to pay New Jersey $728,260 in fines and implement a system to make sure that all its Client Associates (CAs) doing business in New Jersey are registered agents in New Jersey. The agreement is a result of an Administrative Consent Order between Merrill Lynch and New Jersey's Bureau of Securities issued on August 10, 2010.

The New Jersey Bureau of Securities found that starting in 2004, Merrill Lynch failed to enforce its own written supervisory procedures to such an extent that approximately 700 of its CAs who accepted client securities orders in New Jersey were not registered agents in that state. New Jersey Bureau of Securities Chief Marc Minor said, "Investors deserve and expect that their trading is being conduct by registered agents." In addition to the New Jersey settlement, Merrill Lynch agreed to pay up to $25.83 million in fines and penalties to be appropriately divided among the other 49 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands that were part of the multi-state working group affected by Merrill Lynch's oversight failures.

As a result of the New Jersey investigation, the company conducted its own review and found that as of June 30, 2008, 60% of its 3,780 registered CAs, were registered only in their home state or one additional state. In October 2008, Merrill Lynch amended its registration policy to require that each CA have the same state registrations as the financial advisors they support.

For further information and to read the Consent Order, click here.

AUGUST 23 -29, 2010

REGULATORS PROHIBIT TYING ANNUITIES AND INAPPROPRIATE INSURANCE TO REVERSE MORTGAGES

The Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (FRB), Federal Deposit Insurance Corporation (FDIC), Office of Thrift Supervision (OTS) and National Credit Union Administration (NCUA) have issued Final Compliance and Risk Guidance on Reverse Mortgage Products. Among the guidance is the prohibition against reverse mortgages being conditional on the purchase of any other financial product from the lender.

Specifically, the guidance states: "an institution may risk violations, depending on the specific law that applies, if it requires consumers to obtain annuity products – or any other product that is not a traditional banking product – in order to obtain a reverse mortgage."

In addition, financial institutions must have policies and procedures in place "to ensure that neither lenders nor brokers require the borrower to obtain any insur-

ance, annuity or similar product (other than appropriate title, flood or other hazard insurance)." The final guidance takes effect on October 18, 2010.
To read the Final Guidance on Reverse Mortgages, click here.

AUGUST 30 - SEPTEMBER 5, 2010
NY AG CUOMO SUBPOENAS MORE LIFE INSURERS' RETAINED ASSET ACCOUNTS

New York Attorney General Andrew Cuomo is expanding his investigation into retained-asset accounts set up by life insurers to hold and manage insurance policy funds after a policyholder dies. Cuomo alleges that not only do some beneficiaries mistakenly believe that these funds are FDIC-insured (they are protected by industry guaranty funds), but that the accounts earn as much as a 4.8% return but pay out as little as 0.5% in interest.

In July Cuomo's office subpoenaed Newark, NJ-based Prudential Financial and New York City-based MetLife in order to examine how they handle policies for federal employees, including the military. The office has since subpoenaed Hartford, CT-based Aetna, New York City-based American International Group (AIG), Carmel, IN-based CNO Financial Group and Des Moines, IA-based Principal Financial Group.

Aetna said it will cooperate with Cuomo and added that over the past six years it has paid more than $17 million in interest to beneficiaries using retained asset accounts. "That's above and beyond the life insurance." Principal Financial Group said its life insurance beneficiaries "have complete and immediate access to the money they receive as a death benefit at any time when a retained asset account is used."

Recipients of life insurance policy benefits can keep their money in interest-bearing retained asset accounts and use them like checking accounts, or they can remove their money from their individual accounts in a lump sum by writing one single check, *BestWire* reports.

SEPTEMBER 6 - 12, 2010
JUDGE ALLOWS SHAREHOLDER SUITS AGAINST B-OF-A TO GO AHEAD

U.S. District Court Judge P. Kevin Castel has dismissed a lawsuit filed by Charlotte, NC-based, $2.37 trillion-asset Bank of America (B of A) employees over retirement plan losses tied to B of A stock. The Judge for the Southern District of New York, however, refused to dismiss shareholder suits regarding alleged material misstatements over bonuses given to employees of subsidiary Merrill Lynch, the extent of Merrill Lynch's losses and whether B of A intentionally hid a prior bailout agreement with regulators, *Reuters* reports.

SEPTEMBER 6 - 12, 2010

TAIWAN REGULATOR DENIES HONG KONG-BASED CONSORTIUM'S BID FOR AIG'S NAN SHAN

Taiwan's Financial Supervisory Commission has rejected the $2.15 billion bid by the Hong Kong-based consortium led by Primus Financial Holdings and China Strategic Holdings to acquire Taipei, Taiwan-based Nan Shan Life Insurance Company from New York City-based American International Group. The regulator said the purchase would not only violate Taiwan's laws restricting investments in the nation's companies by investors based in China, but that it would also result in an insurance company being owned by a consortium that lacked experience in the insurance business. The consortium is considering appealing the decision, and AIG expressed its disappointment saying it will meet with Nan Shan's board and senior executives "to determine how best to proceed." Taiwan-based Chinatrust Financial remains interested in pursuing its second place bid for Nan Shan, *Reuters* reports.

SEPTEMBER 13 - 19, 2010

AIG READY TO END PLANS TO SELL NAN SHAN TO HONG KONG CONSORTIUM

Taiwan's Ministry of Economic Affairs has added its voice to the country's Financial Supervisory Commission in rejecting the bid by the Hong Kong-based consortium led by China Strategic Holdings and Primus Financial Holdings to acquire Taipei-based Nan Shan Life Insurance Company. In response, New York City-based American International Group (AIG), Nan Shan's parent, "has indicated its current view that it would be in the best interests of the parties to terminate the share purchase agreement," *WSJ.com* reports.

SEPTEMBER 20 - 26, 2010

HHS' SEBELIUS THREATENS ZERO TOLERANCE FOR "AFFORDABLE HEALTHCARE"-LINKED RATE INCREASES

U.S. Health and Human Services (HHS) Secretary Kathleen Sebelius has warned America's Health Insurance Plans (AHIP) President and CEO Karen Ignagni that "there will be zero tolerance" for health insurance carriers "falsely blaming premium increases for 2011 on the patient protections in the Affordable Care Act." In a letter sent earlier in September, Sebelius said, "We will not stand idly by as insurers blame their premium hikes and increased profits on the requirement that they provide consumers with basic protections." In fact, she said, "We will keep track of insurers with a record of unjustified rate increases," and "those plans may be excluded from health insurance exchanges in 2014." Indeed, HHS will "require state or federal review of all potentially unreasonable rate increases filed by health insurers, with the justification for increases posted publicly for consumers and employers," Sebelius said.

In response, AHIP President and CEO Karen Ignagni noted that the so-called Affordable Health Care Act requires that health plans: (1) cover preventive services without cost-sharing, (2) prohibit pre-existing condition exclusions, (3) open access to OB/GYNs and out-of-network emergency rooms, (4) restrict annual and lifetime limits, and (5) add adult children up to age 26 to family policies. "It's a basic law of economics that additional benefits incur additional costs, and the impact on premiums depends on the type and amount of coverage policyholders had before." In addition, she said, "soaring medical costs" and the decrease in young healthy adults purchasing health insurance due to the weak economy, add to the costs medical insurers must assume, *BestWire* and *NU Online* report.

SEPTEMBER 27 - OCTOBER 3, 2010

WHITE HOUSE PRESS SECRETARY SLAMS AMERICA'S HEALTH INSURANCE PLANS (AHIP)

White House Press Secretary Robert Gibbs referred to Washington, DC-based America's Health Insurance Plans (AHIP) as the "insurance protection lobby" and implied their mission was to allow insurance companies to, in his words, "continue to make decisions on the backs of children and families that need their help." Gibbs said in a press briefing last week, "The insurance protection lobby, AHIP, had previously stated their willingness to abide by the law and not make the decision that we see several of these insurers have made." When a reporter asked Gibbs if he meant to call the AHIP "the insurance protection lobby," Gibbs said, "I don't know what AHIP stands for, but for some reason, 'P' in my mind popped into 'protection.' But it seems to fit, doesn't it?"

SEPTEMBER 27 - OCTOBER 3, 2010

HEALTHCARE LEGISLATION PUTS 80-85% MINIMUM LOSS RATIO SQUEEZE ON INSURERS

The newly passed healthcare legislation requires that small and large plan health insurers meet minimum loss ratios (MLRs) of 80% and 85%, respectively, meaning 80% or 85% of all health insurance premiums must be spent on patient care, leaving 20% or 15% to cover all other costs and profits. In response, Iowa and Maine have asked for compliance waivers, and the National Association of Insurance Commissions (NAIC) has drafted a proposal that would allow insurers to deduct all federal and state taxes except those on investment income and capital gains, before calculating their MLRs.

SEPTEMBER 27 - OCTOBER 3, 2010

NEW LEGISLATION SIMPLIFIES PARTIAL ANNUITIZATION

Owners of non-qualified annuity contracts will be able to annuitize part of their contract and allow the rest to grow in value tax-deferred, if President Obama signs into law the Small Business Lending Fund Act recently passed by the U.S. Senate and House of Representatives. Currently, annuity owners must exchange their annuity for two annuities and annuitize one, if they wish to annuitize part of the original purchase. American Council of Life Insurers President Frank Keating said the annuity provision "provides additional flexibility to a product that is playing a crucial role in helping Americans achieve retirement security."

SEPTEMBER 27 - OCTOBER 3, 2010

NFIP GETS ONE-YEAR EXTENSION

The U.S. Senate and House of Representatives have voted to extend the National Flood Insurance Program (NFIP) until September 30, 2011. Property Casualty Insurers of America (PCI) President David Sampson said, "While we are pleased that Congress passed the one-year extension, there is still work to be done." PCI Vice President Marguerite Tortorello agreed, saying, "This does not change the need for a long-term reauthorization that includes fundamental reform of the program and prevents the patchwork of short-term fixes that have allowed the NFIP to lapse four times this year." Noting that the NFIP is $18 billion in debt, American Insurance Association President Blain Rethmeier said, "The program is financially unstable."

OCTOBER 4 - 10, 2010

FDIC ISSUES MODEL PRIVACY FORM FOR STATE NONMEMBER BANKS

The Federal Deposit Insurance Corporation (FDIC) has issued a compliance guide for state nonmember banks that enables them to use the FDIC's model privacy notice form in order to comply with the privacy provisions of the Gramm-Leach-Bliley Act (GLBA). The GLBA requires state nonmember banks to notify consumers of their information-sharing practices and each consumer's rights to opt out.

To access the online model privacy notice form builder, click here.

OCTOBER 11 - 17, 2010

INDIA'S REGULATOR SUSPENDS CREDIT INSURANCE SALES

India's Insurance Regulatory and Development Authority (IRDA) has ordered all general (nonlife) insurers operating in the country to stop selling credit insurance covers to banks that offer credit facilities to debtors because they appear to be in the nature of credit default insurance. The IRDA has determined that these "insurers are underwriting risks which do not have proper regulatory framework or sanction." Sales must cease, IRDA Executive Director A. Giridhar said in a letter to insurers, until the Authority issues appropriate and detailed guidelines.

OCTOBER 25 - 31, 2010

SEC'S INDEXED ANNUITY RULE 151A IS GONE

The U.S. Securities and Exchange Commission (SEC) has filed a withdrawal of Rule 151A, which attempted to define indexed annuities as securities to be regulated by the SEC. The SEC noted that the U.S. Court of Appeals for the District of Columbia vacated Rule 151A in July. The SEC's withdrawal becomes effective on its date of publication in the *Federal Register*.

OCTOBER 25 - 31, 2010

EBSA DEFINES "FIDUCIARY" FOR RETIREMENT PLANS

The Employee Benefits Security Administration (EBSA) has published in the *Federal Register* a proposed rule that defines "fiduciary" as "a person who provides investment advice to [retirement] plans for a fee or other compensation." EBSA Assistant Secretary of Labor Phyllis Borzi said the proposed rule "more closely reflects the statutory language of ERISA and the realities of the current investment marketplace, and, therefore, will ensure those who provide investment advice are held accountable as fiduciaries under the law."

To read the proposed rule, click here.

NOVEMBER 1 - 7, 2010

SURVEYED BANKERS SAY DODD-FRANK UNLIKELY TO DETECT RISKS AND PREVENT BAILOUTS

None of the 231 bank executives surveyed by Grant Thornton in late July through August said they believe the Dodd-Frank Act will be "very effective" at detecting broad risks to the financial system and preventing or reducing the threat of a future taxpayer-funded bailout. Two percent said the Act will be "effective," 52% said it will be "somewhat effective," but 47% said it will be "not at all effective."

When asked which provisions in the Act will most impact their banks, only 3% said the Volker rule limiting proprietary trading and bank sponsorship of hedge and private equity funds would affect them, and only 4% said they would be impacted by provisions requiring derivative trading to be segregated and take place in open markets. On the other hand, 73% agreed they will be impacted in a major way by the Consumer Protection Agency and its rules regarding mortgages, credit cards and other products, and 71% said the provision giving the Federal Reserve the authority to determine "reasonable and proportional" interchange debit card fees merchants and retailers pay banks will have a major impact on their business. The majority (54%), however, said the requirements that lenders retain part of the risk in the loans they sell would have little or no impact.

For more detailed information on Grant Thornton's 17th Bank Executive Survey done with Bank Director magazine, click here.

NOVEMBER 8 - 14, 2010

JUDGE FINDS FOR MARSH IN CONTINGENT COMMISSION SUIT

St. Louis, MO Circuit Court Judge Robert Dierker has rejected charges brought by Emerson Electric Co. against Marsh & McLennan Cos. et. al. (Marsh) alleging Marsh breached its fiduciary duty and engaged in civil conspiracy when it and its employee received but did not disclose contingent commissions paid by third party insurers. Judge Dierker granted summary judgment in favor of Marsh, saying, "No Missouri case has expanded the fiduciary duty owed by an insurance broker beyond the duty to procure and maintain a level of insurance sufficient to its client." The judge said Emerson had not alleged that Marsh failed to do the latter, and "there is no fiduciary duty owed by the defendants to plaintiff which would be violated by the receipt of kickbacks or interest earned on premiums."

NOVEMBER 15 - 21, 2010

NY INSURANCE DEPT. CIRCULATES REGULATION 194 COMPLIANCE GUIDANCE

The New York State Insurance Department has issued Circular Letter No. 18 to all NY-licensed insurance producers and authorized insurers. The letter, Superintendent of Insurance James Wrynn said, provides "appropriate and useful guidance to aid implementation of Regulation 194's requirements." Among the recommended dialogue offered to help in compensation disclosure is this one: "I expect to receive from the insurer 8% of the total premium you pay on this policy if you keep the policy in place for 13 years, which is the expected average duration of this type of policy. Most of that compensation will be paid in the first year."

To read the entire letter, click here.
To read Regulation 194, click here.

NOVEMBER 29 - DECEMBER 5, 2010

NY JUDGE UPHOLDS PRODUCER COMPENSATION DISCLOSURE RULE

New York State Supreme Court Judge Richard Platkin has ruled in favor of the State of New York, upholding the provisions of the Producer Compensation Disclosure Regulation 194 issued earlier this year by the New York Insurance Department (NYID). The Independent Insurance Agents and Brokers of New York (IIABNY), the Council of Insurance Brokers of Greater New York (CIBGNY) and three insurance agents had challenged the NYID's legal authority to create the rule and argued the rule imposed unnecessary costs and burdens on agents while adding no value to clients.

Judge Platkin, however, said the agents had failed to make their case and sided with the state authorities saying, "The superintendent has determined that the benefits associated with the disclosure of producer incentive compensation, even from small producers, outweigh the associated regulatory disclosure costs and burdens." He added, "It is not the role of the judiciary to substitute its judgment for that of responsible executive branch officials."

The IIABNY and CIBGNY disagreed with the judge's ruling. IIABNY Chairman David Gelia said, "We continue to believe that this regulation is an impermissible attempt to rewrite the insurance law and an unfair imposition of large costs on law-abiding insurance agents and brokers." CIBGNY President Anthony Aquilino added, "We regret that the justic saw otherwise." The groups are considering appealing the judge's decision. Otherwise, the disclosure law takes effect January 1, 2011, *InsuranceJournal.com* and *BusinessInsurance.com* report.

To read Regulation 194, click here.

NOVEMBER 29 - DECEMBER 5, 2010

MA FINES AND IMPOSES COMPLIANCE TRAINING ON BAIS

Massachusetts has fined Charlotte, NC-based Banc of America Investment Services (BAIS) $100,000 and ordered it to institute a compliance training program for its advisors who once worked for BAIS but now work for Bank of America unit Merrill Lynch. Massachusetts Secretary of State William Gavin alleged BAIS advisors John Keating and Reggie Aquino misled an investor to believe that Fannie Mae and Freddie Mac bonds were guaranteed by the U.S. government. After an investigation, BAIS refunded $2 million to the investor who bought the bonds, but BAIS was disciplined for the compliance oversight failures that led to the refunded sale. *To read the Massachusetts order, click here*.

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.

DECEMBER 20 - 26, 2010

CHINESE REGULATORS APPROVE SALE OF MORGAN STANLEY'S 34.3% STAKE IN CICC TO SINGAPORE AND U.S.-BASED FIRMS

Chinese Financial Regulators have agreed to allow Singapore-based Government of Singapore Investment Corp. (GIC), New York City-based KKR, San Francisco, CA-based TPG Capital, and Singapore-based Great Eastern Life Assurance Company to acquire different portions of New York City-based Morgan Stanley's 34.3% stake in China International Capital Corp. (CICC), a joint investment bank venture between Morgan Stanley and China Construction Bank. CICC Chairman Li Jiange said, "The change in our shareholding will have a very positive strategic impact on CICC and benefit its long-term development." The investor group said, "CICC has the potential to become a leading financial institution internationally." The purchases are expected to be completed by year-end 2010.



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