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

SEPTEMBER 5 - 11, 2011

NORTHEAST BANCORP SELLS OFF INSURANCE UNIT TO RAISE CAPITAL

Lewiston, ME-based, $596 million-asset Northeast Bancorp has sold Northeast Bank Insurance Group (NBIG) in two different transactions. Bangor, ME-based Varney Agency has acquired nine NBIG offices in southern, central and western Maine, and Brad Scott, a member of NBIG's senior management team, has acquired Berwick, Maine-based Spence and Mathews Insurance, which serves southern Maine and the New Hampshire seacoast. Northeast Bancorp said the $9.7 million in proceeds from the sale will add $8.4 million to the company's tangible equity.

Northeast will continue to have business relationships with the sold-off agencies. Northeast Community Bank President and CEO Jim Delamater said, "We look forward to partnering with both the Varney Agency and Spence and Mathews to continue delivering high quality insurance services to our customers." Brad Scott echoed that sentiment, saying his agency expects to "maintain a strong relationship with Northeast Bank."

In 2010, Northeast Bancorp reported $5.95 million in insurance brokerage income, which comprised 20.9% of its noninterest fee income and 12.9% of its net operating revenue. The company ranked fifth in insurance brokerage earnings among U.S. BHCs with assets between $500 million and $1 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

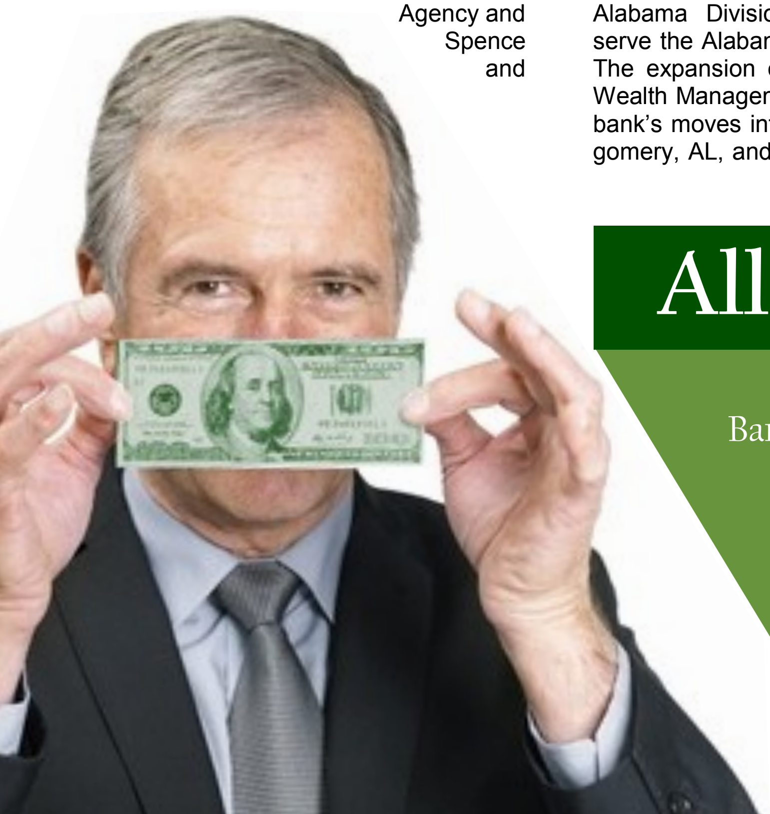
RENASANT COMPLETES ACQUISITION OF RBC (USA)'S ALABAMA-BASED TRUST DEPARTMENT

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

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

U.S. TITLE INSURANCE PREMIUMS SLIP IN SECOND QUARTER

U.S. title insurance premiums written in the second quarter slipped 1.3% to $2.30 billion, down from $2.33 billion in second quarter 2010, according to the American Land Title Association (ALTA). Premiums written rose in 21 states and Washington, DC, but fell in 29 states, with Iowa (+70.3%), South Dakota (+63.4%), DC (+38%), Delaware (+29.1%) and Alaska (+28.8%) recording the highest increases



All About the Benjamins

Banks Selling Profitable Insurance Agencies to Raise Cash

BB&T and Wells Fargo Acquire Benefits Agencies

Young Adults Economically Fragile

Bank-based Financial Advisors Not Maximizing Internal Referrals and Idaho (-27.4%), Utah (-26.4%), New Mexico (-17.3%), West Virginia (-14.0%) and Montana (-11.5%) recording the greatest declines.

California continued to generate the most title insurance premiums in the second quarter, despite an 8.8% decline in those written to $320 million. Texas ranked second, with premiums up 7.5% to $286 million, followed by Florida (up 9.5% to $186 million), New York (up 11.8% to $169 million) and Pennsylvania (down 0.2% to $97 million).

Jacksonville, FL-based Fidelity Family ranked as the number one title insurance underwriter in the quarter with a 36.4% market share. Santa, Ana, CA-based First American Family underwrote 26.1%, followed by Houston, TX-based Stewart Family (13.9%), Minneapolis, MN-based Old Republic Family (12.7%) and regional underwriters (10.8%), Washington, DC-based ALTA found in its 2011 Second-Quarter Market Share Analysis.

U.S. HEALTH INSURERS CUT BROKER COMMISSIONS TO MEET MLR REQUIREMENTS

U.S. health insurers are "reducing brokers' commissions and making adjustments to premiums, as well as making changes to other business practices" in order to meet the minimum medical loss ratio (MLR) standards required by law under the U.S. healthcare legislation passed and signed into law in 2010, the U.S. Government Accountability Office (GAO) found in its recently completed Private Health Insurance study. The legislation requires that large group health insurers achieve minimum MLRs of 85% and that health insurers that cover small group and individuals meet minimum MLRs of 80%. Health insurers that do not meet these standards must pay rebates to those enrolled in their health insurance plans. MLRs are calculated by (1) dividing medical care claims and expenses for activities that improve healthcare quality by (2) premiums paid minus taxes, licensing and regulatory fees.

To read the GAO report, click here.

NEW YORK AGENTS APPEAL REGULATION 194

The Independent Insurance Agents and Brokers of New York (IIABNY) and the Council of Insurance Brokers of Greater New York (CIBNY) have filed an appeal in New York State Supreme Court Appellate Division, Third Department in Albany, contesting a November 2010 trial court ruling upholding New York State Insurance Regulation 194. The regulation requires insurance agents and brokers to tell their clients how insurance companies pay them, and, if clients have questions about an agent's compensation, the agent must disclose details about the policy to be sold and other possible policies the client could purchase, comparing and contrasting the commission the agent will receive, if the customer were to purchase each of these other policies.

The IIABNY and CIBNY argue that, under law, the New York Insurance Department is not empowered to "make these demands" and that Regulation 194 "is arbitrary and imposes large, needless compliance costs on producers." IIABNY Chairman Christopher Brassard said, "We still believe that the Insurance Department exceeded its authority by issuing this burdensome, unnecessary regulation

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… [which] places unprecedented obligations on law-abiding insurance producers and provides no additional benefit to consumers."

GOLDMAN SACHS' INSURANCE UNITS REAFFIRMED WITH A- RATINGS

New York-based, $937.2 billion-asset Goldman Sachs Group's subsidiaries Southborough, MA-based Commonwealth Annuity and Life Insurance Company and its subsidiary First Allmerica Financial Life Insurance Company (FAFLIC), as well as Washington, DC-based Columbia Capital Life Reinsurance and its subsidiary Charleston Capital Reinsurance LLC have had their financial strength ratings of A- (Excellent) and issue credit ratings of "a-" reaffirmed by A.M. Best. Commonwealth reinsures universal life, variable life and fixed annuities; FAFLIC reinsures traditional life and payout annuities; and Columbia and Charleston reinsure blocks of business retroceded from Commonwealth.

WIREHOUSE BROKERS PROFIT WHEN MOVING TO BANKS

Securities brokers who move from a wirehouse to a bank earn about 75% of their pre-move annual income in the first year at the bank, but within four years their annual income jumps to 190% of their pre-move earnings, according to Carlsbad, CA-based Armstrong Financial Group. In contrast, wirehouse brokers who move to another wirehouse, earn 60% of their prior income in the first year and recoup only 93% of their pre-move earnings four years later. Commenting on the differences in performance, Eric Armstrong said, "A wirehouse guy is hunting every single day of his career, but when he goes into a bank environment, he has access to billions in existing customer assets," investmentnews.com reports.

U.S. SOLE PROPRIETOR INSURANCE AGENCIES OUTPERFORM SOLE PROPRIETORS IN GENERAL

The number of sole proprietor insurance agencies in the U.S. rose 4.5% in 2009 to 353,496, up from 338,253 in 2008, according to the Statistics of Income (SOI) Bulletin issued by the Internal Revenue Service (IRS). Net income generated by these agencies, however, remained flat at $10.76 billion, as revenue fell 3.3% to $26.77 billion, down from $27.68 billion in 2008. Still, insurance agency sole proprietorships faired better than U.S. sole proprietorships overall, where, while the number of sole proprietorships ticked up 0.2% to 22.7 million, net income fell 7.4% to $244.8 billion, down from $264.4 billion in 2008, the IRS report shows. For more on the IRS's SOI Bulletin, click here.

CHINA TAIPING INSURANCE BUYS OUT ICBC (ASIA)'S INTEREST IN TAIPING GENERAL

Hong Kong, People's Republic of China-based China Taiping Insurance Holdings has paid 264 million yuan ($41.5 million) to acquire an additional 9.44% stake in Shenzhen, China-based Taiping General Insurance Company from Hong Kong-based Industrial and Commercial Bank of China (ASIA) [ICBC (Asia)]. The move increases China Taiping's holdings in the motor, marine, non-marine property and casualty insurer to 61.21%. ICBA (Asia) no longer has a stake in Taiping General, BestNews reports.

RECORD INSURANCE REVENUE DRIVES EARNINGS UP AT ONEIDA FINANCIAL

Oneida, NY-based, $658.2 million-asset Oneida Financial Corp. President and CEO Michael Kallet said, "Our insurance and financial services subsidiaries, Bailey & Haskell Associates, Inc. and Benefit Consulting Group, Inc., once again posted record second quarter revenue." Commissions and fees tied to these products grew 14.4% to $5.08 million, up from $4.44 million in second quarter 2010, dominating 80.5% of noninterest earnings, which rose 10.5% to $6.31 million, up from $5.71 million in second quarter 2010, despite a $36,000 decline in service charges on deposit accounts.

Net interest income on a 3.38% net interest margin increased 7.5% to $4.46 million, up from $4.15 million in second quarter 2010, helped by a $455,000 decrease in interest expense which more than compensated for a $250,000 increase in loan loss provisions. Net income, largely driven by noninterest income, especially insurance revenue, more than doubled to

$1.696 million, up from $814,000 in second quarter 2010. Kallet said, “Oneida Financial Corp. continues to deploy business strategies which position us as a diversified banking and financial services company.”

In 2010, The Oneida Savings Bank reported $10.5 million in insurance brokerage income, which comprised 46.4% of its noninterest fee income and 25.8% of its net operating revenue. The company ranked 1st in insurance brokerage earnings among U.S. BHCs with assets between $500 million and $1 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

INSURANCE EARNINGS DOMINATE NONINTEREST INCOME AT EVANS BANCORP

Hamburg, NY-based, $587 million-asset Evans Bancorp reported insurance brokerage fee income generated through The Evans Agency slipped 1.8% in the second quarter to $1.60 million, down from $1.63 million in second quarter 2010, “as the soft insurance market and macro-economic conditions put downward pressure on personal and commercial property and casualty insurance commissions despite our strong retention rates,” Evans said. Still, insurance revenue remained the number one contributor to noninterest income, comprising 54.6% of that revenue, which dipped 1.7% to $2.93 million, down from $2.98 million in second quarter 2010, when deposit service charge fees were $64,000 higher.

Net interest income on a 3.92% net interest margin, impacted by a $700,000 increase in loan loss provisions to $1.01 million, declined 8.8% to $5.28 million in the second quarter of 2011, down from $5.79 million in the same period of 2010. Net income, largely reflecting “newly identified deterioration in two commercial loans,” fell 37.5% to $1.0 million from $1.6 million in second quarter 2010.

In 2010, Evans Bancorp reported $7.0 million in insurance brokerage income, which comprised 55.4% of its noninterest fee income and 18.8% of its net operating revenue. The company ranked 4th in insurance brokerage earnings among U.S. BHCs with assets between $500 million and $1 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

RISING INVESTMENT BROKERAGE & TRUST EARNINGS BRIGHT SPOT AT STURGIS

Sturgis, MI-based, $360.4 million-asset Sturgis Bancorp reported investment brokerage commission income in the second quarter rose 6.6% to $321,000, up from $301,000 in second quarter 2010, and trust fee income grew 11.8% to $95,000, up from $85,000, while income from bank-owned life insurance (BOLI) declined 6.8% to $69,000, down from $74,000. Investment brokerage, trust and BOLI income comprised, respectively, 33.4%, 9.9% and 7.2% of noninterest earnings, which decreased 3.4% to $960,000, down from $994,000 in second quarter 2010.

Net interest income on a 3.04% net interest margin in the second quarter fell 7.4% to $2.99 million, down from $3.23 million in second quarter 2010, despite a $781,000 cut in interest expense, as loan loss provisions increased by $109,000 to $1.86 million and total interest income dropped by $911,000 to $7.05 million. With a $420,000 REO property charge-off, Sturgis reported a second quarter net loss of $734,000 compared to a second quarter 2010 net loss of $404,000. Sturgis Bancorp President and CEO Eric Eishen said, "Land development loans are one example of an industry that has caused a great deal of disruption to the entire banking industry."

In 2010, Sturgis Bancorp reported $1.22 million in investment program income, which comprised 28.1% of its noninterest fee income and 8.3% of its net operating revenue. The company ranked 2nd in investment program earnings among U.S. BHCs with assets between $300 million and $500 million, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

1.8% SLIP IN INVESTMENT & INSURANCE COMMISSIONS CONTRASTS WITH 29% DROP IN SERVICE CHARGES AT OAK RIDGE

Oak Ridge, NC-based, $316.4 million-asset Oak Ridge Financial Services reported combined investment and insurance commissions in the second quarter slipped 1.8% to $273,000, down from $278,000 in second quarter 2010, and income from bank-owned life insurance (BOLI) fell 14.6% to $35,000, down from $41,000. Combined investment and insurance commissions and separate BOLI income comprised, respectively, 23.9% and 3.1% of noninterest income, which grew 12% to $1.14 million, up from $1.02 million, driven by a $257,000 gain on the sale of securities, which overcame a 29% drop in service charges on deposit accounts and a 66% tumble in mortgage loan origination fees.

Net interest income on a 4.28% net interest margin dropped 49.2% to $1.25 million, down from $2.46 million in second quarter 2010, as a $380,000 cut in interest expense was not enough to neutralize a $477,000 increase in loan loss provisions to $1.26 million. After a $77,000 payout in preferred stock dividends, Oak Ridge reported a net loss of $86,000 compared to a net loss of $167,000 in second quarter 2010. Oak Ridge Financial Services President Ron Black said, "Our region continues to experience the negative effects of the weak economy."

In 2010, Oak Ridge Financial Services reported $708,000 in investment program income, which comprised 18.6% of its noninterest fee income and 4.1% of its net operating revenue. The company ranked 17th in investment program earnings among U.S. BHCs with assets between $300 million and $500 million, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

INSURANCE EARNINGS GROW WHILE INVESTMENT BROKERAGE & TRUST REVENUES SLIDE AT SOUTHWEST GEORGIA

Moultrie, GA-based, $301 million-asset Southwest Georgia Financial Corp. reported insurance brokerage fee income in the second quarter grew 6.5% to $310,000, up from $291,000 in second quarter 2010, but income from retail brokerage services slid 4.5% to $105,000, down from $110,000, and income from trust services dropped 17.9% to $55,000, down from $67,000. Insurance brokerage, securities brokerage and trust services fee income comprised, respectively, 21.5%, 7.3% and 3.8% of noninterest income, which fell 22.2% to $1.44 million, down from $1.85 million in second quarter 2010, when the company recorded a $628,000 net gain on the sale of securities.

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Net interest income on a 4.21% net interest margin rose 9.7% to $2.71 million, up from $2.47 million in second quarter 2010, as loan loss provisions remained flat at $150,000, while interest expense was cut by $176,000, and interest income increased by $47,000. Net income, impacted by $270,000 in increased noninterest expense largely tied to expansion into Valdosta, GA, dropped 34.8% to $591,000, down from $906,000 in second quarter 201. Southwest Georgia Financial President and CEO DeWitt Drew said, "We have maintained and continue to focus on expanding customer relationships throughout our footprint."

In 2010, Southwest Georgia Financial reported $1.13 million in insurance brokerage fee income, which comprised 25.2% of the company's noninterest income and 7.7% of its net operating revenue. The company ranked 11th in insurance brokerage earnings among U.S. BHCs with assets between $100 million and $300 million, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

SEPTEMBER 12 - 18, 2011

U.S. APPLICATIONS FOR INDIVIDUALLY UNDERWRITTEN LIFE INSURANCE CONTINUE UP IN AUGUST

U.S. applications for individually underwritten life insurance ticked up 0.7% in August compared to August 2010 and rose 1.0% over July 2011 applications, according to the MIB Life Index. Year over year, individuals aged 60 and older continued to exhibit the greatest appetite for individually underwritten insurance (+7.7%), followed by individuals aged 45-59 (+0.4%), but demand among individuals aged 0-44 slackened (-1.2%), Braintree, MA-based MIB Group reports.

U.S. COMPOSITE COMMERCIAL RATES SLIDE 2% IN AUGUST

U.S. composite commercial property and casualty rates slid 2% in August compared to August 2010, according to Dallas, TX-based MarketScout. A 3% drop in umbrella/excess insurance rates led the decline, followed by 2% decreases in inland marine and general liability and a 1% slip in commercial auto insurance rates. Commercial property, business interruption, business owner's policy (BOP), fiduciary and crime insurance rates, however, were flat, while professional liability, directors and officers (D&O) liability, employment practices liability insurance (EPLI), and surety rates rose 1%, and workers compensation rates grew 2%.

Among industry classes, the manufacturing, service, public entity and energy businesses benefited from premium declines of 2%; contractors received 1% decreases; premiums among habitational businesses remained flat, but businesses involved in the transportation industry were hit with premium increases of 1%, MarketScout found based on pricing surveys conducted by the National Alliance for Insurance Education and Research.

BANK OF AMERICA REORGANIZES: KRAWCHECK & PRICE OUT, DARNELL & MONTAG IN

Charlotte, NC-based, $2.26 trillion-asset Bank of America (B of A) Global Wealth and Investment Management President Sallie Krawcheck and Global Consumer and Small Business President Joseph Price have left the company in a top-down management reorganization. At the same time, B of A Commercial Banking Head David Darnell has been named B of A Co-Chief Operating Officer (CCOO) in charge of Consumer Banking, and B of A veteran Tom Montag has been named CCOO of Corporate and Institutional Investor Banking. B of A said the reorganization "aligns the company's operating units with its three core customer groups: individuals, companies, and institutional investors." B of A CEO Brian Moynihan described the moves as "removing a layer of operations management" that were consistent with nearing the end of Phase I in Project New BAC begun in April. Phase II is expected to begin in October and end in March 2012.

BANK OF AMERICA MAY 'REORGANIZE' 40,000 EMPLOYEES OUT OF A JOB

Charlotte, NC-based, $2.26 trillion-asset Bank of America Corp. (B of A) is reportedly considering eliminating 40,000 more jobs over the next few years, adding to the 30,000 employees laid off between 2008 and 2011. In a memo to senior management about a move to imminently lay off 3,500 employees, Moynihan reportedly said,

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"I know it's tough to have to manage through reductions, but we owe it to our customers and our shareholders to remain competitive, efficient and manage our expenses carefully," the *Wall Street Journal* reports.

CANCEL FINRA EXAMS & SESSIONS EARLY OR PAY A FEE

The Financial Institution Regulatory Authority (FINRA) has filed notice that as of September 1, 2011, individuals who cancel or reschedule a qualification examination or Regulatory Element Continuing Education session up to and including 10 days prior to the appointment date will be charged a fee. Those who cancel an exam or session 3-10 days prior to its scheduled time will be charged a fee equal to 50% of the cost of the exam or session. Those who cancel up to two days before the exam or session or who arrive late to an exam or session will continue to be charged a fee equal to the total cost of what was scheduled.

To read *FINRA Regulatory Notice 11-36*, click here.

INSURERS' RESPONSES TO CLIMATE RISK PUT GLOBAL ECONOMY AT RISK, CERES SAYS

Eleven of the 88 insurers (12.5%) that responded to a National Association of Insurance Commissioners (NAIC) survey regarding the NAIC's climate risk disclosure standard said they have formal climate risk management policies in place. Over 60%, however, said they have no dedicated management approach for assessing climate risk. Boston, MA-based Ceres described these insurers' responses to "climate risk" as not only "sluggish and uneven," but also as likely to "undermine their financial viability" and "the stability of the larger global economy."

According to Ceres, a self-described global change and water scarcity coalition, "a changing climate is driving up insurers' aggregate losses," and "legal developments related to climate change are driving up many insurers' liability claims." Therefore, Ceres argues, "Regulators and insurers must support mandatory, annual, publicly available climate disclosure," and "insurers must … elevate research efforts on climate-related ripple effects and necessary responses across the industry."

To examine Ceres' 56-page Climate Risk Disclosure by Insurers, click here.

YOUNG ADULTS ECONOMICALLY FRAGILE

Young adults aged 20-29 are projected to outnumber all population segments within six years (by 2017). Currently, only 23% of this group describe themselves as totally financially independent, and a mere 18% are confident that they will have enough money to live comfortably when they are ready to retire, according to the PNC Financial Independence Survey.

HSBC HOLDINGS MAY SELL CANADIAN RETAIL BROKERAGE

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

CHINA REINSURANCE & CHINA JIANYUN INVESTMENT IN STRATEGIC PARTNERSHIP

Beijing, China-based China Investment Corp (CIC) subsidiaries Beijing, China-based China Reinsurance Group and Shenzhen, China-based China Jianyun Investment have formed a strategic partnership. The two plan to jointly develop (1) their media publications and financial information technology; (2) their medical insurance and direct insurance programs; (3) their insurance broking, consulting and asset management businesses; (4) their funds, and (5) their realty and equity investment programs. In 2010, China Jianyin Investment reported 1.5 billion yuan ($234.6 million) in net income; and in the first half of 2011, China Re reported premium income jumped 50.5% to 28.27 billion yuan ($4.42 billion), BestNews reports.

SEPTEMBER 19 - 25, 2011

WELLS FARGO INSURANCE ACQUIRES NEW JERSEY BENEFITS AGENCY

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

BANK-BASED FINANCIAL ADVISORS NOT MAXIMIZING INTERNAL REFERRALS

One-third of bank-based financial advisors generate more than 25% of their revenue from internal bank referrals, and another third generate up to 24%. Another third, however, say they generate no revenue from internal referrals, according to an online survey of 75 bank-based financial advisors conducted by Aite Group in the first quarter. Aite Group Senior Analyst Sophie Schmitt said, “Leaders must do a better job of demonstrating to successful advisors how working with internal partners can bring more revenue.”

LIABILITY INSURER NOT RESPONSIBLE IN CLIMATE CHANGE SUIT

The Virginia Supreme Court has upheld an Arlington, Virginia Circuit Court summary judgment that Schaumburg, IL-based Steadfast Insurance Company, the commercial general liability (CGL) insurer for Arlington, VA-based AES Corp., is not liable to defend or indemnify AES in a climate change law suit. The Alaskan barrier island village of Kivalina is suing energy producer AES for allegedly causing global warming and damaging its village by intentionally releasing carbon dioxide and greenhouse gasses into the atmosphere. The Virginia Supreme Court, however, noted that the Steadfast insurance policy covers accidents, not intentional actions. Because “Kivalina alleges its damages were the … consequences of AES’s intentional actions, [and] … not the result of a fortuitous event or accident, such loss is not covered under the relevant CGL policies,” the Virginia Supreme Court concluded.

To read the Virginia Supreme Court’s decision in AES Corporation v. Steadfast Insurance, click here.

U.S. DISTRICT COURT JUDGE IN PENNSYLVANIA RULES INDIVIDUAL MANDATE UNCONSTITUTIONAL

The individual mandate in the healthcare legislation signed into law last year by President Obama violates the Commerce Clause of the U.S. Constitution and is therefore unconstitutional, U.S. District

Judge Christopher Conner ruled in Harrisburg, PA last week. Judge Conner wrote: "The federal government is one of enumerated powers, and Congress' efforts … must fit squarely within the boundaries of those powers." The individual mandate or "minimum coverage provision … cannot withstand constitutional scrutiny," Conner wrote. U.S. Justice Department spokeswoman Tracy Schmaler disagreed with the court's decision and said, "We believe … that the law is constitutional." To read the U.S. District Court's entire decision in this case, click here.

NFI OFFERS ADVICE TO THE FIO

The Networks Financial Institute (NFI) at Indiana University has completed a 54-page report on the U.S. insurance industry and "wants to be a resource for the Federal Insurance Office (FIO) [as it] recommend[s] changes to modernize and improve insurance regulation in the United States."

In its Report to the Federal Insurance Office, NFI recommends that the FIO: (1) develop solvency standards and liquidity requirements for the insurance sector that do not hamper financial risk management, (2) promote uniformity of insurance regulation based on state-based regulation, (3) protect U.S. insurers from regulatory disadvantages, (4) consider the differential impact of federal regulation on varying sizes of insurers, (5) weigh the benefits of a dual regulatory system, recognizing that insurance consumers have fared well during the financial crisis under state insurance regulation, (6) note the differences between the needs of banking and insurance regulation, and (7) consider whether the National Association of Insurance Commissioners (NAIC) can unify the state-based regulatory system by developing minimum national/federal standards. To access the NFI's Report to the Federal Insurance Office, click here.

HSBC REPORTEDLY PUTTING NON-LIFE BUSINESS ON THE BLOCK

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

MANULIFE PHILIPPINES SALES JUMP IN AGENCY AND BANCASSURANCE CHANNELS

Manulife Philippines reported weighted insurance sales jumped 64% in the second quarter, helped by the introduction of a Guaranteed Insurability Endorsement (GIA) program, which offers fixed protection coverage on single premium unit-linked products without medical requirements. Additionally, the company introduced ProSecure, a bank channel product that offers life and accident insurance for premiums as low as 15 pesos ($0.35) a day.

Commenting on his company's performance, Manulife Philippines President and CEO Indren Naido said, "The expansion of our agency and bancassurance distribution channels, improved productivity and continued strengthening of brand equity characterized our record insurance sales growth for Q2 2011."

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

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

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

BB&T Insurance Services operates more than 100 agencies in North Carolina, Virginia, Georgia, South Carolina, Maryland, West Virginia, Tennessee, Florida, Kentucky, and California, and in 2010 helped BB&T Corp. generate $933.3 million in insurance brokerage income, which comprised 33.0% of its noninterest income and 11.5% of its net operating revenue. The company ranked 4th in insurance brokerage earnings among all U.S. bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

STATE STREET TO INCREASE ELECTRONIC TRADING CAPABILITIES WITH PULSE TRADING ACQUISITION

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

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

FIRST PLACE FINANCIAL SELLS INSURANCE AGENCY FOR NEEDED CAPITAL

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

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

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

CIMRO SURVEY FINDS EFFECTIVE TRAINING THE KEY TO CREDIT INSURANCE & DEBT PROTECTION SALES

Most U.S. banks (65%) include credit insurance, debt protection and life and disability insurance sales among their retail goals, according to a recent survey conducted by the Credit Industry Marketing Representative Organization (CIMRO). Among those financial institutions responding to the survey, all incentivize their individual platform bankers/lenders with monthly one-time payments and/or financial compensation tied to the premium written on the product sold. Just over half (55.6%) reward bank office managers with monthly or quarterly incentive payouts and/or points and awards. Less than one in five (16.7%) compensate regional managers with incentives and/or points and awards on a quarterly basis, and not quite 6% (5.6%) acknowledge higher-level managers with quarterly points and awards based on the production of the units they oversee.

When all banks with credit insurance programs were asked to rank those elements that contributed the most to their insurance sales success, however, meaningful financial incentives ranked eighth (33%), followed by incentive programs for managers (13%), awards (10%), campaigns (10%), marketing materials (7%) and contests (7%).

In contrast, effective training ranked first (73%); lender accountability ranked second (62%); senior management support ranked third (57%); effective sales tracking ranked fourth (53%); strong sales culture ranked fifth (43%); product design ranked sixth (40%); regular recognition ranked seventh (37%); and those previously mentioned ranked eighth through thirteenth. *For more on the CIMRO survey, click here*.

FEDERAL LONG-TERM CARE INSURANCE PROGRAM ENROLLS 20% MORE PARTICIPANTS

Over 45,000 federal employees enrolled for the first time in the Federal Long Term Care Insurance Program (FLTCIP) during the open season that ended on June 24, 2011, increasing enrollment by 20% to 270,000 and making the FLTCIP the largest employer-sponsored long-term care insurance plan in the U.S. Despite premium rate hikes, 98% of those enrolled prior to June 24 continued their coverage. The FLTCIP is sponsored and regulated by the U.S. Office of Personnel Management, administered by the Long-Term Care Program and underwritten by John Hancock.

TARP BANKS INCREASED RISKS, NOT LOANS

U.S. banks that received Troubled Asset Relief Program (TARP) funds, which were intended to increase banks' financial stability and stimulate their lending to U.S. consumers and businesses, increased their risk levels by 10% and were no more likely to issue loans than non-TARP banks, University of Michigan Ross

School of Business Professors Ran Duchin and Denis Sosyura found in their recent study on risk-taking by U.S. banks.

In their efforts to increase their capital-to-assets ratios, TARP banks approved loans within the same asset class, namely mortgages. By issuing riskier mortgages, TARP banks improved their average capital-to-assets rates from 10% in third quarter 2008 to 11% in first quarter 2009.

At the same time, TARP banks upped their investments in risky mortgage-backed securities, long-term corporate debt and equities, went light on treasury bonds, short-term paper and cash, and were rewarded with 9% growth in investment earnings by 9%, the study found.

Summing up, Professor Ran Duchin said, "TARP participants actively increased their risk exposure after receiving federal capital. In particular, recipients invested capital in riskier asset classes, tilted portfolios to higher-yielding securities and engaged in more speculative trading, compared to nonrecipient banks."

To access *Safer Ratios, Riskier Portfolios: Banks' Response to Government Aid*, click here.

MORE AMERICANS INCREASINGLY SAVVY AS THEY PLAN FOR RETIREMENT

American Retirement Red Zone investors (RRZIs) aged 45 to 75 with household incomes of $100,000 or more ($50,000 if retired) and investable assets and retirement savings of at least $100,000 each believe they are somewhat prepared to generate a reliable stream of retirement income (93%) and say they are working diligently to plan for that retirement income (86%), according to an online survey of 1,001 conducted by Prudential in early May of this year.

RRZIs also say they will stay in the stock market even if they experience short-term losses as long as they have a retirement investment product with a guaranteed income (84%), a product they describe as "a perfect addition" and "nice to have as a part of their portfolio" (82%). RRZIs believe they are accountable for their investment decisions (78%) and are concerned that the stock market might decline immediately before or after their retirement (73%), something which they say makes them willing to rely on financial professionals to guide and help them in their investment decisions (68%).

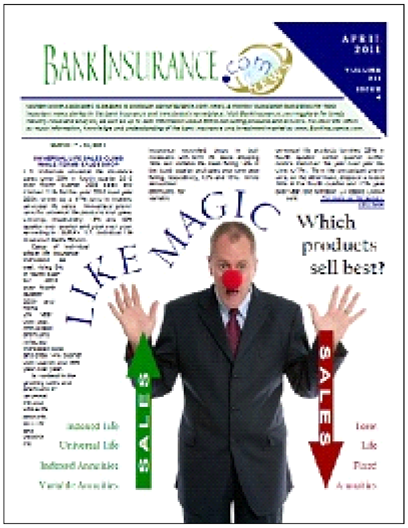
RRZIs want to maintain their current lifestyles in retirement (59%) and believe investing too aggressively is a greater risk to their retirement security than investing too conservatively (60%). Almost as many (59%) worry about how much income they really need in retirement and want to balance asset growth and protection (57%). They wonder whether their current investment strategy meets their retirement needs (56%), and are concerned that inflation may undermine their goal of having a stable retirement income.

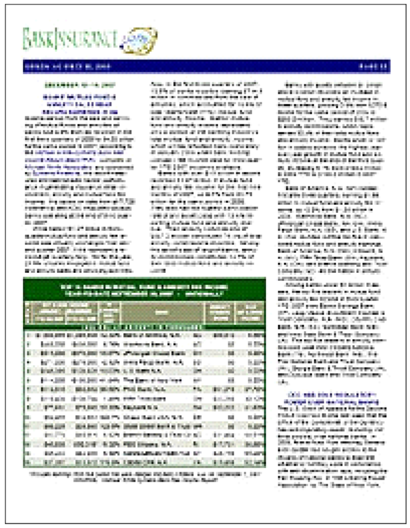
Commenting on the findings in the *2006 to 2011: Changing Attitudes About Retirement Income* survey, Prudential Annuities President Stephen Pelletier said, "Americans have become more worried about retirement investment strategies…. The financial industry has been responding to increased demand for guarantees with innovative products with increased capacity to meet investors' need." He added, "The growth we have seen in the annuities market over the last two years reflects the increasing recognition of the value of guaranteed income products as part of an overall retirement planning portfolio."

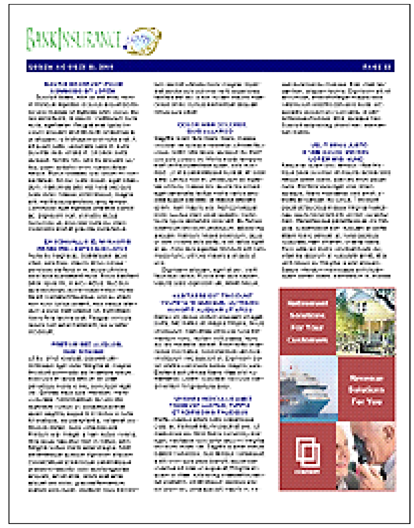
To read the entire report, click here.

PRIVATE UNEMPLOYMENT INSURANCE'S TIME HAS COME

Assura Group of New York has launched IncomeAssure, a private unemployment insurance product underwritten by Cincinnati, OH-based Great American Insurance and marketed in 38 states by Woodbury, NY-based regional insurance broker Sterling & Sterling Insurance. IncomeAssure requires a six-month waiting period from the time the policy is issued before it pays out an amount equal to 50% of a laid-off employee's salary minus the amount paid by federal unemployment insurance. Payouts continue for 26 weeks and premiums, based on salary, industry and state of employment, range from 0.5% to 2% of the policyholder's income of up to $250,000. Sterling & Sterling Insurance CEO David Sterling said, "Ten years from now, I expect this to be a stable product in everyone's financial-protection portfolio," *BestWire* reports.







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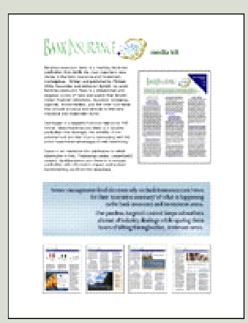

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