BANKINSURANCE.com NEWS

FEBRUARY 2011

VOLUME XII

ISSUE 2

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.

JANUARY 3 - 9, 2011

HANCOCK HOLDING TO ACQUIRE WHITNEY AND REACH INTO TEXAS

Gulfport, MS-based, $8.2 billion-asset Hancock Holding Co. has agreed to acquire New Orleans, Louisiana-based, $11.5 billion-asset Whitney Holding Corp. in a stock deal valued at $1.5 billion. The purchase will broaden Hancock Bank's 180-branch reach in Mississippi, Alabama, Louisiana and Florida to include 150 Whitney Bank branches in those states and Texas. Hancock Holding Company CEO Carl Chaney said, "We believe this agreement presents an unprecedented opportunity to enhance shareholder value and strengthen the financial options available to individuals and businesses from Texas to Central Florida." Whitney Holding Chairman and CEO John Hope III added, "The organization will maintain a conservative management culture, a commitment to strong capital and a diversified earnings stream."

When the deal closes in second quarter 2011, pending shareholder and regulatory approval, Hancock plans to repurchase all Whitney preferred stock and warrants acquired by the U.S. Treasury under the Troubled Asset Relief Program (TARP).

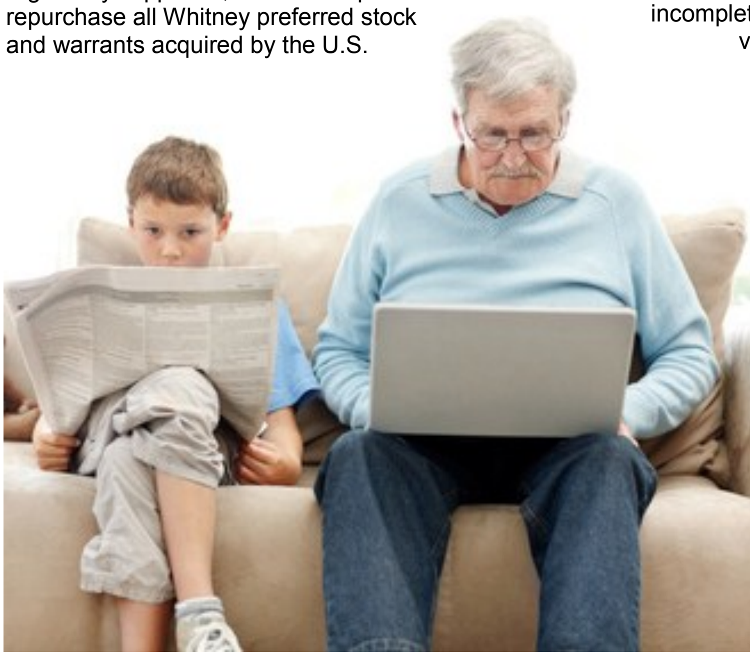
In 2009, Hancock Holding and Whitney Holding reported, respectively, $10.6 million and $2.5 million in insurance brokerage fee income. Insurance earnings comprised 6.8% of Hancock Holdings' noninterest income and 2.3% of Whitney Holdings' noninterest earnings. Hancock Holdings ranked 17th in insurance 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*.

NEW YORK FINES CITIGROUP AGENCIES $2 MILLION FOR REG 60 VIOLATIONS

Citicorp Insurance Agency, Citicorp Investment Services and BHHU Life Agencies, each affiliates of New York City -based, $1.98 trillion-asset Citigroup, have paid New York State $2 million in fines for allegedly failing to disclose to their customers comparisons among various life insurance policies and annuity contracts and for inaccurately or incompletely disclosing policy values and surrender charges during a period extending from 2003-2007. The violations involve New York State Insurance Department Regulation 60, which requires agents to (1) present to customers the primary reason for recommending a new life insurance policy or annuity contract, (2) explain why the current policy or contract doesn't meet the customer's needs, then (3) confirm these disclosures have been made by having the customer sign forms acknowledging he or she has received and read the disclosed information.

New York State Superintendent of Insurance James Wrynn said, "Consumers considering replacing an annuity or insurance policy should get all the information they need in order to make an accurate comparison. We insist upon accurate side-by-side comparisons of these products in order to protect consumers."

The Citigroup agencies have agreed to (1) create policies and procedures to address Regulation 60 requirements, (2) install an adequate complaint process, (3) assure insurance and annuity sales comply with suitability standards, and (4) file reports with the New York Insurance Department every 120 days.



In This Issue:

NEW YORK AGENCY ASSOCIATIONS APPEAL REG 194 RULING

The Independent Insurance Agents & Brokers of New York (IIABNY) and the Council of Insurance Brokers of Greater New York (CIBGNY) have filed a notice of appeal with the New York Supreme Court Appellate Division, Third Department in Albany. The filing alerts the court that the associations intend to make a formal appeal asking the court to overturn the decision made by Supreme Court Justice Richard Platkin last month upholding New York Insurance Regulation 194. CIBGNY President Anthony Aquilino said, "The filing is step one toward reversing the unfortunate decision of the trial court."

Regulation 194 requires agents and brokers to tell customers detailed information about compensation, including differences paid out among various policies offered. IIABNY Chair David Gelia described the regulation as "a costly demand on law-abiding producers," and Aquilino said the regulation "solves a nonexistent problem."

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

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

TD BANK GROUP TO ACQUIRE CHRYSLER FINANCIAL

Toronto, Canada-based, C$620 billion (US$620.9 billion)-asset TD Bank Group has agreed to acquire Chrysler Financial from New York City-based Cerberus Capital Management. Under the $6.3 billion cash deal, Portland, Maine-based TD Bank (America) will hold Chrysler Financial's U.S. operations and TD Bank Group will hold Chrysler Financial's Canadian operations with the entire Chrysler operation overseen in Toronto. TD Bank Group President and CEO Ed Clark said, "We've been looking for opportunities to accelerate the growth of our loan book. This acquisition gives us the opportunity and also diversifies our lending portfolio." TD plans to rebrand Chrysler Financial under the TD name after the deal closes in second quarter 2011, pending regulatory approval.

METLIFE INDIA AND UNITED BANK OF INDIA FORGE BANCASSURANCE PARTNERSHIP

Mumbai, India-based MetLife India Insurance Co. (MetLife India), an affiliate of New York City-based MetLife, Inc., has forged a bancassurance partnership with Kolkata, India-based United Bank of India. Through the deal, MetLife India will offer credit life insurance products to United Bank's micro, small and medium-sized enterprises (MSME), including United Bank proprietary products designed to cover term loans and bank overdrafts. United Bank Chairman and Managing Director Bhaskar Sen said, "United Bank is very aggressive in lending to the MSME sector and is committed to offering a wider range of products to our customers." MetLife India Managing Director Shri Rajesh Relan said, "Our partnership with United Bank is another step towards creating a top-of-the-rung, balanced, multi-channel distribution system."

SAMPO JAPAN INSURANCE AND EBRD PARTNER IN TURKEY

Tokyo, Japan-based Sompo Japan Insurance, a unit of London-based NKSJ Holdings (NKSJ), has sold 9.99% of its 99.02% stake in Istanbul, Turkey-based Fiba Sigorta A.S. to London-based European Bank for Reconstruction and Development (EBRD). The sale creates the first joint venture between a Japanese non-life insurer and the EBRD and marks the EBRD's first investment in a Turkey-based company. Sampo Japan parent NKSJ said, "The aim of the joint venture is to take advantage of EBRD's depth of knowledge in corporate governance in central and eastern European countries," where it helps business transition from government-run to privately run enterprises. The partners intend to rename their joint holding Sompo Japan Sigorta A.S., pending approval from Turkey's regulators.

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ZURICH SIGORTA PAYS FORTIS FOR EXCLUSIVE BANCASSURANCE DEAL IN TURKEY

Istanbul, Turkey-based Zurich Sigorta A.S., a unit of Zurich, Switzerland-based Zurich Financial Services has paid Brussels, Belgium-based Fortis Bank A.S. $26 million for an exclusive bancassurance agreement in Turkey. The agreement anticipates Fortis' planned merger with Istanbul-based TEB Bank, Zurich Sigorta's current bancassurance partner. Zurich Sigorta Managing Director Lutz Bauer said the exclusive partnership "marks an important step on our way to becoming one of the leading general bancassurance players in the attractive Turkish insurance market."

TAIWAN'S CHINA LIFE TO BUY STAKE IN CHINA-BASED INSURER AND ENTER CHINA'S BANCASSURANCE MARKET

Taipei, Taiwan-based China Life Insurance Company has agreed to pay NT 1.783 billion ($60 million) to acquire a 19.9% stake in Shanghai, China-based Pacific-Antai Life from Shanghai-based China Pacific Insurance Group. The move will make China Life the second largest partner in the life insurance joint venture behind 51% owner China Construction Bank. The new joint venture, which also includes partners China CCB Investment Co., Shanghai Jin Jiang International Management Co. and Shanghai Huaxu Investment Co., plans to rename the company CCB Life Insurance. China Life's participation in the joint venture, which plans to develop investment-linked insurance products and annuities for sale through China Construction Bank's 13,629 branches across China, is dependent upon approval from Taiwan's Ministry of Economic Affairs. If the venture is approved, China Life will become the first Taiwan-based insurer to enter into a joint venture with a China-based bank.

SAMPO JAPAN AND BANK OF SHANGHAI IN BANCASSURANCE PARTNERSHIP

Tokyo, Japan-based Sompo Japan Insurance, a unit of London-based NKSJ Holdings (NKSJ), and Shanghai-based Bank of Shanghai have agreed to a bancassurance partnership whereby Sompo Japan, which has a branch in Shanghai, will offer non-life insurance products through the Bank of Shanghai's 213 branches. The partnership will begin with sales of Sompo Japan's fire insurance products to Bank of Shanghai's corporate clients before broadening into other product sales, *BestWire* reports.

ONEIDA FINANCIAL'S INSURANCE AND FINANCIAL SERVICES EARNINGS CONTINUE RECORD-SETTING TREND

Oneida, NY-based, $648 million-asset Oneida Financial Corp. reported third quarter insurance and financial services fee income grew 8.8% to $3.85 million, up from $3.54 million in third quarter 2009, and dwarfed all other sources of noninterest income, comprising 73.8% of that revenue, which increased 9.0% to $5.22 million, up from $4.79 million. Oneida Financial President and CEO Michael Kallet said, "Our insurance and financial services subsidiaries, Bailey & Haskell Associates and Benefit Consulting Group are on track for a record revenue year in 2010."

Net interest income on a 3.39% net interest margin slipped 1.5% to $3.98 million, down from $4.04 million, reflecting a $250,000 increase in loan loss provisions to $650,000. Net income, weighed down by expenses but bolstered by noninterest insurance earnings, grew 17.1% to $815,000, up from $696,000 in third quarter 2009.

In 2009, Oneida Savings Bank's reported $9.7 million in insurance brokerage income, which comprised 43.2% of its noninterest income and 24.3% 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*.

INSURANCE EARNINGS COMPRISE 41% OF NORTHEAST BANCORP'S NONINTEREST INCOME, DESPITE DIVESTMENTS

Lewiston, ME-based, $628 million-asset Northeast Bancorp reported last year's sales of its Rangeley and Mexico offices impacted third quarter insurance brokerage earnings, which declined 9% to $1.44 million, down from $1.58 million in third quarter 2009. Investment brokerage fee income, in contrast, climbed 21% to $548,000, up from $453,000. Still, insurance brokerage income remained the largest contributor to noninterest earnings, comprising 41.0% of that revenue, while investment brokerage income comprised 15.6%. Overall, noninterest income jumped 27% to $3.51 million, up from $2.77 million, helped by more than a tripling in loan sales to $948,000.

Net interest income on a 2.96% net interest margin rose 2% to $3.87 million, up from $3.81 million, helped by decreased interest expenses. Net income more than doubled to $900,000 up from $435,000. Northeast Bancorp President and CEO Jim Delameter said, “We continue to see over 41% of revenues generated from noninterest sources. It speaks to the focus and success of our plan to fully diversify our company.”

In 2009, Northeast Bancorp reported $5.88 million in insurance brokerage income, which comprised 53.2% of its noninterest income and 20.8% of its net operating revenue. The company ranked fifth 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*.

RISING INSURANCE EARNINGS DOMINATE 57% OF NONINTEREST INCOME AT EVANS BANCORP

Hamburg, NY-based, $659 million-asset Evans Bancorp reported insurance brokerage fee income generated by The Evans Agency in the third quarter comprised “the largest portion of our Company’s noninterest income” (57.1%), rising 1.7% to $1.78 million, up from $1.75 million in third quarter 2009, while noninterest income slid 18.5% to $3.12 million, down from $3.83 million the year before, when the company recorded a $671,000 “gain on bargain purchase” and service charges were higher.

Net interest income on a 4.18% net interest margin slipped 2.1% to $5.22 million, down from $5.33 million, as loan loss provisions increased by $378,000. Net income tumbled 45.8% to $1.3 million, down from $2.4 million in third quarter 2009, when the company set aside no leasing loss provisions and recorded a $700,000 pretax gain tied to the acquisition of Waterford Village Bank. Evans Bancorp President and CEO David Nasca said, "Our results this quarter reflect the tepid pace of the economic recovery, the impact of the interest rate environment and the investments we are making in our people and infrastructure."

TRUST FEE INCOME GROWS AT STURGIS

Sturgis, MI-based, $390 million-asset Sturgis Bancorp reported trust fee income in the third quarter rose 6.6% to $81,000, up from $76,000 in third quarter 2009, while investment brokerage commission declined 9.7% to $270,000, down from $299,000, and bank-owned life insurance (BOLI) income decreased 10.7% to $75,000, down from $84,000. Trust, investment brokerage and BOLI earnings comprised, respectively, 6.9%, 22.9% and 6.4% of noninterest income, which rose 1.7% to $1.18 million, up from $1.16 million, helped by increased mortgage banking earnings.

Net interest income on a 2.97% net interest margin tumbled 68.7% to $664,000, down from $2.12 million, as loan loss provisions more than tripled to $1.84 million, up from $359,000. With net charge offs of $1.3 million, the company reported a net loss of $781,000 compared to net income of $631,000 in third quarter 2009. Sturgis Bancorp President and CEO Eric Eishen said, "The Bank has followed the desire of Congress and the President to work with borrowers in these difficult times. The consequence of working with borrowers is that we must place additional money in our allowance for loan and lease losses as required by Regulatory and Accounting Standards."

TRUST INCOME JUMPS 40% AT SOUTHWEST GEORGIA TO 6.5% OF NONINTEREST EARNINGS

Moultrie, GA-based, $311 million-asset Southwest Georgia Financial Corp. reported insurance brokerage fee income in third quarter 2010 rose 2.6% to $237,000, up from $231,000 in third quarter 2009, while income from trust services jumped 40.4% to $66,000 from $47,000, and income from retail brokerage services grew 9.4% to $58,000, up from $53,000. Insurance, trust and securities brokerage fee income comprised, respectively, 23.5%, 6.5% and 5.7% of noninterest income, which fell 21.7% to $1.01 million, down from $1.29 million, reflecting provisions for foreclosed properties and losses on the sale of assets.

Net interest income on a 3.76% net interest margin remained basically steady at $2.32 million compared to $2.35 million, helped by $206,000 in decreased interest expenses. Net income, however, dropped 48.8% to $239,000, down from $467,000. Southwest Georgia Financial President and CEO DeWitt Drew said, "Our third quarter results, although positive continued to be challenged by low interest rates and the sluggish economic environment."

In 2009, Southwest Georgia Financial reported $1.07 million in insurance brokerage income and $266,000 in investment program income, which comprised, respectively, 22.0% and 5.5%

of its noninterest income. The company ranked 10th in insurance brokerage earnings and 41st in investment program income among banks with assets between $100 million and $300 million, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

COMBINED FINANCIAL BROKERAGE AND BOLI EARNINGS COMPRISE 22% OF NORTHEAST INDIANA'S NONINTEREST INCOME

Huntington, IN-based, $261 million-asset Northeast Indiana Bancorp reported 12.8% growth in financial brokerage fee income to $87,169 from $77,279 and basically steady bank-owned life insurance (BOLI) income of $61,481 helped push noninterest earnings up 2.7% to $686,836 from $669,102 in third quarter 2009. Brokerage fees comprised 12.7% of noninterest income, while BOLI comprised 9.0%.

Net interest income on a 3.55% net interest margin slid 3.4% to $1.68 million, down from $1.74 million, as a $150,000 climb in loan loss provisions to $500,000 undermined a $300,000 decrease in interest expenses. Net income, helped by noninterest earnings, however, rose 4.1% to $539,000, up from $518,000 in third quarter 2009.

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WELLS FARGO INSURANCE SERVICES ACQUIRES DAYTON, OH EMPLOYEE BENEFITS AGENCY

San Francisco, CA-based, $1.2 trillion-asset Wells Fargo & Co. unit Chicago-based Wells Fargo Insurance Services USA (WFIS) has purchased Dayton, OH-based employee benefits agency Prestige Professional Plans (PPP). Former PPP owner Penny Profitt said, "While we have a new name, our customers will continue to be served by the same team of insurance professionals" who will expand their offerings beyond employee benefits to include the broad range of WFIS insurance products. WFIS East Executive Vice President Kevin Kenny said the company's expanded Dayton operations "will work with our local Dayton bankers to provide customers with fully integrated financial and insurance solutions for their businesses."

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

GENWORTH FINANCIAL EXITS VARIABLE ANNUITY MARKET

Richmond, VA-based, $100 billion-asset Genworth Financial is (1) discontinuing new sales of retail and group variable annuities and (2) suspending sales of linked annuity and long-term care insurance products until the market for those products develops further.

Genworth Financial Chairman and CEO Michael Fraizer said the moves are in line with the company's strategy to concentrate on markets and products where it has "distinct leadership positions and strengths." Genworth will continue to focus, he said, "on key protection, wealth accumulation and mortgage insurance offerings," including fixed annuities and life and long-term care insurance.

Genworth expects to record a $12 million pre-tax charge in the first quarter tied to severance, outplacement and other costs associated with the moves.

U.S. PROPERTY-CASUALTY RATES SUGGEST END TO SOFT MARKET

U.S. commercial property and casualty insurance rates fell 5% in December compared to December 2009, led by a 6% drop in general liability coverage, according to Dallas, TX-based MarketScout. In contrast, workers compensation, professional liability, commercial auto and surety insurance slipped 1%, while fiduciary coverage remained steady, buoying the overall results. MarketScout CEO Richard Kerr sees these numbers as a signal that the downward trend in insurance pricing is moderating. Kerr said, "By year-end 2011, the largest soft market period in the last seventy years will finally come to a close," *National Underwriter* reports.

BANKING AND INSURANCE DEPARTMENTS MAY MERGE IN NY

New York Governor Andrew Cuomo reportedly plans to merge the state's banking and insurance departments in order to trim expenses and more efficiently regulate the two industries. "I think the state can do a better job, frankly, of regulating and protecting consumers and regulating Wall Street," Cuomo said, *insurancejournal.com* reports.

NORTHERN TRUST TO EXPAND LGBT PRACTICE

Chicago, IL-based, $80.7 billion-asset Northern Trust Corp has formed a new practice focused on managing the wealth of lesbian, gay, bisexual and transgender (LGBT) households. The unit, which developed from a pilot program run in Chicago last year, will specialize in estate and tax issues and plans to add offices in Southern California and South Florida this year. Northern Trust LGBT Practice Head John McGowan said, "We do believe the definition of family has evolved, and the legal definition has not kept pace," *investmentnews.com* reports.

BABY BOOMERS NOT FINANCIALLY READY TO RETIRE

Almost half (48%) of Americans aged 45-70 are without a financial plan that would enable them to grow their assets and handle rising healthcare costs, according to the Schaumburg, IL-based Society of Actuaries (SOA). The SOA found in a recent survey that 75% of this age group protect their residences with homeowner's or renter's insurance, and 71% plan to claim social security benefits before age 70; but only 20% plan to purchase an annuity or another guaranteed lifetime income product, and only 19% plan to purchase disability and long-term care insurance. After examining the overall survey results, SOA member Anna Rappaport said, "The baby boomer generation – many of whom will be eligible for retirement beginning this year – have not saved enough money for retirement."

AMERICANS RESOLVE TO SAVE MORE, SPEND LESS AND GET OUT OF DEBT IN 2011

Setting a personal financial goal ranks as the number one New Year's resolution for 25% of U.S. adults, according to a December 2010 Chase Card Services-*U.S. News & World Report* survey of 1,000 adults. Most of those surveyed (81%) said they would try to save more money in 2011; 73% said they would try to spend less; 60% said they would pay down debt, and 59% opted to try to develop a budget.

Overall, those adults surveyed said they were more optimistic about the future (61%), but thought the U.S. government's first resolution should be to fix its finances (32%), create jobs (23%), end involvement in Afghanistan and Iraq (12%), reduce poverty and help those in need (9%), and promote world peace (8%).

ONLINE BANKING PREFERRED

Most U.S. consumers (62%) trust their primary bank and believe their bank has a good image and reputation (64%), but only 37% regard banks in general as trustworthy, according to the BAI and Finacle Index of Bank Sentiment based on an online survey of adults aged 21-70 with at least $25,000 in annual income. Among those who believe their bank is innovative, 93% say they trust their bank, and 92% say their bank offers quality online banking and payment services. Sixty-eight percent of customers aged 21-34 and 50% of those aged 65-70 use online banking; but only 30% know if their bank offers remote deposit capture services (RDCS), and only 1% to 3% of those aged 21-44 use the RDCS. The vast majority (85%) of bank customers expect checking accounts to be free; 52% say they are very knowledgeable about the fees their bank charges, and 44% believe these charges are reasonable.

While 25% of bank customers say they intend to open a new deposit account or add to an existing deposit account, 45% say they are saving money each month, and 55% say they intend to pay off some or all of their credit cards.

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

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

Compiled by *Michael White Associates* (MWA) and sponsored by *American Bankers Insurance Association* (ABIA), the report measures and benchmarks the banking industry's performance in generating annuity fee income. It is based on data from all 7,020 commercial and FDIC-supervised banks and 915 large top-tier bank holding companies operating on September 30, 2010.

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

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

BHCs with assets between $1 billion and $10 billion recorded a slight increase of 0.2% in annuity fee income, rising from $91.4 million in the first three quarters of 2009 to $91.6 million in the first three quarters of 2010 and accounting for 36.7% of their mutual fund and annuity income of $249.6 million. BHCs with $500 million to $1 billion in assets generated $16.9 million in annuity commissions in the first three quarters of 2010, up 1.0% from $16.7 million in the first three quarters of 2009. Only 33.5% of BHCs this size engaged in annuity sales activities, which was the lowest participation rate among all BHC asset classes. Among these BHCs, annuity commissions constituted the smallest proportion (13.3%) of total insurance sales volume of $127.5 million.

Wells Fargo & Company (CA), Morgan Stanley (NY), and JPMorgan Chase & Co. (NY) led all bank holding companies in annuity commission income in the first three quarters of 2010. Among BHCs with assets between $1 billion and $10 billion, leaders included Stifel Financial Corp. (MO), Hancock Holding Company (MS), and National Penn Bancshares, Inc. (PA). Among BHCs with assets between $500 million and $1 billion,

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

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

SOURCE: Michael White-ABIA Bank Annuity Fee Income Report leaders were First American International Corp. (NY), CCB Financial Corporation (MO), and Ironhorse Financial Group, Inc. (OK). The smallest community banks, those with assets less than $500 million, were used as "proxies" for the smallest BHCs, which are not required to report annuity fee income. Leaders among bank proxies for small BHCs were The Hardin County Bank (TN), Bank of Oak Ridge (NC) and FNB Bank, N.A. (PA).

Among the top 50 BHCs nationally in annuity concentration (i.e., annuity fee income as a percent of noninterest income), the median year-to-date Annuity Concentration Ratio was 6.1% in third quarter 2010. Among the top 50 small banks in annuity concentration that are serving as proxies for small BHCs, the median Annuity Concentration Ratio was 14.5% of noninterest income.

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

WELLS FARGO INSURANCE SERVICES BUYS KANSAS-BASED EMPLOYEE BENEFITS AGENCY

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

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

AIG FINDS TAIWAN-BASED BUYER FOR NAN SHAN

New York City-based American International Group (AIG) has agreed to sell its 97.57% interest in Taipei, Taiwan-based Nan Shan Life Insurance Co. (Nan Shan) to Taiwan-based Ruen Chen Investment Holding Company for $2.16 billion in cash. AIG President and CEO Robert Benmosche said, "Ruen Chen offers strong operational and funding capabilities and possesses a clear ability to satisfy the strict criteria that governed AIG's bid review process." In addition, Benmosche said, "Ruen Chen has demonstrated that it is able and willing to invest in Nan Shan's future."

Ruen Chen is 80% owned by Taiwan-based Ruentex Group and 20% owned by Taiwan shoe manufacturer Pou Chen Corporation. Its bid to acquire Nan Shan, Taiwan's largest life insurer, requires Taiwan's Financial Supervisory Commission approval.

OUTLOOK FOR COMMERCIAL LINES AND HEALTH INSURERS IS NEGATIVE

Oldwick, NJ-based A.M. Best has downgraded its 2011 outlook for commercial lines from stable to negative and maintained its negative outlook on the health insurance industry.

Best based its commercial lines decision on its determination that the loss-reserve adequacy among this group is eroding, while capacity is increasing competition and pushing rates lower. "Combined with loss-cost inflation," A.M. Best said, "this pricing trend will continue to compress margins for the segment, pushing the combined ratio over 100."

The negative outlook for the health insurance industry is largely driven by the impact of the healthcare law, which Best said will weaken capitalization and increase costs. In addition, Best said, "Margins are expected to narrow as health insurers adjust pricing to meet minimum loss ratio requirements."

Best has retained its stable outlook on personal lines, global non-life reinsurance, and the U.S. annuity and life insurance industry, which Best said should remain adequately capitalized.

For more on the A.M. Best's ratings outlooks for the insurance industry in 2011, click here.

P&C EXECUTIVES COOL TO FINANCIAL REFORMS AND COMMERCIAL LINES

Property and casualty insurance industry executives are overwhelmingly unimpressed with the comprehensive financial services reform legislation (Dodd-Frank Act) passed by Congress and signed into law last year by President Obama. Just 8% of the 100 executives surveyed at the Insurance Information Institute's (III) Property/Casualty Insurance Joint Industry Forum in New York City last week said they thought the law would be helpful for the industry. The group, however, was split 50/50 on the positive or negative impact of the new Federal Insurance Office.

P&C executives are also skeptical about seeing profitability improvements in commercial lines and workers' compensation insurance in 2011, with only 24% expecting improvement in the former and 14% expecting improvement in the latter.

The executives were more sanguine about increased profitability among homeowners (61%) and personal auto (59%) insurance lines in 2011; but most expect overall industry premiums to remain flat (53%) and the combined ratio to rise above the current 101.2 (68%).

Most P&C executives expect tort trends to remain the same (53%), and an overwhelming number expect increased consolidation among P&C insurers and reinsurers (86%) and an up year in equity markets (88%), where only 18% of their assets are invested compared to their 70% investment in bonds.

As a bottom-line analysis for the outlook of the P&C industry, III Chief Economist Dr. Steven Weisbart told the New York City forum, "The low interest rate environment, which will likely persist throughout 2011, will challenge insurers to price risks in closer relation to claims potential," *insurancejournal.com* reports.

MUNICIPAL BANKRUPTCIES PROMPT BOND PORTFOLIO ADJUSTMENTS

Jamie Dimon sees U.S. municipal bankruptcies as increasing and is cautioning investors against purchasing municipal bonds. Insurers, which on average invest 70% of their assets in bonds, appear to agree. Boston, MA-based Liberty Mutual Holding has reduced its muni-bond holdings in California and Illinois and cut its investment in Connecticut state bonds. Allstate and Berkshire Hathaway, among others, have also trimmed their investments in muni-bonds, with Warren Buffet predicting a "terrible problem" for these bonds last year, *investmentnews.com* reports.

DEER COLLISIONS INCREASINGLY EXPENSIVE FOR AUTO INSURERS

West Virginia, like many states, has a rising deer population, estimated by the state's Division of Natural Resources (DNR) to have reached 1 million. Apart from the deer's voracious appetites for forest, ornamental and vegetable crop leaves and their propensity to host lyme-disease carrying ticks, the deer are road hazards. Each year extending from 2002 through 2009 casualty insurers paid out $44 million in damages caused by deer-vehicle collisions in the state, West Virginia's Insurance Commission found. The state's DNR has responded by allowing hunters to kill female deer and by launching September bow and muzzleloader hunts, *insurancejournal.com* reports.

AMERICANS VOW TO CONTROL FINANCES BUT FORGET INSURANCE NEEDS

Almost 70% of adult Americans say taking control of their finances is a top priority for 2011, with 36% saying it is their top priority, according to a Northwestern Mutual-Harris Interactive online survey conducted from December 16 through 20 of last year.

In order to get control of their finances those surveyed said they would prioritize in the following way: (1) pay down debt (39%), (2) save a portion of each paycheck (30%), (3) build an emergency fund (28%), and (4) develop and stick to a budget (27%). Interestingly, few said they would first evaluate their life insurance (6%), long-term care (4%) and disability (4%) insurance needs.

Northwestern Mutual Insurance Executive Vice President Greg Oberland was troubled by the low priority given to risk protection and said, "To achieve financial security, families need to manage risk; protecting income in the event of a disability or protecting the family financially if a parent dies unexpectedly" is essential.

ONSLAUGHT OF RETIRING BOOMERS BEGINS

Each day in 2011 marks the 65th birthday of 7,000 Americans. "The Baby Boomer tsunami has arrived, pushing the consumer need for retirement income to historic levels," Insured Retirement Institute President and CEO Cathy Weatherford observed. Weatherford sees annuities as a "value proposition" that can meet that need. "Our industry is primed to play a pivotal role in the retirement planning strategies of millions of Americans looking for the peace of mind that only an annuity can bring to a balanced portfolio," Weatherford said.

METLIFE'S DEFERRED VA WITH LIVING BENEFIT A HIT AT FIDELITY

Boston, MA-based Fidelity Investments sold over $1 billion in MetLife's deferred variable annuity with a living benefit (MGGI) within one year of the annuity's November 2009 sales launch. MetLife Executive Vice President Robert Sullivan said, "Strong sales of the MGGI variable annuity show a demand and growing receptiveness in the public for a product that can help individuals secure a steady stream of income in retirement."

BMO TO ACQUIRE HONG KONG INVESTMENT MANAGER LLOYD GEORGE MANAGEMENT

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

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

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

STATE STREET GLOBAL ADVISORS BUYS BANK OF IRELAND ASSET MANAGEMENT

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

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

FOURTH QUARTER TRUST EARNINGS RISE 4% AT M&T

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

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

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

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

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

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

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

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

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

WEALTH MANAGEMENT FEES GROW AS WEBSTER FINANCIAL TURNS PROFITS

Waterbury, CT-based, $18 billion-asset Webster Financial Corp. reported wealth management fees in the fourth quarter grew 10.6% to $6.65 million, up from

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

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

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

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

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

SOURCE: Michael White Bank Securities Brokerage Income Report

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

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

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

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

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

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

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

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

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

TOWNEBANK ACQUIRES NEWPORT NEWS AGENCY

Hampton Roads, VA-based, $3.66 billion-asset TowneBank, through Towne Insurance Agency, has acquired Newport News, VA-based W.T. Chapin, a bonding services and general insurance agency.

TowneBank Chairman and CEO G. Robert Aston said the acquisition "will allow us to expand the services available to our bank and insurance clients while continuing our focus on providing exquisite service." The agency will maintain its management team, staff and location and operate as a Towne Insurance Agency affiliate serving TowneBank's banking office in Newport News.

In 2009, Towne Insurance helped TowneBank generate $14.8 million in insurance brokerage income, which comprised 18.6% of its noninterest income and 8.2% of its net operating revenue. The company ranked first in insurance brokerage earnings among BHCs with assets between $1 billion and $10 billion, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

U.S. BANK FIXED ANNUITY PREMIUM SALES TUMBLE 45% IN THIRD QUARTER 2010

U.S. banks and other depository institutions saw their fixed annuity premium sales in the third quarter tumble 45.2% to an estimated $3.96 billion, down from $7.23 billion in third quarter 2009, according to the *Beacon Research Fixed Annuity Premium Study*.

Book value annuities comprised seven of the top ten annuity products sold in the bank channel (ranking 2-8), but Lincoln National's New Direction indexed annuity distinguished itself as the number one product sold, and New York Life's Lifetime Income Annuity and Great American Financial Resources market value adjusted (MVA) annuity ranked, respectively, ninth and tenth.

Western National Life was the number one provider of annuities within the bank channel with its book value annuities (5th, 6th and 8th place) helping the company generate $868.5 million in annuity premiums. Lincoln National ranked second with $567.7 million, followed by New York Life ($499.0 million), Great American Financial Resources ($296.5 million) and Pacific Life ($268.2 million), Evanston, IL-based Beacon Research found.

Commenting on the trend in overall fixed annuity sales, Beacon Research CEO Jeremy Alexander said, "The spread between 5-year fixed annuity and Treasury rates has declined since the third quarter, suggesting that sequential sales will be lower. In addition, interest rates have been rising, and fixed annuities generally lag certificates of deposit on the way up."

U.S. VARIABLE ANNUITY SALES GROW ALONG WITH LIFETIME GUARANTEES

U.S. variable annuity sales grew 8% in the first three quarters of 2010 over the same period in 2009, "driven by continued innovation in product development by carriers," according to Chicago, IL-based Morningstar. While new product development remained stagnant in the first quarter, lifetime withdrawal benefits accounted for six out of seven new benefits attached to new products in the second quarter. Lifetime guaranteed withdrawal benefits accounted for nine out of eleven new living benefits in the third quarter, and in the fourth quarter all new benefits included a lifetime guaranteed minimum withdrawal benefit component, with the average lifetime withdrawal benefit for an individual aged 65 at 5%, Morningstar's research showed. *For more detailed information on Morningstar's variable annuity report, click here*.

GAO SEES NO NEED FOR MORE FINANCIAL PLANNER OVERSIGHT

The U.S. Government Accounting Office (GAO) has completed its Congressionally mandated study of regulatory oversight for financial planners and concluded that "an additional layer of regulation specific to financial planners does not appear to be warranted at this time." When financial planners act as investment advisors, they are regulated by the Securities and Exchange Commission (SEC), and when they act as insurance agents, they are regulated by insurance commissioners.

The GAO recommended, however, that (1) the National Association of Insurance Commissioners (NAIC) assess consumers' understanding of the standards of care associated with the sale of insurance products, (2) the SEC assess investors' understanding of financial planners' titles and designations, and (3) the SEC collaborate with states to identify methods to better understand problems associated specifically with the financial planning activities of investment advisors. *To read the summary and recommendations of the GAO report or the entire report itself, click here*.

SEC WANTS USE FEES AND MORE

The U.S. Securities and Exchange Commission (SEC) has recommended to Congress that in order to strengthen the regulator's ability to oversee financial advisors Congress should do the following: (1) authorize the SEC to impose user fees on C-registered investment advisors to fund their examination by the Office of Compliance Inspections and Examinations (OCIA); (2) authorize one or more self-regulatory organizations (SROs) to examine, with SEC oversight, all SEC-registered investment advisors; and (3) authorize the Financial Industry Regulatory Authority (FINRA) to examine dual registrants for compliance with the Advisors Act.

Currently, the SEC said, an investment advisor can expect to be examined once every eleven years by the OCIA, with examination coverage of all investment advisors reaching an unacceptable 9%. *To read the study on which the SEC report to Congress was based, click here*.

SEC STAFF RECOMMENDS "HARMONIZED REGULATION" AND UNIFORM STANDARDS FOR BROKER-DEALERS AND INVESTMENT ADVISORS, COMMISSIONERS DISAGREE

At the end of last week, the Securities and Exchange Commission (SEC) submitted to Congress a staff study recommending that the SEC adopt and implement a uniform fiduciary standard of conduct for broker-dealers and investment advisors when those financial professionals provide personalized investment advice about securities to retail investors. That standard, the staff study said, should be no less stringent than that currently applied to investment advisors under the Advisors Act. In addition, the study recommended that the SEC consider harmonizing "regulatory protections."

SEC Commissioners Kathleen Casey and Troy Paredes at the same time provided their written objections to the staff study recommendations, noting: (1) The Study recommends the adoption of a new uniform fiduciary duty standard and harmonization of two disparate regulatory regimes, but it does so without adequate articulation or substantiation of the problems that would purportedly be addressed via that regulation nor the adverse impact those recommendations could have on investors. (2) The Study does not identify whether retail investors are being systematically harmed under any regulatory regime and therefore lacks any basis for concluding that a uniform standard or harmonization would enhance investor protection.

The Commissioners concluded: "Given the lack of concrete data provided in the Study and the need for additional research and analysis, we believe that any rulemaking without such consideration would be ill-conceived at best and harmful at worst."

To read the Staff Study, click here.
Read the Commissioners' response here.

COMMERCIAL P&C PREMIUMS CONTINUE DOWN, BUT RISING DEMAND SIGNALS CHANGE

U.S. commercial property and casualty premiums have continued to decline quarter to quarter since fourth quarter 2009, when they were down 5.6% from the quarter before. In first quarter 2010 they slid again 5.3%; in the second quarter they fell another 6.4%; in the third quarter they continued down 5.2%; and in fourth quarter 2010 they fell 5.4% from the quarter before, according to the Council of Insurance Agents and Brokers (CIAB) *Fourth Quarter Commercial P/C Market Index Survey*.

Increasing demand for commercial property-casualty lines, however, may change the downward trend in rates. Almost half (47%) of the insurance brokers who responded to the CIAB survey said they saw an increase in demand for commercial P/C products in the fourth quarter, about double those with the same response (24%) in fourth quarter 2009 and a 13 percentage point increase over the 34% who saw increased demand in the third quarter.
For more on the CIAB survey, click here.

BIG I LIKES HEALTHCARE REPEAL

The Independent Insurance Agents and Brokers of America (IIABA or Big I) has enthusiastically responded to the U.S. House of Representatives' passage of H.R. 2 that would repeal healthcare legislation signed into law by President Obama last year. The current healthcare law (Patient Protection and Affordable Healthcare Act or PPAHA), the Big I said, "does little to stem the skyrocketing cost of healthcare and would be financed on the backs of small businesses." In fact, Big I Senior Vice President Charles Symington said, "Some of the provisions that have taken affect, such as the Medical Loss Ratio regulation, are so damaging that they are already hurting our fragile economy." The Big I urged the U.S. Senate to follow the House's example and vote to repeal the PPAHA.

PIA ASKS CONGRESS TO DEFUND FIO AS POTENTIAL REGULATOR

The National Association of Professional Insurance Agents (PIA) is calling on the U.S. Congress to pass legislation to defund any study of insurance regulation by the newly created Federal Insurance Office (FIO) and repeal the FIO's mandate to make recommendations regarding insurance regulation to Congress. PIA CEO Leonard Brevik said, "Federal bureaucrats should not be conducting a study on whether or not their own powers should be expanded, and then making recommendations to Congress based on a study that they alone conducted."

NY ATTORNEY GENERAL DROPS MARSH BID-RIGGING CASE

New York Attorney General (NYAG) Eric T. Schneiderman has decided not to retry the state's case against former Marsh Managing Directors William Gilman and Edward McNenney, in which the state alleged the two colluded with insurers to rig the excess casualty insurance market and engaged in fraud, larceny and antitrust law violations when they did so.

New York Supreme Court Judge James Yates convicted the men of antitrust violations, but acquitted them of engaging in fraud and larceny in February 2008. In July 2010 the same judge threw out the antitrust convictions citing the

NYAG's failure to disclose "invaluable" exculpatory evidence at trial.

In December the NYAG decided not to appeal the judge's ruling, and this month the NYAG dropped the case. Because the New York Attorney General has dismissed the indictments, the two men have "been cleared of all charges," the Cooley litigation team that represented McNenney said.

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

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

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

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

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

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

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

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

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

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

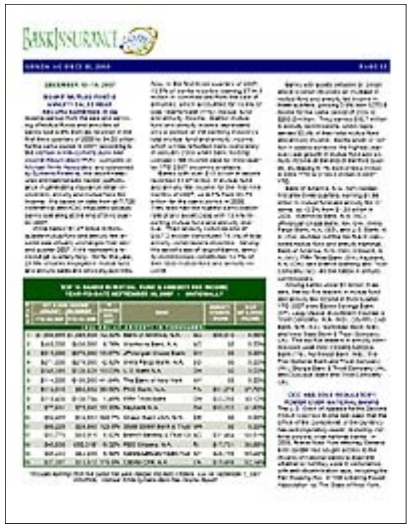
For the year, net interest income on a 3.44% net interest margin reached $984.3 million and contrasted with a net interest loss of $650.4 million in 2009, as credit loss provisions dropped 69% to $634.6 million and interest expenses fell 35% to $526.6 million. Net income, after a payout of $172.03 million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

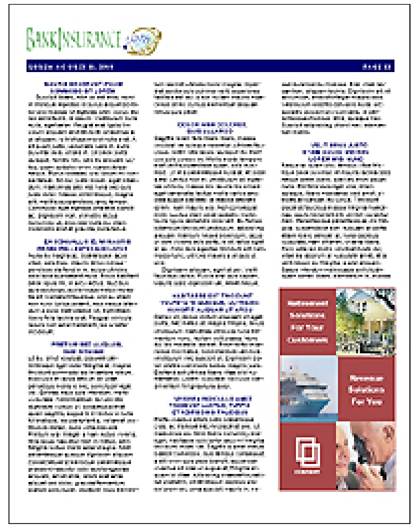
In 2009, Huntington Bancshares reported $70.3 million in insurance brokerage income, which comprised 7.7% of its noninterest income and 3.0% of its net operating revenue. The company ranked 15th in insurance brokerage earnings among all bank holding companies, according to the *Michael White-Prudential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

In 2009, Huntington reported $103.6 million in trust income, which comprised 11.3% of its noninterest income and 4.4% of its net operating revenue. The company ranked 21st in trust earnings among BHCs with assets over $10 billion, according to the *Michael White's Bank Fiduciary Fee Income Report*.

BANKINSURANCE.com NEWS

VOLUME XII, ISSUE 2, FEBRUARY 2011





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