MAY
2012

VOLUME
XIII

ISSUE
5

BankInsurance.com News

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.

APRIL 2 - 8, 2012

CLEARLY DEFINED & IMPLEMENTED BEST PRACTICES KEY TO ADVISOR SATISFACTION

U.S. broker-dealers and investment services firms that articulate a clear set of priorities and objectives that include acting in the best interest of clients and are led by senior management who support those objectives, generate the highest level of satisfaction among their employee and independent financial advisors, according to Westlake, CA-based J.D. Power and Associates' *2012 U.S. Financial Advisors' Satisfaction Survey.*

While best practices in nine key areas – firm performance, compensation, contact, people, job duties, work environment, products and offerings to clients, technology and services and support – drive financial advisor satisfaction, firms that utilize technology and support to optimize advisor-client time, dealing with workflow and compliance issues, enhance advisor satisfaction.

In contrast to firms focused on best practices and satisfied clients and advisors, firms that push non-investment products and services and load their financial advisors down with administrative tasks generate dissatisfaction among their advisors. J.D. Power and Associates Director of Investment Services David Lo said, "It's no coin-

Banks Boost Insurance Income to Record High
U.S. BHC Annuity Earnings Reach $2.84 Billion

SPECIAL BONUS ARTICLE:

Precious Metals as an Alternative Investment Portfolio Offering

cidence that the firm struggling with the key best practices identified in the study are also paying the highest retention and signing bonuses to pay for a poor work experience."

St. Louis, MO-based Edward Jones ranked first (901 out of 1,000 possible points) in employee financial advisor satisfaction among all broker-dealers, scoring especially high in firm performance and technology. St. Petersburg, FL-based Raymond James & Associates ranked second (864), with strong scores in firm performance and compensation. In contrast, Wells Fargo Advisors ranked last among the eight ranked companies with a score of 633, well below the industry average of 698.

Among investment services companies with independent financial advisors, Waltham, MA-based Commonwealth Financial ranked first (917), with high scores in firm performance, technology and job duties. Raymond James Financial Services ranked second (877), performing well in firm performance and services and support. Austin, TX-based NFP Securities ranked last (740) among the top eight, but that firm's score was not far below the investment services firm average of 774.

For more on the J.D. Power and Associates' financial advisor satisfaction survey, click here.

MARCH & MCCLENNAN CEO TO CHAIR FEDERAL ADVISORY COMMITTEE ON INSURANCE

New York City-based Marsh & McLennan Cos. President and CEO Brian Duperreault has been named Chairman of the Federal Advisory Committee on Insurance (FACI). The fifteen-member committee, which includes insurance industry executives, academicians, consumer advocates and seven state insurance regulators, was formed by the U.S. Department of the Treasury to advise the Federal Insurance Office (FIO). The FIO, which was created by Congress through the Dodd-Frank Act, monitors all aspects of the insurance industry and advises the U.S. Treasury Secretary on domestic and international policy issues.

METLIFE REALIGNS GLOBALLY & TRIMS VARIABLE ANNUITY SALES

MetLife expects its global insurance operations to continue to drive profitable growth, reflecting the company's coverage of 90% of the global insurance market. At the same time, MetLife is creating a Global Employee Benefits business and reorganizing into three geographic regions: the Americas, EMEA (Europe, the Middle East, and Africa), and Asia. MetLife CEO Steven Kandarian said, "With these changes, we have taken a big step toward operating as One MetLife."

As One MetLife goes forward, the company plans to invest in businesses that deliver the highest risk-adjusted return for shareholders, striking a balance among growth, profitability and risk, and fixing or exiting businesses that don't deliver profitable results. Toward that end, MeLife is re-pricing its leading variable annuity product and reducing its variable annuity sales to $18 billion in 2012, Kandarian said in a letter to shareholders.

INSURERS USE "BIG DATA" TO FOCUS ON CUSTOMERS IN 2012

Insurers are currently focused on improving customer experience and developing innovative products that meet specific customer needs in specific geographic markets, especially emerging ones, according to PwC's *Top Issues: The Insurance Industry in 2012*. Toward that end, insurers are capturing and interpreting "big data" (including that gathered from social media, telematics, and policyholder behavior) and using it along with advanced technology to enhance underwriting, reduce cycle time, improve pricing, check losses, and, ultimately, acquire and retain customers.

For more on the Pricewaterhouse-Coopers study which includes insurer preparation for heightened risk management and regulation, click here.

U.S. SUPREME COURT DELIBERATES CONSTITUTIONALITY OF HEALTHCARE LEGISLATION

The U.S. Supreme Court heard six hours of oral arguments over three days last week regarding the Constitutionality of U.S. Healthcare Legislation passed by the U.S. Congress signed into law by President Obama in March 2010. On the fourth day, the Justices gathered in closed session to voice their opinions on the matter to one another and determine which of them will write the majority and minority opinions for the Court. The public will learn the Justices' ruling in June and will be able to read the opinions (or opinion if the decision is unanimous) then.

Before the Justices heard any of the arguments regarding the individual mandate, they first heard arguments on the issue of whether the Court must wait until 2014, when the Healthcare Law takes full effect and penalties are levied, before it can decide the case. The Justices' June decision will answer this question as well.

The main issue before the Court centers on whether Congress exceeded its Constitutional power to regulate interstate commerce when it enacted legislation that requires all U.S. citizens to purchase health insurance by 2014 or pay a penalty (aka the individual mandate). Twenty-six states plus Virginia and the National Federation of Independent Businesses argue that it did.

The Justices must decide if the individual mandate is constitutional or unconstitutional. If it is unconstitutional, the Justices must also decide whether the rest of the legislation (all 2,700 pages of it) is also unconstitutional, or whether the legislation can stand without the individual mandate (the issue of severability). Additionally, the Justices must decide if Congress overstepped its bounds in enacting Medicare legislation that requires states to expand their Medicaid coverage or lose federal Medicaid money.

To read the transcripts of the four oral arguments over the three days, or to download an audio recording of each day's arguments, click here:

(1) *11-398-Monday. Department of Health and Human Servs. v. Florida 03/26/12*;

(2) *11-398-Tuesday. Department of Health and Human Servs. v. Florida 03/27/12*;

(3) *11-393. National Federation of Independent Business v. Sebelius 03/28/12*; and

(4) *11-400. Florida v. Department of Health and Human Servs. 03/28/12*.

BANCASSURANCE REMAINS CHINA PACIFIC'S MOST PRODUCTIVE SALES CHANNEL

Hong Kong and Shanghai, China-based China Pacific Insurance Group reported bancassurance sales continued to lead all sales channels in gross written premiums, new policy premiums and renewals in 2011, despite China's new bancassurance regulations.

While gross written premiums declined 7.8% to RMB44.45 billion ($7.01 billion) in the bancassurance channel, that number topped the RMB42.82 billion ($6.75 billion) generated by the traditional agency channel and dwarfed direct (RMB5.43 billion or $856.1 million) and new channel (RMB508 million or $80.1 million) sales.

Additionally, while new policy written premium dropped 25.8% to RMB30.51 billion ($4.8 billion) in the bancassurance channel, that number was more than double the RMB10.83 billion ($1.7 billion) written through the traditional agency channel. Impressively, 96.3% of bancassurance policies up for renewal were renewed in 2011, followed by new channel renewals (80.6%), direct channel renewals (31.9%) and trailed by traditional agency renewals (21.5%).

China Pacific said its bancassurance channel made "regular" insurance premium sales its core business in 2011 in order to counterbalance new regulations and competition from wealth management.

APRIL 9 - 15, 2012

COUNCIL ISSUES FINAL RULE ON NONBANK SIFIS

The U.S. Financial Stability Oversight Council (FSOC) has issued its Final Rule and Interpretive Guidance on the statutory standards and procedures it will follow to determine if a nonbank financial company is systemically important and could pose a threat to the financial stability of the United States.

While the FSOC asserts that it "may consider any nonbank financial company for a determination if the agency believes the company could pose a threat to U.S. financial stability," in general, the Rule sets out three stages of criteria a nonbank must meet in order to be deemed a systemically important financial institution (SIFI).

First, if a nonbank financial company has at least $50 billion in consolidated assets and meets any one of the following thresholds it will be evaluated. Those thresholds include: $30 billion in outstanding gross credit default swaps, $3.5

billion in derivative liabilities, $20 billion in outstanding debt, a 15:1 ratio of consolidated assets to equity and a 1:10 ratio of short-term debt to consolidated assets.

If a nonbank financial company meets the criteria for evaluation, it will then be examined on the basis of information gleaned from public and regulatory sources. If further investigation is believed to be merited, the FSOC will notify the nonbank financial that it is under review, request further written information from it, and give the nonbank financial written notice that it can contest continued evaluation. Nonbank financials that are determined to be SIFIs will be regulated by the Federal Reserve Board and subject to its prudential standards.

The FSOC Final Rule takes effect 30 days after its publication in the *Federal Register*. To read the Final Rule, click here.

BB&T ACQUIRES CRUMP NAME, LIFE & PROPERTY-CASUALTY OPERATIONS

Winston-Salem, NC-based, $175 billion-asset BB&T Corp, through Raleigh, NC-based BB&T Insurance Services, has completed its $570 million cash acquisition of the life and property-casualty insurance operations of Roseland, NJ-based Crump Group Inc. The acquisition is expected to bring $300 million in annual revenue to BB&T Insurance Services and transform BB&T Insurance's independent wholesale life insurance distribution system into the largest in the nation. The acquisition did not include Ascensus, Crump Group's retirement services business, but did include the right to the use of the Crump name.

CETERA FINANCIAL ACQUIRES GENWORTH FINANCIAL INVESTMENT SERVICES

Richmond, VA-based Genworth Financial has completed its sale of Genworth Financial Investment Services, its tax and accounting financial advisor unit, to El Segundo, CA-based Cetera Financial Group.

REGIONS COMPLETES SALE OF MORGAN KEEGAN TO RAYMOND JAMES FINANCIAL

Birmingham, AL-based, $127.0 billion-asset Regions Financial has completed its $1.2 billion cash sale of Memphis, TN-based Morgan Keegan to St. Petersburg, FL-based Raymond James Financial. Morgan Keegan Private Client Group will become Raymond James/Morgan Keegan and operate out of Memphis as one of the nation's largest full-service wealth management and capital markets firms not headquartered on Wall Street.

Former Morgan Keegan CEO John Carson has been named President of Raymond James Financial, which now manages approximately $372 billion in client assets and includes 6,500 financial advisors operating from 2,600 locations throughout the United States and Canada and globally.

U.S. APPLICATIONS FOR INDIVIDUALLY UNDERWRITTEN LIFE INSURANCE CLIMB

U.S. applications for individually underwritten life insurance in the first quarter registered the largest quarterly increase since first quarter 2002, rising 4.2% compared to first quarter 2011. Applications in the quarter were up across all age groups, rising 2.4% among those aged 0-44, growing 3.5% among those aged 45-59, and climbing 11.5% among individuals aged 60 and older, according to the MIB Life Group.

In March, however, individually underwritten life insurance applications slipped 0.3% in March compared to March 2011, driven by a 2.1% decline in applications among individuals aged 0-44, while applications among individuals aged 45-59 remained flat, and applications among individuals aged 60 and older continued to grow (+5.2%), Braintree, MA-based MIB Group found.

U.S. COMMERCIAL INSURANCE RATES UP 3% IN MARCH

U.S. composite commercial insurance rates rose 3% in March compared to March 2011, according to Dallas, TX-based MarketScout. Commercial property and workers' compensation rates led the rise by coverage class, with each up 4%. Business owner policies (BOP), inland marine, general liability, umbrella/excess, commercial auto, professional liability, and employment practices liability insurance (EPLI) followed (+2%), while business interruption, surety and directors and officers (D&O) liability rose 1%, and fiduciary and crime insurance rates remained flat.

All rates by account size increased, with small accounts (up to $25,000), medium accounts ($25,001 to $250,000) and large accounts ($250,001-$1 million) up 3% and jumbo accounts (over $1 million) up 2%.

All rates by industry class also increased led by 3% increases in the manufacturing, contracting, transportation and energy industries, followed by 2% rises in the service and habitational industries and a 1% tick up for public entities, MarketScout found, based on pricing surveys conducted by the National Alliance for Insurance Education and Research.

FINANCIAL STABILITY OVERSIGHT PROPERTY-CASUALTY GROUPS ASSERT NON-SIFI STATUS OF PROPERTY-CASUALTY INSURERS

The American Insurance Association (AIA), the Property Casualty Insurers Association of America (PCI) and the National Association of Mutual Insurance Companies (NAMIC) are among those that have responded to the Financial Stability Oversight Council's (FSOC's) Final Rule for determining if a nonbank financial institution is systemically important to the stability of the U.S. economy and must, therefore, be regulated by the Federal Reserve Board and subject to its prudential standards.

AIA General Counsel J. Stephen Zielezienski said, "AIA hopes that the Council will use the designation [systemically financial institution (SIFI)] sparingly and apply it only to companies that pose a systemic threat to U.S. financial stability." He added, "Property-casualty insurers engaged in regulated insurance activities do not pose a threat to financial stability and therefore should be screened out of the SIFI designation process."

PCI Senior /Vice President Ben McKay noted that the state insurance regulatory and guaranty fund system provide "strong consumer protections" and added, "Property casualty insurers are not highly leveraged or interconnected and have a fundamentally different business model than banks, a fact that warrants different regulatory treatment."

NAMIC Senior Vice President Jimi Grande said, "We believe the criteria approved by the Council today will reaffirm the argument made by NAMIC and others since the crisis began that traditional property/casualty insurers pose no broader threat to our economic stability."

RETIREMENT AGE BOOMERS CONTINUE TO WORK & HALF AREN'T CONFIDENT ABOUT RETIREMENT

Almost half (45%) of the first wave of retirement age Baby Boomers are completely retired and another 14% are retired from their past positions but working part-time, according to a MetLife survey conducted in November 2011. Among retirement-age Baby Boomers who are still working, 37% plan to retire within a year, and 50% plan to retire by age 68.

While 60% of retirement-age Boomers believe the Social Security system will provide them with adequate benefits over their lifetimes, only 43% are optimistic about the future. Another 19% are pessimistic, and almost half (49%) of this group fault the government for their bleak outlook. Among all retirement age boomers, only 50% are confident that they are on track or have hit their retirement goals, *Transitioning into Retirement: The MetLife Study of Baby Boomers at 65* found. For more on the study, click here.

VARIABLE ANNUITIES GENERALLY COMPRISE ALMOST 30% OF NEW CLIENT PORTFOLIOS

Financial advisors have increased their recommendations of variable annuities (VAs) in response to client demand for guaranteed income, according to an AllianceBernstein-Insured Retirement Institute online survey of 500 FINRA Series 6 and Series 7 advisors. Not quite half (42%) of these advisors say they bring up VAs in every conversation with their clients. As a result, on average, advisors allocate their new clients' investments in the following manner: 29% VAs, 14% mutual funds, 14% IRAs, 8% life insurance, 6% unified managed accounts/ mutual fund wrap accounts, and 29% other, the survey results show.

ABIA'S EXECUTIVE ISSUES FORUM TO HOST FIO DIRECTOR, NAIC CEO, CFPB ACTING DIRECTOR & MORE

The Washington, DC-based American Bankers Insurance Association will offer its first Executive Issues Forum in May. Among those bank insurance issues to be examined are (1) the role and potential impact of the Federal Insurance Office (FIO) on banks, insurers and state regulation; (2) the competitive disparity of the Volcker Rule's application to banks and insurers; (3) the authority of the Consumer Financial Protection Bureau (CFPB) over insurance, debt protection products and lender-place insurance; (4) the potential the National Flood Insurance Program offers private insurers; and (5) the implementation of the Reinsurance Reform Act by the states.

FIO Director Michael McRaith, Florida Insurance Commissioner Kevin McCarty, National Association of Insurance Commissioners CEO Terri Vaughan, and CFPB Acting Director of Research, Markets and Regulation David Silberman are among those scheduled to address the forum topics. Additionally, attendees will meet with ABIA government relations' staff and travel with them to Capitol Hill to meet with Senators and Representatives.

The ABIA Executive Issues Forum meets at the J.W. Marriott Hotel in Washington, DC from May 14 through May 15. *For more on the event, click here*.

APRIL 16 - 22, 2012

U.S. BHC ANNUITY EARNINGS REACH $2.84 BILLION IN 2011

Income earned from the sale of annuities at bank holding companies (BHCs) rose 10.4% for the year from $2.57 billion in 2010 to $2.84 billion in 2011, according to the *Michael White-ABIA Bank Annuity Fee Income Report*.

However, sales clearly slowed in the second half of 2011 and particularly in the last quarter. Fourth-quarter BHC annuity commissions reached their lowest point since fourth quarter of 2007. They were $579.7 million, down 25.8% from the record-setting $781.4 million in second quarter 2011, and down 20.5% from $729.5 million earned in fourth quarter 2010.

Compiled by Michael White Associates (MWA) and sponsored by American Bankers Insurance Association (ABIA), the report measures and benchmarks the banking industry's performance in generating annuity fee income. Results are based on data from all 6,679 commercial and FDIC-supervised banks and 930 large top-tier BHCs with consolidated assets greater than $500 million operating on December 31, 2011.

Kevin McKechnie, Executive Director of the ABIA, noted, "The industry's double-digit increase in annuity fee income in 2011 was due to wide-spread growth throughout the industry. Of 389 large top-tier bank holding companies reporting annuity fee income in 2011, 187 or 48.1% earned a minimum of $250,000 selling annuities. Of those 187, 120 BHCs or 64.2% achieved double-digit growth in annuity fee income from 2010 to 2011. And, another seven BHCs with either negative or zero annuity income in 2010, earned at least $250,000 in 2011. That's all very positive news. What gives cause for concern was the significant slide in quarterly annuity income, particularly in the last quarter."

Of the 930 BHCs, 389 or 41.8% participated in annuity sales activities during the year. Their $2.84 billion in annuity commissions and fees constituted 11.3% of their total mutual fund and annuity income of $25.04 billion and 15.3% of total BHC insurance sales volume (i.e., the sum of annuity and insurance brokerage income) of $18.58 billion. Of the 6,679 banks, 910 or 13.6% participated in annuity sales activities, earning $745.2 million in annuity commissions or 26.2% of the banking industry's total annuity fee income.

Three-fourths (75.3%) of BHCs with over $10 billion in assets earned annuity commissions of $2.69 billion, constituting 94.8% of total annuity commissions reported. This was an increase of 10.9% from $2.43 billion in annuity fee income in 2010. Among this asset class of largest BHCs, annuity commissions made up 10.6% of their total mutual fund and annuity income of $24.62 billion and 15.2% of their total insurance sales volume of $17.69 billion, the highest proportion of insurance sales volume of any asset class. Wells Fargo & Company (CA), Morgan Stanley (NY), JPMorgan Chase & Co. (NY), Bank of America Corporation (NC), and SunTrust Banks, Inc. (GA) led all bank holding companies in annuity commission income in 2011.

BHCs with assets between $1 billion and $10 billion recorded an increase of 0.2% in annuity fee income in 2011, rising from $123.2 million in 2010 to $123.4 million and accounting for 30.0% of their mutual fund and annuity income of $411.6 million. Among BHCs with assets between $1 billion and $10 billion, leaders included Stifel Financial Corp. (MO), National Penn Bancshares, Inc. (PA), Old National Bancorp (IN), Wesbanco, Inc. (WV) and First Citizens Bancorporation, Inc. (SC).

BHCs with $500 million to $1 billion in assets generated $23.3 million in annuity commissions in 2011, up 4.9% from $22.2 million the year before. Only 32.8% of BHCs this size engaged in annuity sales activities, which was the lowest participation rate among all BHC asset classes. Among these BHCs, annuity commissions

TOP 10 BANK HOLDING COMPANIES IN ANNUITY FEE INCOME YEAR-END DECEMBER 31, 2011 - NATIONALLY

(ALL DOLLAR AMOUNTS IN THOUSANDS)

RANK	ANNUITY INCOME 2011	ANNUITY INCOME 2010	% CHANGE 2010 - 2011	BANK HOLDING COMPANY		ASSETS	% OF NONINT. INCOME
1	$777,000	$706,000	10.06%	Wells Fargo & Company	CA	$1,313,767,000	2.08%
2	$432,000	$331,000	30.51%	Morgan Stanley	NY	$749,898,000	1.35%
3	$318,000	$259,000	22.78%	JPMorgan Chase & Co.	NY	$2,264,106,000	0.66%
4	$244,447	$179,383	36.27%	Bank of America Corp.	NC	$2,130,078,554	0.65%
5	$93,536	$63,267	47.84%	SunTrust Banks, Inc.	GA	$176,900,103	2.90%
6	$78,251	$86,955	-10.01%	RBC USA Holdco Corp.	NY	$83,129,546	3.46%
7	$70,780	$77,013	-8.09%	PNC Financial Services Grp.	PA	$271,407,158	1.29%
8	$67,107	$50,784	32.14%	BBVA USA Bancshares, Inc.	TX	$63,134,877	8.94%
9	$62,000	$56,000	10.71%	U.S. Bancorp	MN	$340,122,000	0.71%
10	$50,043	$59,199	-15.47%	Keycorp	OH	$87,795,912	2.78%

SOURCE: Michael White-ABIA Bank Annuity Fee Income Report constituted the smallest proportion (14.8%) of total insurance sales volume of $157.0 million. Among BHCs with assets between $500 million and $1 billion, leaders were Northeast Bancorp (ME), Citizens Bancshares, Inc. (OH), River Valley Bancorporation, Inc. (WI), Nodaway Valley Bancshares, Inc. (MO), and Van Diest Investment Company (IA).

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 Essex Savings Bank (CT), Jacksonville Savings Bank (IL), FNB Bank, N.A. (PA), Vantage Point Bank (PA), and The Hardin County Bank (TN). These small banks, representing small BHCs, registered an increase of 9.1% in annuity fee income, rising from $32.7 million in 2010 to $35.7 million in 2011.

Among the top 50 BHCs nationally in annuity concentration (i.e., annuity fee income as a percent of noninterest income), the median Annuity Concentration Ratio was 7.2% in 2011. Among the top 50 small banks in annuity concentration that are serving as proxies for small BHCs, the mean Annuity Concentration Ratio was 14.9% of noninterest income.

Among the top 50 BHC leaders in annuity penetration (i.e., annuity fee income per one million dollars of core or retail deposits), the median Annuity Penetration Ratio was $947 per million dollars of retail deposits. Among the top 50 small banks in annuity penetration, the median Annuity Penetration Ratio was $1,346 per million dollars of core deposits.

Among the top 50 BHC leaders in annuity productivity (i.e., annuity income per BHC employee), the mean Annuity Productivity Ratio was $2,879 per employee. Among the top 50 small banks in annuity productivity, the mean Annuity Productivity Ratio was $4,269 per BHC employee.

For more on the Michael White-ABIA Bank Annuity Fee Income Report, click here.

INSURANCE EARNINGS RISE WHILE TRUST & INVESTMENT MANAGEMENT FEES SLIDE AT WELLS FARGO

San Francisco-based, $1.3 trillion-asset Wells Fargo & Co. reported insurance brokerage fee income in the first quarter rose 3% to $519 million, up from $503 million in first quarter 2011, while trust and investment management (TIM) fees slid 3% to $2.84 billion, down from $2.92 billion. Insurance brokerage and TIM fees comprised, respectively, 4.8% and 26.4% of noninterest income, which grew 11% to $10.75 billion, up from $9.68 billion in first quarter 2011, despite a 32% drop in card fees and helped by a 42% jump in mortgage banking income to $2.87 billion.

Net interest income on a 3.91% net interest margin rose 5% to $8.89 billion, driven by a 10% decline in loan loss provisions to $2 billion and a 25% drop in interest expense, which more than made up for a 2% slide in interest income. Net income grew 13% to $4.02 billion, and revenue rose 6.4% to $21.64 billion (its highest level in nine quarters), up from $20.33 billion in first quarter 2011.

Wells Fargo & Co. Chairman and CEO John Stumpf said, "Our continued performance for shareholders through a variety of economic environments is a testimony to our diversified business model."

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

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

LIFE INSURANCE BUYERS VALUE CONVENIENCE, TRUST & FOLLOW-THROUGH

Almost 20% of Americans who shop for life insurance do so through their workplace, and 30% of that number shop through work simply because life insurance is offered to them there, according to LIMRA's *U.S. Life Insurance Buyer-Nonbuyer Study*.

Among workplace life insurance shoppers, 80% said their agent provided good information about various life insurance policies and was knowledgeable about insurance in general. Three-quarters trusted their agent and purchased a life insurance policy. Almost half, however, said their agent did not follow up with them, and a third of the 25% of shoppers who did not purchase policies cited this as their main reason for not doing so. Another 40% said they thought their agent did not consider what they could afford to pay for a policy, and over 33% said their agent did not present them with enough product options.

Commenting on the overall survey results, LIMRA Group Product Research Analyst Kim Landry said, "Our behavioral economic research indicates that consumers may need time to consider their decision and, as our study found, if we don't follow up with them, we may be leaving money on the table."

LONG-TERM CARE COSTS CONTINUE TO RISE

U.S. long-term care costs have continued to rise at adult day care, assisted living and nursing home facilities, but have remained steady for home care services, reflecting a 20% increase in the number of home care services providers since 2008, according to Genworth's *2012 Cost of Care Survey*.

Licensed personal care assistants, who, among other tasks, cook and run errands, continue to cost an average $18 per hour, and licensed home health aides, who bath, dress and transfer patients, continue to cost the same $19 per hour that they charged a year ago.

In contrast, the daily cost of attending an adult day care center has risen 1.67% over 2011 costs to $61; the cost for one bedroom in an assisted living facility has risen 1.19% to $111 a day; the cost of a semi-private room in a skilled care nursing home has increased 3.63% to $200 per day, and the cost of a private room at a skilled care nursing home has grown 4.23% to $222 each day compared to $213 in 2011, Richmond, VA-based Genworth found.

To help consumers and financial advisors create long-term care plans, Genworth has created a long-term care map which charts the costs of the various types of care offered across 437 regions and the 50 states in the U.S. *To access this information, click here and go the long-term care map*.

OBESITY A PROTECTED DISABILITY, EEOC SAYS

Philadelphia, PA-based Resources for Human Development (RHD) has agreed to pay $125,000 to settled charges leveled by the U.S. Equal Employment Opportunity Commission (EEOC) that it violated the Americans with Disabilities Act (ADA) when it allegedly failed to make reasonable accommodations for an obese employee and terminated her.

The employee, who stood 5 feet 2 inches and weighed 400 pounds when she was terminated, began working for RHD in 1999 as a prevention/intervention specialist. When RHD determined that her weight was limiting her job performance, she was terminated in 2007. The former employee died in 2009 of morbid obesity, hypertension, diabetes and congestive heart failure – as listed on her death certificate.

The EEOC brought the discrimination charges against RHD in 2010. After reaching the settlement with RHD last week, EEOC Attorney Jim Sacker said, "Employers cannot rely on unfounded prejudices and assumptions about the capabilities of severely obese individuals…. Severely obese people who can do their jobs are every bit as protected by the ADA as people with other qualifying disabilities."

RHD denied it violated the ADA or any other laws and said, "RHD is particularly attuned to protecting the rights of people with disabilities and actively fights discrimination against such individuals … The settlement … was entered into solely to avoid the expense and distraction of further litigation proceedings," *businessinsurance.com* reports.

INSURER ORDERED TO PAY $34 MILLION FOR LTC BREACH

A Montana judge on the basis of a jury's decision has ordered Omaha, NE-based Ability Insurance Co. to pay 90-year-old Arlene Hull $250,000 for breach of contract, $2 million for violating Montana's unfair trade practices and $32 million in punitive damages. Ability had suspended payments for Hull's long-term care living accommodations, arguing that a review determined she did not need "substantial supervision." Ms. Hull suffered from dementia, the *associatedpress.com* reports.

CATASTROPHES & CREDIT DOWNGRADES IMPACT GLOBAL INSURANCE TRENDS

Global property insurance rates rose in the first quarter driven by the insured catastrophic losses experienced in 2011, according to Marsh's *Global Insurance Market Quarterly Briefing: First Quarter 2012*. In the U.S., rates for catastrophe-exposed risks climbed 10% to 20%, while rates for non-catastrophe-exposed properties rose up to 10%. At the same time, worldwide property risks continue to drive cost increases in business interruption insurance.

Marsh noted other global trends in commercial insurance, namely a 60% spike in demand for trade credit insurance in Asia, tied to downgrades in Eurozone and U.S. credit worthiness; an increase in workers' compensation claims and rates in the U.S., and 20% to 50% jumps in directors and officers insurance rates in China for those businesses doing business with the U.S.

For more on the Marsh report, click here.

WILLIS GROUP PREDICTS MIXED PROPERTY-CASUALTY RATES FOR 2012

New York City-based Willis Group Holdings has set out its key property/casualty insurance price predictions for 2012, projecting the following: (1) Rates for non-catastrophe exposed properties will remain flat, while rates for catastrophe exposed properties will grow 7.5% to 12.5%. (2) Rates for general liability insurance and rates for excess insurance will be flat to up 7.5%. (3) Workers' compensation rates and rates for umbrella insurance will grow 2.5% to 7.5%. (4) Auto rates will be flat to up 10%. (5) Directors and officers liability rates will range between –5% and +5%. (6) Errors and omissions rates for good loss experience will be flat to +5% and for poor loss experience will climb 10% to 20%. (7) Employment practices liability rates, fiduciary rates and cyber rates will range from –5% to flat. (8) And, benefits rates will grow 8%.

Commenting on the property and casualty insurance marketplace, Willis Group Chairman and CEO Joe Plumeri said, "The marketplace … remains well-capitalized (at around half a trillion dollars) despite a recovering global economy struggling to pick up significant momentum." Plumeri noted, however, that a risk that cost $100 to insure in 2007 costs $70 to insure in 2012.

To access the Willis Group Marketplace Realities report, click here.

AON & ABN AMRO VERZEKERINGEN TO ACQUIRE ABN AMRO'S COMMERCIAL INSURANCE OPERATIONS

Amsterdam, Netherlands-based, $531.8 billion-asset ABN AMRO has agreed to sell its commercial insurance operations for large businesses and "certain insurance activities for small and medium-sized businesses" to ___-based Aon Groep Nederland B.V. Aon Risk Solutions will absorb the operations along with about 78 of that unit's employees.

Aon Risk Solutions Chairman and CEO Steve McGill said, "This acquisition brings together two premier organizations and … enhances our ability to deliver world class solutions to our clients." Aon Nederland General Manager Lex Geerdes added, "[I]t represents an investment for future growth in the Netherlands for AON."

In conjunction with the Aon deal, ABNA AMRO has also agreed to transfer the major portion of its commercial insurance operations for small and medium-sized businesses to Zwolle, Netherlands-based ABN AMRO Verzekeringen, a joint venture between ABN AMRO Bank N.V. (49%) and Delta Lloyd Group (51%). About 116 Aon employees are expected to move along with this transaction.

ABN AMRO will continue to offer its customers commercial insurance products after both transactions close in the first half, pending regulatory approvals.

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SAMSON INVESTMENT PARTNERS TO ACQUIRE ESSEX

New York City-based Samson Investment Partners has agreed to acquire Napa, CA-based Essex National Securities, Inc. (ENSI) from Palo Alto, CA-based Addison Avenue Financial Partners, a unit of Palo Alto, CA-based, $5.0 billion-asset First Tech Federal Credit Union. Samson founder Roy Zuckerberg said Essex, which offers broker-dealer, insurance, investment advisory and wealth management services through financial institutions, "is poised for continued growth in the coming years as we believe banking institutions will play an increasingly important role in the financial services industry."

The deal is expected to close in the second quarter, pending regulatory approval.

BBVA COMPASS RETAINS PERSONAL INSURANCE BUSINESS & AGREES TO SELL COMMERCIAL INSURANCE OPS & REFER BUSINESS TO USI

Houston, TX-based, $63.1 billion-asset, BBVA Compass Bancshares, a unit of Bilbao, Spain-based, about $728 billion-asset BBVA, has sold the commercial insurance operations of BBVA Compass Insurance Agency to Briarcliff Manor, NY-based USI Insurance Services. Additionally, BBVA Compass Insurance and BBVA Compass have entered into a Joint Referral Agreement with USI whereby USI will offer commercial insurance to BBVA Compass' large commercial customers.

BBVA Compass Insurance will continue to offer personal insurance lines, including auto, homeowners and life insurance, and it will also continue to offer employee benefit insurance to small businesses with under 20 employees. BBVA Compass Commercial Banking Executive Rafael Bustillo said, "Moving forward BBVA Compass will leverage its retail distribution network. The Joint Referral Agreement – combined with out new retail distributor model – aligns with our goal of becoming the best universal bank in the U.S."

U.S. P&C INSURERS' NET INCOME TUMBLES 45.6% IN 2011

U.S. property and casualty insurers' composite net income tumbled 45.6% in 2011 to $19.2 billion, down from $35.2 billion in 2010, as net losses on underwriting more than tripled to $36.5 billion, up from $10.5 billion, driving the combined ratio to 108.2%, up from 102.4% in 2010, according to the Insurance Services Office (ISO) and the Property Casualty Insurers Association of America (PCI), and the Insurance Information Institute (III).

Net loss adjusted expenses tied to catastrophes spiked 165.7% to $38 billion, up from $14.3 billion in 2010, and drove the increased underwriting losses, and were only partially offset by a 5.2% increase in net investment income to $56.2 billion, up from $53.4 billion in 2010.

At the same time, policyholder surplus slipped 1.6% to $550.3 billion, down from $559.2 billion in 2010, with the rate of return on that surplus falling to 3.5%, less than half the 9% average rate of return achieved since 1959. If mortgage and financial guaranty insurers, which recorded a negative 51.4% rate of return on surplus, are removed from the equation, the rate of return reached 4.6%, still below both the 9% average and the 7.6% rate of return achieved in 2011.

Despite these results, however, PCI Senior Vice President Robert Gordon said, "Insurers emerged from 2011 strong, well-capitalized and capable of paying future claims." He added, "Insurers continue to have the financial resources necessary to meet rising demand for coverage as the economy grows." ISO Assistant Vice President Michael Murray cautioned, however, "Long-term declines in interest rates and investment leverage have taken their toll on insurers' ability to use investment earnings to balance underwriting losses…. Insurers now need much better underwriting results just to be as profitable as they once were."

B OF A REPORTEDLY SHOPPING OUT NON-U.S. WEALTH MANAGEMENT BUSINESS

Charlotte, NC-based, $2.18 trillion-asset Bank of America (B of A) is reportedly putting its non-U.S. wealth management businesses out for bid. B of A hopes to raise $3 billion from the sale of the businesses, which manage about $2 trillion in client assets, unnamed sources told *bankinvestmentconsultant.com*.

B OF A REPORTS INSURANCE LOSS

Charlotte, NC-based, $2.18 trillion-asset Bank of America (B of A) reported a $60 million loss in insurance income in the first quarter compared to $613 million in insurance earnings in first quarter 2011, before the company sold off Balboa Insurance. Insurance income declined primarily due to the sale of Balboa Insurance in mid-2011 combined with the additional provision related to payment protection insurance claims in the U.K. in the current quarter. Investment and brokerage services fee income declined 7.1% to $2.88 billion, down from $3.10 billion, and investment banking income fell 22.8% to $1.22 billion, down from $1.58 billion. Investment and brokerage services fee income and investment banking income comprised, respectively, 25.2% and 10.7% of noninterest income, which dropped 22.2% to $11.43 billion, down from $14.70 billion in first quarter 2011, despite an almost $1 billion increase in mortgage banking income.

Net interest income before provisions fell 10.9% to $10.85 billion, down from $12.18 billion in first quarter 2011, as a $1.1 billion cut in interest expense was not enough to make up for a $2.46 billion decline in interest earnings. After provisions, net interest income ticked up 0.7% to $8.43 billion from $8.37 billion, reflecting a $1.4 billion decline in credit loss provisions to $2.42 billion. Net income after dividends tumbled 81.1% to $328 million, down from $1.74 billion in first quarter 2011. Still, B of A CEO Brian Moynihan said, "By focusing on building strong customer and client relationships, we're doing more business and winning in the marketplace."

In 2011, Bank of America Corporation reported $379.0 million in insurance brokerage income, which comprised 1.0% of its noninterest income and 0.5% of its net operating revenue. The company ranked 4th in insurance brokerage earnings among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

INVESTMENT PRODUCT FEES RISE AT U.S. BANCORP AS TIM FEES SLIP

Minneapolis, MN-based, $340.8 billion-asset U.S. Bancorp reported trust and investment management (TIM) fees in the first quarter 2012 slipped 1.6% to $252 million, down from $256 million in first quarter 2011, while investment product fees and commissions rose 9.4% to $35 million, up from $32 million. TIM and investment product fees comprised, respectively, 11.3% and 1.6% of noninterest income, which rose 11.4% to $2.24 billion, up from $2.01 billion in first quarter 2011, helped additionally by a more than doubling of mortgage banking revenue.

Net interest income on a 3.60% net interest margin increased 7.3% to $2.63 billion before provisions, up from $2.45 billion in first quarter 2011, as interest income increased and interest expense declined. After provisions, net interest income grew 26.5% to $2.15 billion, up from $1.70 billion, reflecting a $274 million drop in provisions to $481 million. Net income applicable to shareholders climbed 29.0% to $1.29 billion, up from $1.00 billion in first quarter 2011. U.S. Bancorp Chairman, President and CEO Richard Davis said, "Our key performance ratios of return on average assets, common equity and efficient were 1.60%, 16.2% and 51.9%, respectively. All these performance ratios are among the best in the industry and at the top of our peer group."

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

GROWING INSURANCE EARNINGS CENTRAL TO REVENUE GROWTH AT BB&T

Winston-Salem, NC-based, $174.8 billion-asset BB&T Corp. reported "higher commissions on property and casualty insurance and employee benefits" largely tied to the fourth quarter 2011 acquisitions of two California-based benefits agencies, help drive first quarter 2012 insurance earnings up 8.4% to $271 million from $250 million in first quarter 201. At the same time, investment banking and brokerage fees rose 2.3% to $89 million, up from $87 million; trust and investment management (TIM) fees increased 4.7% to $45 million, up from $43 million, and income from bank-owned life insurance (BOLI) remained stable at $30 million. Insurance, investment banking and brokerage, TIM, and BOLI income comprised, respectively, 31.1%, 10.2%, 5.2% and 3.4% of noninterest income, which grew 22% to $871 million, up from $714 million in first quarter 2011, despite a 40% drop in checkcard fees and helped by a more than doubling of mortgage banking income.

Net interest income on a 3.93% net interest margin in first quarter 2012 grew 11.8% before provisions to $1.44 billion, up from $1.29 billion in first quarter 2011, driven by an almost 22% drop in interest expense and a 4% rise in interest income. After provisions for credit losses, net interest income climbed 21.5% to $1.15 billion, up from $945 million in first quarter 2011, when provisions were $52 million higher. Net income available to shareholders jumped 92% to $431 million, up from $225 million in first quarter 2011. BB&T Chairman and CEO Kelly King said, "BB&T posted a very strong first quarter of 2012, driven by broad-based loan growth, strong noninterest income and lower expenses." King added, "We continue to make progress in the diversification of our balance sheet…. Record mortgage banking revenues and stronger insurance revenues" drove adjusted net revenues to $2.4 billion in the first quarter, and "generated" a 19% annualized increase in those revenues compared to fourth quarter 2011.

In 2011, BB&T Corp. reported $933.3 million in insurance brokerage income, which comprised 33.0% of its noninterest income and 11.5% of its net operating revenue. The company ranked third in insurance brokerage earnings among all bank holding companies, according to the Michael White-Prudential Bank Insurance Fee Income Report.

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BANKS BOOST INSURANCE INCOME TO RECORD HIGH

Bank holding companies (BHCs) tallied a record $7.70 billion in insurance brokerage fee income in 2011, up 9.1% from $7.05 billion for the same period in 2010, according to the Michael White-Prudential Bank Fee Income Report. Of 929 large top-tier BHCs, 606 or 65.2% engaged in insurance brokerage activities in 2011.

Fourth-quarter bank holding company (BHC) insurance brokerage income was down 5.3% to $1.81 billion compared to $1.91 billion in fourth quarter 2010 and down from the prior quarter, that is, third quarter 2011 by 9.7% from $2.01 billion. Still, fourth-quarter 2011 revenue was the second highest amount of any fourth quarter, though it ranked as the lowest quarterly amount of insurance brokerage revenue in 2011. These findings exclude MetLife, Inc., which intends to undo its status as a bank holding company (BHC) in 2012.

Compiled by Michael White Associates (MWA) and sponsored by The Prudential Insurance Company of America's Individual Life Insurance business, a proud member of the American Bankers Insurance Association (ABIA), this report measures and benchmarks the banking industry's performance in generating insurance brokerage and underwriting fee income. Results are based on data from all 6,679 commercial and FDIC-supervised savings banks and 930 large top-tier bank holding companies operating on December 31, 2011. Bank holding company insurance brokerage fee income consists of commissions and fees earned by a bank holding company or its subsidiary from insurance product sales and referrals of credit, life, health, property, casualty, and title insurance.

"In 2011, we saw real progress in the number of BHCs committed to insurance brokerage that expanded their insurance revenues. We examined 156 BHCs in first quarter with at least $1 million in annualized insurance brokerage income and 159 BHCs at year-end that attained $1 million or more. At year's end, 93 of the-

TOP 12 BANK HOLDING COMPANIES IN INSURANCE BROKERAGE FEE INCOME YEAR-END DECEMBER 31, 2011 - NATIONALLY

RANK	INSURANCE BROKERAGE FEE INCOME 2011	INSURANCE BROKERAGE FEE INCOME 2010	% CHANGE 2010 - 2011	BANK HOLDING COMPANY		ASSETS	% OF NONINT. INCOME
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	$2,141,000	$1,862,000	14.98%	Citigroup Inc.	NY	$1,873,458,000	7.09%
2	$1,617,000	$1,780,000	-9.16%	Wells Fargo & Company	CA	$1,313,767,000	4.32%
3	$936,072	$933,349	0.29%	BB&T Corporation	NC	$174,577,256	39.14%
4	$378,954	($140,891)	N/A	Bank of America Corporation	NC	$2,130,078,554	1.01%
5	$344,000	$298,000	15.44%	Morgan Stanley	NY	$749,898,000	1.08%
6	$210,000	$196,899	6.65%	American Express Company	NY	$152,054,000	0.91%
7	$139,489	$139,131	0.26%	Discover Financial Services	IL	$69,483,014	7.26%
8	$132,000	$131,000	0.76%	The Goldman Sachs Group, Inc.	NY	$922,678,000	0.56%
9	$105,216	$107,920	-2.51%	Regions Financial Corp.	AL	$127,049,907	5.72%
10	$92,000	$110,000	-16.36%	Ally Financial Inc.	MI	$184,059,000	1.61%
11	$87,351	$82,602	5.75%	BancorpSouth, Inc.	MS	$13,001,167	37.41%
12	$66,709	$74,057	-9.92%	Huntington Bancshares, Inc.	OH	$54,050,876	7.00%

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

se BHCs showed positive growth in their insurance brokerage income, up 25.7% from 74 BHCs with positive growth at the end of the first quarter. BHCs with declines in their 2011 insurance brokerage income numbered 66 year-to-date, down 17.5% from 80 at the end of the first quarter," said Michael White, President of MWA. "The number of big losers, i.e., those BHCs with declines in insurance brokerage greater than 10%, fell by 28.9% from 38 at the end of first quarter to 27 at the end of the year. These changes signal improvement among BHC agencies, especially in the property-casualty insurance markets."

As of December 31, 2011, Citigroup Inc. (NY) topped the leader board with insurance brokerage earnings of $2.14 billion. Wells Fargo & Company (CA) ranked second nationally with $1.62 billion; and BB&T Corporation (NC), which owns more agencies than any other financial holding company, ranked third with $936.1 million in insurance brokerage revenue.

Bank holding companies over $10 billion in assets continued to have the highest participation (88.9%) in insurance brokerage activities. These BHCs produced $6.96 billion in insurance fee income in 2011, up 10.1% from the $6.32 billion they produced in 2010. These large bank holding companies accounted for 94.8% of all BHC insurance brokerage fee income earned in 2011.

At a time when other bank revenues are down, particularly service charges on deposit accounts as a result of regulation, insurance brokerage stands out as a natural business for banks. Bank insurance income is proving to be a nice addition to the income statement. "Life insurance sales through banks not only increase the protection of their customers' families and businesses," said Joan H. Cleveland, senior vice president, Business Development with The Prudential Insurance Company of America's Individual Life Insurance business. "But, it also protects the banks' revenues by offsetting declines in service charges on deposit accounts. We provide ease and speed with which a customer can acquire one of our life insurance products, and that's a real asset to the banks – building both customer loyalty for them through cross sells as well as driving up their fee income."

Among BHCs with assets between $1 billion and $10 billion, leaders in insurance brokerage income in 2011 included Eastern Bank Corporation (MA), Stifel Financial Corp. (MO), Old National Bancorp (IN), Trustmark Corporation (MS), and Johnson Financial Group, Inc. (WI). Participating in insurance brokerage at a rate of 68.5%, BHCs of this size registered a 3.4% increase in insurance brokerage income to $606.6 million in 2011, up from $586.6 million in 2010.

Among BHCs with assets between $500 million and $1 billion, leaders were Two Rivers Financial Group, Inc. (IA), 473 Broadway Holding Corporation (NY), Texas Independent Bancshares, Inc. (TX), Evans Bancorp, Inc. (NY), and American Bancor, Ltd. (ND). As a group, BHCs of this size experienced a 9.7% decline year-over-year in their insurance brokerage income.

The smallest community banks, with assets less than $500 million, were used as "proxies" for the smallest BHCs, which are not required to report insurance brokerage income. Leaders among bank proxies for small BHCs were Soy Capital Bank and Trust Company (IL), Hoosac Bank (MA), First State Bank (IA), Industry State Bank (TX), and Deutsche Bank Trust Company (DE). These small banks, representing small BHCs, also registered a decline of 8.4% in insurance brokerage income, dropping from $180.8 million in 2010 to $165.5 million in 2011.

Among the top 50 BHCs nationally in insurance brokerage concentration (i.e., insurance brokerage income as a percent of noninterest income), the median Insurance Brokerage Concentration Ratio was 38.0%. Among the top 50 small banks in insurance brokerage concentration that are serving as proxies for small BHCs, the median Insurance Brokerage Concentration Ratio was 76.0% of noninterest income.

Among the top 50 BHC leaders in insurance brokerage productivity (i.e., insurance brokerage income per BHC employee), the median Insurance Brokerage Productivity Ratio was $18,736 per employee. Among the top 50 small banks in insurance brokerage productivity, the median Insurance Brokerage Productivity Ratio was $30,127 per employee.

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

WELLS FARGO SECURITIES TO ACQUIRE MERLIN

Wells Fargo Securities, the capital markets and investment banking unit of San Francisco, CA-based, $1.3 trillion-asset Wells Fargo & Co., has agreed to acquire San Francisco and New York City-based Merlin Securities, a brokerage services and technology provider that offers custody and clearing services, operational support and securities trading to asset management clients. Wells Fargo Securities CEO John Shrewsberry described the acquisition as "a logical extension of our offering to the investment industry, which is increasingly focused on tools to enhance risk management and improved capital efficiency."

Merlin's staff and advisors, including managing partners Stephen and Aaron Vermut, will join Wells Fargo Securities, when the deal closes in the third quarter, pending regulatory approval. Wells Fargo Securities' current 3,500 employees and advisors operate from over 40 offices across the U.S., Europe and Asia.

ONEIDA COMPLETES ACQUISITION OF UTICA-BASED AGENCY

Oneida, NY-based, $661.1 million-asset Oneida Financial has completed its acquisition of Utica, NY-based David Holmes Agency, Inc. The acquired insurance agency has merged into Bailey & Haskell Associates, Oneida Savings Bank's insurance and risk management unit which does business as Bailey Haskell & LaLonde Agency (BHL).

Bailey & Haskell Associates CEO John Haskell said, "The expansion of our insurance operations in Utica and surrounding areas will enable BHL to better serve our customers, complement our current market areas and continue the growth of our insurance brokerage presence in Central New York." He added, "Mr. Holmes will continue to work with his existing clients as an account executive with BHL and introduce new relationships to Oneida Financial Corp.'s team of banking, insurance and financial services professionals."

In 2011, Oneida Savings Bank earned $11.6 million in insurance brokerage fee income, which comprised 47.3% of its noninterest income and 26.2% of its net operating revenue. The company ranked first in insurance brokerage income among U.S. banks with assets between $500 million and $1 billion, according to the Michael White-Prudential Bank Insurance Fee Income Report.

BankInsurance.com News

CITY NATIONAL TO ACQUIRE ROCHDALE INVESTMENT MANAGEMENT

Los Angeles, CA-based, $54 billion-asset City National Bank, a wholly owned subsidiary of City National Corporation, has agreed to acquire New York City-based, $4.8 billion-asset Rochdale Investment Management. Rochdale will merge with City National Asset Management to create City National Rochdale Investment Management. The $18 billion-asset firm will be led by Rochdale CEO Garrett D'Alessandro and operate as a registered investment advisor within City National Bank's Wealth Management Group.

City National Bank Chairman and CEO Russell Goldsmith said, "The outstanding portfolio management and client teams of both companies will remain in place and continue to serve their clients and advisors but with a broader product array, enhanced investment capabilities and a strengthened management team."

City National's Wealth Management Group will include Convergent Wealth Advisors, Lee Munder Capital Group and City National Rochdale Investment Management and manage or administer more than $60 billion in assets, when the deal closes late in the second quarter, pending approvals.

HARTFORD TO SELL INDIVIDUAL ANNUITY BUSINESS TO FORETHOUGHT

Hartford, CT-based The Hartford Financial Services Group has agreed to sell its Individual Annuity new business to Houston, TX-based, $5.1 billion-asset Forethought Financial Group. The business includes the new individual annuity products currently being sold and the product management, distribution and marketing units that support those products. The agreement does not include The Hartford's in-force annuity book of business.

Forethought Chairman, President and CEO John A. Graf cited "the growing demand for income products in retirement and the demographic trends unfolding in the United States" and said, "Being able to acquire a team of top-tier annuity professionals from The Hartford will allow us to capitalize on this opportunity at an accelerated pace."

The Hartford will continue to write new annuity products during the transition period, and Forethought will assume all expenses and risks for these sales through a reinsurance agreement.

FINRA TO HIKE FEES

The Financial Industry Regulatory Authority (FINRA) is "proposing adjustments to a number of user-based fees" in order to "ensure that we are sufficiently capitalized to meet our regulatory responsibilities," FINRA CEO Richard Ketchum said in an email to member firms last week. Among those fees proposed to be hiked from 5% to 50% are those for advertising, reviews, corporate financing, new member applications, disclosure, registration and trading activity. Additionally, FINRA plans to propose a "regressive tiered rate" for branch office assessments.

FINRA intends to reduce spending by $36 million in 2012, but that cannot make up for last year's "significant loss," Ketchum said. "The broader economic downturn continues to affect trading volumes and industry revenues, which in turn has led to a decrease in FINRA's revenues," Ketchum said, *investmentnews.com* reports.

U.S. CONSUMERS OVERESTIMATE THE COST OF LIFE INSURANCE

U.S. consumers believe life insurance is nearly three times as expensive it actually is, and younger adults overestimate that expense by 700%, according to the *2012 Insurance Barometer Study* conducted by Windsor, CT-based LIMRA and Arlington, VA-based Life Foundation. While nearly a third of all consumers believe they need more insurance, including 20% of current policyholders and 50% of those who are uninsured, 85% of those who don't purchase "enough" of the product say they have other financial priorities, and 83% say life insurance is too expensive. They are surprised to discover that a 20-year $250,000 level term policy for a healthy 30-year old costs $150 annually, not the $400 they imagine.

Life Foundation President and CEO Marvin Feldman said, "The fact is, the cost for basic term life insurance has fallen by about 50% over the past ten years and has never been more affordable." He added, "Our industry needs to do more to help educate people about the true cost of protecting their loved ones. Owning life insurance is fundamental to a family's financial security."

E.F. HUTTON TO BE RESURRECTED AS BOUTIQUE INVESTMENT ADVISORY FIRM

Former E.F. Hutton executives and Hutton-related professionals have purchased the Hutton name and logo from Retriever Brands, have registered the Hutton brand under their ownership, and intend to launch a boutique investment advisory firm under that name. Those involved in the start-up include former E.F. Hutton and Smith Barney executive Frank Campanale, former Hutton investment banker Christopher Daniels, former general counsel at Hutton's consulting group John Lohr, and E.F. Hutton's grandson Stanley Hutton Rumbough. Campanele, who will head the new E.F. Hutton, said, "We're trying to create a great firm with a great culture, something E.F. Hutton had," *reuters.com* reports.

INSURANCE EARNINGS STEADY AT REGIONS

Birmingham, AL-based, $128 billion-asset Regions Financial reported insurance earnings in the first quarter remained steady at $28 million; trust income slipped 2% to $49 million, down from $50 million in first quarter 2011; and income from bank-owned life insurance (BOLI) remained stable at $21 million. Insurance, trust and BOLI income comprised, respectively, 5.3%, 9.4% and 4.0% of noninterest earnings, which declined 9.7% to $524 million, down from $580 million in first quarter 2011, when securities gains were $70 million higher.

Net interest income on a 3.09% net interest margin slid 3.3% to $827 million in first quarter 2012, down from $855 million in first quarter 2011, but more than doubled to $710 million after credit loss provisions, which dropped 75.7% to $117 million, down from $482 million in first quarter 2011. Net income spiked to $145 million, eight-and-a-half times more than the $17 million in first quarter 2011. Regions President and CEO Grayson Hall said, "We are poised to build on Regions' strong foundation to benefit our shareholders, customers and associates."

Regions completed its $1.2 billion sale of Morgan Keegan & Company on April 2 and, on April 4, repurchased $3.5 billion of preferred stock acquired by the U.S. Treasury under the Troubled Asset Relief Program (TARP).

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

TRUST INCOME TRIPLES AT M&T BANK CORP

Buffalo, NY-based, $79.2 billion-asset M&T Bank Corp. reported trust income in first quarter 2012 tripled to $116.95 million, up from $29.32 million in first quarter 2011, reflecting the company's acquisition of Wilmington Trust. In contrast, brokerage services income slipped 3% to $13.9 million, down from $14.3 million. Trust and brokerage services earnings comprised, respectively, 31.0% and 3.7% of noninterest income, which climbed 20% to $376.7 million, up from $314.4 million in first quarter 2011, driven by the jump in trust earnings.

Net interest income on a 3.69% net interest margin rose 9% in first quarter 2012 to $620.4 million, up from $568.8 million in first quarter 2011, reflecting a 7% rise in interest income and a 5% cut in interest expense. Net interest income after loan loss provisions grew 16% to $571.4 million, up from $493.8 million, driven by a 35% drop in provisions to $49 million. Net income, after increased expenses largely tied to the Wilmington Trust acquisition, ticked up 0.1% to $206.5 million from $206.3 million in first quarter 2011. M&T Bank Chief Financial Officer Rene Jones said the results "reflect our continued progress with the integration of Wilmington Trust, lower credit costs and improvement in several revenue categories, including … trust income."

In 2011, M&T earned $27.4 million and $290.7 million, respectively, in securities brokerage and fiduciary income, which comprised 1.9% and 19.9% of its noninterest income. The company ranked 23rd in securities brokerage earnings and 12th in fiduciary income among bank holding companies with more than $10 billion in assets, according to the *Michael White-IPI Bank Wealth Management Fee Income Report*.

PEOPLE'S UNITED REPORTS GROWING INSURANCE, INVESTMENT MANAGEMENT & BOLI INCOME

Bridgeport, CT-based, $27.8 billion-asset People's United Financial reported insurance brokerage fee income in first quarter 2012 grew 6.3% to $8.4 million, up from $7.9 million in first quarter 2011; income from bank-owned life insurance (BOLI) climbed 50.0% to $1.8 million, up from $1.2 million; and investment management fees increased 4.9% to $8.6 million, up from $8.2 million. In contrast, brokerage commissions slipped 3.1% to $3.1 million, down from $3.2 million. Insurance, BOLI, investment management, and securities brokerage income comprised, respectively, 11.6%, 2.5%, 11.9% and 4.3% of noninterest earnings, which dipped 2.9% to $72.4 million, down from $74.6 million in first quarter 2011, when the company reported $5.5 million in net gains on acquired loans.

Net interest income on a 4.01% net interest margin rose 6.7% to $235.1 million, up from $220.3 million in first quarter 2011, reflecting increased interest income and decreased interest expense, and net interest income after loan loss provisions grew 8.7% to $223.6 million, up from $205.7 million, reflecting a $3.1 million drop in provisions to $11.5 million. Net income, despite over $6 million in increased noninterest expense, grew 13.3% to $58.6 million, up from $51.7 million in first quarter 2011. People's United President and CEO Jack Barnes said, "Our first quarter financial results reflect continued loan and deposit growth and ongoing strength in our fee income businesses, including solid contributions from wealth management and insurance."

INSURANCE CONTINUES TO TOP GROWING NON-DEPOSIT FEE INCOME AT FIRST NIAGARA

Buffalo, NY-based, $35.5 billion-asset First Niagara Financial reported noninterest income comprised 22% of the company's total revenue in first quarter 2012. Contributing to that revenue were insurance commissions, which rose 6.8% to $16.83 million, up from $15.76 million in first quarter 2011. Additionally, wealth management income climbed 34.3% to $9.04 million, up from $6.73 million; income from bank-owned life insurance (BOLI) jumped 67.0% to $3.39 million, up from $2.03 million; and capital markets income almost tripled to $6.54 million, up from $2.26 million. Insurance brokerage, wealth management, BOLI and capital markets income comprised, respectively, 24.1%, 12.8%, 4.8% and 9.4% of noninterest earnings, which grew 34.3% to

$69.91 million, up from $52.07 million in first quarter 2011.

Net interest income on a 3.34% net interest margin climbed 40.2% to $242.4 million, up from $172.9 million in first quarter 2011, driven by increased interest income and decreased interest expense. Net interest income after credit loss provisions increased 39.0% to $222.4 million, up from $160 million, despite a $7.1 million increase in provisions to $20 million tied largely to the Harleysville portfolio. Net income grew 33.4% to $59.9 million, up from $44.9 million in first quarter 2011. President and CEO John Koelmel said, “Our relationship-based banking model again enabled us to increase both our share of markets and wallet and further strengthen valuable customer relationships everywhere we do business.”

In 2011, First Niagara reported $65.7 million in insurance brokerage income, which comprised 29.2% of its noninterest income and 5.9% of its net operating revenue. The company ranked 13th in insurance brokerage earnings among all bank holding companies, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

CAPITAL MARKET FEES AND BOLI INCOME CLIMB AT ASSOCIATED BANC-CORP

Green Bay, WI-based, $21.9 billion-asset Associated Banc-Corp reported retail commissions in first quarter 2012 slid 4.1% to $15.72 million, down from $16.38 million in first quarter 2011, and trust fees slipped 0.4% to $9.79 million, down from $9.83 million. In contrast, capital market fees jumped 56% to $3.72 million, and bank-owned life insurance (BOLI) income climbed 20% to $4.29 million, up from $3.59 million. Retail commissions, trust, capital markets and BOLI income comprised, respectively, 19.3%, 12.0%, 4.6% and 5.3% of noninterest earnings, which grew 13% to $81.56 million, up from $72.18 million in first quarter 2011, driven by a $15.8 million spike in mortgage banking income to $17.65 million.

Net interest income on a 3.31% net interest margin ticked up 0.6% to $154.7 million from $153.7 million in first quarter 2011, driven by a 21% cut in interest expense which more than made up for a 3.2% slide in interest income. Net interest income after credit loss provisions, however, climbed 26% to $154.67 million, up from $122.72 million, reflecting a 100% drop in credit loss provisions to zero from $31 million in first quarter 2011. Net income after dividends jumped 168% to $41.33 million from $15.44 million in 2011. Associated Banc-Corp President and CEO Philip Flynn said, “We are pleased with the solid results of this quarter and remain optimistic on the outlook for our business.”

In 2011, Associated Banc-Corp reported $44.7 million in insurance brokerage income, which comprised 16.3% of its noninterest income and 5.0% of its net operating revenue. The company ranked 18th in insurance brokerage earnings among all BHCs, according to the *Michael White-Prudential Bank Insurance Fee Income Report*.

GROWING INSURANCE & TIM FEES COMPRISE 46% OF CULLEN/FROST’S NONINTEREST INCOME

San Antonio, TX-based, $20.4 billion-asset Cullen/Frost Bankers reported first quarter 2012 insurance brokerage fee income grew to $12.38 million, up 18.0% from first quarter 2011, and trust and investment management (TIM) fees rose 6.1% to $20.65 million. Insurance and TIM fees comprised, respectively, 17.2% and 28.7% of noninterest income, which slipped 0.5% to $71.98 million, down from $72.33 million in first quarter 2011, impacted by an almost halving of interchange and debit card transaction fees and a decline in service charges on deposit accounts.

Net interest income on a 3.73% net interest margin in first quarter 2012 increased to $149.71 million, up 5.6% from first quarter 2011. Net interest income after credit loss provisions grew 12.3% to $148.61 million, reflecting an $8.35 million drop in provisions to $1.10 million. Net income climbed 17.5% to a record $61.03 million. Cullen/Frost CEO Dick Evans attributed the company’s earnings to their “ability to operate effectively despite regulatory challenges and low interest rate headwinds in a slowly recovering economy.”

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

BankInsurance.com NEWS

VOLUME XIII, ISSUE 5, MAY 2012

A Precious Alternative

SPECIAL BONUS ARTICLE

BY JOE BILSBOROUGH, AAMS
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NORTHWEST TERRITORIAL MINT

Insurance and investments have become confusing and frustrating to many consumers. But, one thing remains true: most want better risk-adjusted returns. One growing investment portfolio additive that can help consumers obtain these returns is new to a lot of investors and financial institutions, even though it has existed for thousands of years. This alternative is precious metals, physical precious metals.

What makes physical metals uniquely precious? The answer is a rare combination of qualities that cannot be found in any other asset class: beauty, rarity, utility, portability, durability, and inherent value. In addition, physical precious metals can be a great tool for financial institutions and investment professionals, allowing them to offer customers an interesting and tangible way to diversify their portfolios.

The three biggest reasons that physical precious metals are an important consideration to investment decision-making these days are:

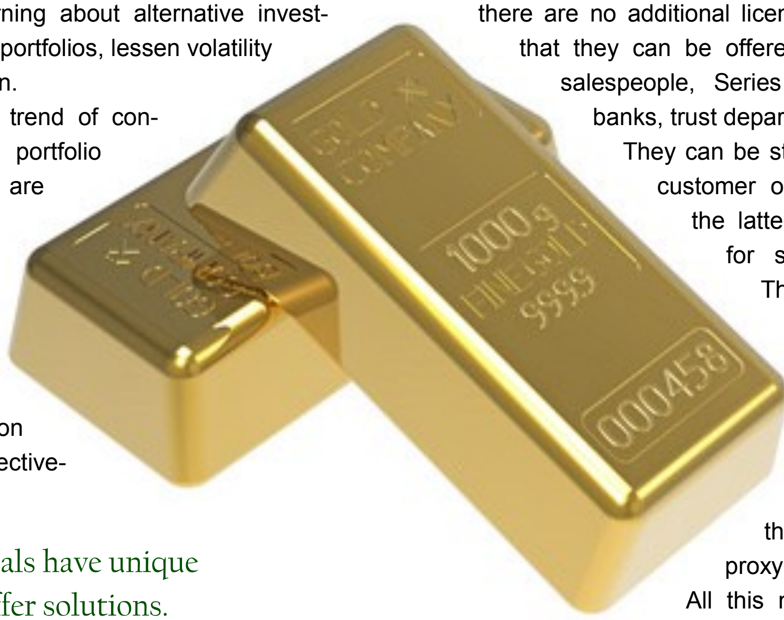
1. Retail investors are nervous and wanting new ideas to shore up their confidence.
2. Precious metals possess those unique characteristics mentioned earlier that can offer clients needed solutions.
3. Demand is high, and customers want to buy from someone they trust.

Let's examine each of these reasons one at a time.

Reason #1 - Clients are nervous and looking for new ideas.

A 2011 MetLife poll revealed that 75% of consumers remain concerned about volatility even though the markets have improved. Their low level of confidence in existing investment strategies calls out for new ones. Nearly two-thirds (64%) of investors are uncertain as to whether their portfolios need to be managed differently. Three in five (61%) between the ages of 45 and 54 and nearly half (45%) between the ages of 55 and 64 are interested in learning about alternative investments that might diversify their portfolios, lessen volatility and improve risk-adjusted return.

Consistent with the current trend of consumer skepticism regarding portfolio management, many experts are now challenging traditional allocation strategies. New strategies are often welcome because asset classes have become so highly correlated over the past few years that many traditional diversification strategies have lost their effectiveness.



Reason #2 – Precious metals have unique characteristics that can offer solutions.

No other investment combines the same qualities that precious metals do:

Flexibility – Precious metals are bought and sold around the world 24 hours a day, 7 days a week. They can be held in an IRA, and there are low minimum and no maximum investment requirements.

Asset Allocation – A low correlation to other asset classes can result in better diversification; and, unlike many investments, precious metals tend to perform well during economic downturns and periods of financial uncertainty.

Cost Effective – There are no management fees, and, because you are buying the real thing, there is no risk of tracking errors.

Tangible – Physical metals can be touched, weighed and measured and with so many options, it is easy to remain consistent with an investor's needs and goals.

Store of Value – There is no credit risk with physical metals, and they are the only universally accepted currency that cannot be debased by governments.

Reason #3 – Demand is high, and customers want to buy from someone they trust.

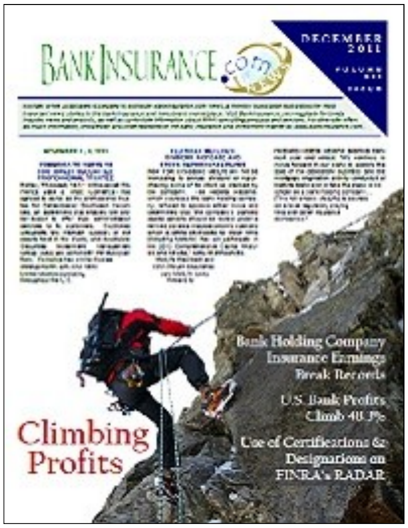
More and more banks, broker/dealers, financial advisors and agents are offering precious metals to their customers. While satisfying a customer need, they are generating incremental revenue. They recognize that offering precious metals is a win-win proposition.

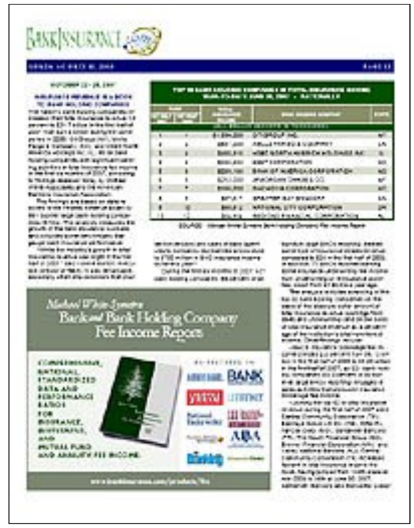
Also, a precious metals program can be started relatively easily. Since physical metals are not regulated products, there are no additional licenses required, which means that they can be offered by non-licensed platform salespeople, Series 6 or 7 advisors, private banks, trust departments, or insurance agents. They can be stored for safekeeping by the customer or a commercial depository, the latter way offering opportunities for safe deposit box revenue. There are no prospectuses, no asset managers and no management fees to the customer. Physical commodities are extremely simple to explain and sell, because they are the real thing, rather than a proxy.

All this means that a physical precious metals program is well worth considering. There are many ways to gain access to precious metals, and each has its own advantages, but physical precious metals are a unique and tangible alternative. The simplicity and special characteristics precious metals possess can benefit customers, enabling an effective response to an impressively growing demand for additive or alternative investments. Apart from the customers' needs, precious metals can generate new referrals for this attractive and unique investment offering, help drive incremental revenue to financial institutions and their financial and planning professionals, and increase retention of higher net worth clients.

If you are looking for new ways to add value to your business and customers, you may want to learn more about this truly precious 2,000 year-old asset class.

This article was written by Joe Bilsborough, AAMS and Director of the Institutional Division at Northwest Territorial Mint. For more information, please explore the benefits of physical precious metals at www.institutionalmetals.com.





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