NOVEMBER 2013

VOLUME XIV

ISSUE 11

BankInsurance.com News

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HUB INTERNATIONAL NOW MAJORITY-OWNED BY HELLMAN & FRIEDMAN FUNDS

Chicago, IL-based HUB International has completed its majority buyout by funds advised by San Francisco, CA-based Hellman & Friedman LLC and has completed the funding of a $2.1 billion Senior Secured Credit Facility and a $950 million private offering of Senior Unsecured Notes in connection the buyout. The deal values HUB at $4.4 billion and leaves HUB senior management with a "significant" equity position in the firm.

HUB Chairman and CEO Martin Hughes said, "This transaction will strengthen our company's already solid foundation and enhance our ability to build HUB well into the future." Hellman & Friedman Managing Director David Tunnell said, "We are excited to partner with the HUB team and to support them in their next stage of growth going forward."

ATHENE COMPLETES AVIVA ACQUISITION, KEEPS ANNUITIES & SELLS ACQUIRED LIFE BUSINESS TO PRESIDENTIAL

Pembroke, Bermuda-based Athene Holding has completed its $1.5 billion acquisition of Des Moines, IA-based Aviva USA Corp. and its subsidiaries, West Des Moines-based Aviva Life and Annuity Company and Melville, NY-based Aviva Life and Annuity Company of New York. Athene has, in turn, sold Aviva USA's life insurance operations to Nyack, NY-based Presidential Life Insurance Company – USA, a unit of Southborough, MA-based Commonwealth Annuity and Life Insurance Company, a subsidiary of Global Atlantic Financial Group.

Aviva USA has been renamed Athene USA, parent of Athene's now $60 billion-asset annuity business. The parent company will continue to operate from what were Aviva's headquarters in West Des Moines, IA.

Athene Holding CEO Jim Belardi said, "Our acquisition of Aviva USA is a transformative event that significantly increases the scale of Athene's fixed annuity business." He added, "Aviva's operational capabilities and talented workforce will enable Athene to solidify our position as a market-leading provider of retirement solutions to policyholders and distributors."

New York City-based Apollo Global Management said it will provide "asset allocation and investment management services for Athene's newly acquired [Aviva] annuity assets." Apollo currently provides allocation and related services to Athene and directly manages a portion of those assets, primarily in its credit business. As of June 30, 2013, Apollo had approximately $113 billion in assets under management, including the assets of Athene's largest shareholder, AP Alternative Assets.

Immediately after the Athene purchase, Oldwick, NJ-based A.M. Best Co. downgraded Aviva Life and Annuity Company and Aviva Life and Annuity Company of New York from an A- to a B++ in financial strength and from an a- to bbb+ in issuer of credit ratings. A.M. Best said, "The ratings actions … reflect the common ownership by Athene [which holds the same ratings] and the anticipated new annuity sales disruptions."

CFPB OFFERS TRIAL DISCLOSURE WAIVERS

The U.S. Consumer Financial Protection Bureau (CFPB) has finalized a new trial disclosure policy that allows companies to apply for a waiver to test potential disclosure improvements. The CFPB plans to use the data generated by the trial outcomes to "help inform improvements to disclosure rules."

To learn more and/or participate in the trial disclosure program, click here for CFPB's Project Catalyst.

HEALTHCARE PROFESSIONALS EXPECT "NEGATIVE OUTCOMES" FROM OBAMACARE

More than half (56%) of U.S. healthcare professionals oppose Obamacare, and almost all (96%) expect the law to generate negative outcomes, according to a Coupa 2013 Healthcare Survey.

More than half of the 200 professionals surveyed believe the quality of health insurance will suffer (53%) and access to and the effectiveness of care will be reduced (51%). Almost half believe the law is overly complicated (49%) and predict insurance exchanges will be poorly managed (42%).

U.S. APPLICATIONS FOR INDIVIDUALLY UNDERWRITTEN LIFE INSURANCE SLIDE

U.S. applications for individually underwritten life insurance were down 2.5% in September compared to September 2012, according to the MIB Life Index. Applications among individuals aged 0-44 led the decline (-3.3%), followed by applications among individuals aged 45-59 (-2.8%), while applications among individuals aged 60 and older dipped a slight -0.3%.

Still, September applications were up 8.3% over applications in August 2013, but not enough to stem an overall third quarter decline compared to third quarter 2012. During this time period, applications among individuals aged 45-59 led the decline (-3.2%), followed by individuals aged 0-44 (-2.6%), while applications among individuals aged 60 and older ticked up 0.2%, Braintree, MA-based MIB Group found.

BANCINSURE BACK IN THE INSURANCE BUSINESS – BUT NOT WITH BANKS

Oklahoma City, OK-based BancInsure has re-entered the insurance marketplace, but this time as a business focused on writing insurance on nonbank commercial businesses. New York City-based AmTrust Financial Services has purchased BancInsure's community bank business, while New York City-based Foster Jennings has acquired the company itself.

Foster Jennings has plowed $30 million into the soon-to-be renamed insurer, which plans to provide commercial auto, general liability, property, and surety coverages for small accounts ranging from $3 million to $20 million in premiums. BancInsure Chief Operating Officer Michael Beasley said, "We will take minority risk positions on these accounts, ceding the remaining risk to A rated insurers."

Looking to the company's future post the Oklahoma Insurance Department's dismissal of all legal and administrative proceedings against the company, BancInsure CEO Lisa Bays said, "The financial backing of Foster Jennings, which has a strong track record as a financial services holding company … is a major boost as we undertake our new business strategy."

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MUTUAL OF OMAHA BANK ENHANCES WEB PRESENCE

Omaha, NE-based, $6 billion-asset Mutual of Omaha Bank (MOB), a subsidiary of insurance giant Mutual of Omaha, has launched a new website designed "to enhance Mutual of Omaha Bank's presence nationwide," MOB Executive Vice President Matt Minchow said.

The site offers what MOB described as "new capabilities that achieve compliance requirements" as well as "quicker payment solutions" and a "portfolio of banking solutions available nationwide," including checking and money market accounts, mortgage loans and credit cards.

GOVERNMENT PENSION FUND GROWTH PUSHES U.S. RETIREMENT ASSETS HIGHER

U.S. retirement assets hit $20.9 trillion in the second quarter, up 1.0% from $20.7 trillion in the first quarter and up 10.6% from $18.9 trillion in second quarter 2012, according to survey data compiled by the Washington, DC-based Investment Company Institute. An increase in government pension fund assets to $5.2 trillion from $5.1 trillion in the first quarter accounted for the quarter to quarter increase as assets held in all other instruments remained steady.

CALIFORNIA APPELLATE COURT OVERTURNS ANNUITY ELDER ABUSE AND THEFT RULING

The Court of Appeal of the State of California First Appellate District, Division Three has overturned an October 2011 lower court ruling that found insurance agent Glenn Neasham guilty of felony theft from an elder and dependent adult when he sold then-83-year-old Fran Schuber an Allianz MasterDex 10 annuity in 2008.

In overturning the conviction, the Appellate Court wrote, "There is no evidence that defendant appropriated the elder's funds to his own use or to the benefit of anyone other than the elder herself, nor is there evidence that defendant made any misrepresentations or used any artifices with the sale." In fact, Judge Stuart Pollack, who wrote the decision, said, "Defendant received Schuber's cashier check payable to Allianz and transmitted it to the insurance company, which issued her annuity policy…. The annuity was issued in Schuber's name and she at all times was the owner of the policy."

The Appellate Court additionally pointed to faulty instructions to the jury in making its case to overturn. The Court wrote, "The jury was incorrectly instructed that to convict, it need find only that the purchase of the annuity deprived the elder of a major portion of the value or enjoyment of her property, eliminating the necessity of proving that defendant had any such intention."

The Appellate Court emphasized, "The elements of theft by larceny are well settled: the offense is committed by every person who (1) takes possession (2) of personal property (3) owned or possessed by another, (4) by means of trespass and (5) with intent to steal the property, and (6) carries the property away."

In contrast to this definition of larceny, Judge Pollack wrote, "Under the prosecution's theory of this case, merely cashing a check for a person known to suffer from dementia [not shown to be true of Schuber in 2008] would support a larceny conviction."

PRUDENTIAL ACCEPTS SIFI DESIGNATION

Newark, NJ-based Prudential Financial has decided not to appeal its designation by the Financial Stability Oversight Council (FSOC) as a nonbank systemically important financial institution (SIFI). Instead, the insurer said it will "continue to work with the Board of Governors of the Federal Reserve System to develop regulatory standards that take into account the differences between insurance companies and banks, particularly in the use of capital."

JUDGE ALLOWS CLASS ACTION SUIT CHARGING RICO VIOLATIONS IN LENDER-PLACED HAZARD INSURANCE

U.S. District Court for the Southern District of New York Judge Alison Nathan has refused to dismiss a class action lawsuit alleging Balboa Insurance and GMAC Mortgage LLC violated the Racketeer Influence and Corrupt Organizations Act (RICO) in their lender-placed insurance arrangements.

Judge Nathan refused Balboa's argument that the premiums it charged had been approved by New York State regulators, dismissed Real Estate Settlement and Procedures Act (RESPA) claims and agreed that letters from GMAC to Balboa allegedly demanding reimbursement for hazard insurance costs were sufficient to allow RICO claims to go forward.

Rothstein v GMAC Mortgage LLC et. al. alleges GMAC billed customers for the full cost of lender-placed hazard insurance provided by Balboa and received kickbacks from Balboa in the form of free mortgage tracking services provided by a Balboa affiliate, Law360.com reports.

FINRA'S CONFLICT OF INTEREST REPORT URGES DILIGENCE IN WEALTH MANAGEMENT, CROSS-SELLING & THIRD-PARTY PARTNERSHIPS

The U.S. Financial Industry Regulatory Authority has issued a Report on Conflicts of Interest, emphasizing "firms should do more to manage and mitigate conflicts of interest in their business."

Among the report's recommendations is the admonition that "firms' private wealth management businesses should operate with appropriate independence from other business lines within a firm." FINRA emphasizes that "as firms seek to leverage their brokerage and other platforms to cross-sell products and services," they need to "maintain effective safeguards to alleviate pressure to prefer proprietary products to the detriment of customers' interests." Additionally, "firms with revenue-sharing or other partnering arrangements with third parties should examine the necessary diligence and independent judgment to protect their customers

To access FINRA's Report on Conflicts of Interest, click here.

GOLDMAN SACHS TO SELL MAJORITY INTEREST IN ROTHESAY LIFE

New York City-based, $938.6 billion-asset The Goldman Sachs Group has agreed to sell the majority of its ownership in Rothesay Life, its Redhill, United Kingdom-based pensions insurance business. Funds managed by New York City-based Blackstone Group and Singapore-based GIC will each acquire 28.5% of the company's shares, and Springfield, MA-based MassMutual will acquire 7%, leaving

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Goldman Sachs with a 36% stake in Rothesay. The Goldman Sachs Group Vice Chairman Michael Sherwood said, "Rothesay Life's success has now brought it to a size at which it is more capital efficient for Goldman Sachs to share its ownership with other investors." He added, "We are pleased to remain the largest shareholder alongside three world class investors."

The deals to sell the shares in Rothesay, which year-to-date has written £1.4 billion ($2.26 billion) in new business, are subject to regulatory approval. Rothesay Life CEO Addy Lourdiadis said, "We are delighted that three substantial investors have chosen Rothesay Life as their vehicle for investing in the UK pensions de-risking market."

MASSACHUSETTS INSURANCE AGENTS GIVEN GREEN LIGHT TO CHARGE FEES

Licensed insurance agents may charge their customers a fee for their services in Massachusetts, according to Bulletin 2013-09 issued on October 4, 2013 by Massachusetts Commissioner of Insurance Joseph Murphy.

Both resident and nonresident agents may charge the fee as long as: (1) the purpose and amount of the fee is disclosed in writing to the customer, (2) the fee is not included in the policy premium, and (3) the fee is separately itemized on the policy declaration page, billing statement and other policy cost documentation given the customer.

PROPERTY & CASUALTY CFOS SEE HARD OR HARDENING MARKETS

Most chief financial officers (CFOs) at U.S. property and casualty (P&C) insurance companies believe the North American property insurance market is "hardening, hard or at the top of the cycle" (78%), the casualty market is "hardening" (65%), and that the combined P&C market is "hardening, hard or at the top of the cycle" (56%). Among those who believe the combined market is hard, 51% believe the property market will remain hard for two years, and 52% believe the casualty market will continue hard for two years, according to the Towers Watson Property and Casualty Insurance CFO Study based on late Spring surveys.

CFOs cite pricing, profitability and competition as the primary drivers of the hard market and identify interest rates as their top economic/market concern. To mitigate the impact of low interest rates, almost half are realigning their investment portfolios and a third are expanding into new products and markets.

In analyzing the results of its survey, Towers Watson said market realities tied to diminished investment income prompted insurers to raise rates. Because rate increases were not driven by "extreme unprofitability," Towers Watson believes any rate hardening will be "short and relatively modest." Therefore, Towers Watson said, P&C insurers must use any improved profitability to invest in their infrastructure and be prepared "when the cycle inevitably starts to soften again."

TEXAS SEES HIGHEST HIKES IN HOMEOWNERS RATES; OKLAHOMA RANKS FIRST IN WRITTEN PREMIUM GROWTH

U.S. homeowners insurance rates grew an average 7.7% between January 1, 2012 and July 1, 2013, with approved rate increases highest in Texas (+12.6%) and lowest in New Hampshire (+0.4%), according to Boston-based Aon Benfield's Homeowners ROE Outlook – 2013 Update.

State-approved rate increases were not necessarily reflected in growth in premiums written over the past three years, however. Here the Midwestern states showed the greatest growth in 2012 compared to 2009, led by Oklahoma where written premiums jumped 30.9%. North Dakota ranked second (+26.1%), followed by Tennessee (24.7%), South Dakota (+24.5%), and Minnesota (22.7%). Only Nevada recorded a decline in written homeowners premiums (-1.5%).

Overall, U.S. written homeowners insurance premiums grew 15% between 2009 and 2012, while direct written auto premiums rose 6.5%, Aon Benfield found.

CULLEN/FROST BANKERS ACQUIRES HOUSTON PROPERTY & CASUALTY AGENCY

San Antonio, TX-based, $22.6 billion-asset Cullen/Frost Bankers, through its First Insurance subsidiary, has acquired Kolkhorst Insurance Agency, a property and casualty brokerage based in Houston, TX. First Insurance President Bruce Burdett said, "We are pleased to continue our growth in the Houston area. This acquisition reinforces our commitment to building a first-class insurance operation statewide."

Kolkhorst's nine-person team will join Frost Insurance's Houston-based 20-person team and operate from Kolkhorst's current location as First Insurance.

In 2012, Cullen/Frost Bankers earned $40.1 million in insurance brokerage income, which comprised 14.5% of its non-interest income and 4.5% of its net operating revenue. Among bank holding companies with assets over $10 billion, the company ranked 17th in insurance brokerage earnings, according to the *Michael White Bank Insurance Fee Income Report*.

OCC ISSUES NEW GUIDANCE ON THIRD PARTY RISKS

The Office of the Comptroller of the Currency (OCC) has issued new guidance (OCC Bulletin 2013-29) for national banks and savings associations (banks) regarding their responsibility to manage risks in third party relationships. Third party activities, the OCC emphasizes. Must "conform to safe and sound banking practices and comply with applicable laws," and it is the responsibility of each bank's board of directors and management team to assure that they do so.

In order to properly oversee and manage third party risks, the OCC advises banks to (1) develop a strategic plan that identifies the risks associated with the third party activity and details how the bank will select, assess and oversee the third party, (2) perform proper due diligence in electing a third party, (3) negotiate written contracts that clearly outline he rights and responsibilities of all parties, (4) monitor third party activities and performance on an ongoing basis, (5) prepare a third party termination plan that enables the bank to transition the third part activity to another third party, bring the activity in-house or discontinue the activity, (6) assign clear roles and responsibilities for overseeing and managing third party risks and relationships, (7) maintain proper oversight documentation and reporting, and (8) conduct independent reviews of the risk management process that enable management to determine if the process fits the bank's strategy and effectively manages third party risks.

OCC Bulletin 2013-29 rescinds OCC Bulletin 2001-47 and OCC Advisory Letter 2000-9. Comptroller of the Currency Thomas Curry said, "This [new] guidance provides more comprehensive instructions for banks to ensure these [third party] relationships are conducted in a safe and sound manner."

To access OCC Bulletin 2013-29, click here.

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U.S. COMPANIES STUMBLE IN THIRD PARTY OVERSIGHT

Over 70% (71%) of U.S. companies fail to carefully monitor their third party vendors, suppliers and agents to prevent compliance risks, according to NAVEX Global's 2013 Third Party Risk in a Global Environment survey. Not surprisingly, 90% of the U.S. Justice Department's anti-corruption actions in 2012 involved a company's use of a third party.

Despite third party oversight failures, 92% of U.S. companies plan to either increase the use of third parties or haven't made decisions regarding third party use, while only 8% plan to reduce their reliance on third parties. Among those companies that do enter into new third party relationships, half will not conduct due diligence on that third party before contract negotiations begin, if practices revealed in the survey continue.

Most (60%) compliance officers, legal counsel, internal auditors, human resource professionals and other senior executives agree it is important to reduce compliance risks, but they are unsure how to develop a comprehensive third party monitoring and tracking program, the NAVEX July survey of 303 of these professional found.

Commenting on the survey's findings, NAVEX Global President Shanti Atkins said, "The survey results highlight the need to remove barriers to monitoring third party risks and to simplify and automate the ability to conduct diligence on third party partners.

U.S. SMALL BUSINESSES RANK BANKS IN SATISFACTION

New York City-based, $2.44 trillion-asset JPMorgan Chase unit Chase Bank outranks all other U.S. banks in satisfying small business customers, according to JD Power surveys conducted in July and August of this year. Chase ranks first in the South (with 794 out of a possible 1,000 points), Midwest (792) and the West (781), and under-performs only in the Northeast (749), ranking fifth behind TD Bank (786), M&T Bank (762), Wells Fargo (756) and Capital One (753). Overall, Chase Bank averaged a 779-point performance, the highest average score achieved among the three banks (Chase, Wells Fargo and Bank of America) with operations in the four U.S. regions surveyed.

Among those three, Wells Fargo ranked 8th in the South (761) among small business customers, 9th and last in the Midwest (738), third in the Northeast (756) and third in the West (742). Wells Fargo averaged a 749.3-point performance overall and was viewed by small business owners in the Northeast as "better than most," in the South and West as "average," and in the Midwest as "the rest."

Bank of America (BofA) earned the most dismal scores in small business customer satisfaction among the three national banks operating in the nation's four regions. BofA ranked 10th and last in the South (730), 8th and next-to-the-last in the Midwest (738), 7th in the Northeast (744) and 8th and last in the West (720). With an average overall score of 734, BofA received its highest level of approval in the Northeast, where its performance was ranked as "average." In the South, Midwest and West, however, small business customers considered BofA as "the rest."

In addition to Chase, two other banks achieved the distinction of being "among the best" by small business customers – TD Bank (786) in the Northeast and Huntington Bank (789) in the Midwest. Another 4, in addition to Wells Fargo, were viewed as "better than most" – SunTrust Bank (784) and BB&T (781) in the South, M&T Bank (762) in the Northeast, and U.S. Bank (749) in the West. Only Sovereign Bank (694) in the Northeast and Citibank (740) in the South joined BofA and Wells Fargo as being viewed as "the rest" in specific regions.

Altogether, satisfaction among small business banking customers fell 9 points in 2013 reflecting dissatisfaction with banking problem resolution and branch and online transactions. The best performing banks satisfied small businesses most with their product offerings, facility, credit services, fees, channel activities and account information, JD Power found. *For more on the JD Power 2013 U.S. Small Business Banking Satisfaction Study, click here*.

U.S. CONSUMERS RATE AUTO INSURERS AS CLAIMS PROCESSING IMPROVES

U.S. customer satisfaction with auto insurance claims handling improved in 2013 compared to 2012 thanks to insurers making the claims process more understandable and paying claims faster, according to the JD Power 2013 U.S. Auto Claims Satisfaction Study. In fact, JD Powers found in a survey of over 11,000 auto insurance customers who filed claims in the first three quarters of this year, 51% received their claims payment within eight days of their filing.

Not all auto insurers are equal in their claims process and payment performance, however. Military family insurance provider USAA outstripped all others with a score of 914 out of 1,000 points. New Jersey state employee and business owner provider New Jersey Manufacturers Insurance ranked second with a score of 895, but neither insurer was included in the overall auto insurer average (855), since their products and services are limited to specific groups.

Among those insurers that offer auto insurance products and services to the general population, the Auto Club of Southern California Insurance Group received the highest claims satisfaction score (889) and the distinction of being the only insurer described as "among the best." Auto-Owners Insurance (874), The Hartford (873), Erie Insurance (872), Amica Mutual (871), Travelers (871), State Farm (870), American Family (867), and Nationwide (867) were viewed as "better than most." All others were considered "average," except those with scores low enough to be viewed as "the rest," in descending order MetLife (840), MAPFRE-Commerce Insurance (829), Farmers (827), 21st Century (820) and last-place Esurance (818).

Claims satisfaction correlates with renewed business, JD Power found. The vast majority (80%) of customers who were "delighted" with their insurer's claims performance said they would definitely renew their policies, while 53% of those who said they were "pleased" said they would definitely do the same.

Commenting on the implications of the claims satisfaction study, JD Power Global Insurance Practice Senior Director Jeremy Bowler said, "Claims handling is an area where insurers can make a big impact on customer satisfaction in a relatively short period of time." He added, "A customer-centric focus on the claims process has significantly improved during the past couple of years."

EXPECTED RISE IN DEMAND FOR HEALTHCARE FINANCE & RETIREMENT INCOME SPECIALISTS

U.S. working adult investors with at least $75,000 in annual income say they are worried about rising healthcare costs (89%), changes to Social Security and/or Medicare (74%), and running out of money (65%) during their retirement years, according to the John Hancock Investor Sentiment Index. Concern over rising healthcare costs worry 55% of those investors; 34% are most worried about Social Security/Medicare, and 28% are most fearful about running out of money.

With financial concerns rising and lack of control over government-sponsored programs increasing, U.S. adult investors are seeking professional financial guidance. John Hancock Financial unit Signator Investors expects to see growth in the number and use of healthcare finance-oriented specialists and financial planners with retirement income certification.

SEM & STANDARD CHARTERED BANK EXTEND AFRICA BANCASSURANCE AGREEMENT

Johannesburg, South Africa-based Sanlam Emerging Markets (SEM) and London, England-based, $650 billion-asset Standard Chartered Bank have agreed to extend their bancassurance partnership through 2019. Since the partnership launched in 2009, SEM-Standard Chartered bancassurance sales have grown at a cumulative annual rate of 25%.

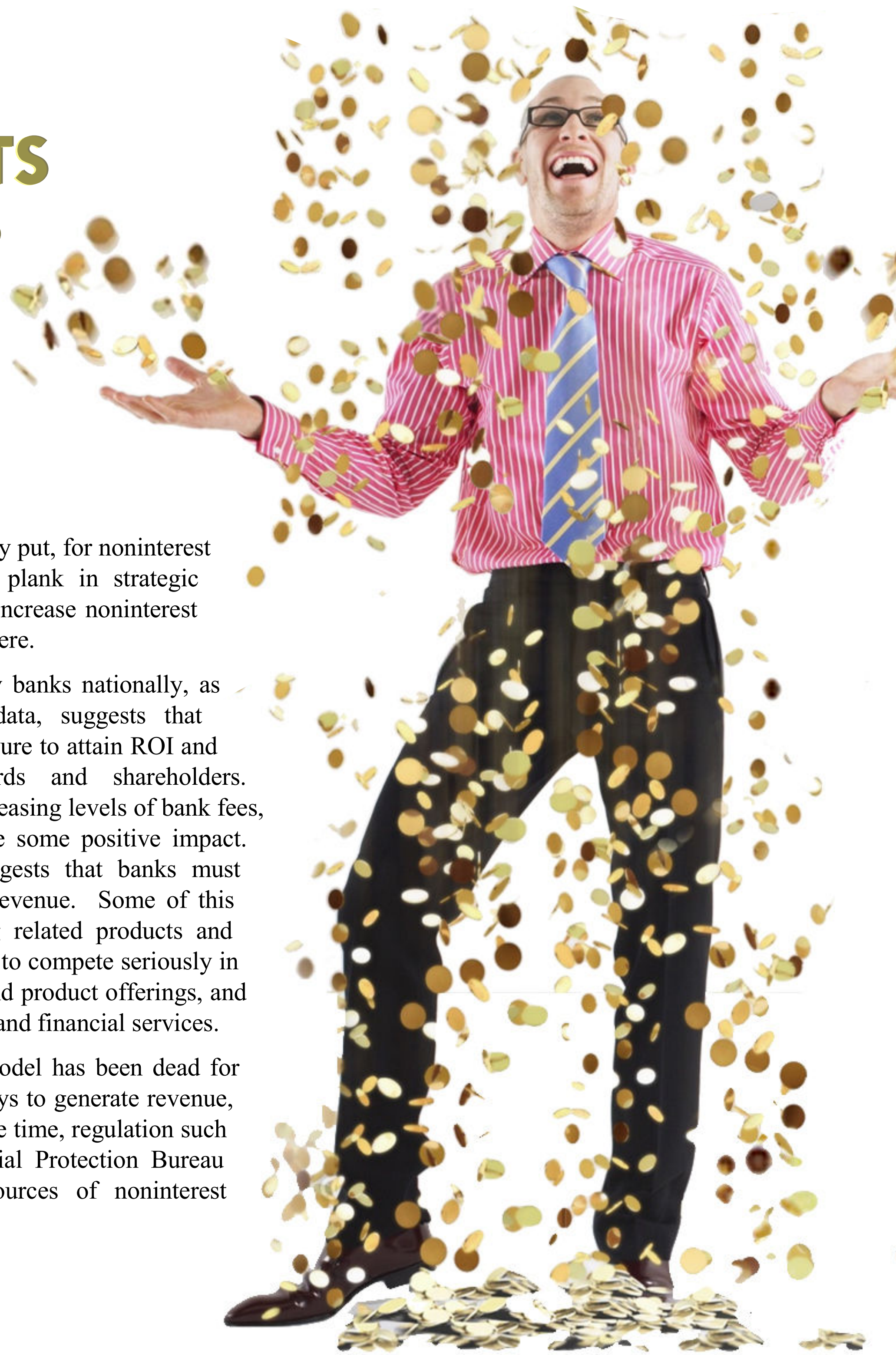
Standard Chartered Consumer Banking Africa Head Kariuki Ngari said, "The growth of our bancassurance business demonstrates that this joint strategy is appealing to the personal needs of our clients, reiterating our brand promise to be here for good."

SEM offers life, funeral, retrenchment and education insurance through Standard Chartered branches in Ghana, Botswana, Zambia, Tanganyika, Kenya and Uganda. SEM Executive Director Margaret Dawes said, "Through this unique partnership, we are each leveraging our strengths to make a difference in the lives of individuals, providing cover and insurance when our customers need it most."

Africa is home to 15% of the world's population, but accounts for only 2% of worldwide insurance premiums.

Is it Raining Noninterest Revenue at Your Bank?

Why Offering NEW PRODUCTS AND SERVICES May No Longer Be Optional



BY JAMES HARVIN

Why add new products and services? Simply put, for noninterest revenue. Every community bank has a plank in strategic planning that is the same — find ways to increase noninterest revenue — but rarely is there a plan to get there.

Our experience working with community banks nationally, as well as material amounts of industry data, suggests that community banks will continue to feel pressure to attain ROI and ROA levels acceptable to their boards and shareholders. Improvements in legacy expense levels, increasing levels of bank fees, and reduced loan loss provisions will have some positive impact. But, the prevailing thinking strongly suggests that banks must develop additional sources of noninterest revenue. Some of this revenue increase will come from banking related products and services such as mobile banking. However, to compete seriously in the financial marketplace, banks must expand product offerings, and many of these products should be insurance and financial services.

Certainly, the managing to the margin model has been dead for some time. Banks need to develop new ways to generate revenue, and most are finding it difficult. At the same time, regulation such as Dodd Frank and the Consumer Financial Protection Bureau (CFPB) are restricting many existing sources of noninterest revenue - the "perfect storm."

What is the answer? Finding the one "silver" bullet as a safe way to generate high levels of noninterest revenue is difficult, if not impossible. Most banks look for incremental lifts — and various insurance products can provide a substantial level of new revenue - especially when the products support core bank initiatives.

Banks are also looking for ways to attract new customers. Bank demographics tend to older customers and raise the question "How do we attract the next generation?"

Certainly, the Gramm-Leach-Bliley Act (GLB) "leveled the playing field" in financial services. Investment companies and advisors are offering ever-expanding arrays of traditional bank products, as are insurance companies. Big-box retailers are finding ways to offer banking services and are expanding into insurance increasingly day-by-day.

Consistently keeping non-traditional products and services in front of customers … can create a platform for long-term revenue growth, as well as attract new and retain existing customers.

In many bank markets, customers simply do not look to their bank as a source of products and services other than traditional bank services — a place to open a checking account. Making customers aware that they can access nonbank products through the bank is critical in expanding noninterest revenue and the number of banking relationships with each bank customer. Consistently keeping non-traditional products and services in front of customers that relate to banking services can create a platform for long-term revenue growth, as well as attract new and retain existing customers.

Larger banks have gained significant traction in fixed annuities and single premium wealth transfer products. One area that has struggled — and where there is the most significant need — is term life insurance. This is especially true of young families. Young families and middle-America are currently significantly underserved by the insurance industry.

Finding a way to deliver term life insurance to bank customers solves another problem. Banks historically realized significant levels of revenue and protected large numbers of families with group life insurance products such as credit and mortgage insurance products. Once again, regulation has virtually eliminated revenue from these products and left a high percentage of families with virtually no protection in the event either breadwinner were to die.

Primarily as a result of advances in technology, there are now robust platforms available to enable customers, at their bank, to shop the market and instantly obtain the lowest-cost term insurance from the highest-credit quality insurance companies - through the bank website, drip e-marketing and face-to-face interaction with non-licensed bank employees.

Significant levels of revenue can be achieved while bringing a needed and valuable product offering to bank customers.

Community banks can compete. Their franchise has never been stronger. Customers want to buy these non-traditional products from their bank and will — given half a chance.

James L. Harvin has been working in insurance and financial services management and sales for more than 30 years. He currently manages the Insurance and Financial Services Division for Austin Associates.

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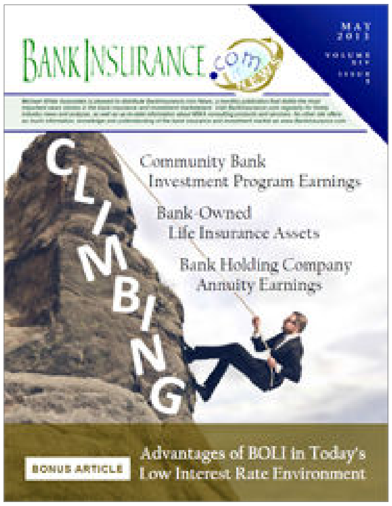

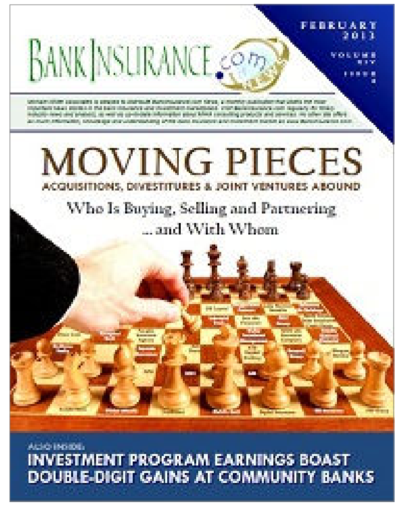

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