OFAC COMPLIANCE

Bank insurance agencies, like their parent institutions, are subject to regulations issued by the Treasury Department's Office of Foreign Assets Control (OFAC). The obligation to implement an anti-money laundering program and to scrub customer lists against OFAC's SDN list is well established. So are the penalties for failing to comply with these rules.

OFAC published augmented guidelines in the Federal Register January 12 on economic sanctions and enforcement procedures for banks. "As the administrator of U.S. economic sanctions, OFAC emphasizes in these internal procedures that the primary goal of enforcement actions is to promote more effective compliance within the particular institution, as well as throughout the industry," according to OFAC Director Robert Werner.

The guidelines complement and expand upon OFAC's contribution to the Bank Secrecy Act Anti-Money Laundering Examination Manual published last year by the Federal Financial Institutions Examination Council. The procedures spell out an institutional — rather than a transactional — approach to enforcement, taking into account risk-based efforts by financial institutions to ensure OFAC compliance, as well as evaluating violations that appear to have occurred.

To read the text of the guidance, visit:

To review treasury's OFAC homepage, visit:
http://www.treas.gov/offices/enforcement/ofac/sdn/

Overall, Enrollment in HSAs Is Also Growing, But at a Measured Pace

SAN DIEGO, CA -- (MARKET WIRE) -- 01/23/2006 -- While less than five percent of U.S. consumers have a health savings account (HSA), Baby Boomers, by contrast, are embracing the product in comparatively high numbers. In fact, according to recent findings from the 2005 Insurance Audit™, 56 percent of households with an HSA are between the ages of 40-60 years old.

By comparison, just under 35 percent of the respondent households with an HSA are under 40 years old. Overall, 4.4 percent of the entire survey household sample of 35,000 said they had a group HSA, but the numbers are expected to
continue moving upward as HSAs are increasingly offered on a broader scale through corporate group plans.


The Insurance Audit survey, which is administered by Integras, Claritas' advanced analytical services division, is designed to generate a national representative sample of United States households' insurance behavior. Data includes the following insurance categories: automobile, residential, life, health and insurance attitudes.

"HSAs provide consumers an excellent way to obtain affordable health insurance and a way to save on overall medical expenses, as well as future medical expenses," said Integras Consultant Noel Schoonover. "The ability of baby boomers to begin saving now for their health expenses during retirement will also save Medicare money in the future and help ensure Medicare's future financial vitality," he added.

Other notable findings included:

-- Nearly 40 percent of households with an HSA are concerned about their long-term care needs compared to 32.1 percent of the total households surveyed.

-- Nearly 45 percent of households with HSAs are concerned about earning an income if they become disabled compared to 33.1 percent of all households surveyed.

Findings released today by PNC are part of a series of reports resulting from a nationwide survey of nearly 1,500 wealthy U.S. adults. Highlights of the findings include:

- Future of Medicare: Four in 10 respondents (42 percent) perceive the potential insolvency of the Medicare system as a threat or huge threat to their family's wealth. About half (49 percent) of those between the ages of 45-64 think its demise would be a threat or huge threat to their family's wealth. Among those with children, more than half (51 percent) agree their children will not benefit from Medicare in the future.

- Long-term care costs and medical treatment also posed a risk for almost four out of 10 questioned (36 percent), with one-quarter (26 percent) of younger Americans, ages 18-44, with children under 18 expressing fear that their children would eventually have to pay for their long-term health care costs. Close to one-quarter (24 percent) of those with living parents worried about their parents' lack of long-term care insurance.

- Top Five Financial Concerns: More than half of respondents (52 percent) rated "providing for my health and wellness" as the No. 1 financial concern. This was followed by "sustaining and increasing my wealth" (47 percent); "providing for my family's security" (41 percent);
and "having enough money to support my lifestyle (41 percent)." Next was "affording health care costs for my family" (38 percent).

Planning Ahead?

The serious concerns expressed by survey respondents about the costs of long-term care, medical expenses for family members and the potential for Medicare insolvency have not translated into related financial planning for many wealthy Americans. PNC's survey found that asset protection preparations lag for many wealthy households. Survey results included:

- More than two-thirds (69 percent) of respondents do not have a comprehensive financial plan.
- More than one in 10 (13 percent) have not taken any of the appropriate steps to protect their wealth.
- Three out of four (75 percent) have completed a will, but four in 10 (39 percent) have no health care proxy, which specifies an individual to implement a living will and make health care decisions when its statement of preferences do not apply.
- While most have a will, less than half (45 percent) have established a trust to transfer wealth to heirs and only 26 percent have named a professional trustee.
- Seven out of 10 (69 percent) have not purchased long-term care insurance for themselves or a spouse. Among those who have not purchased long term care insurance, thirty-six percent felt it was unwise to spend money on a premium they may never use, 22 percent said it was cost-prohibitive and 21 percent said they never thought about it.

"The cost of health care is rising much faster than inflation, and the effect on family assets should be factored prominently into retirement planning and wealth preservation activities," Melcher said. "Without proper financial planning, many people end up leaving a bankrupt legacy to the next generation.

"A truly comprehensive financial plan should take everything into account, including health care, but that is often not the case," Melcher added. "Many people focus on lifestyle issues and financial growth strategies but want to avoid the fact that we will all get older and need some level of medical care in the future. And the level of need can be a financial drain for the individual, as well as the family, if they are ill-prepared due to the lack of advance planning."

Melcher said the health care proxy is a critical need for anyone to establish treatment desires. He also said that a Health Savings Account offers a tax-advantaged way to set aside money for health care costs.

From an asset protection perspective, Melcher said there are numerous options, ranging from an estate plan, life insurance, irrevocable life insurance trust and Delaware Asset Protection Trusts, for example.

Survey Methodology

The wealth and values survey was commissioned by PNC to identify attitudes about wealth among high net worth individuals, how it affects their lives and their needs in managing wealth. The survey was conducted online by Harris Interactive in October and November 2005 among a nationwide cross section of 1,485 adults (age 18 or over) with annual incomes of $150,000 or above (if employed), at least $500,000 of investable assets (if employed) or at least $1 million of investable assets (if retired).

The total sample contains four distinct groups: 795 with assets of $500,000 to $999,999; 465 with assets of $1 million to $4.9 million; 109 with assets of $5 million to $9.9 million; and, 116 with assets of $10 million or more. Figures for age, sex, race, education, region, income, asset level and propensity to be online were weighted where necessary to bring them into line with the actual proportions in the population. Overall results have a sampling error of +/- 2.5 percentage points, and sampling error for various sub-sample results is higher and varies.

The survey was designed and managed by HNW, Inc. (www.hnw.com), a leading provider of wealth marketing software and solutions to financial services companies and intermediaries seeking to
capture and serve the high net worth market.

Harris Interactive Inc. (www.harrisinteractive.com), based in Rochester, New York, is the 13th largest and the fastest-growing market research firm in the world, most widely known for The Harris Poll® and for its pioneering leadership in the online market research industry.

**Calling All Speakers**

Do you have a compelling idea, innovative strategy, or unique product of value to your peers in the bank-insurance industry? If so, the ABIA wants you! Please take this opportunity to request to speak at the **2006 ABIA Annual Conference**, September 10-12, 2006 at the J.W. Marriott in Washington, D.C. The 2006 Annual Conference theme is “EXPANDING HORIZONS: MAXIMIZING THE INSURANCE OPPORTUNITIES IN THE BANK”.

The ABIA Conference Committee is looking for speakers for breakout tracks that will provide an industry perspective for members and other conference attendees. Speaking opportunities are available for the breakout tracks of one hour each to be offered Sunday, September 10 and Monday, September 11, 2006.

The RFP submission form can be found on the ABIA website at [www.theabia.com](http://www.theabia.com) (Click on “Conferences”) or at [http://www.aba.com/aba/documents/abia/RFP06.pdf](http://www.aba.com/aba/documents/abia/RFP06.pdf). All proposals for presentations must be received by FRIDAY, FEBRUARY 3rd, 2006. Please take a minute and fill out the RFP form and demonstrate to your peers and colleagues your knowledge of the industry and what makes your programs work! For any questions or if you need additional information, please contact Mike Polychrones at (202) 663-5521 or mpolychr@aba.com.

**Member News**

Symetra Makes Strategic Additions to Financial Institutions Team

Bellevue, Wash. — (Jan. 5, 2006) — SymetraSM Financial today announced several key additions to its financial institutions channel. The company expects the new team to shape business development efforts with banking and financial institution partners nationwide.

Symetra named Edward Van Hoorebeke national sales manager and senior vice president for the financial institutions division. Van Hoorebeke has nearly 20 years experience in financial services and was previously national sales manager and a senior vice president with MetLife Investors, the distribution company for Metropolitan Life Insurance Company.

Van Hoorebeke is joined by James Polhemus, who will also serve as a senior vice president in the financial institutions division. Most recently, Polhemus was a senior vice president at Phoenix Life Insurance Company. In addition, Polhemus was president of Strategic Financial Solutions Corporation, a financial outsourcing and services company, and served as chief operations officer at the Independent Financial Marketing Group.

Along with Roderick Halvorson, Symetra’s senior vice president who leads the division, Van Hoorebeke and Polhemus will help direct business development programs, wholesaling activities, operations, and training and education within the financial institutions channel.
To support this leadership team, Symetra has appointed a new group of regional vice presidents. They include Kelly Pappas, formerly regional marketing director with Transamerica; Patricia Regan, who was a regional vice president at MetLife Investors; and Bill Walsh, who served as senior regional vice president with AXA Equitable.

“As our business continues to grow, it is important that we have the right talent and expertise in place,” said Halvorson. “These additions reflect our commitment to building one of the best financial institution teams in our industry. I am confident this group will help us deliver even more value to our banking partners.”

Best Practices Panels

The ABIA Best practices Panels are back and with a new schedule and a new manager. Michael Polychrones, ABIA’s new program manager, is responsible for organizing the BPPs. If you are an ABIA member, we encourage you to participate in any or all of the Panels. Simply register with Mike to do so.

Mike can be reached by e-mail at mpolychr@aba.com.

2006 BEST PRACTICES PANEL SCHEDULE

Agency Integration Panel

Co-Chairs: Mike Byl, First Insurance Services and Valerie Jordan, The South Financial Group

The teleconference calls will be every other month on the 2nd Monday of the month @ 4:00 p.m. Eastern according to the following schedule:

February 13
April 10
June 12
No call in August
September 10-12 (Washington D.C.) - Annual Conference Presentation

Annuities Panel

Co-Chairs: Steven Saltzman, Chase Insurance Group and Kenneth Kehrer, Kenneth Kehrer and Associates

The teleconference calls will be every other month on the 3rd Tuesday of the month @ 3:30 p.m. Eastern according to the following schedule:

February 14
April 18
June 20
No call in August

September 10-12 (Washington D.C.) - Annual Conference Presentation

Compliance Panel

Co-Chairs: Cathy McLaughlin, Wachovia Insurance Services and Andrew Kramer, Bank of America

The teleconference calls will be held quarterly on the 2nd Tuesday of the middle month at @ 2:00 p.m. Eastern according to the following schedule:

February 14
May 9
August 8
September 10-12 (Washington D.C.) - Annual Conference Presentation

Credit Insurance and Debt Cancellation Panel

Co-Chairs: Bruce Bradley, Life of the South and Diane

Community Bankers Panel

Chair: Ray LuBien, Banc Insurance Services, Robert Mittel, Independence Community Insurance Agency

The teleconference calls will be held quarterly on the 3rd Thursday of the month @ 11:00 a.m. Eastern according to the following schedule:

February 9
May 11
September 10-12 (Washington D.C.) - Annual Conference Presentation

Best Practices Panels

The ABIA Best practices Panels are back and with a new schedule and a new manager. Michael Polychrones, ABIA’s new program manager, is responsible for organizing the BPPs. If you are an ABIA member, we encourage you to participate in any or all of the Panels. Simply register with Mike to do so.

Mike can be reached by e-mail at mpolychr@aba.com.
Weinberger, Comerica Insurance Group

The teleconference calls will be held every other month on the 4th Thursday of the month at 4:00 p.m. Eastern according to the following schedule:

January 26
April 27
July 20
September 10-12 (Washington D.C.) - Annual Conference Presentation
November 30

Direct Marketing Panel

Co-Chairs: Carol Ross, Sovereign Bank and Thomas Munoz, Securian

The teleconference calls will be held every other month on the 4th Tuesday of the month @ 3:00 p.m. Eastern according to the following schedule:

January 24
March 21
May 23
July 20
September 10-12 (Washington D.C.) - Annual Conference Presentation
October 24

Life Coverages Panel

Chair: Robert Gallmann, Fulton Financial Advisors and William Keffer, WHK Consulting

The teleconference calls will be held every other month on the 4th Thursday of the month @ 1:00 p.m. Eastern according to the following schedule:

January 26
March 23
May 25
July 27
September 10-12 (Washington D.C.) - Annual Conference Presentation
October 26

P& C Panel

Co-Chairs: Missy Elder, First Horizon Insurance and Beth Beal, Huntington Insurance Services

The teleconference calls will be held every other month on the 3rd Thursday of the month @ 1:00 p.m. Eastern according to the following schedule:

February 16
April 20
June 15
No call in August
September 10-12 (Washington D.C.) - Annual Conference Presentation
October 19

Reinsurance Panel

Co-Chairs: Jim Mann, Bank of America Insurance Group and Steve Lash, Ernst & Young

The teleconference calls will be held quarterly on the 2nd Tuesday of the month @ 11:30 a.m. Eastern according to the following schedule:

March 7
June 13
September 10-12 (Washington D.C.) - Annual Conference Presentation
October 10

ABIA Membership Resources

This is the place to find some help with questions about our association and the people who run it.

Government Relations

Contact Kevin McKechnie at kmckechn@aba.com

Insurance Weekly

Contact Kevin McKechnie at kmckechn@aba.com

Conference Questions?

Valerie Barton at vbarton@aba.com

Dues and Publications

Contact Valerie Barton at vbarton@aba.com

ABA Job Bank

For more information visit the Job Resume Bank at:
http://aba.careerbank.com/default.cfm

ABIA Best Practices Panels

Contact: Mike Polychrones at: mpolychr@aba.com
Supported by ABIA and ABIA’s Premier Partners

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- American Modern Insurance Group
- MassMutual
- Symetra Financial

**SILVER**

- Allstate
- coverdell
- Great-West Life & Annuity Insurance Company
- IAC
- MarshBerry
- MetLife Investors
- Novell

Contact the ABIA Office for information on how to become a Premier Partner.