
Banks Selling More VAs, Mutual Funds

By Editor Test *Tue, Sep 14, 2010*

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U.S. banks saw solid increases in variable annuity and mutual fund revenue for the first half of 2010 but a drop in fixed annuity revenue, *National Underwriter* reported.

Bank variable annuity revenue was 16% higher during the first half than it was during the first half of 2009, and bank mutual fund revenue was 31% higher, according to Kehrre-LIMRA, a unit of LIMRA, Windsor, Conn. Bank fixed annuity revenue was 27% lower.

The Kehrre-LIMRA report includes 56 banks and credit unions that account for about 40% of the investment revenue at smaller financial institutions.

Investment sales revenue per bank rep fell 37% between 2008 and 2009. During the first half of 2010, bank rep productivity has been 32% higher than it was during the comparable period in 2009.

Similarly, new investment sales revenue per dedicated bank financial rep fell 10% between 2008 and 2009, but that productivity indicator has been 7% higher in the first half of the current year than in the first half of 2009.

Bank investment income per \$1 million in total bank revenue fell 12% in 2008, but median investment program revenue increased 5%. That means investment program revenue increased at a majority of the banks, Kehrre-LIMRA says.

For all of 2009, fixed annuity revenue was down 25%, variable annuity revenue was down 21%, and life insurance revenue was up 15%.