FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS RELEASE

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FEDERAL DEPOSIT INSURANCE CORPORATION MARKS FIFTIETH ANNIVERSARY

The Federal Deposit Insurance Corporation (FDIC), which insures depositors' accounts in virtually all of the nation's banks, will celebrate its fiftieth anniversary on June 16, 1983. The FDIC was created by the Banking Act of 1933.

There are 202 banks in Virginia insured by the FDIC. The state is part of the FDIC's Philadelphia Region, which also encompasses the states of Delaware, Maryland and Pennsylvania, and the District of Columbia. The Regional Office is located at 1900 Market Street, Philadelphia, Pennsylvania. Robert A. Dorbad is the Regional Director.

FDIC Chairman William M. Isaac, announcing the anniversary observance, said: "The excellent record the FDIC has developed and maintained over the years in protecting the safety and soundness of the American banking system has established the FDIC as a 'symbol of confidence' to the banking public. We have worked hard to earn this reputation and will strive to preserve it in the future."

The FDIC's insurance program protects depositors up to $100,000 in each insured bank. As of December 31, 1982, there were 15,329 banks in the United States and 14,802 of them were FDIC-insured.

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The FDIC is an independent agency of the U.S. Government but does not operate on tax dollars. Money to pay depositors' claims and FDIC operating expenses comes from assessments on banks based on the volume of their deposits. Additional income is earned by investing the insurance fund in U.S. Treasury obligations. Despite increased insurance costs in recent years, the fund continues to grow and today exceeds $14 billion. Gross revenues this year are expected to be in the range of $3 billion.

The Division of Bank Supervision is the Corporation's largest element. Its principal mission is examining insured banks for safe and sound operating practices. It also administers other important functions including consumer protection and civil rights programs; oversight of bank securities; review of applications to merge, set up new facilities or change locations; and qualifications for insurance coverage.

About 70 percent of the Corporation's 3,521 employees are involved in supervisory activities, including about 1,550 bank examiners. Of the total, 109 are assigned to the Philadelphia Region.

Only about 650 of the nearly 15,000 FDIC-insured banks have failed in the fifty years the FDIC has been in existence, and no depositor has lost one cent from an insured deposit in any of the failures. From 1933 through 1982 there were ten bank failures in Virginia.

The FDIC's workload has grown substantially in recent years. Bank insolvencies, which averaged only about six per year from the end of World War II until 1982, reached 42 last year and are occurring at about the same rate so far this year. FDIC planners projected this higher failure rate and appropriate steps were taken to deal with it in an orderly manner.

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Reorganizations to make better use of personnel and the adoption of sophisticated monitoring systems to supplement examinations ensure that the FDIC is equipped to deal with any foreseeable situations.

When a bank fails the FDIC tries to find a healthy bank to take it over. Banks bid for the privilege and the successful bidder receives financial help from the FDIC. The closed bank's office is reopened, usually without any delay, and depositors of the failed bank automatically become depositors in the new bank. In such transactions, the FDIC retains certain problem assets of the failed bank and sells them to recover part of the money it has advanced to the new bank.

If a suitable buyer cannot be found to take over the failed bank, the bank remains closed and depositors are paid off up to the insured limit, currently $100,000. Those with deposits over the insured limit become general creditors of the failed bank and share in whatever the FDIC is able to recover by selling assets of the closed bank.

When such a deposit payoff is the only practical solution, it usually begins within days of a bank closing and generally is completed in about a week. Depositors are notified of the payoff schedule and FDIC employees are on the scene to speed payoffs to depositors.

A free booklet, "Your Insured Deposit," explaining the insurance provisions in more detail, is available at all insured banks or from the FDIC Regional Offices.

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