PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC Seeks Public Comment on Proposed Rules Governing Deposit Insurance Assessments, Including a One-Time Credit

The FDIC's Board of Directors today approved for public comment three proposed rules governing deposit insurance assessments under the Deposit Insurance Reform Act of 2005, including one that would allocate a one-time $4.7 billion assessment credit among insured institutions.

Congress mandated this one-time assessment credit to acknowledge contributions by institutions to build up the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF) in the early- to mid-1990s. The Reform Act requires the FDIC to allocate the one-time assessment credit to each "eligible insured depository institution" or its "successor" based on the assessment base of the institution as of December 31, 1996, as compared to the combined aggregate assessment base of all eligible institutions as of that date, taking into account other factors the Board may deem appropriate. The statute defines an "eligible insured depository institution" as one that was in existence on December 31, 1996, and had paid a deposit insurance assessment before then. The FDIC is charged with defining "successor" for these purposes.

The proposed rule issued today would define a "successor" as the resulting institution in a merger or consolidation involving an institution that was eligible for the one-time credit. The proposed rule also seeks comment on alternative definitions of successor, including one that would make the purchaser of deposits a "successor," even if no merger or consolidation had occurred.

The second FDIC proposal issued today would establish a two-year interim rule governing the payment of dividends from the Deposit Insurance Fund, the fund created on March 31, 2006, through the merger of the BIF and the SAIF. However, the prospect of a dividend payment while the interim rule would be in effect appears unlikely. The third proposal relates to certain operational and procedural changes to the FDIC's assessment regulations.

The Reform Act requires the FDIC to prescribe final credit, dividend and assessment regulations by November 5, 2006. Comments on all three proposed rules are due within 60 days of publication in the Federal Register, which is expected to occur within a week.

The FDIC's Board of Directors has previously adopted an interim final rule on deposit insurance coverage that was published on March 23, 2006. The FDIC expects to consider additional proposed rulemakings later this year, including those regarding the designated reserve ratio for the Deposit Insurance Fund, risk-based assessments and the new insurance logo.

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Attachment:

Notice of Proposed Rulemaking to Implement the One-time Assessment Credit - PDF 119k (PDF Help)

Notice of Proposed Rulemaking to Implement Dividend Requirements - PDF 71k (PDF Help)

Proposed Amendments to Part 327 to Improve the Operational Processes Governing the FDIC's Deposit Insurance Assessment System - PDF 226k (PDF Help)