



# PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

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## FDIC Board Approves Final Rule on Prepaid Assessments

FOR IMMEDIATE RELEASE

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) today voted to require insured institutions to prepay slightly over three years of estimated insurance assessments. The pre-payment allows the FDIC to strengthen the cash position of the Deposit Insurance Fund (DIF) immediately without immediately impacting earnings of the industry.

"I am pleased, but not surprised, by the industry's willingness to step up to the task of rebuilding and strengthening the cash reserves of the fund," said FDIC Chairman Sheila C. Bair. "In September, I expressed confidence that the industry was up to this challenge and the industry has not disappointed. The comment letters we received over this past month made clear that the FDIC and the industry are of the same mind: we will do whatever it takes to maintain the public's confidence in insured institutions and we remain committed to maintaining the independence of the Deposit Insurance Fund through direct industry funding."

Payment of the prepaid assessment, along with the payment of institutions' regular third quarter assessment, will be due on December 30, 2009. The FDIC estimates that it will collect approximately \$45 billion from total prepaid assessments. The payments will come from the industry's substantial liquid reserve balances, which as of June 30, totaled more than \$1.3 trillion, or 22 percent more than a year ago.

Unlike a special assessment, which the FDIC collected on September 30, this prepayment will not immediately affect bank earnings. Banks will book the payments at the end of each quarter. While the prepayment will immediately improve the FDIC's liquidity, it will not have an impact on the fund balance.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at [www.fdic.gov](http://www.fdic.gov), by subscription electronically (go to [www.fdic.gov/about/subscriptions/index.html](http://www.fdic.gov/about/subscriptions/index.html)) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-203-2009

Chairman Bair emphasized that "the public should know that the discussions over the past several months have never been about the FDIC's ability to fulfill its commitment to depositors, but rather how that would be done. The FDIC's commitment to depositors is absolute, and we and the industry have more than enough resources to make good on that commitment. No depositor has ever lost a penny of an insured deposit and no depositor ever will."

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Attachment:  
Final Rule on Prepaid Assessments