



Insurance Assessments

FIL-58-95

September 7, 1995

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *Assessment Rates for the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund*

On August 8, 1995, the FDIC Board of Directors voted to reduce the deposit insurance premiums paid by most members of the Bank Insurance Fund (BIF) but to keep existing assessment rates intact for members of the Savings Association Insurance Fund (SAIF). The decisions closely resemble proposals issued for public comment earlier this year. The FDIC Board also voted to make the new BIF premiums effective the first day of the month after the BIF recapitalized, based on an analysis of June 30 Call Report data that was expected to be completed by mid-September. The analysis has been completed and the FDIC has determined that the BIF was recapitalized at May 31. Accordingly, the new BIF premium rates are effective as of June 1.

The following provides a brief description of the final rules pertaining to the annual assessment rates for the BIF and the SAIF. In addition, attached are: (1) a one-page overview of the new risk-related assessment rates and the number of institutions within each risk category; (2) the FDIC press release announcing that the BIF was recapitalized at May 31, that refunds of resulting insurance overpayments would begin, and that the BIF balance had reached \$24.7 billion at mid-year 1995; (3) additional details of how the FDIC will calculate assessments and provide refunds to BIF-insured institutions for overpayments since June 1; and (4) the Federal Register notices providing the complete rules and analyses supporting the Board's decisions to reduce BIF premium rates and to retain existing SAIF premium rates.

### **BIF Assessment Rates**

Under the new assessment rate schedule for the BIF, the best-rated institutions will pay an annual rate of four cents per \$100 of assessable deposits, down from the current rate of 23 cents per \$100. The weakest institutions will continue to pay 31 cents per \$100. The assessment rates for all nine risk categories are attached.

BIF members that have overpaid their assessments for the period June 1 to September 30 can expect to receive a refund of any overpayment plus interest at the same rate of interest earned by the FDIC during that period. Refunds will be made electronically, via a credit through the automated clearinghouse network that is expected to occur on September 15.

The invoice for fourth-quarter assessment payments was mailed September 5, 1995, the date the BIF recapitalization was announced. This applies to both BIF- and SAIF-member institutions. The electronic debit for the fourth quarter assessment will occur on September 29, 1995, as regularly scheduled.



The FDIC expects to process refunds as well as fourth-quarter assessment payments using the account provided for the June direct-debit collection. More details on refunds and assessment collections for the fourth quarter are attached.

In connection with the new rate schedule, the FDIC Board established a process for raising or lowering all rates for BIF-insured institutions semiannually if conditions warrant a change. Under this new system, the Board will have the flexibility to adjust the entire BIF assessment rate schedule twice a year without seeking public comment first, but only within a range of five cents per \$100 above or below the premium schedule adopted. Changes in the rate schedule outside the five-cent range above or below the current schedule will be made by the Board only after a full rulemaking with opportunity for public comment.

### **SAIF Assessment Rates**

The FDIC Board separately voted to retain the existing SAIF annual assessment rate schedule. Assessment rates paid by institutions whose deposits are insured by the SAIF will continue to range from 23 cents to 31 cents per \$100 of assessable deposits. Despite the general good health of the thrift industry, the SAIF is not in good condition and continues to be substantially undercapitalized. Analysis supporting the Board's decision appears in the attached Federal Register notice.

### **For More Information**

If you need more information about BIF or SAIF rates, please contact any of the FDIC staff members listed in the Federal Register attachment on pages 42680 or 42741, respectively. Questions about refunds or collections may be directed to the FDIC staff members listed in the attachment from the Division of Finance.

Ricki Helfer  
Chairman

Attachments:

[FDIC News Release](#)

[Federal Register](#) (1,050 kb, [PDF help](#) or [hard copy](#)), [Federal Register](#) (HTML)

Tables:

[Table 1](#)

[Table 2](#)

[Table 3](#)

[Table 4](#)

[Table 5](#)

Figures:

[Figure 1](#)

[Figure 2](#)



- [Figure 3](#)
- [Figure 4](#)
- [Figure 5](#)
- [Figure 6](#)
- [Figure 7](#)
- [Figure 8](#)
- [Figure 9](#)
- [Figure 10](#)
- [Figure 11](#)
- [Figure 12](#)
- [Figure 13](#)
- [Figure 14](#)
- [Figure 15](#)
- [Figure 16](#)
- [Figure 17](#)
- [Figure 18](#)
- [Figure 19](#)
- [Figure 20](#)
- [Figure 21](#)
- [Figure 22](#)

Distribution: Insured Banks and Savings Associations