



Bank Insurance Fund Assessments

FIL-99-96
December 9, 1996

TO: CHIEF EXECUTIVE OFFICER
SUBJECT: *BIF Assessment Rates for the First Semiannual Assessment Period of 1997*

The FDIC Board of Directors voted on November 26, 1996, to retain the existing Bank Insurance Fund (BIF) assessment schedule of 0 to 27 basis points (annual rates) for the first semiannual period of 1997, and to collect an assessment against BIF-assessable deposits to be paid to the Financing Corporation (FICO). In addition, the Board eliminated the \$2,000 minimum annual assessment and authorized the refund of the fourth-quarter minimum assessment of \$500 paid by certain BIF-insured institutions on September 30, 1996. Details of the Board's action will be included in a forthcoming Federal Register notice.

Assessment Rate

As a result of the Board's action, BIF assessment rates will continue to range from 0 to 27 basis points. The difference between the existing rate schedule and the schedule placed in effect for the January 1, 1997, assessment period is that the new schedule will no longer include a reference to a minimum assessment amount. This change results from the recently enacted Deposit Insurance Funds Act of 1996 (Funds Act), which eliminated a statutorily-imposed minimum assessment amount. With this modification, the new rate schedule will result in an estimated average annual assessment rate of approximately 0.17 basis points; the estimated annual revenue produced by this rate schedule will be approximately \$43 million.

In connection with the elimination of the mandatory minimum assessment amount, the Board has decided to refund the \$500 minimum assessment paid to the BIF by certain institutions for the fourth quarter of 1996. Any refund due, including interest, will be reflected in the invoices to be mailed on December 11, 1996, and will be netted against any assessments due for the first quarter of 1997. Collection will take place on January 2, 1997.

FICO Assessment

The Funds Act authorizes the FICO to levy assessments on BIF-assessable deposits and stipulates that the rate must equal one-fifth the FICO assessment rate that is applied to deposits assessable by the Savings Association Insurance Fund (SAIF). The actual assessment rates for FICO will be determined by deposit data from the September 30, 1996, Call Reports, when processing is completed. Based on June 30, 1996, deposit data, the upcoming assessment invoice would reflect a FICO rate of approximately 1.29 basis points, on an annual basis, for BIF-assessable deposits, and approximately 6.44 basis points for SAIF-assessable deposits. Invoices for FICO assessments will be mailed with BIF and SAIF invoices on December 11, 1996, and collection for FICO will take place via direct debit on the same collection date established for BIF and SAIF assessments, January 2, 1997.

Questions regarding these matters should be directed to the FDIC's toll-free Assessment Hotline at 1-800-759-6596 (202-898-7090 in the Washington, D.C., area) between 8:30 AM and 4:30 PM, Eastern Time.

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Director

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