



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC SEEKS COMMENTS ON RISK-BASED DEPOSIT INSURANCE ASSESSMENTS

The FDIC Board of Directors has authorized the solicitation of comments on issues related to risk-based deposit insurance assessments. The comments will be considered in the FDIC's current study of risk-based deposit insurance assessments and the subsequent report to Congress required by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA).

Currently, all FDIC-insured depository institutions are assessed at a flat rate and share proportionately in any premium rebates. This system has drawn increased attention because of the negative effect on the insurance funds of record numbers of failed institutions over the past several years. In a risk-based assessment system, institutions that pose a greater risk would be assessed a higher premium for deposit insurance coverage.

"A risk-based deposit insurance assessment system is just one of the things we're studying in the overall context of the Treasury Department study," said William R. Watson, Director of the FDIC's Division of Research and Statistics.

Mr. Watson said the report to Congress will focus on establishing deposit insurance assessment categories related to the types of risk posed by insured depository institutions to the deposit insurance funds administered by the FDIC. By requesting comments, he added, the FDIC hopes to obtain suggestions and any relevant data or statistics from interested parties on the issues to be explored by the FDIC in the study.

The FDIC is seeking comments on proposals using market information to assess risk, including option pricing and private reinsurance, and proposals using non-market information to assess risk, such as asset risk baskets,

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ratings based on examination information, failure-prediction models and levels of adjusted capital.

The complete request for comments, which will be published in the Federal Register, is available from the FDIC's Office of Corporate Communications.

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