

104TH CONGRESS
1ST SESSION

H. R. 1474

To amend the Federal Deposit Insurance Act to improve the requirements relating to the designated reserve ratio for the deposit insurance funds and the procedures for funding the reserves in such funds, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 7, 1995

Mr. LAFALCE introduced the following bill; which was referred to the
Committee on Banking and Financial Services

A BILL

To amend the Federal Deposit Insurance Act to improve the requirements relating to the designated reserve ratio for the deposit insurance funds and the procedures for funding the reserves in such funds, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Deposit Insurance
5 Funds Management Improvement Act of 1995”.

1 **SEC. 2. DEPOSIT INSURANCE FUND IMPROVEMENTS.**

2 (a) ESTABLISHMENT OF DESIGNATED RESERVE
3 RATIO AS A FLOOR RATHER THAN A TARGET.—Section
4 7(b)(2)(A)(iv) of the Federal Deposit Insurance Act (12
5 U.S.C. 1817(b)(2)(A)(iv)) is amended to read as follows:

6 “(iv) ESTABLISHMENT OF DES-
7 IGNATED RESERVE RATIO.—The Board of
8 Directors shall establish the designated re-
9 serve ratio for each insurance fund in ac-
10 cordance with the following:

11 “(I) The designated reserve ratio
12 of any insurance fund shall be not less
13 than 1.25 percent of the estimated in-
14 sured deposits of members of such
15 fund.

16 “(II) The ratio of any insurance
17 fund shall be established at an
18 amount which the Board of Directors
19 determines will provide for an appro-
20 priate amount of reserves against
21 losses which may reasonably be ex-
22 pected to be incurred by the fund
23 without resulting in an excessive
24 buildup in the fund.”.

25 (b) REDUCTION IN ASSESSMENT RATE IF DES-
26 IGNATED RESERVE RATIO IS MET.—Section 7(b)(2)(A) of

1 the Federal Deposit Insurance Act (12 U.S.C.
2 1817(b)(2)(A)) is amended by adding at the end the fol-
3 lowing new clause:

4 “(v) CLARIFICATION OF AUTHORITY
5 TO REDUCE ASSESSMENTS AMOUNTS.—The
6 authority of the Board of Directors to set
7 semiannual assessments to maintain the
8 reserve ratio of any insurance fund at the
9 designated reserve ratio includes the au-
10 thority to reduce such assessments by any
11 appropriate amount if the reserve ratio of
12 such fund is equal to or greater than the
13 minimum designated reserve ratio of such
14 fund.”.

15 (c) CONSIDERATION OF EFFECT OF ASSESSMENT
16 RATE DIFFERENTIAL.—Section 7(b)(2)(B) of the Federal
17 Deposit Insurance Act (12 U.S.C. 1817(b)(2)(B)) is
18 amended to read as follows:

19 “(B) CONSIDERATION OF EFFECT OF AS-
20 SESSMENT RATE DIFFERENTIAL.—In setting
21 the semiannual assessment rates for insured de-
22 pository institutions, the Board of Directors
23 may consider any risk to the safety and sound-
24 ness of any deposit insurance fund, the mem-
25 bers of any deposit insurance fund, or the de-

1 posit insurance system as a whole which is
2 posed by any difference between the assessment
3 rate for Savings Association Insurance Fund
4 members and the assessment rate for Bank In-
5 surance Fund members.”.

6 (d) REPEAL OF MINIMUM SAIF ASSESSMENT
7 RULE.—Section 7(b)(2) of the Federal Deposit Insurance
8 Act (12 U.S.C. 1817(b)(2)) is amended by striking sub-
9 paragraph (E).

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