

104TH CONGRESS
1ST SESSION

H. R. 1475

To merge the Bank Insurance Fund and the Savings Association Insurance Fund, to require savings associations to continue to pay assessments to the Financing Corporation, 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 merge the Bank Insurance Fund and the Savings Association Insurance Fund, to require savings associations to continue to pay assessments to the Financing Corporation, 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 Fund Merger Act of 1995”.

6 **SEC. 2. MERGER OF FDIC INSURANCE FUNDS.**

7 (a) IN GENERAL.—Section 11(a) of the Federal De-
8 posit Insurance Act (12 U.S.C. 1821(a)) is amended—

1 (1) by striking paragraphs (5) and (6) and in-
2 serting the following new paragraph:

3 “(5) DEPOSIT INSURANCE FUND.—

4 “(A) ESTABLISHMENT.—There is hereby
5 established a fund to be known as the deposit
6 insurance fund.

7 “(B) TRANSFER TO FUND.—On the date
8 of the enactment of the Deposit Insurance
9 Fund Merger Act of 1995, the Bank Insurance
10 Fund and the Savings Association Insurance
11 Fund shall be abolished and all assets and li-
12 abilities of each such fund shall be transferred
13 to the deposit insurance fund.

14 “(C) USES.—The deposit insurance fund
15 shall be available to the Corporation for use
16 with respect to insured depository institutions.

17 “(D) DEPOSITS.—All amounts assessed
18 against insured depository institutions under
19 this Act shall be deposited in the deposit insur-
20 ance fund.

21 “(6) ACCOUNTING REQUIREMENTS.—

22 “(A) ACCOUNTING FOR USE OF FACILITIES
23 AND RESOURCES.—The Corporation shall keep
24 a full and complete accounting of all costs and
25 expenses associated with the use of any facility

1 or resource used in the course of conducting su-
2 pervisory, regulatory, conservatorship, receiver-
3 ship, or liquidation functions with respect to in-
4 sured depository institutions.

5 “(B) ACCOUNTING FOR HOLDING AND
6 MANAGING ASSETS AND LIABILITIES.—The Cor-
7 poration shall keep a full and complete account-
8 ing of all costs and expenses associated with the
9 holding and management of any asset or liabil-
10 ity belonging to insured depository institutions
11 in conservatorship or receivership.

12 “(C) ACCOUNTING FOR DISPOSITION OF
13 ASSETS AND LIABILITIES.—The Corporation
14 shall keep a full and complete accounting of all
15 expenses and receipts associated with the dis-
16 position of any asset or liability belonging to in-
17 sured depository institutions in conservatorship
18 or receivership.”;

19 (2) by striking subparagraph (A) of paragraph
20 (4); and

21 (3) by striking paragraph (7) and redesignating
22 paragraph (8) as paragraph (7).

23 (b) ASSESSMENTS OF FORMER BIF MEMBERS
24 CAPPED AT RATES APPLICABLE BEFORE MERGER OF
25 FUNDS.—Section 7(b)(2) of the Federal Deposit Insur-

1 ance Act (12 U.S.C. 1817(b)(2)) is amended by inserting
2 after subparagraph (G) the following new subparagraphs:

3 “(H) REDUCED ASSESSMENT RATES CON-
4 TINUE TO APPLY TO FORMER BIF MEMBERS.—
5 Until the deposit insurance fund first meets or
6 exceeds the designated reserve ratio, the aver-
7 age assessment rates applicable under the risk-
8 based assessment system for any semiannual
9 period with respect to insured depository insti-
10 tutions which were Bank Insurance Fund mem-
11 bers on the day before the date of the enact-
12 ment of the Deposit Insurance Fund Merger
13 Act of 1995 shall not exceed the greater of—

14 “(i) the average of the assessment
15 rates which would be applicable to such in-
16 stitutions under this section for any semi-
17 annual period if the amendments made by
18 such Act had not been enacted; or

19 “(ii) 6 basis points.

20 “(I) SCHEDULE FOR MEETING DES-
21 IGNATED RESERVE RATIO.—Notwithstanding
22 paragraph (3), upon the enactment of the De-
23 posit Insurance Fund Merger Act of 1995, the
24 Corporation shall prescribe a schedule in the
25 manner provided in paragraph (3)(B) which

1 culminates in a reserve ratio that is equal to or
2 greater than the designated reserve ratio not
3 later than 5 years after the date of the enact-
4 ment of such Act.”.

5 (c) REPEAL OF CONVERSION MORATORIUM, EXIT
6 FEE, AND “OAKAR BANK” PROVISIONS.—Section 5(d) of
7 the Federal Deposit Insurance Act (12 U.S.C. 1815(d))
8 is amended by striking paragraphs (2) and (3).

9 (D) TECHNICAL AND CONFORMING AMENDMENTS.—

10 (1) Section 5(d)(1) of the Federal Deposit In-
11 surance Act (12 U.S.C. 1815(d)(1)) is amended by
12 striking “Bank Insurance Fund and the Savings As-
13 sociation Insurance Fund” and inserting “deposit
14 insurance fund”.

15 (2) Section 7(b) of the Federal Deposit Insur-
16 ance Act (12 U.S.C. 1817(b)) is amended—

17 (A) in paragraph (1)(D), by striking
18 “each” and inserting “the”;

19 (B) in paragraph (2)(A)(i)(I), by striking
20 “each” and inserting “the”;

21 (C) in paragraph (2)(A)(iii), by striking “a
22 deposit” and inserting “the deposit”;

23 (D) in paragraph (2)(A)(iv), by striking
24 “each” and inserting “the”;

1 (E) by striking subparagraph (B) of para-
2 graph (2);

3 (F) in paragraph (2)(C), by striking
4 “each” and inserting “the”;

5 (G) by striking subparagraphs (E) and (F)
6 of paragraph (2);

7 (H) in paragraph (2)(G), by striking “a
8 deposit” and inserting “the deposit”;

9 (I) in paragraph (3)(A), by striking “any
10 deposit” and inserting “the deposit”;

11 (J) in paragraph (3)(C), by striking every-
12 thing after “subparagraph (B)” the 1st time
13 such term appears and inserting a period.

14 (K) by striking subparagraph (D) of para-
15 graph (3);

16 (L) in paragraph (6)(A)(ii), by striking
17 “Bank Insurance Fund members” and inserting
18 “insured depository institutions”; and

19 (M) by striking subparagraph (B) of para-
20 graph (6).

21 (3) Section 7 of the Federal Deposit Insurance
22 Act (12 U.S.C. 1817) is amended by striking sub-
23 section (l).

24 (4) Section 11(f)(1) of the Federal Deposit In-
25 surance Act (12 U.S.C. 1821(f)(1)) is amended by

1 striking “, except that—” and all that follows
2 through the period at the end and inserting a period.

3 (5) Section 11(i)(3) of the Federal Deposit In-
4 surance Act (12 U.S.C. 1821(i)(3)) is amended by
5 striking subparagraph (B) and by redesignating sub-
6 paragraph (C) as subparagraph (B).

7 (6) Section 11A(a) of the Federal Deposit In-
8 surance Act (12 U.S.C. 1821A(a)) is amended—

9 (A) in paragraph (2)(B), by striking “Sav-
10 ings Association Insurance Fund” and inserting
11 “deposit insurance fund”; and

12 (B) in paragraph (3), by striking “Bank
13 Insurance Fund, the Savings Association Insur-
14 ance Fund,” and inserting “deposit insurance
15 fund”.

16 (7) Section 13 of the Federal Deposit Insurance
17 Act (12 U.S.C. 1823) is amended—

18 (A) in subsection (a)(1) by striking “Bank
19 Insurance Fund, Savings Association Insurance
20 Fund,” and inserting “deposit insurance fund”;

21 (B) by striking paragraph (11) of sub-
22 section (c);

23 (C) in subsection (k)(4)(B)(ii), by striking
24 “Savings Association Insurance Fund member”
25 and inserting “savings association”; and

1 (D) in subsection (k)(5)(A), by striking
2 “Savings Association Insurance Fund mem-
3 bers” and inserting “savings associations”.

4 (8) Section 14 of the Federal Deposit Insurance
5 Act (12 U.S.C. 1824) is amended—

6 (A) in subsection (a), by striking “Bank
7 Insurance Fund or the Savings Association In-
8 surance Fund” and inserting “deposit insur-
9 ance fund”;

10 (B) in subsection (a), by striking “Bank
11 Insurance Fund or Savings Association Insur-
12 ance Fund” and inserting “deposit insurance
13 fund”;

14 (C) in subsection (c), by striking para-
15 graph (3); and

16 (D) in subsection (d)—

17 (i) by striking “Bank Insurance Fund
18 members” each place such term appears
19 and inserting “insured depository institu-
20 tions”;

21 (ii) by striking “Bank Insurance
22 Fund member” each place such term ap-
23 pears and inserting “insured depository in-
24 stitution”; and

1 (iii) by striking “Bank Insurance
2 Fund” each place such term appears
3 (other than in connection with a term re-
4 ferred to in clause (i) or (ii)) and inserting
5 “deposit insurance fund”.

6 (9) Section 15(c)(5) of the Federal Deposit In-
7 surance Act (12 U.S.C. 1825(c)(5)) is amended—

8 (A) by striking “Bank Insurance Fund or
9 Savings Association Insurance Fund, respec-
10 tively,” each place such term appears and in-
11 serting “deposit insurance fund”; and

12 (B) by striking “Bank Insurance Fund or
13 the Savings Association Insurance Fund, re-
14 spectively,” each place such term appears and
15 inserting “deposit insurance fund”.

16 (10) Section 17 of the Federal Deposit Insur-
17 ance Act (12 U.S.C. 1827) is amended by striking
18 “Bank Insurance Fund, Savings Association Insur-
19 ance Fund,” each place such term appears and in-
20 serting “deposit insurance fund”.

21 (11) Section 18(m)(3) of the Federal Deposit
22 Insurance Act (12 U.S.C. 1828(m)(3)) is amend-
23 ed—

24 (A) in subparagraph (A)—

1 (i) by inserting “of an insured savings
2 association or a subsidiary of any such as-
3 sociation” after “specific activity”;

4 (ii) by striking “Savings Association
5 Insurance Fund.” and inserting “deposit
6 insurance fund.”; and

7 (iii) by striking “that Savings Asso-
8 ciation Insurance Fund member” and in-
9 serting “such savings association”; and

10 (B) in subparagraph (C), by striking “Sav-
11 ings Association Insurance Fund or the Bank
12 Insurance Fund” and inserting “deposit insur-
13 ance fund”.

14 (12) Section 31 of the Federal Deposit Insur-
15 ance Act (12 U.S.C. 1831h) is amended—

16 (A) in subsection (a), by striking “Insur-
17 ance Fund”; and

18 (B) in subsection (b)(2), by striking “Sav-
19 ings Association Insurance Fund members” and
20 inserting “savings associations”.

21 (13) Section 38(o)(1)(B) of the Federal Deposit
22 Insurance Act (12 U.S.C. 1831o(o)(1)(B)) is amend-
23 ed by striking “Savings Association Insurance
24 Fund” and inserting “deposit insurance fund”.

1 **SEC. 3. PAYMENT OF FICO COSTS BY FORMER SAIF MEM-**
2 **BERS AND THEIR SUCCESSORS.**

3 (a) IN GENERAL.—Section 21(f)(2) of the Federal
4 Home Loan Bank Act (12 U.S.C. 1441(f)(2)) is amend-
5 ed—

6 (1) in the provision preceding subparagraph
7 (A)—

8 (A) by striking “each Savings Association
9 Insurance Fund member” and inserting “each
10 designated insured depository institution”; and

11 (B) by striking “such members” and in-
12 serting “such institutions”; and

13 (2) in subparagraph (A), by striking “Savings
14 Association Insurance Fund members” and inserting
15 “insured depository institutions”.

16 (b) DESIGNATED INSURED DEPOSITORY INSTITU-
17 TION DEFINED.—Section 21(f) of the Federal Home Loan
18 Bank Act (12 U.S.C. 1441(f)) is amended by adding at
19 the end the following new paragraph:

20 “(4) DESIGNATED INSURED DEPOSITORY INSTI-
21 TUTION DEFINED.—For purposes of paragraph (2),
22 the term ‘designated insured depository institu-
23 tion’—

24 “(A) means any insured depository institu-
25 tion which, as of January 1, 1995, or at any
26 time after such date, was a Savings Association

1 Insurance Fund member under the Federal De-
2 posit Insurance Act (as in effect on the day be-
3 fore the date of the enactment of the Deposit
4 Insurance Fund Merger Act of 1995), including
5 any Savings Association Insurance Fund mem-
6 ber referred to in section 5(d)(2)(G) of such
7 Act (as in effect on such day);

8 “(B) includes, in the case of any insured
9 depository institution which, as of January 1,
10 1995, or at any time after such date, was a
11 Bank Insurance Fund member which had de-
12 posits which were treated, under section 5(d)(3)
13 of the Federal Deposit Insurance Act (as in ef-
14 fect on the day before the date of the enact-
15 ment of the Deposit Insurance Fund Merger
16 Act of 1995), as deposits which were insured by
17 the Savings Association Insurance Fund, the
18 adjusted attributable deposit amount with re-
19 spect to such member as determined under sec-
20 tion 5(e)(3)(C) of such Act (as in effect on such
21 day) (and such section, as in effect on such
22 day, shall continue to apply with respect to the
23 determination of the adjusted attributable de-
24 posit amount of such institution for purposes of
25 this subsection); and

1 “(C) includes any other insured depository
2 institution which acquires (as defined in section
3 13(f)(8)(B) of the Federal Deposit Insurance
4 Act) such insured depository institution or is
5 otherwise a successor in interest to such institu-
6 tion.”.

7 **SEC. 4. 1-TIME SPECIAL SAIF CAPITALIZATION ASSESS-**
8 **MENT.**

9 Section 7(b) of the Federal Deposit Insurance Act
10 (12 U.S.C. 1817(b)) is amended by inserting after para-
11 graph (7) the following new paragraph:

12 “(8) SPECIAL 1-TIME ASSESSMENT TO RECAPI-
13 TALIZE SAIF.—

14 “(A) IN GENERAL.—The Corporation may,
15 in the discretion of the Board of Directors, im-
16 pose a special assessment on—

17 “(i) each insured depository institu-
18 tion which, as of January 1, 1995, or at
19 any time after such date, was a Savings
20 Association Insurance Fund member under
21 the Federal Deposit Insurance Act (as in
22 effect on the day before the date of the en-
23 actment of the Deposit Insurance Fund
24 Merger Act of 1995); and

1 “(ii) any other insured depository in-
2 stitution which acquires (as defined in sec-
3 tion 13(f)(8)(B) of the Federal Deposit In-
4 surance Act) such insured depository insti-
5 tution or is otherwise a successor in inter-
6 est to such institution,

7 in an amount not greater than 0.40 percent of
8 the assessment base, as of January 1, 1995, on
9 which assessments are imposed under the risk-
10 based assessment system established pursuant
11 to paragraph (1).

12 “(B) DEPOSIT OF ASSESSMENT IN SAIF.—
13 The proceeds of any assessment imposed under
14 subparagraph (A) shall be deposited in the Sav-
15 ings Association Insurance Fund.

16 “(C) IMPOSITION OVER PERIOD OF
17 YEARS.—The assessment authorized under sub-
18 paragraph (A) may be imposed incrementally
19 over such period of years as the Board of Di-
20 rectors may determine to be appropriate, except
21 the larger percentage of any such incremental
22 assessment shall be allocated to the first year of
23 the effective period for such assessment.

24 “(D) ABATEMENT FOR TROUBLED INSTI-
25 TUTIONS.—The Board of Directors may abate

1 any portion of any assessment under this para-
2 graph in the case of any undercapitalized insti-
3 tution or any institution which would become
4 undercapitalized as a result of the imposition of
5 such assessment.”.

○