CONNECTICUT BANKERS
ASSOCIATION

Gerald M. Noonan
President & CEO

March 31, 2009

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N. W.
Washington, DC 20429

Re: Proposed FDIC Deposit Insurance Fund Special Assessment
RIN: 3064-AD35

Dear Mr. Feldman:

On behalf of the sixty-five member banks of the Connecticut Bankers Association, we strongly urge the Agency to reduce the proposed special assessment to restore the Deposit Insurance Fund to 1.15%.

The Association strongly agrees with the FDIC that the Deposit Insurance Fund needs to be maintained at a reasonable level insuring consumer confidence in the banking system.

We appreciate Chairman Bair's recent public statements that the special assessment could be cut in half to 10 basis points pending the passage of legislation in Congress to increase the FDIC's line of credit with Treasury. We have been working with Senator Chris Dodd in this effort and will continue to do so until passage.

The Association suggests four actions be taken by the FDIC Board. They include:

- We believe that the FDIC Board needs to consider extending the recapitalization process from five to ten years.

- In order to solve one issue of fairness, we ask the FDIC Board to calculate premiums for new, higher-risk entrants to the Deposit Insurance Fund based on assets instead of deposits. This will increase premiums on institutions that obtained bank charters over the past several months and whom contributed to the dilution of the Fund.

- We ask the Board to reconsider Section III of the interim final rule that gives the FDIC the authority to impose an additional 10 basis point special assessment at any time and without public comment. While we understand that the agency needs flexibility in managing the Fund, the Association does not believe this supersedes the need for public and industry comments. Given that the interim rule provides for any special assessment to be imposed on the last day of a quarter and not collected until approximately three months later, we believe that the FDIC would have ample time to provide at least a 30-day public comment period on any additional special assessment.

- We suggest that the Board consider using a bond or convertible debt instrument that would allow banks to write off the expense over time or if only if needed.

Many of the actions taken by the Federal government since September 2008 have had unintended consequences. Some of the concerns expressed by member banks relate to unintended consequences associated with the current special assessment. Included is the possible reduction of expenses to offset the increase. As such, employment levels may decline, as well as bank sponsored community giving.

At a time when the industry is being told to lend, we will be reducing our collective capacity to do so at a very inopportune time.

The Connecticut Bankers Association urges the FDIC Board to take these suggestions into consideration when it meets in April to finalize the special assessment rule.

Thank you for this opportunity to comment on this proposed rule.

Very truly yours,

Gerald M Noonan

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LRP-Special Assessment Comment