From: Jay Randall [mailto:JTRandall@communitybankiowa.com]
Sent: Friday, March 06, 2009 1:49 PM
To: Comments
Cc: info@icba.org; Don Hole; Sorensen, John
Subject: Assessments, RIN 3064-AD35

While I agree with Chairman Bair's comment in her February 27th letter that "…, any system of insurance requires to some degree that premiums paid by well-managed and healthier institutions cover the losses caused by their weaker counterparts." This concept should only apply to premiums for normal risks – **NOT** to special assessments.

Those financial institutions putting the FDIC insurance fund at risk should be those that pay for the special assessments. While I understand this may put additional pressure on those entities that are higher risk, it is exactly what financial institutions do with there own assets (charge a higher interest rate to higher risk credits).

Even regular insurance companies assess higher premiums for higher risks.
Take the automobile policy:
Standard Policy – Standard Premium
Muscle Car – Higher Premium
More traffic violations – Still Higher Premium
DWI/OWI/DUI (Take your pick) – Still Higher Premium
Get too many – Policy is canceled
Take the life insurance policy:
Healthy 40 year old male – Term Life Policy – Nice low premium
Healthy 40 year old male – Term Life Policy, but skydives and scuba dives, a rated policy, higher premium
Healthy 57 year old male – Term Life Policy, higher premium because of age, but affordable.
Diabetic 57 year old overweight male – Good luck getting any coverage you can afford.

I feel that the special assessment needs to be targeted – those that are causing the problems should bear the lion's share (100% or maybe 3/4 by some versions of Aesop's fable) of the burden.

I don't believe that the special assessment should just be applied to deposits.
How about basing the special assessment on a broader base:

- Option 1) Deposits PLUS any TARP, CPP, etc. -- Funds that the entities may have received?
- Option 2) Assets?
- Option 3) Consolidated Assets of the top tier holding company?

I believe the special assessment should be risk weighted based on capital and liquidity positions.
Financial institutions with the strongest positions should pay less, a lot less.
I like the concept of a lower special assessment rate and larger FDIC borrowing capacity.

Break up the "too big to fail" banks.
Don't saddle our community banks with extra burdens they did not create.

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