



BUILDING FUTURES
TOGETHER

March 6, 2008

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550.17th Street Building, N.W.
Washington, DC 20429

re: FDIC RIN #3064-AD35 Interim Rule on Special Deposit Insurance Assessment

By its very nature, the business of banking presents us with the ongoing challenge of risk management. Consequently, FDIC insured financial institutions, even well-managed ones, derive considerable benefit from their participation in the Deposit Insurance Fund. In consideration of this, we find that a special assessment is reasonably warranted. Participating banks should be primarily responsible to maintain the viability of the FDIC Deposit Insurance Fund as we derive the benefit of its coverage. However, the basis for allocation of the special assessment, as currently proposed, is unfortunately contrary to the risk/reward principals by which we manage our business and industry.

As participating banks derive a benefit from their participation in FDIC coverage, they should accordingly bear a proportionate share of the special assessment. However, similar to regular assessments, participating banks should bear their proportionate share of the assessment based on the size of their deposit base as well as the respective scale or complexity of their risk. This is a basic principal of insurance – the degree of risk taken on by the insured is inversely proportionate to their share (i.e., premium) of the collective risk. The argument that such a risk-based premium may be fiscally unsustainable for weaker participants is ludicrous – if they are unable to sustain themselves fiscally, it is economically irresponsible for conservatively-managed, well-capitalized institutions to subsidize their weakness. The currently-proposed flat-rate assessment is contrary to the capitalist fundamentals upon which the United States economy is based and, again, contrary to the risk/reward principals by which we manage our business and industry.

We strongly urge the FDIC to levy the special assessment on a more equitable basis; that is, on a proportionate share based on the size of each participating institution's deposit base as well as the respective scale or complexity of their risk.

Sincerely,

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Executive Vice President

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