From: Robert Taylor [mailto:taylor@lba.org]
Sent: Wednesday, March 25, 2009 5:16 PM
To: Comments
Subject: Assessments, RIN 3064-AD35

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street N.W.
Washington, D.C. 20429

Dear Mr. Feldman,

The Louisiana Bankers Association is the only banking trade association in Louisiana and represents the states FDIC insured banks and thrifts. I appreciate the opportunity to comment on an issue that has provoked extraordinary frustration and disappointment.

The Louisiana Bankers Association believes the banking industry has the responsibility to recapitalize the Deposit Insurance Fund. We also believe the primary mission of the FDIC is overwhelmingly protection of the fund. The safety and soundness of institutions insured by the fund needs to be the almost exclusive role of the FDIC. The FDIC should have in place a proactive protocol the backup authority it has over institutions not under its direct supervision to better anticipate safety and soundness issues.

With respect to the 20 basis point special emergency assessment that was proposed with no prior notice, it is clear that it will result, as Chairman Bair stated herself, "that assessments reduce the funds that banks can lend in their communities to help revitalize the economy". In 2008 banks and thrifts domiciled in Louisiana had total loan grow of 11.4 percent. With this 20 basis point assessment it will be hard, as Chairman Bair said, to match this growth in 2009. The $84 million we estimate the 20 basis points will cost Louisiana banks and thrifts here will not be available to grow our economy. Given the grave state of the national economy it seems to be, as Chairman Bair said in the quote above, counterproductive to the stated goals of the current administration. The objective of the FDIC to obtain funds needed for resolutions in 2009 could be accomplished without the negative impact Chairman Bair anticipates with the mechanism already successfully used in 1987. At that time Congress created the Financing Corporation for the sole purpose of financing a recapitalization of the FSLIC. Such a corporation should be considered now through which bonds are sold and the proceeds used to resolve troubled institutions. FDIC insured institutions would be responsible for retiring the principle and interest of these bonds over a period of time.

We also suggest that the FDIC should consider alternatives to the current assessment of deposits to fund the DIF. Deposit insurance premiums paid by insured institutions should be based on the risk each institution poses to the fund. Using deposits as the base to make this determination may not be the best method going forward. An institutions total risk based assets may be a better evaluation tool and component of the insurance funding formula.

Thank you for considering these comments.

Robert T. Taylor

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Our mission is to help banks grow and prosper in Louisiana