



Kentucky Bankers Association

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September 20, 2006

Mr. Robert E. Feldman
Executive Secretary
Attn: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429



Re Proposed Rule – Deposit Insurance Assessments (12 CFR Part 327, RIN 3064-AD09)

Dear Mr Feldman:

On behalf of the banks operating in the Commonwealth of Kentucky and the Kentucky Bankers Association, I appreciate the opportunity to comment on the Proposed Rule – Deposit Insurance Assessments, issued by the Federal Deposit Insurance Corporation

The Kentucky Bankers Association recommends that all banks, regardless of their size, have the choice of selecting the “Large Bank” option in which a credit rating is used in the determination of an institution’s deposit insurance assessment. As currently proposed, the deposit insurance assessment for small banks would be derived from a bank’s CAMELS rating and a series of six financial ratios. By basing the assessment in part on ratios from a point in time, a small bank may be unduly penalized for poor operating performance in a particular quarter. In contrast, the rating process at A.M. Best considers an institution’s long term performance, and would help to better capture the overall long term risk to the Deposit Insurance Fund (DIF).

If you have any questions, please contact the undersigned at (502) 582-2453 or via e-mail at dstamper@kybanks.com.

Sincerely,

Debra K. Stamper
Executive Vice President
and General Counsel