
From: Phil Clark [mailto:phil@baybank.us]
Sent: Wednesday, March 04, 2009 11:24 AM
To: Comments
Cc: info@icba.org; Don St. Germaine; Tom Fillman
Subject: Special Assessment

To: FDIC
From: Philip C Clark, SVP Baybank of Gladstone, MI
Re: Special Assessment
Date: 3-04-2009

As a career community banker who is about to retire, I want to express my deep concern and regret about the obvious inequities in the FDIC deposit insurance program. Although I understand and appreciate the need for stability in our financial markets, I resent the fact that my bank is being forced to subsidize the blatant negligence and mismanagement by a few "too big to fail" institutions that have brought our whole system to the brink of failure. Ironically, these institutions will be able to pay their increased assessments out of the massive amounts of "bailout" funds they have and will continue to receive.

In the real world, insurance premiums are actuarially determined by the insurer based on the amount of risk that the insured poses to the whole pool of reserves. In an environment where a very small percentage of insureds could virtually wipe out the entire pool of reserves, I can appreciate that there has to be exceptions to the normal rules of engagement. The nine largest institutions that control more than half of the total deposit base, are surely "too big to fail" but they also have a larger responsibility to protect and preserve the integrity of the American banking system. In my opinion, they owe it to society to pay whatever amount is required to maintain the stability of our system.

What is fair? I don't have an answer. What is unfair? To assess community banks whose safety and soundness ratings are above reproach the same premium as the larger institutions who have acted so irresponsibly that they are now on the government dole in order to survive. At a minimum, the higher risk institutions alone should be responsible for whatever "special assessment" is deemed necessary to restore the FDIC reserves to the desired level.

In fact, the larger institutions should be grateful for the thousands of community banks across the country that have been able to maintain some semblance of order in the banking system despite the chaotic conditions that the largest banks have created by their poor judgment and irresponsible behavior.