

**From:** Dan Christianson [mailto:Danc@fmcommunity.com]  
**Sent:** Thursday, October 08, 2009 6:00 PM  
**To:** Comments  
**Cc:** chris.cole@icba.org; Mark Raitor; Marshall Mackay  
**Subject:** Prepaid Assessments, Proposed Rule - AD49

Our bank commented earlier this year about the proposed (and imposed) special assessment. In that comment, we pointed out that the basis upon which to make that assessment should be total assets less Tier 1 capital. Our opinion has not changed. The prepaid assessment—in fact, all assessments—should be based upon total assets less Tier 1 capital rather than domestic deposits. The reason for this is two-fold:

1. The risk in any financial institution is in the assets owned by the institution. Those assets are determined by the action of the management of the bank. Insurance companies underwrite a risk by looking at the asset being insured and/or the behavior or expected behavior of the owner of the asset (the insured). They then pay claims, quite often, to third parties affected by the risk in the asset or the action of the insured. That is no different in the FDIC's situation. Financial institutions fail because of the quality of the assets and the behavior the management (which is what the regulators review when performing their examinations). The payments the FDIC makes are to third parties—depositors and other creditors. It follows that they should behave in a similar manner and base the assessment (premiums) on the assets of a financial institution.
2. The largest financial institutions in the United States rely the least on domestic deposits while carrying some of the riskiest assets. Therefore, community banks like ours who rely heavily on domestic deposits bear a disproportionately large share of the burden when it comes to funding the Deposit Insurance Fund which is used to resolve the problems created by those risky assets. That burden can be leveled and fairness restored by using a common basis for the assessment of the FDIC's insurance premiums—total assets less Tier 1 capital.

Thank you for the opportunity to comment on this proposed rule. If you should have any questions concerning my comments, please be sure to contact me.

Sincerely,

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