

107TH CONGRESS
2D SESSION

S. 1945

To provide for the merger of the bank and savings association deposit insurance funds, to modernize and improve the safety and fairness of the Federal deposit insurance system, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 14, 2002

Mr. JOHNSON (for himself, Mr. HAGEL, Mr. REED, and Mr. ENZI) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To provide for the merger of the bank and savings association deposit insurance funds, to modernize and improve the safety and fairness of the Federal deposit insurance system, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Safe and Fair Deposit Insurance Act of 2002”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Definitions.

TITLE I—MERGER OF THE DEPOSIT INSURANCE FUNDS

Sec. 101. Short title.

Sec. 102. Merger of BIF and SAIF.

Sec. 103. Establishment of the Deposit Insurance Fund.

Sec. 104. Technical and conforming amendments to the Federal Deposit Insurance Act.

Sec. 105. Other technical and conforming amendments.

Sec. 106. Effective date.

TITLE II—DEPOSIT INSURANCE MODERNIZATION AND IMPROVEMENT

Sec. 201. Short title.

Sec. 202. Increase in Federal insurance coverage.

Sec. 203. Designated reserve ratio.

Sec. 204. Credits based on past contributions to Deposit Insurance Fund.

Sec. 205. Regulations required.

Sec. 206. Studies of potential changes to the Federal deposit insurance system.

Sec. 207. Effective date.

1 **SEC. 2. DEFINITIONS.**

2 In this Act—

3 (1) the term “Administration” means the Na-
4 tional Credit Union Administration;

5 (2) the term “Board” means the Board of Di-
6 rectors of the Federal Deposit Insurance Corpora-
7 tion (other than in connection with the National
8 Credit Union Administration Board);

9 (3) the term “Corporation” means the Federal
10 Deposit Insurance Corporation;

11 (4) the term “designated reserve ratio” means
12 the reserve ratio designated by the Board under sec-
13 tion 7(b)(3) of the Federal Deposit Insurance Act,
14 as amended by this Act;

1 (5) the terms “Fund” and “Deposit Insurance
2 Fund” mean the Deposit Insurance Fund estab-
3 lished under section 11(a)(4) of the Federal Deposit
4 Insurance Act, as amended by this Act;

5 (6) the term “insured depository institution”
6 has the same meaning as in section 3 of the Federal
7 Deposit Insurance Act; and

8 (7) the term “reserve ratio” means the ratio of
9 the fund balance of the Deposit Insurance Fund to
10 the aggregate estimated amount of deposits insured
11 by the Fund.

12 **TITLE I—MERGER OF THE** 13 **DEPOSIT INSURANCE FUNDS**

14 **SEC. 101. SHORT TITLE.**

15 This title may be cited as the “Insurance Funds
16 Merger Act of 2002”.

17 **SEC. 102. MERGER OF BIF AND SAIF.**

18 (a) IN GENERAL.—

19 (1) MERGER.—The Bank Insurance Fund and
20 the Savings Association Insurance Fund shall be
21 merged into the Deposit Insurance Fund.

22 (2) DISPOSITION OF ASSETS AND LIABIL-
23 ITIES.—All assets and liabilities of the Bank Insur-
24 ance Fund and the Savings Association Insurance

1 Fund shall be transferred to the Deposit Insurance
2 Fund.

3 (3) NO SEPARATE EXISTENCE.—The separate
4 existence of the Bank Insurance Fund and the Sav-
5 ings Association Insurance Fund shall cease on the
6 effective date of the merger thereof under this sec-
7 tion.

8 (b) REPEAL OF OUTDATED MERGER PROVISION.—
9 Section 2704 of the Deposit Insurance Funds Act of 1996
10 (12 U.S.C. 1821 note) is repealed.

11 **SEC. 103. ESTABLISHMENT OF THE DEPOSIT INSURANCE**
12 **FUND.**

13 (a) IN GENERAL.—Section 11(a)(4) of the Federal
14 Deposit Insurance Act (12 U.S.C. 1821(a)(4)) is
15 amended—

16 (1) by redesignating subparagraph (B) as sub-
17 paragraph (C);

18 (2) by striking subparagraph (A) and inserting
19 the following:

20 “(A) ESTABLISHMENT.—There is estab-
21 lished the Deposit Insurance Fund, which the
22 Corporation shall—

23 “(i) maintain and administer;

1 “(ii) use to carry out its insurance
2 purposes, in the manner provided by this
3 subsection; and

4 “(iii) invest in accordance with section
5 13(a).

6 “(B) USES.—The Deposit Insurance Fund
7 shall be available to the Corporation for use
8 with respect to Deposit Insurance Fund mem-
9 bers.”;

10 (3) by striking “(4) GENERAL PROVISIONS RE-
11 LATING TO FUNDS.—” and inserting the following:

12 “(4) ESTABLISHMENT OF THE DEPOSIT INSUR-
13 ANCE FUND.—”;

14 (4) in subparagraph (C), as redesignated by
15 paragraph (1) of this subsection, by striking “Bank
16 Insurance Fund and the Savings Association Insur-
17 ance Fund” and inserting “Deposit Insurance
18 Fund”; and

19 (5) by adding at the end the following:

20 “(D) DEPOSITS.—All amounts assessed
21 against insured depository institutions by the
22 Corporation shall be deposited in the Deposit
23 Insurance Fund.”.

24 (b) MERGER-RELATED AMENDMENTS TO THE FED-
25 ERAL DEPOSIT INSURANCE ACT.—

1 (1) DEFINITIONS.—Section 3(y) of the Federal
2 Deposit Insurance Act (12 U.S.C. 1813(y)) is
3 amended to read as follows:

4 “(y) DEFINITIONS RELATING TO THE DEPOSIT IN-
5 SURANCE FUND.—

6 “(1) DEPOSIT INSURANCE FUND.—The term
7 ‘Deposit Insurance Fund’ means the fund estab-
8 lished under section 11(a)(4).”.

9 (2) ASSESSMENTS.—Section 7 of the Federal
10 Deposit Insurance Act (12 U.S.C. 1817) is
11 amended—

12 (A) by striking subsection (*l*);

13 (B) by redesignating subsections (*m*) and
14 (*n*) as subsections (*l*) and (*m*), respectively; and

15 (C) in subsection (*b*), by striking para-
16 graph (2) and inserting the following:

17 “(2) ASSESSMENTS.—

18 “(A) IN GENERAL.—Each insured deposi-
19 tory institution shall pay assessments to the
20 Corporation in such amounts and at such time
21 or times as the Board of Directors may require.

22 “(B) FACTORS TO BE CONSIDERED.—In
23 setting assessments for insured depository insti-
24 tutions, the Board of Directors shall consider—

1 “(i) the estimated operating expenses
2 of the Deposit Insurance Fund;

3 “(ii) the estimated case resolution ex-
4 penditures and income of the Deposit In-
5 surance Fund;

6 “(iii) the projected effects of assess-
7 ments on the earnings and capital of in-
8 sured depository institutions;

9 “(iv) the need to maintain a risk-
10 based assessment system under paragraph
11 (1); and

12 “(v) any other factors that the Board
13 of Directors may determine to be appro-
14 priate.

15 “(C) NOTICE OF ASSESSMENTS.—The Cor-
16 poration shall notify each insured depository in-
17 stitution of assessments charged to that institu-
18 tion.

19 “(D) NEWLY INSURED INSTITUTIONS.—To
20 facilitate the administration of this section, the
21 Board of Directors may waive the requirements
22 of paragraphs (1) and (2) for any assessment
23 period in which a depository institution becomes
24 insured.”.

1 (3) REPEAL OF SEPARATE FUNDS PROVI-
2 SIONS.—Section 11(a) of the Federal Deposit Insur-
3 ance Act (12 U.S.C. 1821(a)) is amended—

4 (A) by striking paragraphs (5), (6), and
5 (7); and

6 (B) by redesignating paragraph (8) as
7 paragraph (5).

8 **SEC. 104. TECHNICAL AND CONFORMING AMENDMENTS TO**
9 **THE FEDERAL DEPOSIT INSURANCE ACT.**

10 The Federal Deposit Insurance Act (12 U.S.C. 1811
11 et seq.) is amended—

12 (1) in section 3(a)(1) (12 U.S.C. 1813(a)(1)),
13 by striking subparagraph (B) and inserting the fol-
14 lowing:

15 “(B) includes any former savings associa-
16 tion.”;

17 (2) in section 5(b)(5) (12 U.S.C. 1815(b)(5)),
18 by striking “the Bank Insurance Fund or the Sav-
19 ings Association Insurance Fund;” and inserting
20 “the Deposit Insurance Fund;”;

21 (3) in section 5(c)(4), by striking “deposit in-
22 surance fund” and inserting “Deposit Insurance
23 Fund”;

24 (4) in section 5(d) (12 U.S.C. 1815(d)), by
25 striking paragraphs (2) and (3);

1 (5) in section 5(d)(1) (12 U.S.C. 1815(d)(1))—

2 (A) in subparagraph (A), by striking “re-
3 serve ratios in the Bank Insurance Fund and
4 the Savings Association Insurance Fund as re-
5 quired by section 7” and inserting “the reserve
6 ratio of the Deposit Insurance Fund”;

7 (B) by striking subparagraph (B) and in-
8 serting the following:

9 “(2) FEE CREDITED TO THE DEPOSIT INSUR-
10 ANCE FUND.—The fee paid by the depository insti-
11 tution under paragraph (1) shall be credited to the
12 Deposit Insurance Fund.”;

13 (C) by striking “INSTITUTIONS.—” and all
14 that follows through “GENERAL.—” and insert-
15 ing “INSTITUTIONS.—”; and

16 (D) by redesignating subparagraph (C) as
17 paragraph (3) and moving the margin 2 ems to
18 the left;

19 (6) in section 5(e) (12 U.S.C. 1815(e))—

20 (A) in paragraph (5)(A), by striking
21 “Bank Insurance Fund or the Savings Associa-
22 tion Insurance Fund” and inserting “Deposit
23 Insurance Fund”;

24 (B) by striking paragraph (6); and

1 (C) by redesignating paragraphs (7), (8),
2 and (9) as paragraphs (6), (7), and (8), respec-
3 tively;

4 (7) in section 6(5) (12 U.S.C. 1816(5)), by
5 striking “Bank Insurance Fund or the Savings As-
6 sociation Insurance Fund” and inserting “Deposit
7 Insurance Fund”;

8 (8) in section 7(a)(3) (12 U.S.C. 1817(a)(3))—

9 (A) by striking “in July”; and

10 (B) by striking “in January”;

11 (9) in section 7(b) (12 U.S.C. 1817(b))—

12 (A) in paragraph (1)(C), by striking “de-
13 posit insurance fund” each place that term ap-
14 pears and inserting “Deposit Insurance Fund”;

15 (B) in paragraph (1)(D), by striking “each
16 deposit insurance fund” and inserting “the De-
17 posit Insurance Fund”;

18 (C) in paragraph (6)—

19 (i) by striking “any such assessment”
20 and inserting “any such assessment is nec-
21 essary”;

22 (ii) by striking subparagraph (B);

23 (iii) in subparagraph (A)—

24 (I) by striking “(A) is nec-
25 essary—”;

1 (II) by striking “Bank Insurance
2 Fund members” and inserting “in-
3 sured depository institutions”; and

4 (III) by redesignating clauses (i),
5 (ii), and (iii) as subparagraphs (A),
6 (B), and (C), respectively, and moving
7 the margins 2 ems to the left; and

8 (iv) in subparagraph (C) (as redesign-
9 nated)—

10 (I) by inserting “that” before
11 “the Corporation”; and

12 (II) by striking “; and” and in-
13 serting a period;

14 (10) in section 7(c) (12 U.S.C. 1817(c))—

15 (A) in paragraph (1), by striking “institu-
16 tion’s semiannual assessment” and inserting
17 “assessments for that institution under sub-
18 section (b)”;

19 (B) by striking paragraphs (2) and (3);
20 and

21 (C) by redesignating paragraph (4) as
22 paragraph (2);

23 (11) in section 7(j)(7)(F) (12 U.S.C.
24 1817(j)(7)(F)), by striking “Bank Insurance Fund

1 or the Savings Association Insurance Fund” and in-
2 sserting “Deposit Insurance Fund”;

3 (12) in section 8(t)(2)(C) (12 U.S.C.
4 1818(t)(2)(C)), by striking “deposit insurance fund”
5 and inserting “Deposit Insurance Fund”;

6 (13) in section 11 (12 U.S.C. 1821), by striking
7 “deposit insurance fund” each place that term ap-
8 pears and inserting “Deposit Insurance Fund”;

9 (14) in section 11(f)(1) (12 U.S.C. 1821(f)(1)),
10 by striking “, except that—” and all that follows
11 through the end of the paragraph and inserting a
12 period;

13 (15) in section 11(i)(3) (12 U.S.C.
14 1821(i)(3))—

15 (A) by striking subparagraph (B);

16 (B) by redesignating subparagraph (C) as
17 subparagraph (B); and

18 (C) in subparagraph (B) (as redesignated),
19 by striking “subparagraphs (A) and (B)” and
20 inserting “subparagraph (A)”;

21 (16) in section 11(p)(2)(B) (12 U.S.C.
22 1821(p)(2)(B)), by striking “institution, any” and
23 inserting “institution, the”;

24 (17) section 12(f)(4)(E)(iv) (12 U.S.C.
25 1822(f)(4)(E)(iv)), by striking “Federal deposit in-

1 insurance funds” and inserting “the Deposit Insur-
2 ance Fund, or any predecessor deposit insurance
3 fund”;

4 (18) in section 13 (12 U.S.C. 1823)—

5 (A) by striking “deposit insurance fund”
6 each place that term appears and inserting
7 “Deposit Insurance Fund”;

8 (B) in subsection (a)(1), by striking “Bank
9 Insurance Fund, the Savings Association Insur-
10 ance Fund,” and inserting “Deposit Insurance
11 Fund”;

12 (C) in subsection (c)(4)(E)—

13 (i) in the subparagraph heading, by
14 striking “FUNDS” and inserting “FUND”;
15 and

16 (ii) in clause (i), by striking “any in-
17 surance fund” and inserting “the Deposit
18 Insurance Fund”;

19 (D) in subsection (c)(4)(G)(ii)—

20 (i) by striking “appropriate insurance
21 fund” and inserting “Deposit Insurance
22 Fund”;

23 (ii) by striking “the members of the
24 insurance fund (of which such institution

1 is a member)” and inserting “insured de-
2 pository institutions”;

3 (iii) by striking “each member’s” and
4 inserting “each insured depository institu-
5 tion’s”; and

6 (iv) by striking “the member’s” each
7 place that term appears and inserting “the
8 institution’s”;

9 (E) in subsection (c), by striking para-
10 graph (11);

11 (F) in subsection (h), by striking “Bank
12 Insurance Fund” and inserting “Deposit Insur-
13 ance Fund”;

14 (G) in subsection (k)(4)(B)(i), by striking
15 “Savings Association Insurance Fund member”
16 and inserting “savings association”; and

17 (H) in subsection (k)(5)(A), by striking
18 “Savings Association Insurance Fund mem-
19 bers” and inserting “savings associations”;

20 (19) in section 14(a) (12 U.S.C. 1824(a)), in
21 the 5th sentence—

22 (A) by striking “Bank Insurance Fund or
23 the Savings Association Insurance Fund” and
24 inserting “Deposit Insurance Fund”; and

1 (B) by striking “each such fund” and in-
2 serting “the Deposit Insurance Fund”;

3 (20) in section 14(b) (12 U.S.C. 1824(b)), by
4 striking “Bank Insurance Fund or Savings Associa-
5 tion Insurance Fund” and inserting “Deposit Insur-
6 ance Fund”;

7 (21) in section 14(c) (12 U.S.C. 1824(c)), by
8 striking paragraph (3);

9 (22) in section 14(d) (12 U.S.C. 1824(d))—

10 (A) by striking “Bank Insurance Fund
11 member” each place that term appears and in-
12 serting “insured depository institution”;

13 (B) by striking “Bank Insurance Fund
14 members” each place that term appears and in-
15 serting “insured depository institutions”;

16 (C) by striking “Bank Insurance Fund”
17 each place that term appears (other than in
18 connection with a reference to a Bank Insur-
19 ance Fund member or members) and inserting
20 “Deposit Insurance Fund”;

21 (D) by striking the subsection heading and
22 inserting the following:

23 “(d) BORROWING FOR THE DEPOSIT INSURANCE
24 FUND FROM INSURED DEPOSITORY INSTITUTIONS.—”;

1 (E) in paragraph (3), in the paragraph
2 heading, by striking “BIF” and inserting “THE
3 DEPOSIT INSURANCE FUND”; and

4 (F) in paragraph (5), in the paragraph
5 heading, by striking “BIF MEMBERS” and in-
6 serting “INSURED DEPOSITORY INSTITUTIONS”;

7 (23) in section 14 (12 U.S.C. 1824) by adding
8 at the end the following:

9 “(e) BORROWING FOR THE DEPOSIT INSURANCE
10 FUND FROM FEDERAL HOME LOAN BANKS.—

11 “(1) IN GENERAL.—The Corporation may bor-
12 row from the Federal home loan banks, with the
13 concurrence of the Federal Housing Finance Board,
14 such funds as the Corporation considers necessary
15 for the use of the Deposit Insurance Fund.

16 “(2) TERMS AND CONDITIONS.—Any loan from
17 any Federal home loan bank under paragraph (1) to
18 the Deposit Insurance Fund shall—

19 “(A) bear a rate of interest of not less
20 than the current marginal cost of funds to that
21 bank, taking into account the maturities in-
22 volved;

23 “(B) be adequately secured, as determined
24 by the Federal Housing Finance Board; and

1 “(C) be a direct liability of the Deposit In-
2 surance Fund.”;

3 (24) in section 15(c)(5) (12 U.S.C.
4 1825(c)(5))—

5 (A) by striking “the Bank Insurance Fund
6 or Savings Association Insurance Fund, respec-
7 tively” each place that term appears and insert-
8 ing “the Deposit Insurance Fund”; and

9 (B) in subparagraph (B), by striking “the
10 Bank Insurance Fund or the Savings Associa-
11 tion Insurance Fund, respectively” and insert-
12 ing “the Deposit Insurance Fund”;

13 (25) in section 17(a) (12 U.S.C. 1827(a))—

14 (A) in the subsection heading, by striking
15 “BIF, SAIF,” and inserting “THE DEPOSIT IN-
16 SURANCE FUND”; and

17 (B) in paragraph (1)—

18 (i) by striking “the Bank Insurance
19 Fund, the Savings Association Insurance
20 Fund,” each place that term appears and
21 inserting “the Deposit Insurance Fund”;
22 and

23 (ii) in subparagraph (D), by striking
24 “each insurance fund” and inserting “the
25 Fund”;

1 (26) in section 17(d) (12 U.S.C. 1827(d)), by
2 striking “, the Bank Insurance Fund, the Savings
3 Association Insurance Fund,” each place that term
4 appears and inserting “the Deposit Insurance
5 Fund”;

6 (27) in section 18(m) (12 U.S.C. 1828(m))—

7 (A) in paragraph (2), in the matter pre-
8 ceding subparagraph (A), by striking the colon
9 and inserting a dash;

10 (B) in paragraph (3)(A)—

11 (i) by striking “poses a serious threat
12 to the Savings Association Insurance
13 Fund” and inserting “of an insured sav-
14 ings association poses a serious threat to
15 the Deposit Insurance Fund”; and

16 (ii) by striking “Savings Association
17 Insurance Fund member” and inserting
18 “insured savings association”; and

19 (C) in paragraph (3)(C), by striking “Sav-
20 ings Association Insurance Fund or the Bank
21 Insurance Fund” and inserting “Deposit Insur-
22 ance Fund”;

23 (28) in section 18(o) (12 U.S.C. 1828(o)), by
24 striking “deposit insurance funds” and “deposit in-

1 insurance fund” each place those terms appear and in-
2 sserting “Deposit Insurance Fund”;

3 (29) in section 18(p) (12 U.S.C. 1828(p)), by
4 striking “deposit insurance funds” and inserting
5 “Deposit Insurance Fund”;

6 (30) in section 24 (12 U.S.C. 1831a)—

7 (A) in subsections (a)(1) and (d)(1)(A), by
8 striking “appropriate deposit insurance fund”
9 each place that term appears and inserting
10 “Deposit Insurance Fund”;

11 (B) in subsection (e)(2)(A), by striking
12 “risk to” and all that follows through the pe-
13 riod and inserting “risk to the Deposit Insur-
14 ance Fund.”; and

15 (C) in subsections (e)(2)(B)(ii) and
16 (f)(6)(B), by striking “the insurance fund of
17 which such bank is a member” each place that
18 term appears and inserting “the Deposit Insur-
19 ance Fund”;

20 (31) in section 28 (12 U.S.C. 1831e), by strik-
21 ing “affected deposit insurance fund” each place
22 that term appears and inserting “Deposit Insurance
23 Fund”;

24 (32) by striking section 31 (12 U.S.C. 1831h);

1 (33) in section 36(i)(3) (12 U.S.C.
2 1831m(i)(3)), by striking “affected deposit insur-
3 ance fund” and inserting “Deposit Insurance
4 Fund”;

5 (34) in section 37(a)(1)(C) (12 U.S.C.
6 1831n(a)(1)(C)), by striking “insurance funds” and
7 inserting “Deposit Insurance Fund”;

8 (35) in section 38 (12 U.S.C. 1831o), by strik-
9 ing “the deposit insurance fund” each place that
10 term appears and inserting “the Deposit Insurance
11 Fund”;

12 (36) in section 38(a) (12 U.S.C. 1831o(a)), in
13 the subsection heading, by striking “FUNDS” and in-
14 serting “FUND”;

15 (37) in section 38(k) (12 U.S.C. 1831o(k))—

16 (A) in paragraph (1), by striking “a de-
17 posit insurance fund” and inserting “the De-
18 posit Insurance Fund”;

19 (B) in paragraph (2), by striking “A de-
20 posit insurance fund” and inserting “The De-
21 posit Insurance Fund”; and

22 (C) in paragraphs (2)(A) and (3)(B), by
23 striking “the deposit insurance fund’s outlays”
24 each place that term appears and inserting “the
25 outlays of the Deposit Insurance Fund”; and

1 (38) in section 38(o) (12 U.S.C. 1831o(o))—

2 (A) by striking “ASSOCIATIONS.—” and all
3 that follows through “Subsections (e)(2)” and
4 inserting “ASSOCIATIONS.—Subsections (e)(2)”;

5 (B) by redesignating subparagraphs (A),
6 (B), and (C) as paragraphs (1), (2), and (3),
7 respectively, and moving the margins 2 ems to
8 the left; and

9 (C) in paragraph (1) (as so redesignated),
10 by redesignating clauses (i) and (ii) as subpara-
11 graphs (A) and (B), respectively, and moving
12 the margins 2 ems to the left.

13 **SEC. 105. OTHER TECHNICAL AND CONFORMING AMEND-**
14 **MENTS.**

15 (a) SECTION 5136 OF THE REVISED STATUTES.—
16 The paragraph designated the “Eleventh” of section 5136
17 of the Revised Statutes of the United States (12 U.S.C.
18 24) is amended in the 5th sentence, by striking “affected
19 deposit insurance fund” and inserting “Deposit Insurance
20 Fund”.

21 (b) INVESTMENTS PROMOTING PUBLIC WELFARE;
22 LIMITATIONS ON AGGREGATE INVESTMENTS.—The 23d
23 undesignated paragraph of section 9 of the Federal Re-
24 serve Act (12 U.S.C. 338a) is amended in the 4th sen-

1 tence, by striking “affected deposit insurance fund” and
 2 inserting “Deposit Insurance Fund”.

3 (c) ADVANCES TO CRITICALLY UNDERCAPITALIZED
 4 DEPOSITORY INSTITUTIONS.—Section 10B(b)(3)(A)(ii) of
 5 the Federal Reserve Act (12 U.S.C. 347b(b)(3)(A)(ii)) is
 6 amended by striking “any deposit insurance fund in” and
 7 inserting “the Deposit Insurance Fund of”.

8 (d) AMENDMENTS TO THE BALANCED BUDGET AND
 9 EMERGENCY DEFICIT CONTROL ACT OF 1985.—Section
 10 255(g)(1)(A) of the Balanced Budget and Emergency
 11 Deficit Control Act of 1985 (2 U.S.C. 905(g)(1)(A)) is
 12 amended—

13 (1) by striking “Bank Insurance Fund” and in-
 14 sserting “Deposit Insurance Fund”; and

15 (2) by striking “Federal Deposit Insurance Cor-
 16 poration, Savings Association Insurance Fund;”.

17 (e) AMENDMENTS TO THE FEDERAL HOME LOAN
 18 BANK ACT.—The Federal Home Loan Bank Act (12
 19 U.S.C. 1421 et seq.) is amended—

20 (1) in section 11(k) (12 U.S.C. 1431(k))—

21 (A) in the subsection heading, by striking
 22 “SAIF” and inserting “THE DEPOSIT INSUR-
 23 ANCE FUND”; and

1 (B) by striking “Savings Association In-
2 surance Fund” each place that term appears
3 and inserting “Deposit Insurance Fund”;

4 (2) in section 21 (12 U.S.C. 1441)—

5 (A) in subsection (f)(2), by striking “, ex-
6 cept that” and all that follows through the end
7 of the paragraph and inserting a period; and

8 (B) in subsection (k), by striking para-
9 graph (4);

10 (3) in section 21A(b)(4)(B) (12 U.S.C.
11 1441a(b)(4)(B)), by striking “affected deposit insur-
12 ance fund” and inserting “Deposit Insurance
13 Fund”; and

14 (4) in section 21B(k) (12 U.S.C. 1441b(k)) by
15 inserting before the colon “, the following definitions
16 shall apply”.

17 (f) AMENDMENTS TO THE HOME OWNERS’ LOAN
18 ACT.—The Home Owners’ Loan Act (12 U.S.C. 1461 et
19 seq.) is amended—

20 (1) in section 5 (12 U.S.C. 1464)—

21 (A) in subsection (c)(6), by striking “As
22 used in this subsection—” and inserting “For
23 purposes of this subsection, the following defini-
24 tions shall apply.”;

1 (B) in subsection (o)(1), by striking “that
2 is a Bank Insurance Fund member”;

3 (C) in subsection (o)(2)(A), by striking “a
4 Bank Insurance Fund member until such time
5 as it changes its status to a Savings Association
6 Insurance Fund member” and inserting “in-
7 sured by the Deposit Insurance Fund”;

8 (D) in subsection (t)(5)(D)(iii)(II), by
9 striking “affected deposit insurance fund” and
10 inserting “Deposit Insurance Fund”;

11 (E) in subsection (t)(7)(C)(i)(I), by strik-
12 ing “affected deposit insurance fund” and in-
13 serting “Deposit Insurance Fund”; and

14 (F) in subsection (v)(2)(A)(i), by striking
15 “the Savings Association Insurance Fund” and
16 inserting “or the Deposit Insurance Fund”; and
17 (2) in section 10 (12 U.S.C. 1467a)—

18 (A) in subsection (e)(6)(D), by striking
19 “this title” and inserting “this Act”;

20 (B) in subsection (e)(1)(B), by striking
21 “Savings Association Insurance Fund or Bank
22 Insurance Fund” and inserting “Deposit Insur-
23 ance Fund”;

24 (C) in subsection (e)(2), by striking “Sav-
25 ings Association Insurance Fund or the Bank

1 Insurance Fund” and inserting “Deposit Insur-
 2 ance Fund”;

3 (D) in subsection (e)(4)(B), by striking
 4 “subsection (1)” and inserting “subsection (l)”;

5 (E) in subsection (g)(3)(A), by striking
 6 “(5) of this section” and inserting “(5) of this
 7 subsection”;

8 (F) in subsection (i), by redesignating
 9 paragraph (5) as paragraph (4);

10 (G) in subsection (m)(3), by striking sub-
 11 paragraph (E), and by redesignating subpara-
 12 graphs (F), (G), and (H) as subparagraphs
 13 (E), (F), and (G), respectively;

14 (H) in subsection (m)(7)(A), by striking
 15 “during period” and inserting “during the pe-
 16 riod”; and

17 (I) in subsection (o)(3)(D), by striking
 18 “sections 5(s) and (t) of this Act” and inserting
 19 “subsections (s) and (t) of section 5”.

20 (g) AMENDMENTS TO THE NATIONAL HOUSING
 21 ACT.—The National Housing Act (12 U.S.C. 1701 et
 22 seq.) is amended—

23 (1) in section 317(b)(1)(B) (12 U.S.C.
 24 1723i(b)(1)(B)), by striking “Bank Insurance Fund
 25 for banks or through the Savings Association Insur-

1 ance Fund for savings associations” and inserting
2 “Deposit Insurance Fund”; and

3 (2) in section 536(b)(1)(B)(ii) (12 U.S.C.
4 1735f–14(b)(1)(B)(ii)), by striking “Bank Insurance
5 Fund for banks and through the Savings Association
6 Insurance Fund for savings associations” and insert-
7 ing “Deposit Insurance Fund”.

8 (h) AMENDMENTS TO THE FINANCIAL INSTITUTIONS
9 REFORM, RECOVERY, AND ENFORCEMENT ACT OF
10 1989.—The Financial Institutions Reform, Recovery, and
11 Enforcement Act of 1989 (12 U.S.C. 1811 note) is
12 amended—

13 (1) in section 951(b)(3)(B) (12 U.S.C.
14 1833a(b)(3)(B)), by striking “Bank Insurance
15 Fund, the Savings Association Insurance Fund,”
16 and inserting “Deposit Insurance Fund (or any
17 predecessor deposit insurance fund)”; and

18 (2) in section 1112(e)(1)(B) (12 U.S.C.
19 3341(e)(1)(B)), by striking “Bank Insurance Fund,
20 the Savings Association Insurance Fund,” and in-
21 serting “Deposit Insurance Fund”.

22 (i) AMENDMENT TO THE BANK HOLDING COMPANY
23 ACT OF 1956.—The Bank Holding Company Act of 1956
24 (12 U.S.C. 1841 et seq.) is amended—

1 (1) in section 2(j)(2) (12 U.S.C. 1841(j)(2)), by
2 striking “Savings Association Insurance Fund” and
3 inserting “Deposit Insurance Fund”; and

4 (2) in section 3(d)(1)(D)(iii) (12 U.S.C.
5 1842(d)(1)(D)(iii)), by striking “appropriate deposit
6 insurance fund” and inserting “Deposit Insurance
7 Fund”.

8 (j) AMENDMENTS TO THE GRAMM-LEACH-BLILEY
9 ACT.—Section 114 of the Gramm-Leach-Bliley Act (12
10 U.S.C. 1828a) is amended by striking “any Federal de-
11 posit insurance fund”, in subsection (a)(1)(B), paragraphs
12 (2)(B) and (4)(B) of subsection (b), and subsection
13 (c)(1)(B), each place that term appears and inserting “the
14 Deposit Insurance Fund”.

15 **SEC. 106. EFFECTIVE DATE.**

16 This title and the amendments made by this title
17 shall become effective on the first day of the first calendar
18 quarter that begins after the 90-day period beginning on
19 the date of enactment of this Act.

20 **TITLE II—DEPOSIT INSURANCE**
21 **MODERNIZATION AND IM-**
22 **PROVEMENT**

23 **SEC. 201. SHORT TITLE.**

24 This title may be cited as the “Deposit Insurance Re-
25 form Act of 2002”.

1 **SEC. 202. INCREASE IN FEDERAL INSURANCE COVERAGE.**

2 (a) INSURED DEPOSITORY INSTITUTIONS.—

3 (1) IN GENERAL.—Section 11(a)(1) of the Fed-
4 eral Deposit Insurance Act (12 U.S.C. 1821(a)(1))
5 is amended—

6 (A) by striking subparagraph (B) and in-
7 serting the following:

8 “(B) NET AMOUNT OF INSURED DEPOS-
9 ITS.—The net amount of deposit insurance pay-
10 able to any depositor at an insured depository
11 institution shall not exceed the standard max-
12 imum deposit insurance amount, as determined
13 in accordance with paragraph (3) and subpara-
14 graphs (C), (D), (E), and (F) of this para-
15 graph.”; and

16 (B) by striking subparagraph (D) and in-
17 serting the following:

18 “(D) COVERAGE FOR CERTAIN EMPLOYEE
19 BENEFIT PLAN DEPOSITS.—

20 “(i) PASS-THROUGH INSURANCE.—
21 The Corporation shall provide pass-
22 through deposit insurance for the deposits
23 of any employee benefit plan, subject to
24 clause (ii).

25 “(ii) PROHIBITION ON ACCEPTANCE
26 OF BENEFIT PLAN DEPOSITS.—An insured

1 depository institution that is not well cap-
2 italized or adequately capitalized may not
3 accept employee benefit plan deposits.

4 “(iii) DEFINITIONS.—For purposes of
5 this subparagraph, the following definitions
6 shall apply:

7 “(I) CAPITAL STANDARDS.—The
8 terms ‘well capitalized’ and ‘ade-
9 quately capitalized’ have the same
10 meanings as in section 38.

11 “(II) EMPLOYEE BENEFIT
12 PLAN.—The term ‘employee benefit
13 plan’ has the same meaning as in
14 paragraph (8)(B)(ii), and includes any
15 eligible deferred compensation plan
16 described in section 457 of the Inter-
17 nal Revenue Code of 1986.

18 “(III) PASS-THROUGH DEPOSIT
19 INSURANCE.—The term ‘pass-through
20 deposit insurance’ means, with respect
21 to an employee benefit plan, deposit
22 insurance coverage provided on a pro
23 rata basis to the participants in the
24 plan, in accordance with the interest
25 of each participant.

1 “(E) STANDARD MAXIMUM DEPOSIT IN-
2 SURANCE AMOUNT DEFINED.—For purposes of
3 this paragraph, the term ‘standard maximum
4 deposit insurance amount’ means—

5 “(i) until the end of the 270-day pe-
6 riod beginning on the date of enactment of
7 the Deposit Insurance Reform Act of
8 2002, \$100,000; and

9 “(ii) after the end of the period re-
10 ferred to in clause (i), \$130,000, to be ad-
11 justed as provided in subparagraph (F).

12 “(F) INFLATION ADJUSTMENT.—

13 “(i) IN GENERAL.—As of January 1,
14 2005, and as of the 1st day of each subse-
15 quent 5-year period, the standard max-
16 imum deposit insurance amount payable to
17 any depositor at an insured depository in-
18 stitution shall be increased by the product
19 of—

20 “(I) \$130,000; and

21 “(II) the ratio of the value of the
22 Personal Consumption Expenditures
23 Chain-Type Index (or any successor
24 index thereto), published by the De-
25 partment of Commerce, as in effect on

1 the date of the adjustment under this
2 clause.

3 “(ii) LIMITATION ON ADJUST-
4 MENTS.—If the application of clause (i)
5 would result in any decrease in the stand-
6 ard maximum deposit insurance amount in
7 effect on the date of the adjustment under
8 clause (i), the standard maximum deposit
9 insurance amount shall remain unchanged
10 until the next scheduled 5-year adjustment
11 that does not result in any such decrease.

12 “(iii) ROUNDING.—If the amount de-
13 termined under clause (ii) for any period is
14 not a multiple of \$10,000, the amount so
15 determined shall be rounded to the nearest
16 \$10,000.

17 “(iv) PUBLICATION.—Not later than
18 January 31 of the 1st year of each 5-year
19 period referred to in clause (i), the Board
20 of Directors shall publish in the Federal
21 Register the standard maximum deposit in-
22 surance amount and the amount of deposit
23 insurance coverage under paragraph (3)(A)
24 that may be due to any depositor at an in-

1 sured depository institution during that 5-
2 year period.”.

3 (2) DEPOSIT INSURANCE FOR RETIREMENT AC-
4 COUNTS.—Section 11(a)(3)(A) of the Federal De-
5 posit Insurance Act (12 U.S.C. 1821(a)(3)(A)) is
6 amended—

7 (A) by striking “\$100,000” and inserting
8 “\$250,000”; and

9 (B) by inserting before the period at the
10 end the following: “which amount shall be sub-
11 ject to inflation adjustments in the same man-
12 ner as under paragraph (1)(F) with respect to
13 the standard maximum deposit insurance
14 amount, except that ‘\$250,000’ shall be sub-
15 stituted for the amount specified in clause (i) of
16 paragraph (1)(F) for purposes of this subpara-
17 graph”.

18 (3) DEPOSIT INSURANCE FOR MUNICIPAL DE-
19 POSITS.—Section 11(a)(2) of the Federal Deposit
20 Insurance Act (12 U.S.C. 1821(a)(2)) is amended—

21 (A) in subparagraph (A)—

22 (i) in the matter following clause (v),
23 by striking “shall be insured in an
24 amount” and all that follows through the
25 period; and

1 (ii) by striking the semicolon at the
2 end of clause (v) and inserting a period;

3 (B) by striking “(2)(A) Notwithstanding”
4 and all that follows through “a depositor who
5 is—” and inserting the following:

6 “(2) MUNICIPAL DEPOSITORS.—

7 “(A) IN GENERAL.—Notwithstanding any
8 limitation in this Act or in any other provision
9 of law relating to the amount of deposit insur-
10 ance available to any one depositor—

11 “(i) a municipal depositor in a custo-
12 dial capacity referred to in any of clauses
13 (ii) through (v) of subparagraph (C) shall,
14 for the purpose of determining the amount
15 of insured deposits under this subsection,
16 be deemed to be a depositor in such custo-
17 dial capacity separate and distinct from
18 any other officer, employee, or agent of the
19 United States or any public unit referred
20 to in any of those clauses (ii) through (v)
21 of subparagraph (C); and

22 “(ii) the deposits of a municipal de-
23 positor shall be insured—

24 “(I) in an amount equal to the
25 standard maximum deposit insurance

1 amount (as determined under para-
2 graph (1)); or

3 “(II) only in the case of an in-
4 State municipal depositor, in an
5 amount equal to the lesser of—

6 “(aa) \$5,000,000; or

7 “(bb) the sum of the stand-
8 ard maximum deposit insurance
9 amount and 80 percent of the
10 amount of any deposits in excess
11 of the standard maximum deposit
12 insurance amount.

13 “(B) IN-STATE.—In this paragraph, a mu-
14 nicipal depositor is an ‘in-State municipal de-
15 positor’ if the depositor is located in the same
16 State as the office or branch of the insured de-
17 pository institution at which the deposits of
18 that depositor are held.

19 “(C) MUNICIPAL DEPOSITOR.—In this
20 paragraph, the term ‘municipal depositor’
21 means a depositor that is—”;

22 (C) by striking “(B) The” and inserting
23 the following:

24 “(D) AUTHORITY TO LIMIT DEPOSITS.—
25 The”; and

1 (D) by striking “depositor referred to in
2 subparagraph (A) of this paragraph” each place
3 that term appears and inserting “municipal de-
4 positor”.

5 (4) TECHNICAL AND CONFORMING AMENDMENT
6 RELATING TO INSURANCE OF TRUST FUNDS.—Sec-
7 tion 7(i) of the Federal Deposit Insurance Act (12
8 U.S.C. 1817(i)) is amended in each of paragraphs
9 (1) and (3), by striking “\$100,000” each place it
10 appears and inserting “the standard maximum de-
11 posit insurance amount (as determined under section
12 11(a)(1))”.

13 (5) OTHER TECHNICAL AND CONFORMING
14 AMENDMENTS.—The Federal Deposit Insurance Act
15 (12 U.S.C. 1811 et seq.) is amended—

16 (A) in section 11(m)(6) (12 U.S.C.
17 1821(m)(6)), by striking “\$100,000” and in-
18 serting “an amount equal to the standard max-
19 imum deposit insurance amount (as determined
20 under subsection (a)(1))”;

21 (B) in section 18 (12 U.S.C. 1828), by
22 striking subsection (a) and inserting the fol-
23 lowing:

24 “(a) INSURANCE LOGO.—

1 “(1) INSURED DEPOSITORY INSTITUTIONS.—
2 Each insured depository institution shall display at
3 each place of business maintained by that institution
4 a sign or signs relating to the insurance of the de-
5 posits of the institution, in accordance with regula-
6 tions to be prescribed by the Corporation.

7 “(2) REGULATIONS.—The Corporation shall
8 prescribe regulations to carry out this subsection, in-
9 cluding regulations governing the substance of signs
10 required by paragraph (1) and the manner of dis-
11 play or use of such signs.

12 “(3) PENALTIES.—For each day that an in-
13 sured depository institution continues to violate this
14 subsection or any regulation issued under this sub-
15 section, it shall be subject to a penalty of not more
16 than \$100, which the Corporation may recover for
17 its use.”; and

18 (C) in section 43(d) (12 U.S.C. 1831t(d)),
19 by striking “\$100,000” and inserting “an
20 amount equal to the standard maximum deposit
21 insurance amount (as determined under section
22 11(a)(1))”.

23 (b) INSURED CREDIT UNIONS.—

1 (1) IN GENERAL.—Section 207(k) of the Fed-
2 eral Credit Union Act (12 U.S.C. 1787(k)) is
3 amended—

4 (A) by striking “(k)(1)” and all that fol-
5 lows through the end of paragraph (1) and in-
6 serting the following:

7 “(k) INSURED AMOUNTS PAYABLE.—

8 “(1) NET INSURED AMOUNT.—

9 “(A) IN GENERAL.—Subject to the provi-
10 sions of paragraph (2), the net amount of share
11 insurance payable to any member at an insured
12 credit union shall not exceed the total amount
13 of the shares or deposits in the name of the
14 member (after deducting offsets), less any part
15 thereof which is in excess of the standard max-
16 imum share insurance amount, as determined
17 in accordance with this paragraph and para-
18 graphs (5) and (6), and consistent with actions
19 taken by the Federal Deposit Insurance Cor-
20 poration under section 11(a) of the Federal De-
21 posit Insurance Act.

22 “(B) AGGREGATION.—Determination of
23 the net amount of share insurance under sub-
24 paragraph (A), shall be in accordance with such
25 regulations as the Board may prescribe, and, in

1 determining the amount payable to any mem-
 2 ber, there shall be added together all accounts
 3 in the credit union maintained by that member
 4 for that member's own benefit, either in the
 5 member's own name or in the names of others.

6 “(C) AUTHORITY TO DEFINE THE EXTENT
 7 OF COVERAGE.—The Board may define, with
 8 such classifications and exceptions as it may
 9 prescribe, the extent of the share insurance cov-
 10 erage provided for member accounts, including
 11 member accounts in the name of a minor, in
 12 trust, or in joint tenancy.”;

13 (B) in paragraph (2)—

14 (i) in subparagraph (A)—

15 (I) in clauses (i) through (v), by
 16 moving the margins 4 ems to the left;

17 (II) in the matter following
 18 clause (v), by striking “his account”
 19 and all that follows through the pe-
 20 riod; and

21 (III) by striking the semicolon at
 22 the end of clause (v) and inserting a
 23 period;

24 (ii) by striking “(2)(A) Notwith-
 25 standing” and all that follows through “a

1 depositor or member who is—” and insert-
2 ing the following:

3 “(2) MUNICIPAL DEPOSITORS OR MEMBERS.—

4 “(A) IN GENERAL.—Notwithstanding any
5 limitation in this Act or in any other provision
6 of law relating to the amount of insurance
7 available to any one depositor or member, de-
8 posits or shares of a municipal depositor or
9 member shall be insured—

10 “(i) in an amount equal to the stand-
11 ard maximum share insurance amount (as
12 determined under paragraph (5)); or

13 “(ii) only in the case of an in-State
14 municipal depositor or member, in an
15 amount equal to the lesser of—

16 “(I) \$5,000,000; or

17 “(II) the sum of the standard
18 maximum share insurance amount
19 and 80 percent of the amount of any
20 deposits or shares in excess of the
21 standard maximum share insurance
22 amount.

23 “(B) IN-STATE.—In this paragraph, a mu-
24 nicipal depositor or member is an ‘in-State mu-
25 nicipal depositor or member’ if the depositor or

1 member is located in the same State as the of-
 2 fice or branch of the insured credit union at
 3 which the deposits or shares of that depositor
 4 or member are held.

5 “(C) MUNICIPAL DEPOSITOR OR MEM-
 6 BER—In this paragraph, the term ‘municipal
 7 depositor or member’ means a depositor or
 8 member that is—”;

9 (iii) by striking “(B) The” and insert-
 10 ing the following:

11 “(D) AUTHORITY TO LIMIT DEPOSITS.—
 12 The”; and

13 (iv) by striking “depositor or member
 14 referred to in subparagraph (A)” and in-
 15 sserting “municipal depositor or member”;

16 (C) by adding at the end the following:

17 “(4) COVERAGE FOR CERTAIN EMPLOYEE BEN-
 18 EFIT PLAN DEPOSITS.—

19 “(A) PASS-THROUGH INSURANCE.—The
 20 Administration shall provide pass-through share
 21 insurance for the deposits or shares of any em-
 22 ployee benefit plan, subject to subparagraph
 23 (B).

24 “(B) PROHIBITION ON ACCEPTANCE OF
 25 DEPOSITS.—An insured credit union that is not

1 well capitalized or adequately capitalized may
2 not accept employee benefit plan deposits.

3 “(C) DEFINITIONS.—For purposes of this
4 paragraph, the following definitions shall apply:

5 “(i) CAPITAL STANDARDS.—The
6 terms ‘well capitalized’ and ‘adequately
7 capitalized’ have the same meanings as in
8 section 216(c), as added by section 301 of
9 the Credit Union Membership Access Act
10 (Public Law 105–219, 112 Stat. 931).

11 “(ii) EMPLOYEE BENEFIT PLAN.—
12 The term ‘employee benefit plan’—

13 “(I) has the meaning given to
14 such term in section 3(3) of the Em-
15 ployee Retirement Income Security
16 Act of 1974;

17 “(II) includes any plan described
18 in section 401(d) of the Internal Rev-
19 enue Code of 1986; and

20 “(III) includes any eligible de-
21 ferred compensation plan described in
22 section 457 of the Internal Revenue
23 Code of 1986.

24 “(iii) PASS-THROUGH SHARE INSUR-
25 ANCE.—The term ‘pass-through share in-

1 insurance' means, with respect to an em-
2 ployee benefit plan, insurance coverage
3 provided on a pro rata basis to the partici-
4 pants in the plan, in accordance with the
5 interest of each participant.

6 “(5) STANDARD MAXIMUM SHARE INSURANCE
7 AMOUNT DEFINED.—For purposes of this sub-
8 section, the term ‘standard maximum share insur-
9 ance amount’ means—

10 “(A) until the end of the 270-day period
11 beginning on the date of enactment of the De-
12 posit Insurance Reform Act of 2002, \$100,000;
13 and

14 “(B) after the end of the period referred to
15 in subparagraph (A), \$130,000, adjusted as
16 provided in paragraph (6).

17 “(6) INFLATION ADJUSTMENT.—

18 “(A) IN GENERAL.—As of January 1,
19 2005, and as of the 1st day of each subsequent
20 5-year period, the standard maximum share in-
21 surance amount payable to any member of an
22 insured credit union shall be increased by the
23 product of—

24 “(i) \$130,000; and

1 “(ii) the ratio of the value of the Per-
2 sonal Consumption Expenditures Chain-
3 Type Index (or any successor index there-
4 to), published by the Department of Com-
5 merce, as in effect on the date of the ad-
6 justment under this clause.

7 “(B) LIMITATION ON ADJUSTMENTS.—If
8 the application of subparagraph (A) would re-
9 sult in any decrease in the standard maximum
10 share insurance amount in effect on the date of
11 the adjustment under clause (i), the standard
12 maximum share insurance amount shall remain
13 unchanged until the next scheduled 5-year ad-
14 justment that does not result in any such de-
15 crease.

16 “(C) ROUNDING.—If the amount deter-
17 mined under subparagraph (B) for any period
18 is not a multiple of \$10,000, the amount so de-
19 termined shall be rounded to the nearest
20 \$10,000.

21 “(D) PUBLICATION.—Not later than Janu-
22 ary 31 of the 1st year of each 5-year period re-
23 ferred to in subparagraph (A), the Board shall
24 publish in the Federal Register the standard
25 maximum share insurance amount and the

1 amount of share insurance coverage under
2 paragraph (3) that may be due to any member
3 at an insured credit union during that 5-year
4 period.”; and

5 (D) in paragraph (3), by striking
6 “\$100,000 per account” and inserting the fol-
7 lowing: “\$250,000 per account, which amount
8 shall be subject to inflation adjustments in the
9 same manner as under paragraph (6) with re-
10 spect to the standard maximum share insurance
11 amount (as determined under paragraph (5),
12 except that ‘\$250,000’ shall be substituted for
13 the amount specified in paragraph (5)(A)(i) for
14 purposes of this paragraph).”.

15 (2) TECHNICAL AMENDMENT.—Section 202(h)
16 of the Federal Credit Union Act (12 U.S.C.
17 1782(h)) is amended by striking “207(c)(1)” and in-
18 serting 207(k)”.

19 (c) EFFECTIVE DATE.—This section and the amend-
20 ments made by this section shall become effective on the
21 effective date of the regulations required under section
22 205(a)(2), relating to the implementation of deposit insur-
23 ance increases under this section.

24 **SEC. 203. DESIGNATED RESERVE RATIO.**

25 (a) IN GENERAL.—

1 (1) AMENDMENT TO SECTION 7.—Section
2 7(b)(3) of the Federal Deposit Insurance Act (12
3 U.S.C. 1817(b)(3)) is amended to read as follows:

4 “(3) DESIGNATED RESERVE RATIO.—

5 “(A) ACTION BY THE BOARD.—

6 “(i) IN GENERAL.—Before the begin-
7 ning of each calendar year, the Board of
8 Directors shall, subject to clause (ii)—

9 “(I) designate the reserve ratio
10 applicable to the Deposit Insurance
11 Fund for that year; and

12 “(II) publish the reserve ratio so
13 designated.

14 “(ii) RULEMAKING.—Any change to
15 the designated reserve ratio for any cal-
16 endar year shall be made pursuant to sec-
17 tion 553 of title 5, United States Code.

18 “(B) RANGE.—The reserve ratio des-
19 ignated by the Board of Directors for any
20 year—

21 “(i) may not exceed 1.5 percent of ag-
22 gregate estimated insured deposits; and

23 “(ii) may not be less than 1.0 percent
24 of aggregate estimated insured deposits.

1 “(C) FACTORS.—In designating a reserve
2 ratio for any year, the Board of Directors
3 shall—

4 “(i) take into account the risk of
5 losses to the Deposit Insurance Fund in
6 that year and in future years;

7 “(ii) take into account economic con-
8 ditions generally affecting insured deposi-
9 tory institutions, to provide for an increase
10 in the designated reserve ratio during more
11 favorable economic conditions and to pro-
12 vide for a decrease in the designated re-
13 serve ratio during less favorable economic
14 conditions, notwithstanding the increased
15 risks of loss that may exist during such
16 less favorable conditions, as determined to
17 be appropriate by the Board;

18 “(iii) seek to prevent sharp swings in
19 the assessment rates for insured depository
20 institutions; and

21 “(iv) take into account such other fac-
22 tors as the Board of Directors may deter-
23 mine to be appropriate, consistent with the
24 requirements of this subparagraph.”.

1 (2) TECHNICAL AND CONFORMING AMEND-
2 MENTS.—Section 3(y) of the Federal Deposit Insur-
3 ance Act (12 U.S.C. 1813) (as amended by this Act)
4 is amended by adding at the end the following:

5 “(2) RESERVE RATIO.—The term ‘reserve ratio’
6 means the ratio of the fund balance of the Deposit
7 Insurance Fund to aggregate estimated insured de-
8 posits held in all insured depository institutions.

9 “(3) DESIGNATED RESERVE RATIO.—The term
10 ‘designated reserve ratio’ means the reserve ratio
11 designated by the Board of Directors under section
12 7(b)(3).”.

13 (3) EFFECTIVE DATE.—Subject to paragraph
14 (4), this subsection and the amendments made by
15 this subsection shall become effective on the effective
16 date of the regulations required under section
17 205(a)(1), relating to designation of the reserve
18 ratio by the Board.

19 (4) DESIGNATION OF INITIAL RESERVE RATIO
20 FOR DEPOSIT INSURANCE FUND.—During the period
21 beginning on the effective date of the merger of the
22 deposit insurance funds under section 102, and end-
23 ing on the effective date of final regulations desig-
24 nating the reserve ratio, as required by section
25 205(a)(1), the designated reserve ratio of the De-

1 posit Insurance Fund shall continue to be deter-
2 mined pursuant to section 7(b)(2)(A)(iv), as in ef-
3 fect on the day before the effective date of the merg-
4 er under section 102.

5 (b) REQUIREMENTS APPLICABLE TO ANY MODIFICA-
6 TION OF THE RISK-BASED ASSESSMENT SYSTEM.—Sec-
7 tion 7(b)(1) of the Federal Deposit Insurance Act (12
8 U.S.C. 1817(b)(1)) is amended by adding at the end the
9 following:

10 “(E) REQUIREMENTS APPLICABLE TO ANY
11 MODIFICATION OF THE RISK-BASED ASSESS-
12 MENT SYSTEM.—

13 “(i) IN GENERAL.—In revising or
14 modifying the risk-based assessment sys-
15 tem at any time after the date of enact-
16 ment of the Deposit Insurance Reform Act
17 of 2002, the Board of Directors—

18 “(I) may not make any change to
19 the information collected from or re-
20 quired to be retained by insured de-
21 pository institutions solely for pur-
22 poses of the assessment risk classifica-
23 tion, as defined by regulations of the
24 Board, if the change would result in
25 the imposition of an overall greater

1 regulatory or reporting burden on in-
2 sured depository institutions than was
3 the case before that date of enact-
4 ment; and

5 “(II) may implement any such
6 revision or modification in final form
7 only after notice and opportunity for
8 comment.

9 “(ii) RULE OF CONSTRUCTION.—An
10 increase in an assessment rate or a revi-
11 sion of the assessment base shall not be
12 considered to be a revision or modification
13 resulting in greater regulatory or reporting
14 burden for purposes of this subpara-
15 graph.”.

16 **SEC. 204. CREDITS BASED ON PAST CONTRIBUTIONS TO DE-**
17 **POSIT INSURANCE FUND.**

18 (a) IN GENERAL.—Section 7(e) of the Federal De-
19 posit Insurance Act (12 U.S.C. 1817(e)) is amended to
20 read as follows:

21 “(e) REFUNDS AND CREDITS.—

22 “(1) REFUNDS OF OVERPAYMENTS.—In the
23 case of any payment of an assessment by an insured
24 depository institution in excess of the amount due to
25 the Corporation, the Corporation may—

1 “(A) refund the amount of the excess pay-
2 ment to the insured depository institution; or

3 “(B) credit such excess amount toward the
4 payment of subsequent semiannual assessments
5 until such credit is exhausted.

6 “(2) ONE-TIME CREDIT BASED ON TOTAL AS-
7 SESSMENT BASE AT YEAR-END 1996.—

8 “(A) IN GENERAL.—The Board of Direc-
9 tors shall, by regulation, provide for a credit to
10 each insured depository institution that was in
11 existence on December 31, 1996, and that had
12 paid a deposit insurance assessment prior to
13 that date (or a successor insured depository in-
14 stitution), based on the assessment base of the
15 institution on that date, as compared to the
16 combined aggregate assessment base of all such
17 institutions, taking into account such factors as
18 the Board may determine to be appropriate.

19 “(B) CREDIT LIMIT.—The aggregate
20 amount of credits available under subparagraph
21 (A) to all insured depository institutions that
22 are eligible for the credit shall not exceed the
23 amount that the Corporation could collect if it
24 imposed an assessment of 9 basis points on the
25 combined assessment base of the Bank Insur-

1 ance Fund and the Savings Association Insur-
2 ance Fund as of December 31, 2001.

3 “(C) APPLICATION OF CREDITS.—The
4 amount of a credit to any insured depository in-
5 stitution under this paragraph may be applied
6 by the Corporation to those portions of the as-
7 sessments under subsection (b) applicable to
8 that institution which become due for assess-
9 ment periods beginning after the effective date
10 of regulations required by subparagraph (A).

11 “(D) CHALLENGES TO CREDIT
12 AMOUNTS.—The regulations required by sub-
13 paragraph (A) shall include provisions allowing
14 an insured depository institution a reasonable
15 opportunity to challenge administratively the
16 amount of its credit under this paragraph. The
17 determination of the Corporation of the amount
18 of the credit following such challenge shall be
19 final, and not subject to judicial review.

20 “(3) ASSESSMENT CREDITS.—

21 “(A) AUTHORITY.—The Board of Direc-
22 tors shall, by regulation, establish the qualifica-
23 tions and procedures under which the Corpora-
24 tion would apply assessment credits for the as-
25 sessment periods beginning on or after the first

1 assessment period to which a credit under para-
2 graph (2) applies.

3 “(B) CRITERIA FOR DETERMINATION.—In
4 determining whether to provide assessment
5 credits under this paragraph and in what
6 amounts, the Board of Directors shall take into
7 account the factors for setting assessments
8 under subsection (b)(2) and the factors for des-
9 ignating the reserve ratio under subsection
10 (b)(3).

11 “(C) CASH PAYMENTS.—The Corporation
12 may, in its sole discretion, elect to provide cash
13 payments in lieu of assessment credits under
14 this paragraph, but only if the reserve ratio of
15 the Deposit Insurance Fund would remain at
16 more than 1.5 percent of aggregate estimated
17 insured deposits after any such payment.”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 this section shall become effective on the effective date of
20 the regulations required to be issued under section
21 205(a)(3), relating to implementation of the one-time as-
22 sessment credit.

23 **SEC. 205. REGULATIONS REQUIRED.**

24 (a) IN GENERAL.—Not later than 270 days after the
25 date of enactment of this Act, the Board shall issue final

1 regulations, in accordance with section 553 of chapter 5
2 of title 5, United States Code—

3 (1) designating the reserve ratio for the Deposit
4 Insurance Fund in accordance with section 7(b)(3)
5 of the Federal Deposit Insurance Act, as amended
6 by section 203 of this Act, which regulations shall
7 become effective not later than 90 days after the
8 date of their publication in final form;

9 (2) implementing increases in deposit insurance
10 coverage in accordance with the amendments made
11 by section 202, which regulations shall become effec-
12 tive not later than 90 days after the date of their
13 publication in final form;

14 (3) implementing the one-time assessment cred-
15 it to certain insured depository institutions in ac-
16 cordance with section 7(e)(2) of the Federal Deposit
17 Insurance Act, as amended by section 204 of this
18 Act;

19 (4) establishing the qualifications and proce-
20 dures under which the Corporation would apply as-
21 sessment credits, as required by section 7(e)(3) of
22 the Federal Deposit Insurance Act, as amended by
23 section 204 of this Act; and

24 (5) providing for assessments under section 7 of
25 the Federal Deposit Insurance Act, as amended by

1 this Act, which regulations shall become effective on
2 the effective date of the regulations required by
3 paragraph (3).

4 (b) SAVINGS CLAUSE.—

5 (1) IN GENERAL.—Nothing in this Act or the
6 amendments made by this Act shall be construed to
7 affect the authority of the Corporation with regard
8 to the setting or collection of deposit insurance as-
9 sessments prior to the effective date of any regula-
10 tions required under subsection (a).

11 (2) PRESERVATION OF MINIMUM ASSESSMENT
12 PROVISION.—Subparagraph (E) of section 7(b)(2) of
13 the Federal Deposit Insurance Act (12 U.S.C.
14 1817(b)(2)), as in effect on the day before the effec-
15 tive date of title I of this Act, shall continue to apply
16 with respect to deposit insurance assessments im-
17 posed prior to the effective date of the regulations
18 required under subsection (a)(5) of this section.

19 **SEC. 206. STUDIES OF POTENTIAL CHANGES TO THE FED-**
20 **ERAL DEPOSIT INSURANCE SYSTEM.**

21 (a) STUDY AND REPORT BY FDIC AND NCUA.—

22 (1) STUDY.—The Board of Directors of the
23 Federal Deposit Insurance Corporation and the Na-
24 tional Credit Union Administration Board shall each
25 conduct a study of—

1 (A) the feasibility of increasing the limit
2 on deposit insurance for deposits of municipali-
3 ties and other units of general local govern-
4 ment, and the potential benefits and the poten-
5 tial adverse consequences that may result from
6 any such increase; and

7 (B) the feasibility of establishing a vol-
8 untary deposit insurance system for deposits in
9 excess of the maximum amount of deposit in-
10 surance for any depositor, and the potential
11 benefits and the potential adverse consequences
12 that may result from the establishment of any
13 such system.

14 (2) REPORT.—Not later than 1 year after the
15 date of enactment of this Act, the Board of Direc-
16 tors of the Federal Deposit Insurance Corporation
17 and the National Credit Union Administration
18 Board shall each submit a report to the Congress on
19 the study required under paragraph (1), containing
20 the findings and conclusions of the reporting agency,
21 together with such recommendations for legislative
22 or administrative changes as the agency may deter-
23 mine to be appropriate.

24 (b) STUDY AND REPORT REGARDING APPROPRIATE
25 RESERVE RATIO.—

1 (1) STUDY.—The Corporation shall conduct a
2 study on the feasibility of using actual deposits rath-
3 er than estimated insured deposits in calculating the
4 reserve ratio of the Deposit Insurance Fund.

5 (2) REPORT.—Not later than 1 year after the
6 date of enactment of this Act, the Board shall sub-
7 mit a report to Congress on the results of the study
8 required under paragraph (1), together with such
9 recommendations for legislative or administrative ac-
10 tions as may be determined to be appropriate.

11 **SEC. 207. EFFECTIVE DATE.**

12 Except as otherwise specifically provided in this title,
13 this title and the amendments made by this title shall be-
14 come effective on the date of enactment of this Act.

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