

108TH CONGRESS  
1ST SESSION

# S. 229

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.

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## IN THE SENATE OF THE UNITED STATES

JANUARY 29, 2003

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

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## 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 2003”.

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 2003”.

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 amend-  
15 ed—

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 amend-  
11       ed—

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)—

13 (i) in subparagraph (B)(ii), by strik-  
14 ing “institution’s semiannual assessment”  
15 and inserting “assessments for that insti-  
16 tution under subsection (b)”;

17 (ii) in subparagraph (C)—

18 (I) by striking “a depository in-  
19 stitution’s semiannual assessment”  
20 and inserting “assessments for a de-  
21 pository institution under subsection  
22 (b)”;

23 (II) by striking “deposit insur-  
24 ance fund” each place that term ap-

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

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

6                   (C) by striking paragraph (4) and redesignig-  
7                   nating paragraphs (5) through (7) as para-  
8                   graphs (4) through (6), respectively;

9                   (D) in paragraph (5), as so redesignated—

10                   (i) by striking “any such assessment”  
11                   and inserting “any such assessment is nec-  
12                   essary”;

13                   (ii) by striking subparagraph (B);

14                   (iii) in subparagraph (A)—

15                   (I) by striking “(A) is nec-  
16                   essary—”;

17                   (II) by striking “Bank Insurance  
18                   Fund members” and inserting “in-  
19                   sured depository institutions”; and

20                   (III) by redesignating clauses (i),  
21                   (ii), and (iii) as subparagraphs (A),  
22                   (B), and (C), respectively, and moving  
23                   the margins 2 ems to the left; and

24                   (iv) in subparagraph (C) (as redesignig-  
25                   nated)—

1 (I) by inserting “that” before  
2 “the Corporation”; and

3 (II) by striking “; and” and in-  
4 serting a period; and

5 (E) in paragraph (6), as so redesignated,  
6 by striking “semiannual assessment” and in-  
7 serting “assessment under subsection (b)”;

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

9 (A) in paragraph (1), by striking “institu-  
10 tion’s semiannual assessment” and inserting  
11 “assessments for that institution under sub-  
12 section (b)”;

13 (B) by striking paragraphs (2) and (3);  
14 and

15 (C) by redesignating paragraph (4) as  
16 paragraph (2); and

17 (11) in section 7(j)(7)(F) (12 U.S.C.  
18 1817(j)(7)(F)), by striking “Bank Insurance Fund  
19 or the Savings Association Insurance Fund” and in-  
20 serting “Deposit Insurance Fund”;

21 (12) in section 8 (12 U.S.C. 1818)—

22 (A) in subsection (p), by striking “semi-  
23 annual”;

24 (B) in subsection (q), by striking “semi-  
25 annual” and inserting “assessment”; and

1 (C) in subsection (t)(2)(C), by striking  
2 “deposit insurance fund” and inserting “De-  
3 posit Insurance Fund”;

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

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

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

13 (A) by striking subparagraph (B);

14 (B) by redesignating subparagraph (C) as  
15 subparagraph (B); and

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

19 (16) in section 11(p)(2)(B) (12 U.S.C.  
20 1821(p)(2)(B)), by striking “institution, any” and  
21 inserting “institution, the”;

22 (17) in section 12(f)(4)(E)(iv) (12 U.S.C.  
23 1822(f)(4)(E)(iv)), by striking “Federal deposit in-  
24 surance funds” and inserting “the Deposit Insur-

1       ance Fund, or any predecessor deposit insurance  
2       fund”;

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

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

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

11          (C) in subsection (c)(4)(E)—

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

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

18          (D) in subsection (c)(4)(G)(ii)—

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

22           (ii) by striking “the members of the  
23      insurance fund (of which such institution  
24      is a member)” and inserting “insured de-  
25      pository institutions”;

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

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

7 (v) in subclause (II), by striking  
8 “semiannual” and inserting “applicable as-  
9 sessment”;

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

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

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

18 (H) in subsection (k)(5)—

19 (i) in subparagraph (A), by striking  
20 “Savings Association Insurance Fund  
21 members” and inserting “savings associa-  
22 tions”;

23 (ii) by striking “member’s” each place  
24 that term appears and inserting “savings  
25 association’s”; and

1 (iii) by striking “member” each place  
2 that term appears and inserting “savings  
3 association”;

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

6 (A) by striking “Bank Insurance Fund or  
7 the Savings Association Insurance Fund” and  
8 inserting “Deposit Insurance Fund”; and

9 (B) by striking “each such fund” and in-  
10 sserting “the Deposit Insurance Fund”;

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

15 (21) in section 14(c) (12 U.S.C. 1824(c))—

16 (A) in paragraph (2)(A), by striking “(7)”  
17 and inserting “(6)”; and

18 (B) by striking paragraph (3);

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

20 (A) by striking “Bank Insurance Fund  
21 member” each place that term appears and in-  
22 sserting “insured depository institution”;

23 (B) by striking “Bank Insurance Fund  
24 members” each place that term appears and in-  
25 sserting “insured depository institutions”;



1 (C) by striking “Bank Insurance Fund”  
2 each place that term appears (other than in  
3 connection with a reference to a Bank Insur-  
4 ance Fund member or members) and inserting  
5 “Deposit Insurance Fund”;

6 (D) by striking the subsection heading and  
7 inserting the following:

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

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

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

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

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

20 “(1) IN GENERAL.—The Corporation may bor-  
21 row from the Federal home loan banks, with the  
22 concurrence of the Federal Housing Finance Board,  
23 such funds as the Corporation considers necessary  
24 for the use of the Deposit Insurance Fund.

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

4                   “(A) bear a rate of interest of not less  
5                   than the current marginal cost of funds to that  
6                   bank, taking into account the maturities in-  
7                   volved;

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

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

12           (24) in section 15(c)(5) (12 U.S.C.  
13           1825(c)(5))—

14                   (A) by striking “the Bank Insurance Fund  
15                   or Savings Association Insurance Fund, respec-  
16                   tively” each place that term appears and insert-  
17                   ing “the Deposit Insurance Fund”; and

18                   (B) in subparagraph (B), by striking “the  
19                   Bank Insurance Fund or the Savings Associa-  
20                   tion Insurance Fund, respectively” and insert-  
21                   ing “the Deposit Insurance Fund”;

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

23                   (A) in the subsection heading, by striking  
24                   “BIF, SAIF,” and inserting “THE DEPOSIT IN-  
25                   SURANCE FUND”; and

1 (B) in paragraph (1)—

2 (i) by striking “the Bank Insurance  
3 Fund, the Savings Association Insurance  
4 Fund,” each place that term appears and  
5 inserting “the Deposit Insurance Fund”;  
6 and

7 (ii) in subparagraph (D), by striking  
8 “each insurance fund” and inserting “the  
9 Fund”;

10 (26) in section 17(d) (12 U.S.C. 1827(d)), by  
11 striking “, the Bank Insurance Fund, the Savings  
12 Association Insurance Fund,” each place that term  
13 appears and inserting “the Deposit Insurance  
14 Fund”;

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

16 (A) in paragraph (2), in the matter pre-  
17 ceding subparagraph (A), by striking the colon  
18 and inserting a dash;

19 (B) in paragraph (3)(A)—

20 (i) by striking “poses a serious threat  
21 to the Savings Association Insurance  
22 Fund” and inserting “of an insured sav-  
23 ings association poses a serious threat to  
24 the Deposit Insurance Fund”; and

1 (ii) by striking “Savings Association  
2 Insurance Fund member” and inserting  
3 “insured savings association”; and

4 (C) in paragraph (3)(C), by striking “Sav-  
5 ings Association Insurance Fund or the Bank  
6 Insurance Fund” and inserting “Deposit Insur-  
7 ance Fund”;

8 (28) in section 18(o) (12 U.S.C. 1828(o)), by  
9 striking “deposit insurance funds” and “deposit in-  
10 surance fund” each place those terms appear and in-  
11 sserting “Deposit Insurance Fund”;

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

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

16 (A) in subsections (a)(1) and (d)(1)(A), by  
17 striking “appropriate deposit insurance fund”  
18 each place that term appears and inserting  
19 “Deposit Insurance Fund”;

20 (B) in subsection (e)(2)(A), by striking  
21 “risk to” and all that follows through the pe-  
22 riod and inserting “risk to the Deposit Insur-  
23 ance Fund.”; and

24 (C) in subsections (e)(2)(B)(ii) and  
25 (f)(6)(B), by striking “the insurance fund of

1           which such bank is a member” each place that  
2           term appears and inserting “the Deposit Insur-  
3           ance Fund”;

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

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

9           (33) in section 36(i)(3) (12 U.S.C.  
10          1831m(i)(3)), by striking “affected deposit insur-  
11          ance fund” and inserting “Deposit Insurance  
12          Fund”;

13          (34) in section 37(a)(1)(C) (12 U.S.C.  
14          1831n(a)(1)(C)), by striking “insurance funds” and  
15          inserting “Deposit Insurance Fund”;

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

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

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

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

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

7 (C) in paragraphs (2)(A) and (3)(B), by  
8 striking “the deposit insurance fund’s outlays”  
9 each place that term appears and inserting “the  
10 outlays of the Deposit Insurance Fund”; and  
11 (38) in section 38(o) (12 U.S.C. 1831o(o))—

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

15 (B) by redesignating subparagraphs (A),  
16 (B), and (C) as paragraphs (1), (2), and (3),  
17 respectively, and moving the margins 2 ems to  
18 the left; and

19 (C) in paragraph (1) (as so redesignated),  
20 by redesignating clauses (i) and (ii) as subpara-  
21 graphs (A) and (B), respectively, and moving  
22 the margins 2 ems to the left.

1 **SEC. 105. OTHER TECHNICAL AND CONFORMING AMEND-**  
2 **MENTS.**

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

9 (b) INVESTMENTS PROMOTING PUBLIC WELFARE;  
10 LIMITATIONS ON AGGREGATE INVESTMENTS.—The 23d  
11 undesignated paragraph of section 9 of the Federal Re-  
12 serve Act (12 U.S.C. 338a) is amended in the 4th sen-  
13 tence, by striking “affected deposit insurance fund” and  
14 inserting “Deposit Insurance Fund”.

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

20 (d) AMENDMENTS TO THE BALANCED BUDGET AND  
21 EMERGENCY DEFICIT CONTROL ACT OF 1985.—Section  
22 255(g)(1)(A) of the Balanced Budget and Emergency  
23 Deficit Control Act of 1985 (2 U.S.C. 905(g)(1)(A)) is  
24 amended—

25 (1) by striking “Bank Insurance Fund” and in-  
26 serting “Deposit Insurance Fund”; and

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

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

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

7                 (A) in the subsection heading, by striking  
8                 “SAIF” and inserting “THE DEPOSIT INSUR-  
9                 ANCE FUND”; and

10                (B) by striking “Savings Association In-  
11                surance Fund” each place that term appears  
12                and inserting “Deposit Insurance Fund”;

13           (2) in section 21 (12 U.S.C. 1441)—

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

17                 (B) in subsection (k), by striking para-  
18                 graph (4);

19           (3) in section 21A(b)(4)(B) (12 U.S.C.  
20           1441a(b)(4)(B)), by striking “affected deposit insur-  
21           ance fund” and inserting “Deposit Insurance  
22           Fund”; and

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



1 (f) AMENDMENTS TO THE HOME OWNERS' LOAN  
2 ACT.—The Home Owners' Loan Act (12 U.S.C. 1461 et  
3 seq.) is amended—

4 (1) in section 5 (12 U.S.C. 1464)—

5 (A) in subsection (c)(6), by striking “As  
6 used in this subsection—” and inserting “For  
7 purposes of this subsection, the following defini-  
8 tions shall apply:”;

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

11 (C) in subsection (o)(2)(A), by striking “a  
12 Bank Insurance Fund member until such time  
13 as it changes its status to a Savings Association  
14 Insurance Fund member” and inserting “in-  
15 sured by the Deposit Insurance Fund”;

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

19 (E) in subsection (t)(7)(C)(i)(I), by strik-  
20 ing “affected deposit insurance fund” and in-  
21 sserting “Deposit Insurance Fund”; and

22 (F) in subsection (v)(2)(A)(i), by striking  
23 “the Savings Association Insurance Fund” and  
24 inserting “or the Deposit Insurance Fund”; and

25 (2) in section 10 (12 U.S.C. 1467a)—

1 (A) in subsection (c)(6)(D), by striking  
2 “this title” and inserting “this Act”;

3 (B) in subsection (e)(1)(B), by striking  
4 “Savings Association Insurance Fund or Bank  
5 Insurance Fund” and inserting “Deposit Insur-  
6 ance Fund”;

7 (C) in subsection (e)(2), by striking “Sav-  
8 ings Association Insurance Fund or the Bank  
9 Insurance Fund” and inserting “Deposit Insur-  
10 ance Fund”;

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

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

16 (F) in subsection (i), by redesignating  
17 paragraph (5) as paragraph (4);

18 (G) in subsection (m)(3), by striking sub-  
19 paragraph (E), and by redesignating subpara-  
20 graphs (F), (G), and (H) as subparagraphs  
21 (E), (F), and (G), respectively;

22 (H) in subsection (m)(7)(A), by striking  
23 “during period” and inserting “during the pe-  
24 riod”; and

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

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

7 (1) in section 317(b)(1)(B) (12 U.S.C.  
8 1723i(b)(1)(B)), by striking “Bank Insurance Fund  
9 for banks or through the Savings Association Insur-  
10 ance Fund for savings associations” and inserting  
11 “Deposit Insurance Fund”; and

12 (2) in section 536(b)(1)(B)(ii) (12 U.S.C.  
13 1735f–14(b)(1)(B)(ii)), by striking “Bank Insurance  
14 Fund for banks and through the Savings Association  
15 Insurance Fund for savings associations” and insert-  
16 ing “Deposit Insurance Fund”.

17 (h) AMENDMENTS TO THE FINANCIAL INSTITUTIONS  
18 REFORM, RECOVERY, AND ENFORCEMENT ACT OF  
19 1989.—The Financial Institutions Reform, Recovery, and  
20 Enforcement Act of 1989 (12 U.S.C. 1811 note) is  
21 amended—

22 (1) in section 951(b)(3)(B) (12 U.S.C.  
23 1833a(b)(3)(B)), by striking “Bank Insurance  
24 Fund, the Savings Association Insurance Fund,”

1 and inserting “Deposit Insurance Fund (or any  
2 predecessor deposit insurance fund)”; and

3 (2) in section 1112(e)(1)(B) (12 U.S.C.  
4 3341(e)(1)(B)), by striking “Bank Insurance Fund,  
5 the Savings Association Insurance Fund,” and in-  
6 serting “Deposit Insurance Fund”.

7 (i) AMENDMENT TO THE BANK HOLDING COMPANY  
8 ACT OF 1956.—The Bank Holding Company Act of 1956  
9 (12 U.S.C. 1841 et seq.) is amended—

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

13 (2) in section 3(d)(1)(D)(iii) (12 U.S.C.  
14 1842(d)(1)(D)(iii)), by striking “appropriate deposit  
15 insurance fund” and inserting “Deposit Insurance  
16 Fund”.

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

1 **SEC. 106. EFFECTIVE DATE.**

2 This title and the amendments made by this title  
3 shall become effective on the first day of the first calendar  
4 quarter that begins after the 90-day period beginning on  
5 the date of enactment of this Act.

6 **TITLE II—DEPOSIT INSURANCE**  
7 **MODERNIZATION AND IM-**  
8 **PROVEMENT**

9 **SEC. 201. SHORT TITLE.**

10 This title may be cited as the “Deposit Insurance Re-  
11 form Act of 2003”.

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

13 (a) INSURED DEPOSITORY INSTITUTIONS.—

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

17 (A) by striking subparagraph (B) and in-  
18 serting the following:

19 “(B) NET AMOUNT OF INSURED DEPOS-  
20 ITS.—The net amount of deposit insurance pay-  
21 able to any depositor at an insured depository  
22 institution shall not exceed the standard max-  
23 imum deposit insurance amount, as determined  
24 in accordance with paragraph (3) and subpara-  
25 graphs (C), (D), (E), and (F) of this para-  
26 graph.”; and

1 (B) by striking subparagraph (D) and in-  
2 serting the following:

3 “(D) COVERAGE FOR CERTAIN EMPLOYEE  
4 BENEFIT PLAN DEPOSITS.—

5 “(i) PASS-THROUGH INSURANCE.—  
6 The Corporation shall provide pass-  
7 through deposit insurance for the deposits  
8 of any employee benefit plan.

9 “(ii) PROHIBITION ON ACCEPTANCE  
10 OF BENEFIT PLAN DEPOSITS.—An insured  
11 depository institution that is not well cap-  
12 italized or adequately capitalized may not  
13 accept employee benefit plan deposits.

14 “(iii) DEFINITIONS.—For purposes of  
15 this subparagraph, the following definitions  
16 shall apply:

17 “(I) CAPITAL STANDARDS.—The  
18 terms ‘well capitalized’ and ‘ade-  
19 quately capitalized’ have the same  
20 meanings as in section 38.

21 “(II) EMPLOYEE BENEFIT  
22 PLAN.—The term ‘employee benefit  
23 plan’ has the same meaning as in  
24 paragraph (5)(B)(ii), and includes any  
25 eligible deferred compensation plan

1 described in section 457 of the Inter-  
2 nal Revenue Code of 1986.

3 “(III) PASS-THROUGH DEPOSIT  
4 INSURANCE.—The term ‘pass-through  
5 deposit insurance’ means, with respect  
6 to an employee benefit plan, deposit  
7 insurance coverage provided on a pro  
8 rata basis to the participants in the  
9 plan, in accordance with the interest  
10 of each participant.

11 “(E) STANDARD MAXIMUM DEPOSIT IN-  
12 SURANCE AMOUNT DEFINED.—For purposes of  
13 this paragraph, the term ‘standard maximum  
14 deposit insurance amount’ means—

15 “(i) until the end of the 270-day pe-  
16 riod beginning on the date of enactment of  
17 the Deposit Insurance Reform Act of  
18 2003, \$100,000; and

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

22 “(F) INFLATION ADJUSTMENT.—

23 “(i) IN GENERAL.—As of July 1,  
24 2005, and as of the 1st day of each 5-year  
25 period thereafter, the standard maximum

1 deposit insurance amount payable to any  
2 depositor at an insured depository institu-  
3 tion shall be increased by the product of—

4 “(I) \$130,000; and

5 “(II) the ratio of the value of the  
6 Personal Consumption Expenditures  
7 Chain-Type Index (or any successor  
8 index thereto), published by the De-  
9 partment of Commerce, for December  
10 31 of the year preceding the year in  
11 which the adjustment is calculated  
12 under this clause, to the value of such  
13 index for December 31 of the year  
14 preceding the effective date of the In-  
15 surance Funds Merger Act of 2003.

16 “(ii) LIMITATION ON ADJUST-  
17 MENTS.—If the application of clause (i)  
18 would result in any decrease in the stand-  
19 ard maximum deposit insurance amount in  
20 effect on the date of the adjustment under  
21 clause (i), the standard maximum deposit  
22 insurance amount shall remain unchanged  
23 until the next scheduled 5-year adjustment  
24 that does not result in any such decrease.



1           “(iii) ROUNDING.—If the amount de-  
2           termined under clause (ii) for any period is  
3           not a multiple of \$10,000, the amount so  
4           determined shall be rounded to the nearest  
5           \$10,000.

6           “(iv) PUBLICATION.—Not later than  
7           April 1, 2005, and not later than April 1  
8           of the 1st year of each subsequent 5-year  
9           period referred to in clause (i), the Board  
10          of Directors shall publish in the Federal  
11          Register the standard maximum deposit in-  
12          surance amount and the amount of deposit  
13          insurance coverage under paragraph (3)(A)  
14          that may be due to any depositor at an in-  
15          sured depository institution during the ap-  
16          plicable 5-year period.”.

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

21                   (A) by striking “\$100,000” and inserting  
22                   “\$250,000”; and

23                   (B) by inserting before the period at the  
24                   end the following: “which amount shall be sub-  
25                   ject to inflation adjustments in the same man-

1 ner as under paragraph (1)(F) with respect to  
2 the standard maximum deposit insurance  
3 amount, except that ‘\$250,000’ shall be sub-  
4 stituted for the amount specified in clause (i) of  
5 paragraph (1)(F) for purposes of this subpara-  
6 graph”.

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

10 (A) in subparagraph (A)—

11 (i) in the matter following clause (v),  
12 by striking “shall be insured in an  
13 amount” and all that follows through the  
14 period; and

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

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

20 “(2) MUNICIPAL DEPOSITORS.—

21 “(A) IN GENERAL.—Notwithstanding any  
22 limitation in this Act or in any other provision  
23 of law relating to the amount of deposit insur-  
24 ance available to any one depositor—

1           “(i) a municipal depositor in a custo-  
2           dial capacity referred to in any of clauses  
3           (ii) through (v) of subparagraph (C) shall,  
4           for the purpose of determining the amount  
5           of insured deposits under this subsection,  
6           be deemed to be a depositor in such custo-  
7           dial capacity separate and distinct from  
8           any other officer, employee, or agent of the  
9           United States or any public unit referred  
10          to in any of those clauses (ii) through (v)  
11          of subparagraph (C); and

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

14                  “(I) in an amount equal to the  
15                  standard maximum deposit insurance  
16                  amount (as determined under para-  
17                  graph (1)); or

18                  “(II) only in the case of an in-  
19                  State municipal depositor, in an  
20                  amount equal to the lesser of—

21                          “(aa) \$5,000,000; or

22                          “(bb) the sum of the stand-  
23                          ard maximum deposit insurance  
24                          amount and 80 percent of the  
25                          amount of any deposits in excess

1 of the standard maximum deposit  
2 insurance amount.

3 “(B) IN-STATE.—In this paragraph, a mu-  
4 nicipal depositor is an ‘in-State municipal de-  
5 positor’ if the depositor is located in the same  
6 State as the office or branch of the insured de-  
7 pository institution at which the deposits of  
8 that depositor are held.

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

12 (C) by striking “(B) The” and inserting  
13 the following:

14 “(D) AUTHORITY TO LIMIT DEPOSITS.—  
15 The”; and

16 (D) by striking “depositor referred to in  
17 subparagraph (A) of this paragraph” each place  
18 that term appears and inserting “municipal de-  
19 positor”.

20 (4) TECHNICAL AND CONFORMING AMENDMENT  
21 RELATING TO INSURANCE OF TRUST FUNDS.—Sec-  
22 tion 7(i) of the Federal Deposit Insurance Act (12  
23 U.S.C. 1817(i)) is amended in each of paragraphs  
24 (1) and (3), by striking “\$100,000” each place it  
25 appears and inserting “the standard maximum de-

1       posit insurance amount (as determined under section  
2       11(a)(1))”.

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

6               (A) in section 11(m)(6) (12 U.S.C.  
7       1821(m)(6)), by striking “\$100,000” and in-  
8       serting “an amount equal to the standard max-  
9       imum deposit insurance amount (as determined  
10      under subsection (a)(1))”;

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

14      “(a) INSURANCE LOGO.—

15              “(1) INSURED DEPOSITORY INSTITUTIONS.—  
16      Each insured depository institution shall display at  
17      each place of business maintained by that institution  
18      a sign or signs relating to the insurance of the de-  
19      posits of the institution, in accordance with regula-  
20      tions to be prescribed by the Corporation.

21              “(2) REGULATIONS.—The Corporation shall  
22      prescribe regulations to carry out this subsection, in-  
23      cluding regulations governing the substance of signs  
24      required by paragraph (1) and the manner of dis-  
25      play or use of such signs.

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

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

12          (b) INSURED CREDIT UNIONS.—

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

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

19          “(k) INSURED AMOUNTS PAYABLE.—

20               “(1) NET INSURED AMOUNT.—

21                   “(A) IN GENERAL.—Subject to the provi-  
 22          sions of paragraph (2), the net amount of share  
 23          insurance payable to any member at an insured  
 24          credit union shall not exceed the total amount  
 25          of the shares or deposits in the name of the

1 member (after deducting offsets), less any part  
2 thereof which is in excess of the standard max-  
3 imum share insurance amount, as determined  
4 in accordance with this paragraph and para-  
5 graphs (5) and (6), and consistent with actions  
6 taken by the Federal Deposit Insurance Cor-  
7 poration under section 11(a) of the Federal De-  
8 posit Insurance Act.

9 “(B) AGGREGATION.—Determination of  
10 the net amount of share insurance under sub-  
11 paragraph (A), shall be in accordance with such  
12 regulations as the Board may prescribe, and, in  
13 determining the amount payable to any mem-  
14 ber, there shall be added together all accounts  
15 in the credit union maintained by that member  
16 for that member’s own benefit, either in the  
17 member’s own name or in the names of others.

18 “(C) AUTHORITY TO DEFINE THE EXTENT  
19 OF COVERAGE.—The Board may define, with  
20 such classifications and exceptions as it may  
21 prescribe, the extent of the share insurance cov-  
22 erage provided for member accounts, including  
23 member accounts in the name of a minor, in  
24 trust, or in joint tenancy.”;

25 (B) in paragraph (2)—

1 (i) in subparagraph (A)—

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

4 (II) in the matter following  
5 clause (v), by striking “his account”  
6 and all that follows through the pe-  
7 riod; and

8 (III) by striking the semicolon at  
9 the end of clause (v) and inserting a  
10 period;

11 (ii) by striking “(2)(A) Notwith-  
12 standing” and all that follows through “a  
13 depositor or member who is—” and insert-  
14 ing the following:

15 “(2) MUNICIPAL DEPOSITORS OR MEMBERS.—

16 “(A) IN GENERAL.—Notwithstanding any  
17 limitation in this Act or in any other provision  
18 of law relating to the amount of insurance  
19 available to any one depositor or member, de-  
20 posits or shares of a municipal depositor or  
21 member shall be insured—

22 “(i) in an amount equal to the stand-  
23 ard maximum share insurance amount (as  
24 determined under paragraph (5)); or



1           “(ii) only in the case of an in-State  
2           municipal depositor or member, in an  
3           amount equal to the lesser of—

4                       “(I) \$5,000,000; or

5                       “(II) the sum of the standard  
6           maximum share insurance amount  
7           and 80 percent of the amount of any  
8           deposits or shares in excess of the  
9           standard maximum share insurance  
10          amount.

11           “(B) IN-STATE.—In this paragraph, a mu-  
12          nicipal depositor or member is an ‘in-State mu-  
13          nicipal depositor or member’ if the depositor or  
14          member is located in the same State as the of-  
15          fice or branch of the insured credit union at  
16          which the deposits or shares of that depositor  
17          or member are held.

18           “(C) MUNICIPAL DEPOSITOR OR MEM-  
19          BER—In this paragraph, the term ‘municipal  
20          depositor or member’ means a depositor or  
21          member that is—”;

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

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

1 (iv) by striking “depositor or member  
2 referred to in subparagraph (A)” and in-  
3 sserting “municipal depositor or member”;  
4 (C) by adding at the end the following:

5 “(4) COVERAGE FOR CERTAIN EMPLOYEE BEN-  
6 EFIT PLAN DEPOSITS.—

7 “(A) PASS-THROUGH INSURANCE.—The  
8 Administration shall provide pass-through share  
9 insurance for the deposits or shares of any em-  
10 ployee benefit plan, subject to subparagraph  
11 (B).

12 “(B) PROHIBITION ON ACCEPTANCE OF  
13 DEPOSITS.—An insured credit union that is not  
14 well capitalized or adequately capitalized may  
15 not accept employee benefit plan deposits.

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

18 “(i) CAPITAL STANDARDS.—The  
19 terms ‘well capitalized’ and ‘adequately  
20 capitalized’ have the same meanings as in  
21 section 216(c), as added by section 301 of  
22 the Credit Union Membership Access Act  
23 (Public Law 105–219, 112 Stat. 931).

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

1                   “(I) has the meaning given to  
2                   such term in section 3(3) of the Em-  
3                   ployee Retirement Income Security  
4                   Act of 1974;

5                   “(II) includes any plan described  
6                   in section 401(d) of the Internal Rev-  
7                   enue Code of 1986; and

8                   “(III) includes any eligible de-  
9                   ferred compensation plan described in  
10                  section 457 of the Internal Revenue  
11                  Code of 1986.

12                  “(iii) PASS-THROUGH SHARE INSUR-  
13                  ANCE.—The term ‘pass-through share in-  
14                  surance’ means, with respect to an em-  
15                  ployee benefit plan, insurance coverage  
16                  provided on a pro rata basis to the partici-  
17                  pants in the plan, in accordance with the  
18                  interest of each participant.

19                  “(5) STANDARD MAXIMUM SHARE INSURANCE  
20                  AMOUNT DEFINED.—For purposes of this sub-  
21                  section, the term ‘standard maximum share insur-  
22                  ance amount’ means—

23                         “(A) until the end of the 270-day period  
24                         beginning on the date of enactment of the De-

1           posit Insurance Reform Act of 2003, \$100,000;  
2           and

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

6           “(6) INFLATION ADJUSTMENT.—

7           “(A) IN GENERAL.—As of January 1,  
8           2005, and as of the 1st day of each subsequent  
9           5-year period, the standard maximum share in-  
10          surance amount payable to any member of an  
11          insured credit union shall be increased by the  
12          product of—

13                  “(i) \$130,000; and

14                  “(ii) the ratio of the value of the Per-  
15          sonal Consumption Expenditures Chain-  
16          Type Index (or any successor index there-  
17          to), published by the Department of Com-  
18          merce, as in effect on the date of the ad-  
19          justment under this clause.

20          “(B) LIMITATION ON ADJUSTMENTS.—If  
21          the application of subparagraph (A) would re-  
22          sult in any decrease in the standard maximum  
23          share insurance amount in effect on the date of  
24          the adjustment under clause (i), the standard  
25          maximum share insurance amount shall remain

1 unchanged until the next scheduled 5-year ad-  
2 justment that does not result in any such de-  
3 crease.

4 “(C) ROUNDING.—If the amount deter-  
5 mined under subparagraph (B) for any period  
6 is not a multiple of \$10,000, the amount so de-  
7 termined shall be rounded to the nearest  
8 \$10,000.

9 “(D) PUBLICATION.—Not later than Janu-  
10 ary 31 of the 1st year of each 5-year period re-  
11 ferred to in subparagraph (A), the Board shall  
12 publish in the Federal Register the standard  
13 maximum share insurance amount and the  
14 amount of share insurance coverage under  
15 paragraph (3) that may be due to any member  
16 at an insured credit union during that 5-year  
17 period.”; and

18 (D) in paragraph (3), by striking  
19 “\$100,000 per account” and inserting the fol-  
20 lowing: “\$250,000 per account, which amount  
21 shall be subject to inflation adjustments in the  
22 same manner as under paragraph (6) with re-  
23 spect to the standard maximum share insurance  
24 amount (as determined under paragraph (5),  
25 except that ‘\$250,000’ shall be substituted for

1 the amount specified in paragraph (5)(A)(i) for  
 2 purposes of this paragraph.”.

3 (2) TECHNICAL AMENDMENT.—Section 202(h)  
 4 of the Federal Credit Union Act (12 U.S.C.  
 5 1782(h)) is amended by striking “207(c)(1)” and in-  
 6 serting “207(k)”.

7 (c) EFFECTIVE DATE.—This section and the amend-  
 8 ments made by this section shall become effective on the  
 9 effective date of the regulations required under section  
 10 205(a)(2), relating to the implementation of deposit insur-  
 11 ance increases under this section.

12 **SEC. 203. DESIGNATED RESERVE RATIO.**

13 (a) IN GENERAL.—

14 (1) AMENDMENT TO SECTION 7.—Section  
 15 7(b)(3) of the Federal Deposit Insurance Act (12  
 16 U.S.C. 1817(b)(3)) is amended to read as follows:

17 “(3) DESIGNATED RESERVE RATIO.—

18 “(A) ACTION BY THE BOARD.—

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

22 “(I) designate the reserve ratio  
 23 applicable to the Deposit Insurance  
 24 Fund for that year; and

1                   “(II) publish the reserve ratio so  
2                   designated.

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

7                   “(B) RANGE.—The reserve ratio des-  
8                   ignated by the Board of Directors for any  
9                   year—

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

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

14                   “(C) FACTORS.—In designating a reserve  
15                   ratio for any year, the Board of Directors  
16                   shall—

17                   “(i) take into account the risk of  
18                   losses to the Deposit Insurance Fund in  
19                   that year and in future years;

20                   “(ii) take into account economic con-  
21                   ditions generally affecting insured deposi-  
22                   tory institutions, to provide for an increase  
23                   in the designated reserve ratio during more  
24                   favorable economic conditions and to pro-  
25                   vide for a decrease in the designated re-

1           serve ratio during less favorable economic  
2           conditions, notwithstanding the increased  
3           risks of loss that may exist during such  
4           less favorable conditions, as determined to  
5           be appropriate by the Board;

6           “(iii) seek to prevent sharp swings in  
7           the assessment rates for insured depository  
8           institutions; and

9           “(iv) take into account such other fac-  
10          tors as the Board of Directors may deter-  
11          mine to be appropriate, consistent with the  
12          requirements of this subparagraph.”.

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

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

21           “(3) DESIGNATED RESERVE RATIO.—The term  
22          ‘designated reserve ratio’ means the reserve ratio  
23          designated by the Board of Directors under section  
24          7(b)(3).”.



1           (3) EFFECTIVE DATE.—Subject to paragraph  
2           (4), this subsection and the amendments made by  
3           this subsection shall become effective on the effective  
4           date of the regulations required under section  
5           205(a)(1), relating to designation of the reserve  
6           ratio by the Board.

7           (4) DESIGNATION OF INITIAL RESERVE RATIO  
8           FOR DEPOSIT INSURANCE FUND.—During the period  
9           beginning on the effective date of the merger of the  
10          deposit insurance funds under section 102, and end-  
11          ing on the effective date of final regulations desig-  
12          nating the reserve ratio, as required by section  
13          205(a)(1), the designated reserve ratio of the De-  
14          posit Insurance Fund shall continue to be deter-  
15          mined pursuant to section 7(b)(2)(A)(iv), as in ef-  
16          fect on the day before the effective date of the merg-  
17          er under section 102.

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

23                           “(E) REQUIREMENTS APPLICABLE TO ANY  
24                           MODIFICATION OF THE RISK-BASED ASSESS-  
25                           MENT SYSTEM.—

1           “(i) IN GENERAL.—In revising or  
2           modifying the risk-based assessment sys-  
3           tem at any time after the date of enact-  
4           ment of the Deposit Insurance Reform Act  
5           of 2003, the Board of Directors—

6                   “(I) may not make any change to  
7                   the information collected from or re-  
8                   quired to be retained by insured de-  
9                   pository institutions solely for pur-  
10                  poses of the assessment risk classifica-  
11                  tion, as defined by regulations of the  
12                  Board, if the change would result in  
13                  the imposition of an overall greater  
14                  regulatory or reporting burden on in-  
15                  sured depository institutions than was  
16                  the case before that date of enact-  
17                  ment; and

18                  “(II) may implement any such  
19                  revision or modification in final form  
20                  only after notice and opportunity for  
21                  comment.

22           “(ii) RULE OF CONSTRUCTION.—An  
23           increase in an assessment rate or a revi-  
24           sion of the assessment base shall not be  
25           considered to be a revision or modification

1           resulting in greater regulatory or reporting  
 2           burden for purposes of this subpara-  
 3           graph.”.

4 **SEC. 204. CREDITS BASED ON PAST CONTRIBUTIONS TO DE-**  
 5 **POSIT INSURANCE FUND.**

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

9           “(e) REFUNDS AND CREDITS.—

10           “(1) REFUNDS OF OVERPAYMENTS.—In the  
 11           case of any payment of an assessment by an insured  
 12           depository institution in excess of the amount due to  
 13           the Corporation, the Corporation may—

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

16           “(B) credit such excess amount toward the  
 17           payment of subsequent semiannual assessments  
 18           until such credit is exhausted.

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

21           “(A) IN GENERAL.—The Board of Direc-  
 22           tors shall, by regulation, provide for a credit to  
 23           each insured depository institution that was in  
 24           existence on December 31, 1996, and that had  
 25           paid a deposit insurance assessment prior to

1 that date (or a successor insured depository in-  
2 stitution), based on the assessment base of the  
3 institution on that date, as compared to the  
4 combined aggregate assessment base of all such  
5 institutions, taking into account such factors as  
6 the Board may determine to be appropriate.

7 “(B) CREDIT LIMIT.—The aggregate  
8 amount of credits available under subparagraph  
9 (A) to all insured depository institutions that  
10 are eligible for the credit shall not exceed the  
11 amount that the Corporation could collect if it  
12 imposed an assessment of 9 basis points on the  
13 combined assessment base of the Bank Insur-  
14 ance Fund and the Savings Association Insur-  
15 ance Fund as of December 31, 2001.

16 “(C) APPLICATION OF CREDITS.—The  
17 amount of a credit to any insured depository in-  
18 stitution under this paragraph may be applied  
19 by the Corporation to those portions of the as-  
20 sessments under subsection (b) applicable to  
21 that institution which become due for assess-  
22 ment periods beginning after the effective date  
23 of regulations required by subparagraph (A).

24 “(D) CHALLENGES TO CREDIT  
25 AMOUNTS.—The regulations required by sub-

1 paragraph (A) shall include provisions allowing  
2 an insured depository institution a reasonable  
3 opportunity to challenge administratively the  
4 amount of its credit under this paragraph. The  
5 determination of the Corporation of the amount  
6 of the credit following such challenge shall be  
7 final, and not subject to judicial review.

8 “(3) ASSESSMENT CREDITS.—

9 “(A) AUTHORITY.—The Board of Direc-  
10 tors shall, by regulation, establish the qualifica-  
11 tions and procedures under which the Corpora-  
12 tion would apply assessment credits for the as-  
13 sessment periods beginning on or after the first  
14 assessment period to which a credit under para-  
15 graph (2) applies.

16 “(B) CRITERIA FOR DETERMINATION.—In  
17 determining whether to provide assessment  
18 credits under this paragraph and in what  
19 amounts, the Board of Directors shall take into  
20 account the factors for setting assessments  
21 under subsection (b)(2) and the factors for des-  
22 ignating the reserve ratio under subsection  
23 (b)(3).

24 “(C) CASH PAYMENTS.—The Corporation  
25 may, in its sole discretion, elect to provide cash

1           payments in lieu of assessment credits under  
2           this paragraph, but only if the reserve ratio of  
3           the Deposit Insurance Fund would remain at  
4           more than 1.5 percent of aggregate estimated  
5           insured deposits after any such payment.”.

6           (b) **EFFECTIVE DATE.**—The amendments made by  
7 this section shall become effective on the effective date of  
8 the regulations required to be issued under section  
9 205(a)(3), relating to implementation of the one-time as-  
10 sessment credit.

11 **SEC. 205. REGULATIONS REQUIRED.**

12           (a) **IN GENERAL.**—Not later than 270 days after the  
13 date of enactment of this Act, the Board shall issue final  
14 regulations, in accordance with section 553 of chapter 5  
15 of title 5, United States Code—

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

22           (2) implementing increases in deposit insurance  
23 coverage in accordance with the amendments made  
24 by section 202, which regulations shall become effec-

1       tive not later than 90 days after the date of their  
2       publication in final form;

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

8               (4) establishing the qualifications and proce-  
9       dures under which the Corporation would apply as-  
10      sessment credits, as required by section 7(e)(3) of  
11      the Federal Deposit Insurance Act, as amended by  
12      section 204 of this Act; and

13              (5) providing for assessments under section 7 of  
14      the Federal Deposit Insurance Act, as amended by  
15      this Act, which regulations shall become effective on  
16      the effective date of the regulations required by  
17      paragraph (3).

18      (b) SAVINGS CLAUSE.—

19              (1) IN GENERAL.—Nothing in this Act or the  
20      amendments made by this Act shall be construed to  
21      affect the authority of the Corporation with regard  
22      to the setting or collection of deposit insurance as-  
23      sessments prior to the effective date of any regula-  
24      tions required under subsection (a).

1           (2) PRESERVATION OF MINIMUM ASSESSMENT  
2 PROVISION.—Subparagraph (E) of section 7(b)(2) of  
3 the Federal Deposit Insurance Act (12 U.S.C.  
4 1817(b)(2)), as in effect on the day before the effec-  
5 tive date of title I of this Act, shall continue to apply  
6 with respect to deposit insurance assessments im-  
7 posed prior to the effective date of the regulations  
8 required under subsection (a)(5) of this section.

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

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

12           (1) STUDY.—The Board of Directors of the  
13 Federal Deposit Insurance Corporation and the Na-  
14 tional Credit Union Administration Board shall each  
15 conduct a study of—

16           (A) the feasibility of increasing the limit  
17 on deposit insurance for deposits of municipali-  
18 ties and other units of general local govern-  
19 ment, and the potential benefits and the poten-  
20 tial adverse consequences that may result from  
21 any such increase; and

22           (B) the feasibility of establishing a vol-  
23 untary deposit insurance system for deposits in  
24 excess of the maximum amount of deposit in-  
25 surance for any depositor, and the potential



1           benefits and the potential adverse consequences  
2           that may result from the establishment of any  
3           such system.

4           (2) REPORT.—Not later than 1 year after the  
5           date of enactment of this Act, the Board of Direc-  
6           tors of the Federal Deposit Insurance Corporation  
7           and the National Credit Union Administration  
8           Board shall each submit a report to the Congress on  
9           the study required under paragraph (1), containing  
10          the findings and conclusions of the reporting agency,  
11          together with such recommendations for legislative  
12          or administrative changes as the agency may deter-  
13          mine to be appropriate.

14          (b) STUDY AND REPORT REGARDING APPROPRIATE  
15 RESERVE RATIO.—

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

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

1 **SEC. 207. EFFECTIVE DATE.**

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

○