



Office of Thrift Supervision
Department of the Treasury

Director

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March 30, 1995

MEMORANDUM FOR: The Chief Executive Officer

FROM: Jonathan L. Fiechter, Acting Director

SUBJECT: Potential BIF/SAIF Premium Disparity

As you know, I believe the potential disparity between the insurance premiums paid by BIF-insured and SAIF-insured institutions is a serious problem that deserves immediate attention. I am also very concerned about the undercapitalization of the SAIF in light of its responsibility to take on failed SAIF-insured thrifts starting July 1.

I am, therefore, reassured that in recent months, there appears to be a growing recognition on the part of all involved parties that the current funding mechanism for SAIF and FICO is flawed. In particular, SAIF-insured institutions need some relief from the FICO debt burden so that a greater proportion of the SAIF-insurance premiums can be used to capitalize the SAIF.

The public hearing held two weeks ago by the Board of the FDIC on the proposed SAIF/BIF premium schedules as well as a hearing last week by the House Banking Subcommittee on Financial Institutions and Consumer Credit provided broad support for dealing with these difficult issues. While it is not our normal practice to send out speeches and testimony, the SAIF issue is sufficiently important to warrant everyone's attention.

Attachments