

## HR 1185

Federal Deposit Insurance Reform Act of 2005

**Congress:** 109 (2005–2007, Ended)

**Chamber:** House

**Policy Area:** Finance and Financial Sector

**Introduced:** Mar 9, 2005

**Current Status:** Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban A

**Latest Action:** Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (May 9, 2005)

**Official Text:** <https://www.congress.gov/bill/109th-congress/house-bill/1185>

### Sponsor

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**Name:** Rep. Bachus, Spencer [R-AL-6]

**Party:** Republican • **State:** AL • **Chamber:** House

**Cosponsors** (40 total)

| Cosponsor                            | Party / State | Role | Date Joined  |
|--------------------------------------|---------------|------|--------------|
| Rep. Bartlett, Roscoe G. [R-MD-6]    | R · MD        |      | Mar 9, 2005  |
| Rep. Biggert, Judy [R-IL-13]         | R · IL        |      | Mar 9, 2005  |
| Rep. Clay, Wm. Lacy [D-MO-1]         | D · MO        |      | Mar 9, 2005  |
| Rep. Davis, Artur [D-AL-7]           | D · AL        |      | Mar 9, 2005  |
| Rep. Ford, Harold E., Jr. [D-TN-9]   | D · TN        |      | Mar 9, 2005  |
| Rep. Frank, Barney [D-MA-4]          | D · MA        |      | Mar 9, 2005  |
| Rep. Gillmor, Paul E. [R-OH-5]       | R · OH        |      | Mar 9, 2005  |
| Rep. Gutierrez, Luis V. [D-IL-4]     | D · IL        |      | Mar 9, 2005  |
| Rep. Hinojosa, Ruben [D-TX-15]       | D · TX        |      | Mar 9, 2005  |
| Rep. Hooley, Darlene [D-OR-5]        | D · OR        |      | Mar 9, 2005  |
| Rep. Israel, Steve [D-NY-2]          | D · NY        |      | Mar 9, 2005  |
| Rep. Jones, Walter B., Jr. [R-NC-3]  | R · NC        |      | Mar 9, 2005  |
| Rep. Kanjorski, Paul E. [D-PA-11]    | D · PA        |      | Mar 9, 2005  |
| Rep. King, Peter T. [R-NY-3]         | R · NY        |      | Mar 9, 2005  |
| Rep. LaTourette, Steven C. [R-OH-14] | R · OH        |      | Mar 9, 2005  |
| Rep. Leach, James A. [R-IA-2]        | R · IA        |      | Mar 9, 2005  |
| Rep. Maloney, Carolyn B. [D-NY-14]   | D · NY        |      | Mar 9, 2005  |
| Rep. Manzullo, Donald A. [R-IL-16]   | R · IL        |      | Mar 9, 2005  |
| Rep. McCarthy, Carolyn [D-NY-4]      | D · NY        |      | Mar 9, 2005  |
| Rep. McHenry, Patrick T. [R-NC-10]   | R · NC        |      | Mar 9, 2005  |
| Rep. Miller, Gary G. [R-CA-42]       | R · CA        |      | Mar 9, 2005  |
| Rep. Moore, Dennis [D-KS-3]          | D · KS        |      | Mar 9, 2005  |
| Rep. Neugebauer, Randy [R-TX-19]     | R · TX        |      | Mar 9, 2005  |
| Rep. Ney, Robert W. [R-OH-18]        | R · OH        |      | Mar 9, 2005  |
| Rep. Oxley, Michael G. [R-OH-4]      | R · OH        |      | Mar 9, 2005  |
| Rep. Pryce, Deborah [R-OH-15]        | R · OH        |      | Mar 9, 2005  |
| Rep. Renzi, Rick [R-AZ-1]            | R · AZ        |      | Mar 9, 2005  |
| Rep. Ryun, Jim [R-KS-2]              | R · KS        |      | Mar 9, 2005  |
| Rep. Tiberi, Patrick J. [R-OH-12]    | R · OH        |      | Mar 9, 2005  |
| Rep. Towns, Edolphus [D-NY-10]       | D · NY        |      | Mar 9, 2005  |
| Rep. Aderholt, Robert B. [R-AL-4]    | R · AL        |      | Mar 10, 2005 |
| Rep. Brown-Waite, Ginny [R-FL-5]     | R · FL        |      | Mar 10, 2005 |
| Rep. Lucas, Frank D. [R-OK-3]        | R · OK        |      | Mar 15, 2005 |
| Rep. Crowley, Joseph [D-NY-7]        | D · NY        |      | Mar 16, 2005 |
| Rep. Meeks, Gregory W. [D-NY-6]      | D · NY        |      | Mar 16, 2005 |
| Rep. Velazquez, Nydia M. [D-NY-12]   | D · NY        |      | Mar 17, 2005 |
| Rep. Price, Tom [R-GA-6]             | R · GA        |      | Apr 12, 2005 |
| Rep. Chabot, Steve [R-OH-1]          | R · OH        |      | Apr 19, 2005 |
| Rep. Musgrave, Marilyn N. [R-CO-4]   | R · CO        |      | Apr 19, 2005 |
| Rep. Beauprez, Bob [R-CO-7]          | R · CO        |      | Apr 26, 2005 |

Committee Activity

| Committee                                     | Chamber | Activity        | Date         |
|---|---------|-----------------|--------------|
| Banking, Housing, and Urban Affairs Committee | Senate  | Referred To     | May 9, 2005  |
| Financial Services Committee                  | House   | Discharged from | Apr 27, 2005 |

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

| Bill         | Relationship         | Last Action   |
|--------------|----------------------|---|
| 109 HR 4636  | Related bill         | <b>Feb 15, 2006:</b> Became Public Law No: 109-173.                                     |
| 109 HRES 255 | Procedurally related | <b>May 4, 2005:</b> Motion to reconsider laid on the table Agreed to without objection. |

**(This measure has not been amended since it was reported to the House on April 29, 2005. The summary of that version is repeated here.)**

Federal Deposit Insurance Reform Act of 2005 - Amends the Federal Deposit Insurance Act (FDIA) to merge the Bank Insurance Fund and the Savings Association Insurance Fund into the Deposit Insurance Fund (DIF).

(Sec. 3) Amends the FDIA and the Federal Credit Union Act to: (1) increase the standard maximum amount of deposit insurance coverage from \$100,000 to \$130,000, coupled with a five-year cost-of-living adjustment index; (2) require the Federal Deposit Insurance Corporation (FDIC) to provide pass-through deposit insurance for the deposits of any employee benefit plan (except for an insured depository institution that is neither well capitalized nor adequately capitalized, which may not accept such deposits); (3) double to \$260,000 the standard maximum deposit insurance for certain retirement accounts; and (4) increase the maximum amount of deposit insurance coverage for in-State municipal deposits according to a specified formula, but to no more than \$2 million.

(Sec. 4) Amends the FDIA to replace assessment guidelines for achieving and maintaining a designated reserve ratio (DRR) and for independent treatment of deposit insurance funds. Requires the Board of Directors (Board) of the FDIC to set assessments as it determines appropriate, including a maximum base rate for assessments at one basis point for insured depository institutions in the lowest-risk category. (Thus, eliminates the current minimum 23 basis point cliff rate.)

Reduces from five years to three years the mandatory assessment recordkeeping period.

Increases penalties from \$100 to one percent of assessments per day for failure of a depository institution assessed more than \$10,000 to make timely assessment payments.

Revises guidelines governing the risk-based assessment system to make the portion of deposits attributable to lifeline accounts subject to half the assessment rate that would otherwise be applicable.

(Sec. 5) Replaces the current 1.25 percent DRR used to recapitalize undercapitalized insurance funds with a reserve ratio range of 1.15 to 1.4 percent of estimated insured deposits, subject to specified factors and annual redetermination.

(Sec. 6) Directs the Board to collect information from all appropriate sources in determining risk of DIF losses.

(Sec. 7) Revises requirements for FDIC repayment of overpaid assessments and refunds of any balance in the insurance fund in excess of the DRR.

Prescribes guidelines governing: (1) the payment of mandatory dividends to insured depository institutions whenever the DIF reserve ratio exceeds specified percentages of the estimated insured deposits required to maintain the DRR in effect at the time; and (2) a one-time credit predicated upon the December 31, 1996, assessment base of each eligible depository institution, as compared to the combined aggregate assessment base of all such institutions. Restricts the amount of such credit for depository institutions that exhibit financial, operational, or compliance weakness, including undercapitalization.

Requires the Board to establish an on-going system of credits (on-going credit pool) to be applied against future assessments on the same basis as such dividends.

(Sec. 8) Requires the Board to establish and implement a DIF restoration plan whenever its reserve ratio is projected to

fall, or actually falls below the DRR. Prescribes requirements for such plans, notably restoration to the DRR level within ten years.

(Sec. 9) Requires the FDIC to prescribe final regulations within 270 days establishing the DRR, implementing increases in deposit insurance coverage, implementing the dividend requirement and the one-time assessment credit, and providing for premium assessments.

(Sec. 10) Requires studies and reports to Congress: (1) by the Comptroller General and the FDIC on the effectiveness of the prompt corrective action program administered by Federal banking agencies as well as the accuracy of FDIC risk assessments made, and the appropriateness of FDIC organizational structure in light of its regulatory mission; (2) by the FDIC and the National Credit Union Administration on the feasibility of establishing a voluntary deposit insurance system for deposits in excess of the maximum amount of deposit insurance, and of privatizing all deposit insurance at insured depository institutions and credit unions; (3) by the FDIC on the feasibility of using actual domestic deposits rather than estimated insured deposits in calculating and designating the DRR; and (4) by the FDIC on the reserve methodology and loss accounting it used between January 1, 1992, and December 31, 2004, with respect to insured depository institutions in a troubled condition.

(Sec. 11) Directs the FDIC to conduct a bi-annual survey and report to Congress on efforts by insured depository institutions to bring into the conventional finance system those individuals and families who have rarely, if ever, held a checking account, a savings account, or other type of transaction or check cashing account at an insured depository institution.

(Sec. 12) Establishes the Deposit Insurance Fund for use by the FDIC with respect to insured depository institutions whose deposits are insured by the Deposit Insurance Fund.

Authorizes the FDIC to borrow from the Federal home loan banks, with the concurrence of the Federal Housing Finance Board, such funds as it considers necessary for DIF use.

(Sec. 13) Amends specified Federal statutes to make technical and conforming amendments relating to the merger of the BIF and SAIF.

## Actions Timeline

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- **May 9, 2005:** Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
- **May 4, 2005:** Rule H. Res. 255 passed House.
- **May 4, 2005:** Considered under the provisions of rule H. Res. 255. (consideration: CR H2919-2936, H2937)
- **May 4, 2005:** Rule provides for consideration of H.R. 1185 with 1 hour of general debate. Previous question shall be considered as ordered without intervening motions except motion to recommit with or without instructions. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Financial Services now printed in the bill. Measure will be read by section. Bill is open to amendments.
- **May 4, 2005:** House resolved itself into the Committee of the Whole House on the state of the Union pursuant to H. Res. 255 and Rule XVIII.
- **May 4, 2005:** The Speaker designated the Honorable Charles F. Bass to act as Chairman of the Committee.
- **May 4, 2005:** GENERAL DEBATE - The Committee of the Whole proceeded with one hour of general debate on H.R. 1185.
- **May 4, 2005:** DEBATE - The Committee of the Whole proceeded with debate on the Maloney amendment under the five minute rule.
- **May 4, 2005:** DEBATE - The Committee of the Whole proceeded with debate on the Rohrabacher amendment under the five minute rule.
- **May 4, 2005:** The House rose from the Committee of the Whole House on the state of the Union to report H.R. 1185.
- **May 4, 2005:** The previous question was ordered pursuant to the rule. (consideration: CR H2935)
- **May 4, 2005:** The House adopted the amendment as agreed to by the Committee of the Whole House on the state of the Union.
- **May 4, 2005:** Passed/agreed to in House: On passage Passed by the Yeas and Nays: 413 - 10 (Roll no. 157).(text: CR H2924-2931)
- **May 4, 2005:** On passage Passed by the Yeas and Nays: 413 - 10 (Roll no. 157). (text: CR H2924-2931)
- **May 4, 2005:** Motion to reconsider laid on the table Agreed to without objection.
- **May 3, 2005:** Rules Committee Resolution H. Res. 255 Reported to House. Rule provides for consideration of H.R. 1185 with 1 hour of general debate. Previous question shall be considered as ordered without intervening motions except motion to recommit with or without instructions. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Financial Services now printed in the bill. Measure will be read by section. Bill is open to amendments.
- **Apr 29, 2005:** Reported (Amended) by the Committee on Financial Services. H. Rept. 109-67.
- **Apr 29, 2005:** Reported (Amended) by the Committee on Financial Services. H. Rept. 109-67.
- **Apr 29, 2005:** Placed on the Union Calendar, Calendar No. 33.
- **Apr 27, 2005:** Subcommittee on Financial Institutions and Consumer Credit Discharged.
- **Apr 27, 2005:** Committee Consideration and Mark-up Session Held.
- **Apr 27, 2005:** Ordered to be Reported (Amended) by Voice Vote.
- **Mar 17, 2005:** Subcommittee Hearings Held.
- **Mar 9, 2005:** Introduced in House
- **Mar 9, 2005:** Introduced in House
- **Mar 9, 2005:** Referred to the House Committee on Financial Services.
- **Mar 9, 2005:** Referred to the Subcommittee on Financial Institutions and Consumer Credit.