

From: [Donnell, Wade](#)
To: [Comments](#)
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In regards to the proposed changes in FDIC Assessments and application of insurance pricing and premiums please consider these comments.

In summary this seems to be a “credit scoring” model for banks. If implemented please make certain that the FDIC is held to similar standards as to which banks are held using models.

The model should be statistically derived and follow consistent guidelines, please see OCC Bulletin 97-24.

The model should be validated annually by a source independent of the FDIC and the results reported to the banks which fall under the rule of the model. See FDIC guidance to banks for model validation requirements.

The model should be updated annually because the importance of various input factors can change given changing competitive and economic factors. The annual update should include a comment period from the banks to which the changes affect.

The model should be easily and readily available to banks to which it is applicable so they may self-monitor their “credit score” on a quarterly or at least annual basis.

There should remain some standard risk application components (in addition to the minimums and maximums applied around the CAMELS) to consider the lines of business in which certain banks engage (mortgage, insurance, trading activities and off balance sheet activities which can pose a risk to capital), see risk based capital guidelines. All \$100 million banks are not the same and ratios will not give a full picture of risk.

Risk based capital should be used instead of leverage capital ratios for risk determination factors. As the name implies these ratios are better measures of risk to capital than leverage ratios.

Please don't impose additional call report requirements to meet the needs of your models. The burden of the current call report requirements are already high for a small bank.

In summary, we don't oppose the implementation of the proposed “credit scoring” process for application of insurance premiums, but we do expect the FDIC hold itself to the same standards to which it and the FFIEC hold banks which use similar models.

Respectfully submitted,

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