

Congress of the United States
Washington, DC 20515

March 16, 2016

Chairman Martin Gruenberg
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Dear Chairman Gruenberg,

In the aftermath of the 2008 financial crisis and with continued unease about our economy, the stability of the banking industry remains a concern to all Americans. As you know, this uncertainty adversely affects individuals, families, and job creators across the country. I believe it is imperative that we explore new ways to promote greater certainty by further ensuring the safety of Americans' deposit accounts and reducing moral hazards in the marketplace, thereby adding fuel to America's economic engine.

Since it was first chartered after the Great Depression, the Federal Deposit Insurance Corporation (FDIC) has undergone many changes. While previous reform efforts attempted to address issues of moral hazard and excess risk-taking in the financial markets, the results of these efforts are mixed.

For example, though the federal government deposit insurance program has reduced depositor bank runs on member institutions, there is still room for improving the strength and capacity of our deposit insurance system. Specifically, taxpayers continue to be on the hook for any failure in the Deposit Insurance Fund, since the fund has the implicit guarantee of the federal government.

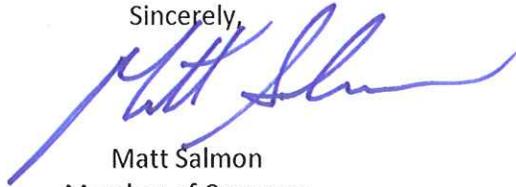
Currently, insurance companies offer products such as "bank deposit bonds" that offer deposit protection in excess of the FDIC insurance coverage amount. However, a broader system of private deposit insurance, at the discretion of a given bank, may be better equipped to price risk in the banking industry and ensure that banks operate safely.

In order to best address this issue, I am respectfully requesting that you provide your feedback to the following questions:

- 1) How do private excess deposit insurance programs play a useful role in promoting security and stability in the banking industry?
- 2) Should banks have the opportunity to pursue private deposit insurance in the marketplace?
- 3) Should states be encouraged to pursue a variety of alternatives for state-chartered banks, including continued usage of Federal Deposit Insurance or an alternative insurance program operated at the state level or purchased from a private insurer?

I believe that as Congress receives answers to these important questions, it will be better equipped to work with you in crafting meaningful solutions that may be offered by the private sector to strengthen our deposit insurance system and promote confidence among the American public. I appreciate your attention to this matter and look forward to hearing from you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Matt Salmon", written in a cursive style.

Matt Salmon
Member of Congress