



Deposit Insurance Corporation of Japan

9th Fl., Shin Yurakucho Bldg.
12-1, 1 cho-me, Chioda-ku, Tokyo 100-0006
(Website: <http://www.dic.go.jp>)

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Insurance Premium Rates for FY2003 (April 2003 – March 2004)

Deposit Insurance Corporation of Japan (DICJ) announced that the insurance premium rates to be prevailed in FY2003¹ shall be 0.090% for payment and settlement deposits and 0.080% for general deposits², etc. respectively following the approval of the Commissioner of FSA and the Minister of MOF.

The insurance premium rates for FY2003 were determined considering the following points.

1. DICJ recognizes that it is appropriate to maintain the same level of effective insurance rate of 0.084% in FY2002 (approximately 500 billion yen of insurance income in FY2002) considering the financial situation of DICJ (approximately 4 trillion yen of prospected accumulated deficit will be carried over to FY2003) and the financial burden of member financial institutions.
2. DICJ considers that higher premium rate should be applied for the payment and settlement deposits than for the general deposits considering the Report of the Financial System Council compiled in Sep. 2002 and the different coverage between the payment and settlement deposits and the general deposits, etc in FY2003. The payment and settlement deposits will be fully protected while the general deposits will not be fully protected (up to 10 million yen as principal and its interest thereon).
3. DICJ considers that weighted average rates should be used to determine difference of insurance premium between the payment and settlement deposits and the general deposits, etc. The weighted average rates shall be calculated from the expected effective premium rate 0.084% and the rate presuming the insurance premium burden per one yen for both categories of deposits to be the same respectively: 0.096% for the payment and settlement deposits; 0.075% for the general deposits, etc. As the deposit insurance coverage for FY2003 is substantially the same as that of FY2002³, the insurance premium rates should not differ significantly from FY2002. Therefore, it is appropriate to apply the weighted average rates.

For further inquiries, please send e-mail to inter-info@dic.go.jp.

¹ The insurance premium rates for specific deposits and other deposits, etc. were solely stipulated for FY2002 in Article 6-2-2 Paragraph 2 of Supplementary Provisions of the Deposit Insurance Law. The insurance premium rates in FY2003 shall be decided under the amended law which took effect from FY2003.

² General deposits, etc. shall mean the deposits other than the payment and settlement deposits excluding foreign currency deposits and other instruments.

³ Specific deposits (current deposits, ordinary deposits and specified deposits) shall be fully protected through FY2003 and FY2004 as they are regarded as the payment and settlement deposits (Article 6-2-3 of Supplementary Provisions of the Law). Other deposits, etc. (other than the specific deposit deposits) shall be categorized as the general deposits and be partially protected. Therefore, the insurance coverage for FY2003 is substantially the same as that of FY2002.

Reference

Insurance Premium Rate

Insurance Premium Rate			
1971-(on launch of the System)	0.006%		
FY1982-	0.008%		
FY1986-	0.012%		Special Premium Rate*
FY1996-	0.048%		Total (+)
FY2001	Specific Deposits	Other Deposits, etc.	0.036%
	0.048%	0.048%	
FY2002	0.094%	0.080%	(the effective rate by weighted average methods 0.084%)
FY2003-	Payment and Settlement Deposits	General Deposits, etc.	
	0.090%	0.080%	(the expected effective rate 0.084%)

*Article 19 of Supplementary Provision of Deposit Insurance Law

Article 3, Paragraph 2 of Supplementary Provision of Enforcement Order of Deposit Insurance Law

Trend of insurance income

(unit: billion yen)

	Insurance Income
FY1996	462.0
FY1997	462.9
FY1998	465.0
FY1999	480.7
FY2000	482.8
FY2001	511.1
FY2002	509.9