

Deposit Insurance Corporation of Japan



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

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Statement by the Governor Insurance Premium Rates

The DICJ's Policy Board held on March 21, 2008 has set the insurance premium rate for "deposits for payment and settlement purposes" at 0.108% and that for "general deposits" at 0.081%. The rates have been approved by the Commissioner of the Financial Services Agency and the Minister of Finance today. The amended rates will be effective from FY2008.

The amendment in insurance premium rates reflects trends in outstanding balance of insured deposits such as a shift from "deposits for payment and settlement purposes" to "general deposits" while the following basic concepts have been sustained:

1. In view of the DICJ's financial conditions (general account) remained in significant deficit (estimated deficit for FY2007 ¥1.4 trillion) and considerable burden of insurance premiums for financial institutions, overall effective premium rate will be maintained at the current level of 0.84%.
2. Insurance premium rates are calculated so that the insurance premium burden per yen of "deposits for payment and settlement purposes" for which full protection is given and that of "general deposits" for which limited coverage^{Note} is provided are the same.

(Note) The total of principal up to ¥10 million, plus interest thereon

Reference 1: Changes in Insurance Premium Rates

	Insurance premium rate ^(Note 1)		Effective premium rate ^(Note 2)	
1971(on launch of the system)-	0.006%		0.006%	
1982-	0.008%		0.008%	
1986-	0.012%		0.012%	
1996-	0.048%		0.084%	
2001	Specific deposits	Other deposits		
	0.048%	0.048%		
2002	0.094%	0.080%		
2003-	Deposits for payment and settlement purposes	General deposits		
	0.090%	0.080%		
2005	0.115%	0.083%		
2006-	0.110%	0.080%		
2008	0.108%	0.081%		↓

Note 1: “Specific deposits” represent current deposits, ordinary deposits and sundry deposits. “Other deposits” are all the time and savings deposits other than those included in specific deposits. “Deposits for payment and settlement purposes” and “general deposits” were same as “specific deposits” and “other deposits”, respectively, until FY2004. (Specific settlement obligations pursuant to Paragraph 1, Article 69-2 of Deposit Insurance Law were included in “deposits for payment and settlement purposes” for FY2004.)

From FY2005 on, “deposits for payment and settlement purposes” include deposits that meet the three conditions of “bearing no interest, being redeemable on demand, and providing normally required payment and settlement services” and “specific settlement obligations” while “general deposits” represent all the time and savings deposits, excluding payment and settlement deposits.

Note 2: Effective premium rates for the period from FY1996 to FY2001 include special insurance premium (0.036%) levied during the period. Effective premium rate for FY2002 is a weighted average of “specific deposits” and “other deposits”, and those for FY2003 on, a weighted average of “deposits for payment and settlement purposes” and “general deposits”.

Reference 2: Changes in Insurance Premium Income

(unit: ¥ billion)

	Insurance Premium Income
FY2000	482.8
FY2001	511.0
FY2002	509.9
FY2003	522.1
FY2004	529.3
FY2005	537.7
FY2006	540.4
FY2007	566.6

Note 1: Figures are rounded off.

Note 2: Figure for FY2007 is an estimated amount.