

**[PDIC REGULATORY ISSUANCE NO. 2002-02,
MARCH 26, 2002, March 26, 2002]**

**GUIDELINES ON TERMINATION AND REINSTATEMENT OF
INSURED STATUS OF BANKS**

Pursuant to Section 6 (h) of R.A. 3591, as amended, and in relation to Part V-A (Sec. 5.02-5.05) of the PDIC Amended Rules and Regulations, the following Guidelines on the Termination and Reinstatement of Insured Status of Banks due to Non-payment of Assessment, are hereby issued, for guidance and information:

1. PDIC shall terminate the insured status of a bank upon its continued failure or refusal to pay the assessment, due semi-annually, computed by multiplying the assessment rate as determined by the PDIC Board of Directors and the bank's liability for deposits, in accordance with Section 6(a) of R.A. 3591, as amended.
2. First demand letters shall be sent to banks through registered mail, thirty (30) days after the 31 January and 31 July prescribed deadlines for filing of certified statements and remitting the corresponding assessments. Interest charges at the legal, rate of 12% per annum, reckoned from due date/s shall be imposed upon these banks, in accordance with Section 16(e) of R.A. 3591, as amended.
3. Failure to comply within thirty (30) days after receipt of the first demand letter shall constitute willful failure or refusal by the bank to file the required certified statement and pay the corresponding assessment and interest charges. Thereafter, PDIC shall send the second demand letter through registered mail. Penalty charges at twice the rate of interest charges or 24% per annum shall be added thereon, reckoned 30 days from receipt of the first demand letter, pursuant to Section 16(e) of R.A. 3591, as amended.
4. Termination proceedings of the bank's insured status shall start thirty (30) days after receipt by the bank of PDIC's second demand letter.
5. The third and final demand letter shall be sent to the bank through registered mail. Should the bank still fail to remit the assessment payment, including interest and penalty charges within thirty (30) days from the date of mailing of the third and final demand letter, PDIC shall terminate the bank's insured status which shall be effective after the lapse of said thirty (30) days, whether or not said demand letter has been actually received by the bank.
6. The order of termination shall be sent to the bank, by such mode of service as may be expeditious and efficient, upon the expiration of the 30-day period from date of mailing of the third and final demand letter. The order of termination shall be final and executory until set aside, modified or suspended by the PDIC Board Directors.