Press Releases

FDIC Approves Temporary Unlimited Deposit Insurance Coverage for Noninterest-Bearing Transaction Accounts

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The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) today approved a final rule to implement section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). Section 343 provides temporary unlimited coverage for noninterest-bearing transaction accounts. This separate coverage will become effective on December 31, 2010, and will end on December 31, 2012.

The final rule revises the FDIC's deposit insurance regulations to include noninterest-bearing transaction accounts as a new temporary deposit insurance account category. All funds held in such accounts are fully insured, without limit, and this coverage is separate from, and in addition to, the coverage provided to depositors for other accounts at an insured depository institution.

Noninterest-bearing accounts, as defined in the Dodd-Frank Act, include only traditional, noninterest-bearing demand deposit (or checking) accounts that allow for an unlimited number of transfers and withdrawals at any time, whether held by a business, individual or other type of depositor.

The new temporary provision for unlimited coverage of deposit insurance for noninterest-bearing transaction accounts is similar to the FDIC's Transaction Account Guarantee Program (TAGP) but differs significantly in the definition of "noninterest-bearing transaction account." The TAGP, which expires December 31, 2010, includes low-interest NOW (negotiable order of withdrawal) accounts and Interest on Lawyer Trust Accounts (IOLTAs). The final rule expressly states that NOW and IOLTA accounts are not covered under the Dodd-Frank Act definition of noninterest-bearing transaction accounts and do not qualify for temporary unlimited coverage.

Attachment:
Final Rule - PDF (PDF Help)

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Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. The FDIC insures deposits at the nation's 7,830 banks and savings associations and it promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no tax dollars – insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). **PR-247-2010**