PRESS RELEASE
Federal Deposit Insurance Corporation

Media Contact:
Robert M. Garsson (202) 898-6993

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FDIC PROPOSES CHANGES TO CLARIFY, SIMPLIFY THE DEPOSIT INSURANCE RULES

FOR IMMEDIATE RELEASE

The FDIC Board of Directors today proposed changes that would clarify and simplify the agency's deposit insurance rules for the benefit of consumers and bankers. The proposal is part of the FDIC's ongoing review of policies and regulations to make them less burdensome and more efficient. It also reflects the FDIC's efforts to help consumers and bankers better understand the deposit insurance rules.

The most notable of the proposed changes would insert into the rules a variety of straight-forward, easy-to-understand examples illustrating how particular provisions affect basic types of accounts owned by consumers. With these examples, the FDIC is considering a new way to enable the average depositor to read the rules and quickly understand what insurance coverage he or she has (or would have) at an FDIC-insured bank or thrift.

In addition, three substantive revisions to the insurance rules were proposed. They would:

- Give the FDIC more flexibility to insure third-party deposits made by law firms, real estate agents, title companies and other businesses on behalf of their customers;
- Provide a six-month grace period after a depositor's death for beneficiaries to rearrange inherited accounts if necessary to avoid going over the $100,000 insurance limit; and

Clarify the insurance coverage of "living trust accounts," a type of trust account that an owner can cancel or change during his or her lifetime.

The examples included in the proposed rules illustrate how deposit insurance currently applies to individual deposit accounts (those owned only by one person, including a sole proprietor of a business), joint accounts (those owned by two or more people and where all parties have equal rights to withdraw money); and payable-on-death accounts (where the owner indicates that upon his or her death the funds will pass to his or her spouse, child or grandchild).

The Board also instructed the agency's staff to study whether deposit insurance coverage would be significantly expanded if the rules governing joint accounts and payable-on-death accounts were further simplified. The Board is not proposing further simplification at this time. Written comments on the proposed changes are due within 90 days of their publication in the Federal Register.

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