# PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least $250,000

FOR IMMEDIATE RELEASE
September 27, 2010

Media Contact:
Greg Hernandez (202) 898-6993
Email: mediarequests@fdic.gov

## FDIC Board Proposes Rules on Temporary Unlimited Deposit Insurance Coverage for Noninterest- Bearing Transaction Accounts

The Federal Deposit Insurance Corporation (FDIC) Board of Directors today approved the issuance of a proposed rule to implement provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act to provide depositors at all FDIC-insured institutions unlimited deposit insurance coverage on noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012.

"In October 2008, the FDIC instituted a program providing unlimited protection for noninterest- bearing transaction accounts at participating banks and found it to be highly successful in providing stability at those institutions during one of the most severe economic downturns in our history," said FDIC Chairman Sheila C. Bair. "The Dodd-Frank provision is different from the FDIC's program but continues the purpose of that program as we emerge from the economic crisis.",

Under the proposal, the FDIC will create a new, temporary deposit insurance category for noninterest-bearing transaction accounts. These accounts are primarily checking accounts used by businesses for payrolls, accounts payable and other purposes.

Unlike the FDIC's voluntary Transaction Account Guarantee ("TAG") Program, which will expire at the end of this year, the Dodd-Frank provision will apply at all FDIC-insured institutions and it will cover only traditional checking accounts that do not pay interest. The proposed rule emphasizes that, starting January 1, 2011, low-interest consumer checking accounts and Interest on Lawyer Trust Accounts (IOLTAs) (currently protected under the TAG Program) will no longer be eligible for an unlimited guarantee.

The proposed rule requires insured depository institutions to provide notice and disclosure requirements to ensure that depositors are aware of and understand the types of accounts that will be covered by this temporary deposit insurance coverage. To comply with the disclosure and notification requirements, institutions must: post a notice in their main office, each branch and, if applicable, on their Website; notify customers currently covered by the FDIC's TAG Program that, beginning January 1, 2011, low-interest checking accounts and IOLTAs no longer will be eligible for unlimited guarantee; and notify customers individually of any action they take that will affect the deposit insurance coverage of funds held in noninterest-bearing transaction accounts.

The FDIC will be accepting comments on the proposed rule through October 15, 2010. The shorter than usual comment period is necessary to give insured institutions adequate time to implement the notice and disclosure requirements by December 31, 2010.

# # #

Attachment: Proposed Rule - PDF (PDF Help)