

Changes in FDIC Deposit Insurance Coverage

July 21, 2011

Section 627 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which became effective July 21, 2011, repeals the statutory prohibition against the payment of interest on demand deposit accounts ("DDAs"). To make FDIC regulations consistent with Section 627, on July 6, 2011 the FDIC Board of Directors issued a new final rule (76 Federal Register 41392 – 41395 (July 14, 2011)) rescinding 12 C.F.R. § 329, the regulations that had prohibited the payment of interest on DDAs. Two provisions from Part 329 have been retained and moved to 12 C.F.R. § 330. One is the definition of "interest" which is now found at 12 C.F.R. § 330.1(k). The other retained provision, relating to "premiums" and certain payments which are not deemed "interest," is now found at section 12 C.F.R. § 330.101.

November 9, 2010

On November 9, 2010, the FDIC issued a Final Rule implementing section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited insurance coverage of noninterest-bearing transaction accounts. Beginning December 31, 2010, through December 31, 2012, all noninterest-bearing transaction accounts are fully insured, regardless of the balance of the account, at all FDIC-insured institutions. The unlimited insurance coverage is available to all depositors, including consumers, businesses, and government entities. This unlimited insurance coverage is separate from, and in addition to, the insurance coverage provided to a depositor's other deposit accounts held at an FDIC-insured institution.

A noninterest-bearing transaction account is a deposit account where interest is neither accrued nor paid; depositors are permitted to make an unlimited number of transfers and withdrawals; and the bank does **not** reserve the right to require advance notice of an intended withdrawal.

Please note that Money Market Deposit Accounts (MMDAs) and Negotiable Order of Withdrawal (NOW) accounts are **not** eligible for this unlimited insurance coverage, regardless of the interest rate, even if no interest is paid on the account.

July 21, 2010

On July 21, 2010, President Barack Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act into law, which, in part, permanently raises the current standard maximum deposit insurance amount (SMDIA) to \$250,000. The FDIC insurance coverage limit applies per depositor, per insured depository institution for each account ownership category. Consumers and bankers can find additional information regarding FDIC's deposit insurance coverage through the deposit insurance publications located on the [FDIC's deposit insurance homepage](#). In addition, you can call the FDIC at 1-877-ASK-FDIC (1-877-275-3342).