

FAQs About FDIC Insurance

General Questions

1. How can a depositor tell whether a bank is insured?

Insured banks must display an official sign at each teller window or station where deposits are regularly received. To find out whether a particular bank or savings association has FDIC insurance coverage, contact the FDIC (go to www.fdic.gov).

2. Whose deposits does the FDIC insure?

Any person or entity can have FDIC deposit insurance in an insured bank located in the United States. A person does not have to be a U.S. citizen or resident to have deposits insured by the FDIC.

3. Does FDIC insurance protect creditors and shareholders?

FDIC insurance only protects depositors, although some depositors may also be creditors or shareholders of an insured bank.

4. Does the FDIC insure all investments sold by an insured bank?

The FDIC does not insure the money invested in stocks, bonds, mutual funds, life insurance policies, annuities, or municipal securities, even if they were bought from an insured bank.

The FDIC also does not insure U.S. Treasury bills, bonds, or notes, but those are backed by the full faith and credit of the United States government.

5. How long does the FDIC take to pay insurance on deposits after an insured bank fails?

Federal law requires the FDIC to make payment as soon as possible. Historically, the FDIC pays insurance within a few days after a bank closing either by establishing an account at another insured bank or by providing a check. Deposits purchased through a broker may take longer to be paid because the FDIC may need to obtain the broker's records to determine insurance coverage.

Customers with uninsured deposits receive the insured portion of their account as described above. They will wait longer to receive payment for some or all of their **uninsured** deposits. The amount of uninsured deposits

they may receive, if any, is based on the sale of the failed bank's assets. Depending on the quality and value of these assets, it may take several years to sell the assets. As assets are sold, uninsured depositors receive periodic payment on their uninsured deposit claim.

6. Does the FDIC insure an unpaid cashier's check, interest check, money order, or expense check issued by an insured bank?

If a depositor holds one or more of these items from an insured bank, and the insured bank fails before the item is cleared, the FDIC will add the item to any other deposits held in the same ownership category at the same insured bank. For example, an outstanding interest check payable to a depositor will be added to the depositor's other single ownership accounts, if any, and the total insured up to \$100,000.

7. Does the FDIC insure safe deposit boxes if a bank fails?

The FDIC does not insure safe deposit boxes or their contents. In the event of a bank failure, the FDIC in most cases arranges for an acquiring bank to take over the failed bank's offices, including locations with safe deposit boxes. If no acquirer is found, box holders would be sent instructions for removing the contents of their boxes.

8. How does the FDIC determine ownership of deposits?

The FDIC presumes that deposits are owned as shown on the deposit account records of the insured bank. The deposit account records of an insured bank include account ledgers, signature cards, certificates of deposit, passbooks, and certain computer records. Account statements, deposit slips and cancelled checks are not considered deposit account records for purposes of determining deposit insurance coverage.

9. When an insured bank fails, what evidence will the FDIC require to determine the amount of insurance coverage for a living trust account?

If an insured bank fails, the FDIC would look to the account title to determine whether an account is held by a living trust. The FDIC would then ask the owner to provide a copy of the trust document, which the FDIC would review to identify the beneficiaries and determine their interests in the account. The owner also may be required to complete an affidavit attesting to the relationships of the beneficiaries to the trust owner.

Note that to qualify for coverage in the revocable trust account category, the account title must indicate the existence of a trust relationship. This requirement can be met by using the term "living trust," "family trust," or

similar language in the account title, or by including other words or acronyms indicating that the account is held by a trust.

10. Can I increase my insurance coverage by placing deposits with different insured banks?

Deposits with each FDIC-insured bank are insured separately from any deposits at another insured bank. If an insured bank has branch offices, the main office and all branch offices are considered one insured bank – a depositor cannot increase insurance coverage by placing deposits at different branches of the same insured bank. Similarly, deposits held with the Internet division of an insured bank are considered the same as deposits with the "brick and mortar" part of the bank, even if the Internet division uses a different name. If two banks are affiliated, such as having a common holding company, but are separately chartered (indicated by having two different FDIC Certificate numbers), deposits in each bank would be separately insured.

11. Can I increase my insurance coverage by dividing my deposits into several different accounts at the same insured bank?

Deposit insurance coverage can be increased only if the accounts are held in different categories of ownership. These categories include single accounts, retirement accounts, joint accounts and revocable trust accounts.

12. Can I increase coverage for my joint accounts by using a different co-owner's Social Security number on each account or changing the way the owners' names are listed on the accounts?

Using different Social Security numbers, rearranging the order of names listed on accounts or substituting "and" for "or" in joint account titles does not affect the amount of insurance coverage available to co-owners of joint accounts.

Source: Federal Deposit Insurance Corporation