

## 9.3: Deposit Insurance FAQs

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Q: What is the FDIC?

**A:** The FDIC (Federal Deposit Insurance Corporation) is an independent agency of the United States government that protects you against the loss of your insured deposits if an FDIC-insured bank or savings association fails. FDIC insurance is backed by the full faith and credit of the United States government.

Q: What is deposit insurance?

**A:** FDIC deposit insurance covers the depositors of a failed FDIC-insured depository institution dollar-for-dollar, principal plus any interest accrued or due to the depositor, through the date of default, up to at least \$250,000. For example, if a person had a CD account in her name alone with a principal balance of \$195,000 and \$3,000 in accrued interest, the full \$198,000 would be insured, since principal plus interest did not exceed the \$250,000 insurance limit for single ownership accounts.

Q: What happens when a bank fails?

**A:** Though unlikely, bank failures do occur and the FDIC responds in two capacities. First, as the insurer of the bank's deposits, the FDIC pays insurance to depositors up to the insurance limit. Historically, the FDIC pays insurance within a few days after a bank closing, usually the next business day, by either (1) providing each depositor with a new account at another insured bank in an amount equal to the insured balance of their account at the failed bank, or (2) by issuing a check to each depositor for the insured balance of their account at the failed bank.

Some deposits that exceed \$250,000 and are linked to trust documents or deposits established by a third party broker may have a short wait so that their accounts can be reviewed to determine the amount of deposit insurance coverage available to them. The amount of time involved depends on how long it takes for the depositor to provide supplemental information to the FDIC so that we can complete the insurance determination.

Second, as the receiver of the failed bank, the FDIC assumes the task of selling/collecting the assets of the failed bank and settling its debts, including claims for deposits in excess of the insured limit. If a depositor has uninsured funds they receive the insured portion of their funds quickly, as described above. They may also, however, recover some portion of their uninsured funds (their remaining claim on the failed bank) from the proceeds from the sale of failed bank assets. It can take several years to sell off the assets of a failed bank. As assets are sold, however, depositors who had uninsured funds usually receive periodic payments (on a pro-rata "cents on the dollar" basis) on their remaining claim.

Q: How can I get deposit insurance?

**A:** Depositors do not need to apply for FDIC insurance. Coverage is automatic whenever a deposit account is opened at an FDIC-insured bank. If you want your funds insured by the FDIC, simply make sure you are placing your funds in a deposit account at an FDIC-insured bank and that your deposit does not exceed the insurance limit for that ownership category.

Q: How do I find out if a bank is FDIC-insured?

**A:** To determine if a bank is FDIC-insured, you can ask a bank representative, look for the FDIC sign at your bank, call the FDIC at 877-275-3342, or you can use the FDIC's BankFind tool. BankFind allows you to access detailed information about all FDIC-insured institutions, including branch locations, the bank's official website address, the current operating status of your bank, and the regulator to contact for additional information and assistance.

### Coverage

Q: How much deposit insurance coverage do I qualify for?

**A:** The standard deposit insurance amount is \$250,000 per depositor, per FDIC-insured bank, per ownership category. For a basic category-by-category overview of FDIC deposit insurance coverage, you can use the [Account Categories tool](#).

The "[Your Insured Deposits](#)" brochure also includes more comprehensive information and examples of deposit insurance coverage for various ownership categories. You can also access the FDIC's Electronic Deposit Insurance Estimator ([EDIE](#)) to get details about your specific situation.

Q: Is every financial product at a bank covered by the FDIC?

**A:** No, FDIC deposit insurance coverage depends on whether your chosen financial product is a deposit product. The FDIC covers the traditional types of bank deposit accounts – including checking and savings accounts, money market deposit accounts (MMDAs), and certificates of deposit (CDs). Investment products that are not deposits, such as mutual funds, annuities, life insurance policies and stocks and bonds are not covered by FDIC deposit insurance.

For a more comprehensive list of financial products that are insured by the FDIC and financial products that are not insured by the FDIC, visit [Accounts Covered by the FDIC](#)

**Q:** Can I have more than \$250,000 of deposit insurance coverage at one FDIC-insured bank?

**A:** Yes. The FDIC insures deposits according to the ownership category in which the funds are insured and how the accounts are titled. The standard deposit insurance coverage limit is \$250,000 per depositor, per FDIC-insured bank, per ownership category. Deposits held in different ownership categories are separately insured, up to at least \$250,000, even if held at the same bank. For example, a revocable trust account (including living trusts and informal revocable trusts commonly referred to as payable on death (POD) accounts) with one owner naming three unique beneficiaries can be insured up to \$750,000. See the [Your Insured Deposit brochure](#) for details.

**Q:** Can I check to see if my accounts are fully covered?

**A:** Yes, you can get detailed information about your specific deposit insurance coverage by accessing the FDIC's Electronic Deposit Insurance Estimator ([EDIE](#)) and entering information about your accounts. You can also call the FDIC at 1-877-ASK-FDIC (1-877-275-3342) and ask to speak to an FDIC deposit insurance specialist.

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