

GENERAL PRINCIPLES OF INSURANCE COVERAGE

Separate Insurance Is Provided to Each Depositor

Deposit accounts maintained by different depositors are separately insured. Depositors that may qualify to receive FDIC deposit insurance coverage include natural persons, legal entities such as corporations, partnerships, and unincorporated associations, and public units such as cities and counties.

Insurance Is Provided on a Per-IDI Basis (12 C.F.R. § 330.3(b))

The FDIC separately insures deposit accounts maintained in separately chartered IDIs, even if the IDIs are affiliated, such as belonging to a common holding company. The rules for deposit insurance coverage are the same for each IDI regardless of the size or geographic location of the institution.

Accounts that a depositor maintains at different branches or offices of the same IDI are not separately insured. All deposit accounts in the same ownership category held by a depositor at different branches or offices of the same IDI are added together and insured up to the insurance limit for that ownership category, even if the IDI does business under a different name at some of those branches or offices.

Many IDIs allow depositors to open and transact business on deposit accounts over the Internet, often using a website that operates under a name different than the IDI uses for its traditional branches. These deposit accounts, however, are aggregated with any deposit accounts a depositor may have in the same ownership category at the traditional retail branches of the same IDI and insured up to the limit for that ownership category.

Separate Insurance Is Provided For Deposits in Different Ownership “Rights and Capacities” (12 C.F.R. § 330.3(a))

FDIC deposit insurance coverage is provided for funds held in different *rights and capacities* (or ownership categories). All deposits in a particular ownership category — whether in one account or multiple deposit accounts — are aggregated and insured up to the SMDIA for that ownership category. It is important to emphasize that a depositor does not hold accounts in different ownership categories by opening accounts of different deposit product types (CDs, savings accounts or checking accounts, for example). A right and capacity is a legal basis of ownership and is based on federal statutes and FDIC regulations. Opening accounts of different deposit types does not establish different rights and capacities for a depositor. Accounts held in different rights and capacities, however, receive separate deposit insurance coverage.

All Types of Deposits in the Same Ownership Category Are Combined

All deposits owned by the same depositor (or depositors) in the same ownership category are added together for the purpose of calculating FDIC deposit insurance coverage. This aggregation is irrespective of whether the deposits are opened under the same product type (for example, all CDs) or a combination of different product types (for example, a CD and a savings account). In addition, the number of accounts a depositor establishes within an ownership category has no impact on the maximum amount of deposit insurance coverage provided. *It is the total dollar amount of all deposit accounts within a specific ownership category that is considered when determining insurance coverage.*

A common misconception held by many depositors is that using different deposit products increases deposit insurance coverage. That is an incorrect understanding of how to calculate coverage.

A depositor cannot increase coverage by opening additional deposit accounts in the same ownership category. It is the ownership category in which the funds are held that determines the set of rules that would apply to a particular deposit.

Minimum Information Required to Calculate FDIC Coverage for Deposit Accounts

To determine the amount of insurance coverage available for IDI deposits belonging to a person or entity, the following questions – at a minimum – should be answered:

1. *Who owns the deposits?*
2. *What FDIC ownership category is the depositor attempting to qualify under or use?*
3. *Does the depositor meet all the requirements for coverage under the applicable ownership category?*

1. *Who owns the deposits?* Identifying the particular individual, business, or government entity that owns the deposits is an essential first step in analyzing the amount of deposit insurance coverage that may be available.

2. *What FDIC ownership category is the depositor attempting to qualify under or use?* Deposits made under each of the 12 FDIC ownership categories are insured separately provided the depositor meets the specific requirements for each of the ownership categories.

There are 12 FDIC deposit insurance ownership categories:

- Single accounts — [12 C.F.R. § 330.6](#)
- Certain retirement accounts — [12 C.F.R. § 330.14\(b\)\(2\)](#)
- Joint accounts — [12 C.F.R. § 330.9](#)

- Trust accounts — [12 C.F.R. § 330.10](#)
- Employee benefit plan accounts — [12 C.F.R. § 330.14](#)
- Business/Organization accounts — [12 C.F.R. § 330.11](#)
- Government accounts (public unit accounts) — [12 C.F.R. § 330.15](#)
- Mortgage servicing accounts for principal and interest payments — [12 C.F.R. § 330.7\(d\)](#)
- Accounts held by a depository institution as the trustee of an irrevocable trust — [12 C.F.R. § 330.12](#)
- Annuity contract accounts — [12 C.F.R. § 330.8](#)
- Public bond accounts — [12 C.F.R. § 330.15\(c\)](#)
- Custodian accounts for Native Americans — [12 C.F.R. § 330.7\(e\)](#)

Employees of IDIs must determine the applicable deposit insurance ownership category that a depositor is attempting to use in order to calculate coverage. Therefore, it is important to understand the concept of ownership categories as well as how these categories are related to the information that employees of an IDI require when opening deposit accounts.

As discussed below, each of these ownership categories is insured separately, provided the FDIC requirements are met.

3. Does the depositor meet all the requirements for coverage under the applicable ownership category? Each of the ownership categories has specific requirements that must be met to receive separate insurance coverage under that category.

As discussed in further detail in this Employee's Guide, if an account fails to meet the applicable requirements, the deposits will be insured in another ownership category (for an individual usually the Single Accounts category) and the deposits will be added together with any other funds that the depositor has in that same ownership category.

Depositors must satisfy the requirements for each of the ownership categories that they intend to use. Some categories are exclusive to specific depositors. As an example, funds owned by a corporation can only qualify for deposit insurance coverage under the Business/Organization Accounts category. In contrast, an individual's deposits may qualify for deposit insurance coverage under any of the six deposit insurance ownership categories available to individual depositors.

It is possible for a depositor to qualify for coverage exceeding the SMDIA at an IDI by holding deposits in multiple ownership categories.