

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 14 FDIC ownership categories are insured separately provided the depositor meets the specific requirements for each of the ownership categories.

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There are 14 FDIC deposit insurance ownership categories:

- Single accounts — [12 C.F.R. § 330.6](#)
- Joint accounts — [12 C.F.R. § 330.9](#)
- Revocable trust accounts — [12 C.F.R. § 330.10](#)
- Irrevocable trust accounts — [12 C.F.R. § 330.13](#)
- Certain retirement accounts — [12 C.F.R. § 330.14\(b\)\(2\)](#)
- 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\(e\)](#)
- Accounts deposited by an IDI pursuant to the Bank Deposit Financial Assistance Program of the Department of Energy — [12 U.S.C. § 1817 \(i\)\(3\)](#)

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. In the illustrations provided on the following pages, FDIC ownership categories are linked to the information available on a hypothetical signature card that an IDI may use. Please note that the FDIC is not suggesting or recommending that an IDI use the format of the hypothetical card in establishing its documentation. The example is for illustration purposes only.

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The account description sections are circled in red on the hypothetical signature card.

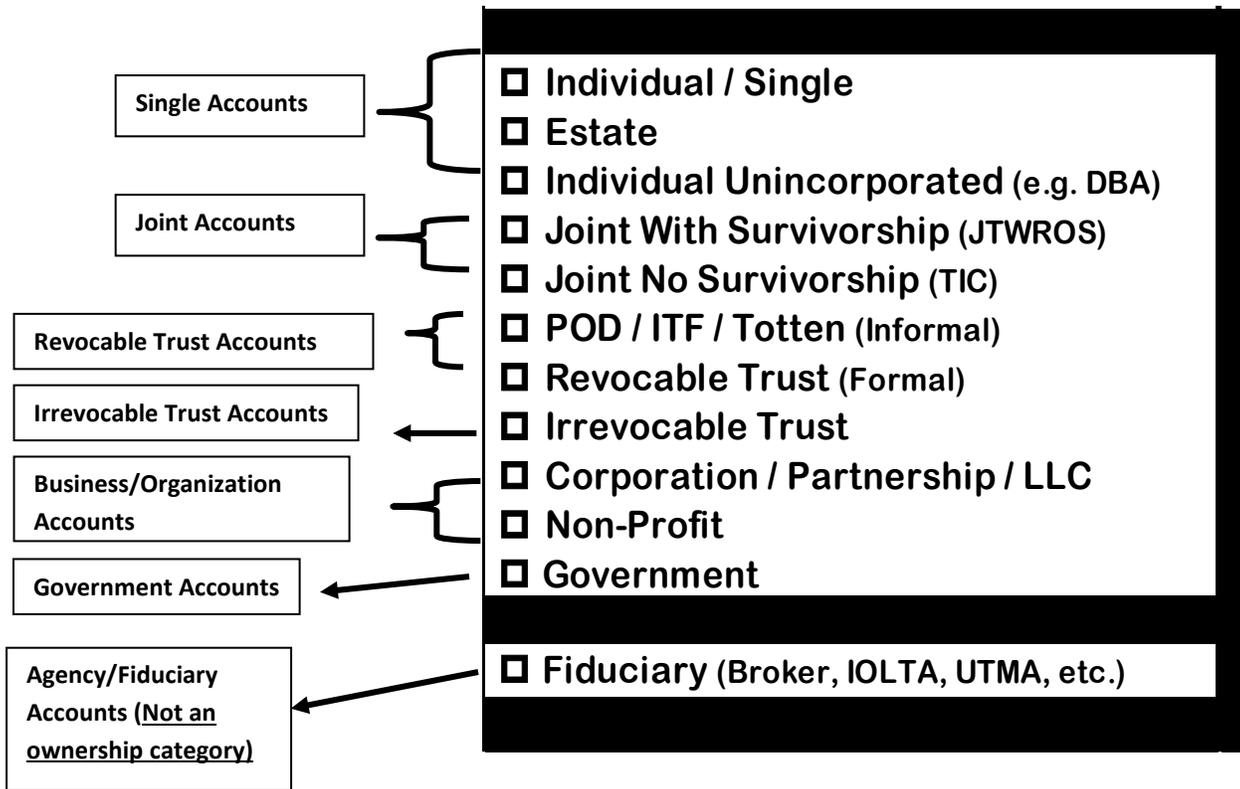
SIGNATURE CARD FOR DEPOSIT ACCOUNTS	
Account Title	
Account Number	
TIN of First Name on Account or Legal Entity	
Signature	Title
Printed Name	Date
Signature	Title
Printed Name	Date
ACCOUNT DESCRIPTION	
<input type="checkbox"/> Personal Account <input type="checkbox"/> Non-Personal Account <input type="checkbox"/> Individual / Single <input type="checkbox"/> Estate <input type="checkbox"/> Individual Unincorporated (e.g. DBA) <input type="checkbox"/> Joint With Survivorship <input type="checkbox"/> POD / ITF / Totten <input type="checkbox"/> Revocable Trust <input type="checkbox"/> Irrevocable Trust <input type="checkbox"/> Corporation / Partnership / LLC <input type="checkbox"/> Non-Profit <input type="checkbox"/> Government <input type="checkbox"/> Fiduciary	
ACCOUNT BENEFICIARIES	
Name of Beneficiary	
Name of Beneficiary	
Name of Beneficiary	
POWER OF ATTORNEY (POA)	
Signature of Agent	
Printed Name of Agent	
Signature of Account Owner	
Date	

SELF DIRECTED RETIREMENT ACCOUNT ENROLLMENT				
ACCOUNT TYPE				
<input type="checkbox"/> Traditional IRA <input type="checkbox"/> Roth IRA <input type="checkbox"/> SIMPLE IRA <input type="checkbox"/> SEP IRA <input type="checkbox"/> Inherited IRA <input type="checkbox"/> Inherited Roth IRA <input type="checkbox"/> Rollover IRA <input type="checkbox"/> Keogh				
Name	SSN			
Address	DOB / /			
	Home Phone			
	Business Phone			
City	State Zip			
BENEFICIARIES				
Name and Address	Relationship	DOB	SSN	Share
1				
2				
3				
4				
CUSTOMER AGREEMENT				
Signature		Date		
CUSTODIAN / TRUSTEE ACCEPTANCE				
Signature		Date		

Disclaimer

The card format on this page is to illustrate how various accounts may be linked to FDIC deposit insurance categories and is not for adoption as a recommended format by IDIs.

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For the purpose of opening new deposit accounts, an IDI’s software often will have fields pertaining to the ownership and type of deposit account. The hypothetical signature card reproduced above links some of the typical IDI account descriptions used in opening deposit accounts to specific FDIC ownership categories. This exercise can explain how the information collected at the time a deposit account is opened will indicate under which of the different FDIC deposit insurance ownership categories the deposit qualifies.

In order to qualify as an account in the FDIC’s *single deposit category*, the account must be an individual or single account, an estate account or a doing business as (“DBA”) account. The IDI employee would then mark one of the boxes in the single accounts category.

Next, deposits that are jointly owned as either “Joint Tenants with Right of Survivorship” or “Tenants in Common” are examples of FDIC’s *joint accounts category*. For the purpose of FDIC deposit insurance coverage, single accounts and joint accounts cannot have any beneficiaries named. If there are beneficiaries named on a single or a joint account, these deposits will be analyzed under the rules for *revocable trust accounts*.

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Those deposits which are opened at IDIs as payable-on-death or in-trust-for accounts or are titled in the name of a revocable trust agreement are insurable as *revocable trust accounts*. Another, though rare type of account, is a deposit linked to an *irrevocable trust* agreement.

In examining the other deposit types on the signature card, IDI employees can identify business or organization deposits as funds that are owned by a *corporation, partnership, or unincorporated association*. Accounts that are owned and meet the definition of a public unit or governmental entity are insured as *government accounts*.

Another ownership category as shown on the hypothetical signature card is a *certain retirement account*, which includes all types of individual retirement accounts (“IRAs”) and other self-directed retirement 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.

To obtain such coverage, depositors must satisfy the requirements for each of the ownership categories that they intend to use. Some categories are exclusive to specific depositors based on the type of ownership (for example, individual, business or government entity) for deposit insurance eligibility. As an example, funds owned by a corporation can only qualify for deposit insurance coverage under the business/organization account 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 more than the SMDIA at an IDI provided the depositor meets the specific regulatory requirements for certain ownership categories.