For Release

WASHINGTON – The Federal Deposit Insurance Corporation (FDIC) today released a comprehensive overview of the deposit insurance system and options for reform to address financial stability concerns stemming from recent bank failures. The report, *Options for Deposit Insurance Reform*, examines the role of deposit insurance in promoting financial stability and preventing bank runs, as well as policies and tools that may complement changes to deposit insurance coverage.

“The recent failures of Silicon Valley Bank and Signature Bank, and the decision to approve Systemic Risk Exceptions to protect the uninsured depositors at those institutions, raised fundamental questions about the role of deposit insurance in the United States banking system,” FDIC Chairman Martin J. Gruenberg said in a *statement* released with today’s report.
“This report is an effort to place these recent developments in the context of the history, evolution, and purpose of deposit insurance since the FDIC was created in 1933.”

As part of its analysis, the FDIC outlines three options for deposit insurance reform:

1. **Limited Coverage**: Maintaining the current deposit insurance framework, which provides insurance to depositors up to a specified limit (possibly higher than the current $250,000 limit) by ownership rights and capacities.

2. **Unlimited Coverage**: Extending unlimited deposit insurance coverage to all depositors.

3. **Targeted Coverage**: Offering different deposit insurance limits across account types, where business payment accounts receive significantly higher coverage than other accounts.

Of the three options outlined in this report, the FDIC believes targeted coverage best meets the objectives of deposit insurance of financial stability and depositor protection relative to its costs. These proposed options would require Congressional action, though some aspects of the report lie within the scope of the FDIC’s rulemaking authority.

Following the failures of Silicon Valley Bank and Signature Bank, FDIC Chairman Gruenberg directed the agency to conduct an analysis of the current deposit insurance framework and identify reform options for consideration, as well as additional tools that can be used to maximize the efficiency of the system.

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**Attachments**

- Options for Deposit Insurance Reform
- Chairman Gruenberg’s Statement

Last Updated: May 1, 2023