

## ICBA Regulatory Update: Deposit Insurance

**Topic/Issue:** Deposit Insurance Reforms, Deposit Insurance Assessments

**Agency:** FDIC

### Background and Status:

#### I. **Special Assessment Pursuant to Systemic Risk Determinations for SVB and Signature Bank New York**

The FDIC finalized a rule to collect approximately \$16.7 billion in special assessments from an estimated 110 banking organizations for the failures of Silicon Valley Bank and Signature Bank. By law, when the FDIC makes a “systemic risk determination,” as the agency did following the closures of Silicon Valley Bank and Signature Bank, the agency must recover costs from the banking industry through a special assessment, but the agency has flexibility in crafting the special assessment. **Importantly, ICBA was the only national trade association to advocate that no banking organizations with total assets under \$5 billion should pay any special assessment – an approach ultimately adopted by the FDIC.**

#### II. **FDIC Report on Deposit Insurance Reforms**

In 2023, the FDIC published a report setting forth three options for deposit insurance reform. The proposed options require an act of Congress, but the FDIC has expressed a preference for “targeted coverage.”

- **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.
- **Unlimited Coverage:** Extending unlimited deposit insurance coverage to all depositors.
- **Targeted Coverage:** Offering different deposit insurance limits across account types, where business payment accounts receive significantly higher coverage than other accounts. This option is most analogous to the 2008 TAG program.

#### III. **ICBA Deposit Insurance Working Group**

In 2025, ICBA formed a deposit insurance working group to evaluate proposals for deposit insurance reform. Based on feedback from this group, ICBA published Principles for Deposit Insurance Reform, which set forth recommendations for

lawmakers to protect community banks when considering deposit insurance modernization efforts.

### Proposed Legislation

- H.R. 3234, the “Keeping Deposits Local Act” (Emmer R-MN)
- H.R. 5317, the “Community Bank Deposit Access Act of 2025” (Hill R-AR)
- S.2299, the “Main Street Depositor Protection Act” (Hagerty R-TN, Alsobrooks D-MD)

### ICBA Position:

- **Promote Depositor Confidence in Community Banks:** ICBA encourages lawmakers to stay true to the core purpose of deposit insurance reforms by ensuring modernization efforts promote depositor confidence in community banks.
- **Curb Too Big To Fail:** ICBA opposes changes to the deposit insurance framework that would reinforce implicit deposit insurance guarantees for the largest banks.
- **Control the Cost of Deposit Insurance for Community Banks:** ICBA opposes proposals to reform deposit insurance that impose uncertain, unreasonable, or procyclical costs on community banks.
- **Provide Increased Coverage for Uninsured Deposits:** ICBA has supported prior TAG programs as important tools to stop contagion from a single event from spreading throughout the financial system, and welcomes efforts to modernize the deposit insurance framework that minimize outcomes where there are winners and losers among depositors or among community banks.
- **Expand the FDIC’s Ability to Protect Community Banks and Their Customers During Crisis:** ICBA supports efforts to provide the FDIC unencumbered authority to establish deposit insurance programs to provide stability during times of crisis.
- **Protect the Bank Funded DIF for Bank Resolutions:** ICBA encourages lawmakers to ensure the bank funded DIF not be used to bail out or protect nonbanks.