

110TH CONGRESS
2D SESSION

H. R. 6986

To amend section 1821(a)(1) of title 12, United States Code, to raise the maximum Federal deposit insurance coverage to \$200,000.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 22, 2008

Mr. COHEN introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend section 1821(a)(1) of title 12, United States Code, to raise the maximum Federal deposit insurance coverage to \$200,000.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Individual Depositor
5 and Community Bank Protection Act of 2008”.

6 **SEC. 2. FINDINGS.**

7 (a) Deposit insurance is vital to depositor confidence
8 and to the stable operation of the Nation’s banking sys-
9 tem.

1 (b) The current Federal deposit insurance limit of
2 \$100,000 was set in 1980.

3 (c) The 28-year period since 1980 is the longest pe-
4 riod in history without an increase in the Federal deposit
5 insurance limit.

6 (d) Today's deposit insurance limit is economically in-
7 adequate as it does not reflect the steady increase in the
8 general level of income, prices, and wealth in our Nation
9 since the 1980 deposit insurance limit increase.

10 (e) In 1935, when Federal deposit insurance was cre-
11 ated, the deposit insurance coverage level was ten times
12 per capita annual income. In 2000, it was only four times
13 per capita income.

14 (f) Large banks enjoy funding and deposit-gathering
15 advantages over smaller banks because they are considered
16 "too big to fail" and are protected from failure through
17 governmental protection that is not afforded to smaller
18 banks.

19 (g) Community banks rely on deposit insurance to a
20 much greater degree than large banks in ensuring deposi-
21 tor confidence. Therefore, a diminishment in the real pro-
22 tection offered by deposit insurance reduces vitality and
23 competitiveness within the banking industry, as commu-
24 nity banks are left at a competitive disadvantage.

1 (h) An increase in the deposit insurance coverage
2 limit is needed to address economic changes since 1980,
3 to boost consumer confidence in the Nation’s banking sys-
4 tem, and to ensure vigorous competition in the Nation’s
5 banking industry.

6 **SEC. 3. INCREASE IN DEPOSIT INSURANCE COVERAGE.**

7 Section 11(a)(1) of the Federal Deposit Insurance
8 Act (12 U.S.C. 1821(a)(1)), is amended—

9 (1) by striking subparagraph (E) and inserting
10 the following new subparagraph:

11 “(E) STANDARD MAXIMUM DEPOSIT IN-
12 SURANCE AMOUNT DEFINED.—For purposes of
13 this chapter, the term ‘standard maximum de-
14 posit insurance amount’ means \$200,000, ad-
15 justed as provided under subparagraph (F)
16 after March 31, 2010.”; and

17 (2) by striking subclause (F)(i)(I) and inserting
18 the following new subclause:

19 “(I) \$200,000; and”.

20 **SEC. 4. EFFECTIVE DATE.**

21 The amendments made by this Act shall become ef-
22 fective on the date of enactment of this Act.

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