



### *What* is an Excess Deposit Bond?

An Excess Deposit Bond is purchased by banks to insure individual depositors for amounts exceeding FDIC insurance limits.

*The FDIC protects consumers against the loss of their deposits if an FDIC-insured bank or savings association fails. The FDIC insurance limit is \$100,000 per depositor per insured bank, or \$250,000 for self-directed retirement accounts.*

### *Why* does a bank need this coverage?

Excess Deposit Bonds enable banks to attract and retain large deposits by providing A+ rated insurance for the depositors, including private customers, non-profit organizations and, in most states, public funds. In the highly competitive banking industry, attracting large dollar deposits is critical for growth and profitability.

### *How* does it work?

- The bank purchases a limit of coverage and identifies specific depositors to be included under the limit. Individual depositors may be added or deleted from coverage at any time.
- Premium for the insurance coverage is paid by the bank.
- Depositors receive individual Account Holder Certificates specifying their insured deposits.

### *How* are banks currently addressing this issue?

Most banks currently secure large dollar deposits by either:

- Pledging securities, which can be costly and administratively cumbersome;
- Participating in a CD exchange network, which is limited to Certificates of Deposit; or
- Purchasing Excess Deposit Bond coverage, if available in the bank's state.

### *What* are the advantages of an Excess Deposit Bond?

- Cost-effective method of attracting deposits
- Requires minimal administrative work
- Does not impact the bank's liquidity position
- May be used for all types of deposits—private customers, non-profit organizations and, in most states, public funds

### *Will* depositors receive an individual certificate listing them as insureds?

Yes, depositors receive an individual certificate as proof of insurance specific to their account.

### *What* limits are available for this product?

Subject to our underwriting guidelines, limits are available in \$250,000 increments up to \$15 million.

*Call today for a quote.*

**Financial Guaranty Insurance Brokers, Inc.**

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