September 8, 2025

The Honorable Tim Scott
Chair
Committee on Banking, Housing, and Urban Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Elizabeth Warren
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable French Hill
Chair
Committee on Financial Services
U.S. House of Representatives
2129 Rayburn House Office Building
Washington DC 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
U.S. House of Representatives
4340 O'Neill House Building
Washington DC 20510

Re: Opposition to Increasing FDIC Deposit Insurance Limits

Dear Chairs Scott and Hill, and Ranking Members Warren and Waters,

We, the undersigned organizations, representing millions of taxpayers and consumers nationwide, write to express our strong opposition to increasing the Federal Deposit Insurance Corporation (FDIC) deposit insurance limit for non-interest-bearing transaction accounts. While framed as a measure to stabilize financial institutions, proposals to increase the limit upwards of $20 million would impose significant and unjustifiable costs on these same companies, with downstream effects borne by American consumers and taxpayers.

According to recent estimates prepared by the Taxpayers Protection Alliance (TPA), raising the deposit insurance cap to $25 million for business accounts (e.g., non-interest-bearing standard commercial checking accounts) would create exorbitant costs. Such a move would necessitate a one-time special assessment of approximately $30.1 billion to recapitalize the Deposit Insurance Fund (DIF) to its statutory minimum. Beyond this extraordinary burden, insured institutions would face an initial annual cost of $2.6 billion, escalating to $3.4 billion within seven years as insured deposits grow. These assessments are not temporary.

Critically, these proposals would increase FDIC premiums by nearly two-thirds (64 percent) over the first five years. The average bank's FDIC assessment—currently 5.9 basis points—would rise by an additional 4.0 basis points, climbing to 4.3 basis points within five years. Even after the special assessment is satisfied, banks would remain subject to higher annual assessments of at least 1.5 basis points in perpetuity.

The economic consequences are unavoidable. Financial institutions will assuredly pass these costs on to consumers in the form of higher service fees, reduced credit availability, and less favorable terms for small businesses. Far from providing stability, raising the limit risks distorting the financial marketplace by privileging large uninsured corporate accounts at the expense of individual depositors and community banks.

Moreover, such a drastic expansion of federal insurance coverage fundamentally alters the risk calculus of depositors and financial institutions, embedding greater moral hazard into the system. The statutory role of the FDIC is to protect ordinary depositors, not to subsidize corporate entities with multimillion-dollar transaction accounts. These proposals exceed that mandate and impose extraordinary systemic costs to benefit a narrow subset of account holders. As such, we urge your committees not to increase the FDIC deposit insurance limit, even for non-interest-bearing transaction accounts.

Sincerely,

David Williams
President
Taxpayers Protection Alliance

Phil Kerpen
President
American Commitment

Leah M. Locke
Finance and Insurance Policy Analyst
The American Consumer Institute

Grover Norquist
President
Americans for Tax Reform

Jeffrey Mazzella
President
Center for Individual Freedom

John Berlau
Director of Finance Policy
Competitive Enterprise Institute

Gerard Scimeca
Chairman
Consumer Action for a Strong Economy (CASE)

Brandon Arnold
Executive Vice President
National Taxpayers Union

Tom Schatz
President
Council for Citizens Against Government Waste

Eric Ventimiglia
Executive Director
Pinpoint Policy Institute