

November 5, 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 2051

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 S. 2999, introduced on October 9, 2025 by Sens. Bill Hagerty (R-Tenn.) and Angela Alsobrooks (D-Md.), which would increase the Federal Deposit Insurance Corporation (FDIC) deposit insurance limit. While framed as a measure to stabilize financial institutions, this proposal to increase the limit to \$10 billion 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 \$10 million for all non-interest-bearing transaction accounts would create exorbitant costs. Such a move would necessitate a one-time special assessment of approximately \$42 billion to recapitalize the Deposit Insurance Fund (DIF) to its statutory minimum. Beyond this extraordinary burden, the bill's language allows for a ten-year window to rebuild the DIF, while the new limit would be implemented immediately. This drastically increases the risk of a costly bailout.

Previous analyses estimated that a proposal to increase the FDIC limit for only business accounts would increase FDIC premiums by nearly two-thirds (64 percent) over the first five years. S. 2999 would apply to all non-interest-bearing transaction accounts, running the severe risk that premiums would increase even more. It would likely do so more acutely for the most popular banks, as small banks (under \$10 billion in assets) would be exempt from replenishing the DIF. Thus, the cost would fall more heavily on larger institutions.

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. This legislation exceeds that mandate and imposes 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, and steadfastly oppose S. 2999, as introduced by Sens. Hagerty and Alsobrooks.

Sincerely,

David Williams

President

Taxpayers Protection Alliance

Phil Kerpen

President

American Commitment

Leah M. Locke

Finance and Insurance Policy Analyst

The American Consumer Institute

Brent Gardner

Chief Government Affairs Officer

Americans for Prosperity

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