



UNDERWRITING BULLETIN

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Bulletin No: NAT 10-1110-S1
Name: FDIC Changes - Supplement

The FDIC proposed rule referred to in this bulletin relating to IOLTA accounts was issued in final form on November 9, 2010 and affirms that IOLTA and similar accounts will only be insured by the FDIC up to \$250,000 after December 31, 2010.

There is a bill in the United States Congress, H.R. 6398, that would restore unlimited coverage for IOLTA Accounts “or a functionally equivalent account, as determined by the [FDIC].” H.R. 6398 passed the House on November 30, 2010, and is currently pending in the Senate.

As a reminder, even if the funds are put in a non-interest bearing account, if that account is “swept” into an interest bearing account, the \$250,000 limit for FDIC insurance applies while the funds are in the interest bearing sweep account.

Finally, while the determination of what bank or banks to use is up to the agent, one resource for evaluating banks is Bankrate.com (<http://www.bankrate.com/rates/safe-sound/bank-ratings-search.aspx>).

As is always the case, you should consult your bank and your own legal counsel for specific guidance on this subject and your unique fact situations.

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