

Federal Savings and Loan Insurance Corporation

The **Federal Savings and Loan Insurance Corporation (FSLIC)** was an institution that administered deposit insurance for savings and loan institutions in the United States. The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) abolished it and transferred the responsibility for savings and loan deposit insurance to the Federal Deposit Insurance Corporation (FDIC). The FSLIC Resolution Fund was created to assume all the assets and liabilities of the FSLIC, which was to be funded by the Financing Corporation (FICO).

History

The FSLIC was created as part of the National Housing Act of 1934 in order to insure deposits in savings and loans a year after the FDIC was created to insure deposits in commercial banks. It was administered by the Federal Home Loan Bank Board (FHLBB).^[1]

In the 1980s, during the savings and loan crisis, the FSLIC became insolvent. It was recapitalized with taxpayer money several times, with \$15 billion in 1986 and \$10.75 billion in 1987; however, by 1989 it was too insolvent to save. Pursuant to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), the FSLIC was abolished along with the FHLBB, and the FSLIC savings and loan deposit insurance responsibility was transferred to the FDIC. The FSLIC Resolution Fund was created to assume all the assets and liabilities of the FSLIC, which was to be funded by the Financing Corporation (FICO).

References

1. Kushmeider, Rose (2006-01-20). "The U.S. Federal Financial Regulatory System". Federal Deposit Insurance Corporation. Retrieved 2010-11-10.

*Source: http://en.wikipedia.org/wiki/Federal_Savings_and_Loan_Insurance_Corporation
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