



Mr. Bill
SAYS...

2nd in 3 Part Series focusing on

The Deposit Insurance Corporation

Makes Your Money Safe

Established by the Central Bank in 1986, the Deposit Insurance Corporation is responsible for protecting your financial deposits against potential loss, providing coverage of up to \$50,000.00 (the 2007/2008 Budget proposes an increase to \$75,000.00).

What is covered by the Deposit Insurance (Fund)?

The Deposit Insurance Fund provides insurance protection to depositors against the potential loss of their deposits held in financial institutions registered under the Financial Institutions Act. Only deposit instruments issued by these institutions are covered (these instruments are outlined below) and not instruments of an investment nature. The Deposit Insurance Fund provides coverage to depositors up to a maximum of \$50,000 currently but the 2007-2008 National Budget proposes an increase to \$75,000.

Exactly What Products are Covered by the DIC?

Deposits received by a licensed financial institution are insured. These include the following:

Normal Deposits

- Savings Accounts (principal + interest up to a maximum of \$50,000)
- Current Accounts (including interest up to a maximum of \$50,000)
- Fixed Deposits (including interest up to a maximum of \$50,000)
- Interest Payable up to the day before the date of closure of the institution

Other Deposits

- Outstanding or uncleared balances for which the financial institution has issued a certificate, receipt, cheque, money order, draft or other such instrument.

The current coverage is up to a maximum of \$50,000 for each depositor in respect of deposits held in each financial institution.

Examples of instruments **not covered by DIC** are:

- Letters of credit;
- Stand-by letters of credit, and similar instruments;
- Inter-bank deposits;
- Deposits from affiliated companies;
- Foreign currency accounts and
- Investment accounts

Have Claims Ever Been Made on The DIC?

In December 1986 (the same year in which the DIC was established), upon the application of the Central Bank, the High Court gave orders for closure of four financial institutions. On December 22, 1986, the DIC was required to initiate insurance payments to depositors in these organizations – a deposit insurance liability of \$191 million within a period of 90 days. DIC was required to make payments to over 13,000

depositors. During the period 1988 and 1993, additional payments totaling \$27.5 million were paid out to depositors of the four financial institutions.

Tips for Depositors

- If you change your address notify your banker immediately to have the records reflect the new address.
- Be aware of the implications involved in using your deposit as a guarantee for someone else's loan. Ask your banker about your deposit insurance coverage under these arrangements.
- If you use your deposit held in Bank A as collateral for a loan for a friend or relative in Bank B and Bank A subsequently fails, the following will obtain:-
Deposit in Bank A will be assigned to Bank B. As such, the payout of deposit insurance will not be made to the depositor in Bank A, but to the institution Bank B.
- Be aware of the extent of coverage within the different types of deposit accounts. Ask your banker about deposit insurance coverage options for Single, Joint and Trust Accounts.
- Be aware of the products that are covered by deposit insurance!

Your MONEY... Know It To GROW It!

For further information please feel free to speak with your banker or contact the Deposit Insurance Corporation at our hotline number 1(868) 800 4342 or e-mail us at info@dictt.org. Additionally you can visit the DIC website at www.dictt.org

Look out for Part 3, which highlights the various products covered by deposit insurance.