

Advisory

Deposit Insurance Coverage Amendments

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Distribution: All CEOs/General Managers/CFOs, B.C. Credit Unions
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PURPOSE

The Credit Union Deposit Insurance Corporation of British Columbia (“CUDIC”) is notifying BC Financial Services Authority (“BCFSA”) authorized credit unions of an amendment to the *Financial Institutions Act* (“FIA”) that removes deposits made by savings institutions from the CUDIC Deposit Insurance Guarantee.

The amendment came into effect on February 18, 2022 through [Order-in-Council 78-2022](#).

[Bill 37 – 2019 Financial Institutions Amendment Act, 2019](#) amends Section 266 of the FIA by adding the following subsections:

(2.1) Payment out of the fund of the following deposits in a credit union is not guaranteed:

(a) a deposit made by or on behalf of a savings institution or a subsidiary of a savings institution;

(b) a deposit in which a savings institution or a subsidiary of a savings institution has a beneficial interest.

(2.2) Despite subsection (2.1) (a), if a savings institution or a subsidiary of a savings institution makes a brokered deposit in a credit union and no savings institution or subsidiary of a savings institution has any beneficial interest in the deposit, payment out of the fund of the deposit is guaranteed under subsection (2).

The [Interpretation Act](#) defines a savings institution as:

(a) a bank,

(b) a credit union,

(c) an extraprovincial trust corporation authorized to carry on deposit business under the Financial Institutions Act, or

(d) a corporation that is a subsidiary of a bank and is a loan company to which the Trust and Loan Companies Act (Canada) applies;

(e) [Repealed 2004-23-21.]

ADDITIONAL INFORMATION

As a result, deposits from savings institutions will be excluded from the CUDIC deposit insurance premium assessment calculation beginning in 2023. Brokered deposits will continue to be covered under the CUDIC Deposit Insurance Guarantee as long as neither the savings institution nor a subsidiary of a savings institution has any beneficial interest in the deposit.

The 2022 CUDIC premium assessment will be based on 2021 credit union year-end financial results and deposits from savings institutions will be included in the total insured deposits calculation.

Credit unions are reminded to provide savings institution data within their filing of the Financial and Statistical Returns (“FSR”) to BCFSa. The line numbers to provide savings institutions deposit values are:

- 6640 Wholesale Deposits: Savings Institutions; and
- 6645 Wholesale Deposits: Savings Institutions [Foreign Currency].

Providing this data will allow CUDIC to calculate deposit insurance premium assessments based on guaranteed deposits.

Please send any questions to depositinsurance@bcfsa.ca.