

Advisory re: Review & Comment on the Proposed DPS

DATE: February 18, 2021

DISTRIBUTION: All CEOs/General Managers/CFOs of British Columbia Credit Unions

ADVISORY NUMBER: 21-004

PURPOSE

This advisory notifies BC Credit Unions of the final review for the proposed Credit Union Deposit Insurance Corporation (“CUDIC”) Differential Premium System (“DPS”). The DPS will replace the current Risk-Based Premium Assessment Methodology (“Methodology”) used to determine the premium assessment scores for credit unions. The DPS incorporates comments received during four consultation sessions held between 2016-2019. In collaboration with CCUA, the proposed DPS methodology was presented to a select group of BC Credit Union CFOs in January 2021 for further feedback.

Comments received as a result of this advisory will be considered before the DPS is finalized in Spring 2021.

CUDIC intends to finalize the DPS in Spring 2021 with planned implementation in 2023.

BACKGROUND INFORMATION

The DPS differs from the Methodology in a number of areas including:

- **Premium Structure:** introduces “Assessment Categories” (AA, A, BB, B, C); increases the tiers of Assessment Categories from 4 to 5; and lowers the assessment rates payable between all the Assessment Categories;
- **Base Methodology:** revises capital, asset quality, earnings, liquidity and funding, and qualitative metrics.

A DPS manual and calculator have been provided as part of this consultation:

- **DPS Manual:** [The DPS Manual](#) provides a summary along with calculation, metric and assessment category details, and provides credit unions with the metrics used by CUDIC to establish the relative Assessment Category of each credit union.
- **DPS Calculator:** [The Calculator](#) assists credit unions in estimating their premium for a given year.

Credit unions can access these documents via the following link:

https://www.bcfsa.ca/index.aspx?p=consumer_news/latest_news

ADDITIONAL INFORMATION

CUDIC welcomes comments from credit unions regarding the proposed revisions.

Please send all comments to DepositInsurance@bcfsa.ca by March 17. CUDIC will treat submissions of feedback as confidential records and will not publish individual submissions or attribute content. However, please note that all submissions received are subject to the *Freedom of Information and Protection of Privacy Act*.

CUDIC will host a virtual walkthrough of the DPS Manual and Calculator during the following times:

- 1) March 3, 3pm-4pm (Overview Session)
- 2) March 10, 3pm-4pm (Follow-Up Session)

Please register for the session(s) by sending your request to DepositInsurance@bcfsa.ca, with “REGISTER” in the email subject line. A meeting invitation will be sent for the scheduled date and time.

Classification: Protected A