



International Deposit Insurance Survey



Question Version: 1

Answer Version: 1

Deposit Insurer: Korea Deposit Insurance Corporation

Address: Dongah Insurance Bldg., Dadong #33
Choong-gu, Seoul 100-180
Korea

URL: www.kdic.or.kr

Contact:

Telephone: +82 (2) 758-0209

E-mail:

Korea Deposit Insurance Corporation

Section 1: Background Information

Name of Central Bank:

The Bank of Korea

Address:

110, 3-Ga
Namdaemunno
Jung-Gu
Seoul
100-794
Korea

Telephone:

+82(2)759-4114

Internet Address:

www.bok.or.kr

Contact Person:

Name of Financial Supervisor:

Financial Supervisory Commission/Financial Supervisory Service

Address:

27, Yeidodong
Yongdungpogu
Seoul
Korea

Telephone:

Korea Deposit Insurance Corporation

+82(2)3771-5000

Internet Address:

www.fsc.go.kr

Contact Person:

Section 2: Objectives, Mandates & Powers

1. When and why was the DIS established (please provide details)?

The Korea Deposit Insurance Corporation was established in June 1996. Prior to June 1996, Korea lacked an explicit deposit insurance system for banks. Instead, there existed an implicit government guarantee on bank deposits. As for financial institutions in financial sectors other than the banks, each sector had its own method of depositor protection, usually in the form of a fund.

However, financial liberalization and evermore-fierce global marketplace brought increased competition and ensuing aggressive marketing among the financial institutions. Such atmosphere envisaged heightened likelihood of financial institution failures.

In light of such dynamic environment, the Depositor Protection Act(DPA) was enacted in December 1995, and the Korea Deposit Insurance Corporation(KDIC) was accordingly established in June 1996 to formally protect depositors of insured financial institutions and to maintain public confidence in the financial system.

1.a. What are the stated public policy objectives or mandate for your country's DIS? When was the last time they were reviewed and changed?

The purpose of the DPA is to contribute to protecting depositors and maintaining the stability of the financial system by efficiently operating a deposit insurance system in order to cope with a situation in which an insured financial institution is unable to pay its depositors due to its insolvency or bankruptcy.

1.b. What process was used to determine these objectives in your country?

Researches by scholars, the related authorities and field experts and public hearings

2. What is the legal basis under which the DIS was established? (Legislation, Formal Agreement, Private Contract, Other - Please explain)

Legislation

Depositor Protection Act and its Enforcement Decree

3. Is there a formal process for a periodic review of the policy objectives/mandates of your DIS? (Yes, No, Other - Please explain)

No

4. What sort of system do you have? (Government legislate & privately administered, Government legislated & administered, Privately established and administered, Other - Please explain)

Government legislated & privately administered

5. Who makes decisions to pay depositor claims?(Government, Central Bank, Private Sector, Regulator, Supervisor, DIS, Other - Please explain)

DIS

6. Which of the following powers has been provided to the DIS in order to carry out its mandate?

Korea Deposit Insurance Corporation

a. Authority to:

i. Enter into contracts (Yes, No, Other - Please explain)

Yes

ii. Set regulations or by-laws for conduct of its business (Yes, No, Other - Please explain)

Yes

b. Authority over entry and exit of member banks:

i. Establish terms and conditions of membership(Yes, No, Other - Please explain)

No

ii. Authority to terminate the insured status of a member institution(Yes, No, Other - Please explain)

No

c. Depositor reimbursement:

i. Effect reimbursement of depositor claims (Yes, No, Other - Please explain)

Yes

ii. Access to depositor information (Yes, No, Other - Please explain)

Yes

iii. Use various methods of reimbursing depositors claims (Yes, No, Other - Please explain)

Yes

d. Funding:

i. Determine how funding is provided for the DIS (Yes, No, Other - Please explain)

Yes

ii. Terms and conditions of premiums or levies (Yes, No, Other - Please explain)

Yes

iii. Borrowing authorities and limits (Yes, No, Other - Please explain)

Yes

e. Information Requirements:

i. Access to information directly from member banks (Yes, No, Other - Please explain)

Yes

ii. Access to information through supervisory authorities (Yes, No, Other - Please explain)

Yes

f. Enforcement and intervention:

i. Authority to conduct examinations and/or reviews (Yes, No, Other - Please explain)

Other

KDIC can request the FSC to conduct examinations and/or allow the KDIC to participate in joint examinations of the insured financial institutions. In respect of insolvent financial institutions, the KDIC can examine them for the purpose of discovering the degree of insolvency and to assess appropriate resolution methods.

Korea Deposit Insurance Corporation

ii. Authority to set standards or guidelines for member institutions (Yes, No, Other - Please explain)

No

iii. Authority to take enforcement actions against members (I.e. such as the authority to require a change in institutional control and/or behaviour). (Yes, No, Other - Please explain)

No

But in respect of insolvent financial institutions, it can request the FSC to take appropriate actions if the KDIC finds that the examined institution is at risk of insolvency.

iv. Authority to cancel deposit insurance of member institution (Yes, No, Other - Please explain)

Yes

Under the DPA, the KDIC has the right such as following(Article 21-2: Assignment and Assumption of Damage Claim Right)

(1) KDIC shall have the right to request compensation for damages from former and current employees and/or officers of applicable insolvent or at risk of insolvency financial institutions (hereinafter referred to as "insolvent financial institutions" and includes their liquidators and bankruptcy administrators for this Article), persons responsible for insolvency or creating a risky circumstance pursuant to each Subparagraph of the Commercial Code 401 - Paragraph 2-1, default debtors of the insolvent financial institutions (if the debtor is a corporate entity: the former and current employees/officers of such corporation; persons falling under each Subparagraph of the Commercial Code 401 - Paragraph 2-1; and major shareholders as determined by the Presidential Decree) and from relevant third party entities (hereinafter referred to as "insolvency related entities").

1. Institutions that the KDIC has been determined to be eligible for insurance claim payments or such payments have already been made according to [Article 31 and Article 34 - Paragraph (1)].

2. Institutions that are applicable under [Article 36-3 - Paragraph (1)], that have been mandated by the KDIC to transfer their operations or client contracts to the KDIC or the KDIC has decided to make deposit and bond payments, or such payments have already been made.

3. Institutions to which the KDIC has decided to provide financial support or has already provided such assistance according to [Article 38].

(3) In the case that an applicable institution does not comply with the mandates of the KDIC under Paragraph (1), the KDIC can immediately assume and carry out damage payment request from the entities and individuals that caused or contributed to the insolvency.

v. Authority to hold officers and directors of failed institutions accountable for the failure of the institution (Yes, No, Other - Please explain)

No

Basically FSS decides the form of failure resolution but the resolution method needs the approval of the Public Fund Oversight Committee that make a decision whether it accords with the least cost principle.

g. Failure resolution:

i. Authority to decide on appropriate form of failure resolution (Yes, No, Other - Please explain)

Yes

Korea Deposit Insurance Corporation

ii. Authority to provide financial assistance (e.g. in the form of a loan (with or without security), by purchasing assets from the institution or through some other process). (Yes, No, Other - Please explain)

No

iii. Authority to guarantee deposits with member institutions or guarantee loans made to an institution by other parties. (Yes, No, Other - Please explain)

undertake formal liquidation, purchase and assumption (sale and merger), open assistance (bridge bank)

iv. Authority to: (Undertake formal liquidations, Purchase and assumption (sale and merger), Open assistance (bridge bank), Other forms of failure resolution - Please explain)

Yes

h. Optimizing recoveries:

i. Ability to act as a receiver (Yes, No, Other - Please explain)

Yes

ii. Ability to act as a liquidator (Yes, No, Other - Please explain)

No

Section 3: Governance Arrangements

1. Is the DIS a legally separate organization from other public or private bodies? (Yes, No - Please explain, Other - Please explain)

Yes

2. What is the form of governance used by the DIS organization? (Board of Directors, Administrative Board or Committee, Advisory Board or Committee, Other - Please explain)

Board of Directors, Other

The Policy Committee is the highest decision-making body and the Board of Directors is the highest executive body.

3. How is the governing body selected?

KDIC is governed by a board of directors and the Policy Committee ("Committee"). The Committee is comprised of nine individuals in all including the Chairman, who do also the president of KDIC. Other members are: the Vice Minister of the Ministry of Finance and Economy (MOFE), the Vice Minister of the Ministry of Planning and Budget, the Vice Chairman of the Financial Supervisory Commission, the Deputy Governor of the Bank of Korea, a person commissioned by Minister of the MOFE and three other persons recommended by Minister of the Ministry of Planning and Budget, the Chairman of the Financial Supervisory Commission, and the Governor of the Bank of Korea respectively and commissioned by the Minister of the MOFE.

The Board of Directors is comprised of one President, one Senior Executive Director, four Executive Directors and one Auditor. The president of the KDIC is appointed by the President of the Republic of Korea upon the recommendation of the Minister of the Ministry of Finance and Economy. The directors are appointed by the Minister of the Ministry of Finance and Economy upon the recommendation of the president of the KDIC and a statutory auditor is appointed by the Minister of the Ministry of Finance and Economy as well.

Korea Deposit Insurance Corporation

4. What is the composition of (e.g. number of persons and positions) the governing body?

See the answer to the Question 3

5. What are the duties and responsibilities of the governing body?

The Policy Committee establishes the basic direction relating to the operation of the KDIC, in accordance with DPA, orders issued thereunder, or under the Articles of Incorporation, and deliberates matters such as the operation plan of the Deposit Insurance Fund.

The Board of Directors renders decisions on various things such as matters that require deliberation and decision-making by the Policy Committee, Enactment or amendment and nullification of rules and regulations related to the operation of the KDIC.

6. Is there any direct or indirect representation in the management of the DIS by member insured institutions, the Central Bank, the Regulator, the Supervisor or other parties? (Yes, No, Other - Please explain)

Yes

As explained above, some members of the Policy Committee, the highest decision-making body, are from the governments, central bank and supervisor.

7. Please provide a breakdown of the management structure of the DIS.

8. Do you have an internal control and audit systems.(Yes, No, Other - Please explain)

Yes

9. Are directors and officers of the DIS and/or supervisors personally liable for their decisions in the normal course of their activities? (Yes, No, Other - Please explain)

No

10. Is there an advisory committee to the DIS?(Yes, No, Other - Please explain)

Yes

11. Has the DIS ever taken legal action against directors of failed member institutions? Or others? What position did the person(s) hold? (Yes, No, Other - Please explain)

Yes

Persons responsible for insolvency or creating a risky circumstance among former and current employees and/or officers of insolvent or at risk of insolvency financial institutions

12. Please indicate what tools are used as part of your management accountability regime. (Annual Reports, Audited financial statements, Corporate/business plan, Other reporting requirements)

Annual reports,Other

Official modality of accountability of the actions taken by KDIC are the annual National Audit by the National Assembly of Korea, KDIC's report to Special National Assembly hearings or the Ministry of Finance and Economy's supervision.

Section 4: Human Resources & Infrastructure

1. What is the total number of employees at the DIS?

KDIC presently has 318 full-time employees and 374 individuals working on contract basis.

Korea Deposit Insurance Corporation

2. Are the majority of DIS employees dedicated staff or do they come from other organizations (i.e. government, central bank, private sector)? (Yes, No, Other - Please explain)

Yes

The majority of KDIC's employees are dedicated staff.

3. Does the DIS train and develop its own staff? If so, briefly describe programs which have been put in place for training and development? (Yes - Please explain, No, Other - Please explain)

Yes

KDIC has a number of programs which have been put in place to provide training and development opportunities for employees. These include in-house information systems training, workshops and seminars utilizing outside instructors, resources or off-site training and development programs and conferences.

4. Is there shared training and development between the staff of the DIS and other authorities involved in financial sector supervision or regulation? (i.e. central bank, supervisor, regulator, other) (Yes, No, Other - Please explain)

No

5. Are compensation and incentives offered sufficient to attract and retain skilled staff? Please elaborate. (Rank on a scale from 1 to 5 where 1 is not at all adequate and 5 is extremely adequate)

3

6. Are confidentiality provisions for employees provided for?(Yes, No, Other - Please explain)

Yes

7. Do employees of the DIS receive legal protection against lawsuits for their actions taken in good faith and acting in the best interests of the DIS? (Yes, No, Other - Please explain)

No

8. What percentage of the budget is spent on training and development and information technology?

Training and development currently takes up 2% of KDIC's operating expenses and the total IT spending(the budget of Office of Information Resources Management) makes up approximately 3% of the total annual budget.

Section 5: Information Sharing & Interrelationship Among Safety-Net Players

1. Who performs examinations of DIS member institutions? (Central Bank, Supervisor, Regulator. DIS, Other - Please explain)

Supervisor

The primary supervisor, FSS, performs examinations but KDIC can also participate in joint examinations with FSS as in answer 2 below.

2. Please describe the examination process that is used to evaluate member institution performance.

KDIC does not usually perform regular audits or examinations of its member institutions. The primary supervisory authority, Financial Supervisory Service examines the affairs of all the financial institutions under the Financial Supervisory Commission's direction. But the KDIC can request the FSC to conduct examinations and/or allow the KDIC to participate in joint

Korea Deposit Insurance Corporation

examinations of the insured financial institutions. Also, the KDIC can examine insolvent financial institutions for the purposes of discovering the degree of insolvency and to assess appropriate resolution methods.

3. What information is collected from member institutions for the DIS and other parties?

Each financial institution including Banks, Merchant Banks, MSFCs, Credit Unions should report its current deposits information to KDIC through the Internet in real time every 5 days, 15days, and 30days. The information is about 1) Current depository balance-demand deposits accounts, savings accounts, trust deposit account, etc., 2) the Amount of the insured deposits and the Number of depositors classified according to the deposit scale, 3) Opening-closing ratio per 1 month, 4) Deposit amount classified according to its maturity. In addition, there is ongoing off-site monitoring system which helps minimize the potential loss of individual banks. For the monitoring system KDIC uses various materials; institutional data sources(ex. annual reports, press releases, published financial statements), public data sources(ex. rating agency reports, newspapers, journals, and magazines) and regulatory material sources(ex.. examination reports, surveillance and monitoring material, regulatory reports.

4. What arrangements (i.e. formal or informal) are in place between organizations responsible for deposit insurance and other parties comprising the safety-net (e.g. central bank, supervisor, regulator) regarding the sharing of information concerning member institutions? Please provide details of these agreements.

To share information efficiently, FSS, BOK and KDIC made the conference. If equipped with fully loaded information about each financial institution through the seamless conference, each agency concerned can lift the quality of approaching its own supervisory goal. So far, we have taken a big step regarding information sharing, enough to share their own information through a computerized network. And FSS, BOK and KDIC are cooperating to share their all information on a computerized network along with a safety net.

5. On a scale from 1 to 5, 1 being low and 5 being high, please rate both the accessibility (i.e. access to all necessary information for the DIS to fulfill its mandate) and timeliness (i.e. information is received when needed) of information that is shared amongst members of the safety net.

Accessibility

3

Timeliness of information

4

6. Is there a consistent definition/classification across authorities of problem institutions? (Yes, No, Other - Please explain)

Yes

Under the DPA and the Act Concerning the Structural Improvement of the Financial Industry, there are two common definitions regarding problem institutions. The first one is "failed financial institutions" which means the following insured financial institutions:

(a) Insured financial institutions, the liabilities of which are found to exceed their assets as a result of due diligence, or insured financial institutions as and when they becomes clear that it would be difficult to manage the institutions normally because their liabilities are in excess of their assets due to occurrence of large scale of financial losses or non-performing assets, which are so determined by the Financial Supervisory Commission or the Policy Committee mentioned in [Article 8];

(b) Insured financial institutions which have suspended payment of deposits and other claims, or

Korea Deposit Insurance Corporation

of redemption on borrowed money from other financial institutions; and
(c) Insured financial institutions for which the Financial Supervisory Commission or the Policy Committee mentioned in [Article 8] deems it would be difficult for the institutions to pay deposits and other claims or redeem borrowed money without financial assistance or separate external borrowing (excluding borrowing incurred in respect of ordinary financial transactions);
And the second one is "failing or insolvency-threatened financial institutions" which means insured financial institutions whose financial structures are so unsound that the Policy Committee mentioned in [Article 8] deems insolvency is imminent.

7. When policy regarding the DIS and financial sector is developed or amended, what other bodies are consulted and/or advised?

The tasks of financial policy-making and institutional supervision are conjointly executed by the Ministry of Finance and Economics, the Financial Supervisory Commission, the Financial Supervisory Service, the Bank of Korea and the KDIC.

8. Are details shared regarding such matters? And is discussion encouraged prior to implementation? Please provide details.

Prior to implementation, discussion or consultation regarding such matters is required among the related parties.

9. How often do you contact other DIS? (Never, Occasionally, Regularly, Other- Please explain)

Occasionally

We do not maintain a regular channel of communication with domestic DISs(deposit insurance funds independently operated by financial sectors that are not protected by the KDIC).

We contact abroad DISs when ever we need to solicit guidance or information from them or when have obtain information that we believe might be useful to share.

10. When the regulator, supervisor or central bank enters into an agreement with a financial institution that is experiencing problems is the DIS consulted? (Yes, No, Other - Please explain)

Yes

Section 6: Membership

1. What types of institutions are covered in your DIS?

Banks, Securities companies, Insurance companies, Merchant banks, Mutual savings & finance companies and Credit Union are insured by the KDIC

2. Is membership in the DIS mandatory for designated deposit taking institutions? (Yes, No, Other - Please explain)

Yes

3. Do you have terms and conditions of membership? (i.e. laws, regulations or agreements and regulations which member institutions have to abide by) If so, please explain the application process used and any conditions of membership imposed on institutions by the DIS. (Yes - Please explain, No, Other - Please explain)

No

4. Is the membership of foreign institutions (i.e. foreign bank branches and/or subsidiaries) covered in the same way as domestic institutions? If not, please describe the difference. (Yes - Please explain, No, Other - Please explain)

Yes

Korea Deposit Insurance Corporation

5. If more than one safety-net organization is responsible for the application process for membership, how is the application process coordinated between the parties responsible?

Once Financial Supervisory Commission gives a new institution approval of the incorporation and license, it becomes automatically a new member of KDIC.

6. Are deposit-taking institutions required to re-apply for membership after a certain period of time? (Yes, No, Other - Please explain)

No

7. How many member institutions do you have?

1,590(as of February 31,2002)

8. What is the total level of assets, deposits and insurable deposits of all DIS member institutions?

Insurable deposits- 609,830 billion won(as of January, 2002)

Section 7: Coverage

1. Is there a formal definition of a deposit and or insured deposit used by your DIS? If so what is it? (Yes - Please explain, No, Other - Please explain)

Yes

The definition of "deposit" used by the KDIC is in the Depositor Insurance Act: The term "deposits" means those falling under any of the following Subparagraphs, provided that the scope may be restricted by the Presidential Decree:

(a) Money which insured financial institutions as provided in Subparagraph1 (a) through (i) (hereinafter referred to as "banks") have raised by bearing liabilities from unspecified persons in the form of deposits, installment deposits, or other money installments, and money which they have raised through money trusts whose principals are compensated under Article 10 Paragraph (2) of the Trust Business Act;

(b) Money which any customer has deposited in insured financial institutions as provided in Subparagraph1 (j) (hereinafter referred to as "securities companies") in connection with buying and selling of securities or other transactions;

(c) Insurance premiums which insured financial institutions as provided in Subparagraph1 (k) (hereinafter referred to as "insurance companies") have received according to any insurance contract;

(d) Money which insured financial institutions as provided in Subparagraph1 (l) (hereinafter referred to as "merchant banks") and the banks and securities companies that merged into a merchant bank, in accordance with the Financial Industry Restructuring Act, have raised pursuant to Article 7 - Paragraph (1) of the Merchant Banks Act, by issuing bills and selling financial products to unspecified persons for the purpose of investing the funds in securities, and pay profits therefrom as dividends

(e) Money which insured financial institutions as provided in Subparagraph1 (m) (hereinafter referred to as "mutual savings and finance companies") have raised in the form of fraternity dues, installments, deposits and installment deposits, etc.; and

(f) Money which insured financial institutions as provided in Subparagraph1 (n) (hereinafter referred to as "credit unions") have raised in the form of investments, deposit money and

Korea Deposit Insurance Corporation

installment deposits;

2. What types of deposits are eligible for coverage in your DIS?(Savings account, Chequing account, Annuity contracts, Certificates of deposit, Guaranteed investment certificates, Travellers cheques, Money orders, Certified drafts or cheques, Foreign currency deposits, Inter-bank deposits, Other - please explain)

Savings account, Other

In general, the money that is simply being kept in the insured financial institutions for safe keeping with a nominal interest and with no relationship to any type of performance-based-yield products is construed as the insured deposits.

(1) Banks: Deposits, Installment Savings

(2) Securities Companies: Savings Deposits, Cash and Deposits for investment purposes

(3) Insurance Company: Premium Income from individual and surety contracts, Premium Income from resignation surety contracts

(4) Merchant Banking Corporations (MBCs): Deposits in relations to bank issued notes, Cash Management Account (CMA)

(5) Mutual Savings Bank (MSB): Loan association fund deposits, regular deposits, Installment savings

(6) Credit Unions: Deposits, Installment Savings, equity participation funds

3. Coverage is: (per depositor account, per depositor, per institution, per depositor per institution, other - please explain)

per depositor per institution

4. What is the coverage limit?

50 million KRW

5. How was this figure arrived at?

Percentage in terms of amounts of deposits and the number of accounts had been evaluated and then the coverage limit was decided at the level of 50 million KRW which covers more than 90% deposit accounts and around 40% of deposits amount in the bank.

6. For eligible financial instruments with maturity dates, what is the longest contract term covered by the DIS?

No limit

7. What types of depositors are eligible for coverage in your DIS? (Foreign (non-residents), Officers & directors of member institutions, Corporations (domestic), Corporations (foreign), Other - Please explain)

Foreign (non-residents), Officers & directors of member institutions, Corporations (domestic), Corporations (foreign), Other

Under DIA, the term "depositors" means those who have deposits and other claims on insured financial institutions;

8. Is the coverage amount indexed? (Yes, No, Other - Please explain)

No

9. What is it indexed to?

10. Does your DIS use coinsurance? If coinsurance is used please describe the approach used. (Yes, please explain, No - go to 12, Other -please explain)

Korea Deposit Insurance Corporation

No

11. Is the public widely aware of the presence of coinsurance? (Yes, No, Other - Please explain)

12. Are coverage levels affected by resolution methods? If so, please explain. (Yes, No, Other - Please explain)

Yes

If a failed institution is resolved by the financial assistance or P&A, there is no loss for depositors and deposits are fully insured. However, deposits are insured up to 50 million KRW if it is resolved by the deposit payoff.

13. Is there public expectation that the DIS coverage limit would be extended to 100% coverage in the event of a banking crisis or the failure of a very large institution? Please provide recent examples, if applicable. (Yes, No, Other - Please explain)

No

There have been some incidents of deposit payoff when the deposits of some credit unions and mutual savings bank have not been protected over the coverage limit.

14. How is a decision made on the insurance eligibility of new financial products?

A description of new or proposed new financial products is usually provided to KDIC by the member institution. KDIC then determines the eligibility of the deposit by assessing its features and characteristics with those incorporated into the definition of a "deposit" contained in the DPA.

15. When member institutions merge how are insured deposits treated?

If an amalgamation of KDIC members results in total insurable deposits with the new member institution exceeding the 50 million KRW maximum, your insured deposits in each institution on the date of merger continue to be insured for up to one year.

Section 8: Funding & Fund Management

1. What type of funding is used by the DIS? a. Ex-ante (defined as the accumulation of a reserve or fund to cover deposit insurance claims in anticipation of the failure of a member institution) b. Ex-post (defined as an assessment of levied after the failure if a member institution to provide funds to cover deposit insurance claims) c. A combination of the above two approaches d. Other - Please explain

2. Is the DIS funded by levying insurance premium assessments against member institutions or by some other means such as general tax revenues? (Premium Assessment, Other - Please explain)

3. If insurance premiums are assessed, are they assessed as a flat rate or are they differential in some way, please explain?

4. What is the current premium rate? If there have been changes to this rate details would be appreciated.

5. How often is the premium assessed?

6. Is the premium assessed on total deposits, insured deposits or something else?

7. Are premiums paid by member institutions tax deductible as a business expense? (Yes, No, Other - Please explain)

8. For premiums that are differentiated please explain the risk assessment system that is used to ascertain a premium assessment.

Korea Deposit Insurance Corporation

9. Does the DIS have a target with respect to the size of the DIS fund? (Yes, No, Other - Please explain)
10. How is the optimum level (i.e. target) of the fund determined?
11. What investment policies (i.e. safeguards against abuse) exist concerning the use of the fund?
12. If a fund is not maintained, is an assessment levies on institutions after the failure of a financial institution has occurred? If so, please explain how the levies are determined and losses distributed among institutions. (Yes, No, Other - Please explain)
13. Is any income arising from the investment of the fund subject to corporation or incomes tax? (Yes, No, Other - Please explain)
14. Which of the following sources of additional funding, for emergency or liquidity purposes, does the DIS have access to? (Government funding, Access to financial markets, Other - Please explain)
15. Are member institutions required by law to issue, on a regular basis, subordinated debt? (Yes, No, Other - Please explain)

Section 9: Reimbursing Depositors

1. Please describe the procedure for reimbursing depositors that is used by your DIS?
2. Are depositors required to file a claim wen a member institution fails? If so, what is the process? (Yes - Please explain, No, Other - Please explain)
3. When is the DIS obligated to reimburse insured depositors?
4. Is there an established legal basis upon which to base the reimbursement process? Please explain. (Yes - Please explain, No, Other - Please explain)
5. Is the DIS subject to explicit standards for prompt reimbursement? If so what are they? (Yes - Please explain, No, Other - Please explain)
6. What methods of payment can be used and under what circumstances are they used?
7. Are the rules regarding clearing, set-off, trust accounts and related issues well defined (through the legal system or formal agreement)? (Yes, No, Other - Please explain)
8. What are the financial institutions obligated to hold with respect to deposit records?
9. When is the DIS given access to an institution's financial and depositor records?
10. Does the DIS have the option of making advance payments to depositors in situations of dire need (i.e. in an emergency)? (Yes, No, Other - Please explain)
11. Does the DIS make interest payments to depositors during the time taken for reimbursement? Please explain. (Yes, No, Other - Please explain)
12. What information is communicated to depositors regarding the reimbursement process?
13. What process does the DIS use to ensure that depositor secrecy and confidentiality is maintained during the reimbursement process?
14. What steps are taken to verify, reconcile and settle insured deposit accounts?

Korea Deposit Insurance Corporation

15. What steps are taken to ensure that an institution's depositor records are accurate, up to date and accessible?

16. Does the DIS document its experiences with respect to each reimbursement action (i.e. lessons learned) in order to allow for continuous improvement? (Yes - Please explain, No, Other - Please explain)

17. What technologies does/can the DIS use to facilitate the reimbursement process?

Section 10: Public Information & Awareness

1. What obligations are there to inform the public?

2. Who is responsible for communicating information about the DIS to the general public? (DIS, Supervisor, Regulator, Central Bank, Government, Other - Please explain)

3. Are these explicitly stated in policy or law? Please explain.

4. Are the terms and conditions of DIS explained in a manner that the general public can understand fully? (Yes, No, Other - Please explain)

5. If so what methods are utilized? (Brochures, Use of "Official Sign" to display insured status, Telephone call centre, Website, Other - Please explain)

6. At what point is information disclosed to the public about an institution that is having problems and how is information disclosed?

7. Has a survey of public awareness about the DIS been conducted? If so what were the results? If not why not? Please email any supporting documentation.

8. Has the DIS ever embarked on a public awareness campaign to increase awareness and knowledge? If yes how many times has this been done and when was the last time? (Yes - Please explain, No - Please explain, Other - Please explain)

9. Please describe the approach used; objectives, target audience, communication strategy, timing and results.

Section 11: Risk Assessment & Intervention

1. Does the DIS have a risk monitoring function to analyze and assess the risk of member institutions? (Yes, No - Please explain, Other - Please explain)

2. Does the DIS perform examinations of its member institutions? If not who does? (Yes, No - Please explain)

3. Does the DIS receive information/data/statistics directly from its member institutions or from a third party, such as a regulator or supervisor? If so what information is received and how often? (Yes, No, Other - Please explain)

4. What is the risk assessment approach used by the DIS to monitor financial institutions? Please describe. Please be sure to include the criteria used to determine member institution risk.

5. Please list and describe the actions taken by the DIS in situations where member institutions are causing concern. Please indicate when coordination occurs with other supervisory/regulatory authorities and the mechanisms used.

Korea Deposit Insurance Corporation

Section 12: Failure Resolution

1. IS Your DIS involved in the failure resolution of member institutions? (Yes, No, Other - Please explain)
2. Under what circumstances can the DIS cancel/terminate the deposit insurance of a member institution?
3. Who determines whether a member institution has failed or is "insolvent"?
4. How is the failure/non viability of a member institution determined?
5. How many member institutions have failed in your country in the last 10 years?
6. Do banks go through the regular corporate bankruptcy process? If no, what is the process used? (Yes, No, Other - Please explain)
7. Is the receiver of failed institutions also the one that disposes of the institutions? If not, who does? (Yes, No, Other - Please explain)
8. Which methods of failure resolution are used in your country to deal with failures. Also, please indicate the frequency of use of the various methods in the last 10 years. (Formal liquidation, Purchase and assumption (sale and merger), Open bank assistance (e.g. recapitalization), bridge banks and other interim solutions, Other - Please explain)
9. What criteria are used to determine the method of failure resolution?
10. Is the deposit insurer required to resolve failed or failing insured depository institutions in a manner that is least costly to the DIS? (Yes, No, Other - Please explain)
11. Please indicate what kind of private companies, if any, are included in the failure resolution process and why?

Section 13: Claims, Recoveries & Estate Management

1. Does the DIS play a role in the claims and recoveries process? If yes please describe this role. (Yes - Please explain, No, Other - Please explain)
2. What is the primary objective of the DIS when dealing with claims and recoveries (i.e. maximization of nominal and present value recoveries, financial system stability, system discipline, other)?
3. What role does the private sector play in the claims and recoveries process?
4. What approaches and strategies are adopted by the deposit insurer to accomplish the objectives of claims and recovery activities?
5. By what standard is the DIS judged with respect to performing its function in claims and recoveries (ex. Comparative private sector or DIS benchmarks, internal assessment, past experience, other)?
6. What assets have you found to be the hardest to recover? Why? What types of strategies have been used to recover different assets?
7. Does the DIS have rights of "subrogation" (i.e. the subrogation of insurance entity to the rights of insured depositors) or an equivalent arrangement? (Yes, No, Other - Please explain)

Korea Deposit Insurance Corporation

8. Is there depositor priority when banks fail? (i.e. Do depositor claims rank in priority above other unsecured creditors in the liquidation of a bank?) (Yes, No, Other - Please explain)

9. Are the rights of "set-off" available or imposed in your country's legal system? Please describe the various forms set-off can take. (Yes, No, Other - Please explain)

Section 14: Other Issues

1. What is your view on recent trends and emerging issues in the financial sector in your country and the potential impact they might have on the DIS?

2. Are there any issues related to deposit insurance which you would like to see more research in?

End of Report