

Member Profile

Deposit Insurance Corporation (Trinidad and Tobago)

A founding Member of IADI



Office of the DIC

The **Deposit Insurance Fund** was established in 1986 by an amendment to the Central Bank Act . The **Deposit Insurance Corporation** is responsible for the management and administration of the Fund. The Fund provides protection to depositors who hold deposits payable in Trinidad and Tobago dollars at financial institutions licensed by the Central Bank of Trinidad and Tobago. Membership is mandatory. At present , there are twenty three member institutions of the Fund including six commercial banks. Insurance coverage is limited to TT\$50,000.00 (approximately US\$8,000.00) per depositor per institution.



Junior Frederick, General Manager DIC

Management Structure

The Act provides for the Fund to be administered by a five (5) member Board of Management appointed by the Minister of Finance. Two (2) members represent the Central Bank and one (1) represents the Minister of Finance. The requirements for the two (2) other appointees are that they must have knowledge and experience in banking, commerce, accounting, insurance or law. The chief

executive of the Corporation is the General Manager who reports to the Board of Management.



Photo of the Management Team: From left to right – **Ms. Fern Narcis**, Corporate Secretary/ Legal Officer, **Mr. Noel Nunes**, Risk Assessment, Insurance and Liquidations Officer, **Mr. Junior Frederick**, General Manager and **Ms. Jacqueline Fermin**, Head, Corporate Services and Finance



Photo of the Board of Management: From left to right – **Mr. Ewart Williams**, Chairman, **Ms. Shelley Collymore**, Director, **Mrs. Nicole Crooks**, Alternate Director, **Ms. Wendy Ho Sing**, Director and **Mr. Patrick Ferreira**, Director

Sources of Funding

The two main sources of the Corporation's funding are:

(a) Compulsory contributions from Fund members and the Central Bank in the form of:

1. Initial contributions paid by all commercial banks and financial institutions when the Fund was first established in 1986. An initial contribution is also payable by an institution licensed for the first time. The Central Bank is required to pay a matching contribution into the Fund for a newly licensed institution
2. Annual premiums payable by all members.
3. Special contributions which may be levied on members if in the opinion of the Corporation the Fund has made or is likely to make payment to depositors which has exhausted or is likely to exhaust the Fund. The Central Bank is required to pay a matching special contribution.

(b) Investment income from its portfolio of investments.

Investment Activities

The investment activities of the Corporation are governed by the enabling legislation

("... accumulate, manage and invest funds collected") and by a formal policy document approved by the Board of Management. The primary responsibility for investment rests with the Board of Management, to whom an Investment Committee (which includes three Board members) and the executive management report.

The Corporation's investment portfolio consists of mainly Trinidad and Tobago Government securities.

Liquidation Activities

Under the Act, the Corporation may be appointed liquidator of an insolvent financial institution. Since implementation of the scheme in Trinidad and Tobago, eight (8) financial institutions have been closed and the Corporation has been appointed liquidator in all cases.

Relationship between the Deposit Insurance Corporation and the Central Bank

The Corporation is a separate entity from the Central Bank. However, there are several statutory provisions, which set out the relationship that is to exist between the two institutions. These are as follows:

(a) Capital Contribution and the Payment of Matching Contributions

The Central Bank is the only contributor to the authorised capital of the Corporation. The Central Bank also pays into the Fund the equivalent of any initial contributions or special contributions made by member institutions. Provision is made for premium rates to be set by the Minister of Finance after consultation with the Central Bank. At present , premiums and contributions are levied using a flat rate with reference to deposit liabilities held by the institution at pre-established dates.

(b) Representation on the Board of Management

The Central Bank is represented by two members on the Board of Management.

(c) Staffing and provision of services

The Corporation may enter into an agreement with the Central Bank for the secondment of staff and the provision of services.

(d) Triggering of insurance payments

Deposit insurance is payable only where Central Bank has closed an institution as a result of financial difficulties, and the Corporation is so advised by the Central Bank.

(e) Information sharing and collaboration

The Corporation can be provided with reports of the Inspector of Banks at the discretion of the Governor of the Central Bank. The Central Bank and the Corporation can also collaborate in matters relating to the suspension, closure or restructuring of a member institution of the Fund.