

# International Deposit Insurance Survey

## Section 1: Background Information

### 1.1 Organization (deposit insurer) responsible for administering the deposit insurance system:

#### 1.1.1 Organization Name:

Jamaica Deposit Insurance Corporation (JDIC)

#### 1.1.2 Organization Address:

30 Grenada Crescent, Kingston 5, Jamaica, West Indies

#### 1.1.3 Organization Telephone No:

(876) 926-5225/968-7398

#### 1.1.4 Organization Fax No:

(876)920-9393

#### 1.1.5 Organization Internet Address:

[www.jdic.org](http://www.jdic.org)

### 1.2 Contact Person(s):

#### 1.2.1 Contact Person(s) Name:

Antoinette McKain

#### 1.2.2 Contact Person(s) Address:

30 Grenada Crescent, Kingston 5, Jamaica, West Indies

#### 1.2.3 Contact Person(s) Telephone:

(876) 926-5225/968-7393

#### 1.2.4 Contact Person(s) Fax:

(876) 929-0355

#### 1.2.5 Contact Person(s) E-mail address:

[antoinette.mckain@jdic.org](mailto:antoinette.mckain@jdic.org)

#### 1.2.6 Are there other deposit insurance systems operating in your country ? (i.e. applying to other types of non-bank or non-depository institutions e.g.. insurance, securities) Please state their name(s) and contact information:

Yes. Credit unions have their own insurance system (Stabilization Fund). For further information contact: Jamaica Co-operative Credit Union League Limited, Telephone: (876) 926-7767-9. Please note that regulations are being developed to bring credit unions under the Bank of Jamaica prudential supervision and once this is done credit unions will fall under the Corporation's mandate.

**1.3 Please provide information on other participants in your financial system safety-net:**

**1.3.1 Name of Central Bank:**

Bank of Jamaica

**1.3.2 Central Bank Address:**

Nethersole Place, Kingston, Jamaica, West Indies

**1.3.3 Central Bank Telephone:**

(876) 922-0750 - 9

**1.3.4 Central Bank Fax:**

(876) 922-0854 or 922-2519

**1.3.5 Central Bank Internet Address:**

[www.boj.org.jm](http://www.boj.org.jm)

**1.3.6 Central Bank Contact Person:**

Mrs. Gayon Hosin, Deputy Governor, Financial Institutions Supervisory Division

**1.4 Financial Supervisor:**

**1.4.1 Financial Supervisor Name:**

Bank of Jamaica, Financial Institutions Supervisory Division

**1.4.2 Financial Supervisor Address:**

P.O. Box 621, Kingston, Jamaica, West Indies

**1.4.3 Financial Supervisor Telephone:**

(876) 922-0750-9

**1.4.4 Financial Supervisor Fax:**

(876) 922-0854 or 922-2519

**1.4.5 Financial Supervisor Internet Address and contact:**

[www.boj.org.jm](http://www.boj.org.jm)

**1.5 Other related entities:**

**1.5.1 Other Related Entities Name:**

Financial Services Commission

**1.5.2 Other Related Entities Address:**

39-43 Barbados Avenue, Kingston 5, Jamaica, West Indies

**1.5.3 Other Related Entities Telephone:**

(876) 906-3010-2 (876) 906-3010

**1.5.4 Other Related Entities Fax:**  
(876) 906-3018

**1.5.5 Other Related Entities Internet Address:**  
www.fscjamaica.org

## **Section 2: Objectives, Mandates & Powers**

### **2.1.1 When and why was the DIS established (please provide details)?**

The DIS was established in August 1998 to protect small depositors and to restore and maintain confidence and stability in the financial system after the failure of a number of financial institutions in 1994 and 1995.

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

To manage a scheme for insurance of depositors and in so doing to ensure there is the least possible exposure of the Corporation to loss.

### **2.1.3 What process was used to determine these objectives in your country?**

A special Task Force was set up to discuss and research the subject and prepare a Policy Paper.

### **2.1.4 What is the legal basis under which the DIS was established? Please provide a copy.**

Legislation

Legislation

### **2.1.5 Is there a formal process for a periodic review of the policy objectives/mandates?**

No

### **2.1.6 What sort of system do you have?**

Government legislated and administered

### **2.1.7 Who makes decisions to pay depositor claims?**

DIS

## **2.2 Which of the following powers has been provided to the DIS in order to carry out its mandate?**

### **2.3 Authority to**

#### **2.3.1 Enter into contracts**

Yes

#### **2.3.2 Set regulations or by-laws for conduct of its business**

No

Minister of Finance on recommendation of JDIC.

## **2.4 Authority over entry and exit of member deposit taking institutions**

#### **2.4.1 Establish terms and conditions of membership**

No

#### **2.4.2 Authority to terminate the insured status of a member institution**

Yes

### **2.5 Depositor reimbursement**

#### **2.5.1 Affect reimbursement of depositors claims**

Yes

#### **2.5.2 Access to depositor information**

No

Not directly but via Bank of Jamaica Financial Institutions Supervisory Division. However, during a payout the DIS has direct access to depositor information.

#### **2.5.3 Use various methods of reimbursing depositors claims**

No

DIS currently expressly authorised to pay depositors directly.

### **2.6 Funding**

#### **2.6.1 How funding is provided**

Yes

By statute, but with Ministerial approval.

#### **2.6.2 Terms and conditions of premiums or levies**

Yes

#### **2.6.3 Borrowing authorities and limits**

Yes

### **2.7 Information Requirements**

#### **2.7.1 Access to information directly from member deposit taking institutions or its auditors**

Yes

Some information (audited financials and other non-financial data as well as specified data through surveys) available directly but the DIS obtains most critical information through the Supervisor.

#### **2.7.2 Access to information through supervisory authorities**

Yes

### **2.8 Enforcement and intervention**

#### **2.8.1 Authority to conduct examinations and/or reviews**

No

**2.8.2 Ability to set standards or guidelines for member institutions**

No

**2.8.3 Authority to take enforcement actions against members (i.e. such as the authority to require a change in institutional control and/or behaviour).**

No

**2.8.4 Authority to cancel deposit insurance of a member institution**

Yes

**2.8.5 Authority to hold officers and directors of failed institutions legally liable for the failure of the institution**

No

**2.9 Failure resolution**

**2.9.1 Authority to decide on appropriate form of failure resolution**

No

Please note that the DIS has the power to consult with the Minister of Finance on this issue.

**2.9.2 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).**

No

**2.9.3 Authority to guarantee deposits with member institutions or guarantee loans to an institution by other parties**

No

**2.10 Authority to:**

**2.10.1 Undertake formal liquidation**

Yes

In conjunction with the Supervisor/Minister.

**2.10.2 Purchase and assumption (sale and merger)**

No

**2.10.3 Open assistance (bridge bank)**

No

**2.10.4 Other forms of failure resolution**

**2.11 Optimizing recoveries**

### **2.11.1 Ability to act as a receiver**

Yes

### **2.11.2 Ability to act as a liquidator**

Yes

## **Section 3: Governance Arrangements**

### **3.1.1 Is the DIS a legally separate organization from other public or private bodies? (e.g. central bank, supervisor, industry association)**

Yes

### **3.1.2 What is the form of governance used by the DIS organization?**

Board of Directors

null|null|null|null|null|

### **3.1.3 How is the governing body selected?**

There are seven Directors as follows: three Ex-officio viz: Governor of BOJ, Financial Secretary, CEO of JDIC, four other Directors appointed by the Minister, one of whom is appointed as the Chairman.

### **3.1.4 What is the composition of the governing body?**

See answer to question 3.1.3.

### **3.1.5 What are the duties and responsibilities of the governing body?**

The Board of Director is responsible for the policy and general administration of the Corporation and the management of the Deposit Insurance Fund.

### **3.1.6 Is there any direct or indirect representation in the management of the DIS by member insured institutions?**

No

See answer to question 3.1.7.

### **3.1.7 Is there any direct or indirect representation in the management of the DIS by the central bank?**

Yes

The Governor of the Central Bank is an ex-officio member of the Board of Directors. The Central Bank also operates as Supervisor of banks and other deposit-taking financial institutions.

### **3.1.8 Is there any direct or indirect representation in the management of the DIS by the regulator?**

Yes

See answer to question 3.1.7.

### **3.1.9 Is there any direct or indirect representation in the management of the DIS by the supervisor?**

Yes

See answer to question 3.1.7

### **3.1.10 Is there any direct or indirect representation in the management of the DIS**

**by other?**

Yes

The Financial Secretary is an ex-officio member of the Board of Directors.

**3.1.11 Please provide a breakdown of the management structure of the DIS**

The CEO is in charge of the day-to-day management of the DIS which has four main departments, viz: (1) Insurance and Risk Assessment (2) Claims and Recoveries (3) Finance and Corporate Services (4) Legal and Corporate Secretariat.

**3.1.12 Do you have an internal control and audit systems**

Yes

**3.1.13 Are directors and officers of the DIS and/or supervisors personally liable for their decisions in the normal course of their activities?**

No

See Schedule of Act

**3.1.14 Is there an advisory committee to the DIS?**

No

**3.1.15 Has the DIS ever taken legal action against directors of failed member institutions? Or others? What position did the person(s) hold?**

No

**3.1.16 Please indicate which of the following tools are used as part of your accountability regime.**

Annual Reports,Audited Financial Statements,Corporate Business Plan,Other Reporting Requirements  
As required by legislation|As required by legislation|As required by legislation|An annual review of the Fund by duly qualified professionals is required by law.|

## **Section 4: Human Resources & Infrastructure**

**4.1.1 What is the total number of employees at the DIS (e.g. full-time, part-time and contract) ?**

Twenty-six

**4.1.2 Are the majority of DIS employees dedicated staff or do they come from other organizations (i.e. government, central bank, private sector)?**

Yes

**4.1.3 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

On the job training, brief attachment to other DISs, Seminars/workshops, IT Courses at relevant institutions.

**4.1.4 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)**

Other

On occasion - no formal system in place.

**4.1.5 Are compensation and incentives offered sufficient to attract and retain skilled staff? Please elaborate.**

3

**4.1.6 Are confidentiality provisions for employees provided for?**

Yes

**4.1.7 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

See Schedule of Act

**4.1.8 What percentage of the budget is spent on training and development and information technology?**

Training and development: 6.75% Information and Technology 0.62%

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

**5.1.1 Who performs examinations of DIS member institutions?**

Central Bank

Which is also the Supervisor/Regulator

**5.1.2 Please describe the examination process that is used to evaluate member institution performance?**

On-site/off-site examination and reporting based on the: (1) CAMELS System (2) Standard of Best Practices and guidance used to evaluate risks. (3) Review of internal control systems and processes.

**5.1.3 What information is collected from member institutions for the DIS and other parties?**

(1) Insurable deposits to assess premiums (2) Profile of insurable deposits (annual survey) (3) Financial statements (audited and unaudited) (4) Update on changes in governance and operation structures

**5.1.4 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.**

(1) A memorandum of Understanding is in place between the Supervisor, Ministry of Finance and the Public Service, the Financial Services Commission (supervisor of non-deposit taking entities) and JDIC. (2) Section 7(2) of the Deposit Insurance Act also makes provision for information sharing. (3) The heads of the safety-net organisations form a Financial Regulatory Council where information is shared.

**5.2 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.**

**5.2.1 accessibility**

3

**5.2.2 timeliness**

3

**5.2.3 Is there a consistent definition/classification across authorities of problem institutions**

Yes

**5.2.4 When policy regarding the DIS and financial sector is developed or amended, are other bodies consulted and/or advised (e.g. central bank, supervisor, regulator, government, industry associations) ? If you do consult and/or advise what bodies do you do it with?**

Consult, Advise, Other

Central Bank, Ministry of Finance, policyholders|Jamaica Bankers' Association, The Building Societies Association|Financial Services Commission through the Financial Regulatory Council.

**5.2.5 Is discussion with other bodies encouraged prior to the implementation of new policy?**

Yes

Details are shared and discussion encouraged prior to implementation. However, if the amendment is critical to the national interest, it will be implemented

**5.2.6 How often do you contact other DIS?**

Regularly

**5.2.7 Is the DIS consulted when the regulator, supervisor or central bank enters into an agreement with a financial institution that is experiencing problems?**

No

DIS is not consulted but is advised of such agreement based on the MOU.

## **Section 6: Membership**

**6.1.1 What types of institutions are covered in your DIS?**

Deposit-taking institutions which are currently: commercial banks, merchant banks and trust companies, and building societies.

**6.1.2 Is membership in the DIS mandatory for designated deposit taking institutions?**

Yes

**6.1.3 Do you have terms and conditions of membership? (i.e. laws, regulations or agreements 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.**

Other

The screening process takes place at the licensing stage. So that once an institution is licensed, it is obliged to apply for deposit insurance.

**6.1.4 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

**6.1.5 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?**

N/A

**6.1.6 Are deposit-taking institutions required to re-apply for membership after a certain period of time?**

No

**6.1.7 How many member institutions do you have?**

\* Commercial Banks 7 \* Merchant Banks and Trust Companies 3 \* Building Societies 4

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

As at March 31, 2008: Total Assets - J\$675.37 billion or US\$9.49 billion Total Deposits - J\$425.11 billion or US\$5.97 billion Total Insurable Deposits - J\$382.6 billion or US\$5.38 billion

## **Section 7: Coverage**

**7.1.1 Is there a formal definition of a deposit and or insured deposit used by your DIS? If so what is it?**

Yes (please explain)

The term "deposit" is defined in the Deposit Insurance Act as: (see copy of Act attached )

**7.1.2 What types of deposits are eligible for coverage in your DIS?**

Savings account, Chequing account, Certificates of deposit, Travelers cheques, Money orders, Certified drafts of cheques, Foreign currency deposits, Other  
null|null|null|null|null|Issued by the policyholder/member institution|null|null|null|Time Deposits, share in a building society share account, managers' cheques, prepaid letters of credit, credit balances of deposit instruments in transit, interest accrued and payable on insurable deposits|

**7.1.3 Is coverage**

per depositor per institution

**7.1.4 What is the coverage limit per depositor?**

The coverage limit is J\$600, 000 but joint accounts, business and trust accounts are seperately covered based on the principle of different rights and capacities.

**7.1.5 How was this figures arrived at?**

Based on a survey (as at December 2006) of the deposit profiles of the insured institutions, the available evidence indicated that at this figure over 97.8% of the number of accounts and about 35.7% in value were covered.

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

There is no cut-off point.

**7.1.7 What types of depositors are not eligible for coverage in your DIS?**

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

null|null|null|null|null

**7.1.8 Is the coverage amount indexed?**

No

**7.1.9 What is it indexed to?**

N/A

**7.1.10 Does your DIS use coinsurance? If coinsurance is used please describe the approach used.**

No

**7.1.11 Is the public widely aware of the presence of coinsurance?**

other

see 7.1.10

**7.1.12 Are coverage levels affected by resolution methods? If so, please explain.**

No

**7.1.13 To what extent, is there a 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

Based on experience during the failures of the mid-1990s (before the establishment of the DIS) the public probably still has such expectation. The DIS seeks to influence such expectation through our Public Education Programme

**7.1.14 How is a decision made on the insurance eligibility of new financial products?**

Through consultation with the relevant regulator/supervisor

**7.1.15 When member institutions merge how are insured deposits treated?**

It is proposed to amend the Deposit Insurance Act to deal with this situation whereby the affected depositors would be permitted to have their deposits separately insured for a specified period after the merger.

**7.2 Does your country offer the following?**

**7.2.1 Islamic banking**

No

**7.2.2 Islamic deposit insurance**

No

## **Section 8: Funding & Fund Management**

### **8.1.1 What type of funding is used by the DIS?**

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).

### **8.1.2 Is the DIS funded by levying insurance premium assessments against member institutions or, by some other means such as general tax revenues?**

Premium assessment

### **8.1.3 If insurance premiums are assessed, are they assessed as a flat rate or are they differential in some way, please explain? (e.g. risk based)**

Flat rate

### **8.1.4 What is the current premium rate? If there have been changes to this rate, details would be appreciated.**

Fifteen (15) basis points of insurable deposits changed from 0.10% with effect from November 13, 2002.

### **8.1.5 How often is the premium assessed?**

Annually

### **8.1.6 Is the premium assessed on total deposits, insured deposits or something else?**

Other

Insurable deposits, defined as total deposits less government and interbank deposits.

### **8.1.7 Are premiums paid by member institutions tax deductible as a business expense?**

Yes

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

N/A

### **8.1.9 Does the DIS have a target with respect to the optimal size of the DIS fund? (Yes is chosen go to question 8.10 otherwise Skip the next 2 questions)**

Yes (Go to next question)

### **8.1.10 How is the optimum level (i.e. target) of the fund determined?**

In FY2004/05 the DIS adopted a notional target level of 2 - 2.5% of estimated insured deposits for the Fund. The notional target was adjusted to 5% in FY06/07. This target level is not an expressed requirement of the legislation.

### **8.1.11 What investment policies (i.e. safeguards against abuse) exist concerning the use of the fund?**

By statute, a Deposit Insurance Fund is maintained for the sole purpose of making payments to depositors in the event of failure of an insured institution. Expenses for the day-to-day operation of the Corporation are funded from investment income, and any surplus must be placed in the Fund. Premiums must be invested primarily in risk-free instruments (90% government). The Act, investment policy and board oversight prohibit any other expenditure outside of standard operating costs.

**8.1.12 If a fund is not maintained, is an assessment levied 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.**

No

**8.1.13 Which of the following sources of additional funding, for emergency or liquidity purposes, does the DIS have access to?**

Government funding

Government funding access to financial markets|null|null|

**8.1.14 Are member institutions required by law to issue, on a regular basis, subordinated debt?**

No

## **Section 9: Reimbursing Depositors**

**9.1.1 Please describe the procedure for reimbursing depositors used by your DIS?**

The records of the failed institution form the basis for the computation of insured deposits and payments. After a careful review of the institution's records and the aggregation of depositors' accounts, payments are calculated and depositors reimbursed to the extent of their insured deposits.

**9.1.2 Are depositors required to file a claim when a member institution fails? If so, what is the process?**

Other

Claims are not normally required, however, where there is a dispute, the depositor is required to submit a claim.

**9.1.3 When is the DIS obligated to reimburse insured depositors?**

On occurrence of any of the 'trigger' events specified in the Deposit Insurance Act, these being: 1. Revocation of the member institution's licence to carry on business. 2. Issuance of a winding up order by a court or the passing of a creditor's voluntary winding up. 3. Inability of the member institution to repay a deposit by reason of a court order or action taken by the Minister or the Central Bank. 4. Cancellation of the policy of deposit insurance.

**9.1.4 Is there an established legal basis upon which to base the reimbursement process? Please explain.**

Yes

Specific provisions of the Deposit Insurance Act prescribe the legal basis for reimbursement.

**9.1.5 Is the DIS subject to explicit standards for prompt reimbursement? If so what are they?**

Yes

The Corporation is required to commence the reimbursement of depositors within three months. Failure to do so imposes upon the Corporation, the obligation to pay interest to depositors for the period in excess of three months

**9.1.6 What methods of payment can be used and under what circumstances are they used?**

Direct payment to depositors is the only method currently permitted. However, proposed legislative amendments would permit payments through another member institution (transferee).

**9.1.7 Are the rules regarding clearing, set-off, trust accounts, and related issues well defined (through the legal system or formal agreement)? Please explain.**

Other

The rules in respect of set-off are clearly detailed in the Deposit Insurance Act. Legislative amendments proposed to clarify the extent of coverage for beneficiaries under trust accounts. No specific rules in place for the clearing in the circumstances of a member institution failure.

**9.1.8 What are financial institutions obligated to hold with respect to deposit records?**

Not yet defined, regulations to be drafted.

**9.1.9 When is the DIS given access to an institutions financial and depositor records?**

On occurrence of an event which would give rise to a payout. This means that the Corporation may not access the records of an institution until it is closed and under the control of the Temporary Manager.

Legislative amendment proposed which would allow the Corporation to conduct preparatory examinations.

**9.1.10 Does the DIS have the option of making advance payments to depositors in situations of dire need (i.e. in an emergency)?**

No

Legislative amendment proposed to permit the Corporation to make such payments.

**9.1.11 Does the DIS make interest payments to depositors during the time taken for reimbursement? Please explain.**

Other

Where the payout of depositors commences in excess of three months of the occurrence of the 'trigger event' interest payments are required.

**9.1.12 What information is communicated to depositors regarding the reimbursement process?**

(1) Summary of the relevant sections of the Deposit Insurance Act. (2) Requirements to be satisfied by depositors in order that they may receive a deposit insurance payment. (3) Interim statement of account. (4) Payout timetable. (5) Entitlement to interest payment for late payment by the Corporation.

**9.1.13 What process does the DIS use to ensure that depositor secrecy and confidentiality is maintained during the reimbursement process?**

(1) Employees and suppliers required to sign confidentiality agreements in conformity with secrecy provision of the Act. (2) Breach of this provision may result in prosecution and conviction for an offence under the Act. (3) Restrictions on customer information which may be provided over the telephone. (4) Password protection to payout system. (5) Encryption of network communications. (6) Firewall and proxy server.

**9.1.14 What steps are taken to verify, reconcile and settle insured deposit accounts?**

(1) Systems documentation. (2) Field content review and integrity checks. (3) Verification of uploaded data. (4) Balancing of member institution's accounting records. (5) Interim bank statement dispatched to depositors for reconciliation against their records and where necessary to bring discrepancies to the attention of the Corporation. This takes place before the payout.

**9.1.15 What steps are taken to ensure that an institutions depositor records are accurate, up to date and accessible?**

None presently. However, consideration being given to legislative amendments to remedy this situation.

**9.1.16 Does the DIS document its experiences with respect to each reimbursement action (i.e. lessons learned) in order to allow for continuous improvement?**

No

The Corporation has no previous experience with a failure. However, our procedures include a post payout review and evaluation report to assess the level of success of the payout, identify the problems encountered and make recommendations to improve payout operations.

**9.1.17 What technologies does the DIS use to facilitate the reimbursement process?**

The Payment System has a cheque production and disbursement module which facilitates depositor reimbursement. The various payment modules facilitate the payment and adjustment processes as well as the reconciliation.

## **Section 10: Public Information & Awareness**

**10.1.1 What obligations are there to inform the public?**

Based on policy directives from the Minister of Finance and the Corporation's Board of Directors, the Corporation is mandated to keep the public informed on the role and function of the DIS and to collaborate with the Regulators on the Public Education Programme .

**10.1.2 Who is responsible for communicating information about the DIS to the general public?**

DIS

null|null|null|null|null

**10.1.3 Are these explicitly stated in policy or law?**

Yes

The Corporation has developed a Communications Policy which will guide general communications as well as specific communication when there is a failure.

**10.1.4 Are the terms and conditions of DIS explained in a manner that the general public can understand fully?**

Yes

**10.1.5 If so, what methods are utilized?**

Brochures,Use of Official Sign to display insured status,Website,Other

null|null|null|null

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

Not prior to a failure.

**10.1.7 Has a survey of public awareness about the DIS been conducted? If so/ what were the results? If not why not? Please include supporting documentation.**

Yes

November 2006 (see attachment)

**10.1.8 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

The Jamaica Deposit Insurance Corporation has an ongoing Public Awareness and Information Programme. It includes public fora such as seminars, town meetings, presentations to schools and service clubs and general advertising.

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

Public addresses; panel discussions, radio and television slots; video and slide presentations, poster and essay competitions in schools are some of the tools used. Increasingly we are getting positive feedback and institutions and service clubs are actually extending invitations to us.

## **Section 11: Risk Assessment & Intervention**

**11.1.1 Does the DIS have a risk monitoring function to analyze and assess the risk of member financial institutions?**

Other

The role of the DIS is a participative one through its involvement with the Financial Regulatory Council. This Council comprises the regulators of deposit-taking and non-deposit taking institutions, the Ministry of Finance and the DIS

**11.1.2 Does the DIS perform examinations of its member institutions? If not, who does?**

No

The regulator - the Central Bank

**11.1.3 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

Some information (e.g. annual audited and quarterly unaudited financials) is obtained directly from members while most is received through the Central Bank.

**11.1.4 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.**

At present the risk-ratings developed by the Central Bank are used by the DIS. However, the DIS is in the process of developing its own basic risk assessment criteria and system.

**11.1.5 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.**

Presently this is directed by the supervisor. The DIS is informed through the involvement with the Financial Regulatory Council.

## **Section 12: Failure Resolution**

**12.1.1 Is your DIS involved in the failure resolution of member institutions?**

Other

Participatory role through the Financial Regulatory Council

**12.1.2 Who determines whether a member institution has failed or is insolvent?**

The Corporation, Central Bank and the Minister of Finance all have a role to play.

### **12.1.3 Under what conditions can the DIS cancel/terminate the deposit insurance of a member institution?**

On occurrence of any of the following circumstances: (1) When the Corporation and Central Bank are of the opinion that the member institution is or is about to become insolvent. (2) When the member institution's licence to carry on its business operations has been revoked by the Minister. (3) When the member institution has ceased to accept deposits and the Central Bank so confirms.

### **12.1.4 How is the failure/non viability of a member institution determined?**

Primary responsibility lies with the regulator which relies on prudential and statutory guidelines in relation to capital, liquidity, quality of assets and solvency as well as 'fit and proper' criteria for board and management of the member institution, as well as the quality of internal controls and governance.

### **12.1.5 How many member institutions have failed in your country in the last 20 years?**

It should be noted that there have been no failures since the establishment of the Corporation in 1998.

### **12.1.6 Do banks go through the regular corporate bankruptcy process? If no, what is the process used?**

Yes

### **12.1.7 Is the receiver of failed institutions also the one that disposes of the institutions? If not, who does?**

Yes

## **12.2 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 20 years.**

### **12.2.1 Formal liquidation**

Other

It should be noted that there have been no failures since the establishment of the Corporation in 1998. Hence, the failure resolution methods referred to relate to the period prior to existence of the Corporation.

### **12.2.2 Purchase and assumption (sale and merger)**

### **12.2.3 Open bank assistance (e.g. recapitalization)**

### **12.2.4 Bridge banks and other interim solutions**

### **12.2.5 What criteria are used to determine the method of failure resolution?**

Least cost and maintenance of public confidence.

### **12.2.6 Is the deposit insurer required to resolve failed or failing insured depository institutions in a manner that is least costly to the DIS?**

Other

Although the Corporation is required to resolve the failed institution in the manner least costly to the Corporation, there is a legal difficulty in doing so as the powers of the Corporation are inadequate for this purpose.

**12.2.7 Please indicate what kind of private companies, if any, are included in the failure resolution process?**

N/A

## **Section 13: Claims, Recoveries & Estate Management**

**13.1.1 Does the DIS play a role in the claims and recoveries process? If yes please describe this role**

Other

The Corporation's role is limited as the Liquidator is a court appointed officer and therefore required to treat each creditor fairly and without preference to any one creditor. However, this situation is under review as the Corporation intends to explore the possibilities for strengthening its position in the claims and recoveries process.

**13.1.2 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)?**

N/A - see answer to question 13.1.1.

**13.1.3 What role does the private sector play in the claims, recovery process?**

N/A - see answer to question 13.1.1.

**13.1.4 What approaches and strategies are adopted by the deposit insurer to accomplish the objectives of claims and recovery activities?**

N/A - see answer to question 13.1.1.

**13.1.5 By what standard is the DIS judged with respect to performing its function in claims and recoveries (e.g.x. Comparative private sector or DIS benchmarks, internal assessments, past experience)?**

N/A - see answer to question 13.1.1.

**13.1.6 What assets have you found to be the hardest to recover? Why? What types of strategies have been used to recover different assets?**

Not applicable to the DIS. We are, however aware that with previous failures, commercial real estate was the most difficult to dispose of.

**13.1.7 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

**13.1.8 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?)**

No

**13.1.9 Are rights of set-off available or imposed in your countrys legal system? Please describe the various forms set-off can take.**

Yes

Set-off may be against credit facilities in arrears provided that the is mutuality.

## **Section 14: Other Issues**

### **14.1.1 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?**

Concern over the recent trend in the growth of non-deposit (investment) activities at the expense of the deposit-taking activities protected by deposit insurance. If the former is not adequately regulated and supervised, this could have implications for the financial sector as a whole.

### **14.1.2 Are there any issues related to deposit insurance which you would like to see more research in?**

(1) Electronic banking and implications for deposit insurance. (2) Failure solution. (3) Depositor ranking, collateralisation and set-off. (4) Differential premium systems.