

Form 3

THE DEPOSIT INSURANCE ACT

Policy of Deposit Insurance
(Pursuant to section 12 (2))

Effective Date of the Policy and Amendments

1. This policy shall take effect:-
 - (a) In the case of a financial institution duly licensed to carry on the business of accepting deposits and which has been approved by the Corporation for deposit insurance pursuant to section 14 of the Act, but has not yet accepted its first insurable deposit, on the day on which the institution accepts such a deposit; and
 - (b) In the case of a financial institution carrying on the business of accepting deposits during the calendar year immediately preceding the commencement of the Act, upon the approval of its application for deposit insurance.
2. (1) This policy is deemed to be amended consequentially or replaced when the legislation prescribing the form and provisions of this policy is amended or replaced.
 - (2) In the circumstances described in (1), the Corporation may issue to the policyholder new policies in accordance with the amendment or replacement of the said legislation and such new policy shall take effect from the date the amendment or replacement comes into effect.

Term

3. Subject to the satisfactory compliance with the requirements of the Act, and the enactment under which the policyholder is licensed, this policy is renewable annually, and shall continue in effect until its cancellation in accordance with sections 15 and 16 of the Act or any amendments thereof.

Conditions

4. All provisions of this policy shall be considered to be conditions of this policy.
5. The policyholder shall comply with the Act, its governing statute, any applicable regulations, its incorporating instrument, and any undertaking that it has given to the Corporation, the Bank of Jamaica or any regulatory authority having jurisdiction over the policyholder or any aspect of its business, and with any compliance order, cease and desist order, directive, restriction or other similar document issued at any time by the Corporation, the Bank of Jamaica or any regulatory authority which has jurisdiction over the applicant.

Premiums

6. This policy is renewable on the payment of the annual premium in accordance with the provisions of the Act and any regulations made thereunder.
7. (1) The policyholder shall, complete and certify a return of Insurable Deposits in the form prescribed and shall submit that Return to the Corporation at such times as the Corporation may require before the policy due date.

(2) For the purpose of making the calculation of annual premium the policyholder shall determine the total value of insurable deposits by using the method set out in the Return of Insurable Deposits.
8. Where the policyholder fails to pay the prescribed premium at the prescribed time the policyholder shall pay the penalty stipulated in section 14 (5) of the Act.
9. (1) Where the policyholder, the Corporation or a Bank of Jamaica representative who is making an examination or inspection under the Bank of Jamaica Act, discovers an error in the Return of Insurable Deposits and the policyholder has been notified thereof, the policyholder shall forthwith complete and file with the Corporation an amended Return of Insurable Deposits certified by an authorized signatory of the policyholder.

(2) Where, based on an amended Return of Insurable Deposits, the Corporation determines that an additional amount of initial premium or annual premium should have been paid, the policyholder shall pay to the Corporation-
 - (a) the additional amount forthwith in accordance with the relevant provisions of the Act; and
 - (b) any interest on that amount that is charged by the Corporation in accordance with section 14 (5) of the Act, which interest shall accrue from and including the due date until the day immediately before the date of payment.

Information

10. The policyholder shall provide-
 - (a) lists of persons with whom the policyholder forms a group; and
 - (b) lists of the names, addresses, telephone numbers, occupations and titles of the directors and officers of the policyholder and of each of its holding companies and subsidiaries.

11. The Corporation for the purpose of monitoring or assessing the compliance of the policyholder with the conditions of this policy or where the Corporation considers it to be necessary or desirable in furtherance of its objects as set out in section 4 of the Act, may by notice in writing request the policyholder to provide the following information within such period as may be specified in the notice-

(a) its financial statements and such returns, statements and information including those required under section 16 of the Banking Act, section 16 of the Financial Institutions Act or regulation 44 of the Bank of Jamaica (Building Societies) Regulations, 1995, as the case may require, for the period specified, prepared on a consolidated or unconsolidated basis; plus those where applicable, of its holding company and subsidiaries;

(b) a statement certified by an authorized signatory of the policyholder, that sets out:

(i) a profile of insurable deposits in the format requested;

(ii) a profile of insured deposits in the format requested;

(iii) a detailed description of the system that is used by the policyholder to compile information on its deposit liabilities; and

(iv) a detailed listing of the amounts, status and dates of maturity of loans that are made and of other assets, and of debentures that are issued and that are not insured under the Act, and of other liabilities.

12. (1) The policyholder shall, forthwith, provide a copy of-

(a) any compliance order, cease and desist order, directive, restriction, or other similar document issued at any time in respect of the institution by or on the application of any regulatory authority; and

(b) any undertaking given by the policyholder to any regulatory authority.

(2) The policyholder shall, forthwith, notify the Corporation in writing of-

(a) any actual or pending change in the control of the policyholder or its subsidiaries;

(b) any actual or pending amalgamation, merger, arrangement or other reorganization that involves the policyholder or a significant portion of its assets or liabilities or that involves its subsidiaries;

(c) any actual or pending change of address of its registered or head office; and

(d) any changes in information given in furtherance of its application for deposit insurance.

13. The policyholder shall keep the Corporation advised of any material change to any information provided pursuant to Clauses 10 to 12 above.
14. The policyholder hereby consents to the release to any regulatory authority which directly regulates the policyholder's activities and to the Minister responsible for finance of any information provided by the policyholder to the Corporation.
15. The policyholder shall cause its officers, auditors, and former auditors to furnish such information and explanations that pertain to its affairs as the Corporation or any person designated by the Corporation may require.
16. The policyholder shall notify the Corporation in writing of any actual or pending change of its auditors.
17. The policyholder shall notify the Corporation of the termination or cancellation of any bonds or insurance policies that relate to the business of the policyholder.
18. The policyholder shall not issue to any person any instrument evidencing that the policyholder has received or is holding money from or on behalf of a person pursuant to a transaction that does not constitute a deposit or part of a deposit insured under the Act unless the instrument bears the following words in its face-

"The deposit to which this instrument relates is not insured under the Deposit Insurance Act".

Records

19. (1) The policyholder shall prepare and maintain records that accurately and fully describe and disclose its assets, deposit liabilities consisting of insurable and insured deposits, other actual or contingent liabilities, revenue, expenses and shareholders' equity.
 - (2) Subject to sub-paragraph (3), the policyholder shall retain the records of deposit liabilities referred to in subsection (1) for a period of at least fifteen years after their creation and during such period shall not remove them from Jamaica except with prior written consent of the Corporation.
 - (3) Where the policyholder amalgamates or merges with another policyholder or acquires all or substantially all of the assets of another policyholder, the institution that results from the amalgamation of acquisition shall retain the records of deposit liabilities of each predecessor policyholder for a period of at least fifteen years following the date of the amalgamation, merger and acquisition.

Cancellation

20. Subject to the provisions of section 15 (1) of the Act, the Corporation may, by notice in writing to the policyholder, cancel the policy of deposit insurance in accordance with sections 15 and 16 of the Act or any amendment thereof.

Obligations Following Cancellation

21. Notwithstanding the cancellation of a policy, the amount of any insured deposits on the date of cancellation, less any subsequent withdrawals from such insured amounts, shall continue to be so insured for a period of eighteen months from the date of such cancellation. During the period, the policyholder shall continue to be bound by the provisions of this policy.