

Renewal of the Policy of Deposit Insurance and Return of Insurable Deposits

Instructions for Completing Form 2 and Form SID

Overview

Form 2 and Form SID are to be completed based on data as at December 31 of each year. Form 2 (Return of Insurable Deposits) is the regulation that forms the basis of premium assessment each year. Form SID (Survey of the Distribution of Insurable Deposits) provides essential data for determining an estimate of insured deposits in the banking system. These forms are accessible at <http://www.jdic.org/policyholder-resources>. Please note the following regarding the completion of the respective forms:

(i) Trust Accounts and Nominee Accounts

In February 2011, the Deposit Insurance Act (DIA) was amended to, inter alia, expand and clearly define the entitlement to deposit insurance payouts in the case of trust and nominee accounts (TNA). In that regard, the DIA now provides for separate coverage for each beneficiary in trust and nominee accounts.

- Trust Accounts Established Further to a Trust Deed

There are certain persons whose duties involve holding moneys in trust for others in deposit accounts. Section 18C of The Deposit Insurance Act (DIA), 2011 provides:

1. "Where a deposit with a policyholder is held in a trust or in a nominee account – (a) a beneficiary under the trust or nominee arrangement relating to the deposit account shall be regarded as a depositor of the policyholder..." and as such is provided with separate insurance coverage as provided by the The Deposit Insurance (Joint, Trust and Nominee Accounts) Regulations, 2014 gazetted on April 28, 2015.

- Statutory Trust Accounts

Further, please note also that there are certain persons or institutions that are required by statute to maintain trust accounts. These are referred to as statutory trust accounts. An example of this is the Administrator-General's Account established under Section 11 of the Administrator-General Act whereby the Administrator-General is required to pay into a commercial bank or specified financial institution all sums of money received from time to time in that capacity. In this case the deposited funds from the various estates under administration through the Administrator-General would qualify separately for deposit insurance. Another example is the Attorney/Client Trust Account under the Legal Profession Act, wherein the amounts due to each client in the account would qualify for separate deposit insurance coverage.

- **Trust Accounts in the Name of Policyholders and Government Entities**

Please note that arising out of the 2011 amendments to the Deposit Insurance Act, deposits held by excepted depositors namely: (a) another Policyholder; (b) a statutory body or authority or government company; (c) a ministry, department or agency of the Government; and (d) a parish council, the Kingston and St. Andrew Corporation or a municipal council, in trust or further to a nominee arrangement either under an agreement or pursuant to an Act of Parliament, for a person or persons (beneficiaries) who would be entitled to deposit insurance entitlement under the DIA, if the account had been held in their names, are now regarded as depositors for the purpose of deposit insurance payments. The balances of the respective beneficiaries are now deemed to be insurable deposits.

- **Custodian Trust Accounts Under Bank of Jamaica Guidelines for Electronic Retail Payment Services**

It is to be noted that accounts referred to as "**custodian accounts**" under section 4.2 and section 17.10, sub-section C, of the Bank of Jamaica Guidelines for Electronic Retail Payment Services, classified as trust accounts, are also eligible for protection under the deposit insurance scheme. This is a special purpose trust account where the issuer (the custodian depositor) and the funds held in those accounts are held for the benefit of named persons.

(ii) **Form 2**

Deposit Insurance premiums will be calculated on total insurable deposits indicated in Form 2. In completing Form 2, the category "Any Other Deposit Liabilities" may now include deposits held in trust or as a nominee for depositors by:

Another Policyholder;

- A statutory body or authority or government company;
- A ministry, department or agency of the Government; and
- A parish council, the Kingston and St. Andrew Corporation or a municipal council; and
- Custodian trust accounts

(iii) **Form SID**

The Survey of the Distribution of Insurable Deposits requires Policyholders to provide the total number of deposit accounts, per deposit type, with the related dollar value within the indicated bands as at December 31, 2017.

- a. **Trust & Nominee Accounts** - Given the amendments to the DIA, Policyholders are now required to separate TNA's when completing the Form SID, as this will assist the Corporation to arrive at a more accurate estimate of the value of insured deposits. Policyholders are therefore required to:

- List **each** TNA, with the number of associated beneficiaries and the related dollar value as at December 31, 2017 in the trust account and nominee account sheets provided;
- Include all deposit accounts that are held in trust or as a nominee by: (i) Another Policyholder; (ii) A statutory body or authority or government company; (iii) A ministry, department or agency of the Government; and (iv) A parish council, the Kingston and St. Andrew Corporation or a municipal council, in the trust account and nominee account sheets provided.
- Exclude all TNA's from the other categories outlined in Form SID to ensure that there is no duplication of deposits in any category.

In the above context Policyholders are required to identify each trust account and nominee account from the various categories of deposit accounts and include in the SID the total balances in each of these categories. Additionally, we require that the number of beneficiaries associated with each trust account and nominee account be noted. This would enable us to have a better estimate of the insured deposits for each institution.

- b. **Retail and Corporate Deposits** – In our continued thrust to better understand the profile of depositors in the banking system to inform our analysis and intervention/resolution preparedness, Policyholders are being asked to complete the Retail and Corporate Deposits sheets in the Form SID.

(iv) **General Information**

Please note the requirement that foreign currency denominated deposits should be converted at the **Bank of Jamaica's weighted average selling rate of exchange as at December 31, 2017** in regard to the Form 2 and the Form SID.