



July 15, 2019
Ref. No.: 0735

To: CEOs/General Managers, BC Authorized Credit Unions

Re: 2019 Deposit Insurance Base Assessment Rate

The purpose of this letter is to provide BC credit unions with a notice of the Base Assessment Rate (BAR) that will be used for the 2019 Credit Union Deposit Insurance Corporation (CUDIC) Premium Assessments as approved by the Financial Institutions Commission (the Commission).

Premium Setting

The Commission assesses deposit insurance premium annually in accordance with section 268 of the *Financial Institutions Act* (FIA). The deposit insurance premium has two components, the BAR and an additional risk premium. Every credit union is assessed at the BAR. The additional risk premium is only charged to a credit union according to its aggregate risk score.

For 2019, the Commission set a BAR of **6.50** basis points (bps). In setting the BAR for 2019, the Commission reaffirmed the current funding target range of 105 – 135 bps of total insured deposits for 2019.

Also, for the 2019 assessment, the individual credit union risk categories will be calculated using the existing differential premium assessment methodology. Please refer to the table below for the additional premium rates for risk categories above the base assessment risk category for 2019:

2019 Base Assessment Rate & Additional Risk Premium Rates				
Risk Category	Total Assessment Score	Base Rate (bps)	Risk Premium (bps)	Total (bps)
D3	80 points and greater	6.50	-	6.50
D2	65 points and greater, but less than 80 points	6.50	+ 3.25	9.75
D1	50 points and greater, but less than 65 points	6.50	+ 6.50	13.00
D0	Less than 50 points	6.50	+ 13.00	19.50

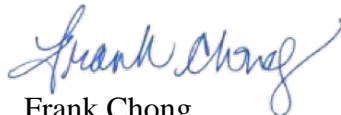
Consistent with prior assessment years, BC credit unions will receive their 2019 annual deposit insurance premium assessment notice in August 2019. The assessed premium will be automatically debited from credit union's operating accounts at Central 1 Credit Union in September 2019, one month after the date of the written notice of assessment.

Looking ahead, the Commission has engaged its appointed actuary to undertake a comprehensive fund review. These fund reviews are undertaken every four years as per CUDIC's [Deposit Insurance Fund Target Policy](#). The purpose of this review is to determine if the existing Deposit Insurance Fund target range remains appropriate relative to the insured risks. The results of the comprehensive review are expected to be presented to the Commission this fall and will be used to inform the fund target point and fund target range, which will be implemented for the 2020 assessment year.

Also, as you may be aware, CUDIC has been finalizing its work on developing a new differential premium assessment methodology. CUDIC expects to release an update to the new methodology and premium structure to the system in the fall of 2019 in advance of its implementation.

If you have any questions, please do not hesitate to contact Stanley Chang, A/Executive Director, Deposit Insurance at Stanley.Chang@ficombc.ca

Yours truly,



Frank Chong
A/Superintendent of Financial Institutions
and CEO of CUDIC

pc: CFOs

SC/ap