



CDIC
Canada Deposit
Insurance Corporation

SADC
Société d'assurance-dépôts
du Canada

**Canada Deposit Insurance
Corporation
2009 Annual Public Meeting**

Remarks from

Guy L. Saint-Pierre

President and CEO

**Canada Deposit Insurance
Corporation**

and

Bryan P. Davies

Chair, Board of Directors

**Canada Deposit Insurance
Corporation**

**Société d'assurance-dépôts du
Canada
Assemblée publique annuelle 2009**

Allocutions de

Guy L. Saint-Pierre

Président et chef de la direction

***Société d'assurance-dépôts du
Canada***

et

Bryan P. Davies

Président du conseil

**d'administration
Société d'assurance-dépôts du
Canada**

<p>- CHECK AGAINST DELIVERY -</p> <p><i>Halifax, Nova Scotia October 6, 2009</i></p> <p>CDIC Annual Public Meeting</p> <p>Tuesday, October 6, 2009</p> <p>Cunard Centre – Halifax, Nova Scotia</p> <p>12:00 PM to 1:30 PM</p>	<p>- LE TEXTE PRONONCÉ FAIT FOI -</p> <p><i>Halifax (Nouvelle Écosse) Le 6 octobre 2009</i></p> <p>Assemblée publique annuelle de la SADC -</p> <p>Mardi le 6 octobre 2009</p> <p>Centre Cunard – Halifax (Nouvelle Écosse)</p> <p>12 h à 13 h 30</p>
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BRYAN P. DAVIES: Good afternoon and welcome to the fourth Annual Public Meeting of the Canada Deposit Insurance Corporation or “CDIC” as we are often called. It is my pleasure to talk to you today on behalf of CDIC’s Board of Directors.

It is also a real honour to be here, in Halifax, today. Even though CDIC is based in Ottawa, we work to protect the savings of all Canadians across the country. Each year, we hold our Annual Public Meeting in a different part of the country. We’re in Halifax to give you the opportunity to hear about what we do. As important, we appreciate the chance to hear from you, and to be directly open and accountable to you, the Canadians we work for.

I’m sure at least some of you wonder what CDIC does. In a nutshell, CDIC insures Canadians’ deposits in case their bank or other CDIC member institution fails. For most of you, this means that your deposits are probably insured by

CDIC in the event of your bank failing. Today, we're going to give you the information to know if your savings are protected by CDIC.

CDIC conducts regular public awareness surveys. The results have told us not that many Canadians know about CDIC deposit insurance. We have tackled the challenge head-on by holding public meetings such as today's meeting, and by running television ads. As a matter of fact, CDIC has increased its TV advertising campaign from 1 to 2 flights this year, one in the fall which we just launched yesterday and one in the winter. Our efforts have paid off. Now, more Canadians are aware of CDIC and the \$100,000 limit on deposit insurance.

And we're still working to get the message out to more Canadians. That's why we're here today.

Before we get into the specifics of deposit insurance, I'd like to tell you about some of our partners.

CDIC does not work alone. We are one of 5 federal agencies that make up Canada's financial safety net—the organizations that work to protect Canada's strong economy. The others are:

- the Bank of Canada;
- the Office of the Superintendent of Financial Institutions, or OSFI;
- the Department of Finance; and
- Financial Consumer Agency of Canada, or FCAC.

Each one of these organizations is represented on CDIC's Board of Directors. We are also very fortunate to have 5 other Directors drawn from the private sector from across Canada. Our Directors are the people responsible for overseeing CDIC and directing its activities.

Some of our Directors are here today. I'll ask each one to stand as I mention their names.

- **Les Cannam**, Partner, Meyers Norris Penny
- **Nancy Lockhart**, Chief Administrative Officer, Frum Development Group
- **John McFarlane**, Partner, Stewart McKelvey
- **Éric Pronovost**, Vice Président, Bellhumeur Pronovost
- **Shelley Tratch**, Lawyer
- and **Ursula Menke**, Commissioner of the Financial Consumer Agency of Canada.

I thank all our Board members for their hard work and commitment to CDIC and Canadian depositors. We are privileged to have such a strong and dedicated group of talented people on our Board.

I'm going to leave you with a bit of information about CDIC. CDIC was created as a Crown corporation by Parliament in 1967. So we're now over 40 years old.

As you may be aware, in Canada we are fortunate to have strong financial institutions—failures do not happen very often. The last failure of a member institution in Canada was 13 years ago, in 1996. Nevertheless, since 1967, CDIC has protected more than **\$25 billion** dollars in deposits at **43** different failed member institutions. There have been some **2 million** depositors who directly experienced a bank failure and were glad that CDIC was there to protect them. It's possible that some of you remember such an unfortunate event. CDIC exists to give you the peace of mind that if a bank were to fail your insured deposits would be protected.

All of us at CDIC have one key objective—to protect your savings and those of all Canadians. As with any insurance, all of us hope we will never need it, but it's good to know it's there.

I'm now going to turn the podium over to Guy Saint-Pierre. Guy has dedicated over 20 years of his career to CDIC. His hard work and leadership have put him at the helm of CDIC as President and CEO. ... Guy?

GUY L. SAINT-PIERRE: Thank you, Bryan. I am very happy to be here with all of you today. I'm particularly pleased to be in Halifax. I always enjoy my visits to Nova Scotia—especially to the Halifax area for its welcoming people, its great food and scenic golf courses!

Following up on what Bryan just said about CDIC, I'd like to share some important information about deposit insurance. As we say in our ads: *the more you know, the safer your deposits.*

Right off the top, it's important for you to know that you automatically have CDIC deposit insurance for eligible deposits if you bank with one of our member institutions:

- You do not need to apply for CDIC deposit insurance, or fill in any forms for coverage.
- You do not have to pay for CDIC deposit insurance—you don't pay premiums and you don't pay fees. Banks and other financial institutions that are members of CDIC pay us premiums to cover our costs.

If a financial institution were to fail—one that is a member of CDIC, you can rest assured that you would receive your CDIC-protected deposits back; and quickly. We take our commitment to paying deposit insurance as fast as possible very seriously—so you will continue to have access to your money to fulfill your day-to-day financial obligations.

Let's take a closer look at deposit insurance. Knowing what is covered and what is not covered is key to making informed decisions about your investments and savings—because not ALL savings are covered by CDIC.

First, you need to know that coverage is only available for eligible deposits at financial institutions that are members of CDIC. Most Canadian chartered banks are CDIC members. So are Canadian loan companies and trust companies that take deposits, as well as retail associations governed by the *Cooperative Credit Associations Act* that take deposits. You can tell if your financial institution is a CDIC member by the red and white CDIC decal on its door, just like the one displayed on screen now (*Note to speaker: ppt slide displays CDIC decal*). As well, every member branch has our membership brochure on display, which lists CDIC member institutions. If you do Internet banking you can find CDIC's brochure and decal on your institution's website. The CDIC website includes an up-to-date membership list. We currently have 81 financial institutions that are members of CDIC.

I will mention now that CDIC is the federal deposit insurer in Canada. There are various provincial credit unions and caisses populaires that are regulated by the provinces and are not members of CDIC. Generally, they have their own deposit insurance programs. For example, here in Nova Scotia, the Nova Scotia Credit Union Deposit Insurance Corporation provides deposit insurance for credit unions and caisses populaires in the province.

Another important piece of information you need to know is the maximum amount that CDIC covers. CDIC insures from \$1 to \$100,000 of eligible deposits. Amounts over \$100,000 dollars are not covered by CDIC.

CDIC insures amounts per depositor, per member institution, so you could have more than \$100,000 in coverage if you bank at more than one CDIC member institution. Just remember that deposit insurance limits apply to all savings accounts, chequing accounts and GICs of 5 years or less that you have with the same member institution. CDIC adds up all the accounts, so it makes no

difference if you have an account at two different branches of the same bank. An example helps to illustrate my point:

Let's say you have a savings account and a chequing account in the same bank. In the savings account you have \$100,000; in the chequing account you have \$5,000. If your bank fails, CDIC will send you a cheque for \$100,000. Why? Because we will add up both accounts within the same bank, for a total of \$105,000, and pay you up to the coverage limit, which is \$100,000.

Something else to keep in mind: CDIC insures deposits that are payable in Canada and in Canadian funds. CDIC does not insure foreign currency accounts. This applies to accounts in US dollars—they are not covered, even if they are deposited here in Canada.

The types of deposits or financial products that are eligible for CDIC deposit insurance include deposits in:

- Savings accounts and chequing accounts;
- Guaranteed Investment Certificates (GICs) and other term deposits, provided they have an original term of 5 years or less; and
- A number of other products, such as money orders or certified cheques issued by a CDIC member institution.

As I mentioned, CDIC insures many, but not all financial products and accounts. **CDIC does NOT insure** mutual funds. CDIC does not insure stocks. Nor does CDIC insure GICs and other term deposits with an original term of **more than 5 years**.

CDIC does provide separate coverage for joint accounts. It's possible to have up to \$100,000 of your personal deposits protected, as well as up to \$100,000 of the joint deposits that you hold with your spouse or someone else.

Here's another example of what's covered and what's not. Many Canadians hold their savings in an RRSP or, when they're older, in a RRIF. Are these covered?

The answer is, it depends. If you think of both an RRSP and a RRIF as a “bucket” into which you put your savings, you will see what I mean.

So, let’s say you have two buckets, and each is called a RRSP ... a registered retirement savings plan. Into one RRSP, you put a GIC of \$5,000 that has an original term of three years. This is covered by CDIC. Why? Because it is the product deposited that we look at, not the “bucket.” Meaning it’s the GIC we cover, not the RRSP itself. As we’ve seen, GICs with an original term of five years or less are covered by CDIC.

Into the second RRSP, or bucket, you put mutual funds valued at \$5,000. This is not covered by CDIC. Why not? Because, again, it is the product inside the RRSP that we look at, not the “bucket.” CDIC does not cover mutual funds, no matter where they are invested.

The same examples apply to RRIFs. It’s the products contained in the RRIFs that we consider in determining coverage, not the RRIF “bucket” itself.

One last example. Many of you will have heard of the recently introduced Tax-Free Savings Account, or TFSA. Eligible deposits held in TFSAs are also protected separately by CDIC—up to \$100,000 per depositor, per member institution. As with RRSPs and RRIFs, only the eligible deposits you hold in a TFSA are covered. So a three year GIC of \$5,000 would be covered. A seven-year GIC of \$5,000 would not be covered.

En résumé vos dépôts éligibles sont automatiquement protégés par la SADC à la condition qu'ils ne dépassent pas 100 000 \$. De plus vos dépôts doivent être :

- dans des comptes assurables, comme des comptes d'épargne, des comptes de chèques et des certificats de placement garanti de 5 ans ou moins;

- ils doivent être détenus par des banques et autres institutions financières qui sont membres de la SADC;
- Enfin vos dépôts doivent être en dollars canadiens : les comptes en dollars américains et autres monnaies étrangères ne sont pas assurables.

There's more to know about CDIC deposit insurance, but what I've told you today and the short summary I just gave you covers the highlights. To find out more, first, I encourage you to ask where you bank or invest. You can also call our toll-free phone number, consult our website or email us. We've included in the gift bag you will receive on your way out an information brochure which has all our contact information.

Before I wrap up, I would like you to know that CDIC's work is achieved by the efforts and dedication of our employees and management team. I'd like to introduce you to our senior members of the management team and would ask them to please stand as their names are announced:

- **Michele Bourque**, Executive Vice-President, Insurance and Risk Assessment
- **Claudia Morrow**, Vice-President, Corporate Affairs, General Counsel and Corporate Secretary
- **Tom Vice**, Vice-President, Finance and Administration and Chief Financial Officer

These CDIC staff and others will be here to meet with you and answer your questions about deposit insurance. Please visit our information booth as well, before or after lunch.

Thank you all very much. Merci beaucoup et bonne journée.

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