

Reimbursement process



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Reimbursement process

The reimbursement process can be divided into:



Preparation

If CDIC believes that it is in the best interest of both depositors and CDIC that preparations be made to make a reimbursement, CDIC examines the member institution's books and records in accordance with the [Guide to Intervention](#) to develop a detailed understanding of the member institution's deposit information and accounting systems and processes. This assists CDIC in developing cost estimates and operational activities for payments to depositors.

A review of the member institution's assets may also be undertaken to estimate CDIC's potential losses in liquidation relative to other resolution options.

Reimbursement

Once a reimbursement is triggered, CDIC electronically receives deposit data from the failed member institution, and balances and reconciles the data to ensure that all depositor accounts have been identified and insurance is calculated correctly.

Member institutions are required to keep accurate and complete records of deposits and quickly provide them to CDIC to enable fast determination of deposit insurance and payment.

CDIC communicates directly with insured depositors and sends payment based on the address information in the failed member institution's records.

Funds for the reimbursement come from CDIC's primary funding sources, its *ex ante* (insurance) fund, and its statutory borrowing authority—not from taxpayers.

In the case of uninsured deposits, depositors with funds not protected by CDIC need to file claims with the liquidation firm when it is appointed by the courts to participate in the liquidation of the failed member institution.

Liquidation

Upon making the reimbursement, CDIC has an unsecured claim against the member institution in the winding-up proceedings and is typically the biggest creditor. CDIC prepares and files its proof of claim with the liquidator for reimbursement of its deposit insurance payments and costs.

CDIC is involved in overseeing the liquidation management process. CDIC (together with any other significant creditors) becomes a member of the failed member institution's estate creditor committee, whose role is to consider and approve the liquidation and sale of member institution assets. The liquidator is responsible for administering the sale and disposing of the failed member institution's assets.

Recovery

In this final phase, distributions are made to creditors based on the realization of asset value. As assets are sold, the liquidator manages the claims process and reimbursement according to creditor priority ranking. In the case of uninsured deposits, depositors with funds not protected by CDIC need to file claims with the liquidation firm when it is appointed by the courts. As a significant creditor, CDIC continues to be involved in claims issues as they arise during the estate management process, including disputes and the outcomes of any forensics investigations and litigation that could result in further recoveries.