

October 25, 2017

Ref. No.: 0890

**To: Board Chairs/CEOs/General Managers, BC Authorized Credit Unions**

**Re: Working Group Report on Risk-Based Premium Assessment Methodology**

The purpose of this letter is to provide British Columbia (BC) credit unions with the enclosed report from the Risk-Based Premium Assessment Methodology Working Group. As you may recall, this Working Group was formed in December 2016 to develop recommendations for changes to the Risk-Based Premium Assessment Methodology (Methodology) proposed by the Credit Union Deposit Insurance Corporation (CUDIC) for the purpose of determining annual assessments for the Deposit Insurance Fund.

On behalf of the Financial Institutions Commission (Commission) and CUDIC, I would like to thank the Working Group for their efforts on this initiative and for this report.

The Working Group consists of representatives from the credit union system, CUDIC staff and is chaired by Mr. Andy Poprawa, former CEO of the Deposit Insurance Corporation of Ontario. Please see Appendix 1 in the attached report for details on the members of the group.

With the release of this report, CUDIC staff will be organizing a series of webinars with each of the peer groups to review the Working Group Report and answer any questions each credit union may have. Following these webinars, CUDIC will accept comments on the Working Group Report. Any comments must be received by December 31<sup>st</sup>, 2017. An important element of the feedback CUDIC staff is seeking are comments on an appropriate transition period to implement a revised methodology.

The Commission will review both the industry Working Group's recommendations, along with CUDIC staff's preliminary recommendations, before making a decision in early 2018. Upon approval, CUDIC staff will communicate details of the Methodology to each credit union and provide calculation details and tools to assist credit unions to adopt the revised Methodology. Implementation of the revised Methodology will be determined based on feedback from the system and could be implemented in the 2019 assessment year at the earliest.

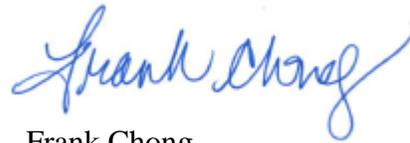
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- Superintendent of Financial Institutions
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Stakeholder input is received on a confidential basis in order to obtain valuable and forthright input to assist us in our policy decision making process. The Commission will treat submissions as confidential records and will not publish individual submissions or attribute content. However, please note that all submissions received are subject to the *Freedom of Information and Protection of Privacy Act*.

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

Yours truly,



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

Enclosure