Deposit Insurance Scheme

Frequently Asked Questions

1. What is a Deposit Insurance Scheme?

A Deposit Insurance Scheme (DIS) is a scheme that provides protection, up to a certain level, to depositors in the event one of the Members of the DIS which are licensed deposit-taking institutions, fails. Deposit-taking institutions can be either licensed banks or non-bank deposit taking institutions.

2. Why is deposit insurance necessary?

Deposit insurance ensures that the depositor does not lose all his money in the event of the failure of a DIS Member. It also promotes the stability of the financial system.

3. Why does a DIS provide protection only up to a certain level?

The amount to be paid has to be definite. Limited coverage minimizes excessive risk taking by the DIS Members and depositors. On the other hand, unlimited coverage could encourage excessive risk-taking.

4. How does a DIS operate?

A DIS collects premium from its Members, manages a Deposit Insurance Fund (the Fund), makes payments to depositors of a failed Member and undertakes consumer education on deposit insurance.

5. Does a depositor need to pay premiums into the Fund?

No; a depositor does not need to pay premiums into the Fund. Premium is paid by the DIS Members.

6. **What types of deposits are covered by the DIS?**

The following types of deposits will be covered up to a certain level:

(i) Demand deposits in both Rupees and foreign currencies
(ii) Savings deposits in both Rupees and foreign currencies
(iii) Time deposits in both Rupees and foreign currencies

Only deposits of residents will be covered.

7. **What compensation does a depositor receive from the DIS?**

The amount of compensation payable to a depositor is determined by the DIS on a per depositor per institution basis.

8. **How will compensation be made for foreign currency deposits?**

Compensation for insured deposits in foreign currency shall be made in Mauritian Rupees at such rate of exchange as may be determined by the DIS.

9. **What if a depositor has several accounts with one DIS Member?**

Where a depositor has more than one deposit account with a DIS Member, all the accounts in the same capacity are aggregated and reported under one depositor.

10. **If a depositor has an account in the head office of a DIS Member and also at a branch office, are these accounts insured separately?**

No; the head office and all the branches are considered as one DIS Member. Therefore, the accounts are added together and covered up to the maximum insured sum.

11. **How does the DIS treat joint account holders if each individual already holds account in his own name with the same DIS Member?**

The Joint accounts and each of the individually owned accounts are insured separately.

12. Is a depositor's money with different DIS Members protected?

Yes; deposits by the same depositor with different DIS Members are insured separately on a per depositor per institution basis.

13. How does a depositor know if his institution is covered by the DIS?

The DIS publishes a list of all its Members.

14. Does the DIS offset a deposit balance held by a customer against the balance due on a loan?

Yes; the DIS offsets the balance on a deposit account against a loan if the loan and the deposit are held by the same customer.

15. What happens when a DIS Member fails?

The DIS publishes a notice of the Member's failure and notifies depositors on the claim procedures.

16. How does a depositor recover deposits in excess of the insured amount payable by the DIS?

Excess deposits over the insured amount are paid by the liquidator after he has recovered sufficient funds from the sale of the DIS Member's assets.

21 March 2016