



Annual Report

CANADA DEPOSIT INSURANCE CORPORATION

Year Ending December 31,
1975



CANADA

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March 29, 1976

The Honourable DONALD S. MACDONALD, P.C., M.P.
Minister of Finance
House of Commons
Ottawa, Ontario

Dear Mr. Macdonald:

I have the honour to submit to you the Annual Report of the Canada Deposit Insurance Corporation for the fiscal year ended December 31, 1975.

Yours very truly,
GÉRARD GINGRAS
Chairman

ANNUAL REPORT

For the year ended December 31, 1975 the Corporation's excess of income over expenditures, before taxes, was \$6,597,735 as shown in the financial statements. A net amount of \$3,670,735, after providing for income tax, was credited to the Accumulated Net Earnings. A dividend of \$712,500, declared in February 1975 in accordance with Section 36 of the Act was paid to the Government of Canada out of the Accumulated Net Earnings. Subsequent to the year end a dividend of \$862,500 was similarly declared.

The Deposit Insurance Fund and Accumulated Net Earnings totalled \$98,942,668 representing an increase of \$13,225,259 over the previous year.

The deposits with member institutions insured by the Corporation totalled \$48,955 million as at April 30, 1975 which comprised \$43,433 million in federal institutions and \$5,522 in provincial institutions. Premiums payable by member institutions for the year totalled approximately \$10.3 million. Assets have been invested in securities of the Government of Canada and in loans to member institutions or used to acquire assets from member institutions.

In March 1976, the Board of Directors again authorized a reduction, for the forthcoming premium year, in the premium payable by member institutions to the minimum provided for in Section 19 of the Act.

The Commonwealth Trust Company, a Company incorporated in the Province of British Columbia, was placed in Liquidation effective January 1, 1970 and the Corporation was called upon to make payment of the insured deposits under the terms of the Policy of Deposit Insurance with the Company. By such action the Corporation acquired all the rights and interests of the depositors as against the Commonwealth Trust Company and, as a result, the Corporation had a claim against the Company of \$5,432,971. Recoveries to year end 1975 totalled \$4,316,818 leaving a balance of \$1,116,153 outstanding against which a provision of \$1 million for losses on the realization of assets had been made. (Note 2).

The funds which the Corporation provided to meet the claims of the insured depositors of The Security Trust Company Limited, which went into receivership in 1968, have been repaid in full by the Province of Alberta thereby releasing, in favour of the Province, the Corporation's claim to assets of The Security Trust Company Limited.

Under the terms of the Act and on behalf of the Corporation, the Superintendent of Insurance examined the affairs of the federally incorporated Trust Companies and Loan Companies, numbering thirty-two (32) and, the Inspector General of Banks examined the affairs of the Banks, numbering eleven (11). Provincial institutions numbering forty (40) were examined, on behalf of the Corporation, by persons designated by the Corporation for that purpose.

CANADA DEPOSIT INSURANCE CORPORATION

Statement of Income and Expense and Accumulated Net Earnings for the year ended December 31, 1975

	1975	1974
Income –		
Return on Investments.....	\$ 6,857,682	\$ 4,709,038
Interest on loans and advances.....	<u>3,140</u>	<u>554,417</u>
	<u>6,860,822</u>	<u>5,263,455</u>
Expense –		
Inspection fees and expenses:		
Department of Insurance.....	103,635	81,880
Other	<u>15,075</u>	<u>15,050</u>
	118,710	96,930
Salaries and employee benefits.....	97,987	97,018
Mortgage administration fees.....	19,486	21,297
Rent.....	12,356	8,500
All other expenses.....	<u>14,548</u>	<u>7,405</u>
	<u>263,087</u>	<u>231,150</u>
Net income before taxes.....	6,597,735	5,032,305
Income taxes (Note 3)	<u>2,927,000</u>	<u>—</u>
Net Income	3,670,735	5,032,305
Accumulated Net Earnings – beginning of year.....	16,111,434	10,760,379
Add: Reduction of provision for loss on claim.....	<u>—</u>	<u>1,000,000</u>
	19,782,169	16,792,684
Deduct: Dividend paid (Note 5)	<u>712,500</u>	<u>681,250</u>
Accumulated Net Earnings – end of year	<u>\$ 19,069,669</u>	<u>\$ 16,111,434</u>

The accompanying notes are an integral part of the financial statements.

CANADA DEPOSIT INSURANCE CORPORATION

(Established by the Canada Deposit Insurance Corporation Act)

Balance Sheet as at December 31, 1975

Assets			Liabilities		
	1975	1974		1975	1974
Cash and short-term deposits.....	\$ 208,160	\$ 148,958	Accounts payable.....	\$ 56,029	\$ 61,380
Premiums and other accounts receivable.....	2,476,315	3,938,156	Income taxes payable (Note 3).....	2,927,000	—
Accrued interest.....	2,113,527	1,434,832	Deposit Insurance Fund		
Payments to depositors guaranteed by			Balance at beginning of year.....	69,605,975	56,217,942
Province.....	—	10,316,144	Premium income (Note 4).....	10,267,024	13,388,033
Claim re insured deposit payments less					
provision for loss of \$1,000,000			Balance at end of year.....	79,872,999	69,605,975
(Note 2).....	116,153	491,153	Accumulated Net Earnings.....	19,069,669	16,111,434
Investments at amortized cost:				<u>98,942,668</u>	<u>85,717,409</u>
Canada bonds and treasury bills					
(market value 1975 \$99,144,405,			Capital Stock:		
1974 - \$73,392,554).....	102,023,486	72,878,736	Authorized, issued and fully paid		
Acquired from member institutions -			Ten shares of \$1,000,000 each.....	10,000,000	10,000,000
Canada bonds.....	158,368	658,572			
Bonds of, or guaranteed by, Provinces.....	1,134,600	1,215,327			
Bonds of Municipalities.....	81,411	96,321			
Other bonds or debentures.....	<u>641,985</u>	<u>883,324</u>			
(market value 1975 - \$1,447,039,					
1974 - \$2,230,700).....	2,016,364	2,853,544			
Mortgages.....	<u>2,971,692</u>	<u>3,717,266</u>			
	<u>107,011,542</u>	<u>79,449,546</u>			
	<u>\$ 111,925,697</u>	<u>\$ 95,778,789</u>		<u>\$ 111,925,697</u>	<u>\$ 95,778,789</u>

The accompanying notes are an integral part of the financial statements.

Certified correct: T.J. DAVIS, *Secretary-Treasurer*

Approved on behalf of the Board of Directors:
 GÉRARD GINGRAS, *Chairman* R. HUMPHRYS, *Director*

I have examined the above balance sheet and the related statements of income and expense and accumulated net earnings and financial activities and have reported thereon under date of February 26, 1976, to the Minister of Finance.

J.J. MACDONELL
Auditor General of Canada

Notes to Financial Statements

1. Objective of the Corporation and Accounting Policies
The Canada Deposit Insurance Corporation was incorporated as a Crown corporation on April 17, 1967 under the provisions of the Canada Deposit Insurance Corporation Act.

The Corporation's principal objective is to provide insurance on deposits with federal institutions (banks and trust and loan companies) and with approved provincial institutions (trust and loan companies). Premiums are assessed against member institutions based on deposits held by those institutions on April 30 of each year.

The significant accounting policies follow:

Premium income

Premium income is credited directly to the Deposit Insurance Fund in accordance with section 18 of the Canada Deposit Insurance Corporation Act.

Investment income

Investment income (return on investments) is reported inclusive of net gains and losses on sales of investments and of the annual amortization of premiums and discounts on fixed term securities.

Recognition of losses

Provision for losses arising from actions taken to secure the subrogation of depositors' rights and interests is established in the year these actions are taken or as soon as possible thereafter when the eventual losses can be reasonably estimated.

2. Claim re Insured Deposit Payments

In 1970 under the provisions of section 13 of the Canada Deposit Insurance Corporation Act, the Corporation by paying \$5,432,971 acquired all the rights and interests of the depositors against a member institution which was in receivership. Recoveries to December 31, 1975 amounted to \$4,316,818 resulting in a balance of

\$1,116,153 on the claim, against which a provision of \$1,000,000 for losses has been made, leaving a net amount of \$116,153.

3. Income Tax

The remission of income tax payable by the Corporation previously granted by the Governor in Council was revoked during the year and an amendment to the Income Tax Act defined taxes applicable to the Corporation. As a result, the Corporation became liable for corporation income tax effective January 1, 1975 and a provision for \$2,927,000 for that purpose has been recorded for the year.

4. Premium income

As provided in section 19(8) of the Act and as approved by the Board of Directors on February 2, 1972, member institutions were assessed reduced premiums during the year and in every year since 1972.

5. Dividend

The dividend declared and paid during the year was based on the rate of interest applicable to loans to Crown corporations as provided for in section 36 of the Act.

6. Insured Deposits

Deposits insured by the Corporation, based on returns received from member institutions during 1975, totalled \$48,955 million, comprising deposits of \$43,433 million in federal institutions and \$5,522 million in provincial institutions. Of the deposits insured in provincial institutions, \$445 million was covered by a temporary indemnity agreement with one province.

7. Remuneration of Directors and Officers

The Corporation has five directors and two officers, one of whom is also a director. The directors receive no remuneration. Remuneration of officers as officers was \$51,000 (1974 - \$48,000).

CANADA DEPOSIT INSURANCE CORPORATION

Statement of Financial Activities for the year ended December 31, 1975

Financial resources provided	1975	1974
Net income.....	\$ 3,670,735	\$ 5,032,305
Less: Amortization of premium and discount on investments.....	<u>57,498</u>	<u>323,821</u>
	3,613,237	4,708,484
Premium income credited to the Deposit		
Insurance Fund (Note 1).....	10,267,024	13,388,033
Recovery of claims:		
Provincial guarantees.....	10,316,144	(152,244)
Insured member (Note 2)	375,000	3,530,000
Mortgage repayments.....	745,574	516,251
Decrease (increase) in premiums and other		
receivables	783,146	(2,439,942)
Increase in accounts and income taxes		
payable (Note 3).....	<u>2,921,650</u>	<u>1,601</u>
	<u>\$ 29,021,775</u>	<u>\$ 19,552,183</u>
 Financial resources applied		
Purchase of investments (net).....	\$ 28,250,073	\$ 19,835,280
Dividend paid (Note 5).....	712,500	681,250
Increase (decrease) in cash and		
short term deposits.....	<u>59,202</u>	<u>(964,347)</u>
	<u>\$ 29,021,775</u>	<u>\$ 19,552,183</u>

The accompanying notes are an integral part of the financial statements.

AUDITOR GENERAL OF CANADA

Ottawa, February 26, 1976.

The Honourable DONALD S. MACDONALD P.C., M.P.,
Minister of Finance,
Ottawa.

Dear Mr. Macdonald

I have examined the balance sheet of Canada Deposit Insurance Corporation as at December 31, 1975 and the statements of income and expense and accumulated net earnings and financial activities for the year then ended. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion these financial statements give a true and fair view of the financial position of the Corporation as at December 31, 1975, and the results of its operations and financial activities for the year then ended, in accordance with generally accepted accounting principles which, except for the recording of a provision for income taxes resulting from a change in the income tax status of the Corporation as described in Note 3 to the financial statements, have been applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within the statutory powers of the Corporation.

Yours faithfully,
J.J. MACDONELL
Auditor General of Canada.

BOARD OF DIRECTORS

The terms of the Act provide that the Board shall consist of five directors, one of whom is Chairman. The Chairman is appointed by Governor in Council and the other four members at December 31, 1975 are the persons holding the respective offices opposite their names.

Messrs. Gérard Gingras, *Chairman*
G.K. Bouey, *Governor of the Bank of Canada*
T.K. Shoyama, *Deputy Minister of Finance*
R. Humphrys, *Superintendent of Insurance*
C.L. Read, *Inspector General of Banks*

Mr. T.J. Davis is the Secretary-Treasurer of the Corporation.

MEMBER INSTITUTIONS — FEDERAL

The deposits with federal institutions that were carrying on business at the time the Act came into force on April 17th, 1967 were insured from that date. Deposits made with federal institutions that are licensed under the Trust Companies Act or the Loan Companies Act after April 17th, 1967 are insured from the date the institutions commence business.

As at December 31, 1974 forty (40) federal institutions were members of the Corporation. During the year 1975 the Arteco Mortgage Investment Company, Morguard Mortgage Investment Company, Pioneer Trust Company and Seel Mortgage Investment Corporation commenced business and therefore, being federally incorporated, automatically became member institutions. Also, during the year the Investors Trust Company ceased to do business and is no longer a member.

The forty-three (43) federal member institutions at December 31, 1975, of which eleven (11) are Banks and thirty-two (32) are Loan or Trust Companies, are:

BANKS

Bank of Montreal	Bank Canadian National
The Bank of Nova Scotia	The Mercantile Bank of Canada
The Toronto Dominion Bank	Bank of British Columbia
The Provincial Bank of Canada	Unity Bank of Canada
Canadian Imperial Bank of Commerce	The Montreal City and District Savings Bank
The Royal Bank of Canada	

TRUST AND LOAN COMPANIES

Arteco Mortgage Investment Company	Guaranty Trust Company of Canada
BNS Mortgage Corporation	The Huron and Erie Mortgage Corporation
Canada Permanent Mortgage Corporation	Income Trust Company
Canada Permanent Trust Company	International Savings & Mortgage Corporation
The Canada Trust Company	Kinross Mortgage Corporation
Central & Nova Scotia Trust Company	League Savings & Mortgage Company
Co-Operative Trust Company Limited	Morguard Mortgage Investment Company
Eaton Trust Company	Morguard Trust Company
The Eastern Canada Savings and Loan Company	Nelcon Trust Company
The Equitable Trust Company	Nova Scotia Savings & Loan Company
Evangeline Savings and Mortgage Company	The Premier Trust Company
Fidelity Mortgage & Savings Corporation	Pioneer Trust Company
The Fidelity Trust Company	Settlers Savings and Mortgage Corporation
General Mortgage Corporation of Canada	Seel Mortgage Investment Corporation
Granville Savings and Mortgage Corporation	Standard Trust Company
Greymac Mortgage Corporation	The Sterling Trusts Corporation

MEMBER INSTITUTIONS — PROVINCIAL

A provincial institution may become a member of the Corporation if it is authorized by the province of its incorporation to apply for deposit insurance and, if it agrees not to exercise powers substantially different from the powers exercisable by a federal trust or loan company as the case may be.

Prior to coming into force of the Canada Deposit Insurance Corporation Act, the Province of Ontario had instituted a deposit insurance plan of its own covering all the Loan Companies and Trust Companies in the Province. This plan, which came into effect on February 10, 1967, was similar to the plan instituted by the Canada Deposit Insurance Corporation Act. After the Canada Deposit Insurance Corporation Act came into effect, the Ontario plan was suspended and all the Ontario companies concerned were subsequently accepted as members of the Corporation effective April 29, 1967.

An Indemnity Agreement between the Corporation and the Province of Alberta applicable to four companies incorporated under the legislation of that Province is still in effect.

During 1967, the Province of Quebec adopted legislation to establish a plan of deposit insurance applicable to all institutions that accept deposits in that Province. The plan guarantees not only deposits within the Province, but also provides for the guarantee of deposits accepted outside Quebec by institutions incorporated in Quebec. In order to avoid duplication of insurance and to meet the desires of Provinces where such deposits are located, an agreement was reached between the Federal Government and the Government of Quebec providing as follows:

1. The Canada Deposit Insurance Corporation will insure deposits outside Quebec accepted by institutions incorporated in Quebec;
2. the Quebec Deposit Insurance Board will guarantee deposits in Quebec accepted by institutions incorporated in Quebec or in other Provinces. Where the Canada Deposit Insurance Corporation is insuring deposits accepted in Quebec by institutions in other Provinces, it will terminate its insurance of those deposits on application by the institution with the concurrence of the Province of incorporation;
3. the Canada Deposit Insurance Corporation will continue to insure deposits accepted by Federally incorporated institutions, whether accepted in Quebec or elsewhere in Canada, and Quebec will refrain from levying any charge for deposit insurance on such institutions.
4. the Canada Deposit Insurance Corporation is empowered to make short term secured loans to the Quebec Deposit Insurance Board to enable it to meet emergency liquidity needs in connection with its insurance operations.

In order to implement the above understanding the required amendments to the Canada Deposit Insurance Corporation Act came into effect on March 27, 1968, and on December 23, 1968 an Agreement between the Corporation and the Quebec Deposit Insurance Board was executed.

The Corporation is insuring the deposits located outside the Province of Quebec accepted by the following institutions incorporated in that Province: Credit Foncier Franco-Canadien, General Trust of Canada, International Trust Company, Montreal Trust Company, RoyMor Ltd., The Royal Trust Company and The Royal Trust Company Mortgage Corporation.

The Quebec Deposit Insurance Board is providing the guarantee for the deposits located in Quebec accepted by the Crown Trust Company, Federal Trust Company, The Metropolitan Trust Company, National Trust Company, Tordom Corporation and United Trust Company. These Companies are all incorporated under Province of Ontario Legislation. In addition, the Quebec Deposit Insurance Board is providing the guarantee for the deposits located in the Province accepted

by the Farmers & Merchants Trust Company, a company incorporated under the Legislation of the Province of Alberta. All these companies are members of the Canada Deposit Insurance Corporation.

During the year 1975, a Policy of Deposit Insurance was issued to the Vanguard Trust of Canada Limited, a company incorporated in Ontario.

At December 31, 1974, forty (40) provincially incorporated loan companies and trust companies were members of the Corporation. Although another company became a member of the Corporation during the year the total number of member institutions in this category remained at forty (40) at the year end because The Security Trust Company Limited was removed from the list of member institutions.

The Provincial member institutions at December 31, 1975 are:

TRUST AND LOAN COMPANIES

The Acadia Trust Company	The Lambton Loan and Investment Company
Atlantic Trust Company	Landmark Savings and Loan Association
Canadian First Mortgage Corporation	The Lincoln Trust and Savings Company
The Canborough Corporation	The Metropolitan Trust Company
City Savings & Trust Company	Montreal Trust Company
Commonwealth Trust Company	The Municipal Savings & Loan Corporation
Continental Estates Corporation Ltd.	National Trust Company Limited
Credit Foncier Franco-Canadien	Nipissing Mortgage Corporation
Crown Trust Company	Norfolk and Retailers Trust & Savings Company
District Trust Company	North West Trust Company
The Dominion Trust Company	Ontario Trust Company
Farmers & Merchants Trust Company	Principal Savings and Trust Company
Federal Trust Company	The Royal Trust Company
Fort Garry Trust Company	The Royal Trust Company Mortgage Corporation
General Trust of Canada	RoyMor Limited
Hamilton Trust & Savings Corporation	Tordom Corporation
Heritage Savings & Trust Company	United Trust Company
The Industrial Mortgage and Trust Company	Vanguard Trust of Canada Limited
Inland Trust and Savings Corporation Ltd.	Victoria and Grey Trust Company
International Trust Company	Yorkshire Trust Company

C.D.I.C. LEGISLATION

The Canada Deposit Insurance Corporation Act received Royal Assent on February 17th, 1967 and came into force by proclamation on April 17th, 1967. An Act to amend the Canada Deposit Insurance Corporation Act received Royal Assent on March 27th, 1968.

The prime purpose of the Act is to provide, for the benefit of persons having deposits with member institutions, deposit insurance against the loss of part or all of such deposits.

The Act gives the Corporation power to adopt by-laws, subject to the approval of the Governor in Council, regulating the conduct and general affairs of the Corporation. By-Law No. 1 (General) was approved by the Governor in Council on March 30th, 1967 and published in Part II of the Canada Gazette on April 12th, 1967. An amendment to this By-Law was approved by Governor in Council on May 26th, 1967 and published in Part II of the Canada Gazette on June 14th, 1967. Two further amendments to the By-Law were approved by Governor in Council on February 1st and February 15th, 1968 and were published in Part II of the Canada Gazette on February 14th, and February 28th, 1968 respectively.

DEFINITION OF DEPOSIT

For the purpose of the Act and the By-Laws of the Corporation a deposit has been defined in Section 2(1)(a) of By-Law No. 1 (General) as undernoted:

“ ‘deposit’ means the unpaid balances of the aggregate of moneys received or held by a federal or provincial institution within the meaning of the Act, from or on behalf of a person in the usual course of business, and for which the institution

- (i) has given, or is obligated to give, credit to such person’s account, or
- (ii) has issued, or is obligated to issue, a receipt, certificate, debenture other than a debenture issued by a chartered bank, transferable instrument, draft, certified draft or cheque, traveller’s cheque, prepaid letter of credit, money order or other instrument in respect of which the institution is primarily liable,

if the institution is obligated to repay the moneys

- (iii) on a fixed date,
- (iv) on demand by the depositor, or
- (v) within a specified period of time following demand by the depositor, and includes any interest accrued or payable to the person, but does not include moneys received or held by the institution where the date of deposit is on or after April 17, 1967 unless the institution is obligated or may by demand of the depositor become obligated to repay the moneys within five years from such date of deposit or on a date five years after such date of deposit.”

The By-Law also provides that where a member institution is obligated to repay moneys to a depositor who acts as trustee for, or as joint owner with, another person and the trusteeship or joint ownership is disclosed on the records of the institution, the deposit of such trustee or joint owner shall, for purposes of deposit insurance be deemed to be separate from any deposit of the trustee or joint owner acting in his own right or in another trust or joint capacity.

Similarly, under such circumstances, the interest of a beneficiary in a deposit of a depositor who is acting as trustee for that beneficiary shall be deemed to be a deposit separate from any deposit of such beneficiary in his own right or as a beneficiary in any other trust deposit.

When the Canada Deposit Insurance Corporation Act was amended on March 27, 1968, one of the provisions of the amending Act specified that the power of the Board of Directors’ to define the expression ‘deposit’, as set out in Section 12 of the Act, would terminate one year from the date the amending Act came into force. Accordingly that power terminated on March 27, 1969 and any change in the definition of ‘deposit’ can now be made only by Legislation.

PRINCIPAL PROVISIONS OF THE ACT

The principal provisions of the Canada Deposit Insurance Corporation Act, and to which reference is made in this report, may be described as follows:

Relevant Section

9. For the purpose of this Act, the following are federal institutions:
 - (a) a bank
 - (b) a company incorporated by or pursuant to an Act of the Parliament of Canada that accepts deposits from the public and to which the Trust Companies Act or the Loan Companies Act applies.
10. For the purposes of this Act, a provincial institution is an incorporated company that carries on, under a provincial Act or a constating instrument

under provincial jurisdiction, the business of a trust company within the meaning of the Trust Companies Act or the business of a loan company within the meaning of the Loan Companies Act, or both such businesses, and that accepts deposits from the public.

11. The Corporation may do all things necessary or incidental to the objects of the Corporation and in particular may acquire assets from a member institution, make loans or advances to a member institution and take security therefor and guarantee loans to or deposits with a member institution, for the purpose of reducing a risk to the Corporation or reducing or averting a threatened loss to the Corporation.
13. (1) The Corporation is required to insure each deposit with a member institution except
 - (a) a deposit that is not payable in Canada or in Canadian currency;
 - (b) a deposit in respect of which Her Majesty in right of Canada would be a preferred claimant; and
 - (c) so much of any one deposit as exceeds twenty thousand dollars.(2) Where a person has deposits with two or more member institutions that amalgamate and continue in operation as one member institution, a deposit of that person with an amalgamating institution on the day the amalgamated institution is formed, less any withdrawals from such deposit, shall, for the purpose of deposit insurance with the Corporation be deemed to be and continue to be separate from any deposit of such person on that day with the other amalgamating institution or institutions that become part of the amalgamated institution.
- (3) For the purpose of deposit insurance with the Corporation, where a member institution, pursuant to a plan or arrangement acquires the undertakings and assets of another member institution, those member institutions shall be deemed to be amalgamating institutions and subsection (2) shall apply where a person has deposits with both such institutions.
- (4) Where the Corporation is obliged to make payment in respect to any deposit insured by deposit insurance, the Corporation as soon as possible after the obligation arises shall, in respect of such deposit, make payment to such person as appears entitled thereto by the records of the member institution with which the deposit was made,
 - (a) by making available to such person a transferred deposit with another member institution for so much of his deposit as is insured by the Corporation; or
 - (b) by paying such person an amount in money equal to so much of his deposit as is insured by the Corporation.(6) Where the Corporation makes a payment under this Section in respect of any deposit with a member institution, the Corporation is subrogated, for so much of that deposit as is insured by the Corporation, to all rights and interest of the depositor as against that member institution.
14. (1) The deposits with a federal institution that was carrying on business on the day that the Act came into force were insured by the Corporation from and after that day.
- (2) The deposits with a federal institution that commences business after the Act came into force are insured the day the institution commences business.
16. On application, the Corporation insures the deposits of the provincial institution if;
 - (a) the provincial institution is authorized by the province of its incorporation to apply for deposit insurance.
 - (b) the provincial institution agrees, in carrying on its business, not to exercise powers substantially different from the powers exercised by a trust

company under the Trust Companies Act and a loan company under the Loan Companies Act.

(c) the Corporation approves the provincial institution for a policy of deposit insurance.

19. (1) "Premium year" means, in relation to the calculation and payment of premiums pursuant to the Act, the period beginning the first day of May in one year and ending on and including the 30th day of April in the next year.

(2) The Corporation is required to assess and collect from each member institution an annual premium equal to the greater of

(a) five hundred dollars, or

(b) one thirtieth of one per cent of the total amount of such deposits as are deposited with the member institution as of the 30th day of April in that year and insured by the Corporation.

(6) The premium payable by a member institution in respect of the premium year in which it becomes a member institution shall be the same proportion of the greater of

(a) five hundred dollars, or

(b) one thirtieth of one per cent of the total amount of such deposits with that member institution and insured by the Corporation, as of the end of the month in which it becomes a member institution,

as the number of days in which any of the deposits with that member institution are insured by the Corporation in that premium year is of 365.

(8) Where, in the opinion of the Corporation, the Deposit Insurance Fund at the end of a financial year of the Corporation is adequate having regard to all the circumstances, the Corporation may reduce the premiums to be paid by member institutions in the next premium year but a reduced premium shall not be less than the greater of

(a) five hundred dollars, or

(b) an amount that together with the aggregate of the amounts previously paid by the member institutions by way of premiums, would equal one-sixth of one per cent of such deposits as are deposited with the member institutions as of the 30th day of April in that year and are insured by the Corporation.

31. (1) Where under the law of any province the government of that province or an agent of the government of that province guarantees or insures any of the deposits with a provincial institution operating within that province, the Corporation, subject to any agreement entered into under sub-section (2) may, in respect of that provincial institution,

(a) insure some or all of the deposits with the provincial institution, or

(b) alter an existing policy of deposit insurance issued by the Corporation to the provincial institution, to exclude from the policy of deposit insurance any of the deposits with the provincial institution.

(2) The Corporation may, with the approval of the Government in Council enter into an agreement with the government of a province or an agent of the government of a province referred to in subsection (1), to provide for reciprocal arrangements relating to the administration or operation of the law of that province and of this Act.

39. (1) The Corporation may employ such officers, agents and employees as are necessary for the purposes of the Corporation and is empowered, subject to the approval of the Minister of Finance, to make use of the personnel, facilities and services of the Department of Insurance and the Department of Finance.

OTHER LEGISLATION

Under the provision of the Investment Companies Act, the Corporation is empowered to make short term loans, as a lender of last resort, to Canadian controlled Sales Finance Companies. Also, under the provisions of the Cooperative Credit Associations Act, the Corporation is empowered to make short term loans, for liquidity purposes, to cooperative credit societies and to provincially created corporations that provide, or administer, stabilization or liquidity funds for the benefit of Credit Unions and their members. The aforementioned functions are entirely separate from those performed by the Corporation under its Act of incorporation. The Corporation is not insuring the debt instruments of the sales finance companies or the deposits and debt instruments of the cooperative credit societies. The loans may be made only for the purpose of meeting short term requirements for liquid funds and the source of funds for the Corporation to make these loans would be borrowings from the Consolidated Revenue Fund.

During the year 1975, the Corporation entered into agreements with the B.C. Credit Union Reserve Board and the Saskatchewan Credit Union Mutual Aid Board to extend to these corporations short term loans required to meet short term requirements for liquid funds arising from their operations.

No funds have been advanced under either Act.