Calculating the Deposit Insurance Coverage

Insured deposits refer to the portion of deposits covered under the Deposit Insurance Act 2018 (DIA) up to the limit of G$2 million.

Uninsured deposits refer to the portion of deposits above the insured limit or depositors not eligible for coverage as per section 36 of the DIA.

A. Single Accounts

These are deposit accounts owned by an individual and titled in that **person's name only**. After combining the deposit accounts of an individual, the maximum amount that an insured depositor can receive is two million Guyana dollars ($2,000,000).

Scenario: 1:

Susan Singh has a savings account (Account A) with a balance of $1,500,000 and a certificate of deposit (CD) with a balance of $800,000 (Account B) at ABC Bank, both accounts are in her name only. Ms. Singh will receive compensation from the Deposit Insurance Corporation (DIC) up to the insured limit of $2,000,000 as shown in the table below.

Deposit Insurance Computation				
Depositor	**Account**	**Total Deposits**	**Insured Deposits (Limit)**	**Uninsured Deposits**
Susan Singh	Account A	$1,500,000	$2,000,000	$300,000
	Account B	$ 800,000		
	Total	**$2,300,000**		

Scenario 2:

Adam Smith has a checking account (Account A) with a balance of **US$12,000** at ABC Bank. In the event that ABC Bank fails, Mr. Smith will receive his insurance payment in Guyana dollars and not in US Currency. Therefore, let us assume when ABC Bank failed, the exchange rate on that date was **US $1 = G $200**. Mr. Peters will be reimbursed in Guyana Dollars at the exchange rate applicable on the date when ABC Bank failed. Mr. Smith will receive the deposit insurance payment as follow:

Deposit Insurance Computation				
Depositor	**Account**	**Total Deposits in G$ (US$1 = G$200)**	**Insured Deposits (Limit)**	**Uninsured Deposits**
Adams Smith	A	$2,400,000	$2,000,000	$400,000

B. Joint Accounts

A joint account is a deposit account owned by two or more individuals. The funds held in a joint account will be treated as one account and is insured up to the **insured limit** of $2,000,000. The reimbursement will be divided equally among the account holders unless otherwise justified with proper documentation.

Scenario 3:

John Henry has savings and a checking account in his name. His wife Jane Henry has a savings account and a checking account in her name. John and Jane also have a joint time deposit with equal rights (i.e. both parties are authorized to execute/sign transactions using the joint account without the signature of the other party). The balances in these accounts along with the Deposit Insurance payments are given in the table below:

Deposit Insurance Computation				
Account Name	**Type of Deposit Accounts**			**Total Deposits**
	Savings	**Checking**	**Time**	
John Henry ID #: 000000001 TIN: 000000123	$600,000	$600,000	-	$1,200,000
Jane Henry ID#: 000000002 TIN: 000000456	$500,000	$500,000	-	$1,000,000
John and Jane Henry ID#'s: 000000001 & 000000002 TIN: 000000123 & 000000456	-	-	$800,000	$800,000
Total				**$3,000,000**

Since payout is done *per depositor*, reimbursed amounts will be as follows:

John Henry: $1,200,000 + $400,000 = $1,600,000

Jane Henry: $1,000,000 + $400,000 = $1,400,000

Note: Both John and Jane will receive an equal share of the total deposits in their joint account.

C. Multiple Accounts at different Banks

Scenario 4:

Lisa Khan has a saving account at **Bank A** and a checking account at **Bank B**. Let us assume that there was a financial crisis in Bank A and the bank failed. The balances in Lisa's accounts are as follows:

Deposit Insurance Computation					
Depositor	Member Financial Institution	Account Balances	Insured Deposits (Failure of Bank A)	Uninsured Deposits	Reimbursed amount
	Bank A	$2, 500, 000	$2, 000, 000	$500, 000	$2,000,000
Lisa Khan	Bank B	$2, 800, 000	$2, 000, 000	$800,000	N/A

Note: Lisa will only receive payment for deposits in Bank A (as the failed bank) up to the **Insured Limit** of $2,000,000.

D. Trust and Nominee Accounts

Scenario 5:

John Henry has two accounts with Bank A and decides to open a savings account at his bank for his son Jason. The balances in these accounts along with the Deposit Insurance payments are given in the table below:

Deposit Insurance Computation					
Account Name	Type of Deposit Accounts			Total Deposits	Insured Deposits (under $2,000,000)
	Savings	Checking	Time		
John Henry ID #: 000000001 TIN: 000000123	$600,000	$600,000	-	$1,200,000	$1,200,000
John for Jason ID#: 000000002 of parent/guardian TIN: 000000456 of parent/guardian Birth certificate #1234 of the child	$500,000	-	-	$500,000	$500,000

Note: Jason is a minor, therefore the amount in the account opened for him by his father, John, is added to other individual accounts held by Jason.

Scenario 6:

Sam and Pam are a married couple. Sam has opened a trust account at Bank B where Pam is listed as the beneficiary. Sam also has a checking account at the bank. Pam also has an individual savings account with Bank B.

Account Name	Type of Deposit Accounts			Total Deposits	Insured Deposits (under $2,000,000)
	Savings	Checking	Time		
Sam's Trust A/c ID #: 000000001 TIN: 000000123	-	-	$5,000,000	$5,000,000	$2,000,000
Sam ID#: 000000001 TIN: 000000123	-	$500,000	-	$500,000	$500,000
Pam ID#: 000000002 TIN: 000000456	$200,000	-	-	$200,000	$200,000

Note: The funds held in trust for Pam are not combined with Sam or Pam's individual accounts. The trust account is insured separately.