



*Deposit Insurance*  
Protection that's on the Money

Impact of Delinquent or Past Due Loans  
on Deposit Insurance Coverage

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### Guiding Principle

If a loan and a deposit are held in the name of the same person or organisation, the DIC will offset the balance on the deposit account against the balance due on the loan up to the maximum reimbursable Deposit Insurance Limit.

This amount is restricted to the maximum deposit insurance coverage limit of TT\$125,000.

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### The Impact of Loans on Deposit Insurance Coverage

Topics covered:

1. Loans & Deposit Accounts where the Deposit is Greater
2. Loans & Deposit Accounts where the Loan is Greater
3. Loans Exceeding the Maximum Reimbursable Deposit Insurance Limit

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Scenario #1:  
Loans & Deposit Accounts where  
the Deposit is Greater



DIC  
DEPOSIT INSURANCE  
CORPORATION  
Member FDIC

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Scenario #1 - Loans & Deposit Accounts where the Deposit is Greater

**Example**

Simone has a deposit account for \$120,000 and a loan account with a balance of \$110,000.

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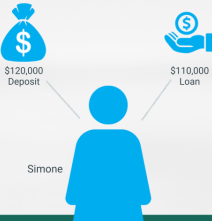
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Scenario #1 - Loans & Deposit Accounts where the Deposit is Greater

**Visualisation**



\$120,000  
Deposit

\$110,000  
Loan

Simone

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Scenario #1 - Loans & Deposit Accounts where the Deposit is Greater

### Coverage

Balance due on Deposit	\$120,000
Outstanding Loan	\$110,000
Insured Deposit Balance	\$10,000

The balance due on the deposit is able to fully offset the outstanding loan leaving an insured deposit balance of TT\$10,000 which will be reimbursed to Simone.

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Scenario #2:  
Loans & Deposit Accounts where  
the Loan is Greater



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Scenario #2 - Loans & Deposit Accounts where the Loan is Greater

### Example

Jason has a deposit account for \$60,000 and a loan account with a balance of \$70,000.

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Scenario #2 - Loans & Deposit Accounts where the Loan is Greater

### Coverage

Balance due on Deposit	\$60,000
Outstanding Loan	\$70,000
Outstanding Loan Balance	\$10,000

The balance due on the deposit is only able to partially offset the outstanding loan, Jason will not receive any deposit insurance reimbursement and he must settle the outstanding loan balance of \$10,000.

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Scenario #3:  
Loans Exceeding the Maximum  
Reimbursable Deposit Insurance Limit

The logo for Deposit Insurance Corporation (DIC) is located in the bottom left corner. It consists of the letters "DIC" in a bold, sans-serif font, with "DEPOSIT INSURANCE CORPORATION" in a smaller font below it, and "MEMBER FDIC" in an even smaller font at the bottom.

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### Example

Anesta has a deposit balance of \$140,000 and an outstanding loan of \$130,000.

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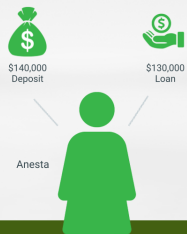
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### Visualisation



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### Coverage

Balance due on Deposit	\$140,000
Outstanding Loan	\$130,000
Deduct the Maximum Reimbursable Amount (Restricted)	(\$125,000)
Net Position (Outstanding Loan Balance)	(\$5,000)
Net Amount Due to Depositor	\$0

The DIC will apply the limit rule: The maximum reimbursable deposit insurance limit of \$125,000 will be set off against the loan balance of \$130,000 resulting in a nil balance due to the depositor. In simple terms, no payment would be made to this depositor.

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Scenario #3 - Loans Exceeding the Maximum Reimbursable Deposit Insurance Limit

### Coverage

The outstanding loan balance of TT\$5,000 must be settled by the depositor/loan customer.

The depositor will be issued a Liquidator's Certificate for the balance on the deposit in excess of the TT\$125,000 Deposit Insurance coverage limit, which could not be applied to the outstanding loan.

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### Scenarios you've covered:

1. Loans & Deposit Accounts where the Deposit is Greater
2. Loans & Deposit Accounts where the Loan is Greater
3. Loans Exceeding the Maximum Reimbursable Deposit Insurance Limit

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