

Claims Frequently Asked Questions (FAQs): Retail Deposit Guarantee Scheme

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Disclaimer: The information posted as Frequently Asked Questions (FAQs) is provided for general guidance only and cannot be relied on as being definitive. In particular please note that the final terms of the Deed will prevail to govern any guarantee arrangement. The information posted as Frequently Asked Questions (FAQs) is subject to ongoing clarification, addition and amendment.

What is the Deposit Guarantee Scheme (DGS)?

The government's Retail Deposit Guarantee Scheme was announced 12 October 2008 to run until October 2010 as part of measures to ensure continuing depositor confidence in New Zealand given international financial market turbulence. The Scheme provides 100% cover of eligible deposits up to \$1 million per depositor per covered institution. This means that in the event an eligible deposit taking entity is unable to meet claims against it, the DGS can provide payout to eligible depositors.

How can I find out if a firm is an approved institution under the DGS?

Firms that are approved under the DGS are listed on the [Approved Institutions](#) page of the Treasury website. The list is updated as new approvals are granted.

How do you decide whether a depositor is eligible for compensation?

To qualify for compensation you must be eligible under the terms of the guarantee. The guarantee covers debt securities held by retail depositors and issued by businesses covered by the guarantee. Further information about depositor eligibility is provided on the [Retail Deposit Guarantee Scheme Questions and Answers](#) page of the Treasury website.

Does compensation cover interest?

Eligible depositors will get the principal sum deposited, along with interest accruing in accordance with the terms of the deposit, up to \$1 million per depositor, per institution inclusive of any interest payable.

Will I still have to pay tax?

Any tax that is required to be deducted and paid to the Inland Revenue Department will be deducted before you receive payment.

If I have more than \$1 million in an account, does that mean I will lose money?

Eligible deposits are 100% guaranteed up to \$1 million per depositor, per institution. Anything over this amount will have to be recovered in the liquidation of the entity.

How would I make a claim?

To claim for payout under the guarantee a depositor must fill in a notice of claim form. A notice of claim form for the specific institution concerned will be made available on the Treasury website.

Do I have to pay anything to have a claim considered?

There is no fee for submitting a claim under the DGS.

How long will it take to process a claim?

The Treasury aims to pay out guaranteed deposits as soon as is practicably possible. There is no fixed period for repayment, but the process can begin shortly after the time of a default event (e.g. the company being placed into receivership).

Before the government can pay out under the terms of the guarantee there are a number of things the Treasury must do. These include: establishing that an event of default has occurred for the purposes of the guarantee; the Treasury must receive a fully completed notice of claim form (in the prescribed form with full supporting information); establish that a depositor is eligible for payout under the terms of the guarantee; and, establish that the amount of the claim is correct.

What information will need to be included in a claim?

The information that will need to be included in a claim will be described in the notice of claim forms for the institution concerned. The notice of claim forms will be made available on the Treasury website.

Are there any time limits on making a claim?

The government does not anticipate at this stage setting any time limits on making a claim.