
Legislative Update: SP Regulation amendment - clarifying deposit insurance requirements

In 2014, the Strata Property Regulation was amended to modernize and simplify the requirements for permitted investments for funds collected through special levy or held in a contingency reserve fund. The amendments support strata corporations to earn money for upcoming repair and maintenance issues and reduce the need for higher strata fees in future years. The Regulation specified that certain investments (savings and chequing accounts, term deposits, and guaranteed investment certificates (GICs) must be in accounts at financial institutions that are a member of the Canada Deposit Insurance Corporation (CDIC) or the Credit Union Deposit Insurance Corporation of British Columbia (CUDIC), and the deposit must be eligible for deposit insurance.

Accounts at financial institutions that are members of CUDIC have unlimited deposit insurance protection. However, as CDIC limits deposit insurance to the first \$100,000 of the total amount on deposit, some strata

corporations interpreted Regulation 6.11 to mean that the entire amount on deposit must be insured and believed they are required to divide their investments across many accounts to ensure no account exceeds the \$100,000 limit.

As many strata corporations have account balances well in excess of \$100,000, it is unreasonable to expect them to administer a multitude of accounts to keep balances under the deposit insurance limit, and this was never intended.

To reduce confusion and the perceived administrative burden on strata corporations, the language in Regulation 6.11 was amended to clarify that a strata corporation is compliant with the Regulation in situations where only a portion of an account is eligible for deposit insurance. The amendment took effect March 6, 2019.

1 Section 1.1 of the Strata Property Regulation, B.C. Reg. 43/2000, is amended

(a) by renumbering the section as section 1.1 (1), and

(b) by adding the following subsection:

(2) In the Act, “insured account” means an account with a deposit, all or part of which is eligible to be insured by the Canada Deposit Insurance Corporation or guaranteed by the Credit Union Deposit Insurance Corporation of British Columbia.

2 Section 6.11 is amended

(a) by repealing paragraph (a) and substituting the following:

(a) a savings account or chequing account at a financial institution outside of British Columbia with a deposit, all or part of which is eligible to be insured by the Canada Deposit Insurance Corporation; , and

(b) in paragraph (b) by striking out everything before subparagraph (ii) and substituting the following:

(b) a term deposit or a guaranteed investment certificate, if all or part of the deposit or certificate

(i) is eligible to be insured by the Canada Deposit Insurance Corporation or guaranteed by the Credit Union Deposit Insurance Corporation of British Columbia, and.