

# Stabilization Central

— CREDIT UNION —

---

## Master Bond Program Quarterly Update

Q3 October 2021

Hi defaultfirstname,

### Assessment & Renewal Update

Earlier this year, Stabilization Central Credit Union engaged its insurance intermediary, Willis Towers Watson (WTW), to conduct a validation of the Master Bond Program (MBP) assessment model. It became evident that the existing model required adjustments and WTW was asked to produce a new premium allocation model. The new model is solely based on assets, full-time equivalency, and three years of claims experience. Your credit union will see different results than in prior years, but the assessment calculation will be clearer and easier to understand.

The assessment is intended to pay all claims expected during the upcoming period based on actuarial projections plus the insurance and administration expenses. In addition, the assessment calculation considers the funding required to maintain the Master Bond Fund at \$5M, which is the maximum aggregate loss retention by the MBP. Any excess of that aggregate is paid by Stabilization Central's insurers.

Stabilization Central will compare assessment calculations produced by the current and previous model and will analyze the impacts on credit unions. Given recent rising claims costs and an expected increase in our excess insurance costs, credit unions should expect an increase in assessment premium from 2021 to 2022 but work is underway to keep any increase at a manageable level.

## Claims Update

Paid Losses at September 30, 2021:

<b>PAID CLAIMS</b>	<b>01JAN21 To 30SEP21</b>	
<b>Type of Claim</b>	<b># of Claims</b>	<b>Paid Loss</b>
<b>Computer Crime</b>	<b>128</b>	<b>\$ 578,510</b>
<b>Crisis Response</b>	<b>2</b>	<b>\$ 4,068</b>
<b>Forgery</b>	<b>5</b>	<b>\$ 265,070</b>
<b>Total</b>	<b>135</b>	<b>\$ 847,647</b>

Open Claims at August 21, 2021:

<b>OPEN CLAIMS</b>	<b>As at 30SEP21</b>	
<b>Type of Claim</b>	<b># Of Claims</b>	<b>Reserve Loss</b>
<b>Computer Crime</b>	<b>48</b>	<b>\$ 268,091</b>
<b>Total</b>	<b>48</b>	<b>\$ 268,091</b>

Total claims paid YTD in 2021 are higher than 2020 (YTD 2020 claims paid of \$651,466). This is primarily driven by an increase in Forgery claims paid. In 2021, there have been two Crisis Response claims paid, which covers the cost of trauma-related counseling for events such as robberies at the branch. There were no Crisis Response claims in 2020. Stabilization Central continues to monitor online mobile banking (OLMB) losses within the BC credit union system. With the implementation of two-factor authentication (2FA) and Central 1's Enterprise Fraud Management (EFM) solution, steps are being considered to combat online banking fraud which will, in turn, help credit unions and the MBP manage these losses.

## SCCU & WTW Webinar Recording

On July 27, 2021, we hosted a webinar with guest speakers from our excess insurance providers: WTW and Berkshire Hathaway. The webinar provided a high-

level overview of bond coverage and discussed some claims experience and future trends that are being seen in other jurisdictions. The session was recorded and is available here if you weren't able to join us. In case you weren't able to join us, the slide deck from the session is available [on our website](#) (login required) and you can view the recording below.

[Watch Webinar Recording](#)

### **Coverage Summary Page**

With help from WTW, a coverage summary page for the MBP's coverages under the policy. This summary page is meant to help credit unions understand the coverage that is provided by the MBP and meant to be used as a quick reference for limits of coverage and deductibles. The summary page can be found below.

[See Coverage Summary](#)

### **SVP, Risk and Finance**

We are very excited to announce the hiring of Frank Chong for the role of SVP, Risk and Finance at Stabilization Central. Frank draws on 20 years of experience in financial services regulation and transformation. Frank comes from the BC Financial Services Authority where he has held leadership roles including Vice President, Deputy Superintendent of Regulation and most recently as the Senior Advisor to the CEO. He has a wealth of insurance experience which will be instrumental in helping us manage and enhance the MBP going forward. Frank commenced his role on September 20. Please join us in welcoming Frank!

Bill

**Bill Corbett**, CPA, CA (he/him/his)

Chief Executive Officer

## Stabilization Central

— CREDIT UNION —

Suite 100, 1095 West Pender Street

Vancouver, B.C. V6E 2M6

**T:** 604-730-5104 **C:** 604-355-6144

**Email:** [bcorbett@stabilizationcentral.com](mailto:bcorbett@stabilizationcentral.com)

**Website:** [www.stabilizationcentral.com](http://www.stabilizationcentral.com)

*I acknowledge with gratitude that I live and thrive on the traditional, ancestral, and unceded territories of the [xʷməθkʷəy̓əm](#) (Musqueam), [Skwxwú7mesh](#) (Squamish), and [Səlilwətaʔ](#) (Tseil-Waututh) Nations.*

Stabilization Central Credit Union, Suite #100, 1095 West Pender, Vancouver, British Columbia

[Unsubscribe](#) [Manage preferences](#)

Send free email today

