

**July 10, 2003**

Tom Edwards, Chief Executive Officer  
Northwest Farmers Insurance Group Federal Credit Union  
13333 SW 68th Parkway  
Tigard, OR 97223

Re: Long Term Care Insurance Benefit for Officials.

Dear Mr. Edwards:

You have asked if Northwest Farmers Insurance Group Federal Credit Union (Northwest Farmers FCU) may offer current and retired officials long term care insurance as a benefit. It may not offer any insurance benefit to retired officials. While you did not fully describe the type of coverage offered under long term care insurance, we believe that it may be permissible to provide current volunteer officials such a benefit, assuming they remain capable of serving in their official capacity.

No official, other than the designated compensated official, “may receive compensation for performing the duties or responsibilities of the board or committee position to which the person has been elected or appointed.” 12 C.F.R. §701.33(b)(2)(1). A federal credit union (FCU), however, may provide health insurance to volunteer officials that is reasonable in coverage and amount. 12 C.F.R. §701.33(b)(2)(ii). The coverage “must cease immediately upon the insured person’s leaving office, without providing residual benefits other than from pending claims, if any.” *Id.* These provisions prohibit Northwest Farmers FCU from offering long term care insurance to retired or former officials.

Generally, we understand long term care insurance to cover an individual’s needs when he or she is unable to independently perform tasks of daily living, such as bathing, dressing or feeding oneself. If a current official would be eligible to receive the coverage while still serving as an FCU official, we believe the benefit would be permissible. Once an individual is no longer capable of serving as an official and leaves office, as noted above, NCUA regulations require that the coverage cease immediately. 12 C.F.R. §701.33(b)(2)(ii).

Sincerely,

Sheila A.  
Albin  
Associate  
General  
Counsel

OGC/DMS:bhs  
03-0382