

**From:** [John McKenzie](#)  
**To:** [Regulatory Comments](#)  
**Subject:** Indiana Credit Union League Comments on NCUA Proposed Rule - Part 745, Share Insurance  
**Date:** Tuesday, July 07, 2015 4:22:15 PM

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Mr. Gerald Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

Re: Indiana Credit Union League Comments on NCUA Proposed Rule - Part 745, Share Insurance

Dear Mr. Poliquin:

The Indiana Credit Union League (ICUL) appreciates the opportunity to submit comments on the National Credit Union Administration's Proposed Rule on Part 745, Share Insurance and its associated appendix. The ICUL member credit unions represent 96% of assets and members of Indiana's credit unions, with those memberships totaling more than two million consumers.

We appreciate NCUA's efforts to incorporate changes to Part 745 as mandated by the Credit Union Share Insurance Fund Parity Act addressing share insurance coverage for interest on lawyers trust accounts (IOLTAs). In addition, we appreciate NCUA's efforts to bring additional insurance parity for other similar escrow accounts. By eliminating unnecessary competitive disadvantages for credit unions, consumers benefit by having more choices, which will lead to better choices due to marketplace competition.

#### IOLTAs and Other Similar Escrow Accounts

ICUL supports the inclusion of IOLTAs and other similar escrow accounts (such as prepaid funeral accounts and realtor escrow accounts). We also agree these types of accounts should have pass-through insurance coverage, in the amount of up to the Standard Maximum Share Insurance Amount (SMSIA) for each client and principal on whose behalf funds are held.

ICUL supports NCUA's position that IOLTAs and other similar escrow accounts are considered member accounts if the attorney, agent or trustee administering the account is a member. This eliminates the unnecessary nonmember restriction in Section 701.32 of NCUA's Rules and Regulations.

The proposal allows for records to be maintained by the credit union or the member (e.g., the trustee, agent or custodian) as proof of the existence of a relationship that provides a basis for additional insurance. We agree with the flexibility of this approach, because it eliminates an unnecessary recordkeeping burden.

#### Prepaid Cards

The proposal does not include prepaid cards, such as, gift, payroll, travel, and teen cards. ICUL encourages NCUA to use its authority for their inclusion of pass-through insurance coverage on prepaid cards where a fiduciary relationship can be clearly established and the fiduciary is a member of the credit union. We agree with the Federal Financial Institutions Examination Council's assessment that prepaid cards are one of fastest growing segments of the retail financial services industry. Also, under-banked consumers and small business employers are frequently using these devices. ICUL believes those individuals and entities need more choices and better access to credit unions in an effort to reduce costs or fees. By including prepaid cards in the coverage of pass-through insurance, it will provide the marketplace more options and will create parity with the Federal Deposit Insurance Corporation (FDIC) insurance coverage.

We commend NCUA for issuing this proposal and seeking input on whether other types of accounts should be included. We ask that NCUA reconsider the inclusion of prepaid cards. Their inclusion will

provide parity with FDIC and provide greater support for under-banked consumers and small businesses.

Thank you for the opportunity to comment on the proposal. If you have any questions about this letter, please contact me at (317) 594-5320.

Sincerely,

John McKenzie  
President  
Indiana Credit Union League