

With the year-end expiration nearing, you may want to review the March 2012 Letter to Credit Unions, which includes questions and answers as well as specific coverage scenarios based on various deposit examples.

Two points are especially important to keep in mind:

- On January 1, 2013, NCUA share insurance coverage on deposits in corporate credit unions will be limited to the standard maximum share insurance amount of \$250,000.
- Credit unions conducting business with corporate credit unions should evaluate their uninsured corporate account holdings and perform appropriate due diligence.

Insurance on Noninterest-Bearing Transaction Accounts

Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 provided temporary unlimited share/deposit insurance coverage on all noninterest-bearing transaction accounts in federally insured credit unions and banks. Generally, this refers to noninterest-bearing share draft/checking accounts with funds in excess of \$250,000.

As of September 30, 2012, approximately 12.5 percent of credit unions held noninterest-bearing share accounts totaling \$2.8 billion. The unlimited share/deposit insurance coverage on noninterest-bearing accounts will expire on December 31, 2012.

How will the expiration of the unlimited insurance on noninterest-bearing transaction accounts affect members?

Insurance coverage on noninterest-bearing transaction accounts will return to the permanent level of up to \$250,000 beginning January 1, 2013.² In other words, noninterest-bearing transaction accounts will be subject to the same insurance coverage levels as all other share accounts in a credit union.

With the expiration deadline now approaching, we encourage you to:

- Evaluate whether your credit union holds member accounts with the temporary unlimited insurance coverage.
- Communicate to your membership the potential changes in insurance coverage occurring on January 1, 2013.
- Ensure your account disclosures properly disclose the level of insurance coverage.

² The level of coverage could be higher depending on the member's share account structure. Please refer to "Your Insured Funds" on our website at www.ncua.gov for more information of value to members.

- Make your membership aware of NCUA's Share Insurance Tool Kit on our website (<http://www.ncua.gov/DataApps/Pages/SI-Tools.aspx>). The Tool Kit is designed to estimate the insurance coverage on member accounts.

Will the expiration also affect accounts at other institutions?

Yes. Review your credit union's investments in federally insured deposits of other financial institutions in the event they are currently subject to unlimited coverage. If you have unlimited coverage deposits in other institutions that will be expiring, you should update your due diligence for credit risk implications.

Who Is Available to Answer Questions?

If you have any questions related to insurance coverage of member accounts, please contact NCUA's Office of Consumer Protection at (703) 518-1140 or by email at OCPMail@ncua.gov.

Corporate credit unions with questions about these changes should contact NCUA's Office of Corporate Credit Unions at (703) 518-6640 or by email at OCCUMail@ncua.gov.

For all other inquiries related to this letter, please contact NCUA's Office of Examination and Insurance at (703) 518-6360 or by email at EIMail@ncua.gov.

Sincerely,

Debbie Matz
Chairman