



OHIO CREDIT  
UNION LEAGUE

July 13, 2015

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

Re: Share Insurance and Appendix– 12 CFR Part 745  
RIN 3133-AE49

Dear Mr. Poliquin:

The Ohio Credit Union League (OCUL) appreciates the opportunity to comment on the National Credit Union Administration's (NCUA) proposal to amend the share insurance regulations in order to implement statutory amendments to the Federal Credit Union Act (FCU Act) resulting from the enactment of the Credit Union Share Insurance Fund Parity Act (Insurance Parity Act).

OCUL is a state trade association and advocates on behalf of Ohio's 321 federal- and state-chartered credit unions, serving 2.8 million members. The comments reflected in this letter represent the recommendations and suggestions that we believe would be in the best interest of Ohio credit unions.

OCUL supports the adoption of the statutory definition for "pass-through share insurance" and the NCUA's proposed definition for "other similar escrow accounts," both of which will allow credit unions to provide additional services to their members. However, we are concerned that the NCUA did not take this rulemaking opportunity to extend pass-through share insurance coverage to prepaid card programs.

### **Analysis**

OCUL agrees with the NCUA's adoption of the definition for "pass-through share insurance," as defined under the Insurance Parity Act, with respect to Interest on Lawyers Trust Accounts (IOLTA) and other similar escrow accounts. Clearly, the true owners of the funds are the clients and principals and the coverage should therefore be based on the interest of each person on whose behalf funds are held by the administering attorney or escrow agent.

Following this reasoning, NCUA defines "other similar escrow accounts" as accounts where a licensed professional or other individual, serving in a fiduciary capacity, holds funds for the benefit of a client as part of a transaction or business relationship. Defining characteristics which are akin to IOLTAs will reduce the need for a case-by-case analysis to determine if an escrow account is similar enough to receive pass-through share insurance coverage. OCUL supports this process as a necessary step in streamlining the determination of whether an escrow-like account should be covered by share insurance.

However, NCUA did not extend pass-through share insurance coverage to prepaid card programs. This lack of pass-through insurance puts credit unions at a competitive disadvantage, as similar programs are covered by federally-backed insurance when offered through a bank.



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security, and disability payments require pass-through insurance, therefore excluding credit unions from offering these programs. Account funds from prepaid card programs are commonly held in pooled custodial accounts, which have a similar structure as a fiduciary account. Because of this similarity, OCUL's position is that pass-through share insurance coverage for prepaid cards should be included in this proposed rule.

### **Conclusion**

OCUL concurs with NCUA's decision to formulate which types of escrow-like accounts will be covered under pass-through share insurance. The expanded coverage will allow Ohio credit unions to provide additional services to members. However, OCUL requests NCUA provide credit unions with parity to banking institutions, which are currently able to insure prepaid card programs.

OCUL appreciates the opportunity to provide comments on the NCUA's proposed rule on Share Insurance for IOLTAs and other escrow-like accounts, and is available to provide additional comments or information on this proposal if so requested. If you have any questions, please do not hesitate to contact me at (800)486-2917, ext. 262 or via e-mail at [cmccallister@ohiocul.org](mailto:cmccallister@ohiocul.org).

Sincerely,



Carole McCallister  
Manager, Regulatory Advocacy

cc: Stan Barnes, OCUL Chair