Illinois
Credit Union League

Filed via regcomments@ncua.gov

September 1, 2017

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

Re: RIN 3133-AE77
Requirements for Insurance; National Credit Union Share Insurance Fund Equity Distributions

Dear Mr. Poliquin:

The Illinois Credit Union League (ICUL) is the primary trade association for nearly 300 state and federally chartered credit unions throughout the State of Illinois, who in turn serve 3 million consumers. We appreciate the opportunity to comment on the proposed rule regarding the National Credit Union Share Insurance Fund Equity Distributions

Calculation Method

ICUL supports NCUA's proposal to calculate a federally insured credit union's (FICU) proportionate share of a regular NCUSIF equity distribution (not resulting from the Corporate System Resolution Program) by using the average of eligible FICUs quarter-end insured share balances as recorded on their quarterly Call Report. The Four Quarter Average of Insured Shares method accounts for seasonal fluctuations in insured share levels and shifts from the current method which often gives a FICU with $50 million or more in assets an unfair advantage over smaller FICUs.

Equity Distribution Method

ICUL concurs with the concerns CUNA raises in its comment letter (September 5, 2017) with regard to NCUA's proposal to repay corporate assessments on either a first-in, first-out (FIFO) or a last-in, first out (LIFO) basis. In its comment letter, CUNA points out each method will favor different classes of credit unions, and therefore neither method would distribute refunds in proportion to total assessments paid. Consequently, we support CUNA's alternative method to prorate all refunds during the special distribute period on the basis of total stabilization assessments paid by each credit from 2009 to 2013. CUNA goes on to suggest that NCUA should first aggregate the total assessments paid by each credit

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union and calculate each credit union's share of the total equity to be transferred from the Stabilization Fund to the Share Insurance Fund based on its share of total assessments collected.

Temporary Provision

ICUL agrees with NCUA's proposal to add a temporary provision (§ 741.13) to address any Share Insurance Fund equity distributions related to the winding down of the Corporate System Resolution Program. Further, we agree with NCUA that any NCUSIF equity distribution related to the Corporate System Resolution Program should first go towards repaying those FICUs that paid special premiums, rather than taking the form of a general proportionate distribution to current FICUs under §741.4.

However, ICUL is concerned about NCUAs provision involving FICUs that terminate federal share insurance coverage before the payment date of an NCUSIF equity distribution related to the Corporate System Resolution Program, not be entitled to a distribution. As NCUA points out in its proposal, equity distributions related to the Corporate System Resolution Program would likely take place over multiple years. We urge NCUA to give consideration to **every** FICU that paid corporate assessments over the course of all assessment years. By doing so, NCUA demonstrates fairness, transparency and parity to all credit unions that paid into the Stabilization Fund, regardless of their decision in choosing a share insurance provider.

Conclusion

To summarize, we believe NCUA should (1) Use the Four Quarter Average of Insured Shares calculation method, (2) Base equity distributions related to the Stabilization Fund on total assessment paid to the Stabilization Fund, and (3) Provide all credit unions that paid assessments take part in the excess equity distributions.

Again, thank you for the opportunity to comment on this important proposal.

Sincerely,

Illinois Credit Union League
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