

YOUNG, SHERON

From: Snyder, Diane L
Sent: Monday, July 17, 2006 8:35 AM
To: YOUNG, SHERON
Subject: reg comments-iolta.doc

July 14, 2006

Mary Rupp, Secretary
NCUA Board of Directors
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Members of the Board:

I understand that the comment period for this interim final rule has past, but I am writing on an issue that can be addressed in future rulemaking for IOLTA accounts. I appreciate the opportunity to comment on the NCUA's interim final rule regarding share insurance. I am the CEO of Affinity Credit Union, a credit union located in Des Moines, Iowa. I would like to comment on the interim final rule's provisions relating to the extension of share insurance coverage to non-member participants in employee benefit plans.

The language of the Conforming Amendments Act suggests greater NCUA authority to provide pass-through coverage on a per-participant basis, regardless of each participant's membership status. Specifically, the Conforming Amendments Act defines pass-through insurance as "insurance coverage based on the interest of each participant" without including any limitations or qualifications requiring the membership status of each participant. Based on this definition, I believe it is appropriate to extend full coverage to all participants in an employee benefit plan if a plan trustee or the employer sponsoring the plan is a member. I further believe extending full coverage to all participants, regardless of membership status, is both fair and reasonable for three reasons. First, it is extremely likely that employers or trustees will only establish employment benefit plans at a credit union if there is already some membership connection (for example, the employee group is within the field of membership of the credit union). Second, participants may not be able to control or readily determine where their interests in an employee benefit plan are maintained and, therefore, as a matter of fairness to participants, all should be assured of full, pass-through coverage. Third, the Conforming Amendments Act prohibits insured credit unions that are not "well capitalized" or "adequately capitalized" from accepting employee benefit plan shares, thus providing another safety and soundness safeguard.

I believe that attorney client trust accounts (IOLTA accounts) should be accorded the same insurance coverage as employee benefit accounts will receive, should the NCUA's interim final share insurance rule go through in its current form. Specifically, as long as the attorney/firm that is setting up the account is a member of the credit union, each client of that attorney/firm should receive \$100,000 share insurance coverage on his/her portion of the deposits in the account, regardless of whether the client is a member of the credit union. The same reasons that make the extension of full insurance coverage to all participants in an employee benefit plan fair and reasonable apply equally to IOLTA accounts. I am hopeful that the NCUA will take into consideration the application of the same principles to IOLTA accounts.

Thank you for the opportunity to comment. Should you have any questions, please call me at 515-288-7225.

Sincerely,

Sandra B. Robinson
Chief Executive Officer

7/17/2006

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