



IDAHO CREDIT UNION LEAGUE
AND AFFILIATES

April 30, 2008

VIA E-MAIL to regcomments@ncua.gov

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: Advanced Notice of Proposed Rulemaking for Parts 708a and 708b

Dear Ms. Rupp,

Thank you for the opportunity to comment on the Agency's Advanced Notice of Proposed Rulemaking for Parts 708a and 708b. The Idaho Credit Union League respectfully opposes further rulemaking with respect to private insurance for the reasons explained in this letter.

The Idaho Credit Union League is a trade association representing most of Idaho's 61 credit unions, including 20 federal credit unions, 22 federally insured state credit unions, 18 privately insured state-chartered credit unions, and one non-insured credit union. As may be surmised from these statistics, Idaho law allows state-chartered credit unions to choose whether to obtain share and deposit insurance from NCUA or "alternatively, a form of comparable insurance approved by the director" [of the Department of Finance] unless the credit union's membership, "after being fully informed on the subject, vote, by a simple majority of those members present at a meeting called for such purpose, to not obtain share insurance". *Idaho Code*, §26-2153(4)(a).

The Advanced Notice of Proposed Rulemaking (ANPR) recites that its primary focus is the protection of member interests in transactions involving fundamental changes in the ownership or structure of their credit union. As examples of such fundamental changes, the ANPR identifies six types of transactions it proposes to further regulate, including instances in which a federally-insured credit union chooses to be privately insured.

It is entirely inappropriate for the ANPR to compare, much less categorize, a credit union's choice of share insurance as equivalent to a transaction involving the conversion of a credit union into a completely different type of financial institution, such as a mutual savings bank

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or stock institution. By including share insurance conversions within the same context as structural conversions, the ANPR fails to achieve either the flexibility or fairness it seeks. Rather, the proposed rulemaking would massively increase the regulatory burden on credit unions and do nothing to further protect the NCUSIF. This area was extensively regulated by amendments to Part 708b adopted by the Board in 2004. There is no need for further regulation.

Most of the proposed regulatory changes in the ANPR seek to address concerns that have nothing to do with share insurance, but the proposal relating to communications to members would affect the processing of insurance conversions. The ANPR relates that NCUA is concerned because in one instance a credit union made some communication that may have implied NCUA endorsed a conversion or conversion-related materials. The ANPR intends to address this by requiring a credit union to include a statement in its conversion-related materials that NCUA has not endorsed the transaction.

It should come as no surprise that such a statement would convey the impression to most members that NCUA does not support the transaction. As the regulator with supervisory authority over the affected transaction, the appropriate position for NCUA to take is one of neutrality. Boards of credit unions have the legal authority to make decisions relating to their operations; the role of NCUA is to ensure that those operations are conducted in a safe and sound manner, not to engage in the transaction as an interested party.

Part 708b of the NCUA Rules and Regulations already extensively regulate “share insurance communications” and prohibit credit union officials from “making any representation that is inaccurate or deceptive in any particular.” Such a prohibition would necessarily include stating or implying that NCUA endorses a charter change when that is not the case.

To add any further requirement would not be fair and would add to the cost and complexity of the materials a credit union must prepare and send to its members. We therefore strongly urge that there is no need for any further regulation relating to private share insurance and **oppose** any requirement that a credit union include a statement in materials sent to members that NCUA has not endorsed a particular insurance conversion.

Thank you in advance for your consideration of these comments.

Sincerely,

Alan D. Cameron