

February 9, 1994

Guy A. Messick, Esquire
The Madison Building
108 Chesley Drive
Media, PA 19063-1712

Re: Pennsylvania IOLTA Program (Your January 17, 1994, Letter)

Dear Mr. Messick:

You have asked for a legal opinion as to whether an IOLTA/Escrow Account is covered under the member law firm's insurance coverage even though the law firm does not have a beneficial interest in the account. As explained below, the answer is no.

Shortly after the opinions referred to in your letter, we specifically answered that question in the negative. (December 11, 1989, letter from Assistant General Counsel, Hattie M. Ulan to Phyllis D. Groenewoud, copy enclosed). As that opinion states, the membership status of the escrow agent is irrelevant for NCUSIF purposes, and the membership status of the owner of the funds is determinative. Therefore, if the clients are not members of the FCU, the escrow accounts are not insured.

I hope that we have been of assistance.

Sincerely,

Richard S. Schulman
Acting Associate General Counsel

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