

September 30, 1994

Thomas J. Powers, Jr., President
Central Florida Educators' Federal Credit Union
P.O. Box 2189
Orlando, FL 32802

Re: Board Member Health Insurance (Your Letter of August 29, 1994)

Dear Mr. Powers:

You requested a legal opinion regarding whether a federal credit union ("FCU") may provide health insurance for its board members. This activity is permitted under the Federal Credit Union Act. 12 U.S.C. 1761(c). Specifically, your FCU would like to offer board members access to the same health plans available to the FCU's employees. These health plans offer a choice of a health maintenance organization ("HMO") or preferred provider organization ("PPO") plans. We recently addressed the issue of board member health insurance in another opinion letter. See Letter from Robert Fenner, General Counsel, to Todd Citron, Vice President, Montebello Schools FCU, Montebello, CA, Re: Board Member Health Insurance, dated May 10, 1994 (enclosed). In that letter, we stated,

. . . we concur with your assessment that an FCU can purchase health insurance for FCU officials as long as such insurance is reasonable in coverage and amount and ceases immediately upon the insured person's leaving office, except for any residual claims pending at the time the insured person leaves office.

Citron Letter, p. 2. The decision of whether provision of an HMO or PPO health plan is reasonable is one to be made under all of the facts and circumstances of a particular case by the board of an FCU, with the direction, oversight, involvement, and supervision of the appropriate Region. For more information, we refer you to Timothy McCollum, Regional Director, Region III, telephone: (404) 396-4042.

Sincerely,

Richard S. Schulman
Associate General Counsel

cc: Rick Ravine, Region III (with enclosure)

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