

March 15, 2012

Senate Bill 287

Statement to the House Financial Institutions Committee

The Kansas Department of Credit Unions submits the following statement in support of the amending of K.S.A. 17-2204, 17-2227, 17-2246 and repealing the existing sections, also repealing K.S.A. 17-2250, 17-2251, 17-2252, 17-2253, 17-2254, 17-2255, 17-2256, 17-2257, 17-2258, 17-2259, 17-2261, 17-2265, 17-2266 and 17-2267.

The amending of K.S.A. 17-2204, and 17-2227 remove provisions applying to guarantee corporations which were the providers of private share insurance from the mid 1970s until the requirement enacted by the Kansas legislature in 1992 requiring credit unions to insure their member's shares (deposits) with insurance by the National Credit Union Share Insurance Fund (NCUSIF). The NCUSIF is the federal fund created by Congress in 1970 to insure member's shares (deposits) in federally insured credit unions. On July 22, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law and included permanently establishing NCUA's standard maximum share insurance amount at \$250,000. The NCUSIF is backed by the full faith and credit of the U.S. Government.

The amending of K.S.A. 17-2246 (a) (2) removes the option for credit unions' shares to be insured by an insurer approved by the State Commissioner of Insurance or guarantee corporation approved by the Administrator. The amending of K.S.A. 17-2246 (b) (1) removes the requirement for credit unions to make application for insurance with the NCUSIF within 120 days of the 1992 effective date of the act. Amending K.S.A. 17-2246 (c) (1) (2) (3) (4) and (f) remove several requirements pertaining to credit unions obtaining and continuing of share insurance required by the change from private to NCUSIF insurance.

The 14 sections repealed by SB 287 address mutual guarantee corporations which provided private share (deposit) insurance on member shares until 1992. Amending the three sections and repealing the 14 sections will remove language that is not used and unnecessary.

The Department also supports the Senate amendments to allow credit unions to purchase insurance for coverage of excess shares through a private insurer and to restore a disclosure provision in the current statute.

John P. Smith
Administrator