

RCW 31.12.408 Insurance required after December 31, 1998—

Federal share insurance program or an equivalent share insurance program—Director's findings.

(1) After December 31, 1998, credit unions must be insured under the federal share insurance program or an equivalent share insurance program as defined in this section. For the purposes of this section an equivalent share insurance program is a program that: (a) Holds reserves proportionately equal to the federal share insurance program; (b) maintains adequate reserves and access to additional sources of funds through replenishment features, reinsurance, or other sources of funds; and (c) has share insurance contracts that reflect a national geographic diversity.

(2) Before any credit union may insure its share deposits with a share insurance program other than the federal share insurance program, the director must make a finding that the alternative share insurance program meets the standards set forth in this section, following a public hearing and a report on the basis for such finding to the appropriate standing committees of the legislature. All such findings shall be made before December 1st of any year and shall not take effect until the end of the regular legislative session of the following year.

(3) Any alternative share insurance program approved under this section shall be reviewed annually by the director to determine whether the program currently meets the standards in this section. The director shall prepare a written report of his or her findings including supporting analysis and forward the report to the appropriate standing committees of the legislature. If the director finds that the alternative share insurance program does not currently meet the standards of this section the director shall notify all credit unions that insure their shares under the alternative share insurance program, and shall include notice of a public hearing for the purpose of receiving comment on the director's finding. Following the hearing the director may either rescind his or her finding or reaffirm the finding that the alternative share insurance program does not meet the standards in this section. If the finding is reaffirmed, the director shall order all credit unions whose shares are insured with the alternative share insurance program to file, immediately, an application with the national credit union administration to convert to the federal share insurance program. [1996 c 5 s 6; (1998 c 122 s 6 expired July 1, 2001). Formerly RCW 31.12.039.]

Expiration date—1998 c 122 ss 5 and 6: "Sections 5 and 6 of this act expire July 1, 2001." [1998 c 122 s 9.]

Findings—Intent—1996 c 5: "The legislature finds that since its creation in 1975 the Washington credit union share guaranty association has provided security to member share accounts and other valuable services to members.

The legislature further finds that although during that period thirty member credit unions have been required to liquidate or merge with other members with the assistance of the association, no depositor has experienced any loss.

The legislature further finds that the changing financial services environment, and ever-increasing competitive pressures have caused the association to review its operation and capacity with the result that the membership has recommended an orderly dissolution, and now seeks the adoption of standards and procedures by the legislature

that will direct and ensure an orderly transition to federal share insurance.

Therefore, it is the intent of the legislature to effectuate a fair and orderly transition of association members to federal share insurance, and provide the highest available level of safety for share accounts in keeping with depositors' expectations." [1996 c 5 s 1.]

Severability—1996 c 5: "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [1996 c 5 s 9.]