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MEMORANDUM

To: Chairman Knox and members of the House Financial Institutions Committee
From: Matt Sterling, Assistant Revisor of Statutes
Date: March 8, 2012
Subject: Senate Bill 287

SB 287 would amend K.S.A. 17-2204, 17-2227 and 17-2246 concerning the regulation of credit unions. Under current law, credit unions are required to insure shares through the National Credit Union Share Insurance Fund (NCUSIF). The bill would permit credit unions to take actions necessary to obtain, continue, pay for and terminate private insurance coverage of its shares and share certificates in excess of the coverage provided by the NCUSIF. The application for NCUSIF insurance would be filed with the Kansas department of credit unions and forwarded to the national credit union administration. The bill also would require a private insurer that was providing excess share insurance coverage to be approved by the insurance commissioner.

The bill would repeal KSA 17-2250 through 17-2259, KSA 17-2261, and KSA 17-2265 through 17-2267 concerning guarantee corporations.. Under prior law, state-chartered credit unions were permitted to obtain share insurance through the NCUSIF or a guarantee corporation. Under the bill, credit unions would be permitted to purchase excess share insurance from a private insurer.

A technical amendment would be necessary for Section 2 of the bill. After the amendments made by the Senate Committee, Section 2 of the bill no longer makes any changes to K.S.A. 17-2227 and should be removed from the bill.