

Effective 5/13/2014

7-9-45 Insurance of shares and deposits -- Security on shares and deposits.

- (1) Except as provided in Subsection (2), a credit union subject to the jurisdiction of the department shall obtain and maintain insurance on shares and deposits from the National Credit Union Administration or successor federal deposit insurance agency.
- (2) Notwithstanding Subsection 7-1-704(7)(a)(v) and Subsection (1), a credit union may not be required to obtain federal insurance on shares and deposits if:
 - (a) the commissioner approves the credit union's election not to obtain federal insurance on shares and deposits;
 - (b) as security for the shares and deposits, the credit union maintains securities:
 - (i) that are issued by or directly and unconditionally guaranteed by:
 - (A) the United States; or
 - (B) an agency of the United States;
 - (ii) that are held in an account with a primary reporting dealer that is:
 - (A) recognized by the Federal Reserve Bank of New York; and
 - (B) independent of the credit union;
 - (iii) that are held in accordance with Title 70A, Chapter 8, Uniform Commercial Code - Investment Securities; and
 - (iv) in which the department has an express and exclusive security interest; and
 - (c) the aggregate value of the securities described in Subsection (2)(b) is at all times equal to or greater than 1.15 times the aggregate amount of the shares and deposits of the credit union.
- (3) The commissioner may appoint the administrator of the National Credit Union Administration as liquidating agent of an insured credit union.
- (4) Failure to comply with this section constitutes grounds for supervisory action under Chapter 2, Possession of Depository Institution by Commissioner, or Chapter 19, Acquisition of Failing Depository Institutions or Holding Companies.

Amended by Chapter 189, 2014 General Session