



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

LS/HMU:cch

3600

MAY 29 1985

Mr. Jim M. Williams
President
Oklahoma Health Services
Federal Credit Union
Box 26307
Oklahoma City, OK 73126

Dear Mr. Williams:

This is in response to your letter of March 25, 1985, concerning ~~insurance of departmental accounts~~ of the University of Oklahoma Health Sciences Center (UOHSC).

Your letter discusses the bases under which you believe the accounts of the various clinical departments (the enclosure to your letter lists the various departments) are separately insured by the National Credit Union Share Insurance Fund (NCUSIF) up to the \$100,000 limit. You state that:

"Since each department generates its own income, which in turn is accounted for separately, it is our opinion that these separate departments would constitute separate public units or subdivisions. Since each department is eligible for membership as 'an organization of such persons,' we believe the \$100,000 National Credit Union Share Insurance Fund maximum insurance limit should apply to each UOHSC departmental account."

For the reasons that follow, it is our opinion that the UOHSC clinical department accounts are not separately NCUSIF insured for \$100,000 for each department.

First, we do not believe the UOHSC departments to be public units. The authority for the establishment and NCUSIF coverage of public unit accounts is contained in Sections 101(5) and 207(c)(2)(A) of the FCU Act (12 U.S.C. §§1752(5) and 1789(c)(2)(A)) and in Section 745.10 of the NCUA Regulations (12 C.F.R. §745.10). Public units include the United States, the District of Columbia, territories, possessions, counties, municipalities and political subdivisions thereof. We have defined a political subdivision to include a subdivision or principal department of a public unit. We have previously stated that a political subdivision is one which has been expressly authorized by state statute, to which some functions of government have been delegated by state statute, and to which

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funds have been allocated by statute or ordinance for its exclusive use and control. It does not appear to us that the departments qualify as political subdivisions. Therefore, they cannot have insurable public unit accounts at an FCU.

Second, the UOHSC departments are not "organizations of such persons" qualifying for membership in your FCU. According to your FCU charter, the UOHSC is eligible for membership in your FCU. The UOHSC may have an insurable corporate account at the FCU. The "organization of such persons" provision in your FCU charter is not intended to allow for subdivisions of one corporate membership to have separate insurance coverage in excess of \$100,000. The UOHSC is expressly listed in your field of membership charter provision after the "organizations of such persons" provision. When an FCU's charter is written in such a fashion, it is specifically intended to preclude subdivisions of the corporate member as within the scope of the "organizations of such persons" provision. Therefore, "organizations of such persons" does not apply to the clinical departments of the UOHSC. This field of membership provision applies to organizations of faculty and employees of the UOHSC and other medical facilities that are expressly listed before the "organization of such persons" provision in your FCU charter.

We hope that we have been of assistance. If you have further questions, please contact the NCUA's Regional Office in Austin.

Sincerely,

STEVEN R. BISKER
Assistant General Counsel

cc: Region V (Austin)