



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

February 26, 1991

Anthony E. Silva
Controller
Roman Catholic Diocese of Portland
P.O. Box 6750
Portland, Maine 04101-6750

Re: Insurance Coverage (Your December 21, 1990,
Letter)

Dear Mr. Silva:

You have asked whether individual parish accounts in a federal credit union (FCU) will each have insurance coverage up to \$100,000 or whether all of the parish accounts are aggregated together for a total insurance coverage of \$100,000. We have insufficient information to provide you with a definitive answer to your question. The amount of insurance coverage depends on whether each individual parish is listed in the FCU's field of membership.

BACKGROUND

There are 147 parishes of the Diocese of Portland which are incorporated under the legal title of The Roman Catholic Bishop of Portland. Each parish maintains its own records and has its own tax identification number (TIN). Individual parishes were involved in the formation of a number of credit unions. Over the years, some of these credit unions have merged, and now a number of different parishes are now maintaining accounts in the same FCU.

ANALYSIS

The Federal Credit Union Act (FCU Act) authorizes insurance coverage up to \$100,000 for various types of accounts (see Section 1787(k)(1) of the FCU Act, 12 U.S.C. §207(k)(1)). The National Credit Union Share Insurance Fund ("NCUSIF") (see Section 203 of the FCU Act, 12 U.S.C. §203) generally only insures FCU "member accounts" (see Section 201 of the FCU Act, 12 U.S.C. §1781). The term "member account" is defined as:

a share, share certificate, or share draft account of a member of a credit union of a type approved by the [NCUA] Board which evidences money or its equivalent received or held by a credit union in the usual course of business and for which it has given or is obligated to give credit to the account of the member [and other credit union and public unit accounts, and certain nonmember accounts at credit unions serving low-income members].
12 U.S.C §1752(5)

The term "member" is defined as "those persons enumerated in the credit union's field of membership who have been elected to membership in accordance with the FCU Act or state law in the case of state credit unions. . . ." Section 745.1(b) of NCUA's Rules and Regulations, 12 C.F.R. §745.1(b).

In general, in order to establish a member account, the depositor or owner of the funds must fall within the field of membership of the FCU. The FCU's field of membership is set forth in its charter. If a member has more than one single-ownership account in a federally-insured credit union, those accounts are generally added together and are insured up to \$100,000 in the aggregate (see Part 745 of NCUA's Rules and Regulations, 12 C.F.R. §745).

Ownership of the account is determinative factor for insurance purposes. Therefore, a TIN would be significant only insofar as it is a indicator of ownership.

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The parish funds will normally be insured pursuant to Section 745.6 of NCUA's Rules and Regulations (12 C.F.R. §745.6) which provides that:

Accounts of a corporation, partnership, or unincorporated association engaged in any independent activity shall be insured up to \$100,000 in the aggregate. The account of a corporation, partnership or unincorporated association not engaged in an independent activity shall be deemed to be owned by the person or persons owning such corporation or comprising such partnership or unincorporated association and, for account insurance purposes the interest of each person in such an account shall be added to any other account individually owned by such person and insured up to \$100,000 in the aggregate. For purposes of this section, "independent activity" means any activity other than one directed solely at increasing insurance coverage.

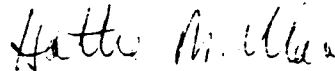
In sum, whether an account held in the name of an unincorporated association is separately insured by NCUA depends on: (1) whether there is a separate unincorporated organization with ownership of the funds deposited; (2) whether the organization is within the field of membership; and (3) whether the organization was formed solely to increase insurance coverage.

Based on the information you have provided us it is impossible to give you a definitive answer to your question. It seems that the parishes are separate organizations from the Roman Catholic Bishop of Portland and are entitled to separate insurance coverage. Furthermore, it is obvious that the parishes were not formed to increase insurance coverage. However, the amount of insurance coverage will depend on whether each parish is separately listed in the FCU's field of membership. If the parishes are separately listed in the FCU's field of membership, each parish may have an insured account of up to \$100,000. If you provide us the names of

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the FCU's that have more than one parish account and the names of those parishes, we will be able to determine the amount of insurance coverage for each individual parish account.

Sincerely,



HATTIE M. ULAN
Associate General Counsel

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SSIC 8010
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