2022 Regular Session

HOUSE BILL NO. 668

## BY REPRESENTATIVES PHELPS, JORDAN, COX, AND LARVADAIN

## CREDIT/UNIONS: Provides relative to credit unions

1	AN ACT
2	To amend and reenact R.S. 6:652.2(A)(2) and 656(A)(1)(c), relative to credit unions; to
3	allow credit unions to use private insurance to secure investments; to allow credit
4	unions to use private insurance to secure loans; and to provide for related matters.
5	Be it enacted by the Legislature of Louisiana:
6	Section 1. R.S. 6:652.2(A)(2) and 656(A)(1)(c) are hereby amended and reenacted
7	to read as follows:
8	§652.2. Share and share certificate accounts as legal investments
9	А.
10	* * *
11	(2) Investments Notwithstanding any other law to the contrary, investments
12	by banks and trust companies; by the state of Louisiana, its agencies, boards,
13	commissions, and departments; by the state treasurer of state funds standing in the
14	name of the state treasurer; by political subdivisions of the state and other public
15	bodies existing under the constitution and laws of the state of Louisiana, any parish,
16	or any political subdivision of any parish, and city, town, or village, or any political
17	subdivision of any city, town, or village shall not exceed at any one time the sum of
18	the primary amount insured by the National Credit Union Administration and the
19	excess amount insured by a private sector insurance provider or other deposit
20	insurance corporation in any one federally or state chartered credit union, unless the

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	uninsured portion is collateralized by the pledge of securities in the manner provided		
2	by R.S. 49:321 in lieu of collateralization by the pledging of securities in the manner		
3	provided by R.S. 39:1221 or 1242 or R.S. 49:321.		
4	* * *		
5	§656. Loans		
6	A. A credit union may make loans, under terms and conditions specified in		
7	the bylaws, to its members, and extend lines of credit to its members, to other credit		
8	unions, and to credit union organizations, and to participate with other credit unions,		
9	credit union organizations, or financial organizations to credit union members in		
10	accordance with the following:		
11	(1) Loans to members shall be made in conformity with criteria established		
12	by the board of directors, provided that:		
13	* * *		
14	(c) A loan secured by the insurance or guarantee of the federal government,		
15	of a state government, or any agency of either, or a private-sector insurance provider		
16	may be made for the maturity and under the terms and conditions specified in the law		
17	under which such insurance or guarantee is provided.		
18	* * *		

## DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 668 Reengrossed	2022 Regular Session	Phelps
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Abstract: Allows a credit union to secure certain investments and loans with private insurance.

<u>Present law</u> requires a credit union to carry insurance in order to secure funds lent by the credit union. <u>Proposed law</u> retains <u>present law</u>.

<u>Present law</u> allows the requisite insurance to be provided by federal and state insurance providers. <u>Proposed law</u> still allows for federal and state insurance, but also allows a credit union to use private sector insurance to secure these transactions.

<u>Present law</u> limits the maximum allowable amount of certain investments to the sum of the amount insured by the National Credit Union Administration and the amount insured by any

other deposit insurance corporation in any one chartered credit union, but allows an excess to the extent the excess is collateralized in accordance with <u>present law</u>.

<u>Proposed law</u> allows private sector insurance held by a credit union to be added to the amount provided in <u>present law</u> in order to determine the limit on investment.

<u>Proposed law</u> allows the coverage amount held by the credit union to serve in lieu of collateralization pursuant to <u>present law</u> and removes the allowance for excess to be collateralized pursuant to <u>present law</u>.

(Amends R.S. 6:652.2(A)(2) and 656(A)(1)(c))

Summary of Amendments Adopted by House

- The Committee Amendments Proposed by <u>House Committee on Commerce</u> to the original bill:
- 1. Modify the calculation for determining the maximum amount of insurance coverage available to a credit union by specifying that any principal coverage shall be added to any excess coverage provided by a private sector insurer.
- 2. Make technical changes.

## The House Floor Amendments to the engrossed bill:

- 1. Remove a provision allowing an investment to exceed the amount of insurance held by a credit union, if the excess is collateralized pursuant to present law.
- 2. Provide that the amount of insurance held by a credit union shall function in lieu of collateralization as provided in <u>present law</u>.
- 3. Make technical changes.