

As Introduced

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REPRESENTATIVES Salerno, Husted, Wolpert, R. Miller, Allen, Setzer,
G. Smith, Peterson, Webster, Reidelbach, Britton, Sykes

A B I L L

To amend sections 1761.01, 1761.02, 1761.03, 1761.05
to 1761.10, and 1761.13 of the Revised Code to
modify the Credit Union Guaranty Corporations Law
regarding insurable credit union share accounts,
composition of a board of directors, eligibility
requirements for licensure, powers of a
corporation, reporting requirements, funds to be
included in a guarantee fund, and eligible
investments by a corporation.

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BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 1761.01, 1761.02, 1761.03, 1761.05,
1761.06, 1761.07, 1761.08, 1761.09, 1761.10, and 1761.13 of the
Revised Code be amended to read as follows:

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Sec. 1761.01. As used in this chapter:

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(A) "Account" means the total of all amounts credited to a
participating credit union for paid-in capital contribution, and
other credits, net of any charges to that participating credit
union. "Account" is an "advancement" as that term is used in
section 3901.72 of the Revised Code, and is subject to the
requirements of ~~such~~ that section.

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(B) "Capital contribution" means the amount each 20
participating credit union is required to maintain as a capital 21
deposit in the credit union share guaranty corporation. "Capital 22
contribution" is an "advancement" as that term is used in section 23
3901.72 of the Revised Code, and is subject to the requirements of 24
~~such~~ that section. "Capital contribution" constitutes assets of 25
the corporation up to the amount of the normal operating level 26
otherwise described in this chapter. 27

(C) "Credit union," "state," and "member," unless otherwise 28
specified or described in this chapter, have the meanings given 29
such terms in Chapter 1733. of the Revised Code. 30

(D) "Credit union share accounts" means funds deposited in 31
any shares, accounts, deposits, or certificates of a participating 32
credit union. 33

(E) "Credit union share guaranty corporation" means a 34
corporation described in section 1761.02 of the Revised Code and 35
licensed by the superintendent of insurance under section 1761.04 36
of the Revised Code to guarantee payment of a credit union share 37
account of an individual member or, as described in division 38
(B)(2) of section 1761.02 of the Revised Code, a nonmember of a 39
credit union or otherwise issue or effect credit union share 40
guaranty insurance. 41

(F) "Credit union share guaranty insurance" means that 42
insurance for the protection of share accounts of member credit 43
unions described in and required by section 1733.041 of the 44
Revised Code. 45

(G) "Credit union supervisory authority" means that official 46
who regulates credit unions in another state. 47

(H) "Deficiency" means the difference between the guaranteed 48
amount of an individual member's or, as described in division 49
(B)(2) of section 1761.02 of the Revised Code, a nonmember's 50

credit union share account and the proceeds of any liquidation of 51
a participating credit union distributed or to be distributed to 52
the individual member or nonmember. 53

(I) "National credit union administration" means the federal 54
regulatory agency as established and defined by the "Federal 55
Credit Union Act," 84 Stat. 994 (1970), 12 U.S.C. 1751, as 56
amended, or any successor to the national credit union 57
administration. 58

(J) "Participating credit union" means a credit union that 59
has applied for and been admitted to participation in a credit 60
union share guaranty corporation and whose participation has not 61
been terminated. 62

(K) "Share capital" means the aggregate of all moneys in 63
credit union share accounts, irrespective of how denominated, 64
which show a balance due on the records of the participating 65
credit union and are guaranteed by the guaranty corporation. 66

(L) "Superintendent of insurance" is the chief executive 67
officer and director of the department of insurance as provided ~~n~~ 68
in Chapter 3901. of the Revised Code. 69

(M) "Superintendent of credit unions" means the 70
superintendent of the division of financial institutions of this 71
state. 72

Sec. 1761.02. (A) A credit union share guaranty corporation 73
may be established, licensed, and operated in compliance with this 74
chapter. 75

(B)(1) A credit union share guaranty corporation may be 76
organized as a corporation under this chapter. Chapter 1701. or 77
1702. of the Revised Code, to the extent either is applicable and 78
not in conflict with this chapter and those chapters of Title 79
XXXIX of the Revised Code specified in division (A) of section 80

1761.04 of the Revised Code, applies to such corporation. A credit union share guaranty corporation shall only be authorized to engage do any of the following:

(a) Engage in the business of guaranteeing payment of a credit union share account of an individual member of a credit union or otherwise;

(b) In accordance with division (B)(2) of this section, engage in the business of guaranteeing payment of a credit union share account of a nonmember of a credit union;

(c) Otherwise issue or effect credit union share guaranty insurance.

(2) For purposes of division (B) of this section, both of the following apply:

(a) Nonmember share accounts are subject to guaranty provided by the credit union share guaranty corporation not exceeding twenty per cent of the aggregate share accounts of the participating credit union.

(b) Nonmember share accounts are share accounts that are received by a participating credit union that has been designated by its supervisory authority as serving predominantly low-income members; share accounts of other credit unions; and, to the extent determined by the participating credit union's supervisory authority to be received by that credit union consistent with law, share accounts of public units or political subdivisions.

(C) A credit union share guaranty corporation shall have the word "insurance" in its name.

(D) Persons who receive from a credit union share guaranty corporation any commission, salary, or other emolument for services arising out of their association with the corporation shall not comprise a majority of the membership of the board of directors of the corporation. ~~Persons who are officers, directors,~~

~~or employees of participating credit unions shall not comprise a~~ 112
~~majority of the membership of the board of directors of a credit~~ 113
~~union share guaranty corporation~~ This division does not apply to 114
persons who receive only an emolument consisting of fees or 115
expense reimbursements for serving as a member of the board of 116
directors of the corporation or of a committee of the board of 117
directors. 118

(E) A credit union share guaranty corporation organized as a 119
nonprofit corporation under this chapter is exempt from all taxes 120
and fees imposed by this state or any county, municipal 121
corporation, local authority, or other subdivision, except that 122
any real property owned by the nonprofit corporation is subject to 123
taxation to the same extent according to its value as other real 124
property is taxed. 125

(F) Notwithstanding the provisions of section 5725.18 of the 126
Revised Code, the capital deposits or contributions by 127
participating credit unions shall not be included in the value of 128
capital and surplus subject to the annual franchise tax payable by 129
a credit union share guaranty corporation organized under this 130
chapter nor shall any capital contributions, assessments, or fees 131
received from participating credit unions for primary coverage by 132
such credit union share guaranty corporation be included in the 133
gross amount subject to the annual franchise tax. Any payment 134
otherwise made under this division shall be in addition to any 135
taxes due as an insurer under Title LVII of the Revised Code. 136

Sec. 1761.03. The general purposes of a credit union share 137
guaranty corporation are: 138

(A) To guarantee payment of all or a part of participating 139
credit union share accounts of an individual member or, as 140
described in division (B)(2) of section 1761.02 of the Revised 141
Code, a nonmember of a participating credit union, subject to any 142

express limitations as provided in this chapter; 143

(B) To aid and assist any participating credit union ~~which~~ 144
that is in liquidation or incurs financial difficulty in order 145
that the credit union share accounts are protected or guaranteed 146
against loss; 147

(C) To cooperate with participating credit unions, the 148
superintendent of credit unions, the appropriate credit union 149
supervisory authorities, and the national credit union 150
administration for the purpose of advancing the general welfare of 151
credit unions in this state and in ~~such~~ other states where 152
participating credit unions operate. 153

Sec. 1761.05. (A) No person shall guarantee to a credit union 154
payment of a credit union share account of an individual member 155
or, as described in division (B)(2) of section 1761.02 of the 156
Revised Code, a nonmember of a credit union or otherwise issue or 157
effect credit union share guaranty insurance until the 158
superintendent of insurance has licensed it to do so as a credit 159
union share guaranty corporation under this chapter. Such license 160
shall not be issued or renewed unless an applicant for a license 161
or a credit union share guaranty corporation satisfies the 162
following conditions: 163

(1) The articles of incorporation of the applicant or 164
corporation, and any amendments thereto, are filed with and 165
approved by the secretary of state and the attorney general; 166

(2) The articles of incorporation and the bylaws of the 167
applicant or corporation, and any amendments thereto, are 168
consistent with the provisions of this chapter and those chapters 169
of Title XXXIX of the Revised Code specified in division (A) of 170
section 1761.04 of the Revised Code, and are approved by the 171
superintendent of insurance; 172

(3) The applicant holds bona fide applications for 173

participation in the corporation from at least ~~fifty~~ thirty credit 174
unions which shall become effective immediately upon issuance of 175
the license, or, in the case of a renewal of such license, the 176
corporation has at least ~~fifty~~ thirty participating credit unions; 177

(4) The applicant or corporation maintains a reserve for 178
guarantee losses in compliance with section 1761.15 of the Revised 179
Code; 180

(5) The applicant or corporation has capital deposits in a 181
principal sum no less than five million dollars and such capital 182
deposits are invested in compliance with section ~~1761.12~~ 1761.13 183
of the Revised Code; 184

(6) The applicant or corporation submits an audited financial 185
statement verified by the oath of the president and secretary of 186
the corporation, which demonstrates the corporation's compliance 187
with generally accepted accounting principles, and the applicant 188
or corporation submits an annual statement in accordance with 189
sections 3929.30 and 3941.29 of the Revised Code that demonstrates 190
the applicant's or corporation's solvency according to principles 191
of statutory accounting; 192

(7) The superintendent of credit unions certifies in writing 193
to the superintendent of insurance that the applicant or 194
corporation is in compliance with this chapter; 195

(8) The applicant or corporation is in compliance with those 196
chapters of Title XXXIX of the Revised Code specified in division 197
(A) of section 1761.04 of the Revised Code as determined by the 198
superintendent of insurance. 199

(B) The superintendent shall issue, renew, refuse to renew, 200
or deny the license required by this section by written order 201
issued within thirty days after receipt of the application. The 202
superintendent shall issue or renew the license if the conditions 203
set forth in division (A) of this section are satisfied. 204

(C) In the event the superintendent determines to refuse to
renew or deny the license, ~~he~~ the superintendent shall specify all
reasons for the refusal or denial in ~~his~~ the superintendent's
written order and shall set the matter for hearing under Chapter
119. of the Revised Code within thirty days after issuance of ~~his~~
that written order. At such hearing, the applicant or credit union
share guaranty corporation may present evidence to demonstrate its
ability to satisfy the conditions required for the issuance or
renewal of a license under division (A) of this section. Within
twenty days after the conclusion of the hearing, the
superintendent shall issue ~~his~~ a final order either issuing,
renewing, refusing to renew, or denying the license. The final
order shall comply with the requirements of an adjudication order
under Chapter 119. of the Revised Code. The applicant or credit
union share guaranty corporation aggrieved by the final order may
appeal in accordance with Chapter 119. of the Revised Code.

(D) The license required by this section shall be renewable
annually on the anniversary date of the issuance of the original
license.

Sec. 1761.06. (A) In carrying out its general purposes as set
forth in section 1761.03 of the Revised Code, a credit union share
guaranty corporation may do any of the following:

(1) Guarantee to participating credit unions the payment of
any deficiency in the individual member's or, as described in
division (B)(2) of section 1761.02 of the Revised Code, a
nonmember's credit union share accounts caused by insolvency or
any other reason;

(2) Issue credit union share guaranty insurance policies or
otherwise effect credit union share guaranty insurance;

(3) Advance funds in accordance with agreed lending terms and
conditions to aid participating credit unions to operate and to

meet liquidity requirements;	236
(4) Upon the written order of the superintendent of credit unions, and at such compensation as shall be agreed upon, the corporation may assume control of the property and business of any participating credit union and operate it at the direction of the superintendent until its financial stability has been reestablished to the satisfaction of the superintendent, or the credit union has been liquidated or merged into another credit union;	237 238 239 240 241 242 243 244
(5) Assist in the merger, consolidation, or liquidation of credit unions;	245 246
(6) Purchase or otherwise acquire, lease as lessee, invest in, hold, use, lease as lessor, encumber, sell, exchange, transfer, and dispose of property of any description or any interest therein;	247 248 249 250
(7) Borrow money, and issue, sell, and pledge its notes, bonds, and other evidences of indebtedness, and secure any of its obligations by mortgage, pledge, or deed of trust of all or any of its property, and guarantee or secure obligations of participating credit unions, subject to section 3901.72 of the Revised Code;	251 252 253 254 255
(8) Enter into contracts of insurance or reinsurance, insuring in whole or in part its contractual guarantees to participating credit unions and any other insurance or bonding company contracts necessary or advisable in the conduct of its business, provided a credit union share guaranty corporation shall not assume as reinsurer any risks from another insurer;	256 257 258 259 260 261
(9) Receive money or other property from its participating credit unions, or any person;	262 263
(10) Invest its funds as provided in section 1761.13 of the Revised Code;	264 265

(11) Receive by assignment, mortgage, or purchase any asset	266
or interest therein owned or held by a participating credit union;	267
(12) Sell, assign, mortgage, encumber, or transfer property	268
of any nature;	269
(13) Conduct investigations, examinations, and audits of any	270
applicant or participating credit union in order to determine the	271
financial condition and operations of the applicant or	272
participating credit union;	273
(14) Become a member or shareholder in any organization,	274
domestic or foreign, regional or national, organized and operated	275
for the purpose of assisting the corporation in carrying out its	276
purposes and, subject to the approval of the superintendent of	277
credit unions, delegate to such organization any one or more of	278
the functions for which it is responsible under this chapter;	279
(15) Conduct its affairs in and outside of this state,	280
provided it shall maintain its offices, books, and records in the	281
location stated in its articles of incorporation as its principal	282
place of business.	283
(B) The corporation may obtain, and continuously maintain in	284
effect, reinsurance and a line of credit, each from one or more	285
insurance companies or financial institutions and in such amount	286
as determined by its board of directors. The superintendent of	287
credit unions or the superintendent of insurance may require the	288
corporation to obtain and maintain reinsurance or a line of credit	289
but only in the event the superintendent of credit unions or the	290
superintendent of insurance first finds that such reinsurance or	291
line of credit is actuarially or financially necessary. Such	292
determination shall be made on a year-to-year basis.	293
In the event of lapse of either reinsurance or the line of	294
credit of the corporation, the corporation shall immediately	295
notify the superintendent of credit unions, the superintendent of	296

insurance, the president of the senate, and the speaker of the
house of representatives, and shall confirm this communication in
writing.

(C) All written communication with regulatory significance
from a credit union supervisory authority of another state to the
corporation shall be copied and such copy shall be sent by the
corporation to the superintendent of credit unions and the
superintendent of insurance within three days of receipt.

(D) The corporation shall not publicly represent in any
manner that it is an agency of the state or federal government.
Any public representations of the corporation's status or legal
existence are further subject to rules adopted by the
superintendent of credit unions and the superintendent of
insurance.

(E) The corporation shall submit its standard contract of
share guaranty, and any amendments thereto, to the superintendent
of credit unions and the superintendent of insurance annually. The
contract of share guaranty shall reflect all terms governing the
guarantee of payment of a credit union share account and shall
constitute the policy of credit union share guaranty insurance.

Sec. 1761.07. (A) Any credit union chartered by this state or
any credit union chartered by a state that, as described in
division (B) of this section, allows its credit unions to be
eligible for participation in a credit union share guaranty
corporation or any credit union chartered by the federal
government that, as described in division (C) of this section,
allows federally chartered credit unions to be eligible for
participation in a credit union share guaranty corporation is
eligible to participate in a credit union share guaranty
corporation under this chapter, subject to the following
conditions:

(1) The board of directors of the credit union and the board 328
of directors of the credit union share guaranty corporation 329
approve the participation; 330

(2) The credit union satisfies the risk eligibility standards 331
established by the credit union share guaranty corporation and 332
applicable to all applying and participating credit unions; 333
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(3) The credit union agrees to furnish financial statements, 335
delinquent loan reports, and ~~such~~ other information considered 336
necessary by the credit union share guaranty corporation to assess 337
the financial condition and performance of the credit union; 338

(4) The credit union agrees to be bound by the provisions of 339
this chapter and the articles of incorporation and bylaws of the 340
credit union share guaranty corporation; 341

(5) Participation by the credit union would not result in a 342
violation by the credit union share guaranty corporation of any 343
provision of this chapter or other applicable state or federal 344
law. 345

(B) Credit unions chartered by other states qualify for 346
participation in the corporation, provided the following 347
conditions are satisfied: 348

(1) Such participation is lawful under the laws of both this 349
state and the domicile state of the credit union applying for 350
participation in the corporation; 351

(2) The credit union share guaranty corporation by agreement 352
or law has sufficient authority to require the credit union 353
applying for participation in the corporation to comply with the 354
articles of incorporation and bylaws of the corporation, and with 355
this chapter; 356

(3) The credit union supervisory authority of such state 357

agrees to furnish to the credit union share guaranty corporation 358
copies of all financial and examination reports and other 359
information regarding participating credit unions as is necessary 360
to effect the corporation's purposes. If the credit union 361
supervisory authority is prohibited by law from disclosing ~~such~~ 362
this information, the participating credit unions shall provide 363
the information to the corporation. 364

(C) Credit unions chartered by the federal government may 365
participate in the corporation, provided the following conditions 366
are satisfied: 367

(1) The national credit union administration does not 368
restrict such participation; 369

(2) Such participation is lawful under the laws of both this 370
state, the domicile state of the credit union applying for 371
participation in the corporation, and the federal government; 372

(3) The credit union share guaranty corporation by agreement 373
or law has sufficient authority to require the credit union 374
applying for participation in the corporation to comply with the 375
articles of incorporation and bylaws of the corporation, and with 376
this chapter; 377

(4) ~~Participating~~ To the extent permitted by federal law or 378
regulation, participating credit unions insured by the national 379
credit union administration agree to furnish to the corporation 380
copies of all financial and examination reports and ~~such~~ other 381
information regarding the participating credit unions as is 382
necessary to effect the corporation's purposes. 383

(D) Any credit union that has ~~become~~ been admitted to 384
participation in the credit union share guaranty corporation in 385
accordance with the qualifications of this section shall have 386
referenced in their contract with the corporation all of the 387
appropriate conditions for participation and the manner in which 388

~~they~~ these conditions were satisfied. 389

(E) Any credit union that has ~~become~~ been admitted to 390
participation in the corporation in accordance with the 391
qualifications of division (B) or (C) of this section shall have 392
the same privileges, benefits, and obligations of participation as 393
those participating credit unions chartered under the laws of this 394
state. 395

(F) No credit union shall be admitted to participation in the 396
corporation unless it has paid in full its capital contribution or 397
any applicable premiums, fees, and assessments. 398

(G) Notwithstanding any other provision of law to the 399
contrary, each participating credit union, which is otherwise 400
entitled to vote on any matters or action of the corporation under 401
this chapter, Chapter 1701. or 1702. of the Revised Code, or the 402
articles or bylaws of the corporation, shall be entitled to cast 403
no more than one vote. 404

(H) The right to participate issued by the corporation shall 405
be nontransferrable and shall be exempt from the securities laws 406
of this state. 407

Sec. 1761.08. (A)(1) In order to permit the credit union 408
share guaranty corporation to assess the financial condition and 409
performance of a credit union, upon the written request of the 410
corporation, the superintendent of credit unions or other credit 411
union supervisory authority or the national credit union 412
administration may furnish to the corporation a copy of unaudited 413
financial statements filed by a participating credit union or a 414
credit union making application to participate in the corporation 415
pursuant to divisions (B) and (C) of section 1733.32 of the 416
Revised Code or a comparable state or federal statute or of any 417
examination reports of the superintendent or other credit union 418
supervisory authority which were prepared pursuant to division (A) 419

of section 1733.32 of the Revised Code or a comparable state or 420
federal statute. ~~There~~ 421

(2) There shall be no liability on the part of, and no cause 422
of action of any nature shall arise against this state or any 423
state, the superintendent of credit unions or other credit union 424
supervisory authority, or the national credit union administration 425
for the release of any information furnished to the corporation 426
pursuant to this division. ~~Such financial~~ 427

(3) Financial statements and analyses furnished to the 428
corporation pursuant to ~~this division~~ (A) of this section are not 429
public documents, and the information contained therein is 430
privileged and confidential to the corporation for its sole use in 431
carrying out its statutory functions. 432

(B)(1) Each participating credit union shall submit ~~monthly~~ 433
to the credit union share guaranty corporation quarterly, or more 434
frequently as considered necessary by the corporation, a copy of 435
its financial statements, delinquent loan report, and any other 436
~~such~~ information ~~as~~ considered necessary by the credit union share 437
guaranty corporation in order to assess the financial performance 438
of the participating credit union. The corporation may require 439
that participating credit unions submit financial information in 440
the format required by the corporation. 441

(2) Financial statements submitted to the corporation by 442
participating credit unions pursuant to division (B)(1) of this 443
section are public documents. 444

(C) Each participating credit union shall submit to the 445
credit union share guaranty corporation upon written request of 446
the corporation any other information as is necessary to effect 447
the corporation's purposes. 448

(D)(1) In addition to other powers conferred in this chapter 449
a credit union share guaranty corporation may do the following: 450

~~(1)~~(a) Appoint an independent certified public accountant or
public accountant to prepare an audit report containing audited
financial statements together with such other information as the
corporation, in good faith, requires regarding the financial
condition of any participating credit union;

~~(2)~~(b) Upon notification to its participating credit union
and after notice to the superintendent of credit unions, or other
credit union supervisory authority, or the national credit union
administration, send a specialized employee to investigate the
operations of a participating credit union.

~~(3)~~(2) Costs and expenses for an audit report or special
investigation report under division (D)(1)(a) of this section
shall be paid by the corporation.

(E)(1) Upon determination by the superintendent of credit
unions or the credit union share guaranty corporation that a
participating credit union is operating in an unsafe or unsound
manner, or that financial statements, delinquent loan reports, and
other data received or examined by the corporation is unreliable
or the participating credit union investment in the corporation is
in excess of five per cent of the corporation's fund, the
corporation shall require that an audit of the books and records
of the participating credit union be conducted. The audit shall be
completed in accordance with generally accepted auditing
standards, and include such testing of the records necessary to
render an opinion of an independent certified public accountant.
~~If such~~

(2) If the report, certificate, or opinion of the independent
accountant, as described in division (E)(1) of this section, is in
any way qualified, the corporation shall require the credit union
to take such action as the corporation considers necessary to
permit an independent accountant to remove such qualification from
the report, certificate, or opinion. If such qualification is not

remedied within the time period designated, the corporation shall 483
report such qualification in writing to the superintendent within 484
three days thereof. ~~In~~ 485

(3) In addition to other action described in this division, 486
the corporation may do the following: 487

~~(1)~~(a) Recommend appropriate corrective measures to the 488
operational policies and procedures of the participating credit 489
unions; 490

~~(2)~~(b) Make appropriate recommendations to the superintendent 491
or appropriate credit union supervisory authority or the national 492
credit union administration including the recommendation that the 493
participating credit union be liquidated or consolidated; 494
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~~(3)~~(c) Submit reports and make recommendations to the 496
superintendent of credit unions, other credit union supervisory 497
authority, or the national credit union administration regarding 498
the financial condition of any participating credit union. Such 499
reports and recommendations are not public documents. ~~There~~ 500

(4) There shall be no liability on the part of, and no cause 501
of action of any nature shall arise against, the corporation or 502
its participating credit unions, directors, officers, employees, 503
or agents, or the superintendent or other credit union supervisory 504
authority or the national credit union administration, for any 505
statements made by them in any reports or recommendations made in 506
accordance with ~~this~~ division (E) of this section. 507

(F) When an examination or investigation of any participating 508
credit union is considered necessary for good cause shown by the 509
superintendent of credit unions under this chapter, the 510
corporation shall pay to the superintendent of credit unions the 511
cost thereof, including the salary or other compensation paid to 512
the persons making the examination or rendering special services 513

and overhead cost incurred in connection with the examination or
investigation as fixed by the superintendent. In determining the
costs of services or examinations, the superintendent may use the
estimated hourly cost for all persons performing services for, or
examinations of, the corporation for the fiscal year. Travel
expenses shall be paid by the division of financial institutions.

(G) Neither the corporation nor any participating credit
union, as an agent of the corporation or of its participating
credit unions, or any other person shall use information obtained
under division (A), (B), (C), (D), or (E) of this section for any
purpose not authorized by this section. The conviction for
violation of this division by any person located outside this
state shall be reported to the appropriate credit union
supervisory authority or the national credit union administration
for prosecution under the laws of that jurisdiction.

Sec. 1761.09. (A) Each credit union share account of an
individual member or, as described in division (B)(2) of section
1761.02 of the Revised Code, a nonmember of a participating credit
union shall be guaranteed in amounts established from time to time
by the credit union share guaranty corporation. Such primary
guaranteed amount shall not be less than the amount of the credit
union share account but, in no event, shall exceed two hundred
fifty thousand dollars.

(B) In addition to the primary guaranteed amount, the
corporation may establish an excess coverage guarantee for the
benefit of those participating credit unions that voluntarily
elect to obtain such additional guarantee.

(C) The guarantees provided pursuant to this chapter do not
apply to credit union share accounts until ~~such~~ the credit union
has applied for and been admitted as a participating credit union,

and cease to apply to the share accounts of any credit union upon 545
the later of any of the following: 546

(1) The termination of the credit union's participation in 547
the corporation pursuant to section 1761.12 of the Revised Code; 548

(2) The completion of the liquidation of the credit union; 549

(3) The withdrawal of the credit union from participation in 550
the corporation. 551

Sec. 1761.10. (A)(1) A credit union share guaranty 552
corporation shall establish and maintain a guarantee fund. The 553
fund shall be maintained at a normal operating level as defined by 554
the board of directors of the corporation and approved by the 555
superintendent of insurance, except that the normal operating 556
level shall at all times be no less than one per cent of the 557
aggregate share capital of participating credit unions, 558
irrespective of how denominated. The fund of the corporation shall 559
be comprised of the following: 560

(a) The account for each participating credit union; 561

(b) Retained and undivided earnings; 562

(c) Any reserves required by statute or order of the 563
superintendent of credit unions; 564

(d) Borrowings made in accordance with section 3901.72 of the 565
Revised Code. 566

(2)(a) Each participating credit union shall contribute to 567
and maintain with the corporation a capital contribution to be 568
credited to its account, in an amount equal to at least one per 569
cent of its aggregate share capital as is established as the 570
normal operating level of the fund by the board of directors 571
pursuant to division (A)(1) of this section and approved by the 572
superintendent of insurance. Each participating credit union's 573
account shall be adjusted annually to reflect changes in the 574

participating credit union's aggregate share capital in accordance 575
with procedures adopted by the board of directors and may be 576
adjusted more frequently if an increase in the aggregate share 577
capital or a change in the financial condition of the 578
participating credit union warrants such adjustment. Those credit 579
unions participating in excess coverage shall pay a premium as 580
prescribed by the board of directors of the corporation and as 581
filed and approved under Chapter 3937. of the Revised Code. 582

(b) The approval of the superintendent of insurance 583
concerning the normal operating level of the guarantee fund 584
expires upon written determination by the superintendent of 585
insurance that there is cause for additions to the guarantee fund. 586
~~Such~~ This determination is not subject to any hearing requirement 587
under Chapter 119. of the Revised Code, provided a credit union 588
guaranty corporation may request a supervisory conference under 589
section 1761.19 of the Revised Code. 590

(3) If, at the close of a fiscal year, the guarantee fund 591
exceeds the normal operating level determined by the board of 592
directors of a credit union share guaranty corporation, the board 593
of directors may make a distribution of the excess to 594
participating credit unions. Any distribution shall be made to 595
each participating credit union in the proportion that each 596
participating credit union's account bears to the total aggregate 597
participating credit union accounts of the corporation. No 598
determination by the board of directors is effective until 599
approved by the superintendent of insurance. No distribution shall 600
be made, nor shall it confer any rights, until approved by the 601
superintendent of insurance. 602

(4) The amount of the account of each participating credit 603
union shall be carried on the books of the individual participant 604
as a deposit with the corporation. 605

(5) Notwithstanding any other provision of this chapter, the 606

corporation shall require the participating credit unions to make capital contributions to maintain the normal operating level set by division (A)(1) of this section during any calendar year in which the fund has been reduced below the minimum operating level as a result of payment of any deficiencies in credit union share accounts.

(B)(1) The corporation may annually or more frequently levy and collect additions to the capital contribution as the board of directors of the corporation considers appropriate. The corporation shall notify the superintendent of credit unions and the superintendent of insurance of such additions. Whenever the superintendent of credit unions or the superintendent of insurance considers it necessary for the maintenance of the normal operating level of the fund, ~~he~~ the superintendent shall order the corporation to levy and collect additions to the capital contributions. Such order shall specify the amount of the addition and the reasons upon which the order is based.

(2) The corporation shall send a written notice of capital contributions required pursuant to division (B)(1) of this section to each participating credit union within ten days after the levy of any capital contributions. Capital contributions shall be paid to the corporation by each participating credit union not later than thirty days following mailing of written notice of any required capital contribution.

(C)(1) In the event of potential impairment of the fund, a special assessment of the fund may be levied by the corporation with the approval of the superintendent of credit unions or the superintendent of insurance. Impairment for this purpose is deemed to exist when the corporation's liabilities and share capital exceed its assets. Whenever the superintendent of credit unions or the superintendent of insurance considers it necessary to avoid an impairment of the fund, ~~he~~ the superintendent shall order the

corporation to levy a special assessment. Such order shall specify 639
the amount of the assessment and the reasons upon which the order 640
is based. 641

(2) The corporation shall send a written notice of the 642
special assessment required pursuant to division (C)(1) of this 643
section to each participating credit union within ten days after 644
the levy thereof. Special assessments shall be paid to the 645
corporation by each participating credit union not later than 646
thirty days following mailing of written notice of any special 647
assessment unless for good cause shown the time period is 648
extended. 649

(D) A report of each capital contribution that may be 650
required pursuant to division (B) of this section shall be made to 651
the superintendent of credit unions and the superintendent of 652
insurance within ninety days of the special assessment levy. A 653
report of each special assessment that ~~may be~~ is required pursuant 654
to division (C) of this section shall be made to the 655
superintendent of credit unions and the superintendent of 656
insurance within ten days after mailing the written notice thereof 657
to participating credit unions. 658

(E)(1) In the event any participating credit union fails to 659
pay an annual capital contribution when due, the corporation shall 660
report such default in writing to the superintendent of credit 661
unions and the superintendent of insurance and the appropriate 662
credit union supervisory authority or the national credit union 663
administration within twenty-four hours of such default, and shall 664
revoke after thirty days' notice the participating credit union's 665
participation in the corporation, unless good cause is shown for 666
the delay. 667

(2) In the event any participating credit union fails to pay 668
any additional capital contribution, premium, fee, or assessment 669
when due, the corporation shall report such default in writing to 670

the superintendent of credit unions and the superintendent of
insurance and the appropriate credit union supervisory authority
or the national credit union administration within twenty-four
hours of such default, and shall revoke after thirty days' notice
the participating credit union's participation in the corporation,
unless good cause is shown for the delay.

(3) The thirty-day notice of revocation required under
divisions (E)(1) and (2) of this section does not apply to the
revocation of excess coverage.

(F) Any participating credit union that is voluntarily
liquidated ~~or~~, any participating credit union that withdraws from
participation in the corporation and obtains a different form of
share guaranty or insurance pursuant to section 1733.041 of the
Revised Code or similar state statute, or any participating credit
union that merges with another credit union that becomes the
surviving credit union whose shares are guaranteed or insured by a
different form of guaranty or insurance may be refunded in an
amount equal to the balance of its capital contribution account.
Such reimbursement of a participating credit union's capital
contribution account balance shall be paid only if and when the
guarantee fund exceeds its normal operating level as calculated
without the account of the withdrawing credit union.

(G) In the event of a merger of two or more participating
credit unions where the surviving credit union is to be insured by
the corporation, the funds in the capital contribution account of
each ~~such~~ credit union shall be transferred to the account of the
surviving credit union.

(H) If a credit union share guaranty corporation is
dissolved, the net assets after settling any recorded, contingent,
and contractual liabilities, and all costs of dissolution shall be
distributed to the participating credit unions in accordance with
their share balances, less any outstanding debts owed to the

corporation.

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Sec. 1761.13. (A) A credit union share guaranty corporation
shall invest or deposit its funds in the following manner:

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(1) In banks incorporated under the laws of this or any other
state, or the United States;

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(2) In negotiable certificates of deposit and bankers
acceptances;

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(3) In share certificates deposited in or any form of
evidence of interest or indebtedness of any credit union organized
under Chapter 1733. of the Revised Code or comparable state law if
insured, or whose member accounts are insured as provided for by
Title II of the "Federal Credit Union Act," 84 Stat. 994, (1970),
12 U.S.C.A. 1781, as amended, or by comparable insurance. No
investment under division (A)(3) of this section shall be in a
participating credit union.

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(4) In accounts with, investment certificates or withdrawable
shares of, any savings and loan association that is an insured
institution as defined by Title IV of the "National Housing Act,"
48 Stat. 1255 (1934), 12 U.S.C.A. 1724, as amended.

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(5) In United ~~Sates~~ States government securities or United
States government agency obligations;

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(6) In bonds or other evidence of indebtedness rated in the
three highest ratings of Standard and Poor's or Moody's service,
not in default as to principal or interest, that are valid
obligations issued, assumed, or guaranteed by any state, county,
or municipal corporation of the United States;

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(7) In bonds or other evidence of indebtedness rated in the
three highest ratings by Standard and Poor's or Moody's service,
not in default as to principal or interest, that are valid
obligations issued, assumed, or guaranteed by any corporation

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incorporated under the laws of the United States or a state and 733
described in division (D)(1) of section 3925.08 of the Revised 734
Code. However, a credit union share guaranty corporation shall not 735
invest in any such corporate security containing any provision of 736
optionality, including, but not limited to, any derivative 737
security. 738

(8) In any other investments that are expressly approved by 739
the superintendent of credit unions and the superintendent of 740
insurance or are permitted by rules adopted by the superintendents 741
pursuant to division (C) of section 1761.04 of the Revised Code, 742
but such other investments shall not exceed twenty per cent of the 743
sum of the capital contributions, retained and undivided earnings, 744
and any borrowings made in accordance with section 3901.72 of the 745
Revised Code of the corporation. The superintendents shall not 746
permit the corporation to make any investment in any unrelated 747
corporation or unrelated subsidiary without the prior written 748
approval of the superintendent of credit unions and the 749
superintendent of insurance. 750

(B) The maximum investment in securities of any one 751
corporation shall not exceed ten per cent of the guarantee fund at 752
the time the investment is made. 753

(C) The corporation's directors, officers, committee members, 754
and employees, and immediate family members of such individuals, 755
are prohibited from receiving pecuniary or any other type of 756
consideration in connection with the making of an investment or 757
deposit by the corporation. 758

(D) Within thirty days of appointment, each officer, agent, 759
or employee having control or access to funds or securities owned 760
by or pledged with a credit union share guaranty corporation shall 761
be provided with fidelity bond coverage by the corporation in an 762
amount commensurate with the risk involved. 763

(E) The corporation shall not take a position in any 764

corporate stock without the express written approval of the board 765
of directors and the superintendent of credit unions and the 766
superintendent of insurance. 767

Section 2. That existing sections 1761.01, 1761.02, 1761.03, 768
1761.05, 1761.06, 1761.07, 1761.08, 1761.09, 1761.10, and 1761.13 769
of the Revised Code are hereby repealed. 770