



**OBEE**  
CREDIT UNION

3900 Cleveland Ave. SE  
Tumwater, WA 98501-4098  
phone 360.943.0757 tollfree 800.642.4014  
fax 360.956.9845 email obee@obee.com

February 28, 2007

Joanne Conrad  
Project Manager/Specialist Consultant  
Department of Financial Institutions  
Division of Credit Unions  
PO Box 41200  
Olympia, WA 98504-1200

RE: Alternative Share Insurance

Dear Ms. Conrad:

I am writing on behalf of the Board of Directors of the O Bee Credit Union in support of the Alternative Share Insurance study.

O Bee is a state chartered credit union with some \$100 million in assets and 15,750 members. O Bee was not a member of the Washington Credit Union Share Guarantee Association when that option was open to Washington state chartered credit unions, but the Board had approved putting the insurance coverage to a vote of the members near the end of the life of WACUSGA.

An alternative to federal insurance, and to federal regulation, is an option the Board and management of this credit union would like to have available. At this time, we do not have enough information to know if we would opt for alternative insurance or if our members would endorse a change. We would like to participate in the study and debate of the issue.

If you look at where the American public invests its savings you might reach the conclusion that any type of deposit insurance is irrelevant. The majority of their savings is in the stock market, mutual funds, and money market funds; all of which lack the protection of any form of deposit insurance. Our financial planning department has over \$50 million under management in uninsured annuities, mutual funds, and money market accounts. The insured deposits within the credit union are about \$85 million and over five percent of that is in accounts that exceed the federal deposit insurance limit of \$100,000. Clearly, deposit insurance is not an issue with these depositors.

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The challenge you will face is the statutory definition of "equivalent" to the federal insurance. Those in opposition to alternative insurance will make the case that the private sector cannot match the "deep pockets" of the federal government. We only have to look at the experience that led to the demise of WSCUSGA in this state, or in Rhode Island some ten years ago to, see that the failure of a small credit union or management dishonesty can destroy the confidence in the insurer and lead to its failure.

One of the strengths of the credit union movement is the dual chartering system. Because of this system, Washington State has created one of the most progressive regulatory environments for credit unions in the nation; and the credit union members are the winners. Alternative deposit insurance will only strengthen and enhance that environment. Given the full facts about the deposit insurance options, members can and will make informed decisions about where they invest their savings and will gain from credit unions having the option of more than one source of deposit insurance.

I thank you and the DFI for giving this subject a full and unbiased review.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Bruce Cramer", with a long, sweeping horizontal line extending to the right.

Bruce Cramer  
President/CEO