

MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON



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MAY 03 2007

DEPT. OF FINANCIAL INSTITUTIONS
OLYMPIA, WASHINGTON

May 1, 2007

Linda Jekel
Director of Credit Unions
Department of Financial Institutions
P.O. Box 41200
Olympia, WA 98504-41200

RE: Comments on Chapter 208-800 WAC, Credit Union Alternative Share Insurance Programs

Dear Ms. Jekel:

The Office of the Insurance Commissioner ("OIC") has had the opportunity to review the proposed regulations of the Department of Financial Institutions ("DFI"), Chapter 208-800 WAC, entitled "Credit Union Alternative Share Insurance Programs." The regulations would permit, with the approval of the DFI, a corporation or other entity to provide primary share insurance for shares and deposits in credit unions. For those credit unions that purchase it, this private alternative share insurance would be a substitute for the federally-guaranteed share insurance that currently exists.

The OIC strongly suggests that language be added to the regulations making it clear that in order for a "corporation or other entity" to provide primary share insurance to credit unions in this state, it must be an authorized insurer licensed to transact insurance in this state in compliance with the Insurance Code, Title 48 RCW. While I believe that such a "corporation or other entity" should be aware of this requirement, it would be preferable to state the requirement explicitly in the regulation so that there is no confusion. In addition, the DFI will be able to require evidence of compliance with the Insurance Code as a part of its application process in order to ensure that the applicant has met this condition before being approved by DFI as an alternative share insurer.

The OIC offers the following additional language to proposed WAC 208-800-100:

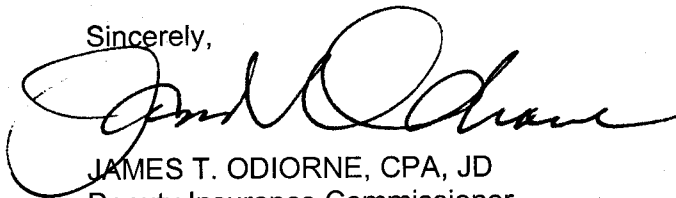
1. In the introductory paragraph of WAC 208-800-100 insert after "an applicant must" the following language: "be an authorized insurer in compliance with Title 48 RCW and."
2. In the list of information in WAC 208-800-100 that the applicant must provide, add the following: "Copy of a certificate of authority issued by the Washington State Office of the Insurance Commissioner authorizing the insurer to transact insurance in this state."
3. In the introductory paragraph of WAC 208-800-100(13) add to the beginning of the second sentence the following: "In addition to any contract provisions required by Title 48 RCW, the."

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Thank you considering these comments and suggested changes. Please do not hesitate to contact me should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "James T. Odiorne". The signature is fluid and cursive, with a large initial "J" and "O".

JAMES T. ODIORNE, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division

