



Regulatory Comment: Notice of Termination of Excess Insurance Coverage

THE ISSUE:

The NCUA Board (Board) is seeking comment on a proposed amendment to NCUA's rules under 12 CFR § 741.5, which require a federally insured credit union (FICU) that maintains excess share insurance coverage in addition to the coverage provided by the Share Insurance Fund to notify all members in writing at least 30 days before the effective date of any termination of the excess insurance coverage. The proposal would remove the 30-day requirement and instead require FICUs to simply notify members before any excess share insurance coverage is terminated.

IMPACT TO CREDIT UNIONS:

The proposed amendment would reduce the regulatory burden of informing members of the termination of excess share insurance at least 30 days prior to termination. Instead, FICUs would be granted the latitude to inform members of the termination based on their own discretion.

KEY POINTS:

- The proposal would remove the 30-day written notification timeframe for the termination of excess share insurance coverage and instead requires FICUs to notify members prior to the termination of said coverage.
- The proposal requires prior written notification to members of the termination, but at a timeframe set by the FICU's board of directors.
- The Board argues that this proposal reduces the regulatory burden for FICUs, while promoting flexibility for FICUs to notify members based on contractual obligations and state law requirements.

ACTION NEEDED: Deadlines and contacts

Please use the comment link below to respond to America's Credit Unions' survey. This will help shape the discussion and better address your needs in our comment letters.

- Comments due to America's Credit Unions: March 13, 2026 — [Submit here](#).
- Comments due to the NCUA: March 30, 2026
- Questions? Contact [Jeremy Greenberg](#), Regulatory Advocacy Counsel, Innovation & Technology, America's Credit Unions
- Agency contact: Thomas Zells, Senior Attorney, Office of General Counsel, (703) 518-6540.

QUESTIONS TO CONSIDER:

1. Do you support the removal of the 30-day prior notification requirement to members when terminating excess share insurance? Why or why not?
2. Do you support the flexibility offered to FICUs to determine the timeframe of prior written notice to members, or should the Board require an alternative notification timeframe other than the 30-day prior notification requirement?

BACKGROUND:

12 CFR § 741.5 requires FICUs to provide written notification to all members at least 30 days before the termination of any excess share insurance coverage beyond that provided by the Share Insurance Fund. The proposed amendment would remove the 30-day requirement and require FICUs to notify members before any excess share insurance coverage is terminated.

ANALYSIS

The Board argues that notification of termination of excess insurance coverage is necessary, but the 30-day notification requirement does not allow for the flexibility needed to align with contractual agreements or state law. The Board believes that timing considerations are best left

to the discretion of each FICU board of directors. In doing so, the FICUs should consider member agreements and applicable state rules to determine adequate prior notice for members. Further, the Board states that the 30-day timeframe is not explicitly mandated by the Federal Credit Union Act.