

## Private Insurance Parity Act Defined

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American Share Insurance (ASI) protects more than 1.25 million credit union members across 10 states and has been headquartered in Ohio since 1974. Its subsidiary, Excess Share Insurance (ESI), provides supplemental deposit coverage above federal limits in 37 states. ASI-insured credit unions serve rural, minority, and working-class communities under strong state regulatory oversight and meet the same safety and soundness standards as federally insured credit unions.

**The Private Insurance Parity Act** updates federal law to ensure privately insured credit unions are subjected to same standards as federally insured institutions. It modernizes outdated conversion and merger procedures and ensures members receive clear, consistent information when their credit union considers a change to their deposit insurance provider.

For example, current law requires a credit union converting to or merging with a privately insured institution to obtain participation from 20 percent of its total membership. In contrast, federally insured credit unions are held only to a simple majority of those who cast a vote. In practice, participation rarely reaches 20 percent and, in some recent cases, has been as low as 2 percent. In today's digital-first environment, where most members engage online rather than in person, achieving a 20 percent participation threshold is highly impractical and no longer reflects how members participate in credit union governance.

### **What the Bill Does:**

- Aligns conversion and merger procedures for privately insured credit unions with the federal standard.
- Replaces the 20 percent turnout requirement with a simple majority of voting members.
- Extends the member voting period from 30 to 90 days which is equal to federal standards.
- Reduces procedural barriers while preserving transparency and member protection.

### **Why It Matters:**

- Ensures regulatory parity between privately insured and federally insured credit unions.
- Reduces unnecessary regulatory burdens, giving credit unions a clearer and more accessible path to choose the option that best serves their members.
- Promotes a fair, competitive marketplace by ensuring no credit union is disadvantaged by regulatory burden simply because of its chosen insurance model.

### **The Outcome:**

**By aligning the process with the federal standard of a simple majority of voting members and a 90-day voting period for conversions or mergers, the bill promotes equality, consistency, and a more balanced regulatory environment for all credit unions.**