

# The Champion for Minnesota Credit Unions

Dear Chairs Koegel and O’Driscoll and members of the House Commerce Committee,

On behalf of the Minnesota Credit Union Network, representing the state’s 82 not for profit, member owned credit unions, I write to you today in support of HF 4118, legislation that would allow state chartered credit unions to opt for obtaining deposit insurance through an approved private share insurer, instead of only being able to rely on federal insurance through the National Credit Union Administration.

Under current law, credit union member deposits are insured up to \$250,000 per account, and this legislation preserves that standard. Any private share insurance option would be required to maintain coverage at the same level, ensuring that consumers receive the same degree of protection regardless of the insurance model used. For consumers, this means their money remains protected up to \$250,000 just as it is today—no matter which insurance option a credit union uses.

Credit unions place the highest priority on safety and soundness, and this proposal does not alter that commitment. Private share insurance is not a new or untested concept; it has long been permitted under federal law for state-chartered credit unions and is currently authorized in at least 10 states. These programs operate with pooled, credit union funded capital, diversified risk structures, and regular examinations, while providing deposit insurance coverage equivalent to the federal program. Privately insured credit unions have protected member deposits through periods of economic stress, demonstrating that strong consumer protection can be achieved while maintaining the same insurance limits consumers expect today.

Just as importantly, the bill preserves robust regulatory oversight. The Commissioner of Commerce retains clear authority to approve, supervise, or prohibit any private insurer that cannot demonstrate the financial resources, governance, or operational capacity necessary to protect insured deposits up to \$250,000 per member. No credit union could operate without insurance, and no new credit union could be chartered without first securing coverage that meets established regulatory standards. Depositor protection remains mandatory and unchanged.

By allowing a carefully regulated private insurance option alongside the federal program—while maintaining the same \$250,000 insurance guarantee—this legislation provides flexibility without sacrificing safety and soundness. It promotes resilience, risk diversification, and long-term stability within Minnesota’s credit union system while ensuring consumers continue to receive the full level of deposit protection they rely on. For these reasons, Minnesota’s credit unions respectfully urge your support and appreciates the committee’s thoughtful consideration of HF 4118.

Sincerely,

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Minnesota Credit Union Network

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