

# Frequently Asked Questions about Credit Union Deposit Insurance

- [How is my credit union account insured? What is NCUSIF-insured financial institution?](#)
- [Which credit unions are insured?](#)
- [How does share insurance protect credit union members against loss?](#)
- [Does share insurance protection apply only if a credit union is liquidated?](#)
- [How does insurance pay members their shares if an insured credit union is liquidated?](#)
- [What happens to the member's share account when an insured credit union is merged into another insured credit union?](#)
- [Does share insurance protect the interest of creditors?](#)

## **How is my credit union account insured? What is a NCUSIF-insured financial institution?**

Congress established the National Credit Union Share Insurance Fund (NCUSIF) in 1970 to insure member share accounts at all federally chartered credit unions and most state chartered credit unions. NCUSIF insurance is similar to the deposit insurance protection offered by the Federal Deposit Insurance Corporation (FDIC). The NCUSIF is managed by the National Credit Union Administration (NCUA) under the direction of the three-person NCUA Board appointed by the President of the United States.

## **Which credit unions are insured by NCUSIF?**

In Texas, every credit union has some form of insurance. Nearly every credit union in the state is insured by NCUSIF. There are a handful of credit unions insured by a private insurance fund. An important note: No credit union can operate in the state without being insured.

## **How does this insurance protect credit union members against loss?**

Each credit union approved for share insurance must meet high standards of safety and soundness in its operation. Adherence to these standards is determined regularly through credit union examinations by federal and state examiners. If an insured credit union gets into financial difficulties and must be closed, the insurer acts immediately to protect each member's share account.

## **Does the insurance protection apply only if a credit union is liquidated?**

No. Liquidation is the only situation in which a member is directly provided share insurance protection by the payment of a check for his or her insured savings. However, indirect protection is provided when the NCUA Board, through the NCUSIF, authorizes financial assistance to

a credit union to enable it to overcome a temporary financial setback. In a case where a credit union is unable to overcome its difficulty, financial assistance may be authorized to accomplish a merger that protects the continuing credit union from loss and provides continued credit union service to the members of the merging credit union.

### **How does the fund pay members when an insured credit union is liquidated?**

Checks for each member's shares (less any amounts due on outstanding loans) up to the insurance limit are mailed to the member's last known address as shown in the records of the credit union. These checks are usually mailed several days after the credit union is placed into liquidation. In situations where on-site payment is more convenient, the NCUA liquidation team will give checks directly to members.

### **What happens to the member's share account when an insured credit union is merged into another insured credit union?**

Each member's share account is transferred to the continuing credit union. Accrued dividend credit is also transferred. On the effective date of the merger, each merging credit union member has full membership rights to all the financial services provided by the continuing credit union.

### **Does share insurance protect the interest of creditors?**

No. Share insurance protects only credit union members.