

2023 Regular Session

HOUSE BILL NO. 334

BY REPRESENTATIVES PHELPS, JORDAN, COX, AND LARVADAIN

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

FINANCIAL INSTITUTIONS: Provides relative to private insurance for certain deposits and shares

1 AN ACT

2 To amend and reenact R.S. 6:652.2(A)(2) and 656(A)(1)(introductory paragraph) and (c),
3 R.S. 39:1221(A)(6), and R.S. 49:321(A)(4), relative to private insurance for certain
4 deposits and shares; to allow certain financial institutions to use private insurance to
5 secure investments and loans; to allow use of private deposit insurance as security
6 for state and local depositing authorities; to provide for effectiveness; and to provide
7 for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 6:652.2(A)(2) and 656(A)(1)(introductory paragraph) and (c) are
10 hereby amended and reenacted to read as follows:

11 §652.2. Share and share certificate accounts as legal investments

12 A.

13 * * *

14 (2) ~~Investments~~ Notwithstanding any other law to the contrary, investments
15 by banks and trust companies; by the state of Louisiana, its agencies, boards,
16 commissions, and departments; by the state treasurer of state funds standing in the
17 name of the state treasurer; by political subdivisions of the state and other public
18 bodies existing under the constitution and laws of the state of Louisiana, any parish,
19 or any political subdivision of any parish, and city, town, or village, or any political
20 subdivision of any city, town, or village shall not exceed at any one time the sum of

1 the primary amount insured by the National Credit Union Administration and the
2 excess amount insured by a private sector insurance provider or other a deposit
3 insurance corporation in any one federally or state chartered credit union, ~~unless the~~
4 ~~uninsured portion is collateralized by the pledge of securities in the manner provided~~
5 ~~by R.S. 49:321~~ in lieu of collateralization by the pledging of securities in the manner
6 provided by R.S. 39:1221 or 1242 or R.S. 49:321.

7 * * *

8 §656. Loans

9 A. A credit union may make loans, under terms and conditions specified in
10 the bylaws, to its members, and extend lines of credit to its members, to other credit
11 unions, and to credit union organizations, and to participate with other credit unions,
12 credit union organizations, or financial organizations to credit union members in
13 accordance with the following:

14 (1) Loans to members shall be made in conformity with criteria established
15 by the board of directors, ~~provided that~~ if:

16 * * *

17 (c) A loan secured by the insurance or guarantee of the federal government,
18 of a state government, ~~or any agency of either,~~ or a private-sector insurance provider
19 may be made for the maturity and under the terms and conditions specified in the law
20 under which such insurance or guarantee is provided.

21 * * *

22 Section 2. R.S. 39:1221(A)(6) is hereby amended and reenacted to read as follows:

23 §1221. Security for deposits; kinds

24 A. Local depositing authorities shall require as security for deposits:

25 * * *

26 (6) Deposit guaranty bonds underwritten and guaranteed by an insurance
27 company, licensed to do business in this state, listed as an approved surety by the
28 United States Department of the Treasury and a private deposit insurance
29 underwritten and issued by an insurer licensed to do business in this state, and

1 approved for these purposes by the Interim Emergency Board, that provide coverage
2 for deposits of depositing authorities in excess of the amounts insured by the Federal
3 Deposit Insurance Corporation or any other governmental agency insuring bank or
4 other financial institution deposits that is organized under the laws of the United
5 States, and the form and content of which are approved in advance by the state
6 treasurer.

7 * * *

8 Section 3. R.S. 49:321(A)(4) is hereby amended and reenacted to read as follows:
9 §321. Security for deposit of funds; checks and drafts of departments

10 A. State depositing authorities shall require as security for deposits of state
11 funds either:

12 * * *

13 (4) Deposit guaranty bonds underwritten and guaranteed by an insurance
14 company, licensed to do business in this state, listed as an approved surety by the
15 United States Department of the Treasury and private deposit insurance underwritten
16 and issued by an insurer licensed to do business in this state, and approved for this
17 purpose by the Interim Emergency Board, that provide coverage for deposits of
18 depositing authorities in excess of the amounts insured by the Federal Deposit
19 Insurance Corporation or any other governmental agency insuring bank or other
20 financial institution deposits that is organized under the laws of the United States,
21 and the form and content of which are approved in advance by the state treasurer.

22 * * *

23 Section 4. This Act shall become effective on July 1, 2023.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 334 Engrossed 2023 Regular Session Phelps

Abstract: Allows certain financial institutions to secure certain investments and loans with private insurance.

Present law requires a credit union to carry insurance in order to secure loans.

Proposed law retains present law.

Present law allows the requisite insurance to be provided by federal and state insurance providers.

Proposed law still allows for federal and state insurance but also allows certain financial institutions to use private sector insurance to secure these transactions.

Present law limits the maximum allowable amount of certain investments to the sum of the amount insured by the National Credit Union Administration and the amount insured by any other deposit insurance corporation in any one chartered credit union but allows an excess to the extent the excess is collateralized in accordance with present law.

Proposed law allows private-sector insurance held by a credit union to be added to the amount provided in present law in order to determine the limit on investment.

Proposed law allows the coverage amount held by the credit union to serve in lieu of collateralization pursuant to present law and removes the allowance for excess to be collateralized pursuant to present law.

Present law provides that local and state depositing authorities shall require an insurance company that is listed by the U.S. Dept. of the Treasury as an approved surety to secure deposits.

Proposed law retains present law and adds that local and state depositing authorities shall also require a private deposit insurance underwritten by an insurer licensed to do business in the state.

Proposed law makes technical changes.

Effective July 1, 2023.

(Amends R.S. 6:652.2(A)(2) and 656(A)(1)(introductory paragraph) and (c), R.S. 39:1221(A)(6), and R.S. 49:321(A)(4))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Commerce to the original bill:

1. Make technical changes.