

Private Deposit Insurance: More for More

Recently, I was answering this question, “Why is it that ALLIANCE is no longer federally insured by The National Credit Union Administration (NCUA) and chose to be privately insured by American Share Insurance Corporation (ASI) and Excess Share Insurance (ESI)?”. My best answer is to just remember... *More for More*. Now ALLIANCE Credit Union members have MORE accounts insured for MORE dollars than any other financial institution in West Texas. Deposits at ALLIANCE are now insured up to \$500,000 whereas others only insure up to \$250,000. Please consider the following:

1. Deposit insurance was created to protect bank customers against bank failures. Share insurance at credit unions did not come about until the early 1970s. It was an answer to FDIC. The NCUA and ASI are relatively the same age.
2. Did you know that ALLIANCE is one of the most well capitalized credit unions in the world? Our net worth ratio as of October 31, 2016 was 15.16%. That is over twice the 7% requirement imposed by federal and state regulators.
3. Up until November 1, 2016, ALLIANCE was being regulated and insured by the same entity from Washington D.C. We felt it would be better to be regulated from Austin by fellow Texans rather than a Federal agency from D.C.
4. Being insured by ASI and ESI allows us to cover MORE accounts for MORE dollars, up to \$500,000. The way it works is like this; ASI covers MORE accounts up to \$250,000 and ESI covers the amounts over \$250,000 to \$500,000. ALLIANCE is the only credit union in Texas that is privately insured up to \$500,000.
5. ALLIANCE’s legacy of safety and soundness offers the flexibility needed to even be able to consider private deposit insurance and the ESI option. We are unique in the credit union movement and banking industry.

Whenever I make important decisions in life, after some time has passed, I like to reflect back on the decision with, “If I had it to do all over again would I do it again?”. When it comes to recommending that ALLIANCE move from federal to private deposit insurance, I can say for certain, “Yes, I would do it again.” *More for More* still makes sense.