Dear Chair Klein, Leader Dahms and members of the Senate Commerce committee,

On behalf of the Minnesota Credit Union Network, which represents Minnesota's 82 not-for-profit, member-owned credit unions, I write in support of Senate File 4444. This legislation would allow state-chartered credit unions the option to meet deposit insurance requirements through an approved private share insurer, rather than being limited exclusively to federal insurance provided by the National Credit Union Administration.

Current law requires that credit union member deposits be insured up to $250,000 per account, and SF 4444 fully maintains that standard. Any private share insurance option would be required to provide coverage at the same level, ensuring consumers receive identical protection regardless of the insurance structure used. For members, this means their deposits remain protected up to $250,000 just as they are today—no matter which insurance option a credit union chooses.

Safety and soundness are central to the credit union model, and nothing in this proposal changes that commitment. Private share insurance is neither new nor experimental. Federal law has long permitted state-chartered credit unions to pursue this option, and it is currently authorized in at least ten states. These systems are built on pooled, credit-union-funded capital, diversified risk structures, and routine examinations, while providing insurance coverage equivalent to the federal program. Privately insured credit unions have successfully protected member deposits through periods of economic stress, demonstrating that strong consumer protection can be maintained while preserving the same insurance limits members expect.

Equally important, SF 4444 preserves strong regulatory oversight. The Commissioner of Commerce would retain clear authority to approve, supervise, or deny any private insurer that fails to demonstrate sufficient financial strength, governance, or operational capacity to protect insured deposits up to $250,000 per member. Insurance coverage would remain mandatory for all credit unions, and no new credit union could be chartered without first securing insurance that meets established regulatory requirements. Depositor protection remains a non-negotiable requirement.

By allowing a carefully regulated private insurance option alongside the federal program, while keeping the same $250,000 insurance guarantee, this legislation offers flexibility without compromising safety and soundness. It supports 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 appreciate the committee's thoughtful consideration of SF 4444.

Sincerely,
Ryan Smith
Chief Advocacy Officer
Minnesota Credit Union Network

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