



NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 741

RIN 3133-AF97

Notice of Termination of Excess Insurance Coverage

AGENCY: National Credit Union Administration (NCUA).

ACTION: Proposed rule.

SUMMARY: The NCUA Board (Board) is issuing for public comment a proposal to amend the NCUA’s regulations that establish the requirements for obtaining and maintaining federal share insurance with the National Credit Union Share Insurance Fund (Share Insurance Fund). The provisions of this part apply to all federally insured credit unions (FICUs). The proposal would reduce regulatory burden by amending the provision on the timing of prior notice provided to members of the termination of excess non-federal insurance coverage.

DATES: Comments must be received by **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: Comments may be submitted in one of the following ways. **(Please send comments by one method only):**

- *Federal eRulemaking Portal:* <https://www.regulations.gov>. The docket number for this proposed rule is NCUA–2026–0135. Follow the “Submit a comment” instructions. If you are reading this document on [federalregister.gov](https://www.federalregister.gov), you may use the green “SUBMIT A PUBLIC COMMENT” button beneath this rulemaking’s title to submit a comment to the [regulations.gov](https://www.regulations.gov) docket. A plain language summary of the proposed rule is also available on the docket website.

- *Mail:* Address to Melane Conyers-Ausbrooks, Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314–3428.
- *Hand Delivery/Courier:* Same as mailing address.

Mailed and hand-delivered comments must be received by the close of the comment period.

Public inspection: Please follow the search instructions on <https://www.regulations.gov> to view the public comments. Do not include any personally identifiable information (such as name, address, or other contact information) or confidential business information that you do not want publicly disclosed. All comments are public records; they are publicly displayed exactly as received and will not be deleted, modified, or redacted. Comments may be submitted anonymously. If you are unable to access public comments on the internet, you may contact the NCUA for alternative access by calling (703) 518-6540 or emailing OGCMail@ncua.gov.

FOR FURTHER INFORMATION CONTACT: Thomas Zells, Senior Attorney, Office of General Counsel, at (703) 518-6540 or at 1775 Duke Street, Alexandria, VA 22314.

SUPPLEMENTARY INFORMATION:

Introduction

A. Background

Part 741 generally applies to federal credit unions (FCUs), federally insured, state-chartered credit unions (FISCUs), and credit unions applying for insurance of accounts pursuant to Title II of the Federal Credit Union Act (FCU Act). This part prescribes various requirements for obtaining and maintaining federal share insurance and the payment of insurance premiums and capitalization deposit. Subpart A of part 741 contains substantive requirements that are not codified elsewhere in the NCUA's

regulations. Subpart B lists additional regulations that are codified elsewhere in the NCUA's regulations as applying to FCUs, which also apply to FISCUs.

As discussed later in this preamble, the Board is proposing to amend a regulatory requirement in subpart A of part 741 to provide more flexibility and reduce regulatory burden. Section 741.5 requires a FICU to provide written notification to all members at least thirty days before the termination of any excess share insurance coverage beyond that provided by the Share Insurance Fund. The proposed rule would remove the 30-day requirement and simply require FICUs to notify members before any excess share insurance coverage is terminated.

B. Legal Authority

The Board is issuing this proposal pursuant to its authority under the FCU Act. Under the FCU Act, the NCUA is the chartering and supervisory authority for FCUs and the federal supervisory authority for FICUs.¹ The FCU Act grants the NCUA a broad mandate to issue regulations governing both FCUs and all FICUs. Section 120 of the FCU Act is a general grant of regulatory authority and authorizes the Board to prescribe rules and regulations for the administration of the FCU Act.² Section 207 of the FCU Act is a specific grant of authority over share insurance coverage, conservatorships, and liquidations.³ Section 209 of the FCU Act is a plenary grant of regulatory authority to issue rules and regulations necessary or appropriate to carry out its role as share insurer for all FICUs.⁴ Accordingly, the FCU Act grants the Board broad rulemaking authority to ensure that the credit union industry and the Share Insurance Fund remain safe and sound.

¹ 12 U.S.C. 1752–1775.

² 12 U.S.C. 1766(a).

³ 12 U.S.C. 1787.

⁴ 12 U.S.C. 1789.

II. Proposed Rule

Section 741.5 requires a FICU that maintains excess share insurance coverage in addition to the coverage provided by the Share Insurance Fund to notify all members in writing at least 30 days before the effective date of any termination of that excess coverage. The NCUA adopted this rule in 1986.⁵

The Board is now proposing to amend the 30-day notification requirement for terminating any excess insurance. The Board believes the 30-day timeframe imposes a prescriptive requirement not explicitly mandated by the FCU Act. While member notification of such a change in insurance coverage is needed, requiring 30-days prior notice may not provide sufficient flexibility or align with state law or contractual agreements. The Board believes timing considerations are best left to the discretion of each FICU board of directors. FICUs should consider their member agreements and applicable state law requirements when determining adequate prior notice for members, provided members are notified before coverage is terminated. A more flexible standard would still satisfy the goal of informing members of the change before it occurs.

The Board solicits comments on all aspects of this proposal.

III. Regulatory Procedures

A. Providing Accountability Through Transparency Act of 2023

The Providing Accountability Through Transparency Act of 2023 (5 U.S.C. 553(b)(4)) requires that a notice of proposed rulemaking include the internet address of a summary of not more than 100 words in length of a proposed rule, in plain language, that shall be posted on the internet website under section 206(d) of the E-Government Act of 2002 (44 U.S.C. 3501 note) (commonly known as regulations.gov).

In summary, the Board is issuing for public comment a proposal to amend the NCUA's regulations that establish the requirements for obtaining and maintaining federal

⁵ 51 FR 37549 (Oct. 23, 1986).

share insurance with the Share Insurance Fund. The provisions of this part apply to all FICUs. The proposal would reduce regulatory burden by amending the provision that requires 30 days' notice be provided to members before excess non-federal insurance coverage is terminated. The proposal and the required summary can be found at <https://www.regulations.gov>.

B. Executive Orders 12866, 13563, and 14192

Pursuant to Executive Order 12866 (“Regulatory Planning and Review”), as amended by Executive Order 14215, a determination must be made whether a regulatory action is significant and therefore subject to review by the Office of Management and Budget (OMB) in accordance with the requirements of the Executive Order.⁶ Executive Order 13563 (“Improving Regulation and Regulatory Review”) supplements and reaffirms the principles, structures, and definitions governing contemporary regulatory review established in Executive Order 12866.⁷ This proposed rule was drafted and reviewed in accordance with Executive Order 12866 and Executive Order 13563. OMB has determined that this proposed rule is not a “significant regulatory action” as defined in section 3(f)(1) of Executive Order 12866. Further, this proposed rule is consistent with Executive Order 13563. The proposed rule will reduce the burden of catastrophic act reporting by increasing the time FICUs have to report to the agency and giving them the flexibility to determine what to incorporate into their record of an incident.

Executive Order 14192 (“Unleashing Prosperity Through Deregulation”) requires that any new incremental costs associated with new regulations shall, to the extent permitted by law, be offset by the elimination of existing costs associated with at least 10 prior regulations.⁸ This proposed rule is expected to be a deregulatory action for purposes of Executive Order 14192.

⁶ 58 FR 51735 (Oct. 4, 1993).

⁷ 76 FR 3821 (Jan. 21, 2011).

⁸ 90 FR 9065 (Feb. 6, 2025),

C. Regulatory Flexibility Act

The Regulatory Flexibility Act⁹ generally requires an agency to conduct a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements, unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. If the agency makes such a certification, it shall publish the certification at the time of publication of either the proposed rule or the final rule, along with a statement providing the factual basis for such certification.¹⁰ For purposes of this analysis, the NCUA considers small credit unions to be those having under \$100 million in assets.¹¹ The Board fully considered the potential economic impacts of the regulatory amendments on small credit unions.

The proposed rule would reduce the regulatory burden on FICUs by eliminating the inflexible requirement for FICUs to notify members 30 days before excess non-Share Insurance Fund share insurance coverage is terminated. The Board does not expect the proposal to change FICUs' obligations to their members materially because FICUs will still be required to provide prior notice.

Accordingly, the NCUA certifies the proposed rule would not have a significant economic impact on a substantial number of small credit unions.

D. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (PRA) generally provides that an agency may not conduct or sponsor, and not withstanding any other provision of law, a person is not required to respond to, a collection of information, unless it displays a currently valid Office of Management and Budget control number. The PRA applies to rulemakings in which an agency creates a new or amends existing information collection requirements. For purposes of the PRA, an information-collection requirement may take the form of a

⁹ 5 U.S.C. 601 *et seq.*

¹⁰ 5 U.S.C. 605(b).

¹¹ 80 FR 57512 (Sept. 24, 2015).

reporting, recordkeeping, or a third-party disclosure requirement. The NCUA has determined that the changes described in this notice do not create a new information collection or revise an existing information collection as defined by the PRA.

E. Executive Order 13132 on Federalism

Executive Order 13132 encourages certain agencies to consider the impact of their actions on state and local interests. The NCUA, an agency as defined in 44 U.S.C. 3502(5), voluntarily complies with the executive order to adhere to fundamental federalism principles. The proposal would reduce regulatory burden by eliminating an unnecessary provision within the NCUA's regulations imposing timing requirements on FICUs for providing member notice when excess non-federal insurance coverage is terminated. The proposal is not expected to change FICUs' obligations to their members materially and thus would not have a direct effect on the states, the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government.

F. Assessment of Federal Regulations and Policies on Families

The NCUA has determined that this proposed rule would not affect family well-being within the meaning of section 654 of the Treasury and General Government Appropriations Act, 1999.¹² While the proposed change is intended to reduce regulatory burden generally to allow FICUs to focus on their provision of financial services to members, any potential positive effect on family well-being, including financial well-being is, at most, indirect.

List of Subjects in 12 CFR Part 741

Bank deposit insurance, Credit, Credit unions, Reporting and Recordkeeping requirements.

By the National Credit Union Administration Board, this 23rd day of January, 2026.

¹² Public Law 105-277, 112 Stat. 2681 (1998).

Melane Conyers-Ausbrooks,
Secretary of the Board.

For the reasons stated in the preamble, the NCUA Board proposes to amend 12 CFR Part 741 as follows:

PART 741 – Requirements for Insurance

1. The authority citation for part 741 continues to read as follows:

Authority: 12 U.S.C. 1757, 1766(a), 1781-1790, and 1790d; 31 U.S.C. 3717.

2. Revise § 741.5 to read as follows:

§ 741.5 Notice of termination of excess insurance coverage.

In the event of a credit union's termination of share insurance coverage other than that provided by the NCUSIF, the credit union must notify all members in writing of such termination prior to the effective date of termination.

[FR Doc. 2026-01698 Filed: 1/27/2026 8:45 am; Publication Date: 1/28/2026]