

BUREAU OF FINANCIAL INSTITUTIONS
Department of Professional and Financial Regulation
State of Maine
June 28, 2016

Bulletin # 57 REIMBURSEMENT FOR CREDIT UNION DIRECTORS

To the Chief Executive Officer Addressed:

Upon receipt of a recent inquiry, the Bureau finds it appropriate to more fully state its view on credit union director compensation. Title 9-B M.R.S. § 842(3) states that no member of the board of directors shall receive any compensation for his or her services as a member of said board, or as a member of any committees of the credit union. Issued in 1993, the Bureau's prior iteration of Bulletin #57 interpreted credit union director compensation under §842(3) so as not to preclude reimbursement for the reasonable expenses for attending meetings, seminars, or otherwise attending to credit union business, including the travel costs of one immediate family member traveling with the director while on official business. By amending Bulletin #57 herein, the Bureau further clarifies its interpretation of director compensation so as not to preclude reimbursement for reasonable health, accident, and related types of personal insurance protection supplied for directors at the expense of the credit union. The Bureau continues to expect boards of directors of state credit unions to have a written reimbursement policy to insure that the practice is not abused and, both on an individual and aggregate basis, reimbursements are reasonable.

The Bureau's interpretation of what constitutes director compensation is informed by the National Credit Union Administration's ("NCUA") regulation found at 12 C.F.R. § 701.33(b)(2)(i)-(ii). Consistent with the NCUA's interpretation of what constitutes director compensation, the Bureau interprets the term "compensation" in 9-B M.R.S. § 842(3) to exclude the following:

1. Payment (by reimbursement to a director or direct credit union payment to a third party) for reasonable and proper costs incurred by a director in carrying out the responsibilities of the position to which that person has been elected or appointed, if the payment is determined by the board of directors to be necessary or appropriate in order to carry out the official business of the credit union, and is in accordance with written policies and procedures, including documentation requirements, established by the board of directors. Such payments may include the payment of travel costs for directors and one guest per director; and
1. Provision of reasonable health, accident and related types of personal insurance protection, supplied for directors at the expense of the credit

union: Provided, that such insurance protection must exclude life insurance; must be limited to areas of risk, including accidental death and dismemberment, to which the director is exposed by reason of carrying out the duties or responsibilities of the director's credit union position; must cease immediately upon the insured person's leaving office, without providing residual benefits other than from pending claims, if any; except that a credit union must comply with federal and state laws providing departing directors the right to maintain health insurance coverage at their own expense.

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Lloyd P. LaFountain III
Superintendent

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