

## STATE OF INDIANA

DEPARTMENT OF FINANCIAL INSTITUTIONS  
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July 25, 2012

SUBJECT: Purchase of Business Owned Life Insurance (“BOLI”)

TO: The Board of Directors of the Credit Union Addressed

Recent legislative changes (IC 28-7-1-9 (c)) allow the purchase of life insurance by Indiana credit unions for certain defined purposes. The Indiana Department of Financial Institutions (“DFI”) does not endorse any of these programs or the vendors that provide them. Each board of directors must decide for itself whether any of these programs are something that they wish to research and/or purchase. With the amendment authorizing Indiana credit unions to acquire BOLI the DFI Members felt that the time was right to alert all state-chartered financial institutions of the importance of complying with the federal banking agencies’ BOLI statement. The following is a link to an Executive Summary as well as the complete statement:

<http://www.fdic.gov/news/news/financial/2004/fil12704.html>

Consequently, at their meeting on June 14, 2012, the Members, in accordance with IC 28-11-1-13, adopted the following resolution:

Indiana-chartered financial institutions, including banks, credit unions, corporate fiduciaries, industrial loan and investment companies, savings banks and savings associations, considering the purchase, ownership or acquisition of a beneficial interest in life insurance products **shall follow** the guidance set out in the “Interagency Statement on the Purchase and Risk Management of Life Insurance” issued by the federal banking regulators as amended and supplemented from time to time and general safety and soundness considerations.

In addition to the BOLI statement, the Board of Directors should also note that the same limits (15% of capital in any one insurance provider and a total of 25% of capital in all insurance providers) will exist on these programs, which are the same as those placed upon commercial banks employing the same type of funding programs.

Please contact me at (317) 232-5851 with any questions or comments regarding the above.

Sincerely,

Mark K. Powell  
Credit Union Supervisor