

NCUA FIDELITY BOND RULE

BOD Responsibilities & Guidance



The National Credit Union Administration recently published a final rule to amend its regulations regarding fidelity bonds – effective October 22, 2019. Use this document to understand how CUNA Mutual Group can help your credit union and Board comply.

WHAT ARE THE RESPONSIBILITIES OF A FEDERALLY INSURED CREDIT UNION'S BOARD OF DIRECTORS?

The [NCUA final rule](#) requires a credit union's board of directors (BOD) to annually review and approve all applications for fidelity bond purchase or renewal. Also, the BOD must pass a resolution approving the purchase or renewal, and designate a non-employee BOD member to be a signatory. The designated signatory must rotate for each application for purchase or renewal.

Key points of the NCUA Rule 713.2 related to the BOD responsibilities read as:

- a) The board of directors of each federally insured credit union must at least annually review its fidelity and other insurance coverage to ensure that it is adequate in relation to the potential risks facing the federally insured credit union and the minimum requirements set by the NCUA Board; and
- b) The board of directors of each federally insured credit union must review all applications for purchase or renewal of its fidelity bond coverage. After review, the federally insured credit union's board must pass a resolution approving the purchase or renewal of fidelity bond coverage and delegate one member of the board, who is not an employee of the federally insured credit union, to sign the purchase or renewal agreement and all attachments; provided, however, that no board members may be a signatory on consecutive purchase or renewal agreements for the same fidelity bond coverage policy.

HOW CAN OUR CREDIT UNION & BOARD OF DIRECTORS COMPLY WITH THIS NCUA CHANGE?

As a Bond Policyholder through CUMIS Insurance Society, Inc or CUMIS Specialty Insurance Company, you already have exclusive access to resources to assist your Board of Directors in meeting the responsibilities outlined by the NCUA's rule change.

The necessary resources are easily and readily accessible at www.cunamutual.com or delivered directly to you from us:

- **Credit Union Insurance Review** summarizes your fidelity and other insurance coverages (available online)
- **Required Renewal Questionnaire** (when applicable) represents your application for purchase or renewal (available online)
- Any **Proposal** when changes are made to your fidelity bond coverage (delivered to you)

Step-by-step guidance on how to access these resources to meet your compliance needs are **outlined on the following page** of this documentation.

A Suite of Policies and Protections

Specifically for credit unions, CUNA Mutual Group is continually enhancing policies and providing access to exclusive services / resources to align with your credit union's changing risk environment.

*To learn more about how CUNA Mutual Group's Credit Union Protection Suite can help you, contact your CUNA Mutual Group Sales Executive or Property & Casualty Consultant at **800.356.2644**.*

Step-by-Step Guidance To Assist With NCUA Compliance

REVIEW COVERAGE WITH BOD

Annually | Reference point A of the rule

- At least annually, schedule the Fidelity Bond and other insurance coverages review as an agenda item for your BOD meeting**
- Prior to the meeting, you can provide the Insurance Review to your BOD for review
 - Access your Insurance Review using My Services at cunamutual.com (UserID & Password required)
 - Save and forward the Insurance Review (via PDF or print) to your board of directors for review
- Document in the BOD minutes that the insurance (be specific of which coverages) was reviewed to ensure adequacy in relation to (1) the potential risks facing your credit union and (2) the minimum requirements set by the NCUA Board per the [NCUA rule](#)

BOD APPROVAL / SIGN-OFF FOR FIDELITY BOND COVERAGE

When Applicable | Reference point B of the rule

Note: *You may not have proposals or applications to review annually*

- Upon receipt of your credit union's Required Renewal Questionnaire, complete it. The completed Questionnaire represents your application
- Share the completed Required Renewal Questionnaire with your BOD for review. Simply email or print it for review

Note: *Your board should review sections related to the Fidelity Bond coverage*
- Have BOD review and pass a resolution that the BOD approves the purchase or renewal of the fidelity bond coverage
- Document within the BOD minutes that the fidelity bond application has been reviewed and a resolution has been passed approving the purchase or renewal of the fidelity bond coverage
- A board member, who is not an employee of the credit union, should sign the Required Renewal Questionnaire and any Proposal for the fidelity bond coverage

Note: *The same board member should not sign consecutive agreements*
- Keep copies of these signed documents with your BOD minutes

Online Resources

To Access Online Resources:

- Go to www.cunamutual.com
- Select My Services
- Select Insurance
- Under Applications, select the appropriate resource needed

For access assistance, please contact our Internet Technical Support Unit at 800.962.5465.

Credit Union Insurance Review (UserID & Password required)

Required Renewal Questionnaire (UserID & Password required)



New fidelity bond policyholders

The agreement and attachments includes the **New Business Application** (instead of Required Renewal Questionnaire) and **Proposal**

For additional assistance, contact your CUNA Mutual Group Sales Executive or Property & Casualty Consultant at **800.356.2644**.

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