



January 16, 2019

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

RIN 3133-AE87 Fidelity Bonds

Dear Secretary Poliquin;

Freedom Credit Union (Freedom) appreciates this opportunity to comment on the NCUA Board's proposal to amend Parts 704 and 713 of the NCUA Rules and Regulations which address fidelity bond requirements. Freedom is a federally insured, state-chartered, natural person credit union. Therefore, our comments will be confined to the amendments to Part 713.

Section 713.2

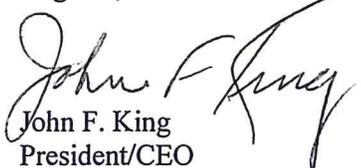
The board of directors of a federally insured credit union sets the direction and control of the organization. Therefore, we agree that the board should be aware of the credit union's risk profile and review fidelity and other insurance coverage on an annual basis.

However, we oppose the proposed requirements that the board adopt a resolution approving the purchase of insurance and delegate one member of the board to sign the purchase or renewal agreement. The act of purchasing insurance is operational. We do not believe an extra operational step enhances safety and soundness or offers any significant protection to the National Credit Union Share Insurance Fund (NCUSIF).

Second, we oppose proposed section 713.3(a)(3) and (4) which requires an option for the liquidating agent to purchase coverage in the case of an involuntary liquidation that extends the discovery period for at least two years and extend the discovery period by at least four months in a voluntary liquidation. NCUA does not address whether it discussed this requirement with insurance carriers that serve the credit union system. NCUA's proposal does not include any cost-benefit analysis, chiefly, whether the potential increase to premiums for such extended coverage provides meaningful protection for the NCUSIF.

We would be happy to discuss our comments with NCUA at your convenience.

Regards,


John F. King
President/CEO