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# La Capitol

FEDERAL CREDIT UNION

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January 16, 2019

Gerald Poliquin, Secretary of the Board  
NCUA Credit Union Administration  
Via email: [regcomments@ncua.gov](mailto:regcomments@ncua.gov)

Re: Comments on Proposed Rule – 12 CFR Parts 704 and 713 Fidelity Bonds

La Capitol Federal Credit Union appreciates the opportunity to comment on the proposed changes to the Fidelity Bonds. The current regulation requires credit unions to use a bond form that have been approved by the NCUA Board and to have the credit union Board of Director's annually affirm the adequacy of the coverage.

La Capitol FCU agrees with the proposal that the NCUA Board review and approve bond forms every ten years to ensure coverages address the current environment. La Capitol FCU also agrees that the approved bond forms should include a provision for the purchase of a two-year tail policy upon termination and that the Fidelity Bond should cover majority-owned CUSOs.

The current regulation already provides a requirement for credit union Board oversight of the adequacy of the Fidelity Bond and the use of a NCUA approved bond form. The risk of selecting a bond form that has not been pre-approved is low and could be addressed during regulatory supervision.

The additional requirement to have a credit union and corporate credit union board and supervisory committee to review all applications and pass a board resolution to approve the execution of the fidelity bond will add both time and cost to the process. Additionally, the insurers currently require an employee of the credit union to sign the fidelity bond application because they are familiar with the operations.

The cost of the Fidelity Bond insurance would likely increase if the application is signed by a board member as the stated purpose of this requirement is to “address the issue of rescission of fidelity coverage when the signatory to the application to purchase or renew coverage is knowledgeable of fraudulent activity”.

Thank you for the opportunity to comment on the proposed rule on Fidelity Bonds.

Sincerely,

Michael Hooper, President/CEO  
La Capitol Federal Credit Union