January 03, 2019

National Credit Union Administration
Gerald Poliquin, Secretary of the Board
1775 Duke Street
Alexandria, VA 22314-3428

RE: Comments on Proposed Rulemaking - Fidelity Bonds

Dear Mr. Gerald Poliquin,

Introductory paragraph:

I am writing on behalf of[Pearl Hawaii FCU], which serves [the Community of the Island of Oahu]. We have [28,955] members and [$372,007,996] in assets. [Pearl Hawaii FCU] appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposed rule making regarding fidelity bonds.

Letter Body:

Do you support the proposal to require a FICU's board, and, if applicable, a FICU's supervisory committee, to review all applications for purchase or renewal of bond coverage? Why or why not?

No. It's an operational issue.

Do you support the proposal to require a FICU's board to delegate one board member, who is not an employee of the FICU, to sign the attestation for bond purchase or renewal, and prohibit the same board member from signing consecutive purchase or renewal agreements for the same fidelity bond coverage policy? Why or why not?

No. It's an operational issue. Attempting to preserve the credit union's bond coverage by having a person who is least likely to be aware of any potential fraudulent acts in the credit union be responsible to review, purchase and/or renew bond contacts is silly.

Do you support the proposed requirement that a FICU have fidelity bond coverage that includes an option for the liquidating agent to purchase coverage that extends the discovery period for at least two years after liquidation? Why or why not?

No. It will result in higher insurance costs for all credit unions. The number of credit unions that are liquidated and may be subject to this added discovery time is insignificant.

Do you support allowing a FICU to have a fidelity bond that also covers certain CUSOs—that is, CUSOs of which the FICU owns greater than 50 percent or which are organized by the FICU for the purpose of handling certain of its business transactions and composed exclusively of its employees? Why or why not? Are there other CUSO criteria that should be considered?

Yes. It's a business decision.

Do you agree with the proposal that renewal forms (and any other document) that limit the coverage of approved bond forms must also receive Board approval? Why or why not?

Yes. The Board sets the requirement for fidelity insurance coverage.

Do you support the Board's proposal to sunset its approval on all bond forms ten years after the form is approved? Why or why not? Would a shorter or longer time period be more appropriate?

Yes. The Board sets the requirement for fidelity insurance coverage. 10 years is appropriate

Do you support the Board's proposal that, should the Board determine that a bond form does not comply with the NCUA's regulation, the Board will not require FICUs to seek new coverage under an approved bond form until the expiration of its current coverage? Why or why not?

No. If the bond form is not appropriate, the insurance coverage is not appropriate. The situation should be corrected

Summary of your position:

[Write the summary of your position here.]

Closing paragraph:

Thank you for the opportunity to comment on this proposed rule and for considering our views on NCUA's requirements for fidelity bonds.

Sincerely,

Gordon Sam
Board Chairperson
Pearl Harbor FCU

cc: CCUL