Catalyst Corporate Federal Credit Union

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January 10, 2019

Gerald Poliquin, Secretary of the Board
NCUA Credit Union Administration
Via email: regcomments@ncua.gov

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

Catalyst Corporate Federal Credit Union (Catalyst Corporate) appreciates the opportunity to comment on the proposed changes to the Fidelity Bonds sections of NCUA's regulations. The current regulations require corporate credit unions and credit unions to use a bond form that has been approved by the NCUA Board and to have the credit union board of director's annually affirm the adequacy of the coverage.

Catalyst Corporate agrees with the proposal that the NCUA Board review and approve bond forms every ten years to ensure coverages address the current environment. Catalyst Corporate 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.

Catalyst Corporate believes that the current regulation already provides a requirement for corporate credit union and credit union board oversight of the adequacy of the Fidelity Bond and the use of a NCUA Board 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 corporate credit union and credit union board and supervisory committee 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 for no additional benefit. The insurers currently require the CEO to sign the fidelity bond application because they are most familiar with the operations. Catalyst Corporate believes the cost of the Fidelity Bond insurance would 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".   The annual review and affirmation by a corporate credit union and credit union board is adequate to ensure there is appropriate fidelity bond coverage.

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

Sincerely,

Kathy L. Garner
CEO