

January 22, 2019

Mr. Gerard Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314–3428

Filed via: [regcomments@ncua.gov](mailto:regcomments@ncua.gov)

Re: Fidelity Bonds – 12 CFR Parts 704 and 713 (RIN 3133–AE87)

Dear Mr. Poliquin:

On behalf of Digital Federal Credit Union (DFCU), I am writing in response to the National Credit Union Administration's (NCUA) proposed rulemaking on fidelity bonds. DFCU appreciates the NCUA's initiative in updating regulations to ensure continued safety and soundness of credit union operations. DFCU also appreciates the opportunity to provide comments relating to fidelity bonds under Part 713 for natural person credit unions.

- We commend the NCUA's effort to codify the 2017 Office of General Counsel's legal opinion letter allowing fidelity bond insurance to include majority owned credit union service organizations (CUSOs), and those CUSOs organized by the credit union for the purpose of handling its business transactions and composed exclusively of its employees. We believe this improves operational efficiencies and cost-savings.
- DFCU suggests that the NCUA maintain the current regulation requiring annual review by a federal credit union's board of directors, and not require supervisory committee review. Interjecting the supervisory committee into this process has the potential to create conflict relating to the role of the supervisory committee. Additionally, we do not believe the supervisory committee should have responsibilities for overseeing operational activities.
- We encourage the NCUA to engage in discussions with the commercial insurance underwriters currently providing credit unions with fidelity bond coverage. It is important the proposed rule changes do not create adversity that result in carriers leaving the credit union market. The NCUA should consider and understand the likely cost impact of such changes proposed and compare such costs to the benefits anticipated after such engagement with commercial insurance underwriters.

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In closing, thank you for this opportunity to comment on the National Credit Union Administration's proposed rule on fidelity bonds. We look forward to additional communication related to fidelity bonds under Part 713 for natural person credit unions.

Sincerely,

A handwritten signature in black ink that reads "Laurie M. LaChapelle". The signature is written in a cursive style with a large, stylized initial "L".

Laurie M. LaChapelle  
Senior Vice President of Finance