

NCUA Fidelity Bond Rule

Board of directors responsibilities & guidance



The National Credit Union Administration published a final rule to amend its regulations regarding fidelity bonds, effective October 22, 2019. Use this document to understand how TruStage™ can help your credit union and board comply.

What are the responsibilities of a federally insured credit union's board of directors?

The NCUA final rule requires a credit union's board of directors (BOD) to annually review and approve all applications for fidelity bond purchase or renewal. Also, the BOD must pass a resolution approving the purchase or renewal, and designate a non-employee BOD member to be a signatory. The designated signatory must rotate for each application for purchase or renewal.

Key points of the NCUA Rule 713.2 related to the BOD responsibilities read as:

1. The board of directors of each federally insured credit union must at least annually review its fidelity and other insurance coverage to ensure that it is adequate in relation to the potential risks facing the federally insured credit union and the minimum requirements set by the NCUA Board.
2. The board of directors of each federally insured credit union must review all applications for purchase or renewal of its fidelity bond coverage. After review, the federally insured credit union's board must pass a resolution approving the purchase or renewal of fidelity bond coverage and delegate one member of the board, who is not an employee of the federally insured credit union, to sign the purchase or renewal agreement and all attachments; provided, however, that no board members may be a signatory on consecutive purchase or renewal agreements for the same fidelity bond coverage policy.

Note: The rule requires a review of your current or renewal coverage. It is not a requirement to review alternative providers.

How can our credit union & board of directors comply with this NCUA change?

As a bond policyholder through CUMIS Insurance Society, Inc or CUMIS Specialty Insurance Company, you already have exclusive access to resources to assist your BOD in meeting the responsibilities outlined by the NCUA's rule change.

The necessary resources are easily and readily accessible at www.trustage.com or delivered directly to you from us:

- Credit Union Insurance Review summarizes your fidelity and other insurance coverages (available online).
- Required Renewal Questionnaire (when applicable) represents your application for purchase or renewal (available online).
- Any proposal (when applicable) when changes are made to your Fidelity Bond coverage.

Step-by-step guidance on how to access these resources to meet your compliance needs are outlined on the following page of this documentation.

A suite of policies and protections

Specifically for credit unions, TruStage is continually enhancing policies and providing access to exclusive services / resources to align with your credit union's changing risk environment.

Step-by-step guidance to assist with NCUA compliance

Review coverage with BOD

Annually and reference point A of the rule

- At least annually, schedule the Fidelity Bond and other insurance coverages review as an agenda item for your BOD meeting.
 - Prior to the meeting, you can provide the Insurance Review to your BOD for review.
 - Access your Insurance Review by going to www.trustage.com. Click Log in. Follow the prompts to navigate to My Services.
- Save and forward the Insurance Review (via PDF or print) to your board of directors for review.
- Document in the BOD minutes that the insurance (specify which coverages) was reviewed and to ensure adequacy in relation to (1) the potential risks facing your credit union and (2) the minimum requirements set by the NCUA Board per the NCUA rule.

BOD approval / sign-off for Fidelity Bond coverage

When applicable and reference point B

Note: You may not have these documents to review annually; instead you may only receive these documents when Fidelity Bond coverage changes are made

- Upon receipt of your credit union's Required Renewal Questionnaire, complete it. The completed Questionnaire represents your application.
- Share the completed Required Renewal Questionnaire with your BOD for review. Simply email or print it for review.

Note: Your board should review sections related to the Fidelity Bond coverage.
- Have BOD review and pass a resolution that the BOD approves the purchase or renewal of the Fidelity Bond coverage.

- Document within the BOD minutes that the Fidelity Bond application has been reviewed and a resolution has been passed approving the purchase or renewal of the Fidelity Bond coverage.
- A board member, who is not an employee of the credit union, should sign the Required Renewal Questionnaire and any Proposal for the Fidelity Bond coverage
Note: The same board member should not sign consecutive agreements.
- Keep copies of these signed documents with your BOD minute.

Online Resources

1 Credit Union Insurance Review (UserID & Password required)

2 To Access Online Resources:

- Go to www.trustage.com
- Click Log in
- Choose Sign In to your business account
- Choose My Services for credit unions
- Choose Log into My Services

For access assistance, please contact our Internet Technical Support Unit at 800.962.5465

3 Required Renewal Questionnaire (UserID & Password required)



New Fidelity Bond policyholders

The agreement and attachments include the new business application (instead of required renewal questionnaire) and proposal

For additional support call [800.356.2644](tel:800.356.2644) or visit www.trustage.com/bond

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