

04 NCAC 06C .0311 FIDELITY AND SURETY BONDS AND INSURANCE COVERAGE

- (a) The board of directors of a credit union shall purchase a blanket fidelity bond as required by G.S. 54-109.44(2).
- (b) Every credit union shall maintain the minimum bond and insurance coverage as required by G.S. 54-109.11(5).
- (c) No form of surety bond shall be used except as is approved by the Administrator as set forth in G.S. 54-109.11(5). The approved bond forms shall be Credit Union Blanket Bond 500 Bond Series, plus faithful performance rider, Credit Union Blanket Bond, Standard Form No. 23 of the Surety Association of America, or an equivalent approved Bond Form including a faithful performance rider on a current listing, including any subsequent amendments to the bond forms. The approved bond forms are incorporated by reference and may be found at no cost on the Credit Union Division website (www.nccud.org). These bond forms shall be considered the minimum coverages required for the purpose of this Rule. The approved bond forms in this Paragraph provide faithful performance coverage for all employees and officials. Other forms, or changes in the amount of bond coverage, shall be approved by the Administrator as set forth in G.S. 54-109.11(5).
- (d) Maximum deductible limits may be applied to the required coverage contained in 500 Bond Series, and Standard Form No. 23, as specified in this Paragraph:

\$0 to 100,000	0
\$100,001 to \$250,000	\$1,000
\$250,000 to \$1,000,000	2,000
Over \$1,000,000	2,000 plus 1/1000 of total assets up to a maximum of \$200,000

Deductibles in excess of those provided in this Paragraph shall be approved by the Administrator based upon the applicable State rules and laws.

- (e) In considering a request to deviate from the bond coverage and deductible amounts set forth in this Rule, the Administrator shall consider the following factors about the credit union:
 - (1) financial strength;
 - (2) net worth;
 - (3) return on assets;
 - (4) quality of assets; and
 - (5) capital, asset quality, management, earnings, and liquidity, (CAMEL) rating, used by the Credit Union Division and NCUA to evaluate the soundness of credit unions on a uniform basis.

History Note: Authority G.S. 54-109.11(5); 54-109.12; 54-109.44(2); Eff. April 1, 1981; Amended Eff. March 1, 2016; July 1, 2013; February 1, 1992; April 1, 1985; Readopted Eff. February 1, 2018.