

Chapter CU 53

SURETY BONDS FOR CREDIT UNIONS

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| CU 53.01 | Directors to review surety bonds | CU 53.03 | Surety bond coverage required |
| CU 53.02 | Bond requirements | | |

CU 53.01 Directors to review surety bonds. (1) The board of directors shall, at least semi-annually, carefully review the bond coverage in force in order to ascertain its adequacy.

(2) The following schedule shall be deemed as the minimum requirements only, and where circumstances warrant in the judgment of the directors, it shall be their duty to exceed the minimum requirements of the schedule to obtain adequate insurance coverage.

(3) The commissioner of credit unions may require additional coverage when, in his opinion, the bonds then executed are insufficient.

History: 1-2-56; am. (3), Register, July, 1968, No. 151, eff. 8-1-68; renum. from Bkg 53.01 to be CU 53.01, and am. (3), Register, August, 1972, No. 200, eff. 9-1-72.

CU 53.02 Bond requirements. (1) The minimum requirement shall be blanket bond coverage equal to 100% of assets for all credit unions with assets of \$1,000,000 or less.

(2) The maximum requirement shall be \$1,000,000.

History: 1-2-56; am. Register, February, 1966, No. 122, eff. 3-1-66; renum. from Bkg 53.02 to be CU 53.02, Register, August, 1972, No. 200, eff. 9-1-72.

CU 53.03 Surety bond coverage required. Each surety bond shall contain the following coverage:

(1) Fraud or dishonesty of employe.

(2) Burglary, robbery, larceny, holdup, including damage or destruction by fire (within credit union premises).

(3) Misplacement and mysterious, unexplainable disappearance.

(4) Burglary, robbery, larceny, theft, holdup, misplacement or mysterious, unexplainable disappearance while in transit and in the custody of an employe, as defined, of the credit union.

(5) Forgery or alteration of any instrument, negotiable or otherwise, including corporate credit cards.

(6) Loss or damage, except by fire, to any of the offices of the insured and to the furnishings, fixtures, and equipment caused by burglary, robbery, or larceny, or theft.

(7) Court costs and attorney's fees incurred and paid by the credit union in defending suit against credit union to enforce liability of credit union, which, if established against the credit union, would constitute a valid and collectible loss sustained by the credit union.

(8) Discovery coverage. The blanket bond must become a full-discovery bond after 12 continuous months of maximum coverage.

(9) Actual audit expense coverage to a maximum of \$2,000.

(10) Losses due to hurricane, cyclone, earthquake, tornado.

(11) Reproduction of papers and records necessary for the operation of the credit union.

(12) Losses during holdup or robbery.

(13) Loss in the case of employe dishonesty which involves member's dividends.

(14) Fraud or dishonesty of persons, partnerships, or corporations appointed by the credit union to maintain accounting records of the credit union in a centralized accounting office.

(15) Employe shall be defined as officers (such as president, secretary, or treasurer), clerks, collectors, messengers, and persons in similar positions, members of the board of directors who are not officers or committee members (with respect to criminal acts only), members of the credit committee, supervisory committee, and similar committees of the credit union, all other persons in the immediate employ of the credit union and its attorneys-at-law, whether elected, appointed, or retained.

History: 1-2-56; am. Register, February, 1966, No. 122, eff. 3-1-66; renum. from Bkg 53.03 to be CU 53.03, Register, August, 1972, No. 200, eff. 9-1-72.