



Ohio Administrative Code Rule 1301:9-2-03 Required bond.

Effective: July 8, 2024

(A) Each credit union shall obtain and maintain a fidelity bond, subject to approval of the superintendent, that at a minimum, provides coverage for the fraud and dishonesty of all employees, directors, officers, and committee members. If a bonding company has submitted a template bond to be approved by the superintendent and such template is approved, a credit union may use this bond without the superintendent's approval provided the bond's provisions have not been altered since the time of the superintendent's review and approval. It is the responsibility of the board of directors to determine what additional coverage is needed for its particular credit union.

(B) The superintendent may require additional coverage for any or all credit unions when, in his or her opinion, current coverage is insufficient.

(C) All bond claims or potential bond claims shall be reported to the superintendent within three days of the filing of the claim or notice of potential claim with the bonding company. The notice to the superintendent should include a copy of the claim or notice of potential claim.

(D) All bonds shall include a provision, in a form approved by the superintendent, requiring written notification by the surety to the superintendent:

(1) When the bond of a credit union is terminated in its entirety and when bond coverage is terminated, by issuance of a written notice, on an employee, director, officer or committee member. The notification shall be sent to the superintendent and shall include a brief statement of cause for termination.

(2) When the bond coverage is changed by the credit union or surety. The notification shall include a copy of the change in coverage.

(E) The minimum amount of bond coverage under division (A) of this rule shall be computed based on the credit union's total as set forth below:



Assets	Minimum bond
\$0 to \$4,000,000	Lesser of total assets or \$250,000
\$4,000,001 to \$50,000,000	\$100,000 plus \$50,000 for each million or fraction thereof over \$1,000,000
\$50,000,001 to \$500,000,000	\$2,550,000 plus \$10,000 for each million or fraction thereof over \$50,000,000, to a maximum of \$5,000,000
Over \$500,000,000	One per cent of assets, rounded to the nearest hundred million, to a maximum of \$9,000,000

(F) The maximum amount of deductibles allowed are based on the credit union's total assets. The following table sets out the maximum deductibles:

Assets	Maximum deductible
\$0 to \$100,000	No deductible allowed
\$100,001 to \$250,000	\$1,000
\$250,001 to \$1,000,000	\$2,000
Over \$1,000,001	\$2,000 plus 1/1000 of total assets up to a maximum deductible of \$200,000

No deductible shall exceed ten percent of the credit union's regular reserve unless the credit union creates a segregated contingency reserve for the amount of the excess. Valuation allowance accounts, such as allowance for loan losses, may not be considered part of the regular reserve when determining the maximum deductible.

(G) Any proposal made by the credit union to reduce coverage or implement new deductibles must be approved by the superintendent at least twenty days in advance of the proposal's effective date.