

June 28, 2005

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: Fidelity Bond and Insurance Coverage
for Federal Credit Unions

Dear Ms. Rupp:

Navy Federal Credit Union provides the following comments in response to the National Credit Union Administration's (NCUA) proposal to amend its fidelity bond rule to increase the maximum allowable deductible and change the minimum required coverage for federally insured credit unions. Navy Federal welcomes agency efforts to address this issue. We believe that the proposed changes will provide additional flexibility for the federal credit unions that qualify and will, subsequently, allow them to better manage risk.

The rule currently provides a formula, generally based on asset size, for both the maximum allowable deductible and the minimum coverage amounts of a fidelity bond. The Board proposes to retain the current asset-based formula, but asks if other criteria for establishing bond coverage levels might be more appropriate. We do not object to the current criteria. Should the Board choose to consider other criteria; however, we ask that any proposed changes be subject to full regulatory request for comment process.

NCUA also proposes to discontinue listing approved bonds in the rule but continue to list and update them on its Website. We do not object to this proposal; many, if not all credit unions have ready access to the Internet. Finally, we support NCUA's rescission of Blanket Bond Standard Form 23.

Navy Federal appreciates the opportunity to comment on NCUA's proposal to amend its fidelity bond rule.

Sincerely,



Cutler Dawson
President/CEO