

230-RICR-40-05-1

TITLE 230 – DEPARTMENT OF BUSINESS REGULATION

CHAPTER 40 – BANKING

SUBCHAPTER 05 – FINANCIAL INSTITUTIONS AND CREDIT UNIONS

PART 1 - Bonds of Officers and Employees

1.1 Authority

This regulation is promulgated pursuant to the authority granted in R.I. Gen. Laws § 19-2-19.

1.2 Purpose

The purpose of this regulation is to set forth amounts for fidelity bond coverage for officers and employees of regulated institutions to carry out the provisions of R.I. Gen Laws § 19-2-19 entitled "Bonds of officers and employees - Supervision by director". The actions and information required by this regulation are hereby declared to be necessary and appropriate in the public interest.

1.3 Severability

If any provision of this regulation or the application thereof to any person or circumstances is held invalid or unconstitutional, the invalidity or unconstitutionality shall not affect other provisions or applications of this regulation which can be given effect without the invalid or unconstitutional provision or application, and to this end the provisions of this regulation are severable.

1.4 Definitions

Unless otherwise provided by this regulation or unless the context clearly requires otherwise, terms used in this regulation shall have the same meaning as the terms as defined in R.I. Gen. Laws Title 19.

1.5 Provisions

- A. It is the duty of the board of directors of each regulated institution to require bonds in such form and amount to insure the regulated institution is adequately protected from loss in the case of officers or employees failing to honestly discharge their duties.

- B. The aggregate amount and form of coverage shall be determined by the board of directors in a written policy adopted by the board of directors. The policy should be premised upon a consideration of such factors as the adequacy of the current internal control system, the internal auditing safeguards employed, the number of employees, the amount of deposits, the amount of assets under management and the amount of cash and securities normally held by the regulated institution. However, the board of directors shall require coverage in such form and in such amount as to meet any requirements of the regulated institution's federal deposit insurer. The board of directors of financial institutions which are not federally insured because they do not accept deposits shall require coverage in such form as would be required by the financial institution's federal deposit insurer, if such institutions were federally insured. The minimum amount of the bond for financial institutions which are not federally insured shall be set by the board of directors and shall be based upon the greater of total assets or total assets under management as indicated in the following table:

Total Assets	Minimum Bond
\$0 to \$50,000,000	\$100,000 plus \$50,000 for each million or fraction over \$1,000,000
\$50,000,001 to \$300,000,000	\$2,550,000 plus \$10,000 for each million or fraction over \$50,000,000
Over \$300,000,000	\$5,000,000

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**TITLE 230 - DEPARTMENT OF BUSINESS REGULATION (INCLUDES
THE OFFICE OF THE HEALTH INSURANCE COMMISSIONER)**

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PART 1 - BONDS OF OFFICERS AND EMPLOYEES (230-RICR-40-05-1)

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