

NACUC

43RD ANNUAL CHAIRMEN'S ROUNDTABLE FORUM SAVANNAH, GA

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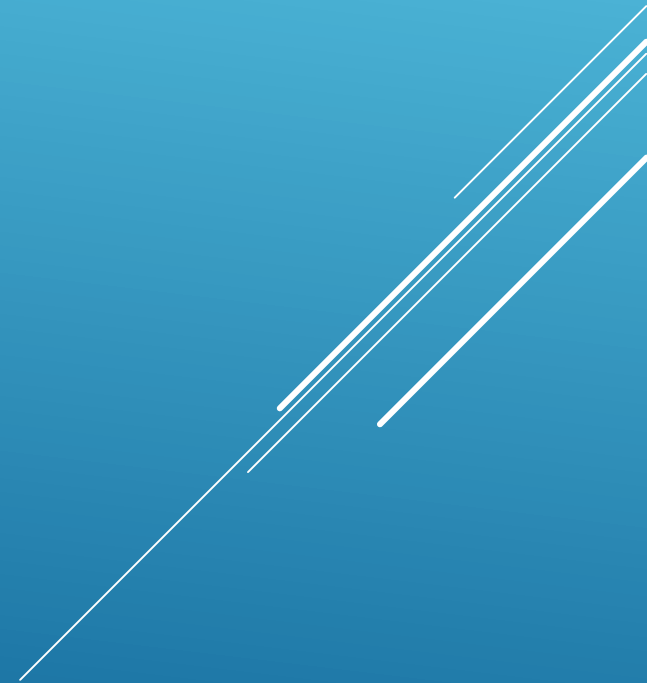
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**NEW NCUA GUIDANCE
CONCENTRATION LIMITS
VENDOR DUE DILIGENCE**



- ▶ **Questions all Credit Union Boards SHOULD ask – but seldom do**

DUE DILIGENCE

An insurance or securities background alone is not sufficient.

- ▶ **How much experience working with Credit Unions?**
- ▶ **How many Credit Unions do you work with and in how many jurisdictions?**
- ▶ **Over what market cycles?**
- ▶ **Can they provide references from Board members?**

EXPERIENCE

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- ▶ Since insurance companies and securities firms are not a party to the agreements, what is the Advisor's relationship?
- ▶ Are they a Registered Investment Advisor or Broker?
- ▶ Are they an Agent of the insurance company or a Broker?

YOUR ADVISOR

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Many of these plans can last twenty years or more.

- ▶ What is the advisor's succession plan?
- ▶ How would Plan Administration be handled?
- ▶ The securities firm or insurance company isn't party to the agreement so they won't provide administration; who will?

SUCCESSION

- ▶ Have you been provided with an Administration Agreement?

ADMINISTRATIVE SERVICES AGREEMENT



Look beyond just the ratings of an insurance company.

- ▶ Are they licensed in all 50 states?
- ▶ If not, why not?
- ▶ Do they use reinsurance?
- ▶ If yes, what are the ratings of the reinsurers?

MORE THAN SIMPLE RATINGS

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- ▶ Is the advisor directly accessible to the Board?

ACCESSIBILITY

- ▶ Are reviews done on a face to face basis by the original advisor?

REVIEWS

- ▶ Have you asked about errors and omission coverage?

PROTECTION