

Update

Cyber Liability Insurance Update

Please see below for market trends and important logistics for your bank's upcoming renewal.

Market conditions have changed drastically in 2021 and will continue into 2022:

- Financial Institution (FI) Bond carriers are removing cyber extortion or E-commerce coverage from the FI Bond.
- Bolt-on cyber coverage to property and casualty insurance is no longer sufficient. Stand-alone, broad form cyber liability coverage policies are quickly becoming the standard.
- Look at dependent business interruption coverage and make sure your third-party vendors have sufficient cyber liability limits.

What you can do now to prepare for your upcoming renewal:

- Make sure you have implemented or will start implementing multi-factor authentication (MFA). This is the number one item cyber liability carriers are looking at for access to coverage. If you do not have MFA, it is unlikely coverage will be extended.
- Schedule regular, at least semi-annual, employee training regarding phishing.
- Develop strong backup procedures, including segregation, encryption and MFA protection and testing.
- Have written and enforced procedures for critical security patches – less than two weeks.

For a comprehensive review of your bank's insurance coverage, contact Mitch Florea at NBISCO at 402-904-7014 (direct) or mitch.florea@nebankers.org.

Place Your Bids in the NBA State BankPAC Auction

Bidding for the NBA State BankPAC auction is now open - the bidding window closes Oct. 7 at 6:00 p.m. CST! To bid, create an account at nba.cbo.io and click "Register Now." Funds raised will be used to support pro-banking and pro-business candidates for Nebraska legislative and constitutional offices.



Show tickets, products for the home, golf packages and Husker tickets are just a few of the many items available on the auction.

Don't Miss Your Opportunity to Host an Intern

On Oct. 21, the NBA will meet with 12 ag interns enrolled in the ag banking and finance program at the University of Nebraska-Lincoln to discuss summer internship placements. Make sure your bank is on the list for the students to consider by completing this [form](#).

If your bank has other internship opportunities, please also complete the form. The NBA receives numerous internship inquiries each year from interested students. For more information, contact Kara Heideman at the NBA at kara.heideman@nebankers.org or 402-474-1555.

IRS Tax Reporting Proposal

The \$3.5 trillion budget reconciliation bill still pending in Congress and the banking industry continues to aggressively oppose the inclusion of IRS reporting requirements. Banks and their customers can help keep the provision out of the bill by contacting Congress. The NBA has a co-branded website with a simple form for bankers to contact their lawmakers, and the American Bankers Association (ABA) has created sample language for customer communications.

[Contact your Lawmakers](#)

[Customer Resources](#)

Postal Service Launches Financial Services Pilot Program

The U.S. Postal Service (USPS) last month launched a pilot program in four U.S. cities offering expanded financial services at certain post office locations in: Washington D.C.; Baltimore, Maryland; Falls Church, Virginia; and the Bronx, New York. Consumers may now access check-cashing services at these locations, and USPS is considering piloting additional offerings such as bill paying services, ATM access, expanded money order capabilities and expanded wire transfer capabilities, according to reports.

Offering postal banking services on a larger scale would require congressional authorization. However, the pilot program marks a concerning first step toward enabling USPS to enter the banking business.

Fed Seeks Comments on New Messaging Standard for Fedwire

The Federal Reserve (Fed) is seeking public feedback on its adoption of the International Organization for Standardization's (ISO) 20022 message format for its Fedwire Funds Service, which will replace its current proprietary format. The Fed is seeking public comment about a revised plan to implement the new message format on a single day rather than in three separate phases, as originally proposed.

[Learn More](#)

ABA Urges FDIC to Modify Proposed Deposit Insurance Rules for Trust, Mortgage Servicing Accounts

The ABA and two other banking trade groups urged the FDIC to address concerns about proposed changes to regulations regarding deposit insurance rules for revocable trusts, irrevocable trusts and mortgage servicing accounts.

[Read the Letter](#)

The End of LIBOR

During a speech at the Structured Finance Association Conference, Federal Reserve Vice Chairman for Supervision Randal Quarles said lenders need to "pick up the pace" to be ready for the end of LIBOR. One-week and two-month U.S. dollar Libor tenors will end as of Dec. 30, 2021, and the remaining tenors will cease publication after June 30, 2023.

[Read the Speech](#)

Education and Events Calendar

- **Oct. 27-28** – Women in Banking Conference
- **Oct. 29** – Regulatory Issues Virtual Summit
- **Nov. 1** – Security Management Virtual Workshop (1 of 2)

To register and see the complete event schedule, visit the [NBA Event Calendar](#).

Higher Loan Limit for USDA Guaranteed Loans

The U.S. Department of Agriculture (USDA) announced a higher loan limit is available for borrowers seeking a guaranteed farm loan starting Oct. 1, 2021, from \$1.776 million to \$1.825 million.

[Learn More](#)

Preferred Vendor: BankMarketingCenter.com

Ready to start next year early? We are.

You don't need to wait for next year's budget to start growing your assets with [BankMarketingCenter.com](#). Sign up for a January 1 start date and get the remainder of 2021 for free!



An efficient alternative to costly third-party marketing resources, such as advertising agencies and design firms, BankMarketingCenter.com provides your bank with unlimited access to several thousand professionally designed, customizable marketing materials, as well as millions of Getty images and videos. This is all on an affordable, monthly subscription basis. And NBA members get a 20% discount!

Get complete control of the marketing production process for your bank – all for a fraction of your current marketing costs. Learn more about BankMarketingCenter.com by [scheduling a tour](#) today.

Review Alliance

Did you know that former President Trump signed into law the Further Appropriations Act of 2020 on December 20, 2019? The SECURE Act was incorporated into this legislation. Numerous IRA law changes went into effect, in general, starting in tax year 2020.

- Former President Trump signed the Coronavirus Aid, Relief and Economic Security Act (CARES Act) on March 27, 2020. It sets forth additional law changes regarding required minimum distributions and certain disaster distributions.
- RMD's were waived for 2020 by the CARES Act.
- The IRS proposed in November 2019 the new RMD life expectancy tables were to be used for 2021 RMD calculations. In November 2020 the IRS announced a delay in the use of these new tables until 2022.
- The existing RMD life expectancy tables are to be used for the 2021 RMD calculations.

Review Alliance is an independent group of compliance specialists offering banks deep-dive audits of their existing transactions, recommendations about program enhancements or guidance on future safety and soundness. In 2020, the NBA added Virtual Compliance Officer (VCO) to its compliance offerings. VCO is a new shared service model using bank-dedicated compliance officers perfect for monitoring and guiding your bank remotely. To learn how to put them to work for your bank, contact Jennifer Heaton at the NBA at 402-474-1555 or jennifer.heaton@nebankers.org.

Compliance Alliance

Q. Must the bank follow the E-Sign Act requirements if providing a notice of nonpayment to a customer electronically?

A. The commentary to § 229.33(h), clarifies that a notice can be provided by email or fax. However, only Regulation CC, Subpart B, requires conforming with the E-Sign Act requirements for any disclosures or notices provided to consumers (not commercial customers) in accordance with Subpart B. The notice of nonpayment under § 229.33(h), is set forth under Subpart C, which does not address electronic consent. However, in light of the Subpart B requirements and a general best practice, conforming with E-Sign requirements will protect the bank by creating a presumption that notice was provided. Therefore, we advise meeting E-Sign requirements for any Regulation CC notice or disclosures, to consumer and non-consumer customers.

This paragraph requires a depository bank to notify its customer of nonpayment upon receipt of a returned check or notice of nonpayment. Notice also must be given if a depository bank receives a notice of recovery under §229.35(b). A bank that chooses to provide the notice required by §229.33(h) in writing may send the notice by email or facsimile if the bank sends the notice to the email address or facsimile number specified by the customer for that purpose. The notice to the customer required under this paragraph also may satisfy the notice requirement of §229.13(g) if the depository bank invokes the reasonable-cause exception of §229.13(e) due to the receipt of a notice of nonpayment, provided the notice meets all the requirements of §229.13(g).

[Commentary to § 229.33\(h\)](#)

For a customer who is a consumer, a depository bank satisfies the written-notice requirement by sending an electronic notice in compliance with the requirements of the Electronic Signatures in Global and National Commerce Act (12 U.S.C. 7001 et seq.), which include obtaining the consumer's affirmative consent to such means of notice. [Commentary to § 229.15\(a\)](#)

Compliance Alliance offers a comprehensive suite of compliance management solutions. To learn how to put them to work for your bank, call (888) 353-3933 or email info@compliancealliance.com and ask for our membership team.