

March 8, 1976

Dear :

This is in response to your letters dated October 25 and November 5, 1975, and telephone conversations with the staff regarding the bonding requirements of the Employee Retirement Income Security Act of 1974 (ERISA) as they apply to , Inc. or any of its employees.

You ask whether (the company) or any of its employees are required to be bonded as a result of forwarding to insurance carriers checks of plan trustees which are made payable to such carriers. You also inquire whether bonding is required as a result of forwarding insurance policies for surrender to the carriers or as a result of transmitting to plan trustee or participants checks from the carrier which are made payable to such plan trustees or participants.

The Secretary has issued a temporary regulation (29 CFR 2550.412-1) which, pending issuance of a permanent bonding regulation implementing section 412 of ERISA, incorporates by reference most of the bonding regulations issued under the Welfare and Pension Plans Disclosure Act and make them applicable to plan officials under ERISA.

Pending the issuance of permanent regulations with respect to section 412, a plan official is not required to be bonded unless he handles funds or other property of an employee benefit plan. "Handling" occurs whenever the duties or activities of a plan official are such that there is a risk that such funds or other property could be lost in the event of fraud or dishonesty on the part of such person, acting either alone or in collusion with others.

Under the temporary bonding regulations "handling" would not be involved solely by reason of a corporation or any of its employees: 1 ) receiving checks made payable by trustees of a plan to an insurance carrier and forwarding the checks to such carrier and receiving checks from an insurance carrier made payable to the trustees or participants of a plan and forwarding the checks to such trustees or participants, where neither the corporation nor any of its employees has the authority to negotiate such checks; and 2 ) receiving insurance

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policies from the trustees or participants for surrender to an insurance carrier and forwarding the policies to such carrier pursuant to the instructions of the trustees or participants.

Sincerely,