

## Federal Bonding Program Information

A Federal Fidelity Bond is a business insurance policy that protects the employer in case of any loss of money or property due to employee dishonesty. The Fidelity Bonds issued under the Federal Bonding Program are insurance policies of the Travelers Property Casualty Insurance Company and are good for a period of six months. Each bond insures the employer for theft, forgery, larceny or embezzlement by the bonded employee. It does not cover liability due to poor workmanship, job injuries or work accidents, and it is not a bail bond or court bond for the legal system nor a contract bond, performance bond or license bond sometimes needed for self-employment. Any at-risk job applicant is eligible for bonding services, including: ex-offenders, recovering substance abusers (alcohol or drugs), welfare recipients and other persons having poor financial credit, economically disadvantaged youth and adults who lack a work history, individuals dishonorably discharged from the military, and others. **Any one-stop staff is able to provide this service by following the instructions below.**

To be eligible for the Federal Bonding Program, an at-risk worker must:

1. Need the program's bond in order to get a specific job,  
(Have an actual job offer that requires bond issuance.)
2. Meet the legal age for working; there are no other age limits, and  
(Some jobs require the employee to be 18; others require 21.)
3. Be paid wages with federal taxes automatically deducted from pay;  
(Self-employed persons and independent contractors cannot be covered.)

While the main purpose of the Federal Bonding Program is to help applicants who are having difficulty obtaining a job due to their questionable background, a bond can be issued to cover a current employee who is not bondable under the employer's insurance and needs the program's bonding to get a promotion to a new job which requires bonding or to keep from being laid off.

Bonds are issued in units of \$5,000. One unit of bond insurance coverage is usually sufficient to cover most job placements. Prior to issuing bond amounts larger than \$5,000 (never more than five bond units or \$25,000 coverage), approval must be obtained from the State Bonding Coordinator. The bond issued has no deductible amount; the employer receives the total amount of the covered loss up to the full amount of the bond insurance. Although it is critical that the bond amount be tailored to the amount of goods or money that is at risk, one-stop staff should avoid indicating that amounts higher than one unit of bond insurance are possible.

Either the individual or the employer can request the help of one-stop staff in getting a bond. For each person bonded, a separate one-page Fidelity Bond Certification Form must be completed by the one-stop staff person. Within three working days of the "Job Start Date" and before sending a completed form to the State Bonding Coordinator, the one-stop staff should confirm that the individual to be bonded actually started working and insert that date in the "Bond Effective Date" on the form. The completed form with the original signature of the one-stop staff is to be mailed to the State Bonding Coordinator, and a copy of the completed form is to be kept in the files of the one-stop center where the bond was

issued for a period of three years. The State Bonding Coordinator places the correct Official Bond Insurance Stamps on the form and sends the form to The McLaughlin Company where the Fidelity Bond is issued and mailed directly to the employer.

After the bond is requested, the job offer verified and the Fidelity Bond Certification Form completed, the one-stop staff sends (and/or faxes) a letter to the employer saying that the bond has been issued (i.e., bondee name, bond effective date, dollar amount and period of coverage, etc.). This letter should be on official letterhead of the one-stop center (a sample letter is on the “Bonding Forms” link at [www.floridajobs.org/workforce/bonding.html](http://www.floridajobs.org/workforce/bonding.html)). One-stop staff may change this letter as long as the basic information in the sample letter is included. The main reason for this letter is to give the employer evidence that the bond has been issued before the actual Fidelity Bond from The McLaughlin Company arrives in the mail.

Issued bonds do not transfer from one employer to another. If a bondee is dismissed by the employer or leaves the job for positive reasons, and staff wants to bond the same worker at a new job, a new bond must be issued to the second employer for a six-month period (i.e., staff must complete a new form). Staff must get approval from the State Bonding Coordinator before issuing a second bond for the same person.

Travelers Property Casualty will sell the employer a transfer bond at the regular commercial rate after the six months of free bonding if the worker has been honest during that time (i.e., no claim has been made for employee dishonesty). With the transfer bond, Travelers Property Casualty helps bondees who were not previously bondable become permanently bondable.

Employers contact The McLaughlin Company directly with any claim for employee dishonesty (a sample letter is sent to the employer with the actual Fidelity Bond). The company will promptly process the claim through Travelers Property Casualty, investigate, and settle the claim.

One-stop staff completing a Fidelity Bond Certification Form should add a “124-Received Bonding Assistance” Wagner-Peyser service to the individual’s Activity Plan in the Employ Florida Marketplace (EFM) application. A case note indicating the name of the employer, the actual start date, and the amount of the bond should be entered. One-stop staff should also document the employment in EFM in accordance with state policies and local procedures.

A training presentation on the bonding process is available on the AWI website at <http://www.floridajobs.org/PDG/TrainingPresentations/BondingOverview.pps>. For additional information, the McLaughlin Company has a website at <http://www.bonds4jobs.com/> which details the Federal Bonding Program. If you need more information regarding this program, please contact Diane Vacca at (850) 245-7451. [diane.vacca@deo.myflorida.com](mailto:diane.vacca@deo.myflorida.com)