Fidelity Bonding Program Q & A

1. Q. What is the Fidelity Bonding Program?

The Federal Bonding Program provides Fidelity Bonds to anyone who is not eligible for commercial bonding, at NO COST to the employers or employees. It is a unique tool to help a job applicant get and keep a job.

2. Q. What Is A Fidelity Bond?

It is a business insurance policy that protects the employer in case of any loss of money or property due to employee dishonesty. It is like a "guarantee" to the employer that the person hired will be an honest worker. The Fidelity Bonds are insurance policies of the Union Insurance group.

3. Q. How Does the Bond Help Someone Get A Job?

The bond is given to the employer free-of-charge, and serves as an incentive to the company to hire a job applicant who is an ex-offender or has some other "risk" factor in their personal background. The employer is then able to get the worker's skills without taking any risk of worker dishonesty on the job.

4. Q. What Exactly Does the Bond Insurance Cover?

It insures the employer for any type of stealing by theft, forgery, larceny or embezzlement. It does not cover liability due to poor workmanship, job injuries or work accidents. It is not a bail bond or court bond for the legal system. It is not a contract bond, performance bond or license bond sometimes needed to be self-employed.

5. Q. What Restrictions Exist In The Program’s Bond Coverage?

The worker must meet the State’s legal age for working; there are no age limits. The job usually is to be for at least 30 hours work per week. Workers must be paid wages with federal taxes automatically deducted from pay; self-employed persons cannot be covered.

6. Q. Who Does The Program Help?

Bond coverage is provided for any person whose background usually leads employers to question their honesty and deny them a job. The program will cover any person who is a "risk" due to their being in one or more of the following groups:
**Ex-offender** with a record of arrest, conviction or imprisonment; anyone who has ever been on parole or probation, or has any police record.

**Ex-addict** who has been rehabilitated through treatment for alcohol or drug abuse

**Poor credit record** or have declared bankruptcy.

**Dishonorably discharged** from the military

**Persons lacking a work history** who are from low income families.

7. **Q. Can Other Persons Be Bonded?**

YES. Anyone else who needs the program’s bond in order to get a job. (For more information, read "Why Is It Needed" and "Who Is Eligible" in the sections that follow.)

8. **Q. Since Employers Buy Fidelity Bond Insurance To Protect Against Employee Dishonesty, Why Is This Program Needed?**

Fidelity Bonds that employers purchase commercially do not cover anyone who has already committed "a fraudulent or dishonest act." Ex-offenders and other job applicants with questionable backgrounds are designated by the insurance industry as being NOT BONDABLE because they are too risky to insure for job honesty.

Only this Bonding Program will issue bonds to employers to cover anyone who is usually NOT BONDABLE. As a result, bonding is eliminated as a barrier to employment and the program serves as a unique job placement tool.

9. **Q. Is It Legal for Employers to Deny Employment To Applicants Who Are NOT BONDABLE Under Commercially Purchased Bonds?**

Employers fear that applicants who are NOT BONDABLE will be untrustworthy employees, and companies can require bonding and deny employment on that basis. The Bonding Program can help overcome that employer fear by making the applicant BONDABLE. The program’s bond is like a guarantee of employee job honesty for the hardest-to-place job applicants.

10. **Q. Can the Program's Fidelity Bond Coverage Exist Forever?**

The key purpose of the program's bond is to help an at-risk applicant get a job. The bond insurance is issued free-of-charge to the employer for a period of six months. If the worker demonstrates job honesty during the six months of Bonding Program coverage, that worker can become BONDABLE FOR LIFE under commercial bonding made available to their present employer. Commercial bonding is available for purchase
from the Union Insurance Group, or the employer may contact their own insurance carrier.

11. Q. How Can You Know If Someone Qualifies for Obtaining Bonding Services?

Anyone who cannot get a job without bonding is eligible for help by the Bonding Program. All individuals who have, in the past, committed a fraudulent or dishonest act, are eligible for bonding services. These persons include ex-offenders and ex-addicts, as well as people who have poor personal credit, poor persons who lack a work history, and individuals who were dishonorably discharged from the military.

12. Q. At What Age Can You Obtain Bonding From The Program?

You must meet the legal minimum working age set by the State in which the job exists. The program has no maximum age limit.

13. Q. What If You Have Already Been Told By A Company That You Are "NOT BONDABLE"?

The main reason that the Bonding Program exists is to help get a job for any person who experiences bonding as a barrier to getting a job. The program will bond anyone who has been told (or will be told) that they are NOT BONDABLE.

14. Q. Can The Program Bond Persons Who Are Self-Employed?

NO. The program's fidelity bond is issued to an employer to cover only a worker who earns wages with federal taxes automatically withheld from the worker's paycheck.

15. Q. Can Bonding Be Issued For A Worker Placed On a part-time Job or a Temporary Job?

Usually, bonding is issued to cover workers who obtain permanent jobs providing at least 30 hours work per week. However, the agency issuing the bond can make an exception to this rule if they determine it is needed.

16. Q. If An Applicant Is To Be Placed On A Job Where Bonding Was Not Previously Required, Can A Bond be issued?

YES. Bonding can be provided for any job if issuance of the bond is the difference between getting the job and not getting it. Job placement often occurs simply due to the fact that the bond overcomes an employer's fear that the job applicant may be a dishonest worker.
17. Q. Can Bonding Be Issued To Cover An Already Employed Worker?

The main purpose of the Bonding Program is to help secure employment for applicants who are having a hard time getting a job due to their questionable backgrounds. However, 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 in order to secure a promotion to a new job requiring bonding or to prevent being laid off.

18. Q. Is A Person On TANF Automatically Eligible for Bonding?

Entitlement status does not dictate eligibility for bonding. If a job applicant is turned down for a job because of the employer's refusal to bond, eligibility is established.

19. Q. Who Must Request Issuance Of The Fidelity Bond?

Either the employer or the job applicant can request issuance of the bond for job placement to occur, by filling in the Fidelity Bond Certification Form. This request is to be made to any local partner agency in any American Job Center. These offices are designated as State Job Centers, or Workforce Development Centers. The partner will relay the request to the Job Service local bonding representative.

20. Q. Can the Bond Be Issued At Any Time?

For a new bond to be issued, the employer must make the applicant a job offer and set a date for the individual to start work. The job start date will be the effective date of the bond insurance, which will terminate six months later. After six months, continued coverage is available for purchase if the worker has exhibited job honesty under the program's bond. With sufficient justification a renewal bond may be issued. Contact the State Bonding Service Coordinator with questions about eligibility for a subsidized renewal bond.

21. Q. How Much Bond Insurance Coverage Will Be Issued?

A basic $5,000 coverage bond is usually issued, with a NO DEDUCTIBLE amount of liability for the employer. Larger bond amounts can be issued if the State Bonding Coordinator has determined that a larger bond amount is appropriate.

22. Q. What Papers Must The Employer Sign And What Other Actions Must The Employer Take In Order To Get The Bond?

NONE. Once the date is set for the applicant to start work, the bond can be issued instantly. The employer signs NO papers, and keeps NO special records since the bond
is self-terminating. The Union Insurance Group mails the bond directly to the employer as the agent for Travelers Insurance.

23. Q. How Many People Have Been Helped By The Program?

About 50,000 applicants have obtained jobs due to being bonded, and 99% have proven to be honest employees.

24. Q. What Do Employers Think About Bonding As A Job-Hire Incentive?

A research study published by a university in Texas surveyed employer attitudes toward hiring ex-offenders. Only 12% said that they were willing to hire these applicants. However, 51% said that they would hire ex-offenders if they were bonded.

25. Q. What Proof Is There That Bonding Is Needed and Useful?

New York State found that having a job helps prevent a parolee from returning to prison. The fact is that 89% of persons who violated parole were unemployed at the time. Texas found that Project RIO bonding and other services for those released from its State prisons saved the State $10 million annually, and made tax payers out of tax users. A study of the U.S. Department of Justice found that released felony offenders with histories of alcohol and drug offenses were able to be helped to secure steady employment by offering employers bonding as a job-hire incentive.

26. Q. What Do You Have To Do To Get Bonding Services in My State?

The employer or job applicant must contact the nearest American Job Center (AJC).

The applicant must first visit and register with the AJC. Other than this registration, there are no papers to be completed by the job applicant or the employer in order for the bond to be issued.

The applicant must receive a job offer and the employer must schedule a date to start work before a bond can be issued. The AJC will contact the State Bonding Coordinator who will submit the proper paper work to Job Service (central office). Job Service staff will request that The Union Insurance Group issue the employer a Fidelity Bond insurance policy covering the worker.

27. Q. How Would An Employer Learn That Bonding Is Available?

Representatives from AJCs the Wisconsin Departments of Workforce Development and Corrections inform employers andday provide Federal Bonding information to employers.
Job applicants could also inform employers about this bonding program in their job search interviews.