



Federal Bonding Program

- ❖ ANY job at ANY employer can be covered by the bond
- ❖ No paperwork for employer to complete
- ❖ Free for employers and the insured
- ❖ Covers theft and dishonesty up to \$5,000
- ❖ Can be continued beyond initial 6-month period

Jobseekers needing fidelity bonding to be hired or promoted may be eligible for the Federal Bonding program sponsored by the U.S. Department of Labor. A fidelity bond is a business insurance policy that protects an employer from loss of money or property due to employee dishonesty.

A \$5000 bond with no deductible amount of liability for the employer is free for six months as incentive to hire any at-risk person who does not qualify for commercial bonding and meets certain other criteria. A worker simply needs a definite job offer for at least 30 hours work per week to be eligible for coverage. Only workers who earn wages with federal taxes automatically withheld from the employee's paycheck are covered; self-employed persons cannot receive coverage.

If the worker demonstrates job honesty during this first six months, he can become bondable for life under commercial bonding available to employers for purchase from the Travelers Property Casualty Insurance Company.

Local office Job Service staff of the Tennessee Department of Labor & Workforce Development certify applicants for the Federal Bonding Program. The employer is not required to sign any documents or keep special records since the bond is self-terminating. The bond is effective on the date set for the applicant to start work.

For more information about the Federal Bonding Program, contact:

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Federal Bonding Program

Frequently Asked Questions

Q. WHAT IS THE FEDERAL BONDING PROGRAM?

A. The program issues Fidelity Bonds, and is sponsored by the U.S. Department of Labor. The insurance policy 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.

Q. WHAT EXACTLY DOES THE BOND INSURANCE COVER?

A. 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.

Q. WHAT RESTRICTIONS EXIST IN THE PROGRAM'S BOND COVERAGE?

A. The worker must meet the State's legal age for working; there are no age limits. Workers must be paid wages with Federal taxes automatically deducted from pay; self-employed persons cannot be covered.

Q. CAN THE PROGRAM'S FIDELITY BOND COVERAGE EXIST FOREVER?

*A. 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 Federal Bonding Program coverage, that worker can become **BONDABLE FOR LIFE** under commercial bonding made available to the employer for purchase from the Travelers Property Casualty insurance company.*

Q. IF AN APPLICANT IS TO BE PLACED ON A JOB WHERE BONDING WAS NOT PREVIOUSLY REQUIRED, CAN A BOND BE ISSUED?

A. YES. 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.

Q. CAN BONDING BE ISSUED TO COVER AN ALREADY EMPLOYED WORKER?

A. The main purpose of the Federal Bonding Program is to help secure employment for applicants who are having a hard time getting a job due 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.

Q. CAN THE BOND BE ISSUED AT ANY TIME?

A. For the 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 the six months, continued coverage will be made available for purchase if the worker has exhibited job honesty under the program's bond.

Q. HOW MUCH BOND INSURANCE COVERAGE WILL BE ISSUED?

A. A total of \$5,000 bond coverage is usually issued, with NO DEDUCTIBLE amount of liability for the employer. Larger bond amounts can possibly be issued if the certified agency issuing the bonds has acquired a special bond package and has determined that larger bond amounts are appropriate.

Q. WHAT PAPERS MUST THE EMPLOYER SIGN AND WHAT OTHER ACTIONS MUST THE EMPLOYER TAKE IN ORDER TO GET THE BOND?

A. 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.

Q. WHAT DO YOU HAVE TO DO TO GET BONDING SERVICES?

A. The employer or job applicant should contact the nearest Career Center. It is necessary for the applicant to first visit and register with one of these offices. There are no papers to be completed by the job applicant or the employer in order for the bond to be issued to the employer to cover the job honesty of the worker. Before a bond can be issued, the applicant must receive a job offer and the employer must schedule a date to start work. The McLaughlin Company in Washington, DC will then issue, to the employer, a Fidelity Bond insurance.