

# FIDELITY BONDING DESK AID

## Background

Fidelity bonds are “employee dishonesty insurance”. It is business insurance that provides compensation to employers for the loss of money or property caused by a one-time act of dishonesty (theft, forgery, larceny, and embezzlement) by employees who are not bondable through normal bonding avenues. The bond is issued for six months. After the six-month period, Traveler’s Property Casualty Insurance offers employers another six-month fidelity bond at regular commercial rates if no claim has been paid.

## Eligible Resident Customer

- Customers whose services are funded by Project RIO can be provided a \$5,000 bond. An employer’s risk for potential loss will most often be covered with a \$5,000 bond. If the employer’s risk is more than \$5,000 – the fidelity bond can be negotiated in \$5000 increments up to \$25,000.
- For other customers who may need fidelity bonding to make them more attractive to employers – a courtesy bond amount is only \$5,000. Customers eligible for courtesy bonds include:
  - offenders with arrest records
  - people with a history of substance abuse (in recovery)
  - welfare recipients
  - people with poor credit records
  - people who have declared bankruptcy
  - people with low income and lacking work history
  - veterans dishonorably discharged from the military
- Customers must be permanently employed working full time (30 or more hours per week) in a traditional “employer-employee” relationship (not contract or self-employment).

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## Staff Procedures

- Inform potentially eligible customers about the fidelity bond possibility. Customers funded with RIO funds are informed about fidelity bonding during orientation (see orientation brochure)
- When an employer is interested, offer the \$5,000 bond. If a larger bond is necessary - negotiate the bond amount with the employer. Amounts over \$5,000 require prior TWC approval.
- Complete the Fidelity Bond Certification Form, which can be downloaded from the Workforce Solutions website, and send it to John Ownby at TWC by fax to (512)463-7979 or email to [john.ownby@twc.state.tx.us](mailto:john.ownby@twc.state.tx.us).
- TWC reviews the Fidelity Bond Certification Form, affixes the required bond stamps to the form and submits it to McLaughlin for fidelity bond issuance by Traveler's Insurance. TWC will fax of copy of the approved bond form to Workforce Solutions staff.
- Complete the Bonding Confirmation Letter which can be downloaded from the Workforce Solutions website and send it to the employer as notification of the issuance of the Fidelity Bond.
- Enter into TWIST records: Service code 138 – Bonding Assistance.
- If applicable - report employment information to supervising parole officer.

## File

File the following paperwork in a "Fidelity Bond" paper file in the office centralized file system.

- Fidelity Bond Certification Form as initially submitted for TWC processing/approval
- Copy of the Bonding Confirmation Letter (sent to employer)
- Copy of approved Fidelity Bond Certification Form received from TWC