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The Federal Bonding Program





The Federal Bonding Program

A US Department of Labor Initiative

The Federal Bonding Program provides fidelity bonding insurance coverage to at-risk individuals. These applicants may have been denied commercial coverage due to a criminal record, history of alcohol or drug abuse, poor credit, lack of employment history, or dishonorable military discharge.

Many employers carry insurance to protect themselves against employee dishonesty, theft, and embezzlement. However, insurance companies often refuse to cover at-risk job applicants. Therefore, some employers will not hire those individuals who cannot be covered.

The Federal Bonding Program administered by NH Employment Security was specifically designed for such situations. Travelers Property Casualty, under contract with the US Department of Labor, has agreed to provide insurance through The McLaughlin company, its agent in Washington DC. This coverage is provided at no cost to the employer or the applicant.

Bonding assistance may be provided to any individual who is qualified for the employment in question, not commercially bondable, and has a firm job offer. The job must offer full time work, adequate working conditions and wages, reasonable expectation of permanence, and excludes both self-employment and employment as a franchise representative.

Requests for bonding may be made by the job applicant or the prospective employer to the state's Bonding Coordinator. Providing the applicant meets the eligibility criteria, bonding coverage becomes effective immediately following certification and the applicant's first day of work. The bond will be mailed directly to the employer.

The bond is issued for a six-month period. At the end of six months, employers may purchase a transfer bond for an additional six-month period, at the discretion of the insurer. Eventually, the employee may be able to become permanently bondable.

What Is Fidelity Bonding?

- The insurance provided by the Federal Bonding Program to protect employer against employee dishonesty.
- Covers any type of stealing: theft, forgery, larceny, and embezzlement.
- In effect, a guarantee of worker job honesty
- An incentive to the employer to hire an at-risk job applicant.
- DOES NOT cover "liability" due to poor workmanship, job injuries, work accidents, etc.
- Is NOT a bail bond or court bond needed in adjudication.
- Is NOT a bond needed for self-employment (contract bond, license bond or performance bond).

Who Is Eligible for Bonding?

- 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.
- Anyone who cannot secure employment without bonding.
- All persons bonded must meet the legal working age set by the State in which the job exists.
- Self-employed persons are NOT ELIGIBLE for bonding services. (Bonded must be an employee who earns wages with Federal taxes automatically deducted from paycheck).
- Bonds can be issued to cover already employed workers who need bonding in order to (a) prevent being laid off, or (b) secure a transfer or promotion to a new job at the company.
- Bonding coverage can apply to any job at any employer in any State.

The default rate has consistently remained under 2 percent since 1966 when the Bonding Program started.

www.bonds4jobs.com/index.html