



The State Bonding Coordinators' Blog

FBP FAQ's

Welcome to the State Bonding Coordinators' FAQ's Blog. Provided are answers to the questions you've posed during the *Listen & Learn* sessions. We've organized them according to the following categories.

- [**FBP History**](#)
- [**Bonding Details**](#)
- [**Promotional Bonds**](#)
- [**Bondees**](#)
- [**FBP Administrative**](#)

Feel free to contact the FBP Program Manager, Tom Villanova at Tom@Bonds4Jobs.com if you have questions and/or if you have other issues you'd like us to address. We look forward to hearing from you.

[**FBP History**](#)

How many bonds were issued in 2016?

UIG is pleased to announce that nationwide 1,011 bonds were issued between January 1, 2016 and the end of the calendar year.

What do we know about the number of claims issued since the Federal Bonding Program's inception?

The most current and extensive reports from Travelers show that 56 claims have been filed since 1994.

[**Bonding Details**](#)

Can an employer request a \$25,000 bond instead of a \$5,000 bond?

Yes. Bonds may be stacked to achieve the desired amount. For example, in order to cover a \$25,000 bond, five bonds, each worth \$5000, can be issued. UIG does not see any potential issue with this. However, State Bonding Coordinators should doublecheck if a higher limit is really needed because of the cost implications. It would not be an issue if promotional bonds are being used.

State Bonding Coordinators can also consider setting criteria for employers who ask for more funding to help them determine if amounts over \$5,000 are really needed. In fact, Michigan does just this. The state requires justification from employers who request bonds over \$5,000.

Can you increase bond amounts?

No. Once they are issued, bond amounts cannot be increased. If a bondee is given a different job requiring more coverage, a new bond for an increased amount can be requested. The initial bond becomes void upon issuance of the new bond for a greater amount of coverage.

Do bonds expire? If so, when?

Yes. Purchased bonds expire upon two years of the issue date, so use them or lose them.

Can bonds be acquired to cover employees after the FBP bond expires?

Yes. "Transfer"(Commercial) bonds can be obtained through Travelers. Anyone interested in this option should contact Tom Villanova at Tom@Bonds4Jobs.com for processing information.

What are the criteria for re-issuing a bond for the same person?

Once a six-month bond ends, an employer can:

1. Request another bond for six months of coverage which may or may not be approved by the State Bonding Coordinator
2. Ask for a quote on a commercial/transfer bond
3. Continue employing the individual without a bond

What is the commercial bonding rate, and how is it determined?

A commercial or a "Transfer Bond" rate is determined by Travelers Insurance Company and underwriter based on the cost of one year of fidelity insurance for a specific individual. Factors include the:

1. Crime for which an individual was convicted
2. Scope of work of the current job

Could tax credits be offered as an incentive along with the Federal Bonding Program?

Yes. Tax credits incentivize employers to hire specific individuals and are compatible with fidelity bonding. Both are job placement tools to assist individuals who experience one or more barriers to successfully securing employment. One is not a requirement of the other.

How long does it take to collect on Federal Bonds?

There are a number of factors that determine how long it takes for a claim to be paid. This is verified by the length of time an employer takes to report a loss and files proof of loss; it also depends on the length of the investigation conducted by Travelers.

Will we receive notice in advance of our purchased bonds' expiration?

If you would like to be notified when your bonds are nearing their expiration dates, please email Tom@Bonds4Jobs.com to make the request.

Wouldn't allowing an employer to pick an FBP begin date open the employer up to fraud? For example, what if the designated employee steals something on his/her first day, the employer finds out about the program three days later and requests a bond with an effective date back to the new employee's start date?

No. Employers are not able to back-date an individual's official start date. Here is why. Workforce agency staff (job developers, case workers, placement specialists, etc.) fills out the certification form with an effective date agreed to by the employer, employee (bondee) and the staff person. This is the first date the employee begins work and starts the clock for the six-month duration of the bond. If a bondee steals something on the first day of employment, the certification for this has already been completed and there is no way for the employer to alter the date.

How do you work with temporary staffing agencies? Is it any different than working with other employers?

Providing fidelity bonds to temporary staffing agencies is no different than working with other employers. These companies are considered "employers of record," given the fact that those who are on temporary assignments are essentially working, "off-site" and are being paid by these agencies.

What happens if, after being placed by a temporary staffing agency, a bonded individual is hired by the "offsite" employer?

In this scenario, the fidelity bond originally secured with the temp agency would terminate, and a bond with the "new" employer would be negotiated. This basically means that the original bond, while being short-lived, has assisted the job seeker in securing a pathway to more permanent employment.

Do Federal Bonds cover fraud?

Yes. Fidelity Bonds cover fraud if fraudulent acts result in an employer's loss of money or property and the bondee benefits from that loss.

Does the Federal Bonding Program protect employers from theft of intellectual property?

Yes. According to current guidelines, bonds can be used to cover ANY employee dishonesty committed on or away from the worksite. As such, "theft of intellectual property" meets these criteria.

Promotional Bonds

Are the promotional bonds exactly the same as the regular bonds, and do these bonds have an expiration date?

Yes. Promotional bonds are the same as regular bonds, but the cost has been funded by the U.S. Department of Labor so that the bonds may be obtained at no cost to you. Promotional bonds are valid for 12 months. It is important to utilize them first because extensions cannot be guaranteed.

How many promotional bonds can we request and receive?

774 promotional bonds have been issued to 24 state and workforce agencies throughout the country during the 2016-2017 program year. State Bonding Coordinators interested in receiving promotional bonds should contact Tom Villanova at Tom@Bonds4Jobs.com. Tom will issue these bonds on a first-come-first served basis until funding has been expended.

Bondees

Can bonds purchased by justice-involved individuals be used to insure their own businesses?

No. Unfortunately, justice-involved individuals starting their own businesses cannot bond themselves. If a person who happens to have a background owns a business that employs full- or part-time employees and Federal taxes are automatically deducted from their wages, the *employees* would be eligible for bonding.

Currently Federal Bonding will not cover contracted workers or those who are self-employed. There must be an employee-employer relationship.

Are sex offenders allowed to participate in the program?

Yes. There is nothing in the Federal Bonding Program guidelines that prohibits bonding individuals because of specific offenses. (See [About the FBP, Who is Eligible for Bonding Services?](#)). Purchasing agencies have discretion to establish their own criteria for issuing bonds to certain groups of individuals.

Is an employee who successfully completes his/her bonding period without default eligible for future bonds?

Yes. If an individual is bonded for six months and during that period does not default on the bond (due to theft, fraud, etc.), Travelers can sell a commercial bond to the employer indefinitely tailored to the employer's needs. Employers should be reminded that very few insurance companies will bond justice-involved individuals. As such, if bonds are desired to cover a particular employee beyond the designated six-month period, it is vitally important that the bondee not default on his/her bond.

If an individual successfully completes the bonding period without default, can Travelers issue a commercial bond on the person even if he/she moves to a NEW employer, or is this option only true with respect to the employer of the original FBP bond?

Yes. Travelers can issue a commercial bond on an individual, whether he or she enters employment with a new employer or remains with the employer of the original bond. In the second scenario, this is called a “renewal bond.” Employers can discuss these options with the state or local workforce development agency, as well as the State Bonding Coordinator.

I have some employers who want to bond every justice-involved individual they hire. Is this an appropriate use of Federal Bonds?

As State Bonding Coordinators know, not all justice-involved individuals require assistance through the Federal Bonding Program, nor is the program targeted to only this population. State Bonding Coordinators and those promoting the program on the local level should reiterate that bonds can be used to help *anyone* who cannot secure employment without bonding. This includes justice-involved individuals, those recovering from substance use disorders (alcohol or drugs), welfare recipients and those having poor financial credit, economically disadvantaged youth and adults who lack a work history, individuals dishonorably discharged from the military, and others.

State Bonding Coordinators and those on the local level can help employers determine levels of risk exposure. Together they can decide if Federal Bonding is necessary. Likewise, in this climate of limited budgets, it is essential to use the funds in support of candidates who really need it to succeed.

Which name is used for a transgender person on the Federal Bonding application, the original birth name or the name that the person identifies with?

This is an issue to be resolved at the State or Federal level. For purposes of the FBP, bondees are identified by social security numbers. The social security number is the sole basis used by Travelers for determining if individuals previously defaulted on a bond issued under the Federal Bonding Program.

[FBP Administrative](#)

On the confirmation letter we issue to employers, should we replace Katarzyna Pawlina’s contact information with Tom Villanova’s?

No. Katarzyna Pawlina is the point person regarding bond purchase and issuance logistics. Tom Villanova is the point of contact when State Bonding Coordinators require answers to Federal Bonding Program programmatic questions.

How long does it take to receive the stamps after they have been ordered?

On average, receiving the stamps should take no more than 10 business days upon receiving a request.

Can the website direct customers to local American Job Centers rather than to the State Bonding Coordinator offices? That way, customers can more easily gain access to job referrals, resume assistance, etc.

Yes. The website allows users to search the [Directory of State Bonding Coordinators](#) and find their local American Job Center under the [Get Your Bonds Today](#) page.

Is there a password-protected login on the new website for State Bonding Coordinators to help them communicate with each other?

No. Currently, there is not an exclusive State Bonding Coordinator login, nor is there a private part of the website designated for State Bonding Coordinators.

Is online bonding possible? If so, how can this be done to protect confidentiality?

Online bonding is not currently available. State Bonding Coordinators will be kept informed as the strategy is explored and refined. While this particular service is *not* currently offered, [Bond Certification Forms](#) are available on the Federal Bonding website.

Who do I contact to change my Bonding Coordinator information for the State Bonding Coordinator online directory?

Coordinators who are leaving their posts and are “passing the torch” to new individuals or new State Bonding Coordinators should inform Tom Villanova at Tom@Bonds4Jobs.com or 312.316.0336.

If a state FBP is either non-existent or inactive, how can one be started or activated?

Interested individuals should contact the FBP Program Manager, Tom Villanova at Tom@Bonds4Jobs.com or 312.316.0336. He would be happy to discuss how to move the program forward in your state.
