

Federal Fidelity Bonds

Grant Management Manual

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NDOL.RSFidelityBonds@nebraska.gov

Guidance Document

Pursuant to Neb. Rev. Stat. §84-901.03

This guidance document is advisory in nature but is binding on an agency until amended by such agency. A guidance document does not include internal procedural documents that only affect the internal operation of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedures Act. If you believe that this guidance document imposes additional requirement or penalties on regulated parties, you may request a review of the document.

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Introduction

The Nebraska Department of Labor (NDOL) received a Fidelity Bonding Demonstration Grant (Grant) from the United States Department of Labor (USDOL). The Grant is authorized under Section 169(b) of the Workforce Innovation and Opportunity Act (WIOA). This Grant Management Manual provides guidance and establishes procedures regarding administration of the Grant.

I. Purpose of the Grant

The Grant serves to enable the State of Nebraska to:

- a. expand use of fidelity bonds to help persons with criminal records, including ex-offenders recovering from opioid and other drug addictions, obtain employment in family-sustaining jobs;
- b. inform employers about the knowledge, skills, and abilities of the ex-offender population;
- c. reduce the risks of hiring individuals whose criminal backgrounds pose barriers to securing employment; and
- d. advance strategies to address the barriers to reemployment.

II. Grant Funding

The total Grant allocation to NDOL is \$100,000.

- a. A minimum of 85 percent of Grant funds (\$85,000) must be used for the purchase of fidelity bonds.
- b. Remaining 15 percent of Grant funds (\$15,000) may be used for outreach, educating employers and the public about the benefits of fidelity bonds for persons with criminal records, including individuals recovering from opioid and other drug addictions; administrative costs associated with operating the Grant. Employer and public education may include, but is not limited to, the development and distribution of written materials, virtual and in-person information sharing, and meetings.

III. Federal Guidance

The Grant is subject to the following:

- a. Section 169(b) of WIOA;
- b. Training and Employment Guidance Letter (TEGL) 10-20;
- c. NDOL's Notice of Award issued by USDOL, effective July 1, 2019 through June 30, 2023; and
- d. Other guidance as may be issued by USDOL during the term of the Grant.

Eligibility Criteria

I. Employee/Individual

In order to be eligible for fidelity bond coverage, an individual must:

- a. Have a criminal record, including those involved with the criminal justice system by virtue of their history of opioid or other drug addictions;
- b. Be authorized to work in the United States;
- c. Be of legal working age applicable to the position/working hours; and
- d. Be a new hire, or the recipient of a promotion with the employer seeking the bond.

II. Employer/Employment

- a. The employer to which the fidelity bond will be issued must be located in Nebraska, or be operating in Nebraska, and be in good standing with the Nebraska Secretary of State.
- b. The employer must provide the individual with a firm job offer or commitment of employment with a set start date and a reasonable expectation of permanence.
- c. The employment (W-2 employee paid wages with taxes withheld) must be in a family-sustaining job, whether full-time or part-time.
- d. If the employer is a sole proprietor, employer must complete the United States Citizenship Attestation Form.
- e. Employer must have an active account in NEworks.

III. Self-employment

- a. Self-employed persons cannot be issued a fidelity bond.

Bond Coverage

I. Fidelity Bond Coverage

- a. Each bond would provide \$5,000 of insurance coverage for crimes of dishonesty, such as theft, forgery, and embezzlement at no cost to the employer. One bond providing \$5,000 insurance coverage for crimes of dishonesty has proven to be sufficient to facilitate family-sustaining job placements.
- b. Bonding in excess of \$5,000 may be issued on a case-by-case basis, when requested by an employer and supported by reasonable justification of increased risk based upon type or circumstances of employment. Employers requesting bonding in excess of \$5,000 must provide such justification at the time of making the request for bonding, and must provide any additional information as may subsequently be requested by NDOL to support such request.
- c. Fidelity bonds do not cover liability due to poor workmanship, poor performance, job injuries, or work accidents, etc.
- d. The bond issuance date (start date of employment) is the effective date of the bond insurance coverage, and coverage will terminate six months following the employment start date.

Bond Request and Issuance Procedures

I. Initial Inquiry

All inquiries regarding fidelity bonds should be directed to: NDOL.RSFidelityBonds@nebraska.gov

II. Requests for Fidelity Bonds

- a. Local area offices may email a completed Fidelity Bond Request Form to: NDOL.RSFidelityBonds@nebraska.gov

OR

- b. Employers may directly email the following information to: NDOL.RSFidelityBonds@nebraska.gov
 - The name and address of the employer (include zip code)
 - The contact person for the employer, including email and phone number
 - Federal Employer Identification Number (FEIN)
 - Documentation of employer's active registration with the Nebraska Secretary of State (unless a sole proprietorship)
 - US Citizenship Attestation (if employer is a sole proprietorship)
 - The name, middle initial, address, and DOB of the person being bonded
 - Employment Start Date
 - Documentation of criminal record (proof of background check or similar documentation)
 - Number and amount of Bonds Requested (supporting documentation for requests over \$5,000)
 - Job title
 - Wage of the job
 - Hours per week of the job
 - Industry of the employer
 - Number of employees
 - Type of Company: private non-profit, private for-profit, or public sector

Supplemental information (Additional reportable details not required to issue a bond.)

- Gender of the person being bonded
- Hispanic ethnicity of the person being bonded
- Race of the person being bonded

III. Bond Issuance

- a. Upon receipt of the request, the Program Coordinator will review the request and may follow-up with the employer if additional information is needed.
- b. If the request is approved, the Program Coordinator will submit all necessary information to the insurance provider, Union Insurance Group, Inc. (UIG). All bonds are written by Chubb, the insurance company that writes the bonds for UIG.
- c. The Program Coordinator will email confirmation to the employer and document issuance of the bond within the employer's NEworks account.
- d. UIG will issue Chubb's fidelity bond insurance policy to employers. UIG will send the bond to the employer at the address provided on the Fidelity Bond Request Form. It will take approximately two weeks from the time of submission for the employer to receive the bond via postal mail from the insurance provider.
- e. Unless determined otherwise by NDOL or UIG, the effective date of the fidelity bond will be the start date of employment.

IV. Extension of Coverage

- a. If the bonded employee has not been the cause of a paid loss within the initial bonding period (first six (6) months of employment), on a case-by-case basis, another bond may be requested for an additional bonding period (six (6) additional months). The employer must contact the Program Coordinator to request an additional bond.
- b. If the bonded employee does not require a claim during the bonding period, the employer may also consider purchasing a commercial bond for the employee.

V. Filing a Claim

- a. In the event of a loss, employers should follow instructions for filing a claim as included with issued bonds. All bonds are written by Chubb, for the insurance provider Union Insurance Group, Inc. (UIG). With questions about the program or services contact Kevin Kulling at (312) 799-8400 with UIG.

NDOL Policy

Federal fidelity bonds should be included as a component of family-sustaining job placement services.

Employers and individuals seeking employment should be informed of this program and encouraged to utilize services available to them.

Staff delivering services and operating programs should become familiar with the guidelines and resource materials available to answer questions and assist customers within the local area.

Frequently Asked Questions

What is a Fidelity Bond?

It is a business insurance policy that protects the employer against theft in the workplace of money or property due to employee dishonesty.

How much does it cost?

The fidelity bonds are issued at no charge with no deductible to the employer or individual. Although, when the bond expires, the employer may work directly with the insurance provider to purchase a commercial bond if desired.

How much coverage does the bond provide?

One bond provides \$5,000 of insurance coverage for crimes of dishonesty such as theft, larceny, or embezzlement. Bonding in excess up to \$25,000 may be issued on a case-by-case basis, when requested by an employer and supported by reasonable justification of increased risk based upon cash, other valuable assets, or circumstances of employment.

What is the duration of coverage?

Six months from the date of bond issuance, which is generally the date employment starts.

If the individual changes jobs, are they still covered?

No. Federal fidelity bonds are non-transferrable. However, if an individual receives a promotion with the same employer, the employer may apply for another bond to cover the new position.

Does the bond cover business property/resources/assets or does it include liability coverage/ damages to a third party?

The federal fidelity bonds cover acts of dishonesty. Therefore, damage caused by the individual is not covered by the federal fidelity bond.

What paperwork is required?

Only the Fidelity Bond Request Form (and any accompanying attachments) must be completed and submitted to the Program Coordinator to accurately provide information to the insurance provider for bond issuance; see Fidelity Bond Request Form example.

Who is considered an ex-offender?

According to WIOA statute Section 3(38), "An adult or juvenile who is or has been subject to any stage of the criminal justice process and whom services under this Act may be beneficial; an adult or juvenile who requires assistance in overcoming artificial barriers to employment resulting from a record of arrest or conviction."

In the event of a loss, how do employers file a claim?

Employers should follow instructions for filing a claim as included with the issued bonds. All bonds are written by Chubb, for the insurance provider Union Insurance Group, Inc. (UIG). With questions about the program or services contact Kevin Kulling at (312) 799-8400 with UIG.

Does a Staffing Agency qualify for a bond?

Staffing Agencies would qualify for a bond if the employee were on the payroll with taxes withheld and the Staffing Agency location is where the work is performed. Otherwise, if the employee performs the work at a different location for a different employer through the Staffing Agency then a bond cannot be issued.

Fidelity Bond Request Form Information

A copy of the Fidelity Bond Request Form is located on the NDOL website:

[Official Nebraska Department of Labor | Reemployment Services](https://dol.nebraska.gov/ReemploymentServices/EmployerResources/FederalFidelityBondProgram)

<https://dol.nebraska.gov/ReemploymentServices/EmployerResources/FederalFidelityBondProgram>

[Fidelity Bond Request Form](#)

Fidelity Bond Request Form

Complete form and submit to NDOL.RSFidelityBonds@nebraska.gov. Please include supportive documentation such as a background check to expedite the bond issuance process (not required). Contact us at NDOL.RSFidelityBonds@nebraska.gov or any inquiries regarding Fidelity Bonds or the process to submit an application.
Complete form entirely.



Good Life. Great Connections.
DEPARTMENT OF LABOR

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Industry: _____

Company Name: _____ EIN: _____

Contact Person Name: _____

Contact Person Email: _____ Contact Person Phone: _____

Address (include zip code): _____

Type of Company: Private non-profit Private for-profit Public sector

Number of Employees: _____

Nebraska Secretary of State Active Business Registration: Yes No

Sole Proprietorship: Yes No (If yes, complete and submit United States Citizenship Attestation Form: https://sos.nebraska.gov/sites/sos.nebraska.gov/files/doc/attestation_form.pdf)

Worker Covered by Bond:

Last Name: _____ First Name: _____ Middle Initial: _____

Address (include zip code): _____ Date of Birth: ___ / ___ / ___

Job Title: _____ Start Date: ___ / ___ / ___

Hourly Wage: _____ Hours Per Week: _____

Has this person ever been convicted of a crime: Yes No

Gender: _____ Hispanic or Latino: Yes No Race: _____

Number & Amount of Bonds Requested: _____ If requesting more than 1 bond, please explain:

Referring Agency Name: (if different than employer: NDOL Region, VR): _____

Contact Person Name: _____ Contact Person Email: _____

Address (include zip code): _____

Notes: _____

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Date Form Received: ___ / ___ / ___ Date Bond Processed: ___ / ___ / ___ Staff: _____