

**NC DIVISION OF SERVICES FOR THE BLIND POLICIES AND PROCEDURES
VOCATIONAL REHABILITATION**

Section:	F
Title:	Federal Bonding Program
Current Effective Date:	06/08
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Since 1966, The Federal Bonding Program, sponsored by the U.S. Department of Labor with Travelers Casualty and Surety Company, has been successful as a unique business development and job placement tool for at-risk job applicants. The program's fidelity bonds provide insurance guaranteeing job honesty and serve as an effective employer incentive for hiring possible hard-to-place job seekers.

At-risk job applicants might include those who have barriers to employment other than disability including:

- ex-offenders
- welfare recipients or those with marginal credit reports
- individuals with a history of substance abuse
- individuals who have been dishonorably discharged from military service
- disadvantaged youth, etc.

In such cases, Fidelity Bonds can be issued to businesses as another tool that could be effective in improving the efficiency and effectiveness of our business development and job placement services.

Businesses can be referred to a local Employment Security Commission office for issuance of bonds. Often, the bond approval can be made by telephone with subsequent issuance of the bond instrument to the business. Generally, ESC will issue a 6-month bond of \$5,000 (one unit) although under some circumstances the amount of the bond can be increased (with additional units). There is no cost for the Agency or the business. At the end of the initial bond period, businesses can purchase continued coverage through Travelers Insurance.

The ESC Bonding certification process takes only a few minutes and features:

- NO special application form for job seeker to complete
- NO bond approval processing - staff instantly issue bonds to employers
- NO papers for employer to submit or sign to obtain free bond for job hire
- NO follow-up and NO termination actions required by bond issued
- NO deductible in bond insurance amount if employee dishonesty occurs
- NO age requirements for bondee (other than State legal working age)
- NO federal regulations covering bonds issued

For other information, businesses can be referred to the local ESC office or to James Korth, Bonding Services Coordinator (2009), NC Employment Security Commission, Raleigh, phone (919) 733-4896 or The Federal Bonding Program.