Maryland
DEPARTMENT OF LABOR

FEDERAL BONDING PROGRAM FACT SHEET

WHAT IS THE FEDERAL BONDING PROGRAM?

The Federal Bonding Program is a partnership between the United States Department of Labor and the McLaughlin Company (an agent for Travelers Casualty and Surety Company of America). The program provides Fidelity Bonds to employers who hire ex-offenders and other high-risk applicants. It is **not a guarantee** that the applicant will be hired, but an incentive to encourage employers to hire **qualified** job seekers with "risk factors" that might otherwise cause an employer to be hesitant to hire the person.

WHAT IS A FIDELITY BOND?

A Fidelity Bond is a business insurance policy that protects the employer in case of any loss of money or property due to employee dishonesty.

HOW DOES THE BOND HELP SOMEONE GET A JOB?

The bond is given to the employer **free-of-charge** for **six months**, and serves as an incentive to the company to hire job applicants who are ex-offenders or have some other "risk" factor in their personal background. The employer is then able to get the workers' skills while minimizing the risks of worker dishonesty on the job. **This statement does not imply a guarantee of worker honesty, but is an acknowledgement that the bond covers risks associated with employee dishonesty.**

WHAT DOES THE BOND INSURANCE COVER?

It insures the employer for **any type of stealing by theft, forgery, larceny, or embezzlement**. The bond amount is established by the State Coordinator after discussion with the employer

- The bond does *not* cover liability due to poor workmanship, job injuries or work accidents.
- It is *not* a bail bond or court bond for the legal system.
- It is *not* a contract bond, performance bond, or license bond sometimes needed to be self-employed.

WHAT ARE THE RESTRICTIONS?

The worker must meet the State's legal age for working; there are no age limits. The job is to be for at least 30 hours of work per week. Workers must be paid wages with Federal taxes automatically deducted from pay. **Self-employed persons cannot be covered.**

CAN THE BOND BE ISSUED AT ANY TIME?

For the bond to be issued, the employer **must make the applicant a job offer and set a date for the individual to start work.** **The job start date will be the effective date of the bond insurance, which will terminate six months later.** **Employment must be verified** by the State Bonding Coordinator for the bond to be issued.