

Fidelity Bonds

These bonds can protect business owners and employers from monetary or property loss at the hands of employees. Some businesses, including insurance companies, are required to utilize fidelity bonds. In California, for example, many nonprofit organizations are required to obtain Fidelity Bonds if they receive specific veins of state grant money.

Fidelity Bonds are basically a type of business insurance. They allow business owners to pursue and hire more high-risk workers by providing a degree of protection against fraudulent or criminal acts, such as theft, forgery and embezzlement.

Companies that employ workers who handle cash, jewelry and other valuable commodities are typically encouraged to obtain Fidelity Bonds. Employers have a range of Fidelity Bonds to choose from depending on their specific industry, from the janitorial field to hedge fund managers.

Surety companies that have to pay upon a bond in the event of employee theft or fraud can ultimately sue the employee to recover costs.

Fidelity Bonds do not protect employers against workers' compensation claims or issues related to how employees perform on the job. The nature of the business and its property will often determine the amount and type of bond coverage necessary.

Fidelity Bonds are typically issued in \$5,000 increments up to \$25,000. They do not require deductibles. Some sureties will provide private companies with customized Fidelity Bond plans that go beyond the basic protection, at times including guarantees against property damage and other issues that might occur outside the business.



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