

Fidelity Bond (Commercial Crime)

A Parent Teacher group should be run like a business. You have a budget to work within, deadlines to meet, and events to plan. The main concern in any business is finances. You may have many different officers with check signing capabilities or you may trust one of your volunteers to run to the bank to deposit fundraising money. Although there may be various safeguards set up to protect your funds, there is still a large risk of someone embezzling your money. The Bond (or Commercial Crime) policy is set up to protect your money, scrip, securities, and other cash equivalents against embezzlement, robbery, and theft.

Embezzlement, Robbery and Theft

With the Bond coverage, your funds are covered from embezzlement by anyone that you entrust with your Organization's money.

Some of the people your Organization might trust with your funds include:

1. Officers
2. Volunteers
3. Members

Position Bond vs. Blanket Bond

There are two types of bonds out there...Position Bonds (single person) and Blanket Bonds (Organization). Position Bonds usually cover only one person or one position within your Organization. While this option may seem less expensive than a Blanket Bond, these Bonds only protect your Organization if that particular person embezzles the money. For example, if your Organization only bonds the Treasurer, you will find yourself in a difficult situation if the President embezzles the money. The policy that AIM offers is a Blanket Bond. Under a Blanket Bond, it is not necessary to name everyone covered by the bond, nor the position that they hold within your Organization. In the event of a claim, we would ask if the person suspected of embezzlement was trusted with the money or if they stole funds belonging to your Organization. Your funds are also covered for anyone that has check signing capabilities who fraudulently forges a second signature on outgoing checks.

Requirements and Conditions

In order for Bond coverage to apply to your Organization, you must comply with the following requirements:

1. Your Organization must conduct an annual audit/review of the books by an audit/review committee or qualified accountant.
2. The monthly bank reconciliation must be reviewed and signed by someone who does not have authorization to sign checks. Financial software does not qualify under this requirement.

Coverage may be voided if the above requirements and conditions are not followed.

The Two Biggest Obstacles Concerning Embezzlement:

- 1. Understanding that trust can be broken under the right circumstances.*
- 2. Thinking it won't happen to your Organization.*

Safeguarding Your Funds

While the Bond policy is available to protect your funds should they become embezzled or stolen, it is much easier to avoid the situation altogether. With the right safety practices, you can keep your hard earned funds safe and avoid a disaster altogether.



Exclusions

The Bond policy does not cover funds which disappear by mysterious or unexplained loss. Additionally, if the conditions of the bond policy are not followed, then your claim has the potential of being denied.

Policy Limits

AIM offers three standard coverage amounts:

1. \$10,000
2. \$25,000
3. \$50,000

These are the standard amounts offered, but we offer limits up to \$250,000. Please call AIM for pricing.

Police Reports Are Required

Whether you are talking about embezzlement, robbery or theft, these are all very serious illegal crimes. In order to process a claim, you must notify the authorities in your area and furnish us with a police report naming the individual you suspect embezzled the funds. This may be the hardest part of any embezzlement claim, as the individual whom you suspect of the crime is probably someone very close to you and other members of the board.

Bond Deductible

There is a \$250 deductible for a claim filed under this policy.

Top 10 Ways to Protect Your Funds Against Embezzlement

1. *Never take money belonging to the Organization home.*
2. *Deposit money into the bank daily, even if a project is on-going.*
3. *Two people should always count the money and sign the receipt verifying the amount.*
4. *Two signatures should be required on all checks.*
5. *Never sign a blank check or a check made out to "cash."*
6. *All bills should be paid by check, never cash.*
7. *AVOID Debit or Credit card use.*
8. *Conduct an annual audit/financial review of the books.*
9. *Have a non-signer physically receive, review and sign the bank statements monthly.*
10. *Purchase a Bond Policy and follow the requirements.*