



Bonding – Frequently Asked Questions

Q: What is fidelity bonding?

A: Fidelity bonding is a type of insurance coverage to protect the financial assets of your Community, Pomona, or State Grange. Section 4.10.9 of the Digest of Laws of the National Grange stipulates that all Granges, at their own expense, are to be bonded or insured for employee dishonesty with coverage to include at least the Secretary and Treasurer of each organization.

Q: How does fidelity bonding work?

A: Fidelity bonding protects the Grange by covering financial losses due to dishonest or fraudulent acts of an individual or group. Should any loss or theft of your Grange's funds occur due to the dishonest acts of covered positions, you would file a claim for review. The bond would help to cover the Grange's financial loss up to the policy limit.

Q: Can the National Grange help with this required bonding?

A: Yes. The National Grange has a fidelity policy (also referred to as employee dishonesty insurance or crime coverage) available at a discounted group rate. The policy is issued through Main Street America Insurance. Granges are eligible to participate by enrolling through their State Grange. Coverage is not available in Alaska, California, and Hawaii.

Q: What does bonding cover?

A: The fidelity bonding policy available through the National Grange provides coverage for all officers and member positions, not just the Secretary and Treasurer who are required to be bonded by the Digest of Laws. The bonding coverage is for one calendar year beginning January 1.

Q: How much coverage does our Grange need?

A: The basic minimum coverage is the lowest amount of coverage offered. Basic minimum coverage is \$5,000 for a Community Grange, or for a Pomona Grange, and \$25,000 for a State Grange. Higher coverage limits are available and subject to underwriting. In some cases, the basic minimum is enough for a Grange. In many cases, the basic minimum amount is too low. An easy way to determine how much coverage you need would be to assess the maximum amount of money your Grange handles, including your bank accounts, financial assets, and cash you handle at Grange activities, and compare the limit with the internal controls you have over these funds. Fidelity policies are typically not designed to provide coverage for every dollar that comes into an organization's control.

Q: How do we apply for bonding?

A: Every Grange that would like to purchase discounted coverage enrolls through their State Grange. Each year the National Grange sends a letter, rate schedule, FAQ sheet, and fillable questionnaire to each State Grange. Each State Grange then offers this opportunity to their Pomona and Community Granges, collects their premiums, and forwards the lump sum with a list of participating Granges and the amount of their coverage to the National Grange office NO LATER THAN DECEMBER 1. Coverage limits of \$50,000 or higher need to include the simple coverage questionnaire for underwriting review. Choosing your level of coverage and forwarding the annual premium and questionnaire, if applicable, to your State Grange by the specified date adds you to the group policy. Coverage limits of \$250,000 or \$500,000 require additional underwriting (including the questionnaire, an independent audited financial statement, and a copy of the written internal control procedures). Granges who elect not to renew coverage will be removed from the policy. Once removed, coverage cannot be provided for three years.

Q: How does a Grange file a claim?

A: Should a loss occur, please contact the National Grange office at (202) 628-3507 for instructions and claim forms. Also, please call or email information@nationalgrange.org if you have further questions about bonding.