

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

for the smooth operation of business. They are a type of fidelity surety bond that protects your business from dishonesty, fraud, theft, forgery and embezzlement that ...

Apr. 05, 2016

Is this the first time you've heard about employee dishonesty bonds? Well, they might actually save your business, or your client's business, from a lot of trouble.

Also known as commercial crime bonds, it can be difficult to grasp their importance for the smooth operation of business. They are [a type of fidelity surety bond](#) that protects your business from dishonesty, fraud, theft, forgery and embezzlement that your employees might commit.

The industry that makes the most use of employee dishonesty bonds is the financial sector, as these bonds are often required or highly recommended for companies that handle finances. But they are not restricted to serving that sector – and can be of great benefit for a wide variety of businesses whose employees have access to monies or sensitive information about client and company finances. In fact, they can even be a crucial factor for keeping your business in operation in case of employee dishonesty.

Let's take a close look at the way these fidelity bonds work, and how they can be of use for your company.

What are employee dishonesty bonds?

Before judging whether you need an employee dishonesty bond, it's a good idea to look at what exactly this type of bonds constitute. As all surety bonds, commercial

crime bonds provide a safety net against law breaches. However, as they are a type of

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

which they have been bonded is the maximum penal sum that can be repaid to you.

When to get employee dishonesty bonds?

While employee dishonesty bonds are rarely required by authorities, obtaining them is a good idea for a wide array of companies. Even if your operations are not directly linked with handling clients' finances, getting the protection that these bonds offer is a wise precaution for your own business.

Typically, companies are bonding employees who handle cash. While the bonds cannot prevent fraud and theft, if bonded employees commit such crimes, the losses for your business will be covered by the bond. This kind of cases are not included under the normal theft and burglary insurance policies.

Getting your employees bonded should not be considered as a lack of trust in them, but rather as a needed safety option. The Association of Certified Fraud Examiners (ACFE) has estimated that [employee fraud and abuse cost US organizations 6% of their annual revenue](#). Bonds can prevent a part of the losses for your company.

How employee dishonesty bonds work

The idea behind employee dishonesty bonds is similar to the manner in which insurance works. You get insured for certain risks by paying a premium. If you end up in a situation covered by the insurance, you get financial help for handling the unpleasant circumstances. That's how employee bonding works.

Dishonesty bonds are especially important for small businesses. In case of fraud and theft, it is much more difficult for them to recover from the losses in comparison with large companies. A single case of employee dishonesty can be detrimental to a family or small firm, if the fraudulent activities are serious. In this situation, only a

commercial crime bond can be of help. After submitting a claim and getting it

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

face, employee dishonesty bonds can be of real use for your company. What is your experience with commercial crime bonds? Please share your thoughts in the comments below.

Todd Bryant is the president and founder of [Bryant Surety Bonds](#). He is a surety bonds expert with years of experience in helping business owners get bonded and start their business.

Accounting • Income Tax • Small Business

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved