

5 LOCAL INSURANCE

LABOR ORGANIZATION BOND

Section 5.1 (Page 1 of 2)
International/Local
(01/07)

According to the CWA Constitution Article XIII, Section 9(h), Locals shall provide for the bonding of Local Officers and other persons who handle Union funds and property; This bonding requirement also applies to any CWA city, state, regional, etc. Councils.

The Labor-Management Reporting and Disclosure Act requires that individuals handling union funds must be bonded in an amount not less than 10% of the funds handled. (Sec. 502(a) of the Act)

Locals/Councils may purchase Bond coverage through CWA. Coverage is for a three-year period at a premium rate negotiated each renewal period. Locals/Councils securing coverage during the three-year Bond period will have their premium pro-rated for the remaining months of the Bond.

The Labor Organization Bond is a blanket position Bond. Simply stated, this means the offices of President, Secretary-Treasurer, etc. are insured, rather than the individual. In addition, the Bond covers any member and full-time or part-time employee of the Local/Council who has occasion to handle Union funds.

The Act states coverage must be in an amount not less than ten percent (10%) of the Local's/Council's assets. Assets are computed as follows: total cash receipts received during the fiscal year, plus total assets, minus fixed assets.

The amounts available under the basic Bond range from \$2,500 to \$500,000. Unless indicated otherwise by a Local/Council, the Blanket Bond amount of \$50,000 is automatically issued.

Annually, each Local/Council should review their assets to determine whether their Bond coverage is sufficient. If Local/Council assets, per annum, exceed the amount of their current coverage, arrangements should be made to secure additional coverage. Coverage is available for \$2,500, \$5,000 and then raises incrementally by \$5,000.

If a Local/Council determines to secure their own Bond coverage, they must provide the International Secretary-Treasurer with:

The name of the bonding company;
Amount of coverage;
Expiration date of the policy; and
Local/Council Officers covered.

CWA LABOR ORGANIZATION BOND COVERAGE INSTRUCTIONS - FORM LETTER

Section 5.2
International/Local
(01/07)

Section 5.1 of the UOPM outlines briefly the federal and constitutional requirements concerning Labor Organization Bond coverage. That Section also advises that a Local/Council may secure its own Bond coverage through a local insurance broker or through CWA.

Attached is a copy of a form letter that may be used by a Local/Council should they determine to secure such coverage through CWA. Please note that the letter requires two signatures -- that of the President and the Local/Council finance officer. Copies of this form letter can be secured from the International Headquarters, the Vice President's office or online at www.cwa-secy-treas.org. However, should none be readily available, the sample letter may be recopied on the Local's/Council's stationery.

Do not use the attached sample itself; however, if necessary, it may be photostated. It should be noted that once a Local/Council is covered under the CWA Blanket Bond, such coverage is automatically renewed at the expiration of the policy period unless the International is notified to the contrary.

In the event a Local charter is recalled, any premium residue will become the property of CWA. Should two Locals merge, any premium due will be credited to the Local assuming jurisdiction. At that time, a review should be made of the financial records of the merged Locals to determine whether the Blanket Bond coverage is sufficient (using guidelines as provided in UOPM Section 5.1).

If coverage is not found to be sufficient, the Local should advise the International or their independent carrier accordingly, with instructions as to how much additional coverage is required.

It is suggested that when a Local is newly chartered, or a Council newly formed, the CWA Representative working with the Local/Council should call to the attention of the officers the necessity for Bond coverage. If the Local/Council elects to secure such coverage through CWA, the suggested form letter may be forwarded at the time the other charter information is transmitted.

(FORM LETTER)

Section 5.2A
International/Local
(01/07)

DATE

International Secretary-Treasurer
Communications Workers of America
501 Third Street, N.W.
Washington, DC 20001

This is to request that the Officers of Local/Council _____ be included under CWA's Blanket Labor Organization bond in the amount of \$ _____.

This is to request a change in the amount of CWA Local/Council _____'s existing bond coverage from \$ _____ to \$ _____.

President

Secretary-Treasurer or Treasurer

CWA Local / Council _____

BOND CLAIM – HOW TO FILE?

Section 5.3
International/Local
(12/02)

Upon discovery of a potential claim, notify the Compliance Department at the CWA Headquarters. Included the following information:

- Who is being charged. Give the current and/or last known address and telephone number.
- Who is making the charges. Be sure to also indicate the name, address and telephone number of the local official to be contacted for further information.
- Information available to date supporting the charge.
- What steps remain to be taken to complete substantiation of the claim.

After this notice is received, a claim file will be set up, a claim number assigned and Proof of Loss forms will be provided to the Local Union for their use in filing the claim. Upon receipt of the Proof of Loss, the Local has 120 days from the date the information concerning the potential loss was uncovered to file the completed Proof of Loss with the insurance company.

IF YOU NEED MORE TIME

Under some circumstances you may not be able to file the completed Proof of Loss form within the four months allowed. Should you require an extension of time to file the Proof of Loss, the request should be made, IN WRITING, to the Compliance Department at CWA Headquarters who will forward the request to the bonding company. This request should state the reason for the delay (ie. “Department of Labor has all the records....”) and how much additional time is needed.

HOW TO FILE THE PROOF OF LOSS

The Proof of Loss form should be completed in as much detail as possible on the face of the form itself. Documentation supporting the claim would be attached to the form. This documentation might include copies of cancelled checks, bank account records, statements of persons with knowledge concerning the loss, copies of audits, etc. Additionally, a statement of the manner in which the loss was sustained should be placed on the back of the form. Please advise as to whether or not the Labor Department or any other authorities are presently involved or will be involved in the matter.

Note: If more than one person is being charged, a separate Proof of Loss should be submitted on each individual.

Upon completion of the forms, they should be signed by an authorized representative of the Local, notarized, and then TWO sets forwarded to the bonding company. A third set should be kept for your own records. Please note that each form should have a full set of documentation attached to it.