



# DUEY STROEBEL

STATE SENATOR • 20<sup>TH</sup> DISTRICT

## Testimony on Senate Bills 122 & 123

Good morning. Thank you Chairman Feyen and the committee for hearing testimony on both Senate Bill 122 and Senate Bill 123.

### Senate Bill 122

Senate Bill 122 is a bill designed to give local government some flexibility by updating a requirement put in statute more than a century ago. Current law requires that specified officials of a municipality, including but not limited to the treasurer, comptroller and chief of police, execute and file an official bond. The original purpose of this bond is to insure and indemnify the municipality for any financial damages caused by the employee.

This requirement was put in place because it was the best available option in that era. Today, a variety of insurance products could fulfill the same function and may be better suited or more cost-effective than a bond. The League of Municipalities has requested that they be given the option of not filing a bond if they have undertaken other measures to protect themselves against potential losses from employee misconduct.

This old requirement is confusing, expensive and has outlived its usefulness. SB 122 is a common sense update of the statutes to help municipalities operate more efficiently. I hope you will support it.

### Senate Bill 123

Senate Bill 123 is a bill dealing with a similar issue but from the perspective of bonds or other measures protecting other local units of government. Property taxes are collected by municipalities and then distributed to the other local taxing jurisdictions, such as counties, schools and technical colleges. Current law, in Wis. Stat. 70.67, says a municipality must either:

- a) Enact an ordinance mandating the payment of all taxes received to their rightful jurisdictions, or;
- b) Execute a surety bond of either \$250,000 or \$500,000 depending on the situation.

SB 123 seeks to maintain this structure by updating the amount necessary for a surety bond, if a municipality chooses that option. The amounts listed in statute have not been changed since 1991 and are insufficient to cover tax collections in many areas of the state. SB 123 would require a surety bond to protect against the total amount of the state and county levy. At its heart, this bill is a technical fix to adjust for inflation.

Thank you for considering testimony this morning. Representative Brooks and I will be happy to answer any questions. We have local government leaders present to testify as well.



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# ROBERT BROOKS

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STATE REPRESENTATIVE • 60<sup>TH</sup> ASSEMBLY DISTRICT

**Senate Committee on Economic Development, Commerce, and Local Government**

**Wednesday, May 3, 2017**

**Room 300 Southeast State Capitol**

**12:00 P.M.**

**Testimony, Senate Bill 122**

Chairman Feyen and members of the Senate Committee on Economic Development, Commerce, and Local Government, thank you for holding a hearing on Senate Bill 122 and affording me with the opportunity to testify in favor of this legislation.

Senate Bill 122 is a technical fix designed to remedy an outmoded law enacted by the legislature, more than one-hundred years ago, before a multitude of insurance options were available to municipalities.

Wisconsin law stipulates that certain municipal officials must, as a prerequisite to assuming office, file an official bond. The purpose of the bond is to protect the municipality and taxpayers against any loss of public funds which might occur when public officials fail to perform the duties of their respective office. In cities, the treasurer, comptroller, chief of police and municipal judge, to name a few, must execute and file an official bond with the city clerk's office as a qualification for that office.

Municipalities find the bonding requirements confusing and an unnecessary expense. Many have justifiably asked why it is necessary to pay for bonds for various elected and appointed municipal officials when the municipality has also purchased employee dishonesty and other insurance coverages designed to protect municipalities and taxpayers against losses caused by employee wrongdoing.

In essence, the purpose of this legislation is to make filing of official bonds permissive, not mandatory. I believe that local units of government have a greater understanding of their insurance needs than members of the legislature.

Thank you for your time and attention and I ask that you support this legislation. I would be happy to answer any questions.



131 W. Wilson St., Suite 505  
Madison, Wisconsin 53703  
phone (608) 267-2380; (800) 991-5502  
fax: (608) 267-0645  
league@lwm-info.org; www.lwm-info.org

To: Senate Committee on Economic Development, Commerce, and Local Government  
From: Curt Witynski, J.D., Assistant Director, League of Wisconsin Municipalities  
Date: May 3, 2017  
**Re: SB 122, Changing the requirement that certain city and village officials must execute and file an official bond.**

The League of Wisconsin Municipalities strongly supports SB 122, making official bonds for certain municipal officers optional if the municipality purchases employee dishonesty insurance.

Municipalities often find the bonding requirement confusing and an unnecessary expense. They justifiably ask why it is necessary to pay for bonds for various elected and appointed municipal officials when the municipality has also purchased employee dishonesty and other insurance coverage designed to protect the municipality and its taxpayers against any potential losses caused by wrongdoing by an official.

We believe a municipality is better protected by purchasing an employee dishonesty insurance policy. The bonding requirements were put in place early in the state's history before other adequate insurance options existed. Under SB 122, a municipal governing body may choose to require bonding if they are more comfortable with that option, but would not be required to do so as long as they purchase an employee dishonesty insurance policy.

We urge you to recommend passage of SB 122. Thanks for considering our comments on this bill.



*Protecting The Communities We Live In.*

**DIRECTORS**

**David Benforado**

Village Trustee  
Village of Shorewood Hills

**David De Angelis**

Village Manager  
Village of Elm Grove

**Joseph Laux**

Administrator  
City of Eagle River

**Kathleen Morse**

Clerk/Treasurer  
City of Rice Lake

**Mark Rohloff**

City Manager  
City of Oshkosh

**Zachary Vruwink**

Mayor  
City of Wisconsin Rapids

**Jerry Deschane**

Executive Director  
League of Wisconsin  
Municipalities

**OFFICER**

**Dennis Tweedale**

Chief Executive Officer  
League of Wisconsin  
Municipalities Mutual  
Insurance

# PUBLIC OFFICIAL BONDS

- **BACKGROUND**
- **ISSUES**
- **POSSIBLE SOLUTIONS**

**PRESENTED BY:**

**DENNIS TWEEDALE, CEO**

**LEAGUE OF WISCONSIN**

**MUNICIPALITIES MUTUAL INSURANCE**

402 Gammon Place

Suite 225

Madison, Wisconsin 53719

p 608.833.9595

f 608.833.8088

dennis@lwmmi.org

[www.lwmmi.org](http://www.lwmmi.org)

**LWMMI**

*League of Wisconsin Municipalities Mutual Insurance*

# WHO MUST FILE A PUBLIC OFFICIAL BOND?

## **Municipal Judge Bond Statute – 755.03**

### **Public Official Bond Statutes – Town**

60.31(2)

- Clerk
- Deputy Clerk
- Treasurer
- Deputy Treasurer
- Elected Assessor
- Constable
- Bond amount to be set by Town Board
- Blanket bond permitted

### **Public Official Bond Statutes – Village**

- 61.22 – Bond amount fixed by Village Board when otherwise not prescribed / blanket bond permitted
- 61.25 – Clerk
- 61.26 – Treasurer
- 61.261 – Deputy Treasurer
- 61.28 – Marshal
- 61.29 – Constable

### **Public Official Bond Statutes – City**

- 62.09 (4)(b) – Treasurer, Comptroller, Chief of Police & “such others as the statutes or the council may direct” / Bond sum determined by City Council / Blanket bond permitted
- 62.09(11)(i) – Discussion on Deputy Clerk

### **Treasurer’s Tax Collection Bond**

70.67 Options

- Personal bond / surety – Minimum \$500,000
- Bond from surety company – Maximum \$250,000
- Municipal ordinance – Amount of tax collected for County

## **WHAT IS A PUBLIC OFFICIAL BOND?**

### Chapter 19.01(2) Oaths and Bonds

(2) FORM OF BOND. (a) Every official bond required of any public officer shall be in substantially the following form:

We, the undersigned, jointly and severally, undertake and agree that ....., who has been elected (or appointed) to the office of ....., will faithfully discharge the duties of the office according to law, and will pay to the parties entitled to receive the same, such damages, not exceeding in the aggregate .... dollars, as may be suffered by them in consequence of the failure of .... to discharge the duties of the office.

Dated ....., ....(Year)

....(Principal.....,

....(Surety).....,

**(See Attachment A)**

## **WHERE ARE BONDS FILED?**

Official bonds executed by city officers must be filed in the office of the city clerk. If the city clerk is required by the common council to file a bond, the clerk must file the bond in the office of the city treasurer.

Similarly, official bonds executed by village officers must be filed in the office of the village clerk, except the village clerk is required to file the bond in the office of the village treasurer.

## **WHEN MUST A BOND BE FILED?**

Public official bonds are usually made a prerequisite to the assumption of office. Failure of a municipal official to execute a required bond within the time prescribed by law creates a vacancy in that office.

The official bonds of city officers must be approved by the mayor, and when so approved must be filed within ten days after the officer has been notified of his or her election or appointment.

The official bonds of village officials must be approved by the village president. The village clerk, treasurer, and constable are required to file an official bond at the same time they take their

oath of office, which must be done within five days after receiving notice of election or appointment to office.

The only time limit for the filing of bonds by other municipal officials who are not required to take an official oath appears to be in sec. 19.01(5), which provides that every official required to file a bond shall do so before entering upon the duties of the office.

Local officials should bear in mind that a new bond is required for each term of office. Thus, incumbents who are reelected or reappointed must renew their bonds within the prescribed time periods. Also, bonds continue in force until the officer's successor is duly qualified and installed.

## **PROBLEMS**

1. Bond Application – (See Attachment B)  
Applicant agrees to indemnify Bonding Company for any loss.
2. Wisconsin Statute 19.015 – **Actions by the state, municipality or district.**  
Whenever the state or any county, town, city, village, school district or technical college district is entitled to recover any damages, money, penalty or forfeiture on any official bond, the attorney general, county chairperson, town chairperson, mayor, village president, school board president or technical college district board chairperson, respectively, shall prosecute or cause to be prosecuted all necessary actions in the name of the state, or the municipality, against the officer giving the bond and the sureties for the recovery of the damages, money, penalty or forfeiture.
3. Wisconsin Statute 895.46 – **State and political subdivisions thereof to judgements taken against officers.**  
(1) (a) If the defendant in any action or special proceeding is a public officer or employee and is proceeded against in an official capacity or is proceeded against as an individual because of acts committed while carrying out duties as an officer or employee and the jury or the court finds that the defendant was acting within the scope of employment, judgement as to damages and costs entered against the officer employee in excess of any insurance applicable to the officer employee shall be paid by the state or political subdivision which the defendant is an officer or employee. Agents of department of the state shall be covered by this section while acting within the scope of their agency. Regardless of the results the litigation the governmental unit, if it does not provide legal counsel to the defendant officer or employee, shall pay reasonable attorney fees and costs of defending the action, unless it is found by the court or jury that the defendant officer or employee did act within the scope of employment. The duty of a governmental unit to provide or pay for the provision of legal representation does not apply to the extent that applicable insurance provides that representation.

4. Standard Employee Dishonesty Insurance excludes "Bonded" positions and Tax Collector / Treasurer.

## **SOLUTIONS**

1. High limits on Employee Dishonesty Insurance Policy with exclusions for Bonded Positions and Treasurer / Tax Collector removed – (See Attachment C)
2. Broad Public Official Liability Policy to cover intentional acts.
3. Change the Statute! – As recommended in Assembly Bill 168 and Senate Bill 122.



COPY

Wisconsin



Effective Date: May 1st, 2012

# Western Surety Company

## OFFICIAL BOND AND OATH

Bond No. 61326205

WE, THE UNDERSIGNED, JOINTLY AND SEVERALLY, UNDERTAKE AND AGREE

That,

appointed  
 elected to the office of Deputy Treasurer in the  
Village of Belleville, State of Wisconsin, will faithfully discharge the duties  
of his said office according to law and will pay to the parties entitled to receive the same, such damages, not exceeding in  
the aggregate Fifteen Thousand and 00/100 DOLLARS (\$ 15,000.00),  
as may be suffered by them in consequence of his failure so to discharge such duties, for the term ~~definite~~  
Indefinite

Dated this 11th day of April 2012



Principal  
WESTERN SURETY COMPANY  
By Paul T. Bruflat  
Paul T. Bruflat, Senior Vice President

I hereby approve the sufficiency of the Surety named in the above bond this 17th day of

April 2012  
April Little  
Title Clerk/Treasurer

### OATH OF OFFICE

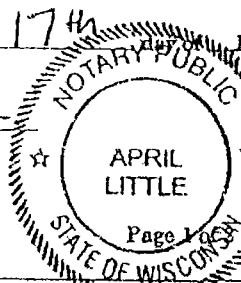
STATE OF WISCONSIN

County of Dane } as

I, the undersigned, who have been  appointed to the office of Deputy Clerk/Treasurer  
 elected but have not yet entered upon the duties thereof, swear (or affirm) that I will support the Constitution of the United  
States and the Constitution of the State of Wisconsin, and will faithfully discharge the duties of said office to the best of  
my ability. So help me God.

Subscribed and sworn to before me this 17th day of April, 2012 Principal

My commission expires  
November 24 2012



April Little  
April Little, Notary Public

## APPLICATION

## PUBLIC OFFICIAL BOND

1. Name of Applicant \_\_\_\_\_  
Address: \_\_\_\_\_
2. Bond Amount \$ \_\_\_\_\_ Effective Date \_\_\_\_\_
3. To whom payable \_\_\_\_\_  
(Exact Name of City, Village, Township, County Board or other political body)
4. Position of Applicant \_\_\_\_\_
5. Were you elected or appointed? \_\_\_\_\_
6. Term of office begins \_\_\_\_\_ Ends \_\_\_\_\_

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**IF BOND AMOUNT EXCEEDS \$25,000 PLEASE DATE, SIGN AND HAVE WITNESSED BELOW**

In consideration of the execution by the Ohio Casualty Group of the bond herein applied for, I agree to pay the company's usual premium in advance while such bond or any continuation thereof remains in force; and I further agree to indemnify and keep indemnified the Company and hold and save it harmless from any and all liability, loss, cost, charges or expenses of whatever kind or nature, including reasonable attorney fees, which the Company shall at any time sustain or incur by reason or in consequence of having executed this bond or any continuation or renewal hereof; and to pay over, reimburse, and make good to the Company all sums of money which the Company shall pay on account of the execution of said bond any continuation or renewal thereof, and I hereby waive any homestead or other exemption to which I may be entitled under the laws of any state of the United States of America.

Dated this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
(Signature of Applicant) (Seal)

WITNESS:

\_\_\_\_\_  
(Signature of Witness)

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Submitted by Producer/Agency: \_\_\_\_\_ Location \_\_\_\_\_

POLICY NUMBER: BD1 - 1835285



## GOVERNMENT CRIME POLICY DECLARATIONS

In Return For The Payment Of The Premium, And Subject To All The Terms And Conditions Of This Policy, We Agree With You To Provide The Insurance As Stated In This Policy.

Coverage Is Written:

Primary
  Excess
  CoIndemnity
  Concurrent

Company Name Area: The Hanover Insurance Company
Producer Name Area: R & R INSURANCE SERV INC
Named Insured:
(Also list any Employee Benefit Plan(s) Included as Insureds)
Mailing Address:
Policy Period
From: January 1, 2014
To: Until Cancelled 12:01 A.M. at your mailing address shown above.

Insuring Agreements	Limit of Insurance Per Occurrence	Deductible Amount Per Occurrence
1. Employee Theft - Per Loss	\$ 250,000.00	\$ 2,500.00
2. Employee Theft - Per Employee Coverage	Not Covered	Not Covered
3. Forgery Or Alteration	\$ 250,000.00	\$ 2,500.00
4. Inside The Premises - Theft of Money And Securities	Not Covered	Not Covered
5. Inside The Premises - Robbery Or Safe Burglary Of Other Property	Not Covered	Not Covered
6. Outside The Premises	Not Covered	Not Covered
7. Computer Fraud	\$ 250,000.00	\$ 2,500.00
8. Funds Transfer Fraud	\$ 250,000.00	\$ 2,500.00
9. Money Orders And Counterfeit Money	Not Covered	Not Covered

If "Not Covered" is inserted above opposite any specified Insuring Agreement, such Insuring Agreement and any other reference thereto in this policy is deleted.

- Rick Goeckner, Village Administrator/Clerk/Treasurer in Village of Newburg.
- Have been working in local government in similar positions for 29 years.
- Am familiar with the process and problems with this situation having also served as Risk Manager for 24 years and very familiar with insurance coverage and bonding.
- Worked in another State with similar requirements EXCEPT the minimum required bond for Public Officials was only \$100.
- You are probably already aware of the history behind the requirement for bonding which was established over 100 years ago.
- The need for such is antiquated now that employee dishonesty insurance coverage is available for higher coverage amounts at substantially less cost.
- We need to change with the times – I compare the need for bonding similar to the use of use email, internet and municipal websites in the workplace compared to just 20 years ago. Systems and processes drastically change and so must we.
- A couple of notes for you to be aware of when applying for bonding:
  1. Some, if not all applications require individual to state their net worth (page 3 of the Bond Application under heading Public Officials Bond). The reason – so that underwriting can make the determination if the

individual has enough assets to cover any losses that may occur should there be a dishonest act. If the net worth is not enough for this coverage the individual will either not be covered or the premium will be substantially higher.

2. Along with the request for net worth, the applicant must also sign an Indemnity Agreement (page 4 of the Bond Application). This agreement states that bonded individual COMPLETELY indemnify the company from and against ANY liability. Loss, cost attorney's fees and expenses whatsoever which the company shall at any time sustain.
  3. And, there is a requirement, if the bond exceeds \$25,000, the applicant's spouse MUST also sign the Indemnity Agreement (page 4 of the Bond Application).
- Recently at a local Administrator's meeting I brought this issue up at a roundtable discussion, out of 13 Administrators present only 3 were aware of the bonding requirements. After leaving the meeting two of the Administrators called me saying that they checked with their staff and reported that there was no need for the Treasurer to be bonded since their municipality passed a resolution stating it was not required since the municipality was assuming the liability. Yes, this is partially correct – there is a separate bonding requirement for the Treasurer in regards to the coverage related to the real

estate tax amount transferred to the County Clerk. This can be an option waived if a resolution is passed. The bonding we are talking about today is separate from that.

- Another note: I also recently sent out an email blast of the statewide Clerk's email list inquiring about this bonding. Virtually no one responded that they knew how it worked based on their replies and on top of that more than one responded that on their bond application they just struck through the verbiage in regards to the Indemnity Agreement thinking that would cause it to not apply. Unfortunately that is NOT how it works.
- I can only guess at how many municipalities do NOT bond their Public Officials as required by Statute or have insufficient coverage, and yet they think they are fully covered.
- Bonding is specific to the named individual. Employee dishonesty insurance coverage provides virtually the exact same coverage, as I am told by an insurance underwriter, but for several named individuals at a much higher coverage amount typically \$100,000 to \$250,000 versus bonding of \$25,000 to \$50,000 per occurrence. These coverages are for small municipalities. I sure the amount are substantially higher for larger villages and cities.
- As to cost, in my situation the premium for a \$25,000 bond is \$100 versus the premium for \$250,000 of employee dishonesty insurance is \$300. Ten times the coverage at only three times the cost. This may seem a small cost but

multiply it by the number of units of local government throughout the state especially at their premium rate, which is much higher in larger cities and we have real money on the table!

- It is my understanding most, if not the majority, of municipalities in the State provide employee dishonesty insurance endorsement.
- Why is the State requiring local units of government to provide duplicate coverage for these Public Officials? This is what I feel is a waste of tax payer dollars.
- One last issue with the bonding requirement: our Government Crime Coverage endorsement (employee dishonesty) has an exclusion that employees required by law to be individually bonded are NOT covered as well as Treasurers and Tax Collectors (page 3 sections 2(a) and (d) of Government Crime Coverage Form). I just recently discovered this exception upon further research into this issue. What a shock! This really complicates matters and I would be shocked if other municipalities are aware of this provision.
- With this said based on my individual experience, I urge you to strongly consider the proposed amendment to the State Statute as proposed in Assembly Bill 168
- Thank you for your time.



COURT AND PUBLIC OFFICIAL BOND APPLICATION

Fax Number: 1-517-327-4827
Phone Number: 1-800-445-4185 X1060 (MI ONLY)
1-800-346-0346 X1060 (ALL OTHERS)
bonds.und@aoins.com

P.O. BOX 30660 • LANSING, MICHIGAN 48909-8160

AGENCY INFORMATION

Agency Name: R. S. Semler & Associates Insurance, Inc. Agency Code: 23-0041-00
Producer Name: Craig R. Semler Producer Code:

[X] Please execute the following bond. I have executed bond number:
(Check your power of attorney Letter of Instructions)
Bond Form Used (Copy must be attached): [X] Auto-Owners Form [ ] Oblige Form

APPLICANT INFORMATION (PLEASE PRINT OR TYPE AND ATTACH ALL PAPERS FOR THIS BOND)

Entity: [X] Individual [ ] Partnership [ ] Corporation [ ] LLC [ ] Other:
Principal (Applicant) Name: Richard J. Goeckner
Social Security Number: 331-52-0450
Residence Address: 10421 Lawndale Drive, Cedarburg WI 53012
Mailing Address (If different from residence address):
Applicant's Business Description or Latest Occupation: Village Clerk
Name to appear on bond, if different from Applicant:
Business Name (if applicable):
Business Location Address:
Phone Number: Fax Number:
E-mail: Website:
Date business was established: rgoeckner@village.newburg.wi.us Federal Tax ID Number (FEIN):
Oblige Name and Address (party requiring the bond): Village of Newburg, P.O. Box 50, Newburg WI 53050

Bond Amount: \$50,000 Effective Date: ASAP TBD Bond Term (if known):

COURT BONDS

PLAINTIFF APPEAL BONDS

Title of Case: vs
If a replevin, attachment or indemnity to sheriff, please describe the property to be seized and its location(s):
If judgment has already been rendered, please give the date and nature of the judgment:



**PROBATE BONDS**

**PUBLIC ADMINISTRATORS AND PUBLIC GUARDIANS ARE NOT ELIGIBLE FOR OUR PROGRAM.**

Is the Applicant indebted to the estate or trust? .....  Yes  No

If yes, please explain: \_\_\_\_\_  
\_\_\_\_\_

What is the Applicant's relationship to the deceased or ward? \_\_\_\_\_

What is the Applicant's net worth? \_\_\_\_\_

Has anyone objected to the Applicant's appointment as fiduciary? .....  Yes  No

What is the Applicant's experience in handling fiduciary responsibilities? \_\_\_\_\_  
\_\_\_\_\_

Name of deceased or ward: \_\_\_\_\_

Date of Death: \_\_\_\_\_ Date of Appointment: \_\_\_\_\_

If the appointment was over six months ago, please explain the delay:  
(If there was a delay, DO NOT execute the bond. Please refer this application to an underwriter for approval.)  
\_\_\_\_\_  
\_\_\_\_\_

Who are the heirs of this estate? \_\_\_\_\_

Will any going business (excluding farms) of the estate be continued by the fiduciary? .....  Yes  No  
(If yes, please send a copy of the court order.)

Name of Minor(s): \_\_\_\_\_

Date of Birth: \_\_\_\_\_

Name of Incompetent: \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Health Status: \_\_\_\_\_

Are guardianship funds to be used for support of the ward? .....  Yes  No

If yes, approximately how much per month? \_\_\_\_\_ (Please send a copy of the court order authorizing the monthly expenditures.)

What is the source of the guardianship funds? \_\_\_\_\_  
(If an insurance settlement is the source, DO NOT execute the bond. Please refer this application to an underwriter for approval.)

Please describe the assets of the estate or trust: \_\_\_\_\_  
\_\_\_\_\_

Inventory of the Assets:

Cash: \_\_\_\_\_ Securities: \_\_\_\_\_

Real Estate: \_\_\_\_\_ Other: \_\_\_\_\_

Is the bond required on the demand of an interested person? .....  Yes  No

If yes, who? \_\_\_\_\_

Will the attorney remain involved throughout the duration of this estate? .....  Yes  No  
(If an attorney will not be involved, DO NOT write the bond. Please refer this application to an underwriter for approval.)

Name of Attorney: \_\_\_\_\_ Name of Firm: \_\_\_\_\_

Firm's Address: \_\_\_\_\_

Firm's Telephone Number: \_\_\_\_\_

**RECEIVER, BANKRUPTCY TRUSTEE OR ASSIGNEE BONDS**

Please attach a copy of the court order, judgment and/or any other documents pertaining to this action.

Debtor Name: \_\_\_\_\_

Debtor Address: \_\_\_\_\_

Type of Action (liquidation, reorganization, receiver of rents, etc.): \_\_\_\_\_

Does the Applicant carry fidelity coverage? \_\_\_\_\_  Yes  No

If yes, in what amount? \_\_\_\_\_

Who is the carrier? \_\_\_\_\_

Does the Applicant carry professional liability and/or errors and omissions coverage?.....  Yes  No If yes, in what amount?

Professional Liability Amount: \_\_\_\_\_

Who is the professional liability carrier? \_\_\_\_\_

Errors and Omissions Amount: \_\_\_\_\_

Who is the errors and omissions carrier? \_\_\_\_\_

**PUBLIC OFFICIAL BONDS**

Position Title: Village Treasurer/Administrator Was the Applicant elected or appointed? Appointed

Has the Applicant previously occupied this position?.....  Yes  No From: \_\_\_\_\_ To: \_\_\_\_\_

What surety wrote your bond for that term? \_\_\_\_\_

How often will the Applicant's accounts be audited? Annually By Whom? Johnson, Block & Company Madison WI (CPA)

Estimated net worth of Applicant: \_\_\_\_\_

If the Applicant is a peace officer, how many years of experience do they have? \_\_\_\_\_

Has the Applicant ever had a bond claim filed against them?.....  Yes  No

If yes, please explain: \_\_\_\_\_

Has the public body had any losses caused by employee dishonesty in the past five years?.....  Yes  No

Is the Applicant replacing their predecessor mid-term?.....  Yes  No

If yes, why? previous treasurer terminated her employment with the Village of Newburg

**GENERAL COMMENTS**

This individual has bond #66158880 with AutoOwners Insurance, as he is also the Village Clerk.

**FRAUD STATEMENTS**

**FLORIDA ONLY** "Any person who knowingly and with intent to injure, defraud or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony of the third degree."

**ALL STATES EXCEPT FLORIDA** "Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act which is a crime and may be subject to penalties including imprisonment, fines and denial of insurance benefits."

## INDEMNITY AGREEMENT

The undersigned applicant and indemnitors hereby request Auto-Owners Insurance Company (the "Company") to become surety for the above bond. The undersigned hereby certify the truth of all statements in the application, authorize the Company to verify this information and to obtain additional information from any source, including obtaining a credit report at the time of application, in any review or renewal, at the time of any potential or actual claim, or for any other legitimate purposes as determined by the Company in its reasonable discretion, and jointly and severally agree:

- (1) To pay the usual premiums, including renewal premiums, to the Company or its agents, when due,
- (2) To completely INDEMNIFY the Company from and against any liability, loss, cost, attorney's fees and expenses whatsoever which the Company shall at any time sustain as surety or by reason of having been surety on the bond or any other bond issued for applicant, or for the enforcement of this agreement, or in obtaining a release or evidence of termination under such bonds; regardless of whether such liability, loss, costs, damages, attorney's fees and expenses are caused, or alleged to be caused, by the negligence of the Company,
- (3) To furnish the Company with satisfactory and conclusive termination evidence that there is no further liability on this bond or any other bond issued for applicant,
- (4) Upon demand by the Company for any reason whatsoever, to deposit current funds with the Company in an amount sufficient to satisfy any claim against the Company by reason of such suretyship,
- (5) That the Company shall have the right to handle or settle any claim or suit in good faith. An itemized statement of loss and expense incurred by the Company, sworn to by an officer of the Company, shall be prima facie evidence of the fact and extent of the liability of the undersigned to the Company.
- (6) That the Company may decline to become surety on any bond and may cancel or amend any bond without cause and without any liability which might arise therefrom.
- (7) That the Company shall, without notice, have the right to alter the penalty, terms and conditions of any bond issued for undersigned, and this agreement shall apply to any such altered bond,
- (8) That if a contract or performance bond is issued hereunder, the undersigned hereby assign to the Company any monies now due or hereafter becoming due under the contract, including all deferred payments and retained percentage, supplies, tools, plants, equipment and materials due or used on the contract.
- (9) At the Company's discretion, this indemnity agreement shall be governed in all respects by the laws of the State of Michigan and the undersigned applicant and indemnitors consent to the jurisdiction of the courts of the State of Michigan and the United States District Court for the District of Michigan in all actions or proceedings arising from or relating to this indemnity agreement,
- (10) That this indemnity may be cancelled as to subsequent liability by an indemnitor upon written notice to the Company at P.O. Box 30660, Lansing, Michigan 48909, effective ten (10) days after the earliest date hereafter upon which the Company could have cancelled all bonds in force for applicant,
- (11) In the event of any payment by the Company, to pay the Company interest on each amounts at the highest legal rate from the date such payments are made.

**Applicant and spouse MUST sign this indemnity agreement for surety bonds if the bond exceeds \$25,000. The Company reserves the right to require signed indemnity at its discretion.**

Signed this \_\_\_\_\_ day of \_\_\_\_\_,

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

## PROXY DESIGNATION

I designate J.F. Harrold, J.S. Tagsold, and D.J. Thelen, and each of them, attorneys and proxies, with power of substitution and revocation to each, to vote as proxy at all meetings of the Company, and at any and all adjournments thereof. The powers hereunder shall be exercised by a majority of said attorneys and proxies so present, but if only one is present, then that one shall have full power to act.

Applicant's Signature and Date: \_\_\_\_\_

## GOVERNMENT CRIME COVERAGE FORM (LOSS SUSTAINED FORM)

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is or is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

### A. Insuring Agreements

Coverage is provided under the following Insuring Agreements for which a Limit of Insurance is shown in the Declarations and applies to loss that you sustain resulting directly from an "occurrence" taking place during the Policy Period shown in the Declarations, except as provided in Condition E.1.j. or E.1.k., which is "discovered" by you during the Policy Period shown in the Declarations or during the period of time provided in the Extended Period To Discover Loss Condition E.1.f.:

#### 1. Employee Theft – Per Loss Coverage

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Insuring Agreement, "theft" shall also include forgery.

#### 2. Employee Theft – Per Employee Coverage

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by each "employee", whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Insuring Agreement, "theft" shall also include forgery.

### 3. Forgery Or Alteration

a. We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

- (1) Made or drawn by or drawn upon you; or
- (2) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

For the purposes of this Insuring Agreement, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

b. If you are sued for refusing to pay any instrument covered in Paragraph 3.a., on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount that we will pay is in addition to the Limit of Insurance applicable to this Insuring Agreement.

### 4. Inside The Premises – Theft Of Money And Securities

a. We will pay for loss of "money" and "securities" inside the "premises" or "banking premises":

- (1) Resulting directly from "theft" committed by a person present inside such "premises" or "banking premises"; or
- (2) Resulting directly from disappearance or destruction.

b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of "money" and "securities", if you are the owner of the "premises" or are liable for damage to it.

- c. We will pay for loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the "premises" resulting directly from an actual or attempted "theft" of or unlawful entry into those containers.

**5. Inside The Premises – Robbery Or Safe Burglary Of Other Property**

- a. We will pay for loss of or damage to "other property":
  - (1) Inside the "premises" resulting directly from an actual or attempted "robbery" of a "custodian"; or
  - (2) Inside the "premises" in a safe or vault resulting directly from an actual or attempted "safe burglary".
- b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "robbery" or "safe burglary" of "other property", if you are the owner of the "premises" or are liable for damage to it.
- c. We will pay for loss of or damage to a locked safe or vault located inside the "premises" resulting directly from an actual or attempted "robbery" or "safe burglary".

**6. Outside The Premises**

- a. We will pay for loss of "money" and "securities" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from "theft", disappearance or destruction.
- b. We will pay for loss of or damage to "other property" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from an actual or attempted "robbery".

**7. Computer Fraud**

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":

- a. To a person (other than a "messenger") outside those "premises"; or
- b. To a place outside those "premises".

**8. Funds Transfer Fraud**

We will pay for loss of "funds" resulting directly from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

**9. Money Orders And Counterfeit Money**

We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

- a. Money orders issued by any post office, express company or bank that are not paid upon presentation; or
- b. "Counterfeit money" that is acquired during the regular course of business.

**B. Limit Of Insurance**

The most we will pay for all loss resulting directly from an "occurrence" is the applicable Limit of Insurance shown in the Declarations.

If any loss is covered under more than one Insuring Agreement or Coverage, the most we will pay for such loss shall not exceed the largest Limit of Insurance available under any one of those Insuring Agreements or Coverages.

**C. Deductible**

We will not pay for loss resulting directly from an "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.

**D. Exclusions**

- 1. This insurance does not cover:

**a. Acts Committed By You**

Loss resulting from "theft" or any other dishonest act committed by you, whether acting alone or in collusion with other persons.

**b. Acts Of Employees Learned Of By You Prior To The Policy Period**

Loss caused by an "employee" if the "employee" had also committed "theft" or any other dishonest act prior to the effective date of this insurance and you or any of your officials, not in collusion with the "employee", learned of that "theft" or dishonest act prior to the Policy Period shown in the Declarations.

**c. Acts Of Officials, Employees Or Representatives**

Loss resulting from "theft" or any other dishonest act committed by any of your officials, "employees" or authorized representatives:

- (1) Whether acting alone or in collusion with other persons; or
- (2) While performing services for you or otherwise;

except when covered under Insuring Agreement A.1. or A.2.

**d. Confidential Information**

Loss resulting from:

- (1) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or
- (2) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

**e. Governmental Action**

Loss resulting from seizure or destruction of property by order of governmental authority.

**f. Indirect Loss**

Loss that is an indirect result of an "occurrence" covered by this insurance including, but not limited to, loss resulting from:

- (1) Your inability to realize income that you would have realized had there been no loss of or damage to "money", "securities" or "other property".
- (2) Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance.
- (3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

**g. Legal Fees, Costs And Expenses**

Fees, costs and expenses incurred by you which are related to any legal action, except when covered under Insuring Agreement A.3.

**h. Nuclear Hazard**

Loss or damage resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

**i. Pollution**

Loss or damage caused by or resulting from pollution. Pollution means the discharge, dispersal, seepage, migration, release or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**j. War And Similar Action**

Loss or damage resulting from:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

2. Insuring Agreements A.1. and A.2. do not cover:

**a. Bonded Employees**

Loss caused by any "employee" required by law to be individually bonded.

**b. Inventory Shortages**

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- (1) An inventory computation; or
- (2) A profit and loss computation.

However, where you establish wholly apart from such computations that you have sustained a loss, then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.

**c. Trading**

Loss resulting from trading, whether in your name or in a genuine or fictitious account.

**d. Treasurers Or Tax Collectors**

Loss caused by any treasurer or tax collector by whatever name known.

3. Insuring Agreements A.4., A.5. and A.6. do not cover:

**a. Accounting Or Arithmetical Errors Or Omissions**

Loss resulting from accounting or arithmetical errors or omissions.

**b. Exchanges Or Purchases**

Loss resulting from the giving or surrendering of property in any exchange or purchase.

**c. Fire**

Loss or damage resulting from fire, however caused, except:

- (1) Loss of or damage to "money" and "securities"; and
- (2) Loss from damage to a safe or vault.

**d. Money Operated Devices**

Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

**e. Motor Vehicles Or Equipment And Accessories**

Loss of or damage to motor vehicles, trailers or semi-trailers or equipment and accessories attached to them.

**f. Transfer Or Surrender Of Property**

- (1) Loss of or damage to property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises":
  - (a) On the basis of unauthorized instructions;
  - (b) As a result of a threat to do bodily harm to any person;
  - (c) As a result of a threat to do damage to any property;
  - (d) As a result of a threat to introduce a denial of service attack into your computer system;
  - (e) As a result of a threat to introduce a virus or other malicious instruction into your computer system which is designed to damage, destroy or corrupt data or computer programs stored within your computer system;
  - (f) As a result of a threat to contaminate, pollute or render substandard your products or goods; or

(g) As a result of a threat to disseminate, divulge or utilize:

- (i) Your confidential information; or
- (ii) Weaknesses in the source code within your computer system.

(2) But, this Exclusion does not apply under Insuring Agreement A.6. to loss of "money", "securities" or "other property" while outside the "premises" in the care and custody of a "messenger" if you:

- (a) Had no knowledge of any threat at the time the conveyance began; or
- (b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

**g. Vandalism**

Loss from damage to the "premises" or its exterior, or to any safe, vault, cash register, cash box, cash drawer or "other property" by vandalism or malicious mischief.

**h. Voluntary Parting Of Title To Or Possession Of Property**

Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

4. Insuring Agreement A.7. does not cover:

**a. Credit Card Transactions**

Loss resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards or the information contained on such cards.

**b. Funds Transfer Fraud**

Loss resulting from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

**c. Inventory Shortages**

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- (1) An inventory computation; or
- (2) A profit and loss computation.

5. Insuring Agreement A.8. does not cover:

**COMPUTER FRAUD**

Loss resulting from the use of any computer to fraudulently cause a transfer of "money", "securities" or "other property".