Bonds Required for VFW Entities

VFW By-Laws Section 703 Bonds states:

> Each officer accountable for funds or property pursuant to any provision of these Bylaws shall be bonded with an indemnity company as surety in a sum at least equal to the amount of liquid assets for which, so far as can be anticipated, they may be accountable. The bond premium shall be paid from the funds of the Veterans of Foreign Wars of the United States, Department, District, County Council, or Post, as the case may be, to which each officer is accountable.
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> The bonds of such accountable officers, in amount and as to surety, shall be approved by their respective units and held by their respective Commanders. The Commander of each unit shall be responsible for the proper and adequate bonding of all accountable officers in their unit.

Sections 218, 418, and 518 of the Manual of Procedures require bonding of the Quartermasters at each level.

The purpose of bonding is to protect the VFW against actions of the Quartermaster, or other officer being bonded.

There is a difference between bonds and insurance.

A surety bond is an agreement under which one party (the surety company) guarantees to another party (VFW) the performance of an obligation by a third party (the accountable officer). Surety bonds do not have a deductible and do not require a conviction of the officer in order to be paid for the loss. Surety bonds serve to protect the obliged party (VFW) against losses that result from the failure of the principal (accountable officer) to meet their obligation.

Insurance is an agreement under which one party (the insurance company) guarantees protection to another party (VFW) due to dishonesty, forgery, computer fraud, theft, etc. Crime or employee dishonesty insurance policies may be subject to a deductible and may require a conviction of the officer, which can take time, before payment will be made.

So any policy that provides insurance against theft where there is a deductible and a conviction is required is not considered a bond. A bond is taken out by a party (post) to cover a specific person (post officer) who promises to act in a certain way. There is never a deductible, and no conviction is required. An insurance policy will generally apply to all officers, volunteers and employees who have access to Post funds. Posts need to look at the terms of the contract to make sure they getting are a bond and not an insurance policy. In many cases, a post may need both an insurance policy for the post and a bond for the individual handling funds.

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