

Chapter 8: Bonding, Burglary and Holdup Insurance

The USBC maintains a policy of bonding, burglary and holdup insurance for all chartered associations and the officers of certified leagues. The bonding, burglary and holdup insurance coverage described in this chapter is available through a policy of insurance issued to the USBC by an independent licensed insurance company. The policy covers:

1. Misuse of Funds. A shortage attributable to dishonesty by a league or association officer.
2. The taking of funds from an officer, or the center's messenger, by violence or threat of violence.
3. Funds taken through the forcible entry into the premises or locked receptacle, where the funds are kept, of an officer or the center's messenger. There must be visible evidence of forcible entry. An on-site police report is required.

Any officer authorized by the league or association to sign contracts and act as a signatory on any account must be a minimum of 18 years of age.

No insurance coverage is available except as specifically set forth in the policies of insurance purchased by the USBC.

The surety company shall not be held liable for any loss which, on investigation in a given case, may have existed prior to the time the bond or insurance became effective.

The policies of insurance do not cover funds frozen through insolvency or liquidation of any financial institution. Further, the policies of insurance do not cover loss of funds due to bowling center insolvency or liquidation.

Dishonest Acts of Officer

Leagues officers are automatically bonded for up to \$10,000. Leagues with prize funds in excess of \$10,000 receive full coverage, provided the full amount of the prize fund is indicated on the league certification application when submitted to the local association.

The following conditions govern the method by which leagues must handle funds to qualify for 100 percent protection of any loss caused by the dishonest act of a league officer:

- The league certification application and membership dues must be received within 42 days of the start of the schedule (30 days for summer leagues), counting the first day of competition.
- Funds must be deposited within seven days in an insured bank, credit institution or an in-center banking service in the name of the league. The banking or credit institution must be a member of the Federal Deposit Insurance Corporation or its equivalent.
- In adult leagues, two officers who are at least 18 years old, authorized by the league must cosign for all withdrawals. Two members of an immediate family cannot cosign for withdrawals. If the president is not the cosigner for withdrawals, his/her name must be identified with the account to enable the president to personally verify the amount on deposit.



- Officers must be USBC members.
- In youth leagues, the league supervisor and league official cosign for all withdrawals and cannot be immediate family members.
- Signature stamps should not be used nor should checks be pre-signed.
- The league president (youth league supervisor) must personally verify the bank account each month. (See Rule 102c.)

NOTE: “Verify” means the president must not only determine the amount on deposit, but also do the arithmetic necessary to determine how much should be on deposit. If the account is found to be short, the president must report the shortage immediately to USBC Headquarters for possible action under the bonding insurance policy.

Failure to meet the provisions of the policies of insurance will result in a 50 percent reduction of any documented loss.

The bond and insurance shall remain in force for continuing leagues not only to the end of the season, but for the so-called off season until the new season begins.

If the league application is not received by the association within the 42 (winter) or 30 (summer) day grace period, the bonding and insurance become effective when the application and dues are received by the association, and only for such funds as on deposit at that time, plus funds deposited thereafter. Failure to submit the league application within the stated time voids protection for all money collected prior to the date the league application was received.

In-Center Banking Service

The coverage afforded in the policies of insurance is extended to leagues utilizing in-center deposit services provided:

- All USBC Rules regarding the handling of league funds are observed.
- The center deposits the league funds within seven days of receipt in a special trust account in an accredited, insured banking institution and NOT combined with the center corporate accounts. **(Note: The center may maintain a single account for all leagues; however a separate accounting must be maintained for each league.)**
- Two cosigners (league officers) from the league (league official and league supervisor for youth) are registered with the center in order for the league to withdraw its funds.
- Requests for withdrawals must have the joint signatures of the two cosigners.
- The center provides the league president (youth league supervisor) with a current statement of the account verifying the amount on deposit so the president can personally verify the league balance monthly as required by Rule 102c.

Associations

USBC affiliated associations, with the exception of those located on US Military Bases in foreign countries, automatically are covered for \$10,000 and can obtain additional coverage without cost upon written request to USBC Headquarters or through the WinLABS program.



The policies of insurance provide coverage for misuse of funds by an association officer and bonds all officers and directors of the association for loss of funds due to burglary and/or holdup. Coverage is further extended to a non-board member appointed by the association manager as the tournament manager of a required championship tournament.

The following conditions govern the method by which associations must handle its funds to qualify for 100 percent protection of any loss caused by the dishonest act of an association officer:

- Funds must be deposited within one week in an insured bank or credit institution in the name of the association.
- Withdrawals require the signatures of two authorized officers who are at least 18 years old; signature stamps should not be used nor should checks be pre-signed.
- The president must verify the account monthly.
- The association account must be audited annually.

Failure to meet any of the conditions of the policies of insurance will result in a 50 percent reduction of any documented loss.

Burglary and Holdup Insurance

The funds of each USBC league and affiliated association are insured against loss by burglary and holdup as follows:

- The taking of funds from an officer, or the center's messenger, by violence or threat of violence.
- Funds taken through the forcible entry into the premises or locked receptacle, where the funds are kept, of an officer or the center's messenger. There must be visible evidence of forcible entry. An on-site police report is required.

NOTE: A messenger is considered the person from the center depositing league funds using an in-center banking service.

- Receipts: Not to exceed one week's receipts at any one time, with a limit of \$2,000.
- Disbursements: Not to exceed an amount of \$10,000 at any one time for a period of seven days. (Leagues with large prize funds should only pay out a maximum of \$10,000 in cash with the balance paid in checks.)

In the event the league or association fails to deposit the funds in a recognized banking or credit institution in the name of the organization as specified, the insurance company will be liable for only one week's receipts when a loss occurs due to burglary or holdup.

The policies of insurance DO NOT cover loss by fire, mysterious disappearance or funds left unattended.

Losses and Claims

Any loss should be reported to USBC Headquarters for guidance within 15 days.



Any attempt to regain funds through an agreement between the principal and offended parties without authorization from USBC Headquarters creates a legal situation which places the league's right of recovery under the bond in jeopardy.

Any officer who misuses the funds of a league, local or state association shall be subject to suspension from USBC membership. Likewise, the surety company will not extend coverage to any individual who misused funds in the past or has been convicted of a felony.

The president also may be liable for suspension from USBC membership for failing to make the monthly verification.

