RFP Questions from the Bond Buyer

1. What is the intended primary use of the fidelity fund required per the Act?
2. Will the ALC use the fund to pay losses first? Or will the ALC seek to make claim on the surety bond first?
3. Will the ALC accept an excess bond with the fidelity fund paying for the first primary loss layer?
4. If the ALC uses the fidelity fund monies to purchase the bonds, is the ALC the client / principal of the surety? What is the ALC's relationship with the surety in this context?
5. Once a retailer `defaults' on its obligations, what is the step-by-step process taken by the ALC to collect?
6. What is the ALC procedure for minimizing losses that are deemed uncollectible?
7. If we are using a bordereau for reporting, how will we change the bond penalty amount per client?
8. Is the ALC establishing a reserve account? How much? Is it replenished annually?
9. Is a two year bond acceptable?
10. Can we charge premium up-front for two years?
11. How will the surety take indemnification?
12. Can we charge the commission an aggregate premium which is not reflective of a price per bond of each retailer instead of a premium per retailer?
13. Will the ALC agree to consent-to-rate, if applicable, to get the rate that is acceptable to them but which is not or cannot be filed in time?
14. Is a bond cancellation provision acceptable? Is a 30-day period acceptable?
15. Is there a preferred type of bond form?
16. Is it intended to be a forfeiture bond or a bond to only provide loss indemnification to the ALC?
17. Is the surety considered a vendor or subcontractor or sub-vendor to the agent? If so, what are the requirements of the surety, legal, and other?

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