



# Long-Term Care Facility - Resident Fund Surety Bond

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## SURETY BOND PROCEDURES

1. Pursuant to Section 2-201 (5) of the Nursing Home Care Act (210 ILCS 45/1-101 et seq.) if a facility elects to accept and manage the funds of some or all of its residents, the facility shall purchase a surety bond to guarantee the security of such residents' funds.
2. Attached are documents generated by the Illinois Department of Public Health which will assist facilities in complying with the law together with these instructions for their use. Please find attached:
  - A) RESIDENT FUND SURETY BOND form
  - B) SCHEDULE A
3. It is required that all facilities currently accepting resident funds now purchase a surety bond. The facility may use the attached RESIDENT FUND SURETY BOND form and SCHEDULE A or obtain a surety bond from another source. In the future, all facilities accepting resident funds and seeking initial licensure must submit a RESIDENT FUND SURETY BOND and SCHEDULE A with the facility's application for initial licensure.
4. In the bond, the principal shall be the facility licensee or license applicant.
5. In the bond, the Surety shall be a company duly authorized to transact surety business in the State of Illinois.
6. In the bond, the Obligee shall be the Illinois Department of Public Health.
7. The name of the facility shall be stated in the bond.
8. The amount of penal sum established in paragraph 1 of the bond shall be determined according to paragraph 4 of the bond and the information disclosed in SCHEDULE A.
9. The executed RESIDENT FUND SURETY BOND AND SCHEDULE A shall be filed immediately with the Illinois Department of Public Health according to paragraph 5 of the bond.
10. The bond is continuous in form and shall remain in effect indefinitely unless terminated by the Surety according to paragraph 8 of the bond.
11. If the amount of the bond becomes insufficient to guarantee the security of the residents' funds, the Principal and Surety shall execute a rider to the bond raising the dollar amount of the penal sum to an amount adequate to guarantee the security of all residents' funds. A copy of the rider shall be sent to the Department. If the Surety should not elect to terminate the bond, the licensee shall purchase a surety bond from another surety.



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## SAMPLE SURETY BOND

1. KNOW ALL MEN BY THESE PRESENTS, THAT \_\_\_\_\_  
in the city of \_\_\_\_\_, in the county of \_\_\_\_\_ in the State of \_\_\_\_\_  
as Principal, now or about to be licensed by the Illinois Department of Public Health to provide residents with long term care at the long-term care facility known as \_\_\_\_\_ located in the city of \_\_\_\_\_, in the county of \_\_\_\_\_ in the State of Illinois and \_\_\_\_\_ as surety, a company duly authorized to transact surety business in the State of Illinois, are hereby held and firmly bound unto the residents of the above referenced facility and/or other responsible parties representing such residents according to the terms and conditions of this bond in the penal sum of \$\_\_\_\_\_ for payment of which, well and truly be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.
2. WHEREAS the Principal is now engaged or about to be engaged in the business of providing long-term care to residents of the above referenced facility and the Principal as an incident to such business is now accepting or is about to accept funds from some or all of such management and safekeeping the Principal is therefore subject to all provisions of the Nursing Home Care Act which Act is by reference incorporated herein.
3. NOW, THEREFORE, THE CONDITION OF THE BOND IS SUCH, that if the Principal while engaged in such business as described in paragraph two (2) above shall comply with all the provisions of Section 2-201 of the Nursing Home Care Act as now or hereafter amended and all other Sections of the Act regarding the management and safekeeping of resident funds then this obligation to be null and void, otherwise to be in full force and effect.
4. PROVIDED FURTHER, that the amount of the penal sum established in paragraph one (1) above shall be no less than the maximum dollar amount of all resident funds accepted and managed by the Principal at any time during the one year period preceding the date of execution of this bond, or the estimated maximum dollar amount of all such resident funds to be accepted and managed by the Principal at any time during the one year period following the date of execution of this bond, whichever is greater, information regarding such amount to be provided by the Principal on Schedule A attached hereto and incorporated herein and filed with the Illinois Department of Public Health as provided in paragraph 5.
5. PROVIDED FURTHER, that the aggregate obligation of the Principal and Surety under this bond shall be limited in total to the penal sum thereof as herein established or as subsequently amended by any duly executed rider.
6. PROVIDED FURTHER, that this bond shall be executed by the Principal and Surety and filed together with the aforesaid Schedule A at the Illinois Department of Public Health, Division of Long-Term Care Quality Assurance, 525 West Jefferson, Fifth Floor, Springfield, IL 62761.
7. PROVIDED FURTHER, that the term "residents" as employed in this bond shall include all persons presently and hereafter residing in the above referenced facility and all persons who after a term of residence in the above referenced facility are voluntarily or involuntarily discharged.
8. PROVIDED FURTHER, that the term "other responsible parties representing such residents" as employed in this bond shall include the resident's guardian, the parent of a minor resident, the resident's representative as defined in Section 1-123 of the Nursing Home Care Act, as a member of the resident's immediate family as defined by Section 1-114.1 of the Nursing Home Care Act, the administrator or executor of the resident's estate, any person or agency serving as a source of financial support for the resident, or any other person rightfully entitled to resident funds held by the Principal.
9. PROVIDED FURTHER, that this bond shall be continuous in form and may be terminated by the Surety upon its giving thirty (30) days written notice to the Principal of such termination, and the Surety shall simultaneously file a copy of such notice with the Illinois Department of Public Health at the address provided in paragraph 6 above.



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10. PROVIDED FURTHER, that the Illinois Department of Public Health shall be the obligee.

11. IN WITNESS WHEREOF, we have duly executed the foregoing obligation this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Name of Surety \_\_\_\_\_

Attorney of Fact \_\_\_\_\_

Address of Surety \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Name of Principal \_\_\_\_\_

by Agent of Principal \_\_\_\_\_

Address of Principal \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



# Long-Term Care Facility - Resident Fund Surety Bond

## SCHEDULE A

1. Name of Surety \_\_\_\_\_  
Attorney of Fact \_\_\_\_\_  
Address of Surety \_\_\_\_\_  
\_\_\_\_\_  
Name of Principal \_\_\_\_\_
2. by Agent of Principal \_\_\_\_\_  
Address of Principal \_\_\_\_\_  
\_\_\_\_\_
3. Name of Facility \_\_\_\_\_
4. Date of execution of bond between Principal and Surety \_\_\_\_\_, 20 \_\_\_\_\_.
5. In the one year period preceding the date indicated in paragraph 4 above, the maximum dollar amount of all resident funds accepted and managed by the Principal at any time during such period was \$ \_\_\_\_\_.
6. For the one year period following the date indicated in paragraph 4 above the estimated maximum dollar amount of all resident funds to be accepted and managed by the Principal at any time during such period is \$ \_\_\_\_\_.
7. The greater of the two dollar amounts indicated in paragraphs 5 and 6 of this Schedule A shall be the minimum dollar amount of the penal sum indicated in paragraph 1 of the Resident Surety Bond.