Arkansas Lottery Commission

Responses to Questions posed by the Bond Exchange about Surety Bonding Program RFP

Question 1: The Fidelity fund will serve as a reserve account to cover any losses in excess of the Retailer's surety bond. For this year, the maximum possible balance for the fidelity fund is $35,000.

Question 2: See answer to Question #1.

Question 3: The ALC response is no.

Question 4: N/A as the ALC will not use the fidelity fund for this purpose.

Question 5: The ALC response is that the "step-by-step" process taken by the ALC to collect from retailers who have defaulted on their obligations will be fact specific depending on the retailer and the amount of loss to the ALC. Different circumstances may call for the ALC to use differing approaches to a retailer default. The ALC shall exercise and exhaust all available options to it before submitting a claim against a retailer.

Question 6: The ALC expects to have minimal losses due to its internal control procedures and its NSF policies. The ALC is also authorized to collect proceeds owed to it through court action as well as pursue business closure procedures against a retailer that fails to remit lottery proceeds.

Question 7: The ALC response is that will be determined depending on the type of bond program the ALC uses.

Question 8: Please see the answer to Question #1. The fidelity fund fee is an annual fee charged per business location.

Question 9: The ALC response is that for a blanket bond program, the ALC anticipates an annual premium charge to its retailers. However, the ALC would prefer a continuous bond that has no expiration date. We do not intend to have each of the bonds expire on the same date as the license renewal time for retailers will be staggered according to their location.

The bond program RFP asks for solutions to the bond requirements, so each RFP solution proposal will be analyzed and graded accordingly. If you have several solution options please feel free to separately submit each proposal.

Question 10: Please see the answer to Question #9.

Question 11: The ALC response is that indemnification is dependent on the language of the bond contract between the surety company and the retailer.

Question 12: The ALC welcomes all solution oriented options.

Question 13: N/A for surety bonds in Arkansas.

Question 14: The ALC response is please see Section 6.3 of the RFP.

Question 15: The ALC does not have a preferred type of bond form.

Question 16: The ALC response is please see Section 4.0 of the RFP.

Question 17: The ALC response is please see Sections 1.9 and 4.0 of the RFP.