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FILE NO. S-1194

OFFICERS:
Blanket Bond
Requirements

Honorable George W. Lindberg
Comptroller
State of Illinois
Springfield, Illinois 62706

Dear Mr. Lindberg:

I have your letter wherein you inquire whether blanket bonds contracted for by State officers are subject to the requirement that they be signed, sealed and acknowledged as provided in section 1 of "AN ACT to revise the law in relation to official bonds". (Ill. Rev. Stat. 1975, ch. 103, par. 1.) It is my opinion that the requirement that official bonds be signed, sealed and acknowledged does not apply to blanket bonds.

At the outset, it is necessary to consider the purpose of blanket bonds and the intent of the legislature in authorizing them. A blanket bond is a surety bond covering a

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group of persons, and it would appear that such bonds were authorized to eliminate the necessity of the filing of separate bonds by groups of officers and employees within an individual governmental department or agency. One factor rendering the bonds more convenient is the reduction of the paper work which would ordinarily arise out of the execution of numerous bonds. Furthermore, since the cost of the bond is paid by the governmental agency with which the bonded person is connected (Ill. Rev. Stat. 1975, ch. 103, par. 16), the payment of the bond under a blanket arrangement would presumably result in reduction of costs to that governmental entity.

Current practice, as I understand it, is for the persons covered by the particular blanket bond to be listed on a schedule attached to the bond. These persons do not sign the bond individually. Furthermore, from an examination of the blanket bond instrument which you have sent to me, it appears that such bonds were in use prior to the effective date of the amendment specifically authorizing them. Ill. Rev. Stat. 1975, ch. 103, pars. 14.1 to 14.5.

Since the blanket bonds in use prior to the effective date of the statutory section authorizing them did not contain

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the signatures, seals and acknowledgments thereof of the persons bonded, it is a valid assumption that it was a bond on the order of the ones being used when the amendment was enacted to which the legislature referred when it specifically authorized blanket bonds. Furthermore, the legislature is presumed to have made an investigation to determine the facts prior to enacting legislation. Giebelhausen v. Daley, 407 Ill. 25.

Although section 1 of "AN ACT to revise the law in relation to official bonds", supra, appears to require that all official bonds be signed, sealed and acknowledged, sections 14.1 and 14.2 of the same Act authorize blanket bonds in the following language:

"§ 14.1. Wherever State officers, State employees or officers, trustees, members or employees of any department, board, bureau, commission, university, authority, or other unit of State government are required by law, now or hereinafter enacted, to obtain a fidelity or surety bond or bonds to qualify for office, the bonding requirement shall be satisfied by a blanket bond or bonds contracted for as provided in the Illinois Purchasing Act, by the Department of Finance through its Division of Risk Management." (emphasis added.)

"§ 14.2. The penal sum of the blanket bond or bonds shall be fixed by the Director of Finance with the approval of the Governor and shall satisfy the bonding requirements of other laws, heretofore or hereinafter enacted, if the blanket bond amount or amounts per loss are equal to or greater

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than the bond amount required per person in said other laws. The blanket bond or bonds may contain a deductible provision in an amount determined by the Director of Finance to be consistent with economic Risk Management." (emphasis added.)

It is clear that blanket bonds satisfy the bonding requirements of other laws enacted both before and after the enactment of the amendment. Since the blanket bonds within the contemplation of the legislature must not have complied with section 1, it appears that it was not the intent of the legislature to require such compliance, particularly since they added no specific requirement for the execution of such bonds.

It also would appear that the section 1 requirement that bonds be signed, sealed and acknowledged would produce an absurd result if applied to blanket bonds because it would defeat the convenience and cost savings provided by blanket bonds. The courts will not construe a statute to produce an absurd or inconvenient result. People ex rel. Cason v. Ring, 41 Ill. 2d 305; Illinois Crime Investigating Commission v. Buccieri, 36 Ill. 2d 556.

You refer in your letter to section 15 of the Civil Administrative Code of Illinois (Ill. Rev. Stat. 1975, ch. 127, par. 15, as amended by HB-3901), in which it is stated that

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official bonds required under that section are subject to the requirements of "AN ACT to revise the law in relation to official bonds". It is my opinion that this provision means that such bonds must comply with the requirements of section 1 only if the alternative blanket bond, which is also provided by the same Act, is not chosen. Therefore, it is my opinion that blanket bonds are not subject to the requirement that they contain the acknowledged signatures and seals of the person required to give bond. The purpose of the bonding requirement, to protect the people of the State of Illinois, is adequately served by the statutorily authorized blanket bonds, and to require each person covered by a blanket bond to individually sign, seal and acknowledge the bond would diminish the convenience which blanket bonds provide.

Very truly yours,

A T T O R N E Y G E N E R A L