

Contract Surety

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What is Suretyship

Surety is Not Insurance

Surety is Assurance

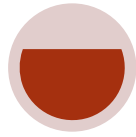
It is a Credit Relationship

History Of Surety



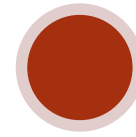
2,750 BC

The earliest known suretyship contract was written on a Mesopotamian tablet.



1894

Heard Act

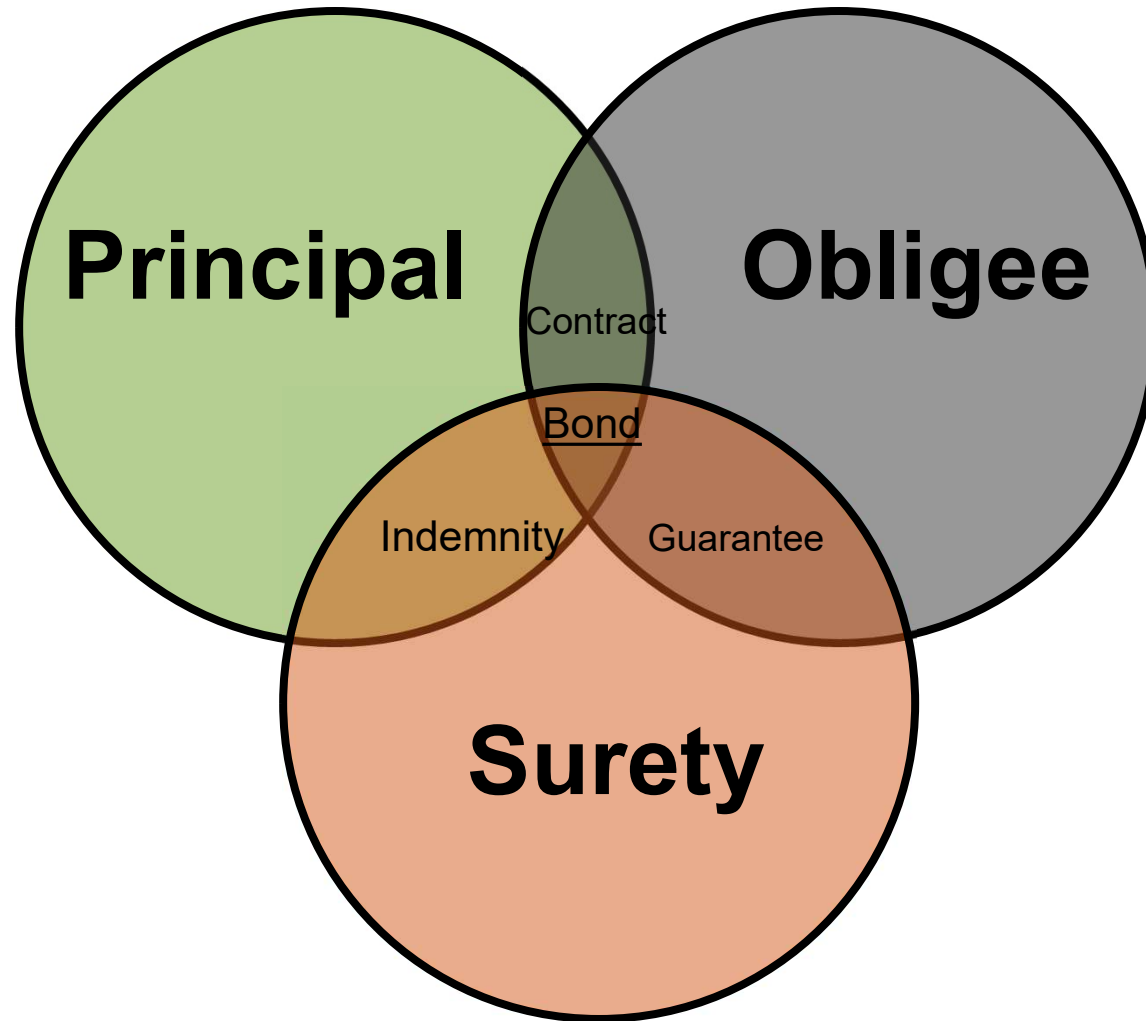


1935

Miller Act

Little Miller Acts

Parties to a Surety Bond



Surety Bonds vs Insurance

Surety

- 3 party
- Protects Obligee
- Project Specific
- Claims by Obligee
- No loss anticipated

Insurance

- 2 party
- Protects Principal
- Term Specific
- Claims by Insured
- Losses anticipated

Major Categories of Bonds

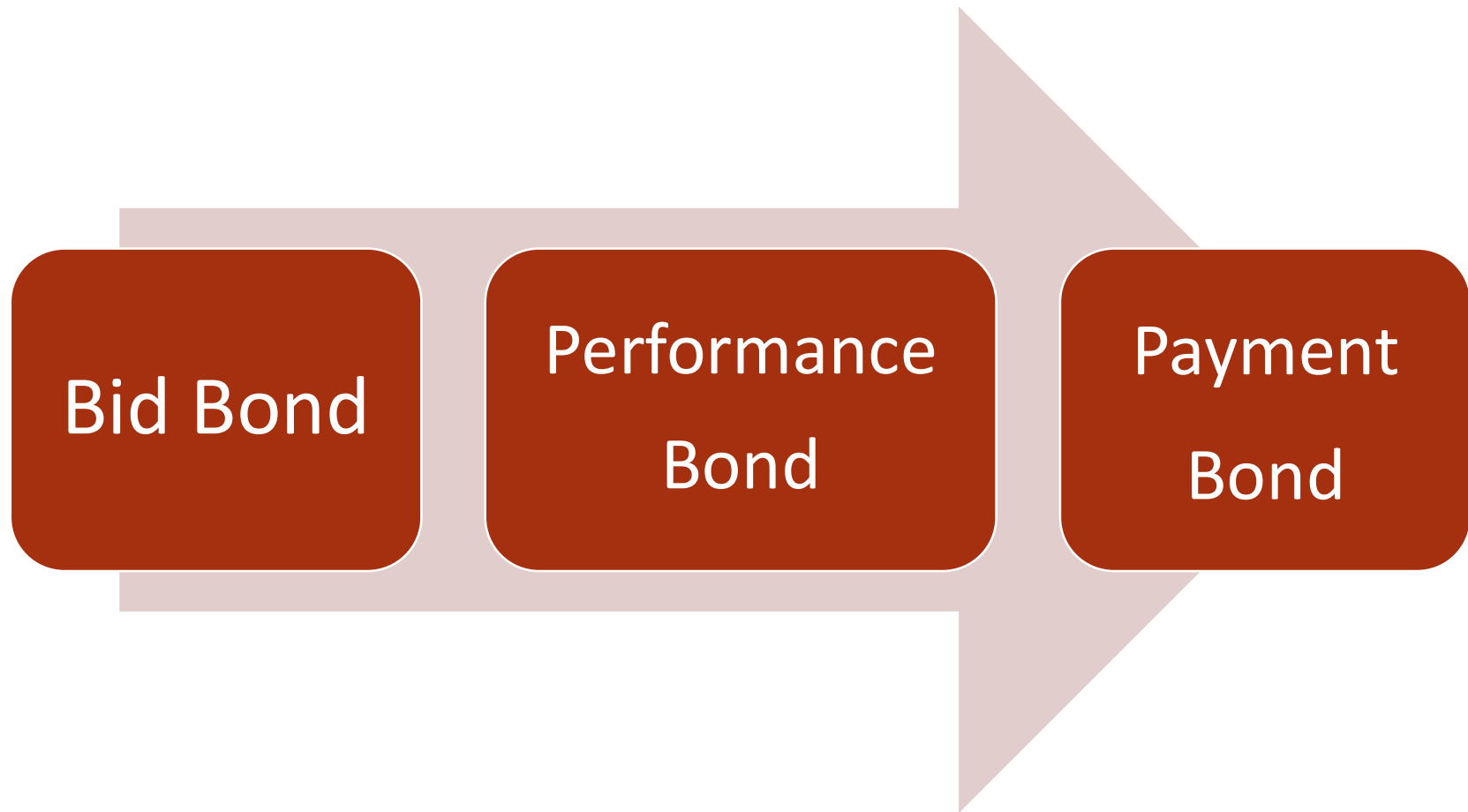
Contract

- Bid
- Performance & Payment

Commercial

- License Bonds
- Court & Probate
- Financial Guarantee

Contract Bonds



Some Other Contract Bonds

Maintenance Bonds

Retainage Bonds

Underwriting

Questionnaire
Application
Org Chart

3 years
Financial
Statements

Bond
Request

Agent
Write Up

Resume
References
Business Plan

Bank Line
Bank Statements

Credit Reports

Credit Reporting Agencies

Business and Personal

Fair Credit Reporting Act

Financial Statement

Balance
Sheet

Income
Statement

Opinion
Page

Schedules
AR / AP

Work in
Progress

Financial Statement Quality

Internal / In house

CPA Compilation

CPA Review

CPA Audit

Financial Statement Method



Cash Basis of Accounting

Accrual Basis of Accounting

Percentage of Completion

Completed Contract

Presentation to the Surety



- Complete Submission



- Allow Time



- Communicate

Surety Red Flags

Increase in Job Size

New Territory

New Scope of Work

To Increase Bonding



- Construction CPA



- Accounting Method



- Surety Professional

Indemnity

Informs the principal of these common laws

Principal will reimburse surety for expenses

Allows the surety to negotiate resolution of claims, use assets to complete projects and provide funding



thank
you