

INDUSTRY BONDING

What is a business surety bond and what does it do?

Principals purchase surety bonds to safeguard third parties from failure to meet contractual obligations. Surety bonds include four primary forms. The most common surety bonds are commercial surety bonds and contract surety bonds, which protect both private and public interests. Fidelity surety bonds and court surety bonds, which are less prevalent, protect against theft and lawsuits. Some types of surety bonds are required by private developers, while other types are required by law, as is the case with large commercial projects and government projects.

How do surety bonds help build business credibility?

Surety bonds can give both consumers and businesses added protection. When a company shares their surety bond that is required or best practice for their industry, it shows that their business is committed to trust and transparency and can amplify the credibility of the business.

Some industries and professions that often require a bond are included below. However, this is not an extensive list because bonding regulations vary by state and municipality.

Examples of business types and professions that typically require a business surety bond

- Licensed contractors
- Mortgage Brokers
- Sellers and distributors of liquor
- Businesses that sell lottery tickets
- Notary public
- Auto-dealers
- Other professions that require a government license

Any company that wishes to protect itself or its clients against theft and/or employee dishonesty can use fidelity surety bonds. A fidelity surety bond is not usually required. However, the following businesses can benefit from a fidelity surety bond:

- Businesses with cash-handling staff
- Businesses with home-visiting employees
- Businesses that hire seasonal or bulk workers