

The Surety & Fidelity Association of America
Serving the Industry Since 1908



No Holds Barred About Bonding and Access to Capital

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Surety and Fidelity Bonds: Protecting consumers, taxpayers, and businesses.

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Why does surety exist?

- Proverbs 11:14-16
- 1894-Heard Act
- 1935-Miller Act
 - Current Law
 - \$150,000 threshold
- Private entities understand bonding assures performance and payment protection
- Prequalification
 - Capital
 - Capacity
 - Character
- Claim Services
 - Performance-protecting taxpayer and owner dollars
 - Payment-protecting subcontractors/suppliers

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Contractor Failure Rates

Building, heavy/highway, and specialty trade contractors

In Business	Survivors	Failure Rate
853,372 (2002)	610,357 (2004)	28.5%
850,029 (2004)	649,602 (2006)	23.6%
1,155,245 (2006)	919,848 (2008)	20.4%
897,602 (2009)	702,618 (2011)	21.7%
918,483 (2010)	696,441 (2012)	24.2%

Source: BizMiner 

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Large Contractors Do Fail

- Morrison Knudsen (1905-1995)
- Guy F. Atkinson (1926-1997)
- J.A. Jones (1890's-2003)
- Modern Continental (1967-2008)
- Ballenger (1937-2012)

What are surety companies looking for?

- Sustainability
- Profitability
- Continuity
- Proven track record
 - Pay subs timely
 - Responsible
- Reference

Surety as part of the solution

- Economic Empowerment
- Job Creation
- Sustainability
- Legacy Wealth



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How does having a surety benefit the contractor?

- Bonding capacity can increase your project opportunities
- Bonding is a competitive advantage
- Objective 3rd party with a broader perspective-evaluating contractors is what they do.
- Access to a trusted advisor and an advocate
- Access to expertise in accounting, law, engineering, with deep relationships and understanding of surety and construction

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Path to Success

- Get a Professional Bonding Agent
 - Work with someone with a proven track record
 - Follow the advise given
- Nothing beats a failure but a try...let a surety professional assess your bondability
- Bonding is a process get started now!!

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Thank you!!!

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