

## **Who Uses Surety Bonds?**

The most common response to the question posed above is “any company doing contracting with a governmental entity”. While that is correct, it is not the full answer. There are many more instances aside from government work that surety is a requirement. With today’s current economy, more and more private owners are requiring their contractors to provide bonds. In addition, with the increased cost and limited availability of bank letters of credit, surety bonds have become a much more attractive form of financial security.

There are two main classes of surety, Construction and Commercial.

**Construction Surety** clients are the bricks and sticks contractors who routinely require Bid and Performance & Payment Bonds. These clients are the GC’s, road builders and subcontractor trades.

**Commercial Surety** clients, whose businesses are as diverse as the types of bonds they require, often include suppliers, manufacturers, healthcare firms, developers/homebuilders, banks and insurance companies. Bonds range from the mundane License and Permit bonds to the more exotic Court, Customs and Financial obligations.

To begin these discussions with your clients and prospects, the following is a list of five “ice breakers” we use every day:

1. How often do you need bonds?
2. Have you ever had to take a pass on a job or project because of limited or no surety capacity?
3. Do have a stand-by surety facility in place? If so, are you happy with the terms & conditions offered by the existing surety?
4. When is the last time you had a professional surety broker look at your program and compare it to what is available today’s marketplace?
5. Do you have any letters of credit or collateral in place supporting your existing program?

As an ARM Partner, you have full access to Gallagher’s expertise in surety. This in turn gives you access to 40 of the top contract & commercial surety markets and Gallagher’s on-call surety staff. Gallagher Surety has the expertise and critical mass to place most surety programs in a timely matter, with some of the most competitive terms and conditions available.

By adding surety to your portfolio of client offerings, not only do you round out your client’s insurance coverages, you also prevent other brokers from working their way into your relationship. Let this be the year you add surety to your book of business.

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