Surety Bonds

Surety Bonds are a widely used and frequently misunderstood risk mitigation tool. It's important to understand that bonds differ significantly from insurance, because a bond is more like an extension of credit.

An insurance policy is a contract between two parties (the insurer and the policyholder), which protects the policyholder. The policyholder pays a premium to the insurer, and should a loss occur, the insurer pays the policyholder according to the terms of the policy.

A surety bond is a contract between three parties (the obligee, principal, and surety company), which protects the obligee. The obligee is the party requiring the bond, the principal is the party that needs the bond, and the surety company supplies the bond. The principal pays a premium to the surety company for a bond protecting the party the principal is doing business with or providing services for, and should a loss occur, the surety pays the claim and the principal pays the surety back at a later date.

There are thousands of types of bonds. The most common bonds issued at 3000 Insurance Group are:

Fiduciary Bonds: A fiduciary is someone appointed to handle the affairs of another who is unable to do so. Examples of fiduciary bonds are Administrator, Executor, Guardian, Trustee, and Receiver.

Fidelity (Employee Dishonesty) Bonds: Fidelity bonds guarantee that the bonded employee will handle their employer's money and property with fidelity. Typical fidelity bonds include Janitorial Services, Employee Dishonesty, and Pension Trust (ERISA) bonds.

Public Official Bonds: To protect the interests of taxpayers and consumers, many public officials are required to obtain a bond. The most common public official bond is a notary bond.