



THE SURETY &
FIDELITY ASSOCIATION
OF AMERICA

The Value of Public Bonding

Surety protects.

INDUSTRY TOOLKIT

Join our Surety Protects campaign to elevate the value of public-sector bonding, as we inform and educate key state and local officials overseeing public construction projects about the many benefits of surety bonding. More than just protection from costly defaults, surety bonds save money, improve project quality and protect taxpayers.

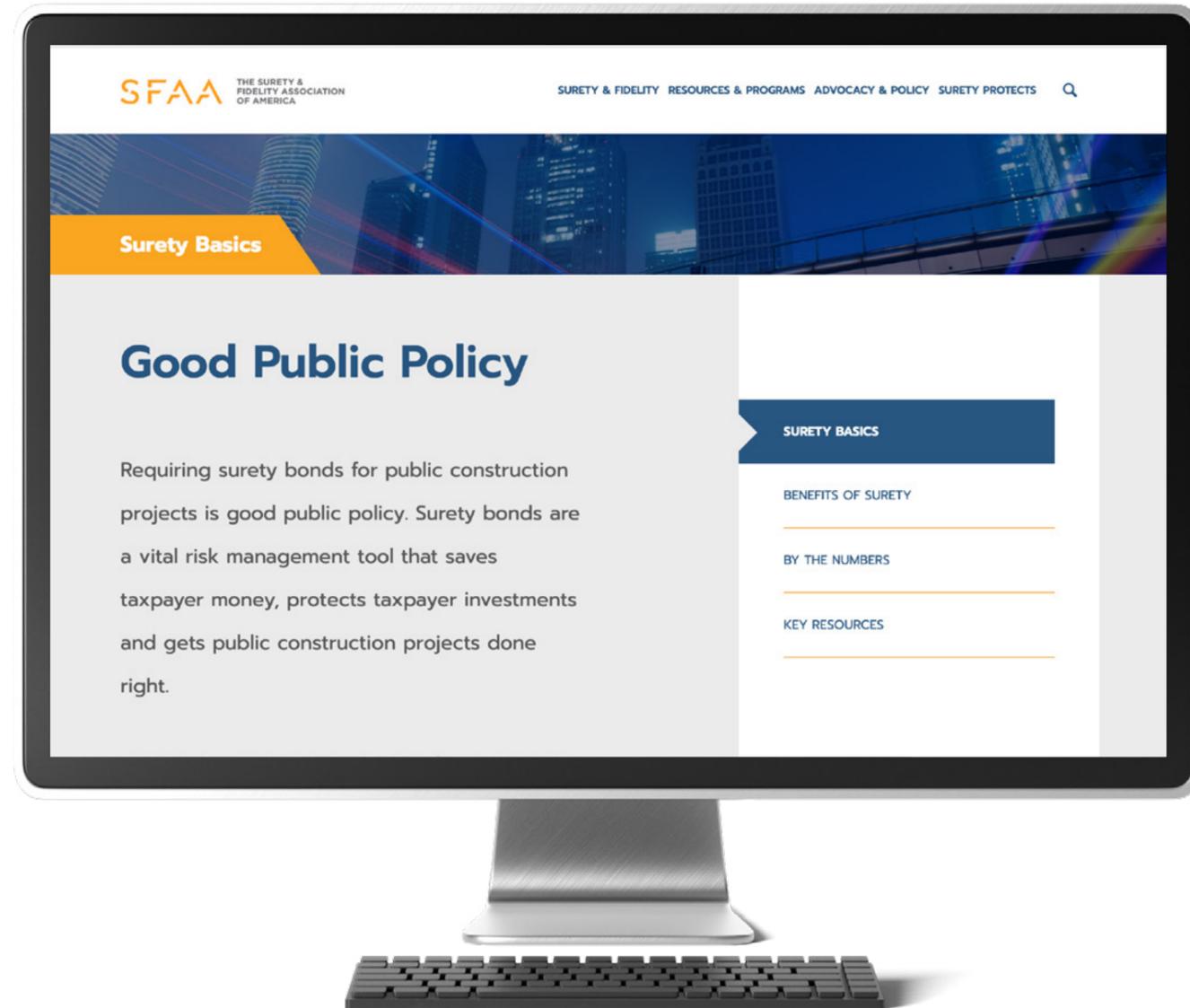
The content below is based on a new economic analysis of surety bonding conducted by leading global management firm EY. Use these messaging materials to help communicate the value of public bonding.

WEB HUB

We've created a subsection of surety.org that puts campaign information and promotional resources at members' fingertips.

Anywhere you promote the campaign online, make sure to direct viewers to the link below, and promote the campaign with the #suretyprotects hashtag.

[Access the campaign hub here.](#)



INFOGRAPHICS

This infographic uses simple visual design to break down the benefits of surety for different types of public construction. It can be printed for distribution and display, as well as shared on the web and social media.

[Download infographic here.](#)

Surety protects.

Here's the difference a surety bond makes on a **\$20 million public school construction project.**

THE VALUE OF SURETY BONDS

Protecting taxpayers and local businesses as we build for the future



A public school construction project is too important to fail. Our children, educators and community depend on its success.

All data based on analysis prepared by EY.

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EY

SAVES TAXPAYER MONEY



Delivers **\$67,000** in taxpayer savings, even if a default never occurs.

PROTECTS TAXPAYER INVESTMENT



Prevents **\$6.2 million** in potential taxpayer loss if a contractor defaults — and the surety company steps in to help finish the job.

GETS THE JOB DONE RIGHT

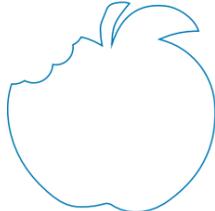
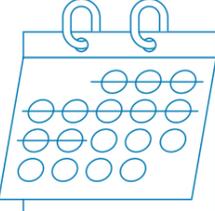
Rigorous vetting ensures government agencies hire reliable, financially stable contractors who can complete the job.

SUPPORTS LOCAL BUSINESSES

Local subcontractors, suppliers and workers **all get paid** even if the general contractor defaults.

SAVES TIME

Bonded projects are **5x more likely** to finish on time or ahead of schedule compared to non-bonded projects.

All data in this document based on a report prepared by EY, *The Economic Value of Surety Bonds*, November 2022.

FACT SHEET

This fact sheet provides key facts and data points, detailing selected EY report findings. Distribute to key stakeholders to help demonstrate the value of surety bonds.

[Download fact sheet here.](#)

All data based on analysis by **EY**

Surety protects.

Surety Bonds protect taxpayers & get the job done right

Public construction projects like schools and transportation infrastructure deploy taxpayer dollars to advance the public good – so ensuring project success is a vital responsibility for government agencies.

Surety bonds generate benefits throughout the lifecycle of a portfolio of projects, extending beyond default protection – reducing taxpayer costs, putting well-qualified contractors on the job, supporting local small businesses, and saving project time.

Surety bonds ensure qualified contractors are on the job.

- Surety companies lead a rigorous prequalification process that includes in-depth analysis of a contractor's finances, cost systems, billing patterns, jobs in progress, timeliness of completion and more.
- Nearly all (96%) construction experts surveyed agreed prequalification is more likely to occur on bonded projects than on unbonded projects (61%).
- Greater experience delivers greater efficiency: by vetting and prequalifying contractors, sureties save public construction leaders time.
- Unbonded public construction projects are more likely to default than bonded projects – perhaps by 10 times.

Surety bonds protect taxpayers.

- Surety bonds provide the most comprehensive risk management available, safeguarding projects against default and protecting taxpayer investments.
- Should financial difficulties arise, a general contractor is five times more likely to prioritize finishing bonded projects than non-bonded ones.
- If a contractor defaults on a bonded project, surety companies intervene, lowering the cost of project completion by 85%.

Surety bonds protect small businesses and local workers.

- Surety provides financial security to suppliers, subcontractors, and workers -- ensuring they get paid even if a general contractor defaults.

Surety bonds save taxpayers money.

- Portfolios of bonded construction projects outperform unbonded project portfolios.
- The value of a bonded portfolio of construction projects more than covers the cost of the bonds themselves.
- Three-in-four developers surveyed reported surety bonding reduces contractor pricing thanks to greater project certainty.

Surety bonds get the job done.

- Surety bonds guarantee contractual obligations are met and projects are delivered.
- When completion of a bonded project is threatened, the surety company can intervene to give a contractor technical expertise, extend financial support, and quickly get the project back on track.

What's a surety bond?

A surety bond for a public construction project is a three-party written agreement under which the surety company guarantees a government agency that the principal (typically a general contractor) will execute work according to contract terms. The surety bond protects the government agency by guaranteeing performance if the contractor does not fulfill its obligation.

All data in this document based on a report prepared by EY, *The Economic Value of Surety Bonds*, November 2022.

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KEY MESSAGING

for Policymakers

The following messages define the value surety delivers for taxpayers, local small businesses, government budgets, and the broad public interest.

Use these in your meetings with elected officials, policymakers, and their staff. Send the message that by using surety, they are doing right by their constituents: protecting small business owners, local workers, and taxpayer investments.

They are also ensuring public building projects are done efficiently and well to benefit current and future generations.

[Download key messaging documents here.](#)

The Value of Surety Bonds
Key Messaging for
Policymakers

Surety bonds protect local small business owners,

The Value of Surety Bonds
Key Messaging for
Policymakers

Requiring surety bonds for public construction projects is good public policy.

- Surety bonds provide the most comprehensive risk management available, safeguarding projects against default and protecting taxpayer investments.

“EY’s analysis finds portfolios of bonded construction projects outperform unbonded project portfolios.”

Surety bonds save taxpayers money.

- Bonded project portfolios outperform unbonded project portfolios.
- Three-in-four developers surveyed by EY reported surety bonding reduces contractor pricing due to greater project certainty.
- Even without lower contractor pricing, EY’s analysis clearly shows the cost savings surety delivers for a bonded portfolio of projects cover the costs of the bonds themselves.
- When bonds are used on a typical \$35 million construction project:
 - Surety delivers \$141,000 in taxpayers savings, even if the project doesn’t default.
 - Bonds prevent a potential \$8 million loss if the contractor defaults.

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Learn more at www.surety.org/suretyprotects

KEY MESSAGING

for Construction Leaders

The following messages define the value surety delivers for government agencies leading public construction projects.

Help deliver these messages in your meetings with public project owners, procurement officials, construction managers, and other key government agency leaders.

Underscore that by using surety, government agencies send a clear signal they are exercising responsible project management and serving as good stewards of the public interest.

[Download key messaging documents here.](#)

The Value of Surety Bonds
Key Messaging for
Construction Leaders

Nearly all (96%) construction experts surveyed agreed prequalification is more likely to result in projects on track.

The Value of Surety Bonds
Key Messaging for
Construction Leaders

Surety bonds provide the most comprehensive risk management available to address construction leaders' top concern: getting the job done.

- Bonded project portfolios outperform unbonded project portfolios.
- Surety companies protect government and taxpayers by guaranteeing contractual obligations are met – and step in when they're not.

“Three-in-four developers surveyed by EY reported surety bonding reduces contractor pricing.”

- Surety provides financial security to suppliers, subcontractors, and workers – ensuring they get paid even if a general contractor defaults.
- If a contractor defaults on an unbonded project, the cost of completion is 85% higher and takes nearly twice as long to complete than a bonded project.
- Should a contractor default, surety companies intervene, saving public construction leaders cost, time, and headaches.

Surety companies ensure general contractors have the capabilities, expertise, and financial strength to complete a project.

- Surety companies make certain only qualified bidders will compete for your project. Surety companies conduct rigorous analysis of a contractor's finances, billing patterns, jobs in-progress, timeliness of completion, and more.

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SOCIAL MEDIA MESSAGING

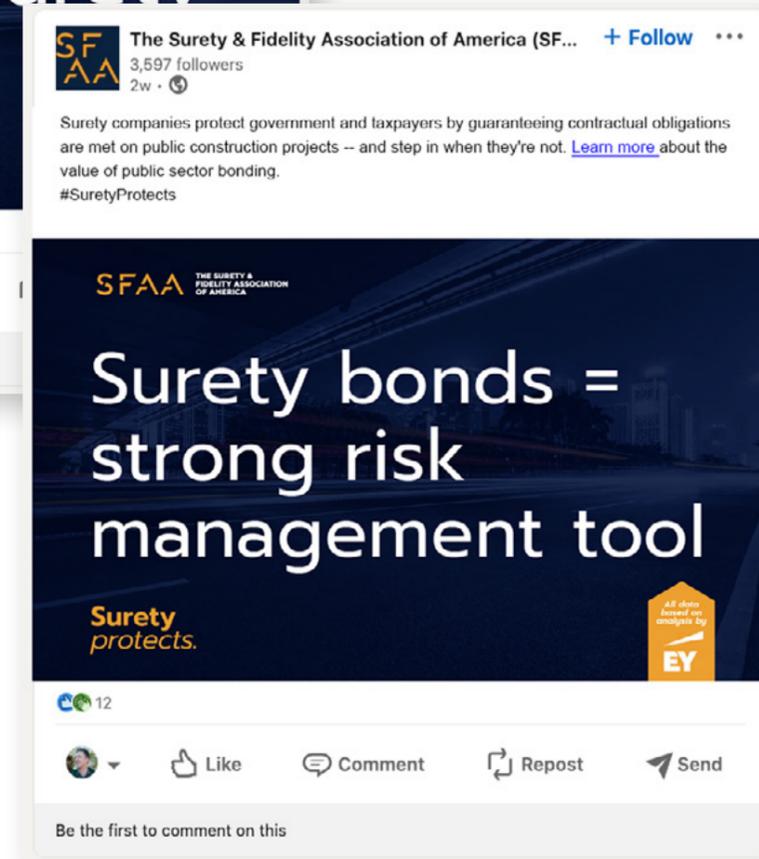
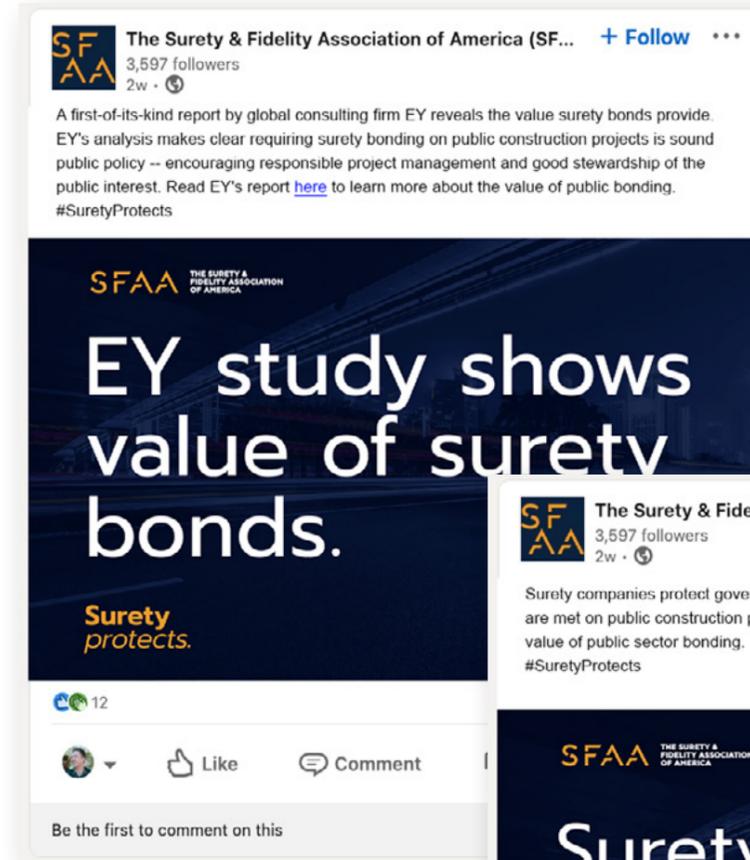
Encourage your colleagues to post on their personal LinkedIn and/or Twitter timelines with one of the following messages, accompanied by a link to the campaign hub.

Remember to use the [#suretyprotects](#) hashtag on social media posts to help promote the campaign.

Feel free to tweak language to your firm's unique perspective if you'd like.

[Download social media graphics here.](#)

[Download suggested post language here.](#)





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