

Surety – General Introduction & Overview

What is **Suretyship**?

Specialized line of insurance where one party **guarantees the performance** of an obligation by another party.

Three parties to surety bond

Principal	Surety	Obligee
<ul style="list-style-type: none">• Undertakes the obligation• Pays premium	<ul style="list-style-type: none">• Guarantees the obligation	<ul style="list-style-type: none">• Beneficiary of the bond

Surety Bond: written agreement that provides for monetary compensation in case the principal fails to perform the acts as promised. Surety bonds generally are divided into two categories: contract bonds and commercial bonds