

Always Verify Your Bond!

Your NASBP bond producer encourages you to be a knowledgeable consumer of surety credit and to verify the authenticity of every contract surety bond before acceptance. You can perform this important task expeditiously by undertaking the two-step process identified below, which will help you confirm that the surety is licensed in the jurisdiction of the project and that the bond has been authorized by that surety.

First, check the authority of the surety to issue the surety bond:

- **Contact the state insurance department to determine if the surety is admitted in the jurisdiction of the project.** With few exceptions, sureties must possess a certificate of authority from the insurance commissioner in each state in which they conduct surety business. The National Association of Insurance Commissioners provides a map with links to all state insurance departments, which can be found at http://www.naic.org/state_web_map.htm. Some states list admitted sureties on the insurance department web site, but a quick call to the department will ensure the most current and complete information.
- **Consult the U.S. Department of the Treasury Listing of Approved Sureties, Department Circular 570.** To provide surety bonds on federal construction contracts, a corporate surety must possess a certificate of authority from the U.S. Treasury Department, which conducts a financial review of the surety and sets a single bond size limit for the surety on federal projects. A listing of certified surety companies approved to provide bonds on federal contracts, known as Department Circular 570 (or the T-List), is updated twice per year and is posted by the Financial Management Service, Surety Bond Branch of the U.S. Department of Treasury at http://www.fiscal.treasury.gov/fsreports/ref/suretyBnd/c570_a-z.htm (see Sureties Listing). Department Circular 570 includes the business address and phone number of each listed surety and each state in which the surety is licensed to operate.

Second, verify that the surety actually authorized the issuance of the surety bond:

- **Contact the surety directly to receive verification that the surety bond has been duly authorized.** All sureties listed on **Circular 570** identify a specific contact phone number. In addition, the Surety & Fidelity Association of America administers a program in which surety companies voluntarily agree to receive inquiries for the purpose of verifying the authenticity of surety bonds. Surety contact information is contained in the **SFAA Bond Obligee Guide**, which is available at <http://www.surety.org/?page=VerifyYourBond>. The surety will need specific information, such as the bond number, the name of the principal, the name of the obligee, the amount of the bond, the execution date, description of the project, and the name of the attorney-in-fact signing the bond, to verify authenticity.

Additional information, such as financial strength rating and business reputation, may be desirable to gain a broad picture of the capabilities of a particular surety. Financial ratings may be obtained from rating organizations, such as A.M. Best Company at <http://www.ambest.com> (log-in required). Your NASBP bond producer is a knowledgeable source of information about sureties and should be consulted for review of bonds, but nothing should replace your own exercise of due diligence regarding the authenticity of surety bonds.