

PROFESSIONAL RELATIONSHIPS IMPORTANT TO CONSTRUCTION FIRMS

THE VALUE OF PROFESSIONAL SURETY BOND PRODUCERS

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A Construction Firm's Important Advisors

- Among the most important advisors to a construction firm are:
 - ✓ Professional surety bond producer
 - ✓ Knowledgeable construction/surety attorney
 - ✓ Construction-oriented certified public accountant
 - ✓ Business banker
- This presentation will focus on professional surety bond producers.



Who Are Professional Surety Bond Producers?

- Business professionals who specialize in providing surety bonds to contractors, subcontractors, and other construction project participants.
- Bond producers are knowledgeable about the surety and construction industries.
- Unlike most insurance agents, surety bond producers focus their main activities on the surety market and positioning construction firms to qualify for surety credit.
- Bond producers provide invaluable business advice to contractors, subcontractors, and suppliers.



Professional Surety Bond Producers are Licensed

- Bond producers must be licensed by the state(s) in which they do business.
- They are licensed by the state Department of Insurance.
- To obtain a license, bond producers must complete coursework requirements and pass a written examination and background check.

What is the Role of a Surety Bond Producer?

- Offer advice and expertise to assist the contractor in securing a surety credit relationship
- Advise and assist the contractor on how to increase its surety credit, if appropriate
- Compile financial documents for submission to the surety company
- Match the needs and strengths of the contractor to a surety that will support it
- Nurture a successful relationship between the contractor and the surety company



What is the Role of a Surety Bond Producer? (cont.)

- Review relevant portions of the contractor's contracts to help identify risk issues
- Maintain communication channels between the contractor and the surety company
- Serve as a resource for providing the contractor with referrals for other types of professionals, such as accountants, attorneys, and bankers



Keys to a Successful Relationship with Your Surety Bond Producer

- Mutual commitment
- Respect and trust
- Clear communication
- Candor
- Teamwork
- Say what you mean and do what you say

Questions to Ask in Selecting a Professional Surety Bond Producer

- Is the producer licensed in your jurisdiction and that of the project?
- Does the producer have a reputation for integrity?
- What percentage of his/her business is construction clients?
- Does he/she understand the construction industry?
- Does he/she have knowledge of construction contracts and subcontracts?
- Does he/she understand construction accounting procedures?



Questions to Ask in Selecting a Professional Surety Bond Producer

- Does he/she have knowledge of surety markets and have solid relationships with surety underwriters?
- Does the producer serve the needs of small contractors?
- Is the producer actively involved in the National Association of Surety Bond Producers?
- Is he/she actively involved in local, regional, and national construction associations?
- Is he/she committed to frequent client contact through newsletters, site visits, and visits to client offices?



How to Find a Professional Surety Bond Producer in Your Area

- The National Association of Surety Bond Producers (NASBP) is a national trade association comprised of surety agencies and brokerage firms, whose employees—the bond producers—are dedicated to professionalism and expertise in surety.
- For names of professionals specializing in surety bonds, visit the NASBP online membership directory.
- This directory is on the NASBP website at www.nasbp.org/NASBP/Directory/FindaProducer.
- Many state insurance department websites have a list of bond producers who have a current license.
- You may wish to check this list, if available, or call the insurance department directly to ask about licensure.



suretylearn.org

provides valuable resources and information on growing your small construction business and on positioning your business to qualify for surety credit.



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