ARGO GROUP | ASCEND WITH ARGO
Education. Insight. Connections.

Finding A Specialty: Demystifying Surety

Featured Speakers

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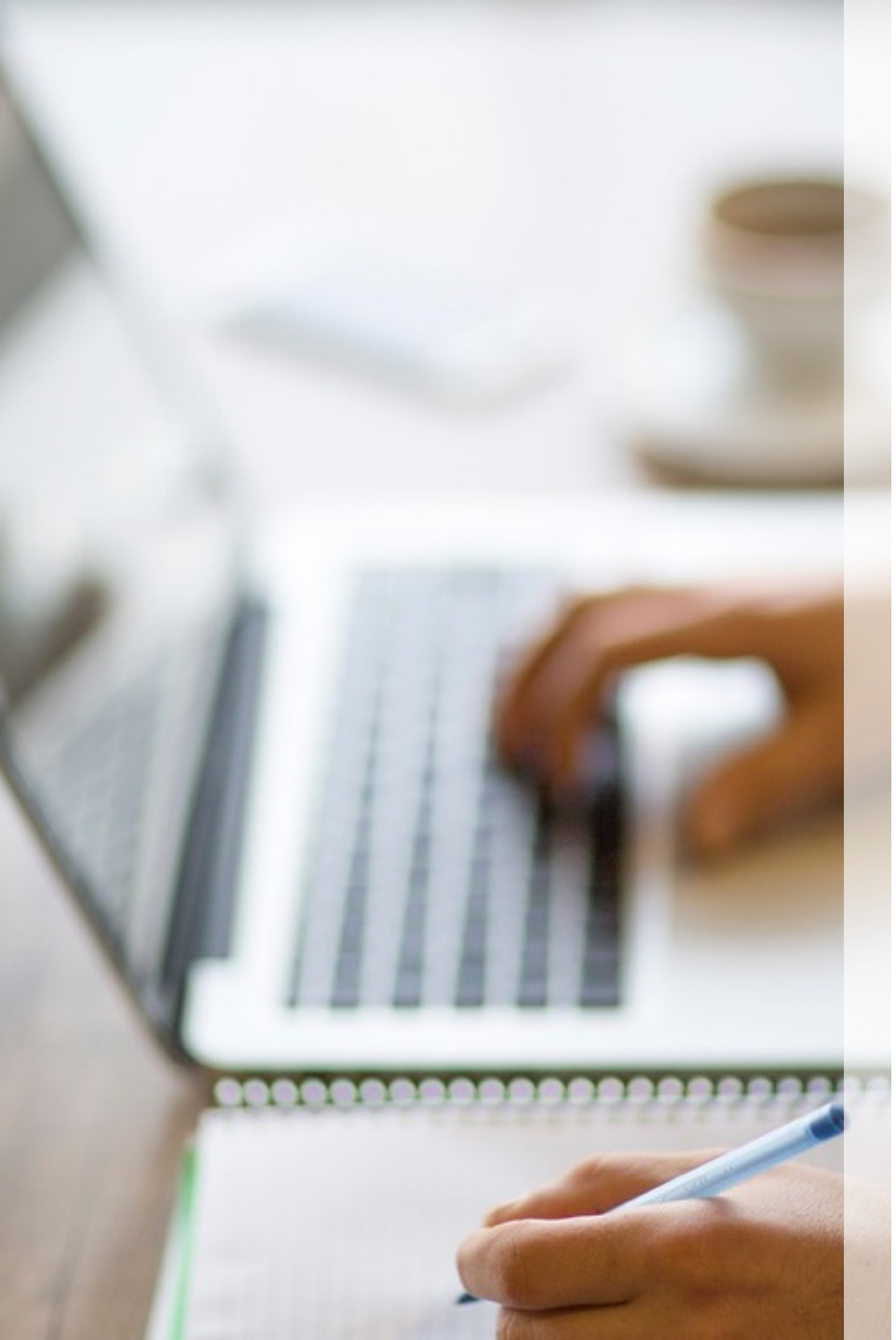


About Ascend With Argo

Education. Insight. Connections.

Training, support and mentorship for early-career insurance professionals:

- Webinars
- Shadow days with Argo employees
- Exclusive events and conferences
- A web-based training portal and content

Agenda

- Discuss what sets surety apart from other specialties
- Explain the three parties in a surety agreement
- Define the basic types of surety bonds
- Explore the differences between insurance and surety
- Q&A

Audience Insights

How would you describe your understanding of surety?

a. Strong
b. Somewhat familiar
c. Minimal
d. Surety?

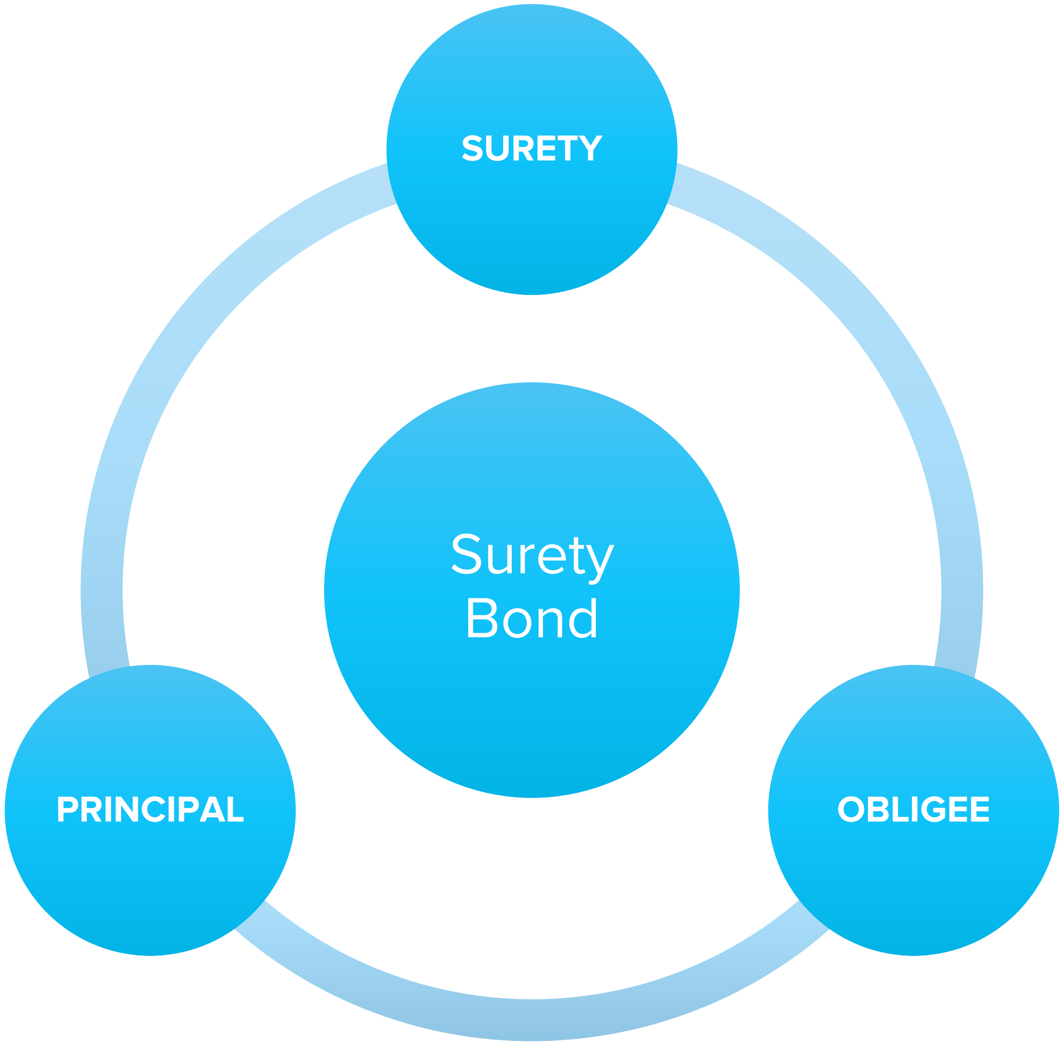
Why surety might be a great specialty for you

SURETY OFFERS

- Multiple career paths
- The chance to work with a wide range of industries
- Interesting challenges for people with both analytical and people skills
- Typically higher commission percentages than insurance

HELPFUL FOR A SURETY CAREER

- Finance
- Business
- Accounting



What is a surety bond?

Typical insurance contracts are between two parties. A surety bond isn't your typical insurance contract. It is a three-party agreement.

- The surety makes a pledge or guarantee to … the obligee on behalf of … the principal
- A large underwriting component in surety is the principal's financial strength.

Contract surety bonds

- Are written for construction projects
- **The project owner** (***obligee***) seeks a **contractor** (***principal***) to fulfill a contract
- The contractor (through a surety bond producer) obtains a surety bond from a surety company
- If the contractor defaults, the surety company is obligated to find another contractor to finish the project ***or*** compensate the project owner for financial loss

Commercial surety bonds

- License and permit bonds: include auto dealer, mortgage broker, contractor license and surplus lines broker bonds
- Court bonds (also called judicial bonds): include appeal bonds, supersedeas bonds, attachment bonds and injunction bonds
- Fiduciary bonds (also called probate bonds): include executor and administrator bonds, trustee bonds, guardian bonds and conservator bonds
- Public official bonds: include county clerk bonds, tax collector bonds, notary bonds and treasurer bonds
- Miscellaneous bonds: include a wide variety of bonds, such as warehouse bonds, title bonds, utility bonds and fuel tax bonds

How suretyship and insurance differ

INSURANCE

- Risk of loss = accidental occurrence such as fire or windstorm or crime such as theft
- Protects insureds, who pay premiums into a pool to transfer risk of loss to the group
- Insurer assumes economic risk, removing it from insured

VS

SURETY

- Risk of loss = failure to perform obligation
- Protects a third party from exposure to loss; does not protect the buyer of the bond (the principal)
- Underwriter prequalifies principals
- Risk of bond default stays with principal
- Similar to banking (extension of credit to principal)


Q&A
What questions do you have?

One last piece of advice

Do your research, seek out mentors in the specialty you are considering and then follow your gut on what feels like the right path for you.

Finding a Specialty webinar series

Register for the rest of the series:

- **November 4:** “Steering Your Career in Inland Marine”
- **November 12:** “Building a Construction Specialty”
- **November 18:** “Opportunities in Professional Liability”

Thank You