Court Bonds: Appeal Bond and Supersedeas Bond

Lori Olson, Goldleaf Surety Services Small Business Intake Manager

The world of court bonds can be confusing and sometimes hard to navigate. Are you familiar with appeal bonds and supersedeas bonds? They are very common court bonds. While we see these two terms often used interchangeable, they are two distinct types of bonds.

When a court case is settled and a judgment rendered, the losing party may desire to appeal the decision to a higher court. The appeal bond will cover the opposing party's court costs if the appeal is unsuccessful. The court determines the penal sum of the appeal bond.

According to Black's Law Dictionary a supersedeas bond is "a bond required of one who petitions to set aside a judgment or execution and from which the other party may be made whole if the action is unsuccessful." When a party prevails in court and obtains a judgment, the opposing party may wish to appeal the lower court's decision. In addition, they do not want to have to pay the judgment to the winning party until the appeal process is complete. In order to hold off payment of the judgment, the appellant is required to obtain a stay of enforcement from the court. When the court issues the stay of enforcement, they also determine the amount of the required supersedeas bond.

Because the appellant has already lost the case at trial and because the success of most appeals is low, these bonds are consider to be one of the highest risk class of bonds within the surety industry. Typically, a supersedeas bond guarantees that the if the appellant loses the appeal, the surety and the principal are "jointly and severally” liable to the obligee to satisfy the original judgment. For this reason, most appeal and supersedeas bonds will require 100% collateral (or in some cases more) in order to a surety to entertain.

Goldleaf Surety Services has a number of good surety markets that write appeal and Supersedeas bond. For court bonds - and all types of bonds - you can access Goldleaf Surety through Big "I" Markets. Simply log in to www.bigimarkets.com or email us at bigimarkets@iiaba.net and an underwriter will contact you.

The product and eligibility may have been revised or discontinued since the original article was written. Review the Information page for each product on Big "I" Markets for current content and instructions.