



## Times Are A Surety Changin'



As the famous Bob Dylan song goes, times, they are a-changin'. This applies to the surety marketplace as well. For several years, strong profits, inexpensive reinsurance and competition in the surety underwriting business have worked to a contractor's advantage. However, this may be changing and contractors may start to see underwriting guidelines become stricter. An article in the January/February 2018 issue of *Construction Executive* states Cristian deRitis, senior director at Moody's Analytics while speaking at the Dodge Outlook Executive Conference in November loosely earmarked 2020 for the next recession.

Goldleaf Surety feels it is important for contractors to have a periodic surety checkup.

- A solid surety program can give a contractor an edge over non-bonded contractors.
- A solid surety program shows that the company has the financial wherewithal to tackle a job and fulfill its obligations.
- A company's bonding capacity is largely a reflection of the company's working capital, net worth and debt. Simply put, the stronger your balance sheet the greater your aggregate bonding capacity.

When determining a company's bonding capacity the surety will review a company's:

- Financial statements
- Capacity to perform
- Organizational structure
- Management
- Trade references
- Credit history
- Banking relationships
- Job profitability

Goldleaf Surety's advice to contractors is this:

- Maintain a healthy working capital in the company
- Get aggressive about collecting accounts receivable
- Minimize under-billings by reasonably over-billing contracts
- Limit stockholders' withdrawals to a percentage of the net income
- Avoid using your bank line to purchase equipment

In times of change, Goldleaf Surety Services is your constant in obtaining the best surety program available. For more information on bonds - or for help with your clients' bonds needs - log in to [www.bigmarkets.com](http://www.bigmarkets.com) or email us at [bigmarkets@iiba.net](mailto:bigmarkets@iiba.net) and an underwriter will contact you.

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