Surety Bonds

Enjoy greater financial flexibility.

KEY BENEFITS

Secure as a bank guarantee	No tangible asset required for security	Improves your liquidity by leveraging your capital base	Removes growth constraints from financial institutions

BOND TYPES

Bid / tender bonds

Performance bonds

Advance payment bonds

Retention release bonds

Maintenance bonds

Off-site material bonds

Bank fronted bonds

ELIGIBLE COMPANIES

$50M+ per annum turnover

$5M minimum net tangible worth

Positive cash flow

Positive working capital

3+ years of continuous profitability

3+ years in operation

What are Surety Bonds?

Surety Bonds are the most efficient and cost-effective way to finance your contract security obligations and are widely accepted by the private sector, federal, state and local municipalities.

A surety bond is a three-way obligation between the Contractor, the Principal or Beneficiary and the Surety who has the responsibility to secure the obligations of the Contractor.

Surety bonds are a genuine alternative to traditional secured guarantee bank facilities. They are designed to deliver a flexible and effective bonding program, operating alongside your traditional banking line of credit. Bonds carry an identical wording to a bank guarantee, following the Australian Standards AS2124 which is an unconditional and on-demand undertaking. They also carry the same obligations at law as a bank guarantee.

A surety bond gives you greater financial flexibility by allowing your organisation to leverage your capital base (i.e. better utilisation of your balance sheet), thus enhancing working capital and opportunities to improve liquidity.

Surety bonds remove the need to have contingent liability (i.e. lazy capital) on your balance sheet. They help overcome the current ‘rationing’ of credit by financial institutions, meaning contractors can take on more projects without being restricted by security requirements.

We utilise the services of leading Australian underwriters when applying for Surety Bonds.

MASTER BUILDERS INSURANCE BROKERS

Your Industry Specialists

Your go-to construction insurance broker

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Why Surety Bonds vs. bank guarantees?

Let's look at an example: You win a contract for $20 million, you are required to lodge a bond for $2 million (10% of the contract value).

A financial institution would require you to either place a deposit of $2 million or use assets of similar value as security. As surety bonds are unsecured, your assets remain unencumbered and working capital is released to fund future contracts.

For more information contact MBIB Ph: 1800 150 888