



Frequently asked questions



What is surety bond?

A surety bond is a three-party agreement in which the insurer (guarantor) provides a guarantee to the party who receives the benefit of the bond (the beneficiary), that a third party (the principal) will meet its contractual, legal, or regulatory obligations.

A surety bond is therefore a commitment from the guarantor (Atradius) to the beneficiary to stand in when the primarily obliged party, the principal (our customer) fails to perform on a contractual obligation or in respect of a regulation requirement.

What is the difference between a surety bond and a bank guarantee?

Although banks have been traditionally used for guarantees, surety bonds issued by insurance companies have proven to be equally acceptable.

Surety bonds are usually conditional, whereas bank guarantees can be claimed on first demand by the borrower.

While surety bonds do not affect customers' bank credit limits, bank guarantees are usually part of a credit line and as such every bank guarantee entails usage of this credit line. While surety bonds can be customised, bank guarantees are usually standardised products.

Why choose Atradius for my surety bond needs?

- Flexibility: tailor-made solutions that fit your needs and business goals.
- Reliability: financial rating affirmed by A.M. Best as A (excellent) and Moody's as A1 with a stable outlook making Atradius a reliable reference for your beneficiary and partners.
- Expertise: more than 50 years of experience on the surety market and in-depth market knowledge with local presence in 12 European countries.
- Prudent risk management: long-term partnership is more important to us than short-term growth. We are not just a facility provider, but a surety underwriter, aiming at helping you secure your performance and boost your business development.
- Fast and efficient support: quickly and easily handling your surety needs. Assist you with technical and financial advice that might prevent default on your obligations.

What are the main sectors where surety bonds are requested?

At Atradius Surety we work with different industries and maintain relationships with a wide range of companies. Some of the main sectors we are active in are: construction, logistics, manufacturing, real estate, energy and waste management.



Can Atradius issue financial guarantees?

No, we are not allowed to issue financial guarantees. In fact, as financial guarantees are issued to cover purely financial obligations granted by banks or financial institutions, these products fall outside the scope of insurance.

What is the appetite for Atradius surety bonds on the market?

Our surety bonds are widely accepted by governments as well as large publicly traded companies and private enterprises.

Where can I request an Atradius surety bond?

Atradius Surety is active and can issue surety bonds locally in 12 European countries: Belgium, Denmark, France, Finland, Germany, Italy, the Netherlands, Norway, Luxembourg, Portugal, Spain and Sweden. Surety requests related to other countries are evaluated on a case-by-case basis.

Our Surety teams assess these requests according to relevant local legislation on insurance licensing as well as other factors, such as the nature of the underlying obligations, terms and conditions, etc.

Can Atradius issue individual (one-off) surety bonds?

Individual (one-off) surety bonds can be offered exceptionally and only in some of the countries where Atradius offers Surety. In most of the cases, first a guarantee facility agreement has to be established in the form of a contract between Atradius and you, our customer. Afterwards you can apply for the issuance of individual surety bonds under the scope of this facility.

What information is required to assess a surety bond facility?

The information required to assess a surety bond facility is, among others:

- Financial statements (at least the last three financial years).
- Stakeholders' and management team information.
- Business strategy (plan) for the next few years.
- Overall surety bond need (e.g. type of bonds, beneficiary countries, durations).

Depending on the complexity, this process can take up to a couple of weeks.

What is the procedure I need to follow for a surety bond application process?

- Apply for a surety bond through our online application process or an email (depending on the bond needed).
- Fill in the application form including the required bond type and wording, amount, duration and further specifications about the obligations to cover.
- Your application is assessed by your local surety team.
- You receive a draft of the surety bond to be issued and if approved by you.
- The surety bond is issued in favour of the beneficiary.

How is my surety bonds application assessed?

When assessing your application, we look at:

- Your underlying obligation that originates the surety need (e.g. contract, regulations).
 - Surety bond amount, duration and beneficiary.
 - Your capability of fulfilling your obligations towards the beneficiary.
 - Specific requirements for the surety bond wording if any
- After the evaluation has been done, we will send you an offer, which sets out all terms and conditions required in connection with the underlying risk.

How quickly can a surety bond be issued?

In case of a new relationship, Atradius Surety needs to perform a full underwriting assessment, which depending on the complexity, may take up to a few weeks to be completed and a surety bonds facility to be established. Once the facility is established, in most cases we can issue a surety bond within 24 hours, depending on the amount, complexity and nature of the case.

Is collateral required?

A collateral is an asset or more general commitment that has been offered as a counter guarantee for a policy or a surety bond. Collateral might be needed in some countries and cases. Collateral is usually requested in order to strengthen the credit worthiness of a prospect/customer and enable a positive final evaluation of a surety bond request.

How much does a surety bond cost?

We evaluate each case individually as the premium varies according to the type and duration of the bond, the customer's financial information and the market practice.

What is the duration of a surety bond?

Duration varies depending on the type of a surety bond.

When can a surety bond be terminated?

A surety bond is terminated when it reaches its specific expiration date or when the beneficiary provides a "release letter". This is a declaration that the underlying obligations have been fulfilled and no longer need to be guaranteed.

Can a surety bond be cancelled?

No, we cannot cancel a surety bond. However, specific conditions may apply.

What happens if a claim is filed against my surety bond?

First, the customer is informed that a claim has been filed to give him the opportunity to reach out to the beneficiary to resolve the case. If this is unsuccessful, we assess the claim for its validity and, if approved, we pay the amount due to the beneficiary in accordance with the value determined within the bond. If we consider the request baseless or partially grounded (such as the unfair calling of a bond), we can take legal action to protect both your business and ourselves.

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