

Welcome to IDOA DSD 2025 Business Conference Series

Cultivating Connections: Blooming Together IN Business

Today's Webinar:

Root Your Business with Bonding

January 23, 2025 | 10:00 – 11:30 a.m.



DSD Outreach Team

- Graham Bryant, Director of Business Development and Outreach, Division of Supplier Diversity
- Tyla Ayers, Business Development and Outreach Manager, Division of Supplier Diversity
- Austin Van Wagner, Business Development and Outreach Manager, Division of Supplier Diversity



Things to keep in mind before we begin:

1. Your microphones will be muted during the webinar unless you are a designated speaker.
2. Please use the chat functions for all questions or comments during this session to remain engaged during the presentation.
3. Please use the “raise your hand” feature to be unmuted during the Q&A portion.

Scan this QR code to leave your feedback for SBA



Today's Agenda

- Presentation –
 - Martin Anderson, Deputy Director, U.S. Small Business Administration (SBA)
- Q&A Session
- Feedback Survey
- DSD Upcoming Events
- Contact Us





U.S. Small Business
Administration

Surety Bonds & SBA Surety Bond Guarantee Program for Small Businesses

[Surety bonds | U.S. Small Business Administration \(sba.gov\)](https://www.sba.gov/surety-bonds)

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What is a Surety Bond?

- A surety bond is a way of ensuring that a business completes the work it was hired to do. If it doesn't, the bond's guarantor is financially liable to the customer.
- Surety bonds are purchased from business insurance companies.
- You may need a surety bond to meet requirements on government contracts if you run a construction or service firm.

Parties involved in a Surety Bond?

- **Obligee/Contracting Agency:** The party requiring a guarantee that work will be performed according to certain terms.
- **Principal:** The business that is hired to perform work according to the terms of the bond.
- **Surety:** The entity issuing the bond and guaranteeing that the principal will meet its obligations. The surety, typically an insurance company, is financially responsible to the obligee if the principal fails to meet obligations.

How do Surety Bonds Work?

Example:

1. **Your company is hired for a job.** Say a local government agency hires you to construct a building. The government agency wants a guarantee that work will be completed in a certain time frame and in accordance with local laws.
2. **You enlist a third company, known as the surety.** The surety writes bond, guaranteeing the work will be done according to the terms spelled out in the contract. The surety's role is to assure the government agency that you will complete the work as agreed.
3. **The surety compensates the Agency, if needed.** If you don't finish the project correctly, the surety will be financially responsible to the government agency. The surety then recoups its costs from you.

What a Surety Bond isn't

- Surety bonds differ from fidelity bonds, which protect both companies and their customers against losses from theft or fraudulent activities committed by company employees.
- Fidelity bonds, which tend to be less expensive, are typically carried by businesses offering services such as cleaning, moving, bookkeeping, childcare or repairs.

How do you get a Surety Bond?

- Businesses can buy surety bonds from many business insurance companies.
- You'll need to find an independent insurance broker or agent near you to purchase a surety bond from these companies. Many times, this is your agent for other business insurance needs.

Surety Companies Evaluate your firm based on



Capacity (your ability to complete the work) is based on experience in your field, key personnel experience, and day-to-day business management practices.



Capital is based on your company's profitability and the quality of your financial statements.



Character means the small business owner's personal credit history and business reputation.

What can SBAdo?



We help small businesses facing barriers to success by creating access and opportunity for them to qualify for contract bonding, increase bonding capacity, and grow their business.

SBA guarantees Surety bonds



A variety of bond types and amounts:

1 Bid

2 Performance

3 Payment

4 Maintenance/Ancillary

For each government and private contract **up to \$9 million**.

For each direct federal contract **up to \$14 million**.

Program qualifications for small businesses

Categorized as a small business based on:

- Average annual revenues for construction, service and supply firms
- Average number of employees for manufacturers

Other requirements

- Be current on public debts, taxes and repayment agreements
- Pass underwriting standards



To qualify small businesses must

- Possess good character
- Need a bond that business is unable to obtain elsewhere
- Be a U.S.-based, for-profit business with legal resident owners
- Be eligible to do business with the federal government
- Not be involved in a current bankruptcy proceeding



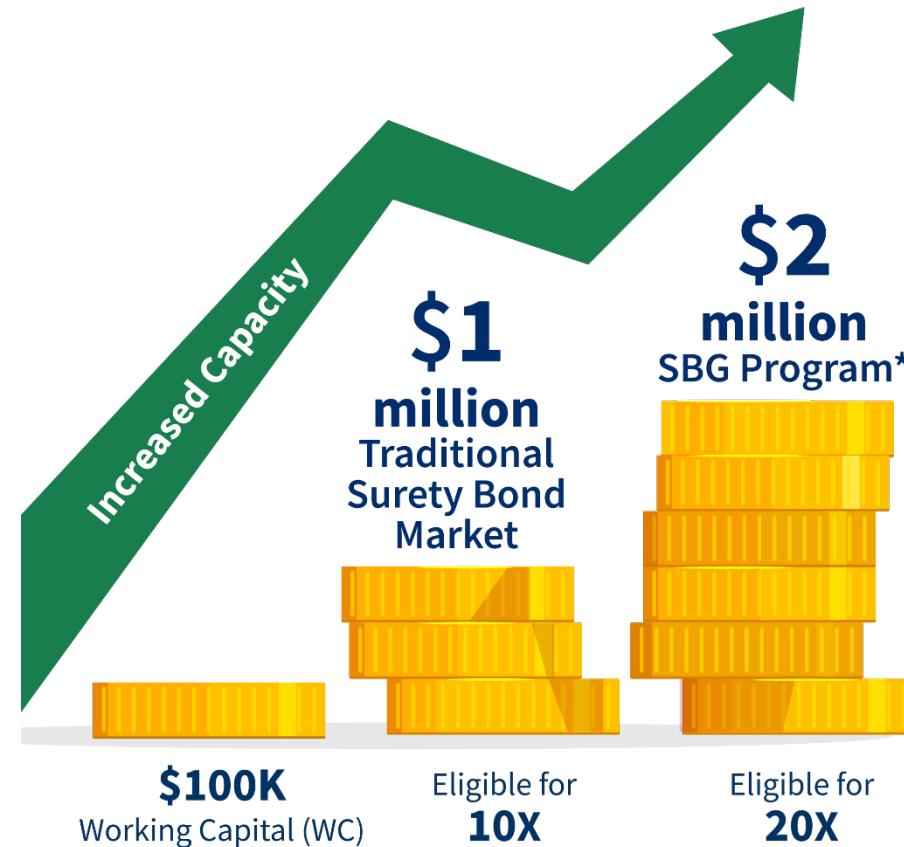


Why utilize our program?



- You gain access to bid, performance, payment, and maintenance bonds on your own and build experience.
- Our guarantee allows small businesses to qualify for more bonding.

Benefits of SBA guaranteed bonds



Working capital requirement is about half of what is normally required for contract surety bonds.

We count the unused portion of bank lines of credit (BLOC) as working capital.

Prior Approval Program and QuickApp = Fast decisions to meet your needs



Prior approval program
delivers underwriting
decisions in **2 days**.



QuickApp decisions
within **24 hours** on bonds
of **\$400,000 or less**.

Typical surety bond fees



Bid bond guarantee fees
are never charged by the SBA

Contractor's fee
0.6% of the contract amount
paid to SBA for the guarantee.

Surety premium
charge paid to the surety
company for the bond.



SBG Program Surety Partners



Find an SBA-authorized surety agent



Visit
[Surety bond agency directory | U.S. Small Business
Administration \(sba.gov\)](https://www.sba.gov/)



The SBA Resource Partner Network

Access the right tools at the right time—wherever you are.



Approved and funded by the SBA



1,400+ partner offices nationwide



Find local resource partners near you at SBA.gov/local-assistance



Resource Partners

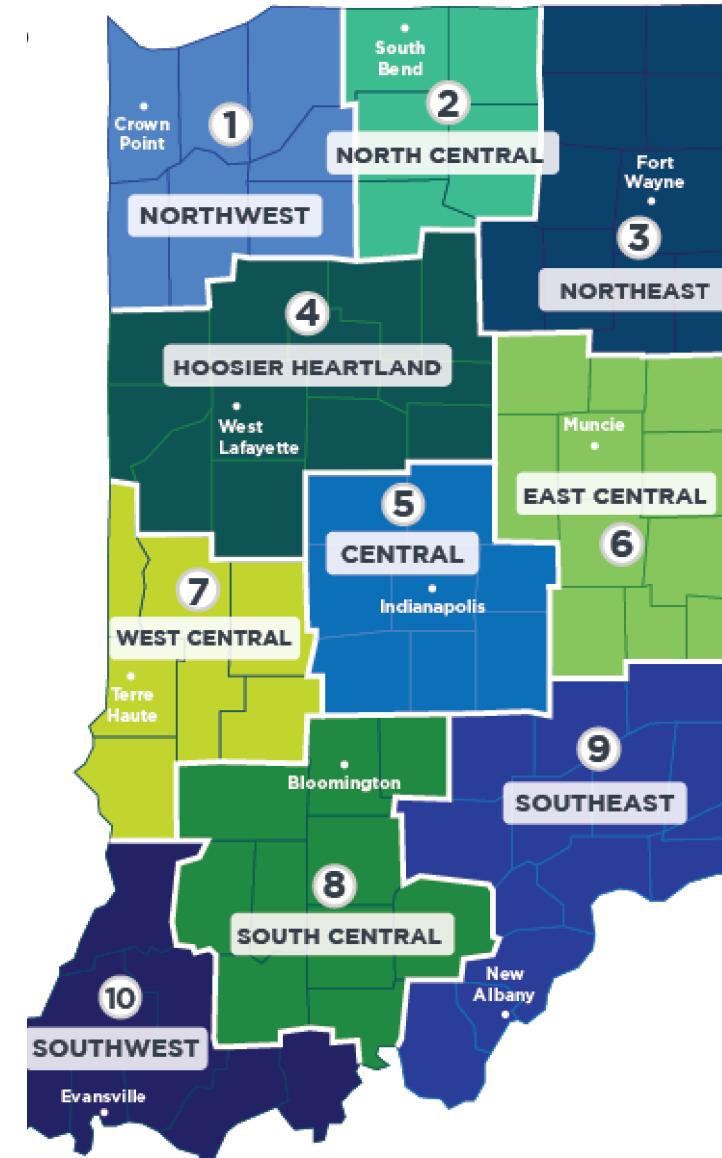


www.isbdc.org

10 Regional Offices to serve you:

Crown Point, South Bend, Fort Wayne, Lafayette (Kokomo), Indianapolis, Muncie, Terre Haute, Bloomington, New Albany, and Evansville

[Locations Indiana Small Business Development Center](#)



Resource Partners

If you are an aspiring entrepreneur or small business owner looking for:

- **Mentorship and advice** from volunteer real-world business executives—in-person or virtually
- **Free online workshops and webinars**



www.score.org

7 Chapters
Columbus, South Bend,
Evansville, Fort Wayne,
Indianapolis, Terre Haute,
and Valparaiso

Resource Partners

If you are an aspiring or current woman small business owner looking for:

- **Comprehensive training and counseling** on a variety of topics in several languages
- **Business advice** to level the playing field against unique challenges or obstacles



Central Indiana
Women's
Business Center

www.businessownership.org



<https://theniic.org/start/womens-entrepreneurial-center/>

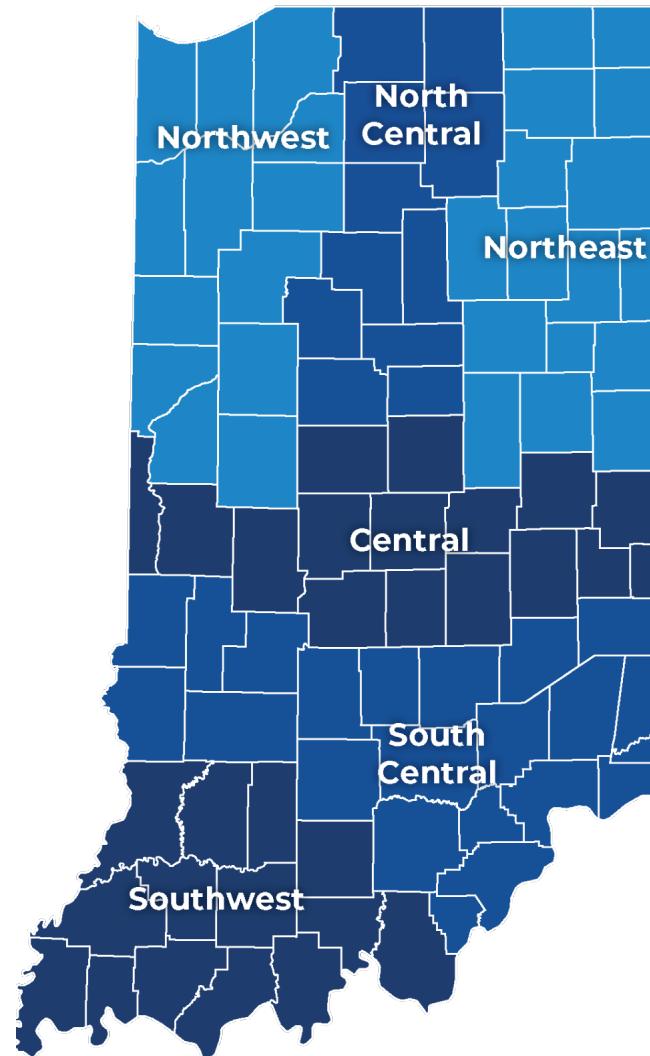
Resource Partners



[IN APEX Accelerator](#)

If you are an aspiring entrepreneur or small business owner looking for:

- **Help from an expert** to identify, compete for, and win government contracts
- **Free in-person and online** workshops and webinars

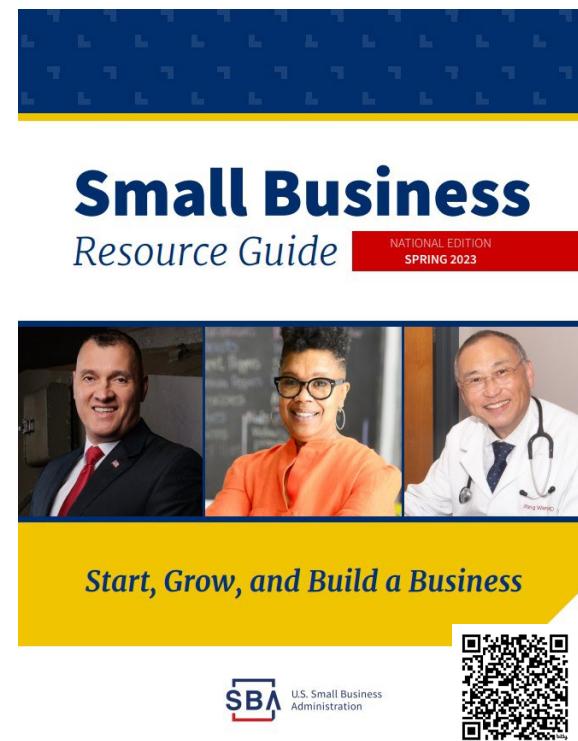


[Locations | IN APEX Accelerator](#)

SBA Resource Guides

English: <https://bit.ly/SBA-ResourceGuide-English>

Spanish: <https://bit.ly/SBA-ResourceGuide-Spanish>



Stay Connected SBALinks & Contacts



SBA website; all programs, resources and tools:
www.sba.gov/in



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U.S. Small Business
Administration

How are we doing? Please take a minute to let us know

www.sba.gov/feedback



Planting Seeds of Success with DSD's Three Functions

This in-person workshop offers vendors resources and insights to succeed, covering outreach initiatives, upcoming events, and the certification process. Participants will learn about the benefits of certification, gain insights on contracting and the pay audit system, and explore the new UNSPSC code search method.

In-Person



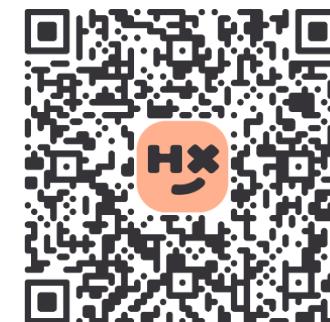
302 W. Washington Street
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Friday, February 14, 2025
1:00PM - 3:00 PM EST



Scan the QR Code
to register



Contact us at mwbe@idoa.in.gov or 317-232-3061

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