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payment bonds. In addition, private project owners are increasingly also including this ...

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Businesses from a wide array of industries need to obtain surety bonds in order to meet legal requirements for their operations. Whether you're an accounting firm serving companies that have to get bonded, or you need a surety bond for your own business, it's essential to grasp how the surety bond cost is formulated. This is key to minimizing administrative costs.

The most common types of surety bonds include license bonds, which are often required of auto dealers, mortgage brokers, freight brokers, and many other professionals. Then come contract bonds, which are often necessary when construction contractors want to work on public and even private projects. In addition, there are also court bonds, which may be needed in some legal cases, and fidelity bonds, which function as protection for your business. For each of these types, the bond price formulation varies.

Struggling with the question how your surety bond cost is set is over, though. The newly published [The Cost of Surety Bonds: Everything You Wanted to Know ebook](#) contains an in-depth overview of the pricing process. The best part about this valuable resource is that it has been released for free, so it is available for all professionals out there who need consulting about obtaining a surety bond at the best price.

Here you can find a quick snapshot of the ebook's content, presenting the main points you should keep in mind about the cost formation of license and contract bonds.

How is the cost of contract bonds set?

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increased bond amounts, however, surety bond providers also have to consider the **company financials**.

In addition, a couple of other factors influence the bond price. If a construction business can demonstrate a **history of successfully completed projects**, this has a positive effect on the overall bond application.

There is a clear trend, as well, that **for larger bond amounts the bond rates are typically lower**, in the range of 1% to 1.5% of the surety bond amount.

What factors determine the cost of license bonds?

It's worth noting how the price of license bonds is set as well, since this is one of the most popular types of surety bonds used today across the U.S. They are a part of the licensing procedure for a long list of businesses in diverse fields. License bonds ensure professionals will adhere to the legal framework and requirements set by local, state or federal bodies.

The cost formulation of license bonds is a complex process during which the surety has to examine the full profile of the bond applicant. The **personal credit score of the business owner** accounts for about 40% in the price setting. In addition, the credit report is also of importance, as it's best that it has no outstanding payments.

The other most significant factor is the **status of the company finances**. This accounts for 30% in the price formulation. The larger the required bond amount is, the more important this criterion gets.

The subsequent element in the bond cost setting is the **personal finances of the business owner**. It contributes about 10% in the bond price decision. Here it's important for bond applicants to showcase liquidity and assets they may have, investments, or any other items that prove a stable profile.

If you'd like to learn more details about the way sureties determine the bond costs for

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expert who helps business owners get licensed and bonded. He graduated from Villanova University with a degree in Business Administration and holds a Masters in Business Administration (MBA) from the University of Michigan's Ross School of Business.

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