

# under CONSTRUCTION

infographic series

## Allstar Surety Bonds 101

### WHO'S WHO

#### THE PRINCIPAL

The construction company or contractor required to post a bond.

#### THE OBLIGEE

Government entity, owner, general contractor or person requiring principal to be bonded.

#### THE SURETY

Provides guarantee to obligee on behalf of principal.

### Surety Bond **DEFINED**

A surety bond is simply an agreement between three parties: principal, surety and obligee. The surety provides a guarantee to the obligee that the principal will fulfill their obligations.

**MANY CITY, STATE, & FEDERAL  
AGENCIES REQUIRE A BOND  
TO BID AND PERFORM WORK  
ON A PROJECT.**

### HOW IT WORKS

- 1** The principal promises to perform the work contracted by the obligee.
- 2** If the construction company fails to meet the agreed upon obligations the obligee can file a claim against the bond that is backed by the surety.
- 3** The surety will assign a new contractor to finish the project or settle the project with a financial sum.

**ALLSTAR  
SURETY**