

# The Advisor

## Strategies for working proactively with your surety broker

In 2026, the construction industry is expected to keep growing – driven largely by investments in infrastructure and data centers. As you prepare for upcoming projects, the corporate surety team at Schauer Group recommends working proactively with your broker to ensure your company is set up for success.

A few of the strategies we suggest discussing with your broker include:

### Bond capacity support

With inflation increasing the price of construction projects, contractors need additional bonding capacity. Beyond helping secure similar scope yet higher-costing jobs, increased bonding capacity also can show prospective clients that your company has a track record of successfully completing larger projects and help support your company's growth.

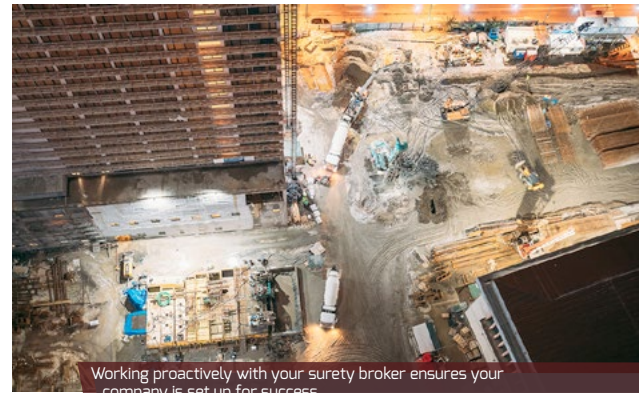
Financial standing plays a major role in your ability to increase your capacity – surety underwriters will look at your company's balance sheet, your liquidity ratio, cash flow, debt and equity. Your broker can help you develop a sophisticated financial presentation that's appropriate for your project size. They also can suggest strategies to strengthen your internal financials, such as reducing fixed assets to improve liquidity, increasing your working capital through timely billing, and keeping earnings in the company versus in outside investments.

### Peer benchmarking


Sometimes, it can be helpful to see what others are doing in the surety marketplace. If your broker has relationships with multiple surety company partners, they should be able to access data about your peers and share insights and trends to help you make more informed decisions.

### Personal indemnity review

Surety bonds include indemnity agreements, which serve as a guarantee from the contractor that it will be able to repay the surety company if a claim occurs and the bond is triggered. Often, these agreements include personal guarantees from anyone who has a financial interest in the contractor, in the event the contractor doesn't have enough money to reimburse the surety company.



Working proactively with your surety broker ensures your company is set up for success.



When possible, corporate-only indemnity is preferred. If that's not an option, work with your broker to find ways to protect your personal assets – for example, you might be able to include a homestead exemption, which would prevent the surety company from being able to take your house to recover losses.

### Dispute and claims assistance

The best way to avoid a surety claim is to try and resolve disputes as they arise. Your broker can help identify issues early and facilitate open communication between your team, the surety company, and the project owner. In the event a claim does get filed, your broker can assist in assembling project documentation and responding to requests for information.

### Contract review & negotiation

For negotiated work, your surety broker can be a resource to help you secure better terms. One area where this is particularly important is helping you understand liquidated damage risks– or damages that are incurred when a project encounters an unexcused delay.

Understanding and limiting where possible the liquidated damages provision in a contract can be a beneficial tactic, since the provision spells out the amount you'd be required to pay in the event of an unavoidable delay. It also can stipulate that liquidated damages are the owner's only remedy if the project is behind – and, subsequently, remove the possibility of the owner being able to collect additional, unknown damages, which could be significantly more costly.

The corporate surety team at Schauer Group has experience working with major civil construction, general construction, and public-private partnerships. If you'd like assistance with your next project, please reach out to your advisor, or contact our surety division at [insure@schauergroup.com](mailto:insure@schauergroup.com).

### About Schauer Group

Schauer Group is an independent risk management and insurance advisory firm dedicated to helping people, companies and communities thrive. The firm's team of insurance professionals works with clients across the country and across a variety of industries, offering expert risk management consulting and customized commercial insurance, employee benefits, personal risk and corporate surety solutions. With offices throughout Northeast Ohio, Schauer Group is committed to attracting and developing the region's top talent and investing in the communities where associates live and work.

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### SOURCES

[Proactive Surety Claims Handling | IRMI](#)

[Surety Bond Claims 101 | Old Republic Surety](#)

[The Contractor's Guide to Increasing Bonding Capacity | Procore](#)

[How Contractors Can Maximize Bond Capacity Through Strong Internal Financials | Construction Cost Accounting](#)

[What are Indemnity Agreements? | BondExchange](#)

[Find the Right Construction Surety Provider – Look for These 4 Value-Added Services | Travelers](#)

[Risk Transfer: Understanding Potential Damages Due to Unexcused Construction Project Delays | Travelers](#)



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