

## Glossary

- **Acquit** – free from a criminal charge by a verdict of not guilty
- **Adjudicate** – to determine judicially, a judicial decision.
- **Administrator Bond** - Guarantees that an individual or organization will safeguard assets of another that have been placed under their control.
- **Agent** - A producer who is appointed to transact business through an authorized insurance company. Only licensed, Property & Casualty insurance producers can solicit and sell surety bonds. Surety limited lines agents are licensees who specialize in surety bonds. Most surety agents operate as independent agents, representing several different Surety Companies.
- **Appeal bonds (a.k.a. supersedeas bond)** guarantee that the judgment will be paid if affirmed and that the costs of the appeal will also be paid *should the defendant default*.
- **Appellant** - The party (defendant) who appeals a court's decision, who wants to delay payment to the plaintiff of a judgment until the appeal is over. The appellant will be required to provide an appeal or supersedeas bond.
- **Attorney In Fact** - The bond agent who contracts with sureties to write bonds and sign on their behalf.
- **Authority Agreement** - An agreement between the agent and the surety governing the use of the Power of Attorney.
- **Bail** – One who becomes surety for the debt of default of another, the security or guarantee given to insure the appearance of the defendant at every stage of the proceedings
- **Bail Piece** – refers to the document recording the nature of the bail granted to a defendant in a civil action. Generally it is signed by the sureties and filed with the court.
- **Banker's Bond** - Often referred to as a **Fidelity Bond**. Covers the bank in the event of loss due to the dishonest acts of its employees or individuals external to the bank. For example, a bank teller or robber steals money, the bank would be indemnified for the loss under the bond.
- **Bid Bond** - Assures owner will be paid the bid bond amount if the contractor is awarded the job but later refuses to undertake the job. If the successful bidder defaults on either account, the obligee may use as

much of the bid bond penalty as necessary to cover resulting losses and expenses. For example, [extra expenses are incurred if a project must be rebid or if the job must be awarded to the next highest bidder.](#)

- **Bond Back** - Occasionally the Surety will as part of their underwriting requirements require the General Contractor to have one or more of their major Subcontractors to be "bonded back" to the General, to reduce the risk of default.
- **Bond Penalty** - *The amount of the bond*, a.k.a. **the penal sum or penal amount**.
- **Bond Term** - May be a specific period of time or continuous until terminated by one of the parties to the bond.
- **Collateral** - Assets pledged to the surety to secure the principal's indemnity. The collateral will be cashed if a loss occurs.
- **Capital Offense**- a criminal offense punishable by death, no bail is available to those so charged usually. Where there is no death penalty bail may be available.
- **Conviction** – the legal act on which the judge or jury finds someone guilty of a criminal offense and upon which sentence or judgement is founded.
- **Co-surety** - Two or more sureties on a bond.
- **Custody** – 1) keeping or guardianship, 2) restraint of liberty or imprisonment
- **Defendant**- in civil proceedings, the party responding to the complaint; one who is sued and is called upon to make satisfaction
- **Disposition** – final settlement, as in an estate, the action of distributing property or money to someone.. In criminal law the disposition is the final judgement
- **Executor Bond** - Guarantees that an individual or organization will safeguard assets of another that have been placed under their control.
- **Extradition** – the act of extraditing a person accused or guilty of a crime; the surrender of an accused person to the justice of another government.
- **Federal Register** - Lists the Certified Surety companies who are Authorized to sell federal bonds.

- **Felony** – a grave crime originally one punishable with forfeiture of lands or goods; typically involving violence usually punishable by imprisonment for more than 1 year or death. A term used to distinguish high crimes from minor offenses known as misdemeanors.
- **Fidelity Bond** - Reimburses an organization for employee theft. Example, a Banker's Bond.
- **Fiduciary Bond** - Guarantees that an individual or organization will safeguard assets of another that have been placed under their control.
- **Fugitive** – Fleeing, as from pursuit; escaping or escaped; runaway; evanescent; momentary. One who or that which flees; a runaway; deserter. A person who has escaped from a place or is in hiding, especially to avoid arrest or persecution.
- **Guardian Bond** - Guarantees that an individual or organization will safeguard assets of another that have been placed under their control.
- **Hearing**- a proceeding wherein evidence is taken for the purpose of determining an issue and reaching a decision based on that evidence, an act of listening to evidence in a court of law or before an official, especially a trial before a judge without a jury.
- **Incarceration** – confinement in a jail, prison, or penitentiary, imprisonment.
- **Indemnity** - The principal's guarantee to reimburse the surety for any loss it might sustain on a bond.
- **Indictment** – a formal charge of crime, written accusation, submitted to a grand jury by the prosecuting attorney. Once filed the matter passed to the court to trial. Also serves to inform an accused of the offense with which they are charged with enough clarity they may adequately prepare the defense.
- **License & Permit Bond** - Guarantees a person or organization will perform according to the laws and statutes of a particular business or industry.
- **Misdemeanor** – misbehavior, any offense less than a felony
- **Mittimus** – a warrant issued by a court to commit someone to imprisonment. It directs the law enforcement officer to deliver the person named in the writ to a prison or jail and directs the jailer to receive and imprison the person.

- **Notary Bond - Public Official Bond** - Guarantees to the Local, State or Federal Government the honest performance of an elected or appointed government official.
- **Obligations** - under a surety bond can be **Contractual, Statutory and/or by Court Order**.
- **Obligee** - The person or firm that is the beneficiary of the bond. The one who is protected.
- **Obligor** - The old name for the **Principal**. The party who is required to perform. **The one who the surety guarantees**.
- **Payment Bond** - Guarantees a contractor will pay fees owed for labor and materials on a construction project.
- **Penal Amount** - A key term in nearly every surety bond is the **penal sum** or penal amount. This is a specified amount of money which is the maximum amount that the surety will be required to pay in the event of the principal's default.
- **Performance Bond** - Guarantees a contractor will perform according to the specifications in the construction contract.
- **Plaintiff** - the one who brings suite against another. An appeal bond guarantees that the **plaintiff will be paid if the defendant or appellant defaults after the appeal**.
- **Power of Attorney** - *A legal instrument authorizing an agent of the surety to sign a bond on behalf of the surety as its attorney-in-fact.*
- **Premium** - The premium is the cost of the bond, paid to the surety for providing the financial guarantee and for performing all underwriting. Unlike insurance, the premium is not based on a probability of loss. **It is strictly a fee for service**.
- **Principal** - The person or firm who is bonded to another entity by the surety.
- **Public Official Bond** - Guarantees to the Local, State or Federal Government the honest performance of an elected or appointed government official.
- **Recognizance** – an acknowledgement or obligation of record, with condition to do some particular act, as to appear and answer which upon failure of which the recognizer is obligated to pay a specific sum to the court or to a party.

- **Replevin Surety (Court) Bond** is secured by a plaintiff in a replevin **court action** to cover losses to the defendant or court officer when seizing the property in the defendant's possession and transferring it to the plaintiff. *If the plaintiff loses the case, the property must be returned and losses and expenses to the defendant must be paid. The bond pays if the plaintiff defaults.*
- **Supersedeas Bond** - A type of surety bond that a court requires from an appellant (the party who appeals a court's decision) who wants to delay payment of a judgment until the appeal is over.
- **Surety** - The entity guaranteeing the performance of the principal to the obligee.
- **Suspend** – delay, stop indefinitely, officially prohibit someone from holding their usual post or doing their usual role for a period of time
- **Temporary Administrator Bond** - Fiduciary Bond - Guarantees that an individual or organization will safeguard assets of another that have been placed under their control.
- **Underwriting** - A term borrowed from insurance. This is a process where the Surety investigates the Contractor's **Character, Capacity and Capital** to determine if the contractor is qualified, by the Surety's standards, to undertake the project. This process is very much like qualifying for a loan, line of credit or mortgage.
- **US Department of the Treasury** - A surety that wants to write bonds for federal government construction projects must have a **certificate of authority issued by the U.S. Department of the Treasury. A listing of the surety companies with a Certificate of Authority can be found in the Federal Register.**
- **Warrant** – a judicial writ which authorizes arrest, search, seizure, etc
- **Writ** – a mandatory precept, under seal, issued by a court, and commanding the person to whom it is addressed to do or not do something.