



**Statement of
the National Association of Surety Bond Producers
and The Surety & Fidelity Association of America**



**The Surety Industry Remains Strong, Well Regulated, and Committed to the Financial
Strength and Security of Surety Bonds**

February 15, 2012 – Washington, DC – On February 8, 2012, the Commonwealth Court of Pennsylvania issued an Order of Liquidation for First Sealord Surety, Inc. (FSSI). The court appointed Pennsylvania Insurance Commissioner Michael Consedine as Statutory Liquidator of FSSI and directed him to take possession of FSSI's property, business, and affairs.

The National Association of Surety Bond Producers (NASBP), representing professional surety bond producers and brokers, and The Surety & Fidelity Association of America (SFAA), representing surety companies, reports that professional surety bond producers and companies stand ready to provide assistance to those affected by the FSSI liquidation and to minimize any inconvenience to the principals and obligees. Furthermore, surety bond producers will help their clients mitigate the effect of the FSSI liquidation, including, where appropriate, identifying suitable replacements for cancelled FSSI bonds.

This action against FSSI, in which a licensed surety company is found to be insolvent and have insufficient funds to meet its obligations, is highly unusual. The surety industry remains reliable and strong and, as a whole, has weathered a challenging economic environment well, maintaining the sound underwriting that is its hallmark, discerning the qualifications of businesses to undertake contracts sought, and providing needed assurances of performance and payment.

The surety industry is committed to protecting consumers and the public interest through surety bonds. The public can have confidence that the industry is well regulated and that substantial safeguards are in place to minimize losses by requiring that solid assets stand behind surety bonds. Indeed, the decisive actions of the Pennsylvania Insurance Department and the Commonwealth Court of Pennsylvania exemplify the regulation and oversight the surety industry receives to protect the public interest and minimize losses in a liquidation action.

For claimants on FSSI bonds, some state insurance guaranty funds cover surety claims. Many do not, however, and each claimant should seek legal advice from a lawyer admitted to practice in the state involved. Information about submitting a claim in the FSSI liquidation proceeding is available at the Pennsylvania Insurance Department website at www.insurance.pa.gov.

NASBP is an international organization of professional surety bond producers and brokers. Information about NASBP and its members is available at www.nasbp.org.

SFAA is a trade association of more than 450 insurance companies that write the vast majority of surety and fidelity bonds in the U.S., is a licensed rating or advisory organization in all states, and is designated by state insurance departments as a statistical agent for the reporting of surety and fidelity insurance. For more information, visit www.surety.org.