



## NATIONAL ASSOCIATION OF SURETY BOND PRODUCERS

7735 Old Georgetown Road, Suite 900

Bethesda, MD 20814

Tel: 240.200.1270

Fax: 240.200.1295

[www.nasbp.org](http://www.nasbp.org)

March 17, 2023

The Honorable Kevin Anderson  
Secretary of Commerce  
Maryland Department of Commerce  
401 East Pratt Street  
Baltimore, MD 21202

Dear Secretary Anderson:

On behalf of the National Association of Surety Bond Producers (NASBP), a national trade association representing insurance agencies employing surety bond producers, including licensed resident and non-resident agents placing contract surety bonds throughout the State of Maryland, I wish to express our support for state programs to assist the capital and credit needs of small and disadvantaged businesses, especially construction and related businesses, and to make you aware of a recent educational resource jointly created by NASBP and the Surety & Fidelity Association of America to inform and guide small and disadvantaged construction businesses on ways to qualify for surety bonds in the standard market.

NASBP has been and continues to be supportive of programs, especially loan and guarantee programs, administered by the Maryland Small Business Development Financing Authority (MSBDFA), as such programs serve to enhance opportunities for small and disadvantaged businesses, including those working in the construction and related sectors. Among MSBDFA programs is the surety bond program, which functions to provide bonding assistance to eligible businesses directly or through the issuance of bond guarantees. NASBP is an advocate for such programs at state and federal levels and views such programs as important resources for economically and socially disadvantaged firms that otherwise might not qualify (for such reasons as work-type inexperience, inadequate equipment, or lack of working capital) for surety bonding in the standard market.

It is important to note that recent inflationary pressures coupled with other issues, such as workforce shortages and supply chain delays, have increased the costs of today's construction projects and associated contracts. For that reason, we encourage the Maryland Department of Commerce to examine the need to enhance the reach of programs such as the MSBDFA surety bond program, so that it can provide bond guarantees on larger contract sizes. Such programs are worthy of additional funding and of increases to the caps on contract sizes. Likewise, we hope that the Department of Commerce will make sure that loan and financing programs have the financial resources necessary to aid small and disadvantaged construction businesses with higher working capital needs.

In the recent past, NASBP worked with various state and municipal officials to provide multiple bonding assistance and educational sessions, so that the Maryland small business community is informed about the process to qualify for surety bond credit. We also know that this is an on-going need, and we would welcome the opportunity to work with the Department of Commerce to continue outreach.

As mentioned earlier in this letter, NASBP also now offers a free resource, an online *Contractor Bonding Education and Mentoring Program* (<https://learn.nasbp.org/SFAA-NASBP-ContractorBondingEd>), which features interactive

eLearning modules available 24x7 to inform construction business principals on the ways in which to qualify for surety bonding relationships. A focus of this eLearning program is on minority-, women-, and veteran-owned contractors which are interested in learning about surety bonds, though any person from any construction firm can take the education modules. Course takers, at their own discretion and election, can request to be paired with surety industry professionals in mentoring arrangements to further assist them in their surety credit journeys. We believe this to be a one-of-a-kind, ground-breaking online program that can be a tremendous resource for Maryland small and disadvantaged construction businesses.

NASBP appreciates the Department of Commerce's effort to support Maryland small business and its consideration of the matters raised in this letter. NASBP certainly would welcome the opportunity to work with the Department of Commerce and appropriate subdivisions to assist with any bonding assistance and education. Please feel free to reach out to me personally should you have questions or wish further dialogue on the points in this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Mark H. McCallum", with a long, sweeping horizontal line extending to the right.

Mark H. McCallum  
Chief Executive Officer

Cc: The Honorable Wes Moore  
Governor of Maryland  
State House  
Annapolis, MD 21401

Mr. Stanley Tucker  
President  
Meridian Management Group  
826 East Baltimore Street  
Baltimore, MD 21202

Mr. Larry LeClair  
Director, Government Relations  
NASBP