



THE SURETY &
FIDELITY ASSOCIATION
OF AMERICA



Surety Bonds Protect Alabama Taxpayers

\$2.1B Supporting 1,029 State Projects

Based on publicly available data (January 2025), funds from the Infrastructure Investment and Jobs Act (IIJA), Inflation Reduction Act (IRA) and Creating Helpful Incentives to Produce Semiconductors (CHIPS) legislation have been allocated to Alabama. These projects are crucial for repairing, upgrading and expanding the state's infrastructure, which is the foundation of its economy.

Surety Bond Benefits

A study by EY and The Surety & Fidelity Association of America (SFAA) found that surety bonds offer Alabama taxpayers significant savings and risk management benefits. The study estimates that surety bonds will:

Save Alabama
taxpayers **\$79.8M** on these
projects.

These savings are derived from the average of three data scenarios—low, medium, and high—reflecting varying levels of improved contractor pricing and default rates within the range cited in the EY study. This estimate also accounts for the cost of the bonds.

The Importance of Surety Bonds

Surety bonds serve as a vital risk management tool, safeguarding construction projects by enhancing performance, ensuring quality, and controlling costs. Mandated by state and federal laws, these bonds are crucial in promoting fiscally responsible infrastructure development.



Here's why:

Unbonded projects default 2.5–10 times more often than bonded projects. Without surety, tens of millions of taxpayer dollars would be lost to project defaults.

Unbonded projects cost 85% more upon default and take at least twice as long to complete.

Bonded projects cost less than unbonded projects, with 75% of public project owners reporting that surety bonding reduces contractor pricing by an average of 3.2%.

Surety bonds provide **financial security to suppliers, subcontractors, and workers**, ensuring they are paid even if a general contractor defaults.



Scan the QR code to access the EY study and Surety Protects web hub.

Based on
analysis by



www.surety.org