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Indemnitors and Sureties

I have been in the business of finance/banking for more than twenty years. I have heard and seen many financial terms that meant the same thing but was a different word depending on the type of product you were referring to. I thought I had heard them all until I can into the bonding industry. Bail bonds are a blend between finance, insurance, and loans. There are several terms used in the worlds of finance and banking. I have heard payee, payor, trustee, guarantor, but when I came to work for the bonding company I kept hearing the words surety and indemnitor.

Indemnitor, pronounced in-dem-knee-tour, can be used in several industries. The main industries that use the term “indemnitor” are surety companies, bonding companies, insurance companies, and self-employed businesses such as those dealing in construction. The definition of indemnitor regarding bonding companies is an individual or company who agrees to assume the obligation normally placed on a surety, if the person a bond was issued on defaults or fails to appear in court. (www.businessdictionary.com/definition/indemnitor). In verb form, indemnify means to secure against hurt, loss, or damage; (2.) To make compensation to /for incurred hurt, loss, or damage. It originates from Latin term (indemnis) meaning unharmed. Some synonyms to the term indemnitor are compensate, recoup, satisfy, reimburse, or repay.

The term “surety” has several different definitions. One is in noun form meaning a person who takes responsibility for another’s’ performance of an undertaking. It could mean either their appearance in court, or full payment of the debt. Another definition is money given to support an undertaking that someone will perform a duty, pay their debts, etc.; a guarantee. Surety is also defined as a state of being sure or certain of something. (www.businessdictionary.com/definition/surety). Sureties can also refer to warranties and deals, but in the bonding industry it means assurance and guarantee. It is the assurance and guarantee that the person the indemnitor paid a bail bond for, a defendant eligible for bond release, would appear in court on their requested court date, otherwise they will pay back the bond plus all fees incurred by the person being bonded missing court. Sureties are often considered insurance companies, banks, bonding companies, and financers. They are basically the financial backing.

Other words that describe indemnitors can also be co-maker and co-signer when you are dealing with finances. The terms are usually associated with financial obligations or legal contracts. In comparison form, indemnitors are to debit cards as sureties are to paychecks. You cannot fund the debit card if you don’t have a paycheck. No matter what industry you are in or dealing with, anytime you have legal contracts or finance terms, you always want to define what they mean. You are never certain what you may be obligating yourself to short term, long term, or permanently.