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Indemnitors and Sureties: What the heck is that, and where do they do that at?

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 came into working in 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, along with failure to appear, judgements, and FIFA’s or writ of fieri facias. In short, a FIFA places a lien against the losing party and any property he or she owns. It is very similar to a bill owed, but in an official court setting or filing.

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 referring to 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. A person cannot fund the debit card if they do not have a paycheck, unless the receive money as a gift or are into other possible financial ventures. No matter what industry an individual is in or dealing with, anytime there are legal contracts or finance terms, an individual should always want to define what they mean, if they are not already understood. One can never be certain what they may be obligating themselves to short term, long term, or permanently. I always encourage people to read what they are signing. I at least give them the choice. I am not sure how individuals do not read what they sign and take an individuals word for it. There is no guarantee unless you ask questions, read thoroughly, ask for a copy, and/or ask questions about what is not understood in those contracts or agreements. These days everyone is in a hurry and just assumes they are covered in everything they do.