TRAVELERS

Surety bonds for healthcare providers

PROVIDING SURETY BOND SOLUTIONS FOR YOUR HEALTHCARE CLIENTS

The healthcare industry is one of the fastest growing and largest segments of the U.S. economy. The rapid growth and evolution of the healthcare industry, including the signing into law of the Affordable Care Act, presents substantial opportunities, especially in the not-for-profit arena.

All types of healthcare accounts need surety bonds

- General Medical and Surgical Hospitals
- Integrated Delivery Systems (IDS)
- Durable Medical Equipment, Prosthetics and Orthotics Suppliers (DMEPOS)
- Health Insurance Providers
- Health Maintenance Organizations (HMOs)
- Managed Care Companies
- Medicare Accountable Care Organizations (ACOs)
- Pharmaceutical Manufacturers and Distributors
- Physician Group Practices
- Skilled Nursing Facilities



Surety bonds needed by healthcare accounts

- Appeal Bonds
- Federal and State Durable Medical Equipment, Prosthetics and Orthotics Suppliers (DMEPOS) Bonds
- Insurance Program Bonds
- Medicaid Reimbursement Bond
- Medicare ACO Bonds – New Product!
- Patient Trust Bonds
- Performance Bonds
- Self-Insured Workers Compensation Bonds
- Subdivision Bonds
- TPA and Managed Care Services Bonds
- Unemployment Compensation Self-Insurer Bonds
- Various License and Permit/Compliance Bonds

Letter of credit replacement

For many years, the healthcare industry has utilized bank letters of credit, cash deposits and escrows as security instruments to guarantee financial or performance obligations. Oftentimes, these obligations can be secured by a surety bond, which can serve as a useful tool to help better manage cash flow. We have provided surety bonds as an alternative form of replacement security for:

- Paid Loss Retro Insurance Programs
- Large Deductible Insurance Programs
- Contractual Performance Obligations
- Workers Compensation Self-Insurers Obligations
- Court Bonds (Appeal, Injunction, etc.)
- Captive Programs
- Other Casualty Retention and Self-Insurance Programs

Advantages of a Travelers surety bond vs. bank letters of credit, escrow and cash collateral

- **Credit Capacity/Liquidity** – Travelers surety bonds increase financial flexibility and balance sheet efficiency by serving as a readily acceptable alternative to bank LOCs and other security guarantees such as cash, escrow and trust accounts.
- **Ease of Doing Business** – Travelers has experienced underwriters who can make setting up a surety line of credit simple and without any application fees or other fees.
- **Covenants and Other Restrictions** – Banks may place covenants and explicit restrictions on lines of credit while surety offers more flexibility.
- **Default Defenses** – Typically, bank LOCs – and the other security guarantees described above – are demand instruments where a claim must be paid within a very short timeline with the hospital and surety having no defenses against such a draw. Traditionally, surety bonds are not demand instruments except in certain specific, clearly defined situations.
- **Claim Handling** – Travelers has a professional, dedicated claims staff – including very knowledgeable, highly experienced attorneys – available to assist with the claims resolution process.
- **Rates** – LOC rates can be volatile and include several additional fees. Moreover, when banking relationships change, "stranded" outstanding LOCs from the issuing prior bank can be extremely expensive. Surety rates have traditionally been more stable and directly tied to the credit quality of the principal and the type of bond obligation.
- **Opportunity Cost Savings** – Capital posted out of a credit line, cash or other investment asset to secure an obligation could be better used within the healthcare enterprise to fund operating costs and investments.

Why Travelers?

- With over 160 years of experience, our reliability is proven.
- With a team of dedicated, interdisciplinary professionals focused on the healthcare industry, we recognize both the challenges and opportunities of the industry and are at the forefront of potential new products.
- Travelers has a proven track record of collaborating with state and federal authorities as well as our healthcare customers to develop and write innovative new surety bonds.
- We possess national strength and local presence, with offices in every U.S. state.
- A.M. Best* has assigned Travelers a financial strength rating of A++ (superior).

*A.M. Best's rating of A++ applies to certain insurance subsidiaries of Travelers that are members of the Travelers Insurance Companies pool; other subsidiaries are included in another rating pool or are separately rated. For a listing of companies rated by A.M. Best and other rating services, visit travelers.com. Ratings listed herein are as of November 5, 2019, are used with permission, and are subject to changes by the rating services. For the latest rating, access ambest.com.

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