School Choice Wisconsin

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A Primer on Surety Bonds

Surety bonds are purchased through an insurance agent or broker, but not all insurance companies are in the surety bond market. [1]

A surety bond is an indemnification agreement that protects the state's investment (i.e. If a school is terminated from the SNSP, the bond company will repay voucher money owed back to the state).

When the bond application is made, the school's financial stability is assessed through an underwriting process, resulting in a variable "premium" rate (est. $50/student). You can expect the underwriters to request recent financial statements for review. Additionally, the bond company will need to know what form of bond is required. The DPI site provides a sample surety bond form.

If a school receives at least $50,000 in SNSP scholarships in a given year, and the surety bond option has been chosen, the bond must be updated annually to reflect your expected SNSP enrollment.

> 115.7915(6)(f)
> **(f)** If the private school expects to receive at least $50,000 in scholarships under this section during a school year, do one of the following before the beginning of the school year:
> **1.** File with the department a surety bond payable to the state in an amount equal to 25 percent of the total amount of scholarships expected to be received by the private school during the school year under this section.
> **2.** File with the department financial information demonstrating that the private school has the ability to pay an amount equal to the total amount of scholarships expected to be received by the private school during the school year under this section.

[1] Samples: Church Mutual, Catholic Mutual Group, Robertson Ryan & Associates