Commercial Bond

Collateral Options

At AXA XL our Commercial Bond team offers clients the option to collateralize surety bonds through various collateral programs, allowing clients to select the collateral vehicle that works best for them. Collateral is held by us or by a reputable financial institution.

Types of collateral

Letters of Credit

- Minimum: No minimum balance required
- AXA XL provides a Standard Letter of Credit Form
- We accept Letters of Credit from an extensive list of domestic and international pre-approved banks

Cash Collateral

- Minimum: No minimum balance is required
- Held with JP Morgan Chase & Co.
- Not an interest-bearing option
- No fees

Trust Accounts

- BNY Mellon is our preferred and trusted partner who can quickly help facilitate an investment trust account. With this option assets can still be put to work
- Minimum: No minimum balance required
- Rates of return and investment options vary. Designated investment advisors are available to help clients with investment customization





AXA XL has designated surety claims adjusters who are experienced in dispute resolution and can help facilitate the claims process on a company's behalf.

What are the advantages of using secured surety programs?

- **Credit Capacity**
  Cash and Trust Accounts can help to free up a company's credit capacity and are not credited against their bank line.

- **Claims Handling**
  AXA XL has designated surety claims adjusters who are experienced in dispute resolution and can help facilitate the claims process on a company's behalf. A surety bond can only be called if there is a default under the contract or triggers on the bond. When cash or letters of credit are posted directly to the beneficiary / obligee, the obligee has the right, in many cases, to quickly draw on these vehicles on demand rather than benefit from the dispute resolution services from the Commercial Bond claims experts.

Collateral can be split amongst two or three of the options above if desired. Collateral must be established before any final bonds are released.

Please reach out to your AXA XL underwriter first to initiate any collateral program.

Contact

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