

**Association Insurance Group**  
**165 S. Union Blvd., Suite 430**  
**Lakewood, CO 80228**  
**800-985-2021**

From: Ken Reinig, President  
Subject: Bond Application

**EXTREMELY IMPORTANT:**

Thank you for choosing our company to represent your insurance needs for your club. If you have received this email, you are applying for approval to obtain a Surety Bond for your club. The bond is a requirement of your State that is issued to protect your members from potential financial loss on unearned membership fees or services. Even if you choose to collect your membership fees on a monthly basis, your state may still require that you obtain a Surety bond due to the type of contract term you are utilizing for your membership agreement. Every state is different so it is up to you to research your requirements through your State's website. Most states readily provide this information through the Department of Consumer Affairs and/or State Attorney General's office.

**NOTE: Not everyone who applies for a bond can qualify.**

**A Surety Bond is NOT an insurance policy.** It is a financial guarantee instrument that is underwritten like a bank loan. If you have had any bankruptcy or poor credit history, the likelihood of obtaining a bond is remote. Furthermore, if your personal financial statement does not meet the strict underwriting guidelines of the Surety Company underwriting department, you may also be turned down. A good "rule of thumb" is that you can demonstrate an immediate liquidity of at least three times the bond amount requested. For example, if you are requesting a \$50,000 bond, the company will want to see personal short term assets of at least \$150,000. Any IRA or retirement assets will be discounted in their underwriting decision since these funds are protected by the Federal government.

**If you do not qualify for a Surety bond you have a couple of options.**

- 1) You can modify your membership agreement and method of collection that will be in compliance with your State Statutes regulating health clubs. For example-, you can collect your membership dues on a monthly basis with no long term commitment requirement from your member.
- 2) You can post a "letter of credit" through you local bank for the bond amount and the bank will issue the letter in favor of the State. This is likely to tie up your cash for as long as you own your club.

If you have any questions about the bond application process, please feel free to contact our office for assistance. Once we have received ALL of the underwriting requirements and forms, please allow at least two weeks for the underwriting process.

**FINAL NOTE:** Once your bond has been approved, all owners will need to sign the **General Indemnification Agreement**. **If you close your club or declare bankruptcy**, this agreement will allow the Surety Company to seek reimbursement for any losses, damages and/or penalties from each individual owner on a personal basis.

# Great American Insurance Company

## Surety Bond Application / Health & Fitness Facilities

Full Legal Name of the Club (**Applicant**):

\_\_\_\_\_

Location of the Club (address):

\_\_\_\_\_

**Applicant** is a:  Corporation  Partnership  Individual  LLC

State or Entity Requiring the Bond:

\_\_\_\_\_

Address:

\_\_\_\_\_

—

Amount of the Bond requested: \$ \_\_\_\_\_ Effective Date of the Bond:  
\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

Does **Applicant** have any pending lawsuits, judgements, or liens against them or their business?

\_\_\_\_\_

Date that the **Applicant's** business began or estimated date of opening: \_\_\_\_/\_\_\_\_/\_\_\_\_\_

Has any company refused to issue or renew a bond? \_\_\_\_\_ If so, please attach detailed explanation.

List below the individual(s) or corporate officer(s) who will be **personally responsible** for repayment of the bond, if necessary.

(Note: If individual or officer is married, please include name and social security number of the spouse)

<u>Full Name of Individual or Officer</u>	<u>Title</u>	<u>% ownership</u>	<u>Social Security Number</u>
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\_\_\_\_\_

\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_

Spouse's Name: \_\_\_\_\_

\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_

Home Address: -

\_\_\_\_\_

—

\_\_\_\_\_

\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_

Spouse's Name: \_\_\_\_\_

\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_

Home Address: -

Spouse's Name: \_\_\_\_\_

\_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_

Home Address: -

**REQUIRED ATTACHMENTS:**

- 1) Personal Financial Statements on **all** owners and/or officers who will be responsible (indemnitor) for this bond.
- 2) Include any recent bank statements or stock reports verifying liquid assets.
- 3) Most recent year end financial statement for existing clubs or starting balance sheet for new clubs; **do not send tax returns.**
- 4) Please provide an original bond form from the state or public entity who is requiring this bond.
- 5) If this is a new club, it would also be helpful to include a business plan outlining your estimated expenses and revenues for your first year in business.

**Return Application and all documentation to: Association Insurance Group  
165 S. Union Blvd., Suite 410, Lakewood, CO 80228 Fax: 303-985-1248**

# Great American Bond Checklist

\*\*\* **You will need to know the bond amount required by your state.** To obtain this information, please contact your state directly. A good place to start is your state's home website under the Department of Consumer Affairs link. **The bond amount is required on the application and will delay the processing of your bond request if not provided.** Please be sure to provide this information.

1. Great American Bond Application Completed In Full
  - Name of Applicant = Legal Name of Health Club
2. Personal Financial Statement – make copy for each applicant/owner
  - **ALL** applicants and/or stockholders holding 10% or more ownership of the company must complete this form
  - Please be sure that all information provided is verifiable – the bond company will do a credit check on all owners
3. **Copies** of Most Recent Bank Statements Verifying Liquid Assets
  - On **ALL** applicants and/or stockholders
  - On **ALL** business and personal accounts
4. Most Recent Year End Financial Statements **On Existing Clubs - Only**
  - **Profit and Loss Statement** (year end statement listing expenses and revenues) – see sample enclosed
  - **Balance Sheet** (indicating assets and liabilities) – see sample enclosed
5. **If New Club, You Must Include A Business Plan**
  - Outline **Estimated** Expenses and Revenues For the First Year
6. Resume of past employment history for all applicants holding 10% or more ownership in the company.

All of the items listed above **MUST** be completed in order for the bond application to be processed. **Any missing items will delay your ability to obtain a bond.** It takes approximately 3 weeks to obtain a bond.

If you have any questions before submitting the application packet, please contact me our office at 1-800-985-2021.

Thank you

# Personal Financial Statement

Name: \_\_\_\_\_ D/O/B: \_\_\_\_\_ Soc. Sec.#: \_\_\_\_\_  
 Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
 No. of Dependents: \_\_\_\_\_ Bus. or Occupation \_\_\_\_\_  
 Home Phone:(\_\_\_\_) \_\_\_\_\_ FAX:(\_\_\_\_) \_\_\_\_\_ Bus. Phone (\_\_\_\_) \_\_\_\_\_  
 Bank Name: \_\_\_\_\_ Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Phone: \_\_\_\_\_ Acct #: \_\_\_\_\_

**NOTE:** THIS IS A "SNAPSHOT" OF YOU AND YOUR SPOUSE'S (if married) **PERSONAL FINANCIAL INFORMATION**. THE LEFT SIDE OF THE FORM LISTS EVERYTHING YOU OWN **PERSONALLY** AND THE RIGHT SIDE LISTS ALL OF YOUR PERSONAL OBLIGATIONS, LOANS, AND DEBTS. DO NOT INCLUDE ANY BUSINESS ASSETS OR LIABILITIES ON THIS FORM. IN ADDITION TO THIS INFORMATION, A CREDIT REPORT WILL ALSO BE REVIEWED BY COMPANY UNDERWRITER.

<b>ASSETS</b>	<b>LIABILITIES</b>
1. CASH ON HAND	21. NOTES DUE BANKS
2. CASH IN BANKS	22. NOTES DUE RELATIVES & FRIENDS
3. US GOV. SECURITIES	23. NOTES DUE TO OTHERS
4. OTHER MARKETABLE SECURITIES	24. TOTAL CREDIT CARD DEBT
5. NOTES & ACCOUNTS RECEIVABLE	25. UNPAID INCOME TAXES
6. OTHER ASSETS READILY CONVERTIBLE TO CASH - LIST	26. OTHER UNPAID TAXES & INTEREST
7.	27. LOANS ON LIFE INSURANCE POLICIES
8.	28. CONTRACT ACCOUNTS PAYABLE
9.	29. CAR LOANS (PAYOFF AMOUNTS)
10.	30. OTHER LIABILITIES DUE WITHIN 1 YR - LIST
<b><u>11. TOTAL CURRENT ASSETS</u></b>	31.
12. REAL ESTATE OWNED (Fair Market Value)	32.
13. VEHICLES OWNED (not leased)	<b><u>33. TOTAL CURRENT LIABILITIES</u></b>
14. NOTES & ACCT. RECEIVABLES	34. REAL ESTATE MORTGAGE BALANCE(S)
15. NOTES DUE FROM RELATIVES & FRIENDS	35. LIENS & ASSESSMENTS PAYABLE
16. OTHER SECURITIES	36. OTHER DEBTS - ITEMIZE
17. PERSONAL PROPERTY	37.
18. OTHER ASSETS - ITEMIZE	38.
19.	39.
<b><u>20. TOTAL ASSETS</u></b>	<b><u>40. TOTAL LIABILITIES</u></b>
	<b><u>41. NET WORTH = (LINE 20 MINUS LINE 40)</u></b>

I hereby confirm that the above information is a true and accurate representation of my financial condition as of this date, and authorize GREAT AMERICAN INSURANCE COMPANY, as agent for surety, to verify any information in my bond application.

Name: \_\_\_\_\_ Date: \_\_\_\_\_