



Guide to Moving & Storage Bonds

When & Why Movers Need Bonds

Often moving and storage customers do not realize they need a bond until the last minute, which can create a difficult timing situation. This guide will detail what types of bonds are recommended for moving and storage operations and why, as well as the numerous benefits of being a bonded mover.

Types of Bonds

Surety Bond

A promise that if you do your work improperly and cause a customer a loss, then you will compensate the customer.

- If one of your staff steals a customer's possessions during a move, the customer can file against the surety bond to receive compensation for the loss.
- Many states in the U.S. require moving companies to secure a surety bond before they can legally operate. Without the proper bonding, a moving company risks heavy fines, the suspension of operations, or even legal action.
- Some states, such as California or Texas, also require intrastate moving companies to hold bonds to protect consumers from fraud or malpractice.

License Bond

Many states require a licensing bond to obtain an operating license. This bond ensures that you will follow all local regulations that apply to your operations, and guarantee that you will compensate your customers who sustain harm if you fail to do so.

Fidelity Bond

If you manage a 401K plan or other employee benefit plans, ERISA requires you to carry a Fidelity Bond.

Bid Bond

A bid bond is a guarantee that a mover will fulfill a contract if they are awarded a project. When bidding for a contract, you can use a bid bond as proof that you have adequately represented your assets and will perform your duties appropriately if you win the contract. Bid bonds can also act as promises that you will buy other bonds once awarded the job.

Performance Bond

A contract makes promises to your customers on how you will do your work. If you breach the contract, your customer might be able to file against a performance bond. Performance bonds are issued for moving contracts with school districts, museums and municipalities, for example. If you're moving military personnel, you'll need a Department of Defense (DoD) performance bond.

Payment Bond

If you use sub-contractors or outsourced materials to help them complete certain tasks, a payment bond guarantees that the moving company will pay these parties appropriately so that no mistakes on their part reflect poorly on the customers.

Motor Vehicle Defective/Lost Title Bond

In the event you've lost your truck title.

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Benefits of Being Bonded

Building Trust

Being bonded shows that your company operates ethically and follows the law, which can build your reputation and attract more business.

Fraud & Misconduct Protection

Unfortunately, the moving industry is often plagued by fraudulent operators who engage in illegal practices like holding customers' belongings for ransom or charging hidden fees. Surety bonds safeguard against misconduct, which protects the public.

Competitive Edge

A bonded company can stand out as being more trustworthy and professional and ensures you're eligible to take on more significant, lucrative projects. Also, some commercial clients and larger contracts may require proof of bonding.

Financial Security and Risk Management

Bonds not only protect your customers; they also protect your business. Instead of facing costly legal battles or eroding customer trust, the bond helps resolve issues more efficiently. Of course, your company will still need to reimburse the surety for any valid claims paid out on your behalf. This acts as an incentive for you to operate responsibly and /adhere to contractual obligations.

Bond FAQs

What do I need to submit for bid bonds?

- Bond Application
- Financials
- Personal financials
- Copy of the bond requirements for the company you are making bid for
- Copy of the bond form that the carrier needs to complete in order to issue the bid bond

Will my bond be cancelled if I have a claim?

Each situation is unique and depends on nature of the claim and if there is a frequency claim issue.

I need a bond fast! How long will it take?

Bonds are typically issued within 24 to 48 hours. Performance and Bid bonds do take longer, as the requirements are ever changing for types of jobs movers are bidding on.

MOVER'S CHOICE has been providing bonds for moving and storage operations for 30 years to help our customers protect their customers, their business, and the moving industry as a whole. To ensure your moving company has an adequate risk management plan in place, and is fully compliant with legal and regulatory requirements, you'll need both bonds and liability insurance.



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800-852-1968 | MoversChoiceIns.com

Questions?

Michelle Whitecotton

Executive Underwriter & Bond Account Manager

Office 800-852-1968 x 114

Direct 707-261-2714

Email MichelleW@MoversChoiceIns.com