Suretyship	**Insurance**
Three-party agreement. Most surety bonds are three-party agreements. The surety guarantees the faithful performance of the principal to Obligee.	Two-party agreement. Insurance is basically a two-party agreement whereby the insurance company agrees to pay the insured directly for losses incurred.
Losses not expected. Though some losses do occur, surety premiums do not contain large provisions for loss payment. The surety takes only those risks which its underwriting experience indicates are safe. This service is for qualified individuals or businesses whose affairs require a guarantor.	Losses expected. Losses are expected. Insurance rates are adjusted to cover losses and expenses as the law of averages fluctuates.
Premiums cover expenses. A large portion of the surety bond premium is really a service charge for weeding out unqualified candidates and for issuing the bond.	Premiums cover losses and expenses. Insurance premiums are collected to pay for expected losses. If an insurance company can get enough average risks of one class, it will always have enough money to pay losses and the expenses of doing business.
Sureties are selective. A surety agent is selective. Like a banker, the agent is trained not to make any bad loans.	Insurers write most risks. The insurance agent generally tries to write a policy on anything that comes along (at the appropriate premium rate) and allows for a large volume to cover the risk.