Example Calculations for Bond Deposits and Premiums

The deposit is a percentage of the bond amount calculated using the following formula:

\[
\frac{3}{299,000} (\text{amount of bond} - 10,000) + 50
\]

If the required bond amount is $200,000.00, this percentage would be found as follows:

Deposit percentage = \[
\frac{3}{299,000} (200,000 - 10,000) + 50
\]

= \[
\frac{3}{299,000} (190,000) + 50
\]

= 51.90635

The deposit is 51.90635 percent of $200,000.00 or $103,812.71

The annual premium is a percentage of the bond amount calculated using the following formula:

\[
-\frac{0.5}{299,000} (\text{amount of bond} - 10,000) + 10 \quad \text{(Note: the 0.5 is a negative number)}
\]

If the required bond amount is $200,000.00, this percentage would be found as follows:

Annual premium percentage = \[
-\frac{0.5}{299,000} (200,000 - 10,000) + 10
\]

= \[
-\frac{0.5}{299,000} (190,000) + 10
\]

= 9.68227

The annual premium is 9.68227 percent of $200,000.00 or $19,364.55.

The quarterly premium is one fourth of the annual premium or $4,841.14.