31.205-4 Bonding costs.

(a) Bonding *costs* arise when the Government requires assurance against financial loss to itself or others by reason of the act or default of the contractor. They arise also in instances where the contractor requires similar assurance. Included are such bonds as bid, performance, payment, advance payment, infringement, and fidelity bonds.

(b) *Costs* of bonding required pursuant to the terms of the contract are allowable.

(c) *Costs* of bonding required by the contractor in the general conduct of its business are allowable to the extent that such bonding is in accordance with sound business practice and the rates and premiums are reasonable under the circumstances.

Parent topic: 31.205 Selected costs.