



Bonds

We offer a wide range of bonding products with some of the industry's largest surety companies

What is a bond?

When a person hires someone to do work at his home or on a large project, one of the first questions that comes up is whether the contractor is licensed, bonded and insured. People who carry this type of insurance are referred to as being "bonded."

Bonding is a specialized line in the commercial property and casualty field. It is a three-party contract whereby the surety guarantees to the obligee (owner) that the principal (contractor) will fulfill their obligations as outlined in a written agreement.

Bonds are used as an alternative to a letter of credit from a financial institution or a Monetary deposit. In most cases, the financial stability of the principal (contractor) would need to be established in the form of an indemnity agreement to the Surety Company.

Contract Surety Bonds

The construction industry is the major user of contract surety bonds. They are required on most government projects and are frequently specified in the private and institutional sectors.

Not having a bonding facility in place can make you ineligible in submitting certain tenders.

As your Surety Broker we know how important this coverage is in order for you to have every opportunity to enter into potential projects. Once you are pre-approved you will have an idea of the size of bonded jobs that you can bid on.

We have access to a strong surety market and will represent you with experience and confidentiality.

Role of the Surety Broker

- 🍁 Negotiation of Terms and Conditions
 - Diligence in negotiating:
 - Higher limits
 - Better terms on personal indemnities
 - Preferred rates
- 🍁 Provide outstanding service
 - Short turnaround times on bid/final bonds
 - Flexibility on prequalification letters
 - Excellent market access by representing the best and strongest Sureties
- 🍁 Why Upper Canada?
 - Focused on balancing Client needs with Surety's needs
 - Skilled in Surety, Strength in Commercial Insurance – one stop shopping
 - Outstanding, experiences support team providing unsurpassed service



Successful businesses are built on trust. At some point or another, surety bonds may be required to raise the level of trust between your business and the suppliers, customers, or organizations your deal with..



BOND EXAMPLES

Bid Bonds

ABC School District has put out a Request for Proposals for a new roof on one of their high schools. Contractors X, Y & Z submit bids to perform the work listed. Each of the contractors is required to submit a **Bid Bond** with their bid. The School District accepts Contractor X's bid. Contractor X determines that they have underbid the project and decides not to execute the contract and not to perform the work. In this instance, The School District can make a claim against the bid bond due to Contractor X's failure to abide by its bid. The **Bid Bond** guarantees that the obligee (owner) will be paid the difference between the principal's (contractor) tender price and the next closest tender.

Performance Bonds

A municipality retains a contractor to construct a municipal swimming pool at its recreation center. Contractor enters into a written contract and begins performing the work. During the performance of the work the contractor goes out of business leaving the work about 50% finished. The contractor has provided the municipality with a **Performance Bond**. The municipality can now assert a claim against the contractor's **Performance Bond** for the cost to perform the unfinished work. A **Performance Bond** protects the owner from the contractor's failure to perform in accordance with the terms of the contract.

OTHER TYPES OF BONDS

Miscellaneous Commercial Surety Bonds

Commercial Surety Bonds cover some of the bond types considered necessary for government regulations or statutes related to the courts.

Most common forms of Commercial Surety Bonds:

Fiduciary Bonds: A court will often require a fiduciary bond in order to protect the person for whom the fiduciary is acting.

Licence & Permit Bonds: these are required by federal, provincial and municipal governments to guarantee compliance with regulations and bylaws.

Customs & Excise Bonds are required by governments to guarantee payment of excise taxes, various duties and tariffs.

Court Bonds, Lost Document Bonds and Consumer Protection Bonds.

Subdivision Bonds

These bonds support large development companies that wish to provide bonds rather than letters of credit to secure their residential development obligations to municipalities or corporations.

*Example: At Upper Canada Commercial Insurance, we issue **Hydro One Bond** for development of new subdivisions*

