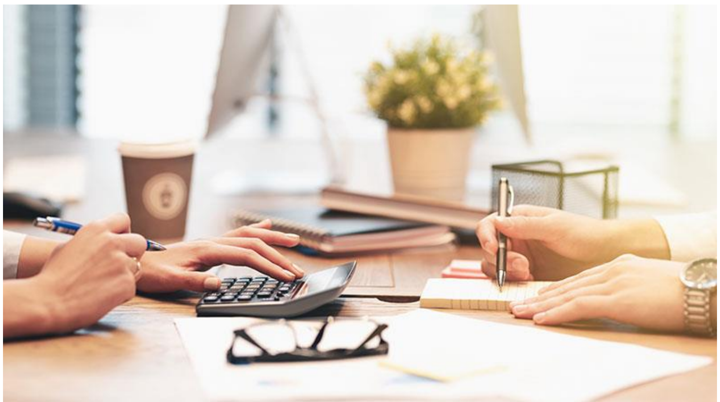
BOND INSURANCES

A bond insurance supports your contractual obligations to another party

A Bond Insurance is basically a contract of guarantee given by an insurance company. The bond guarantees one party (the beneficiary) that you as an insured company will fulfil your obligations (to perform a contract or to pay an amount of money).



Most common contract bond insurances used in public procurements and construction field

Bid Bond

This type of bond is a guarantee mainly required in connection with the submission of tenders for contracts with public authorities, public companies and institutions.

The purpose of the bond is to protect the contracting entity (the beneficiary) against an inappropriate behaviour of the bidder during the procedure of contract awarding. The insurance guarantees to the contracting beneficiary that you as an insured bidder will not withdraw your offer during the auction and, if you win the auction, you would conclude the contract under the conditions stipulated in the offer.

The bond value is usually a fixed amount determined by the beneficiary, as provided in the tender documentation.

Usually, the Bid Bond also guarantees that the bidder will supply to the beneficiary a Performance Bond.

Performance Bond

This type of bond is usually required by the beneficiary to ensure that you as contractor fulfil your contractual obligations within the period specified or in accordance with the conditions of the contract.

Maintenance Bond

This type of bond is usually required by the beneficiary to ensure that the you as contractor will remedy, without additional costs, any hidden defects of the executed work occurring during testing/ maintenance period (defects notification period).

Advance Payment Bond

This type of bond is required in the event you as contractor will apply for an advance payment from the beneficiary to help funding the preliminary costs and mobilization works of the contract.

Such advance payment will be covered in stages by you out of the progress payments for works executed. However, if you will abscond with the money before work commences or abandon the project midway before the beneficiary could fully recoup its advance payment out of the progress payment, the beneficiary has the right to invoke the Advance Payment Bond.

Retention Bond

This type of bond provides the beneficiary of your works with the same level of comfort as the retention but freeing up the money from your cash flow.

Retention Bond guarantees that you as contractor will carry out all necessary work to correct structural and/or other defects discovered during the execution of a contract and the maintenance period.

Other types of Bond Insurances

Custom Bonds

Customs Bond is a policy issued by an insurance company for the benefit of customs authorities, which guarantees the payment of customs duties, anti-dumping/ anti-subsidy fees, excise taxes and VAT, depending on the situation, and the insurer guarantor agrees to pay the due customs taxes in case you as importer or custom commissioner will not fulfil the import requirements.

Utilizing suspensive import procedures or introducing goods through special regimes, as a result of specific economic interests, allows the suspension of payment of the customs debt and other taxes related to the import of goods. In order to use special/ suspensive regimes, procedures or customs operations, a guarantee is necessary.

There are three ways through which this legal requirement can be fulfilled: presenting a customs bonds insurance policy, presenting a letter of guarantee or creating a cash deposit.

Since both the cash deposit and the letter of guarantee temporarily block an important part of the financial resources of your company, the customs bonds insurance represents an effective and simple alternative.

Payment Bond

This type of guarantee may be required in commercial contracts between two companies, for which the payment of the goods / services is made at a certain date.

This type of bond may be required by your suppliers / sub-contractors to ensure that you, as beneficiary, will fulfil your payment obligations in accordance with the contractual conditions.

The product can be adapted to cover the non-fulfilment of payment obligations in a rental agreement.

Why you need Bond Insurances?

The ability to provide such bonds / guarantees can be a critical differentiator when you bid for public contracts, and failure to provide a bond can ultimately lead to your disqualification from the bidding process.

As a contractor, providing security can tie up your assets. Bond Insurances are the ideal solution. They can help you secure your performance and other contract-related obligations without having to provide a tangible collateral. This can free up your working capital, enhance your liquidity and allow you to take new projects.

What can we do for you or your business?

- ✓ Provide you with free and impartial specialist advice concerning risk management and cover options
- ✓ Provide you with the right insurance product which best suit your specific needs, helping you to:
  - ✓ Minimise your exposure to risk
  - ✓ Save your time and money
- ✓ Manage your insurance policies, timely informing you about the relevant aspects
- ✓ Manage your claims, provide assistance and representation in front of insurance partners
- ✓ Give you peace of mind that you are protected for things that matter to you

Why you should choose us?

- ✓ Our services are based on technical expertise and robust business knowledge, underpinned by complete understanding of your specific needs
- ✓ We have access to a large range of insurance providers allowing us to offer bespoke insurance solutions with the best value for you - both in terms of cover and price
- ✓ For highly specialized insurance products and / or better premiums we have access to international markets through Lloyd's syndicates / brokers or first class insurers and reinsurers
- ✓ We think holistic and act responsible. We believe that respect and integrity are vital to building and maintaining trust and good long term relationships

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