



Surety Bonding  
Property & Casualty Insurance

**BROWER INSURANCE AGENCY, LLC**

DAYTON CINCINNATI COLUMBUS SPRINGFIELD


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**Agency Profile**

- Established in 1935
- Independently Owned
- Locations in Dayton, Cincinnati, Springfield and Columbus
- Over 150 Employees
- Premium Volume in Excess of \$200,000,000
- Client Base of over 5,000 companies
- 95% Client Retention Rate


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**Property & Casualty Coverages  
Construction Practice Group**

   	<ul style="list-style-type: none"> <li>▪ Property</li> <li>▪ General Liability</li> <li>▪ Product Liability</li> <li>▪ Automobile</li> <li>▪ Inland Marine</li> <li>▪ Umbrella</li> <li>▪ Workers Compensation</li> <li>▪ Professional Liability</li> </ul>	<ul style="list-style-type: none"> <li>▪ Directors &amp; Officers Liability</li> <li>▪ Employment Practices Liability</li> <li>▪ Fiduciary Liability</li> <li>▪ Excess &amp; Surplus Markets</li> <li>▪ Foreign Liability</li> <li>▪ Contract Surety</li> <li>▪ Other</li> </ul>
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### Major Categories of Bonds

- **Contract Bonds** (*Construction Contracts*)
- **Fidelity Bonds** (*bonds providing coverage to employers for employees' dishonest acts*)
- **Non-contract Bonds** (*all other bonds, including public official, license and permit, and fiduciary bonds; judicial bonds in civil proceedings; and financial guarantee bonds; subdivision bonds*)



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### Types of Construction Bonds

- Bid Bond
  - Provides financial assurance that the bid has been submitted in good faith. The contractor intends to fulfill his/her responsibilities at the price bid and will provide necessary performance and payment bonds.
- Performance Bond
  - Protects the project owner from financial loss if the contractor fails to perform the duties outlined in the contract.
- Payment Bond
  - Guarantees that the contractor will pay subcontractors, laborers and for supplies relating to the project at hand.



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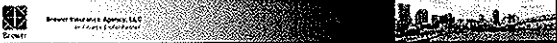
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### What the Surety Looks for in a Contractor

- The Three "C's" of Credit
  - Capacity – the contractor's ability to perform a project successfully
  - Capital – a measure of the contractor's financial ability to assume the risks of business activity; also an indication of past success and commitment to the growth of the business
  - Character – the moral and ethical nature of an individual or business entity



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### Reasons for Contractor Failure

- Rapid Overexpansion & Growth
- Business Strategy Changes
- Changes in Ownership (i.e. new generation of leadership)
- Inadequate accounting, financial or project management systems
- Poor owner, lead contractor or project selection
- Labor or material shortages
- Unexpected economic failures
- Changes in job site conditions
- Unexpected economic failures



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### Options to the Surety in the Event of Contractor Default

- Finance the Contractor until all of its obligations are satisfied
- Relet the project to another contractor
- Let the owner finish the project and reimburse the owner up to the limit of the bond
  - By way of the General Indemnity Agreement, the bond company will look for full reimbursement from the Contractor in the event they have to exercise any of the above options



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### Construction Market for 2010

- Continued Federal Spending
- State/Local Budget Issues
- Private work still stagnant (with glimmers of hope)
- Housing market still slow
- Overabundance of commercial office space available
- Continued "set-aside" work for MBE, FBE, HubZone, SDBE, etc.



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**Insurance for Contractors**

**Commercial General Liability Insurance**

- Protects the insured contractor against claims arising out of injury or damage sustained in connection with a contractor's business
- Bodily Injury and Property Damage
- \$1,000,000 per occurrence/\$2,000,000 general aggregate common in contractual requirements



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**Insurance for Contractors**

**General Liability Endorsements**

- Per Project Aggregate
- Blanket Additional Insured for ongoing and completed operations
- Blanket Waiver of Subrogation



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**Insurance for Contractors**

**Business Automobile**

- Insures liability for injuries to others and damage to their property
- Insures for damage to the insured's own vehicles
- Hired and Non-Owned Auto Coverage



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## Contact Information

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