

SUMMER 2014, VOL. 1, ISSUE 1

Surety Bond Quarterly

AN OFFICIAL PUBLICATION OF
THE NATIONAL ASSOCIATION OF
SURETY BOND PRODUCERS

www.suretybondquarterly.org



**Profile: President
Thomas M. Padilla**

**The Scoop
on Claims**

**Bond Producers:
Building Client
Relationships**

**HARNESS
THE POWER OF
NETWORKING**



www.nasbp.org

*Have the peace of mind
to daydream.*



YOU PRODUCE | WE PROTECT

VERILOAN™ *Collateral and Working Capital Loans for Contractors*

VERIPAY™ *Intelligent Funds Control*




DAYHILLGROUP™

MINIMIZING RISK | CREATING OPPORTUNITIES



ONE SURETY STANDS OUT



Common Sense Surety Since 1933

MERCHANTS

BONDING COMPANY™

Merchants Bonding Company™ (Mutual), Merchants National Bonding, Inc. and affiliated companies.
2100 Fleur Drive, Des Moines, IA 50321 | 1-800-678-8171 | www.merchantsbonding.com



CONTRACT BONDS

COMMERCIAL BONDS

SMALL BUSINESS BONDS

SOLUTIONS



You need solutions. You want responsive, consistent capacity. Liberty Mutual Surety provides both. We listen. We work with you and your agent to build flexible, responsible bonding solutions. We're proud to be a leading surety in the United States, thanks to the strength of our relationships. Learn more at libertymutualsurety.com



**Liberty
Mutual**
SURETY



Contents

WHAT'S INSIDE

SUMMER 2014

FEATURES

- 12 Strength in numbers**
Learn how to harness the power of networking at conferences with these essential techniques.
BY NICK FORTUNA
- 16 Profile: President Thomas M. Padilla**
Get to know NASBP's 2014-2015 president.
BY MARY LOU JAY
- 20 Proving your worth**
Surety bond producers provide value to clients and bond beneficiaries.
BY NICK FORTUNA
- 24 NASBP Fall Workshops**
Register for surety professional training, offered for members and non-members.

- 26 Contract surety claims**
Surety bond obligations can be viewed through a succinct benchmark for meeting them, referred to as the "Promise."
BY RICK LEVESQUE
- 29 Commercial surety claims**
Learn about a case study on the bond producer's role in assisting a client to avoid loss and maintain surety credit through bankruptcy.
BY ARMEN SHAHINIAN
- 32 Develop the techniques necessary to be an effective policy advocate**
Active members who engage elected officials are a driving force of the industry.

- 34 NASBP Annual Meeting focuses on the importance of mentoring and critical industry information**
Relive the NASBP Annual Meeting & Expo that was held in April in San Antonio.

DEPARTMENTS

- 7 NASBP Upcoming Meetings and Workshops**
- 7 2014-2015 NASBP Executive Committee**
- 8 From the CEO**
- 10 Practical Insights: What You Need to Know**
- 38 Index to Advertisers**



20

ON THE COVER

Summer 2014

Conferences and meetings serve as catalysts for professional growth. From building connections, soaking in new information and learning new business tools, these events offer something for everyone. In this issue of *Surety Bond Quarterly*, we'll share highlights of the 2014 Annual Meeting & Expo, glimpses into future event opportunities and strategies for making the most of the next meeting you attend.



View this and past issues
online anytime at
www.suretybondquarterly.org



Surety Bond Quarterly is brought to you by the National Association of Surety Bond Producers, 1140 19th St. NW, Suite 800, Washington, DC 20036-5104; Phone: 202-686-3700; Fax: 202-686-3656; www.nasbp.org. **NASBP Manager:** Kathy Jo Mapes Hoffman

Published by: Naylor, LLC, 5290 Northwest 1st Place, Gainesville, FL 32607; Phone: 800-369-6220; Fax: 352-331-3525; www.naylor.com.

Publisher: Heidi Boe, **Editor:** Christine Cusatis, **Project Manager:** Beth Sheahan

Marketing: Edward Ottenga, **Layout & Design:** Surendra Gupta

PUBLISHED JUNE 2014 • SBP-Q0214 • 4933



In today's economy, businesses are increasingly taking their surety's financial strength into consideration when evaluating their contract and commercial surety bond needs. Philadelphia Insurance Companies (PHLY) recognizes this need and offers a competitively priced suite of bonding options for well qualified contract and commercial surety accounts. PHLY's surety business model is focused on building strong relationships with its accounts, leveraging an experienced team of surety professionals, and offering a comprehensive portfolio of contract, commercial, subdivision & custom surety bond products.

Learn more. Call 855.411.0797 or visit PHLY.com/Surety

Financially Sound - Surety Expertise

A.M. Best A++ Rating
Ward's Top 50 2001-2013
100+ Niche Industries



PHILADELPHIA
INSURANCE COMPANIES

A Member of the Tokio Marine Group



Philadelphia Insurance Companies is the marketing name for the property casualty insurance operations of Philadelphia Consolidated Holding Corp., a member of the Tokio Marine Group. All products are written by insurance company subsidiaries of Philadelphia Consolidated Holding Corp. Coverages are subject to actual policy language.

NASBP Upcoming Meetings and Workshops

REGIONS 1, 2 & 3 MEETING

September 18–20, 2014
Avon, CO

SALES WORKSHOP

September 24–25, 2014
Scottsdale, AZ

REGIONS 4, 5, 6 & 7 MEETING

September 25–27, 2014
Scottsdale, AZ

MID-YEAR BOARD MEETING

October 9–11, 2014
Albuquerque, NM

CONTRACT AND BOND FORMS WORKSHOP

October 23–24, 2014
Dallas, TX

REGIONS 8, 9, 10 & 11 MEETING

November 2–4, 2014
Charleston, SC

2014–2015 NASBP Executive Committee



Thomas M. Padilla
NASBP President
HUB International
Insurance Services
Albuquerque, NM



Susan Hecker
NASBP First
Vice President
Arthur J. Gallagher & Co.
San Francisco, CA



Lynne W. Cook
NASBP Second
Vice President
Early, Cassidy &
Schilling, Inc.
Rockville, MD



Howard Cowan
NASBP Third
Vice President
Cowan-Hill Bond
Agency, Inc.
Lubbock, TX



Lawrence F. McMahon
Immediate
Past President
Alliant Insurance
Services, Inc.
San Diego, CA



Bradley Babcock
NASBP Ex Officio,
Directors-At-Large
Babcock Solutions, LLC
Cedarburg, WI



Jennifer L. Salm
NASBP Ex Officio,
Regional Directors
Brower Insurance, a Marsh
& McLennan Agency
Dayton, OH



Andrew Tokasz
NASBP Ex Officio,
5-15 Leadership Circle
First Niagara Risk
Management, Inc.
Buffalo, NY



Mark H. McCallum
Chief Executive Officer
NASBP
Washington, DC

The Surety Bond Quarterly Board of Advisors

Lynne W. Cook of Early, Cassidy & Schilling, Inc., Rockville, MD

Corban Enns of Surety Solutions, LLC, Salem, OR

Lawrence F. McMahon of Alliant Insurance Services, Inc., San Diego, CA

Thomas M. Padilla of HUB International Insurance Services, Albuquerque, NM



www.nasbp.org

From the CEO

We have a great story, so let's tell it!



When I first arrived at NASBP, one of the leaders I had the pleasure of working with closely was then First Vice President Steve Cory, a principal with the firm of Cory, Tucker & Larrowe, Inc., located in Metairie, Louisiana, who quickly impressed upon me that, although surety bonding was not well understood outside of the immediate surety community, the merits of surety bonding—prequalification and guarantees of performance—and the role played by bond producers in supporting the business success of clients more than deserved the largest audience possible. Upon becoming NASBP President, Steve underscored his professional belief through his presidential theme of “We have a great story; we just have to tell it!” The ability to tell a great story came naturally to Steve, being a native of southern Louisiana, where storytelling is as much a part of the cultural landscape as Mardi Gras parades, red beans and rice and hurricanes (both the drink and the weather varieties).

A great story, Steve knew, can reach the level of high art (or, at least, high entertainment) and will stay in the minds of listeners, changing their perceptions of the subject. Steve also knew that not all people receive information the same way, necessitating different communication approaches. Discerning who will listen and how they want to hear the story is critical to getting your story out and understood. Such imparted wisdom fueled thoughts on the different ways that NASBP could reach its community and beyond, ultimately resulting in the development of *NASBP SmartBrief* and NASBP social media channels on LinkedIn, Facebook and Twitter. Such vehicles augmented the NASBP e-newsletter, *Pipeline* and the NASBP website.

But something was missing; something important to telling our story. There certainly are various trade magazines that focus on insurance and the insurance community, but no trade publications are devoted exclusively to matters of significant interest to the surety community. Immediate Past President Larry McMahon and President Tom Padilla encouraged me to explore the possibility of establishing a magazine of the highest caliber to be devoted to surety bonding. Through a partnership with Naylor, LLC, a premiere publisher of trade association magazines for construction and other industries, that magazine has become reality.

Now, I am pleased to present you with the inaugural issue of *Surety Bond Quarterly*, the quarterly magazine of the National Association of Surety Bond Producers, available in both print and digital formats. *Surety Bond Quarterly* provides a unique vehicle for surety professionals to tell their stories and for all those interested in surety bonding to receive information nowhere else available. Each issue of *Surety Bond Quarterly* will focus on the companies, people, issues, actions and events that make the world of suretyship unique and dynamic. Subscriptions are free, so please let clients, consultants, public officials and project owners know that they can receive issues of *Surety Bond Quarterly*. They can sign-up at www.suretybondquarterly.org. After all, we have a great story to tell, so let's tell it! Steve, Larry and Tom would agree. ●

Warm wishes,
Mark H. McCallum
NASBP CEO

Providing solutions for the ever changing needs of our customers and their clients.



Experience

Partnership

Commitment

BERKLEY
SURETY GROUP
a W. R. Berkley Company
www.berkleysurety.com



Berkley Surety Group is an operating unit of Berkley Insurance Company ("BIC"). Berkley Surety Group writes its surety bonds on behalf of BIC and Berkley Regional Insurance Company ("BRIC"). BIC and BRIC are both rated A+ (Superior) by A.M. Best Company, with a Financial Size Category of XV (\$2 Billion or greater). Each of BIC and BRIC are also approved by the U.S. Department of the Treasury, Financial Management Service and appear on the Department of the Treasury's List of Certified Companies (Department Circular 570).

Practical Insights: What You Need to Know

Cost charging in government contracts can result in common, but avoidable, pitfalls



BY W. BARRON A. AVERY AND TARA L. WARD

As the surety industry has long known, federal government contracting is a lucrative, but compliance-driven business. And when it comes to performing under cost-reimbursement type contracts, perhaps no area of federal government contracting is more regulated than the costs that can be charged to the U.S. government. Set forth below is a short summary of the types of costs a contractor may be able to recover from the government and the pitfalls that can arise when contractors fail to accurately charge the government, as well as a few suggested best practices contractors should consider to avoid those common pitfalls.

As an initial matter, in order for a contractor to recover costs from the government, the costs must be “reasonable, allowable, and allocable” to the contract to which the costs are being charged. Entire volumes of commentary have been dedicated to this seemingly simple principle, but each of these requirements can be summed up rather succinctly:

- A **“reasonable” cost** is a cost that, in nature and amount, does not exceed that which a prudent person would

incur in the conduct of a competitive business. For example, a business class airline ticket may be reasonable under certain circumstances, but unreasonable under other circumstances because a prudent business person would not have incurred such a cost. Of particular note, recent precedent holds that reasonableness may be viewed through the eye of the government and not the contractor. At any rate, the reasonableness element has and always will be a subjective element.

- **An “allowable” cost** is a cost that is reasonable, allocable, in accordance with the terms of the contract, and is not otherwise limited by regulation. For example, regulations provide that certain costs are expressly unallowable, such as the costs of alcohol, fines and penalties, bad debts, and losses on other contracts; and individual contracts may also expressly disallow certain costs. Regulations also provide that certain costs are generally allowable, such as bonding costs, depreciation, material costs, training costs, and rental costs.
- **A cost is “allocable”** when it can be “allocated” to a particular government contract. A cost is allocable to a contract when it is a direct cost that is incurred specifically for the contract or an indirect cost that can be shown to benefit the contract. When indirect costs benefit multiple contracts, the contractor must have a means of fairly attributing those costs to each contract.

In addition to these requirements, contractors may be subject to additional regulations addressing the recovery of costs, depending on the value of the contracts at issue. Therefore, at a very basic level, costs charged to the government must meet these above-stated requirements, and contractors must keep these requirements in mind when seeking reimbursement of their costs from the government.

CONTRACTORS CAN ENCOUNTER SIGNIFICANT LIABILITY WHEN THEIR EMPLOYEES EITHER INADVERTENTLY OR INTENTIONALLY ENGAGE IN “MISCHARGING.”

Although charging the government may seem simple based on the discussion above, contractors can encounter significant liability when their employees either inadvertently or intentionally engage in “mischarging.” Mischarging typically results from employees charging time to the wrong contract or cost code, or from employees overstating the hours they worked under a given contract. Such practices not only jeopardize a contractor’s ability to recover costs from the government, but also may result in criminal or civil liability. Among the more serious sanctions, a contractor found to have mischarged the government may face suspension and debarment, or criminal and civil sanctions under the False Claims Acts. Therefore, contractors should ensure that they have effective policies, procedures, and controls in place to avoid mischarging and the consequences that flow from such practices.

Accordingly, to avoid the pitfalls associated with mischarging costs under government contracts, contractors should consider the following suggested best practices:

- **Ethics training.** Contractors should require personnel to take ethics courses, including training on timekeeping and labor charging.
- **Contractor culture.** A compliance and ethics program is only as strong as its leaders’ confidence in and support of an ethical culture. Accordingly, contractors should sustain a corporate “tone at the top” that emphasizes the importance of ethics and honesty, particularly in connection with cost charging.
- **Timekeeping system.** A timekeeping system, in which employees can record time in connection with various tasks performed under contract, is a key element to charging

the government in a proper manner. Regardless of whether a contractor uses a manual or automated method for keeping time, the timekeeping system should enable employees to enter their time accurately. Any corrections to timekeeping records should be documented, authorized, and approved.

- **Monitoring and enforcement.** Contractors should have a mechanism for monitoring compliance with the company’s time-charging policies. Regular audits of timekeepers’ entries are key to monitoring compliance, as are regular reviews of the timekeeping system to ensure that it adequately captures and allocates time entries.
- **Report suspected mischarging.** In the event of mischarging, report such instances immediately to the company’s counsel or ethics official. Cost charging is a highly regulated and compliance-driven part of government contracting. Seemingly endless regulations address what can and cannot be charged to the government and how contractors should go about charging and accounting for those costs. This article addresses but a small part of that regulatory maze, yet provides practical steps all contractors should consider when seeking reimbursement of costs from the government. ●

W. Barron A. Avery and Tara L. Ward are attorneys at Wiley Rein LLP in Washington, DC, where they specialize in government contracts law, including bid protests, claims litigation, regulatory compliance counseling, and investigative matters. Avery can be reached at 202-719-7263 or bavery@wileyrein.com and Ward can be reached at 202-719-7495 or tward@wileyrein.com.

Strength in numbers

Harness the **power** of networking
by putting others first

BY NICK FORTUNA



IN THIS AGE of rapid-fire e-mailing, text messaging and social-media sharing, it's never been as easy to keep in touch with the people who matter to us. But if you want to build your professional network and truly connect with people, an old-school approach that sets you apart is the way to go.

Andrea Nierenberg, president of the New York-based Nierenberg Consulting Group, said she mails three handwritten notes to contacts each day in an effort to solidify existing relationships, build new ones and show that she's never too busy to connect on a personal level.

Nierenberg, the author of *Network Like You Mean It: The Definitive Handbook for Business and Personal Networking*, said the small effort it takes to send a note of thanks or congratulations or to follow up on a previous conversation consistently pays off in the long run.

"The notes are short, sweet and to the point, but at the end of the week, it's 15 handwritten notes, and at the end of the year, it's more than 750 connections," she said. "I know people think, 'My God, this woman's writing notes all the time,' but you know what? They stand out. Ninety-nine percent of people won't take the time to do that, and networking is all about taking that extra step."

According to networking experts, building relationships is kind of like keeping in good physical shape: the most successful among us find the time to put in a little effort when most people say they're simply too busy.

Mike Fishbein, the author of *Business Networking: How to Build an Awesome Professional Network*, said many professionals who fail at networking focus too much on the quantity of their connections and not enough on their quality.

Most professionals can easily recognize a hit-and-run networker, one who is constantly selling himself, handing out as many business cards as possible or sending out countless impersonal invitations to connect on LinkedIn. Such superficial connections rarely lead to meaningful business relationships, Fishbein said, and often communicate to contacts that you're only trying to connect with them for personal gain.

BUILDING RELATIONSHIPS IS KIND OF LIKE KEEPING IN GOOD PHYSICAL SHAPE: THE MOST SUCCESSFUL AMONG US FIND THE TIME TO PUT IN A LITTLE EFFORT WHEN MOST PEOPLE SAY THEY'RE SIMPLY TOO BUSY.

Fishbein said professionals should look to be helpful to existing and prospective connections, without initially looking for anything in return. Introducing contacts who might benefit from knowing each other, sharing their blog posts or achievements on social-media sites, e-mailing them articles they might be interested in and retweeting their posts are just some of the ways Fishbein said professionals can be helpful to their connections.

And creating Google alerts for contacts' names, companies and interests will help you stay informed about what's going on in their lives and give you another reason to reach out.

"Those small gestures only take a few seconds, but people really appreciate that," Fishbein said. "When you look to help people first, it always comes back to you. By helping the people in your network grow their business, you're making it more likely that they'll be in a position to help you grow your



business. These gestures also are a way to stay on their radar screen. People are really busy, so you have to find ways to stay in touch without being a nag, and something as simple as a retweet is a way to stay on people's radar."

Dave Delaney, the author of *New Business Networking: How to Effectively Grow Your Business Network Using Online and Offline Methods*, said a little preparation

ahead of networking events can go a long way.

He said professionals should use websites such as Facebook, Twitter and Eventbrite to find out who will be speaking at an event and who will be attending. Then, reach out to the people you'd like to meet before the event, letting them know who you are and that you'd like to introduce yourself and get to know them. Have your elevator pitch down so you

can explain who you are and why you're attending.

When at an event, Delaney said it's best to ask for someone's business card before offering your own, so as not to look like a blackjack dealer at a casino, handing out cards to everyone within arm's reach.

And when you have a quiet moment, jot down a few details of your conversation on your new connection's business card so you



SELECTIVE®

Response is everything.

**Contract Surety
Commercial Surety
Fidelity Bonds**

www.selective.com



SurePath
InSure Vision Technologies

The *leading* Surety
Bond Processing
System for Agents &
Brokers

Also featuring
eBonding,
Billing & Carrier
Integration!

Contact IVT at 818-783-3460
www.insurevision.com




E. F. Alvarez & Company, P.A.
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

*Providing solid, reliable financial
reporting and advice to contractors
for over 40 years.*

782 N.W. 42 Avenue, Suite 545, Miami, FL 33126
Telephone (305) 444-6503 | National (800) 272-5332
Facsimile (305) 444-3840 | Email ealvarez@efacpa.com


Website: www.efacpa.com





7,500 construction
companies and the
roster is growing!

Are your construction clients
represented by the
CPAs/Consultants who know
Construction? **No? Why not?**



CONSTRUCTION INDUSTRY
CPA/CONSULTANTS ASSOCIATION

www.CICPAC.com | 480.836.0300

can follow up with him or her later. Such details can be used to send personalized invitations to connect on LinkedIn instead of the default, impersonal invitation. Then, once you're connected, look at your own network and see if your new connection would benefit by meeting any of your existing contacts.

Introducing two connections gives you the opportunity to say something nice about each of them and illustrates to them that other people consider you worth knowing. That, in turn, makes them more likely to introduce you to their connections, Delaney said.

"Networking is a two-way street, so always be thinking about what you can do for the other person," Delaney said. "Too many people are trying to grow their network as big as possible as quickly as possible, when really, if you don't have true relationships with people, those contacts aren't going to help you much. You're way better off going with quality over quantity."

Fishbein said too many professionals get discouraged when their networking efforts don't pay immediate dividends. Instead, professionals should take a long-term approach, seeking to build strong relationships over time and nurturing their existing relationships.

After all, if you gain a new connection but lose contact with an old one, the sum of that equation is zero. And just because a connection isn't in a position to help you now doesn't mean he or she won't be in the future, so take the time to build that relationship now, he said.

Just like exercise, successful networkers "just do it," Nierenberg said. Most people at an event are there for the same reasons—to learn and network—so don't be shy. Walk up to someone who's alone or to a group and introduce yourself (avoid inserting yourself into a two-person conversation, Nierenberg said). Ask people what brought them to the event, who they came with and who else they think you should meet. And, most importantly, remember to follow up.

"The opposite of networking is not working," Nierenberg said. "Every time you meet someone, listen and find a way to be a resource to them. There's a lot of work involved with that, which is why not everyone is good at networking. And make sure you have an action plan to follow up with people. I'm always amazed when people thank me for a quick reply or for following up with them. You'd think that that's common courtesy, but it's not always done."

NASBP social media channels—LinkedIn, Facebook, and Twitter, as well as the *NASBP SmartBrief* e-newsletter and NASBP SuretyConnect—provide the NASBP community enhanced capabilities to network with colleagues, clients and prospective clients. For more information about these NASBP networking capabilities and how to utilize them, contact NASBP at info@nasbp.org. ●



Contractor Managing General Insurance Agency, Inc.



'A' Rated VIII Surety Bond Program

CMGIA offers an A.M. Best A VIII small to midsize contractors surety bonding program for small and growing contractors. The program was designed for contractors who are new to the surety process and are being required to provide an obligee with performance and payment bonds; as well as contractors that don't fit traditional surety bonding programs.

With our expert team of underwriters and staff we have everything you and your clients need to get a bond or start a bonding program.

For clients with smaller limited bonding needs our Fast Track credit based surety program has bond limits of \$500,000 single and \$500,000 aggregate with a simple 2 page application.

For your clients with larger bonding requirements we have our standard surety submission package with limits up to \$3,000,000 single \$3,000,000 aggregate available for qualified contractors.

866.363.2642
www.cmgia.com

Call Toll-Free: 866.363.2642 | 20335 Ventura Blvd., Suite 426, Woodland Hills, California 91364



"ONE OF THE REAL CHALLENGES WE FACE IS GETTING PEOPLE TO UNDERSTAND THE VALUE OF WHAT WE DO."

President Thomas M. Padilla

Get to know NASBP's
2014-2015 president

BY MARY LOU JAY

Thomas M. Padilla, senior vice president at HUB International Insurance Services, Albuquerque, New Mexico, learned from his parents at an early age that "everything you do should be about giving back and making a difference." It's a principle that has guided his life ever since and will shape his year as NASBP's president.

Born and raised in Santa Fe, New Mexico, Padilla served in the U.S. Air Force before returning home and joining his father's real estate business. That market wasn't thriving in the late 1970s, however, and in 1979 Padilla moved to Albuquerque to work at the Manuel Lujan Agencies, founded by his grandfather in 1926 (the firm was acquired by HUB International Insurance Services, Inc. last year).

In 1989, shortly after taking a Level II course at NASBP's William J. Angell Surety School, Padilla was placed in charge of his firm's surety operations. Twenty-five years later, he's still enjoying the industry.

"I like contractors and I like their businesses," Padilla said. "They're hard-working and honest—the ultimate entrepreneurs." Although he's seen some changes in both the company and the agency sides of the surety business, he said the basics of the business have never changed. "It's all about doing good business with good people who do what they say they're going to do," he said.

Padilla became active in NASBP soon after participating in his first surety school course. "I joined the Government Relations Committee almost immediately," he said. "I come from a political background and a political family, so I'm accustomed to lobbying and working with governmental agencies." He later chaired the committee and continues to be an active member.

For the past 15 years, Padilla has nourished another passion of his—education—by serving as a faculty member at NASBP's



Tom Padilla (standing) was nominated as NASBP First Vice President at the 2013 Annual Meeting & Expo in San Francisco.



Tom and Kimberly Padilla (far right) at the 2013 NASBP Annual Meeting & Expo with Wendy Miller (center), who is Past President J. Spencer Miller's wife.



At the NASBP 2013 Summer School, Tom (center) alongside other agents and underwriters, taught techniques, such as gathering information about a contractor and preparing a case submission to a surety, to Level II students. Also pictured are faculty members Bud Herndon (left) of CNA Surety and Matthew Cashion (right) of The Cashion Company.



Tom (second from left) helped congratulate Reggie Jarvis (holding football) of Centennial Surety Associates for being chosen by his peers as the Level II Green Team's outstanding student at the 2013 NASBP Summer School. Others pictured include, from left, Tom Durkin of Durkin & Durkin Insurance Agency; Larry McMahon of Alliant Insurance Services; Susan Hecker of Arthur J. Gallagher & Co., who audited the class; Dedi Belis of Seitlin, a Marsh & McLennan Agency; and Bud Herndon of CNA Surety.



Tom regularly participates in the annual NASBP Legislative Fly-in. He persuaded U.S. Representative Michelle Lujan Grisham (D-NM-1st) to speak at the 2013 NASBP Fly-in.



Tom accepts the NASBP presidency during the 2014 Annual Meeting & Expo at the JW Marriott San Antonio Hill Country Resort.



Tom and Kimberly Padilla.

William J. Angell Surety School. He served for eight years as chair of the association's Professional Development and Education Committee and coordinated the development effort for NASBP's new Angell-Curtin Advanced Surety School Level III class, designed for people who have been in the business for at least five years.

"We have a saying at the surety school that we're one of the few industries that will volunteer our time to educate our competitors," Padilla said. "We have wonderful participation from the surety agency ranks and from our affiliates, the surety companies. Our education piece is designed to educate not only producers, but young company underwriters as well."

"When I worked with my father, he would say, 'Don't just be a peddler; be a professional,'" Padilla said. "Whether it's real estate or insurance, you want to be of service and give value to someone. That ties into education." According to Padilla, being an instructor in the surety school has made him a better professional, because it ensures that he keeps up-to-speed on the latest industry developments.

TELLING THE INDUSTRY'S STORY

Padilla sees a strong connection between his political and educational activities. "I look at government

affairs and professional development as having the same mission," he said. "Government affairs is about educating others, whether that's Congress or a state highway department or a local community or school district. Professional development is about educating our own."

"You can't expect someone to know your story, especially in a micro-industry like ours, unless you go tell them your story," Padilla said. "If you want them to understand you in the light that you want to be understood, you need to tell the story your way."

In the past, surety bonds have been a quiet, hidden industry. "Most of the time there's not a problem or issue because we've done our job and picked the right contractor," Padilla continued. "So we're unknown because we didn't have problems. The better we do our job, the less we're known."

"One of the real challenges we face is getting people to understand the value of what we do," Padilla continued. "We have a claims mechanism that backs up our product but our main purpose is loss prevention and loss control. We have to frame our message right and tell people that if we do our job right, there isn't a claim or a loss."

LOOKING AHEAD

One of Padilla's goals as NASBP president will be to help members

share that message with the people they meet and interact with in the community. "If you want to be in an industry that's known and respected, then you have to make it known and respectable," he said.

"Another goal is to grow our membership. We have to explain to people that we are a very different organization today. We have become much more proactive and continue to increase our efforts in advocacy, membership and education. I tell people, 'This ain't your daddy's NASBP.'"

Continuing to grow the association and expand its services will require the assistance of all members. "I hope this year I can help people realize that they can make a difference, and that they need to make a difference," Padilla said. "As in any industry, the stronger you are, the more people who are active and telling your story, the better you are at it. Every contribution, even the smallest, is important."

Padilla himself has made contributions to other organizations besides the NASBP, including serving as past president of the Independent Insurance Agents of New Mexico and service on the board of directors for the Independent Insurance Agents & Brokers of America. He just completed six years serving as chairman of the board of Special Olympics New Mexico, an organization that Tom, Kimberly and their family of six children and three grandchildren strongly support.

Padilla is also part of a "huge" Hispanic family that can trace its roots in New Mexico back 16 generations. "I'm proud of our Hispanic heritage, but my father taught us that you're an American of Hispanic descent; the word 'American' is always first," he added. "I'm big on family and on country."

Whether it's home, country, business or community, Padilla said the important thing is to be involved. "You can make a difference. It's a lot easier to get involved and to give back than you think it is. You just have to try."

GET GROWING

At Lanigan, Ryan we are passionate about equipping commercial contractors to succeed. For 30 years we have transformed good businesses into great ones by helping owners focus on the competencies, capacities, and the financial controls and procedures that allow construction companies to grow consistently and profitably. Let us show your construction clients how to take the next steps to a more profitable future.

LANIGAN
RYAN
MALCOLM
& DOYLE
PC



lrmd-cpa.com • (301) 258-8900
construction company consultants and cpas

Soren McAdam Christenson LLP

(909) 798-2222

smc@smc-cpas.com



35 YEARS Experience () Exceptional service

We serve all contractors

Compliance work

Wide range of business advisory services, retirement, succession and estate planning, business valuations and employee benefit plans audits.

www.smc-cpas.com



POA FRAUD FINDER

eBonding Security Uncompromised

Contact us :

Toll Free (US & Canada) : 1-866-467-1847

Email : info@xenex.ca Website : www.xenex.ca

ALLIANT CONSTRUCTION SERVICES GROUP THE NEW OPTION



Alliant
congratulates our colleague

ANGIE STRICKLAND

on her election as President
of the Surety Association of
Mississippi.



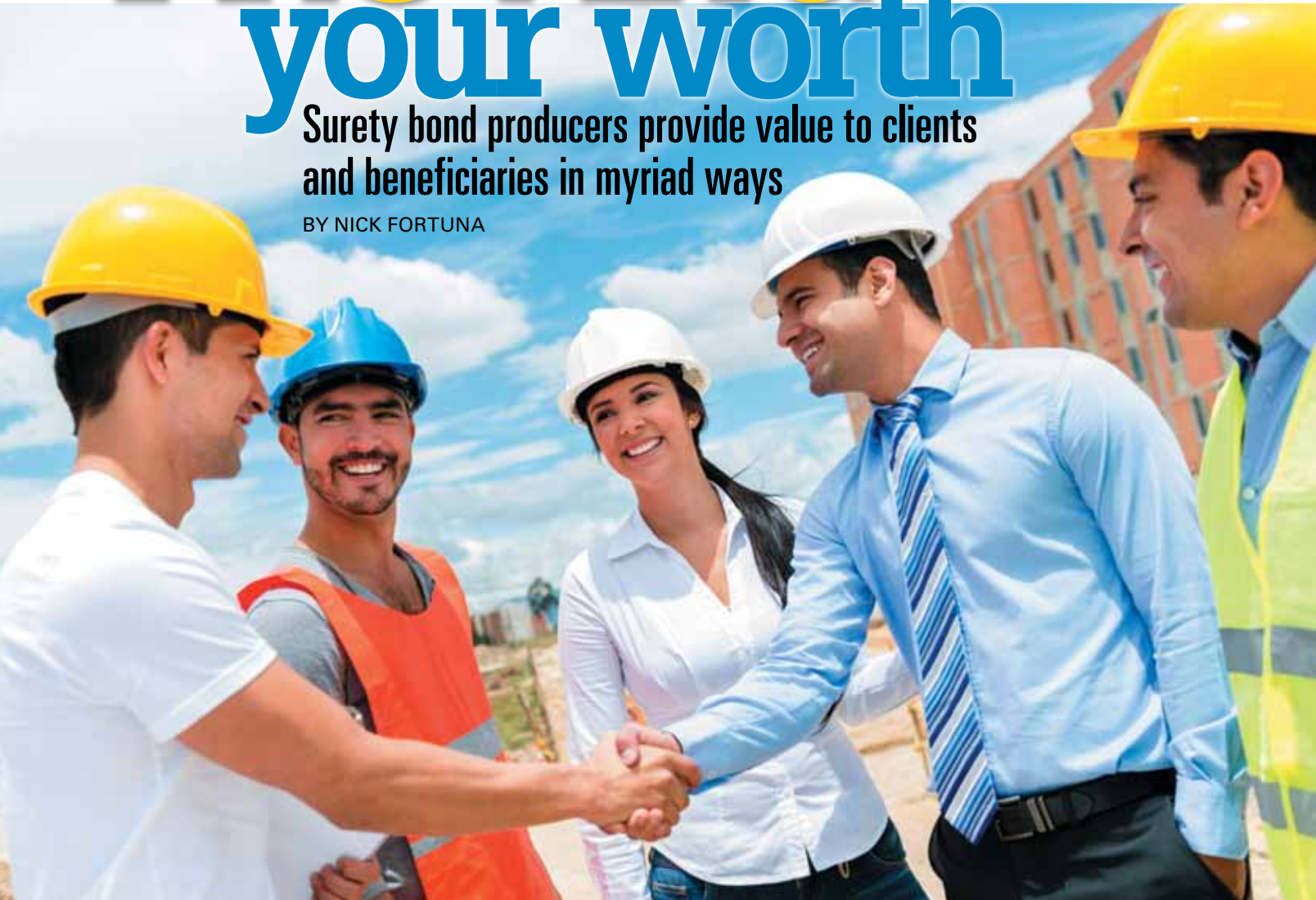
Alliant Insurance Services, Inc
www.alliant.com/construction
construction@alliant.com
(601) 709-4615

Feature

PROVING your worth

Surety bond producers provide value to clients and beneficiaries in myriad ways

BY NICK FORTUNA



IN A SENSE, the surety bond industry is a victim of its own success and efficiency. Because it is so effective in prequalifying worthy construction firms for bonds, surety claims are relatively rare, which can lead both construction clients and bond beneficiaries, such as state and municipal building authorities, to question just how much value a bond provides.

The bond itself is, of course, a powerful and valuable tool to prequalify contractors and subcontractors and to ensure that projects—both public and private—are completed in accordance with the plans and specifications and to ensure that certain subcontractors and suppliers that furnish work and materials on the project are paid moneys due and owing to them.

But let's focus on the many valuable services that bond producers provide to both their construction clients and the bond beneficiaries. The professional surety bond producer is familiar with the surety and construction markets and the business strategies and underwriting differences among sureties. Armed with such information, the bond producer can act in many critical roles—guide, educator, advisor and match-maker—in order to position a construction firm to meet underwriting requirements for surety credit and to help the construction firm grow profitably. In addition, bond producers can offer the construction firm

technical advice on matters such as management and administration of construction contracts and construction accounting procedures. Bond producers have many relationships with other construction industry service providers, such as CPAs, bankers and attorneys, and can make referrals regarding these other professionals.

A bond producer can perform an incredibly valuable service in the event of a dispute on a project between the construction firm and the owner. The producer can facilitate discussions and meetings and provide her perspective on the situation to the surety representative. Such facilitation by the bond producer can often help the project continue to progress during the dispute resolution process.

This facilitation process is valuable to all the stakeholders on a construction project, including the owner. Bond producers can also assist owners, particularly public agencies, with information about how their decisions on projects are impacting their bottom line. For instance, owners that earn a reputation for being slow to pay, fighting over every pay application, and issuing contracts with onerous terms have fewer bidders, have less competition, and, accordingly, pay more for those contracts. Local bond producers can educate owners about the negative impact of such policies.

No one likes a self-promoter, but by continuing to focus on providing value to both construction clients and bond beneficiaries, bond producers can become invaluable resources to parties at both ends of the construction spectrum and build relationships that pay big dividends over the course of a career.

BUILDING BETTER CONSTRUCTION FIRMS

Patrick T. Pribyl, senior vice president of Kansas City, Mo.-based Lockton Cos. LLC, said his company has developed a proprietary software system that analyzes every job a contractor performs to measure how its originally estimated gross profit compares

with the actual profit recognized at completion. Data from all the jobs are then compiled to develop an overall trend line for a company, with an upward-sloping or flat line indicating a construction firm that is historically conservative in its estimating and profit recognition, while a downward-sloping line may indicate premature earnings recognition or even project management issues. As much of a contractor's balance sheet strength relies on the estimated results of ongoing projects, understanding the consistency and reliability of project estimates is a key consideration in qualifying for maximum bond credit.

Through this practice, the bond producer provides real value to clients by helping them evaluate their performance so they can be more efficient and profitable.

"We use our analytical tools to gain a better foothold with our clients," Pribyl said. "Our financial analytics models help our contractors perform due diligence for acquisitions as well as understand the data points that sureties use to gauge and extend credit. We then help them tell their story best by putting it in a language and a format that a surety underwriter is going to want to see."

Donald Appleby, vice president of Denver-based Willis of Colorado Inc., said good surety bond producers also make themselves invaluable to construction clients by being generous in sharing their network, including banking and accounting contacts.

The assistance provided by bond producers helps solidify client relationships and helps those firms run more efficiently, making them more attractive to the surety industry.

"I would encourage surety bond producers to share their opinions about how their customers are doing business because good contractors value the opinions of their surety producer," Appleby said. "Contractors realize that surety producers read two things for a living: financial statements—a lot of them—and contracts—a lot of them—so you gain that knowledge of what works and what doesn't."

LEVELING WITH CONSTRUCTION OWNERS

While the bulk of bond producers' time is spent with construction clients, some of their most important work involves ensuring state and municipal building agencies are in a position to secure the services of top construction firms. Sometimes, those public agencies shoot themselves in the foot through practices or terms that make them less desirable to worthy contractors.

Susan Hecker, Director of National Contract Surety & Area Executive Vice President for San Francisco-based Arthur J. Gallagher & Co., said surety producers sometimes must deliver bad news to owner and public agency executives, informing them that onerous language in contracts and project

NASBP Advocacy Letters

NASBP sends comment letters and other forms of assistance to educate obligees on why certain provisions and policies are problematic and, ultimately, not in their own interests. NASBP has sent letters to address a wide breadth of subjects impacting surety. In some instances, NASBP undertakes additional actions, such as phone calls or conferences, to build rapport and to permit the responsible officials to ask questions and receive direct responses and feedback. Many of these issue advocacy actions produced positive results for the industry.

Engaging responsible procurement officials in informative dialogue has proven a winning formula for positive change. If you encounter an issue that is problematic for our industry, do not hesitate to bring the matter to NASBP's attention at info@nasbp.org. NASBP will be more than happy to call or present a strong viewpoint in a written letter.

Bonds Without Borders



Issue Canadian Bonds in Minutes

Trisura Guarantee Insurance Company and Rosenberg & Parker of Canada, Inc. bring Canadian commercial surety bonds to your fingertips – regardless of where you are located.

The Rosenberg & Parker Bond Portal was specifically created to help US agents purchase Canadian surety bonds quickly and efficiently. The fully automated process allows users to apply for bonds and make premium payments online.

Bonds are issued and executed immediately upon approval.

Benefits of the Rosenberg & Parker Bond Portal

Simple – Complete application, get a quote and issue a bond in one easy process.

Immediate – Credit card options allow for instant payment and approval.

Efficient – Bonds are issued and executed in minutes.

Bonds available online

Our Portal offers an extensive portfolio of Canadian bonds that include many of the most common commercial bonds used in the country. These bonds include:

- **Non-resident GST Bond**
- **Customs and Excise Bonds**
- **Most License and Permit Bonds**

Rosenberg & Parker of Canada, Inc.

4100 Yonge Street, Suite 513
Toronto, Ontario
M2P 2B5

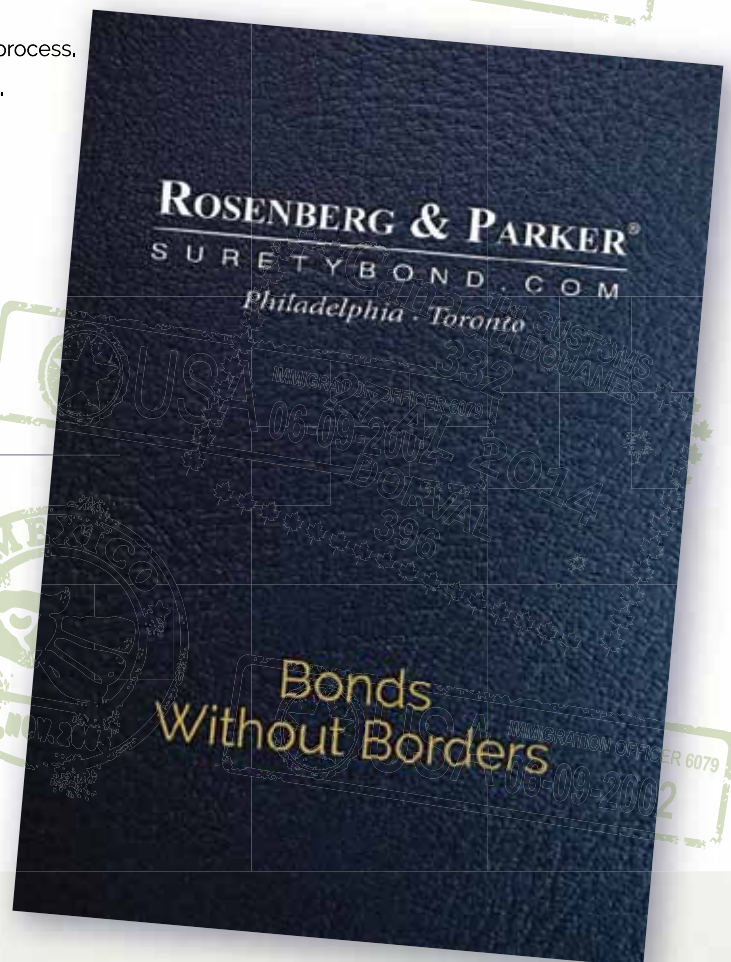
Phone: 647-591-2695

866-961-9192

Fax: 647-591-2693

Email: bwb@suretybond.com

www.suretybond.ca



specifications, unreasonable expectations and even bad business practices are preventing them from receiving numerous bids from quality firms.

Hecker said a major California city's public utilities commission as well as a major state university had both developed a reputation in the construction industry for not paying contractors in a timely manner and in full. The result was fewer construction firms bidding their work and the ones who chose to bid were often submitting higher-priced bids. When contractors need to include the predictable hassle factor of getting paid or dealing with unreasonable people, ultimately the owner is paying a premium reflecting that factor.

"We let them know these contractors are adding hundreds of thousands of dollars to their bids because they know how you're going to treat them, so they're going to make you pay for it," Hecker said. "As a result, you're paying much more for your work than you need to pay."

Further, because bond producers must look out for their construction clients, some producers steer firms away from difficult owners or, at the very least, inform them about what they're walking into. In another instance, Hecker's company noticed a lot of water districts in a state were inserting the same onerous language into project specifications, making those jobs less attractive to bidders. Through a little digging, Gallagher realized those water districts were all using the same attorney to write the specifications, so the message needed to be delivered not only to the water district, but also to the attorney drafting the language.

In a few cases, public agencies have been unrealistic in requiring A.M. Best ratings of A+ for sureties, which severely limits the number of bids the public entity will receive. When this happens, bond producers not only point out the issue to the surety companies where they can address the rating requirement directly with the agency, but also they encourage the agencies to review their ratings requirements so



quality sureties are acceptable. The end result provides value to both the construction and surety industries, as well as to state and local building authorities.

Similarly, by getting building authorities to drop onerous terms and conditions in contracts, such as holding the construction company accountable for consequential and actual damages instead of just liquidated damages stemming from construction delays, building authorities are more likely to obtain more bids from prequalified firms.

"If you can educate the public authority about how bonds really work, you're managing their expectations," Hecker said. "Our people have developed really good relationships with city staffers who are in charge of construction; and, as a result, we've become their go-to

agency whenever they have questions about bonds."

Change doesn't happen overnight, but significant progress can be made when construction company executives, bond producers and surety company underwriters work together to educate public owners about reasonable business practices.

Bond producers should emphasize the valuable services and resources that they provide to their construction clients and to public and private owners. These services include market advice, technical expertise, contract and financial statement review, professional relationship referrals, and education about the construction industry and business practices. Construction is a relationship business, and bond producers demonstrate daily that they understand this tenet well. ●

Feature

NASBP Fall Workshops offer surety professionals training for members and non-members

Hone your sales process by attending the NASBP Sales Workshop, September 24-25

NASBP will hold its one-of-a-kind NASBP Sales Workshop for Surety Bond Professionals from September 24-25 in Scottsdale, Arizona. This course is designed specifically to help surety bond producers define and hone their sales process by learning the strategies and practices of the industry's top producers.

This one-day workshop is presented by top surety producers in the country and a nationally recognized consultant. Participants will leave with clear, actionable practices that can be implemented immediately.

The registration fee of \$895 for NASBP members/affiliates/

associates and \$1,990 for non-members includes all class materials and continental breakfast, lunch and breaks on both days. This program will be offered in advance of and in the same hotel—the Westin Kierland Resort & Spa in Scottsdale, Arizona—as the NASBP Regions 4, 5, 6 & 7 Annual Meeting.

Space is limited. Register now for this program that will demystify what it takes to be a successful bond producer. For more information and to register online, visit www.nasbp.org/education/workshops/salesworkshop.

This course represents a small investment for the opportunity of a huge return, as former student Andy Tokasz of First Niagara Risk Management attests: "The NASBP Sales Workshop was a great investment in my career. Having an opportunity to learn from the very best surety producers in our business was priceless. There are other sales workshops available, but we aren't selling widgets. We are helping business owners foster a relationship with a surety company that could last generations as well as managing the contractor's current surety capacity. These unique aspects of our business and the sales process were covered specific to our industry by the NASBP Sales Workshop. Whether you are 10 years in the business or a new producer starting out, having the opportunity to learn from Larry McMahon and Don Appleby is an experience of a lifetime."

FACULTY INFORMATION:



Jonathan Dick of Jonathon Dick Consulting is a speaker, consultant and strategist specializing in issues of corporate identity and resulting applications for sales force development, long-term cultural change and sustenance, staff development and change management. Dick integrates individual giftedness and corporate identity to build new sales cultures.



Lawrence F. McMahon, AFSB, Executive Vice President and Surety Manager for Alliant Insurance Services, Inc., has been instrumental in developing the Alliant Surety Department to manage large surety placements nationally and provide expert advice to the Alliant Construction Unit and Alliant Public Entity Group. He is the NASBP Immediate Past President.



Donald E. Appleby, AFSB, joined Willis of Colorado in 1999 after serving nine years in regional and branch surety underwriting positions with the St. Paul Seaboard Surety, and USF&G in St. Paul, MN, and Denver, CO. His primary focus is on developing new surety clients. He serves on the NASBP Board of Directors.

Master skills in identifying and mitigating risks by attending the NASBP Contract and Bond Forms Workshop, October 23-24

The NASBP Contract and Bond Forms Workshop is an integral component to training for all bond producers and contractors, developed in collaboration with the law firm of Smith, Currie & Hancock LLP. The one-and-one-half day intensive course will take place October 23-24, 2014, in Dallas, Texas.

Taught by a renowned team of experts, this workshop covers key contract bond provisions that affect the risk profile of any given project. By the end of the workshop, each participant will have a heightened sense of risk awareness and the skills to identify and analyze those risks.

Highlights include:

- Key contract risk allocation provisions on bond obligations and liabilities.
- Analysis of standard and statutory bond forms.
- Review of federal government payment and performance bonds.
- Potential post-completion liabilities of the surety.
- Warranty and long-term performance liabilities.
- Default terms and remedies.

The registration fee of \$895 for NASBP members/affiliates/associates and \$1,990 for non-members includes class materials, continental breakfast and breaks, and the reception on Thursday. Lunch and dinner "on your own" offers a great time to network with peers. All events will be held at the Hyatt Regency Dallas, where NASBP has reserved a block of rooms at a special rate of \$179/night (plus applicable taxes).

"IT'S ONE OF THE BEST COURSES I'VE ATTENDED. IT COVERS A BROAD SPECTRUM OF ISSUES OCCURRING AT ALL LEVELS OF CONTRACTING AND OFFERS CRITICAL INFORMATION THAT CAN BE SHARED WITH CLIENTS."

—Robert Coon of Scott Insurance

The workshop is certified for continuing education credit in all 50 states and the District of Columbia. For more information and to register, visit www.nasbp.org/education/workshops/contractsandbondsworkshop1.

FACULTY INFORMATION:



Thomas J. Kelleher, Jr., a Senior Partner for the law firm of Smith, Currie & Hancock LLP, has extensive government and construction contract experience involving bidding, changes, differing site conditions, delays and terminations. He has represented clients on a wide variety of projects.



Gene Rash, a Partner with Smith, Currie & Hancock, LLP, has handled a variety of construction claims and disputes involving public highways, office buildings, high-rise towers, hotels, laboratories, waste treatment facilities, shopping centers and healthcare projects. Rash was once a project engineer, and later, a project manager, for a regional general contractor.



Eric L. Nelson, a Partner with Smith, Currie & Hancock LLP, practices in the area of construction law and government contracts, representing owners, engineers, general contractors, EPC and design-build contractors, CMs contractors and major equipment providers. His practice primarily involves dispute resolution of construction-related claims.



Steve Nelson is the Executive Vice President & General Counsel of SureTec Insurance Company and President of SureTec Information Systems, Inc. Prior to SureTec, he practiced law for 20 years in Dallas and was a CEO of an ENR-100 building contractor for six years. He is an adjunct professor at the University of Texas and a mediator of construction disputes.

CONTRACT

surety claims

The promise—Pact or fiction

BY RICK LEVESQUE



ANDRÉ, IT WAS said, was no less than brilliant. The product of an elite educational system and strong professional mentoring, André rose quickly through the ranks as an expert in engineering and risk management. As a risk management professional, his strength was said to be his rigid pursuit of historically sound solutions, his fixation with the “tried and true.” That strength, however, ultimately proved to be his undoing as the solutions he developed at the pinnacle of his career failed to anticipate the impact of market and technological change. André Maginot died in 1932, but the remnants of his defensive wartime strategy remain scattered across the French countryside as an enduring monument to one of the costliest risk management blunders of all time and a poignant reminder to us that it is not enough to simply mentor—we need to make sure we are promoting and teaching the right strategies to keep pace with change.

This year’s NASBP program committee and outgoing president are to be congratulated on succinctly capturing the “how” and the “what” of what could be viewed as our industry’s go-forward success strategy; the “how” being our relentless investment into educating and mentoring tomorrow’s industry leaders, practitioners and customers in such a way as to avoid our own “Maginot Moment”; the “what” being directed at properly creating, understanding, communicating and performing the obligations set forth in the bonds we issue. For the purposes of this article, those obligations shall henceforth be referred to collectively as the “Promise,” and in my capacity as a life-long surety claim handler or “Promise-keeper,” I’ll take this opportunity to share some personal observations from the claim trenches regarding our industry and whether there might exist an articulable benchmark for meeting our bond obligations deserving of the title, the Promise.

SERVICE FIRST

If you are reading this, you probably describe yourself as being in the bond business or being super close to someone who is. And while the description would be accurate as far as it goes, these days it simply doesn’t go far enough. We are, after all, in the service business with our expertise being in the area of risk and credit management. Bonds are merely the predominant currency with which we transact. Similar to all such currencies, the value of ours is subject to market forces shaped by the perception of those with whom we transact. If use of our currency provides consistent value and reasonably

predictable outcomes, its use is likely to be favored. If its value is diminished or becomes uncertain as a result of poor service, that is, a divergence between the expectations of the marketplace and the performance or lack of performance at the moment of truth, the market will move to different currencies. The key for our success, therefore, is to coordinate and apply the expertise of the producer, the underwriter and the claim handler to make sure that the expectations created in the marketplace are consistent with the purpose and language of the bonds and that when claims inevitably happen, the protections afforded thereby will be quickly and consistently determined and applied to the situation at hand.

GOATS, GATEKEEPERS AND GESTALT

Having spent almost 30 years managing surety claims for three great companies, I can say without reservation that life in the claim trenches has never been better in terms of its being a fabulous career. Among other things, the value of the claim professional to the business as a whole is now recognized as going far beyond the claim-handling function. There

was a time, however, when being a claim handler had sort of a second-class citizen flavor. For myself, and perhaps some of my peers foolish or brave enough to admit it, we probably deserved some of it. For while most of us had law degrees and could flex our cerebrals with the best of them (just ask us), we were never really taught much about the business of bonds, let alone the business of service. Ours was the business of claims and was chiefly a function of addressing and defending demands upon the coffers of our fine companies. Defend, Defend, Defend. And we were really good. Probably too good. But in the process of going hard to the ball, we unwittingly did a disservice to the product by creating a sometimes lasting perception on the part of those with whom we dealt that our focus as we performed would be largely confined to defending and resisting; that we would capably recognize the trees, but rarely get the fact that we were in a forest. As such, the silos between underwriter, claim handler and producer were tall in those days with the resultant professional separation, segmentation and poor communication, particularly once a contractor went “into claim.” Post

mortems often revealed a greater tendency in those days to trumpet the ever-important technical defenses to the possible exclusion of more global considerations, such as opportunities for mutual mitigation or what early action might have accomplished with respect to the overall health of the project.

These days, thankfully, not so much. As with the cubicles in our offices, we can now see over the walls of our silos with the expected positives being achieved among producers and underwriters, on one hand, and claim professionals, on the other. The collaboration on risk assessment, solution development and loss management has never been better and has resulted in tremendous strides being made in terms of positive market perception, account retention and increased claim handling consistency across the business. While this may in part be attributable to the fact that our industry training is more collaborative and the emphasis among the three disciplines to understand the entire business more pronounced, it could equally be said that the predominant factor is the acceptance and recognition by the claim handlers that they are carrying the ball for the



Panelists of the contract surety claims process panel at the 2014 NASBP Annual Meeting, “The Promise—To Do, or Not To Do....” From left, Keith Langley of Langley Weinstein LLP; John Rindt of HUB International Insurance Services in El Paso, TX; Mike Pipkin of Sedgwick LLP; David Hombach of Travelers Bond; and Rick Levesque of The Hartford Bond.



Rick Levesque of
The Hartford Bond
and Chairman of the
Pearlman Association.

entire team and the task at hand is not one of building stats, but of winning.

THE PROMISE: YES, VIRGINIA...

Do the right thing. A fairly common mantra and scope of authority broadly adopted across the surety claim business. I've always considered the approach to be a pretty good gig for the company with all risk of possibly doing the wrong thing being placed squarely upon the shoulders of the claim handler. Nevertheless, I've considered myself blessed for always having had the freedom to go after "the right thing," whatever that might turn out to be. Some observers less familiar with the tripartite nature of our business would suggest that the Promise or the "right thing" is simply performing as demanded. Such an approach, however, ignores the realities of the tripartite relationship, which include, at a minimum, three complex agreements, each of which contains material provisions with respect to the claim at hand, each of which incorporates, makes reference to or is conditioned upon the other, and each of which packs a collection of complementary, competing and colliding contract provisions. Against that kaleidoscopic backdrop, to suggest the existence of a promised outcome upon one party's making of a claim would be unsupportable under all but the rarest of circumstances. The Promise is better understood as one of a promised process, a commitment by the company to insert high value claim resources into the fray at the earliest

opportune moment. Such a Promise might look something like this:

We promise that we are fully committed to staffing claim situations with surety professionals who are experienced, responsive, enterprising/innovative, collaborative, act with urgency and integrity and that we will objectively, quickly and fairly make and implement decisions giving due regard to the balancing of interests between each of the participants to the process along with the circumstances of the project or transaction.

So, now that we have an idea of what a Promise might look like, the question we are left with is two-fold: (1) do we as an industry have the gumption to insist upon and deliver Promise-like service; and, (2) if so, will such a commitment suffice to counter current marketplace criticisms being directed at the surety bond product. The key to the latter inquiry will depend upon how well and accurately customer expectations are built at the front end, an effort largely neglected and one which the surety bond producer is ideally situated to address.

BONDS AND THE ART OF EXPECTATION MANAGEMENT

Customer satisfaction, not surprisingly, is highest when expectations are met or exceeded with respect to a product or service. In a free market, satisfaction levels will set the tone for repeat purchases, product loyalty, and the like.

As bond professionals, we have the good fortune of working in an industry where many of our products are required by law. The important prequalification function and the hundreds of millions in loss payments expended by sureties each year are a compelling testament to the value of the product. And yet, there seems to be a growing frustration among certain of our customers with regard to the claim process and related outcomes. While industry focus on implementing Promise-like processes is likely a large part of the solution, all such efforts will be of no avail if the expectations of the customer are at odds with whatever outcome it received, no matter how exceptional the claim process.

While the responsibility for creating the proper customer expectation falls to all surety professionals, the producer occupies an ideal vantage point from which to teach and disseminate information critical to the public's/customer's understanding of the benefits, purposes and limits of our bond products. And, relatedly, the surety bond producer serves an important gatekeeper function on the back end through its ability to match informed customers exclusively with markets committed to providing excellent customer/claims service. The surety bond producer's careful stewardship of these two important functions will do much to address current market criticisms of the surety bond product. ●

Rick Levesque, a director with Hartford Bond, has worked in the surety claim industry since 1987, principally in the area of construction performance and payment bonds. Levesque is a former director of the National Bond Claims Association and the founder and current chairman of the Pearlman Association, a 501(c)(3) surety training organization. He began his surety career after law school, enjoying positions with Reliance Surety, St Paul Fire and Marine and Hartford Bond. He holds CPCU, AFSB and AIC designations. He can be reached at rick.levesque@thehartford.com or 253-853-2203.

COMMERCIAL surety claims

A case study on the bond producer's role in assisting a client to avoid loss and maintain surety credit through bankruptcy

BY ARMEN SHAHINIAN



A TEAM APPROACH may well be the best way to maintain surety credit during a debtor/principal's bankruptcy reorganization process. One critical member of such a team is the surety bond producer, who can serve a key facilitative role during a principal's bankruptcy reorganization to avoid loss and to maintain surety credit. This critical topic was highlighted at the NASBP Annual Meeting & Expo in San Antonio during a robust commercial surety claims panel discussion on "Commercial Surety and Bankruptcy," which focused on a successful case study. This impressive panel included a surety claims attorney, a surety bond producer, a surety CEO, a surety claims representative, and a CEO of a former commercial debtor/principal.

The panel was moderated by Armen Shahinian of the law firm of Wolff & Samson PC in West Orange, New Jersey and New York, New York. Rob McDonough, Regional Director at AON Risk Solutions, with responsibility for commercial and construction surety in New York, New Jersey and Connecticut, was the surety bond producer involved in the case study. Stephen Haney, Division President for ACE Surety and its Chief Underwriting Officer for Global Surety, provided the perspective of the surety underwriter. Henry ("Hank") Minissale, Vice President of Surety Claims at ACE Surety, brought to the panel the perspective of the manager of a surety claims department. Joe Page provided the perspective of the bond principal, having recently served as Senior Executive Vice President, Chief Administrative Officer, and General Counsel of Synagro Technologies, Inc. (Synagro), headquartered in Baltimore, Maryland.

Synagro is a waste removal and processing contractor, employing over 800 people in 34 states and serving more than 600 municipal and industrial water and wastewater facilities. Synagro filed for Chapter 11 bankruptcy protection in the spring of 2013. The primary goal of a Chapter 11 bankruptcy is the financial rehabilitation, rather than liquidation, of a debtor's business. A successful reorganization entails the continuation of the debtor's business under a confirmed reorganization plan. Unfortunately, the vast majority of Chapter 11 proceedings do not culminate in a successful reorganization. And what factors can make the difference? Certainly, a team approach and a facilitative surety bond producer can maximize the chances of a successful reorganization.

This case study involves the process of Synagro successfully reorganizing, while continuing to operate as normal, continuing to pay its employees, continuing on-going capital projects, and maintaining surety credit. At the time of its bankruptcy filing, it had outstanding surety bonds of nearly \$110 million issued by eight sureties. Page managed the pre-bankruptcy negotiations with both the sureties and Synagro's lenders, which ultimately led to negotiated first-day orders under which the sureties' bonds remained in place for the benefit of the post-petition debtor entity.

During a bankruptcy proceeding, it is important to educate both the court and counsel for the debtor and lenders regarding the nature of a surety bond. Often both the management of debtor



Panelists of the commercial surety claims process presentation: "Commercial Surety and Bankruptcy: The Professional Surety Bond Producer's Role in Avoiding Loss and Maintaining Surety Credit through Bankruptcy." From left, moderator Armen Shahinian of Wolff & Samson PC, Rob McDonough of Aon NY, Joe Page, formerly of Synagro Technologies, Hank Minissale of ACE Surety, and Stephen Haney of ACE Surety.

entities and counsel for debtors and lenders do not immediately appreciate the fact that surety bonds, while issued by insurance companies, are not like traditional insurance policies. The tendency on the part of some debtors is to lump their surety bonds with insurance policies in preparing first-day orders, seeking to keep in place their insurance policies. Under the Bankruptcy Code, insurance typically is property of the debtor estate, having been purchased by the debtor through payment of a premium in order to obtain the benefit of coverage in the event of an insured loss. In contrast, surety bonds are extensions of surety credit which, under the Bankruptcy Code, are properly characterized as financial accommodations. As such, they are *not* property of the debtor estate and are not capable of being assumed by the debtor without the surety's consent.

When a bonded principal files for bankruptcy protection, seeking to reorganize, typically it will continue to need surety bonds to operate. Those bonds may be license, permit, contract and other bonds, but regardless of type, if the debtor is seeking to maintain operations as a Chapter 11 debtor, surety credit may

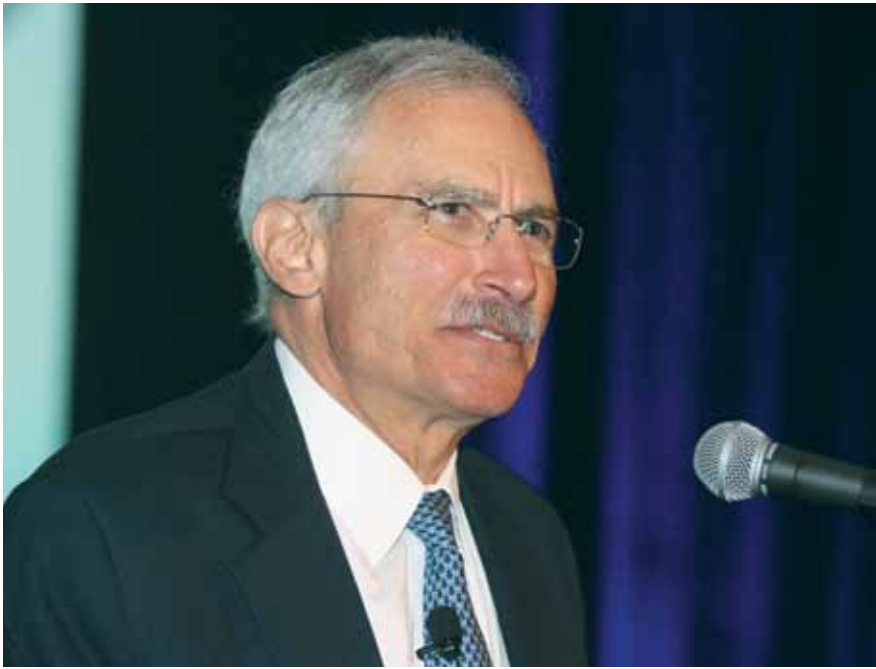
be no less essential to the viable reorganization of the debtor than is bank credit. It is the role of the surety's counsel to ensure that the court, the debtor, and the bank's lender understand that reality so that appropriate protections can be put into place to provide comfort to the surety that, should defaults occur after the filing of the bankruptcy petition, the surety's resulting claim against the debtor estate is treated, at minimum, as an expense of administration entitled to priority over claims of general unsecured creditors.

Even though surety bonds are financial accommodations that the debtor cannot assume, the Bankruptcy Code provides for an automatic stay, which can prevent cancellation of the surety's bonds in the absence of the filing of a motion seeking relief from the stay in order for the surety to send cancellation notices.

With a relationship with both the debtor and the surety, the surety bond producer can play a critical role in facilitating communications when a bankruptcy is imminent. The surety bond producer, in appropriate circumstances, can facilitate both protection of the surety with respect to outstanding bonds and assist a

debtor in furtherance of a potentially successful reorganization by allowing its operations to continue to function unimpaired during the bankruptcy process by obtaining bonding even after the bankruptcy petition is filed. Both of these goals may be accomplished pursuant to a negotiated "First-Day Order," which provides administrative expense status, and perhaps some collateral, in order to induce the surety to keep its bonds in place and to possibly issue new bonds during the bankruptcy. Pre-bankruptcy communication is critical in order that the debtor's business is not unduly disrupted. A surety bond producer is in a unique position to fulfill this critical facilitative role.

In the Synagro matter, even though over \$100 million of bonds were outstanding, no losses were sustained by the sureties as a result of proactive management of both the sureties' exposure and negotiations with the debtor and, through the debtor, with its lenders. That process included educating the parties in interest regarding why it was in their mutual interest to retain surety credit and protect the surety against loss. If the debtor entity had not retained surety credit, then it would likely have been



Moderator Armen Shahinian of Wolff & Samson PC.

unable to successfully restructure and refinance the company's debt. In this case the parties were able to avoid problems because, with the assistance of the bond producer, the sureties got the attention of the debtor/principal's management before the bankruptcy filing and negotiated first-day orders that protected the sureties, as continued surety credit post-petition was essential to the debtor's reorganization efforts.

Most successful reorganizations in which the surety is able to avoid loss are reorganizations in which the reason for the bankruptcy filing is *not* that the debtor entity is incapable of operating a business successfully. Rather, they involve situations in which the debtor is able to operate at a profit but for its debt load, which it is incapable of servicing and sustaining. Where there is a viable underlying business that is capable of operating at a profit with a different capital structure, a Bankruptcy Code section 363 sale of the debtor's assets as an operating company will generally provide the best opportunity for at least the secured creditors to receive some distribution in excess of what would be received in a liquidation. Under

these circumstances, it is important to allow for continued operations, which will often require maintenance of surety credit. The result is that all of the creditors that might benefit from a successful reorganization, as well as debtor's management, have an interest in the maintenance of surety credit and understand its importance to the ability of the debtor to reorganize. Under those circumstances, protections available to lenders in bankruptcy, such as administrative expense status and, potentially, collateralization, may be made available to the surety. If administrative expense status is achieved, the surety will be assured

of no loss if the debtor is able to successfully reorganize and confirm a plan of reorganization, because confirmation of a plan of reorganization requires payment of administrative expense claims, such as that possessed by the surety under a typical surety program order.

The surety bond producer can play an important role in helping sureties avoid a loss and assisting debtor/principals to maintain surety credit and, potentially, to successfully reorganize. The Synagro case study serves as a model for bond producers and sureties on commercial accounts that are seeking financial restructuring. The surety bond producer was effective in getting the attention of the debtor's management well before the bankruptcy filing so that the debtor could successfully operate with surety credit post-petition and the sureties could put that surety credit in place with protections that resulted in no loss to the sureties with respect to both their pre- and post-petition exposures. ●

Armen Shahinian is a surety and construction attorney and member of Wolff & Samson PC practicing in West Orange, NJ and New York, NY. He is a past Chair of the ABA Fidelity & Surety Law Committee, a member of the Board of Directors of the Surety Claims Institute and an Advisor to the Surety & Fidelity Association of America. He can be reached at 973-530-2002 or ashahinian@wolffsamson.com.



The Creativity, Flexibility,
and Service You Deserve
From a Surety Partner

www.granitere.com
1-800-440-5953

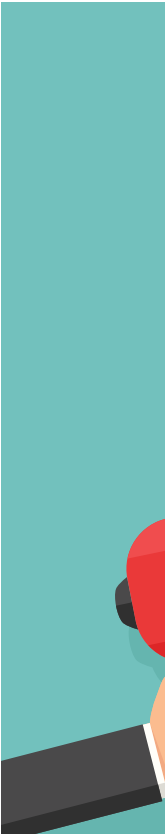
Develop the techniques necessary to be an effective policy advocate


NASBP'S RECENT SUCCESSES in the U.S. Congress with advancing its number one legislative priority, H.R. 776, the Security in Bonding Act, through two U.S. House Committees simply does not occur through happenstance. Countless staff and member hours were dedicated to meeting with Congressional offices, explaining the issues, and following up with additional information, all of which are examples regarding what it takes to focus attention on and to advance matters of interest to the association. Furthermore, successful policy strategy may mean that you call upon the assistance of other organizations to advance your organization's policy goals. For example, NASBP became part of a construction procurement coalition consisting of construction trade associations, such as the Associated General Contractors of America and the American Subcontractors Association, and the Surety & Fidelity Association of America to advocate for an omnibus contracting reform package, rather than advocating for single standalone bills on each organization's own behalf. This two-pronged strategy approach provides an additional opportunity for legislative success in the U.S. Congress, an environment that demands effective advocacy skills from association activists. NASBP members recently had the opportunity to test their own advocacy skills when they attended the 2014 NASBP Legislative Fly-in.

All trade associations benefit immeasurably from active members who engage their elected officials in matters of concern or interest effectively. Besides walking the halls of Congress, what techniques can be employed to become an effective policy advocate? Naturally, hard work and dedication to the advocacy mission are important—coupled with proper techniques. Use of the following techniques, practiced well by the attendees at the 2014 NASBP Legislative Fly-in, will ensure that you get your points across for a productive meeting with congressional staffers.

First and foremost, the policy advocate needs to be prepared to make her points as succinctly and crisply as possible. An effective policy advocate must be concise with her points, which requires her to be familiar with the issue to be addressed and with any association materials on the issue, such as NASBP talking points. Staff and members of Congress have limited time, as their schedules are extremely tight, so it's important for your message to be direct and on point. Also, connecting your message points to specific state examples that directly impact their constituents is a powerful technique. Finally, be specific as to what you are asking for as an outcome of the meeting. For example, you might make a specific request that the office support NASBP's legislative priority, H.R. 776, or thank them if they have already done so.

An effective policy advocate always remains flexible. Do not be surprised if you are asked to have discussions in places other than the congressional member's office, such as on the way to the metro train station, standing outside during a fire drill, or in the hallway of a congressional office building. In fact, NASBP staff has had meetings in all those locations at one point or more in time. Because Hill staffers/members are extremely busy, do not be concerned where your meeting takes place; just keep to your talking points regardless of the location. The opportunity of face-to-face time is invaluable regardless of where the actual meeting may occur.





“GOVERNMENT RELATIONS AND ADVOCACY IS ESSENTIAL TO OUR SURVIVAL AS AN INDUSTRY. IT IS IMPORTANT TO REMEMBER WE WERE LEGISLATED INTO BUSINESS AND CAN JUST AS EASILY BE LEGISLATED OUT OF BUSINESS. WE HAVE A TERRIFIC STORY TO TELL; WE ARE THE SOLUTION—NOT THE PROBLEM. LETTING GOVERNMENT OFFICIALS KNOW WHAT WE DO AND WHY WE DO IT, IS ESSENTIAL TO OUR SURVIVAL. OUR LIVELIHOOD DEPENDS ON IT.”

—Kevin J. Garrity
NASBP Government Relations Committee Chair
Rose & Kiernan Inc., East Greenbush, NY

“MAKE A COMMITMENT TO BE AN ADVOCATE FOR SURETY THROUGHOUT THE YEAR BY VISITING WITH YOUR LOCAL, STATE AND FEDERAL LEGISLATORS ON A REGULAR BASIS. NASBP MAKES THIS EASY BY PROVIDING MATERIALS AND RESOURCES TO ASSIST YOUR EFFORTS.”

—Garrity

Also, do not be disappointed if your elected representative suddenly cannot appear in-person for your meeting and you meet instead with his or her staff person. Senators and Representatives rely heavily on the opinions of their professional staff when making policy decisions. The person you meet with likely will be the person charged with consideration of and research on issues you raise. Treat the staff person with the respect he or she deserves; he or she may mean the difference on whether your points are heard or not by the member of Congress.

An effective policy advocate must be aware of opposing viewpoints, be prepared to articulate those viewpoints, and to defend points and positions. Such readiness is

a must on Capitol Hill visits. Knowing both sides to a particular issue brings credibility. Being able to articulate why your viewpoint should prevail as the position of the congressional office brings persuasion.

Moreover, if you are confronted with a particular question that you cannot answer, be honest and say that you do not know, but that you will get more information and pass it to the congressional staffer. Remember that failure to follow up with the congressional staffer on promises for additional information will hurt your credibility. You always must be upfront and honest, and you must follow through on any requests for further information. Even though Capitol Hill may seem like a big place, word can spread quickly amongst congressional offices of what organization may not be considered trustworthy.

Armed with the necessary techniques, including a clear and concise message, NASBP members can be effective policy advocates for the surety industry. You will be fully prepared to educate legislators, whether on Capitol Hill or in congressional district offices.



Kevin Garrity (far right) regularly attends the NASBP Legislative Fly-in where NASBP members, affiliates and associates meet face-to-face with their federal legislators on Capitol Hill and advocate for surety. Novica Prekpala (far left) of Blaise Group NY, LLC and Chris Leach (center) of Fuller & O'Brien, Inc./Gallagher joined Garrity for meetings with staff of several U.S. Representatives from New York. Leach is Chair of the NASBP Political Action Committee, SuretyPAC.

NASBP Annual Meeting **focuses** on the **importance of mentoring** and critical industry information

MENTORING WAS THE focus of the first day of the NASBP Annual Meeting & Expo held in April in San Antonio Hill Country. "Take every opportunity to mentor, because it is our future," said NASBP President Lawrence F. McMahon during his opening remarks. Later that day during a panel on the topic, Bobby Reagan of Reagan Consulting said mentoring, recruitment, and leadership development are "very critical for this industry."

Dick Cummins of the Hollingsworth Leadership Development Program at Texas A&M University, also on the panel, said that when developing new talent, "the leadership clock is never off. You're always being observed," even in moments of impatience and insecurity.

A major part of leadership development is managing less experienced workers' expectations, whether they involve salary or how early in the morning they should arrive at work, Cummins said.

"Make sure your attitude is worth catching," said the dynamic keynote speaker Dr. Kevin Elko during his thought-provoking presentation. "What mentoring isn't, what leadership isn't, is letting the outside [influences] drive us."

Additional informative programs at the Meeting addressed trusts and claims. John Coyne and Marc Brown, both of Travelers Bond and Financial Products, described the increased use of trusts and why surety underwriters need to know whether a trustee is empowered to bind the trust within an indemnity agreement. The session offered CE credit to bond producers.



That same day, two informative panels addressed claims, one on contract surety claims and the other on commercial surety claims. See both articles on claims in this issue.

For the first time at the NASBP Annual Meeting, NASBP posted daily blogs for attendees and for those back at the office to access from the NASBP Meeting App. Read these blogs at www.nasbp.org. The blogs covered the Meeting's educational presentations and announced the association's new initiatives, such as the new NASBP magazine, *Surety Bond Quarterly*, and NASBP's www.suretylearn.org website that offers a





A. President Larry McMahon began the meeting describing the surety professionals who have significantly influenced his career choices and mentored him. **B.** Tracy Tucker, NASBP Program Chair, helped organize the meeting based on McMahon's theme "Mentoring is the Future." Here is Tucker and his wife, Marla, with a Texas Longhorn. **C.** McMahon awarded Erle Benton of Cretcher Heartland the prestigious SIO Tiger Trust Award. **D.** McMahon awarded the President's Award and coin to Bill Maroney **E.** ...and to Spence Miller. **F.** Many attended the Welcome Reception. Not pictured were two live Texas longhorns. **G.** Flo Maroney played bagpipes at the General Session and golf shotgun start. **H.** Edward Heine (center) of PayneWest Insurance, Inc. moderated the panel discussion, "Mentorship and Leadership Development: What you need to know about mentoring and leading into our future!" with Bobby Reagan (left) of Reagan Consulting, Inc. and Richard Cummins (right) of Hollingsworth Leadership Excellence Program of Texas A&M University. **I.** From left, Marc Brown and John Coyne, both of Travelers Bond, conducted the CE session, "Trusts and Surety Indemnification." **J.** Mark H. McCallum, NASBP Chief Executive Officer, delivered a presentation on the association's latest initiatives and a summary of the "State of the Industry" based on feedback from surveys and interviews of surety executives and bond producers. **K.** Golfers were ready for the 1 p.m. shotgun start.

continued on page 37



When You Work with a NASBP Member Firm, You're Working With Leading Surety Professionals

Surety agencies that are members of the National Association of Surety Bond Producers (NASBP) are dedicated to professionalism and expertise in surety bonding. Their membership in NASBP means they have:

- Respect and recognition within the industry
- Solid relationships with surety underwriters, including authority to issue bonds
- Dedication to the long-term success of construction firms
- Awareness of local, regional, and national construction markets
- Broad business knowledge and experience in strategic planning and management practices
- Involvement in and support of local and national construction and surety industry associations
- A strong voice with government officials and decision makers



Choose a trusted surety bond producer with the expertise and knowledge to help you grow. Visit the NASBP online directory of bond producers, "Find a Producer," at www.nasbp.org.

Become a valued member of the largest network of trusted surety professionals. Join NASBP today.

To learn more about joining NASBP, contact Dasha Brock at 202-464-1179 or e-mail dbrock@nasbp.org. View a digital brochure at www.nasbp-news.org/relationships



L. NASBP 2014-2015 Officers, from left, Lynne Cook, NASBP Second Vice President; Larry McMahon, NASBP Immediate Past President; Tom Padilla, NASBP President; Susan Hecker, NASBP First Vice President; Howard Cowan, NASBP Third Vice President. **M.** Pictured with Larry and Heather (center) is their daughter, Bailey, as well as David and Kathy Cykoski. **N.** Incoming President Tom Padilla (right) congratulated outgoing President Larry McMahon on a job well done as the association's President. **O.** Past Presidents with spouses.

bonding orientation and resources for small and emerging contractors. In addition, NASBP provided a booth to promote NASBP Professional Development programs—the summer session of the William J. Angell Surety School and two fall NASBP Workshops. Next to that booth was the NASBP Advocacy Booth that featured a slide show of advocacy and outreach undertaken by members, affiliates, and associates as well as related materials. At the booth, staff described the recent success with H.R. 776 and NASBP's participation in a new construction industry coalition.

Among the numerous awards and commendations, McMahon presented the John "Jack" J. Curtin, Jr. President's Award to J. Spencer Miller

of Schwartz Brothers Insurance Agency, Inc., commending Miller for his work to enhance membership, and to William F. Maroney of Wells Fargo Insurance Services, USA, commending Maroney for his assistance with industry outreach. In addition, McMahon expressed the association's and his pride in being able to announce that Erle Benton of Cretcher Heartland LLC earned the industry's coveted SIO Tiger Trust Award.

Overall, the 730 people in attendance experienced not just a multitude of educational programs, but also various fun networking events. Sunday's Welcome Reception included live Texas Longhorns that attendees could stand next to or sit on! The

next day, a crowded General Session began with Flo Maroney playing bagpipes as the NASBP officers followed in procession behind her toward the stage. The Expo Hall of more than 20 firms offered the membership face-to-face time with providers of premiere industry products and services. That evening, 15 affiliates entertained and offered a wide variety of foods and beverages with a Texas flair. Tuesday afternoon, many enjoyed scramble and individual golf games that were launched by Maroney's bagpipe serenade. The day ended with an elaborate dining experience followed by dancing to the live band, Professor D. For more highlights and photos from the NASBP Annual Meeting & Expo, visit www.nasbp.org. ●

Index to Advertisers

ACCOUNTING

E. F. Alvarez & Company, PA.....	14
www.efacpa.com	
Lanigan, Ryan, Malcolm & Doyle, PC.....	19
www.lrmd-cpa.com	

ASSOCIATIONS

CICPAC	14
www.cicpac.com	

CPA FIRMS

E. F. Alvarez & Company, PA.....	14
www.efacpa.com	
Soren McAdam Christenson LLP	19
www.smc-cpas.com	

INSURANCE

ACSTAR Insurance Company	Outside Back Cover
www.acstarins.com	
Alliant Insurance Services, Inc.	19
www.alliant.com/construction	
Allstar Financial Group	38
www.allstarsuretybonds.com	
Selective Insurance Company of America.....	14
www.selective.com	
Trisura Guarantee Insurance Company	22
www.trisura.com	

RISK MANAGEMENT

Dayhill Group	Inside Front Cover
www.dayhillgroup.com	

SPECIALTY SURETY MARKET

Contractor Managing General	
Insurance Agency Inc.....	15
www.cmgi.com	

SURETY COMPANIES

Berkley Surety Group	9
www.berkleysurety.com	
Granite Re, Inc.	32
www.Granitere.com	
Liberty Mutual Surety.....	4
www.libertymutualsurety.com	
Merchants Bonding Co.	3
www.merchantsbonding.com	
Philadelphia Insurance Companies	6
www.PHLY.com/Surety	

SURETY SOFTWARE

InSure Vision Technologies.....	14
www.insurevision.com	
Xenex Enterprises Inc.	19
www.xenex.ca	

Bonding Contractors Is Never Black & White

Allstar Surety looks at the big picture and underwrites accordingly...

We offer solutions to make your job easier!



Contractor new to bonding?

Credit issues?

Underwriting / Financial surprises?

Current Surety saying "NO"?

Non-Standard & Standard Surety Since 1965

"A" Rated/T-Listed Sureties

Knowledge, Experience & Flexibility to Get the Bond Done

Full Underwriting Authority – Deal Directly with the Decision Makers

Emerging Contractors Program for Bonding up to \$350,000 Single/\$500,000 Aggregate

Commercial Surety Bonds for all Your Client's Needs



ALLSTAR SURETY

Contact us today to find a local surety underwriter near you!

800-424-0132

www.allstarsuretybonds.com

Are you interested in the latest surety matters?

Surety Bond Quarterly

Do you have an interest in receiving *Surety Bond Quarterly*? Visit www.suretybondquarterly.org to sign up to receive a complimentary issue of *Surety Bond Quarterly*. This NASBP professional magazine is available to anyone in printed form and digitally. You don't have to be a NASBP member to receive *Surety Bond Quarterly*.

NASBP SmartBrief

If you are interested in a free, weekly snapshot of the surety industry with news from leading construction and insurance industry resources, register for the *NASBP SmartBrief* e-newsletter at www.smartbrief.com/NASBP and join the more than 3,600 others who already receive this valuable industry news. You don't have to be a NASBP member to receive *NASBP SmartBrief*.



The smarter way to stay
on top of news impacting
the surety industry.

NASBP SmartBrief.

A FREE, weekly snapshot of the surety industry
with news from leading construction and
insurance industry sources.

SmartBrief

Sign up today at www.smartbrief.com/nasbp



THINK WE'RE TOUGH?

Think Again.



You know us as the surety for tough cases that require tough terms. But what you might not know is that some of these cases have terms that are much easier than you'd expect. We make it easy to apply, too, with our one-page, online **Contractor Surety Application** and turnaround in just 2 or 3 days. No matter what kind of case you have, call us first: (860) 415 8400. We just might change your thinking.

Surety Bonding • Treasury Listed • Rated A by A.M. Best • Licensed Nationwide • 30 South Road, Farmington, CT 06032
Henry Nozko Jr., nozkojr@acstarins.com • Henry Nozko III, nozko3@acstarins.com • acstarins.com



SURETY FOR AN IMPERFECT WORLD