



SB&G

SURETY BONDS  
AND GUARANTEES LTD

CONSTRUCTION BROCHURE

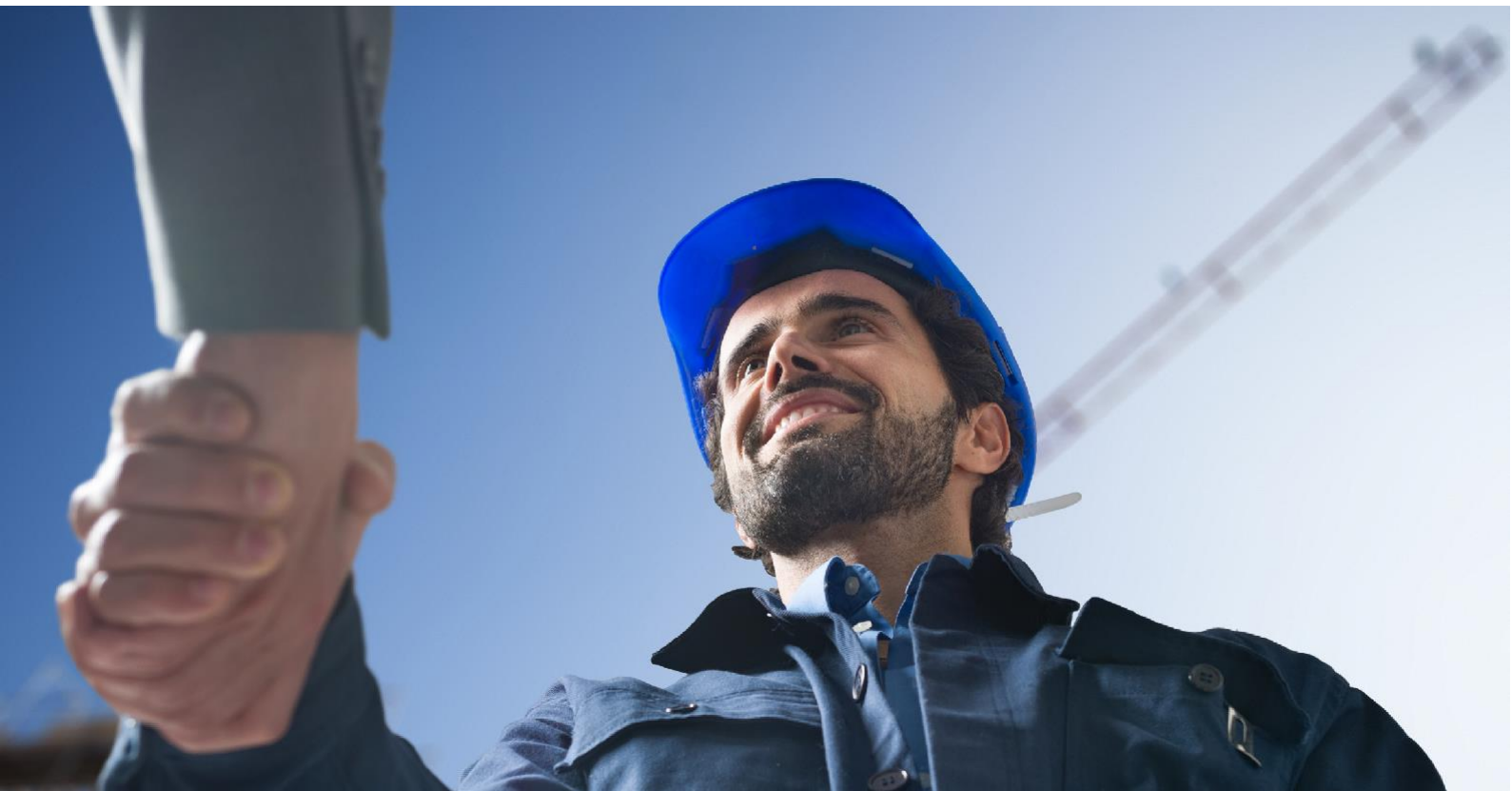
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# Performance Bonds

A Performance Bond provides the employer with between 10% and 20% of a contract value in the event of a contractor or supplier failing to perform to the agreed terms.



Any company can use Performance Bonds, but they are more common in the construction or service industry sectors.

We are able to quote any size of Performance Bond with the most competitive terms, often without the need for any cash collateral.

We can provide Performance Bonds on either standard ABI wording or we can have the employer's wording agreed if required.

Performance Bonds are available on an individual basis however, we can also facilitate regular placement requirements if necessary.

## Our Specialists

Our expert team are happy to support you with your requirements.

- Competitive premiums
- Fast and simple process
- Access to over 20 providers
- A-rated providers
- All wordings considered
- Exclusive markets

In addition to Performance Bonds, there are a number of bespoke bonds & guarantees which help firms keep bank facilities available.

### **Advanced / Stage Payment Bond**

Advanced or Stage Payment Bonds provide security for customers by protecting payments in advance of the goods or services being delivered. Designed for all companies of any trading status, particularly those in the construction sector.

### **Duty Deferment / Custom Bonds**

Duty and VAT are payable immediately on import at the UK border. A duty deferment or custom bond gives companies that import goods from outside the EU the flexibility to ease cash flow by deferring payment for a given period. These Bonds cover any company that imports goods.

### **Reinstatement Bond**

A Reinstatement Bond is usually issued in favour of a local authority or the Environment Agency. Reinstatement Bonds guarantee the restoration of land to agreed standards after quarrying, opencast mining or waste disposal.

### **Bid Bonds**

A Bid Bond is issued as part of a supply bidding process by the contractor to the client or project owner. The Bid Bond provides a guarantee to the project owner that the winning bidder will undertake the contract under the terms at which they bid. A Bid Bond is usually repacked with a Performance Bond at similar terms.



# Road and Sewer Bonds

A guarantee, on behalf of a property developer or housebuilder, to complete the roads & sewers for handover to the appropriate local authority, in line with the relevant highways or water industry acts.

## Types of Road & Sewer Bond

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### Section 38

Developers may ask the highway authority to 'adopt' new roads that have been constructed as part of the development, along with associated infrastructure such as drains, lighting and supporting structures.

### Section 104

Required for newly-constructed private sewers and pumping stations to be 'adopted' by the local sewerage authority.

### Section 184

Relates to access where the work is being done. Vehicle crossings over foot ways and verges, i.e. construction or alterations to site access.

### Section 220

Required that a sum equal to the full cost of construction of any new road, security be provided in the form of a bond prior to the construction of buildings fronting onto the road or roads. Applicable to any development of six or more new dwellings.

### Section 278

Allows a developer to carry out works to the public highway. This is generally necessary where planning permission has been granted for a development that requires improvements to, or changes to, public highways.

The placement of bonds and guarantees through the surety market, as alternatives to bank guarantees, can help companies by keeping bank facilities available to meet cash flow requirements.



## Retention Bonds

A retention bond will provide the employer with the same level of comfort as the retention, but freeing up the money and returning the money to your account.

In certain contracts the employer may request that they hold up to 5% of the contract value (a retention) for a period of up to 12 months. You will then have to wait for the funds

to be returned at the end of the making good of defect period, this can affect your cash-flow, however we can offer an alternative solution in the form of a retention bond. Retention

bonds provide the same level of comfort to the employer without affecting your cash-flow.



The placement of bonds and guarantees through the surety market, as alternatives to bank guarantees, can help companies by keeping bank facilities available to meet cash flow requirements.

Bonds and guarantees are written promises to pay for direct loss or damage suffered by a third party as a result of a breach of contract. Many types of bond or guarantee are available for almost any area of risk, subject to underlying security and the risk being acceptable to the guarantor.

We are able to source highly competitive quotations from multiple providers ensuring our clients receive the best possible terms. We are the only broker with access to over 20 markets ensuring we offer the best possible solution to your needs

# JCT Contract Specific Insurance

Both JCT & NEC insurance requirements stipulated in building contracts can be insured on a standalone basis or as an extension of your liability insurance.



## Main Insurable Contract Clauses

### 6.5.1 - Non-Negligence Indemnity (Previously 21.2.1)

This policy covers the employer in respect of non-negligent damage or injury to any property when undertaking construction works including neighbouring properties. Cover includes claims for vibration, subsidence, collapse, weakening or removal of support. The policies are automatically issued in joint names of the contractor and employer.

### 6.7.3A - Option A

For projects involving new works - Contractor to arrange insurance in joint names of the contractor and employer on an 'All Risks' basis.

### 6.7.3 B - Option B

For projects involving new works - Employer to arrange insurance in joint names of the employer and contractor on an 'All Risks' basis.

### 6.7.3C - Option C

For works consisting of the refurbishment of or modification or extension to existing structures - Employer to arrange insurance in joint names with the contractor on an 'All Risks' basis.

### 6.7.3C.1 - Option C

Damage to existing structures and their contents for specified perils - Employer to arrange insurance in joint names with the contractor.

## Legal Indemnities

Protect and cover against the cost of resolving legal disputes.

Legal Indemnities and Title Insurance encompasses a broad range of risks which can affect either property or land. Legal Indemnity policies indemnify clients from the financial loss of defending any third-party challenges. Legal indemnity policies will also cover clients

for any eventual loss in the value of the land, ensuring that you are fully protected. There are over 400 different indemnities available including: Party Wall Agreements, Missing Documents (lost title deeds, unknown freehold etc), Adoption of Road/Sewer Agreements,

Defective Titles, Restrictive Covenants and Rights of Access. If there's a policy available, we will be able to source it. Please contact us to discuss your requirements in more detail.



Our Specialist Risks team are able to provide a vast array of different legal indemnity products, ranging from simple and straightforward residential risks to highly complex commercial and development issues.



# Insurance Backed Guarantees

Give your customers complete peace of mind in the event of contractor insolvency with an Insurance Backed Guarantee.



## What is an Insurance Backed Guarantee?

An Insurance Backed Guarantee (IBG) is a guarantee issued by an Insurer that will honour the terms of a warranty originally issued by the contractor giving their customer peace of mind that in the event the works they have undertaken are defective and the contractor ceases to trade; then the Insurer will honour any bona-

fide claim for the remainder of the original guarantee. Many contractors will offer guarantees on their work, but what would happen to their customers, should a business have to close? No one likes to think about closing a business, we all wish them to thrive and grow, but in these ever-changing times and economic climate,

there is such uncertainty.

Our exclusive scheme will enable Contractors to provide up to a 10-year Insurance Backed Guarantee to their customers, should any faults arise.

## Trades Covered

A sample of the types of works that can be insured under Insurance Backed Guarantees include:

- Air Source Heat Pumps
- Artificial Grass
- Awnings
- Bathrooms
- Bedrooms
- Biomass Boilers
- Boilers
- Car Ports
- Central Heating
- Cladding
- Conservatories
- Double Glazed Windows
- Extensions
- Fascias
- Garage Conversions
- Garage Doors
- Garden Rooms
- Ground Source Heat Pumps
- Infrared
- Kitchens
- Loft Conversions
- Loft Insulations
- Orangeries
- PV Management Systems
- PV Solar
- Roofing
- Roofline
- Soffits
- Staircases
- Sunblinds
- Thermal Solar
- UPVC Decking
- Verandas

- Wooden Outbuildings

Obtaining an insurance backed guarantee for the works provides the building owner and funders with vital protection and security. Offering IBGs to customers differentiates contractors from their competitors who do not offer this type of guarantee.



## Latent Defect Insurance

Latent Defect Insurance sometimes referred to as Structural Warranties, covers faulty design, faulty workmanship, defects or material problems and unlike many other policies it doesn't require proof of fault, just proof of a defect.



### What is Latent Defect Insurance (LDI)?

Latent Defect Insurance (LDI), also referred to as Structural Warranty Insurance will be required if the premises that has been developed is to be sold on, lenders will insist there is one in place in order to provide finance. Additionally, this removes the risk of financial stress as the warranty covers the costs involved in the correction of the defect.

The policy covers faulty design, workmanship or material problems or defects for up to a period of 12 years after practical completion. They are designed to cover the costs incurred to rebuild or rectify the property whether partially or in full.

Unlike other policies such as Architect's Certificates, Collateral Warranties and Professional Indemnity Insurance, a Latent Defect Insurance policy does not require proof of fault, just proof of a defect.

## What's Covered?

Whilst we can offer cover retrospectively we do advise to purchase this at the beginning of a project.

The warranty will require a surveyor to attend the site and sign off significant stages of the development.

As you can imagine, the costs involved in this process after the build has been completed are increased and as such the premium reflects this.

### We can provide cover for all warranties including:

- Commercial property
- Residential houses including conversions/ refurbishments
- Self-build warranties
- Retrospective warranties for completed houses
- Also, more niche warranties for insolvencies and social housing.

### Latent Defect Insurance cover includes:

- Cover of the structural integrity of basements and car parks
- Cover against contaminated land
- Alternative accommodation,
- Additional costs
- Professional fees
- Removal of debris
- Ingress of Water

With access to an extensive panel of insurers we can source cover for your requirements at competitively priced premiums. When it comes to the provision of Latent Defect Insurance, you are in the right hands.



## Professional Indemnity

Professional Indemnity Insurance (PI) safeguards against catastrophic losses in the event of legal action due to a negligent act, error or omission by the professional.



### What Does Professional Indemnity Cover?

For design & construction professionals who give advice, make educated recommendations, design solutions or represent the needs of others, Professional Indemnity Insurance is appropriate cover.

In some professions it's a legal requirement, i.e. Solicitors. For other professions such as Architects, it's a regulatory requirement, i.e. in order

to be part of the Architects Registration Board (ARB). In other situations, it's contractually required by the customer, or simply provides extra protection against potential legal costs and expenses.

Professional Indemnity Insurance provides protection for service errors, contract performance disputes or any other professional liability

issues. The policies can include legal defense costs, damages and compensation due to professional negligence.

In addition to claims of error, omission or negligence, PI insurance may also protect against slander, libel and breach of contract.

# Liability Insurance

Various forms of Liability Insurance policies exist to protect employers, staff, general public and assets.

Apart from the compulsory Employer's Liability Insurance, there are a number of covers available.

Businesses can seek protection with Environmental Impairment Liability Insurance, Public Liability Insurance, Products Liability Insurance and Commercial Property Insurance.

These covers will provide comfort to the business in the knowledge that, should a claim arise for an insured situation, the policy will provide assistance. For more information, speak to our specialist team about your business today.

