In Depth

Occupational Licensing
Statistical

SFAA Financial Statement

The Quarterly Top 100 Surety and Fidelity Writers reports, along with the Quarterly Results report for 1Q18, have been published to the website and are available for download for members. The preliminary 2017 Top 100 Surety and Fidelity Writers reports, the 50 Largest Surety and Fidelity Writers (by state) reports, and the Insurance Expense Exhibit reports were published on the website in May. As part of an ongoing effort to enhance the access to and clarity of SFAA data, the reports have been renamed as follows:

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<tr>
<th>Former Report Title</th>
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<tr>
<td>Top 100 Surety Writers</td>
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<td>Top 100 Fidelity Writers</td>
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<td>Fifty Largest Surety Writers</td>
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<td>Consolidated Aggregate Insurance Expense Exhibit</td>
<td>Countrywide Aggregate Insurance Expense Exhibits</td>
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<td>Insurance Expense Exhibit Top 100 Surety Writers</td>
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<td>Insurance Expense Exhibit Top 100 Fidelity Writers</td>
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SFAA Statistical Plan Reports

The 2017 statistical plan data, which is received as part of the SFAA’s annual Call for Statistics, is in the process of being reconciled to companies’ annual statements. If you have not submitted this report, or if you have any supplemental data submissions, please notify Ed O’Donnell at (202) 778-3632 or eodonnell@surety.org as soon as possible.

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<tr>
<td>Countrywide Class Experience</td>
<td>Annual Countrywide Class Experience</td>
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<td>Class Experience Summaries</td>
<td>Annual Statewide Subline Summaries</td>
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<td>5-Year Class Experience</td>
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<td>12-Year Summaries</td>
<td>Twelve-Year Countrywide Subline Summaries</td>
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Statistical reports are available on the website for SFAA members and statistical subscribers and are copyrighted. They also are available for purchase by others. Any questions about reporting fidelity and surety statistics to SFAA or the SFAA statistical plan or financial statement reports should be directed to Ed O’Donnell at (202) 778-3632 or eodonnell@surety.org.

SFAA President Honored by Construction Industry

The National Academy of Construction which is composed of over 250 distinguished leaders from every segment of the engineering and construction industry elected Lynn Schubert into the Academy in May. The Academy’s mission is to recognize individuals who have made extraordinary contributions to the industry. Members are selected through a rigorous peer nomination and election process. SFAA members present at the Annual Meeting joined Board Chair Ross Fisher in congratulating Ms. Schubert on the prestigious honor.

Welcome to Membership in
The Surety & Fidelity Association of America!

Universal Fire & Casualty Company
Columbia City, IN

2
THE SURETY & FIDELITY ASSOCIATION OF AMERICA
MAY/JUNE 2018
In Depth: Occupational Licensing

Government permit or approval frequently is required to conduct a business activity. Licenses and permits are granted every day to contractors, installers, suppliers, plumbers and a wide variety of service providers. Many of these government permits are granted only after the business posts a bond guaranteeing compliance with laws, ordinances and regulations. There is, however, growing scrutiny nationwide on the benefits of occupational licensing. Several states have enacted a study commission or are reviewing the efficacy of licensing requirements. While requirements for a license are discussed as a barrier to entry into an occupation, surety bonds assure that qualified persons obtain the licenses and provide an efficient form of regulation that benefits state regulators and consumers.

Historically speaking, regulations for occupations are nothing new. In The Rule of Experts: Occupational Licensing in America, S. David Young states that medieval guilds restricted access to different occupations, while an early form of modern medical licensing emerged in Germany, Spain, Sicily and Naples during the 13th and 14th centuries. In the early American Colonies, lawyers, innkeepers, bankers, peddlers and ferry services faced regulatory restrictions. The 19th century saw insurance agents, barbers, undertakers, embalmers, midwives, physicians, veterinarians, real estate brokers, pawnbrokers, and individuals who did business with Native American tribes required to obtain licenses.

Then in 1889, the Supreme Court upheld the constitutionality of the physician licensing statute in Dent v. West Virginia. The Court concluded that a state may implement physician licensing requirements.

In 2017, the surety industry protected approximately $88 billion in license and permit bond exposure.

See Occupational Licensing, page 4
licensing requirements to protect public health and safety. Since its decision, the Supreme Court has upheld state decisions on a variety of occupational licensing requirements.

In the 1950s, less than five percent of the population required occupational licensing. Today, according to the Brookings Institute, that number has grown to more than 30 percent and varies according to state law.

In the 2018 state legislative sessions, occupation licensing provisions from the American Legislative Exchange Council’s (ALEC) model legislation are being introduced. The Occupational Licensing Defense Act would require the government to use the least restrictive means of furthering government interests and public safety. The Model Act contains a definition of “least restrictive regulation” that includes market competition, voluntary compliance, third party rating, private certification, civil lawsuits, deceptive trade practices, mandatory disclosure, voluntary bonding and insurance, and inspections as less restrictive than mandatory bonding and insurance, registration, certification and licensure.

A license bond usually secures the obligation that the licensed business will conduct its activities in accordance with the license and relevant statute and regulations. The primary purposes of a license bond are: to protect consumers; to prequalify the license applicants who will comply with the statutory obligations for a license, and in so doing, prevent losses; and to provide some reimbursement for losses, up to the penal sum of the bond, if the licensee defaults on its obligations.

In 2017, the surety industry protected approximately $88 billion in license and permit bond exposure. Multi-year data indicates low loss payout, which signals the industry’s underwriting practices provide a high level of consumer protection.

Surety companies check the credentials of potential license holders before they can do business to ensure that they are qualified. Sureties check on applicants’ experience, financial stability and capabilities before issuing bonds.

With a license bond, the surety provides the regulatory entity with the pre-qualification of license applicants who will perform as required and the added benefit of the bond amount being available for payments if the licensee fails to perform.

“A license surety bond is a critical consumer protection tool. It helps ensure that qualified businesses are engaged in the occupation being licensed. It also provides a strong incentive for a licensee to comply with the terms of their license,” said Robert Duke, general counsel for The Surety & Fidelity Association of America (SFAA). “If there is a legitimate claim under a license bond, the surety pays it, up to the penal sum of the bond, but the licensee must indemnify or repay the surety. If the licensee does not perform as required, their own assets are at stake for the results of non-compliance.”

License and permit bonds provide an additional layer of consumer protection. While requirements for a license are discussed as a barrier to entry into an occupation, surety bonds assure that qualified persons obtain the licenses and provide an efficient form of regulation that benefit state regulators and consumers. As states study the occupational licensing framework, they should recall the consumer protection purpose that was a primary reason for licensing and should look to bonds as a critical tool in the consumer protection toolbox.
Status of Congress

Congress passed a $1.3 trillion omnibus spending package for FY 2018, which ends on September 30. None of the Trump infrastructure plan made it into the budget. There was no funding for the President’s new programs, and Congress rejected the deep cuts to existing transportation programs to fund the President’s new programs. With the threat of a federal government shutdown off the agenda until September 30, the midterm election campaigns start. Republicans and Democrats will have little incentive to work together on any major issue so the legislative agenda will be limited for the next several months.

SFAA’s Exemption of the Miller Act Bond Threshold from Indexing Passes the House

SFAA seeks to exempt the Miller Act bond thresholds from the required inflationary increases every five years. This year, Rep. Nydia Velazquez (D-NY) introduced H.R. 4486, which contains our exemption for the Miller Act bond threshold, and Representative Steve Chabot (R-OH) is the bipartisan co-sponsor. We were successful in having our Miller Act issue incorporated into the text of the House version of the National Defense Authorization Act (NDAA), which has been the vehicle for enacting small business contracting issues in Congress. The House passed the NDAA before the Memorial Day recess.

We are working with NASBP to get H.R. 4486 introduced in the Senate. When the Senate Armed Services Committee began to markup its version of the NDAA, Senator Mazie Hirono (D-HI) introduced the bill as an amendment to the NDAA, but it was not considered. Since our bill is in the House NDAA, it will be in play in the eventual conference committee.

SFAA Seeks Bonding Provisions in WRDA

SFAA seeks clarification that public works projects financed through the Water Infrastructure Finance and Innovation Act (WIFIA) program must be bonded. The amendment we seek is modeled from existing regulations that require all public construction funded under federal agency grant programs must be bonded. The House is fast-tracking a narrow reauthorization bill and was unwilling to accept any amendments.

Other Federal Construction Industry Procurement Coalition Issues in Congress

Slow approval of change orders and the resulting lack of timely payments remains a high priority for the contractor groups. H.R. 4754 would require that for every solicitation for a contract to be awarded to a small business, the agency must provide prospective bidders with the agency’s policies or practices for compliance with the Federal Acquisition Regulations (FAR) on Request for Equitable Adjustments (REAs) and information on its practices for the past three years. If the agency does not have information on its past practices regarding on REAs, the agency must start collecting that information for a three year period. The agency must collect data on whether they responded to a REA within 30, 60, 90, 180, or 360 days from receipt of the REA or whether the agency responds to REAs after the completion of the contract. This is a first step to gather information on the agency practices and to address compliance with the federal regulation that require the agencies to respond to REAs in “the shortest practicable time.” H.R. 4754 was included in the House NDAA and also passed the House as a standalone bill on the suspension calendar.

Trump Administration Moves on Streamlining the Permitting Process

The President recently announced that twelve agencies have signed a memorandum of understanding (MOU) to work together under an Executive Order that the President issued in 2017 and to reach environmental and other permitting decisions with a goal of two years. A single agency would take the lead and set the time frame for major projects that require an environmental impact statement. The MOU is intended to create best practices for agency cooperation and does not give project sponsors any new recourse or remedies.
Most of the states have adjourned their 2018 sessions. California, Delaware, Illinois, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island and the District of Columbia are in regular session.

States Start to Scrutinize Occupational Licensing

Nebraska enacted a new law that requires the state to use the least restrictive form of regulation under which licensure will be required. Bills headed to the Governor’s desk in Louisiana and Missouri also contain the policy of the least restrictive regulation. Nebraska now requires that 20% of occupational licenses must be reviewed each year on a continuous five-year review process. Oklahoma created a new commission to conduct a review of all license requirements every four years and the pending bill in Louisiana also creates a license review commission. Arizona law now provides that all existing local government licenses expire five years after enactment and no new license can be required without a public hearing. Another bill headed to the Governor’s desk in Missouri allows people who are licensed in another state to apply for a waiver of certain licensing requirements in Missouri. Fees, surety bonds and proofs of insurance cannot be waived.

P3 Bills Still Moving

A new law in Vermont creates a P3 pilot program for transportation infrastructure projects. The new law is an enabling act that sets forth only the process for review of proposals. The new law states it would not change any rights or obligations under existing law. Projects with a lifetime cost over $2 million in state funding or projects that are not approved in the most recent Transportation Program are subject to legislative approval. The program will expire on July 1, 2023.

P3 legislation is moving in New Jersey that would grant broad authority to the State, local governments, and school districts to enter into P3 agreements for public works projects. For the P3 projects that the bill would authorize, the bill includes provisions reflecting SFAA and AIA’s past work to require the general contractor, construction manager, or design-build team to post a performance bond and a payment bond that comply with the State’s Little Miller Act. The bill recently was amended on the Assembly floor to eliminate the use of availability payments for P3s and to add criteria to assess the use of a P3s, such as project feasibility, the project’s financial plan, and the private entity’s qualifications and experience. Eliminating availability payments may be problematic for potential investors.

SFAA Opposes $250,000 Bond Waiver in Rhode Island

SFAA and AIA continue to oppose legislation in Rhode Island that would increase the state bond threshold for public works projects from $50,000 to $100,000. The bill also would grant the chief purchasing officer the discretion to waive the state bond requirements for projects up to $250,000. The bill has been held in committee for further study. In Rhode Island, bills usually are held for study after the first hearing and can be voted on at a later date.

New Hampshire Law Eases Filing Requirements

A new law in New Hampshire eliminates the 30 day waiting period for the approval of certain commercial insurance policy forms, including fidelity forms, and instead provides that these forms only would be filed for informational purposes. Under current law, rates for commercial insurance policies are not subject to a 30 day waiting period and only have to be filed for informational purposes. The insurance department requested the bill.

Bad Retainage Bill Flies as Consumer Protection in Vermont

A bill headed to the Governor’s desk in Vermont would prohibit retainage that an owner or a contractor withholds on a private or a public construction contract from including any amount of payment due and owing for materials delivered to the construction project and that are covered by a manufacturer’s warranty or graded to meet industry standards, or both. The bill moved quickly at the end of the session in a package of consumer protections.
New Bonding Opportunities

It is a short session this year in most states as legislatures are focused on state budgets so there are few enactments with new bonding opportunities. SFAA actively promotes the value of bonding in the legislatures as a tool to protect taxpayers, consumers, and small businesses. Details concerning the state legislative sessions can be found under Government Relations/Federal-State Legislation, and information on past bonding opportunities can be found under Government Relations/New Bonding Opportunities on the SFAA website (www.surety.org).

Commercial Surety:

Iowa

Miscellaneous Bond: HB 2321 authorizes the Department of Workforce Development (Department) to require nonprofit organizations that elect to assume liability for reimbursing the Department for unemployment benefits in lieu of contributions to a pension plan to post a bond to secure the organization’s payments to the Department in an amount determined by regulation.

Maryland

License Bond: HB 848 requires consumer reporting agencies to register and post a surety bond or irrevocable letter of credit for not more than $1 million that is conditioned on compliance with the applicable laws and regulations. The bond must continue for three years after the bond is canceled, or the agency ceases to be registered for any reason, whichever is later.

Minnesota

Miscellaneous Bond: SB 3168 authorizes the Commissioner of the Department of Natural Resources (Commissioner) to require a bond or other security in connection with leases of state land for removing dirt and minerals, storing materials from mines or ore milling plants, for roads or railroads, or other uses for the State. The bond secures the removal of any personal property on the leased lands if the lease is canceled or terminated.

License Bond: SB 3245 establishes the Property Assessed Clean Energy (PACE) loan program to provide loans for installing energy efficient technology. Residential PACE loan administrators must post a license bond in an amount ranging from $100,000 to $200,000 based on the administrator’s PACE loan volume in the State in the preceding year. The bond secures the administrator’s compliance with the applicable law.

Oklahoma

Permit Bond: SB 1388 allows a state or local government to enter into agreements with a wireless infrastructure provider for the construction of small wireless facilities. Bonding or other security may be required for a permit for such facilities in an amount not to exceed $1,000 per facility. The bond must secure the removal of an abandoned or improperly maintained facility, restoration of the right-of-way, or the recoupment of rates or fees that a provider has not paid in over 12 months.

South Carolina

License Bond: HB 4612 provides that general contractors and mechanical contractors may post a license bond instead of meeting the existing law’s financial statement requirements. The surety bond must be equal to two times the amount of the required net worth. The bond is for the benefit of any person damaged by the contractor’s act or omission that constitutes a breach of a contract or by the contractor’s unlawful act or omission committed in performing construction.

License Bond: HB 4795 provides that a South Carolina dealer who conducts an auction of investment grade or collector motor vehicles for not more than three days in a year must post a $1 million surety bond.

License Bond: SB 877 allows real estate appraisal management companies to post a $50,000 surety bond in lieu of the current requirement to provide financial information.

Tennessee

Reclamation Bond: HB 1731 requires an applicant for a permit for the construction, operation, or expansion of the wind energy facility to establish financial security in the amount of 100% of the estimate of the total cost to decommission and remove the wind energy facility. Surety bonds or other security will be accepted to meet this requirement.

Permit Bond: HB 2279 establishes requirements for broadband wireless facility projects. The new law provides that permit applicants for installing a small wireless facility may be required to provide a surety bond in connection with deploying infrastructure in the right of way.

See New Bonding Opportunities, page 9
The strength of this great industry is derived in great part from its people. This year, we celebrate the 15th anniversary of the award of the first industry scholarships. Attendees at the 110th Annual Meeting of The Surety & Fidelity Association of America enjoyed a video tribute made possible with help from SFAA Board members committed to exposing talented young college students to the industry, as well as two industry professionals who are former recipients of what has evolved into the Surety & Fidelity Industry Intern and Scholarship Program.

Thank you to Tony Albanese (Nationwide), Tim Mikolajewski (Liberty Mutual Surety), John Welch (CNA), Lang Fonjoe (Nationwide) and Nana Le (Liberty Mutual Surety), for your commitment to the program and for making the video celebration possible.

The video can be viewed on www.thesuretyfoundation.org or here.

Celebrating a Milestone Year for Industry Recruiting

At the May 24, 2018, Board of Directors meeting, the Board approved renaming the eBusiness Advisory Committee to the Technology Advisory Committee. This change reflects the broader mission of the committee to address technology issues facing the surety and fidelity industry. The mission statement and objectives were updated to include:

- Promoting the use and benefits of technology within the industry.
- Acting as a clearinghouse of information by educating and informing members as to issues involving technology.
- Researching and reporting on new technology and legal issues and how they could affect the surety and fidelity industry.

The Trustees of The Surety Foundation (Foundation) met on May 23, 2018, and elected officers for the coming year. Tim Mikolajewski of Liberty Mutual Surety will serve as President, Ed Hubbard of Travelers, Vice President, and Lynn Schubert of SFAA as Secretary-Treasurer. Rick Ciullo of the Hartford, Cynthia Fry of CNA and Tom Kunkel of Travelers will continue to serve as Trustees.

The Trustees are listening. The group discussed and agreed to changes to the Surety & Fidelity Industry Intern and Scholarship Program (SFIISP) recommended by the Diversity & Human Resources Advisory Committee. The defined term “Minority” will be replaced by “Underrepresented” and students in the following groups will be eligible to apply: African-American/Black, Native American/Alaskan Native, Asian/Pacific Islander or Hispanic ethnic origin as well as women, disabled individuals, veterans and those who identify as members of the LGBTQ community.

In addition, in an effort to reach the broadest group of eligible students, the Trustees approved direct member company promotion of the SFIISP as a supplement to SFAA’s industry-wide promotion. The decision was made in response to the ongoing challenges that we have experienced with timing and coordination among members that have prevented the award of an optimum number of scholarships each year. Finally, beginning in the 2019 program year, in order to be eligible to apply, students will be required to have completed sophomore year at the time of application.

We are excited to implement these changes and are optimistic about the possibilities for the Summer of 2019. For more information about the program, please contact Barbara Reiff: breiff@surety.org.
Reclamation Bond: SB 686 establishes reclamation requirements for surface coal mining operations. For an exploration permit, the owner or operator must furnish a performance bond equal to $500 per acre of disturbed land to secure compliance with the reclamation requirements. For coal mining and reclamation operations, a minimum $10,000 performance bond or other security will be required to secure compliance with the applicable law and permit conditions.

Wisconsin Miscellaneous Bond: AB 770 provides that a developer must post a bond or a letter of credit to defer paying any impact fees for a development if the fees exceed $75,000. The bond or letter of credit must be in an amount equal to the amount of the unpaid fees.

Bonding Education Program Heats Up

The Bonding Education Program (BEP), a partnership between the United States Department of Transportation (USDOT) and SFAA, typically slows down in the spring and summer, but this year SFAA has been very busy promoting surety and the importance of building sustainable businesses in many states. In May, Joanne Brooks attended the Small Business Day event at the USDOT Headquarters in Washington, DC. The keynote speaker, Secretary Elaine Chao, expressed her commitment to small and disadvantaged businesses. Willis Morris, Director of the Office of Small and Disadvantaged Business Utilization, moderated a panel on small businesses and the 8(a) business development program. There was a great networking opportunity with the Small Business Transportation Resource Center Directors in attendance.

In May, we closed out the Philadelphia BEP with the Philadelphia Streets Department and ten other stakeholders. That same week, we kicked off the Moynihan Train Hall project, in New York City, with Skanska and the Empire State Development Corporation. On May 31, SFAA participated in the kick-off of the Virginia Beach I-264 Project, with Lane Construction.

SFAA Participates in International Surety Conferences


SFAA President Lynn Schubert discusses U.S. Infrastructure and Surety Bonds at the International Credit Insurance & Surety Association’s (ICISA) annual meeting in Stockholm, Sweden on May 31, 2018.
State

The **District of Columbia Office of Contracting and Procurement** adopted regulations that implement two amendments to the procurement law concerning the bond requirements under the Little Miller Act. Contracting officers may reduce the amount of the performance and payment security from 100% to 50% of the original contract price, excluding the costs of operation, maintenance, and finance, if the contracting officer determines that the lesser amount or percentage would be adequate for the protection of the District. The Chief Procurement Officer also may accept a letter of credit equal to at least 10% of the portion of the contract price that does not include the cost of operation, maintenance, and finance, if the contractor is a non-profit corporation that meets certain financial and business requirements. SFAA and AIA fought these requirements at the D.C. City Council.

SFAA submitted comments to the **Massachusetts Division of Capital Asset Management and Maintenance** (Division) to address a proposed Affirmative Marketing Program with annual participation goals for minority-owned and women-owned businesses (MBE/WBE) in capital facility projects and state-assisted building projects exceeding $50,000 when race neutral measures alone are not generating MBE/WBE participation. Included in the development of this new program is an evaluation of potential barriers to entry, including bonding. While bonding is considered race neutral, SFAA was concerned that bonding might be viewed as a barrier to entry, such that the waiving of bonds might be considered to increase participation. A local SFAA member participated at one of the four local hearings and based on the report received, SFAA submitted comments emphasizing that bonding is an empowerment tool for MBE/WBEs to grow their business and highlighting the value of the bond for payment protection and prequalification of the bond principal. We explained our work to help these businesses obtain bonds through the U.S. Department of Transportation’s Bonding Education Program (BEP) and the U.S. Small Business Administration’s Surety Bond Guarantee Program. The BEP utilizes SFAA’s Model Contractor Development Program®. We noted that SFAA members also offer fast track programs to help small businesses obtain bonds. SFAA has offered to assist the Division with its programs for MBE/WBEs. SFAA persuaded the **Montana Commissioner of Securities and Insurance** not to delete a provision limiting the surety’s aggregate liability to the bond amount in recently adopted revisions to the regulations for public adjusters, who must post a $5,000 license bond.

The **Oregon Department of Consumer and Business Services** adopted regulations requiring mortgage loan servicers to post a license bond or letter of credit in an amount ranging from $50,000 to $200,000 based on the mortgage servicer’s volume of business in Oregon. Direct actions on the bond are permitted and it must remain in place for at least five years after the mortgage servicer ceases to be licensed in the State.

The **Utah Department of Transportation (DOT)** adopted regulations authorizing the use of the progressive construction manager-general contractor procurement method, also known as the progressive design-build method. Under existing regulations, the DOT already can use the construction manager-general contractor (CM-GC) delivery method. Under the progressive CM-GC method, the DOT may enter into one or multiple contracts to provide both engineering/design services, construction services, maintenance services, or a combination of these under a scope of work statement that the DOT would provide. Under the existing law and regulations, the Executive Director of the DOT can waive bid security requirements and has the discretion to require less than 100% bonding. SFAA believes a legislative solution is needed to address the bond waiver provisions.

SFAA submitted comments to the **Washington Department of Financial Institutions** to address proposed rules for money transmitters that expanded the meaning of money transmission to include the transmission of virtual currency. The bond’s existing condition requires the surety to secure the licensee’s compliance with this law. SFAA explained the risks in underwriting virtual currency transmissions due to the volatile fluctuations in the value of the currency. Virtual currency is subject to minimal regulation, is vulnerable to cyberattacks, and the accounts are not insured by the Federal Deposit Insurance Corporation. Underwriting these risks could increase the surety’s exposure by amounts that are difficult to quantify or identify. The surety bond’s coverage should not be extended to cover the unquantifiable risks, since it could negatively affect the bond’s availability for consumer protection.
Commercial Surety Advisory Committee

The Committee met on May 23, 2018, in Washington, D.C. during the Annual Meeting. Members discussed bonding for BOEM, upcoming SFAA seminars, and were given a presentation on insurance and bonding for the burgeoning cannabis industry.

Communications Advisory Committee

The Committee met in-person on May 23, 2018, in Washington, D.C. during the Annual Meeting. Members discussed SFAA’s growing social media presence, various initiatives undertaken, the new SFAA website, heard a presentation from a media vendor on ways SFAA could use web video advertising, and how different member companies are doing messaging for recruiting. For more information, contact Bryan Surcouf at bsurcouf@surety.org.

Contract Bonds Advisory Committee

There will be a Contract Bonds Advisory Committee Meeting on September 12, 2018, from 1:00-3:00 p.m. at the St. Gregory Hotel in Washington D.C.

Diversity & Human Resources Advisory Committee

The Surety & Fidelity Industry Compensation Survey is underway and reports are scheduled to be delivered to purchasing participants by the first week in August. Non-participating members may purchase the industry report directly from the survey vendor, Fitzgerald’s Compensation Consulting Services, Inc. (afitzgerald@ccs-consultants.com) at the non-participant rate upon release.

The next meeting of the Committee is scheduled to take place via teleconference on Thursday, June 14, 2018, at 2:00PM EST. The Committee will discuss the evolution of the Surety & Fidelity Industry Intern and Scholarship Program as well as plans to update industry recruiting materials with the help from members of the Industry Resource Group. If you are interested in the work of the Committee, please be sure that your SFAA website profile includes D&HR Advisory Committee communications.

Please contact Barbara Reiff for more information by email at breiff@surety.org.

Fidelity/Fidelity Claims Advisory Committees

The Committee met on May 23, 2018, in Washington, D.C. during the Annual Meeting. Members heard a presentation from the AIA on developments on cybersecurity related to coverage and regulation. Members also discussed the newly revised Crime Protection Policy, and joined the International Advisory Committee for a presentation from the World Bank.

Government Affairs Advisory Committee

The Committee met on May 23, 2018, in Washington, D.C. during the Annual Meeting. Talking points and strategy for Congressional Action Day were discussed. SFAA members made 30 visits to House and Senate offices to discuss removing automatic indexing of the Miller Act, as well as requiring bonding on any public construction project receiving federal loans. The Committee also discussed a response to the growing scrutiny of the benefits of occupational licensing. Several states either have a review underway or enacted a study commission this year. SFAA and its members locally need to participate in these studies and we need to seek out information on state activities. We need to point out the original purpose for enacting license requirements, which in many cases was consumer protection. While requirements for a license are discussed as a barrier to entry into an occupation, surety bonds assure that qualified persons obtain the licenses and provide an efficient form of regulation that benefits state regulators and consumers. Education will be needed regarding the portability of a license bond from one state to another. Many of the contractor groups, which are clients for bonding, are interested in reducing or streamlining contractor licenses and have started to introduce legislation in the states to eliminate licensing requirements or at least make licenses portable.

International Advisory Committee

The Committee met on May 23, 2018, in Washington, D.C. during the Annual Meeting. Members heard presentations from AIA, PASA, ICISA, SAC, Moody’s and the World Bank, which requires private bank partners to obtain a Financial Institution Bond.

Surety Claims Advisory Committee

The Surety Claims Advisory Committee will meet on June 22, 2018, at 7:00 a.m. in conjunction with the Surety Claims Institute’s Annual Meeting in Avon, Colorado.

Technology Advisory Committee

The eBusiness Advisory Committee was renamed the Technology Advisory Committee with Board approval on May 24, 2018, during the Board Meeting following the Annual Meeting. The next meeting will be a conference call tentatively scheduled for October 3, 2018.
The first iteration of the Intermediate Level Commercial Surety Seminar for 2018 was held May 29-31 in Arlington, VA. Twenty-six individuals from 16 SFAA member companies participated in the event. Sessions featured topics such as reinsurance, taking indemnity and collateral and navigating through the bankruptcy of your bond principal. The Seminar also addressed specialized bonds such as Customs bonds, reclamation bonds and workers’ compensation self-insurance bonds. Participants also engaged in interactive case studies related to claims under a commercial surety bond. The Intermediate Level seminar will be offered again in Chicago from October 22-24, 2018. The Fundamentals of Commercial Surety Seminar will be offered at the same time in Chicago as well. Registration materials will be available in July. Check the SFAA website for

**EVENTS**

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<td>Diversity &amp; Human Resources Advisory Committee Conference Call</td>
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<tr>
<td>June 22, 2018</td>
<td>Surety Claims Advisory Committee Meeting</td>
<td>Beaver Creek, CO</td>
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<tr>
<td>September 13, 2018</td>
<td>Board of Directors Meeting</td>
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Members can register for events online.

www.surety.org