SFAA Loss Severity Study

An updated SFAA Loss Severity Study and PEL/PML Model has been released to SFAA Members and Subscribers. Note that there no longer is a separate spreadsheet to calculate the PML values. The PMLs now are based on a single multiplier applied to the PELs generated by the Model. Factors for calculating PMLs at 90 and 95 percentiles are shown on the PEL tab. The Study and Model is included with a paid 2018 Company or Subscriber membership. Non-members/non-subscribers may purchase it at a cost of $5,000. Any questions should be directed to Alan Clark, SFAA Actuary, at (202) 778-3627 or aclark@surety.org.

SFAA Statistical Plan/SFAA Call for Statistics

The SFAA continually strives to improve the relevance and accuracy of its data. As a result, the new SFAA Statistical Plan was updated to include new data code choices appropriate to the changing fidelity industry. This year’s Statistical Plan includes changes to the fidelity form of coverage, policy and type of coverage codes to capture data related to ERISA bonds and computer crime experience, as well as to indicate whether a policy was written on a proprietary form or not. The new ERISA and computer crime codes reflect changes in the evolving fidelity industry and will allow better tracking and analysis of these policies in the future. The proprietary form code will assist the SFAA as it evaluates the impact of data written on non-SFAA forms on the overall SFAA dataset.

Collecting data using these new codes as well as the existing codes will take place during this year’s Call for 2017 Statistics. Updated forms and Call documents have been posted to the website: Call For Statistics. All initial submissions of 2017 statistical data must be made by March 1. All resubmissions or error corrections, if necessary, are due by April 16 this year (April 15, the usual due date, falls on a Sunday). After the data has been submitted and accepted, members should file their Reconciliation Report by May 1.

Please note that all submissions must be made by the applicable due date. If the data is not received by March 1, and no request has been received for an extension, fines will be assessed under the Incentive Assessment Program. Except in unusual situations, no extensions are available for the resubmission/error correction due date.

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 Pursuing Elimination of Indexing of Miller Act Bond Threshold

Representative Nydia Velazquez (D-NY) is expected to sponsor a bill in the House again this year after being presented the issue by SFAA and NASBP to exempt the Miller Act bond threshold from the required indexing of all federal government acquisition thresholds. All government acquisition thresholds are reviewed for inflation every five years. The current Miller Act bond threshold is $150,000 and could be increased to $200,000 in 2020. Last year, the Miller Act bond threshold amendment was included as an amendment to the House version of the National Defense Authorization Act (NDAA) and passed the House. The amendment, along with many others were eliminated from the final version of the NDAA in 2017. Representative Velazquez introduced H.R. 4486 for action this year. SFAA, AIA and NASBP are underway towards getting a bill introduced in the Senate. This will be an issue for SFAA’s Congressional Action Day this May.
The collapse of the U.K. construction giant Carillion sent shockwaves throughout the global markets and prompted an immediate reminder that big contractors can fail. Insolvency experts predict a chain reaction is imminent for smaller construction firms to falter as a result of not receiving the payments owed. The Surety & Fidelity Association of America (SFAA) examines what reportedly went wrong with Carillion, what can we learn from this disaster and why it matters.

Carillion PLC was a multinational construction company and facilities management provider headquartered in the United Kingdom. It employed a staff of 43,000 individuals worldwide and held approximately 450 governmental contracts across the U.K. ministries of education, justice, defense and transportation.

The company held operations in Canada, the Middle East and the Caribbean, and was a large construction services provider for the Canadian Government. In 2016, Carillion enjoyed £5.2 billion ($7.3 billion) in sales and a market capitalization of nearly £1 billion ($1.4 billion). The trouble for the company began due to losing money on big contracts and running up massive amounts of debt to offset its losses. Industry analysts argue that Carillion overreached and took on too many risky and unprofitable contracts, while it reportedly faced payment delays from contracts in the Middle East, which have now been disputed. In 2017, Carillion issued three profit warnings within a span of about five months and had to write-off over £1 billion ($1.4 billion) from the value of some of its contracts. In January 2018, the construction giant folded under more than £1.5 billion ($2.1 billion) in outstanding debts, which left U.K. taxpayers, and as many as 30,000 subcontractors and suppliers to bear the cost of this insolvency. In Canada, four of Carillion’s companies were granted protection from creditors under the Companies’ Creditors Arrangement Act (CCAA).

The significance of this type of collapse creates a ripple effect throughout the construction industry. Approximately £1 billion ($1.4 billion) is owed to the various 30,000 subcontractors and suppliers. Profit margins in the construction industry typically are tight, so missing payments for work performed can be catastrophic for many small and medium size businesses (SMEs). Subcontractors and suppliers may believe the project owner ultimately is the guarantor of payment obligations owed, but without the proper safeguards, such as a high percentage from underwriting a payment bond.

The Canadian Centre for Economic Analysis reported that non-bonded construction firms are ten-times more likely to suffer insolvency at any given point in time.

Types of Bonds:

There are three basic types of contract surety bonds:

The **bid bond** assures that the bid has been submitted in good faith and that the contractor will enter into the contract at the price bid and provide the required performance and payment bonds.

The **performance bond** protects the owner from financial loss should the contractor fail to perform the contract in accordance with its terms and conditions.

The **payment bond** assures that specified subcontractors, laborers and material suppliers on the project get paid.
surety bond, there is no enforceable right to payment for subcontractors and suppliers.

Construction is risky business. Research conducted by BizMiner between 2014 and 2016 indicates that 29.3% of contractors fail in the U.S. That is more than one in four construction companies. Most companies perform more than one job at a time. It is not uncommon that the loss that causes the collapse of a company is not the job being performed for a public entity, but one of its other projects. The Canadian Centre for Economic Analysis reported that non-bonded construction firms are ten-times more likely to suffer insolvency at any given point in time – making the current situation in the U.K. possible.

“Surety bonds protect – not only governments, taxpayers and workers, but private owners and lenders from unforeseen issues that arise during construction,” said SFAA President Lynn Schubert. “No other risk management product provides the comprehensive protection that

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**Benefits of Bonds:**

- After analyzing the risks involved with a construction project, consider how surety bonds protect against those risks. Owners, lenders, taxpayers, contractors and subcontractors are protected because:
  - The contractor has undergone a rigorous prequalification process and is judged capable of fulfilling the obligations of the contract;
  - Contractors are more likely to complete bonded projects than non-bonded projects since the surety company may require personal or related corporate indemnity from the contractor;
  - Subcontractors have no need to file mechanic’s liens on a private project when a payment bond is in place, and because mechanics’ liens cannot be placed against public property, the payment bond may be the only protection these claimants have if they are not paid for the goods and services they provide;
  - Bonding capacity can increase a contractor’s or subcontractor’s project opportunities;
  - The surety bond producer and underwriter may be able to offer technical, financial or management assistance to a contractor;
  - The surety company fulfills the contract in the event of contractor default.

Any contractor—whether in business for one year or 100, large or small, experienced or novice—can experience serious problems. Through the years surety bonds have held fast as a comprehensive and reliable instrument for minimizing the risks in construction.

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bonds provide, which is to guarantee that a construction contract will be completed and subcontractors on the job will be paid.”

Compared to other risk mitigation tools, surety bonds provide additional benefits. A letter of credit, for example, may provide financial compensation to a state or local government if a contractor defaults, but in a small amount. It almost never accounts for 100 percent of the project costs. The biggest issue with using letters of credit or similar tools is that no one is responsible for completing the contract – or paying subcontractors and workers – in the case of default. By contrast, sureties enable the hiring of replacement contractors or re-rebidding of the contract and assume responsibility to save projects. Subcontractors can claim directly on the surety.

Sureties pay billions of dollars a year in claims. Over the last 15 years, surety companies paid nearly $12 billion to complete construction contracts and pay subcontractors and suppliers what they were owed. These numbers do not include the significant amount of money sureties spent to finance troubled contractors so they could complete contracts and avoid the trouble caused to owners and subcontractors by a default.

In the wake of the Carillion collapse, one thing is certain – the need for surety bonds from licensed surety companies remains. Had the British government and others required high percentage bonds on its projects, the contracts would be moving to get back on-track and qualified subcontractors would be paid. Surety bonds remain the smartest risk management tool for international governments, and U.S. federal, state and local leaders to protect taxpayer money.
Status of Congress
Congress continues to struggle with the FY 2018 appropriations and passed two continuing resolutions (CR) since returning to work in January. The second CR was a $320 billion budget agreement with funding for the federal government until March 23. The priorities for the Democrats were parity in defense and non-defense spending, and addressing immigration. Republicans wanted to increase defense spending without increasing the deficit. The compromise was that Republican accepted increased spending and the Democrats agreed to a spending bill that did not address immigration. The budget agreement increases the caps on nondefense spending by $131 billion for fiscal 2018 and 2019 and increases defense spending by $165 billion for both fiscal years. The deal also lifted the federal debt limit until March 2019.

Trump Infrastructure Plan and FY 2019 Budget Challenge the Status Quo
The White House released the Trump Administration’s infrastructure plan that is aimed at stimulating $1.5 trillion in new investment over the next ten years based on the federal government’s contribution of $200 billion in federal funding. We expect legislation will be introduced in Congress in the near future.

The bill contains a major new $100 billion Incentive Program, which applies broadly to any infrastructure project, but limits the federal government’s grant to 20 percent of the cost of each project. In terms of choosing the projects for the federal grants from among competing state and local government requests, the existence of new, long-term, non-federal funding sources, such as an increase in the state gas tax and private investment, will be a significant factor. This new program changes the status quo in that the states will have to provide most of the funding for infrastructure.

Under the Administration’s infrastructure plan, some of the funding will come from the sale of existing federal assets. Federal agencies would take assets no longer needed directly to the market and retain the proceeds in the agency for reinvestment. The plan also lists infrastructure that would be better owned and operated by the state or private companies. High on the list is allowing electricity to be provided by privately-owned utilities.

The plan gives states more flexibility to charge tolls on interstate highways, which is limited under current laws. The current requirement that states reinvest toll revenues in infrastructure still would apply.

In the fiscal 2019 budget that the President also released, $168 billion would be cut over ten years from other existing federal transportation and infrastructure programs. The President wants to shift the federal role in infrastructure to incentivizing state and local governments to use taxpayer money efficiently rather than waiting for federal funding.

Streamlining and eliminating burdensome regulations, a high priority for the Administration, is reflected in the infrastructure plan. Reducing the amount of time to obtain environmental and other reviews and permits, and decreasing the time period in which legal challenges can be made to federal permitting and authorization decisions have been raised many times in Congressional hearings. A new issue in the infrastructure plan is occupational licensing. The Administration plan would require states that receive federal funds for infrastructure projects to accept workers with out-of-state skilled trade licenses.

Neither the Administration’s infrastructure plan nor the proposed 2019 budget address the Highway Trust Fund, which will run out of funding by fiscal 2020.

The plan does not mention public-private partnerships (P3s), but if this plan is enacted, states may be looking at private investment all the more. Most states currently have some kind of budget issues. In the Congressional testimony to date, the industry witnesses generally agreed that P3s are a tool needed in the toolbox, but P3s cannot be used for all the infrastructure projects needed.

Construction Coalition Change Order Bill Introduced in the House
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 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 FAR regulations on REAs. The agency must also provide information on its past practices for the past three years. If the agency does not have information on past practices regarding 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 36 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.” The bill has bipartisan support. SFAA supports this effort.
In The States

Status of the State Sessions

All the states will meet in 2018 except Montana, Nevada, and Texas. Most states began their session in January and a few more convene in February. Louisiana starts in March. This is the short session in most states, and things are moving fast as the legislatures will adjourn earlier to campaign for re-election.

SFAA’s State Legislative Priorities are on the Move

The Government Affairs Advisory Committee set four affirmative priorities for 2018. In Indiana, legislation with our amendments to the three public-private partnership (P3) laws to require bonding in the design and construction portion of a P3 has been sent to a summer study committee again. In Washington, companion bills have been introduced to set reasonable limits on the award of attorneys’ fees against sureties. The bill provides that the rights granted under current procurement law would be the exclusive remedy for recovering attorneys’ fee for all disputes. The bill has passed out of committee in the House. In Missouri, legislation has been introduced with SFAA’s amendments to the procurement law to address a state Supreme Court case ruling that bonds are not required when a construction manager agency is used. This ruling could result in a loophole to the Little Miller Act so that public owners could avoid bonding requirements. In Pennsylvania, legislation carried over from 2017 that would eliminate the discretion given to public owners in the Little Miller Act to use alternative forms of security.

Vermont Seeks a $1 Million Bond Threshold

SFAA and AIA will meet with the DOT and state legislative leaders in the near future to address this recently introduced bill.

State Interest in P3s Remains High

Since the new Administration in New Jersey is supportive of P3s, SFAA believe that some of the P3 bills introduced in 2018 will move this session. Most of the new bills reflect SFAA’s work over the past two years with the local AGC chapter to address who has to provide the bond, such that several pending bills require the concessionaire to obtain or cause bonds to be obtained. Three of the bills raise a new issue this year in that the payment bond would guarantee prompt payment of moneys due to the contractor, its subcontractors and to all persons furnishing labor or materials to the contractor its subcontractors. A carry over bill in Hawaii would give broad authority to use P3s and create an OP3 office to set guidelines and review P3 proposals. The bill was recently amended to exempt P3s from the procurement code, including the Little Miller Act. A broad grant of authority to use P3s is moving in Mississippi. The terms and conditions for P3s will be developed by regulation. A broad grant of authority to use P3 that requires the P3 agreement to require a bond for the construction price in compliance with the Little Miller Act is expected in Minnesota this year.

States Continue to Put Pressure on Public Official Bonds to Save Costs

Legislation in Colorado and Missouri would require a blanket bond or crime insurance policy instead of individual bonds for state compensated employees in the judiciary. Any officers, employees, or agents of the State could be required to post an individual bond if they have responsibility for or access to the State’s money or property. The bill would allow the State to assume the risk in lieu of obtaining bonds. Legislation in New Hampshire would allow state residents to make claims on public official bonds to seek indemnity against losses resulting from failure to perform their duties or from fraudulent acts or omissions.

SFAA Seeks Workable Bonding Requirements for Contractors License Bonds

In New Jersey, legislation requires home improvement contractors to post a $25,000 surety bond. The bill would permit direct actions on the bond, and the contractor or the surety would have 60 days to resolve a consumer’s claim, otherwise the consumer would be permitted to sue the surety. The surety’s aggregate liability would be limited to the bond amount. A bill in South Carolina would permit general contractors and mechanical contractors to post a bond instead of meeting the existing law’s financial statement requirements. The surety bond would have to be equal to two times the amount of the required net worth for the contractor.

Industry Efforts at Commercial Lines Modernization are Positive for Sureties

In Massachusetts and West Virginia, legislation would exempt surety along with other specialty commercial lines from rate and form filing. In Missouri, legislation is out of committee in the House that would exempt commercial property and casualty insurance, including surety, from the state rate and form filing requirements. In New Hampshire, legislation would eliminate the 30 day waiting period for approval for several commercial insurance policy forms, including fidelity forms, and instead provides that these forms only would be filed for informational purposes.
New Bonding Opportunities

The vast majority of states recently convened so that there are few enactments with new bonding opportunities. SFAA actively works to enact new bonding requirements in the states. 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:
New Jersey
Subdivision Bonds: SB 3233 establishes additional bond requirements in connection with a subdivision plan. The new law provides that a separate performance guarantee may be required in addition to the existing law’s subdivision bond requirement to cover any privately owned perimeter buffer landscaping. A guarantee may be required in connection with obtaining a temporary certificate of occupancy in an amount based on the remaining costs for completing the project. Municipalities now may require a developer to furnish a “safety and stabilization guarantee” in an amount based on the improvement costs to secure the return of the property to a safe and stable condition or to protect the public from accessing the site if work ceases for more than 60 days.

Pennsylvania
License Bonds: SB 751 requires mortgage servicers to be licensed and obtain a $500,000 surety bond to secure the licensee’s compliance with the applicable law. The mortgage servicer also must obtain a fidelity bond that meets the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation’s guidelines.

Wisconsin
Financial Assurance: AB 499 requires operators of nonferrous metallic mines that conduct bulk sampling to submit a plan and a $5,000 surety bond to secure the completion of the plan. The new law also establishes financial assurance requirements for long term care and for remedial contingencies for a mining operation. Surety bonds or other forms of security are accepted to meet these requirements. The financial assurance for these activities must be in an amount based on their costs.

For more information, please visit www.awards.suretyinfo.org, or email Bryan Surcouf at bsurcouf@surety.org.
LSA nominations must be received by February 26, 2018.
SFAA Discusses Cyber Loss Coverage at ABA Conference

SFAA staff participated in the American Bar Association’s Fidelity & Surety Law Committee Midwinter Conference in Washington, D.C., on January 24-26, 2018. This year’s fidelity program focused on cyber loss and how newly developed coverages interact with traditional crime coverage policies.

SFAA General Counsel Rob Duke was a speaker on the Cyber Risk Insurance Products panel, which included Randolph Scott, a senior underwriter with Liberty Mutual. The panel focused on the new and evolving financial loss and liability risks that businesses face due to our increasing dependence on technology.

According to Insurance Journal, 50 percent of businesses do not have cyber crime insurance, and 27 percent have no plans to purchase any despite 61 percent saying they expect cyber threats to increase this year.

“The panel discussion provided SFAA an opportunity to describe how its standard forms are meeting a critical need in the industry,” said Mr. Duke. “The Fidelity Program at the conference made clear that the chief exposure on insurers’ minds is everything cyber.”

Mr. Duke focused a portion of his remarks on the threat posed by social engineering schemes - that is criminals utilizing manipulation or deception to get someone to divulge confidential information.

“At the time that we started seeing these losses, the only available coverages were either computer fraud coverage or funds transfer coverage,” Mr. Duke explained. However, since social engineering schemes are not often computer-to-computer crimes, new coverage types were necessary to keep pace with the fraud.

The insurance industry responded, but had to be careful in paying out claims.

“There is a danger in finding coverage in a form such as computer fraud, where this type of social engineering scheme wasn’t contemplated,” Mr. Duke said.

SFAA responded to this need by revising its computer crime form for businesses to make computer crime coverage terms more concise, revising terms and conditions to reflect the increasingly portable nature of technology, and by modifying the language to reflect the new schemes that exist.

Surety Data Standards Pledge List Keeps Growing

Over the last year, the Surety Forms Working Group finalized a toolkit of documents with resources to provide guidance on integrating standards into proprietary data collection processes. Data standards can eliminate the need to manually re-key data into surety systems and increase the timeliness and accuracy of any analysis a company does.

The toolkit is posted on the SFAA/NASBP Joint Automation Committee website at Surety Automation. Additional information can be requested by emailing inquiry@suretyautomation.org. The Surety Forms Working Group is available to help any company determine the best approach to adopting data standards.

Several new stakeholders have pledged their support for surety data standards. The Surety Standards Pledge page lists the industry stakeholders who have pledged their support. All stakeholders of the surety underwriting supply chain (contractors, accounting firms, bond agents, software providers and surety carriers) are encouraged to sign the pledge and show their support.
The Surety Foundation Update

Identifying tomorrow’s industry professionals is a critical component of successful leadership, and The Surety Foundation’s Surety & Fidelity Industry Intern and Scholarship Program for Minority Students (SFIISP) was established to support industry recruiting efforts while assisting talented minority students with educational expenses.

Each year, the Trustees of The Surety Foundation consider the results of the annual campaign to promote the SFIISP in order to identify opportunities to expand outreach and increase the number of qualified applicants.

In order to attract the most talented and motivated students, changes were made to the application review process for the 2018 program year that led to dissemination of applications to SFAA members with potential 2018 internship opportunities two months earlier than in past years.

Internship sponsors are in the process of interviewing candidates. Our objective is to extend offers earlier than in past years, as many engaged students work to identify internship opportunities well before the summer. We look forward to reporting positive results in the near future.

SFAA is focused on meeting its one million dollar fundraising goal for the program by end the 100th Annual Meeting in May. We need your help. To donate visit: www.thesuretyfoundation.org/donate.

Partnering with The Surety Foundation on the SFIISP effort is an effective, meaningful way to enhance recruiting efforts. If you are interested in learning more about the program, please contact Barbara Reiff: breiff@surety.org.

Surety Industry At Work

A founding member of the SFAA Subscriber group, Mark Reagan, received the 2018 Golden Beavers Award for Service and Supply. Congratulations!

Pictured: Mark Reagan (Left) and SFAA President Lynn M. Schubert (Right)

Left: SFAA Vice President and Counsel Joanne Brooks spoke to the Surety Association of South Texas in San Antonio about the benefits of bonding.

Right: The Surety Claims and Corporate Counsel Advisory Committee and Fidelity Claims Advisory Committee met January 24, 2018, as part of the American Bar Association’s Fidelity & Surety Committee Midwinter Conference in Washington, D.C.
Federal
The U.S. Environmental Protection Agency withdrew its proposed rules to establish financial responsibility requirements for hard rock mining operations for metals and non-metallic fuel minerals to implement §108(b) of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). Surety bonds would have been accepted to meet the requirement to cover response costs, health assessment costs and natural resource damages. The proposed rules set forth a formula for determining the amount of financial responsibility required.

State
SFAA submitted comments to the Mississippi Development Authority to address its proposed regulations for energy service providers (ESP) that provide energy efficient programs. The Authority would pre-qualify the ESPs, but could grant conditional status to ESPs that did not qualify. Such ESPs would have to obtain performance and payment bonds in compliance with the Little Miller Act, which requires a 100 percent bond, for the duration of the contract. SFAA recommended a broad application of bonding to all ESPs so that all public entities, taxpayers, subcontractors, and suppliers obtain the benefits of prequalification and payment security. To make bonding more widely available, SFAA recommended a bond with a one-year term that would be equal to 100 percent of the annual guaranteed savings under the contract for the first year. The bond could be renewed for a term not to exceed three consecutive years under our proposal.

The California State Mining and Geology Board proposed revisions to its surety bond forms for financial assurance for surface mining operations to revise the bond condition so that the bond only would be released after all of the relevant agencies have concurred that the requirements for the reclamation plan have been met. Currently, the bond only is conditioned on the completion of the reclamation. SFAA recommended retaining the bond condition as it is in the current form.

The Florida Department of Environmental Protection (Department) has proposed revised financial assurance regulations for mitigation banks. For the surety to be accepted to meet the financial assurance requirements, the proposed rules would require sureties to have an “A+” rating from A.M. Best instead of the current “A” rating. To make the bond more widely available, SFAA recommended that the surety should only be subject to licensure by the insurance department and that if the Department includes a rating requirement, a minimum “A-” rating would be sufficient. The Department agreed to the “A-” rating requirement.

The Illinois Department of Insurance has proposed revised regulations for the surety bonds that insurance companies must obtain to cover their employees and officers. The proposed rules would require the bond amount called for to be based on the guidance in the National Association of Insurance Commissioners Financial Condition Examiners’ Handbook. Currently, the bond amount is based on the amount of admitted assets of the company, which is filed with the Department in the company’s annual statement. The proposed rules would eliminate the minimum discovery period in the bond and would instead require the coverage to be on a “discovery basis.” The proposed rules eliminate the deductible requirement for the bond. The proposed rules also eliminate the option to self-insure in lieu of obtaining a bond. SFAA believes that these changes would improve the bond requirement

The Pennsylvania State Board of Certified Real Estate Appraisers (Board) adopted regulations requiring real estate appraisal management companies to be licensed and post a $40,000 surety bond or letter of credit. Based on SFAA’s recommendations, the Board eliminated the confession to judgment provisions from the bond form, which could have limited the rights that a surety usually has available in a default. In response to SFAA’s comments, the Board added provisions explicitly limiting the surety’s aggregate liability to the principal sum of the bond, and specifying that the bond is continuous. Further, the Board also removed provisions that we objected to that would have required the surety to have an “A-” rating from A.M. Best or better, a Standard & Poor’s insurer’s financial strength rating of “A” or better, or a comparable rating by another NRSRO. As adopted, the regulations require the surety company to be authorized to transact surety business by the Insurance Department.
Commercial Surety Advisory Committee
There will be a Commercial Surety Advisory Committee Meeting from 10:00 a.m. to noon on May 23, 2018, in Washington, D.C.

Communications Advisory Committee
The Communications Advisory Committee is seeking input and support from member companies. To become a member, sign up on www.surety.org or contact Bryan Surcouf at bsurcouf@surety.org.

The next Communications Advisory Committee meeting is a teleconference scheduled for 10 a.m. EST on March 8, 2018.

Diversity & Human Resources Advisory Committee
The next meeting of the Committee, and the only in-person meeting planned for the year, will take place at the SFAA offices in Washington, D.C. on Thursday, March 8, 2018.

All interested members are invited to participate. If you have questions about the work of the Committee or wish to receive Committee meeting materials, please contact Barbara Reiff.

eBusiness Advisory Committee
There will be an eBusiness Advisory Committee conference call on Wednesday, April 4, 2018 from 2:00 pm to 3:00 pm, Eastern time.

Fidelity/Fidelity Claims Advisory Committees
There will be a Fidelity Advisory Committee Meeting from 1:00 p.m. to 3:00 p.m. on May 23, 2018 in Washington, D.C.

Government Affairs Advisory Committee
The Government Affairs Advisory Committee (GAAC) will meet next on March 27, 2018, in Washington, D.C. The GAAC will discuss the status of its priorities in the 2018 state legislative sessions. The GAAC also will start making plans for SFAA’s annual Congressional Action Day and will discuss the involvement of attendees from member companies for the annual trip to the Hill.

International Advisory Committee
The International Advisory Committee will meet from 1:00 p.m. to 3:00 p.m. on Wednesday, May 23, 2018 in Washington, D.C.

INSURANCE CAREERS MONTH
February 2018

What’s your story?
This February we encourage you to tell your story! Engage people across your organization to share their stories on social media and help inspire young professionals to choose surety or fidelity as a career. Recruit our strongest ambassadors, millennials and Gen Zs in your company to share what is rewarding about working in fidelity or surety on social media throughout the month.

Tag @SuretyFidelity and SFAA will share your story.
Career Opportunity with SFAA

Explore an opportunity to work on behalf of the industry – Seeking a Compliance/Fidelity Forms Manager to manage regulatory compliance and grow SFAA’s forms library. Ideal candidate will have experience in policy forms development, maintenance and filing in the property casualty industry.

Great opportunity with much autonomy and opportunity for growth. Visit Compliance/Fidelity Forms Manager for complete position description or contact Barbara Reiff (breiff@surety.org).

EVENTS

May 22, 2018
• Young Professionals Group Meeting
  Washington, DC

May 23, 2018
• Commercial Surety Advisory Committee Meeting
  Washington, DC
• Government Affairs Advisory Committee Meeting
  Washington, DC
• Communications Advisory Committee Meeting
  Washington, DC
• International Advisory Committee Meeting
  Washington, DC
• Fidelity Advisory Committee Meeting
  Washington, DC
• Congressional Action Day - Capitol Hill
  Washington, DC

May 24, 2018
• Board of Directors Meeting
  Washington, DC

Members can register for events online.

www.surety.org