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House Passes Cannabis Safe Harbor Bill; Senate Path Unclear

The House overwhelmingly passed H.R. 1595, the SAFE Banking Act, by a vote of 321 to 103. The legislation would prevent federal prosecution of and civil liability for agents, brokers, and insurers, and their officers, directors, or employees, when engaging in the business of insurance in
states that have legalized cannabis in some form. This legislation addresses the legal uncertainty created by the competing state and federal treatment of cannabis.

It is unclear if or when the Senate plans to take action to advance cannabis banking safe harbor legislation. Although the Senate Banking Committee held a hearing on the topic earlier this year and the Chairman of the committee, Sen. Crapo (R-ID), has indicated that he has an appetite to vote on cannabis financial services legislation before the end of the year, broad GOP opposition and a dwindling legislative calendar pose significant obstacles for a bill reaching the Senate floor. The Senate Banking Committee will first need to advance its version of a cannabis safe harbor bill before it can be considered by the full chamber and reconciled with its House counterpart.

SFAA Responds to Proposed Labor Bond Changes

The U.S. Department of Labor (DoL) recently proposed changes to its bond requirements for the certification of temporary employment of non-immigrant workers employed in the agriculture industry. The proposed changes include significant increases in the bonding requirements for farm labor contracts, new standardized electronic verification requirements, and a potential removal of the option for sureties to cancel its bond with participating employers. SFAA expressed concern on the potential elimination of provisions allowing the cancellation of bonds, emphasizing the importance of maintaining a surety's ability to manage its risk exposure. SFAA also requested that DoL provide additional information regarding its new standardized electronic bond form to ensure that the standardized form will not cause market disruption by requiring onerous bond terms. Lastly, SFAA cautioned against significant increases to the required bond amount, noting that this could adversely impact the availability and underwriting standards associated with the required bond.

SFAA Pitches College Students on Surety Careers

SFAA participated in Gamma Iota Sigma's International Conference in Dallas last week, where over 600 students studying insurance and risk management gathered to hear from industry leaders and learn about career opportunities.

With talent being a top priority for SFAA member companies, the Association made a concerted effort to educate students on the uniqueness of the surety and fidelity industry, the rewarding careers that are possible.

In order to give students a better understanding of surety and fidelity opportunities, SFAA sponsored a session titled "See Your Future in 2020: Discover a Career in Surety and Fidelity." The session was led by Michael Assels of Travelers, a Gamma alumnus, who
spoke about the "pillars of surety," the uniqueness of the three-party contract, and what a day in the life of an underwriter is like.

Read the full article at Surety.org
Read the full article at The Surety Foundation

SFAA Discusses SBA Bond Guarantee Program with Director Gibbs

SFAA staff and several members participated in a meeting with Peter Gibbs, Director of SBA's Office of Surety Guarantees, to discuss comments and recommendations submitted by SFAA, at SBA's request, on how SBA can improve, modernize, and streamline its Surety Bond Guarantee Program. SFAA members who actively participate in the Program were integral in developing these comments and to making this follow-up discussion productive. During the meeting, Mr. Gibbs specifically addressed member concerns involving “wet signatures” on certain Program forms, the cases-by-case nature of how SBA determines the percentage of self-perform work required of a Program principal, and expected increases to the amount of claims reserves that trigger contractor ineligibility for the Program. Mr. Gibbs and the group will continue to discuss Program close-out recommendations and specific concerns, especially in the wake of the Scollick and Claro cases, related to any potentially implied duty on the part of surety to ensure that a Program principal is accurately classified as a small business and remains viable and eligible for the Program. Mr. Gibbs emphasized his interest in regular and continued communication between his office and SFAA.