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SFAA President Discusses State of Surety at Westfield Insurance

SFAA President & CEO, Lee Covington, visited Westfield Insurance last week to talk about the state of the industry.

Mr. Covington touched on the industry's continued strong financials, as well as the Association's strategic priorities: preserving current bonding protections, facilitating new public bonding opportunities, growing private bonding, promoting the value of bonding, and providing educating on surety claims.

Covington also gave an update on SFAA's advocacy work. These efforts have already paid off on the state level, with Indiana and Colorado passing laws to require bonding on P3 projects, and North Carolina requiring bonds for P3 telecommunications projects. On the federal level, SFAA continues to push for exempting the Miller Act threshold from indexing for inflation, requiring bonds for any federally funded infrastructure reform, advocating for bonding on P3 projects, and working to ensure a safe harbor for sureties writing bonds for marijuana-related businesses in states that have legalized cannabis.

Mr. Covington also provided a look ahead at the 2020 election.

SFAA thanks Gary Stumper, National Surety Leader, and Rick Whitstlar, Surety Underwriting Leader, for welcoming Mr. Covington to the Westfield headquarters.

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U.S. Infrastructure Repair Bill: $1 Trillion

According to a new report from the non-profit Volcker Alliance, it will cost $1 trillion, or 5% of GDP, for the U.S. to repair neglected roads, bridges, and other assets.

Of particular note, the total maintenance gap for states could top $873 billion, because state and local governments usually provide 80% of infrastructure funding. Currently, only four states disclose the cost to the state budget for failing to maintain infrastructure.

The report recommends:
- Designating a separate agency within the government to prepare the capital budget;
- Separating the capital budget from the operating budget;
- Describing and creating a database of the state's assets;
- Standardizing capital improvement plans, and connecting them to the capital budget; and
- Developing a statewide report on infrastructure needs across the state.

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House Focuses on Resiliency in Water Infrastructure Reauthorization

The House held its first hearing on
reauthorizing the Water Resource Development Act (WRDA) in advance of its expiration in 2020. The subcommittee invited floodplain mapping engineers and senior leadership from several water resource nonprofits to highlight the impact climate change is having on the nation’s water infrastructure. Expert witnesses emphasized that resilience, “ought to be the first step in this discussion,” particularly as it relates to rebuilding ports and levees that have been particularly impacted by increased levels of flooding.

The Chairman of the Transportation and Infrastructure Committee, Rep. Peter DeFazio (D-Ore.) reiterated that his Committee plans to stick with the current reauthorization timetable, which calls for passage of the next WRDA in 2020. The Senate also has indicated that they have bipartisan agreement to advance a water infrastructure bill in 2020.

SFAA is working with subcommittee staff to ensure water infrastructure projects maintain requirements for surety bonds, particularly for water P3 projects that receive federal funding through the WIFIA loan program.

### Congress Protects Highway Funding in Short-Term Budget Deal

Last week, both chambers of Congress approved a short-term Continuing Resolution (CR) to fund the government through December 20. Importantly, the CR included a provision to block a planned $7.6 billion rescission that would have taken away hundreds of millions of dollars from state transportation budgets. The bill was signed by the President last week to avoid a government shutdown. Congress will now be tasked with passing a long-term funding bill for next year when they return from Thanksgiving recess to avoid another potential shutdown in December.

### Fill Your Talent Pipeline With The Surety Foundation!

EXCITING changes have been made to The Surety Foundation’s Industry Intern & Scholarship Program (SFIISP) for *Underrepresented students for the summer of 2020! Your organization now has the opportunity to promote the program as part of its student recruiting efforts and, most importantly, no application deadline!*

**For the first time, Underrepresented graduate students are eligible to apply!**

This past summer, The Surety Foundation had its first all-female class, as six students
interned with Merchants, Nationwide, and Travelers. All six also earned $5,000 scholarships. The Surety Foundation is excited to build on this success in 2020!

If your organization has a summer internship program, please take a moment to learn about changes that have been made to the SFIISP. You can promote the program among students you already have identified through your recruiting efforts, and sweeten the offer for eligible students with the opportunity to receive a scholarship to support their studies.

Chief Bonding Officers (CBOs) have received information about changes to the program. Please consider how the program could complement your recruiting efforts and speak with your CBO.

More details and promotional materials can be found [here](#). Any questions should be directed to Barbara Reiff at breiff@surety.org.

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**We’re Hiring!**

**Vice President**

Strategic Communications, Marketing and Research

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**Did You Work with a Private Owner on a Bonded Project? Apply for the Tiger Trust Award!**

As part of SFAA’s increased efforts to encourage more private owners and lenders to require bonding on projects, the Association encourages more people to apply for the Tiger Trust Award. This award recognizes individuals who owners to require surety bonds.

Along with NASBP, SFAA wants to highlight more examples of the great work LSAs, underwriters, and producers do with private owners.

Last year’s winner, Joshua Etemadi, had a client on a project where the private owner wanted to ensure that a replacement contractor could be found if necessary for the $1.2 renovation. After talking with Mr. Etemadi, they elected to require performance and payment bonds, which they had not done previously.

The nomination must demonstrate that the owner or lender of a specific construction project was persuaded to require surety bonds due to the candidate’s personal efforts or influence. The applicant must include details of how he or she convinced the owner or
The Surety & Fidelity Association of America (SFAA) is a trade association of more than 425 insurance companies that write over 98 percent of surety and fidelity bonds in the U.S. SFAA is licensed as a rating or advisory organization in all states and it has been designated by state insurance departments as a statistical agent for the reporting of fidelity and surety experience.