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SFAA Board Reviews 2019 Accomplishments and Discusses Plans for 2020

Last week, SFAA’s Board of Directors met in New York City to review its 2019 accomplishments and discuss its strategic priorities for 2020.

In relation to advocacy, SFAA applauded the Board of Directors for their efforts to raise nearly $50,000 in the first year of the SFAA PAC. The PAC enabled SFAA to support several members of Congress to further promote SFAA’s mission to maintain and promote bonding protections for public works projects. SFAA shared next steps on both its federal and state advocacy agenda, noting that it looks to continue increased collaboration with the American Subcontractors Association and the National Association of Surety Bond Producers to improve advocacy coordination in 2020. Additionally, SFAA updated the Board regarding its plans to implement improved advocacy and communications best practices over the coming months.

The Board received an update on planned efforts to undertake research projects in the contract bond space to promote the value of bonding including to public owners and other stakeholders, as well as lawmakers and regulators. Additionally, the Board received updates from the Board-level Private Bonding Task Force, Contract Bonds Advisory Committee, and several other committees. The complete addendum of Board meeting materials are available to members on the SFAA website.

Commercial Surety and International Committees Meet in New York

In conjunction with SFAA’s Board of Director’s meeting, the Commercial Surety Advisory Committee (CSAC) met in New York City on
December 4, 2019. Committee members voted to establish an Educational Subcommittee tasked with evaluating the current curriculum of its Commercial Surety Seminar and approved a new Committee leadership position of Vice Chair. Lee Ann Alexander, SFAA’s new Vice President of Government Affairs presented to Committee members on certain commercial surety-related issues. Ms. Alexander also emphasized the importance of a strong working relationship between CSAC and the Government Affairs Advisory Committee, and she reported to members that she looks forward to strengthening that relationship.

The International Advisory Committee (IAC) also met in New York City. At that meeting, members continued to discuss aligning IAC’s current Mission Statement and Goals to conform with the Committee’s primary role as a forum for discussing international surety.

Robert Nijhout, President of the International Credit Insurance & Surety Association (ICISA) attended the IAC meeting as a special guest and briefed Committee members on ICISA’s current activities and recent issues pertinent to its membership. Steven Ness, President of the Surety Association of Canada provided written remarks to the Committee on the state of surety in Canada and his outlook for the coming year, which were presented to the Committee by staff. SFAA would like to thank Mr. Nijhout for traveling from Amsterdam to attend the meeting and thank Mr. Ness for his important contributions as well.

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**Brookings: Start From Scratch on Infrastructure**

The Brookings Institution released a report calling on Congress and President Trump to strip infrastructure reform down to the studs and start over.

The report faults Congress and the Administration for failing to redesign current laws to meet today’s challenges. Both parties want the government to “do something” but the government can’t decide what that something is.

The authors believe government leaders should ask themselves the following questions as they assess whether the goals of an infrastructure plan share the same objective as current policy:

- What broader national challenges should infrastructure policy address? What outcomes would qualify as success, and how can we objectively measure those outcomes?
- Where can these objectives have effects across transportation, water, and telecommunications issues?
- What is the right role for the federal government in supporting the objectives of national infrastructure policy, and how should that role interact with the responsibilities of state and local actors?
Contractors Optimistic About 2020; Labor and Costs May Slow Growth

Seventy-five percent of U.S. construction companies plan to expand hiring next year, according to a recent AGC survey, showing their optimism in a tight market.

While these firms believe work will remain plentiful, supply concerns have grown for other firms. According to the American Institute of Architects (AIA), 15% of architecture firms have had projects canceled, 40% have seen projects scaled back or canceled, and 30% have had projects put on hold.

AIA's Chief Economist, Kermit Baker, was surprised and noted that design trends correlate with construction. "It gives us a window to what is likely to be going on in construction activity for next year or at least a good part of next year," he said.

Sticker shock is the primary cause of project delays and cancellations, according to Baker. The rise in costs started after the U.S. and China imposed trade tariffs on steel, lumber and aluminum, which squeezed contractors who were working on projects they had bid on before the tariffs.

"Now with this very tight marketplace, contractors say they've got all the work they can handle and are only bidding on projects where they are thinking they can get a good return," said AGC's Chief Economist Ken Simonson.

Baker believes 2020 will see slow growth versus a steep drop-off or significant slow down.

The Surety Foundation Puts YOU In Charge of Industry Recruiting Efforts

Exciting changes have been made to The Surety Foundation’s Industry Intern & Scholarship Program (SFIISP) for *Underrepresented students. The centralized application deadline has been eliminated, enabling member companies to participate in the SFIISP according to their own recruiting schedules, and reaching more students.

SFAA members with college recruiting programs are encouraged to enhance internship offers for eligible students with the opportunity to earn a $5,000 scholarship from The Surety Foundation. Applications may be submitted to The Surety Foundation during the course of the internship, and scholarships will be awarded to successful applicants upon completion of summer internships. The Surety Foundation will tend to all the details. Your only role is to make eligible students aware of the opportunity during the internship recruiting process.

This past summer, The Surety Foundation awarded six $5,000 scholarships to interns from Merchants Bonding, Nationwide and Travelers. We hope to build upon that success in 2020 and to add to the growing list of scholarship recipients who have joined the industry following graduation.

More details and promotional materials can be found here. If you do not have a college recruiting program, we encourage you to get involved with industry recruiting initiatives and let us know how we can help you.
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 lender to require a bond along with documentation from the owner or lender on official letterhead verifying the candidate’s role in persuading the owner or lender.

Nominations are due by **February 17, 2020**. For more information, please contact Seth Johnson.

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Apply for the Surety Industry Awards!

SFAA and NASBP invite all Local Surety Associations to **submit applications** for the Surety Industry Awards in recognition of their work promoting surety bonding.

Award categories are:

- Silver Award
- Gold Award
- Platinum Award
- Advocacy Award
- Tiger Trust

Please email Seth Johnson with any questions. The deadline to apply is **February 17, 2020**.
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.