



## **RGI BONDING – QUICK REFERENCE SHEET**

### **1. Top Construction Bonds**

- Bid Bond – Guarantees contractor will enter contract if awarded (5–10% of bid).
- Performance Bond – Guarantees project completion per contract.
- Payment Bond – Guarantees subcontractors and suppliers are paid.
- Maintenance Bond – Covers defects post-completion (0.5–2%).
- Subdivision Bond – Municipal infrastructure guarantees.
- Supply Bond – Guarantees delivery of materials (1–3%).

### **2. How to Calculate Bond Premium**

Basic Formula: Contract Amount × Rate = Premium

Example: \$1,000,000 × 2% = \$20,000

Tiered Example:

- First \$800,000 @ 2.5%
- Remaining \$200,000 @ 1.5%

Total Premium = \$23,000

### **3. Bond Link / Underwriting Terms**

- Low- Low/ Lowest
- M - Thousand
- MM – Millions
- SOV – Schedule of Values
- WIP – Work in Progress
- CPA – CPA-prepared financial statement
- IB – Indemnity backing

### **4. Full Submission Package Includes:**

- Completed bond application
- Contract copy or bid specifications

- Financial statements (CPA preferred)
- WIP report
- Bank letter
- Contractor resume
- Personal financial statement (if required)
- Current surety program details
- Indemnity agreement

## **5. Common Scenarios**

- Weak Credit – Expect higher rate, possible collateral, or non-standard market.
- Rapid Growth – Underwriter will review WIP, backlog, and cash flow carefully.
- Past Bond Claim – Must disclose and provide written explanation.
- Higher Than Expected Rate – Review file, negotiate if possible, consider alternate markets.
- Client Pushback – Educate client on underwriting risk and long-term improvement strategy.

## **Producer Responsibility Reminder**

- Manage day-to-day client communication
- Gather complete documentation
- Answer carrier questions for clients
- Pre-approve terms with client before binding
- Own file from submission to issuance