



Surety Information Office
The Information Source on Surety Bonds in Construction

LSA Communiqué A Newsletter for Local Surety Associations

May 2007

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SIO Honors Surety Professionals for Excellence

Fourteen local surety associations (LSAs), plus outstanding contributions from four individuals, made 2006 an especially good year for promoting contract surety bonds. To recognize these organizations' and individuals' efforts, SIO presents the Silver, Gold, and Platinum **Awards for Excellence in Surety Bond Promotion**.

Silver Award

The Silver Award for Excellence in Surety Bond Promotion recognizes local surety associations that conducted at least five promotional activities in 2006. Three LSAs have won the Silver Award:

Photo Galleries

[NASBP Annual Meeting](#)
[SFAA Annual Meeting](#)

- **Alabama Surety Association** - This is Alabama's ninth consecutive SIO award. This group focused on topics such as bonding subcontractors and long-term warranties, while continuing its popular education courses for students at Auburn and Samford Universities.
- **Mid-Atlantic Surety Association** - Covering Virginia, Maryland, Pennsylvania, and the District of Columbia, this group presented and exhibited to contractors, developers, public owners, bankers, and students. The judges commended this hard-working group for their efforts to derail an individual surety bill in Maryland. Members also worked with Associated General Contractors of America (AGC) chapters in New Jersey and Pennsylvania on statewide bond forms.
- **Surety Association of Syracuse** - This association reached an important audience - bankers - with presentations on bonding and financial analysis and Work-in-Process schedules. Members also educated general contractors on bonding, claims, lien laws, and WIP schedules. They also provided SIO materials to educate general contractors on the claims process.

Gold Award

The Gold Award for Excellence in Surety Bond Promotion recognizes local surety associations that conducted 10 or more promotional activities in 2006. Eleven LSAs have won the Gold Award:

- **Florida Surety Association** - FSA is extremely active in the state Legislature, dealing with such issues as bonding for emerging contractors, bonding mega projects, bond waivers, and onerous bond forms. Members are also active in educating contractors, students, and public owners on the value and benefits of contract surety bonds. They had a recent victory in bringing the City of Miami's bond forms into compliance with Florida statute

changes.

- **Surety Association of Illinois** - Members of the Surety Association of Illinois gave 10 presentations to public officials, CPAs, contractors, bankers, and educators. They worked with SFAA on such legislative issues as bond forms, contract terms and renewal options, and long-term warranties. In addition, they assisted SIO with the exhibit at the Risk Management Association conference in Chicago, met with JP Morgan Chase Investment Group, and attended a Small Business Administration (SBA) open house to distribute information on surety bonding.
- **Surety Association of Indiana** - This association has done an outstanding job educating emerging contractors. Members presented at several SBA district seminars and other events on building a surety relationship and how to obtain bonding. The association also was active in its state Legislature to fight onerous contracts on the Colts Stadium and state bond thresholds. Congratulations to Sharon Stradling, CNA Surety, for her testimony in opposition to Senate Bill 360, which would have increased the bond threshold from \$150,000 to \$500,000.
- **Surety Association of Kansas City** - This is one busy group of surety professionals. Reaching engineers, CPAs, attorneys, contractors, emerging contractors, and students, members covered such topics as managing construction risk, market conditions and trends, construction accounting, contractor financial analysis, financial statements, and much more. This group is especially committed to its community, donating more than \$2,500 to Kids Building Blocks, construction organizations' fund-raising efforts, and scholarship funds. Members also spearhead food drives and participate in Habitat for Humanity.
- **Nevada Surety Association** - Nevada Surety Association members canvassed the state, educating various public entities including the City of Henderson, the state Public Works Board, and the Nevada Contractors Board on the value of bonds. Members addressed large-scale Nevada Department of Transportation projects and assisted the Contractors Licensing Board with a consumer protection bond for pool contractors.
- **Surety Association of Ohio** - SAO members made a concerted effort to educate emerging contractors on how to qualify for surety bonds by participating at five SBA events. Members also exhibited at a National Association of Women in Construction expo, published articles in the Ohio Bar Association magazine and the Business Journal, and supported scholarships and other community service.
- **Rocky Mountain Surety Association** - In addition to educating small and minority contractors, members were extremely busy in the classroom at Colorado State University's Construction Management Program. They effectively used SIO materials to work with the local AGC and City of Denver to ward off bond waivers on small contracts.
- **Surety Association of San Diego** - This group reached small and emerging contractors and general contractors with presentations on the basics of bonding, how to qualify for bonds, and what to expect from the surety. Members also presented on understanding subcontractor bonding and the state of the surety marketplace. Members further spread the word by writing six articles on surety to educate contractors, CPAs, and bankers.
- **Surety Underwriters Association of Southern California** - Association members reached more than 100 students and 200 general contractors with a positive bonding message. They exhibited to small contractors at an SBA boot camp and promoted careers in the surety industry to more than 1,000 contractors at an AGC job fair. Their generous \$1,500 contribution to Cal State Fullerton's Center for Insurance Studies will further a lucky student's career in the field.
- **Surety Association of St. Louis** - This group presented to just about everyone in St. Louis in 2006 – private owners, public officials, contractors, minority contractors, subcontractors, attorneys, accountants, and students. In addition to its community service efforts, this group is commended for its legislative accomplishments including persuading the City of Blackjack to reduce its five-year maintenance bond requirement to two years. SASL also donated \$1,500 to the Construction Careers Center.
- **Surety Association of South Texas** - With the University of Texas System Bonding and Technical Assistance Program, the City of San Antonio, and the

SBA, the Surety Association of South Texas sponsored a number of surety bonding events reaching hundreds of small, emerging, and minority contractors. In addition to several articles published by members in construction and general news periodicals, they also entered a strategic alliance of memorandum with the SBA District Office in San Antonio to promote SBA program bonds and distribute information about surety bonds to small and emerging contractors.

Platinum Award

Only 11 Platinum Awards for Excellence in Surety Bond Promotion have been given since 1998. This award recognizes individual NASBP and SFAA members who have undertaken special initiatives to promote contract surety bonds. This award is not based simply on the volume of activities, but takes into account the impact of the member's actions in promoting the value and benefits of contract surety bonds. Four individuals have won this award:

- **Mike Battenfield**, The Hartford, Heathrow, FL - Battenfield has demonstrated genuine leadership of the **Florida Surety Association** and is the driving force behind the success of this very active group. He proactively promotes surety bonds to various audiences, particularly emerging contractors, state legislators, and engineering students. Battenfield has led the charge in a difficult state legislatively and successfully rallied members of the Florida Surety Association to follow him into battle. 
- **Matt Curran**, CNA Surety Corp., Maitland, FL - Curran has been actively involved with the **Florida Surety Association** for several years, leading the charge against onerous bond forms in Florida, meeting with state legislators, and actively promoting contract surety bonding to public owners and contractors. Curran and Battenfield, backed by members of the Florida Surety Association, present a united front in a difficult state legislatively. 
- **Donald D. Burden**, Zervos Group, Southfield, MI - Thanks to Burden's efforts at Michigan Contractor Assistance Program seminars, several emerging and minority contractors have been prequalified for surety. He personally assisted at least six minority contractors with their bonding needs. One Minority Business Enterprise who does surveying, environmental, and general construction went to Burden for help. He recommended a construction CPA and helped him prepare for the meeting with the surety underwriter. The MBE started off small with personal credit and now qualifies for standard, traditional surety in the \$500,000-\$1 million range. 
- **Michael D. Specht**, Minard-Ames Insurance Group, Phoenix, AZ - Specht's efforts are helping emerging contractors understand what surety bonds are all about. He teaches practical accounting and finance so participants gain skills to help them improve their bonding capacity and understand how information provided in the field affects the information provided to the surety. He also teaches bonding to students and contractors. He is active in several construction organizations and is President of the **Surety Association of Arizona**. 

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Tiger Trust Inductees Bond \$66 Million in Private Projects

Two individuals and an agency will be inducted into SIO's prestigious **Tiger Trust** for persuading private construction owners to require bonds on \$66 million in projects in 2006.

David R. Bradbury



David R. Bradbury, Murray Insurance Associates Inc., Lancaster, PA, convinced Franklin & Marshall College, not once but twice, under severe time and scheduling constraints, to require its contractor to specify subcontractor bonds for the \$45 million Life Sciences Building.

The original contractor was heavily promoting subcontractor default insurance, but Bradbury persuaded the college to require performance and payment bonds instead. Then the college and its contractor parted ways and the second contractor also advocated subcontractor default insurance. Once again, Bradbury reiterated the shortcomings of default insurance relative to surety bonds. The college, despite extreme pressure from the contractor, wisely listened to Bradbury and required subcontractor bonds. Thanks to him, 16 subcontract bonds were written.

"On behalf of Franklin & Marshall College, I would like to thank you for the time and effort you committed to educate our staff on the value of utilizing surety bonds in our construction project," said Barry Bosley, Associate VP for Administration, Franklin & Marshall College. "In addition, your insight detailing the differences between [subcontractor default insurance] and the surety bond product was influential in our decision making process."

Gibson Insurance Group

A group effort by **J. Kevin Hughes** and **Thomas McGovern** of Gibson Insurance Group, South Bend, IN, convinced Madison Center to bond two of its projects - a \$16 million mental health facility and a \$3.3 million child day care center. The bonds generated \$110,000 in premium.



"On behalf of Madison Center I would like to thank Gibson Insurance Group for stressing the importance of requiring performance and payment bonds for our new facilities," said Andrew Poole, Chief Financial Officer, Madison Center Inc. "Your influence and advice helped persuade Madison Center to require surety bonds for these two high profile projects."

Jason Gusso



Jason Gusso, Gusso Surety Bonds Inc., Sioux Falls, SD, persuaded Home Federal Bank to require a surety bond on its \$1.7 million branch building because, while its general contractor had an excellent reputation, a surety bond provided the "umbrella" protection the bank needed.

"Jason emphatically stated that protecting our project with a contract surety bond was an excellent idea and an outstanding risk management tool," said Steve Johnson, Facilities Manager, Home Federal Bank. "I appreciate Jason taking the time to explain the benefits of bonding and the practical application of using surety on our project."

Bradbury, the Gibson Insurance Group, and Gusso will be inducted into the Tiger Trust at the National Association of Surety Bond Producers' annual meeting April 25, 2007, in Phoenix, AZ. They also will be recognized at The Surety & Fidelity Association of America's annual meeting May 10, 2007, in Washington, DC.

Because the private sector offers the greatest potential for contract surety growth, it is important for surety professionals to persuade private owners and lenders to specify surety bonds on their projects. For materials and information on bonding private projects, visit [SIO's online store](#).

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New York City Surety Association Can't Drive 55

"Take my license, all that jive. I Can't Drive 55"-Sammy Hagar (1984)

Back in 2006, the New York City Surety Association initially hoped to build its membership from 37 to 50. When they surpassed their goal, they had a big party with "50" decorations to celebrate. Since reporting their success in the **July 2006 issue of LSA Communiqué**, **Joseph Cieri**, NYCSA President and Contract Manager, Safeco Surety, acknowledges the association's fascination with its speeding membership drive.

They upped their member campaign goal to 65 in "Drive for 65" but will be clocking 75 before you know it. The association had 115 attendees at its first luncheon in March 2007 featuring Lisa Clemens from Surety2000, who spoke on "Electronic Bonding: Past, Present & Future."

"We sent out over 50 e-mails to prospective new members encouraging them to join," Cieri notes, "and as a result we might need to soon change our motto to 'Drive for 75.'"

3-Step Program

1. Open membership to attorneys, bankers, and accountants
2. Recruit top-notch program speakers
3. Generate pride in membership

NYCSA has opened membership to attorneys, accountants, and bankers to expand diversity in the group, foster fresh ideas, and enhance networking opportunities.

If your local surety association has an accomplishment worth noting in LSA Communiqué, please contact Marc Ramsey, Communications Manager, at (202) 686-7463.

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