

July 2008

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SIO Embarks on New Mission

On behalf of the SIO Policy Board, SIO is excited to announce a new direction aimed at providing the resources that Local Surety Associations (LSA) and NASBP and SFAA members need to increase the awareness and use of contract surety bonds in the private sector, while yielding the greatest return for NASBP and SFAA's investments.

SIO's new mission is to:

"Enable NASBP and SFAA members and Local Surety Associations (LSA) to promote contract surety bonds through the use of readily available products and services."

The SIO Policy Board, represented by three SFAA members and three NASBP members, is committed to ensuring that SIO remains an important resource for the surety industry. Under the new strategic vision, SIO's activities and focus will be to:

- Identify opportunities to promote contract surety bonds, and when appropriate, match these opportunities to educate potential users of the surety product on the value of contract surety bonds with LSA, SFAA, and NASBP members;
- Develop new materials and update existing materials such as presentations, CDs, brochures, the SIO Web site, and other collateral;
- Assist LSAs and NASBP and SFAA members in developing presentations and handout material;
- Design materials to enhance their use, portability, and flexibility for easy updating with minimal time and effort;
- Expand and encourage LSA, SFAA, and NASBP members' participation in SIO's awards program;
- Write and promote the special surety supplements in *Engineering News-Record* and *Construction Executive*;
- Reach out to private owner groups to identify venues for SIO to exhibit and identify local NASBP and SFAA members and LSA members to staff exhibits;
- Develop outreach programs to colleges and universities through ACCE, balancing resource requirements with return on investment;
- Develop material that LSAs and NASBP and SFAA members can use to educate and expand public owners' knowledge and use of contract surety

- bonds;
- Cross-sell existing products to SIO “customers;”
- Develop positive stories on the surety product;
- Provide personal and immediate service; and
- Fulfill requests for information in a timely manner.

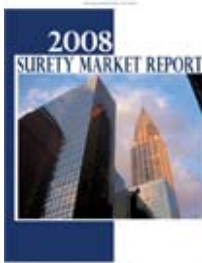
Based on this new mission and direction, SIO staffing has been reduced to two positions. Marla McIntyre has left SIO to pursue other job opportunities. Since 1997, Marla has made many contributions and has been instrumental in increasing the amount of information available on contract surety. **Marc Ramsey** and **Manvi Drona-Hidalgo** will continue their roles as Manager, Information and Communication, and Manager, Marketing and Technology, respectively.

The SIO Policy Board, along with Ex Officio members SFAA President **Lynn Schubert** and NASBP Executive Vice President **Dick Foss**, welcome comments and ideas on how to maximize return on investment in SIO.

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ENR Surety Supplement Great for Private Owners

In today’s challenging construction market, surety bonds play an even more important role – for both contractors and private construction owners. SIO’s 2008 Surety Supplement in *Engineering News-Record* offers advice from some of the nation’s leading surety industry executives on how surety bonding benefits project owners and protects them from the risks associated with contractor failure.



Published June 16, the Surety Supplement is a valuable resource that you can give to project owners to help explain the value of surety bonds in construction. Reprints are available via **SIO’s online store**, or **download a PDF** of the Surety Supplement.

SIO interviewed more than a dozen surety industry executives who discussed how increased competition among contractors, tightening credit terms, inflation, and weak dollar concerns are setting the stage for an uptick in contractor defaults. These executives advise project owners to use the surety product as a prequalification mechanism and rely more heavily on outside professional expertise – including the surety – for the prequalification process.

The Surety Supplement also covers such topics as cardinal change and abandonment, qualifying the surety and validating a bond, and The Surety & Fidelity Association of America’s 100th anniversary.

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Present Today’s Surety Market to Private Owners

Throughout the year, SIO updates “Contract Surety Bonds: Understanding Today’s Market,” a PowerPoint® presentation complete with speaker’s notes on the state of the surety industry, to reflect the latest market information based on interviews with surety industry executives.



This presentation, available on **SIO’s Web site**, is a great tool for introducing private construction owners, developers, and lenders to surety bonding and what they need to know about how the current market affects them.

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Use SIO Brochures to Reaffirm Your Message

When you speak about surety bonds to various audiences, it's important to conclude with a summarization of what you've just told them to reinforce your key message points. One way is to simply restate those talking points. But a more effective way is to give them something tangible that they can reference to later after they have absorbed your message. What better way to reinforce your key points than with SIO brochures!



SIO offers a number of brochures via [SIO's online store](#). To ensure you have the latest information, SIO has just revised three important brochures:

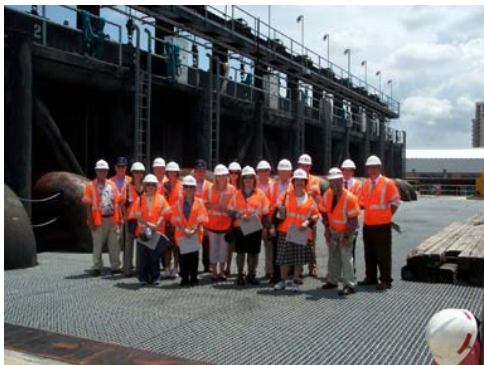
- **Helping Contractors Grow: Surety Bonds for New & Emerging Contractors** – This brochure, focusing on The Surety & Fidelity Association of America's Model Contractor Development Program (MCDP) and other bonding assistance and support programs for new and emerging contractors, was revised to reflect the success and evolution of the MCDP. [Download the PDF.](#)
- **SBA's Surety Bond Guarantee Program** – This brochure was revised to reflect several changes to the SBA program including eligibility requirements and contractor fees. [Download the PDF.](#)
- **Surety Bonds or Bank Letters of Credit** – This brochure was revised to be more concise and to emphasize key differences between these two risk mitigation tools. [Download the PDF.](#)

Printed copies of these three revised brochures, of course, can be ordered at no charge via [SIO's online store](#).

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Surety Association of Louisiana Visits 17th Street Canal

The Surety Association of Louisiana toured the 17th Street canal June 10 in New Orleans to see the work and impact on the area. A number of contractors are working for the U.S. Army Corps of Engineers in the Gulf Coast region on the hurricane protection system.



The breach of the 17th Street canal during Hurricane Katrina in August 2005 contributed to much of the flooding of New Orleans, particularly the West End and Lakeview neighborhoods.

Association members met with Michael Maples, a Protocol Officer with the Corps, to see the 11 paneled gates that are open during normal conditions and closed during impending storms. The 18 temporary, 11 direct drive, and 14 portable pumps on the site have a pumping capacity between 8,800 and

9,200 cubic feet per second – equivalent to filling an Olympic-sized swimming pool in less than 10 seconds. These pumps will evacuate water through the gate structure into Lake Pontchartrain.

The federal government has appropriated more than \$7 billion to complete the work of restoring and improving the hurricane protection system in New Orleans.

Once thought of as a problem specific to the New Orleans region, contractors in the Midwest are now dealing with levee breaches due to the flooding of the Mississippi River.

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Online LSA Handbook

SIO and The Surety & Fidelity Association of America developed an online **LSA Handbook** to provide LSAs with a central source of information related to development, stewardship, and expansion of their associations. If you haven't done so already, be sure to add www.sio.org/Surety/lisa_handbook/index.html to your Web browser "Favorites."

Comments and suggestions for additional information are always welcome. Please contact SIO at (202) 686-7463 or sio@sio.org with ideas.

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