

Fall 2010

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## Welcome!

*The LSA Communiqué is a quarterly electronic newsletter for local surety associations. Please forward this newsletter to your members, so they are aware of SIO publications and industry information of interest to them. If you have comments, suggestions, or LSA news to report, please contact [Marc Ramsey](#).*

## Policy Board Defines Awards Program Criteria

The SIO Policy Board has updated the criteria for the Awards for Excellence in Surety Bond Promotion program to provide clarity and and better understanding about the types of promotional activities considered eligible for these awards. Examples of such promotional activities are provided to serve as a guide for LSAs. Furthermore, the Policy Board has established a new "Advocacy Award."



### **Silver Award**

For LSAs that conduct at least **five** (5) public relations and educational activities in a calendar year to promote the use of contract surety bonds in construction to non-surety/insurance or lawyer audiences.

### **Gold Award**

For LSAs that conduct at least **ten** (10) public relations and educational activities in a calendar year to promote the use of contract surety bonds in construction to non-surety/insurance or lawyer audiences.

### **Platinum Award**

For an individual SFAA or NASBP member whose efforts to promote contract surety bonds have had a **significant impact** on the surety industry. This award is not based on the volume of activities, but on the successful outcome of the individual's actions in promoting the value and benefits of contract surety bonds. Nominations for this award must summarize the significance of the individual's accomplishments and specify outcomes and results of his or her efforts.

### **Advocacy Award**

For LSAs that conduct significant activities advocating for suretyship, other than public relations or educational, such as fighting legislative efforts to waive bonds or increase bond thresholds, or advocating for reasonable bond forms.

## ADVICE

### **Promotional (Silver, Gold, Platinum Awards)**

- Presentations and meetings
- Meeting with obligees
- Workshops and seminars
- Exhibitions

***Explanation of Criteria:***

Promotional activities are those that LSA members conduct to reach a construction-related audience and encourage the use of contract surety bonds, particularly where such bonds may not be used otherwise. These activities may include exhibits, presentations or meetings with private or public owners, lenders, contractors, subcontractors or small and emerging contractors in an effort to convince the audience to use surety bonds. Efforts directed to lawyers and surety/insurance audiences are not eligible.

***Examples:***

1. An LSA member or group of LSA members presents to a **private construction owner** such as a hotel developer or private university on the use and protections of surety bonds, where the intended result would be a bond being required on a construction project.
2. An LSA member or group of LSA members presents to a construction company or group of **contractors** on a contract surety topic such as the importance of establishing a subcontractor bonding policy, where the intended result would be bonds being written.
3. An LSA member or group of LSA members works with or presents to a group of **small, emerging or minority contractors or small business conference or small business development center** on how to obtain surety bonds, where the intended result would be first bonds being written.
4. An LSA member or group of LSA members presents to a **construction lender** or group of lenders on the protections of surety bonds and how to specify bonds as a condition of a construction loan, where the intended result would be bonds being written.
5. An LSA member or group of LSA members meets with a **public project owner** or representative such as a purchasing department to promote the use of surety bonds, where the intended result would be bonds being written.
6. An LSA member or group of LSA members presents to a **private owner association or organization** such as the Construction Owners Association of America in an effort to heighten awareness and understanding of the value and protections of contract surety bonds where the intended result is the increased use of surety bonds by members of the organization.

***Advocacy (Advocacy Award)***

- Legislative efforts
- Contract and/or bond form advocacy
- Regulatory advocacy
- Sponsorships
- Scholarships
- Community outreach/volunteerism
- LSA participation in SFAA and/or NASBP Congressional fly-in events

***Explanation of Criteria:***

In contrast to promotional activities, advocacy efforts are those significant efforts that support, encourage, protect or promote suretyship through a variety of means, but are not necessarily conducted with the intention that surety bonds will be written as a result of the activity.

***Examples:***

1. An LSA member or group of LSA members meets with state **legislative offices** to explain the purposes and protections of surety bonds, where the intended result would be the decision not to waive bonds or increase the current bond threshold.
2. An LSA member or group of LSA members meets with or sends letters to a **project owner** or **general contractor** to explain the problem with a high rating requirement or onerous contract or bond language, where the intended result would be changes eliminating barriers to bonding.
3. An LSA member or group of LSA members presents to a construction company or group of **contractors** on a contract surety topic such as financial statements or the current surety marketplace, resulting in increased understanding and appreciation for the value and benefits of surety bonding and the surety relationship.
4. An LSA member or group of LSA members works with or presents on a surety bond topic to a group of **small, emerging or minority contractors, a small business conference or a small business development center**, resulting in greater

understanding about the surety bonding process, the value of bonds and the opportunity for new bonds to be written for these contractors.

5. An LSA offers a **sponsorship, scholarship** or participates in a **community volunteer activity** such as Habitat for Humanity to promote suretyship and the surety industry in a positive light, resulting in an appreciation for surety professionals and the surety industry or a better understanding of the surety product.

### Examples of Promotional and Advocacy Activities

Audience	Promotional	Advocacy
Private owners and private owner organizations	Presentations and meetings promoting use of bonds	Letters explaining problems with high rating requirements or onerous contract or bond language
Public owners and public owner organizations	Presentations and meetings promoting use of bonds	Letters explaining problems with high rating requirements or onerous contract or bond language  Letters or meeting explaining bond requirements and availability
Contractors and contractor organizations	Presentations and meetings promoting use of bonds and subcontractor bonds	Letters to general contractors about onerous subcontractor bond forms
Small and emerging contractors, small business conference attendees or small business development centers	Presentations and meetings on how to obtain bonds and the bonding process leading to first bonds or increased bond lines	Presentations and meetings that advocate for suretyship and result in better understanding about the surety bonding process, the value of bonds and the opportunity for new bonds to be written
Construction lenders	Presentations and meetings promoting use of bonds and specifying bonds as a condition of construction loan	
Legislative offices		Meetings with legislators or legislative staff about surety bonding and surety issues
Community		Sponsorships, scholarships and community volunteer activities that advocate suretyship or promote the surety industry

For details on how to enter these awards or the Tiger Trust, visit the SIO awards website, <http://awards.suretyinfo.org>.

### Look for Surety Section in November *Construction Executive*

SIO's annual Surety Section will be published in the November 2010 edition of *Construction Executive* magazine. The Surety Section contains articles on the following topics in addition to the 2010 Surety Market Report and Executive Insights:

- Managing surety credit in the down cycle
- 3Ps
- Contractor survivor profiles



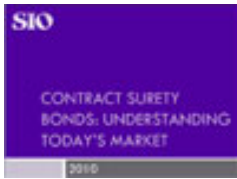
- FASB proposal and effect on contractors' financial statements
- Producers' advice to small contractors
- Legislation affecting contractors
- U.S. DOT launches MCDP

In November, the Surety Section will be added to the SIO website, [www.sio.org/fstore.html](http://www.sio.org/fstore.html), where reprints can be ordered and a PDF can be downloaded.

Thank you to the industry executives for their time and support.

Comments and suggestions always are welcome. Send e-mail to Marc Ramsey at [mramsey@surety.org](mailto:mramsey@surety.org).

## Today's Market Presentation Updated



The "Contract Surety Bonds: Understanding Today's Market" PowerPoint presentation has been revised with the latest statistical and surety marketplace information.

Featuring a new design, this presentation is available on the [SIO website](http://www.sio.org). Visit the [online SIO store](http://www.sio.org/fstore.html) for additional presentations. To download these presentations and other files directly to your computer, right-click on the links (i.e. "View PowerPoint Presentation" or "View PDF"), choose "Save Target As..." from the drop-down menu, designate a folder in which to save the file and click the "Save" button.

## Time to Update Your LSA Directory Listings

Please visit the [LSA Directory](http://www.sio.org/lsa), review the roster of officers for your local surety association and submit the updated contact information to [Marc Ramsey](mailto:mramsey@surety.org) by **December 31, 2010**. If your LSA holds elections after this deadline, please let us know when we should expect to receive your update.

It is important to maintain up-to-date contact information for your officers, because hundreds of visitors to the SIO website access this directory throughout the year looking for local contacts for their surety questions or concerns.

Change of addresses and/or new officer information can be submitted throughout the year by contacting [Marc Ramsey](mailto:mramsey@surety.org) at (202) 778-3629.



### Surety Information Office

<http://www.sio.org> | [sio@sio.org](mailto:sio@sio.org)

SIO is a joint initiative of the National Association of Surety Bond Producers (NASBP) and The Surety & Fidelity Association of America (SFAA).

This electronic newsletter is distributed quarterly to presidents of local surety associations. If you have received this email in error, or if your contact information has changed, please contact Marc Ramsey at [mramsey@surety.org](mailto:mramsey@surety.org).