

Executive Insights in Surety Bonding

What clauses should bond producers and construction companies be on the lookout for in contracts?

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Our advice is: Always read your contract and, where appropriate, seek the input of your surety to help you avoid onerous bond language. Here's a quick list of clauses to be aware of:

- Damage clauses, including liquidated, actual, consequential and efficiency;
- subcontract flow-down provisions;
- indemnification clauses;
- environmental indemnification clauses;
- differing site condition clauses;
- warranty, venue and jurisdiction provisions;
- attorney fee provisions; and
- statute of limitation waivers.

In each of these cases, the goal is to limit the risk to what a contractor and its surety should truly be responsible for and not force them to take on unnecessary risks. Your professional surety agent and surety underwriter should be able to assist you with identifying onerous contract language, allowing you to modify it and right-size your risk.

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