

# Surety Bonds and Guarantees

How Chubb can improve a company's financial flexibility.

CHUBB®



## What does Chubb offer?

Chubb has long provided conventional surety bonds in the construction and engineering sectors, permitting companies to comply with their contractual obligation to provide third party assurance that a contract will be completed satisfactorily.

Increasingly Chubb are providing bespoke solutions for clients in virtually any sector and in a variety of scenarios where often a company would previously have arranged a bank guarantee or letter of credit. Surety Bonds are often interchangeable with bank guarantees and letters of credit, so wherever there is a bank guarantee in place, we are likely to be able to replace this with a surety bond.

The primary advantage of using Chubb is that bank lines are kept free for funding purposes, improving a company's financial flexibility.

## Surety Guarantees/Bonds can replace or be used in lieu of:

- Letters of Credit in favour of fronting insurance carriers of compulsory insurance programmes (e.g. Public Liability/Motor)
- Bank Guarantees supporting pension deficits and other pension related obligations
- Letters of Credit / Bank Guarantees supporting Decommissioning, Restoration, or Closure and Abandonment obligations
- Bank guarantees provided to HMRC (Duty Deferment, Comprehensive Custom Guarantees, Tax Appeal), or other government agencies such as EA and EPA.

## Example/Product

### **Pension Bond**

- Provides an alternative source of security, reducing the level of contributions
- Strengthens the employer covenant to support a recovery plan or revised investment strategy (retain cash to invest in the business with the peace of mind of a highly rated guarantor supporting the scheme)
- Can potentially contribute to a lower PPF levy

## What is a surety bond or guarantee?

A surety bond (accessory to the contract) or guarantee (autonomous) is a written obligation taken by a guarantor (a bank or insurer) covering the beneficiary against the default of the bonded or guaranteed company. It secures the fulfilment of contractual, commercial or legal obligations.

A surety bond or guarantee is distinctive from a traditional insurance contract in that the guarantor holds recourse rights against the bonded or guaranteed company and can recover the disbursed funds under the instrument from the bonded or guaranteed company.

## How can I obtain a surety bond or guarantee?

In order to get surety bonds or guarantees from Chubb, a credit analysis of the bonded or guaranteed company is made based on information such as the latest consolidated financial reports; business plan and forecasts; terms and conditions of the credit lines in place.

## Why choose Chubb?

**Technical expertise** and experience with the flexibility to structure unique solutions.

**AA rated** by S&P - Exceptional financial strength, managing risk conservatively in both underwriting and investing.

**Substantial capacity** provided of up to hundreds of millions of pounds.

**Reduce risk concentration** of acceptable guarantee/credit providers by diversifying range of providers (banks to insurers).

**Worldwide** capability to arrange the provision of bonds.

**Extensive background** in successfully placing bonds for large corporates.

**Competitive rates** combined with superior service.

## Contact us

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**IMPORTANT NOTICE:** In order to prepare for the UK's exit from the European Union, Chubb is making certain changes. It is currently anticipated that during 2018 Chubb European Group Limited will convert to a public limited company, when it will be known as Chubb European Group Plc. It is then proposed that the company converts into the legal form of a European Company (Societas Europaea), when it will be known as Chubb European Group SE. The company will still be domiciled and have its registered office at the same address in England and will remain authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

To stay up to date with our Brexit preparations and for more information about what it means for you, refer to our website at [chubb.com/brexit](http://chubb.com/brexit)

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