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# ACCOUNT UNDERWRITING FOR EMERGING TECHNOLOGIES

## Transition from Private to Public Companies

Whether though a traditional IPO or a SPAC,

- Indemnity. With a SPAC, the target company (our tech client) is legally a new entity, therefore requiring a new indemnity agreement.
- With a significantly increased capital based and financial foundations, at least for the time being, there needs to be a review of the surety market selection.
- Increased geographic expansion.
- Larger surety bond needs, both single and aggregate
- Expansion in scope of work beyond what was executed in the pre-IPO ear





# ACCOUNT HANDLING

### Managing

- Managing non-construction clients who need prequal letters, bid bonds and final bonds.
  - There may be a lack of knowledge, understanding and/or appreciation for the surety underwriting process for their contract bond needs.
  - As these technology companies rapidly expand their markets, staffing, etc., education of the various layers of the organization and different departments (sales, legal and financial) is critical.

### Dealing

- Dealing with geographically-disbursed sales engineering staff and a centralized legal and financial infrastructure and oversight
  - Managing prequal and bid bonds from sales engineers often require additional internal approvals from the client's financial and legal teams in their H. O.'s



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# CONTRACTS AND BOND FORMS





# MOVING FORWARD WITH NEW AND EMERGING TECHNOLOGIES

- Bonding new and emerging technologies present new challenges in both account underwriting and bond form construction and review.
- Application of credit modeling given the structure of the industry will present underwriting challenges.
- Use of traditional construction (sticks and bricks) bond forms are not necessarily applicable to the forms of contracts being used for new technologies.



