

Moving Toward an Electronic Bonding World: Will COVID-19 Be the Impetus?

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CORBAN ENNS, SURETY SOLUTIONS, A GALLAGHER COMPANY

The Request for Emergency Action

- •What does it mean to you, your customers, and obligees?
- •What are NASBP and SFAA doing to help?
- •Where are electronic bonds already being utilized?
- •What response have we received?
- •Are you finding acceptance or resistance?
- •COVID-19: A catalyst for change?
- •What should our strategy be to drive long term change?
- •Questions

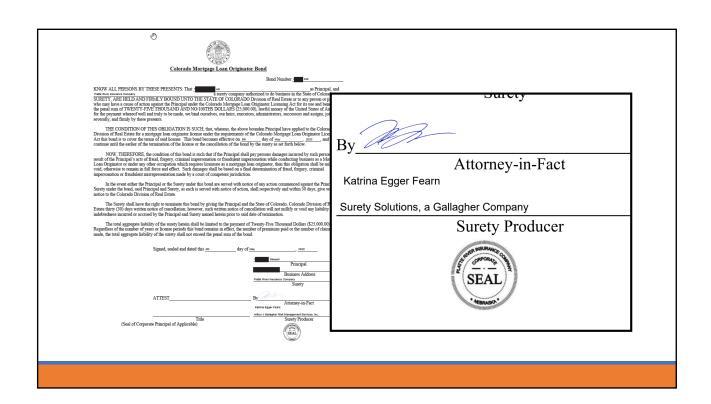


The Request for Emergency Action- What Does It Mean To You?

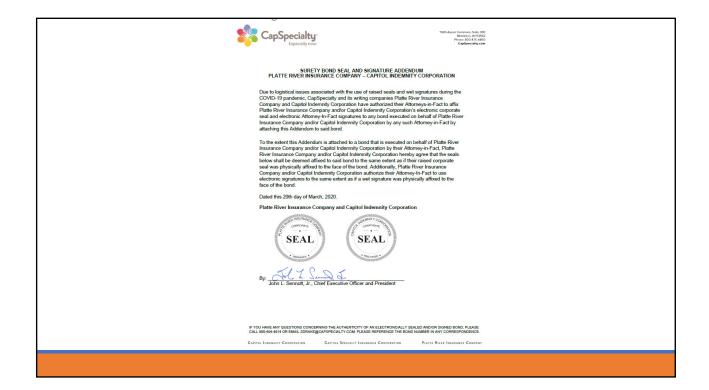
- SFAA / NASBP Survey Significant Concerns: Execution, Corporate Seal, Notary & Technology
- Joint SFAA, APCIA and NASBP Request for Action
- Two asks
 - 1. Mandate Acceptance of all Electronically Executed and Issued Construction and Commercial Surety Bonds
 - 2. Waive the Notary Requirement









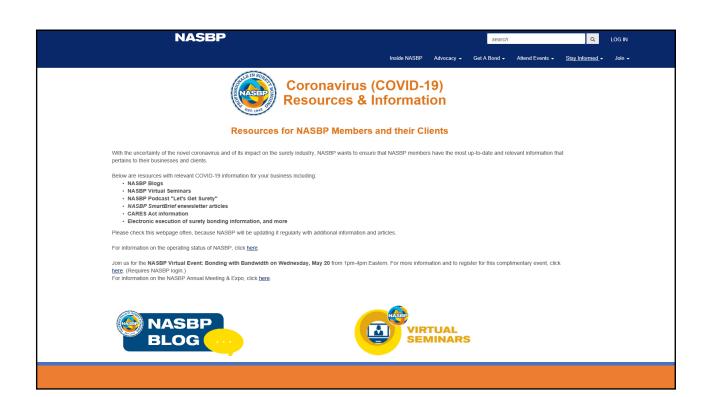


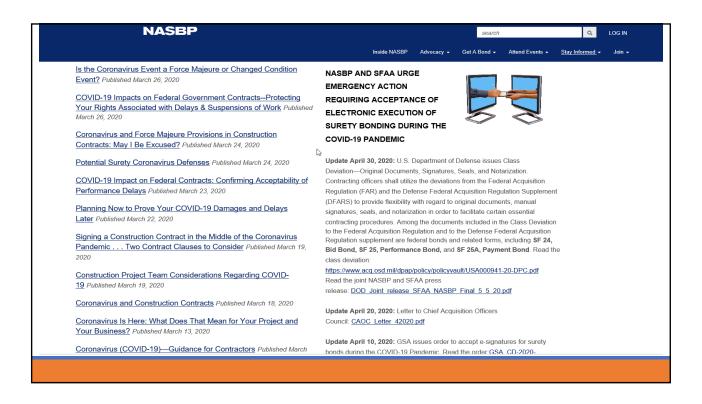
What Are NASBP and SFAA Doing To Help?

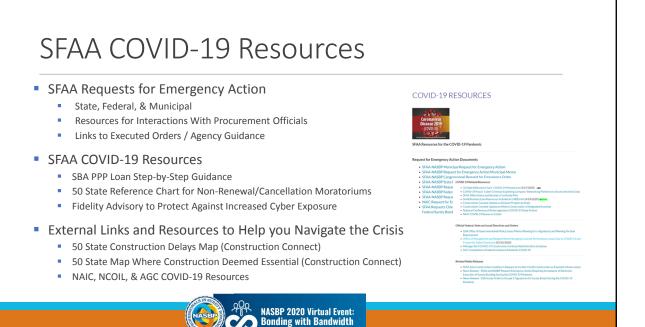
Federal and State Advocacy - E-bonding

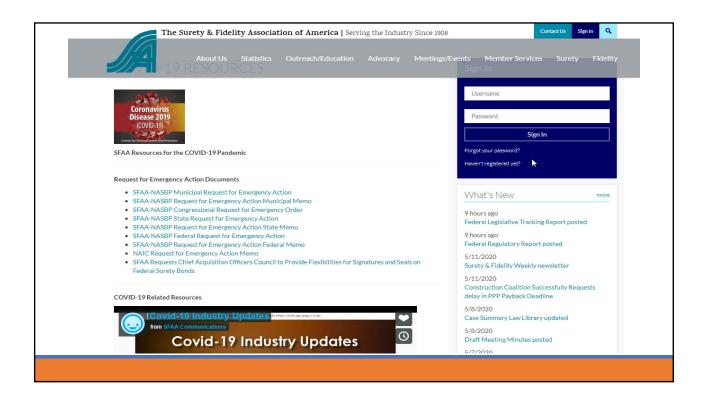
- Joint SFAA, NASBP and APCIA Request for Action
 - Congressional and Federal Request by Construction Procurement Coalition
 - Governors, State DOIs, and Specific Agencies
 - All Commissioners of Insurance + Senior DOI staff
 - Emails to Mayors across the U.S.
- Follow-up in conjunction with NASBP
 - Board of Directors and CBOs: Letters to Governors
 - NASBP: Local Member Outreach to Governors / Public Officials
 - Local Surety Associations: Letters to Governors / Public Officials











Where Are Electronic Bonds Already Accepted?

- Federal GSA & DOD Deviations Flexibilities for Signatures and Seals on Bonds
- Companies / Brokers Using SFAAA Materials to Address Any Issues
- States With Formal Action Specific to Electronic Execution & Delivery:
 - TN Governor's Executive Order
 - MN Department of Commerce Regulatory Guidance
 - VA Bureau of Insurance Statement
 - MI Governor's Executive Order
 - IL Governor's Executive Order
- 20+ States With Action to Allow Virtual Remote Notarization
- States Working Directly With Agencies to Confirm Acceptance of Electronic Signatures With Virtual Remote Notarization
- Continued Active Engagement With States Many are Close



The Response - State Agencies & e-Bonding

- Excellent Responses and Reception to Request of Action
- Many Ongoing, Productive Conversations
- Questions/pushback:
 - Isn't Remote Online Notarization (RON) Sufficient?
 - Isn't the Uniform Electronic Transactions Act (UETA) Sufficient?
 - What Statutes and Rules Would We Need to Suspend?
 - Specific Examples of Electronic Bonding Not Being Accepted in Our State?



What Responses Have You Received? Acceptance or Resistance?

CLICK ON CHAT WINDOW TO SHARE OR ASK QUESTIONS

COVID-19: A Catalyst For Change?

- Brief history of our advocacy for electronic bonding
- Lessons learned: Electronic procurement drives electronic bonding!
- Industry coalition developed guidelines
- Successes to date
- Example: Electronic bond with the required characteristics



Surety Automation

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Joint Automation Committee (JAC)

Electronic Bonding ety Data Standards Resources Contact Us

A CLEARINGHOUSE OF INFORMATION AND BEST PRACTICES REGARDING SURETY AUTOMATION ISSUES, TRENDS, DEVELOPMENTS AND TECHNOLOGIES.



The Vision of Surety Automation

The objective of surety automation is to employ technology to streamline processes, reduce redundancies and increase productivity in the surety bond process, which spans the application for the bond, the execution and submission of the bond and the processing of premium. The objectives of surety automation are realized fully when methodologies involving transmission, security, verification and data integration encourage the broadest participation by surety companies, surety bond producers, contractors, project owners, risk managers and other parties in the bond process. Any methodology should seek to maximize interoperability among disparate systems. Broad participation in surety automation is the vision. Interoperability through open standards and systems is the way to that vision.

Surety Data Standards

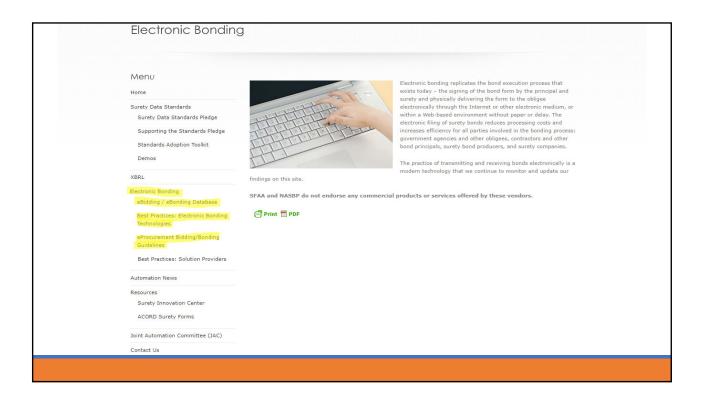
See a useful, brief infographic on the value of surety data standards. To learn about the Surety Data Standards Toolkit and how to realize value from its implementation, visit the Toolkit page. You can find out about the Standards Pledge here. View the recorded webinar introducing the Toolkit. For more updates on surety data standards, please visit the XBRL and ACORD Surety Forms pages.

Surety Innovation Center

The First Surety Innovation Center was held at the 2017 NASBP Annual Meeting in Boca Raton, Florida. Learn more by clicking here.

Latest Automation News

The Dig In Podcast 003: Speeding up insurance digitalization post-COVID
With insurers rapidly deploying digital capabilities in order to service socially distancing customers, Jamie Yoder of Snapsheet thinks these habits could still and become status run onion forward.



The Bond Execution Process A surely brond is a three party generated wheeky the surely guarantees that one party (the principal) will perform its obligations owed or another the chologies. Both the surely and the principal are labels to the cologies. Therefore, both the surely and principal sign the bond. When the bond is a paper document, the bond execution process pensely follows the following steps: - surely agent completes the necessary information on the bond execution process pensely follows the following steps: - surely agent group the bond form. - surely agent group the bond form. - surely agent group the bond form. - principal distincts the bond to the elique. - principal distincts the bond to the elique. - an electronic rechology must breakled the selection process. - principal distincts the bond to the elique. - An electronic rechology must be sufficient the selection process. - principal distincts the bond to the elique. - An electronic rechology must be sufficient to select the selection of the electronic velocit. - Electronic Bond Execution Process - A najor interest to sureless it that bond eliques implement methodologies that are not restricted to a technology provided by a specific velocit. Sureless desire the salidy for dones the technology or window that but meets their invoids state than the required to use a particular ventor. If sureless are to have a chose, it is crucial that completion in footnetic and several ventors are surely because the process of the

eProcurement Bidding/Bonding Guidelines

suretyautomation.org/ebiddingbonding/eprocurement-biddingbonding-guidelines

NOTE: This document is also downloadable in PDF format by clicking the link at the bottom of the document. You can customize your results by clicking the header of the table or searching prior to printing.

INTRODUCTION

A coalition of organizations deeply involved in the procurement and bonding processes of public projects, has joined together on sets of common principles addressing the use are impact of else troinic methodologies in the procurement process. The associated General Contractors of America (AGC), the American Road & Transportation Builders Association (ARTBA) the American Subcontractors Association (ASA), the Construction Management Association of America (AAA), the Surety and Tidelity Association of America (ASA), the National Association of Surety Bond Producers (NASBP), epresenting the supply side of construction industry stakeholders, have developed the following document to assist public owners implementing execution; procurement as guidance regarding methodologies and system characteristics that respect the interests of all parties. The stakeholders acknowledge that the advent of electronic procurement and bonding offers unprecedented opportunities to reduce processing costs, enhance transparency and increase efficiency for all parties. Such electronic interhologies, however, must be open, interoperable and have adequate security and privacy safeguards to preserve and promote the integrity of a competitive procurement environment. At a minimum, electronic interhologies, but in the procurement/bond process should adopt clear procedures that reduce confusion and that allow access to all qualified bidders. Further, any process should not affect the legal rights and responsibilities of all parties: owners, construction managers, contractors, sureties and bond producers. This document serves to establish common parameters for all public owners in the electronic procurement and bonding process.

EPROCUREMENT BIDDING/BONDING GUIDELINES GENERAL PRINCIPLES

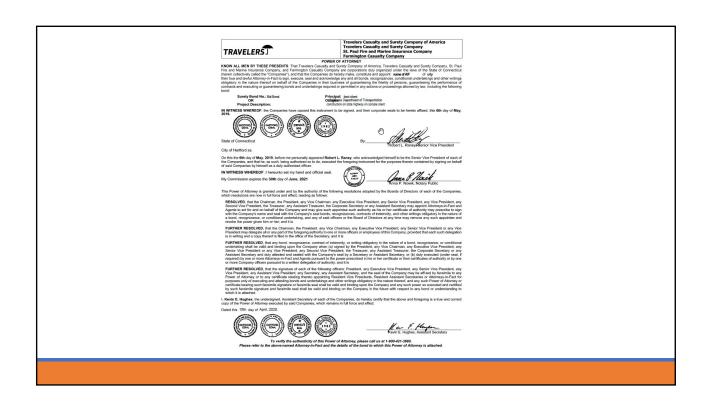
Public entities should work toward development of an open standard for electronic bidding that fosters interoperability, Ideally, such a standard would be implemented easily by any party working with any number of technology providers who have implemented the standard. Public entities should not require the exclusive use of proprietary authentication technologies, but rather they should require a protocol that can integrate with a variety of systems that meet the required standards. Implementation of proprietary authentication technologies may increase costs and limit bidder access by placing an undue burder on parties to obtain and implement multiple technologies and systems to satisfy the requirements promulgated by each public entity.

Further, AGC, ARTRA, ASA, AASHTC, CAMA, SEAA and NASRP recommend that the following be taken into consideration by public entities considering the utilization of electronic methodologies during the contract procurement process:

- ELECTRONIC PROCUREMENT/BONDING GENERALLY: implementation of an electronic procurement methodology should include requirements to file bonds electronically (either/both at the time of the initial bid-bond and/or final bond). Such requirements should be phased in over a reasonable period of time, so that parties not yet automated may continue to submit sper/hard copy documents. This will provide a needed transition period and ensure fair and equal opportunity to a
- INFORMATION AVAILABILITY: Procurement information on proposed projects, including project announcements, project
 plans and specifications, addenda, reports of bid results, and the award itself must be readily accessible to all interested
 bidders. Bidders should be permitted to request any clarifications to plans and specifications in sufficient time to permit
 issuance of addenda. All addenda should be issued in sufficient time to allow processing by the bidders. Addenda and/or
 any changes to the proposed project should be publicly available and electronically issued to each registered holder of
 procurement documents.

eBidding / eBonding Database The following chart shows what obligees are engaging in electronic bonding. It reflects information that currently is available to SFAL and MYSER We will be seaking to compile additional information for each entry. In particular we hope to show the particular hyber bond that can be submitted electronically and the contact information for the obligee. If you have this information, please contact units. Menu Surety Data Standards Pledge Supporting the Standards Pledge Standards Adoption Toolkit Demos Electronic Bonding Bid Express, Surepath Department of Transportation Contracts & Specifications Section eProcurement Bidding/Bonding Guidelines State Highway and Transportation Department Department of Transportation Bid Express, Surepath Best Practices: Solution Providers Department of Transportation ACORD Surety Forms Boulder County Transportation City of Hartford Department of Transportation Bid Express City of Punta Gorda City of Gainesville Bid Express, BondPro,

	BVN No. 9494-999-XXXXXXIIII STATE OF CALIFORNIA - DEPARTMENT OF TRANSPORTATION BIDDER'S BOND DES 06 0123 (NEV 082016)	Contract No. <u>sample</u> Bond No. <u>Bid Bond</u>	
	We test client		
	1234 test st., test city, ca	as Principal, and	
	Travelers Casualty and Surely Company of America as Surely are Dougland untit he State of Caldreina, Department of Transportation, hereafter referred to as "Colloges", in the penal sum of the percent (LYR) of the total amount of the bild of the Principal submitted to the Colligee for the work described below, for the payment of which sum we bind ourselves, Jonly and severelyes, Jonly and severelyes, Jonly and severelyes, Jonly and severely.		
	(T) THE CONDITION OF THIS OBLIGATION IS SUCH, THAT:		
	WHIEREAS, the Principal is submitting a bid to the Obligee, for constituting, and the principal is submitted to a submitting a bid to the Obligee, for constituting, and the principal is submitted to a		
	for which bids are to be opened at <u>Sacramento</u> , CA	(History process where thing such set appearing)	
		on May 7, 2020 (med data of set opward)	
	the prescribed forms are presented to him for signature, enters into a files two bonds with the Obligee, one to guarantee faithful performano payment for labor and materiats as provided by law, then this obligation		
	Dated:April 15, 2020		
	test client Principal Travelers Casualty and Surety Company of Ameica Surety	100 California St. San Francisco, CA 94111 Address of Surety or components By See Attached Digital Signature	
		Attorney-in-Fact	
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT			
A notary public or other different completing this certificate varieties only the blanking of the individual who signed this document to which this certificate is altaboxed, and not the this bufferent, accounts, or without you find document.			
	State of California County of	Electronic Bid Bond	
	On this before me,		
	personally appeared	New Insert Karne and Talle of the Oricer Kenness of Superior	
	who proved to me on the basis of additactory evidence to be the person(s) whose name(s) laters subscribed to the within instrument and acknowledged to me that heitherithey executed the same in inhilherither authorated capacityles), and that by hisheritheir signature(s) on the instrument the person(s), or the entity pone heal of which the person(s) and the entity pone heal of which the person(s) and the entity pone heal of which the person(s) and the entity pone heal of which the person(s) and the entity pone heal of which the person(s) and the entity pone heal of which the person(s) and the entity pone heal of which the person(s) and the entity pone heal of which the person(s) and the entity pone heal of which the person should be extended the instrument.		
I certify under PEINALTY OF PEIR-LURY under the laws of the State of California that the foregoing paragraph is true and correct.			
WITNESS my hand and official seal.			
	(SEAL) Signa	Signature of Andley Public	
ADA Notice For Individuals with sensory disabilities, this document to applicable in alternate formats from this individual in the sensory disabilities, the document to applicable in alternate formats individually in the sensor of the senso			
	BOND_BID_BOND_REV_2 Attached PKI Signatures		
	attorney in fact's name: Verified - Signature Valid- Certificate Issuer: TrustID CA A12 Valid from 21/32/208 813:44 AM to 21/8/2023 8:13:44 AM Signed on (local machine time): April 15, 2020 11:59;83 AM		
	· ·		



Strategy For Long Term Change

- •What we learned and may consider moving forward:
 - Evolve and build upon best practices for electronic bonding & procurement
 - Working group between NASBP and SFAA
- Provide information for where we are having success
- NASBP & SFAA Technology committees promote guideline-compliant solutions
- NASBP and SFAA can assist



Additional Suggestions? Questions?

CLICK ON CHAT WINDOW TO SHARE OR ASK QUESTIONS