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### **GSA Issues Important Clarification on Use of Electronic Signatures**



Last week, the United States General Services Administration (GSA) issued an important order, [Class Deviation – Flexibilities for Signatures and Seals on Bonds](#), to allow vendors and sureties to use electronic signatures in lieu of manual signatures thus eliminating the requirement for any seals on the surety bonds. The order applies only to GSA contracts, but is an important step for surety companies that allows them to continue to conduct business with the federal government while complying with social distancing requirements and stay at home orders. SFAA and NASBP issued a joint press release, [GSA Issues Order to Accept E-Signatures for Surety Bonds During the COVID-19 Pandemic](#), commending the GSA for its actions.

Furthermore, SFAA is reaching out to additional federal agencies to inform them of the

GSA order and encouraging them to take similar steps that would ensure that the private sector can continue to provide surety bonds on federal contracts. SFAA continues its electronic bonding outreach efforts with all governors and mayors, encouraging them to take immediate steps to advance the surety industry's [Request for Emergency Action](#).

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## SFAA Updates New Bonding Opportunity Report and End of Session Reports

SFAA has new updates to several of its legislative and regulatory tracking reports for this legislative session. Notably, SFAA has published its [Legislative](#) and [Regulatory](#) New Bonding Opportunity Reports for SFAA members. These reports highlight enacted legislation and finalized regulations from Q1 2020 that contemplates new bond requirements. Additionally, SFAA has updated several of its End of Session Reports for states that have adjourned their legislative sessions for 2020. New reports for Idaho, Indiana, South Dakota, Utah, Washington, West Virginia, and Wyoming and available for SFAA members [here](#).

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## AGC Secures Important Clarification on SBA Paycheck Protection Loans for Construction Industry



The Associated General Contractors (AGC) of America secured an important [clarification](#) from U.S. Treasury and the Small Business Association (SBA) ensuring construction firms with 500 or fewer employees qualify for the new Paycheck Protection Program loans. Last week, the AGC noticed a critical drafting error in the SBA's interim final rule administering the Paycheck Protection Program for small businesses that could have prevented many firms in the construction industry from accessing much needed loans. In response to the AGC's concerns, US Treasury and the SBA clarified that all construction industry firms with fewer than 500 employees are eligible to apply for loans.

Separately, the AGC conducted a [survey](#) that found approximately 40% of construction firms have been forced to lay off employees amid widespread project cancellations due to COVID-19. The survey found that more than half of the respondents have been forced to halt current projects and 74% of contractor respondents have sought SBA loans to retain staff. Earlier this month, SFAA provided step by step guidance on how small business contractors can apply for these loans which can be found by clicking [here](#).

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## Congress Shifts Focus Away From Infrastructure to Immediate COVID-19 Relief Legislation

During one of last week's legislative session, Congress failed to advance additional COVID-19 relief legislation that would have replenished funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP). After passing the CARES Package, Congress quickly shifted its attention to drafting significant infrastructure reform legislation to stimulate the economy in the wake of the COVID-19 economic slowdown; however, the overwhelming volume of applications for SBA loans quickly demonstrated the need for Congress to advance more immediate relief. Republican leadership in the Senate attempted to advance straightforward legislation to inject more funding into the SBA loan program but Democrats raised concerns that any immediate relief legislation should also include additional funding for hospitals, COVID-19 testing and food stamp programs. Reports indicate that Senate Minority Leader Schumer and Treasury Secretary Mnuchin have agreed to work on a bipartisan basis to advance an agreement this week as the SBA program is quickly exhausting the nearly \$350B of

lending capacity that was approved in the CARES Act. Discussions around infrastructure reform will likely resume after immediate relief legislation is approved.

## AM Best Downgrades Surety Sector Outlook from Stable to Negative



As a result of the COVID-19 caused economic slowdown, AM Best has revised its market segment outlook on the surety segment from Stable to Negative. AM Best cites the increased potential for disruptions in the supply chain, which can affect the availability and cost of construction materials, and government restrictions on labor as the main drivers for its decision to downgrade the Surety industry's economic outlook. Additionally, AM Best notes that as contractors face more COVID-19-related restrictions, they expect there will be significant project delays, an inability to complete certain projects and lower levels of new construction. AM Best notes that its outlook could significantly change if Congress passes a large infrastructure spending bill to bolster construction spending in the wake of COVID-19.

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