

Surety & Fidelity WEEKLY



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RiskStream Surety Lab Workshop on Powers of Attorneys on April 28, 2021. [Registration Link for Session 3.](#)



SFAA and NASBP Host Virtual Legislative Fly-In, Largest Participation To Date

The Surety & Fidelity Association of America (SFAA) and the National Association of Surety Bond Producers (NASBP) held their first-ever Virtual Joint Legislative “Fly-In” last week on Thursday, March 25, 2021. The SFAA and NASBP Joint Legislative Fly-In was a huge success with over 100 attendees participating in 133 meetings throughout the day, making this the largest SFAA Fly-In to date. The Joint Legislative Fly-In enabled surety professionals from across the country to educate members of Congress and staff about the value of construction surety bonds and advocate for their legislative priorities.



“The virtual meetings allowed our members to show their strong support for new legislation introduced by Senator Chris Van Hollen (D-MD), Senator Mike Rounds (R-SD), Congressman Stephen Lynch (D-MA) and Congressman Troy Balderson (R-OH) to clarify the bonding requirements under the Transportation Infrastructure Finance and Innovation Act (TIFIA), as well as legislation continuing bonding protections at current levels for federal projects,” said Dalton DeFendis, Director of Federal Affairs for SFAA.

Larry LeClair, Director of Government Relations of NASBP added, "With delivering an infrastructure package a key legislative goal of the new White House and of Congress, having surety professionals explain the critical role surety bonding requirements play in protecting federal funding resources and in delivering quality construction of infrastructure projects has never been more timely or important." "The virtual fly-in will connect congressional offices with subject matter experts on surety to help them make key policy decisions as they formulate legislative solutions to address the need for transportation, broadband, and other types of infrastructure," LeClair emphasized.

Read the full [press release](#).

UNITED STATES SENATE
COMMITTEE ON FINANCE

After SFAA Testifies in Opposition, Maryland Bad Faith Bill Fails to Advance This Session

In a February hearing with the Senate Finance Committee, SFAA testified and encouraged policymakers to oppose MD SB 372, a bill that would apply bad faith standards to writers of surety bonds. This bill did not make it through the crossover deadline of this session of the Maryland state legislature and will not advance. During the February hearing, SFAA contended that bad faith actions are inappropriate for surety claims, as the factors that lead many states to impose bad faith damages on insurers do not apply to surety bonds - which is why most states with bad faith liability on insurers exempt surety bonds. Watch the hearing [here](#) (begins at 54:45).

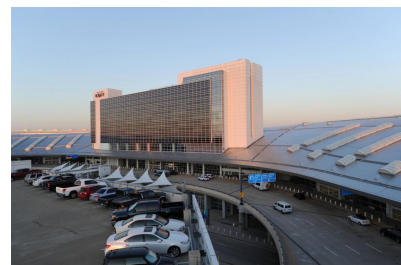
In a letter to the Senate Finance Committee, SFAA specified that: "Legislation that does not recognize that the bond principal is a party to the bond and primarily obligated to pay anything owed under the bond won't benefit the bond holders or the public. The bond principal-- most commonly a construction contractor -- will pay the costs and damages. The surety will be liable as a guarantor if the principal is unable to pay, but the primary obligation is the principal's. That is one of the fundamental differences between bonds and insurance policies-- and one of the many reasons why such legislation is ill-advised."

SFAA will continue to monitor this piece of legislation for a reintroduction in the next legislative session. SFAA thanks APCIA and our members for their help on this initiative.

SFAA and NASBP Submit Comment Letter on DFW Bond Forms

The Surety and Fidelity Association of America (SFAA) and the National Association of Surety Bond Producers (NASBP) recently submitted a comment letter concerning the performance bond and payment bond forms required by the Dallas/Fort Worth International Airport (DFW) for an EV charging station project. The comment letter, submitted to DFW on March 29, 2021, primarily focuses on the bonds which contain several onerous provisions. SFAA and NASBP's comments generally addressed the following concerns in the bond form:

- Surety completion options assumed by DFW
- Surety must relieve DFW and its representatives of securing principal's compliance with contract
- Surety waives notice of default
- Automatic and unlimited increase in bond amount
- With DFW-mandated completion option, surety only has seven days to commence performance
- Consequential damages included in the bonds and the contract



The full comment letter is available [here](#).

A Sit Down with Gary Dunbar of Great American Insurance on Career and Retirement

In just a few days, Gary Dunbar will be stepping into retirement after more than 30 years with Great American Insurance Group. As you all know, Gary has been an instrumental member of the surety and fidelity industry and an exceptionally active member of SFAA – he was on the SFAA Board for 27 years, longer than any other member. Gary served on the Executive Committee for ten years and served as Chair of the Board from 2005 to 2007. He was awarded SFAA's President Award in 2018. We sat down with Gary to ask him a few questions about his career, his advice, and of course his plans for retirement. Here's what he had to say.



1. How did you first enter the surety industry? What inspired you to take this career path?

Like most long-term surety professionals, I did not seek out a career in surety. I got into the Great American Insurance Company Bond Division in 1989 when my former manager at Armco, Bill Maney, approached me. Bill was an executive at Great American Insurance Company at that time and the Bond Division was among the several departments that reported to Bill. Bill was very familiar with my experience with all types of construction-related businesses and my education in accounting and finance and thought I would be a good fit in a surety operation that was heavily focused on contract surety. Once I joined the Great American Insurance Company Bond Division, I knew I had found a company, an industry, and a profession that I would enjoy for the rest of my career.

2. What advice would you give to new professionals or students interested in a career in surety?

If you like people with energy, ingenuity and courage, the surety industry offers a fabulous career. Success in surety requires developing and maintaining strong personal relationships with producers and principals who are bold entrepreneurs and risk-takers. The surety industry offers great opportunities to professionals with strong interpersonal skills, an ability to “measure” other people, financial analytical skills, and most of all, good common and business sense.

3. How has the industry changed over the years?

The surety industry went through a fundamental shake-out after the horrible results in 2000-2004. Many companies decided to sell their surety operations, resulting in a period of substantial consolidations with the main acquirers being Travelers and Liberty. The leadership of many of the remaining sureties also changed. The consolidations and new leadership, in my opinion, stabilized the cyclical surety industry. That is not to say the volatility is gone, but I do expect the surety loss cycles to be less severe than in 2000-2004. Another change has been the specialization of underwriters between contract surety, commercial surety, and fidelity. Early in my career many underwriters were generalist who underwrote all three types of business. Now there are specialist underwriting each contract surety, commercial surety, and fidelity.

4. You've had multiple leadership roles within SFAA; what has that experience provided you?

I met and worked with many surety company leaders who share my passion for the business. The leaders of surety operations are generally smart and entrepreneurial professionals who care about the future of our industry as well as their own company's results. My role at the SFAA also afforded me the opportunity to work closely with leaders of the NASBP and to learn that they share the same passion for the success of the surety industry. In addition, it was an honor to work with the past and present staff of the SFAA on legal, political and association business issues. I developed relationships on Capitol Hill that enabled a voice for the surety industry on critical issues. SFAA also provided me the opportunity to represent the surety industry with many other business leaders in industries that share common goals with the surety industry including construction, engineering,

banking, accounting, legal, and minority business associations.

5. Any fun plans for retirement?

My wife, Jan, and I have accumulated a significant “bucket list” for retirement. Most items on the list involve travel, so COVID will delay some of our plans. Our top priority is spending time with our sons and their families, one here in Cincinnati, Ohio, and one in Boise, Idaho. We had to cancel a combined family outing at the beach last year, that will be reconvened as soon as possible. We also plan to spend several weeks each year in Boise to make up for lost family time, do another European river cruise, and travel to events involving some of our personal passions like Xavier University basketball, Ohio State University football, professional tennis, and classic cars. Last but not least, we hope to visit many of the great people we have met in the surety industry.

Thank you, Gary, for sharing those personal moments and words of wisdom. We wish you the very best in retirement and hope that you and Jan will enjoy spending time with your family and friends! If you’d like to connect with Gary, his personal email is gtDunbar1@gmail.com and his profile on LinkedIn can be found [here](#).



Register Today: Surety Lab Workshop on Powers of Attorneys

SFAA joined a newly-formed blockchain working group created by The [Institutes RiskStream Collaborative™](#), the risk management and insurance industry’s largest enterprise-level blockchain consortium. The working group is focused on streamlining the power of attorney registration and verification process within the surety industry. Participants will help improve the current processes by using blockchain technology. Carriers, agencies/brokers, reinsurers, industry trade associations and technology solution providers are welcome to attend.

Register for the upcoming sessions:

Surety Power of Attorney Lab - Session 3 of 3
When: **Apr 28, 2021** 09:30 AM Eastern Time (US and Canada)
[Registration Link for Session 3](#)

After registering, you will receive a confirmation email containing information about joining the meeting.

Updated Resources Available to Members



The **Law Library (Case Summary Database)** can be found [here](#).



End-of-Session Reports can be found [here](#).



Proposed & Adopted Regulations can be found [here](#).



New Bonding Opportunities can be found [here](#).

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The Surety & Fidelity Association of America
www.surety.org

The Surety & Fidelity Association of America (SFAA) is a trade association of more than 425 insurance companies that write over 98 percent of surety and fidelity bonds in the U.S. SFAA is licensed as a rating or advisory organization in all states and it has been designated by state insurance departments as a statistical agent for the reporting of fidelity and surety experience.