
MEDIA RELEASE

Surety Association of Canada Recommends Digital Bonds to Minimize Impact and/or Delays Resulting from COVID-19 Crisis

March 16, 2020 – Mississauga, ON – In response to the ongoing and rapidly escalating crisis arising from the spread of the COVID-19 virus, the Surety Association of Canada (SAC) has received several concerned inquiries from its members about the challenges of providing properly executed bonds during this period of uncertainty and adjustments to operational procedures and practices. Several surety industry firms have instructed staff to work from home to minimize the chance of infection and/or transmitting the virus to others which has created a logistical challenge, particularly for brokerages when it comes to preparing, sealing and delivering a properly executed bond for delivery to contractors (principals) and/or project owners (obligees).

SAC recommends that the most logical solution to this problem is to replace a paper bond with a digitally issued document. A digital bond/e-bond can be issued remotely from any location and is an electronic file that contains an embedded digital certificate creating a secure electronic document with a uniquely identifiable fingerprint.

One potential roadblock to this approach is that not all owners are perceived to be “equipped” to receive e-bonds, in that they may not currently have an arrangement with an e-tendering platform such as MERX, eSolutions or bids&tenders. SAC advises that this should not present a problem.

In consultation with the major e-bonding providers, all have confirmed that they are well positioned to respond to the challenge and, more importantly, all of their platforms have the ability to create a digital sealed bond which can be sent via email to any owner who may not currently have an e-tendering system in place.

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It is important that the recipient trusts the process and is assured that the “document” received is as valid as any paper equivalent and meet the following three threshold criteria:

Integrity of Content

The assurances that the document received is the true document executed and the content has not been changed or altered.

Secure Access

Restricting the access to the document to those authorized to view and/or download it.

Verifiability / Enforceability

Assurances that the document was duly executed by the parties identified and that it is enforceable in law.

SAC suggests that those who may not have any experience or familiarity with digital bonds should explore adapting their processes to accommodate digital bonds produced by a reputable e-bond provider and sent via email, in lieu of a paper bond. Over the next few months as the global crisis stabilizes, it is also suggested that project owners amend bond requirements in their requests for tender and proposal documentation to allow for digital bond submissions which would include bid bonds and final bonds (performance and labour and material payment).

More information about e-bonds and surety bond products can be accessed on the SAC website at:

<https://www.suretycanada.com>.

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About the Surety Association of Canada:

The Surety Association of Canada (SAC) is the national trade advocacy association that represents the interests of the surety industry across Canada. Its members consist of primary surety firms, surety reinsurers, surety/insurance brokers, and other organizations that provide related and complementary services to the surety industry.

While the majority of the surety industry's premium revenue is derived from construction contract bonds, SAC also represents the interests of those organizations that focus on non-contract or commercial surety. SAC does not represent or advocate on behalf of the fidelity bond industry.

Since its formation in 1992, SAC has become a trusted resource for construction purchasers, design professionals, contractors, suppliers and other stakeholders in construction and business communities. SAC has developed its own bond forms in response to industry need and in consultation with the construction industry.

SAC and its members regularly meet with owners, contractors, other associations and related organizations to educate them about surety bonds and the suretyship process. SAC also monitors legislation across the country that will impact its members and works diligently to advance the surety cause with lawmakers and government officials.