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Checklist

Industry Requirements for E-Bonding Solutions

Based on Surety Association of Canada Vendor Guidelines

Version: October 19, 2009 | Revised: May 19, 2020

Technology Assessed:

Travelers Canada (DocuSign)

Assessment dates: January 26, 2021 & August 27, 2021

The Surety Association of Canada provides this checklist as a service only, as guidance to e-bonding providers. The Surety Association of Canada accepts no liability that may result from its Guidelines or from partially and fully completed Checklists.

Overall Observations and Comments:

Below and in the following pages are the Surety Association of Canada's (SAC) comments and observations following a demo and assessment of the DocuSign eSignature platform which Travelers Canada utilizes to create e-bonds. This assessment is intended to: provide helpful assistance for any party choosing to use a provider of an e-bonding solution; to complement one's own assessment; and is intended for information purposes only. We also remind those reviewing this assessment that SAC does not endorse or promote any system. More information about e-bonding can be accessed on the SAC website at www.suretycanada.com (under "Surety Bonds").

DocuSign is a widely used digital transaction platform which enables users to send, sign and manage legally binding documents securely in the cloud on any device, from any location. DocuSign allows Travelers Canada and their brokers and clients the ability to produce a secure, verifiable e-Bond.

Access was granted to the DocuSign platform where a test Performance Bond was created and digitally signed. This was a relatively simple process as the fields and required steps within the platform were informative and provided detailed guidance. If a field was missed, a notification would appear which provided the required steps.

It should be noted that Principals do not login to the e-bond module, instead they would receive a notification by email that the bond is ready for their signature and seal. After clicking on the link in the email, the Principal will receive a text message sent to a cellular phone number which contains a verification code, which will be required to access the bond. The Principal reviews the bond and signs it electronically and affixes their electronic seal through DocuSign, after which, they will receive an encrypted PDF version of the executed bond which can then be attached as part of their tender package.

The Obligee can verify the e-signatures via DocuSign by accessing the DocuSign validation tool at: <https://validator.docusign.com/> where the document(s) can be uploaded or through a drag-and-drop function.

Throughout this assessment, additional research was conducted related to potential DocuSign signature verification issues as it had been reported that certain software versions of Adobe Acrobat Reader may not recognize the certificate used for one or more of the signatures in a secure/encrypted PDF file. Often, this is related to the specific version of the Reader software as some may not come with trusted identity data out of the box, this may require downloading.

It is important to note that warning or error messages ("At least one signature has problems") does not indicate that the signatures on the document are corrupt or invalid; it simply informs the user that the certificates connected to the signatures may not be trusted by Adobe. It has been reported that the latest version of Adobe Acrobat Reader attempts to download the certificate data automatically upon opening a document with digital signatures. If an error occurs that disrupts the process, the easiest way to fix this issue is by manually validating the certificates and signatures by reviewing the Signature Validation Status and selecting the Trust tab, then "Add to Trusted Certificates". It has been reported that this, typically, resolves the issue with secure documents created through DocuSign. Again, as noted above, the optimal way to validate a DocuSign document is to use the validation tool: <https://validator.docusign.com/>

1. Developing the Bond:

M	HR	R	Requirement:	Intent of Requirement:	Meets	Meets in part	Does not meet
*			a) Assurance of clarity.	Is the format used to identify dollars or time frames clear and unquestionable as to their intended values? Has consideration been given to removing simple and obvious opportunities that enable an ease of fraudulence activity, such as a '3' being changed to an '8'. Has consideration been given to obvious clarities, such as 'Canadian' dollars versus 'U.S. dollars'?	✓		
		*	b) Assurance of language options.	Has the consideration been given to language options (French and English) for the development of the bond and/or for the instructions of the technology?	✓		
		*	c) Convenience to use bond templates.	Can bond templates be loaded into the application? If a change to a template has been made, can the change be easily identified and reviewed?	N/A		
*			d) Assurance of ability to change.	Can the bond be easily altered and changed to correct and adjust language prior to signature application?	✓		
*			e) Assurance of integrity of content.	Can the bond be protected from modifications if required prior to signature?	✓		
	*		f) Process to incorporate legal offer of bond.	Does the process workflow demonstrate the legal offer of surety to the principal? (E.g., by ensuring the surety is the first party to sign and seal the bond)?	✓		

Comments:

1c) While DocuSign allows for the functionality of uploading bond templates into the system, Travelers Canada has opted to not utilize this functionality. Changes to bond language or templates that are used (i.e., CCDC) would not be identifiable or tracked in the DocuSign system since templates are not stored within the system. So while the functionality does exist, the method by which Travelers Canada will be using the system has been noted accordingly as there was no current means by which to test this requirement.

1d) It had been noted that e-bonds produced can be exported to MS-Word format, however, the signature verification would be removed when exported.

1. Developing the Bond (continued):

M	HR	R	Requirement:	Intent of Requirement:	Meets	Meets in part	Does not meet
	*		g) Ability to add Rider to Bond.	Can a Rider be developed in the same manner the bond was developed? (For example, if the bond was developed on-line, can a rider also be developed on-line?). Is there a reference connector to attach the rider to the bond?	✓		
	*		h) Ability to add a Co-Surety.	When two sureties are involved in the bond transaction, will requirements be met for both sureties re signature, sealing, retrieving, etc.? Is it noted which surety has the administration power to develop the bond on-line?	✓		
	*		i) Ability to develop bonds for Canadian clients doing business in U.S.	Will Canadian sureties (brokers) have the ability to demonstrate authorization authority, such as the opportunity to load attachments, such as powers of attorney, to meet U.S. bond needs? Can reference be made to a resident surety agent re contact information?	✓		

Comments:

1h) It has been advised by Travelers Canada that only those granted administration access will be able to develop a bond on-line. If the broker affixing the Travelers Canada seal also hold POA for the other co-sureties, they will have the ability to upload and affix the respective corporate seals. Travelers Canada will not be able to validate that the Broker has POA for any other surety other than Travelers Canada. All POAs are stored on Travelers Canada's internal system.

2. Signing the Bond:

M	HR	R	Requirement:	Intent of Requirement:	Sureties			Principal		
					Meets	Meets in part	Does not meet	Meets	Meets in part	Does not meet
*			a) Assurance that the signature represents an actual person.	Is it discernable as to 'who' signed the bond, i.e., first, and last name?	✓			✓		
*			b) Assurance that the signature belongs to that actual person.	Does the signature belong to the person providing the electronic signature? Are checks and balances in place to prove the signature does belong to the individual identified as the signatory?	✓			✓		
*			c) Assurance of intent.	Are there password protections and other checks and balances in place to prove the individual providing the signature on the bond did in fact intend to sign the bond?	✓			✓		
*			d) Assurance of authority of the signatory.	Are there checks and balances in place to verify the authority of the individual to commit the surety or principal, i.e., evidence of power of authority agreements, or on-line POA applications, if required?	✓			✓		
	*		e) Accommodation of business practices surrounding authority.	Is it convenient for sureties or principals to continue with business rules requiring two authorized signatories, should they require it?	✓			✓		
*			f) Assurance of integrity of content.	Can the bond be protected from any modification or fraudulent change once the bond has been signed by a party and before the party affixes their seal?	✓			✓		

Comments:

2a) & 2b) The DocuSign platform enables users to select “signatures” of varying fonts and styles. In addition, there is an option to “upload” a signature of the actual user. A drawing option is also available.

2c) It had been advised by Travelers Canada that SMS authentication would be required for individuals (i.e., Principal) who have been added to the DocuSign envelope as a 'signor'. The Principal would not be able to access the contents of the envelope until they have entered the verification code sent to them via text message to their cellular phone number.

2d) As noted on the previous page (1h) all POAs are stored on Travelers Canada’s internal system; hence, access is granted to DocuSign after the POA is validated.

3. Sealing the Bond:

M	HR	R	Requirement:	Intent of Requirement:	Sureties			Principal		
					Meets	Meets in part	Does not meet	Meets	Meets in part	Does not meet
*			a) Assurance of corporate seal (an identifiable corporate commitment). Note: Not required for bonds falling under legislation of the province of Quebec.	Is the application of corporate seals a separate application from the signatory application? Does the corporate seal of the surety and principal appear in some visual form on the electronic form of bond?	✓			✓		
*			b) Assurance of corporate seal ownership.	Are there checks and balances to prove this visual assurance of corporate seal is provided by the surety (or principal) and/or its parent and/or a subsidiary? For example, does the individual authorizing the sealing application have authorization to do so on behalf of the organization?	✓			✓		
*			c) Assurance of intent.	Are there checks and balances in place to prove the surety was unmistakable in their intent to apply their corporate commitment indicator? Is there an unequivocal and recorded act showing that the surety intended to seal the bond? For example, "by clicking yes, you are sealing this bond".	✓			✓		
*			d) Assurance of integrity.	Can the bond be protected from any modification or fraudulent change once the bond has been signed and sealed?	✓			✓		
*			e) Assurance of verification.	Can the authenticity of the signed and sealed bond be confirmed or verified?	✓			✓		

Comments: None.

4. Delivery of the Bond:

M	HR	R	Requirement:	Intent of Requirement:	Meets	Meets in part	Does not meet
	*		a) Assurance of connecting reference.	Will the delivered bond be assuredly connected to the rest of the tender package if required? Is there a possibility for a tender to be rejected due to a bond thought to be missing, but rather the bond could have been delivered via a different electronic avenue? Will the connecting reference create an operational inconvenience to the entity opening tenders?	N/A		
*			b) Assurance of receipt.	Is there confirmation of receipt once the bond has been delivered electronically?	✓		
*			c) Assurance of encryption security.	Is the bond protected from fraudulent changes during the delivery process? For example, if web enabled, is an encrypted site used and can the site be verified (i.e., Https:)? If transmitting a bond with digital signatures, is a secure messaging technology being used? (i.e., 128-bit encryption).	✓		
*			d) Authenticity warning.	Is there a signal to advise the parties of the bond if a bond does become fraudulently modified?	✓		
	*		e) Verification acceptance.	Is the verification process completed by a third party who is able to prove the original bond? Or is the owner prepared to accept the provided verification mechanism?	✓		
*			f) Assurance of responsibility.	Does the application enable the principal to maintain control of and assume ultimate responsibility for delivery of the final signed, sealed bond to the obligee?	✓		

Comments:

4a) DocuSign delivers the document(s) to all signing parties (Broker/Principal) via email. The email is automatically sent as soon as all signing and sealing requirements have been met, therefore completing the document(s). The principal must upload the completed document(s) as part of their tender package.

4e) As outlined in "Overall Observations and Comments" at the beginning of this Assessment, it is recommended that the optimal way to validate a DocuSign document is to use their validation tool <https://validator.docusign.com/> as it had been reported that certain software versions of Adobe Acrobat Reader may not recognize the certificate used for one or more of the signatures in a secure/encrypted PDF file.

5. Retrieval of Final Bond:

M	HR	R	Requirement:	Intent of Requirement:	Meets	Meets in part	Does not meet
*			a) Assurance of the existence of bond.	Does it clearly establish which version would be treated as the 'true original' bond?		✓	
	*		b) Assurance to locate.	Does it clearly determine where this 'true original' version is stored? Is there reference to the verification process?	✓		
*			c) Assurance of integrity of content.	Is it possible for the bond to have a printable adjustment made to the content, with or without saving the adjustment? (Answer should be no, however this cannot be guaranteed 100%). Has protection been taken to ensure the bond cannot be printable with an adjustment made after the surety has approved it?	✓		
*			d) Assurance of verification.	Does a verification process exist to support the bond throughout the entire retention period?	✓		
	*		e) Assurance of accessibility.	Can the bond be stored and retrieved freely by all authorized parties of the bond?	✓		
*			f) Assurance of retention commitment.	Is the bond stored in a secure environment? Is there a commitment with regard to the length of time the bond will be stored? Does it clearly establish what the terms and commitments are for electronic retention/storage of the bond?	✓		

Comments:

5a) Users of DocuSign can view reports, however, there is no availability to confirm the version of the bond produced.

5d) & 5f) As per Travelers Canada's DocuSign agreement, bonds will be retained/stored for 9,999 days (27 years).

5e) Since the document(s) are emailed once completed, copies of the documents can be saved and stored by the recipient. All of the parties (including non-signers) who have been added to the original envelope would have access to obtain a copy through a DocuSign account.

6. Overall:

M	HR	R	Requirement:	Intent of Requirement:	Meets	Meets in part	Does not meet
*			a) Assurance that all existing legal relationships are maintained.	Does the technology override any of the responsibilities that a party to a bond holds? (Answer should be no).	✓		
*			b) Assurance that audit trails are in place.	Are clear, easy to track, and reliable audit trails in place?	✓		
	*		c) Convenience to use with other systems and processes.	Is it easy to integrate with other systems that may be necessary to complete the e-bonding process?	N/A		
	*		d) Assurance of authority of the surety.	Are there checks, balances and/or attempts in place to disallow unlicensed or fraudulent sureties or principals' access to the application?	✓		
*			e) Assurance to allow third party audit requests.	Will the service provider allow requests for third party audits, particularly to verify and assess the secure protection and integrity of the bond? How user friendly is the technology to conduct such an assessment?	✓		
	*		f) Overall efficiency and ease of use.	Is the new process easy to use? Easy to access? Is it easy to obtain help during transaction?	✓		

Comments:

6c) Executed documents are emailed to the principal (or broker). It is the principal's responsibility to deliver the executed documents; as such, there is no need for integration into other systems.

6e) Travelers Canada has advised that DocuSign undergoes external security audits on a regular basis, as well, they conduct their own security audits when contracting with 3rd party vendors, such as DocuSign.

E-Bonding Industry Requirements Checklist – Quick Reference Chart

	Develop	Sign	Seal	Deliver	Retrieve	Overall
Mandatory	Assurance of clarity. Assurance of ability to change. Assurance of integrity.	Assurance that the signature represents an actual person. Assurance that the signature belongs to that actual person. Assurance of intent. Assurance of authority of the signatory. Assurance of integrity.	Assurance of corporate seal. Assurance of corporate seal ownership. Assurance of intent. Assurance of integrity. Assurance of verification.	Assurance of receipt. Assurance of encryption security. Authenticity warning. Assurance of responsibility.	Assurance of the existence. Assurance of integrity. Assurance of verification. Assurance of retention commitment.	Assurance that all legal relationships are maintained. Assurance that audit trails are in place. Assurance to allow third party audit requests.
Highly Recommended	Process to incorporate legal offer of bond. Ability to add rider to bond. Ability to add a co-surety. Ability to develop bonds for Canadian clients doing business in U.S.	Accommodation of business practices surrounding authority.		Assurance of connecting reference. Verification acceptance.	Assurance to locate. Assurance of accessibility.	Convenience to use with other systems and processes. Assurance of authority of the surety. Overall efficiency and use.
Recommended	Assurance of language options. Convenience to use bond templates.					

Prepared by the Surety Association of Canada - www.suretycanada.com
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