SURAKSHA AUR BHAROSA DONO

SECURING INDIA'S
INFRASTRUCTURE DEVELOPMENT

With SBI General's

SURETY BOND BIMA

To facilitate the growth of infrastructure sector in the country we are introducing **SBI General's Surety Bond Bima**. This Insurance will provide assurance to the project owner in form of a Bond that the contractor would complete the project as per the agreed terms and conditions. Surety Bond Bima - a risk transfer tool that will safeguard the project owner from the losses that may arise in case the contractor fails to perform their contractual obligation. Unlike a bank guarantee, the Surety Bond Bima will not require any large collateral from the contractor and will provide much-needed financial reassurance to all parties involved in infrastructure projects.

What are Surety Bonds?

A surety bond is a risk transfer mechanism wherein an insurer provides a guarantee to a beneficiary or obligee that the principal or contractor will meet his contractual obligations. In case the principal fails to deliver his promise, a monetary compensation is paid to the obligee by the insurer.

There are 3 parties involved:

- **The Surety** (Insurance Companies like SBI General) will provide the financial guarantee to the Obligee /beneficiary.
- **Obligee or Beneficiary** (example-Government, Infrastructure Development Authorities etc.) -the party that needs the surety and is often the beneficiary of the surety bond.
- **Principal** (could be the owner or contractor)-the party that purchases the Surety bond from an insurer as a guarantee and undertakes a commitment to perform the obligations as per the contract entered.

Who can buy the policy?

A surety bond is provided by the insurance company on behalf of the contractor or business owner to the entity which is awarding the project as a guarantee against the future work performance to Obligee.

What Does the Policy Cover?

SBI General's Surety Bond Bima is designed to provide protection against breach of terms & conditions by the contractors either during the bidding stage or during the performance stage of a project.

Cover types

Bid Bond - Operates as an alternative of earnest money deposit and if the Contractor fails to accept the contract post winning the bid, Surety pays the Obligee earnest money or the cost of retendering or cost of differential between the original bidder and the next best bidder.

Advance Bond - Typically this bond offers coverage against the principal not being able to mobilise the requisite resources as defined in the contract but has taken advance from the Obligee (Beneficiary) and the delay caused due to such non-mobilisation of resources may result in project delays which an Obligee may claim from the Principal as per the Contract Terms.

Performance Bond - This type of Bond can be raised by the Obligee in case the principal fails to perform the contractual terms and execute the project to its fullest, such bond can be raised at various milestones of the project or at the end of the project if the completion of said project is delayed or is not in accordance with the Contractual Terms.

Retention Money Bond - Certain contract warranty that a portion of Contract will be retained for a specified period to ensure that the project has completed satisfactory performance period or machinery has performed to its proposed capabilities. Currently many Obligees keep 10% - 20% of the machine value as the retention money and is released after specified time period (Typically 1 year in case of Capital Goods, 1-3 years in case of Projects like Bridges, Culverts etc).

What is the difference between the Conditional and Unconditional Surety Bond?

A conditional bond is also known as a default bond. Where If, certain conditions are met, the surety may be required to pay a set amount to the obligee or beneficiary.

Whereas an unconditional Bond allows the oblige/beneficiary to claim the money almost without any conditions. (except for some minor conditions such as the requirement of a written request being submitted within the valid term of the bond, etc.). In case of an alleged breach of contract, the beneficiary can use the unconditional bond to claim the surety amount from the Surety immediately to compensate for any damages resulting from such breach.

How Is premium calculated?

Premium rate depends on various factors such as financial health of the company, project tenure, contract value along with others factors such as age of the company and credit score.

What is the tenure of the Policy?

Maximum bond tenure is 60 months (including contract, maintenance period and extensions) or based on the Contract bond, whichever is lower.

What Is Not Covered In The Policy?

- Contract termination between principal & beneficiary prior to insurance
- Gross Negligence, illegal /criminal acts by both principal & beneficiary
- Fraud/Collusion
- Changing terms of contract without the knowledge of the Surety insurer
- War/Act of God/Nuclear Perils
- Non-performance or non-fulfilment of terms /conditions of the contract
- Any third party loss not part of the contract
- Any price fluctuation in execution of the project

The above list is only indicative in nature. For details of coverage and exclusion, please refer to the policy document or contact our nearest branch.

Claims & Policy servicing

What is the claim Procedure?

Our dedicated and experienced claims team aim to deliver you superlative customer service with a fast, fair, convenient and transparent claims process so your claim is settled without any hassle.

Our Claims Team Will:

Our dedicated and experienced claims team aim to deliver you

Assistance in emergency situations

Keep you informed of the progress of your claim

How Do You Make A Claim?

1800 22 1111/1800 102 1111

"CLAIM" to 561612

customer.care@sbigeneral.in

www.sbigeneral.in

The above information is indicative in nature, for more details on complete coverage and terms & conditions, please read the policy document carefully before concluding a sale.

Prohibition of Rebates

Section 41 in The Insurance Act, 1938 as amended by Insurance Law (Amendment) Act, 2015:

1. No person shall allow or offer to allow, either directly or indirectly, as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing or continuing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer.
2. Any person making default in complying with the provisions of this section shall be punishable with one which may extend to ₹ 10 lakhs.

About SBI General Insurance

SBI General is one of the fastest growing private general insurance companies, with the strong parentage of SBI.

We, at SBI General Insurance, are committed to carry forward the legacy of trust and security; and have the vision to become the most trusted general insurer for a transforming India.

We have a robust multi-distribution model encompassing Bancassurance, Agency, Broking, Retail Direct Channels and Digital tie-ups. The widespread network of distributors like 22437 plus SBI branches, Agents, other financial alliances, OEMs, and multiple digital partners enable us to extend our reach to the pocketed remote areas of India. We offer a bouquet of products spread across various lines of businesses that cater to customers across all segments like Retail, Corporate, SME and Rural, ensuring accessibility via digital as well as physical modes.

For More Details Contact

1800 102 1111 | www.sbigeneral.in