



## Headstart Performance Bonds

General Contractors have expressed a need for improved responsiveness and flexibility from the Surety industry. Project delay is a significant risk for a General Contractor and costly delay damages due to a default can quickly make a project unprofitable. The Guarantee has responded to this demand with an innovative solution.

The **HEADSTART PERFORMANCE BOND™** provides a prompt response, transparency and collaboration with the General Contractor to get a project back on track as fast as possible after a Subcontractor default.

### Additional Benefits:

- We guarantee a response within three business days of the notice of claim.
- Invites proposals for completion by the Obligee which can result in job restart within days of initial notice.
- Eliminates technical issues that can slow the claims process.

FOR OPTIMAL RESPONSIVENESS, it is recommended that the Obligee receive a Labour and Material Payment Bond in addition to the HEADSTART PERFORMANCE BOND.

Customer Need	The Guarantee's Resonse
Speed	3 Business Days
Responsiveness	Quick Job Restart
Transparency	Forms in <a href="#">Resource Centre</a>
Certainty	Gameplan within days of Notice
Flexibility	Obligee election - Headstart option
Capital	Shortfall payments as necessary

### Details of the HEADSTART PERFORMANCE BOND

#### [View the HEADSTART PERFORMANCE BOND](#)

The Notice of Claim Letter, an embedded link in the Bond, provides transparency and reduces delays by streamlining the bond claim process. The [Notice of Claim letter](#) details the documents required by The Guarantee when an Obligee is making a claim under the HEADSTART PERFORMANCE BOND and invites the Obligee to present a completion proposal for the bonded work.

To further streamline the process, also embedded in the HEADSTART PERFORMANCE BOND is a link to The Guarantee's standard [Mitigation Agreement](#). Under reservation of rights, this document facilitates the speedy restart of the bonded work if the Obligee's completion proposal has been accepted by The Guarantee. In advance of submitting the claim, the Obligee has the opportunity to do a legal review of the Mitigation Agreement.

## The Headstart Performance Bond

The HEADSTART PERFORMANCE BOND was designed for bonding contracts between a Subcontractor and General Contractor. However, other Owner Obligees may benefit from the responsiveness of the HEADSTART PERFORMANCE BOND if they have the expertise and mandate to implement a completion proposal without having to retender the work. Please contact The Guarantee if an Owner Obligee is expressing interest in the HEADSTART PERFORMANCE BOND.

### PLEASE NOTE:

- At this point, the bond is only used in Canada
- The bond is innovative as it allows for collaboration with the General Contractor to keep the project on track & within budget after a bonded subcontractor default and the surety will respond to a notice of claim on a subcontract bond within 3 days



[www.INSURICA.com/construction](http://www.INSURICA.com/construction)

## Why choose The Guarantee for Contract Surety?

Our name reflects our commitment to surety – it's our guarantee. We have longstanding expertise in the surety business and can help you succeed in the bidding process by backing you with our trusted name. We've bonded some of the largest infrastructure projects in Canada, and have earned a reputation that project owners have come to respect.

Time is money, which is why we offer a quick turn around on pre-qualifications and issuing bonds. We provide expertise and guidance along the way in partnership with your independent insurance broker.

The HEADSTART PERFORMANCE BOND is a trademark of The Guarantee Company of North America.



## Headstart Performance Bonds

### Frequently Asked Questions (FAQ)

#### 1. WHY DID THE GUARANTEE DEVELOP THE HEADSTART PERFORMANCE BOND™?

General Contractors have expressed a need for improved responsiveness and flexibility from the Surety industry. Project delay is a significant risk for a General Contractor and costly delay damages due to a default can quickly make a project unprofitable. The Guarantee has responded to this demand with an innovative solution called the Headstart Performance Bond™.

#### 2. WHAT IS THE HEADSTART PERFORMANCE BOND?

The Headstart Performance Bond is The Guarantee's answer to the Construction industry's expressed need for improved response and speed from sureties in the event of claim. The Headstart Performance Bond accomplishes this in the following ways:

The Bond contains a link to a prescribed Notice of Claim Letter, which provides transparency and reduces delays by streamlining the bond claim process. The Notice of Claim Letter lists the documents required by The Guarantee when making a claim under the Headstart Performance Bond and invites the Obligee to present a completion proposal for the bonded work.

To further streamline the process, also embedded in the Headstart Performance Bond is a link to The Guarantee's standard Mitigation Agreement. Under reservation of rights, this document facilitates the speedy restart of the bonded work if the Obligee's completion proposal has been accepted by The Guarantee. In advance of submitting the claim, the Obligee has the opportunity to do a legal review of the Mitigation Agreement.

The Headstart Performance Bond offers all of the benefits of the traditional surety performance instrument, as well as greater transparency, collaboration, responsiveness and flexibility to the Obligee.

- **Transparency** – Advance disclosure of The Guarantee's informational requirements in support of a claim. The claims process is prescribed in the documents, providing the Obligee with all of the tools and knowledge required to make a proper claim in the first instance, thereby expediting the process.
- **Collaboration** – The Obligee has the ability, if they elect the Headstart option, to participate in the development of a solution to get the project restarted as quickly as possible after subcontractor default.
- **Responsiveness** – The Guarantee will respond within 3 business days of our receipt of a properly tendered Notice of Claim. Provides the ability to get a project restarted quickly.
- **Flexibility** – In addition to the traditional remedies available to a surety, the Obligee has the additional option to propose a remedy / solution.

#### 3. WHO CAN GET THE HEADSTART PERFORMANCE BOND?

This bond was developed with the General Contractor – Subcontractor relationship in mind. General Contractors would be the Obligee under the bond, and the Subcontractors would be the Principal.

4. **CAN PROJECT OWNER/OBLIGEES REQUEST THE HEADSTART PERFORMANCE BOND?**

Yes, the Headstart Performance Bond offers all the same benefits of the traditional surety product which Owner Obligees value. The Headstart option was certainly developed with General Contractors in mind, as they generally have the expertise required to re-procure in the event of a default. While the Headstart option may be a sensible approach for some Owner Obligees, it may not be suitable for others who lack either the re-procurement expertise or the legislated ability to entertain the Headstart option without retendering the work to be completed.

5. **WHAT CLASSES OF SUB-TRADES WOULD QUALIFY FOR THIS BOND? IS THERE A GREATER LEVEL OF UNDERWRITING DUE DILIGENCE?**

All classes of subcontractors are eligible to have the Headstart Performance Bond executed as security in support of their contracts. The Guarantee's normal underwriting due diligence and risk tolerance apply.

6. **DOES IT COST MORE?**

NO. The underlying risk and exposure to the Guarantee and to the Principal does not change under the Headstart Performance Bond. There is no additional premium charged by The Guarantee above and beyond what is charged for industry standard wordings such as the CCDC Performance Bond.

7. **WHEN IS THE HEADSTART PERFORMANCE BOND AVAILABLE IN THE MARKETPLACE?**

The Headstart Performance Bond is available in the marketplace as of March 31, 2014 for qualified clients of the Guarantee.

8. **HOW DO I GET A COPY?**

- Visit [theguarantee.com](http://theguarantee.com)
- The Headstart Performance Bond is available through our traditional broker distribution channel.

9. **IS THE HEADSTART PERFORMANCE BOND AVAILABLE IN ALL CANADIAN JURISDICTIONS?**

The Headstart Performance Bond is available across Canada and in both official languages, (French version available after April 10th)

**PLEASE NOTE:**

- *At this point, the bond is only used in Canada*
- *The bond is innovative as it allows for collaboration with the General Contractor to keep the project on track & within budget after a bonded subcontractor default and the surety will respond to a notice of claim on a subcontract bond within 3 days*