

Surety Bond Insurance

Policy ID: UIN: IRDAN134CP00XX | Category: Financial - Guarantee

Provider: Universal Sompo General Insurance

1. Policy Period & Validity

Standard Duration:	Contract Duration
Validity Basis:	Project Completion + Maintenance Period

2. Policy Overview

A written agreement guaranteeing compliance, payment, or performance of a contract. It acts as a substitute for Bank Guarantees for infrastructure projects, reducing the indirect cost for contractors.

Ideal For: Contractors, Suppliers, and Infrastructure Developers bidding for government/private projects.

3. Eligibility Criteria

- **Principal:** Entity awarding the project.
- **Contractor:** Entity performing the work.

4. Sum Insured Eligibility

- **Bond Amount:** Percentage of Contract Value (e.g., 10% for Performance Bond).

5. Scope of Coverage

- **Bid Bond:** Guarantee that contractor will enter contract if bid accepted.
- **Performance Bond:** Guarantee to complete project as per terms.
- **Advance Payment Bond:** Guarantee to repay advance if default occurs.
- **Maintenance Bond:** Guarantee to fix defects post-completion.

7. Major Exclusions

- x Fraud: Fraudulent acts by Contractor.
- x Non-Compliance: Breach of contract terms not covered under specific bond scope.

8. Claims & Administration

Claims Procedure:

- Trigger: Principal invokes the bond upon Contractor default.
- Pay: Insurer pays Principal up to Bond Amount.

Policy Terms:

- Recourse: Insurer usually has right of recourse against Contractor.