



NICHE SHEET

CONTRACT SURETY

LEADer Program

(Low Exposure Account Discretion)

At Trisura we know there is more than one way to bond an account. Our LEADer Program is designed to minimize broker effort on credit worthy accounts that have infrequent bonding needs.

Underwritten annually, LEADer accounts are permitted to forgo interim reporting provided their accumulated exposure does not exceed the established Aggregate Limit under your LEADer Working Authority.

Traditional 'Aggregate' bonded and unbounded limits typically require interim reporting because at any given time, the bonded exposure on an account *may* accumulate. In reality, many of our brokers have credit worthy accounts that are fairly inactive or seldom accumulate much bonded exposure relative to their financial strength. For accounts that qualify, Trisura will consider **Low Exposure Account Discretion** in exchange for reduced reporting.

How it works

The established limit is a function of outstanding 'exposure' rather than bonded and unbounded 'work on hand' and so is much simpler for brokers to track.

Under the LEADer Program a Working Authority is provided with an Aggregate Limit established which represents the threshold of outstanding *bonded* exposure Trisura is willing to undertake without requiring interim financial information.

To calculate the Aggregate exposure on a LEADer account, a broker need only sum outstanding Performance Bonds plus the value of potential Performance Bond exposure on outstanding bids.

Exposure is considered removed once Trisura has been provided with the Certificate of Substantial Performance or other acceptable evidence of completion on the bonded project in question.

Appetite

The following points are some guidelines on the types of accounts that will be considered for this program:

- **Size** - Small to mid-size contractors that operate in Canada with a minimum of \$200,000 in Tangible Net Worth.
- **Strength/Profitability** – accounts that have a demonstrated history of profitability and whose Balance Sheets are strong for their respective volumes.
- **Classes of Business** – Our LEADer Program is available to the following surety classes:
 - General Contractors
 - Road Builders (paving, grading)
 - Sewer and Watermain Contractors
 - Mechanical Contractors
 - Electrical Contractors
 - All Other Sub-trades (such as Painters, Drywallers, etc.)
 - Manufacturers

Sample LEAD Calculation

Contract #1

Contract Price \$600,000 – 50/50 Bonds issued

Contract #2

Contract Price \$500,000 – 50% Performance only issued

Tender Outstanding

Tender Price \$250,000 – 50/50 Bonds required, if awarded

LEAD Calculation:

Contract #1 Exposure 50% Performance = <i>(Do not add L&M bond amount)</i>	\$300,000
Contract #2 Exposure 50% Performance =	\$250,000
Tender – Potential 50% Performance =	\$125,000
Total LEAD Limit Exposure =	\$675,000

Submission Requirements

1. A Contractors Questionnaire.
2. A copy of the last three annual financial statements and most recent interim financial statements.
3. Work in Progress report and aged listings of accounts receivable and accounts payable for the latest year-end statement and interim financial statement.



4. A personal net worth statement for each shareholder.
5. A copy of the terms and condition agreements pertaining to all lending facilities.
6. Any other information your underwriter may require at the time of submission

Reporting

Accounts underwritten on this basis will provide annual reporting as specified by their Trisura underwriter. Should an account require support in excess of its limits under the LEADer Program Limit, the account will be removed from the Program and revert to traditional underwriting and reporting requirements.

Contact your Trisura underwriter to discuss accounts in your portfolio that may qualify for this program.