SURETY INSURANCE

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ABOUT SURETY INSURANCE

In Singapore's dynamic economy, where innovation and entrepreneurship thrive, surety insurance serves as a critical enabler. It allows businesses to bid for lucrative contracts, undertake ambitious projects, and engage in international trade with confidence, knowing that they have a reliable financial backstop in place.

Surety insurance is an alternative to traditional forms of collaterals such as bank guarantees. It is an indispensable tool that bridges gaps between parties entering into various contractual agreements.

It is a tool that empowers many businesses where trust, reliability, and security intersect to propel businesses towards greater success and prosperity

Whether you are a construction company embarking on a large-scale project, an importer engaged in international trade, a government contractor, or a business professional navigating complex legal and financial transactions, surety insurance offers a safety net that ensures contractual obligations are met.

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TYPES OF SURETY BONDS

ADVANCED PAYMENT BOND

This bond provides a legal security by offering a unique protection to the buyer.

This bond guarantees that the contracted supplier will provide the goods or services they are contracted to provide before complete payment is made.

If a contracted supplier fails to meet the contracted delivery obligations, the buyer will receive a refund of the advance payment.

PERFORMANCE BOND

A performance bond serves as a financial assurance for one party in a contract to safeguard against the potential non-compliance of the other party with their contractual commitments.

Most commonly issued in construction and real estate projects, a performance bond can be issued by a bank or insurance company to ensure a contractor completes their designated projects.

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BID / TENDER BOND

A bid bond provides the project owner with confidence that the chosen bidder possesses the financial capability to undertake the project at the specified bid price, assuring the owner of a successful project completion.

A bid bond is a crucial component of the supply bidding process, issued by the contractor to the project owner. Its purpose is to ensure that the winning bidder honours the contract under the terms they proposed during the bidding.

This bond serves as a guarantee that compensates the bond owner if the selected bidder fails to initiate the project. It is commonly utilized in construction and similar projects that rely on a competitive bidding process.

SUPPLY BOND

A supply bond is a specific type of contract bond that guarantees the supplier's compliance with the contract's requirement to provide the specified supplies or materials.

In the event of the supplier's default, the bond serves as a protective measure, shielding the purchaser from any resulting financial losses.

QUALIFYING CERTIFICATE BOND

For foreign property developers under the Qualifying Certificate Scheme, a qualifying certificate ("QC") bond is issued in favour of the Singapore Land Authority ("SLA").

The QC scheme by the Urban Redevelopment Authority ("URA") mandates that a site must be developed and complete within 5 yeas after it is bought; and all unites have to be 100% sold within 2 years after completion.

RETENTION BOND

A retention bond secures retention monies being held and guarantees that a contractor receives the full amount of the agreement payments upfront.

Retention monies are monies retained by the client (typically 5%) on the sum certified on an interim certificate. Retention monies are released once contractual obligations are completed to satisfaction.

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WARRANTY / MAINTENANCE BOND

A warrany bond is a unique financial guarantee that ensures that the builder is financially responsible for correcting any defects in the project for a warranty period specified in the contract.

A warranty bond in the construction industry may be required for some projects. Where it is not a requirement, securing a warranty bond can also increase your credibility and trustworthiness in the eyes of a client. It offer reassurance and the work will be completed with satisfaction.

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RENTAL BOND

A rental bond protects losses faced by commercial landlords arising from tenants' defaults on rental or repairs on damages when the tenants vacate the units.

A security deposit is typically required from tenants at the start of the tenancy, and returned when the property is vacated. A rental bond can be presented to the landlord in place of the security deposit.

FOREIGN WORKER BOND

The Ministry of Manpower mandates that for each non-Malaysian Work Permit holder employed, the employer must buy a $5,000 security bond.

A foreign worker bond is purchased to ensure that the worker remains within the employer during the term of his employment.

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CUSTOMS BOND

A customs bond is a contract designed to ensure the fulfilment of a specific obligation of an importer to the Customs authorities.

The primary objective is to guarantee that all the duties and fees associated with the rules and regulations of importing or other Customs activities are paid to Customs authorities by the importer.

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