

## UNIVERSAL SOMPO GENERAL INSURANCE COMPANY LIMITED

### SURETY BOND INSURANCE

#### PROSPECTUS

#### What is Surety Bond?

A surety bond can be defined in its simplest form as a written agreement to guarantee compliance, payment, or performance of an act. It provides protection against breach of terms & conditions by the contractors either during the bidding stage or during the performance stage of a project.

Surety bond is provided by the insurance company on behalf of the contractor to the entity that is awarding the project.

Surety Bond Insurance involves three parties:

1. The first party is the **Principal** who is going to be the **Beneficiary**, if Surety Bond is called upon by them in case of non-performance by the contractor.
2. Second Party is the **Contractor**
3. The final party is the **Surety Provider** i.e. **Insurance Company**.

Surety bonds are mainly aimed at infrastructure development, mainly to reduce indirect cost for suppliers and work contractors thereby diversifying their options and acting as a substitute for bank guarantee.

#### There are three different types of Surety Bonds for infrastructure projects in India, each of which serves a specific purpose:

1. **Bid Bonds:** Bid bonds are issued to Contractors during the bidding process. Bid Bonds guarantee that the contractor will enter into a contract if their bid is accepted. The bond amount is usually a percentage of the bid amount and the contractor has to pay a premium to the surety company.
2. **Advance Payment Bond:** Advance Payment Bond provides guarantee when money is paid before goods or services are supplied by the contractor. So, if the principal agrees to make an advance payment to the contractor, a bond may be required to secure the payment against default by the contractor in case of nonperformance of any of the contractual obligations by the contractor.
3. **Performance Bonds:** Performance bonds are issued after the contract is awarded and guarantees that the contractor will complete the Project as per the Contract Terms. If the contractor fails to meet the obligations, the Surety Bond Insurance Company will compensate the project owner (Principal) for the losses incurred.

#### Forms of Surety Bonds – There are two forms of surety bonds:

**Unconditional Surety Bonds:** An unconditional surety bond is a guarantee that is not subject to any conditions. It is a type of bond where the surety agrees to pay a specific amount of money to the beneficiary in case the principal (contractor) fails to fulfill the contractual obligations. Such

a bond is also known as a performance bond. It guarantees that the work will be performed as per the terms of the agreement.

**Conditional Surety Bonds:** On the other hand, a conditional surety bond is a guarantee that is subject to specific conditions. The surety agrees to pay the beneficiary only if the principal fails to fulfill the obligations as per the terms of the bond. The conditions may include completing the work within a specific timeframe, adhering to specific standards, or ensuring compliance with regulatory requirements.

### **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 Beneficiary / Principal.

### **What are the exclusions under this Policy?**

Major exclusions under the policy are as follows:

1. Any change or addition to the Contractor's liability, including to any third party, arising out of any negligent act(s) or omissions in the course of its performance of the Contract
2. Any third-party loss not part of the contract.
3. Non-performance or non-fulfilment of terms /conditions of the contract.
4. Any price fluctuation.
5. Fraudulent acts
6. Failure by the Insured to pay premium.
7. Contract Bonds without defined limitation in time and amount
8. Any loss arising out of Act of God perils.
9. Radioactivity and Nuclear Risk.
10. War / Terrorism.

**Eligible Discounts:** Insured will be eligible for maximum discounts on premium. Criteria for such discount may include but not limited to the following:

- Financial health of the company,
- Project tenure,
- Contract value
- Beneficiary / Principal
- Other factors such as age of the company, experience and credit score etc.
- Type of Policy opted
- Claims experience

### **How are claims dealt with under these policies:**

- In an event, which gives rise to a claim or might become a claim under the Policy, it must be reported to insurer as soon as possible.

This being a niche and specialized product, it requires detailed analysis / scrutiny of the event giving rise of a claim. Our claims team aims to deliver service with a fair, convenient and transparent claims process so your claim is settled without any hassle.

## **Claim process – Surety Bond Insurance**

1. **Identifying the Claim:** The claimant / insured must identify the basis for filing a claim under the terms of the surety bond. This could be due to non-performance, default, or other breaches of the bonded agreement/ policy.
2. **Intimation :** The claimant must intimate the Insurance company in accordance with the terms of the bond by submitting claim form and supporting documentation. Claim intimation can be done either through e- mail or USGI toll free no. Email – [Contactclaims@universalsompo.com](mailto:Contactclaims@universalsompo.com) Toll Free no. – 1800-22- 4030/1800-200-4030

### **Tentative list of documents to submit at the time of claim intimation –**

- Dully filled claim form
  - A copy of the surety bond.
  - Any correspondence related to the claim.
  - Documentation supporting the claim i.e contracts, invoices, photographs or project documents.
  - Proof of main borrower incapability of paying up the liability.
  - Agreement copy with surety and also with main borrower
  - Proof of payment by surety of the amount to lender
  - Any other documents supporting the claim
3. **Investigation:** The insurance company will investigate the case by appointing Lawyer. This may involve reviewing the bonded agreement, interviewing involved parties, and assessing evidence provided by the claimant etc.
  4. **Decision:** Based on the findings, the insurance company will decide whether to accept or deny the liability.

Throughout this process, it's essential for all parties involved to adhere to the terms outlined in the surety bond and to provide accurate and timely information to facilitate the resolution of the claim.

Contact Us for Queries, Requests and Suggestions

Toll free Nos: 1800 - 22- 4030 or 1800-200-4030

Crop toll free no: 1800 200 5142          Senior Citizen: Toll free: 1800 267 4030.

Email : [contactus@universalsompo.com](mailto:contactus@universalsompo.com)

**Courier:** Universal Sompo General Insurance Co. Ltd, Unit No- 601 & 602 A Wing, 6th Floor, Reliable Tech Park, Cloud City Campus; Thane- Belapur Road, Airoli- 400708

## Grievances

If You have a grievance about any matter relating to the Policy, or Our decision on any matter, or the claim, You can address Your grievance as follows:

➤ **Step 1**

a. **Contact Us**

1-800-224030/1-800-2004030

b. **E-mail Address:** [Contactus@universalsompo.com](mailto:Contactus@universalsompo.com)

c. **Write to us Customer Service Universal Sampo General Insurance Company Limited**

Unit No. 601 & 602, 6th Floor, Reliable Tech Park, Thane- Belapur Road, Airoli, Navi Mumbai, Maharashtra - 400708

d. **Senior Citizen Number:** 1800 267 4030

➤ **Step 2**

If the resolution you received, does not meet your expectations, you can directly write to our Grievance Id. After examining the matter, the final response would be conveyed within two weeks from the date of receipt of your complaint on this email id.

Email Us- [grievance@universalsompo.com](mailto:grievance@universalsompo.com)

Drop in Your concern

Grievance Cell: Universal Sampo General Insurance Co. Ltd, Unit No. 601 & 602, 6th Floor, Reliable Tech Park, Thane- Belapur Road, Airoli, Navi Mumbai, Maharashtra - 400708

Visit Branch Grievance Redressal Officer (GRO)

Walk into any of our nearest branches and request to meet the GRO

- We will acknowledge receipt of your concern immediately
- Within 2 weeks of receiving your grievance, we will respond to you with the best solution.
- We shall regard the complaint as closed if we do not receive a reply within 8 weeks from the date of our response

➤ **Step 3:**

In case, You are not satisfied with the decision/resolution of the above office or have not received any response within 15 working days, You may write or email to:

Chief Grievance Redressal Officer

**Universal Sampo General Insurance Company Limited**

Unit No. 601 & 602, 6th Floor, Reliable Tech Park, Thane- Belapur Road, Airoli, Navi Mumbai, Maharashtra - 400708

Email: [gro@universalsompo.com](mailto:gro@universalsompo.com)

For updated details of grievance officer, kindly refer the link

<https://www.universalsompo.com/resource-grievance-redressal>

➤ **Step 4.**

**Bima Bharosa Portal link :** <https://bimabharosa.irdai.gov.in/>

### **Insurance Ombudsman**

You can approach the Insurance Ombudsman depending on the nature of grievance and financial implication, if any. Information about Insurance Ombudsmen, their jurisdiction and powers is available on the website of the Insurance Regulatory and Development Authority of India (IRDAI) at [www.irdai.gov.in](http://www.irdai.gov.in), or of the General Insurance Council at <https://www.gicouncil.in/>, the Consumer Education Website of the IRDAI at <http://www.policyholder.gov.in>, or from any of Our Offices.

**The updated contact details of the Insurance Ombudsman offices can be referred by clicking on the Insurance ombudsman official site:**

<https://www.cioins.co.in/Ombudsman>

**Note: Grievance may also be lodged at IRDAI <https://bimabharosa.irdai.gov.in/>**

Note: The above are only the salient features of the Policy, for complete terms and conditions please refer to Policy Wordings