

BASIC BOND BOOK - OPEN BOOK TEST

Please answer the following questions based on the information in The Basic Bond Book.

Sign this cover page and upon completion of this Open Book Test, please email or fax it to:

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Name _____

Agency/Company _____

1.) Who regulates and is responsible for the business of corporate suretyship?

2.) What is the difference between Insurance and suretyship?

3.) What was the name of the Act that codified the requirement for surety on all U.S. Government contracts?

4.) What was the main purpose of The Miller Act?

5.) Define Surety Bond.

6.) Define Bid Bond.

7.) Define Performance Bond.

8.) Define Payment Bond.

9.) What are the primary functions of a surety?

10.) What must a contractor provide to a surety to demonstrate its ability to perform?

11.) What does GAAP stand for?

12.) Define the two acceptable methods of accounting.

13.) List the analytical techniques used to assess a contractor's status?

14.) List "red flags" to a surety about a contractor.

15.) List Miscellaneous Bonds associated with construction projects.

16.) List three roles the Owner must play.

17.) Why is it important for a subcontractor to be bonded?

18.) Explain how a surety should investigate a claim.

19.) What are the three options open to a surety to cure a default?

20.) Explain the appropriate role of the professional surety bond producer (agent) with the contractor.
