



## National Association of Surety Bond Producers

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### 2017 Government Relations Agenda of the National Association of Surety Bond Producers (NASBP)

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NASBP, located in Washington, D.C., is a national trade association whose membership includes firms employing licensed surety bond producers and brokers placing bid, performance, and payments bonds throughout the United States and its territories for the Nation's construction projects.

NASBP is the only association focused solely on the bond producer—the agent or broker who stands as the “bridge” between the construction contractor and the surety. As professionals deeply invested in the health of the construction industry and its many contracting firms, bond producers apply their insight and knowledge of contractors' business opportunities and challenges with that of the surety market, the surety credit process and surety underwriting fundamentals so that contracting firms and surety companies understand what each seeks in successful surety relationships.

This Agenda describes important government relations activities and initiatives, grouping them in three categories: (1) **Direct Advocacy** by NASBP members and or staff, (2) Working with **Coalition Partners** to accomplish stated legislative goals, and (3) by using **NASBP Advocacy Tools** as another means to achieve a legislative solution.

#### **1) Direct Advocacy**

**Advocate for the preservation and, where possible, expansion of existing federal, state, and local statutory bonding requirements:**

- Educate public officials and legislators regarding the crucial public policy reasons underlying bid, performance, and payment bond requirements in relation to private/public works and infrastructure projects;
- Monitor legislative and regulatory efforts to increase statutory bonding thresholds and oppose those that represent material increases;
- Oppose efforts to substitute alternative products for statutorily-required bonds;
- Advocate for bonds for the construction portion of Public-Private Partnership (P3) agreements to ensure that construction projects undertaken for public benefit and welfare through P3 contracts offer contracting authorities proper prequalification of entities performing construction services; guarantees of performance from solvent, third-party corporate sureties; and payment remedies for unpaid subcontractors and suppliers;
- Advocate for statutory bonding requirements for the construction portion of the contract when third-parties receive federal loans or grant funds for the undertaking of P3 agreements;
- Monitor legislative and regulatory measures authorizing alternative project delivery methods to ensure incorporation of, or reference to, statutory bonding requirements;
- Advocate for reforms in the Federal Acquisition Regulation (FAR) to ensure sufficient oversight and transparency of any contracting officer's decision to reduce or waive surety bonds on federal construction projects.

**Advocate for legislation/regulations, that encourage qualified small, disadvantaged, and minority contractors to participate in public construction markets:**

- Support legislation that provides education and resource opportunities to small, women, minority, and veteran-owned construction companies to better position them to qualify for surety credit;
- Support bond guarantee programs that have been reviewed and analyzed for practicality and adhere to current industry practices; and
- Support legislation to amend the definition of contract bundling in the Small Business Act to specifically include procurements for new construction so that small construction businesses can more fully participate as prime contractors on federal construction projects.

#### **Advocate for new legislative initiatives in the states**

- Advocate for the NAIC Unauthorized Transaction of Insurance Criminal Model Act, which establishes criminal penalties when a person engages in a transaction of insurance without a certificate of authority; and
- Support legislation to require bonds on port authority contracts.

#### **2) Coalition Partners**

NASBP is part of the Construction Procurement Coalition which includes 15 national trade and professional organizations such as the American Council of Engineering Companies (ACEC), the Associated General Contractors of America (AGC), the American Subcontractors Association (ASA), the American Institute of Architects (AIA), the Design-Build Institute of America (DBIA) and the Surety & Fidelity Association of America (SFAA).

#### **In 2017 the CPC seeks to introduce legislation addressing the following procurement reforms:**

- Exempt the Federal Miller Act from threshold increases every 5 years based upon inflation;
- Require payment and performance bonds on federal P3 agreements;
- Establish minimum standards for the issuance of a written change order – e.g., no later than 60 days after the extra work; and
- Establish a statute of repose for federal design and construction services.

**Prior Approval Reform Coalition (PARC)** NASBP is one of over 50 national trade associations, who comprise PARC which seeks the repeal of the prior written authorization requirement in the 114<sup>th</sup> Congress. By repealing the written authorization rule, trade associations would be free to solicit their members without having to receive prior written approval, which would greatly expand PAC fundraising efforts. If PARC is not successful with having the rule repealed this Congress, it may seek to retry this effort in the 115<sup>th</sup> Congress.

#### **3) NASBP Advocacy Tools**

**Encourage Support and Funding of SuretyPAC** —SuretyPAC is the only federal PAC that is 100% devoted to representing the surety industry and establishing and nurturing relationships with candidates running for congressional office. NASBP uses SuretyPAC as one of its advocacy tools to engage, educate, and encourage federal legislators to support NASBP’s federal legislative agenda.

**Encourage Participation in Annual Legislative Fly-in** —The Legislative Fly-in plays an important advocacy role in NASBP’s Government Relations Program as it allows NASBP members and staff to engage in policy discussions with Congressional offices that may otherwise not be possible without its member’s active involvement.

**Establish a Congressional Caucus on Surety Issues** — In order to identifying new Legislative Champions, NASBP is considering advocating to key Senators and Members of Congress the creation of a House and/or Senate Congressional Caucus focused on surety issues. While the caucuses may not have a direct role in the legislative process, this strategy is often used by other associations, and while

challenging to find Congressional leaders to lead such a caucus, over time some caucuses have proven extremely effective in grouping like-minded Members and Senators on specific issues. This is especially true if used as a messaging and education tool in a broad issues context, with the informal support of outside stakeholders. If pursued, and if successful in identifying interested Members, the establishment of such a Caucus could – over time – help “brand” surety issues on the Hill and help serve as a rallying cry as legislative opportunities – and challenges – arise.

**For Further Information**

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