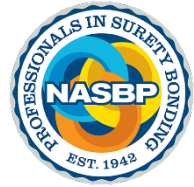




THE SURETY &
FIDELITY ASSOCIATION
OF AMERICA



For Immediate Release

SFAA Contact: Peter Roth, Vice President – Communications, Marketing & Research

Phone: (703) 401-0676 | E-mail: proth@surety.org

NASBP Contact: Kathy Hoffman, Director of Communications

Phone: (240) 200-1278 | E-mail: khoffman@nasbp.org

SFAA, NASBP and a Coalition of Partners Strongly Support Bill Providing Essential Protections on WIFIA Financed Projects

Protects Workers, Small Business Subcontractors and Suppliers, and Taxpayers

September 27, 2023 (WASHINGTON, DC) – The Surety & Fidelity Association of America (SFAA), National Association of Bond Producers (NASBP), and a coalition of industry partners commend Senator Mark Kelly (D-AZ) and Senator Kevin Cramer (R-ND) for the introduction of S. 2928 the “Water Infrastructure Subcontractor and Taxpayer Protection Act.” This legislation provides essential protections for workers, suppliers, and contractors by requiring payment protection on federally financed infrastructure projects receiving Water Infrastructure Finance and Innovation Act (WIFIA) assistance, including public-private projects (P3s).

“Bonding WIFIA-financed P3 projects will protect taxpayer dollars, ensure project completion, protect local small business contractors and workers, and promote economic growth,” said Lee Covington, President and CEO of SFAA. “As more and more water infrastructure projects come online, and P3s become more common in the space, WIFIA should be modernized to include the same payment and performance requirements that protect all other federally funded infrastructure projects,” continued Covington.

P3 projects have increased in popularity over the years; however, the lack of clarity for requiring payment and performance protections on P3 projects can force taxpayers to absorb additional costs associated with defaulted projects. Without the payment protections bonds provide, subcontractors, suppliers, and workers are often left unpaid for extended periods if the contractor defaults. The solution ensures parity for protections between traditional project delivery methods and P3 projects utilizing the WIFIA program and the same protections required in the TIFIA program, and other federally financed projects.

In addition, surety bonds not only provide payment protections for workers, subcontractors, and suppliers, and provide an economic benefit to taxpayers. A recent study by Ernst & Young (EY), *The Economic Benefit of Surety Bonds*, reported:

- Unbonded construction projects default more often than bonded projects—by up to 10 times.
- When a contractor defaults on an unbonded construction project, the completion cost is 85% higher than on projects protected by surety bonds.
- 75% of public project owners report that surety bonding reduces contractor pricing by an average of 3.2%.

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- Five times as many public project owners report bonded projects are more likely to be completed on time or ahead of schedule, and contractors prioritize bonded projects over unbonded projects.

“Construction is a risky business, and for over 80 years, the federal and state Miller Acts have protected against the risk of loss by requiring payment and performance bonds,” related Mark McCallum, CEO of NASBP. “NASBP and SFAA look forward to working with Senators Kelly and Cramer and the U.S. Congress, on a bipartisan basis, to pass this essential bill,” continued McCallum.

The coalition of partners includes:

American Property and Casualty Association
American Subcontractor Association
Business Coalition for Fair Competition
Council of Insurance Agents and Brokers
Finishing Contractors Association International
International Union of Operating Engineers
Mechanical Contractors Association of America
National Electrical Contractors Association
National Association of Minority Contractors
National Association of Mutual Insurance Companies
National Association of Surety Bond Producers
Sheet Metal and Air Conditioning Contractors’ National Association
The Association of Union Constructors
The Construction Employers of America
The Surety & Fidelity Association of America
Women Construction Owners and Executives

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Founded in 1942, the **National Association of Surety Bond Producers (NASBP)** is the association of and resource for surety bond producers and allied professionals. NASBP members specialize in providing surety bonds for construction contracts and other purposes to companies and individuals needing the assurance offered by surety bonds. www.nasbp.org

The Surety & Fidelity Association of America (SFAA) is a trade association of more than 425 insurance companies that write 98 percent of surety and fidelity bonds in the U.S. SFAA is licensed as a rating or advisory organization in all states and it has been designated by state insurance departments as a statistical agent for the reporting of fidelity and surety experience. www.surety.org