



IRMI[®]

Preconference Workshop 6

CONTRACT BONDS

Presented by

Tom McCarley
Executive Vice President and
Construction Practice Leader
Palmer & Cay



Who We Are

Established in 1868 in Savannah, GA, Palmer & Cay is one of the oldest, largest, and most respected professional services firms in North America.

Our capabilities encompass the entire spectrum of risk management, insurance, benefits, and human resource consulting services, and our resources are constantly expanding in anticipation of client needs.

As a privately-held firm, we attract the brightest minds in the industry with our entrepreneurial environment, unlimited professional horizons, and the potential for equity positions in one of the fastest growing brokerage and consulting firms in the nation. A prestigious list of domestic and international clients verifies the caliber of our associates.

About Our Construction Industry Practice

Our construction team manages insurance and risk management programs for a wide range of contractors, from specialty trade shops to multi-national contractors, and their needs range from basic brokerage services to the development of highly integrated risk control, transfer and retention programs.

Risk Management Services

- Risk Control
- Environmental Risk Assessments
- Contract Management
- Claims Advocacy Consulting
- Wrap-Up Programs
(owners, contractors or rolling)
- International Risk Management

Technical Specialties

- Subguard
- Professional Liability
- Construction Management
- Design Build
- Surety Bonds
- Executive Liability
- Alternative Funding & Captive Formation

Contact Us

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Mr. McCarley is one of the presenters for Monday's all-day Preconference Workshop 6, "Construction Insurance and Bonding Overview," and is moderator for Workshop 5, "Current Issues in Contract Bonding," on Thursday. His almost 30 years in the surety industry began as a surety bond producer, and he rose to executive vice president in 1974. He has national experience and presence in the placing and service of contract surety bonds. Prior to joining Palmer & Cay, he was a regional director with the Aon Construction Services Division.

Mr. McCarley has owned his own agency in the past and has taught and conducted seminars on bonding. Prior to joining Aon, he was director of Sedgwick's National Contractors Division. He has spoken to the Joint AGC/CFMA Educational Conference, the Engineering Department at the University of Wisconsin—Madison, The University of Tennessee Construction Technology classes, CFMA Chapters, the National Association of Plumbing, Heating and Cooling Contractors, and the Design Build Institute of America Annual Conference. In addition to being a frequent speaker in the industry on bonding issues, he is also a member of numerous professional associations. He is a Words of Wisdom (WOW) Award recipient.

Notes

This file is set up for duplexed printing. Therefore, there are pages that are intentionally left blank. If you print this file, we suggest that you set your printer to duplex.

CONTRACT BONDS

**Tom McCarley
Palmer & Cay**

CONTRACTOR QUESTIONNAIRE

1. Name of Firm _____
2. Address _____ 3. Fiscal Yr End _____
City _____ State _____ Zip _____
4. Phone (with area code) _____ 5. Fax _____
6. E-mail Address _____ 7. Federal ID# _____
8. Yr Business Started _____ 9. Type of Business: Corp Part Prop Sub S Corp
10. State of Incorporation _____ 11. Area of Operation _____
12. List the corporate officers, partners or proprietors of your firm:
- | | <u>Name</u> | <u>Yr Birth</u> | <u>Position</u> | <u>% Ownership</u> | <u>Spouse Name</u> |
|----|-------------|-----------------|-----------------|--------------------|--------------------|
| A. | _____ | _____ | _____ | _____% | _____ |
| B. | _____ | _____ | _____ | _____% | _____ |
| C. | _____ | _____ | _____ | _____% | _____ |
| D. | _____ | _____ | _____ | _____% | _____ |
| E. | _____ | _____ | _____ | _____% | _____ |
13. Will the above individuals and spouses personally indemnify Surety? Yes No
If no, please explain: _____
14. Is there a buy/sell agreement among the owners of the business? Yes No
15. Is this agreement funded by life insurance? Yes No
16. Corporate Indemnity? Yes No 17. Cross/Corp Indemnity? Yes No
18. How many people does your firm employ? _____ 19. How many work crews? _____
20. Has your firm or any of its principals ever petitioned for bankruptcy, failed in business, or defaulted so as to cause a loss to Surety? Yes No
If yes, please explain on a separate sheet of paper.
21. Is your firm or any of its owners or officers currently involved in any litigation? Yes No
If yes, please explain on a separate sheet of paper.
22. What percentage of the firm's work is normally for Government Agencies? _____% Private Owners? _____%
23. What percentage of the firm's work is normally subcontracted? _____%
24. Are bonds required of subcontractors? Yes No
25. What trades do you normally subcontract? _____
26. What is the largest amount of uncompleted work on hand at one time in the past? _____
Amount: \$ _____ Year: _____
27. What is the largest job you expect to do during the next year? \$ _____
28. What is the largest uncompleted work program expected during the next year? \$ _____

29. What is your expected annual volume next year? \$ _____

30. What trades do you normally undertake with your own forces? _____

31. SIC Code _____

32. Do you lease equipment? Yes No 33. Type of lease? _____

34. What are the terms of the lease? _____

35. Name of your CPA: _____

Address: _____

Phone: _____ Contact Person: _____

36. On what basis are taxes paid? Cash Completed Job Accrual % of Completion

37. On what basis are financial statements prepared?
 Cash Completed Job Accrual % of Completion

38. On what level of assurance are financial statements prepared?
 CPA Audit Review Compilation

39. How often are financial statements prepared? Annually Semi-ann. Quarterly Monthly

40. Do you have a full-time accountant on staff? Yes No 41. Yrs of experience _____

42. Are job cost records kept? Yes No

43. How often reviewed? _____ 44. How often updated? _____

45. Name of your Bank _____

Address _____

Phone: _____ Contact Person: _____

46. Amount of line of credit? \$ _____ 47. Expiration date? _____ 48. Interest rate? % _____

49. UCC Filing? Yes No 50. Is your firm union? Yes No

51. What is the firm's Dun & Bradstreet Number? _____

52. D&B Rating _____ 53. Pay record _____ 54. Date of Rating _____

Remarks: _____

55. Previous Bonding Companies:
Name Reason for Leaving

A. _____

B. _____

C. _____

56. List five of your largest contracts:

| | <u>Job Name</u> | <u>Contract Price</u> | <u>Gross Profit</u> | <u>Completion Date</u> | <u>Bonded?</u> |
|----|-----------------|-----------------------|---------------------|------------------------|--|
| A. | _____ | \$ _____ | _____ | _____ | <input type="checkbox"/> Yes <input type="checkbox"/> No |

Owner: _____ Design Professional: _____

| | | | | | |
|----|-------|----------|-------|-------|--|
| B. | _____ | \$ _____ | _____ | _____ | <input type="checkbox"/> Yes <input type="checkbox"/> No |
|----|-------|----------|-------|-------|--|

Owner: _____ Design Professional: _____

| | | | | | |
|----|-------|----------|-------|-------|--|
| C. | _____ | \$ _____ | _____ | _____ | <input type="checkbox"/> Yes <input type="checkbox"/> No |
|----|-------|----------|-------|-------|--|

Owner: _____ Design Professional: _____

D. _____ \$ _____ Yes No
 Owner: _____ Design Professional: _____

E. _____ \$ _____ Yes No
 Owner: _____ Design Professional: _____

57. List five of your major suppliers:

| | <u>Name</u> | <u>Address</u> | <u>Telephone</u> | <u>Contact</u> |
|----|-------------|----------------|------------------|----------------|
| A. | _____ | _____ | _____ | _____ |
| B. | _____ | _____ | _____ | _____ |
| C. | _____ | _____ | _____ | _____ |
| D. | _____ | _____ | _____ | _____ |
| E. | _____ | _____ | _____ | _____ |

58. List five subcontractors (or contractors if you are a subcontractor) that you do business with:

- A. Name: _____ Telephone: _____
 Address: _____
 Contact: _____ Job: _____
- B. Name: _____ Telephone: _____
 Address: _____
 Contact: _____ Job: _____
- C. Name: _____ Telephone: _____
 Address: _____
 Contact: _____ Job: _____
- D. Name: _____ Telephone: _____
 Address: _____
 Contact: _____ Job: _____
- E. Name: _____ Telephone: _____
 Address: _____
 Contact: _____ Job: _____

59. List three Architects you have done business with:

- A. Name: _____ Telephone: _____
 Address: _____
 Contact: _____ Job: _____
- B. Name: _____ Telephone: _____
 Address: _____
 Contact: _____ Job: _____
- C. Name: _____ Telephone: _____
 Address: _____
 Contact: _____ Job: _____

60. List key personnel, foremen, or supervisors:

| | <u>Name</u> | <u>Position</u> | <u>Yr of Birth</u> | <u>Yrs Exper</u> | <u>Prev Employer</u> |
|----|-------------|-----------------|--------------------|------------------|----------------------|
| A. | _____ | _____ | _____ | _____ | _____ |
| B. | _____ | _____ | _____ | _____ | _____ |
| C. | _____ | _____ | _____ | _____ | _____ |
| D. | _____ | _____ | _____ | _____ | _____ |
| E. | _____ | _____ | _____ | _____ | _____ |

61. List any life insurance in effect on key personnel:

| | <u>Name</u> | <u>Beneficiary</u> | <u>Amount</u> | <u>Cash Value</u> |
|----|--------------------------|--------------------|---------------|-------------------|
| A. | _____ | _____ | \$ _____ | \$ _____ |
| | Insurance Company: _____ | | | |
| B. | _____ | _____ | \$ _____ | \$ _____ |
| | Insurance Company: _____ | | | |
| C. | _____ | _____ | \$ _____ | \$ _____ |
| | Insurance Company: _____ | | | |

62. List other insurance coverage currently in effect:

| | <u>BI</u> | <u>PD</u> | <u>Carrier</u> | <u>Expire Date</u> |
|-----------------------|-----------|-----------|----------------|--------------------|
| A. General Liability | \$ _____ | \$ _____ | _____ | _____ |
| B. Auto Liability | \$ _____ | \$ _____ | _____ | _____ |
| C. Umbrella | \$ _____ | \$ _____ | _____ | _____ |
| D. Owner's Protection | \$ _____ | \$ _____ | _____ | _____ |

63. List any subsidiaries and affiliates of the contracting firm:

| | <u>Firm Name</u> | <u>Ownership</u> | <u>Type Business</u> | <u>NANDA Code</u> |
|----|------------------|------------------|----------------------|-------------------|
| A. | _____ | _____ | _____ | _____ |
| B. | _____ | _____ | _____ | _____ |
| C. | _____ | _____ | _____ | _____ |
| D. | _____ | _____ | _____ | _____ |
| E. | _____ | _____ | _____ | _____ |

Remarks: _____

Completed by: _____
 Title: _____
 Date: _____