

CONTRACT BOND PREQUALIFICATION PROGRAM



AUTO-OWNERS CONTRACT BOND PREQUALIFICATION PROGRAM

for small to medium size contractors

Contract Bonds guarantee the performance of the terms and conditions specified under a contract and the payment of subcontractors and suppliers associated with that contract.

Contract Bonds make up two-thirds of the Surety Bond market and generate the largest premiums of any Surety line.

Auto-Owners is your Contract Bond market for small to medium size contractors. Many of the same Contractors eligible for our Tailored Protection Policy Premier Contractors and Standard Contractors Programs need Bid, Performance and Payment Bonds. They may also need a variety of License and Permit Bonds to operate their business. (sewer tappers license, electrical contractors license, highway right-of-way, etc.) Auto-Owners Surety Bond Program is a valuable service for your present and prospective contracting clients.

Auto-Owners is A++ Superior rated by the A.M. Best Company. We are also listed on the United States Treasury Department's Listing Of Approved Sureties, Circular 570.

PREQUALIFICATION

Before a Surety Company will provide a Bond to a Contractor, they evaluate the contractor's qualifications. This process determines if the Contractor will be able to finish the work specified under their construction contract by analyzing their ability, experience and finances. Proper Surety prequalification helps the Owner, Surety and Contractor by making as certain as possible that the contractor has the means to complete the type and size jobs to be bonded.

To begin the prequalification process, we need the information listed below:

- A. Financial statements for the business for the last three years well in advance before a Bid or Performance Bond is requested. The minimum type of statement required for each of Auto-Owners three rate tiers is as follows:
 - 1) Standard Rate Tier - In-house statements up to a maximum job size of \$150,000.
 - 2) Premier Rate Tier - CPA compilation statements up to a maximum job size of \$250,000.
 - 3) Premier Plus Rate Tier - CPA reviewed statement.
- B. The agings of accounts receivable.
- C. A personal statement for each individual offering personal indemnity to help secure this Bond account. These statements need to be concurrent with the fiscal year-end of the business. A sample personal statement is included in this brochure.
- D. The Contractors Questionnaire included in this brochure.
- E. The Contract Status Report included in this brochure showing the current work and recently completed jobs for this contractor.
- F. A copy of the line of credit issued by the Contractor's bank.

We appreciate your Bond business!



CONTRACTORS QUESTIONNAIRE

Agency: _____ Agency Code: _____

1. Contractors Trade Name _____

2. Business Address _____

_____ (City) _____ (State) _____ (Zip)

3. Phone (_____) _____ Fax (_____) _____

4. Type of organization: Corporation LLC Sub S Corporation Partnership Proprietorship

5. Year Business started: _____ 6. Federal ID #: _____

7. State of Incorporation: _____ 8. Area of Operation: _____

9. Principals of the Company:

Name (as it should appear on the indemnity agreement)		Position or Title		% of Ownership	
Resident Address		City	State	Zip	Home Phone
Date of Birth		Social Security Number		How long in this industry?	
How long with this firm?		Spouse's Name		Spouse's Social Security Number	
Date of Birth					

Name (as it should appear on the indemnity agreement)		Position or Title		% of Ownership	
Resident Address		City	State	Zip	Home Phone
Date of Birth		Social Security Number		How long in this industry?	
How long with this firm?		Spouse's Name		Spouse's Social Security Number	
Date of Birth					

Name (as it should appear on the indemnity agreement)		Position or Title		% of Ownership	
Resident Address		City	State	Zip	Home Phone
Date of Birth		Social Security Number		How long in this industry?	
How long with this firm?		Spouse's Name		Spouse's Social Security Number	
Date of Birth					

10. Will the above individuals personally indemnify the surety? Yes No

If no, explain: _____

11. Type of Work Performed: _____

12. List Affiliated Companies: _____

13. Has your company ever been bonded? Yes No By what surety company?: _____

14. Reason for changing surety company: _____

15. List insurance coverage currently in force:

		Limit Of Liability	Carrier	Expiration Date
A	General Liability	\$		
B	Auto Liability	\$		
C	Umbrella	\$		
D	Workers Compensation	<input type="checkbox"/> Yes <input type="checkbox"/> No		

16. Has your company had any disputes or ever failed to complete a job on schedule? Yes No

17. Has your company or any of its principals ever petitioned for bankruptcy, failed in business, or defaulted so as to cause a loss to another surety company? Yes No

18. Is there litigation, lawsuits, or claims pending on uncompleted work? Yes No

19. If you answer yes to any of these questions, please attach a detailed explanation.

20. List five of your largest contracts completed within the last five years:

	Job Name	Contract Price	Bonded	Completion Date	Name, Address, Phone of Owner
A					
B					
C					
D					
E					

21. List five of your major suppliers:

	Name	Address	Telephone	Contact
A				
B				
C				
D				
E				

22. Banking explanation:

	Name, Address and Phone #	Contact	Line of Credit	Security
A				
B				
C				
D				

23. Is there a buy/sell agreement among the owners? Yes No

24. Is the agreement funded by life insurance? Yes No

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

	Name	Beneficiary	Amount	Cash Value	Insurance Company
A					
B					
C					
D					
E					

26. List key personnel, foremen or supervisors:

Name	Position	Years of Exp	Previous Employer

27. How many people does your firm employ? _____ How many work crews? _____
28. What percentage of your work is done for: Governmental Agencies: ____% Private Owners: ____%
29. What percentage of your firm's work is normally subcontracted? _____%
30. Are bonds required of subcontractors? Yes No
31. What has been the largest amount of work on hand at any one time in the past? _____
 _____ What year? _____
32. What is your projected annual volume? _____
33. What is the largest work program expected within the next year? _____

34. What is the largest single job expected within the next year? _____
35. What is your fiscal year-end? _____
36. On what basis are financial statements prepared?
 Audited Reviewed Compilation Other _____
37. What method of accounting is used in preparing statements?
 Completed Contract Percentage of Completion Other _____
38. How often are financial statements prepared? Annually Semi-Annually Quarterly
39. Please provide the name, address and phone number of your CPA:

Remarks: _____

Each of the undersigned affirms that the foregoing statements are true and are made to induce Auto-Owners Insurance Company (hereinafter called Surety) to execute or procure the execution of surety bonds, and any extension, modification, or renewal thereof, addition hereto, or substitution therefor. Each of the undersigned further affirms and understands that suretyship is credit, and authorizes Surety, to gather information it considers necessary for evaluating whether or not credit should be granted.

FLORIDA ONLY "Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony in the third degree."

"Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and may be subject to penalties including imprisonment, fines and denial of insurance benefits."

Date _____ Signed _____

Signed _____

Signed _____

Signed _____

SCHEDULE A - U.S. GOVERNMENT & MARKETABLE SECURITIES

Number of Shares or Face Value (Bonds)	Description	In Name Of	Are These Pledged?	Market Value

SCHEDULE B - NON-MARKETABLE SECURITIES

Number of Shares	Description	In Name Of	Are These Pledged?	Source of Value	Value

SCHEDULE C - PARTIAL INTERESTS IN REAL ESTATE EQUITIES

Address & Type Of Property	Title In Name Of	% Of Ownership	Date Acquired	Market Cost	Mortgage Value	Maturity	Mortgage Amount

SCHEDULE D - REAL ESTATE OWNED

Address & Type Of Property	Title In Name Of	Date Acquired	Market Cost	Mortgage Value	Mortgage Maturity	Amount

SCHEDULE E - LIFE INSURANCE CARRIED, INCLUDING N.S.L.I. AND GROUP INSURANCE

Name Of Insurance Company	Owner Of Policy	Beneficiary	Face Amount	Policy Loans	Cash Surrender Value

SCHEDULE F - BANKS OR FINANCE COMPANIES WHERE CREDIT HAS BEEN OBTAINED

Name & Address Of Lender	Credit In The Name Of	Secured Or Unsecured	Original Date	High Credit	Current Balance

For the purpose of procuring bonds from time to time, I/We furnish the foregoing as a true and accurate statement of my/our financial conditions. Authorization is hereby given to the company to verify in any manner it deems appropriate any and all items indicated on this statement. The undersigned also agrees to notify the company immediately in writing of any significant adverse change in such financial condition. **You are authorized to make all inquiries you deem necessary to verify the accuracy of the statements made herein, and determine my/our creditworthiness. You are authorized to answer questions about your credit experience with me/us.**

Signature (Individual) _____

S.S. No. _____ Date of Birth _____

Signature (Other Party) _____

S.S. No. _____ Date of Birth _____

Date Signed _____