

**SURETY BONDS
INSURANCE**

WHAT IS A SURETY BONDS INSURANCE?

Bonds are not strictly an insurance product but a financial instrument designed to eliminate the need for a company to lodge their own assets as security (or surety) against performance of their obligations under a contract or compliance with the conditions of a licence.

For example, a principal who awards a contract is exposed to the risk of the contractor being unable to complete the contract or to perform to the standards required. To minimise this risk, the principal can require the contractor to lodge as security a percentage of the contract price until completion of the contractor's obligations.

There are usually three parties to an insurance bond :

- The primary party who will be performing a contractual obligation (e.g. a contractor)
- The party who will be the recipient of the obligation (e.g. a principal)
- The party who agrees to be responsible for the obligation (e.g. the insurer)

Coverage variations/ extensions

Generally, the two main categories of bonds are contract bonds and commercial bonds. Types of bonds in common use are:

- **Bid/ Tender Bond** – to provide security against a contractors' inability or unwillingness to proceed with an awarded contract
- **Advance Payment Bond** – to secure funds that have been advanced to a contractor for the pre-purchase of materials or the early mobilisation of plant and equipment under a contract
- **Performance Bond** – to provide protection against non-performance of the conditions of contract or security against abandoning the contract
- **Surety Bond** – to guarantee the debts, obligations or conduct of a contractor or seller involved in a construction, manufacturing or trade contract
- **Customs Bond** – to guarantee compliance with customs requirements and regulations in respect of imports/ exports
- **License Bond** – lodged with regulatory/licensing authorities to provide consumer protection for the services of the licensee company (i.e. it will provide potential reimbursement to a prejudiced consumer in the event of the licensee's default under the conditions of the licence)

Who We Are And What We Do

PT. Howden Insurance Brokers Indonesia is part of the Howden Broking Group. We are able to offer our customers a truly global reach in expertise and know-how supported by over 300 colleagues in the region and 1500 around the world.

Through our worldwide network of Howden Broking Group, we have available a depth and diversity of experience that is unmatched by others. Our global outlook and worldwide alliances with international insurers and Lloyds of London enables us to combine local knowledge with international perspective.

As an independent broker, we are free to source and select the best possible solutions for your particular needs.

Our office in Jakarta can service all areas of the Indonesian Archipelago.

We assist our clients with the design, negotiation and implementation of the most effective and competitive insurance coverage available. Unlike insurance company sales staff, Howden only acts on behalf of our clients. In case of a claim, our dedicated claims executives will assist you in the management and negotiation of your claim to ensure that the settlement is expedient, fair and in accordance with the applicable insurance coverage.

How May We Serve You

As an integral part of Asian life, rice is both a daily essential and a sign of wealth. Like your assets, it has to be cultivated, nurtured and harvested. Protecting what is most important to you becomes a crucial task.

PT. Howden Insurance Brokers Indonesia invites you to consider a partnership that would work to your greatest advantage.

CONTACT US

For more information and an initial discussion free of charge to find out how Howden can help you. We look forward to the pleasure of serving you.

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