



Stay Connected

# Surety Bonds & Guarantees

Surety bonds that keep your working capital available,  
allowing your business to thrive.

Lockton Global Real Estate and Construction

[locktonglobalreac.co.uk](http://locktonglobalreac.co.uk)



# OVERVIEW

Lockton is the world's largest privately owned global insurance broker

Lockton is a global professional services firm with over 9,500 Associates who advise clients on protecting their people, property and reputations. Lockton has grown to become the world's largest privately held, independent insurance broker by helping clients achieve their business objectives.

For thirteen consecutive years, 'Business Insurance' magazine has recognised Lockton as a 'Best Place to Work in Insurance'.

Our **97% client retention** rate speaks for itself.

9,500+

Associates

97%

Client retention rate

\$57b+

2022 premiums placed

65,000+

Clients

125

Clients in over 125 countries

100+

Offices worldwide

27%

2022 organic growth

\$2.7b

2022 revenue

30+

Global partnerships in over 130 countries

# OUR EXPERTISE

Designing and delivering a flexible and effective bonding programme.

One of the most cost effective ways to finance your contract security obligations is the use of surety bonds.

We can design and deliver a flexible and effective bonding programme, operating alongside your traditional banking lines of credit. Unlike a bank, surety providers do not require security over your company's assets and do not require the bonds to be supported by cash or other collateral. This allows you to free up funds, reduce debt, and tender for additional contracts.

Surety bonds can also represent an affordable alternative to bank guarantees, as they have lower base rates and no utilisation or line fees.

## Let us help free up your working capital.

The aim of our dedicated team is to optimise the use of surety bonds, to improve flexibility and profitability for you and your business. With the ability to handle traditional and non-traditional surety with equal ease, we can customise a wide variety of products to free up your working capital, enhance your liquidity, and allow you to take on new projects.

## The benefits of engaging with Lockton:



Maintain constant engagement with all UK&I regulated surety providers



Leading Real Estate & Construction team, allowing a collaborative approach



Experts in arranging sufficient bond capacity



Unique and specialist knowledge, providing the ability to pre-underwrite and structure bonds



Lockton manage the relationship with the surety providers, ensuring consistency and coordination



First class service, all day, every day. With value added every step of the way

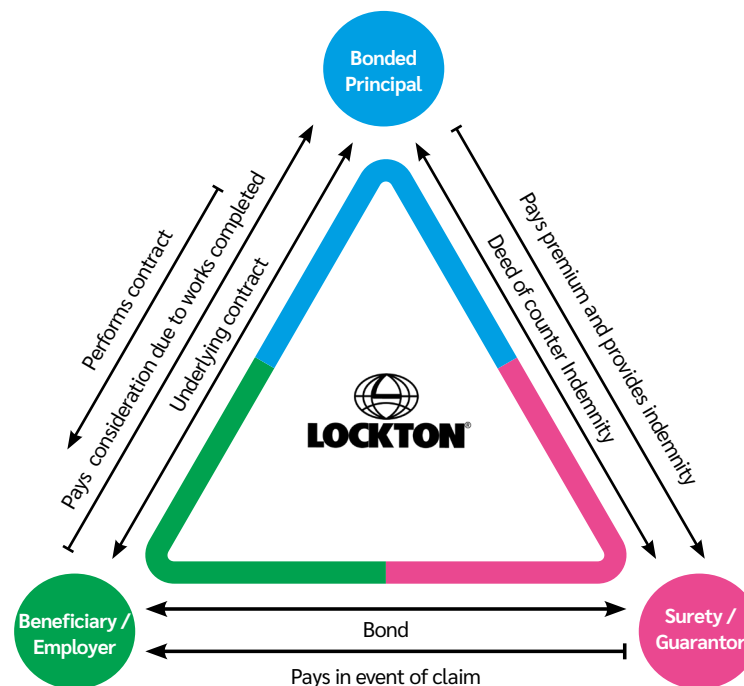


Zero fees – Lockton get paid by the surety providers, not you



# HOW SURETY WORKS

A Surety acts as a Guarantor through the vehicle of a bond, not as an insurer. The Surety guarantees to the Beneficiary of the bond the obligations entered into under the particular contract by the Bonded Principal.



The bond sits in line with the contract and underlying obligation between the Bonded Principal and the Beneficiary. The bond is not to the benefit of the Bonded Principal but is to the benefit of the Beneficiary. However, Bonds are often required by the Beneficiary / Employer, as a part of the contractual obligation to provide financial security in the event of a contractual default.

Should the Bonded Principal default under the contract, usually by financial failure, the Beneficiary will seek to recover their losses from the Surety / Guarantor via the security provided in the form of the bond. The Guarantor will then seek to recover their losses under the Deed of Counter Indemnity between the Bonded Principal and the Guarantor.

The Surety has the inalienable right under common law to recover from the Bonded Principal the amount of any claims made or threatened by the Beneficiary in respect of the bond, together with any associated expenses. This common law right is further enshrined in the “Deed of counter Indemnity”, to be entered into by the Bonded Principal prior to issue of the bond.

# LOCKTON'S SURETY CAPABILITIES

## COMMERCIAL

Customs Bonds

Decommissioning & Restoration  
Bonds

Environmental Agency Bonds

Insurance Deductible Guarantees

Payment & Deferred Payment Bonds

Pension Bonds

Regulatory Bonds

Travel Bonds

## CONTRACT

Advance Payment Bonds

Bid Bonds

Road & Infrastructure (Section) Bonds

Performance Bonds

Retention Bonds

Ship Building & Refund Guarantees

Warranty & Maintenance Bonds

## COURT

Court Bonds

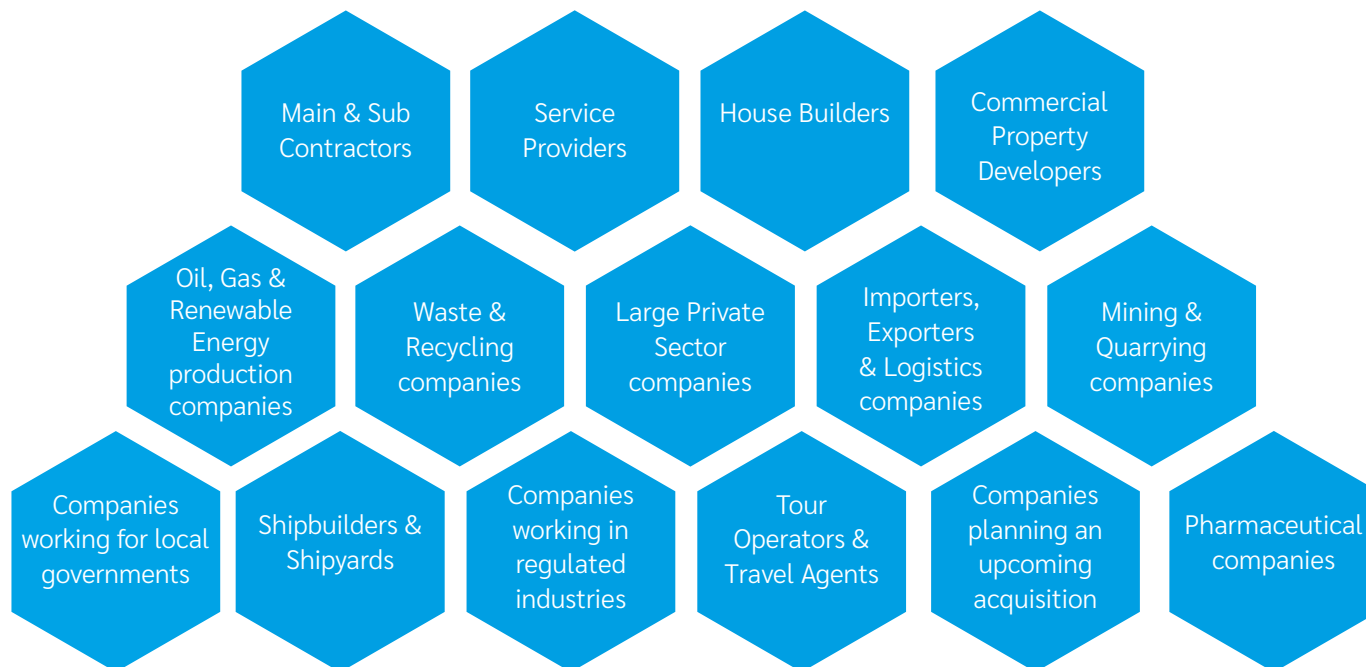
# SECTORS WE FIND SOLUTIONS FOR

## OUR APPETITE

- £20m+ Turnover
- Strong cash position
- Tangible net asset base in excess of £5m

*The above list is not exhaustive of the parameters of risks considered.*

All sectors that potentially have bonding requirements:



# INSURANCE Vs. BANKS

Insurance Backed Guarantees hold several advantages for the Bonded Principal.

## Insurance Backed Guarantees Vs. Bank Guarantees

### Insurance Backed Guarantee



Counter Indemnity / Zero Collateral approach

Frees up Working Capital providing significant cash-flow advantages

Conditional, Adjudication and On-Demand bond types available

Provides protection of the underlying contract conditions

Zero Non-Utilisation or Arrangement Fees

Access to the entire regulated (S&P, Fitch, AM Best) Surety market with a collaborative approach

Can replace a Bank's Standby Letter of Credit at a fixed cost



### Bank Guarantee

Up to 100% Cash Collateral required

Impacts Working Capital due to collateral taken

Only provides unconditional "On-Demand" bonds

Payable On-Demand thus providing little to no protection of underlying contract conditions

Often incur both Non-Utilisation and Arrangement Fees

Working with single banks who are often downgraded in ratings

Standby Letter of Credit costs rise in line with the Federal Reserve rates

# TOTAL PROTECTION THROUGHOUT THE RISK LIFE CYCLE

We will support your business  
throughout its journey.



## Acquisition

- Legal Indemnities including Defective Titles, Restrictive Covenants, Chancel Repair, Planning Risks
- Insurance Due Diligence of single assets and portfolios, including multi-jurisdiction acquisitions
- Environmental Impairment Liability
- Absentee Landlord
- Contingent Material Damage
- Deferred Consideration Bonds
- Section Bonds: Road bonds (Highways Act bonds) 38, 278, 220 & 21 (Scotland)
- Mains water & Sewer bonds - Section 98, 104 & 185 Bonds
- Planning bonds - S106 Bonds

## Site preparation

- Rights of Light and Judicial Review Cover
- Assistance with Lender Facility Agreements and insurance provisions

## Development & sale

- 'Project' insurance for new developments and life cycle maintenance works, including bespoke enhancements
- Protection of anticipated revenue
- Retained structure cover
- Latent Defect/Building Warranty solutions
- Professional Indemnity
- Financial Risks including Reps & Warranties and Tax Indemnity

## Built & operational assets

- Material damage to student housing assets and associated property
- Loss of Revenue, alternative accommodation costs and revenue protection
- Employers, Public and Property Owners Liability
- Excess Liability
- Performance Bonds
- Advance Payment Bonds
- Engineering Insurance & Inspections
- Contents on site and for which the insured is responsible
- Loss of rental income protection for retail elements of the scheme
- Damage and theft cover for chip and pin and payment collection devices on site or in management offices
- Money cover for cash held on premises
- Loss of third party data held within operating systems
- Cyber liability cover for protection of third party data
- Computer damage and theft protection, including reinstatement of data cover
- Professional Indemnity, Directors & Officers Liability
- Affinity products available to create new revenue streams



# CONTACT US



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## OUR CULTURE

As a private, family-owned organisation, we're not driven by the quarterly pressure of financial markets. This means we are free to always act independently in the best interests of our clients.

Independence changes everything.

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UNCOMMONLY INDEPENDENT

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